Proposal for the Purchase of the Bellflower Water System

Liberty Utilities

June 7, 2016
June 7, 2016

Mr. Jeffrey L. Stewart  
City Manager  
City of Bellflower  
16600 Civic Center Drive  
Bellflower, CA 90706

Subject: Proposal for Purchase of the Bellflower Municipal Water System

Dear Mr. Stewart:

Liberty Utilities (Park Water) Corp. ("Liberty Park") appreciates the opportunity to submit our response to the City of Bellflower’s ("City") Request for Proposals for the Purchase of the Bellflower Water System ("RFP"). The proposal presented herein demonstrates Liberty Park’s qualifications, experience, approach and plan to (i) deliver a competitive price to the City; (ii) mitigate to the greatest extent possible financial and service impacts on the Bellflower customers; (iii) garner public support for the sale; and (iv) provide the highest degree of certainty possible that the transaction will be approved by the regulatory agencies and achieve a timely financial close.

Liberty Park’s Project Understanding

The purpose of the RFP is to establish a contract with the best qualified water system operator that will purchase the Bellflower Municipal Water System ("MWS") and continue to provide equal or better service to the customers of the System. The City wants an operator to purchase the City’s high capacity well, 700 acre-feet (AF) of groundwater rights, 78,488 lineal feet of pipe, 1,823 meters, 79 fire hydrants, and four abandoned wells that serve 1,824 customers within seven separate service areas. If the purchase and a purchaser are approved by the City Council, the sale of the MWS will be placed on the November 2016 or March 2017 ballot for voter ratification.

Liberty Park’s Value Proposition

Liberty Park has a long and successful history of providing safe and reliable water service to communities in the Southeast Los Angeles area including its existing 4,000 customers in Bellflower. As a local company, Liberty Park is always looking for strategic opportunities to grow its water operations in the Central Basin area through the acquisition and consolidation of smaller water systems adjacent to our existing water systems. From this standpoint and considering specifically its optimal location adjacent to Liberty Park’s existing Bellflower-Norwalk water system, the MWS represents a very attractive opportunity for the parties to negotiate and
structure a fair, reasonable and equitable transaction for the City, Bellflower customers and Liberty Park’s shareholders.

The City should select Liberty Park because it is best positioned to structure a transaction with the City that will deliver the greatest value to the City and the MWS customers and obtain the regulatory approvals required to close the transaction. Given our local presence in the City, Liberty Park is the only regulated water company whose water system either borders on or is within a short distance of the seven water systems that comprise the MWS. We have developed a detailed, straightforward plan to connect and integrate seamlessly these seven systems to Liberty Park’s Bellflower-Norwalk system. Moreover, under Liberty Park ownership, the MWS will be managed and operated by Liberty Park’s experienced and qualified staff that is already very familiar with the City neighborhoods and customer base.

Most importantly, Liberty Park is committed to maintaining stable rates for the MWS customers and ensuring that the MWS customers receive the maximum financial and service benefits of becoming part of Liberty Park’s 28,000 customer system, including:

- access to our talented, experienced, and certified staff; customer service programs such as low-income discounts, conservation device rebates and various convenient payment options; and leading edge technology for monitoring and managing the system;
- cost sharing for capital improvements; and
- extensive emergency response capabilities and resources.

Another significant advantage of selecting Liberty Park is the potential financial benefit the transaction will have on the Liberty Park’s existing 4,000 Bellflower customers. The addition of 1,800 customers to the Liberty Park service area will allow Liberty Park to spread the fixed costs of its operations across a larger customer base and lower costs for its 4,000 Bellflower customers. In addition, separate from both the Base Bid and Alternative Bid proposals summarized below and detailed in the Price Proposal, Liberty Park proposes the City consider contributing to Liberty Park all or a portion of the 680 AF of 680 acre-feet (“AF”) of “excess” Central Basin water rights owned by the City and generally not used to supply water to the 1,800 MWS customers (“Excess Water Rights”). Liberty Park would use the contributed Excess Water Rights exclusively for the benefit of the 1,800 MWS customers and the 4,000 Liberty Park customers that reside in the City of Bellflower. Liberty Park believes the contributed Excess Water Rights would generate substantial costs savings for the 5,800 total customers that Liberty Park would serve in the City of Bellflower after closing. The contributed Excess Water Rights would be allocated to the Liberty Park Bellflower customers without mark-up and applied as a volumetric discount or some other mutually agreeable form of bi-monthly credit to Bellflower customers.

**Liberty Park’s Approach**

As with all of its acquisitions, Liberty Park understands that a successful transaction requires that the parties negotiate and structure a fair, reasonable and equitable transaction, which
ensures that the transaction will garner the support of key stakeholders and have increased certainty for obtaining the required approvals for closing.

Another reason that the City should select Liberty Park is that our approach incorporates six critical factors—described below and in the Proposal—that will ensure a successful transaction with a high degree of certainty of close.

1. Structure and design a fair and reasonable rate plan that will provide: (i) stable rates for MWS customers for the next five years and (ii) adequate revenue to fund system operations and the necessary capital improvements to ensure safe and reliable water service to customers and continued compliance with all applicable state and federal laws.

2. Develop a plan to consolidate the management, operations, customer service and ratemaking of the MWS into Liberty Park’s System at the close of the transaction.

3. Develop a comprehensive capital improvement plan to address the immediate and long term infrastructure needs.

4. Develop a local and responsive customer and community outreach and communications plan that will demonstrate Liberty Park’s customer-centric approach to water service and commitment to building a long-term collaborative relationship with the Bellflower customers and community.

5. Provide all necessary support to the City to ensure Bellflower voters approve the sale of the MWS.

6. Develop a regulatory strategy to ensure timely approvals from the California Public Utilities Commission ("CPUC") and the State Water Resources Control Board Division of Drinking Water ("DDW").

**Summary of the Liberty Park Price Proposal**

Liberty Park priced the MWS and the City’s water rights on the basis of three price components: (i) all of the water utility assets and business of the MWS, including, without limitation, all plant, property and assets, real, personal, tangible and intangible, all pipelines, water wells, storage facilities and water works, and all books, records and contracts used in the conduct of the water utility business and to provide water service to MWS customers ("MWS Utility Assets"); (ii) 700 AF of the Central Basin water rights owned by the City and used annually to supply potable water to the 1,800 MWS customers ("MWS Water Rights"); and (iii) 680 AF of Excess Water Rights. Both the Base Bid and the Alternative Bid are priced on the basis of these three price components.

Liberty Park offers two bids for the City to evaluate. In both bids, Liberty Park proposes to consolidate the MSW and its customers into Liberty Park for rate making purposes. The first bid ("Base Bid") is intended to conform to all of the terms and conditions of the RFP, including the specific condition to maintain existing MWS customer rates for five years following the closing date. In the Base Bid, Liberty Park proposes, subject to the CPUC approval, no change to the existing MWS customer rates for five years following the closing date and, thereafter, MWS customer rates will be adjusted to be consistent with the rates then in effect for Liberty Park customers, which includes 4,000 existing Bellflower customers.
For the Base Bid, Liberty Park proposes to pay the City total consideration of $22,282,706 for the purchase of the MWS Utility Assets, the 700 AF of MWS Water Rights, and the 680 AF of Excess Water Rights and for the lease of the Excess Water Rights, as detailed in the table below.

<table>
<thead>
<tr>
<th>Base Bid</th>
<th>Year 1</th>
<th>Years 2-5</th>
<th>Years 6-10</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>MWS Utility Assets</td>
<td>$4,000,000</td>
<td>—</td>
<td>—</td>
<td>$4,000,000</td>
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<tr>
<td>MWS Water Rights</td>
<td>$8,260,000</td>
<td>—</td>
<td>—</td>
<td>$8,260,000</td>
</tr>
<tr>
<td>Purchase Price</td>
<td>$12,260,000</td>
<td>—</td>
<td>—</td>
<td>$12,260,000</td>
</tr>
<tr>
<td>Excess Water Rights Lease</td>
<td>$136,000</td>
<td>$614,720</td>
<td>$364,616</td>
<td>$1,115,336</td>
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<tr>
<td>Payments</td>
<td></td>
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<td></td>
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<tr>
<td>Excess Water Rights Purchase</td>
<td>—</td>
<td>—</td>
<td>$8,507,370</td>
<td>$8,907,370</td>
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<tr>
<td>Total Consideration</td>
<td>$12,396,000</td>
<td>$614,720</td>
<td>$9,217,986</td>
<td>$22,282,706</td>
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</table>

The second bid ("Alternative Bid") also proposes to consolidate MWS and its customers into Liberty Park for ratemaking purposes. In the Alternative Bid, Liberty proposes, subject to CPUC approval, no change to the existing MWS customer rates for two years instead of five following the closing date and, thereafter, similar to the Base Bid, MWS customer rates will be adjusted to be consistent with the rates then in effect for Liberty Park customers, which includes 4,000 existing Bellflower customers.

For the Alternative Bid, Liberty proposes to pay the City total consideration of $23,370,232 for the purchase of the MWS Utility Assets, the 700 AF of MWS Water Rights, and the 680 AF of Excess Water Rights and for the lease of the Excess Water Rights, as detailed in the table below.

<table>
<thead>
<tr>
<th>Alternative Bid</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Years 3-7</th>
<th>Total</th>
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<tr>
<td>MWS Utility Assets</td>
<td>$6,000,000</td>
<td>—</td>
<td>—</td>
<td>$6,000,000</td>
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<tr>
<td>MWS Central Basin Water Rights</td>
<td>$8,260,000</td>
<td>—</td>
<td>—</td>
<td>$8,260,000</td>
</tr>
<tr>
<td>Purchase Price</td>
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<td>—</td>
<td>—</td>
<td>$14,260,000</td>
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<tr>
<td>Excess Water Rights Lease</td>
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<td>$142,800</td>
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<td>Payments</td>
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<tr>
<td>Excess Water Rights Purchase</td>
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<td>$8,518,360</td>
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<tr>
<td>Total Consideration</td>
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<td>$142,800</td>
<td>$8,631,432</td>
<td>$23,370,232</td>
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Liberty Park’s Representative

Liberty Park’s representative authorized to submit a binding proposal is Greg Sorensen, President of Liberty Utilities-California. The name, address, and phone/fax numbers are listed below:

Liberty Utilities (Park Water) Corp.
9750 Washburn Road
Downey, California 90241
Attention: Greg Sorensen, President
Phone: 562-299-5155
Fax: 562-861-5902
Email: greg.sorensen@libertyutilities.com

Liberty Park’s Manager responsible for the transition and future operation of the MWS will be Jeanne-Marie Bruno, Vice President and General Manager of Liberty Park. Her phone is (562) 299-5123, and her email is im.bruno@libertyutilities.com.

Response to RFP Section 1.6.3

The information contained in this Proposal or any part thereof, including its exhibits, schedules, and other documents and instruments delivered or to be delivered to the City, are true, accurate, and complete to the Purchaser’s knowledge. The Proposal includes all information necessary to ensure that the statements therein do not in whole or in part mislead the City as to any material facts.

Response to RFP Section 1.6.15

Liberty Park’s Proposal is a firm offer for 12 months starting June 7, 2016.

Performance Guarantee

Liberty Park will own and operate the MWS in accordance with industry standards and all applicable state and federal laws.
Thank you for your consideration, and please contact Jeanne-Marie Bruno if you need additional information or clarification.

Sincerely,

Gregory Sorensen
President-California

Jeanne-Marie Bruno
General Manager & Vice President

Liberty Park
CALIFORNIA ALL-PURPOSE
CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of Los Angeles  

On June 3, 2016 before me, Ricardo Magno, Notary Public,  
Personally appeared  

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Notary Public Signature  
(Notary Public Seal)

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. he/she/they/ is/are or crossing the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or line. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
- Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
- Indicate title or type of document, number of pages and date.
- Indicate the capacity claimed by the signer. If the claimed capacity is corporate officer, indicate the title (i.e. CEO, CFO, Secretary).

Securely attach this document to the signed document with a staple.
CITY OF BELLFLOWER TECHNICAL PROPOSAL

EXECUTIVE SUMMARY (4.1.2)

Liberty Park has a long and successful history of providing safe and reliable water service to communities in the Southeast Los Angeles area including its existing 4,000 customers in Bellflower. As a local company, Liberty Park is always looking for strategic opportunities to grow its water operations in the Central Basin area through the acquisition and consolidation of smaller water systems adjacent to our existing water systems. From this standpoint and considering specifically its optimal location adjacent to Liberty Park’s existing Bellflower-Norwalk water system, the Bellflower Municipal Water System ("MWS") represents a very attractive opportunity for the parties to negotiate and structure a fair, reasonable and equitable transaction for the City, MWS customers, Liberty Park’s existing Bellflower customers and Liberty Park’s shareholders.

Liberty Park is committed to delivering best in class water service to the MWS customers and exceptional value to the City. As the only regulated water utility with contiguous service area to the MWS, familiarity with the City’s neighborhoods and customer base and extensive experience and knowledge in operating a water system in the City’s boundaries, Liberty Park is uniquely positioned to timely and seamlessly consolidate and transition the MWS and MWS customers to its Bellflower operations.

Most importantly, Liberty Park is committed to maintaining stable rates for the MWS customers and ensuring that the MWS customers receive the maximum financial and service benefits of becoming part of Liberty Park’s 28,000 customer system, including:

- access to our talented, experienced, and certified staff; customer service programs such as low-income discounts, conservation device rebates and various convenient payment options; and leading edge technology for monitoring and managing the system;
- cost sharing for capital improvements; and
- extensive emergency response capabilities and resources.

Company Overview
Liberty Utilities is a regulated water, wastewater, natural gas, and electric utility company providing local utility management, service, and support to small and mid-sized communities across the United States. In California, Liberty Utilities Co. has three wholly owned subsidiaries: 1) Liberty Utilities (Park Water) Corp. ("Liberty Park"), a water system headquartered in the City of Downey; 2) Liberty Utilities (Apple Valley Ranchos Water) Corp. ("Liberty Apple Valley"), a water system in the Town of Apple Valley; and 3) Liberty Utilities (CalFeco Electric) LLC., an electric system serving customers near and around the California side of Lake Tahoe.

Management Philosophy
Liberty Park is a value-driven company committed to quality, care and efficiency. Liberty Park cares about the quality of the local service we deliver. Liberty Park upholds the highest standards of service to meet the day-to-day needs of its customers and offers employee programs that recognize superior customer support and contribution to community. We think
and invest for the long term. And, we place tremendous importance on the safety of our employees and the public.

Management Team
Liberty Park has formed a single, integrated team of local managers and staff who will be responsible for both the transition and operations phases. This team has an extensive history of working together and is committed to delivering a successful program.

Dr. Chris Alario, who will serve as the Transition Team Leader, has led and completed over 25 successful small water and wastewater system transitions in California. Working closely with Liberty Park’s transition team leaders, Dr. Alario will be responsible for overseeing and coordinating all Liberty Park Transition Plan activities and serve as the primary liaison with the City during the transition period.

Jeanne-Marie Bruno, Liberty Park’s General Manager, will serve as the Corporate Contact. Ms. Bruno will be responsible for the Company’s overall performance after the transition and will be committed to safe, reliable and responsive service of the City’s system. To ensure that Liberty Park is meeting the City’s expectations, Ms. Bruno will contact the City Public Works regularly to review water system activities and discuss the City’s concerns or issues.

The management team responsibilities are summarized in Figure 1. More detailed resumes are included in Appendix A.

Figure 1: Management Team Leaders and Responsibilities

<table>
<thead>
<tr>
<th>Management Team Leaders</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeanne-Marie Bruno, General Manager &amp; VP</td>
<td>Corporate Contact</td>
</tr>
<tr>
<td>Chris Alario, Vice President &amp; CFO</td>
<td>Transition Team Leader</td>
</tr>
<tr>
<td>Amy Ellison, Customer Support Supervisor</td>
<td>Customer Service</td>
</tr>
<tr>
<td>Dennis Brooks, Superintendent</td>
<td>Operations &amp; Maintenance</td>
</tr>
<tr>
<td>Adam Ly, Water Quality and Operations Engineer</td>
<td>Water Quality and Production</td>
</tr>
<tr>
<td>Arnold Martinez, Safety Services Manager</td>
<td>Safety &amp; Emergency Response</td>
</tr>
<tr>
<td>Rick Dalton, Corporate Director of Engineering</td>
<td>Engineering Planning</td>
</tr>
<tr>
<td>Jim Elliot, Division Engineer</td>
<td>Engineering</td>
</tr>
<tr>
<td>Shaival Hora, Corporate IT Director</td>
<td>Data System Conversions</td>
</tr>
<tr>
<td>Ed Jackson, Revenue Requirements Director</td>
<td>Rates and Revenue</td>
</tr>
<tr>
<td>Julie Hammeras, Financial Services Manager</td>
<td>Accounting</td>
</tr>
</tbody>
</table>

Summary of Proposed Services
Proposed services include implementing a Transition Plan and conducting post-transition operations and maintenance. Transition activities are summarized as follows:

- Field operations – Work with Bellflower Somerset Mutual Water Company to transfer system knowledge and experience to Liberty Park’s field operations managers.
Technical Proposal

- Customer accounts – Convert the MWS accounts and service location data into Liberty Park’s Customer Information System.
- Customer outreach – Arrange and hold several meetings to introduce Liberty Park and its employees to the City’s customers and provide important transition and customer service information.
- Customer service training – Conduct customer service representatives training to prepare Liberty Park staff to handle inquiries from City customers.
- Safety and emergency planning – Integrate the City’s systems existing plans and procedures into Liberty Park’s safety and emergency preparedness plans.
- Backflow/cross connection accounts – Add the City’s backflow/cross connection accounts into Liberty Park’s customer information system.

The post-transition include the following:
- Operate and maintain the MWS twenty-four hours a day, seven days a week and in accordance with all laws, regulations and best management practices.
- Maintain a safe work environment and ensuring high quality and reliable water service to City customers.
- Leverage Company's extensive water utility experience to improve and optimize the MWS.
- Repair and replace MWS facilities and equipment as needed.
- Deliver best-in-class customer service, engage and communicate regularly with City customers, and participate in local community events and programs.

Exceptional Qualifications
Liberty Park has been managing and operating water systems since 1937. We have a dedicated, experienced team to provide safe and reliable water service to the City as we have been doing for our existing 4,000 Bellflower customers. The unique benefits of Liberty Park are summarized as follows:

- Contiguous System: Of all the regulated utilizes in the area, Liberty Park is the only entity that is contiguous to the MWS. That means the integration of the MWS will be straightforward and will bring economies of scale to operations, maintenance and capital improvements.
- Experience in the City: Liberty Park’s staff is experienced working in Bellflower neighborhoods and helping Bellflower customers with billing inquiries, customer service programs, and conservation.
- Larger Customer Base: By being part of the larger Liberty Park customer base, we can offer more programs to the City’s customers such as low-income discounts, conservation rebates, more payment options, and a shared customer base to pay for capital improvements.
- Benefits to Other Bellflower Customers: Liberty Park has developed a proposal to leverage the City’s water rights to benefit the City’s 1,800 customers as well as Liberty’s Park’s 4,000 customers.
PROPOSED SOLUTION/SCOPE OF SERVICES (4.1.3)

This section of the proposal gives an overview of Liberty Park; describes the understanding of the Scope of Services, the plan of action, and the key personnel; explains the pricing proposals; and describes customer care and relationship services and personnel management.

Liberty Utilities Organization
Liberty Utilities Co. provides water, electricity and gas utility services to communities across the United States. Serving over 550,000 customers, Liberty has regulated operations in Arizona, Arkansas, California, Georgia, Illinois, Iowa, Massachusetts, Missouri, Montana, New Hampshire and Texas. Liberty’s family includes:

- 26 water & wastewater operations serving over 170,000 connections,
- Two electric operations serving over 100,000 connections, and
- Six natural gas operations serving over 290,000 connections.

Liberty’s parent company is Algonquin Power & Utility Corp ("Algonquin"). Algonquin is a growing regulated utility and renewable energy company with assets and regulated operations across North America. Algonquin acquires and operates sustainable utility distribution business (water, electricity and natural gas) and clean and green energy generation facilities (hydroelectric, wind, thermal and solar) through its two operating subsidiaries: Liberty Utilities and Algonquin Power Company.

In California, Liberty Utilities Co. has three wholly owned subsidiaries: 1) Liberty Utilities (Park Water) Corp. ("Liberty Park"), a water system headquartered in the City of Downey; 2) Liberty Utilities (Apple Valley Ranchos Water) Corp. ("Liberty Apple Valley"), a water system in the Town of Apple Valley; and 3) Liberty Utilities (CalPeco Electric) LLC., an electric system serving approximately 49,000 customer accounts near and around the California side of Lake Tahoe.

Liberty's California organization employs a full-time staff of over 180 people and comprises three utility operations and five business services groups. Figure 2 below details Liberty's California organization structure and management team.
Liberty Park Operations
In Southeast Los Angeles County, Liberty Park has owned and operated water systems for almost 80 years in this area. Liberty Park’s operations presently comprise three separate water systems that collectively serve 28,200 potable water customers in portions of the Cities of Bellflower, Norwalk, Santa Fe Springs, Artesia, Compton, Lynwood, and unincorporated south Los Angeles County and 33 recycled water accounts. We serve about 4,000 customers in Bellflower. Figure 3 below shows the Liberty Park service area.
The Liberty Park demand in 2015 was 9,790 acre-feet (AF), including 210 AF of recycled water. To meet its annual potable water demand, Liberty Park purchased 6,060 AF of imported water from Central Basin Municipal Water District ("CBMWD") and produced 3,520 AF of groundwater.

Liberty Park is responsible for the management, operations, and maintenance of over 250 miles of distribution system pipeline, 28,200 service connections and meters, ten groundwater wells, three reservoirs with a total storage capacity of 2.7 million gallons, and six CBMWD connections.

In addition to its regulated operations, Liberty Park operates under contract the City of Bell Gardens’ water system, which provides water services to over 1,600 customer accounts, and CBMWD’s recycled water distribution system with 70 miles of pipe and deliveries of around 5,000 AF annually.

**Understanding of Scope of Services (4.1.3 I)**

The City has issued an RFP with the intent to select a qualified and experienced water system operator to purchase, operate and maintain the MWS and acquire 700 acre-feet (AF) of water rights.

The MWS serves 1,824 metered and primarily residential customers representing approximately 10% of the City. The MWS is divided into seven geographically separate systems. The MWS has a large capacity groundwater well (3,500 gallons per minute), four abandoned wells, 78,488 feet of pipeline, 1,823 meters, and 79 fire hydrants. Approximately 78% of the distribution system is asbestos cement pipe with the balance consisting of ductile iron (4%), PVC (6%), and steel (12%). With the exception of about 7,700 feet installed in the last six years, the age of the pipelines range between 50 and 70 years.

The MWS includes 986 AF of adjudicated pumping rights in the Central Basin aquifer although only 700 AF are being offered with this RFP. In addition, the City owns 394 AF separately from the MWS.

The purpose of the RFP is to establish a contract with the best qualified water system operator that will purchase the MWS and continue to provide equal or better service to the customers of the MWS. If the purchaser is approved by the City Council, the question of selling the MWS will be placed on the November 2016 or March 2017 ballot for voter ratification.

**Plan of Action**

Liberty Park’s approach to completing the acquisition of the MWS is to price, negotiate and structure a fair, reasonable and equitable transaction for the City, Bellflower customers and Liberty Park’s shareholders. This will ensure that all key stakeholders support the transaction and that Liberty Park will be able obtain the required approvals from the California Public Utilities Commission ("CPUC") and the State Water Resources Control Board-Division of Drinking Water ("DDW") for a timely close of the transaction. Specifically, Liberty Park has identified below six critical factors required to ensure a successful transaction and timely close.
1. Structure and design a fair and reasonable rate plan that will ensure stable rates for Bellflower customers and adequate revenue to fund system operations and the necessary capital improvements to ensure safe and reliable water service to customers and continued compliance with all applicable state and federal laws.

2. Develop a regulatory plan to consolidate the management, operations, and customer service of the MWS into Liberty Park’s System at the close of the transaction.

3. Develop a comprehensive capital improvement plan to address the immediate and long term infrastructure needs.

4. Develop local and responsive customer and community outreach programs and communications plan that will demonstrate Liberty Park’s customer-centric approach to water service and commitment to building a long-term collaborative relationship with the Bellflower customers and community.

5. Provide all necessary support to the City to ensure Bellflower voters approve the sale of the MWS.

6. Develop a regulatory strategy to ensure timely approvals from CPUC and DDW, including CPUC approval of Liberty Park’s plan to consolidate the management, operations and ratemaking of the MWS into Liberty Park’s operations.

**Transition Plan (4.1.3.l.a. ii)**

Liberty Park has developed a detailed transition plan for the MWS ("Transition Plan") to ensure a timely, seamless and successful transition and transfer of system knowledge and experience from the City to Liberty Park. The Transition Plan is comprehensive, covering all areas of management, operations, engineering, water quality customer service and will focus on achieving the following objectives:

- Create a safe and efficient work environment;
- Minimize transition impacts on City customers;
- Establish an integrated team of local managers and staff responsible for all transition activities and well as post-transition management and operations of the Bellflower Water System;
- Establish a professional, collaborative and transparent business partnership with the City; and
- Engage the City and Bellflower Somerset Mutual as the incumbent operator throughout the entire transition period to ensure an efficient and comprehensive transfer of system knowledge and experience.

Liberty Park’s transition activities will be led by Chris Alario, Ph.D., a 20-year utility professional with extensive experience in the acquisition, transition and integration of small water systems in California. Mr. Alario will be supported by an experienced team of Liberty Park’s local managers. Shown earlier, Figure 1 lists the Management Team Leaders and their respective functional responsibilities.
**Key Transition Success Factors**

*Experienced Transition Manager:* With 20 years of experience in the private water utility industry, Dr. Alario has led and completed over 25 successful small water and wastewater system transitions in California. Working closely with Liberty Park’s transition team leaders, Dr. Alario will be responsible for overseeing and coordinating all system transition activities and serve as the primary liaison with the City and the incumbent operator.

*Single Integrated Team:* Liberty Park has formed a single integrated team of local managers and staff that will be responsible for both the development and implementation of the Transition Plan and the post-close management and operations of the MWS. The Transition Team has worked closely with Dr. Alario in the development of the Transition Plan—providing valuable input on transition approach and key critical path activities—and have a long and successful history of working together. Another advantage Liberty Park’s Transition Team offers is management continuity and a single point of responsibility for both transition activities and post-close management and operations.

*Relationship with Incumbent Operator:* As industry peers, Liberty Park has maintained a long and professional relationship with the incumbent operator, Bellflower Somerset Mutual Water. Liberty Park is confident that it will be able work well with Bellflower Somerset to develop a detailed plan to ensure a complete and timely transfer of system knowledge and experience to Liberty Park.

*Commitment to Bellflower Customers:* Liberty Park is committed to minimizing to every extent possible the impact on Bellflower customers during the transition period. Liberty Park will identify and do its best to mitigate all potential customer impacts during the system transition. Ms. Ellison, the transition team leader for customer service, will serve as the customer advocate on the Transition Team and will be involved in all key transition activities and decisions.

**Transition Critical Path Activities**

The transition activities discussed below are considered critical to Liberty Park’s preparation and readiness to transfer and transition the MWS to Liberty Park (“Critical Path Activities”). Each of the Critical Path Activities will be assigned to a team leader who will be responsible for completing the Critical Path Activity on schedule.

*Field Operations:* The best method to ensure a timely and comprehensive transfer of system knowledge and experience from the incumbent operator to Liberty Park’s field operations managers and staff is to shadow the incumbent operator for two weeks prior to the close. Working side-by-side with the incumbent operator, Liberty Park will be able to acquire and document critical system and service area knowledge and experience.

*Customer Accounts:* Liberty Park will convert all MWS customer accounts and service location data to its existing Infinity Customer Information System (“Infinity-CIS”) for purposes of customer billing, collections, work orders, etc. and managing customer information and history. Several
critical activities related to customer account conversion will need to be completed on a parallel track with the data conversion activity and are described below:

- Design a custom bill format for Bellflower customers;
- Input Bellflower's rate structure, collection schedules, and other configuration parameters into Infinity-CIS;
- Perform a series of tests to validate billing data and accuracy; and
- Input final meter reads from incumbent operator for each customer account.

We estimate a 60-day timeline to complete the setup and testing of customer accounts on Infinity-CIS conversion and be ready to bill and serve Bellflower customers at the close of the transaction.

**New Customer Outreach:** In coordination with the City and prior to the close of the transaction, Liberty Park will arrange for several town hall meetings to introduce Liberty Park and its employees to the Bellflower customers as well as to provide important transition and customer service information to the Bellflower customers. Liberty Park will also be prepared to answer customer questions and discuss other potential issues and concerns raised by Bellflower customers at these meetings. Following the close of the transaction, Liberty Park will mail to every Bellflower customer a welcome letter and new customer information package within fifteen days after the close of the transaction.

**Other Key Transition Activities**

**Backflow/Cross Connection Accounts.** Liberty Park will use its Infinity-CIS to maintain and monitor Bellflower's backflow/cross connection accounts. Infinity-CIS will store all available information about the devices, send out testing notices/letters, store historical testing results, and report on tests due. Backflow/cross connection accounts will be included in Liberty Park's customer account conversion activity.

**System Asset Condition Assessment.** Liberty Park will perform a condition assessment of the water system assets and use this assessment to evaluate and prioritize capital improvement projects and programs.

**Customer Service Staff Training.** Liberty Park will conduct training for its customer service representatives. The purpose of the training will be to educate Liberty Park's customer service staff about the MWS, customers, and rate tariffs and prepare them to handle calls from Bellflower customers.

**Safety & Emergency Preparedness Plans.** Liberty Park will assess and integrate the MWS's existing plans, policies and procedures related to safety and emergency preparedness into Liberty Park's safety and emergency preparedness plans.

**Geographic Information System (GIS).** Liberty Park uses the latest ESRI ArcGIS software (currently version 10.1). Liberty Park will need to take the City's as-built drawings and other system information and create GIS data and maps of the MWS.

**Local Pay Stations.** Park has a contract with a vendor to provide local pay station services at 7-11 convenience stores to its customers and proposes to use this same vendor to provide the
local pay station services to the new Bellflower customers. The service called Pay Near Me will allow customers to pay their bills at local 7-11 stores located in the City or at any 7-11 locations in Southern California. Figure 4 shows the 7-11 stores in and around Bellflower.

![Map of Bellflower City]

**Figure 4: Convenient Bill Payment Locations**

**Transition Time Line**

The transition timeline will be determined primarily by the CPUC approval process. Based on recent experiences with the CPUC approval process for small system acquisitions, Liberty Park estimates a minimum of 180 days and potentially up to 360 days to obtain CPUC approval. The estimated closing schedule detailed on the next page in Figure 5 incorporates key transition milestones for the scenario where rates for City customers are not increased for five years. In the alternative bid proposal, this schedule may be shortened by about 90 days.

Liberty Park
**Technical Proposal**

**Figure 5: Estimated Closing Schedule with Key Transition Milestones**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>File CPUC and DDW applications</td>
<td>-180</td>
</tr>
<tr>
<td>Finalize transition plan</td>
<td>-150</td>
</tr>
<tr>
<td>Negotiate and finalize CPUC settlement agreement</td>
<td>-90</td>
</tr>
<tr>
<td>Begin critical path transition activities</td>
<td>-90</td>
</tr>
<tr>
<td>Begin other key transition activities</td>
<td>-60</td>
</tr>
<tr>
<td>Complete all transition activities</td>
<td>-14</td>
</tr>
<tr>
<td>Receive CPUC and DDW approvals</td>
<td>0</td>
</tr>
<tr>
<td>Close transaction and complete transfer of ownership to Liberty Park</td>
<td>+7</td>
</tr>
<tr>
<td>Complete post-close transition activities (customer outreach)</td>
<td>+30</td>
</tr>
</tbody>
</table>

**Range of Services (4.1.3.l a i)**

Since Liberty Park already serves many Bellflower customers, adding 1,800 more will be relatively easy. The primary routine services that Liberty Park will provide are noted in Figure 6. The Company will use its Downey-based Liberty Park organization, staff, vehicles, equipment and facilities—supported by qualified and trusted subcontractors and utility vendors—to perform all operations and maintenance services, customer service and capital improvements.

**Figure 6 Primary Services**

<table>
<thead>
<tr>
<th>Customer Service and Community Engagement</th>
<th>Routine Operations &amp; Maintenance Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deliver to City customers best-in-class customer service, and engage and communicate regularly with City customers</td>
<td>Manage, operate and maintain the MWS twenty-four hours a day, seven days a week and in accordance with all laws, regulations and best management practices</td>
</tr>
<tr>
<td>Develop Public Education and Outreach Programs on drought awareness and conservation in partnership with the City and other appropriate parties</td>
<td>Utilize Park Central Basin’s qualified, certified, and experienced organization and staff to manage, operate and maintain the MWS in a professional and ethical manner and with a special focus on maintaining a safe work environment and ensuring high quality and reliable water service to City customers</td>
</tr>
<tr>
<td>Participate in local community events and programs</td>
<td>Leverage Company’s extensive water utility experience to improve and optimize the MWS operations and maintenance programs, and repair and replace MWS facilities and equipment as needed</td>
</tr>
</tbody>
</table>

The Production Group will visit and inspect the wells, document operational parameters and check chemical feeds at least three days a week. They will also take water quality samples on a weekly basis in accordance with the water sampling plan and perform minor equipment repairs as needed.

The Utility Service Group will on a daily as-needed basis perform service turn-ons, service turn-offs, service closings, minor pipeline leak repairs, and underground service alerts. They will also
regularly observe and assess the condition of the distribution system. They will read meters every other month and ensure that all meter reads are accurate, validated and uploaded into the billing system.

Liberty Park will maintain the MWS properties, facilities and equipment in good condition. All preventive and corrective maintenance work orders will be generated, managed and documented through a maintenance management system.

Liberty Park will handle all pipeline and equipment repairs. Liberty Park will perform preventive maintenance on all water system equipment in accordance with the manufacturers' recommendations for lubrications, belt replacements, cleaning, pump packing, painting, and other preventive measures.

Liberty Park will perform the following preventive maintenance activities:

- Locate and exercise the water system valves
- Test and flush the water system's fire hydrants
- Flush water system's pipelines as needed.

Liberty Park's Cross Connection Specialist will be responsible for the Backflow and Cross Connection Program and perform the following activities:

- Maintain an accurate cross control database
- Inspect customer premises
- Provide timely notifications of required actions to customers
- Perform follow-up actions and verify and document that all customers with cross control devices have completed their annual inspections.

**Personnel.** Liberty Park currently has 44 full-time employees, many of whom have over 20 years of service. Liberty Park staff is highly qualified and experienced, and currently maintains 49 DDW certifications (26 Distribution, 14 Treatment, and five Backflow/Cross Connection), four professional civil engineer certifications, and two certified public accountant certification. In addition, the Downey office houses Liberty Corporate services including Human Resources, Information Technology, Revenue Requirements, and Accounting. Their expertise supports system operations. Figure 7 shows the organization chart for the MWS and reflects the current operations for the existing Bellflower customers. Key personnel are summarized in Figure 8. More detailed resumes are included in Appendix A.
Figure 7 Liberty Park Organization Chart

PROJECT MANAGEMENT
Jeanne-Marie Bruno

PRODUCTION
Adam Ly, Water Qual./Ops. Engineer
Angel Quintero, Foreperson
Cross Connection Control Specialist (1)
Production Technicians (5)
Utility Servicepersons (2)

UTILITY SERVICE
Dennis Brooks, Superintendent
Armando Gonzalez, Lead
Mike Vasquez, Lead
Utility Servicepersons (10)

CUSTOMER SERVICE
Amy Ellison, Supervisor
Tammie Myers, Conservation Specialist
Customer Service Representatives (7)

SUPPORT SERVICES
Chris Alario, Transition Manager
Arnold Martinez, Safety Manager
Shaival Hora, IT & Data Systems
Ed Jackson, Revenue Requirements
Julie Hammeras, Accounting
Bud Christiancy, Communication Center
Sharon Vasquez, Human Resources

ENGINEERING
Rick Dalton, Corporate Director
Jim Elliot, Division Engineer
Aaron Gutierrez, GIS Coordinator
Engineering Support (2)
### Figure 8 Bellflower Key Management Team Personnel

<table>
<thead>
<tr>
<th>Name</th>
<th>Project Responsibility</th>
<th>Years at Liberty Park</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeanne-Marie Bruno</td>
<td>Corporate Contact</td>
<td>16</td>
<td>- 35 years of utility operation and engineering experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- General Manager for Liberty Park</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Professional Civil Engineer (CA)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- T5 and D5 Certifications (CA)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- AWWA Utility Council &amp; USEPA Drinking Water Advisory Council</td>
</tr>
<tr>
<td>Chris Alario, PhD</td>
<td>Transition Team Leader</td>
<td>4</td>
<td>- 20 years of water utility and consulting experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- CFO for Liberty</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- PhD in Politics</td>
</tr>
<tr>
<td>Amy Ellison</td>
<td>Customer Service</td>
<td>4</td>
<td>- 24 years of utility management and customer service experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Customer Support Supervisor for Liberty Park</td>
</tr>
<tr>
<td>Dennis Brooks</td>
<td>Operations and Maintenance</td>
<td>44</td>
<td>- 44 years of utility operations and maintenance experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Division Superintendent for Liberty Park</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- T3 and D3 Certifications (CA)</td>
</tr>
<tr>
<td>Adam Ly</td>
<td>Water Quality and Production</td>
<td>1.5</td>
<td>- 20 years of utility operation and engineering experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Water Quality/Operations Engineer for Liberty Park</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Professional Civil Engineer (CA)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- T5 and D5 Certifications (CA)</td>
</tr>
<tr>
<td>Arnold Martinez</td>
<td>Safety and Emergency Response</td>
<td>8</td>
<td>- 30 years of safety experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Manager of Safety Services for Liberty Park</td>
</tr>
<tr>
<td>Rick Dalton</td>
<td>Engineering Planning</td>
<td>28</td>
<td>- 32 years of utility operations and engineering experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Corporate Director of Engineering for Liberty</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Professional Civil Engineer (CA)</td>
</tr>
<tr>
<td>Jim Elliott</td>
<td>Engineering</td>
<td>23</td>
<td>- 30 years of engineering experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Chief Engineer for Liberty Park</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Professional Civil Engineer (CA)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- D2 Certification (CA)</td>
</tr>
<tr>
<td>Shaival Hora</td>
<td>Data Systems Conversions</td>
<td>19</td>
<td>- 22 years information technology experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Corporate Director of IT for Liberty</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- WaterISAC Cyber Security Advisory Comm.</td>
</tr>
<tr>
<td>Ed Jackson</td>
<td>Rates and Revenue</td>
<td>24</td>
<td>- 26 years of utility rate making experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Director of Revenue Requirements for Liberty</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- D2 Certification (CA)</td>
</tr>
<tr>
<td>Julie Hamreras</td>
<td>Accounting</td>
<td>14</td>
<td>- 30 years of accounting and financial experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Manager of Financial Services for Liberty</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Certified Public Accountant</td>
</tr>
</tbody>
</table>
**Equipment.** Liberty Park has 22 trucks including two valve trucks, a mobile chlorination trailer, a hose reel trailer, a power washer trailer, a cat skid steer loader, five portable diesel generators, one stationary generator at a well site, and a stationary generator to run the Downey headquarters.

**Mutual Aid Response.** Liberty Park will maintain the existing interconnections with Bellflower Somerset Mutual in case of an emergency. We have professional relationships with adjacent water purveyors and are a member of CalWARN, a statewide network of emergency preparedness, disaster response, and mutual assistance processes for public and private water and wastewater utilities.

**Capital Improvements.** Liberty Park proposes to make capital improvements to the MWS as necessary to ensure the MWS is operated and maintained in accordance with industry standards and practices and in compliance with all laws and regulations.

The majority of the capital improvements initially will be to connect the City’s systems to Liberty Park’s system for water supply reliability and operational efficiencies.

**Damages.** If any water system damages result from vehicle operation or employee actions and omissions, we have procedures in place to report all incidents to the employee’s direct supervisor and the Manager of Safety Services. Depending on the incident, procedures are in place to trigger a response to correct a situation. Also, additional training and disciplinary action may be required depending on the situation. There are no recorded incidents or claims of water system damages resulting from our personnel operating company vehicles or actions/omissions of our personnel in the last 10 years.

**Reporting.** Liberty Park will prepare, submit and maintain all regulatory and outside agency reports. Liberty Park will have regular contact with the City’s Public Works Director, coordinate activities that affect the City, and prepare an annual report on water system activities.

**Pricing (4.1.3 ll)**

**Rate per household**

Liberty Park offers two bids for the City to evaluate. In both bids, Liberty Park proposes to consolidate the MSW and its customers into Liberty Park for rate making purposes. The first bid ("Base Bid") is intended to conform to all of the terms and conditions of the RFP, including the specific condition to maintain existing MWS customer rates for five years following the closing date. In the Base Bid, Liberty Park proposes, subject to the CPUC approval, no change to the existing MWS customer rates for five years following the closing date and, thereafter, MWS customer rates will be adjusted to be consistent with the rates then in effect for Liberty Park customers, which includes 4,000 existing Bellflower customers. The pricing proposals are outlined in detail in the Cost Proposal.

As described below, the CPUC determines the rates for Liberty Park in a general rate case ("GRC") that covers a three-year period. The current GRC has been completed and set Liberty Park’s rates for years 2016 – 2019. The next GRC covers years 2019 – 2021 and will be the
next opportunity for the CPUC to set new rates for Liberty Park. During the 2019 GRC, the rate structures for all customers including the customers formerly served by the City of Bellflower (residential, commercial and industrial customer) for years 2019 – 2021 will be set and authorized by the CPUC. Under the Base Bid, the existing rates to customers formerly served by the City of Bellflower would remain the same for five years (subject to approval by the CPUC).

The second bid ("Alternative Bid") proposes no change to the MWS’ current rates for two years after the implementation/close date. Thereafter, MWS customers will have the same water service rates as all other Liberty Park as authorized by the CPUC in Liberty Park’s scheduled General Rate Case for years 2019 – 2021.

**Establishment of Rate Structures**

In setting rates every three years, as mandated by California state law, the CPUC thoroughly reviews the company’s costs, audits system needs, conducts public hearings for customers, holds formal evidentiary hearings adjudicated by administrative law judges, and issues a final decision authorizing Liberty Park to establish approved rates and terms of service.

As with government-owned water providers, rates for investor-owned water utilities are set and approved by public officials. The CPUC sets the rates and service terms for California’s largest regulated water utilities every three years after an exhaustive review, as required by state law. Rate setting is always a public process, and it includes the opportunity for input by all interested individuals and groups, especially customers. The rate-setting process involves the following phases:

- Utilities submit a GRC application to the CPUC. This application details and fully supports projected sales and customer growth (if any), proposed investments in wells, pumps, treatment plants, pipelines, supplemental supply projects, conservation programs and other costs of operating the utility (including water and power costs, taxes, employee salaries, health care costs and benefits).

- On behalf of the CPUC and in its role of representing customers, the Office of Ratepayer Advocates analyzes the GRC applications, checks to make sure they are complete, prepares a report on each utility’s operations and makes a recommendation on the utilities’ rates and terms of service for the next three years.

- The CPUC’s Administrative Law Judge overseeing the general rate case then hosts public hearings in the local service areas to receive input on the application directly from customers.

- If the parties to the proceeding, which include other entities besides the utility and Office of Ratepayer Advocates, cannot reach a settlement in the case, the Judge holds a formal hearing. This is similar to a court proceeding, with presentation of evidence for the formal record, legal briefs, testimony, cross-examination and other elements of formal court proceedings.
The Judge issues a Proposed Decision that contains all findings of fact, conclusions of law and ordering provisions. After all parties are provided an opportunity to file written comments on the Proposed Decision, the five-member CPUC issues a Final Decision. Only then can the utility put its new rates into effect.

The entire process—which is entirely open to customers and the public, whether they choose to become parties to or just to follow the case—usually takes 12 to 18 months, but can often stretch to two years.

Factors that Affect Rates. Among the factors that affect water rates are the age and physical condition of the water system's infrastructure; the cost of water; the quality of the water and the extent of treatment required to meet regional, state and federal regulations; the level of existing and needed investment in water supply, water treatment and distribution infrastructure; and geographic location.

Other factors include the level of sales, the impact of weather, droughts and conservation efforts on sales, the number of customers, the degree to which economies-of-scale can be applied and the type of financing used to fund needed investments. Water rates set by the CPUC reflect the full cost of water service because regulated utilities do not have alternative revenue sources such as property taxes, general funds, or connection fees.

All water providers (whether government-owned or CPUC-regulated) must make system improvements in order to provide a reliable supply of water and to meet increasingly stringent water quality standards. Deferring maintenance and needed reinvestment in the system only leads to higher costs in the future. These system improvements, together with the ongoing costs of utility operations, continue to affect water rates. Most important, though, the CPUC ensures that water rates accurately reflect the true costs of providing service.

Because of the various factors that affect rates and the thorough CPUC review process, it is not possible to predict rates five years into the future. We do expect that the City's customers would see rates similar to current Bellflower customers in Liberty Park's service area after five years. The current rates for residential customers are listed in Appendix B.

Customer Service (4.1.3 III)

Customer Service Philosophy. The Company's philosophy is focused on local and responsive customer care. We care about the quality of the local service we deliver. Our annual customer survey, conducted by an independent third-party, helps us understand and track how well we are meeting the expectations of our customers. In addition, Liberty Park rewards personnel that provide excellent customer care.

Liberty Park is committed to delivering best-in-class customer service, including providing Bellflower customers multiple payment options, phone and on-line access to account information, and the ability to speak with a Liberty Park representative after hours and on
weekends. (An answering service fields calls when a Liberty Park staff member is not available, but they can always reach Liberty employees 24/7.)

Liberty offers a number of convenient ways for customers to pay. In addition to paying by mail or coming into the Downey office, customers can pay 24/7 by credit card or electronic check using our Interactive Voice Response ("IVR") system or through our website. Our Easy Pay program allows customers the convenience of having their payment automatically deducted from their checking account.

One of the Company's most innovative customer care services is the PayNearMe service, which allows City customers to pay their bills in cash at any 7-Eleven store in the country. Our Company was one of the first water utilities in Southern California to launch this service improvement. All that is required to use this service is a PayNearMe Pay Code printed on the customer's bill, which is scanned by the store attendant to complete the payment process. Customers will also receive a receipt confirming payment. Figure 4 provides a map showing several 7-Eleven stores conveniently located in or near Bellflower. By staying on top of water industry trends and best management practices, Liberty Park is able to bring better ways of delivering service to our customers.

As an example, Liberty Park has increased service and customer satisfaction to the residents of Bell Gardens. In February 2015, Liberty Park entered into a five-year operations and maintenance contract to serve the Bell Gardens' City System. Similar in size the Bellflower's system, Liberty Park provides customer service, billing, operations and maintenance, and capital improvements for 1,650 primarily residential customers. After starting operations, Liberty Park installed a SCADA system on the City's well and increased the use of groundwater. By decreasing the amount of purchased water, the City benefited from significant water supply savings. Similarly, we propose to create water supply cost savings for Liberty Park's existing Bellflower customers through the dedicated use of the City's water rights.

**Complaint Resolution.** Customer complaints are taken very seriously. If we receive a complaint related to a higher than expected water bill, we dispatch our field crew to the location to check for any signs of a leak and to verify the last meter reading was correct. If the customer is not satisfied, we then will pull the meter and bring it back to our office for testing. Our customers always are given the opportunity to be present for the testing. Once we are satisfied that our equipment is working properly and the customer has been billed correctly, our customers are usually satisfied. In the rare case that the complaint cannot be resolved in this manner, our customers may always contact the CPUC. Working with the customer and the Commission, we try to find a fair and appropriate resolution.

**Customer Satisfaction.** Our customer service representatives are well trained in conflict resolution and are here to be of service to our customers. The first step we take is to give them our full attention and truly listen to the issue. At that point, we offer any tests, services or other options that may help to alleviate the customers concern. Some examples of how we regain the customers trust are to offer payment arrangements if it is a financial concern, offer leak adjustments to help our customers who have a high bill due to a leak, offer free in home water
audits, as well as provide water conservation tools. No matter what the concern is, we don’t stop until we’ve done everything possible to satisfy the customer.

**Emergency Response.** Our Emergency Disaster Response Plan filed with the State Water Resources Control Board includes the following information:

1. Designated Responsible Personnel
2. Inventory Resources (emergency suppliers, equipment, and communications)
3. Emergency Operation Center (EOC) – contacts, responsibilities, and coordination with law enforcement, fire departments, public works
4. Other Agency Coordination – Cal WARN
5. Response Procedures (Assess, identify response, action plan, system restoration)
6. Resume Normal Operations

In case of an emergency, we have the ability to call customers in specific geographic locations with GIS based message targeting with Everbridge. In addition we would go door-to-door with hangars, coordinate with the media, and request mutual aid if necessary.

**Personnel Management (4.1.3 IV)**

**Personnel Qualifications and Training.** Liberty Park ensures that employees are qualified and proficient through thorough recruitment process and on-going training and education. For filling positions with qualified individuals, the following recruitment steps are followed:

- Job descriptions are periodically reviewed
- Position qualifications are included in job descriptions and employment advertisements
- Background screening and clinic visits are required for all new hires
- Only employees that most closely match the qualifications, certification levels, education, and experience needed for the position are hired

To maintain a qualified workforce, Liberty Park provides the following opportunities and training:

- Position-related continuing education such as seminars, conferences, classes, etc.
- Certification courses, exams, and related continuing education
- Performance reviews
- Biannual training in the area of drug and alcohol-free workplace
- Biannual training in discrimination and harassment prevention and bullying
- Training sessions such as in supervisory/leadership skills, communications, and customer service

**Displaced Employees.** It is our understanding that Liberty Park does not need to provide any employment opportunities to any displaced City employees resulting from this procurement.

**Staffing Needs.** Many of Liberty Park staff is cross-trained in various areas of utility service. Personnel can be shifted from one group to another to help when staff is short-handed due to vacation or illness. If there is a resignation, duties of the position are temporarily covered by other staff or temporary labor until a qualified replacement is recruited.

Liberty Park
**Workers Compensation.** Since 2011, Liberty Park has had mostly minor Workers Compensation claims. The circumstances and resolutions of the claims are noted in Appendix C. This is based on about 65 to 85 employees in the Downey office over that time.

**Organized Labor.** Liberty Park employees are not part of a union. There have been no disputes or strikes by organized labor.

**Convictions.** Liberty Park has not had any felony or misdemeanor convictions or claims. Liberty Park has not had any violations related to safety or from CAL/OSHA, or OSHA, or United States Environmental Protection Agency.

Liberty Park has had only two minor water quality violations. In 2009, Park failed to take repeat samples correctly following a positive detection of total coliform bacteria. In 2011, Park failed to take a chlorine residual test while collecting repeat samples. Procedures subsequently have been implemented to prevent similar situations from occurring. No water quality violations have occurred since the 2011 violation.

**Customer Relationship Management (4.1.3 V)**

**Customer Information.** On the water bill, customers are given information on the billing period for which the bill is generated, the number of days for the billing period, meter number and size, the meter reading used to calculate the bill, a detailed breakdown of all charges, the previous balance, the previous payment, and a chart that shows two years of consumption history. State mandated conservation programs were communicated to the public with a public hearing and customer mailers. Other customer information is conveyed with messages on the bill, with bill inserts, direct mail postcards and letters, and on the web site.

**Record Keeping Procedures.** Liberty Park’s call center, meter reading, and billing/financials are automated using state-of-the-art computer systems. Specifically, the Company uses a Cisco phone system and Advanced Utilities CIS Infinity for all of its transactions and reporting. In addition, the Company uses Advanced Utilities Infinity Link for its customer web portal, which enables customers to access much of their information online 24/7. The Company also utilizes the Infinity Mobile product to enable our field crews to efficiently handle service requests in the field using tablets.

Our financial information, along with inventory, purchasing, capital jobs, fixed assets, etc. is automated using Oracle’s JD Edwards software. These systems are stable and have been in place for over 15 years. They are kept current through maintenance contracts and upgrades, and are administered primarily by our in-house Information Technology (IT) department along with strategic consulting contracts. Customer correspondence and test results are scanned to the account, generated and completed service orders are time and date stamped on the account.

**Financial Security for Proposal (6.3)**
The financial security for the proposal is included in Appendix D.
APPENDICES

Appendix A - Statement of Qualifications of Key Management Team Members
Appendix B - Residential Metered Service Rates
Appendix C - Workers Compensation Claims Since 2011
Appendix D - Financial Security for Proposal
Appendix E - Acknowledgement Form and Addenda Receipt Form
# Statement of Qualification of Key Management Team Members

## Appendix A

### Jeanne-Marie Bruno, P.E.

<table>
<thead>
<tr>
<th>Project Responsibility</th>
<th>Corporate Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>Ms. Bruno is a Vice President and Liberty Park’s General Manager. She manages a staff of 44 to provide retail potable and recycled water service to portions of the Cities of Norwalk, Bellflower, Artesia, Compton, Lynwood, Santa Fe Springs, and unincorporated south Los Angeles County. Prior to joining Liberty Park in 2000, Ms. Bruno was Acting Associate Director of Water Quality for the Metropolitan Water District of Southern California where she was employed for twelve years. Ms. Bruno also worked for Montgomery Watson as a water treatment design engineer.</td>
</tr>
</tbody>
</table>

| Education               | M. S. Environmental Engineering, Stanford University  
B. S. Civil Engineering, Massachusetts Institute of Technology |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Years of Experience</td>
<td>35</td>
</tr>
</tbody>
</table>
| Certifications          | Registered Professional Engineer in California  
CA Division of Drinking Water, Water Distribution Operator Grade 5  
CA Division of Drinking Water, Water Treatment Operator Grade 5 |

| Professional Associations | American Water Works Association  
- Water Utility Council Member  
- Past Chair of the CA-NV Section of AWWA  
U.S. Environmental Protection Agency National Drinking Water Advisory Council Member, 2012-present  
- California Water Association  
- Association of California Water Agencies |

### Chris Alario, Ph.D.

<table>
<thead>
<tr>
<th>Project Responsibility</th>
<th>Transition Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>Dr. Alario is Liberty California’s Chief Financial Officer. He is responsible for finance, accounting and business development functions. Prior to joining Liberty Park in 2012, Dr. served as Vice President for AECOM, a large publicly traded engineering consulting firm, and managed the firm’s water engineering consulting business in Southern and Central California. Dr. Alario also worked in the investor-owned water utility industry from 1996 to 2009. He worked for 10 years in various senior business development roles for American Water Works Company, the largest investor-owned water utility in the United States, and served as a corporate officer for several of its operating subsidiaries in the Western United States. Prior to American Water, Dr. Alario served as Finance Manager for Dominguez Water Corporation for three years and was responsible for rates and revenues, business development and strategic initiatives. He started his career with the City of Anaheim as a Management Intern in the Public Utilities Department and later being promoted to Staff Analyst in the Office of the City Manager.</td>
</tr>
</tbody>
</table>

Liberty Park  
27
### Statement of Qualification of Key Management Team Members

**Chris Alario, Ph.D. (continued)**

<table>
<thead>
<tr>
<th>Education</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ph.D. Politics, Catholic University of America, Washington D.C.</td>
<td></td>
</tr>
<tr>
<td>M.A. Political Theory, Catholic University of America, Washington, D.C.</td>
<td></td>
</tr>
<tr>
<td>B.A. Political Science, University of California, San Diego</td>
<td></td>
</tr>
<tr>
<td>Years of Experience</td>
<td>20</td>
</tr>
<tr>
<td>Professional Associations</td>
<td>American Water Works Association</td>
</tr>
<tr>
<td></td>
<td>California Water Association</td>
</tr>
<tr>
<td></td>
<td>Association of California Water Agencies</td>
</tr>
<tr>
<td></td>
<td>Urban Water Institute</td>
</tr>
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</table>

**Amy Ellison**

<table>
<thead>
<tr>
<th>Project Responsibility</th>
<th>Customer Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>Ms. Ellison is Liberty Park’s Customer Support Supervisor. She plans, organizes and directs work of seven CS representatives and the Conservation representative, supervises and trains staff in all department operations, daily functions, processes, procedures, and requirements. She recommends improvements toward optimization of the department, designs processes and procedures to efficiently utilize technology, and conducts training programs for department personnel. She oversees the customer outreach activities and materials. Prior to joining Liberty Park, she worked at the City of Cerritos for five years handling customer service and utility billing. For 15 years she worked at Pacific Bell/SBC and oversaw the cash management center.</td>
</tr>
<tr>
<td>Education</td>
<td>B.A., Business Administration. University of Phoenix</td>
</tr>
<tr>
<td>Years of Experience</td>
<td>24</td>
</tr>
<tr>
<td>Professional Associations</td>
<td>American Water Works Association</td>
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</table>

**Dennis Brooks**

<table>
<thead>
<tr>
<th>Project Responsibility</th>
<th>Operations and Maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>Mr. Brooks is Liberty Park's Division Superintendent/ Assistant Vice President. He assists the General Manager in the responsibilities for all operations of Liberty Park's Division. He manages the construction, relocation, and replacement of transmission and distribution plant. Mr. Brooks manages the following areas: Meter Reading Department, Service Department, Transportation and Equipment, Communications Center, and General Plant. He assists in strategic planning, goal setting, and development of objectives to further Liberty Park's mission and vision. He works closely with the Water Quality/Operations Engineer and Chief Engineer.</td>
</tr>
<tr>
<td>Education</td>
<td>H.S. Diploma</td>
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<tr>
<td>Years of Experience</td>
<td>44</td>
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<tr>
<td>Certification</td>
<td>CA Division of Drinking Water, Water Distribution Operator Grade 3</td>
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<tr>
<td></td>
<td>CA Division of Drinking Water, Water Treatment Operator Grade 3</td>
</tr>
<tr>
<td>Professional Associations</td>
<td>American Water Works Association</td>
</tr>
</tbody>
</table>

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**Liberty Park**

28
**Statement of Qualification of Key Management Team Members**

### Adam Ly, P.E.

<table>
<thead>
<tr>
<th>Project Responsibility</th>
<th>Water Quality/Operations Engineer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>Mr. Ly is the Water Quality/Operations Engineer of Liberty Park. He develops, proposes, implements, and monitors strategies and programs in water quality and production consistent with best industry practices. Prior to joining Liberty Park in 2015, Mr. Ly was water quality manager with the City of Riverside, a water quality engineer with the City of Pomona, and principal chemist with the City of Anaheim.</td>
</tr>
<tr>
<td>Education</td>
<td>M. S. Business Administration, California Polytechnic University B. S. Chemistry and Chemical Engineering, California Polytechnic University</td>
</tr>
<tr>
<td>Years of Experience</td>
<td>20</td>
</tr>
<tr>
<td>Certifications</td>
<td>Registered Professional Engineer in California CA Division of Drinking Water, Water Distribution Operator Grade 5 CA Division of Drinking Water, Water Treatment Operator Grade 5 AWWA Water Quality Analyst Grade 4</td>
</tr>
<tr>
<td>Professional Associations</td>
<td>American Water Works Association - California Water Association - Association of California Water Agencies</td>
</tr>
</tbody>
</table>

### Arnold Martinez

<table>
<thead>
<tr>
<th>Project Position</th>
<th>Manager of Safety Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>Mr. Martinez administers the company's Environmental, Health and Safety programs. He ensures the company's compliance with current regulation and requirements. He conducts training for various programs and develops procedures for both Health/Safety and for water related programs. He is responsible for the Injury Illness Prevention Program (IIPP), Workers' Compensation Program, Emergency Preparedness and Response, Security, and Delinquent Lock-Off team.</td>
</tr>
<tr>
<td>Education</td>
<td>B.A., Health &amp; Safety, Cal State Los Angeles</td>
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<tr>
<td>Years of Experience</td>
<td>30</td>
</tr>
<tr>
<td>Professional Associations</td>
<td>California Water Association</td>
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### Rick Dalton, P.E.

<table>
<thead>
<tr>
<th>Project Responsibility</th>
<th>Engineering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>Mr. Dalton is Director of Engineering for the Liberty California. He manages engineering and capital improvements for Liberty's California water systems. He has extensive experience and expertise in water facility design, master planning, asset management, SCADA, control systems and water system operations and maintenance. Prior to joining Liberty Park in 1988, Mr. Dalton was a commercial construction project manager/superintendent for three years, and prior to that served as a U.S. Naval officer.</td>
</tr>
<tr>
<td>Education</td>
<td>B. S. Civil Engineering, University of Southern California</td>
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Statement of Qualification of Key Management Team Members

Rick Dalton, P.E. (continued)

<table>
<thead>
<tr>
<th>Years of Experience</th>
<th>32</th>
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<tbody>
<tr>
<td>Certifications</td>
<td>Registered Professional Engineer in California</td>
</tr>
</tbody>
</table>
| Professional Associations | American Water Works Association (AWWA)  
  - Past Chair of the Corrosion Control Committee  
  - Past Chair of the Water Distribution Division  
  American Society of Civil Engineers (ASCE) Member  
  - The Society for Protective Coatings (SSPC) Member |

Jim Elliott, P.E.

<table>
<thead>
<tr>
<th>Project Responsibility</th>
<th>Engineering Project Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>Mr. Elliott is the Liberty Park’s Division Chief Engineer. He is responsible for all division engineering including making assignments, decisions, and recommendations for master planning of facilities and the design/construction of various projects. He serves as project facilitator, oversees capital project cost administration, manages business unit operations for engineering and general plant, and determines the long-range capital improvement needs for the division. Mr. Elliott interacts with consultants, contractors, government, and private entities regarding projects and facilities. In the absence of the General Manager, he may be designated responsible for operations of Liberty Park.</td>
</tr>
</tbody>
</table>
| Education              | M. S. Civil Engineering, Loyola Marymount University  
  B. S. Civil Engineering, Loyola Marymount University |
| Years of Experience    | 30 |
| Certification          | Registered Professional Engineer in California  
  CA Division of Drinking Water, Water Distribution Operator Grade 2 |
| Professional Associations | American Water Works Association  
  - Governing Board Member  
  - Past Trustee, 2009 – 2011  
  - Past Council Director, 2006 - 2009  
  Southern California Water Utilities Association  
  - Director  
  American Society of Civil Engineers  
  Association of California Water Agencies  
  American Public Work Association |
# Statement of Qualification of Key Management Team Members

## Shaival Hora

<table>
<thead>
<tr>
<th>Project Responsibility</th>
<th>Data Systems Conversions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Experience</strong></td>
<td></td>
</tr>
<tr>
<td>Mr. Hora is the Director of IT for Liberty Utilities, Corporate. He is responsible for all the Liberty Park IT systems and technologies including mobile technologies, solution delivery, field operations technology deployments, and various communication and collaboration technologies (Phone, data and video). He manages IT personnel in multiple locations supporting branch office systems and delivery of technology solutions from Liberty Park, Downey. Mr. Hora is also responsible for the Disaster Recovery / Business continuity and security strategies for Liberty Park including corporate and field systems (SCADA). Mr. Hora first joined Park Water Company in 1995. He has held IT strategy roles in various consulting companies including Accenture Global Network Services where he led a team of IT specialists managing the IT security and infrastructure systems for Accenture and its clients worldwide.</td>
<td></td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
</tr>
<tr>
<td>M.B.A. , Pepperdine University</td>
<td></td>
</tr>
<tr>
<td>B.S., Electrical Engineering, California State University, Long Beach</td>
<td></td>
</tr>
<tr>
<td><strong>Years of Experience</strong></td>
<td>22</td>
</tr>
<tr>
<td><strong>Professional Associations</strong></td>
<td></td>
</tr>
<tr>
<td>- American Water Works Association</td>
<td></td>
</tr>
<tr>
<td>- WaterISAC CyberSecurity Advisory committee</td>
<td></td>
</tr>
<tr>
<td>- AWWA IMTech infrastructure committee</td>
<td></td>
</tr>
</tbody>
</table>

## Edward Jackson

<table>
<thead>
<tr>
<th>Project Responsibility</th>
<th>Rates and Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Experience</strong></td>
<td></td>
</tr>
<tr>
<td>Mr. Jackson is Director of Revenue Requirements for Liberty California. He directs the company's revenue requirement function including regulatory filings made before the California Public Utilities Commission. He is responsible for budgeting and financial forecasting. He formulates revenue requirement goals, policies, and procedures. He serves as project manager on rate cases and coordinates the activities of company personnel, consultants, and attorneys. He is also responsible for the review and support of water conservation activities. Prior to joining Liberty Park in 1993, Mr. Jackson held the position of Utilities Engineer at the California Public Utilities Commission where he was responsible for the review of small and large water utilities regulated by the California Public Utilities Commission.</td>
<td></td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
</tr>
<tr>
<td>B. S. Electrical Engineering, California State University Los Angeles</td>
<td></td>
</tr>
<tr>
<td><strong>Years of Experience</strong></td>
<td>26</td>
</tr>
<tr>
<td><strong>Certification</strong></td>
<td></td>
</tr>
<tr>
<td>CA Division of Drinking Water, Water Distribution Operator Grade 2</td>
<td></td>
</tr>
<tr>
<td><strong>Professional Associations</strong></td>
<td></td>
</tr>
<tr>
<td>American Water Works Association</td>
<td></td>
</tr>
<tr>
<td>California Water Association</td>
<td></td>
</tr>
</tbody>
</table>
### Julie Hammeras, CPA

<table>
<thead>
<tr>
<th>Project Responsibility</th>
<th>Manager of Financial Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>Ms. Hammeras is Liberty California’s Manager of Financial Services. She manages General Accounting functions and reporting to internal and external stakeholders, including the California PUC and Liberty Utilities corporate office. Prior to joining Liberty Park, she worked for a Public Accounting firm that specialized in Investor Owned Utilities where she assisted in auditing, reporting and developing rate filings for various Class A, B &amp; D water utilities.</td>
</tr>
</tbody>
</table>
| Education              | M.B.A., University of California, Los Angeles  
B.S.B.A., California State University, Long Beach |
| Years of Experience    | 30 |
| Certification          | Certified Public Accountant, State of California  
Certified Global Management Accountant |
| Professional Associations | - California Society of CPAs  
- American Institute of CPAs |
Appendix B

As approved by Advice Letter 265-W-A, below is Liberty Utilities (Park Water) Corp.'s current rate schedule effective January 22, 2016.

SCHEDULE NO. PR-1-R

RESIDENTIAL METERED SERVICE

APPLICABILITY
Applicable to all metered water services provided to single-family residential customers.

TERRITORY
Within all service areas of Los Angeles County as delineated in the service area maps included in the tariff schedules.

RATES
Quantity Rates:

- For the first 900 cubic feet, per 100 cubic feet $ 5.202 (1)
- For all over 900 cubic feet, per 100 cubic feet $ 5.983 (1)

Service Charge:

- For 5/8 x ¾-inch meter ................................................................. $ 20.94 (1)
- For ¾-inch meter ................................................................. 31.41
- For 1-inch meter ................................................................. 52.35
- For 1 ½-inch meter ............................................................... 104.70
- For 2-inch meter ................................................................. 167.52
- For 3-inch meter ................................................................. 314.10
- For 4-inch meter ................................................................. 523.50
- For 6-inch meter ................................................................. 1,047.00
- For 8-inch meter ................................................................. 1,675.20
- For 10-inch meter ............................................................... 2,408.10
- For 12-inch meter ............................................................... 3,455.10 (1)

This Service Charge is a readiness-to-serve charge which is applicable to all metered services and to which is to be added the monthly charge computed at the Quantity Rates.
### Appendix C

**Workers Compensation Claims Since 2011**

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>DIAGNOSIS</th>
<th>RESOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Service Person 3</td>
<td>Head Laceration/Bruise</td>
<td>Closed</td>
</tr>
<tr>
<td>Customer Service</td>
<td>Bilateral Thumb – repetitive</td>
<td>Open*</td>
</tr>
<tr>
<td>Customer Service</td>
<td>Bilateral Wrist - repetitive</td>
<td>Closed</td>
</tr>
<tr>
<td>Utility Service Person 3</td>
<td>Cervical Strain</td>
<td>Closed</td>
</tr>
<tr>
<td>Utility Service Person 3</td>
<td>Shoulder Strain</td>
<td>Closed</td>
</tr>
<tr>
<td>Cross Connect Specialist</td>
<td>Back Strain</td>
<td>Closed</td>
</tr>
<tr>
<td>Admin Assistant</td>
<td>Wrist Strain</td>
<td>Closed</td>
</tr>
<tr>
<td>Utility Service Person 2</td>
<td>Abdomen Strain</td>
<td>Closed</td>
</tr>
<tr>
<td>Utility Service Person 3</td>
<td>Back Strain</td>
<td>Closed</td>
</tr>
<tr>
<td>Utility Service Person 3</td>
<td>Back Strain</td>
<td>Closed</td>
</tr>
<tr>
<td>Utility Service Person 2</td>
<td>Shoulder Strain</td>
<td>Closed</td>
</tr>
<tr>
<td>Utility Service Person 2</td>
<td>Hand Strain</td>
<td>Closed</td>
</tr>
<tr>
<td>Utility Service Person 3</td>
<td>Insect Bite</td>
<td>Closed</td>
</tr>
</tbody>
</table>

**NOTE:** * Left OPEN for future surgery*
Appendix D

REQUEST FOR PROPOSALS ACKNOWLEDGEMENT FORM

The Purchaser hereby certifies receipt of the Request for Proposals package for the City RFP "Municipal Water System Purchase." This form should be completed upon receipt of the City's Request for Proposals and faxed or mailed in time for the City to receive it by or before June 2, 2016. Include a copy with your Proposal submission. Please mail, fax or e-mail the completed Form to the attention of:

Mayra Ochiqui, City Clerk
Bellflower City Hall
16600 Civic Center Drive
Bellflower, CA 90706
Phone: (562) 804-1424, Ext. 2222
Fax: 562-925-8660
Email: mochiqui@bellflower.org

Date: 5/30/16

Authorized Signature: [Signature]

Title: GENERAL MANAGER/VICE PRESIDENT

Purchaser Name: LIBERTY UTILITIES (PARK WATER) CORP.

Please check the appropriate space provided below and complete the requested information:

Yes. We plan to submit a Proposal in response to the EFP titled, "Municipal Water System Purchase".

Primary Contact Name: Jeanne-Marie Bruno

Contact E-mail address: jmbruno@libertyutilities.com

Contact phone: (562) 299-5123 Fax number: (562) 861-5902

Secondary Contact Name: RICK DALTON

Contact E-mail address: rick.dalton@libertyutilities.com

Contact phone: (562) 299-5135 Fax number: (562) 861-5902

We do not plan to submit a Proposal in response to the RFP titled, "Municipal Water System Purchase".

Reason:

________________________________________

Liberty Park
ADDENDA RECEIPT CONFIRMATION FORM

Municipal Water System Purchase

Please fax this form upon receipt of addenda to the City Clerk's Office:

Mayra Ochiqui, City Clerk
Bellflower City Hall
16600 Civic Center Drive
Bellflower, CA 90706
Phone: (562) 804-1424, Ext. 2222
Fax: 562-925-8660
Email: mochiqui@bellflower.org

ADDENDUM #: DATE ADDENDUM AVAILABLE:

#1      MAY 19, 2016

I certify that this Proposal complies with the General and Specific Specifications and conditions issued by the City except as clearly marked in the attached copy.

JEANNE-MARIE BRUNO  5/10/16
(Please Print Name) Date

Authorized Signature

GENERAL MANAGER/VICE PRESIDENT
Title

LIBERTY UTILITIES (PARK WATER) CORP.
Purchaser Name

Liberty Park
ADDENDUM RECIPE CONFIRMATION FORM

Municipal Water System Purchase

Please fax this form upon receipt of addenda to the City Clerk’s Office:

Mayra Ochiqui, City Clerk
Bellflower City Hall
16600 Civic Center Drive
Bellflower, CA 90706
Phone: (562) 804-1424, Ext. 2222
Fax: 562-925-8660
Email: mochiqui@bellflower.org

ADDENDUM #: DATE ADDENDUM AVAILABLE:

No. 1 - May 19, 2016

No. 2 - May 24, 2016

On behalf of Liberty Utilities (Park Water), I acknowledge receipt of Addendum No. 1 & 2 dated May 19 & 24, 2016.

JEANNE MARIE BRUNO 5/24/16
(Please Print Name) Date

Authorized Signature

General Manager

Liberty Utilities (Park Water) Corp

Purchaser Name

Liberty Park
ADDENDUM #: DATE ADDENDUM AVAILABLE:

No. 3 - May 25, 2016

On behalf of Liberty Utilities, I acknowledge receipt of Addendum No. 3 dated May 25, 2016.

Jeanine Marie Bruno 5/26/17
(Please Print Name) Date

Authorized Signature

Title

Liberty Utilities (Park Water) Corp.

Purchaser Name
June 6, 2016

Algonquin Power and Utilities Corp.,
354 Davis Road, Suite 100
Oakville, ON
L6J 2X1
Attn: Ann Frances

Dear Ms. Frances,

RE: City of Belifflower Bid Bond No. 106043786 (90033407)

Enclosed, please find the above noted new bond. This bond must be signed by a director or officer of the Corporation (print name & title underneath signature) before filing with the Obligee.

We trust you will find all to be in order. Should you have any questions or concerns, please do not hesitate to contact our office.

Yours truly,

Aon Reed Stenhouse Inc.

Talasha Cunningham | Account Representative
t+1 416 868 5778 | f+1 416 868 5580
talasha.cunningham@aon.ca | aon.ca
Aon Reed Stenhouse Inc.

closures
BID BOND

Travelers Casualty and Surety Company of America
One Tower Square S203A, Hartford, CT 06183

Bond No. 106043766 (90033407)

KNOW ALL MEN BY THESE PRESENTS.

That we, Liberty Utilities (Park Water) Corp., as Principal, hereinafter called the Principal, and Travelers Casualty and Surety Company of America, of One Tower Square S203A, Hartford, CT 06183, a corporation duly organized under the laws of the State of Connecticut, as Surety, hereinafter called the Surety, are held and firmly bound unto The City of Bellflower, CA, as Obligee, hereinafter called the Obligee, in the sum of One Million, Three Hundred Thousand (1,300,000.00) Dollars ($1,300,000.00), for the payment of which sum well and truly to be made, the said Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, the Principal has submitted a bid for the purchase of the City of Bellflower municipal water system.

NOW, THEREFORE, if the Obligee shall accept the bid of the Principal and the Principal shall enter into a Contract with the Obligee in accordance with the terms of such bid, or in the event of the failure of the Principal to enter such Contract, if the Principal shall pay to the Obligee the difference not to exceed the penalty hereof between the amount specified in said bid and such larger amount for which the Obligee may in good faith contract with another party to perform the Work covered by said bid, then this obligation shall be null and void, otherwise to remain in full force and effect.

Notwithstanding any other provision of this Bond, it is understood and agreed that in the event the Contract guaranteed hereunder becomes the subject of or is made a part of a sale of securities, a pooling of financial assets or a credit default swap transaction, the obligations of the Surety hereunder shall immediately and automatically terminate, without any required notice from or by any of the parties hereto.

Signed and sealed this 6th day of June, 2016.

[Signature]
Witness

[Signature]
Witness

Liberty Utilities (Park Water) Corp.
Principal

Travelers Casualty and Surety Company of America
Attorney-in-Fact

S-1859-G (10-00)

Liberty Park
KNOW ALL MEN BY THESE PRESENTS. That Farmers Insurance Company, St. Paul Fire and Marine Insurance Company, St. Paul Real Estate Insurance Company, St. Paul Casualty and Surety Company, Travelers Casualty and Surety Company, Fidelity and Guaranty Insurance Company, St. Paul Guardian Insurance Company, and the above-named corporations are all duly organized under the laws of the State of Connecticut, that Fidelity and Guaranty Insurance Company is an insurance company organized under the laws of the State of Delaware, and that Fidelity and Guaranty Insurance Company is so incorporated only organized under the laws of the State of Connecticut, and that the Corporations do hereby make, constitute, and appoint

Janice Marilyn Takach, A. M. Sheehan, Cheryl Holmes, Tina McGowan, Margaret Weglicka, Courtney Lim, and Mary Lasnik

Attorney-in-Fact No. 227857

IN WITNESS WHEREOF, the Corporations have caused this instrument to be signed and their corporate seals to be hereunto affixed, this 3rd day of April, 2015.

[Seals and Signatures]

State of Connecticut

City of Hartford

[Seals and Signatures]

On this the 23rd day of April, 2015, before me personally appeared Robert L. Runci, who acknowledged himself to be the Vice President of St. Paul Fire and Marine Insurance Company, and who, after being duly sworn, executed the foregoing instrument for the purpose thereto contained by signing, on behalf of the Corporations, by himself as a duly authorized officer.

[Seals and Signatures]

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the 30th day of June, 2016.

[Seals and Signatures]

Liberty Park
WARNING: THIS POWER OF ATTORNEY IS INVALID WITHOUT THE RED BORDER

Price Proposal

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of Farnington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, which resolutions are now in full force and effect, reading as follows:

RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal, bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

FURTHER RESOLVED, that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

FURTHER RESOLVED, that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

FURTHER RESOLVED, that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature or facsimile seal shall be valid and binding on the Company in the future with respect to any bond or undertaking to which it is attached.

1. Kevin E. Hughes, the undersigned, Assistant Secretary, of Farnington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is in full force and effect and has not been revoked.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said Companies this 6th day of June 2016.

[Signature]
Kevin E. Hughes, Assistant Secretary

To verify the authenticity of this Power of Attorney, call 1-800-421-3880 or contact us at www.travelersbond.com. Please refer to the Attorney-In-Fact number, the above named individuals and the details of the bond to which the power is attached.
CITY OF BELLFLOWER PRICE PROPOSAL

1. Price Proposal

Liberty Utilities (Park Water) Corp.'s ("Liberty Park") Price Proposal presented herein was prepared in accordance with all terms and conditions set forth in the Request for Proposal for the Purchase of the City of Bellflower Municipal Water System ("RFP").

The Price Proposal includes two bids. In both bids, Liberty Park proposes to consolidate the Bellflower Municipal Water System ("MWS") and its customers into Liberty Park for rate making purposes. The first bid ("Base Bid") is intended to conform to all of the terms and conditions of the RFP, including the specific condition to maintain existing MWS customer rates for five years following the closing date. In the Base Bid, Liberty Park proposes, subject to the approval of the California Public Utilities Commission ("CPUC"), no change to the existing MWS customer rates for five years following the closing date and, thereafter, MWS customer rates will be adjusted to be consistent with the rates then in effect for Liberty Park customers, which includes 4,000 existing Bellflower customers.

The second bid ("Alternative Bid") also proposes to consolidate MWS and its customers into Liberty Park for ratemaking purposes. In the Alternative Bid, Liberty proposes, subject to CPUC approval, no change to the existing MWS customer rates for two years instead of five following the closing date and, thereafter, similar to the Base Bid, MWS customer rates will be adjusted to be consistent with the rates then in effect for Liberty Park customers, which includes 4,000 existing Bellflower customers. The Alternative Bid proposes a higher purchase price for the City than the Base Bid.

Liberty Park priced the MWS and the City’s water rights on the basis of three price components: (i) all of the water utility assets and business of the MWS, including, without limitation, all plant, property and assets, real, personal, tangible and intangible, all pipelines, water wells, storage facilities and water works, and all books, records and contracts used in the conduct of the water utility business and to provide water service to MWS customers ("MWS Utility Assets"); (ii) 700 acre-feet ("AF") of the Central Basin water rights owned by the City and used to supply water to the 1,800 MWS customers ("MWS Water Rights"); and (iii) 680 AF of "excess" Central Basin water rights owned by the City and generally not used to supply potable water to the 1,800 MWS customers ("Excess Water Rights"). Both the Base Bid and the Alternative Bid use these three price components.

Additionally, and separate from both the Base Bid and Alternative Bid proposals, Liberty Park proposes the City consider contributing all or a portion of the Excess Water Rights to Liberty Park. Liberty Park would use the contributed Excess Water Rights exclusively for the benefit of the MWS customers and Liberty Park’s 4,000 existing Bellflower customers. Liberty Park believes the contributed Excess Water Rights would generate substantial costs savings for the 5,800 combined total customers that Liberty Park would serve in the City of Bellflower after closing. The contributed Excess Water Rights would be allocated to the Liberty Park Bellflower customers without mark-up and applied as a volumetric discount or some other mutually agreeable form of bi-monthly credit to Bellflower customers.
2. Base Bid

2.1 Purchase Price for MWS Utility Assets and 700 AF of MWS Water Rights - Base Bid

Liberty Park proposes to pay the City a fixed price of $12,260,000 to purchase (i) MWS Utility Assets and (ii) 700 AF of MWS Water Rights. $4,000,000 of the purchase price will be allocated to the MWS Utility Assets and the balance of the purchase price ($8,260,000) to the MWS Water Rights.

2.2 Purchase Price for the Excess Water Rights - Base Bid

Liberty Park proposes to purchase all 680 AF of the Excess Water Rights. To help maintain the lowest rates possible for MWS customers, Liberty Park proposes to lease the Excess Water Rights during the first five years following the closing date and then purchase the Excess Water Rights over the next five years. The annual lease payments to the City for the Excess Water Rights during years 1-5 are detailed in Table 2-A.

**Table 2-A: Annual Excess Water Right Lease Payments (Years 1-5) - Base Bid**

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess Water Rights Leased (AF)</td>
<td>680</td>
<td>680</td>
<td>680</td>
<td>680</td>
<td>680</td>
</tr>
<tr>
<td>Price per AF</td>
<td>$200</td>
<td>$210</td>
<td>$220</td>
<td>$231</td>
<td>$243</td>
</tr>
<tr>
<td>Total</td>
<td>$136,000</td>
<td>$142,800</td>
<td>$149,600</td>
<td>$157,080</td>
<td>$165,240</td>
</tr>
</tbody>
</table>

Starting in the sixth year after the closing date, Liberty Park proposes to purchase the 680 AF of the Excess Water Rights over the next five years (Years 6-10) in annual increments of 136 AF. The annual Excess Water Rights purchases are detailed in Table 2-B.

**Table 2-B: Annual Excess Water Rights Purchases (Year 6-10) - Base Bid**

<table>
<thead>
<tr>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess Water Rights Purchased (AF)</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td>Price per AF</td>
<td>$12,712</td>
<td>$12,903</td>
<td>$13,096</td>
<td>$13,293</td>
<td>$13,492</td>
</tr>
<tr>
<td>Total</td>
<td>$1,728,832</td>
<td>$1,754,808</td>
<td>$1,781,056</td>
<td>$1,807,848</td>
<td>$1,834,912</td>
</tr>
</tbody>
</table>

Additionally, in years six through ten, Liberty Park proposes to continue to lease the balance of the Excess Water Rights it has not yet purchased. The annual lease payments of the unpurchased Excess Water Rights are detailed in Table 2-C.
Table 2-C: Lease of Unpurchased Excess Water Rights (Years 6-9) - Base Bid

<table>
<thead>
<tr>
<th></th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess Water</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rights</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leased</td>
<td>544</td>
<td>408</td>
<td>272</td>
<td>136</td>
<td>—</td>
<td>1,360</td>
</tr>
<tr>
<td>Price per AF</td>
<td>$255</td>
<td>$268</td>
<td>$281</td>
<td>$295</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>$138,720</td>
<td>$109,344</td>
<td>$75,432</td>
<td>$40,120</td>
<td>—</td>
<td>$364,616</td>
</tr>
</tbody>
</table>

Liberty Park believes its plan to purchase all 700 AF of MWS Water Rights and to lease initially and then purchase all 680 AF of Excess Water Rights will provide a direct benefit to the MWS customers in terms of stabilizing MWS customer rates in the first five years and ensuring that all of the MWS Water Rights and the Excess Water Rights are permanently dedicated for use in Liberty Park’s service area that will include nearly 50% of the City’s water customers.

2.3 Total Consideration - Base Bid

For the Base Bid, Liberty Park proposes to pay the City total consideration of $22,282,706 for the purchase of the MWS Utility Assets, the 700 AF of MWS Water Rights, and the 680 AF of Excess Water Rights and for the lease of the Excess Water Rights, as shown in Table 2-D.

Table 2-D: Total Consideration – Base Bid

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Years 2-5</th>
<th>Years 6-10</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWS Utility Assets</td>
<td>$4,000,000</td>
<td>—</td>
<td>—</td>
<td>$4,000,000</td>
</tr>
<tr>
<td>MWS Water Rights</td>
<td>$8,260,000</td>
<td>—</td>
<td>—</td>
<td>$8,260,000</td>
</tr>
<tr>
<td>Purchase Price</td>
<td>$12,260,000</td>
<td>—</td>
<td>—</td>
<td>$12,260,000</td>
</tr>
<tr>
<td>Excess Water Rights Lease</td>
<td>$136,000</td>
<td>$614,720</td>
<td>$364,616</td>
<td>$1,115,336</td>
</tr>
<tr>
<td>Payments</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$8,907,370</td>
</tr>
<tr>
<td>Excess Water Rights Purchase</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>$8,907,370</td>
</tr>
<tr>
<td>Total Consideration</td>
<td>$12,396,000</td>
<td>$614,720</td>
<td>$9,271,986</td>
<td>$22,282,706</td>
</tr>
</tbody>
</table>

2.4 Capital Plan

Liberty Park proposes to make capital improvements to the MWS as necessary to ensure the MWS is operated and maintained in accordance with industry standards and practices and in compliance with all laws and regulations.

2.5 Rates and Charges

Liberty Park proposes to consolidate the MWS customers and service area into Liberty Park for ratemaking purposes. As noted above and subject to CPUC approval, Liberty Park proposes no change to the existing MWS customer rates for five years following the closing date and, thereafter, MWS customer rates will be adjusted to be consistent with the rates then in effect for Liberty Park customers, which included 4,000 existing Bellflower customers.
3. Alternative Bid

3.1 Purchase Price for MWS Utility Assets and 700 AF of Water Rights - Alternative Bid

Liberty Park proposes to pay the City a fixed price of $14,260,000 to purchase (i) MWS Utility Assets and (ii) 700 AF of MWS Water Rights. $6,000,000 of the purchase price will be allocated to the MWS Utility Assets and the balance of the purchase price ($8,260,000) to the MWS Water Rights. The Alternative Bid purchase price is $2,000,000 higher than the Base Bid purchase price.

3.2 Purchase Price for the Excess Water Rights - Alternative Bid

Liberty Park proposes to purchase all 680 AF of the Excess Water Rights. To help maintain the lowest rates possible for Bellflower customers, Liberty Park proposes to lease the Excess Water Rights during the first two years following the closing date and then purchase the Excess Water Rights over the next five years. The annual lease payments to the City for the Excess Water Rights during years 1-2 are detailed in Table 3-A.

Table 3-A: Annual Excess Water Rights Lease Payments (Years 1-2) - Alternative Bid

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess Water Rights Leased (AF)</td>
<td>680</td>
<td>680</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Price per AF</td>
<td>$200</td>
<td>$210</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$136,000</strong></td>
<td><strong>$142,800</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Starting in the third year after the closing date, Liberty Park proposes to purchase the 680 AF of the Excess Water Rights over the next five years (Years 3-7) in annual increments of 136 AF. The Excess Water Rights purchases are detailed below in Table 3-B.

Table 3-B: Annual Excess Water Rights Purchases (Year 3-7) - Alternative Bid

<table>
<thead>
<tr>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess Water Rights Purchased (AF)</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
<td>136</td>
</tr>
<tr>
<td>Price per AF</td>
<td>$12,157</td>
<td>$12,339</td>
<td>$12,524</td>
<td>$12,712</td>
<td>$12,903</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,653,352</strong></td>
<td><strong>$1,678,104</strong></td>
<td><strong>$1,703,264</strong></td>
<td><strong>$1,728,832</strong></td>
<td><strong>$1,754,808</strong></td>
</tr>
</tbody>
</table>

Additionally, in years three through six, Liberty Park will continue leasing any Excess Water Rights it has not yet purchased. The annual lease payments of the unpurchased Excess Water Rights are detailed in Table 3-C.
Table 3-C: Annual Lease of Unpurchased Excess Water Rights (Years 3-6) - Alternative Bid

<table>
<thead>
<tr>
<th></th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess Water Rights Leased (AF)</td>
<td>544</td>
<td>408</td>
<td>272</td>
<td>136</td>
<td>—</td>
<td>1,360</td>
</tr>
<tr>
<td>Price per AF</td>
<td>$220</td>
<td>$231</td>
<td>$243</td>
<td>$243</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$119,680</td>
<td>$94,248</td>
<td>$66,096</td>
<td>$33,048</td>
<td>—</td>
<td>$313,072</td>
</tr>
</tbody>
</table>

The Excess Water Rights Plan will provide a direct benefit to the MWS customers in terms of stabilizing customer rates in the first two years after the purchase and ensuring that all of the MWS Water Rights and the Excess Water Rights are permanently dedicated for use in Liberty Park’s service area that will encompass nearly 50% of the City’s water customers.

3.3 Total Consideration for the Alternative Bid

For the Alternative Bid, Liberty proposes to pay the City total consideration of $23,370,232 for the purchase of the MWS Utility Assets, the 700 AF of MWS Water Rights, and the 680 AF of Excess Water Rights and for the lease of the Excess Water Rights, as shown in Table 3-D

Table 3-D: Total Consideration – Alternative Bid

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Years 3-7</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MWS Utility Assets</td>
<td>$6,000,000</td>
<td>—</td>
<td>—</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>MWS Central Basin Water Rights</td>
<td>$8,260,000</td>
<td>—</td>
<td>—</td>
<td>$8,260,000</td>
</tr>
<tr>
<td>Purchase Price</td>
<td>$14,260,000</td>
<td>—</td>
<td>—</td>
<td>$14,260,000</td>
</tr>
<tr>
<td>Excess Water Rights Lease</td>
<td>$136,000</td>
<td>$142,800</td>
<td>$313,072</td>
<td>$591,872</td>
</tr>
<tr>
<td>Payments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess Water Rights Purchase</td>
<td>—</td>
<td>—</td>
<td>$8,518,360</td>
<td>$8,518,360</td>
</tr>
<tr>
<td>Total Consideration</td>
<td>$14,396,000</td>
<td>$142,800</td>
<td>$8,831,432</td>
<td>$23,370,232</td>
</tr>
</tbody>
</table>

3.4 Capital Plan

Subject to CPUC approval, Liberty Park proposes to invest $1,500,000 in capital improvements for the MWS in the first five years after the closing date.

3.5 Rates and Charges

Liberty Park proposes to consolidate the MWS customers and service area into its Central Basin Operations for ratemaking purposes. As noted above and subject to CPUC approval, Liberty Park proposes no change to the existing MWS customer rates for two years following the closing date and, thereafter, MWS customer rates will be adjusted to be consistent with the customer rates then in effect for Liberty Park Central Basin customers, which includes 4,000 existing Bellflower customers.