

Town of Apple Valley

NEWS RELEASE

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Liberty Utilities belatedly issues 2016 Annual Report

Apple Valley, CA – June 1, 2017: Yesterday, the Town of Apple Valley finally received a copy of Liberty Utilities' 2016 Annual Report for its Apple Valley system. The report was due on March 31 but was not made available to the Town until yesterday.

At the time of publication of this press release, the report was still not available on Liberty Utilities' website. The Town will be making the report available on its website as part of the Town's ongoing transparency effort to let ratepayers know Liberty's expenses and expenditures.

The Town's Finance Department has conducted a preliminary review of the report that shows:

- In total, Liberty reported more than \$560,000 in political contributions in 2016 to Apple Valley Citizens Right to Vote. This does not include political contributions in 2017.
- Liberty's net income in 2016 was \$3.9 million compared to \$4.2 million in 2015, and the amount of tax Liberty paid dropped from \$3.99 million to \$3.58 million.
- Operating revenues decreased from \$23.2 million to \$22.5 million from 2015 to 2016.
- Operating expenses decreased from \$11.8 million to \$10.1 million from 2015 to 2016.
- Miscellaneous income deductions increased from \$49,854 to \$1,590,022 from 2015 to 2016. These expenses include over \$1 million in non-utility legal and consulting bills and over \$500,000 in "miscellaneous donations."
- Rate base, which represents net investment in the system, decreased slightly from \$58.49 million to \$58.32 million.

Marc Puckett, Assistant Town Manager of Finance and Administration, said the 2016 report "does not significantly impact our analysis on whether the Town can afford to purchase the system" if an eminent domain case is successful. "We had based our financial analysis on the 2015 report. The 2016 report also supports our financing plan for the system."

For more information, contact Assistant Town Manager Marc Puckett at (760) 240-7000 x7700 x7700.