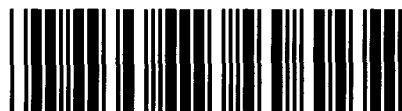




Control Number: 47976



Item Number: 4

Addendum StartPage: 0

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PUBLIC UTILITY COMMISSION

PUBLIC UTILITY COMMISSION

APPLICATION OF LIBERTY §
UTILITIES (SILVERLEAF WATER) §
LLC (CCN NOS. 13131 AND 20815) TO §
CHANGE RATES FOR WATER AND §
SEWER SERVICE IN SMITH, WOOD, §
MONTGOMERY, AND COMAL §
COUNTIES, TEXAS §

OF TEXAS

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| Affidavit of Mailing of Todd Wiley | LU 000127 |
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| Direct Testimony of Gaetana Girardi | LU 000261 – LU 000336 |
| Direct Testimony of Thomas J. Bourassa—Revenue Requirement and Rate Design | LU 000337 – LU 000376 |
| Direct Testimony of Thomas J. Bourassa—Cost of Capital | LU 000377 – LU 000457 |
| Direct Testimony of Todd Wiley | LU 000458 – LU 000477 |

PUC DOCKET NO. 47976

| | | |
|--|----------|----------------------------------|
| APPLICATION OF LIBERTY | § | PUBLIC UTILITY COMMISSION |
| UTILITIES (SILVERLEAF WATER) | § | |
| LLC (CCN NOS. 13131 AND 20815) TO | § | |
| CHANGE RATES FOR WATER AND | § | OF TEXAS |
| SEWER SERVICE IN SMITH, WOOD, | § | |
| MONTGOMERY, AND COMAL | § | |
| COUNTIES, TEXAS | § | |

**STATEMENT OF INTENT TO CHANGE RATES
FOR WATER AND SEWER SERVICE**

Liberty Utilities (Silverleaf Water) LLC (“Liberty Silverleaf” or “Company”) files this Statement of Intent to Change Rates for Water and Sewer Service—Rate Application or Rate Filing Package (“RFP”) in Smith, Wood, Montgomery, and Comal Counties, Texas, and in support of this filing would respectfully show the following:

I. STATEMENT OF JURISDICTION

The Public Utility Commission of Texas (“Commission”) has original jurisdiction over this Rate Application for Liberty Silverleaf’s customer connections pursuant to TWC §§ 13.042 and 13.1871, and 16 Texas Administrative Code (“TAC”) § 24.22. Pursuant to Texas Water Code §§ 13.002(4-b) and 16 TAC §24.3(16), Liberty Silverleaf is a Class B Utility. Liberty Silverleaf provides retail water and sewer utility services to approximately 3,000 active water customer connections under CCN No. 13131, and approximately 1,200 active sewer customer connections under CCN No. 20815, all in Smith, Wood, Montgomery, and Comal counties. Liberty Utilities has additional systems under Liberty Utilities (Woodmark Sewer) Corp. (“Liberty Woodmark”) and Liberty Utilities (Tall Timbers Sewer) Corp. (“Liberty Tall Timbers”) that serve approximately 3,700 active sewer connections in different Texas service areas that are physically distinct from the service areas of Liberty Silverleaf. Collectively, the three utilities provide “retail water or sewer utility service to 500 or more taps or active connections but fewer than 10,000 taps or active connections” and do not provide combined retail water or sewer utility service in any one

service area.¹ Here, Liberty Silverleaf is the only applicant and its connections numbers should be viewed individually to conclude that it is a Class B Utility. However, even if the Liberty Utilities combination of Liberty Silverleaf, Liberty Woodmark, and Liberty Tall Timbers are considered together, Liberty Utilities still qualifies as a Class B Utility in Texas. Thus, Liberty Silverleaf has prepared this RFP and statement of intent notices in accordance with Class B Utility requirements.

II. BACKGROUND STATEMENT

Liberty Silverleaf provides water and sewer utility service in Smith, Wood, Montgomery, and Comal Counties, Texas. The Company was acquired in a stock purchase transaction that took place in 2004. As explained in supporting testimony, all of Liberty Silverleaf's service costs are allocated under a uniform policy. During the Liberty Utilities Co. tenure of owning Liberty Silverleaf, the Company has applied for just one rate increase. The last Liberty Silverleaf rate change filing was approved in TCEQ Docket No. 2009-2087-UCR by approved settlement with rates effective May 13, 2010.

Since 2004, Liberty Utilities has invested millions of dollars to ensure these water and sewer systems are up to state and federal regulatory standards, and to improve customer service. In this Rate Application, Liberty Utilities is requesting compensatory rates designed to recover its full cost of service, including a return on its investment in plant to serve customers.

The Rate Application has been completed using the latest Class B Rate/Tariff Change Application form available from the Commission's website. However, as explained in the Direct Testimony of Thomas J. Bourassa—Revenue Requirement and Rate Design, some modifications were required since this rate case involves sewer, and the Commission forms were not designed for such rate/tariff change applications. The Rate Application is based on a test year ending December 31, 2017, and is supported by the schedules and testimonies of several witnesses, which are contained in the RFP. The testimonies, tariff, and schedules are being filed contemporaneously with this Statement.

¹ P.U.C. SUBST. R. 24.3(16), (51) and (73).

III. REQUESTED RELIEF AND EFFECTIVE DATE

Liberty Silverleaf has based its proposed water and sewer rates on a test year ending December 31, 2017, in line with the definition in 16 TAC § 24.3(72), adjusted for only a few known and measurable changes (“Test Year”). The operating costs in the Test Year are indicative of an ongoing level of costs to operate and maintain the facilities used and useful in providing water and sewer service. The Company seeks an increase in annual revenues of approximately \$1,238,328 for water service and approximately \$105,930 for sewer service.

The proposed effective date of the rates is April 30, 2018, which is at least 35 days after required notice in compliance with Commission rules at 16 TAC § 24.22(d)(1). In the event that the proposed rates are suspended, Liberty Silverleaf reserves the right to seek interim rates during the pendency of this proceeding.

Liberty Silverleaf seeks new requested rates in its tariffs, as well as language clarifying the billing of multi-unit buildings, and updated tap fees. The Company is also proposing to update its service and extension policies, and its Drought Contingency Plans, which have been submitted to TCEQ for review.

IV. PARTIES AFFECTED

The Rate Application impacts retail water and sewer utility customers within the service territory of Liberty Silverleaf in Smith, Wood, Montgomery, and Comal Counties, Texas.

V. FILING OVERVIEW

This Rate Application consists of the following:

1. Statement of Intent to Change Rates for Water and Sewer Service
2. Rate Filing Package on the Commission-approved form, including all required schedules
3. Notices of Proposed Rate Change
4. Proposed Tariffs
5. Affidavit attesting to the correctness of the Rate Application
6. Pre-filed direct testimony, including supporting attachments

- a. Matthew Garlick
- b. Gaetana Girardi
- c. Thomas J. Bourassa—Revenue Requirement and Rate Design
- d. Thomas J. Bourassa—Cost of Capital
- e. Todd Wiley

VI. CONTACT INFORMATION AND AUTHORIZED REPRESENTATIVES

Liberty Silverleaf's business address is 12725 W. Indian School Road, Suite D-101, Avondale, AZ 85392. The authorized representative for this Rate Application is:

Leticia Washington
Manager, Rates and Regulatory Affairs
Liberty Utilities
12725 W. Indian School Road, Suite D-101
Avondale, AZ 85392
Telephone: (623) 298-3762
Email: Leticia.Washington@LibertyUtilities.com

Liberty Silverleaf's authorized legal representatives are:

Jay L. Shapiro
Shapiro Law Firm, P.C.
1819 E. Morten Avenue, Suite 280
Phoenix, AZ 85020
Telephone: (602) 559-9575
Email: jay@shapslawaz.com

Mark H. Zeppa
Law Offices of Mark H. Zeppa, P.C.
4833 Spicewood Springs Road, Suite 202
Austin, TX 78759
Telephone: (512) 346-4011
Email: markzeppa@austin.twcbc.com

VII. NOTICE

Pursuant to 16 TAC § 24.22(d), Liberty Silverleaf is providing notice of this Rate Application to all customers affected by the rate change, and to the Office of Public Utility Counsel, based on the Commission-approved form, and has included instructions on how a ratepayer may file a protest. The Company's proof of notice, pursuant to Commission rules at 16 TAC § 24.22(b)(5), is included in the Rate Application along with copies of the notice.

VIII. PRAYER

WHEREFORE, PREMISES CONSIDERED, Liberty Silverleaf respectfully requests approval of its proposed rate and tariff changes contained in this Rate Application to be effective April 30, 2018. Additionally, the Company requests all other and further relief, general or special, at law or in equity, to which the Company may show itself to be justly entitled.

SHAPIRO LAW FIRM, P.C.

By: 

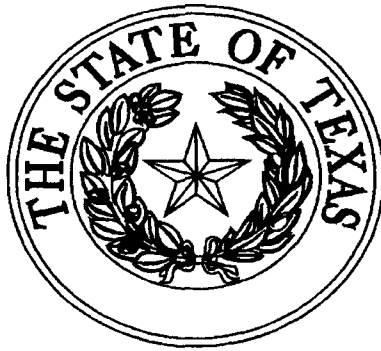
Jay L. Shapiro (State Bar No. 24105397)
1819 E. Morten Avenue, Suite 280
Phoenix, AZ 85020
jay@shaplawaz.com

and

LAW OFFICES OF MARK H. ZEPPA, P.C.

Mark H. Zeppa (State Bar No. 22260100)
4833 Spicewood Springs Road, Suite 202
Austin, TX 78759
markzeppa@austin.twcbc.com

Attorneys for Liberty Utilities
(Silverleaf Water) LLC



PUBLIC UTILITY COMMISSION OF TEXAS

CLASS B RATE/TARIFF CHANGE APPLICATION

Required Schedules for rate/tariff changes

WATER UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
CCN No. _____

ADDRESS OF UTILITY: 12725 W Indian School Rd, Suite D 101
Street, P O Box and/or suite number
Avondale, AZ 85391
City and Zip Code

PHONE NUMBER: (623) 298-3762
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING:

NAME: Leticia Washington

PHONE: (623) 298-3762

EMAIL ADDRESS: Leticia.Washington@libertyutilities.com

PUC CLASS SIZE: ☒ B ☐ C (circle one)

INCREASE (DECREASE) Step 1
\$ 1,238,328 (From Sch I-1, Line 33)
dollar amount

70.28% (From Sch I-1, Line 34)
percent above (below) current revenue requirement

DESCRIBE OWNERSHIP OF COMPANY:

Silverleaf Water is owned by Liberty Utilities (Sub) Corp

DATE OF LAST GENERAL RATE CASE FILING 04/09/09

DATE OF LAST NON-GENERAL RATE CHANGE* N/A

* (e.g. pass through rate change or temporary water rate provision)

CLASS B RATE/TARIFF CHANGE APPLICATION

Required Schedules for rate/tariff changes

*****Please read the "Class B Investor-Owned Utilities water and/or sewer Instructions for Rate/Tariff Change Application" completing these schedules.*****

These schedules are organized in a manner whereby the user can work through each section to:

- 1st Record historical test year data on Schedule I-1, Column D.
Enter your test year end on the table of contents.**
- 2nd Provide historical revenue information on Schedule 1-2.**
- 3rd Calculate operating expenses and make adjustments (Section II).**
- 4th Calculate return for rate making purposes (Section III).**
- 5th Calculate adjusted taxes other than income (Section IV).**
- 6th Calculate federal income taxes (Section V).**
- 8th Determine revenue requirements (Schedule I).**
- 9th Design proposed rates (Section VI).**

These schedules are intended to assist the utility in calculation of its new rates. The process consists of a number of relatively complex steps. Utilities are required to provide all the information necessary to support amounts included in the schedules and to cross-reference all information. If the applicant does not use a schedule, it should be noted as "N/A", and an explanation provided.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division

GENERAL WATER RATE/TARIFF CHANGE APPLICATION
SCHEDULES

Complete all of the following schedules for your Class A or B utility
(if the schedule does not apply, include it marked "N/A")

TABLE OF CONTENTS (Page 1 of 2)

FOR TEST YEAR ENDED: 12/31/2017
DATE SUBMITTED TO PUC: 3/1/2018

| | Attachment Schedule | Items Checked |
|---|------------------------|-------------------------------------|
| SECTION I | | |
| <u>REVENUES AND REVENUE REQUIREMENT</u> | | |
| Revenue Requirement Summary | I-1 | <input checked="" type="checkbox"/> |
| Historical Revenue Summary | I-2 | <input checked="" type="checkbox"/> |
| <u>Include the appropriate schedules:</u> | | |
| Metered Active Connections by Meter Size | I-3 | <input checked="" type="checkbox"/> |
| Unmetered Active (Flat Rate) Customers | I-4 | <input checked="" type="checkbox"/> |
| SECTION II | | |
| <u>OPERATIONS AND EXPENSES</u> | | |
| Water Production (no unmetered rates) | II-1(a) | <input checked="" type="checkbox"/> |
| Water Production (with unmetered rates) | II-1(b) | <input checked="" type="checkbox"/> |
| Other Revenues & Expenses passed through | II-3 | <input checked="" type="checkbox"/> |
| Purchased Power | II-4 | <input checked="" type="checkbox"/> |
| Other Volume Related Expenses | II-5 | <input checked="" type="checkbox"/> |
| Payroll Cost Allocation | II-6 | <input checked="" type="checkbox"/> |
| Materials | II-7 | <input checked="" type="checkbox"/> |
| Contract Work | II-8 | <input checked="" type="checkbox"/> |
| Transportation Expenses | II-9 | <input checked="" type="checkbox"/> |
| Other Plant Maintenance | II-10 | <input checked="" type="checkbox"/> |
| Employee Pensions/Benefits | II-11 | <input checked="" type="checkbox"/> |
| Bad Debts/uncollectables | II-12 | <input checked="" type="checkbox"/> |
| Office Services and Rentals | II-13 | <input checked="" type="checkbox"/> |
| Office Supplies and Expense | II-14 | <input checked="" type="checkbox"/> |
| Professional Services | II-15 | <input checked="" type="checkbox"/> |
| Insurance | II-16 | <input checked="" type="checkbox"/> |
| Rate Case Expense | II-17 | <input checked="" type="checkbox"/> |
| Regulatory Commission Expense | II-18 | <input checked="" type="checkbox"/> |
| Miscellaneous Expense | II-19 | <input checked="" type="checkbox"/> |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
GENERAL WATER RATE/TARIFF CHANGE APPLICATION SCHEDULES
TABLE OF CONTENTS (Page 2 of 2)

| | <u>Attachment Schedule</u> | <u>Items Checked</u> |
|--|-----------------------------------|-------------------------------------|
| SECTION III | <u>RETURN AND RATE BASE</u> | |
| Requested Return | III-1 | <input checked="" type="checkbox"/> |
| Rate Base | III-2 | <input checked="" type="checkbox"/> |
| Utility Plant | III-3+ | <input checked="" type="checkbox"/> |
| Utility Plant reconciled to previous filing | III-3(a)+ | <input checked="" type="checkbox"/> |
| Utility Plant adjustments | III-3(b)+ | <input checked="" type="checkbox"/> |
| Developer Construction work in progress | III-4(a) | <input checked="" type="checkbox"/> |
| Materials and Supplies Inventory | III-4(b) | <input checked="" type="checkbox"/> |
| Working Cash | III-5 | <input checked="" type="checkbox"/> |
| Notes Payable | III-6 | <input checked="" type="checkbox"/> |
| Accumulated Depreciation | III-7 | <input checked="" type="checkbox"/> |
| Advances for Construction | III-8(a) | <input checked="" type="checkbox"/> |
| Contributions in Aid of Construction | III-8(b) | <input checked="" type="checkbox"/> |
| Deferred Income Taxes | III-9(a) | <input checked="" type="checkbox"/> |
| Deferred Investment Tax Credits | III-9(b) | <input checked="" type="checkbox"/> |
| Deferred Assets | III-10(a) | <input checked="" type="checkbox"/> |
| SECTION IV | <u>TAXES OTHER THAN INCOME</u> | |
| Property, Payroll and Other Taxes | IV(a) | <input checked="" type="checkbox"/> |
| Revenue Related Taxes | IV(b) | <input checked="" type="checkbox"/> |
| SECTION V | <u>FEDERAL INCOME TAXES (FIT)</u> | |
| Income Taxes at Present Rates-effective rate | V | <input checked="" type="checkbox"/> |
| SECTION VI | <u>RATE DESIGN</u> | |
| Rate Design Worksheet | VI | <input checked="" type="checkbox"/> |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

SECTION I - REVENUE REQUIREMENTS AND REVENUES

The purpose of Section I is to summarize the revenue requirement and provide revenues and meter information for the test year.

Instructions for Section I - Revenue Requirement and Revenues

Carefully complete the label for each workpaper. Your application docket number should be included on each page.

Schedule I-1 is a **SUMMARY**. Complete column D, historical test year information first using financial records, then work through the remainder of the sections and schedules other than the rate design, Schedule VI, to calculate the utility's changes to its historical test year in Column E. Column G provides the workpaper source for amounts in Columns E & F.

Schedule I-2 reports historical revenues collected and Schedules I-3 and I-4 report connection information. Use historical financial data and data from recent annual reports (PUC Rpt.) to complete the schedules.

Please complete Schedule II-3 prior to I-2.

Insert and reference additional workpapers as necessary. For example, you may wish to add schedules that apply to unique situations in your utility.

The schedules are based on NARUC chart of accounts and include sub-accounts as necessary for detail needed to determine reasonable and necessary expenditures.

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE I-1 REVENUE REQUIREMENT SUMMARY | | | | | | |
|---|--------------|-----------------------------------|-------------------------|------------------|-----------------------|------------------------------|
| PUC Docket No. 47976 | | | Test Year End: | | 12/31/2017 | |
| A | B | C | D | E | F=D+E | G |
| | | | Historical Test Year | K & M Changes | Adjusted Test Year | |
| Line No. | Acct. No. | Account Name | | | | Reference/ Instructions |
| | | Volume related expenses: | | | | |
| 1 | 610 | Purchased Water | \$ 80,158 | \$ - | \$ 80,158 | Schedule II-3 |
| 2 | 615-616 | Power Expense-production only | 124,895 | - | 124,895 | Schedule II-4 |
| 3 | 618 | Chemicals | 53,788 | - | 53,788 | Schedule II-5 |
| 4 | | Total volume related exp. | \$ 258,841 | | \$ 258,841 | Add Lines 1-3 |
| | | Non-volume related expenses: | | | | |
| 5 | 601 | Salaries and wages | \$ - | \$ - | \$ - | Schedule II-6, Line 1 |
| 6 | 620 | Materials and supplies | 38,308 | - | 38,308 | Schedule II-7 |
| 7 | 631-636 | Contract work | 1,067,731 | 27,464 | 1,095,196 | Schedule II-8 |
| 8 | 650 | Transportation expenses | 28,419 | - | 28,419 | Schedule II-9 |
| 9 | 642 | Rental of equipment | 788 | - | 788 | Schedule II-10 |
| 10 | | Total non-volume related exp. | \$ 1,135,247 | | \$ 1,162,711 | Add Lines 5-9 |
| | | Admin. & general expenses: | | | | |
| 11 | 601 | Office salaries | \$ - | \$ - | \$ - | Schedule II-6, line 2 |
| 12 | 601 | Mgmt. salaries | - | - | - | Schedule II-6, line 3 |
| 13 | 604 | Employee pensions & benefits | - | - | - | Schedule II-11 |
| 14 | 615 | Purchased power-Office only | - | - | - | Schedule II-4 |
| 15 | 670 | Bad debt expense | 1,203 | - | 1,203 | Schedule II-12 |
| 16 | 641 | Rental of Building/real Property | 20,753 | - | 20,753 | Schedule II-13 |
| 17 | 677 | Office supplies & expenses | - | - | - | Schedule II-14 |
| 18 | 678 | Professional services | - | - | - | Schedule II-15 |
| 19 | 656-657 | Insurance | 8,878 | - | 8,878 | Schedule II-16 |
| 20 | 666 | Regulatory (rate case) expense | - | 124,295 | 124,295 | Schedule II-17 |
| 21 | 667 | Regulatory expense (other) | 91,443 | (91,443) | - | Schedule II-18 |
| 22 | 675 | Miscellaneous expenses | 3,416 | - | 3,416 | Schedule II-19 |
| 23 | | Total admin. & general expense | \$ 125,694 | | \$ 158,546 | Add Lines 11-22 |
| 24 | | Total operating Expenses | \$ 1,519,782 | | \$ 1,580,098 | Lines 4 + 10 + 23 |
| 25 | 403 | Depreciation & Amortization | \$ 589,740 | \$ - | \$ 589,740 | Sch III-3, Col E, Line 30 |
| 26 | 408 | Taxes Other than Income | \$ 40,040 | \$ 90,147 | \$ 130,187 | Sch IV(b), Line 8 |
| 27 | 409/10 | Income Tax Expense | \$ - | \$ 124,732 | \$ 124,732 | Schedule V, Line 7 |
| 28 | | TOTAL EXPENSES | \$ 2,149,562 | | \$ 2,424,757 | |
| 29 | | TOTAL HISTORIC REVENUE | \$ 1,761,898 | | | Sch I-2, Line 6 |
| 30 | | HISTORICAL TEST YEAR RETURN | \$ (387,664) | | | Line 29 less Line 28 |
| 31 | | REQUESTED RETURN | | | \$ 575,469 | Schedule III-1, Line 3 |
| 32 | | TOTAL REVENUE REQUIREMENT | | | \$ 3,000,226 | Line 28 plus Line 31 |
| 33 | | REQUESTED ANNUAL REVENUE INCREASE | | (to notice) | \$ 1,238,328 | Line 32 less Line 29 |
| 34 | | PERCENTAGE INCREASE | | | 70.3% | Line 33 divided by Line 29 |
| 35 | | LESS: OTHER REVENUES | | | \$ (22,114) | Sch. II-3(b), Col. D, Line 8 |
| 36 | | Revenue for Rate Design | | (to VI, line 1) | \$ 2,978,111 | Line 32 minus Line 35 |

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE FOR TEST YEAR ENDED: 12/31/2017 I-2 HISTORICAL REVENUE SUMMARY | | | | |
|---|---|-------------|----------------------|----------------------------------|
| Line No. | NARUC A/C | Description | Historical Test Year | |
| 1. | 461 Metered connections base rate revenue | | \$ 1,189,366 | From Financial Records/Worpapers |
| 2. | 461 Metered connection gallonage rate revenue | | 550,417 | From Financial Records/Worpapers |
| 3. | 460 Unmetered (Flat rate) revenue | | - | |
| 4. | Total Metered & Flat Rate Revenue | | \$ 1,739,783 | See reconciliation below |
| 5. | Plus: Total Other Revenues | | 22,114 | From II-3, Column B, line 7 |
| 6. | Total Historic Test Year Revenues per income statement and Annual Report* | | \$ 1,761,898 | Line 4 plus line 5 |

(to I-1, Column D, line 29)

*Provide all calculations and explanations for any differences between the applicant's annual report and this schedule.

* If the utility provides other than residential retail service (wholesale, industrial, etc), provide a work paper with the detail of this account by NARUC sub account number.

Reconciliation of TY Metered and Flat Rate Revenues

| | |
|--------------------------------|---------------------|
| Residential Customers | \$ 1,631,514 |
| Commercial Customers | 200,596 |
| Accrual Adjustment Corrections | (92,327) |
| Total | <u>\$ 1,739,783</u> |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 I-3 METERED ACTIVE CONNECTIONS BY METER SIZE
 FOR TEST YEAR ENDED: 12/31/2017

| A | B | C | D | E | F | | G | H |
|----------|-------------|-----------------------|---------------------|------------------|------------|--|--------------|-------------------------------|
| | | Number of Connections | | | | | | |
| Line No. | Meter Size | End of Prior Year | Test Year Additions | End of Test Year | Average | | Meter Ratios | Meter Equivalencies End of TY |
| | | Per Billing Records | | (C+D) | (C + E) /2 | | | (E x G) |
| 1. | 5/8" x 3/4" | 2,967 | - | 2,967 | 2,967 | | 1.0 | 2,967.0 |
| 2. | 3/4" | - | - | - | - | | 1.5 | - |
| 3. | 1" | 23 | - | 23 | 23 | | 2.5 | 57.5 |
| 4. | 1 1/2" | 7 | - | 7 | 7 | | 5.0 | 35.0 |
| 5. | 2" | 22 | - | 22 | 22 | | 8.0 | 176.0 |
| 6. | 3" | 2 | - | 2 | 2 | | 15.0 | 30.0 |
| 7. | | | | | | | | |
| 8. | | | | | | | | |
| 9. | Total | 3,021 | - | 3,021 | 3,021 | | 33.0 | 3,265.5 |
| 10 | Average | | | | | | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
I-4 UNMETERED (FLAT RATE) ACTIVE CONNECTIONS
 FOR TEST YEAR ENDED: 12/31/2017

| A | B | C | D | E | F |
|----------|----------------|--|---------------------|-------------|-------------|
| | | Number of Basic Equivalent Rates (BER) | | | |
| Line No. | Flat Rate Unit | End of Prior Year | Test Year Additions | End of Year | Average |
| | | Per Billing Records | | (C + D) | (C + E) / 2 |
| 1. | N/A | N/A | N/A | N/A | N/A |
| 2. | N/A | N/A | N/A | N/A | N/A |
| 3. | N/A | N/A | N/A | N/A | N/A |
| 4. | N/A | N/A | N/A | N/A | N/A |
| 5. | Total | | | | - |

INSTRUCTIONS - OPERATIONS AND MAINTENANCE

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

SECTION II - OPERATIONS AND MAINTENANCE

The purpose of Section II is to report expense information and allow for the known and measurable changes to operating expenses to determine the revenue requirement in Schedule I-1.

Instructions for Section II

Compile financial and source information to determine known and measurable changes to the test year expenses. Provide copies of source documents, such as increased utility bill notices, to verify the applicant's proposed known and measurable changes. Show calculations and explanations for all known and measurable changes on all schedules, where applicable. Attach extra workpapers if needed.

Working through Schedules II-4 through II-19, complete each and transfer test year amounts to column G of Schedule I-1.

Depreciation expense, other taxes, FIT and return will be determined using later schedules. Wait until those schedules are complete, and then transfer the amounts to Schedule I-1.

Insert and reference additional workpapers as necessary. For example, the applicant may use additional schedules that address unique aspects of the utility.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-1(a) AND II-1(b) - HISTORICAL OF WATER PRODUCTION
FOR TEST YEAR ENDED: 12/31/2017

SCHEDULE II-1(a): WATER PRODUCTION:
(COMPANIES WITH METERED RATE CUSTOMERS)

| Line No. | Water Production (1,000 Gallons) | A | B | C= A+B | D |
|----------|--|-----------|---------------|--------------------|--------------------------|
| | | Test Year | K & M Changes | Adjusted Test Year | Reference |
| 1 | Total water pumped | 254,929 | - | 254,929 | Per company records |
| 2 | Total water purchased | 11,489 | - | 11,489 | Per company records |
| 3 | Total water produced | 266,418 | - | 266,418 | Line 1 + line 2 |
| 4 | Total water sold | 190,500 | - | 190,500 | Per company records |
| 5 | Total accounted for non-revenue water* | | | - | |
| 6 | Total unaccounted for water | 75,918 | - | 75,918 | Lines 3 less 4 less 5 |
| 7 | Percentage | 28.50% | | 28.50% | Line 6 divided by Line 3 |

* Describe the tracking technique for calculating line 5 and provide the records reflecting the calculation.

Known and measurable calculations and explanations:

SCHEDULE II-1(b) WATER PRODUCTION
(COMPANIES WITH UNMETERED (FLAT) RATE CUSTOMERS)

| Line No. | Description | A | B | C=A+B | D |
|----------|----------------------------------|-----------|--------------|--------------------|---------------------|
| | | Test Year | K & M Change | Adjusted Test Year | Reference |
| 1 | Water Purchased (1,000 gallons) | N/A | N/A | N/A | PUC report Sch. D-1 |
| 2 | Water Pumped (1,000 gallons) | N/A | N/A | N/A | PUC report Sch. D-1 |
| 3 | Total production (1,000 gallons) | N/A | N/A | N/A | Lines 13 + 14 |

Known and measurable calculations and explanations:

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-3 OTHER REVENUES & EXPENSES PASSED THROUGH

FOR TEST YEAR ENDED: 12/31/2017

II-3(a) Purchased Water or Other Pass Through Expenses

| Line No. | A | B | C | D | D |
|----------|-------------------------------|--|----------------|----------------------------------|--|
| | Purchased from: | Units purchased (in 1,000 gal) (e.g. 1,000 gal, AC - FT) | Price Per Unit | Total Calculated Cost (B x C) | Actual Cost paid per financial records |
| 1. | Account 610 (Purchased Water) | 11,489 | \$ 6.977 | \$ 80,158 | \$ 80,158 |
| 2. | | | | | |
| 3. | | | | | |
| 4. | Total* | 11,489 | | \$ 80,158 | \$ 80,158 |

* Must agree with Schedule II-1(a), Line 2, column A, or provide a reconciliation.

II-3(b) Other revenues collected from customers

| Line No. | A | B | C | D |
|----------|---|---|---|---------------------------------------|
| | Item passed thru or type of other revenue | Test year historical revenues collected | | Test year revenues netted against COS |
| 1. | Tap Fees* | | | -0** |
| 2. | Late Fees | - | | |
| 3. | Meter Test Fees | | | |
| 4. | Reconnect Fees | | | |
| 5. | Purchased Water Fees | | | |
| 6. | Groundwater Conservation District Fees | | | |
| 7. | Other (attach detail**) | 22,114 | | |
| 8. | Total Other Revenues | 22,114 | | |

(to Sch. I-2, line 5)

(to Sch. I-1, line 35)

* Tap fees should be reported on Sch. III-8-CIAC, Line 1.

** If the utility provides other than residential retail service (wholesale, industrial, etc), provide a work paper with the detail of this account by NARUC sub account number.

| | | |
|-----------------------|----|--------|
| Re-Connect Fee | \$ | 750 |
| Establishment Fees | | 6,825 |
| Returned Check Charge | | 250 |
| Service Charges | | 525 |
| Service Calls | | 6,278 |
| Misc Income | | 7,487 |
| Total Other | \$ | 22,114 |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE
PURCHASED POWER
 FOR TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.

References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|--------------------------|
| 2. | 615-616 | Purchased Power and Fuel |

II-4(a) Volume related expenses (Electric used for production of water/sewer)

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

* A large item is more than 10% of the test year account balance and more than \$1,000.

| | Year | | Amount | |
|--------------------|------|----|---------|----------------------------|
| | 2015 | \$ | 144,526 | |
| | 2016 | \$ | 132,681 | |
| Test Year | 2017 | \$ | 124,895 | |
| K & M Change | | \$ | - | (to I-1, Column E, Line 2) |
| Adjusted Test year | | \$ | 124,895 | (to I-1, Column F, Line 2) |

Explanation and calculations of known and measurable change:

II-4(b) Office related expenses (Electric used for production of water/sewer)

| Line No. | Account No. | Account Name |
|----------|-------------|--------------|
| 14 | | |

Volume related expenses

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

| | Year | | Amount | |
|---------------------------------|------|----|--------|-----------------------------|
| a. Test Year | | | | |
| b. K & M Change | | \$ | - | (to I-1, Column E, Line 14) |
| c. Adjusted Test year (a. + b.) | | \$ | - | (to I-1, Column F, Line 14) |

Explanation and calculations of known and measurable change:

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-5 OTHER RELATED VOLUME EXPENSES
 FOR TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|---------------------|
| 3. | 618 | Chemicals |

Other volume related expenses

List the amount spent on other volume related expenses for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

* A large item is more than 10% of the test year account balance and more than \$1,000.

| | Year | Amount | |
|--------------------------------------|------|-----------|----------------------------|
| | 2015 | \$ 57,033 | |
| | 2016 | \$ 56,762 | |
| a. Test Year | 2017 | \$ 53,788 | |
| b. K & M Change | | \$ - | (to I-1, Column E, Line 3) |
| c. Adjusted Test year (a.+b.) | | \$ 53,788 | (to I-1, Column F, Line 3) |

Explanation and calculations of known and measurable change:

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-6 ALLOCATION OF PAYROLL EXPENSES
 FOR THE ADJUSTED TEST YEAR: 12/31/2017

SOME SALARIES MUST BE CAPITALIZED IN THIS REPORT IF EMPLOYEES INSTALL PLANT IN SERVICE

II-6(a) PAYROLL COSTS:

| Line No. | Employee Name | A Test Year Payroll | B Capitalized Payroll | C Expensed Payroll | D 1st 7000 or new limit (FUTA max) | E 7,001 to 9000 or new limit (SUTA max) | F 9,001 to 118500 or new limit (or FICA max) | G over 118500 or new limit | H Total Payroll |
|----------|---|---|-----------------------------|--------------------------|--|---|--|-------------------------------------|-----------------------|
| 1. | The utilities have no employees. All labor costs are incurred by Liberty Utilities Service Corp., with labor and benefits costs being charged to the utilities on cost-causal bases | | | | | | | | |
| 2. | | | | | | | | | |
| 3. | | | | | | | | | |
| 4. | | | | | | | | | |
| 5. | | | | | | | | | |
| 6. | | | | | | | | | |
| 7. | | | | | | | | | |
| 8. | | | | | | | | | |
| 9. | Total | | | | | | | | |
| 10. | Percentage Capitalized | Line 9, column F divided by line 9, column E= | | | | | | | |

II-6(b) ALLOCATION OF PAYROLL TO EXPENSE:

Line 'Total Payroll Expenses' should equal the total from 'Expensed Payroll' (Column C, Line 9) above

| Line No. | Acct No | Account Name | Test Yr Expense | |
|----------|---------|------------------------|-----------------|---|
| 1 | | Salaries and Wages | | to Schedule I-1, Line 5 |
| 2 | | Office salaries | | to Schedule I-1, Line 11. |
| 3 | | Management salaries | | to Schedule I-1, Line 12. |
| 4. | | Total Payroll Expenses | - | (should equal II-6(a), Column C, Line 9.) |

* Attach a brief summary of the utility's capitalization policy and explain any changes in capitalization rates of more the 5% per year.

** Attach an explanation and calculation for K&M salary changes from test year

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-7 MATERIALS
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|------------------------|
| 6. | 620 | Materials and Supplies |

II-7(a) Materials

List the amount spent on materials for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items in the list below. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | Year | Amount |
|---------------------------------|-------------|---|
| | <u>2015</u> | \$ <u>30,523</u> |
| | <u>2016</u> | \$ <u>35,322</u> |
| a. Test Year | <u>2017</u> | \$ <u>38,308</u> |
| b. K & M Change | | \$ <u>-</u> (to I-1, Column E, Line 6) |
| c. Adjusted Test year (a. + b.) | | \$ <u>38,308</u> (to I-1, Column F, Line 6) |

* A large item is more than 10% of the test year account balance and more than \$1,000.00

Expensed materials may not be included in rate base in materials and supplies inventories.

Explanation and calculations of known and measurable change:

II-7(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-8 CONTRACT WORK
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.

References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|---|
| 7. | 631-636 | Contract work (non-capitalized engineering, testing, other) |

II-7(a) Contract work

List the amount spent on contract work for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase.

| | Year | Amount |
|---------------------------------|------|---|
| | | \$ _____ |
| | 2015 | \$ 394,197 |
| | 2016 | \$ 865,765 |
| a. Test Year | 2017 | \$ 1,067,731 |
| b. K & M Change* | | \$ 27,464 (to I-1, Column E, Line 7) |
| c. Adjusted Test year (a. + b.) | | \$ 1,095,196 (to I-1, Column F, Line 7) |

* A large item is more than 10% of the test year account balance more than \$1,000.

Explanation and calculations of known and measurable change:

*See work papers and testimony.

II-8(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-9 TRANSPORTATION

FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|------------------------|
| 8. | 650 | Transportation expense |

II-9(a) Transportation expense

List the type of vehicles used by the utility and allocate the percent used for business purposes. For example, is there one vehicle used solely for the utility, or is it used for non-business activities too? Is there a vehicle involved that is part of the Company's Plant in Service and thus is already depreciated?

Vehicle expenses reported using a cost per unit (say 34 cents per mile) have the depreciation factor included. A vehicle which is part of the Plant in Service should show only actual operating and maintenance expenses (oil, gas, repairs, maintenance) excluding insurance. The purpose of this supplemental page is to ensure that vehicle expense will be recorded properly and that vehicle depreciation is not listed twice or totally omitted.

| | Year | Amount |
|---------------------------------|------|--------------------------------------|
| | 2015 | \$ 7,234 |
| | 2016 | \$ 12,853 |
| a. Test Year | 2017 | \$ 28,419 |
| b. K & M Change | | \$ - (to I-1, Column E, Line 8) |
| c. Adjusted Test year (a. + b.) | | \$ 28,419 (to I-1, Column F, Line 8) |

Explanation and calculations of known and measurable change:

II-9(b) Large Items*:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |

* A large item is more than 10% of the test year account balance and more than \$1,000.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-10 OTHER PLANT MAINTENANCE
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|---------------------|
| 9. | 642 | Rental of equipment |

II-10(a) Other plant maintenance

List the amount spent on other plant maintenance for the last two record periods and estimated for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| Year | Amount |
|---------------------------------|-----------------------------------|
| 2015 | \$ 24,062 |
| 2016 | \$ 24,462 |
| a. Test Year 2017 | \$ 788 |
| b. K & M Change | \$ - (to I-1, Column E, Line 9) |
| c. Adjusted Test year (a. + b.) | \$ 788 (to I-1, Column F, Line 9) |

* A large item is more than 10% of the test year account balance more than \$1,000.

Explanation and calculations of known and measurable change:

II-10(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-11 EMPLOYEE PENSIONS AND BENEFITS

FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|--------------------------------|
| 13. | 604 | Employee pensions and benefits |

Employee pensions and benefits

List the amount spent on Employee's pensions and benefits for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all items by category. For example, Pensions includes such items as ESOPs and IRAs. The "Other" column includes such items as dental, vision, life insurance, etc. Also include the number of employees covered and charged to account 674 and indicate the cost per employee. As applicable, provide information on any qualified pensions offered to employees and documentation, such as actuarial studies, discussing net pension costs as well as current funding status of the utility's projected benefit obligation. If the Test Year amount is higher than previous years, indicate the reason for the anticipated change:

List types of Pensions & Benefits:

| Year | \$ Total Amount | \$ Pensions | \$ Health | \$ Other | \$ Amount Capitalized* |
|------|-----------------|-------------|-----------|----------|------------------------|
|------|-----------------|-------------|-----------|----------|------------------------|

Cost per Employee:

| Year | \$ Total Amount | \$ Pensions | \$ Health | \$ Other | \$ Amount Capitalized* |
|------|-----------------|-------------|-----------|----------|------------------------|
|------|-----------------|-------------|-----------|----------|------------------------|

Number of Employees covered:

Cost per Employee:

List types of Pensions & Benefits:

| Year | \$ Total Amount | \$ Pensions | \$ Health | \$ Other | \$ Amount Capitalized* |
|------|-----------------|-------------|-----------|----------|------------------------|
|------|-----------------|-------------|-----------|----------|------------------------|

Number of Employees covered:

Cost per Employee:

*(use % on Sch 11-6(a), line 10)

The utilities have no employees. All labor costs are incurred by Liberty Utilities Service Corp., with labor and benefits costs being charged to the utilities on cost-causal bases.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-12 BAD DEBTS

FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.**References below refer to Schedule I-1.**

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|---------------------|
| 15. | 670 | Bad Debts |

II-12 Bad debts/Uncollectibles

List the recorded amount the company was unable to collect for the last two years, and estimate the uncollectible amount for the Test Year. If the the Test Year is higher than previous years, indicate the reason for the anticipated increase.

| | <u>Year</u> | <u>Amount</u> |
|--|-------------|---|
| | <u>2015</u> | \$ <u>16,904</u> |
| | <u>2016</u> | \$ <u>3,606</u> |
| a. Test Year | <u>2017</u> | \$ <u>1,203</u> |
| b. K & M Change | | \$ _____ (to I-1, Column E, Line 15) |
| c. Adjusted Test year (a. + b.) | | \$ <u>1,203</u> (to I-1, Column F, Line 15) |

Explanation and calculations of known and measurable change:

Adjusted to correspond to requested rates.

II-12(b) Large Items*:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

* A large item is more than 10% of the test year account balance and more than \$1,000.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-13 OFFICE SERVICES AND RENTALS
 FOR THE TEST YEAR ENDED: 12/31/2017

**This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.**

| Line No. | Account No. | Account Name |
|----------|-------------|----------------------------------|
| 16. | 641 | Rental of Building/Real Property |

II-13(a) Office services and rentals

List the amount spent on office services and rentals for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | Year | Amount | |
|--|------|------------------|-----------------------------|
| | 2015 | \$ 19,103 | |
| | 2016 | \$ 21,663 | |
| a. Test Year | 2017 | \$ 20,753 | |
| b. K & M Change | | \$ - | (to I-1, Column E, Line 16) |
| c. Adjusted Test year (a. + b.) | | \$ 20,753 | (to I-1, Column F, Line 16) |

Explanation and calculations of known and measurable change:

*** A large item is more than 10% of the test year account balance and more than \$1,000.**

II-13(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
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| | | |

| |
|---|
| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division |
| SCHEDULES - CLASS B RATE/TARIFF CHANGE |
| II-14 OFFICE SUPPLIES |
| FOR THE TEST YEAR ENDED: 12/31/2017 |

**This page is supplemental information. It is required to complete Schedule I-1.
References below refer to Schedule I-1.**

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|----------------------------|
| 17. | 681 | Office supplies & expenses |

II-14(a) Office supplies & expenses

List the amount spent on office supplies and expenses for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | Year | Amount | |
|---------------------------------|-------|------------|-----------------------------|
| | _____ | \$ _____ | |
| | _____ | \$ _____ | |
| a. Test Year | _____ | \$ N/A | |
| b. K & M Change | | \$ _____ - | (to I-1, Column E, Line 17) |
| c. Adjusted Test year (a. + b.) | | \$ _____ - | (to I-1, Column F, Line 17) |

Explanation and calculations of known and measurable change:

*** A large item is more than 10% of the test year account balance and more than \$1,000.**

II-14(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-15 PROFESSIONAL SERVICES
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|-----------------------|
| 18. | 682 | Professional services |

II-15(a) Professional services

List the amount spent on professional services for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items*. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| Year | Amount | |
|---------------------------------|----------|-------------------------------|
| _____ | \$ _____ | |
| _____ | \$ _____ | |
| a. Test Year _____ | \$ _____ | N/A |
| b. K & M Change | \$ _____ | - (to I-1, Column E, Line 18) |
| c. Adjusted Test year (a. + b.) | \$ _____ | - (to I-1, Column F, Line 18) |

Explanation and calculations of known and measurable change:

* A large item is more than 10% of the test year account balance and more than \$1,000.

II-15(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-16 INSURANCE

FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.**References below refer to Schedule I-1.**

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|---------------------|
| 19. | 656-657 | Insurance |

Insurance

List the amount spent on insurance for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items*. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | <u>Year</u> | <u>Amount</u> | |
|---------------------------------|-------------|---------------|-----------------------------|
| | 2015 | \$ 8,123 | |
| | 2016 | \$ 7,511 | |
| a. Test Year | 2017 | \$ 8,878 | |
| b. K & M Change | | \$ - | (to I-1, Column E, Line 19) |
| c. Adjusted Test year (a. + b.) | | \$ 8,878 | (to I-1, Column F, Line 19) |

Types of insurance:

| <u>Year</u> | <u>\$</u> | <u>Period Covered</u> | <u>Type</u> | <u>Company</u> |
|-------------|--------------|-----------------------|-------------|----------------|
| | Total amount | | | |
| | \$ | | | |
| | Total amount | | | |
| | \$ | | | |
| | Total amount | | | |

Explanation and calculations of known and measurable change:

| |
|---|
| UTILITY NAME Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE II-17 REGULATORY EXPENSE FOR THE TEST YEAR ENDED 12/31/2017 |
|---|

This page is supplemental information. It is required to complete Schedule I-1.
References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|--------------------------------|
| 20. | 666 | Regulatory (Rate Case) Expense |

II-17(a) Regulatory commission expense

List the amount spent on rate case expense for the last two years and for the Test Year. Typically, the commission separates rate case expense from the revenue requirement and allows recovery through a surcharge. The known and measurable adjustment would decrease this expense to zero in this case. In any event, if the applicant does not file every year, the expense must be amortized over the time between filings and only one year's worth should be charged to customers. Record Commission filing fees or fees to consultants, attorneys, etc. in formal and informal rate cases, complaints, or other dealings with the Commission, which are not reported under Professional Services. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| Year | Amount | |
|---------------------------------|-------------------|--|
| | \$ | |
| | \$ | |
| a. Test Year | \$ | |
| b. K & M Change | \$ <u>124,295</u> | (to I-1, Column E, Line 20 - see instructions above) |
| c. Adjusted Test year (a. + b.) | \$ <u>124,295</u> | (to I-1, Column F, Line 20 - see instructions above) |

Explanation and calculations of known and measurable change:

* A large item is more than 10% of the test year account balance and more than \$1,000 .

II-17(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Computation of Allocated RC Expense

| | | | | | |
|-----------------------------|----|-----------|---------|------------|---------|
| Total Rate Case Expense | \$ | 400,000 | | | |
| Amortation Period (years) | | 2 | | | |
| Annual Amortization | \$ | 200,000 | | | |
| Allocation Factor | | 0.62148 | | | |
| Allocated Rate Case Expense | \$ | 124,295 | | | |
| | | | Water | Wtd Factor | Sewer |
| Rate Base | \$ | 6,323,832 | 0.19621 | ##### | 0.13712 |
| O&M and A&G Expenses | \$ | 1,455,803 | 0.18698 | ##### | 0.14636 |
| Customer Counts | | 3,021 | 0.23829 | 1.205 | 0.09505 |
| | | | 0.62148 | | 0.37853 |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-18 REGULATORY EXPENSE
 FOR THE TEST YEAR ENDED, 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|-------------------------------|
| 21. | 666-667 | Regulatory commission expense |

II-18(a) Regulatory commission expense

List the amount spent on regulatory commission expense for the two record periods and for the Test Year. Include TCEQ inspection fees or permit fees, and other regulatory expense. Do not include the regulatory assessment; this is a pass through expense. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | Year | Amount |
|---------------------------------|------|-------------|
| | 2015 | \$ 49,704 |
| a. Test Year | 2016 | \$ 56,058 |
| | 2017 | \$ 91,443 |
| b. K & M Change* | | \$ (91,443) |
| c. Adjusted Test year (a. + b.) | | \$ - |

(to I-1, Column E, Line 21 - see instructions above)

(to I-1, Column F, Line 21 - see instructions above)

Explanation and calculations of known and measurable change:

* Remove non-recurring and/or non-recoverable expense

* A large item is more than 10% of the test year account balance and more than \$1,000.

II-18 (b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-19 MISCELLANEOUS EXPENSE
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
References below refer to Schedule I-1.

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|---------------------|
| 22. | 675 | Miscellaneous |

II-19 (a) Miscellaneous expense

List the amount spent on general miscellaneous for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | Year | Amount | |
|--|-------------|-------------------|--|
| | <u>2015</u> | \$ <u>222,440</u> | |
| | <u>2016</u> | \$ <u>226,181</u> | |
| a. Test Year | <u>2017</u> | \$ <u>3,416</u> | |
| b. K & M Change | | \$ <u>-</u> | (to I-1, Column E, Line 22 - see instructions above) |
| c. Adjusted Test year (a. + b.) | | \$ <u>3,416</u> | (to I-1, Column F, Line 22 - see instructions above) |

Explanation and calculations of known and measurable change:

* A large item is more than 10% of the test year account balance.

II-19 (b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

W - III Rate Base

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

SECTION III RATE BASE INSTRUCTIONS

Section III provides working tables to allow the calculation of rate base and return on rate base.

Instructions for Section III

- 1 Complete Schedules III-3 through III-9 as they apply to your company.**
- 2 Transfer resulting year end balances (last line of each table) to Schedule III-2.**
- 3 Complete Schedule III-1**

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
SCHEDULES - CLASS B RATE/TARIFF CHANGE

III-1 REQUESTED RETURN
FOR TEST YEAR ENDED: 12/31/2017

RETURN ON RATE BASE:

| Line No. | | |
|----------|---|--------------|
| 1 | Test year end rate base (from III-2, Line 16) | \$ 6,323,832 |
| 2 | Requested ROR (Col G, Line 7 below) | 9.10% |
| 3 | Return on rate base (Line 1 x Line 2) | \$ 575,469 |

Rate of Return:

| A | B | C | D | E | F | G |
|----------|---|--------|--------------------------|--------|---|-----------------------|
| Line No. | Description | Amount | Percentage | Rate | Reference | Weighted Average Rate |
| | | | Proposed - See Testimony | | | $G=(E \times F)$ |
| 4. | Equity (Rate base less Line 5, Column D) | N/A | 70.00% | 10.60% | Col E = Requested return on equity | 7.42% |
| 5. | Long Term Debt and Advances from associated companies from Schedule III-6 | N/A | 30.00% | 5.60% | Col E = From Sch. III-6, Column H, Line 9 | 1.68% |
| 6. | Total capitalization (Rate Base Sch III-2, Line 16) | N/A | | | | |
| 7. | Return on rate base Col G, Line 6 rounded to nearest 0.01%) | | | | Line 4 + Line 5 | 9.10% |

To Line 2 above

* ROE = Return on Equity

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 III-2 RATE BASE SUMMARY
 FOR THE TEST YEAR ENDED: 12/31/2017

| Line No | Description | Amount | Reference (From) |
|---------|--|-----------------------|----------------------------------|
| 1 | Additions: | | |
| 2 | Utility plant (Original Cost) | \$ 12,772,691 | Schedule III-3, Line 24, Col D |
| 3 | Construction work in progress | - | Schedule III-4, Line 5 |
| 4 | Materials and supplies | - | Schedule III-4, Line 8 |
| 5 | Working cash (capital) | 131,675 | Schedule III-5, Line 2 |
| 6 | Prepayments | 3,920 | Schedule III-4, line 8 |
| 7 | Other Additions | - | Add schedule |
| 8. | TOTAL ADDITIONS (Add Lines 2 through 6) | \$ 12,908,286 | |
| | Deductions: | | |
| 9 | Reserve for depreciation (Accumulated) | \$ (5,497,624) | Schedule III-3, Col F, Line 24 |
| 10 | Advances for construction | - | Schedule III-8(a), Col F, Line 6 |
| 11 | Contributions in aid of construction, net | (25,427) | Schedule III-3, Col G, Line 26 |
| 12 | Accumulated deferred income taxes | (649,483) | Schedule III-9(a), Line 3 |
| 13 | Excess accumulated deferred income taxes | (402,061) | Schedule III-9(b), Line 3 |
| 14 | Accumulated deferred investment tax credits | - | Schedule III-9(c), Line 3 |
| 15 | Other Deductions | (9,860) | Customer Deposits - See WPs |
| 16 | TOTAL DEDUCTIONS (Add lines 9 through 15) | \$ (6,584,454) | |
| 17 | RATE BASE (Line 8, less Line 16) | \$ 6,323,832 | |

Rate Base before ADIT #####

| UTILITY NAME Liberty Utilities (Silverleaf Water) LLC - Water Division | | | | | | | | | | Schedule III-3 | | |
|--|--|----------------------|-----------------------|---------------------------------|----------------------|---|---|--------------|-----|---|--------------------------------------|-----------------------------------|
| SCHEDULES - CLASS B RATE/TARIFF CHANGE | | | | | | | | | | (Provide a schedule for each PWS system) | | |
| III-3 UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION | | | | | | | | | | Add schedules as needed, provide a summary also | | |
| SUMMARY | | | | | | | | | | | | |
| Line No | [A] | [B] | [C] | | [D 1] | [D 2] | [D]=[D.1] - [D.2] | Depreciation | | | [G] = [D]-[F] Net Book Value (\$) | |
| | Item | Date of Installation | Service Life (yrs) ** | Original Cost when installed \$ | Customer CIAC amount | Adjusted Original Cost for Customer CIAC ¹ | Time in Service Years in Service Months Days | | | [E] = [D]÷[C] Annual (\$) | | [F] Accumulated (\$) (Reserve) |
| 1 | 303 Land and Land Rights | Various | | \$ 31,455 | N/A | \$ 31,455 | N/A | N/A | N/A | \$ - | \$ - | \$ 31,455 |
| 2 | 304 Structures and Improvements | Various | 30 | 841,115 | N/A | 841,115 | N/A | N/A | N/A | 28,037 | (363,490) | 477,626 |
| 3 | 307 Wells | Various | 50 | 3,744,094 | N/A | 3,744,094 | N/A | N/A | N/A | 74,882 | (796,665) | 2,947,429 |
| 4 | 309 Supply Mains | Various | 5 | 273,887 | N/A | 273,887 | N/A | N/A | N/A | 54,777 | (10,965) | 262,923 |
| 5 | 310 Power Generation Equipment | Various | 20 | 119,623 | N/A | 119,623 | N/A | N/A | N/A | 5,981 | (28,635) | 90,988 |
| 6 | 311 Pumping Equipment | Various | 10 | 1,096,372 | N/A | 1,096,372 | N/A | N/A | N/A | 109,637 | (422,193) | 674,179 |
| 7 | 320 Water Treatment Equipment | Various | 30 | 112,605 | N/A | 112,605 | N/A | N/A | N/A | 3,754 | (25,203) | 87,403 |
| 8 | 320.1 Water Treatment Plants | Various | 30 | 8,801 | N/A | 8,801 | N/A | N/A | N/A | 293 | (929) | 7,872 |
| 9 | 320.2 Solution Chemical Feeder | Various | 5 | 138,281 | N/A | 138,281 | N/A | N/A | N/A | 27,656 | (28,047) | 110,234 |
| 10 | 330.1 Distribution Reserv - Storage Tanks | Various | 50 | 580,209 | N/A | 580,209 | N/A | N/A | N/A | 11,604 | (226,722) | 353,487 |
| 11 | 330.2 Distribution Reserv - Pressure Tanks | Various | 20 | 150,200 | N/A | 150,200 | N/A | N/A | N/A | 7,510 | (113,755) | 36,445 |
| 12 | 331 Transmission & Distribution Mains | Various | 50 | 2,941,853 | N/A | 2,941,853 | N/A | N/A | N/A | 58,837 | (1,516,313) | 1,425,540 |
| 13 | 333 Services | Various | 20 | 500,253 | N/A | 500,253 | N/A | N/A | N/A | 25,013 | (332,029) | 168,224 |
| 14 | 334 Meters and Meter Installations | Various | 20 | 506,839 | N/A | 506,839 | N/A | N/A | N/A | 25,342 | (201,611) | 305,228 |
| 15 | 335 Hydrants | Various | 50 | 65,030 | N/A | 65,030 | N/A | N/A | N/A | 1,301 | (13,028) | 52,002 |
| 16 | 339 Other Plant & Miscellaneous Equip | Various | 15 | 753,299 | N/A | 753,299 | N/A | N/A | N/A | 50,220 | (684,488) | 68,811 |
| 17 | 340 Office Furniture & Equipment | Various | 10 | 256,741 | N/A | 256,741 | N/A | N/A | N/A | 25,674 | (217,941) | 38,800 |
| 18 | 340.1 Computers & Software | Various | 5 | 142,060 | N/A | 142,060 | N/A | N/A | N/A | 28,412 | (23,089) | 118,972 |
| 19 | 341 Transportation Equipment | Various | 5 | 242,598 | N/A | 242,598 | N/A | N/A | N/A | 48,520 | (218,999) | 23,599 |
| 20 | 343 Tools, Shop, & Garage Equip | Various | 15 | 112,617 | N/A | 112,617 | N/A | N/A | N/A | 7,509 | (89,121) | 23,517 |
| 21 | 345 Power Operated Equipment | Various | 15 | 115,033 | N/A | 115,033 | N/A | N/A | N/A | 7,669 | (96,156) | 18,877 |
| 22 | 346 Communications Equipment | Various | 10 | 39,704 | N/A | 39,704 | N/A | N/A | N/A | 3,970 | (88,247) | (48,544) |
| 23 | | | | | | | | | | | | |
| 24 | Sub-Total -- Plant in Service | Various | | \$ 12,772,691 | | | | | | \$ 606,599 | \$ (5,497,624) | \$ 7,275,067 |
| 25 | | | | To Sch III-2, Line 2 | | | | | | | To Sch III-2, line 9 | |
| 26 | Contributions in Aid of Const | Various | | (38,172) | N/A | N/A | N/A | N/A | N/A | (1,251) | 12,743 | (25,427) |
| 27 | | | | | | | | | | | | To Sch III-2, Line 11 |
| 28 | Excess Accumulated Deferred Income Taxes | Various | 25.76 * | (402,061) | | | | | | (15,608) | | (402,061) |
| 29 | | | | | | | | | | | | To Sch III-2, Line 13 |
| 30 | Total | | | \$ 12,332,458 | | | | | | \$ 589,740 | \$ (5,484,879) | \$ 6,847,580 |

* Computed average remaining life See workpapers

Add detailed workpapers if necessary to support this Schedule

¹ Any amount paid for an item that was not incurred by the utility, such as by a customer, is deducted from the original cost. The adjusted original cost amount here, Column D-2, labeled "Adjusted Original Cost for Customer CIAC" Column D-2 will then be depreciated and the net book value will be calculated (Column G). For an item with the entire amount of its original cost paid for by customer(s), Columns D-2, E, F and G would be zero. See Schedule III-8 for developer CIAC.

To Sch I-1, line 27

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE III-3 - HR UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION HOLLEY VALLEY RANCH | | | | | | | | | | | Schedule III-3 - HR | | |
|--|--|-------------------------|--------------------------|---|------------------------------------|-------------------------|---|---------------------|--------|------|------------------------------|--------------------------------------|--------------------------------------|
| Line No | [A] | [B] | [C] | | [D.1] | [D.2] | [D]=[D.1]-[D.2] | Depreciation | | | | | |
| | Item | Date of Installation | Service Life (yrs) ** | * | Original Cost when installed \$ | Customer CIAC amount | Adjusted Original Cost for Customer CIAC ¹ | Time in Service | | | [E] = [D]/[C] Annual (\$) | [F] Accumulated (\$) (Reserve) | [G] = [D]-[F] Net Book Value (\$) |
| | | | | | | | | Years in Service | Months | Days | | | |
| 1 | 303 Land and Land Rights | Various | | | \$ 18,805 | N/A | N/A | N/A | N/A | N/A | \$ - | \$ - | \$ 18,805 |
| 2 | 304 Structures and Improvements | Various | 30 | | 310,602 | N/A | N/A | N/A | N/A | N/A | 10,353 | (187,289) | 123,314 |
| 3 | 307 Wells | Various | 50 | | 1,079,489 | N/A | N/A | N/A | N/A | N/A | 21,590 | (414,318) | 665,171 |
| 4 | 309 Supply Mains | Various | 5 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 5 | 310 Power Generation Equipment | Various | 20 | | - | N/A | N/A | N/A | N/A | N/A | - | (1,523) | (1,523) |
| 6 | 311 Pumping Equipment | Various | 10 | | 664,360 | N/A | N/A | N/A | N/A | N/A | 66,436 | (244,172) | 420,188 |
| 7 | 320 Water Treatment Equipment | Various | 30 | | 44,078 | N/A | N/A | N/A | N/A | N/A | 1,469 | (13,273) | 30,805 |
| 8 | 320.1 Water Treatment Plants | Various | 30 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 9 | 320.2. Solution Chemical Feeder | Various | 5 | | 71,892 | N/A | N/A | N/A | N/A | N/A | 14,378 | (14,378) | 57,513 |
| 10 | 330.1 Distribution Reserv - Storage Tanks | Various | 50 | | 285,222 | N/A | N/A | N/A | N/A | N/A | 5,704 | (105,348) | 179,874 |
| 11 | 330.2 Distribution Reserv - Pressure Tanks | Various | 20 | | 50,781 | N/A | N/A | N/A | N/A | N/A | 2,539 | (31,226) | 19,555 |
| 12 | 331. Transmission & Distribution Mains | Various | 50 | | 1,592,402 | N/A | N/A | N/A | N/A | N/A | 31,848 | (980,774) | 611,628 |
| 13 | 333 Services | Various | 20 | | 351,491 | N/A | N/A | N/A | N/A | N/A | 17,575 | (231,075) | 120,416 |
| 14 | 334 Meters and Meter Installations | Various | 20 | | 99,499 | N/A | N/A | N/A | N/A | N/A | 4,975 | (49,747) | 49,752 |
| 15 | 335. Hydrants | Various | 50 | | 18,015 | N/A | N/A | N/A | N/A | N/A | 360 | (3,625) | 14,390 |
| 16 | 339- Other Plant & Miscellaneous Equip | Various | 15 | | 361,360 | N/A | N/A | N/A | N/A | N/A | 24,091 | (354,519) | 6,841 |
| 17 | 340 Office Furniture & Equipment | Various | 10 | | 150,052 | N/A | N/A | N/A | N/A | N/A | 15,005 | (129,249) | 20,803 |
| 18 | 340.1 Computers & Software | Various | 5 | | 78,936 | N/A | N/A | N/A | N/A | N/A | 15,787 | (14,551) | 64,385 |
| 19 | 341 Transportation Equipment | Various | 5 | | 187,339 | N/A | N/A | N/A | N/A | N/A | 37,468 | (163,741) | 23,599 |
| 20 | 343 Tools, Shop, & Garage Equip | Various | 15 | | 78,587 | N/A | N/A | N/A | N/A | N/A | 5,239 | (64,110) | 14,478 |
| 21 | 345 Power Operated Equipment | Various | 15 | | 90,452 | N/A | N/A | N/A | N/A | N/A | 6,030 | (71,575) | 18,877 |
| 22 | 346 Communications Equipment | Various | 10 | | 5,994 | N/A | N/A | N/A | N/A | N/A | 599 | (26,929) | (20,935) |
| 23 | | | | | | | | | | | | | |
| 24 | Sub-Total -- Plant in Service | Various | | | \$ 5,539,357 | | | | | | \$ 281,448 | \$ (3,101,421) | \$ 2,437,936 |
| 25 | | | | | | | | | | | | | |
| 26 | Contributions in Aid of Const | Various | | | (5,504) | N/A | N/A | N/A | N/A | N/A | (168) | 2,010 | (3,494) |
| 27 | Total | | | | \$ 5,533,853 | | | | | | \$ 281,280 | \$ (3,099,411) | \$ 2,434,442 |

SUPPORTING SCHEDULES
Work papers

RECAP SCHEDULE
Schedule III-3

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE III-3 - BE UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION BIG EDDY | | | | | | | | | | | Schedule III-3 - BE | | |
|---|--|----------------------|----------------------------|--|---------------------------------|----------------------|---|------------------|--------|------|------------------------------|-----------------------------------|--------------------------------------|
| Line No | [A] | [B] | [C] | | [D.1] | [D.2] | [D]=[D.1] - [D.2] | Depreciation | | | | | |
| | Item | Date of Installation | Service Life (yrs) * ** | | Original Cost when installed \$ | Customer CIAC amount | Adjusted Original Cost for Customer CIAC ¹ | Time in Service | | | [E] = [D]/[C] Annual (\$) | [F] Accumulated (\$) (Reserve) | [G] = [D]-[F] Net Book Value (\$) |
| | | | | | | | | Years in Service | Months | Days | | | |
| 1 | 303 Land and Land Rights | Various | | | \$ 3,650 | N/A | N/A | N/A | N/A | N/A | \$ - | \$ - | \$ 3,650 |
| 2 | 304 Structures and Improvements | Various | 30 | | 207,318 | N/A | N/A | N/A | N/A | N/A | 6,911 | (68,083) | 139,235 |
| 3 | 307. Wells | Various | 50 | | 1,444,882 | N/A | N/A | N/A | N/A | N/A | 28,898 | (244,911) | 1,199,971 |
| 4 | 309- Supply Mains | Various | 5 | | 17,075 | N/A | N/A | N/A | N/A | N/A | 3,415 | (1,481) | 15,594 |
| 5 | 310 Power Generation Equipment | Various | 20 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 6 | 311 Pumping Equipment | Various | 10 | | 232,756 | N/A | N/A | N/A | N/A | N/A | 23,276 | (95,620) | 137,136 |
| 7 | 320 Water Treatment Equipment | Various | 30 | | 35,019 | N/A | N/A | N/A | N/A | N/A | 1,167 | (1,610) | 33,409 |
| 8 | 320.1 Water Treatment Plants | Various | 30 | | 8,801 | N/A | N/A | N/A | N/A | N/A | 293 | (929) | 7,872 |
| 9 | 320.2- Solution Chemical Feeder | Various | 5 | | 25,120 | N/A | N/A | N/A | N/A | N/A | 5,024 | (5,024) | 20,096 |
| 10 | 330.1 Distribution Reserv - Storage Tanks | Various | 50 | | 839 | N/A | N/A | N/A | N/A | N/A | 17 | (68) | 770 |
| 11 | 330.2 Distribution Reserv - Pressure Tanks | Various | 20 | | 65,905 | N/A | N/A | N/A | N/A | N/A | 3,295 | (62,782) | 3,123 |
| 12 | 331. Transmission & Distribution Mains | Various | 50 | | 836,817 | N/A | N/A | N/A | N/A | N/A | 16,736 | (418,216) | 418,601 |
| 13 | 333 Services | Various | 20 | | 109,207 | N/A | N/A | N/A | N/A | N/A | 5,460 | (76,099) | 33,107 |
| 14 | 334 Meters and Meter Installations | Various | 20 | | 326,003 | N/A | N/A | N/A | N/A | N/A | 16,300 | (111,019) | 214,983 |
| 15 | 335 Hydrants | Various | 50 | | 38,998 | N/A | N/A | N/A | N/A | N/A | 780 | (7,800) | 31,199 |
| 16 | 339 Other Plant & Miscellaneous Equip | Various | 15 | | 263,191 | N/A | N/A | N/A | N/A | N/A | 17,546 | (210,905) | 52,286 |
| 17 | 340 Office Furniture & Equipment | Various | 10 | | 85,113 | N/A | N/A | N/A | N/A | N/A | 8,511 | (75,079) | 10,034 |
| 18 | 340.1- Computers & Software | Various | 5 | | 38,135 | N/A | N/A | N/A | N/A | N/A | 7,627 | (8,538) | 29,597 |
| 19 | 341 Transportation Equipment | Various | 5 | | 55,259 | N/A | N/A | N/A | N/A | N/A | 11,052 | (55,259) | - |
| 20 | 343 Tools, Shop, & Garage Equip | Various | 15 | | 32,898 | N/A | N/A | N/A | N/A | N/A | 2,193 | (24,709) | 8,189 |
| 21 | 345- Power Operated Equipment | Various | 15 | | 24,581 | N/A | N/A | N/A | N/A | N/A | 1,639 | (24,581) | - |
| 22 | 346. Communications Equipment | Various | 10 | | - | N/A | N/A | N/A | N/A | N/A | - | (27,879) | (27,879) |
| 23 | | | | | | | | | | | | | |
| 24 | Sub-Total -- Plant in Service | Various | | | \$ 3,851,566 | | | | | | \$ 160,140 | \$ (1,520,592) | \$ 2,330,974 |
| 25 | | | | | | | | | | | | | |
| 26 | Contributions in Aid of Const | Various | | | (32,668) | N/A | N/A | N/A | N/A | N/A | (1,083) | 10,735 | (21,933) |
| 27 | Total | | | | \$ 3,818,898 | | | | | | \$ 159,058 | \$ (1,509,857) | \$ 2,309,041 |

SUPPORTING SCHEDULES

Work papers

RECAP SCHEDULE

Schedule III-3

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE III-3 - PS UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION PINEY SHORES | | | | | | | | | | | Schedule III-3 - PS | | |
|---|---|-------------------------|----------------------------|--|------------------------------------|-------------------------|---|---------------------|--------|------|------------------------------|-----------------------------------|--------------------------------------|
| Line No | [A] | [B] | [C] | | [D.1] | [D.2] | [D]=[D.1] - [D.2] | Depreciation | | | | | |
| | Item | Date of Installation | Service Life (yrs) * ** | | Original Cost when installed \$ | Customer CIAC amount | Adjusted Original Cost for Customer CIAC ¹ | Time in Service | | | [E] = [D]/[C] Annual (\$) | [F] Accumulated (\$ (Reserve)) | [G] = [D]-[F] Net Book Value (\$) |
| | | | | | | | | Years in Service | Months | Days | | | |
| 1 | 303 Land and Land Rights | Various | | | \$ 6,500 | N/A | N/A | N/A | N/A | N/A | \$ - | \$ - | \$ 6,500 |
| 2 | 304 Structures and Improvements | Various | 30 | | 154,389 | N/A | N/A | N/A | N/A | N/A | 5,146 | (54,983) | 99,406 |
| 3 | 307 Wells | Various | 50 | | 729,200 | N/A | N/A | N/A | N/A | N/A | 14,584 | (93,637) | 635,563 |
| 4 | 309 Supply Mains | Various | 5 | | 2,195 | N/A | N/A | N/A | N/A | N/A | 439 | (816) | 1,380 |
| 5 | 310 Power Generation Equipment | Various | 20 | | 119,623 | N/A | N/A | N/A | N/A | N/A | 5,981 | (27,112) | 92,511 |
| 6 | 311 Pumping Equipment | Various | 10 | | 147,462 | N/A | N/A | N/A | N/A | N/A | 14,746 | (53,239) | 94,223 |
| 7 | 320 Water Treatment Equipment | Various | 30 | | 13,129 | N/A | N/A | N/A | N/A | N/A | 438 | (4,344) | 8,786 |
| 8 | 320 1: Water Treatment Plants | Various | 30 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 9 | 320 2: Solution Chemical Feeder | Various | 5 | | 17,326 | N/A | N/A | N/A | N/A | N/A | 3,465 | (3,465) | 13,861 |
| 10 | 330.1. Distribution Reserv - Storage Tanks | Various | 50 | | 112,969 | N/A | N/A | N/A | N/A | N/A | 2,259 | (65,617) | 47,352 |
| 11 | 330 2: Distribution Reserv - Pressure Tanks | Various | 20 | | 26,648 | N/A | N/A | N/A | N/A | N/A | 1,332 | (12,881) | 13,767 |
| 12 | 331: Transmission & Distribution Mains | Various | 50 | | 312,279 | N/A | N/A | N/A | N/A | N/A | 6,246 | (70,812) | 241,467 |
| 13 | 333. Services | Various | 20 | | 39,556 | N/A | N/A | N/A | N/A | N/A | 1,978 | (24,854) | 14,701 |
| 14 | 334 Meters and Meter Installations | Various | 20 | | 19,152 | N/A | N/A | N/A | N/A | N/A | 958 | (10,419) | 8,733 |
| 15 | 335 Hydrants | Various | 50 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 16 | 339 Other Plant & Miscellaneous Equip | Various | 15 | | 65,319 | N/A | N/A | N/A | N/A | N/A | 4,355 | (60,385) | 4,933 |
| 17 | 340 Office Furniture & Equipment | Various | 10 | | 8,883 | N/A | N/A | N/A | N/A | N/A | 888 | (5,804) | 3,079 |
| 18 | 340 1: Computers & Software | Various | 5 | | 11,398 | N/A | N/A | N/A | N/A | N/A | 2,280 | - | 11,398 |
| 19 | 341 Transportation Equipment | Various | 5 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 20 | 343 Tools, Shop, & Garage Equip | Various | 15 | | 626 | N/A | N/A | N/A | N/A | N/A | 42 | (256) | 370 |
| 21 | 345 Power Operated Equipment | Various | 15 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 22 | 346. Communications Equipment | Various | 10 | | 3,869 | N/A | N/A | N/A | N/A | N/A | 387 | (13,882) | (10,013) |
| 23 | | | | | | | | | | | | | |
| 24 | Sub-Total -- Plant in Service | Various | | | \$ 1,790,522 | | | | | | \$ 65,523 | \$ (502,507) | \$ 1,288,015 |
| 25 | | | | | | | | | | | | | |
| 26 | Contributions in Aid of Const | Various | | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 27 | Total | | | | \$ 1,790,522 | | | | | | \$ 65,523 | \$ (502,507) | \$ 1,288,015 |

SUPPORTING SCHEDULES
Work papers

RECAP SCHEDULE
Schedule III-3

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE III-3 - HC UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION HILL COUNTRY | | | | | | | | | | | Schedule III-3 - HC | | |
|---|--|----------------------|-----------------------|---|---------------------------------|----------------------|---|------------------|--------|------|---------------------------|--------------------------------|-----------------------------------|
| Line No | [A] | [B] | [C] | | [D.1] | [D.2] | [D]=[D.1] - [D.2] | Depreciation | | | | | |
| | Item | Date of Installation | Service Life (yrs) ** | * | Original Cost when installed \$ | Customer CIAC amount | Adjusted Original Cost for Customer CIAC ¹ | Time in Service | | | [E] = [D]/[C] Annual (\$) | [F] Accumulated (\$ (Reserve)) | [G] = [D]-[F] Net Book Value (\$) |
| | | | | | | | | Years in Service | Months | Days | | | |
| 1 | 303 Land and Land Rights | Various | | | \$ 2,500 | N/A | N/A | N/A | N/A | N/A | \$ - | \$ - | \$ 2,500 |
| 2 | 304 Structures and Improvements | Various | 30 | | 168,806 | N/A | N/A | N/A | N/A | N/A | 5,627 | (53,134) | 115,672 |
| 3 | 307 Wells | Various | 50 | | 490,524 | N/A | N/A | N/A | N/A | N/A | 9,810 | (43,800) | 446,724 |
| 4 | 309 Supply Mains | Various | 5 | | 254,617 | N/A | N/A | N/A | N/A | N/A | 50,923 | (8,667) | 245,950 |
| 5 | 310 Power Generation Equipment | Various | 20 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 6 | 311 Pumping Equipment | Various | 10 | | 51,795 | N/A | N/A | N/A | N/A | N/A | 5,179 | (29,163) | 22,632 |
| 7 | 320 Water Treatment Equipment | Various | 30 | | 20,378 | N/A | N/A | N/A | N/A | N/A | 679 | (5,976) | 14,402 |
| 8 | 320.1 Water Treatment Plants | Various | 30 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 9 | 320.2 Solution Chemical Feeder | Various | 5 | | 23,944 | N/A | N/A | N/A | N/A | N/A | 4,789 | (5,180) | 18,764 |
| 10 | 330.1 Distribution Reserv - Storage Tanks | Various | 50 | | 181,179 | N/A | N/A | N/A | N/A | N/A | 3,624 | (55,689) | 125,491 |
| 11 | 330.2 Distribution Reserv - Pressure Tanks | Various | 20 | | 6,866 | N/A | N/A | N/A | N/A | N/A | 343 | (6,866) | - |
| 12 | 331 Transmission & Distribution Mains | Various | 50 | | 200,356 | N/A | N/A | N/A | N/A | N/A | 4,007 | (46,510) | 153,845 |
| 13 | 333 Services | Various | 20 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 14 | 334 Meters and Meter Installations | Various | 20 | | 62,185 | N/A | N/A | N/A | N/A | N/A | 3,109 | (30,425) | 31,760 |
| 15 | 335 Hydrants | Various | 50 | | 8,017 | N/A | N/A | N/A | N/A | N/A | 160 | (1,603) | 6,413 |
| 16 | 339 Other Plant & Miscellaneous Equip | Various | 15 | | 63,429 | N/A | N/A | N/A | N/A | N/A | 4,229 | (58,678) | 4,751 |
| 17 | 340 Office Furniture & Equipment | Various | 10 | | 12,692 | N/A | N/A | N/A | N/A | N/A | 1,269 | (7,808) | 4,884 |
| 18 | 340.1: Computers & Software | Various | 5 | | 13,591 | N/A | N/A | N/A | N/A | N/A | 2,718 | - | 13,591 |
| 19 | 341 Transportation Equipment | Various | 5 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 20 | 343 Tools, Shop, & Garage Equip | Various | 15 | | 526 | N/A | N/A | N/A | N/A | N/A | 35 | (46) | 480 |
| 21 | 345 Power Operated Equipment | Various | 15 | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 22 | 346 Communications Equipment | Various | 10 | | 29,841 | N/A | N/A | N/A | N/A | N/A | 2,984 | (19,557) | 10,284 |
| 23 | | | | | | | | | | | | | |
| 24 | Sub-Total -- Plant in Service | Various | | | \$ 1,591,245 | | | | | | \$ 99,487 | \$ (373,102) | \$ 1,218,143 |
| 25 | | | | | | | | | | | | | |
| 26 | Contributions in Aid of Const | Various | | | - | N/A | N/A | N/A | N/A | N/A | - | - | - |
| 27 | Total | | | | \$ 1,591,245 | | | | | | \$ 99,487 | \$ (373,102) | \$ 1,218,143 |

SUPPORTING SCHEDULES
Work papers

RECAP SCHEDULE
Schedule III-3

UTILITY NAME Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-3(a) UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE
 FOR TEST YEAR ENDED 12/31/2017

ORIGINAL COST DATA

| A Line No | B Description | C Amount | D Amount |
|-----------------|---|------------------------------------|------------------|
| 1 | Beginning Gross Plant balance - (from previous rate case) | Must match previous rate case | \$ 6,155,604.00 |
| 2 | Plant additions after previous rate case | | |
| | 301 | \$ - | |
| | 302 | \$ - | |
| | 303 | \$ 15,185.46 | |
| | 304 | \$ 540,448.24 | |
| | 305 | \$ - | |
| | 306 | \$ - | |
| | 307 | \$ 2,568,530.01 | |
| | 308 | \$ - | |
| | 309 | \$ 255,717.27 | |
| | 310 | \$ 116,280.55 | |
| | 311 | \$ 826,687.10 | |
| | 320 | \$ 88,719.32 | |
| | 320.1 | \$ 8,800.79 | |
| | 320.2 | \$ 138,281.25 | |
| | 330 | \$ - | |
| | 330.1 | \$ 242,504.26 | |
| | 330.2 | \$ 20,821.00 | |
| | 331 | \$ 826,881.65 | |
| | 333 | \$ 62,272.24 | |
| | 334 | \$ 422,266.54 | |
| | 335 | \$ 2,787.78 | |
| | 336 | \$ - | |
| | 339 | \$ 68,973.64 | |
| | 340 | \$ 114,229.67 | |
| | 340.1 | \$ 142,060.22 | |
| | 341 | \$ 116,160.91 | |
| | 342 | \$ - | |
| | 343 | \$ 89,461.14 | |
| | 344 | \$ - | |
| | 345 | \$ 20,142.38 | |
| | 346 | \$ (6,494.95) | |
| | 347 | \$ - | |
| | 348 | \$ - | |
| | | | |
| | | | |
| | | | |
| 3 | Total additions (add line 11 through 25, Col C) | | \$ 6,680,716.47 |
| 4 | Test year plant retirements after previous rate case | | |
| | 301 | \$ - | |
| | 302 | \$ - | |
| | 303 | \$ - | |
| | 304 | \$ 11,548.76 | |
| | 305 | \$ - | |
| | 306 | \$ - | |
| | 307 | \$ - | |
| | 308 | \$ - | |
| | 309 | \$ - | |
| | 310 | \$ - | |
| | 311 | \$ 30,433.65 | |
| | 320 | \$ 5,242.47 | |
| | 320.1 | \$ - | |
| | 320.2 | \$ - | |
| | 330 | \$ - | |
| | 330.1 | \$ 8,552.34 | |
| | 330.2 | \$ - | |
| | 331 | \$ 94.25 | |
| | 333 | \$ 2,377.92 | |
| | 334 | \$ 5,329.68 | |
| | 335 | \$ - | |
| | 336 | \$ - | |
| | 339 | \$ - | |
| | 340 | \$ 50.72 | |
| | 340.1 | \$ - | |
| | 341 | \$ - | |
| | 342 | \$ - | |
| | 343 | \$ - | |
| | 344 | \$ - | |
| | 345 | \$ - | |
| | 346 | \$ - | |
| | 347 | \$ - | |
| | 348 | \$ - | |
| | | | |
| | | | |
| | | | |
| 5 | Total retirements (add line 35 through 50, Col C) | | \$ 63,629.79 |
| | | Equals as III-3, Column D, line 50 | |
| 6 | Ending balance (line 1 + line 11 - line 21) | | \$ 12,772,690.68 |

Diff to III-3 PIS Total \$ -

UTILITY NAME Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-3(a) - HR UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE
 FOR TEST YEAR ENDED 12/31/2017

| ORIGINAL COST DATA | | HOLLEY RANCH | |
|--------------------|---|------------------------------------|-----------------|
| A | B | C | D |
| Line No | Description | Amount | Amount |
| 1 | Beginning Gross Plant balance - (from previous rate case) | Must match previous rate case | \$ 3,810,533.75 |
| 2 | Plant additions after previous rate case | | |
| | 301 | \$ - | |
| | 303 | \$ - | |
| | 304 | \$ - | |
| | 305 | \$ - | |
| | 306 | \$ - | |
| | 307 | \$ - | |
| | 308 | \$ - | |
| | 309 | \$ - | |
| | 310 | \$ - | |
| | 311 | \$ - | |
| | 320 | \$ - | |
| | 320 1 | \$ - | |
| | 320 2 | \$ - | |
| | 330 | \$ - | |
| | 330 1 | \$ - | |
| | 330 2 | \$ 0.00 | |
| | 331 | \$ - | |
| | 333 | \$ - | |
| | 334 | \$ - | |
| | 335 | \$ - | |
| | 336 | \$ - | |
| | 339 | \$ - | |
| | 340 | \$ - | |
| | 340 1 | \$ - | |
| | 341 | \$ - | |
| | 342 | \$ - | |
| | 343 | \$ - | |
| | 344 | \$ - | |
| | 345 | \$ - | |
| | 346 | \$ - | |
| | 347 | \$ - | |
| | 348 | \$ - | |
| | | | |
| | | | |
| 3 | Total additions (add line 11 through 25, Col C) | | \$ 0.00 |
| 4 | Test year plant retirements after previous rate case | | |
| | 301 | Total | |
| | 303 | \$ - | |
| | 304 | \$ - | |
| | 305 | \$ - | |
| | 306 | \$ - | |
| | 307 | \$ - | |
| | 308 | \$ - | |
| | 309 | \$ - | |
| | 310 | \$ - | |
| | 311 | \$ - | |
| | 320 | \$ - | |
| | 320 1 | \$ 30,312.30 | |
| | 320 2 | \$ 5,242.47 | |
| | 330 | \$ - | |
| | 330 1 | \$ - | |
| | 330 2 | \$ - | |
| | 331 | \$ 8,552.34 | |
| | 333 | \$ - | |
| | 334 | \$ - | |
| | 335 | \$ - | |
| | 336 | \$ 520.55 | |
| | 339 | \$ - | |
| | 340 | \$ - | |
| | 340 1 | \$ - | |
| | 341 | \$ - | |
| | 342 | \$ - | |
| | 343 | \$ - | |
| | 344 | \$ - | |
| | 345 | \$ - | |
| | 346 | \$ - | |
| | 347 | \$ - | |
| | 348 | \$ - | |
| | | | |
| | | | |
| 5 | Total retirements (add line 35 through 50, Col C) | | \$ 44,627.66 |
| 6 | Ending balance (line 1 - line 11 - line 21) | Equals as III-3, Column D, line 50 | \$ 3,765,906.09 |

Diff to III-3 - HR PIS Total \$ -

UTILITY NAME Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-3(a) - BE UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE
 FOR TEST YEAR ENDED 12/31/2017

| ORIGINAL COST DATA | | BIG EDDY | |
|--------------------|---|------------------------------------|-----------------|
| A | B | C | D |
| Line No | Description | Amount | Amount |
| 1 | Beginning Gross Plant balance - (from previous rate case) | Must match previous rate case | \$ 1,484,483.51 |
| 2 | Plant additions after previous rate case | | |
| | 301 | \$ - | |
| | 303 | \$ - | |
| | 304 | \$ - | |
| | 305 | \$ - | |
| | 306 | \$ - | |
| | 307 | \$ - | |
| | 308 | \$ (0.00) | |
| | 309 | \$ - | |
| | 310 | \$ (0.00) | |
| | 311 | \$ - | |
| | 320 | \$ - | |
| | 320 1 | \$ - | |
| | 320 2 | \$ - | |
| | 330 | \$ 0.00 | |
| | 330 1 | \$ - | |
| | 330 2 | \$ - | |
| | 331 | \$ - | |
| | 333 | \$ 0.00 | |
| | 334 | \$ - | |
| | 335 | \$ - | |
| | 336 | \$ - | |
| | 339 | \$ - | |
| | 340 | \$ - | |
| | 340 1 | \$ (0.00) | |
| | 341 | \$ - | |
| | 342 | \$ - | |
| | 343 | \$ - | |
| | 344 | \$ - | |
| | 345 | \$ - | |
| | 346 | \$ - | |
| | 347 | \$ - | |
| | 348 | \$ - | |
| | | | |
| | | | |
| 3 | Total additions (add line 11 through 25, Col C) | | \$ (0.00) |
| 4 | Test year plant retirements after previous rate case | | |
| | 301 | Total | |
| | 303 | \$ - | |
| | 304 | \$ - | |
| | 305 | \$ - | |
| | 306 | \$ 11,548.76 | |
| | 307 | \$ - | |
| | 308 | \$ - | |
| | 309 | \$ - | |
| | 310 | \$ - | |
| | 311 | \$ - | |
| | 320 | \$ - | |
| | 320 1 | \$ 121.35 | |
| | 320 2 | \$ - | |
| | 330 | \$ - | |
| | 330 1 | \$ - | |
| | 330 2 | \$ - | |
| | 331 | \$ - | |
| | 333 | \$ - | |
| | 334 | \$ 94.25 | |
| | 335 | \$ 2,377.92 | |
| | 336 | \$ 4,193.57 | |
| | 339 | \$ - | |
| | 340 | \$ - | |
| | 340 1 | \$ - | |
| | 341 | \$ 50.72 | |
| | 342 | \$ - | |
| | 343 | \$ - | |
| | 344 | \$ - | |
| | 345 | \$ - | |
| | 346 | \$ - | |
| | 347 | \$ - | |
| | 348 | \$ - | |
| | | | |
| | | | |
| 5 | Total retirements (add line 35 through 50, Col C) | | \$ 18,386.57 |
| 6 | Ending balance (line 1 + line 11 - line 21) | Equals as III-3, Column D, line 50 | \$ 1,466,096.94 |

Diff to III-3 - BE PIS Total \$ -

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-3(a) - PS UTILITY PLANT IN SERVICE-RECONCILIATION TO PRIOR CASE
 FOR TEST YEAR ENDED 12/31/2017

ORIGINAL COST DATA

| A Line No | B Description | C Amount | D Amount |
|-----------------|---|------------------------------------|---------------|
| 1 | Beginning Gross Plant balance - (from previous rate case) | Must match previous rate case | \$ 509,041.83 |
| 2 | Plant additions after previous rate case | | |
| | 301 | \$ - | |
| | 303 | \$ - | |
| | 304 | \$ - | |
| | 305 | \$ - | |
| | 306 | \$ - | |
| | 307 | \$ - | |
| | 308 | \$ 0.00 | |
| | 309 | \$ - | |
| | 310 | \$ - | |
| | 311 | \$ - | |
| | 320 | \$ - | |
| | 320 1 | \$ - | |
| | 320 2 | \$ - | |
| | 330 | \$ - | |
| | 330 1 | \$ - | |
| | 330 2 | \$ - | |
| | 331 | \$ - | |
| | 333 | \$ - | |
| | 334 | \$ - | |
| | 335 | \$ - | |
| | 336 | \$ - | |
| | 339 | \$ - | |
| | 340 | \$ - | |
| | 340 1 | \$ - | |
| | 341 | \$ - | |
| | 342 | \$ - | |
| | 343 | \$ - | |
| | 344 | \$ - | |
| | 345 | \$ - | |
| | 346 | \$ - | |
| | 347 | \$ - | |
| | 348 | \$ - | |
| | | | |
| | | | |
| | | | |
| 3 | Total additions (add line 11 through 25, Col C) | | \$ 0.00 |
| 4 | Test year plant retirements after previous rate case | | |
| | 301 | Total | |
| | 303 | \$ - | |
| | 304 | \$ - | |
| | 305 | \$ - | |
| | 306 | \$ - | |
| | 307 | \$ - | |
| | 308 | \$ - | |
| | 309 | \$ - | |
| | 310 | \$ - | |
| | 311 | \$ - | |
| | 320 | \$ - | |
| | 320 1 | \$ - | |
| | 320 2 | \$ - | |
| | 330 | \$ - | |
| | 330 1 | \$ - | |
| | 330 2 | \$ - | |
| | 331 | \$ - | |
| | 333 | \$ - | |
| | 334 | \$ - | |
| | 335 | \$ - | |
| | 336 | \$ - | |
| | 339 | \$ - | |
| | 340 | \$ - | |
| | 340 1 | \$ - | |
| | 341 | \$ - | |
| | 342 | \$ - | |
| | 343 | \$ - | |
| | 344 | \$ - | |
| | 345 | \$ - | |
| | 346 | \$ - | |
| | 347 | \$ - | |
| | 348 | \$ - | |
| | | | |
| | | | |
| | | | |
| 5 | Total retirements (add line 35 through 50, Col C) | | \$ - |
| 6 | Ending balance (line 1 + line 11 - line 21) | Equals as III-3, Column D, line 50 | \$ 509,041.83 |

Diff to III-3 PIS - PS Total \$ -

| ORIGINAL COST DATA | | | |
|--------------------|---|------------------------------------|---------------|
| A | B | C | D |
| Line No | Description | Amount | Amount |
| 1 | Beginning Gross Plant balance - (from previous rate case) | Must match previous rate case | \$ 351,545.23 |
| 2 | Plant additions after previous rate case | | |
| | 301 | \$ - | |
| | 303 | \$ - | |
| | 304 | \$ - | |
| | 305 | \$ - | |
| | 306 | \$ - | |
| | 307 | \$ - | |
| | 308 | \$ - | |
| | 309 | \$ - | |
| | 310 | \$ - | |
| | 311 | \$ - | |
| | 320 | \$ - | |
| | 320 1 | \$ - | |
| | 320 2 | \$ - | |
| | 330 | \$ - | |
| | 330 1 | \$ - | |
| | 330 2 | \$ - | |
| | 331 | \$ - | |
| | 333 | \$ - | |
| | 334 | \$ - | |
| | 335 | \$ - | |
| | 336 | \$ - | |
| | 339 | \$ - | |
| | 340 | \$ - | |
| | 340 1 | \$ - | |
| | 341 | \$ - | |
| | 342 | \$ - | |
| | 343 | \$ - | |
| | 344 | \$ - | |
| | 345 | \$ - | |
| | 346 | \$ - | |
| | 347 | \$ - | |
| | 348 | \$ - | |
| | | | |
| | | | |
| | | | |
| 3 | Total additions (add line 11 through 25, Col C) | | \$ - |
| 4 | Test year plant retirements after previous rate case | | |
| | 301 | Total | |
| | 303 | \$ - | |
| | 304 | \$ - | |
| | 305 | \$ - | |
| | 306 | \$ - | |
| | 307 | \$ - | |
| | 308 | \$ - | |
| | 309 | \$ - | |
| | 310 | \$ - | |
| | 311 | \$ - | |
| | 320 | \$ - | |
| | 320 1 | \$ - | |
| | 320 2 | \$ - | |
| | 330 | \$ - | |
| | 330 1 | \$ - | |
| | 330 2 | \$ - | |
| | 331 | \$ - | |
| | 333 | \$ - | |
| | 334 | \$ - | |
| | 335 | \$ - | |
| | 336 | \$ 615.56 | |
| | 339 | \$ - | |
| | 340 | \$ - | |
| | 340 1 | \$ - | |
| | 341 | \$ - | |
| | 342 | \$ - | |
| | 343 | \$ - | |
| | 344 | \$ - | |
| | 345 | \$ - | |
| | 346 | \$ - | |
| | 347 | \$ - | |
| | 348 | \$ - | |
| | | | |
| | | | |
| 5 | Total retirements (add line 35 through 50, Col C) | | \$ 615.56 |
| 6 | Ending balance (line 1 + line 11 - line 21) | Equals as III-3, Column D, line 50 | \$ 350,929.67 |

LU 000046

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE III-3(b) ADJUSTMENTS TO TEST YEAR UTILITY PLANT IN SERVICE AND ACCUMULATED DEPRECIATION SUMMARY | | | | | | Schedule III-3(b) (Provide a schedule for each PWS system) | | | |
|--|--|-----------------------------|------------------|------------|----------------------------|---|------------------|-------------|----------------------------|
| Line No | | Plant-in-Service | | | | Accumulated Depreciation Reserve | | | |
| | [A] | [B] | [C] | [D] | [E] = [A]+[B]+[C] | [D] | [E] | [F] | [G] = [D]+[E]+[F] |
| | Item | PIS Original Cost per Books | Acct 106 Reclass | PTY Plant | Adjusted PIS Original Cost | A/D Original Cost per Books | Acct 106 Reclass | PTY Plant | Adjusted A/D Original Cost |
| 1 | 303 Land and Land Rights | \$ 31,455 | \$ - | | \$ 31,455 | \$ - | \$ - | | \$ - |
| 2 | 304 Structures and Improvements | 734,121 | 94,994 | 12,000 | 841,115 | (361,707) | (1,583) | (200) | (363,490) |
| 3 | 307 Wells | 1,927,901 | 1,559,413 | 256,780 | 3,744,094 | (778,503) | (15,594) | (2,568) | (796,665) |
| 4 | 309 Supply Mains | 264,024 | 9,864 | | 273,887 | (9,978) | (986) | | (10,965) |
| 5 | 310 Power Generation Equipment | 119,623 | - | | 119,623 | (28,635) | - | | (28,635) |
| 6 | 311 Pumping Equipment | 838,575 | 97,577 | 160,220 | 1,096,372 | (409,303) | (4,879) | (8,011) | (422,193) |
| 7 | 320 Water Treatment Equipment | 87,501 | 25,105 | | 112,605 | (24,784) | (418) | | (25,203) |
| 8 | 320.1 Water Treatment Plants | 8,801 | - | | 8,801 | (929) | - | | (929) |
| 9 | 320.2 Solution Chemical Feeder | 138,281 | - | | 138,281 | (28,047) | - | | (28,047) |
| 10 | 330.1 Distribution Reserv - Storage Tanks | 580,209 | - | | 580,209 | (226,722) | - | | (226,722) |
| 11 | 330.2 Distribution Reserv - Pressure Tanks | 150,200 | - | | 150,200 | (113,755) | - | | (113,755) |
| 12 | 331 Transmission & Distribution Mains | 2,912,418 | 29,436 | | 2,941,853 | (1,516,018) | (294) | | (1,516,313) |
| 13 | 333 Services | 499,533 | 720 | | 500,253 | (332,011) | (18) | | (332,029) |
| 14 | 334 Meters and Meter Installations | 471,509 | 35,330 | | 506,839 | (200,728) | (883) | | (201,611) |
| 15 | 335 Hydrants | 65,030 | - | | 65,030 | (13,028) | - | | (13,028) |
| 16 | 339 Other Plant & Miscellaneous Equip | 753,299 | - | | 753,299 | (684,488) | - | | (684,488) |
| 17 | 340 Office Furniture & Equipment | 256,741 | - | | 256,741 | (217,941) | - | | (217,941) |
| 18 | 340.1 Computers & Software | 142,060 | - | | 142,060 | (23,089) | - | | (23,089) |
| 19 | 341 Transportation Equipment | 242,598 | - | | 242,598 | (218,999) | - | | (218,999) |
| 20 | 343 Tools, Shop, & Garage Equip | 112,637 | - | | 112,637 | (89,121) | - | | (89,121) |
| 21 | 345 Power Operated Equipment | 98,233 | 16,800 | | 115,033 | (95,596) | (560) | | (96,156) |
| 22 | 346 Communications Equipment | 39,704 | - | | 39,704 | (88,247) | - | | (88,247) |
| 23 | Sub-Total Plant-in-service | \$ 10,474,453 | \$ 1,869,238 | \$ 429,000 | \$ 12,772,691 | \$ (5,461,628) | \$ (25,217) | \$ (10,779) | \$ (5,497,624) |
| 24 | | | | | | | | | |
| 25 | Contributions-in-aid of construction | (38,172) | | | (38,172) | 12,745 | | | 12,745 |
| 26 | | | | | | | | | |
| 27 | Total | \$ 10,436,281 | \$ 1,869,238 | \$ 429,000 | \$ 12,734,519 | \$ (5,448,883) | \$ (25,217) | \$ (10,779) | \$ (5,484,879) |

ADJUSTMENTS

[C] Reclassify TY additions not classified.
[D] Post-test year plant See testimony

[E] Depreciation on TY additions not classified (1/2 year convention)
[E] Depreciation on PTYP (1/2 year convention)

SUPPORTING SCHEDULES

Schedule III(b)- HR
Schedule III(b)- BE
Schedule III(b)- PS
Schedule III(b)- HC

RECAP SCHEDULE

Schedule III-3

| UTILITY NAME, Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE III-3(b) ADJUSTMENTS TO TEST YEAR UTILITY PLANT IN SERVICE AND ACCUMULATED DEPRECIATION HOLLEY VALLEY RANCH | | | | | | Schedule III-3(b) - HR | | | |
|---|--|-----------------------------|------------------|------------|----------------------------|----------------------------------|------------------|-------------|----------------------------|
| | | Plant-in-Service | | | | Accumulated Depreciation Reserve | | | |
| | [A] | [B] | [C] | [D] | [E] = [A]+[B]+[C] | [D] | [E] | [F] | [G] = [D]+[E]+[F] |
| Line No | Item | PIS Original Cost per Books | Acct 106 Reclass | PTY Plant | Adjusted PIS Original Cost | A/D Original Cost per Books | Acct 106 Reclass | PTY Plant | Adjusted A/D Original Cost |
| 1 | 303 Land and Land Rights | \$ 18,805 | \$ - | | \$ 18,805 | \$ - | \$ - | | \$ - |
| 2 | 304 Structures and Improvements | 281,467 | 17,135 | 12,000 | 310,602 | (186,803) | (286) | (200) | (187,289) |
| 3 | 307 Wells | 822,709 | - | 256,780 | 1,079,489 | (411,750) | - | (2,568) | (414,318) |
| 4 | 309 Supply Mains | - | - | | - | - | - | | - |
| 5 | 310 Power Generation Equipment | - | - | | - | (1,523) | - | | (1,523) |
| 6 | 311 Pumping Equipment | 429,877 | 74,263 | 160,220 | 664,360 | (232,448) | (3,713) | (8,011) | (244,172) |
| 7 | 320 Water Treatment Equipment | 44,078 | - | | 44,078 | (13,273) | - | | (13,273) |
| 8 | 320 1 Water Treatment Plants | - | - | | - | - | - | | - |
| 9 | 320 2 Solution Chemical Feeder | 71,892 | - | | 71,892 | (14,378) | - | | (14,378) |
| 10 | 330 1 Distribution Reserv - Storage Tanks | 285,222 | - | | 285,222 | (105,348) | - | | (105,348) |
| 11 | 330 2 Distribution Reserv - Pressure Tanks | 50,781 | - | | 50,781 | (31,226) | - | | (31,226) |
| 12 | 331 Transmission & Distribution Mains | 1,584,234 | 8,168 | | 1,592,402 | (980,692) | (82) | | (980,774) |
| 13 | 333 Services | 350,771 | 720 | | 351,491 | (231,057) | (18) | | (231,075) |
| 14 | 334 Meters and Meter Installations | 73,016 | 26,483 | | 99,499 | (49,085) | (662) | | (49,747) |
| 15 | 335 Hydrants | 18,015 | - | | 18,015 | (3,625) | - | | (3,625) |
| 16 | 339 Other Plant & Miscellaneous Equip | 361,360 | - | | 361,360 | (354,519) | - | | (354,519) |
| 17 | 340 Office Furniture & Equipment | 150,052 | - | | 150,052 | (129,249) | - | | (129,249) |
| 18 | 340 1 Computers & Software | 78,936 | - | | 78,936 | (14,551) | - | | (14,551) |
| 19 | 341 Transportation Equipment | 187,339 | - | | 187,339 | (163,741) | - | | (163,741) |
| 20 | 343 Tools, Shop, & Garage Equip | 78,587 | - | | 78,587 | (64,110) | - | | (64,110) |
| 21 | 345 Power Operated Equipment | 73,652 | 16,800 | | 90,452 | (71,015) | (560) | | (71,575) |
| 22 | 346 Communications Equipment | 5,994 | - | | 5,994 | (26,929) | - | | (26,929) |
| 23 | Subtotal plant-in-service | \$ 4,966,789 | \$ 143,568 | \$ 429,000 | \$ 5,539,357 | \$ (3,085,322) | \$ (5,320) | \$ (10,779) | \$ (3,101,421) |
| 24 | | | | | | | | | |
| 25 | Contributions-in-aid of construction | (5,504) | | | (5,504) | 2,010 | | | 2,010 |
| 26 | | | | | | | | | |
| 27 | Total | \$ 4,961,285 | \$ 143,568 | \$ 429,000 | \$ 5,533,853 | \$ (3,083,312) | \$ (5,320) | \$ (10,779) | \$ (3,099,411) |

ADJUSTMENTS

[C] Reclassify TY additions not classified
[D] Post-test year plant See testimony

[E] Depreciation on TY additions not classified (1/2 year convention)
[E] Depreciation on PTYP (1/2 year convention)

SUPPORTING SCHEDULES

Workpapers

RECAP SCHEDULE

Schedule III-3(b)

| UTILITY NAME Liberty Utilities (Silverleaf Water) LLC - Water Division | | | | | | Schedule III-3(b) - BE | | | |
|---|--|-----------------------------|------------------|--------------------------|----------------------------------|-----------------------------|------------------|--------------------------|----------------|
| SCHEDULES - CLASS B RATE/TARIFF CHANGE | | | | | | | | | |
| III-3(b) ADJUSTMENTS TO TEST YEAR UTILITY PLANT IN SERVICE AND ACCUMULATED DEPRECIATION | | | | | | | | | |
| BIG EDDY | | | | | | | | | |
| Line No | Plant-in-Service | | | | Accumulated Depreciation Reserve | | | | |
| | [A] | [B] | [C] | [D] | [E] = [A]+[B]+[C] | [D] | [E] | [F] | |
| | Item | PIS Original Cost per Books | Acct 106 Reclass | Intentionally Left Blank | Adjusted PIS Original Cost | A/D Original Cost per Books | Acct 106 Reclass | Intentionally Left Blank | |
| 1 | 303 Land and Land Rights | \$ 3,650 | \$ - | | \$ 3,650 | \$ - | \$ - | | \$ - |
| 2 | 304 Structures and Improvements | 171,299 | 36,019 | | 207,318 | (67,483) | (600) | | (68,084) |
| 3 | 307 Wells | 516,403 | 928,479 | | 1,444,882 | (235,626) | (9,285) | | (244,911) |
| 4 | 309 Supply Mains | 7,211 | 9,864 | | 17,075 | (495) | (986) | | (1,481) |
| 5 | 310 Power Generation Equipment | - | - | | - | - | - | | - |
| 6 | 311 Pumping Equipment | 216,726 | 16,030 | | 232,756 | (94,819) | (802) | | (95,620) |
| 7 | 320 Water Treatment Equipment | 12,524 | 22,495 | | 35,019 | (1,235) | (375) | | (1,610) |
| 8 | 320 1 Water Treatment Plants | 8,801 | - | | 8,801 | (929) | - | | (929) |
| 9 | 320 2 Solution Chemical Feeder | 25,120 | - | | 25,120 | (5,024) | - | | (5,024) |
| 10 | 330 1 Distribution Reserv - Storage Tanks | 839 | - | | 839 | (68) | - | | (68) |
| 11 | 330 2 Distribution Reserv - Pressure Tanks | 65,905 | - | | 65,905 | (62,782) | - | | (62,782) |
| 12 | 331 Transmission & Distribution Mains | 823,072 | 13,745 | | 836,817 | (418,079) | (137) | | (418,216) |
| 13 | 333 Services | 109,207 | - | | 109,207 | (76,099) | - | | (76,099) |
| 14 | 334 Meters and Meter Installations | 320,495 | 5,508 | | 326,003 | (110,882) | (138) | | (111,019) |
| 15 | 335 Hydrants | 38,998 | - | | 38,998 | (7,800) | - | | (7,800) |
| 16 | 339 Other Plant & Miscellaneous Equip | 263,191 | - | | 263,191 | (210,905) | - | | (210,905) |
| 17 | 340 Office Furniture & Equipment | 85,113 | - | | 85,113 | (75,079) | - | | (75,079) |
| 18 | 340 1 Computers & Software | 38,135 | - | | 38,135 | (8,538) | - | | (8,538) |
| 19 | 341 Transportation Equipment | 55,259 | - | | 55,259 | (55,259) | - | | (55,259) |
| 20 | 343 Tools, Shop, & Garage Equip | 32,898 | - | | 32,898 | (24,709) | - | | (24,709) |
| 21 | 345 Power Operated Equipment | 24,581 | - | | 24,581 | (24,581) | - | | (24,581) |
| 22 | 346 Communications Equipment | - | - | | - | (27,879) | - | | (27,879) |
| 23 | Subtotal plant-in-service | \$ 2,819,427 | \$ 1,032,140 | \$ - | \$ 3,851,566 | \$ (1,508,270) | \$ (12,323) | \$ - | \$ (1,520,593) |
| 24 | | | | | | | | | |
| 25 | Contributions-in-aid of construction | (32,668) | | | (32,668) | 10,735 | | | 10,735 |
| 26 | | | | | | | | | |
| 27 | Total | \$ 2,786,758 | \$ 1,032,140 | \$ - | \$ 3,818,898 | \$ (1,497,535) | \$ (12,323) | \$ - | \$ (1,509,858) |

ADJUSTMENTS

[C] Reclassify TY additions not classified

[D] Intentionally Left Blank

[E] Depreciation on TY additions not classified (1/2 year convention)

[F] Intentionally Left Blank

SUPPORTING SCHEDULES

Workpapers

RECAP SCHEDULE

Schedule III-3(b)

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE | | | | | | Schedule III-3(b) - PS | | | |
|---|--|-----------------------------|------------------|--------------------------|----------------------------------|-----------------------------|------------------|--------------------------|--------------|
| III-3(b) ADJUSTMENTS TO TEST YEAR UTILITY PLANT IN SERVICE AND ACCUMULATED DEPRECIATION PINEY SHORES | | | | | | | | | |
| Line No | Plant-in-Service | | | | Accumulated Depreciation Reserve | | | | |
| | [A] | [B] | [C] | [D] | [E] = [A]+[B]+[C] | [D] | [E] | [F] | |
| | Item | PIS Original Cost per Books | Acct 106 Reclass | Intentionally Left Blank | Adjusted PIS Original Cost | A/D Original Cost per Books | Acct 106 Reclass | Intentionally Left Blank | |
| 1 | 303 Land and Land Rights | \$ 6,500 | \$ - | | \$ 6,500 | \$ - | \$ - | | \$ - |
| 2 | 304 Structures and Improvements | 118,930 | 35,459 | | 154,389 | (54,392) | (591) | | (54,983) |
| 3 | 307 Wells | 98,265 | 630,935 | | 729,200 | (87,328) | (6,309) | | (93,637) |
| 4 | 309 Supply Mains | 2,195 | - | | 2,195 | (816) | - | | (816) |
| 5 | 310 Power Generation Equipment | 119,623 | - | | 119,623 | (27,112) | - | | (27,112) |
| 6 | 311 Pumping Equipment | 145,433 | 2,029 | | 147,462 | (53,137) | (101) | | (53,239) |
| 7 | 320 Water Treatment Equipment | 13,129 | - | | 13,129 | (4,344) | - | | (4,344) |
| 8 | 320 1 Water Treatment Plants | - | - | | - | - | - | | - |
| 9 | 320 2 Solution Chemical Feeder | 17,326 | - | | 17,326 | (3,465) | - | | (3,465) |
| 10 | 330 1 Distribution Reserv - Storage Tanks | 112,969 | - | | 112,969 | (65,617) | - | | (65,617) |
| 11 | 330 2 Distribution Reserv - Pressure Tanks | 26,648 | - | | 26,648 | (12,881) | - | | (12,881) |
| 12 | 331 Transmission & Distribution Mains | 312,279 | - | | 312,279 | (70,812) | - | | (70,812) |
| 13 | 333 Services | 39,556 | - | | 39,556 | (24,854) | - | | (24,854) |
| 14 | 334 Meters and Meter Installations | 15,813 | 3,339 | | 19,152 | (10,336) | (83) | | (10,419) |
| 15 | 335 Hydrants | - | - | | - | - | - | | - |
| 16 | 339 Other Plant & Miscellaneous Equip | 65,319 | - | | 65,319 | (60,385) | - | | (60,385) |
| 17 | 340 Office Furniture & Equipment | 8,883 | - | | 8,883 | (5,804) | - | | (5,804) |
| 18 | 340 1 Computers & Software | 11,398 | - | | 11,398 | - | - | | - |
| 19 | 341 Transportation Equipment | - | - | | - | - | - | | - |
| 20 | 343 Tools, Shop, & Garage Equip | 626 | - | | 626 | (256) | - | | (256) |
| 21 | 345 Power Operated Equipment | - | - | | - | - | - | | - |
| 22 | 346 Communications Equipment | 3,869 | - | | 3,869 | (13,882) | - | | (13,882) |
| 23 | Subtotal plant-in-service | \$ 1,118,761 | \$ 671,762 | \$ - | \$ 1,790,522 | \$ (495,422) | \$ (7,085) | \$ - | \$ (502,507) |
| 24 | | | | | | | | | |
| 25 | Contributions-in-aid of construction | - | | | - | - | | | - |
| 26 | | | | | | | | | |
| 27 | Total | \$ 1,118,761 | \$ 671,762 | \$ - | \$ 1,790,522 | \$ (495,422) | \$ (7,085) | \$ - | \$ (502,507) |

ADJUSTMENTS

[C] Reclassify TY additions not classified
[D] Intentionally Left Blank

[E] Depreciation on TY additions not classified (1/2 year convention)
[F] Intentionally Left Blank

SUPPORTING SCHEDULES

Workpapers

RECAP SCHEDULE

Schedule III-3(b)

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE III-3(b) ADJUSTMENTS TO TEST YEAR UTILITY PLANT IN SERVICE AND ACCUMULATED DEPRECIATION HILL COUNTRY | | | | | | Schedule III-3(b) - HC | | | |
|--|--|--------------------------------|------------------|-----------------------------|-------------------------------|----------------------------------|------------------|-----------------------------|-------------------------------|
| Line No | Item | Plant-in-Service | | | | Accumulated Depreciation Reserve | | | |
| | | [B] | [C] | [D] | [E] = [A]+[B]+[C] | [D] | [E] | [F] | [G] = [D]+[E]+[F] |
| | | PIS Original Cost per Books | Acct 106 Reclass | Intentionally Left Blank | Adjusted PIS Original Cost | A/D Original Cost per Books | Acct 106 Reclass | Intentionally Left Blank | Adjusted A/D Original Cost |
| | | | | | | | | | |
| 1 | 303 Land and Land Rights | \$ 2,500 | \$ - | | \$ 2,500 | \$ - | \$ - | | \$ - |
| 2 | 304 Structures and Improvements | 162,425 | 6,381 | | 168,806 | (53,028) | (106) | | (53,134) |
| 3 | 307 Wells | 490,524 | - | | 490,524 | (43,800) | - | | (43,800) |
| 4 | 309 Supply Mains | 254,617 | - | | 254,617 | (8,667) | - | | (8,667) |
| 5 | 310 Power Generation Equipment | - | - | | - | - | - | | - |
| 6 | 311 Pumping Equipment | 46,540 | 5,255 | | 51,795 | (28,900) | (263) | | (29,163) |
| 7 | 320 Water Treatment Equipment | 17,769 | 2,609 | | 20,378 | (5,933) | (43) | | (5,976) |
| 8 | 320 1 Water Treatment Plants | - | - | | - | - | - | | - |
| 9 | 320 2 Solution Chemical Feeder | 23,944 | - | | 23,944 | (5,180) | - | | (5,180) |
| 10 | 330 1 Distribution Reserv - Storage Tanks | 181,179 | - | | 181,179 | (55,689) | - | | (55,689) |
| 11 | 330 2 Distribution Reserv - Pressure Tanks | 6,866 | - | | 6,866 | (6,866) | - | | (6,866) |
| 12 | 331 Transmission & Distribution Mains | 192,832 | 7,523 | | 200,356 | (46,435) | (75) | | (46,510) |
| 13 | 333 Services | - | - | | - | - | - | | - |
| 14 | 334 Meters and Meter Installations | 62,185 | - | | 62,185 | (30,425) | - | | (30,425) |
| 15 | 335 Hydrants | 8,017 | - | | 8,017 | (1,603) | - | | (1,603) |
| 16 | 339 Other Plant & Miscellaneous Equip | 63,429 | - | | 63,429 | (58,678) | - | | (58,678) |
| 17 | 340 Office Furniture & Equipment | 12,692 | - | | 12,692 | (7,808) | - | | (7,808) |
| 18 | 340 1 Computers & Software | 13,591 | - | | 13,591 | - | - | | - |
| 19 | 341 Transportation Equipment | - | - | | - | - | - | | - |
| 20 | 343 Tools, Shop, & Garage Equip | 526 | - | | 526 | (46) | - | | (46) |
| 21 | 345 Power Operated Equipment | - | - | | - | - | - | | - |
| 22 | 346 Communications Equipment | 29,841 | - | | 29,841 | (19,557) | - | | (19,557) |
| 23 | Subtotal plant-in-service | \$ 1,569,477 | \$ 21,768 | \$ - | \$ 1,591,245 | \$ (372,615) | \$ (488) | \$ - | \$ (373,102) |
| 24 | | | | | | | | | |
| 25 | Contributions-in-aid of construction | - | | | - | - | | | - |
| 26 | | | | | | | | | |
| 27 | Total | \$ 1,569,477 | \$ 21,768 | \$ - | \$ 1,591,245 | \$ (372,615) | \$ (488) | \$ - | \$ (373,102) |

ADJUSTMENTS

[C] Reclassify TY additions not classified
[D] Intentionally Left Blank

[E] Depreciation on TY additions not classified (1/2 year convention)
[F] Intentionally Left Blank

SUPPORTING SCHEDULES
Workpapers

RECAP SCHEDULE
Schedule III-3(b)

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
**III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS,
 MATERIALS AND SUPPLIES INVENTORY & PREPAYMENTS**
 FOR THE TEST YEAR ENDED: 12/31/2017

*****DO NOT include construction work in progress in rate base, unless the utility meets the requirements of PUC Subst. Rule 24.31C(4).**

III-4 AVERAGE CONSTRUCTION WORK IN PROGRESS:

| A | B | C |
|----------|--|------------------|
| Line No. | Description | Test Year Amount |
| 1. | Beginning balance | N/A |
| 2. | Test year costs added | N/A |
| 3. | Test year construction costs completed | N/A |
| 4. | Ending balance | N/A |
| 5. | Average balance - test year (line 1 plus line 4, divided by 2) | \$ - |

Typically zero, to Schedule III-2, Line 3

| | | Materials & Supplies inventory | Prepaid Expenses |
|----|--|--------------------------------|------------------|
| 6. | Sum of 12 test year month end balances | \$ - | \$ 42,746 |
| 7. | One month prior to the test year, month end balance | \$ - | \$ 8,216 |
| 8. | 13 Month Average balance (line 6 plus line 7, divided by 13) | \$ - | \$ 3,920 |

To III-2, Line 4.

To III-2, Line 6.

*****DO NOT include construction work in progress in rate base, unless the utility meets the requirements of PUC Subst. Rule 24.31C(4).**

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES FOR CLASS B RATE/TARIFF CHANGE
III-5 WORKING CASH ALLOWANCE CALCULATIONS
 FOR TEST YEAR ENDED: 12/31/2017

1. No working cash allowance is permitted when a utility bills its customers in advance and provides service to flat rate customers only. Sewer connections count for the purposes of this schedule.

2. A utility which has all metered customers and bills monthly shall divide its annual Operating and Maintenance (O&M) expenses (excluding all taxes and depreciation) by 12 if it is a Class B utility, or by 8 if it is a Class C utility filing a Class B package to calculate working cash allowance. An example follows:

| | Class B | Class C |
|-----------------------------------|----------|----------|
| 1. Annual Expenses | \$70,000 | \$70,000 |
| 2. Taxes and depreciation | (10,000) | (10,000) |
| 3. Net Expenses (Line 1 - Line 2) | 60,000 | 60,000 |
| 4. Working Cash (Line 3 / line 5) | \$5,000 | \$7,500 |
| 5. Divisor | 12 | 8 |

| A Line No | B Description | Class B | | Class C | |
|--------------|--------------------------------|--------------|-------|---------|-------|
| | | Water | Sewer | Water | Sewer |
| 1 | Annual O & M Expenses | \$ 1,580,098 | | | |
| 2 | Working Cash (Line 3 / Line 5) | \$ 131,675 | - | | |
| 3 | Divisor | 12 | 12 | 8 | 8 |

From Sch I-1, line 25

To Sch III-2, line 5

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

III-6 LONG TERM DEBT/ NOTES PAYABLE – WATER AND SEWER

FOR THE YEAR ENDED: 12/31/2017

List the following information concerning debt and equity of the utility and attach copies of notes payable used. Round all percentages to two (2) decimal places.

If debt from affiliated interests is allocated to the utility, provide workpapers demonstrating and justifying the allocation.

| | (A) Long Term Debt Name of Bank/Lender | (B) Date of Issue | (C) Date of Maturity | (D) Original Amount of Loan | (E) Outstanding or Unpaid Balance- End of Test Year | (F) Interest Rate | (G)=Col E, Line 20 x Col F, Line 20 Weighted Average |
|---|---|----------------------|-------------------------|-----------------------------------|--|----------------------|--|
| 1 | Part I - Debt | | | | | | |
| 2 | Senior Unsecured Debt (AZ and TX) | | | | \$ 40,000,000 | 5.60% | 5.60% |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | Total | | | | 40,000,000 | | 5.60% |

To Sch III-1,
Column G,
Line 5

List short term debt, if any:

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-7 ACCUMULATED DEPRECIATION FROM PRIOR RATE CASE
 FOR THE TEST YEAR ENDED: 12/31/2017

ACCUMULATED DEPRECIATION:

| Line No. | Description | Dollar Amount |
|----------|--|---------------|
| 1. | Ending-Prior Rate Case (Docket No. 2009-2087-UCR) | \$ 3,182,007 |
| 2 | Ending balance per Sch III-3, Column F, Line 24 | \$ 5,497,624 |
| | Describe accounting adjustments made between the prior rate case and the current rate case | N/A |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
**III-8 ADVANCES FOR CONSTRUCTION AND
 CONTRIBUTIONS IN AID OF CONSTRUCTION**
 FOR THE TEST YEAR ENDED: 12/31/2017

III-8(a) ADVANCES FOR CONSTRUCTION:

| | A | B | C | D | E | F | G |
|----------|-------|----------------------|------------|-------------------|------------------------------|--|--------------------------------------|
| Line No. | Item | Date of Installation | Total Cost | Amount of Advance | Repayments made to developer | (F)=(D)-(E) Rate base Value (to Sch III-2) | Amount to be refunded in the future* |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6. | Total | | - | - | - | - | - |

*If any advances or CIAC from developers or customers are refundable, please provide the potential date of refunding, if known

III-8(b) DEVELOPER CONTRIBUTIONS IN AID OF CONSTRUCTION*:

| | A | B | C | D | E | F | G |
|----------|-------|--------------------------------------|------------|----------------------------------|---------------------|--------------------------|--|
| Line No. | Item | Date of Installation or Contribution | Total Cost | Amount of Developer Contribution | Annual amortization | Accumulated Amortization | (G)=(D) - (F) Rate Base Value (to Sch III-2) |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |
| 4. | | | | | | | |
| 5. | | | | | | | |
| 6. | Total | | - | - | - | - | - |

*Customer CIAC is entered directly on III-3

| | | |
|---|--|--|
| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division | | |
| SCHEDULES - CLASS B RATE/TARIFF CHANGE | | |
| III-9 DEFERRED INCOME TAXES AND | | |
| DEFERRED INVESTMENT TAX CREDITS | | |
| FOR THE TEST YEAR ENDED: 12/31/2017 | | |

To the extent that new line items have been included within the calculation of ADIT since the last rate filing, provide a complete description of the underlying issues that give rise to the new category of ADIT.

III-9(a) ACCUMULATED DEFERRED INCOME TAXES:

| Line No. | Description | Test Year Amount |
|----------|-------------------|------------------|
| 1. | Beginning balance | N/A |
| 2. | Test year amount | N/A |
| 3. | Ending balance(a) | \$ 649,483 |

III-9(b) EXCESS ACCUMULATED DEFERRED INCOME TAXES

| Line No. | Description | Test Year Amount |
|----------|------------------------|------------------|
| 1. | Beginning balance | N/A |
| 2. | Test year amortization | N/A |
| 3. | Ending balance (a) | \$ 402,061 |

III-9(c) ACCUMULATED DEFERRED INVESTMENT TAX CREDITS:

| Line No. | Description | Test Year Amount |
|----------|------------------------|------------------|
| 1. | Beginning balance | - |
| 2. | Test year amortization | - |
| 3. | Ending balance | - |

(a) See work papers

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
SCHEDULES - CLASS B RATE/TARIFF CHANGE
III-10 OTHER DEFERRED ASSETS
FOR THE TEST YEAR ENDED: 12/31/2017

III-10(a) : Other Deferred Assets

| Line No. | Description | Test Year Amount |
|----------|-------------|------------------|
| 1. | N/A | \$ - |
| 2. | | \$ - |
| 3. | | \$ - |

III-10(b) ACCUMULATED AMORTIZATION ON OTHER DEFERRED ASSETS

| Line No. | Description | Test Year Amount | Total Accum Amort End of test year |
|----------|-------------|------------------|------------------------------------|
| 1. | | | \$ - |
| 2. | | | \$ - |
| 3. | | | \$ - |

W - IV Other Tax

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

Section IV is used to report taxes other than income for proposed revenues.

Instructions for Section IV

Follow the instructions included with individual schedules under the heading reference.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
IV(a) ESTIMATE OF TAXES OTHER THAN INCOME
 FOR THE TEST YEAR ENDED: 12/31/2017

PROPERTY TAXES:

| A | B | C | D | E |
|----------|---|--------------|-----------|---|
| Line No. | Description | Amount | Amount | Reference |
| 1 | Property taxes paid in in test year | | \$ 40,040 | per property tax bills |
| 2 | Utility plant added in test year | \$ 2,426,959 | | From Work papers |
| 3 | Utility plant retirements in test year | \$ 63,630 | | From Work papers |
| 4 | Net additions | \$ 2,363,329 | | Line 2 minus line 3 |
| 5 | Net Property tax rate | 0.3847% | | Line 1 / beginning of test year gross plant balance from workpapers |
| 6 | Test year property tax on additions | | \$ 9,091 | Line 4 times Line 5 |
| 7 | Adjusted Test year property tax expense | | \$ 49,131 | Line 1 + Line 6 |
| 8 | Known and measurable change | \$ 9,091 | | Line 7 minus Line 1 |

PAYROLL TAXES (BASED ON ADJUSTED TEST YEAR NUMBERS):

| A | B | C | D | E | F | G |
|----------|--------------------------------------|-------------------------------|----------|---------------|---|---------|
| Line No. | Tax Type | Wage Level | Tax Rate | Taxable Wages | Reference | Tax |
| | | | | | SCHEDULE II-6 Column D+E+F Line 9 | (D x E) |
| 9 | FICA | wages to _____ | % | | Column H Line 9 | |
| 10 | Medicare | wages to _____ | % | | | |
| 11 | Added Medicare (Affordable Care Act) | wages to _____ | % | | | |
| 12 | Federal unemployment | wages to _____ | % | | Column D Line 9 | |
| 13 | State unemployment | wages to _____ | % | | Column D+E Line 9 | |
| 14 | Total (add Lines 11 through 14) | | | | | |
| 15 | Less: Capitalized | Use % on Sch II-6(a), line 10 | % | | | |
| 16 | Test year Payroll Tax Expense | Line 13 less 14 | | | | |
| 17 | Known and measurable change | | | | (Line 13 minus Line 14) | - |

OTHER TAXES:

| A | I | J | K | L |
|----------|--|-----------|--------------|--------------------|
| Line No. | Description | Test year | K & M change | Adjusted Test Year |
| 18 | Other taxes & licenses | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | Total Other Taxes (Line 18 + Line 19 + Line 20) | | | - |
| 22 | Total this page - taxes other than income (Line 7) + (Col G, Line 16) + (Col L, Line 21) | | | \$ 49,131 |
| 23 | Sch IV(a), Total known and measurable change (Line 8 plus line 17, Column G plus line 21, Column K) | | | \$ 9,091 |

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division SCHEDULES - CLASS B RATE/TARIFF CHANGE IV(b) REVENUE RELATED TAXES AND EXPENSES FOR THE TEST YEAR ENDED: 12/31/2017 | | | | | | |
|---|---|----------------------|-------------------------|---------------------|--------------------------|--------------|
| A | | B | C | D | E | F=B+C+D+E |
| Line | | Texas Margins Tax | City Franchise Taxes | Bad Debt Expense | Other Revenue Related | Totals |
| 1 | Test year expense | \$ 46,250 | | | | \$ 46,250 |
| 2 | Test year effective rate (test year tax expense/historic test year revenues-Sch I-1) | | | | | 2.63% |
| 3 | Gross up factor (1.0 divided by (1.0 minus Line 2) (example below) | | | | | 1.0270 |
| 4 | Change in revenue requirement (Sch I-1, line 33) | | | | | \$ 1,291,174 |
| 5 | Adjusted revenue requirement (Line 3 x Line 4) | | | | | \$ 1,325,981 |
| 6 | Adjusted expense (Line 5 times Line2) | | | | | \$ 34,807 |
| 7 | Add Schedule IV(a) , Line 20 | | | | | \$ 49,131 |
| 8 | Total taxes other than FIT (to Sch I-1, Col F, Line 26) | | | | | \$ 130,187 |

Example: Test Year Franchise tax \$ 100
 Test Year revenues: \$ 2,000
 Percentage (100/2000): 0.050
 Gross up factor (1/(1-0.05)) 1.052631579

| Computation of Texas Franchise Tax | <u>Test Year</u> | <u>TY at Proposed Rev</u> |
|--|------------------|---------------------------|
| Proposed Revenue (Sch. I-1, Col. F, Line 32) | \$ 1,761,898 | \$ 3,000,226 |
| Apportionment (70%) | \$ 1,233,328 | \$ 2,100,158 |
| Tax Rate | 3.75% | 3.75% |
| Texas Franchise Tax | \$ 46,250 | \$ 78,756 |

V Inc Taxes

SCHEDULES - CLASS B RATE/TARIFF CHANGE

Section V calculated federal income tax at present rates.

Instructions for Section V

Complete SCHEDULE V per instructions found in the reference column.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
V SCHEDULE OF EFFECTIVE FEDERAL TAX RATE
 FOR THE TEST YEAR ENDED: 12/31/2017

| A | B | C | D |
|------|--------------------------------|--------------|--|
| Line | | Amount | Reference |
| 1 | Requested Return | \$ 575,469 | Schedule III-1, Line 3 or II-1, line 34 |
| 2 | Less: Synchronized Interest | \$ (106,240) | Sch. III-1, Col. G, Line 5 x Sch. III-2, Line 16) |
| 3 | Requested taxable return | \$ 469,228 | Line 1 minus Line 2 |
| 4 | Income taxes at proposed rates | \$ 98,538 | Line 17 below |
| 5 | Effective tax rate | 21.00% | Line 4 divided by Line 3 |
| 6 | Total gross up factor | 1.265823 | 1.0 divided by (1.0 minus line 5) |
| 7 | Grossed up federal income tax | \$ 124,732 | Line 4 times line 6 |

To Sch I-1, Line 27

FEDERAL INCOME TAX CALCULATION:

| Line No. | Tax Rate | Taxable Income | Tax Rate | Tax |
|----------|-----------------------|--------------------------------------|-----------|---------|
| | | (Portion of Taxable Income in Level) | | (C x D) |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | Total before gross up | | To Line 4 | |

| |
|--|
| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division VI RATE DESIGN INSTRUCTIONS SCHEDULES - CLASS B RATE/TARIFF CHANGE |
|--|

Section VI is used for rate design.

Instructions for Section VI:

Sheet VI-1 designs rates based on the requested revenue requirement. Complete the schedule using the referenced lines from other schedules. The schedule is for a simple base (customer charge) rate and one gallonage rate per each 1,000 gallons. If a different rate structure is requested, all calculations supporting the proposed rates must be included. Rates and resulting revenues for each class of customer and each rate tier included in the proposed tariff must be specified. If a different fixed/variable expense split is proposed, attached explanations of why the split is appropriate, and include any calculations not included on Schedule VI.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Water Division
SCHEDULES - CLASS B RATE/TARIFF CHANGE

Schedule VI-1 RATE DESIGN

FOR THE TEST YEAR ENDED: 12/31/2017

| Line No. | A | B | C |
|----------|---|----------------------------------|--------------------|
| | | Reference | |
| | DETERMINATION OF FIXED COSTS | | |
| 1. | Gross revenues to be recovered | Sch I-1, Col F, Line 36 | \$ 2,978,111 |
| 2. | Less; Rate case expense recovered via surcharge | Sch I-1, Col F, Line 21 | 124,295 |
| 3. | Gross revenues to be recovered via rates | Line 1 - Line 2 | \$ 2,853,816 |
| | Less variable costs: | | |
| 4. | Purchased water - Account 610 | Sch I-1, Col. F, line 1 | \$ 80,158 |
| 5. | Purchased power - Account 615 | Sch I-1, Col. F, line 2 | 124,895 |
| 6. | Other volume related - Account 618 | Sch I-1, Col. F, line 3 | 53,788 |
| 7. | Other volume related or allocated (attach schedule) | | |
| 8. | | | |
| 9. | | | |
| 10. | | | |
| 11. | | | |
| 12. | FIXED COSTS | Line 3 - Lines 4-11 | \$ 2,719,270 |
| 13. | % OF FIXED COSTS RECOVERED THROUGH THE VOLUMETRIC CHARGE | | 35.58% |
| 14. | % OF FIXED COSTS RECOVERED THROUGH THE BASE CHARGE | | 64.42% |
| | RECAP: | | |
| 15. | RECOVERED THROUGH BASE SERVICE CHARGE | Line 12 x Line 14 | \$ 1,751,754 |
| 16. | RECOVERED THROUGH VOLUMETRIC RATE | Line 1 - Line 15 | 1,102,062 |
| 17. | TOTAL | Line 15+ Line 16 (Equals Line 3) | \$ 2,853,816 |
| | TO BE RECOVERED THROUGH BASE SERVICE CHARGE | | |
| 18. | TOTAL BASIC EQUIVALENT METERS | Sch I-3, Col H, line 9 | 3,265.5 |
| 19. | BASIC EQUIVALENT RATE | Line 15 / Line 18 | \$ 536.44 |
| | TO BE RECOVERED THROUGH VOLUMETRIC RATE | | |
| 20. | TOTAL WATER SALES IN 1,000 GALS | Sch II-1(a), Col C, line 4 | 190,500 |
| 21. | VOLUMETRIC RATE (CHARGE PER 1,000 GALS) | Line 16 / Line 20 | \$ 5.785 |
| | PROPOSED RATES: | | |
| 22. | FOR ALL WATER DELIVERED PER 1,000 gallons | Line 21 or attach calc | \$ 5.785 |
| 23. | BASIC EQUIVALENT RATE (PER MONTH) | Line 19/12 | \$ 44.70 |
| | Meter size | Line 19 | Equivalency |
| 24. | | | Base Rate/size |
| 25. | SEE ATTACHED | | |
| 26. | | | |
| 27. | | | |
| 28. | | | |
| 29. | | | |
| 30. | | | |
| 31. | | | |
| 32. | | | |
| | | | |
| | | | |
| | | | |

If the utility is setting a tiered rate, calculations for all tiers must be provided with total collections for all tiers compared to the revenue requirement requested.

Liberty Utilities (Silverleaf Water & Sewer) Corp. - Water Division
Test Year Ended December 31, 2017
Present and Proposed Rates

Attachment
Schedule IV
Page 1

| Line No | Monthly Usage Charge for: | Present Rates | Proposed Rates (1) | Change | Percent Change |
|---------|--|---------------------------------|----------------------------|-----------------------------|----------------|
| 1 | <u>Meter Size (All Classes):</u> | | | | |
| 2 | 5/8x3/4 Inch | \$ 30.20 | \$ 44.70 | \$ 14.50 | 48.01% |
| 3 | 3/4 Inch | 45.30 | 67.04 | 21.74 | 47.99% |
| 4 | 1 Inch | 75.50 | 111.74 | 36.24 | 48.00% |
| 5 | 1 1/2 Inch | 151.00 | 223.48 | 72.48 | 48.00% |
| 6 | 2 Inch | 241.60 | 357.57 | 115.97 | 48.00% |
| 7 | 3 Inch | 453.00 | 670.44 | 217.44 | 48.00% |
| 8 | | | | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | <u>Gallons In Minimum (All Meter Sizes and Classes)</u> | - | - | | |
| 13 | | | | | |
| 14 | | | | | |
| 15 | Commodity Rates | | (Per 1,000 gallons) | | |
| 16 | <u>(Residential, Commercial, Industrial, Irrigation)</u> | | | | |
| 17 | <u>Block (1)</u> | | <u>Present Rate</u> | <u>Proposed Rate</u> | |
| 18 | 5/8x3/4 Inch and 3/4 Inch Meter | All gallons | \$ 2.890 | | |
| 19 | | | | | |
| 20 | 5/8x3/4 Inch and 3/4 Inch Meter | 0 gallons to 3,000 gallons | | \$ 4.205 | |
| 21 | | 3,001 gallons to 10,000 gallons | | \$ 6.205 | |
| 22 | | over 10,000 gallons | | \$ 7.805 | |
| 23 | | | | | |
| 24 | 1 Inch Meter - All Classes | All gallons | \$ 2.890 | | |
| 25 | | | | | |
| 26 | 1 Inch Meter - All Classes | 0 gallons to 25,000 gallons | | \$ 6.205 | |
| 27 | | over 25,000 gallons | | \$ 7.805 | |
| 28 | | | | | |
| 29 | 1.5 Inch Meter - All Classes | All gallons | \$ 2.890 | | |
| 30 | | | | | |
| 31 | 1 1/2 Inch Meter - All Classes | 0 gallons to 50,000 gallons | | \$ 6.205 | |
| 32 | | over 50,000 gallons | | \$ 7.805 | |
| 33 | | | | | |
| 34 | 2 Inch Meter - All Classes | All gallons | \$ 2.890 | | |
| 35 | | | | | |
| 36 | 2 Inch Meter - All Classes | 0 gallons to 80,000 gallons | | \$ 6.205 | |
| 37 | | over 80,000 gallons | | \$ 7.805 | |
| 38 | | | | | |
| 39 | 3 Inch Meter -All Classes | All gallons | \$ 2.890 | | |
| 40 | | | | | |
| 41 | 3 Inch Meter -All Classes | 0 gallons to 160,000 gallons | | \$ 6.205 | |
| 42 | | over 160,000 gallons | | \$ 7.805 | |
| 43 | | | | | |
| 44 | | | | | |
| 45 | | | | | |
| 46 | | | | | |
| 47 | | | | | |
| 48 | | | | | |
| 49 | (1) Multi-unit customers are charged a multiple of monthly minimums based on number of units. Usage break-over points are also multiplied by the | | | | |
| 50 | number of units | | | | |
| 51 | NT = No Tariff | | | | |

LU 000066



PUBLIC UTILITY COMMISSION OF TEXAS

CLASS B RATE/TARIFF CHANGE APPLICATION

Required Schedules for rate/tariff changes

WATER UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
CCN No. _____

ADDRESS OF UTILITY: 12725 W Indian School Rd, Suite D 101
Street, P O. Box and/or suite number
Avondale, AZ 85391
City and Zip Code

PHONE NUMBER: (623) 298-3762
area code

NAME OF PERSON TO CONTACT REGARDING THIS FILING:

NAME: Leticia Washington

PHONE: (623) 298-3762

EMAIL ADDRESS: Leticia.Washington@libertyutilities.com

PUC CLASS SIZE. ☒ B ☐ C (circle one)

INCREASE (DECREASE) Step 1
\$ 105,930 (From Sch. I-1, Line 33)
dollar amount

4.63% (From Sch. I-1, Line 34)
percent above (below) current revenue requirement

DESCRIBE OWNERSHIP OF COMPANY

Silverleaf Water is owned by Liberty Utilities (Sub) Corp

DATE OF LAST GENERAL RATE CASE FILING 04/09/09

DATE OF LAST NON-GENERAL RATE CHANGE* N/A

* (e.g. pass through rate change or temporary water rate provision)

CLASS B RATE/TARIFF CHANGE APPLICATION

Required Schedules for rate/tariff changes

*****Please read the "Class B Investor-Owned Utilities water and/or sewer Instructions for Rate/Tariff Change Application" completing these schedules. *****

These schedules are organized in a manner whereby the user can work through each section to:

- 1st Record historical test year data on Schedule I-1, Column D.
Enter your test year end on the table of contents.**
- 2nd Provide historical revenue information on Schedule 1-2.**
- 3rd Calculate operating expenses and make adjustments (Section II).**
- 4th Calculate return for rate making purposes (Section III).**
- 5th Calculate adjusted taxes other than income (Section IV).**
- 6th Calculate federal income taxes (Section V).**
- 8th Determine revenue requirements (Schedule I).**
- 9th Design proposed rates (Section VI).**

These schedules are intended to assist the utility in calculation of its new rates. The process consists of a number of relatively complex steps. Utilities are required to provide all the information necessary to support amounts included in the schedules and to cross-reference all information. If the applicant does not use a schedule, it should be noted as "N/A", and an explanation provided.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division

GENERAL WATER RATE/TARIFF CHANGE APPLICATION
SCHEDULES

**Complete all of the following schedules for your Class A or B utility
(if the schedule does not apply, include it marked "N/A")**

TABLE OF CONTENTS (Page 1 of 2)

FOR TEST YEAR ENDED: 12/31/2017
DATE SUBMITTED TO PUC: 3/1/2018

| | <u>Attachment Schedule</u> | <u>Items Checked</u> |
|---|--------------------------------|-------------------------------------|
| SECTION I | | |
| <u>REVENUES AND REVENUE REQUIREMENT</u> | | |
| Revenue Requirement Summary | I-1 | <input checked="" type="checkbox"/> |
| Historical Revenue Summary | I-2 | <input checked="" type="checkbox"/> |
| <u>Include the appropriate schedules:</u> | | |
| Metered Active Connections by Meter Size | I-3 | <input checked="" type="checkbox"/> |
| Unmetered Active (Flat Rate) Customers | I-4 | <input checked="" type="checkbox"/> |
| SECTION II | | |
| <u>OPERATIONS AND EXPENSES</u> | | |
| Water Production (no unmetered rates) | II-1(a) | <input checked="" type="checkbox"/> |
| Water Production (with unmetered rates) | II-1(b) | <input checked="" type="checkbox"/> |
| Other Revenues & Expenses passed through | II-3 | <input checked="" type="checkbox"/> |
| Purchased Power | II-4 | <input checked="" type="checkbox"/> |
| Other Volume Related Expenses | II-5 | <input checked="" type="checkbox"/> |
| Payroll Cost Allocation | II-6 | <input checked="" type="checkbox"/> |
| Materials | II-7 | <input checked="" type="checkbox"/> |
| Contract Work | II-8 | <input checked="" type="checkbox"/> |
| Transportation Expenses | II-9 | <input checked="" type="checkbox"/> |
| Other Plant Maintenance | II-10 | <input checked="" type="checkbox"/> |
| Employee Pensions/Benefits | II-11 | <input checked="" type="checkbox"/> |
| Bad Debts/uncollectables | II-12 | <input checked="" type="checkbox"/> |
| Office Services and Rentals | II-13 | <input checked="" type="checkbox"/> |
| Office Supplies and Expense | II-14 | <input checked="" type="checkbox"/> |
| Professional Services | II-15 | <input checked="" type="checkbox"/> |
| Insurance | II-16 | <input checked="" type="checkbox"/> |
| Rate Case Expense | II-17 | <input checked="" type="checkbox"/> |
| Regulatory Commission Expense | II-18 | <input checked="" type="checkbox"/> |
| Miscellaneous Expense | II-19 | <input checked="" type="checkbox"/> |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
GENERAL WATER RATE/TARIFF CHANGE APPLICATION SCHEDULES
TABLE OF CONTENTS (Page 2 of 2)

| | <u>Attachment Schedule</u> | <u>Items Checked</u> |
|--|-----------------------------------|-------------------------------------|
| SECTION III | <u>RETURN AND RATE BASE</u> | |
| Requested Return | III-1 | <input checked="" type="checkbox"/> |
| Rate Base | III-2 | <input checked="" type="checkbox"/> |
| Utility Plant | III-3+ | <input checked="" type="checkbox"/> |
| Utility Plant reconciled to previous filing | III-3(a)+ | <input checked="" type="checkbox"/> |
| Utility Plant Adjustments | III-3(b)+ | <input checked="" type="checkbox"/> |
| Developer Construction work in progress | III-4(a) | <input checked="" type="checkbox"/> |
| Materials and Supplies Inventory | III-4(b) | <input checked="" type="checkbox"/> |
| Working Cash | III-5 | <input checked="" type="checkbox"/> |
| Notes Payable | III-6 | <input checked="" type="checkbox"/> |
| Accumulated Depreciation | III-7 | <input checked="" type="checkbox"/> |
| Advances for Construction | III-8(a) | <input checked="" type="checkbox"/> |
| Contributions in Aid of Construction | III-8(b) | <input checked="" type="checkbox"/> |
| Deferred Income Taxes | III-9(a) | <input checked="" type="checkbox"/> |
| Deferred Investment | | |
| Tax Credits | III-9(b) | <input checked="" type="checkbox"/> |
| Deferred Assets | III-10(a) | <input checked="" type="checkbox"/> |
| SECTION IV | <u>TAXES OTHER THAN INCOME</u> | |
| Property, Payroll and Other Taxes | IV(a) | <input checked="" type="checkbox"/> |
| Revenue Related Taxes | IV(b) | <input checked="" type="checkbox"/> |
| SECTION V | <u>FEDERAL INCOME TAXES (FIT)</u> | |
| Income Taxes at Present Rates-effective rate | V | <input checked="" type="checkbox"/> |
| SECTION VI | <u>RATE DESIGN</u> | |
| Rate Design Worksheet | VI | <input checked="" type="checkbox"/> |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

SECTION I - REVENUE REQUIREMENTS AND REVENUES

The purpose of Section I is to summarize the revenue requirement and provide revenues and meter information for the test year.

Instructions for Section I - Revenue Requirement and Revenues

Carefully complete the label for each workpaper. Your application docket number should be included on each page.

Schedule I-1 is a **SUMMARY**. Complete column D, historical test year information first using financial records, then work through the remainder of the sections and schedules other than the rate design, Schedule VI, to calculate the utility's changes to its historical test year in Column E. Column G provides the workpaper source for amounts in Columns E & F.

Schedule I-2 reports historical revenues collected and Schedules I-3 and I-4 report connection information. Use historical financial data and data from recent annual reports (PUC Rpt.) to complete the schedules.

Please complete Schedule II-3 prior to I-2.

Insert and reference additional workpapers as necessary. For example, you may wish to add schedules that apply to unique situations in your utility.

The schedules are based on NARUC chart of accounts and include sub-accounts as necessary for detail needed to determine reasonable and necessary expenditures.

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division SCHEDULES - CLASS B RATE/TARIFF CHANGE I-1 REVENUE REQUIREMENT SUMMARY | | | | | | |
|---|--------------|-----------------------------------|-------------------------|------------------|-----------------------|------------------------------|
| PUC Docket No. 47976 | | | Test Year End: | | 12/31/2017 | |
| A | B | C | D | E | F=D+E | G |
| | | | Historical Test Year | K & M Changes | Adjusted Test Year | |
| Line No. | Acct. No. | Account Name | | | | Reference/ Instructions |
| | | Volume related expenses: | | | | |
| 1 | 710 | Purchased Wastewater Treatment | \$ 241,061 | | \$ 241,061 | Schedule II-3 |
| 2 | 711 | Sludge Removal Expense | 35,253 | | 35,253 | Schedule II-3 |
| 3 | 715-716 | Power Expense-production only | 63,819 | - | 63,819 | Schedule II-4 |
| 4 | 718 | Chemicals | 17,456 | - | 17,456 | Schedule II-5 |
| 5 | | Total volume related exp. | \$ 357,589 | \$ - | \$ 357,589 | Add Lines 1-4 |
| | | Non-volume related expenses: | | | | |
| 6 | 701 | Salaries and wages | \$ - | \$ - | \$ - | Schedule II-6, Line 1 |
| 7 | 720 | Materials and supplies | 28,585 | - | 28,585 | Schedule II-7 |
| 8 | 731-736 | Contract work | 709,972 | 14,257 | 724,228 | Schedule II-8 |
| 9 | 750 | Transportation expenses | 7,162 | - | 7,162 | Schedule II-9 |
| 10 | 742 | Rental of equipment | 945 | - | 945 | Schedule II-10 |
| 11 | | Total non-volume related exp. | \$ 746,663 | | \$ 760,920 | Add Lines 6-10 |
| | | Admin. & general expenses: | | | | |
| 12 | 701 | Office salaries | \$ - | \$ - | \$ - | Schedule II-6, line 2 |
| 13 | 701 | Mgmt. salaries | - | - | - | Schedule II-6, line 3 |
| 14 | 704 | Employee pensions & benefits | - | - | - | Schedule II-11 |
| 15 | 715 | Purchased power-Office only | - | - | - | Schedule II-4 |
| 16 | 770 | Bad debt expense | 203 | - | 203 | Schedule II-12 |
| 17 | 776 | Rental of Building/real Property | 8,846 | - | 8,846 | Schedule II-13 |
| 18 | 777 | Office supplies & expenses | - | - | - | Schedule II-14 |
| 19 | 778 | Professional services | - | - | - | Schedule II-15 |
| 20 | 784 | Insurance | 6,653 | - | 6,653 | Schedule II-16 |
| 21 | 766 | Regulatory (rate case) expense | - | 75,127 | 75,127 | Schedule II-17 |
| 22 | 767 | Regulatory expense (other) | - | - | - | Schedule II-18 |
| 23 | 775 | Miscellaneous expenses | 5,321 | - | 5,321 | Schedule II-19 |
| 24 | | Total admin. & general expense | \$ 21,022 | \$ 75,127 | \$ 96,150 | Add Lines 12-23 |
| 25 | | Total operating Expenses | \$ 1,125,275 | \$ 75,127 | \$ 1,214,659 | Lines 5 + 11 + 24 |
| 26 | 403 | Depreciation & Amortization | \$ 585,926 | \$ - | \$ 585,926 | Sch III-3, Col E, Line 30 |
| 27 | 408 | Taxes Other than Income | \$ 40,441 | \$ 63,378 | \$ 103,819 | Sch IV(b), Line 8 |
| 28 | 409/10 | Income Tax Expense | \$ - | \$ 87,169 | \$ 87,169 | Schedule V, Line 7 |
| 29 | | TOTAL EXPENSES | \$ 1,751,641 | \$ 225,674 | \$ 1,991,573 | |
| 30 | | TOTAL HISTORIC REVENUE | \$ 2,287,810 | | | Sch I-2, Line 6 |
| 31 | | HISTORICAL TEST YEAR RETURN | \$ 536,168 | | | Line 30 less Line 29 |
| 32 | | REQUESTED RETURN | | | \$ 402,167 | Schedule III-1, Line 3 |
| 33 | | TOTAL REVENUE REQUIREMENT | | | \$ 2,393,739 | Line 29 plus Line 32 |
| 34 | | REQUESTED ANNUAL REVENUE INCREASE | | (to notice) | \$ 105,930 | Line 33 less Line 29 |
| 35 | | PERCENTAGE INCREASE | | | 4.63% | Line 34 divided by Line 30 |
| 36 | | LESS: OTHER REVENUES | | | - | Sch. II-3(b), Col. D, Line 8 |
| 37 | | Revenue for Rate Design | | (to VI, line 1) | \$ 2,393,739 | Line 33 minus Line 36 |

| UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division SCHEDULES - CLASS B RATE/TARIFF CHANGE FOR TEST YEAR ENDED: 12/31/2017 I-2 HISTORICAL REVENUE SUMMARY | | | |
|---|---|----------------------|-----------------------------|
| Line No. | NARUC A/C Description | Historical Test Year | |
| 1. | 522 Metered connections base rate revenue | \$ 2,090,225 | From Financial Rcds |
| 2. | 522 Metered connection gallonage rate revenue | 197,584 | From Financial Rcds |
| 3. | 521 Unmetered (Flat rate) revenue | | |
| 4. | Total Metered & Flat Rate Revenue | \$ 2,287,810 | |
| 5. | Plus: Total Other Revenues | - | From II-3, Column B, line 7 |
| 6. | Total Historic Test Year Revenues per income statement and Annual Report* | \$ 2,287,810 | Line 4 plus line 5 |

(to I-1, Column D, line 29)

*Provide all calculations and explanations for any differences between the applicant's annual report and this schedule.

* If the utility provides other than residential retail service (wholesale, industrial, etc), provide a work paper with the detail of this account by NARUC sub account number.

Reconciliation of TY Metered and Flat Rate Revenues

| | |
|-----------------------------------|---------------------|
| Residential Revenues (Usage) | \$ 2,119,964 |
| Meter Commercial Revenues (Usage) | 199,257 |
| Accural Adjustment Corrections | (31,412) |
| Total | <u>\$ 2,287,810</u> |

| UTILITY NAME Liberty Utilities (Silverleaf Water) LLC - Sewer Division SCHEDULES - CLASS B RATE/TARIFF CHANGE I-3 METERED ACTIVE CONNECTIONS BY METER SIZE FOR TEST YEAR ENDED 12/31/2017 | | | | | | | |
|--|--------------------|---------------------|---------------------|------------------|------------|--------------|-------------------------------|
| A | B | C | D | E | F | G | H |
| Number of Connections | | | | | | | |
| Line No | Meter Size | End of Prior Year | Test Year Additions | End of Test Year | Average | Meter Ratios | Meter Equivalencies End of TY |
| | | Per Billing Records | | (C+D) | (C + E) /2 | | (E x G) |
| 1 | 5/8" x 3/4" | 1,170 | - | 1,170 | N/A | 1 0 | 1,170 0 |
| 2 | 3/4" | - | - | - | N/A | 1 5 | - |
| 3 | 1" | 5 | - | 5 | N/A | 2.5 | 12 5 |
| 4 | 1 1/2" | 2 | - | 2 | N/A | 5.0 | 10 0 |
| 5 | 2" | 14 | - | 14 | N/A | 8 0 | 112 0 |
| 6 | 3" | 3 | - | 3 | N/A | 16 0 | 48 0 |
| 7 | Holly Ranch - Quad | 12 | - | 12 | N/A | 0 51 | 6 1 |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | - | - | | | |
| 11 | | | - | - | | | |
| 12. | Total | 1,206 | 0 | 1,206 | | | 1,358 62 |
| 13. | Average | | | | | | |

128 53
65 55
0.5099977

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
I-4 UNMETERED (FLAT RATE) ACTIVE CONNECTIONS
 FOR TEST YEAR ENDED: 12/31/2017

| A | B | C | D | E | F |
|----------|----------------|--|---------------------|-------------|-------------|
| | | Number of Basic Equivalent Rates (BER) | | | |
| Line No. | Flat Rate Unit | End of Prior Year | Test Year Additions | End of Year | Average |
| | | PUC report Sch. 9 | | (C + D) | (C + E) / 2 |
| 1. | | N/A | N/A | | |
| 2. | | | | | |
| 3. | | | | | |
| 4. | | | | | |
| 5. | Total | | | | - |

INSTRUCTIONS - OPERATIONS AND MAINTENANCE

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

SECTION II - OPERATIONS AND MAINTENANCE

The purpose of Section II is to report expense information and allow for the known and measurable changes to operating expenses to determine the revenue requirement in Schedule I-1.

Instructions for Section II

Compile financial and source information to determine known and measurable changes to the test year expenses. Provide copies of source documents, such as increased utility bill notices, to verify the applicant's proposed known and measurable changes. Show calculations and explanations for all known and measurable changes on all schedules, where applicable. Attach extra workpapers if needed.

Working through Schedules II-4 through II-19, complete each and transfer test year amounts to column G of Schedule I-1. Depreciation expense, other taxes, FIT and return will be determined using later schedules. Wait until those schedules are complete, and then transfer the amounts to Schedule I-1.

Insert and reference additional workpapers as necessary. For example, the applicant may use additional schedules that address unique aspects of the utility.

II-1(a) AND II-1(b) - HISTORICAL OF WATER PRODUCTION
FOR TEST YEAR ENDED: 12/31/2017

SCHEDULE II-1(a): WATER PRODUCTION:
(COMPANIES WITH METERED RATE CUSTOMERS)

| Line No. | Sewer Treated Flows (1,000 Gallons) | A | B | C= A+B | D |
|----------|--|-----------|---------------|--------------------|--------------------------|
| | | Test Year | K & M Changes | Adjusted Test Year | Reference |
| 1 | Total ww flows treated | 27,731 | - | 27,731 | Per company records |
| 2 | Total wastewater purchased | | - | | Unavailable |
| 3 | Total wastewater flows | 27,731 | - | 27,731 | Line 1 + line 2 |
| 4 | Total flows billed | 54,133 | | 54,133 | PUC Annual Report |
| 5 | Total accounted for non-revenue water* | | | - | |
| 6 | Total unaccounted for flows | | - | | Lines 3 less 4 less 5 |
| 7 | Percentage | 0.00% | | 0.00% | Line 6 divided by Line 3 |

* Describe the tracking technique for calculating line 5 and provide the records reflecting the calculation.

Known and measurable calculations and explanations:

SCHEDULE II-1(b) WATER PRODUCTION
(COMPANIES WITH UNMETERED (FLAT) RATE CUSTOMERS)

| Line No. | Description | A Test Year | B K & M Change | C=A+B Adjusted Test Year | D Reference |
|----------|----------------------------------|----------------|-------------------|-----------------------------|---------------------|
| 1 | Water Purchased (1,000 gallons) | | | N/A | PUC report Sch. D-1 |
| 2 | Water Pumped (1,000 gallons) | | | N/A | PUC report Sch. D-1 |
| 3 | Total production (1,000 gallons) | | | N/A | Lines 13 + 14 |

Known and measurable calculations and explanations:

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 II-3 OTHER REVENUES & EXPENSES PASSED THROUGH
 FOR TEST YEAR ENDED: 12/31/2017

II-3(a) Purchased Water or Other Pass Through Expenses

| Line No. | A | B | C | D | D |
|----------|-----------------------------------|--|----------------|----------------------------------|--|
| | Purchased from: | Units purchased (in 1,000 gal) (e.g. 1,000 gal, AC - FT) | Price Per Unit | Total Calculated Cost (B x C) | Actual Cost paid per financial records |
| 1. | Account 710 (Purchased Treatment) | | | | 241,061 |
| 2. | Account 711 (Sludge Removal) | | | | 35,253 |
| 3. | | | | | |
| 4. | Total * | | | | 276,314 |

* Must agree with Schedule II-1(a), Line 2, column A, or provide a reconciliation.

II-3(b) Other revenues collected from customers

| Line No. | A | B | | D |
|----------|---|---|--|---------------------------------------|
| | Item passed thru or type of other revenue | Test year historical revenues collected | | Test year revenues netted against COS |
| 1. | Tap Fees* | | | |
| 2. | Late Fees | - | | |
| 3. | Meter Test Fees | | | |
| 4. | Reconnect Fees | | | |
| 5. | Purchased Water Fees | | | |
| 6. | Groundwater Conservation District Fees | | | |
| 7. | Other (attach detail**) | - | | |
| 8. | Total Other Revenues | - | | |

(to Sch I-2, line 5)

(to Sch. I-1, line 35)

* Tap fees should be reported on Sch III-8-CIAC, Line I.

** If the utility provides other than residential retail service (wholesale, industrial, etc), provide a work paper with the detail of this account by NARUC sub account number

| | | |
|-----------------------|----|---|
| Connection Fees | \$ | - |
| Misc Income | | - |
| Establishment Fees | | - |
| Service Charges | | - |
| Returned Check Charge | | - |
| Late Payment Fee | | - |
| Total Other | \$ | - |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 II-4 SCHEDULES - CLASS B RATE/TARIFF CHANGE
PURCHASED POWER
 FOR TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.

References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|--------------------------|
| 2. | 715-716 | Purchased Power and Fuel |

II-4(a) Volume related expenses (Electric used for production of water/sewer)

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

* A large item is more than 10% of the test year account balance and more than \$1,000.

| | Year | | Amount | |
|--------------------|------|----|---------|----------------------------|
| | 2015 | \$ | 90,181 | |
| | 2016 | \$ | 103,720 | |
| Test Year | 2017 | \$ | 63,819 | |
| K & M Change | | \$ | - | (to I-1, Column E, Line 2) |
| Adjusted Test year | | \$ | 63,819 | (to I-1, Column F, Line 2) |

Explanation and calculations of known and measurable change:

II-4(b) Office related expenses (Electric used for production of water/sewer)

| Line No. | Account No. | Account Name |
|----------|-------------|--------------|
| 14 | | |

Volume related expenses

List the amount spent on purchased power (electricity) for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

| | Year | | Amount | |
|---------------------------------|------|----|--------|-----------------------------|
| a. Test Year | | | | |
| b. K & M Change | | \$ | - | (to I-1, Column E, Line 14) |
| c. Adjusted Test year (a. + b.) | | \$ | - | (to I-1, Column F, Line 14) |

Explanation and calculations of known and measurable change:

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-5 OTHER RELATED VOLUME EXPENSES
 FOR TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|--------------|
| 3. | 718 | Chemicals |

Other volume related expenses

List the amount spent on other volume related expenses for the last two record periods and actual for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the actual for the Test Year is higher than previous years, indicate the reason for the increase:

* A large item is more than 10% of the test year account balance and more than \$1,000.

| | Year | Amount | |
|--------------------------------------|------|------------------|----------------------------|
| | 2015 | \$ 14,839 | |
| | 2016 | \$ 19,890 | |
| a. Test Year | 2017 | \$ 17,456 | |
| b. K & M Change | | \$ - | (to I-1, Column E, Line 3) |
| c. Adjusted Test year (a.+b.) | | \$ 17,456 | (to I-1, Column F, Line 3) |

Explanation and calculations of known and measurable change:

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-6 ALLOCATION OF PAYROLL EXPENSES
 FOR THE ADJUSTED TEST YEAR: 12/31/2017

SOME SALARIES MUST BE CAPITALIZED IN THIS REPORT IF EMPLOYEES INSTALL PLANT IN SERVICE

II-6(a) PAYROLL COSTS:

| Line No | Employee Name | A Test Year Payroll | B Capitalized Payroll | C Expensed Payroll | D 1st 7000 or new limit (FUTA max) | E 7,001 to 9000 or new limit (SUTA max) | F 9,001 to 118500 or new limit (or FICA max) | G over 118500 or new limit | H Total Payroll |
|---------|---|---|-----------------------------|--------------------------|--|---|---|-------------------------------------|-----------------------|
| 1. | The utilities have no employees. All labor costs are incurred by Liberty Utilities Service Corp., with labor and benefits costs being charged to the utilities on cost-causal bases | | | | | | | | |
| 2. | | | | | | | | | |
| 3. | | | | | | | | | |
| 4. | | | | | | | | | |
| 5. | | | | | | | | | |
| 6. | | | | | | | | | |
| 7. | | | | | | | | | |
| 8. | | | | | | | | | |
| 9. | Total | | | | | | | | |
| 10. | Percentage Capitalized | Line 9, column F divided by line 9, column E= | | | | | | | |

II-6(b) ALLOCATION OF PAYROLL TO EXPENSE:

Line 'Total Payroll Expenses' should equal the total from 'Expensed Payroll' (Column C, Line 9) above

| Line No. | Acct No. | Account Name | Test Yr Expense |
|----------|----------|------------------------|-----------------|
| 1. | | | |
| 2. | | | |
| 3. | | | |
| 4. | | Total Payroll Expenses | - |

to Schedule I-1, Line 5.
 to Schedule I-1, Line 11
 to Schedule I-1, Line 12.
 (should equal II-6(a), Column C, Line 9.)

*Attach a brief summary of the utility's capitalization policy and explain any changes in capitalization rates of more the 5% per year.

** Attach an explanation and calculation for K&M salary changes from test year.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-7 MATERIALS
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|------------------------|
| 6. | 720 | Materials and Supplies |

II-7(a) Materials

List the amount spent on materials for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items in the list below. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | Year | Amount |
|---------------------------------|-------------|---|
| | <u>2015</u> | \$ <u>20,005</u> |
| | <u>2016</u> | \$ <u>32,148</u> |
| a. Test Year | <u>2017</u> | \$ <u>28,585</u> |
| b. K & M Change | | \$ <u>-</u> (to I-1, Column E, Line 6) |
| c. Adjusted Test year (a. + b.) | | \$ <u>28,585</u> (to I-1, Column F, Line 6) |

* A large item is more than 10% of the test year account balance and more than \$1,000.00

Expensed materials may not be included in rate base in materials and supplies inventories.

Explanation and calculations of known and measurable change:

II-7(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-8 CONTRACT WORK
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|---|
| 7. | 731-736 | Contract work (non-capitalized engineering, testing, other) |

II-7(a) Contract work

List the amount spent on contract work for the last two record periods and for the Test Year.
 Indicate the kinds of expenses included in this account by identifying all large* items. If the
 Test Year is higher than previous years, indicate the reason for the anticipated increase.

| | Year | Amount |
|---------------------------------|-----------------------------|--|
| | <u> </u> | \$ <u> </u> |
| | 2015 | \$ <u>770,851</u> |
| | 2016 | \$ <u>618,763</u> |
| a. Test Year | 2017 | \$ <u>709,972</u> |
| b. K & M Change | | \$ <u>14,257</u> (to I-1, Column E, Line 7) |
| c. Adjusted Test year (a. + b.) | | \$ <u>724,228</u> (to I-1, Column F, Line 7) |

* A large item is more than 10% of the test year account balance more than \$1,000.

Explanation and calculations of known and measurable change:

* See work papers and testimony.

II-8(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-9 TRANSPORTATION
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|------------------------|
| 8. | 750 | Transportation expense |

II-9(a) Transportation expense

List the type of vehicles used by the utility and allocate the percent used for business purposes. For example, is there one vehicle used solely for the utility, or is it used for non-business activities too? Is there a vehicle involved that is part of the Company's Plant in Service and thus is already depreciated?

Vehicle expenses reported using a cost per unit (say 34 cents per mile) have the depreciation factor included. A vehicle which is part of the Plant in Service should show only actual operating and maintenance expenses (oil, gas, repairs, maintenance) excluding insurance. The purpose of this supplemental page is to ensure that vehicle expense will be recorded properly and that vehicle depreciation is not listed twice or totally omitted.

| | <u>Year</u> | <u>Amount</u> |
|---------------------------------|-------------|--|
| | <u>2015</u> | \$ <u>3,975</u> |
| | <u>2016</u> | \$ <u>5,196</u> |
| a. Test Year | <u>2017</u> | \$ <u>7,162</u> |
| b. K & M Change | | \$ <u>-</u> (to I-1, Column E, Line 8) |
| c. Adjusted Test year (a. + b.) | | \$ <u>7,162</u> (to I-1, Column F, Line 8) |

Explanation and calculations of known and measurable change:

II-9(b) Large Items*:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

* A large item is more than 10% of the test year account balance and more than \$1,000.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-10 OTHER PLANT MAINTENANCE
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|---------------------|
| 9. | 742 | Rental of equipment |

II-10(a) Other plant maintenance

List the amount spent on other plant maintenance for the last two record periods and estimated for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | <u>Year</u> | <u>Amount</u> |
|---------------------------------|-------------|--|
| | <u>2015</u> | \$ <u>27,007</u> |
| | <u>2016</u> | \$ <u>866</u> |
| a. Test Year | <u>2017</u> | \$ <u>945</u> |
| b. K & M Change | | \$ <u>-</u> (to I-1, Column E, Line 9) |
| c. Adjusted Test year (a. + b.) | | \$ <u>945</u> (to I-1, Column F, Line 9) |

* A large item is more than 10% of the test year account balance more than \$1,000.

Explanation and calculations of known and measurable change:

II-10(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-11 EMPLOYEE PENSIONS AND BENEFITS

FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.

References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|--------------------------------|
| 13. | 704 | Employee pensions and benefits |

Employee pensions and benefits

List the amount spent on Employee's pensions and benefits for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all items by category. For example, Pensions includes such items as ESOPs and IRAs. The "Other" column includes such items as dental, vision, life insurance, etc. Also include the number of employees covered and charged to account 674 and indicate the cost per employee. As applicable, provide information on any qualified pensions offered to employees and documentation, such as actuarial studies, discussing net pension costs as well as current funding status of the utility's projected benefit obligation. If the Test Year amount is higher than previous years, indicate the reason for the anticipated change:

List types of Pensions & Benefits:

| Year | \$ Total Amount | \$ Pensions | \$ Health | \$ Other | \$ Amount Capitalized* |
|------|-----------------|-------------|-----------|----------|------------------------|
|------|-----------------|-------------|-----------|----------|------------------------|

Cost per Employee:

| Year | \$ Total Amount | \$ Pensions | \$ Health | \$ Other | \$ Amount Capitalized* |
|------|-----------------|-------------|-----------|----------|------------------------|
|------|-----------------|-------------|-----------|----------|------------------------|

Number of Employees covered:

Cost per Employee:

List types of Pensions & Benefits:

| Year | \$ Total Amount | \$ Pensions | \$ Health | \$ Other | \$ Amount Capitalized* |
|------|-----------------|-------------|-----------|----------|------------------------|
|------|-----------------|-------------|-----------|----------|------------------------|

Number of Employees covered:

Cost per Employee:

*(use % on Sch 11-6(a), line 10)

The utilities have no employees. All labor costs are incurred by Liberty Utilities Service Corp., with labor and benefits costs being charged to the utilities on cost-causal bases.

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-12 BAD DEBTS

FOR THE TEST YEAR ENDED: 12/31/2017

**This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.**

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|---------------------|
| 15. | 770 | Bad Debts |

II-12 Bad debts/Uncollectibles

List the recorded amount the company was unable to collect for the last two years, and estimate the uncollectible amount for the Test Year. If the the Test Year is higher than previous years, indicate the reason for the anticipated increase.

| | Year | Amount | |
|---------------------------------|------|--------|-----------------------------|
| | 2015 | \$ 178 | |
| | 2016 | \$ 156 | |
| a. Test Year | 2017 | \$ 203 | |
| b. K & M Change | | \$ | (to I-1, Column E, Line 15) |
| c. Adjusted Test year (a. + b.) | | \$ 203 | (to I-1, Column F, Line 15) |

Explanation and calculations of known and measurable change:

Adjusted to correspond to requested rates.

II-12(b) Large Items*:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

*** A large item is more than 10% of the test year account balance and more than \$1,000.**

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-13 OFFICE SERVICES AND RENTALS
 FOR THE TEST YEAR ENDED: 12/31/2017

**This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.**

| Line No. | Account No. | Account Name |
|----------|-------------|----------------------------------|
| 16. | 741 | Rental of Building/Real Property |

II-13(a) Office services and rentals

List the amount spent on office services and rentals for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | Year | Amount | |
|--|-------------|-----------------|-----------------------------|
| | <u>2015</u> | \$ <u>5,697</u> | |
| | <u>2016</u> | \$ <u>7,431</u> | |
| a. Test Year | <u>2017</u> | \$ <u>8,846</u> | |
| b. K & M Change | | \$ <u>-</u> | (to I-1, Column E, Line 16) |
| c. Adjusted Test year (a. + b.) | | \$ <u>8,846</u> | (to I-1, Column F, Line 16) |

Explanation and calculations of known and measurable change:

*** A large item is more than 10% of the test year account balance and more than \$1,000.**

II-13(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-14 OFFICE SUPPLIES

FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|----------------------------|
| 17. | 681 | Office supplies & expenses |

II-14(a) Office supplies & expenses

List the amount spent on office supplies and expenses for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | Year | Amount | |
|---------------------------------|-------|----------|-----------------------------|
| | _____ | \$ _____ | |
| | _____ | \$ _____ | |
| a. Test Year | _____ | \$ N/A | |
| b. K & M Change | | \$ - | (to I-1, Column E, Line 17) |
| c. Adjusted Test year (a. + b.) | | \$ - | (to I-1, Column F, Line 17) |

Explanation and calculations of known and measurable change:

* A large item is more than 10% of the test year account balance and more than \$1,000.

II-14(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-15 PROFESSIONAL SERVICES
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|-----------------------|
| 18. | 682 | Professional services |

II-15(a) Professional services

List the amount spent on professional services for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items*. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| Year | Amount | |
|---------------------------------|----------|-----------------------------|
| _____ | \$ _____ | |
| _____ | \$ _____ | |
| a. Test Year _____ | \$ N/A | |
| b. K & M Change | \$ - | (to I-1, Column E, Line 18) |
| c. Adjusted Test year (a. + b.) | \$ - | (to I-1, Column F, Line 18) |

Explanation and calculations of known and measurable change:

* A large item is more than 10% of the test year account balance and more than \$1,000.

II-15(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-16 INSURANCE

FOR THE TEST YEAR ENDED: 12/31/2017

**This page is supplemental information. It is required to complete Schedule I-1.
References below refer to Schedule I-1.**

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|---------------------|
| 19. | 756-757 | Insurance |

Insurance

List the amount spent on insurance for the last two record periods and estimate for the Test Year. Indicate the kinds of expenses included in this account by identifying all large items*. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | <u>Year</u> | <u>Amount</u> | |
|--|-------------|-----------------|-----------------------------|
| | <u>2015</u> | \$ <u>5,883</u> | |
| | <u>2016</u> | \$ <u>5,214</u> | |
| a. Test Year | <u>2017</u> | \$ <u>6,653</u> | |
| b. K & M Change | | \$ <u>-</u> | (to I-1, Column E, Line 19) |
| c. Adjusted Test year (a. + b.) | | \$ <u>6,653</u> | (to I-1, Column F, Line 19) |

Types of insurance:

| <u>Year</u> | <u>\$</u> | <u>Total amount</u> | <u>Period Covered</u> | <u>Type</u> | <u>Company</u> |
|-------------|-----------|---------------------|-----------------------|-------------|----------------|
| | \$ | | | | |
| | \$ | | | | |
| | \$ | | | | |

Explanation and calculations of known and measurable change:

UTILITY NAME Liberty Utilities (Silverleaf Water) LLC - Sewer Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

II-17 REGULATORY EXPENSE

FOR THE TEST YEAR ENDED 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|--------------------------------|
| 20. | 766 | Regulatory (Rate Case) Expense |

II-17(a) Regulatory commission expense

List the amount spent on rate case expense for the last two years and for the Test Year. Typically, the commission separates rate case expense from the revenue requirement and allows recovery through a surcharge. The known and measurable adjustment would decrease this expense to zero in this case. In any event, if the applicant does not file every year, the expense must be amortized over the time between filings and only one year's worth should be charged to customers. Record Commission filing fees or fees to consultants, attorneys, etc. in formal and informal rate cases, complaints, or other dealings with the Commission, which are not reported under Professional Services. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | Year | Amount | |
|---------------------------------|------|-----------|--|
| | | \$ | |
| | | \$ | |
| a. Test Year | | \$ | |
| b. K & M Change | | \$ 75,127 | (to I-1, Column E, Line 20 - see instructions above) |
| c. Adjusted Test year (a. + b.) | | \$ 75,127 | (to I-1, Column F, Line 20 - see instructions above) |

Explanation and calculations of known and measurable change:

* A large item is more than 10% of the test year account balance and more than \$1,000 .

II-17(b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Computation of Allocated RC Expense

| | | |
|-----------------------------|----|---------|
| Total Rate Case Expense | \$ | 400,000 |
| Amortization Period (years) | | 2 |
| Annual Amortization | \$ | 200,000 |
| Allocation Factor | | 0.37564 |
| Allocated Rate Case Expense | \$ | 75,127 |

| | Water | Wtd Factor | Sewer | Wtd Factor |
|----------------------|--------------|------------|--------------|------------|
| Rate Base | \$ 6,656,263 | 0.20033 | \$ 4,419,414 | 0.13301 |
| O&M and A&G Expenses | \$ 1,434,238 | 0.18575 | \$ 1,139,532 | 0.14758 |
| Customer Counts | 3,021 | 0.23829 | 1,205 | 0.09505 |
| | | 0.62437 | | 0.37564 |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-18 REGULATORY EXPENSE
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
 References below refer to Schedule I-1.

| Line No. | Account No. | Account Name |
|----------|-------------|-------------------------------|
| 21. | 767 | Regulatory commission expense |

II-18(a) Regulatory commission expense

List the amount spent on regulatory commission expense for the two record periods and for the Test Year. Include TCEQ inspection fees or permit fees, and other regulatory expense. Do not include the regulatory assessment; this is a pass through expense. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | Year | Amount | |
|---------------------------------|------|--------|--|
| | 2015 | \$ - | |
| | 2016 | \$ - | |
| a. Test Year | 2017 | \$ - | |
| b. K & M Change | | \$ - | (to I-1, Column E, Line 21 - see instructions above) |
| c. Adjusted Test year (a. + b.) | | \$ - | (to I-1, Column F, Line 21 - see instructions above) |

Explanation and calculations of known and measurable change:

* A large item is more than 10% of the test year account balance and more than \$1,000.

II-18 (b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
II-19 MISCELLANEOUS EXPENSE
 FOR THE TEST YEAR ENDED: 12/31/2017

This page is supplemental information. It is required to complete Schedule I-1.
References below refer to Schedule I-1.

| <u>Line No.</u> | <u>Account No.</u> | <u>Account Name</u> |
|-----------------|--------------------|---------------------|
| 22. | 775 | Miscellaneous |

II-19 (a) Miscellaneous expense

List the amount spent on general miscellaneous for the last two record periods and for the Test Year. Indicate the kinds of expenses included in this account by identifying all large* items. If the Test Year is higher than previous years, indicate the reason for the anticipated increase:

| | Year | Amount |
|--|------|--|
| | 2015 | \$ 59,692 |
| | 2016 | \$ 4,855 |
| a. Test Year | 2017 | \$ 5,321 |
| b. K & M Change | | \$ - (to I-1, Column E, Line 22 - see instructions above) |
| c. Adjusted Test year (a. + b.) | | \$ 5,321 (to I-1, Column F, Line 22 - see instructions above) |

Explanation and calculations of known and measurable change:

Includes telephone expenses, licences and fees, public relations, meals and entertainment, and bank charges. Also includes purchased water and purchased wastewater treatment since the Company does not have authority to pass these expense through to rate payers.

* A large item is more than 10% of the test year account balance.

II-19 (b) Large Items:

| Description | Amount | Date in service |
|-------------|--------|-----------------|
| N/A | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

SW - III Rate Base

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division

SCHEDULES - CLASS B RATE/TARIFF CHANGE

SECTION III RATE BASE INSTRUCTIONS

Section III provides working tables to allow the calculation of rate base and return on rate base.

Instructions for Section III

- 1 Complete Schedules III-3 through III-9 as they apply to your company.**
- 2 Transfer resulting year end balances (last line of each table) to Schedule III-2.**
- 3 Complete Schedule III-1**

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
SCHEDULES - CLASS B RATE/TARIFF CHANGE

III-1 REQUESTED RETURN
FOR TEST YEAR ENDED: 12/31/2017

RETURN ON RATE BASE:

| Line No. | | |
|----------|---|--------------|
| 1 | Test year end rate base (from III-2, Line 16) | \$ 4,419,414 |
| 2 | Requested ROR (Col G, Line 7 below) | 9.10% |
| 3 | Return on rate base (Line 1 x Line 2) | \$ 402,167 |

Rate of Return:

| A | B | C | D | E | F | G |
|----------|---|--------|-------------------------|--------|---|-----------------------|
| Line No. | Description | Amount | Percentage | Rate | Reference | Weighted Average Rate |
| | | | Proposed- See Testimony | | | $G=(E \times F)$ |
| 4. | Equity (Rate base less Line 5, Column D) | N/A | 70.00% | 10.60% | Col E = Requested return on equity | 7.42% |
| 5. | Long Term Debt and Advances from associated companies from Schedule III-6 | N/A | 30.00% | 5.60% | Col E = From Sch. III-6, Column H, Line 9 | 1.68% |
| 6. | Total capitalization (Rate Base Sch III-2, Line 16) | N/A | | | | |
| 7. | Return on rate base Col G, Line 6 rounded to nearest 0.01%) | | | | Line 4 + Line 5 | 9.10% |

To Line 2 above

* ROE = Return on Equity

UTILITY NAME: Liberty Utilities (Silverleaf Water) LLC - Sewer Division
 SCHEDULES - CLASS B RATE/TARIFF CHANGE
 III-2 RATE BASE SUMMARY
 FOR THE TEST YEAR ENDED 12/31/2017

| Line No | Description | Amount | Reference (From) |
|---------|--|-----------------------|----------------------------------|
| 1 | Additions: | | |
| 2 | Utility plant (Original Cost) | \$ 10,592,396 | Schedule III-3, Line 21, Col D |
| 3 | Construction work in progress | - | Schedule III-4, Line 5 |
| 4 | Materials and supplies | - | Schedule III-4, Line 8 |
| 5 | Working cash (capital) | 101,222 | Schedule III-5, Line 2 |
| 6 | Prepayments | 1,476 | Schedule III-4, line 8 |
| 7 | Other Additions | - | Add schedule |
| 8 | TOTAL ADDITIONS (Add Lines 2 through 6) | \$ 10,695,094 | |
| | Deductions: | | |
| 9 | Reserve for depreciation (Accumulated) | \$ (5,368,624) | Schedule III-3, Col F, Line 21 |
| 10 | Advances for construction | - | Schedule III-8(a), Col F, Line 6 |
| 11 | Contributions in aid of construction, net | (285,693) | Schedule III-3, Col G, Line 23 |
| 12 | Accumulated deferred income taxes | (383,783) | Schedule III-9(a), Line 3 |
| 13 | Excess accumulated deferred income taxes | (237,580) | Schedule III-9(b), Line 3 |
| 14 | Accumulated deferred investment tax credits | - | Schedule III-9(c), Line 3 |
| 15 | Other Deductions | - | Customer Deposits - See |
| 16 | TOTAL DEDUCTIONS (Add lines 9 through 15) | \$ (6,275,679) | |
| 17 | RATE BASE (Line 8, less Line 16) | \$ 4,419,414 | |

Rate Base before ADIT 5,040,777

| UTILITY NAME Liberty Utilities (Silverleaf Water) LLC - Sewer Division SCHEDULES - CLASS B RATE/TARIFF CHANGE III-3 UTILITY PLANT IN SERVICE (NET BOOK VALUE) CALCULATION SUMMARY | | | | | | | | | | Schedule III-3 (Provide a schedule for each PWS system) Add schedules as needed, provide a summary also | | |
|--|---|----------------------|-----------------------|---------------------------------|----------------------|---|------------------|--------|------|---|--------------------------------------|--------------------------------------|
| Line No | [A] | [B] | [C] | [D 1] | [D 2] | [D] = [D 1] - [D 2] | Depreciation | | | [E] = [D]/[C] Annual (\$) | [F] Accumulated (\$) (Reserve) | [G] = [D]-[F] Net Book Value (\$) |
| | Item | Date of Installation | Service Life (yrs) ** | Original Cost when installed \$ | Customer CIAC amount | Adjusted Original Cost for Customer CIAC ¹ | Time in Service | | | | | |
| | | | | | | | Years in Service | Months | Days | | | |
| 1 | 353 Land and Land Rights | Various | | \$ 17,650 | N/A | N/A | N/A | N/A | N/A | \$ | \$ | \$ 17,650 |
| 2 | 354 Structures and Improvements | Various | 10 | 960,051 | N/A | N/A | N/A | N/A | N/A | 32,002 | (230,895) | 729,155 |
| 3 | 355 Power Generation Equipment | Various | 20 | 85,124 | N/A | N/A | N/A | N/A | N/A | 4,256 | (12,769) | 72,356 |
| 4 | 360 Collection Sewers -- Force | Various | 50 | 399,712 | N/A | N/A | N/A | N/A | N/A | 7,994 | (128,641) | 271,071 |
| 5 | 361 Collection Sewers -- Gravity | Various | 50 | 1,238,224 | N/A | N/A | N/A | N/A | N/A | 24,764 | (378,464) | 859,760 |
| 6 | 363 Services to Customers | Various | 50 | 58,479 | N/A | N/A | N/A | N/A | N/A | 1,170 | (16,706) | 41,773 |
| 7 | 364 Flow Measuring Devices | Various | 10 | 2,359 | N/A | N/A | N/A | N/A | N/A | 236 | (2,359) | - |
| 8 | 365 Flow Measuring Installations | Various | 10 | 61 | N/A | N/A | N/A | N/A | N/A | 6 | (61) | - |
| 9 | 370 Receiving Wells | Various | 30 | 394,827 | N/A | N/A | N/A | N/A | N/A | 13,161 | (269,460) | 125,368 |
| 10 | 371 Pumping Equipment | Various | 5 | 1,145,657 | N/A | N/A | N/A | N/A | N/A | 229,131 | (566,472) | 579,186 |
| 11 | 375 Reuse, Transmission And Distribution System | Various | 40 | 14,270 | N/A | N/A | N/A | N/A | N/A | 357 | (3,211) | 11,059 |
| 12 | 380 Treatment & Disposal Equip | Various | 25 | 5,089,515 | N/A | N/A | N/A | N/A | N/A | 203,581 | (2,779,379) | 2,310,136 |
| 13 | 382 Outfall Sewer Lines | Various | 10 | 44,050 | N/A | N/A | N/A | N/A | N/A | 1,468 | (3,300) | 40,749 |
| 14 | 389 Other Plant & Misc. Equip | Various | 15 | 921,825 | N/A | N/A | N/A | N/A | N/A | 61,455 | (862,895) | 58,930 |
| 15 | 390 Office Furniture | Various | 10 | 38,429 | N/A | N/A | N/A | N/A | N/A | 3,843 | (20,278) | 18,151 |
| 16 | 390 1 Computer & Software | Various | 5 | 11,126 | N/A | N/A | N/A | N/A | N/A | 2,225 | (2,563) | 8,563 |
| 17 | 391 Transportation Equipment | Various | 5 | 57,140 | N/A | N/A | N/A | N/A | N/A | 11,428 | (34,284) | 22,856 |
| 18 | 393 Tools, Shop & Garage Equip | Various | 5 | 41,509 | N/A | N/A | N/A | N/A | N/A | 8,302 | (31,560) | 9,949 |
| 19 | 394 Laboratory Equipment | Various | 10 | 4,557 | N/A | N/A | N/A | N/A | N/A | 456 | (1,312) | 3,245 |
| 20 | 396 Communications Equipment | Various | 10 | 16,657 | N/A | N/A | N/A | N/A | N/A | 1,666 | (11,222) | 5,434 |
| 21 | 398 Other Tangible Plant | Various | 10 | 51,175 | N/A | N/A | N/A | N/A | N/A | 5,118 | (12,794) | 38,381 |
| 20 | | | | | | | | | | | | |
| 21 | Sub-Total -- Plant in Service | Various | | \$ 10,592,196 | | | | | | \$ 612,618 | \$ (5,368,624) | \$ 5,223,772 |
| 22 | | | | To Sch III-2, Line 2 | | | | | | | To Sch III-2, Line 9 | |
| 23 | Contributions in Aid of Const | Various | | (368,719) | N/A | N/A | N/A | N/A | N/A | (12,791) | 83,027 | (285,693) |
| 24 | | | | | | | | | | | | To Sch III-2, Line 11 |
| 25 | Excess Accumulated Deferred Income Taxes | Various | 17.09 * | (237,580) | | | | | | (13,902) | | (237,580) |
| 26 | | | | | | | | | | | | To Sch III-2, Line 13 |
| 27 | | | | | | | | | | | | |
| 28 | | | | | | | | | | | | |
| 29 | | | | | | | | | | | | |
| 30 | Total | | | \$ 9,986,097 | | | | | | \$ 585,926 | \$ (5,285,597) | \$ 4,700,499 |

* Computed average remaining life. See worksheets

To Sch I-1, Line 27

Add detailed worksheets if necessary to support this Schedule

¹ Any amount paid for an item that was not incurred by the utility, such as by a customer, is deducted from the original cost. The adjusted original cost amount here, Column D-2, labeled "Adjusted Original Cost for Customer CIAC." Column D-2 will then be depreciated and the net book value will be calculated (Column G). For an item with the entire amount of its original cost paid for by customer(s), Columns D-2, E, F and G would be zero. See Schedule III-8 for developer CIAC.