

Docket:	:	<u>A.24-01-002 et al.</u>
Exhibit Number	:	<u>Cal Adv - #</u>
Commissioner	:	<u>Darcie L. Houck</u>
Admin. Law Judge	:	<u>Margery L. Melvin</u>
Public Advocates Office	:	<u>Zavad Sarkar</u>
Witness(es)	:	



PUBLIC ADVOCATES OFFICE
California Public Utilities Commission

REPORT
ON
PIPELINE REPLACEMENT,
DEPRECIATION RESERVE & EXPENSE,
RATE BASE AND PFAS
MEMO ACCOUNT

San Francisco, California
July 24, 2024

TABLE OF CONTENTS

	<u>Page</u>
MEMORANDUM	1
CHAPTER 1 - AVR PIPELINE REPLACEMENT	1-1
I. INTRODUCTION	1-1
II. SUMMARY OF RECOMMENDATIONS	1-1
III. ANALYSIS.....	1-1
A. Summary of Liberty’s Proposal.....	1-1
B. Eliminating Previously Funded Projects	1-2
C. Adjustment to Adders in Cost Estimate.....	1-4
1. Consultant/Design	1-5
2. Inspection	1-5
3. Miscellaneous Charges.....	1-6
IV. CONCLUSION.....	1-8
CHAPTER 2 - PARK PIPELINE REPLACEMENT	2-1
I. INTRODUCTION	2-1
II. SUMMARY OF RECOMMENDATIONS	2-1
III. ANALYSIS.....	2-1
A. Summary of Liberty’s Proposal.....	2-1
B. Eliminating Previously Funded Projects	2-2
C. Adjustment to Adders in Cost Estimate.....	2-4
1. Consultant/Design	2-5
2. Inspection	2-6
3. Miscellaneous Charges.....	2-6
IV. CONCLUSION.....	2-7
CHAPTER 3 - EMERGENCY MAIN REPLACEMENT, HYDRANTS, AND SERVICES	3-1
I. INTRODUCTION	3-1
II. SUMMARY OF RECOMMENDATIONS	3-1
III. ANALYSIS.....	3-1
IV. CONCLUSION.....	3-4

CHAPTER 4 - DEPRECIATION RESERVE & EXPENSES	4-1
I. INTRODUCTION	4-1
II. SUMMARY OF RECOMMENDATIONS	4-1
III. ANALYSIS	4-1
IV. CONCLUSION	4-3
CHAPTER 5 - RATE BASE	5-1
I. INTRODUCTION	5-1
II. SUMMARY OF RECOMMENDATIONS	5-1
III. ANALYSIS	5-1
A. Rate Base	5-1
B. Construction Work in Progress.....	5-3
C. CWIP Error in RO	5-5
D. Project Adjustments.....	5-5
IV. CONCLUSION.....	5-7
CHAPTER 6 - POLYFLUOROALKYL SUBSTANCES MEMORANDUM ACCOUNT MODIFICATION	6-1
I. INTRODUCTION	6-1
II. SUMMARY OF RECOMMENDATIONS	6-1
III. ANALYSIS.....	6-1
IV. CONCLUSION.....	6-2
APPENDIX A – Qualification of Witness	
APPENDIX B – Supporting Attachments	

1 **MEMORANDUM**

2 The Public Advocates Office at the California Public Utilities Commission (“Cal
3 Advocates”) examined application material, data request responses, and other
4 information presented by Liberty Utilities Apple Valley Ranchos Water Corp (“AVR”)
5 and Liberty Utilities Park (“Park”) in Application (“A.”) 24-01-002 et al. to provide the
6 California Public Utilities Commission (“Commission” or “CPUC”) with
7 recommendations in the interests of ratepayers for safe and reliable service at the lowest
8 cost. Zaved Sarkar prepared this report under the general supervision of Program
9 Manager Richard Rauschmeier, Program & Project Supervisor Hani Moussa, and Project
10 Lead Suliman Ibrahim. Peter Chau is Cal Advocates' legal counsel.

11 Although every effort was made to comprehensively review, analyze, and provide
12 the Commission with recommendations on each ratemaking and policy aspect presented
13 in the Application, the absence of Cal Advocates’ testimony of any particular issue
14 connotes neither agreement nor disagreement of the underlying request, methodology, or
15 policy position related to that issue.

1 **CHAPTER 1 - AVR PIPELINE REPLACEMENT**

2 **I. INTRODUCTION**

3 This chapter discusses Apple Valley Ranchos Water’s (AVR) proposed pipeline
4 replacement schedule and Cal Advocates’ recommended budget for 2024 to 2027.¹ Cal
5 Advocates uses its recommended pipeline budget in this chapter as a component of the
6 total capital budget for Utility Plant-in-Service.

7 **II. SUMMARY OF RECOMMENDATIONS**

8 The Commission should authorize a pipeline replacement budget of \$3,387,971
9 for 2024, \$3,442,833 for 2025, \$1,758,103 for 2026, and \$126,629 for 2027 for AVR into
10 rates. The recommended pipeline replacement budget is shown in Table 1-1 below.

11 **Table 1-1: Summary of Proposed vs. Recommended Budgets**

Year	AVR's Budget	Cal Advocates Budget	Difference between AVR and Cal Advocates
2024	\$6,331,211	\$3,387,971	\$2,943,240
2025	\$5,306,592	\$3,442,833	\$1,863,759
2026	\$5,147,214	\$1,758,103	\$3,389,111
2027	\$4,585,472	\$126,629	\$4,458,843
Total	\$21,370,489	\$8,715,536	\$12,654,953

12 **III. ANALYSIS**

13 **A. Summary of Liberty’s Proposal**

14 For Test Years 2025, 2026, and escalation year 2027, AVR requests a pipeline
15 replacement budget of approximately \$5.3 million, \$5.1 million, and \$4.6 million,

¹ Liberty Utilities utilizes the fiscal year as its basis for financial statements. Because the fiscal year straddles two different calendar years, the calendar year budget and fiscal year budget will not always match. AVR proposes projects for the years 2024-2027. Cal Advocates presents data for the years 2024-2027 for pipeline projects in this chapter.

1 respectively. In 2024, AVR projects it will spend \$6.3 million at a 1% replacement rate
 2 of its pipelines. Table 1-2 presents a breakdown of AVR’s proposed pipeline
 3 replacements.

4 **Table 1-2 Apple Valley Ranchos Water’s Proposed Pipeline Replacement**

	2024	2025	2026	2027	Total
Main Replacement Miles	3.18	2.53	2.19	2.11	10.02
Replacement Miles as a % of Overall systems	1%	0.56%	0.49%	0.47%	2%
Main Replacement Budget	\$6,331,211	\$5,306,592	\$5,147,214	\$4,585,472	\$21,370,489

5
 6 Further, AVR requests \$9.4 million² for emergency main replacements, hydrants,
 7 and services. These projects are discussed in Chapter 3.

8 **B. Eliminating Previously Funded Projects**

9 AVR proposes five projects in 2024, five projects in 2025, four projects in 2026,
 10 and three projects in 2027³ along with “Consultant Engineering/Design” projects that
 11 span from 2024-2027.

12 The Commission should remove \$7,878,326 from the pipeline budget in AVR
 13 from 2024 to 2027 for the pipeline projects where the Commission previously authorized
 14 funding in rates during the 2022 GRC. These are projects that ratepayers paid for under
 15 the assumption they would provide beneficial service but do not provide beneficial
 16 service to ratepayers.

² Liberty Utilities 2025 GRC, Exhibit B AVR Revenue Requirement Report.pdf at 77-80.

³ Liberty Utilities 2025 GRC, AVR Section 6 Workpapers.pdf at 21.

1 In the previous GRC, AVR proposed 23 pipeline projects between 2021-2025 and
 2 the Commission included the cost of these projects into rates.⁴ The table 1-3 below
 3 shows all the incomplete projects that AVR now proposes from 2024 to 2027 for which
 4 AVR previously received funding from customer rates:

5 **Table 1-3: Duplicate Mains Projects**

	Project	Proposed Completion Year in 2022 GRC	Proposed Completion Year in current GRC	Cost Estimate from 2022 GRC	Cost Estimate in current GRC
1	AVMR ⁵ -7 - Nancotta Transmission Main- From Hwy 18 Bore to Tao- Phase 1	2022	2025	\$1,364,247	\$2,027,040
2	AVMR-11 - Nisqually-Sitting Bull Easement- Kiowa to Tamiani	2023	2026	\$761,871	\$894,266
3	AVMR-12 - Tao Transmission Main-Corwin to Munsee - Phase 2	2023	2026	\$1,223,268	\$1,435,842
4	AVMR-14 - Kasson Transmission Main - Munsee to DK Tanks	2024	2027	\$1,062,289	\$1,213,398
5	AVMR-13 - Tract 3225 - Zuni to Thunderbird/West of Erie- Phase 2	2022	2027	\$960,307	\$1,158,295
6	AVMR-21 - Tract 3225-Zuni to Thunderbird/West of Ramona - Phase 3	2022	2027	\$953,003	\$1,149,485
Total				\$6,324,985	\$7,878,326

⁴ Decision 23-02-003 February 2, 2023, at 56-66.

⁵ AVMR = Apple Valley Main Replacement.

1 The Commission should remove the costs of these previously funded but
2 incomplete main projects from the 2024 to 2027 capital budget regardless of AVR’s
3 explanation for deferring the projects. Based in part on AVR’s testimony and forecast for
4 capital projects in the 2022 GRC, the Commission authorized increased rates for all these
5 projects. Since rates for the test years are based on forecasts, ratepayers are at risk of
6 paying for projects that utilities do not complete. Even if the utility completes the project
7 in the following GRC cycle, ratepayers have still paid the annual cost of the projects
8 (including a utility profit) for the years in which the project was included in rates but did
9 not provide any service. Instead of raising rates again in anticipation of the same projects
10 being completed, the Commission should address cost recovery for these proposed and
11 previously funded projects in a subsequent GRC when they are completed, used and
12 useful, and providing tangible benefit to ratepayers. Ratepayers should not be asked to
13 pay twice for projects that have failed to provide benefits once.

14 For all the above reasons, the Commission should remove the cost of the pipeline
15 projects in Table 1-3, Column E from the 2024 to 2027 capital budget. Ratepayers have
16 already funded these projects once without receiving any benefits. AVR should seek cost
17 recovery of these pipeline projects in a subsequent GRC but only if these projects have
18 been completed.

19 **C. Adjustment to Adders in Cost Estimate**

20 The Commission should reduce the different price adders that Liberty uses in
21 AVR to estimate its pipeline projects. These include consultant/design, inspection costs,
22 and miscellaneous charges.

23 Pipeline replacement is a routine project with which Liberty has extensive
24 experience. Adding unnecessary and inflated cost adders is detrimental to ratepayers
25 who are not getting any additional benefits in funding such endeavors. Furthermore,
26 some of the proposed project adders are duplicative of costs already included in AVR’s
27 proposed budget.

1 **1. Consultant/Design**

2 AVR uses a fixed \$75,00 consultant/design adder for each pipeline project with
3 3,500 linear feet or more. In response to the discovery, Liberty states that “to maintain a
4 standard design cost estimate for AVR and Park, AVR adopted the design cost of
5 \$75,000 used by Park.”⁶ Liberty further explained that “the design costs for Park projects
6 were determined by reviewing consultant design service quotes from recent years”⁷

7 Liberty included a vendor quote for the Carlin and Olanda pipeline project from a
8 consulting company named PSOMAS.⁸ The vendor quote shows a total fee of \$57,300
9 (no optional items) and another \$24,445 (optional task) with a total of \$81,745. This is
10 completely redundant because Liberty already estimates a yearly budget for
11 “Consultant/Design” services along with its Transmission & Distribution projects which
12 amounts to \$451,139 for the years 2024-2027 in this GRC.⁹ AVR forecasts spending
13 between \$106,080 and \$189,944 annually from 2024-2027 for design and engineering
14 services provided by outside consultants on planned capital improvement projects.¹⁰

15 Approving a fixed \$75,000 per pipeline project adder when AVR’s budget
16 contains duplicative cost justifications would be unreasonable. The Commission should
17 remove the \$75,000 consultant/design fee when calculating the total cost estimates for
18 each pipeline project in AVR.

19 **2. Inspection**

20 Liberty applies an inspection rate of \$240/hour and an estimated 275 hours per
21 project for a total \$66,000 inspection budget per pipeline for AVR. To justify this rate,

⁶ Liberty's Response to DR 032-ZS, Response 1. (Testimony Attachment 1-1).

⁷ Liberty's Response to DR 032-ZS, Response 4. (Testimony Attachment 1-1).

⁸ Liberty's Response to DR 032-ZS, Response 4, Attachment: Q4 032-ZS Consultant Design Proposal.pdf (Testimony Attachment 1-6).

⁹ Liberty Utilities 2025 GRC, Section 6 Workpapers.pdf at 21.

¹⁰ Liberty Utilities 2025 GRC, Exhibit B AVR Revenue Requirement Report.pdf at 76, line 19-21.

1 Liberty provided vendor quotes (for four projects) and a spreadsheet breakdown of how it
 2 derived the \$240/hour inspection rate.¹¹

3 Upon closer examination of the vendor quotes, Cal Advocates discovered that
 4 Liberty used the correct dollar amount for the total proposed work from the vendor but
 5 failed to use the total hours mentioned in the vendor quotes for each project. This
 6 inflated the actual inspection rate per hour. Cal Advocates corrected the hours and
 7 derived a \$133/hour inspection rate as shown below in Table 1-4. Cal Advocates further
 8 removed the additional 20% added on top of the base inspection rate used by AVR to
 9 increase the rate per hour. Inspection rates should be a fixed cost and not variable, as
 10 correctly noted by the vendor quotes.

11 The Commission should adopt the total inspection budget to \$36,575 when
 12 calculating the total cost estimates for each pipeline project in AVR using an inspection
 13 rate of \$133/hour and an estimated 275 hours of inspection work.

14 **Table 1-4: Corrected calculation for inspection rate/hour**

Inspection Rate					
Year	Project	Days	Hours	Total Cost	unit rate (\$/hrs)
2023	AV - Kiowa Easement (Teton)	35	420	\$57,330.95	\$137
2023	AV - Zuni to Thunderbird Easement	40	480	\$64,348.16	\$134
2023	CB - Newmire & Target	40	480	\$63,933.20	\$133
2023	CB - Clymar & Caswell	75	900	\$116,625.88	\$130
				Average unit rate for 2023 projects	\$133
				20% increase (10% inflation + 10% contingency	N/A
				Unit Rate	\$133

15
 16 **3. Miscellaneous Charges**

17 A miscellaneous charge of either \$100,000 or \$200,000 is included per pipeline
 18 project for this GRC. Upon inquiry, Liberty explained that “No miscellaneous estimates

¹¹ Liberty's Response to DR 032-ZS, Response 3, Attachment: Q3 032-ZS 2023 Consultant Proposal for Inspection.pdf and Q3 032-ZS Inspection Rate.xlsx (Testimony Attachment 1-2, 1-3 and 1-4).

1 have been added to pipeline cost estimates at this time.”¹² Liberty later corrected this
2 statement by admitting it added \$100,000 or \$200,000 for pipeline projects (for AVR).¹³

3 According to Liberty “These lump sum estimates were added to the project cost to
4 account for air and vacuum stations, blow-offs, and additional fire hydrants that were not
5 included in the materials list for construction.”¹⁴

6 This inflates the construction budget by indirectly adding factors that should
7 already be estimated while designing the project. Liberty’s failure to properly budget for
8 the “material list for construction” should not be a cost that ratepayers need to bear.
9 Including a nondetailed miscellaneous charge for which Liberty failed to budget, reduces
10 transparency and circumvents detailed Commission review. In a general rate case, a
11 utility must demonstrate the reasonableness of every dollar in its revenue requirement.¹⁵
12 Simply adding \$100,000 or \$200,000 as a miscellaneous charge to account for items “that
13 were not included in the material list for construction” is not an acceptable substitute for
14 a detailed justification of what exactly the ratepayers are paying for.

15 One exception to this general policy where AVR has adequately demonstrated the
16 need for a miscellaneous charge is the AVR -24 Symeron to St. Timothy – Hwy 18”
17 project (Symeron Project). The Commission should approve a miscellaneous charge of
18 \$200,000 for the Symeron Project as it relates to the estimate to jack and bore across
19 Highway 18 because the Town of Apple Valley does not permit trench cutting across this
20 highway.

21 The Commission should remove the remaining miscellaneous charges of \$100,000
22 or \$200,000 (whichever is applicable) when calculating the total cost estimates for each
23 pipeline project in AVR. These miscellaneous charges circumvent the Commission’s
24 recent decisions to remove speculative contingency adders to projects.¹⁶

¹² Liberty’s Response to DR SIB-006, Response 1.h. (Testimony Attachment 1-6).

¹³ Liberty’s Response to DR 032-ZS, Response 2. (Testimony Attachment 1-1).

¹⁴ Liberty’s Response to DR 032-ZS, Response 2. (Testimony Attachment 1-1).

¹⁵ D.96-12-066 at 5.

¹⁶ D.24-03-042 at 24-27.

1 Table 1-5 shows the calculation for each pipeline project after adjustments to price
 2 adders are made.

3 **Table 1-5: Total Project Estimates After Adjustments to Price Adders**

Year	Proposed Pipeline Project	Materials	Consultant / Design	Inspection	Permits	Misc Charges	Misc/Plans /Fedex	Field Labor Costs	Subtotal	A &G @8%	Escalated to 2023 @ 3.12%	Total Project Estimate
2024	AVMR-35 - Navajo Easement (Ottawa to Powhatan)	\$ 452,900	\$ -	\$ 36,575	\$1,200	\$ -	\$ 1,000	\$45,814	\$ 537,489	\$ 42,999	\$ 18,111	\$ 598,599
2024	AVMR-25 - Mohawk Rd	\$ 442,500	\$ -	\$ 36,575	\$1,200	\$ -	\$ 1,000	\$45,814	\$ 527,089	\$ 42,167	\$ 17,761	\$ 587,017
2024	AVMR-32 - Flathead and Erie	\$ 191,000	\$ -	\$ 36,575	\$1,200	\$ -	\$ 1,000	\$45,814	\$ 275,589	\$ 22,047	\$ 9,286	\$ 306,922
2024	AVMR-30 - Rimrock and St Timothy	\$ 512,500	\$ -	\$ 36,575	\$1,200	\$ -	\$ 1,000	\$45,814	\$ 597,089	\$ 47,767	\$ 20,120	\$ 664,976
2024	AVMR-28 - Hopi Rd	\$ 544,000	\$ -	\$ 36,575	\$1,200	\$ -	\$ 1,000	\$45,814	\$ 628,589	\$ 50,287	\$ 21,181	\$ 700,057
2025	AVMR-26 - Gayhead - Flathead - Erie	\$1,122,600	\$ -	\$ 36,575	\$1,200	\$ -	\$ 1,000	\$45,814	\$1,207,189	\$ 96,575	\$ 40,677	\$1,344,442
2025	AVMR-34 - Pamlico Rd	\$ 361,000	\$ -	\$ 36,575	\$1,200	\$ -	\$ 1,000	\$45,814	\$ 445,589	\$ 35,647	\$ 15,015	\$ 496,251
2025	AVMR-24 - Symeron to St Timothy - HWY 18 Bore	\$ 143,400	\$ -	\$ 36,575	\$1,200	\$200,000	\$ 1,000	\$45,814	\$ 427,989	\$ 34,239	\$ 14,422	\$ 476,650
2025	AVMR-33 - Erie Rd	\$ 545,000	\$ -	\$ 36,575	\$1,200	\$ -	\$ 1,000	\$45,814	\$ 629,589	\$ 50,367	\$ 21,215	\$ 701,171
2026	AVMR-31 - Dakota and Erie	\$ 559,000	\$ -	\$ 36,575	\$1,200	\$ -	\$ 1,000	\$45,814	\$ 643,589	\$ 51,487	\$ 21,686	\$ 716,762
2026	AVMR-10 - Ottawa - Navajo to Mohawk	\$ 507,015	\$ -	\$ 36,575	\$1,200	\$ -	\$ 1,000	\$45,814	\$ 591,604	\$ 47,328	\$ 19,935	\$ 816,641

4
 5 **IV. CONCLUSION**

6 The Commission should adopt a pipeline replacement budget of \$3,387,971 for
 7 2024, \$3,442,833 for 2025, \$1,758,103 for 2026, and \$126,629 for 2027 for AVR into
 8 rates.

1 **CHAPTER 2 - PARK PIPELINE REPLACEMENT**

2 **I. INTRODUCTION**

3 This chapter discusses Park Water’s (Park) proposed pipeline replacement
4 schedule and Cal Advocates’ recommended budget for 2024 to 2027.¹⁷ Cal Advocates
5 uses its recommended pipeline budget in this chapter as a component of the total capital
6 budget for Utility Plant-in-Service.

7 **II. SUMMARY OF RECOMMENDATIONS**

The Commission should adopt a pipeline replacement budget of \$2,426,753 for
2024, \$112,350 for 2025, \$1,028,058 for 2026, and \$2,307,828 for 2027 for Park into
rates. The recommended pipeline replacement budget is shown in Table 2-1 below.

8 **Table 2-1: Summary of Proposed vs. Recommended Budgets**

Year	Parks's Budget	Cal Advocates Budget	Difference between Park and Cal Advocates
2024	\$8,544,657	\$2,426,753	\$6,117,904
2025	\$8,973,754	\$112,350	\$8,861,404
2026	\$4,733,271	\$1,028,058	\$3,705,213
2027	\$6,615,810	\$2,307,828	\$4,307,982
Total	\$28,867,492	\$5,874,988	\$22,992,504

9
10 **III. ANALYSIS**

11 **A. Summary of Liberty’s Proposal**

12 For Test Years 2025, 2026, and escalation year 2027, Park requests a pipeline
13 replacement budget of approximately \$8.9 million, \$4.7 million, and \$6.6 million,

¹⁷ Liberty Utilities utilizes the fiscal year as its basis for financial statements. Because the fiscal year straddles two different calendar years, the calendar year budget and fiscal year budget will not always match. Park proposes projects for the years 2024-2027. Cal Advocates presents data for the years 2024-2027 for pipeline projects in this chapter.

1 respectively. In 2024, Park will spend \$8.5 million at a 0.5% replacement rate for its
2 pipelines. Table 2-2 presents a breakdown of Park’s proposed pipeline replacements.

3 **Table 2-2 Park Water’s Proposed Pipeline Replacement**

	2024	2025	2026	2027	Total
Main Replacement Miles	1.28	1.49	1.59	1.70	6.06
Replacement Miles as a % of Overall systems	0.50%	0.58%	0.62%	0.66%	2%
Main Replacement Budget	\$8,544,657	\$8,973,754	\$4,733,271	\$6,615,810	\$28,867,492

4
5 Further, Park requests \$9.1 million for emergency main replacements, hydrants,
6 and services.¹⁸ These projects are discussed in Chapter 3.

7 **B. Eliminating Previously Funded Projects**

8 Park proposes four projects in 2024, two projects in 2025, three projects in 2026,
9 and three projects in 2027¹⁹ along with “Consultant Engineering/Design” projects that
10 span from 2024-2027.

11 The Commission should remove a total of \$23,455,400 from the pipeline budget in
12 Park during the years 2024 to 2027 for the pipeline projects where the Commission has
13 previously authorized funding in rates during the 2022 GRC.

14 In the previous GRC, Park proposed to complete 14 pipeline projects between
15 2021-2025. The Commission authorized funding in rates for all of Park’s proposed
16 pipeline projects.²⁰ The table below shows all projects that Park proposes from 2024 to
17 2027 for which Park previously received authorization to increase rates:

18

¹⁸ Liberty Utilities 2025 GRC, Exhibit B Park Revenue Requirement Report.pdf at 77-80.

¹⁹ Liberty Utilities 2025 GRC, Park Section 6 Workpapers.pdf at 21.

²⁰ Decision 23-02-003 February 2, 2023, at 51-54.

1

Table 2-3: Duplicate Mains Projects

	(A) Project	(B) Proposed Completion Year in 2022 GRC	(C) Proposed Completion Year in current GRC	(D) Cost Estimate from 2022 GRC	(E) Cost Estimate in current GRC
1	CBMR ²¹ -5 - Carlin & Olanda	2022	2024	\$1,589,087	\$2,999,385
2	CBMR-6 - Clark - Rosecrans to Faywood	2022	2027	\$922,601	\$1,413,664
3	CBMR-7 - Excelsior - Crossdale to Gridley	2024	2025	\$1,023,218	\$1,811,535
4	CBMR-8 - Alondra - Aprilia	2023	2025	\$1,890,971	\$3,249,869
5	CBMR-9 - Aprilia - Caldwell - Central	2024	2026	\$3,134,983	\$5,477,535
6	CBMR-10 - Clivenden- Broadacres- Grandee	2024	2025	\$2,069,978	\$3,182,400
7	CBMR-11 - Liggett - Rosecrans	2024	2026	\$1,153,893	\$ 1,614,213
8	CBMR-12 - Jersey - Rosecrans - Liggett	2025	2027	\$1,931,414	\$3,706,799
Total				\$13,716,145	\$23,455,400

2

3 The Commission should remove the costs of these duplicate main projects from
4 the 2024 to 2027 capital budget regardless of Park's explanation for deferring the
5 projects. Even after pointing out the case of deferring projects in Cal Advocates

²¹ CBMR = Central Basin Main Replacement.

1 Testimony²², the Commission still authorized the increase in rates based in part on Park’s
2 testimony and forecast for capital projects in the 2022 GRC. Since rates for the test years
3 are based on forecasts, ratepayers are at risk of paying for projects that utilities do not
4 complete. Even if the utility completes the project in the following GRC cycle,
5 ratepayers still experience a lag between paying for costs and receiving benefits. Instead
6 of raising rates again in anticipation of the same projects, the Commission should account
7 for the completed plant additions in the next GRC after reviewing the reasonableness of
8 the actual costs.

9 The Commission in its previous GRC decision stated, “Cal Advocates does not
10 present evidence that there is a pattern of repeated deferment of these main projects²³”
11 and further went on to state that “if the Commission finds subsequent deferrals to be
12 unreasonable, the Commission may reduce or disallow future funding requests for these
13 projects.”²⁴ Liberty Utilities has established the practice of deferring projects (both in
14 AVR and Park) and returning in subsequent GRCs to ask for almost double the original
15 project costs repeatedly.

16 Due to the increase in ratepayers having previously paid for these projects
17 (including a utility profit) without receiving any of the benefits of the projects being
18 complete, the Commission should remove the cost of the pipeline projects in Table 2-3,
19 Column E from the 2024 to 2027 capital budget. The Commission should review the
20 reasonableness of these pipeline projects’ actual costs after Park completes them.

21 **C. Adjustment to Adders in Cost Estimate**

22 The Commission should reduce the different price adders that Liberty uses in Park
23 to estimate its pipeline projects. These include consultant/design, inspection costs, and
24 miscellaneous charges.

²² A2107003 et al. Liberty Utilities 2022 GRC, Public Advocates Testimony – Reports on the Result of Operations LIBERTY UTILITIES (PARK WATER) CORP, at 6-1 to 6-4.

²³ Decision 23-02-003 February 2, 2023, at 53.

²⁴ Decision 23-02-003 February 2, 2023, at 54.

1 Pipeline replacement is a routine project with which Liberty has extensive
2 experience. Adding unnecessary and inflated cost adders is detrimental to ratepayers
3 who are not getting any additional benefits in funding such endeavors. Furthermore,
4 some of the proposed project adders are duplicative of costs already included in Park’s
5 proposed budget.

6 **1. Consultant/Design**

7 Park uses a fixed \$75,00 consultant/design adder for each pipeline project with
8 3,500 linear feet or more. In response to the discovery, Liberty states that “to maintain a
9 standard design cost estimate for AVR and Park, Park adopted the design cost of \$75,000
10 used by Park.”²⁵ Liberty further explained that “the design costs for Park projects were
11 determined by reviewing consultant design service quotes from recent years”²⁶

12 Liberty included a vendor quote for the Carlin and Olanda pipeline project from a
13 consulting company named PSOMAS.²⁷ The vendor quote shows a total fee of \$57,300
14 (no optional items) and another \$24,445 (optional task) with a total of \$81,745. This is
15 completely redundant because Liberty already estimates a yearly budget for
16 “Consultant/Design” services along with its Transmission & Distribution projects which
17 amounts to \$450,151 for the years 2024-2027 in this GRC.²⁸ Liberty Park Water
18 forecasts spending between \$106,080 and \$189,944 annually from 2024-2027 for design
19 and engineering services provided by outside consultants on planned capital improvement
20 projects.²⁹

21 Approving a fixed \$75,000 per pipeline project adder when Park’s budget contains
22 duplicative cost justifications would be unreasonable. The Commission should remove

²⁵ Liberty's Response to DR 032-ZS, Response 1. (Testimony Attachment 1-1).

²⁶ Liberty's Response to DR 032-ZS, Response 4. (Testimony Attachment 1-1).

²⁷ Liberty's Response to DR 032-ZS, Response 4, Attachment: Q4 032-ZS Consultant Design Proposal.pdf. (Testimony Attachment 1-5).

²⁸ Liberty Utilities 2025 GRC, Section 6 Workpapers.pdf at 21.

²⁹ Liberty Utilities 2025 GRC, Exhibit B AVR Revenue Requirement Report.pdf at 76, line 19-21.

1 the \$75,000 consultant/design fee when calculating the total cost estimates for each
 2 pipeline project in Park.

3 **2. Inspection**

4 Liberty applies an inspection rate of \$240/hour and an estimated 320-480 hours
 5 per project for a total of \$76,800 or \$115,200 inspection budget per pipeline for Park. To
 6 justify this rate, Liberty provided vendor quotes (for four projects) and a spreadsheet
 7 breakdown of how it derived the \$240/hour inspection rate.³⁰

8 As Chapter 1, Section C.2 explains, Cal Advocates derived a \$133/hour inspection
 9 rate. Cal Advocates further removed the additional 20% added on top of the base
 10 inspection rate used by AVR to increase the rate per hour. Inspection rates should be a
 11 fixed cost and not variable, as correctly noted by the vendor quotes.

12 The Commission should adjust the total inspection budget to \$42,560 when
 13 calculating the total cost estimates for each pipeline project in the Park system using an
 14 inspection rate of \$133/hour and an estimated 320-480 hours of inspection work.

15 **3. Miscellaneous Charges**

16 The Commission should only approve the \$100,000 charge for the “CBMR-16 -
 17 Area 41 & Target - Phase 2” pipeline project as it relates to costs for road easement. The
 18 Commission should remove the remaining miscellaneous charges (where applicable)
 19 when calculating the total cost estimates for each pipeline project in Park, as discussed in
 20 Chapter 1, Section C.3.

21 Table 2-4 shows the calculation for each pipeline project after adjustments to price
 22 adders are made.

23 **Table 2-4: Total Project Estimates After Adjustments to Price Adders**

Year	Proposed Pipeline Project	Materials	Consultant / Design	Inspection	Permits	Misc Charges	Misc/Plans /Fedex	Field Labor Costs	Subtotal	A & G @8%	Escalated to 2023 @ 3.12%	Total Project Estimate
2024-2025	MCMN-1 - La Canada Irrigation District Interconnect	\$1,300,000	\$ -	\$ 42,560	\$2,490	\$ -	\$ 1,000	\$18,114	\$1,364,164	\$109,133	\$ 45,967	\$1,019,264
2024	CBMR-16 - Area 41 & Target - Phase 2	\$ 885,250	\$ -	\$ 42,560	\$1,650	\$100,000	\$ -	\$43,839	\$1,073,299	\$ 85,864	\$ 36,166	\$1,195,329
2026	MCMR-5 - Burning Tree Dr Main Replacement	\$ 750,000	\$ -	\$ 42,560	\$ -	\$ -	\$ 1,000	\$28,664	\$ 822,224	\$ 65,778	\$ 27,706	\$ 915,708

³⁰ Liberty's Response to DR 032-ZS, Response 3, Attachment: Q3 032-ZS 2023 Consultant Proposal for Inspection.pdf and Q3 032-ZS Inspection Rate.xlsx. (Testimony Attachment 1-2, 1-3 and 1-4).

1 **IV. CONCLUSION**

2 The Commission should adopt a pipeline replacement budget of \$2,426,753 for
3 2024, \$112,350 for 2025, \$1,028,058 for 2026, and \$2,307,828 for 2027 for Park into
4 rates.

1 **CHAPTER 3 - EMERGENCY MAIN REPLACEMENT, HYDRANTS, AND**
 2 **SERVICES**

3 **I. INTRODUCTION**

4 This Chapter discusses Apple Valley Ranch Water’s (AVR) and Park Water’s
 5 (Park) proposed budget for emergency main replacements, hydrants, and service lines
 6 and Cal Advocates’ recommended budget for the years 2025 to 2027. Cal Advocates
 7 uses the recommended budgets in this chapter as a component of the total capital budget
 8 for Utility Plant-in-Service.

9 **II. SUMMARY OF RECOMMENDATIONS**

10 The Commission should adopt a budget of \$6.1 million in AVR and \$5.9 million
 11 in Park for emergency main replacements, hydrants, and services for the years 2024-2027
 12 into rates.

13 **III. ANALYSIS**

14 Liberty requests \$9.4 million in AVR,³¹ and \$9.1 million in Park,³² for emergency
 15 main replacements, hydrants, and services for the years 2024-2027.

16 Tables 3-1 and 3-2 present a breakdown of Liberty Utilities’ proposed budgets for
 17 emergency main replacements, hydrants, and services for the years 2024-2027.

18 **Table 3-1: Apple Valley Ranch Water’s proposed budget.³³**

	2024	2025	2026	2027	Total
Emergency Main Replacement	\$ 509,253	\$ 540,216	\$ 573,060	\$ 607,903	\$ 2,230,432
Replacement Hydrants	\$ 32,702	\$ 34,691	\$ 36,800	\$ 39,037	\$ 143,230
New Hydrants	\$ 59,331	\$ 62,938	\$ 66,764	\$ 70,824	\$ 259,857
Replacement Services	\$ 1,255,833	\$ 1,332,188	\$ 1,413,184	\$ 1,499,106	\$ 5,500,311
New Services	\$ 288,269	\$ 305,796	\$ 324,388	\$ 344,110	\$ 1,262,563
					\$ 9,396,393

19 ³¹ Liberty Utilities 2025 GRC, Exhibit B AVR Revenue Requirement Report.pdf at 77-80.

20 ³² Liberty Utilities 2025 GRC, Exhibit B Park Revenue Requirement Report.pdf at 77-80.

21 ³³ Liberty Utilities 2025 GRC, AVR Section 6 Workpapers.pdf at 21.

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Table 3-2: Park Water’s Proposed Budget.³⁴

	2024	2025	2026	2027	Total
Emergency Main Replacement	\$ 384,278	\$ 407,643	\$ 432,427	\$ 458,718	\$ 1,683,066
Replacement Hydrants	\$ 919,554	\$ 975,463	\$ 1,034,770	\$ 1,097,685	\$ 4,027,472
New Hydrants	\$ 28,043	\$ 29,748	\$ 31,557	\$ 33,476	\$ 122,824
Replacement Services	\$ 721,776	\$ 765,661	\$ 812,212	\$ 861,595	\$ 3,161,244
New Services	\$ 30,307	\$ 32,150	\$ 34,105	\$ 36,178	\$ 132,740
					\$ 9,127,346

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Liberty Utilities attempts to justify these budgets as necessary programs that are developed using a 5-year average construction cost from 2018 to 2022 and escalate to the applicable budget year. Liberty utilizes the authorized budgets to replace or install new emergency mains, hydrants, and services where it's warranted due to fails, leakage, or breaks due to collisions.³⁵

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However, the budgets are much different in Liberty’s actual RO Model work papers. Upon review of Liberty Utilities' budget for emergency mains, hydrants, and services, Cal Advocates discovered a trend of a significant budget being used under CWIP and being included in rates in a subsequent GRC. This increases the **total closing budgets**³⁶ for the forecasted years (2024-2027) in this GRC. For example: for line item 2024 “TDMR – Main Replacements 1” the total closing budget = \$5,061,942 [*actual budget requested*] + (\$3,434,019 - \$1,377,258) [*difference between 2023 and 2024 CWIP amount for this line item*] = \$7,118,703.

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The difference between Liberties’ proposed budget for 2024-2027 and the actual RO budget is \$2,022,242 for AVR and \$1,070,365 for Park. This means this extra budget will be realized into rates, in this GRC, that masks the original proposed budgets’ **intended rate impact** on customers. This translates to ratepayers paying for something they do not receive a corresponding benefit. The inconsistency between the utility’s

³⁴ Liberty Utilities 2025 GRC, Park Section 6 Workpapers.pdf at 21.

³⁵ Liberty's Response to DR 035-ZS, Response 2 & 5. (Testimony Attachment 1-7).

³⁶ According to Liberty Utilities RO Workpapers, Total Closing Budget = Actual requested budget + the difference of CWIP budget from the last rate case to the latest rate case, for corresponding budget items.

1 budget proposal and its RO Model workpapers misleads ratepayers and the Commission
 2 regarding the actual rate impact of Liberty’s proposal.

3 This trend has continued for the last two GRCs, which indicates a significant delay
 4 in construction in these categories. Tables 3-3 and 3-4 show the actual closing budget for
 5 the years 2024-2027 for these categories.

6 **Table 3-3: Apple Valley Ranch Water’s Actual Closing Budget.³⁷**

	2024	2025	2026	2027	Total
Emergency Main Replacement	\$ 509,253	\$ 540,216	\$ 573,060	\$ 607,903	\$ 2,230,432
Replacement Hydrants	\$ 202,011	\$ 34,691	\$ 36,800	\$ 39,037	\$ 312,539
New Hydrants	\$ 59,040	\$ 62,938	\$ 66,764	\$ 70,824	\$ 259,566
Replacement Services	\$ 2,876,547	\$ 1,332,188	\$ 1,413,184	\$ 1,499,106	\$ 7,121,025
New Services	\$ 520,779	\$ 305,796	\$ 324,388	\$ 344,110	\$ 1,495,073
					\$ 11,418,635

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8 **Table 3-4: Park Water’s Actual Closing Budget.³⁸**

	2024	2025	2026	2027	Total
Emergency Main Replacement	\$ 384,278	\$ 407,643	\$ 432,427	\$ 458,718	\$ 1,683,066
Replacement Hydrants	\$ 1,821,503	\$ 975,463	\$ 1,034,770	\$ 1,097,685	\$ 4,929,421
New Hydrants	\$ 28,043	\$ 29,748	\$ 31,557	\$ 33,476	\$ 122,824
Replacement Services	\$ 883,128	\$ 765,661	\$ 812,212	\$ 861,595	\$ 3,322,596
New Services	\$ 37,371	\$ 32,150	\$ 34,105	\$ 36,178	\$ 139,804
					\$ 10,197,711

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10 The budget for these items is approximately 89% more for AVR and 97% more
 11 for Park in this GRC when compared to the last GRC. Liberty justifies the increase by
 12 stating “Recently, we have been seeing an upward trend in the number of required yearly
 13 service replacements and have budgeted slightly higher for this category in the Revenue
 14 Requirements Report.”³⁹ Yet, as shown in Tables 3-3 and 3-4, in both its ratemaking
 15 areas, Liberty has been unable to finish projects on time as shown by the difference in
 16 proposed and actual budgets in RO workpapers. This has a profound impact on
 17 ratepayers going forward.

18 The Commission should reduce the budget for both AVR and Park by 35%. This
 19 would equate to a total of \$6.1 million in AVR and \$5.9 million in Park for emergency

³⁷ Liberty Utilities 2025 GRC, RO Model – AV25 Capex.xlsx, Tab: AVR – SUMMARY.

³⁸ Liberty Utilities 2025 GRC, RO Model – PW25 Capex.xlsx, Tab: CB – SUMMARY.

³⁹ Liberty's Response to DR 035-ZS, Response 8. (Testimony Attachment 1-7).

1 main replacements, hydrants, and services for the years 2024-2027. This reduction
2 would enable Liberty to focus on catching up on needed constructions for these
3 categories in this GRC and still maintain its operational needs for hydrants and service
4 lines replacements at a manageable level, and in turn, would benefit the ratepayers who
5 can expect to receive the service they are paying for.

6 **IV. CONCLUSION**

7 The Commission should adopt a budget of \$6.1 million in AVR and \$5.9 million
8 in Park into rates for emergency main replacements, hydrants, and services for the years
9 2024-2027 into rates.

1 **CHAPTER 4 - DEPRECIATION RESERVE & EXPENSES**

2 **I. INTRODUCTION**

3 This chapter presents Cal Advocates’ analyses and recommendations for average
4 depreciation. Table 4-1 and Table 4-2 compare Cal Advocates and AVR’s and Park’s
5 proposed average depreciation.

6 The depreciation reserve is the total of all depreciation expenses that have
7 accumulated over time. When calculating the rate base, the depreciation reserve is
8 deducted from gross prudent investments to avoid earning an additional return on funds
9 that have been previously recovered through depreciation expenses. Differences in
10 depreciation are due to differences in plant additions and adjustments for early
11 retirements, as discussed in other chapters and testimonies.

12 **II. SUMMARY OF RECOMMENDATIONS**

13 The Commission should adopt an average depreciation reserve of \$ 65,044,993 for
14 the base year 2025, \$ 69,185,504 for the test year 2026, and \$ 73,776,939 for the test year
15 2027, as shown in Table 4-1 (Columns B, D, and F) for AVR into rates.

16 The Commission should adopt an average depreciation reserve of \$ 44,044,881 for
17 the base year 2025, \$ 47,884,490 for the test year 2026, and \$ 51,861,652 for the test year
18 2027, as shown in Table 4-2 (Columns B, D, and F) for Park into rates.

19 **III. ANALYSIS**

20 Liberty prepared depreciation estimates following Standard Practice U-4-W.
21 AVR calculated a composite depreciation rate of 2.42%⁴⁰ and Park calculated a
22 composite depreciation rate of 2.38%.⁴¹ These calculations are consistent with Liberty
23 Utilities’ historical composite depreciation rate and are within the 2% to 4% normal
24 composite depreciation rate described in Standard Practice U-4-W.

⁴⁰ Liberty Utilities 2025 GRC, Excel Workpapers – AV25 RM Life, Tab: Depr Rates – AVR + YRM, cell R40.

⁴¹ Liberty Utilities 2025 GRC, Excel Workpapers – PW25 RM Life, Tab: Depr Rates, cell R40.

1 Any differences between Liberty’s depreciation estimates and Cal Advocates’
 2 depreciation estimates are due to the differences in recommended plant projects described
 3 in Chapters 1, 2 & 3 of this report and summarized in Tables 4-1 & 4-2.

4
 5 **Table 4-1: AVR Depreciation Reserve.⁴²**
 6

Description	2025		2026		2027	
	(A)	(B)	(C)	(D)	(E)	(F)
	AVR	Cal Adv	AVR	Cal Adv	AVR	Cal Adv
Depreciation Reserve, Beginning of Year Balance	\$ 62,955,844	\$ 63,084,886	\$ 66,600,599	\$ 67,005,100	\$ 70,755,727	\$ 71,365,908
<u>Annual Accrual Charged To:</u>						
Clearing Accounts	\$ 163,534	\$ 162,932	\$ 173,107	\$ 171,884	\$ 180,509	\$ 178,586
Depreciation Expense	\$ 4,982,176	\$ 4,895,148	\$ 5,255,164	\$ 5,110,762	\$ 5,636,256	\$ 5,281,910
Contributions	\$ 180,680	\$ 180,384	\$ 186,343	\$ 185,658	\$ 192,350	\$ 191,097
TOTAL	\$ 5,326,390	\$ 5,238,464	\$ 5,614,615	\$ 5,468,304	\$ 6,009,116	\$ 5,651,593
<u>Retirements & Adjustments:</u>						
Net Retirements	\$ 1,776,517	\$ 1,392,265	\$ 1,522,397	\$ 1,149,543	\$ 1,446,738	\$ 872,122
Adjustments	\$ (94,882)	\$ (74,015)	\$ (62,910)	\$ (42,047)	\$ (67,154)	\$ (42,590)
TOTAL	\$ 1,681,625	\$ 1,318,250	\$ 1,459,487	\$ 1,107,495	\$ 1,379,583	\$ 829,532
Net Additions	\$ 3,644,755	\$ 3,920,214	\$ 4,155,128	\$ 4,360,809	\$ 4,629,532	\$ 4,822,061
Depreciation Reserve, End of Year Balance	\$ 66,600,599	\$ 67,005,100	\$ 70,755,727	\$ 71,365,908	\$ 75,385,259	\$ 76,187,969
Average Depreciation Reserve for Rate Base	\$ 64,778,221	\$ 65,044,993	\$ 68,678,163	\$ 69,185,504	\$ 73,070,493	\$ 73,776,939

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⁴² Liberty Utilities 2025 GRC, Excel Workpapers – AV25 Ratebase, Tab: AV RSV.

Table 4-2: Park Depreciation Reserve.⁴³

Description	2025		2026		2027	
	(A)	(B)	(C)	(D)	(E)	(F)
	Park	Cal Adv	Park	Cal Adv	Park	Cal Adv
Depreciation Reserve, Beginning of Year Balance	\$ 42,288,504	\$ 42,159,592	\$ 46,199,161	\$ 45,930,171	\$ 50,504,171	\$ 49,838,810
<u>Annual Accrual Charged To:</u>						
Clearing Accounts	\$ 310,970	\$ 305,496	\$ 323,460	\$ 312,715	\$ 338,672	\$ 326,401
Depreciation Expense	\$ 4,062,714	\$ 3,516,967	\$ 4,448,876	\$ 3,661,319	\$ 4,907,538	\$ 3,802,986
Contributions	\$ 338,600	\$ 338,305	\$ 344,258	\$ 343,575	\$ 350,260	\$ 349,009
TOTAL	\$ 4,712,284	\$ 4,160,767	\$ 5,116,594	\$ 4,317,608	\$ 5,596,471	\$ 4,478,396
<u>Retirements & Adjustments:</u>						
Net Retirements	\$ 841,350	\$ 406,187	\$ 846,956	\$ 425,211	\$ 799,027	\$ 451,412
Adjustments	\$ (39,723)	\$ (15,999)	\$ (35,372)	\$ (16,242)	\$ (40,095)	\$ (18,700)
TOTAL	\$ 801,627	\$ 390,188	\$ 811,584	\$ 408,969	\$ 758,933	\$ 432,712
Net Additions	\$ 3,910,657	\$ 3,770,579	\$ 4,305,010	\$ 3,908,639	\$ 4,837,538	\$ 4,045,684
Depreciation Reserve, End of Year Balance	\$ 46,199,161	\$ 45,930,171	\$ 50,504,171	\$ 49,838,810	\$ 55,341,709	\$ 53,884,494
Average Depreciation Reserve for Rate Base	\$ 44,243,832	\$ 44,044,881	\$ 48,351,666	\$ 47,884,490	\$ 52,922,940	\$ 51,861,652

2 IV. CONCLUSION

3 The Commission should adopt an average depreciation reserve of \$ 65,044,993 for
4 the base year 2025, \$ 69,185,504 for the test year 2026, and \$ 73,776,939 for the test year
5 2027, as shown in Table 4-1 (Columns B, D, and F) for AVR into rates.

⁴³ Liberty Utilities 2025 GRC, Excel Workpapers – PW25 Ratebase, Tab: CB Depr Resv.

1 The Commission should adopt an average depreciation reserve of \$ 44,044,881 for
2 the base year 2025, \$ 47,884,490 for the test year 2026, and \$ 51,861,652 for the test year
3 2027, as shown in Table 4-2 (Columns B, D, and F) for Park into rates.

1 **CHAPTER 5 - RATE BASE**

2 **I. INTRODUCTION**

3 This chapter presents Cal Advocates’ analyses and recommendations for rate base.
4 Table 5-1 and Table 5-2 compare AVR’s and Park’s proposed rate base and Cal
5 Advocates’ recommended rate base. Differences in rate base are due to differences in
6 average depreciation reserve, CWIP adjustments, and various project adjustments as
7 discussed in this chapter.

8 **II. SUMMARY OF RECOMMENDATIONS**

9 The Commission should adopt a rate base amount of \$106,982,948 for Test Year
10 2025, \$111,805,929 for Escalation Year 2026, and \$113,123,819 for Escalation Year
11 2027 for AVR into rates.

12 The Commission should adopt a rate base amount of \$125,410,987 for Test Year
13 2025, \$134,616,285 for Escalation Year 2026, and \$135,977,487 for Escalation Year
14 2027 for Park into rates.

15 **III. ANALYSIS**

16 **A. Rate Base**

17 Cal Advocates recommends \$106,982,948 for Test Year 2025, \$111,805,929 for
18 Escalation Year 2026, and \$113,123,819 for Escalation Year 2027. AVR requests a total
19 rate base of \$121,701,740 for Test Year 2025, \$136,159,613 for Escalation Year 2026,
20 and \$147,606,111 for Escalation Year 2027.

21 Cal Advocates recommends \$125,410,987 for Test Year 2025, \$134,616,285 for
22 Escalation Year 2026, and \$135,977,487 for Escalation Year 2027. Park requests a total
23 rate base of \$156,069,863 for Test Year 2025, \$176,201,944 for Escalation Year 2026,
24 and \$186,985,383 for Escalation Year 2027.

25 Tables 5-1 and Table 5-2 compare AVR and Park’s estimates and the Cal
26 Advocates’ estimates.

1

Table 5-1 AVR Rate Base.⁴⁴

	\$ 2,025		\$ 2,026		\$ 2,027	
	(A) AVR	(B) Cal Adv	(C) AVR	(D) Cal Adv	(E) AVR	(F) Cal Adv
PLANT IN SERVICE	\$ 218,871,761	\$ 213,184,344	\$ 230,514,642	\$ 221,251,148	\$ 246,506,078	\$ 228,208,085
CONSTRUCTION WORK IN PROGRESS	\$ 4,215,230	\$ 808,942	\$ 10,004,090	\$ 696,907	\$ 11,774,292	\$ 781,094
MATERIALS & SUPPLIES	\$ 647,448	\$ 647,448	\$ 673,346	\$ 673,346	\$ 700,280	\$ 700,280
WORKING CASH	\$ -	\$ -	\$ 2,516,626	\$ 1,846,270	\$ 2,605,810	\$ 1,828,998
SUBTOTAL	\$ 223,734,439	\$ 214,640,734	\$ 243,708,704	\$ 224,467,671	\$ 261,586,460	\$ 231,518,457
LESS:						
DEPRECIATION RESERVE	\$ 65,102,191	\$ 65,032,750	\$ 69,043,380	\$ 69,173,108	\$ 73,483,387	\$ 73,764,308
ADVANCES	\$ 26,780,286	\$ 26,659,533	\$ 28,454,015	\$ 28,176,059	\$ 30,215,527	\$ 29,709,885
CONTRIBUTIONS	\$ 2,548,086	\$ 2,504,894	\$ 2,653,336	\$ 2,591,864	\$ 2,770,375	\$ 2,681,900
UNAMORTIZED ITC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UNAMORTIZED EXCESS DEFERRED INCOME TAX	\$ 3,748,361	\$ 3,739,759	\$ 3,570,235	\$ 3,562,042	\$ 3,392,110	\$ 3,384,326
DEFERRED INCOME TAX	\$ 13,659,383	\$ 13,417,991	\$ 14,228,407	\$ 13,915,673	\$ 14,829,696	\$ 14,370,774
SUBTOTAL	\$ 111,838,307	\$ 111,354,927	\$ 117,949,373	\$ 117,418,746	\$ 124,691,095	\$ 123,911,193
PLUS:						
METHOD 5 ADJUSTMENT	\$ 249	\$ 249	\$ 365	\$ 365	\$ 323	\$ 323
NET DISTRICT RATE BASE	\$ 111,896,381	\$ 103,286,056	\$ 125,759,696	\$ 107,049,290	\$ 136,895,689	\$ 107,607,587
MAIN OFFICE ALLOCATION	\$ 9,805,359	\$ 3,696,892	\$ 10,399,916	\$ 4,756,639	\$ 10,710,322	\$ 5,516,232
TOTAL RATE BASE	\$ 121,701,740	\$ 106,982,948	\$ 136,159,613	\$ 111,805,929	\$ 147,606,011	\$ 113,123,819

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⁴⁴ Liberty Utilities 2025 GRC, Excel Workpapers – AV25 Ratebase, Tab: Tot RB. (Note: Tot RB is the tab name used in Liberty’s workpapers).

1

Table 5-2 Park Rate Base.⁴⁵

	2025		2026		2027	
	(A) Park	(B) Cal Adv	(C) Park	(D) Cal Adv	(E) Park	(F) Cal Adv
PLANT IN SERVICE	\$ 211,274,073	\$ 187,953,668	\$ 227,618,564	\$ 194,873,302	\$ 246,923,644	\$ 201,677,782
CONSTRUCTION WORK IN PROGRESS	\$ 3,593,726	\$ 856,613	\$ 5,026,452	\$ 245,197	\$ 4,104,727	\$ 1,138,168
MATERIALS & SUPPLIES	\$ 255,718	\$ 175,982	\$ 265,947	\$ 183,021	\$ 276,585	\$ 190,342
WORKING CASH	\$ -	\$ -	\$ 5,123,067	\$ 4,008,471	\$ 5,027,452	\$ 3,850,977
SUBTOTAL	\$ 215,123,517	\$ 188,986,263	\$ 238,034,031	\$ 199,309,991	\$ 256,332,408	\$ 206,857,269
LESS:						
DEPRECIATION RESERVE	\$ 42,761,372	\$ 42,757,109	\$ 44,561,066	\$ 44,093,774	\$ 51,069,162	\$ 50,236,049
ADVANCES	\$ 1,176,031	\$ 1,175,140	\$ 1,163,806	\$ 1,161,758	\$ 1,152,930	\$ 1,149,210
CONTRIBUTIONS	\$ 7,726,556	\$ 7,708,615	\$ 7,732,978	\$ 7,691,664	\$ 7,754,720	\$ 7,679,469
UNAMORTIZED ITC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
UNAMORTIZED EXCESS DEFERRED INCOME TAX	\$ 2,665,582	\$ 2,665,582	\$ 2,569,980	\$ 2,569,980	\$ 2,474,379	\$ 2,474,379
DEFERRED INCOME TAX	\$ 16,981,267	\$ 13,917,182	\$ 18,804,248	\$ 15,156,211	\$ 20,283,553	\$ 16,274,538
SUBTOTAL	\$ 71,310,808	\$ 68,223,628	\$ 74,832,078	\$ 70,673,387	\$ 82,734,743	\$ 77,813,645
PLUS:						
METHOD 5 ADJUSTMENT	\$ 2,088	\$ 2,088	\$ 1,872	\$ 1,872	\$ 1,653	\$ 1,653
NET DISTRICT RATE BASE	\$ 143,814,798	\$ 120,764,723	\$ 163,203,825	\$ 128,638,476	\$ 173,599,319	\$ 129,045,277
GENERAL OFFICE ALLOCATION	\$ 12,255,065	\$ 4,646,264	\$ 12,998,120	\$ 5,977,809	\$ 13,386,065	\$ 6,932,210
TOTAL RATE BASE	\$ 156,069,863	\$ 125,410,987	\$ 176,201,944	\$ 134,616,285	\$ 186,985,383	\$ 135,977,487

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3 The differences between Liberty's and Cal Advocates' rate base amounts are a
4 result of adjustments to the depreciation reserve for rate base and CWIP.

5 B. Construction Work in Progress

6 The Commission should adopt a CWIP balance of \$808,942 for the Year 2025,
7 \$696,907 for the Year 2026, and \$781,094 for the Year 2027 for AVR into rates. AVR
8 requests a CWIP of \$4,215,230 for the Year 2025, \$10,004,090 for the Year 2026, and
9 \$11,774,292 in 2027.⁴⁶

10 The Commission should adopt a CWIP balance of \$856,613 for the Year 2025,
11 \$245,197 for the Year 2026, and \$1,138,168 for the Year 2027 for Park into rates. Park

⁴⁵ Liberty Utilities 2025 GRC, Excel Workpapers – PW25 Ratebase, Tab: Total RB.

⁴⁶ Liberty Utilities 2025 GRC, Excel Workpapers – AV25 Ratebase, Tab: Tot RB, cells I12, J12, K12 and L12 (Note: Tot RB is the tab name used in Liberty's workpapers).

1 requests a CWIP of \$3,593,726 for the Year 2025, \$5,026,452 for the Year 2026, and
 2 \$4,104,727 in 2027.⁴⁷

3 Cal Advocates reviewed both AVR’s and Park’s list of projects included in CWIP
 4 and removed projects from the CWIP balance that are recommended for removal as
 5 discussed in Chapters 1, 2 & 3 of this testimony.

6 Please also refer to Cal Advocates’ Report on Utility Plant in Service and Water
 7 Quality by Anothony Andrade which provides an in-depth analysis of more individual
 8 projects removed from the CWIP balance.

9 **Table 5-3 List of Projects Removed From CWIP Balance⁴⁸**

C.W.I.P. Balance Beginning of Year				Project Description
2024	2025	2026	2027	
\$ 1,500,000				AVMR-7 - Nancotta Transmission Main- From Hwy 18 Bore to Tao-Phase 1
		\$1,067,499		AVMR-11 - Nisqually-Sitting Bull Easement-Kiowa to Tamiani
		\$1,713,986		AVMR-12 - Tao Transmission Main-Corwin to Munsee - Phase 2
			\$ 1,536,517	AVMR-14 - Kasson Transmission Main - Munsee to DK Tanks
			\$ 1,466,740	AVMR-13 - Tract 3225 - Zuni to Thunderbird/West of Erie- Phase 2
			\$ 1,455,585	AVMR-21 - Tract 3225-Zuni to Thunderbird/West of Ramona - Phase 3
	\$3,000,000			CBMR-9 - Aprilia - Caldwell - Central
\$ 1,500,000	\$ 3,000,000	\$2,781,485	\$ 4,458,842	Total amount to be removed from RO

10
 11

⁴⁷ Liberty Utilities 2025 GRC, Excel Workpapers – PW25 Ratebase, Tab: Total RB, cells I17, J17, K17 and L17.

⁴⁸ Adjustments made in Excel Workpapers – AV25 Ratebase, Tab: Tot RB, cells I12, J12, K12 and L12 and Excel Workpapers – PW25 Ratebase, Tab: Total RB, cells I17, J17, K17 and L17.

1 The Commission should adopt a CWIP balance of \$808,942 for the Year 2025,
2 \$696,907 for the Year 2026, and \$781,094 for the Year 2027 for AVR into rates.

3 The Commission should adopt a CWIP balance of \$856,613 for the Year 2025,
4 \$245,197 for the Year 2026, and \$1,138,168 for the Year 2027 for Park into rates.

5 **C. CWIP Error in RO**

6 In its AVR work papers⁴⁹, pages 6-19 and 6-20, Liberty presents a capital budget
7 estimate of “\$0” for the “TDMN-Main New” category in the years 2024 to 2027. In the
8 same work paper, pages 6-2, Liberty presents “TDMN - Main New 1” with a CWIP
9 amount of \$58,138 for the year 2022 and every year from 2024 - 2027. On the same page,
10 Liberty also presents “TDMN - Main New 2” and “TDMN - Main New 3” with CWIP
11 amounts of \$14,927 and \$5,500 respectively in the years 2022 and every year from 2024
12 to 2027.

13 Cal Advocates inquired about the discrepancies in the data presented by Liberty.⁵⁰
14 Liberty responded by stating TDMN – Main New 1, 2, and 3 are anticipated to be closed
15 to plant in 2024. The CWIP amounts presented for the years 2024-2027 were an entry
16 error⁵¹ and should be zero balance.

17 Hence, the Commission should adopt a zero balance for TDMN – Main New 1, 2,
18 and 3 for the years 2024-2027.⁵²

19 **D. Project Adjustments**

20 The rate base generally represents the value of property used in providing service,
21 upon which utilities are permitted to earn their authorized rate of return. In its review of
22 Liberty’s rate base, Cal Advocates found several examples of unnecessary plant items
23 included in the rate base which serves no purpose to its ratepayers.

⁴⁹ Liberty Utilities 2025 GRC, AVR Section 6 Workpapers.pdf at 20-21.

⁵⁰ Liberty's Response to DR 047-AA (AVR Wells 3 and Other Plant), Q2. (Testimony Attachment 1-8).

⁵¹ Liberty's Response to DR 047-AA (AVR Wells 3 and Other Plant), Response 2 (a). (Testimony Attachment 1-8).

⁵² Adjustments made in Excel Workpapers – AV25 CapEx, Tab: AVR Budget Detail, Input zero to cells 1395:1397, 1472:1474, 1536:1538, 1598:1599.

1 During discovery, Liberty provided a breakdown of all plants associated with the
 2 Downey Office Building included in rates.⁵³ Table 5-4 highlights some examples of art
 3 purchased with ratepayer funds which serves no purpose in delivering water to
 4 ratepayers.

5 **Table 5-4 List of Plant Projects in GO**

Assets	PUC Account	Asset Description	Year	Amount
Office Furniture & Equipment	372	167286,L2-4 Flowers Art,Joanna Burke Art,167286,FE ,FE1, , , , , ,L2-4 Flowers Art,Joanna Burke Art, , ,F	2019	\$ 4,925
Office Furniture & Equipment	372	167287,L2-5 Artesian Well/Car/Ice Art,Joanna Burke Art,167287,FE ,FE1, , , , ,L2-5 Artesian Well/Car/Ice Art,Joanna Burke Art, , ,F	2019	\$ 4,531
Office Furniture & Equipment	372	167288,L2-6 Solar System Art,Joanna Burke Art,167288,FE ,FE1, , , , , ,L2-6 Solar System Art,Joanna Burke Art, , ,F	2019	\$ 3,152
Office Furniture & Equipment	372	167289,L1-1A Service Area Mural,Joanna Burke Art,167289,FE ,FE1, , , , ,L1-1A Service Area Mural Art,Joanna Burke Art, , ,F	2019	\$ 14,776
Office Furniture & Equipment	372	167290,L1-1B Service Area Mural Art,Joanna Burke Art,167290,FE ,FE1, , , , ,L1-1B Service Area Mural Art,Joanna Burke Art, , ,F	2019	\$ 6,624
Office Furniture & Equipment	372	167291,L1-2 Watts Mural Art,Joanna Burke Art,167291,FE ,FE1, , , , , ,L1-2 Watts Mural Art,Joanna Burke Art, , ,F	2019	\$ 9,457
Office Furniture & Equipment	372	167292,L1-3 Pastel Birds Art,Joanna Burke Art,167292,FE ,FE1, , , , , ,L1-3 Pastel Birds Art,Joanna Burke Art, , ,F	2019	\$ 6,305
Office Furniture & Equipment	372	167293,L1-4 Dolphin at Play Art,Joanna Burke Art,167293,FE ,FE1, , , , , ,L1-4 Dolphin at Play Art,Joanna Burke Art, , ,F	2019	\$ 4,925
Office Furniture & Equipment	372	167294,L1-5 Patria Compton Art,Joanna Burke Art,167294,FE ,FE1, , , , , ,L1-5 Patria Compton Art,Joanna Burke Art, , ,F	2019	\$ 2,955
Office Furniture & Equipment	372	167295,L1-6 Apple City Art,Joanna Burke Art,167295,FE ,FE1, , , , , ,L1-6 Apple City art,Joanna Burke Art, , ,F	2019	\$ 2,955
Office Furniture & Equipment	372	167296,L2-1 Watts Tower,Joanna Burke Art,167296,FE ,FE1, , , , , ,L2-1 Watts Tower Art,Joanna Burke Art, , ,F	2019	\$ 9,358
Office Furniture & Equipment	372	167284,L2-2 Kaleidoscope Art,Joanna Burke Art,167284,FE ,FE1, , , , , ,L2-2 Kaleidoscope Art,Joanna Burke Art, , ,F	2020	\$ 5,353
Office Furniture & Equipment	372	167285,L2-3 Travelers Art,Joanna Burke Art,167285,FE ,FE1, , , , , ,L2-3 Travelers Art,Joanna Burke Art, , ,F	2020	\$ 9,358
TOTAL				\$ 84,676

6
 7 Table 5-5 highlights more examples of exercise machines and other egregious
 8 purchases using ratepayer funds. Eliminating the purchases of \$84,676 for art and
 9 \$51,222 for gym equipment and ice machines will have minimal, if any, impact on the
 10 delivery of water services.

11

⁵³ Liberty's Response to DR 021-KN (Payroll), Response 3, Attachment: Q3 021-KN Downey Office Building Plant.xlsx, Tab: Acct 391-CB FE Detail. (Testimony Attachment 1-9).

1

Table 5-5 List of Plant Projects in GO Continued

Assets	PUC Account	Asset Description	Year	Amount
Office Furniture & Equipment	372	10022657,EXERCISE MACHINE (WEIGHTSTACK),,10022657,FE ,FE1, , , ,409,08 ,EXERCISE MACHINE (WEIGHTSTACK),, , , ,F	1995	5,259
Office Furniture & Equipment	372	98224,SAMSUNG 37" TELEVISION,EXERCISE ROOM,98224,FE ,FE1, , , ,409,08 , , , ,F	2013	778
Office Furniture & Equipment	372	98225,MATRIX UPRIGHT BIKE,EXERCISE ROOM,98225,FE ,FE1, , , , ,409,08 , , , ,F	2013	2,697
Office Furniture & Equipment	372	98226,MATRIX ASCENT TRAINER,EXERCISE ROOM,98226,FE ,FE1, , , , ,409,08 , , , ,F	2013	6,382
Office Furniture & Equipment	372	98227,MATRIX ASCENT TRAINER,EXERCISE ROOM,98227,FE ,FE1, , , , ,409,08 , , , ,F	2013	6,382
Office Furniture & Equipment	372	98228,MATRIX TREADMILL,EXERCISE ROOM,98228,FE ,FE1, , , , ,409,08 , , , ,F	2013	4,998
Office Furniture & Equipment	372	98229,MATRIX TREADMILL,EXERCISE ROOM,98229,FE ,FE1, , , , ,409,08 , , , ,F	2013	4,998
Office Furniture & Equipment	372	98230,DUMBBELL RACK,EXERCISE ROOM,98230,FE ,FE1, , , , ,409,08 , , , ,F	2013	504
Office Furniture & Equipment	372	99913,WEIGHT SCALE,IN EXERCISE ROOM,99913,FE ,FE1, , , , ,409,08 , , , ,F	2013	597
Office Furniture & Equipment	372	167065,Aluminum butterfly sculptures,w/ sunrise logo,167065,FE ,FE1, , , , , , , , ,F	2019	7,369
Office Furniture & Equipment	372	168451,Pearl Ice Machine,Ice-o-Matic GEM U090,168451,FE ,FE1, , , , , , , , ,Pearl Ice Machine,Ice-o-Matic GEM U090, , , , ,F	2020	4,435
Office Furniture & Equipment	372	132881,ICE-O-MATIC ICE CUBE MACHINE,GARAGE AREA,132881,FE ,FE1, , , , , , , , , ,08 , , , , ,F	2015	3,650
Office Furniture & Equipment	372	86330,MIRRORS, 33" X 84" X 1/4",SOUTH WALL OF GYM,86330,FE ,FE1, , , , ,409,08 , , , , ,F	2011	1,948
Office Furniture & Equipment	372	153243,MINI FRIDGE, SUMMIT 24",FOR KITCHEN,153243,FE ,FE1, , , , , , , , , ,801,08 , , , , ,F	2017	1,225
TOTAL				\$ 51,222

2

3 The Commission should remove these costs from the rate base.

4 **IV. CONCLUSION**

5 The Commission should adopt a rate base amount of \$106,982,948 for Test Year
 6 2025, \$111,805,929 for Escalation Year 2026, and \$113,123,819 for Escalation Year
 7 2027 for AVR into rates.

8 The Commission should adopt a rate base amount of \$125,410,987 for Test Year
 9 2025, \$134,616,285 for Escalation Year 2026, and \$135,977,487 for Escalation Year
 10 2027 for Park into rates.

1 submitted in GRC.⁵⁶ Park's failure to provide a proper roadmap to tackle PFAS issues in
2 its system in this GRC, should not be awarded with an open-ended request to modify its
3 existing PFASMA.

4 Please refer to Cal Advocates' Report on Utility Plant in Service and Water
5 Quality by Anthony Andrade which provides an in-depth analysis of PFAS issues in
6 Park's system and the recommendations of the identified plants.

7 Please refer to Cal Advocates' Report and Recommendations on Operations and
8 Maintenance Expenses, Administrative and General Expenses, Payroll, and Conservation
9 by Katherine Nguyen which provides an analysis of PFAS expenses being recorded in
10 regular expense accounts instead of the PFASMA. These charges should be removed
11 from the regular expense accounts and only be tracked in PFASMA.

12 **IV. CONCLUSION**

13 The Commission should deny the request to modify the PFASMA to include
14 capital costs since Park has no foreseeable plans to build treatments in its PFAS-affected
15 wells.

⁵⁶ D.07-05-062 (2007 R.06-012-016) at A-26 states all significant capital additions shall be identified and justified, and must include need analysis, cost comparison and evaluation, conceptual designs, and overall budget.

APPENDIX A
QUALIFICATIONS OF WITNESSES

APPENDIX B

LIST OF ATTACHMENTS

Attachment #	Description
1-1	Liberty's Response to DR 032-ZS
1-2	Liberty's Response to DR 032-ZS, Q3 2023 Consultant Proposal for Inspection
1-3	Liberty's Response to DR 032-ZS, Q3 Inspection Rate (Original)
1-4	Liberty's Response to DR 032-ZS, Q3 Inspection Rate (Edited by Cal Advocates)
1-5	Liberty's Response to DR 032-ZS, Q4 032-ZS Consultant Design Proposal
1-6	Liberty's Response to DR SIB-006
1-7	Liberty's Response to DR 035-ZS
1-8	Liberty's Response to DR 047-AA
1-9	Liberty's Response to DR 021-KN, Q3 021-KN Downey Office Building Plant.xlsx
1-10	Resolution W-5226, Ordering Paragraph 3

Attachment 1-1: Liberty's Response to DR 032-Zs



Liberty Utilities (Park Water) Corp.
9750 Washburn Road
Downey, CA 90241-7002
Tel: 562-923-0711

May 2, 2024

DATA REQUEST RESPONSE

LIBERTY UTILITIES (PARK WATER) CORP.
A.24-01-002
LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.
A.24-01-003

Test Year 2025 General Rate Case

Data Request No.: 032-ZS (Park & AVR – Follow up Pipeline Replacements)
Requesting Party: Public Advocates Office
Originator: Suliman Ibrahim Suliman.Ibrahim@cpuc.ca.gov
Peter Chau Peter.Chau@cpuc.ca.gov
Zaved Sarkar Zaved.Sarkar@cpuc.ca.gov
Date Received: April 25, 2024
Due Date: May 2, 2024

This is a follow up to the response to Data Request #006-SIB, in which Liberty AVR and Park responded with several items.

REQUEST NO. 1:

Liberty responded to Q1, b) with “Projects with 3,500 linear feet or less of pipeline installation are assigned a design cost of \$ 45,000. Projects above 3,500 linear feet are estimated at \$60,000 - \$75,000.” Please provide detailed support to substantiate how Liberty AVR made these calculations for design costs. This includes but is not limited to internal communications and memorandums, vendor quotes and estimates, engineering reports and calculations. Please provide any calculations in Microsoft Excel format with links and formulas intact.

RESPONSE:

To maintain a standard design cost estimate for AVR and Park, AVR adopted the design cost of \$75,000 used by Park. The design costs for Park projects are explained in response to Question 4. The design cost of \$75,000 was used for a majority of AVR projects regardless of the length of pipe of a project. The intention was to use this new cost estimate for all AVR projects. The projects with a cost estimate of \$45,000 or \$60,000 were missed and not properly updated.

REQUEST NO. 2:

Liberty responded to Q1, h) with "No miscellaneous estimates have been added to pipeline cost estimates at this time." In AVR Section 6 Workpapers, from page 6-22 to 6-60; a total of \$1,500,000 are included as "Misc" line-item costs for 11 projects among 17 pipeline projects in total for AVR. Please provide a detailed explanation of what these \$1.5 million costs entail and the specific reason(s) they are included in the budget estimates for each specific AVR pipeline replacement project.

RESPONSE:

Some Apple Valley water main replacement projects include a cost estimate of \$200,000 or \$100,000 under the miscellaneous line item. These lump sum estimates were added to the project cost to account for air and vacuum stations, blow-offs, and additional fire hydrants that were not included in the materials list for construction. The higher lump sums also account for the longer fire hydrant lateral runs along easements. The project AVMR -24 Symeron to St Timothy – Hwy 18 includes a \$200,000 cost estimate to jack and bore across Highway 18 because the Town of Apple Valley does not permit trench cutting across this highway.

REQUEST NO. 3:

Liberty responded to Q1, d) with "The inspection cost is estimated using an inspection rate of \$240 per hour. The length of construction is approximated per project. For AVR, an estimate of 275 hours is typically used." Please provide a detailed explanation of how Liberty AVR came up with "inspection rate of \$240/hour" and "an estimate of 275 hours is typically used". Please provide any calculations in Microsoft Excel format with links and formulas intact that show these numbers were calculated for Liberty AVR.

RESPONSE:

The inspection costs for all AVR's water main replacement projects use an inspection rate of \$240/hr. This rate was determined by reviewing four pipeline projects that were in progress in 2023. The average inspection rate was calculated and increased by 20% to account for inflation and to accommodate additional hours for inspection. Attached are the vendor quotes and spreadsheet with calculations (see the attachments with preface Q3). The same inspection rate was used for AVR and Park projects.

The total hours assigned to all AVR water main replacement projects is 275 hours. These hours were used because this was the typical length of time to complete construction. For all AVR projects, the inspection line item was set at a cost estimate of \$66,000.

REQUEST NO. 4:

Liberty responded to Q2, b) with "Projects with 3,000 linear feet or less of pipeline installation are assigned a design cost of \$45,000-\$50,000. Projects above 3,000 linear feet are estimated at \$75,000." Please provide detailed support to substantiate how Liberty Park made these calculations for design costs. This includes but is not limited to internal communications and memorandums, vendor quotes and estimates, engineering reports and calculations. Please provide any calculations in Microsoft Excel format with links and formulas intact.

RESPONSE:

The design cost for Park projects was determined by reviewing consultant design service quotes from recent years. Attached is the list of those projects with pricing. The table is also color coded by pipeline length. The average cost for design was calculated for each category and rounded up to set the design cost. For pipeline projects below 3,000 linear feet, Liberty set the design cost at \$50,000. For all pipeline projects above 3,000 linear feet, Liberty set the design cost at \$75,000. Liberty increased the design cost for the longer length projects to reflect a closer estimate to the most recent vendor quote for Carlin and Olanda. This quote is included in the attachments. Please see the attachments with preface Q4 for the referenced attached documents.

REQUEST NO. 5:

Liberty responded to Q2, d) with "The inspection cost is estimated using an inspection rate of \$240 per hour. The length of construction is approximated per project. For Park, an estimate of

320 to 480 hours is used." Please provide a detailed explanation of how Liberty AVR came up with "inspection rate of \$240/hour" and "an estimate of 320 to 480 hours is used". Please provide any calculations in Microsoft Excel format with links and formulas intact that show these numbers were calculated for Liberty Park.

RESPONSE:

The inspection cost for Park's water main replacement projects uses an inspection rate of \$240/hr. This rate was determined by reviewing four pipeline projects that were in progress in 2023. The average inspection rate was calculated for these projects and increased by 20% to account for inflation and to accommodate additional hours for inspection. The calculations and vendor quotes provided in response to Question 3 applies to this response. The same inspection rate was used for both Park and AVR projects.

The total hours assigned for each Park project was based on the linear footage of a proposed water main replacement project. Any project with 3000 linear feet or less of pipeline installation were assigned 320 hours of inspection and any project with more than 3000 LF were assigned 480 hours. For all Park projects, the inspection line item was assigned a cost estimate of \$76,800 or \$115,200.

REQUEST NO. 6:

Liberty responded to Q2, f) with "The permit fee is estimated at \$6 per linear foot of new pipeline to be installed. This methodology has been used in prior general rate case proceedings." Please provide a detailed explanation of how Liberty Park calculated the "\$6/LF" rate for permit fee. Please provide any calculations in Microsoft Excel format with links and formulas intact that show these numbers were calculated for Liberty Park.

RESPONSE:

The permit rate used for Park's water main replacement projects is \$6 per linear foot. Attached is the spreadsheet listing the construction permits charged to Liberty from 2018 to 2022 and how the average unit rate is calculated. The California Construction Cost Index table is also provided on the spreadsheet. Please see the attachments with preface Q6.

Liberty's
Data Request No. 032-ZS

May 2, 2024
Page 5

This completes the response to Data Request No. 032-ZS. If you have any questions, or require additional information, please contact me.

Sincerely,

LIBERTY UTILITIES (PARK WATER) CORP.

/s/ Tiffany Thong

TIFFANY THONG
Manager, Rates and Regulatory Affairs
(562) 923-0711
Tiffany.Thong@libertyutilities.com

Attachments

**Attachment 1-2:
Liberty's Response to DR 032-Zs, Q3 2023
Consultant Proposal For Inspection**

5/13/2023

TO: Liberty Utilities Corporation – Apple Valley Ranchos Water
 P.O. Box 7005, 21760 Ottawa Road
 Apple Valley, CA 92308

ATTN: Engineering Manager – Gregory J. Miles

FROM: Pivotal Adaptive Services Inc.
 PMB 30, 101 Creekside Ridge Court, Suite 210
 Roseville, CA, 95678

Subject: Kiowa/Teton Easement MR for Job # – 41223006

Pivotal Adaptive Services Inc. (PAS) is pleased to offer the following proposal for the above referenced work; Kiowa/Teton Easement MR for Job # – 41223006; costs are bid via a fixed sum rate.

Scope of Work

Scope specified via email from Greg Miles on 05/11/2023 can be found in the Inclusions/Deliverables section of this proposal.

Proposal Summary

Kiowa/Teton Easement MR			
Position	Hourly Cost	Total Cost	Notes
Inspector	\$127.00	\$35,560.00	35 Days @ 8 Hours/Day
GIS/VDI Services	\$100.00	\$14,000.00	35 Days @ 4 Hours/Day
		\$5,000.00	As-Built/Redlining Project Fee
		\$2,770.95	Mileage - 35 Days @ 116 Miles/Day
TOTAL		\$57,330.95	

- Associated travel costs for personnel traveling greater than 65 miles from Pivotal headquarters (PMB 30, 101 Creekside Ridge Court, Suite 210, Roseville, CA 95678 or Ontario Based HQ (3350 Shelby Street, Suite 200, Ontario, CA 91764) pass through plus overhead cost of 5%. Includes, but not limited to, lodging, rental vehicles, flights, ground transportation (Uber, Lyft, Taxi, etc.), one missed meal per day (maximum of \$25 per meal)
- Rate Schedule: Any deviation from or revisions of scope of work will require additional consideration with an Inspection rate of \$127.00 per hour, GIS Technician rate of \$100.00 per hour, and \$0.65/mi.
- All GPS data points must be ascertained while the pipe is exposed and accessible
- PAS reserves the right to negotiate rates based on national cost of living increase adjustments during present and all future negotiations to follow the Bureau of Labor Statistics Consumer Price Indexing.

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Inclusions/Deliverables

- **Task 1:** Plan with LU staff (engineers, Operations Supervisor and GIS staff) the process, data needed, and responsibilities for the project
- **Task 2:** Provide inspection services:
 - Enforce LU technical specification standards and drawings
 - Complete and submit daily inspection logs and/or other notifications required with LU requirements
 - Adhere and enforce LU, state, and federal safety specifications
 - Monitor activities to ensure optimal performance is achieved in accordance with schedules, contract, and budget
- **Task 3:** Coordinate the construction schedule with LU contractor selected and with LU Operation Supervisor
 - Communicate all applicable information regarding daily and weekly project activities
- **Task 4:** Create an as-built package with the following deliverables:
 - Provide As-Built drawing from original final design drawing in conjunction with Pivotal's inspectors notes and comments
 - Collection of all GIS features of new improvement, using LU GIS data – Provide geodatabase file of new system improvements featuring classes with full attribute collection
 - Provide pictures of all (upload individual pictures into LU ShareFile), Connections of new portion of system to existing portion (Tie-In). Valve installations, and Hydrant installations
 - Collect GPS points for all water system appurtenances
 - Provide other supporting information/documentation
 - Submit and collect Pivotal Client Feedback Survey based on a per project quarterly basis
- **Task 5:** Conduct a post construction meeting with LU staff to discuss package deliverables provided and any lessons learned.
- **Task 6:** On-site customer interactions during construction
 - Inspectors will interact with customers during construction and report all interactions to LU
 - Inspectors will provide need-to-know site specific information per LU's direction to customers
 - Inspectors will report all customer interactions to LU to include customer name, subject(s) discussed, and contact information
 - Inspectors will immediately document and relay all customer concerns to LU that cannot be answered by the inspector

Exclusions

- Permitting
- Installation or removal of construction material
- Pre/post construction customer outreach

This proposal was completed based on information provided by Liberty Utilities on 05/11/2023. Any deviation from or revisions of scope of work will require additional consideration.

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Office: 916-701-8180 | info@pivusa.com | www.pivusa.com



Pivotal Adaptive Services appreciates the opportunity to provide the above proposal. If you have any questions regarding this proposal, please do not hesitate to contact Richard Galtieri at (916) 512-8807 | (509) 209-0320

Kylee Fukuyama | EA - CEO
kfukuyama@pivusa.com
www.pivusa.com



David Ramil | CEO
dramil@pivusa.com
www.pivusa.com



12/23/2022

TO: Liberty Utilities Corporation – Apple Valley Ranchos Water
 P.O. Box 7005, 21760 Ottawa Road
 Apple Valley, CA 92308

ATTN: Engineering Manager – Gregory J. Miles

FROM: Pivotal Adaptive Services Inc.
 101 Creekside Ridge Court, Suite 210, PMB 30
 Roseville, CA, 95678

Subject: Zuni to Thunderbird Easement Replacement – Job # 41213006

Pivotal Adaptive Services Inc. (PAS) is pleased to offer the following proposal for the above referenced work; Zuni to Thunderbird Easement Replacement – Job # 41213006; costs are bid via a fixed sum rate.

Scope of Work

Scope specified via email from Greg Miles on 12/21/2022 can be found in the Inclusions/Deliverables section of this proposal.

Proposal Summary

Zuni to Thunderbird Easement Replacement			
Position	Hourly Cost	Total Cost	Notes
Inspector	\$127.00	\$40,640.00	40 Days @ 8 Hours/Day
GIS/VDI Services	\$100.00	\$16,000.00	40 Days @ 4 Hours/Day
		\$5,000.00	As-Built/Redlining Project Fee
		\$2,708.16	Mileage - 40 Days @ 104 Miles/Day
TOTAL		\$64,348.16	

- Associated travel costs for personnel traveling greater than 65 miles from Pivotal headquarters (101 Creekside Ridge Court, Suite 210, PMB 30, Roseville, CA 95678 or Ontario Based HQ (3350 Shelby Street, Suite 200, Ontario, CA 91764) pass through plus overhead cost of 5%. Includes, but not limited to, lodging, rental vehicles, flights, ground transportation (Uber, Lyft, Taxi, etc.), one missed meal per day (maximum of \$25 per meal)
- Rate Schedule: Any deviation from or revisions of scope of work will require additional consideration with an Inspection rate of \$127.00 per hour, GIS/VDI Service rate of \$100.00 per hour, and \$0.62/mi
- All GPS data points must be ascertained while the pipe is exposed and accessible
- PAS reserves the right to negotiate rates based on national cost of living increase adjustments during present and all future negotiations to follow the Bureau of Labor Statistics Consumer Price Indexing.

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Inclusions/Deliverables

- **Task 1:** Plan with LU staff (engineers, Operations Supervisor and GIS staff) the process, data needed, and responsibilities for the project
- **Task 2:** Provide inspection services:
 - Enforce LU technical specification standards and drawings
 - Complete and submit daily inspection logs and/or other notifications required with LU requirements
 - Adhere and enforce LU, state, and federal safety specifications
 - Monitor activities to ensure optimal performance is achieved in accordance with schedules, contract, and budget
- **Task 3:** Coordinate the construction schedule with LU contractor selected and with LU Operation Supervisor
 - Communicate all applicable information regarding daily and weekly project activities
- **Task 4:** Create an as-built package with the following deliverables:
 - Provide As-Built drawing from original final design drawing in conjunction with Pivotal's inspectors notes and comments
 - Collection of all GIS features of new improvement, using LU GIS data – Collected data of new system is to be transferred and integrated into LU's Virtual Desktop Infrastructure, to include feature classes with full attribute collection
 - Provide pictures of all (upload individual pictures into LU ShareFile), Connections of new portion of system to existing portion (Tie-In). Valveinstallations, and Hydrant installations
 - Collect GPS points for all water system appurtenances
 - Provide other supporting information/documentation
 - Submit and collect Pivotal Client Feedback Survey based on a per project quarterly basis
- **Task 5:** Conduct a post construction meeting with LU staff to discuss package deliverables provided and any lessons learned.
- **Task 6:** On-site customer interactions during construction
 - Inspectors will interact with customers during construction and report all interactions to LU
 - Inspectors will provide need-to-know site specific information per LU's direction to customers
 - Inspectors will report all customer interactions to LU to include customer name, subject(s) discussed, and contact information
 - Inspectors will immediately document and relay all customer concerns to LU that cannot be answered by the inspector

Exclusions

- Permitting
- Installation or removal of construction material
- Pre/post construction customer outreach

This proposal was completed based on information provided by Liberty Utilities – Apple Valley on 12/21/2022. Any deviation from or revisions of scope of work will require additional consideration.

Pivotal Adaptive Services appreciates the opportunity to provide the above proposal. If you have any questions regarding this proposal, please do not hesitate to contact Richard Galtieri at (916) 512-8807 | (509) 209-0320



Office: 916-701-8180 | info@pivusa.com | www.pivusa.com



Kylee Fukuyama | EA – CEO
kfukuyama@pivusa.com
www.pivusa.com



David Ramil | CEO
dramil@pivusa.com
www.pivusa.com



7/27/2023

TO: Liberty Utilities – California
9750 Washburn Road
Downey, CA 90241

ATTN: Engineering Manager – Janelle Rellosa, P.E.

FROM: Pivotal Adaptive Services Inc.
PMB 30, 101 Creekside Ridge Court, Suite 210
Roseville, CA, 95678

Subject: Clymar & Caswell Water Main Replacement for Job # 11173001

Pivotal Adaptive Services Inc. (PAS) is pleased to offer the following proposal for the above referenced work; Clymar & Caswell Water Main Replacement for Job # 11173001; costs are bid via a fixed sum rate.

Scope of Work

Scope specified via email from Janelle Rellosa on 07/25/2023 & 07/26/2023 can be found in the Inclusions/Deliverables section of this proposal.

Proposal Summary

Clymar & Caswell Water Main Replacement			
Position	Hourly Cost	Total Cost	Notes
Inspector	\$127.00	\$76,200.00	75 Days @ 8 Hours/Day
GIS/VDI Services	\$100.00	\$30,000.00	75 Days @ 4 Hours/Day
		\$5,000.00	As-Built/Redlining Project Fee
		\$5,425.88	Mileage - 75 Days @ 106 Miles/Day
TOTAL		\$116,625.88	

- Associated travel costs for personnel traveling greater than 65 miles from Pivotal headquarters (PMB 30, 101 Creekside Ridge Court, Suite 210, Roseville, CA 95678 or Ontario Based HQ (3350 Shelby Street, Suite 200, Ontario, CA 91764) pass through plus overhead cost of 5%. Includes, but not limited to, lodging, rental vehicles, flights, ground transportation (Uber, Lyft, Taxi, etc.), one missed meal per day (maximum of \$25 per meal)
- Rate Schedule: Any deviation from or revisions of scope of work will require additional consideration with an Inspection rate of \$127.00 per hour, GIS Technician rate of \$100.00 per hour, and \$0.65/mi
- All GPS data points must be ascertained while the pipe is exposed and accessible
- PAS reserves the right to negotiate rates based on national cost of living increase adjustments during present and all future negotiations to follow the Bureau of Labor Statistics Consumer Price Indexing.

Inclusions/Deliverables

- **Task 1:** Plan with LU staff (engineers, Operations Supervisor and GIS staff) the process, data needed,

and responsibilities for the project

- **Task 2:** Provide inspection services:
 - Enforce LU technical specification standards and drawings
 - Complete and submit daily inspection logs and/or other notifications required with LU requirements
 - Adhere and enforce LU, state, and federal safety specifications
 - Monitor activities to ensure optimal performance is achieved in accordance with schedules, contract, and budget
- **Task 3:** Coordinate the construction schedule with LU contractor selected and with LU Operation Supervisor
 - Communicate all applicable information regarding daily and weekly project activities
- **Task 4:** Create an as-built package with the following deliverables:
 - Provide As-Built drawing from original final design drawing in conjunction with Pivotal's inspectors notes and comments
 - Collection of all GIS features of new improvement, using LU GIS data – Provide geodatabase file of new system improvements featuring classes with full attribute collection
 - Provide pictures of all (upload individual pictures into LU ShareFile), Connections of new portion of system to existing portion (Tie-In). Valve installations, and Hydrant installations
 - Collect GPS points for all water system appurtenances
 - Provide other supporting information/documentation
 - Submit and collect Pivotal Client Feedback Survey based on a per project quarterly basis
- **Task 5:** Conduct a post construction meeting with LU staff to discuss package deliverables provided and any lessons learned.
- **Task 6:** On-site customer interactions during construction
 - Inspectors will interact with customers during construction and report all interactions to LU
 - Inspectors will provide need-to-know site specific information per LU's direction to customers
 - Inspectors will report all customer interactions to LU to include customer name, subject(s) discussed, and contact information
 - Inspectors will immediately document and relay all customer concerns to LU that cannot be answered by the inspector

Exclusions

- Permitting
- Installation or removal of construction material
- Pre/post construction customer outreach

This proposal was completed based on information provided by Liberty Utilities – Park Water on 07/25/2023 & 07/26/2023. Any deviation from or revisions of scope of work will require additional consideration.

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Office: 916-701-8180 | info@pivusa.com | www.pivusa.com



Pivotal Adaptive Services appreciates the opportunity to provide the above proposal. If you have any questions regarding this proposal, please do not hesitate to contact Richard Galtieri at (916) 512-8807 | (509) 209-0320

Kylee Fukuyama | EA - CEO
kfukuyama@pivusa.com
www.pivusa.com



David Ramil | CEO
dramil@pivusa.com
www.pivusa.com



6/1/2023

TO: Liberty Utilities – California
9750 Washburn Road
Downey, CA 90241

ATTN: Engineering Manager – Janelle Rellosa, P.E.

FROM: Pivotal Adaptive Services Inc.
PMB 30, 101 Creekside Ridge Court, Suite 210
Roseville, CA, 95678

Subject: Newmire & Target (Phase 1) for Job #11223001

Pivotal Adaptive Services Inc. (PAS) is pleased to offer the following proposal for the above referenced work; Newmire & Target (Phase 1) for Job #11223001; costs are bid via a fixed sum rate.

Scope of Work

Scope specified via email from Janelle Rellosa on 05/31/2023 can be found in the Inclusions/Deliverables section of this proposal.

Proposal Summary

Newmire & Target (Phase 1)			
Position	Hourly Cost	Total Cost	Notes
Inspector	\$127.00	\$40,640.00	40 Days @ 8 Hours/Day
GIS/VDI Services	\$100.00	\$16,000.00	40 Days @ 4 Hours/Day
		\$5,000.00	As-Built/Redlining Project Fee
		\$2,293.20	Mileage - 40 Days @ 84 Miles/Day
TOTAL		\$63,933.20	

- Associated travel costs for personnel traveling greater than 65 miles from Pivotal headquarters (PMB 30, 101 Creekside Ridge Court, Suite 210, Roseville, CA 95678 or Ontario Based HQ (3350 Shelby Street, Suite 200, Ontario, CA 91764) pass through plus overhead cost of 5%. Includes, but not limited to, lodging, rental vehicles, flights, ground transportation (Uber, Lyft, Taxi, etc.), one missed meal per day (maximum of \$25 per meal)
- Rate Schedule: Any deviation from or revisions of scope of work will require additional consideration with an Inspection rate of \$127.00 per hour, GIS Technician rate of \$100.00 per hour, and \$0.65/mi
- All GPS data points must be ascertained while the pipe is exposed and accessible
- PAS reserves the right to negotiate rates based on national cost of living increase adjustments during present and all future negotiations to follow the Bureau of Labor Statistics Consumer Price Indexing.

Inclusions/Deliverables

- **Task 1:** Plan with LU staff (engineers, Operations Supervisor and GIS staff) the process, data needed,

and responsibilities for the project

- **Task 2:** Provide inspection services:
 - Enforce LU technical specification standards and drawings
 - Complete and submit daily inspection logs and/or other notifications required with LU requirements
 - Adhere and enforce LU, state, and federal safety specifications
 - Monitor activities to ensure optimal performance is achieved in accordance with schedules, contract, and budget
- **Task 3:** Coordinate the construction schedule with LU contractor selected and with LU Operation Supervisor
 - Communicate all applicable information regarding daily and weekly project activities
- **Task 4:** Create an as-built package with the following deliverables:
 - Provide As-Built drawing from original final design drawing in conjunction with Pivotal's inspectors notes and comments
 - Collection of all GIS features of new improvement, using LU GIS data – Provide geodatabase file of new system improvements featuring classes with full attribute collection
 - Provide pictures of all (upload individual pictures into LU ShareFile), Connections of new portion of system to existing portion (Tie-In). Valve installations, and Hydrant installations
 - Collect GPS points for all water system appurtenances
 - Provide other supporting information/documentation
 - Submit and collect Pivotal Client Feedback Survey based on a per project quarterly basis
- **Task 5:** Conduct a post construction meeting with LU staff to discuss package deliverables provided and any lessons learned.
- **Task 6:** On-site customer interactions during construction
 - Inspectors will interact with customers during construction and report all interactions to LU
 - Inspectors will provide need-to-know site specific information per LU's direction to customers
 - Inspectors will report all customer interactions to LU to include customer name, subject(s) discussed, and contact information
 - Inspectors will immediately document and relay all customer concerns to LU that cannot be answered by the inspector

Exclusions

- Permitting
- Installation or removal of construction material
- Pre/post construction customer outreach

This proposal was completed based on information provided by Liberty Utilities – Park Water on 05/31/2023. Any deviation from or revisions of scope of work will require additional consideration.

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Office: 916-701-8180 | info@pivusa.com | www.pivusa.com



Pivotal Adaptive Services appreciates the opportunity to provide the above proposal. If you have any questions regarding this proposal, please do not hesitate to contact Richard Galtieri at (916) 512-8807 | (509) 209-0320

Kylee Fukuyama | EA - CEO
kfukuyama@pivusa.com
www.pivusa.com



David Ramil | CEO
dramil@pivusa.com
www.pivusa.com



**Attachment 1-3:
Liberty's Response to DR 032-Zs, Q3
Inspection Rate (Original)**

AutoSave Off Q3 032-ZS Inspection Rate • Saved to this PC Search

File **Home** Insert Page Layout Formulas Data Review View Automate Help Content Server

Clipboard: Paste, Cut, Copy, Format Painter

Font: Calibri, 11, Bold, Italic, Underline, Text Color, Background Color

Alignment: Wrap Text, Merge & Center

Number: General, Currency, Percentage, Decimals, Rounding

B13

1	Inspection Rate					
2	Year	Project	Days	Hours	Total Cost	unit rate (\$/hrs)
3	2023	AV - Kiowa Easement (Teton)	35	280	\$57,330.95	\$205
4	2023	AV - Zuni to Thunderbird Easement	40	320	\$64,348.16	\$201
5	2023	CB - Newmire & Target	40	320	\$63,933.20	\$200
6	2023	CB - Clymar & Caswell	75	600	\$116,625.88	\$194
7						
8					Average unit rate for 2023 projects	\$200
9					20% increase (10% inflation + 10% contingency)	\$40
10					Unit Rate	\$240
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Sheet1

Ready Accessibility: Good to go

**Attachment 1-4:
Liberty's Response To Dr 032-Zs, Q3
Inspection Rate (Edited By Cal Advocates)**

**Attachment 1-5:
Liberty's Response to DR 032-ZS, Q4 032-ZS
Consultant Design Proposal**

May 15, 2023

Ms. Janelle Rellosa, Manager of Engineering Projects
LIBERTY
9750 Washburn Road
Downey, CA 90241

Submitted via email to: janelle.relosa@libertyutilities.com

Subject: Design Services Proposal for Replacement of 8" Water Mains in the City of Lynwood

Dear Ms. Rellosa:

We appreciate the opportunity to submit this proposal for design of replacement of approximately 4,300 feet of 8" water main in Carlin Ave., Cardwell St., Blount Pl. and Olanda St. within the City of Lynwood. The proposed 8" DIP water mains will replace existing small diameter CIP water mains currently located within backyards, existing sidewalk, and alleyways between houses. The existing water lines will be abandoned in place.

The new 8" water mains will consist of 4 primary alignments, listed below:

- 1) Olanda St. between Atlantic Ave. and Carlin Ave – 1,380 LF
- 2) Blount Pl. between Atlantic Ave. and Olanda St. – 560 LF
- 3) Cardwell St. between Atlantic Ave. and Olanda St. – 970 LF
- 4) Carlin Ave. between Atlantic Ave. and Olanda St. – 1,380 LF

In addition to the new pipelines, Psomas will include new 6" fire hydrant assemblies meeting LA County Fire Department hydrant spacing requirements. When possible, hydrants will be placed in locations least likely to interfere with resident parking and other day to day activity. New residential services and meters will be added on the street-side for all properties currently being served from water lines in backyards or alleys that will be abandoned.

Psomas will design and detail all connections of proposed pipelines to the existing Liberty infrastructure, including four new connections into the existing 12" AC water main in Atlantic Ave. and all required reconnections in Olanda St. Additionally, Psomas will preserve the existing connection to the water line on the east side of Carlin Ave. just north of the Carlin-Orlanda intersection.

5 Hutton Centre Drive
Suite 300
Santa Ana, CA 92707

Tel 714.751.7373
Fax 714.545.8883
www.psomas.com

Ms. Janelle Rellosa, Manager of Engineering Projects
Design Services for the 8" Water Mains in Carlin Ave., Cardwell St., Blount Pl. and Olanda St.
Page 2
May 15, 2023

SCOPE OF WORK

The following scope of work items listed below are included in our project fee estimate except where noted.

Task 1 – Project Management and Meetings

Our project manager will coordinate with Liberty as necessary to manage and execute the project on a timely basis. It is understood Liberty will be responsible for coordination with the City of Lynwood, private property owners, and provide notice to residents regarding construction activities.

Task 2 – As-Built, Utility Research, SUE and Investigations

Task 2.1: Records and Utility Research – Psomas will review Liberty's infrastructure record maps and drawings and contact all third-party utilities within the project area through Underground Service Alert to obtain available utility plans.

Task 2.2: Site Investigation – Psomas engineering staff will conduct a field reconnaissance visit to verify existing utilities and proposed water main alignments. Upon return to the office, the utility base file will be updated to reflect field conditions.

Task 3 – Design Phase Services

Design Phase Services includes preparation of design plans and engineer's estimate of probable costs for construction of the new 8" water mains.

Task 3.1: Prepare Draft Submittal – Psomas will prepare draft design plans on 24"x36" sheets at 40-scale of the proposed water pipeline. Pipeline stationing, annotation, and construction notes will be minimally shown at this submittal stage. Design plans will follow Liberty's standard to include title sheets, plan view sheets, and corresponding detail sheets.

After our submittal and Liberty's review, we will meet via video conference to discuss any comments on the Draft Submittal. After our submittal, we will conduct a video conference meeting with Liberty to review and discuss the Draft Submittal.

Deliverables: Electronic Copy (PDF) of the Draft Design Plans and Preliminary Engineer's Estimate of Probable Construction Costs.

Task 3.2: Prepare Final Submittal – We will address the draft design review comments and prepare the Final Submittal. Plan Sheets will be on 24"x36" at 40-scale and include complete annotation including known elevations for all crossing utilities. We will also prepare a final itemized engineer's estimate of probable construction costs.

Deliverables: Electronic Copy (PDF) and full-size hard copy of signed Final Design Plans and Engineer's Estimate of Probable Construction Costs.

Ms. Janelle Rellosa, Manager of Engineering Projects
Design Services for the 8" Water Mains in Carlin Ave., Cardwell St., Blount Pl. and Olanda St.
Page 3
May 15, 2023

Task 4 – Substructure Utility Engineering (SUE) (OPTIONAL)

It is Psomas' understanding Liberty wishes to complete the design as soon as possible and requested an expedited schedule. Understanding the Draft Submittal critically depends on the 3rd party utility response, Psomas is providing an optional task to perform a SUE investigation within the project limits. The results of the SUE investigation will be cross checked with received 3rd party utility responses prior to the final submittal. By including a SUE investigation, the horizontal alignment design may be initiated prior to obtaining all 3rd party utility responses.

Substructure utility engineering (SUE) utilizes detecting and mapping professionals with the education, training and knowledge of underground utility systems and civil and survey technologies required to verify and reconcile the different methods of utility detecting. To accelerate the design process at the request of Liberty, the Psomas SUE team can develop a preliminary utility base file to indicate corridors for the proposed water pipeline alignments. Utility locations are estimated using a combination of an electromagnetic utility locator, a ground penetrating radar unit, sonic wave generator and magnetic locator. This process provides approximate horizontal and vertical positions of existing infrastructure. The utility basefile can then be refined as the 3rd-party utilities provide responses to the information request, which often can take weeks or months from the request date.

This service does not replace utility research and acquisition of as-built plans from 3rd party utilities. The primary benefit of this optional task is to accelerate the overall schedule by allowing general utility information to be gathered more rapidly than waiting on all 3rd party utilities to provide plans.

Task 4.1: Subsurface Utility Investigation - Primary Area: Olanda St., Blount Pl., Cardwell St. and Portion of Carlin Ave.

This task includes comprehensive subsurface utility investigation for the most likely locations of the proposed alignments for the full street width in Olanda St., Blount Pl., and Cardwell St. Due to heavy traffic from Atlantic Ave. and safety concerns it is anticipated traffic control plans will be required in Carlin Ave. between Atlantic Ave. and Millrace Ave. and therefore will provide the following:

- Carlin between Atlantic Ave. and Millrace Ave. – Southwest half of Carlin Ave. with traffic control in the field, traffic control plans, and permit processing.
- Carlin between Millrace Ave. and Olanda St. – Full street width.

Ms. Janelle Rellosa, Manager of Engineering Projects
Design Services for the 8" Water Mains in Carlin Ave., Cardwell St., Blount Pl. and Olanda St.
Page 4
May 15, 2023

Task 4.2: Subsurface Utility Investigation - Additional Area: Northeast half of Carlin Ave. between Atlantic Ave. and Millrace Ave.

This task includes comprehensive subsurface utility investigation for the remaining portion of Carlin Avenue (northeast half of Carlin Ave. between Atlantic Ave. and Millrace Ave.). Including the utility investigation, developing traffic control plans, traffic control in the field, and permit processing.

Exclusions:

The following items are not included in this scope but can be added as additional services, if required and/or requested:

- Geotechnical Investigation
- Pothole Investigation
- Traffic Control Plans, unless noted otherwise.
- Permitting Coordination with City of Lynwood, unless noted otherwise.
- Construction Specifications
- Bid Phase Services
- Construction Phase Services
- Record Drawings
- Coordination with property owners

PROJECT SCHEDULE

We anticipate submittal of the final draft construction plans within thirteen weeks of receiving notice to proceed or by September 7, 2023 assuming issuance of notice to proceed by June 6, 2023. This is consistent with the design schedule we have met on previous Liberty projects. Assuming an 8-week utility investigation period, the overall schedule may be reduced by up to five weeks if the optional substructure utility investigation is initiated, dependent on scheduling availability with the Psomas SUE team.

FEE

Psomas proposes to complete the Scope of Work on a time and materials basis as detailed in our attached fee proposal, for the amount of \$53,940 non-inclusive of the optional SUE tasks. The total fee including both optional SUE tasks is \$78,385.

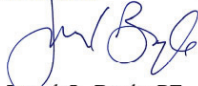
Again, we appreciate the opportunity to present a proposal for this work and look forward to discussing it with you in further detail. Our proposal is a firm offer for 90 days from the date of

Ms. Janelle Rellosa, Manager of Engineering Projects
Design Services for the 8" Water Mains in Carlin Ave., Cardwell St., Blount Pl. and Olanda St.
Page 5
May 15, 2023

this letter. Please do not hesitate to contact either of us (Joe at (714) 481-8060 or JoeBoyle@Psomas.com or Maira at (714) 481-8008 or Maira.Salcedo@Psomas.com) with any questions.

Respectfully,

PSOMAS



Joseph L. Boyle, PE
Vice President



Maira Salcedo, PE
Project Manager

Enclosures: Detailed Fee & Exhibit 1

Liberty Utilities
Design Services for the 8" Water Mains in Carlin Ave., Olanda St., Cardwell St., and Blount Pl.
PSOMAS Fee Schedule

	Senior Project Manager	QA/QC	Project Engineer	Civil Engineer Designer	Responsible SUE (Average Rate)	Project Assistant	Total PSOMAS Hours	Total Labor	Geotechnical Subconsultant (GMU Geotechnical)	Expenses	Total NTE Fee
Hourly Rates	\$240	\$270	\$170	\$145	\$190	\$115					
Task 1: Project Management and Meetings											
1.1 Project Management	12	0	8	0	0	2	22	\$4,470	\$0	\$0	\$4,470
1.2 Kickoff Meeting	2	0	3	0	0	0	5	\$990	\$0	\$0	\$990
1.3 Submittal Review Meeting (One Meeting)	4	0	6	0	0	0	10	\$1,980	\$0	\$0	\$1,980
Total Task 1	18	0	17	0	0	2	37	\$7,440	\$0	\$0	\$7,440
Task 2: As-Built, Utility Research, and Investigations											
2.1 Records and Utility Research	4	0	4	4	0	24	36	\$4,980	\$0	\$500	\$5,480
2.2 Site Investigation	1	0	10	20	0	0	31	\$4,840	\$0	\$200	\$5,040
Total Task 2	5	0	14	24	0	24	67	\$9,820	\$0	\$700	\$10,520
Task 3: Design Phase Services											
3.1 Prepare Draft Submittal (PDF Submittal Only)	8	4	24	120	0	16	172	\$26,320	\$0	\$0	\$26,320
3.2 Prepare Final Submittal (PDF and Hard Copy Submittal)	10	4	16	40	0	8	78	\$12,920	\$0	\$100	\$13,020
Total Task 3	18	8	40	160	0	24	250	\$39,240	\$0	\$100	\$39,340
Grand Total (No Optional Items)	41	8	71	184	0	50	354	\$56,500	\$0	\$800	\$57,300
Task 4: Subsurface Utility Engineering - (Optional Task)											
4.1 Subsurface Utility Investigation - Primary Area	1	0	4	8	76	1	90	\$16,635	\$0	\$0	\$16,635
4.2 Subsurface Utility Investigation - Additional Area	1	0	2	4	35	0	42	\$7,810	\$0	\$0	\$7,810
Total Task 4	2	0	6	12	111	1	132	\$24,445	\$0	\$0	\$24,445
Grand Total (All Tasks)	43	8	77	196	111	51	486	\$80,945	\$0	\$800	\$81,745

Liberty Utilities - Planned Main Project



Legend

- ✱ LEAK INTERRUPTIONS
- SYSTEM VALVE
- ◆ 4 INCH HYDRANT
- ◆ 6 INCH HYDRANT
- TO BE ABANDONED
- 8" DIP PROPOSED MAIN
- ACTIVE MAIN LINE
- SERVICE AREA
- PARCELS

Liberty
CENTRAL BASIN
EXHIBIT CBMR-5
CARLIN/OLANDA

SUMMARY:
INSTALL 4290' OF 8" DUCTILE IRON PIPE WITH VALVES, 6" FIRE HYDRANTS, 1" SERVICES, AND TIE-INS TO EXISTING MAINS.

Document Path: C:\Users\jgibson\OneDrive\Documents\Work\GRC\CB GRCC\B GRCC 2020_R.mxd

Service Layer Credits: Basemap Imagery provided by Nearmap. Water Utility Features provided by Liberty Utilities. City and County Data provided by U.S. Census Bureau.

Attachment 1-6: Liberty's Response to DR SIB-006



Liberty Utilities (Park Water) Corp.
9750 Washburn Road
Downey, CA 90241-7002
Tel: 562-923-0711

February 16, 2024

DATA REQUEST RESPONSE

LIBERTY UTILITIES (PARK WATER) CORP.
A.24-01-002
LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.
A.24-01-003

Test Year 2025 General Rate Case

Data Request No.: SIB-006 (Proposed Project Estimates and Historical Projects)
Requesting Party: Public Advocates Office
Originator: Suliman Ibrahim Suliman.Ibrahim@cpuc.ca.gov
Peter Chau Peter.Chau@cpuc.ca.gov
Date Received: February 6, 2024
Due Date: February 13, 2024
Extension: February 16, 2024

REQUEST NO. 1:

SECTION 6 WORKPAPERS Liberty AVR includes Project Justification and Estimates for its proposed projects. These include several line items including Misc, and Misc/Plans/Fedex.

- a) Please explain in detail what the Consultant/Design line item includes.
- b) How does Liberty AVR estimate its Consultant/Design line item cost?
- c) Please explain in detail what the Inspection line item cost includes.
- d) How does Liberty AVR calculate its Inspection line item cost?
- e) Please explain in detail what the Permits line item cost includes.
- f) How does Liberty AVR calculate its Permits line items cost?
- g) Please explain in detail what the Misc line item cost includes.

- h) How does Liberty AVR calculate its Misc line item cost?
- i) Please explain in detail what the Misc/Plans/Fedex line item cost includes.
- j) How does Liberty AVR calculate its Misc /Plans/Fedex line item cost?
- k) Please provide detailed support to substantiate Liberty AVR's responses above. This includes but is not limited to internal communications and memorandums, vendor quotes and estimates, engineering reports and calculations. Please provide any calculations in Microsoft Excel format with links and formulas intact.

RESPONSE:

- a) The consultant/design line item is the estimated cost for consultants to provide design and engineering services on a capital improvement project. These services include utility research, topographic surveys and geotechnical analysis if necessary. The design plans typically include plan, profile, and detail views.
- b) For pipeline design, Liberty AVR estimates the consultant/design line item based on the total footage of the new pipeline installation. Projects with 3,500 linear feet or less of pipeline installation are assigned a design cost of \$ 45,000. Projects above 3,500 linear feet are estimated at \$60,000 - \$75,000. This methodology has been used in prior general rate case cycles.
- c) The inspection line item is the estimated cost for a third-party inspector to provide inspection services during construction. In addition, the inspection firm provides GPS data collection, GIS integration, and as-built preparation.
- d) The inspection cost is estimated using an inspection rate of \$240 per hour. The length of construction is approximated per project. For AVR, an estimate of 275 hours is typically used.
- e) The permit line item is the estimated cost to pull a construction permit from the Town of Apple Valley. The permit allows Liberty to cut into the right-of-way and perform construction activities such as main installations and abandonments.
- f) The permit fee for the Town of Apple Valley is estimated at \$1,200 per project. This amount has been used in past general rate case proceedings.
- g) The miscellaneous line item is used for additional work not covered in design or construction. This line item can be allotted for cost estimates such as traffic control plan, electrical work, or site work.
- h) The miscellaneous line item is estimated based on the type of activities to be performed. A historical cost estimate may be used or a budgetary number provided by a supplier. No miscellaneous estimates have been added to pipeline cost estimates at this time.

- i) The misc/plan/fedex line item is mainly used for printing expense of design plans. Hard copies are provided to the Town, Fire District, contractors, inspectors, operators and engineers involved in a project.
- j) An estimated cost of \$1,000 is used for each project.
- k) Please see the attachments with preface Q1k and Q1k-Q2k for vendor quotes and historical projects data to support consultant design, inspection rates, permits, and miscellaneous charges.

REQUEST NO. 2:

SECTION 6 WORKPAPERS Liberty Park includes Project Justification and Estimates for its proposed projects. These include several line items including Misc, and Misc/Plans/Fedex.

- a) Please explain in detail what the Consultant/Design line item includes.
- b) How does Liberty Park estimate its Consultant/Design line item cost?
- c) Please explain in detail what the Inspection line item cost includes.
- d) How does Liberty Park calculate its Inspection line item cost?
- e) Please explain in detail what the Permits line item cost includes.
- f) How does Liberty Park calculate its Permits line items cost?
- g) Please explain in detail what the Misc line item cost includes.
- h) How does Liberty Park calculate its Misc line item cost?
- i) Please explain in detail what the Misc/Plans/Fedex line item cost includes.
- j) How does Liberty Park calculate its Misc /Plans/Fedex line item cost?
- k) Please provide detailed support to substantiate Liberty AVR's responses above. This includes but is not limited to internal communications and memorandums, vendor quotes and estimates, engineering reports and calculations. Please provide any calculations in Microsoft Excel format with links and formulas intact.

RESPONSE:

- a) The consultant/design line item is the estimated cost for consultants to provide design and engineering services on a capital improvement project. These services include utility research, topographic surveys and geotechnical analysis if necessary. The design plans typically include plan, profile, and detail views.
- b) For pipeline design, Liberty Park estimates the consultant/design line item based on the total footage of the new pipeline installation. Projects with 3,000 linear feet or less of pipeline installation are assigned a design cost of \$45,000-\$50,000. Projects above 3,000 linear feet are estimated at \$75,000. This methodology has been used in prior general rate

case cycles.

- c) The inspection line item is the estimated cost for a third-party inspector to provide inspection services during construction. In addition, the inspection firm provides GPS data collection, GIS integration, and as-built preparation.
- d) The inspection cost is estimated using an inspection rate of \$240 per hour. The length of construction is approximated per project. For Park, an estimate of 320 to 480 hours is used.
- e) The permit line item is the estimated cost to pull a construction permit from the City or County the project resides in. The permit allows Liberty to cut into the right-of-way and perform construction activities such as main installations and abandonments.
- f) The permit fee is estimated at \$6 per linear foot of new pipeline to be installed. This methodology has been used in prior general rate case proceedings.
- g) The miscellaneous line item is used for additional work not covered in design or construction. This line item can be allotted for cost estimates such as traffic control plan, electrical work, or site work.
- h) The miscellaneous line item is estimated based on the type of activities to be performed. A historical cost estimate may be used or a budgetary number provided by a supplier. No miscellaneous estimates have been added to pipeline cost estimates at this time.
- i) The misc/plan/fedex line item is mainly used for printing expense of design plans. Hard copies are provided to the City/County, Fire Department, contractors, inspectors, operators and engineers involved in a project.
- j) An estimated cost of \$1,000 is used for each project.
- k) Please see the attachments with preface Q2k and Q1k-Q2k for vendor quotes and historical costs of projects to support consultant design, inspection rates, permits, and miscellaneous charges.

REQUEST NO. 3:

SECTION 6 WORKPAPERS Liberty AVR includes Project Justification and Estimates for its proposed projects. These include in house, field, and office labor hours.

- a) Please explain in detail how Liberty AVR estimates these hours.
- b) Please explain in detail how Liberty AVR Estimates the Field Labor w/Burden cost.
- c) Please explain in detail how Liberty AVR Estimates the Office Labor w/Burden cost.
- d) Please explain in detail what the Trans Clrg Burden cost includes.
- e) Please explain in detail how Liberty AVR calculates the Trans Clrg Burden, including the

methodologies or justifications for Liberty AVR's calculations.

- f) Please explain in detail what the Tools/Equip Burden includes.
- g) Please explain in detail how Liberty AVR calculates the Tools/Equip Burden.
- h) Are any of the above costs (a through g) considered capitalized expenses? Please explain in detail.
- i) If any of these costs are capitalized expenses, are they removed from the expense forecast? Please explain in detail.
- j) Please provide a brief explanation including cell references of how capitalized expenses estimated and removed from expenses in the Results of Operation model.
- k) Please provide detailed support to substantiate Liberty AVR's responses above. This includes but is not limited to internal communications and memorandums, vendor quotes and estimates, engineering reports and calculations. Please provide any calculations in Microsoft Excel format with links and formulas intact.

RESPONSE:

- a) Liberty staff utilized engineering judgement in determining payroll hours charged to the individual capital projects per category (field or office). These estimates are in-line with experience of similar sized projects. A MS Excel file is included which provides historical data of payroll hours per capital project. Please see the attachment with preface Q3a-Q4a, tab "AVR".
- b) Liberty staff utilized engineering judgement in determining payroll rates charged to the individual capital projects per category (field or office). These estimates are in-line with experience of similar sized projects.
- c) See b. above.
- d) Transportation clearings burden includes costs associated with operating and maintaining transportation equipment including cars, trucks, vans, and trailers, among other modes of transportation.
- e) In general, burdens are calculated by dividing the various expense categories by the salaries based on payroll hours, excluding paid time off. Transportation clearing burden is calculated by taking the prior year of transportation expenses divided by hours worked. The transportation clearing hourly rate is then applied to the total estimated hours and salary hourly for each project to derive the transportation clearing burden amount to be included in each project. This methodology has been used and accepted by the Commission in prior general rate case proceedings.
- f) Tools/Equipment clearings burden includes costs associated with operating and

- maintaining power operated equipment including equipment used in construction and maintenance work such as trenchers, cranes, backhoes, compressors, etc. and small hand tools such as shovels, wrenches, prybars, power operated saws, jackhammers, etc.
- g) The tools/equip burden is calculated by taking the prior year tools and equipment expenses divided by maintenance hours worked. The tools/equip hourly rate is then applied to the total estimated hours and salary rate to derive the tools/equip burden amount to be included in each project.
 - h) Please see response to Question 3j.
 - i) Please see response to Question 3j.
 - j) The direct and indirect capitalized and direct charged expenses are reflected in the Results of Operations (RO) model. The direct expenses consist of payroll, payroll burdens, transportation, tools and stores clearing burdens. Although the amounts reflected in the RO may not totally aligned with the capital improvements, the approach is similar. The primary difference between the RO and the capital improvements is that the RO contained estimates of direct charged payroll to other entities whereas the capital improvements only contained capitalized payroll and payroll related costs charging to capital projects. The RO develops payroll and payroll related expenses by position, where it is estimating a percentage of each position's related costs are capitalized and/or direct charged to other entities, reducing expenses by the capitalized and direct charged payroll and payroll related expenses (consist of benefits, workers' compensation insurance, and payroll taxes). See files "AV25 2024 Payroll CONFIDENTIAL", "AV25 2025 Payroll CONFIDENTIAL", and "AV25 2026 Payroll CONFIDENTIAL" for the development of payroll expenses. For the transportation, tools, and stores clearing burdens, the RO estimates are based on a five-year (2018-2022) recorded average. See file "AV25 Expenses", tab "ExpenseDetail", cells N276:R276, N293:R293, and N308:R308. The RO also reflects the 8% of indirect expenses. See files "AV25 Expenses", tab "ExpenseDetail", cells N467:R467, "IR25 Expenses, tab "ExpenseDetail", cells N60:R60, and "AV25 RCBD", tabs "BURDENCALC (AVR)", cells F17:I17 and "BURDCALC (IRR)", cells F17:I17.
 - k) Please see the attachment with preface Q3 for the development of the burdens rates used in capital projects.

REQUEST NO. 4:

SECTION 6 WORKPAPERS Liberty Park includes Project Justification and Estimates for its proposed projects. These include in house, field, and office labor hours.

- a) Please explain in detail how Liberty Park estimates these hours.
- b) Please explain in detail how Liberty Park Estimates the Field Labor w/Burden cost.
- c) Please explain in detail how Liberty Park Estimates the Office Labor w/Burden cost.
- d) Please explain in detail what the Trans Clrg Burden cost includes.
- e) Please explain in detail how Liberty Park calculates the Trans Clrg Burden.
- f) Please explain in detail what the Tools/Equip Burden includes.
- g) Please explain in detail how Liberty Park calculates the Tools/Equip Burden.
- h) Are any of the above costs (a through g) considered capitalized expenses? Please explain in detail.
- i) If any of these costs are capitalized expenses, are they removed from the expense forecast? Please explain in detail.
- j) Please provide a brief explanation including cell references of how capitalized expenses estimated and removed from expenses in the RO model.
- k) Please provide a brief explanation including cell references of how capitalized expenses estimated and removed from expenses in the RO model.

RESPONSE:

- a) Liberty staff utilized engineering judgement in determining payroll hours charged to the individual capital projects per category (field or office). These estimates are in-line with experience of similar sized projects. A MS Excel file is included which provides historical data of payroll hours per capital project. Please see the attachment with preface Q3a-Q4a, tab "CB".
- b) Liberty staff utilized engineering judgement in determining payroll rates charged to the individual capital projects per category (field or office). These estimates are in-line with experience of similar sized projects.
- c) See b. above.
- d) Transportation clearings burden includes costs associated with operating and maintaining transportation equipment including cars, trucks, vans, and trailers, among other modes of transportation.
- e) In general, burdens are calculated by dividing the various expense categories by the salaries based on payroll hours, excluding paid time off. Transportation clearing burdens are calculated by taking the prior year of transportation expenses divided by hours worked. The transportation burden hourly rate is then applied to the total estimated hours

and salary hourly rate to derive the transportation clearing burdens for each project. This methodology has been used and accepted by the Commission in prior general rate case proceedings.

Please see the attachment with preface Q4e for the development of burdens rates used in capital projects.

- f) Tools/Equipment clearing burden includes costs associated with operating and maintaining power operated equipment including equipment used in construction and maintenance work such as trenchers, cranes, backhoes, compressors, etc. and small hand tools such as shovels, wrenches, prybars, power operated saws, jackhammers, etc.
- g) The tools and equipment burdens are calculated by taking the prior year tools and equipment expenses divided by maintenance hours worked. The tools and equipment burden hourly rate is then applied to the total estimated hours and salary rates to derive the tools/equip burdens for each project.
- h) Please see response to 4k.
- i) Please see response to 4k.
- j) Please see response to 4k.
- k) The direct and indirect capitalized and direct charged expenses are reflected in the Results of Operations (RO) model. The direct expenses consist of payroll, payroll burdens, transportation, tools and stores clearing burdens. Although the amounts reflected in the RO may not totally aligned with the capital improvements, the approach is similar. The primary difference between the RO and the capital improvements is the RO contained estimates of direct charged payroll to other entities whereas the capital improvements only contained capitalized payroll and payroll related costs charging to capital projects. The RO develops payroll and payroll related expenses by position, where it is estimating a percentage of each position's related costs are capitalized and/or direct charged to other entities, reducing expenses by the capitalized and direct charged payroll and payroll related expenses (consist of benefits, workers' compensation insurance, and payroll taxes). See files "PW25 2024 Payroll CONFIDENTIAL", "PW25 2025 Payroll CONFIDENTIAL", and "PW25 2026 Payroll CONFIDENTIAL". For the transportation, tools, and stores clearing burdens, the RO estimates are based on a five-year (2018-2022) recorded average. See file "PW25 Expenses", tab "ExpenseDetail", cells N347:R347, N365:R365, and N377:R377. The RO also reflects the 8% of indirect expenses. See files

“PW25 Expenses”, tab “ExpenseDetail”, cells R527:N527 and “PW25 RCBD”, tab “BURDENCALC”, cells E17:I17.

REQUEST NO. 5:

Liberty AVR uses an inflation factor of 6.08% for each year 2024 through 2027.

- a) Please explain how Liberty AVR calculated this factor.
- b) Please provide detailed support to substantiate Liberty AVR’s responses above. This includes but is not limited to internal communications and memorandums, quotes and estimates (performed internally within Liberty Utilities or compiled by a third-party vendor), engineering reports and calculations. Please provide any calculations in Microsoft Excel format with links and formulas intact.

RESPONSE:

- a) The inflation factor was calculated by taking the five-year average of the California Construction Cost Index (CCCI) from 2018 to 2022. The CCCI is based on the Building Cost Index and takes the average cost markers for San Francisco and Los Angeles. The Building Cost Index is produced by Engineering News Report and is published every month.
- b) Please see the attachment with preface Q5b-6b for the historical California Construction Cost Index from 2016 to 2022.

REQUEST NO. 6:

Liberty Park uses an inflation factor of 6.08% for each year 2024 through 2027.

- a. Please explain how Liberty Park calculated this factor.
- b. Please provide detailed support to substantiate Liberty Park’s responses above. This includes but is not limited to internal communications and memorandums, vendor quotes and estimates (performed internally within Liberty Utilities or compiled by a third-party vendor), engineering reports and calculations. Please provide any calculations in Microsoft Excel format with links and formulas intact.

RESPONSE:

- a) The inflation factor was calculated by taking the five-year average of the California Construction Cost Index (CCCI) from 2018 to 2022. The CCCI is based on the Building Cost Index and takes the average cost markers for San Francisco and Los Angeles. The Building Cost Index is produced by Engineering News Report and is published every

month.

- b) Please see the attachment with preface Q5-6b for the historical California Construction Cost Index from 2016 to 2022.

REQUEST NO. 7:

Please provide, in Microsoft Excel Format, a list of all electric pumping equipment capital projects Liberty AVR added into plant in service between 2010 and 2018. The list should include the following:

- a) Project Name and a specific description of how the equipment is being used.
- b) The date the project was completed.
- c) The total project cost in dollars.
- d) The current status of the project (active or retired), on January 1, 2024.
- e) The hour meter reading for each pump on January 1 of each year it has been in service.

RESPONSE:

Cal Advocates granted an extension until February 23, 2024.

REQUEST NO. 8:

Please provide, in Microsoft Excel Format, a list of all electric pumping equipment capital projects Liberty Park added into plant in service between 2010 and 2018. The list should include the following:

- a. Project Name and a specific description of how the equipment is being used.
- b. The date the project was completed.
- c. The total project cost in dollars.
- d. The current status of the project (active or retired), on January 1, 2024.
- e. The hour meter reading for each pump on January 1 of each year it has been in service.

RESPONSE:

Cal Advocates granted an extension until February 23, 2024.

REQUEST NO. 9:

Please provide, in Microsoft Excel Format, a list of all generator equipment capital projects (including mobile generators, emergency backup generators, etc.) Liberty AVR added into plant in service between 2010 and 2018. The list should include the following:

- a. Project Name and a specific description of how the equipment is being used.
- b. The date the project was completed.
- c. The total project cost in dollars.
- d. The current status of the project (active or retired), on January 1, 2024.
- e. The hour meter reading for each generator on January 1 of each year it has been in service.

RESPONSE:

Cal Advocates granted an extension until February 23, 2024.

REQUEST NO. 10:

Please provide, in Microsoft Excel Format, a list of all generator equipment capital projects (including mobile generators, emergency backup generators, etc.) Liberty Park added into plant in service between 2010 and 2018. The list should include the following:

- a. Project Name and a specific description of how the equipment is being used.
- b. The date the project was completed.
- c. The total project cost in dollars.
- d. The current status of the project (active or retired), on January 1, 2024.
- e. The hour meter reading for each generator on January 1 of each year it has been in service.

RESPONSE:

Cal Advocates granted an extension until February 23, 2024.

REQUEST NO. 11:

Please provide, in Microsoft Excel Format, a list of all flowmeters other than those that meter customer usage for the purpose of customer billing Liberty AVR added into plant in service between 2010 and 2018. The list should include the following:

- a. Project Name and a specific description of how the equipment is being used.
- b. The date the project was completed.
- c. The total project cost in dollars.
- d. The current status of the project (active or retired), on January 1, 2024.
- e. The hour meter reading for each generator on January 1 of each year it has been in service.

RESPONSE:

Cal Advocates granted an extension until February 23, 2024.

REQUEST NO. 12:

Please provide, in Microsoft Excel Format, a list of all flowmeters other than those that meter customer usage for the purpose of customer billing Liberty Park added into plant in service between 2010 and 2018. The list should include the following:

- a. Project Name and a specific description of how the equipment is being used.
- b. The date the project was completed.
- c. The total project cost in dollars.
- d. The current status of the project (active or retired), on January 1, 2024.
- e. The hour meter reading for each generator on January 1 of each year it has been in service.

RESPONSE:

Cal Advocates granted an extension until February 23, 2024.

This completes the partial response to Data Request No. SIB-006. If you have any questions, or require additional information, please contact me.

Sincerely,

LIBERTY UTILITIES (PARK WATER) CORP.

/s/ Tiffany Thong

TIFFANY THONG
Manager, Rates and Regulatory Affairs
(562) 923-0711
Tiffany.Thong@libertyutilities.com

Attachments

Attachment 1-7: Liberty's Response to DR 035-ZS



Liberty Utilities (Park Water) Corp.
9750 Washburn Road
Downey, CA 90241-7002
Tel: 562-923-0711

May 7, 2024

DATA REQUEST RESPONSE

LIBERTY UTILITIES (PARK WATER) CORP.
A.24-01-002
LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.
A.24-01-003

Test Year 2025 General Rate Case

Data Request No.: 035-ZS (Emergency Mains, Hydrants and Services)
Requesting Party: Public Advocates Office
Originator: Suliman Ibrahim Suliman.Ibrahim@cpuc.ca.gov
Peter Chau Peter.Chau@cpuc.ca.gov
Zaved Sarkar Zaved.Sarkar@cpuc.ca.gov
Date Received: April 30, 2024
Due Date: May 7, 2024

REQUEST NO. 1:

For both AVR and Park, please provide in an excel format the list of emergency main replacement locations that were installed with "Emergency Mains" budget requested in this last GRC. The list should include:

- a. size of the piping replaced,
- b. cause of emergency that resulted in replacement,
- c. original year of installation of the replaced pipes, and
- d. cost associated with installation of emergency main replacement for the identified locations.

RESPONSE:

- a. Please see the attachment with preface Q1a-d.
- b. Please see the attachment with preface Q1a-d.
- c. Please see the attachment with preface Q1a-d.
- d. Please see the attachment with preface Q1a-d.

REQUEST NO. 2:

Please provide a detailed explanation of how Liberty utilities determine a hydrant for replacement. Provide the criteria(s) used to identify a potential hydrant for replacement (such as hydraulic analysis or fire flow studies etc.), steps taken by Liberty after Liberty identified a potential hydrant for replacement and procedure to prioritize potential replacement hydrant projects to manage budget with supporting documentation.

RESPONSE:

Fire hydrants are scheduled for replacement based on the following criteria:

- All water system fire hydrants are exercised at least once every three years. This exercise program identifies irreparable hydrants that must be replaced.
- Vehicle collisions could result in irreparable damage to the fire hydrant head and/or fire hydrant bury requiring replacement putting the fire hydrant out of service jeopardizing fire protection abilities.
- There are numerous undersized 4-inch wharf head type fire hydrants without isolation valves throughout the water systems. If one of these hydrants is leaking or struck by a vehicle, multiple area water mains must be shut down to repair or replace the fire hydrant causing loss of water service to customers. These wharf head fire hydrants do not meet current fire department requirements for a multi-outlet fire hydrant head. Thus, these wharf head fire hydrants are replaced with an isolation valve and multi-outlet fire hydrant head.

Fire hydrants damaged in collisions and are out of service take priority on the replacement list followed by fire hydrants deemed irreparable through the fire hydrant exercise program.

Liberty budgets for fire hydrant replacements based on a 5-year average construction cost from 2018 to 2022 escalated to the applicable budget year. If there are remaining funds available in

the fire hydrant replacement budget from fewer damaged or irreparable fire hydrants, Liberty works on converting its remaining 4-inch wharf head fire hydrants to fire hydrants that meet fire department requirements for a multi-outlet fire hydrant head with isolation valves.

REQUEST NO. 3:

For both AVR and Park, please provide in an excel format the list of hydrants locations currently installed in both districts that were replaced under the "Replacement Hydrants" budget authorized in last GRC. Please include:

- a. the date of original installation,
- b. condition of the hydrants replaced (broken/abandoned/inactive etc.),
- c. date of replacement, and
- d. cost associated with installation of replacement hydrant.

RESPONSE:

Cal Advocates granted an extension until May 10, 2024.

REQUEST NO. 4:

For both AVR and Park, please provide in an excel format the list of hydrants locations that are being requested to be installed with "New Hydrants" budget requested in this GRC.

RESPONSE:

There are no specific locations for these "new" hydrants. The estimated "new hydrants" budgets are based on a 5-year average construction cost from 2018 to 2022 and escalated to the applicable budget year. These hydrants are installed on an as-needed basis or by request typically from the local fire authority to meet fire hydrant spacing requirements and improve fire protection availability in the water systems.

REQUEST NO. 5:

Please provide a detailed explanation of how Liberty utilities determines a service line for replacement. Provide the criteria(s) used to identify a potential replacement service line (such as service line leak rates etc.), steps taken by Liberty after it identified a potential replacement service line and procedure to prioritize potential replacement service line projects to manage budget with supporting documentation.

RESPONSE:

There are two components to the Service Replacement program. Liberty will continue to replace service lines as they fail and are leaking. These replacements are done as soon as possible to minimize water losses, interruptions to a customer's water service, property damage during leaks, and to maintain water system operability. There is no possible way to forecast the quantities of these replacements or where they will occur.

An additional component to this program involves the replacement of large water services for hospitals, apartment buildings, and other large businesses. These services were typically installed in underground vaults without a bypass service and facilities for required meter testing. Accordingly, meter testing, maintenance, and repair require the water service to be turned off, disrupting many residential or business customers served by this water service. Replacing the large meter installation includes the latest technology in meters and facilities to test, maintain and repair the equipment with uninterrupted service.

These facilities in a damp underground environment experience corrosion and are reaching the end of their useful life. To replace these facilities, involves the installation of a new vault with clam shell access door, isolation valves, bypass piping, and water meter. Due to the large capital outlay, the replacement program of these large meters has been spread out over several years.

The estimated service replacement costs for both categories are based on a 5-year average construction cost from 2018 to 2022 and escalated to the applicable budget year. As stated, leaking services take priority in being replaced followed by selecting appropriate large service replacements all while striving to remain within the yearly budgeted amounts.

REQUEST NO. 6:

For both AVR and Park, please provide in an excel format the list of service lines currently installed in both districts that were replaced under the "Replacement Services" budget authorized in last GRC. Please include:

- a. the date of original installation,
- b. size of service lines,

- c. condition of the services lines replaced (broken/abandoned/end of useful life etc.),
- d. date of replacement, and
- e. cost associated with installation of replacement service lines.

RESPONSE:

Cal Advocates granted an extension until May 13, 2024.

REQUEST NO. 7:

For both AVR and Park, please provide in an excel format the list of service line's locations that are being requested to be installed with "New Services" budget requested in this GRC.

RESPONSE:

There are no specific locations for these "new" services. It is impossible to forecast where development will occur throughout our service areas. The new services are installed upon request by property owners as they develop their property. The estimated "new services" budgets are based on a 5-year average construction cost from 2018 to 2022 and escalated to the applicable budget year.

REQUEST NO. 8:

In Exhibit F Apple Valley Minimum Data Requirements, page 14, Liberty states: "The settlement provided yearly amount for this project category. During this period, there was an unexpected increase in services that had reached the end of their useful life and had to be replaced to maintain the integrity of the water service to our customers. **The service leak rate continues to rise, and it is anticipated that needs in this category will continue to increase. During year 2023, we anticipate exceeding the target amount.**"

- a. Please explain the steps Liberty Utilities is taking in AVR to reduce service leak rates and stop it from increasing as it states its anticipating.
- b. Please explain the steps Liberty Utilities is taking in AVR to not exceed authorized budget amounts in this GRC.

RESPONSE:

- a. In 2023, Liberty deployed remote pressure monitoring units throughout the water system that notify operators about extreme pressure fluctuations which may ultimately cause water main breaks and service failures. These pressure fluctuation records are analyzed to

see what event took place that caused it and to prevent future occurrences. This is one of the only methods of control that can be taken.

The Apple Valley area is an area with extreme climate fluctuations from below freezing conditions in the winter to hot (100+ degrees or higher) conditions in the summer. These extreme temperature variations put stress on the water facilities resulting in a decrease in material strength and stability which also leads to service line and water main leaks.

Further, the Apple Valley system has many components, including buried water service lines that are reaching the end of their useful life, and due to various environmental and construction installation issues that may impact them, it is impossible to estimate where a service leak will occur.

Based on these issues, it is impossible to know if service leak rates will increase or decrease in a given budget year. Recently, we have been seeing an upward trend in the number of required yearly service replacements and have budgeted slightly higher for this category in the Revenue Requirements Report.

- b. See response in item a above. Liberty has implemented the only possible control to potentially mitigate this from occurring.

REQUEST NO. 9:

In Exhibit F Liberty Park Minimum Data Requirements, page A-8, Liberty states: "New hydrants are installed to provide fire flow protection to the service area. During this period, there are less new hydrants installed than the historical average that was used to set the project cost for this category. **In addition, new hydrants were installed as part of the water main replacement projects.**"

- a. Please explain how Liberty is distinguishing hydrants to be newly installed/replaced between its requested budget for water main replacement projects and "New Hydrants" budget requested in this GRC.
- b. Do the hydrants installed with water main replacement projects differ in cost vs the hydrants installed with New Hydrants project budgets? Please provide any additional information, including vendor receipts and budgets if applicable.
- c. Please explain if the hydrants that are being newly installed or replaced are for commercial purposes or new developments to provide fire flow protection?

RESPONSE:

- a. Liberty is asking for "New" and "Replacement" fire hydrants as two blanket project budget items. Each of these blanket categories covers the cost of several individual fire hydrant installations located throughout the water service areas. These categories are not duplicative of what is being requested under the "Water Main Replacement" project budgets.

The "Water Main Replacement" project budgets include fire hydrants that are being installed along the length of the project's water main that is being installed.

- b. Yes. Due to savings from the economy of scale of an all-encompassing water main installation project, there is a cost savings for hydrants that are installed under the "Water Main Replacement" project categories.

The one-off installations for the "New" and "Replacement" fire hydrants blanket project categories yield additional costs from individual mobilization and demobilization activities and, potentially, from required additional valving and lengths of water main per installation.

Supporting documentation for the costs including a contractor bid for a "Water Main Replacement" project and several contractor invoices for the "New and Replacement Fire Hydrant Installation" categories are included with this response. Please see the attachments with preface Q9b.

- c. Company funded new and replacement fire hydrants are installed in the general water service area within public right-of-way. They are not installed on private property. These project categories may place hydrants along the public street in front of a commercial building, but they are not for commercial purposes.

Facilities for new developments such as a housing tract or industrial warehousing would be funded as an entire project. Depending on the need, these facilities could include groundwater wells, booster pump stations, reservoirs, water main, valve, fire hydrants, water services, and other accoutrements. These facilities along with the cost of Liberty project specific administration services would be paid for in their entirety by the developer and refunded back to the developer at 2-1/2% per year for forty years under a main extension contract.

Liberty's
Data Request No. 035-ZS

May 7, 2024
Page 8

This completes the partial response to Data Request No. 035-ZS. If you have any questions, or require additional information, please contact me.

Sincerely,

LIBERTY UTILITIES (PARK WATER) CORP.

/s/ Tiffany Thong

TIFFANY THONG
Manager, Rates and Regulatory Affairs
(562) 923-0711
Tiffany.Thong@libertyutilities.com

Attachments

Attachment 1-8: Liberty's Response to DR 047-AA



Liberty Utilities (Park Water) Corp.
9750 Washburn Road
Downey, CA 90241-7002
Tel: 562-923-0711

July 10, 2024

DATA REQUEST RESPONSE

LIBERTY UTILITIES (PARK WATER) CORP.

A.24-01-002

LIBERTY UTILITIES (APPLE VALLEY RANCHOS WATER) CORP.

A.24-01-003

Test Year 2025 General Rate Case

Data Request No.: 047-AA (AVR Wells 3 and Other Plant)
Requesting Party: Public Advocates Office
Originator: Suliman Ibrahim Suliman.Ibrahim@cpuc.ca.gov
Peter Chau Peter.Chau@cpuc.ca.gov
Anthony Andrade Anthony.Andrade@cpuc.ca.gov
Date Received: July 2, 2024
Due Date: July 10, 2024

REQUEST NO. 1:

In Exhibit B, page 88, Liberty (AVR) states that it proposes to construct a well building for the existing Well 34. Liberty (AVR) proposes another project with a new well building at Well 18 with the same cost estimate as Liberty (AVR)'s proposed project at Well 34. In its Workpapers, Section 6, page 6-78, Liberty (AVR) provides a list of items that comprise a "Materials" cost estimate of \$1,195,234 for the proposed Well 34 project. Liberty (AVR) notes on this page that the \$1,195,235 cost estimate for materials is based on the recorded costs of a previous project at Well 16.

- a) Please explain whether Wells 18 and 34 generate sound that violates any noise ordinance that applies to Liberty (AVR)'s sites. Identify the applicable noise ordinances and provide any records or documentation that show that violations have occurred.
- b) What is the materials cost estimate for specifically the new well buildings that Liberty proposes at Wells 18 and 34?

- c) Provide documentation of the recorded costs for the Well 16 project that breaks down the \$1,195,235 total into the recorded costs for each item that is listed on Liberty (AVR)'s Workpapers, page 6-78, such as "HDU – Construction," and "KSM – Building Electrical."

RESPONSE:

- a. A copy of Chapter 9.73 Noise Control from the Apple Valley, CA Code of Ordinances is attached. Per Table 9.73.060-A, the maximum decibel noise levels for stationary equipment at night is 50 decibels for single-family homes; 65 for multi-family homes; and 70 for commercial areas.

Attached is a copy of decibel test results of various Liberty Apple Valley production productions facilities. Well 34 had a decibel reading of 78 and Well 18 had a reading of 72. Thus, both sites are in violation of the Town's noise ordinance.

- b. The types of materials to be used in the construction of the pumphouses and site work at Well 18 and Well 34 will be the same as the materials used in the construction that occurred for the Well 16 pumphouse and site work. The data for Well 16 is provided in Item c below.
- c. A copy of the Transaction Analysis for the Well 16 construction, project number 41202001 is attached. This is a financial report on all costs associated with Well 16. In addition, copies of the detailed bids showing work items from HDU and KSM have been attached. While the cost of work from HDU and KSM comprised most of this project's overall total cost, there were many other miscellaneous vendors and material suppliers that did work or provided equipment for this project. These are detailed in the various purchase orders that are attached.

REQUEST NO. 2:

In its Workpapers, Section 6, page 6-2, Liberty (AVR) lists "Main New 1" with a Construction Work-in-Progress (CWIP) cost estimate of \$58,138 in years 2022, 2024, 2025, 2026, and 2027. On the same page, Liberty (AVR) also lists "Main New 2" and "Main New 3" with CWIP cost estimates of \$14,927 and \$5,500 respectively in years 2022 and every year from 2024 to 2027. Under the column labeled "Close" on the same page, Liberty (AVR) shows the same cost estimates for Main New 1, 2, and 3 in year 2023 and the same cost estimates but negative in year 2024. In its Workpapers, pages 6-19 and 6-20, Liberty (AVR) shows a capital budget estimate of "\$0" for the "Main New" category in years 2024 to 2027.

- a) Please explain what plant additions Liberty (AVR) proposes that correspond with the

Main New 1, 2, and 3 cost estimates that Liberty (AVR) lists in its Workpapers, page 6-2.

- b) Explain how Liberty (AVR) proposes to transfer the proposed cost estimates for Main New 1, 2, and 3 from CWIP to Utility Plant-in-Service

RESPONSE:

- a) Main New 1, 2, and 3 are anticipated to be closed to plant in 2024. The CWIP shown for years 2024, 2025, 2026, and 2027 was an entry error, should be zero balance. Liberty proposes total 2024 plant additions of \$70,662, \$18,143, and \$6,684 for Main New 1, 2, and 3 respectively.
- b) Please see the attachment with preface Q2b. This provides instructions and screenshots of the revisions.

REQUEST NO. 3:

In Exhibit F, page 32, Liberty (AVR) states that it provides a copy of a citation that the State Water Resources Control Board (SWRCB) issued to Liberty AVR. Liberty AVR includes the citation, a Nitrate Monitoring Violation for year 2021, as attachment II.G.5 to Exhibit F. On page 3 of the citation, the SWRCB lists six directives that Liberty (AVR) should complete after receiving the citation. Explain whether Liberty (AVR) has completed the SWRCB's directives and provide documentation of the directives that Liberty (AVR) has completed.

RESPONSE:

Please see attachments prefaced Q3.

This completes the response to Data Request No. 047-AA. If you have any questions, or require additional information, please contact me.

Sincerely,

LIBERTY UTILITIES (PARK WATER) CORP.

/s/ Tiffany Thong

TIFFANY THONG
Manager, Rates and Regulatory Affairs
(562) 923-0711
Tiffany.Thong@libertyutilities.com

Attachments

**Attachment 1-9:
Liberty's Response to DR 021-KN, Q3 021-KN
Downey Office Building Plant.xlsx**

AutoSave | Q3 021-HON Downey Office Building Plant | Search

File Home Insert Page Layout Formulas Data Review View Automate Help Content Server

Clipboard: Paste, Cut, Copy, Format Painter, Font, Paragraph, Styles, Cells, Editing, Comments, Share

70R x 1C | 14776.28

	A	B	C	E	F	H	I	J	K
1	Assets	PUC	Asset Description	Amount	Year				
5	Office Furniture & Equipment	372	167289, L1-1A Service Area Mural, Joanna Burke Art, 167289, FE, , , , , , L1-1A Service Area Mural Art, Joanna Burke Art, ,	14,776	2019				
10	Office Furniture & Equipment	372	167291, L1-2 Watts Mural Art, Joanna Burke Art, 167291, FE, , , , , , L1-2 Watts Mural Art, Joanna Burke Art, , F, ,	9,457	2019				
12	Office Furniture & Equipment	372	167296, L2-1 Watts Tower, Joanna Burke Art, 167296, FE, , , , , , L2-1 Watts Tower Art, Joanna Burke Art, , F, ,	9,358	2019				
13	Office Furniture & Equipment	372	167285, L2-3 Travelers Art, Joanna Burke Art, 167285, FE, , , , , , L2-3 Travelers Art, Joanna Burke Art, , F, ,	9,358	2020				
19	Office Furniture & Equipment	372	167290, L1-1B Service Area Mural Art, Joanna Burke Art, 167290, FE, , , , , , L1-1B Service Area Mural Art, Joanna Burke Art, ,	6,624	2019				
22	Office Furniture & Equipment	372	167292, L1-3 Pastel Birds Art, Joanna Burke Art, 167292, FE, , , , , , L1-3 Pastel Birds Art, Joanna Burke Art, , F, ,	6,305	2019				
25	Office Furniture & Equipment	372	167284, L2-2 Kaleidoscope Art, Joanna Burke Art, 167284, FE, , , , , , L2-2 Kaleidoscope Art, Joanna Burke Art, , F, ,	5,353	2020				
31	Office Furniture & Equipment	372	167286, L2-4 Flowers Art, Joanna Burke Art, 167286, FE, , , , , , L2-4 Flowers Art, Joanna Burke Art, , F, ,	4,925	2019				
32	Office Furniture & Equipment	372	167293, L1-4 Dolphin at Play Art, Joanna Burke Art, 167293, FE, , , , , , L1-4 Dolphin at Play Art, Joanna Burke Art, , F, ,	4,925	2019				
35	Office Furniture & Equipment	372	167287, L2-5 Artesian Wall/Car/Ice Art, Joanna Burke Art, 167287, FE, , , , , , L2-5 Artesian Wall/Car/Ice Art, Joanna Burke Art, ,	4,531	2019				
69	Office Furniture & Equipment	372	167288, L2-6 Solar System Art, Joanna Burke Art, 167288, FE, , , , , , L2-6 Solar System Art, Joanna Burke Art, , F, ,	3,152	2019				
73	Office Furniture & Equipment	372	167294, L1-5 Patria Compton Art, Joanna Burke Art, 167294, FE, , , , , , L1-5 Patria Compton Art, Joanna Burke Art, , F, ,	2,955	2019				
74	Office Furniture & Equipment	372	167295, L1-6 Apple City Art, Joanna Burke Art, 167295, FE, , , , , , L1-6 Apple City Art, Joanna Burke Art, , F, ,	2,955	2019				
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Ready | File: More | Accessibility: Good to go | 306-CB Off. Land | Acct 390-CB Off Bldg Detail | Acct 391-CB FE Detail | 397-GO 397 Comm Eq Detail | Average: 6.514 | Count: 13 | Sum: 94,676 | Display Settings | 100%

**Attachment 1-10:
Resolution W-5226, Ordering Paragraph 3**

THEREFORE, IT IS ORDERED THAT:

1. Water Division's rejections of Golden State Water Company's Advice Letter No. 1795-W-A, Suburban Water Systems' Advice Letter No. 343-W-A, and San Gabriel Valley Water Company's Advice Letter No. 545-W are reversed.
2. California Water Service Company's Advice Letter No. 2376 is approved consistent with Water Division's approval of the advice letters in Ordering Paragraph No. 1 and as discussed in this Resolution.
3. Golden State Water Company, Suburban Water Systems, San Gabriel Valley Water Company, and California Water Service Company are authorized to establish memorandum accounts for tracking of incremental operating costs related to per- and polyfluoroalkyl substances (PFAS), but shall file applications to request increases in rate base for incremental plant and capital costs.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 6, 2020; the following Commissioners voting favorably thereon:

/s/ALICE STEBBINS

ALICE STEBBINS
Executive Director

MARYBEL BATJER
President

LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
GENEVIEVE SHIROMA
Commissioners