

STATE OF NEW YORK
DEPARTMENT OF PUBLIC SERVICE

May 4, 2023

SUBJECT: Proposed Major Revenue Increase for Rate Year Ending March 31, 2025
Case Nos.: 23-W-0235
Utility: **Liberty Utilities (New York Water) Corp.**
Date Filed: May 4, 2023 Final Suspension Date: March 31, 2024

Liberty Utilities (New York Water) Corp. (Liberty NYW or the Company) is requesting an increase in annual revenues of approximately \$39.75 million, an increase of 34.24% to total revenues, for the rate year ending March 31, 2025. The Company estimates that the requested increase in revenues will result in an average residential monthly bill increase of \$18.32, or 39 percent for current Service Area 1 customers, \$15.74, or 42 percent for Merrick customers, and \$7.37, or 13 percent for Sea Cliff customers. The residential bill impacts are based on an average usage of 6,000 gallons of water per month. In this rate filing, Liberty NYW is proposing to continue to consolidate its rates currently in effect throughout its service territory. The Company is also proposing to make changes to its fire hydrant rates, based on customer feedback.

Liberty NYW state that the primary drivers of the proposed rate increase are associated with increases in rate base, including over \$200 million of non-growth-related capital investments that have been made since the Commission last approved a rate increase, as well as proposed capital investment of \$116 million through the end of the rate year on main replacements, treatment facilities, well upgrades, and advanced metering infrastructure installations. Rate drivers associated with the increase in capital investment include higher depreciation expense and property taxes. The Company also describes several initiatives that are intended to improve the service provided to customers, including but not limited to the establishment of a low-income program and an arrearage management program, investments in information technology and related software, elimination of separate credit card fees, and expanded water conservation program. The rate increase drivers are offset by the Public Benefit Adjustment from Liberty NYW acquisition of New York American Water Company, Inc. and the change to the federal income tax rate from the Tax Cuts & Jobs Act.

Rate cases are a primary instrument of government regulation of these industries. Interested persons may intervene and become parties in a utility company's rate case. Typical intervenors include: industrial, commercial and other large-scale users of electricity; public interest groups; representatives of residential, low-income and elderly customers; local municipal officials; and, dedicated advocacy groups. The applicable legal requirements require the Public Service Commission (PSC) to render a decision within 11 months after a major rate case is filed. Rate cases proceed in an entirely public and open process.

For rate purposes, the Company's service territory is currently divided into Service Area 1 and Service Area 2. Service Area 1 is presently comprised of Beaver Dam Lake, Cambridge, Dykeer, Hoey-DeGraw, Kingsvale, Long Island, Mount Ebo, Waccubuc, West Branch Acres, and Wild Oaks Districts. Merrick and Sea Cliff customers are part of Service Area 2.