

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. California Pacific Electric Company, LLC/U 933-E

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Sharon Niles

Phone #: 905-465-4514

E-mail: sharon.niles@liberty-energy.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 9-E

Subject of AL: CalPeco's Authorization for Renewables Portfolio Standard Costs Memorandum Account

Keywords (choose from CPUC listing): _____

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: filing date: 11/10/11

No. of tariff sheets: 1

Estimated system annual revenue effect (%): _____

Estimated system average rate effect (%): _____

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Preliminary Statement, Part 12.C, Renewables Portfolio Standard Costs Memorandum Account

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

nj@cpuc.ca.gov and mas@cpuc.ca.gov

Utility Info (including e-mail)

California Pacific Electric Company, LLC

Attention: Advice Letter Protests

933 Eloise Avenue

South Lake Tahoe, CA 96150

Email: sharon.niles@liberty-energy.com



California Pacific Electric Company, LLC
933 Eloise Avenue
South Lake Tahoe, CA 96150
Tel: 800-782-2506
Fax: 905-465-4514

VIA EMAIL AND HAND-DELIVERY

October 11, 2011

**Advice Letter 9-E
(U 933-E)**

Julie Fitch, Director
Public Utilities Commission of the State of California
Attn: Energy Division, 4th Floor
505 Van Ness Avenue
San Francisco, CA 94102-3298

Subject: CalPeco's Authorization for Renewables Portfolio Standard Costs Memorandum Account.

As authorized by current Public Utilities Code ("PU Code") Section 399.14(g) and new PU Code Section 399.13(g) enacted through Senate Bill ("SB" 2 (1X) (Simitian), Stats. 2011, ch. 1 effective December 10, 2011 (henceforth, "Section 399.14(g)"), California Pacific Electric Company, LLC (U 933-E)) ("CalPeco")¹ requests approval from the California Public Utilities Commission ("Commission") to create a new Preliminary Statement, Part 12.C, Renewables Portfolio Standard Costs Memorandum Account to record the administrative and procurement cost associated with contracts for eligible renewable energy resources.

Background

Under the RPS program, each California load-serving entity is required to purchase a minimum quantity of electricity from eligible renewable resources. The quantity is a specific percentage of total annual retail energy sales.

CalPeco currently purchases 20 percent renewable resources through a Purchase Power Agreement from NV Energy. There are a number of renewable-related proceedings currently underway at the Commission, the California Energy Commission, and the California Air Resources Board, that are likely to affect the manner in which CalPeco contracts for eligible renewable energy resources in the future.

On September 20, 2007, in response to a request by Bear Valley Electric Service in Advice Letter 218-E, the Commission approved a nearly identical Memorandum Account as requested in this Advice Letter.

¹ CalPeco also does business in California as "Liberty Energy - California Pacific Electric Company."

Proposal

CalPeco seeks authorization to establish a memorandum account entitled Renewable Portfolio Standard Memorandum Account (“RPSMA”), to record administrative expenses such as legal costs related to preparing and filing pleadings and compliance filings associated with renewable-related proceedings at various California state agencies and outside third-party expenses for renewable procurement. These costs are currently not included in our rates.

Specifically, Section 399.14(g) states, procurement and administrative costs associated with contracts entered into by an electrical corporation for eligible renewable energy resources pursuant to this article and approved by the Commission shall be deemed reasonable per se, and shall be recoverable in rates.

Memorandum Account Treatment

CalPeco is aware that a memorandum account is not a guarantee of eventual recovery of expenses, nor is it carried as a regular account under the Uniform System of Accounts. It is carried “off the books” as a memorandum account. Further, according to the Commission policy on memorandum account treatment, the burden of proof for the reasonableness of expenses charged to the account is the responsibility of the utility requesting reimbursement of such expenses.

Effective Date

CalPeco requests that this Tier 2 advice letter filing become effective on regular notice, November 10, 2011, which is 30 calendar days after the date of filing.

Protests

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or by email, any of which must be received no later than **October 31, 2011**, which is 20 days after the date of this filing. The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on who may file a protest. Protests should be mailed to:

CPUC Energy Division
Attention: Tariff Unit, 4th Floor
505 Van Ness Avenue
San Francisco, CA 94102
Facsimile: (415) 703-2200
Email: mas@cpuc.ca.gov and jnj@cpuc.ca.gov

The protest also should be sent via email and U.S. Mail (and by facsimile, if possible) to CalPeco at the addresses shown below on the same date it is mailed or delivered to the Commission.

California Pacific Electric Company, LLC
Attn.: Advice Letter Protests
933 Eloise Avenue
South Lake Tahoe, CA 96150
Fax: 905-465-4514
Email: peter.eichler@liberty-energy.com

With a copy to:
Steven F. Greenwald
Vidhya Prabhakaran
Davis Wright Tremaine LLP
505 Montgomery Street, Suite 800
San Francisco, CA 94111
Fax: 415-276-6599
Email: stevegreenwald@dwt.com
Email: vidhyaprabhakaran@dwt.com

Effective Date

CalPeco requests that this Tier 2 advice filing become effective on regular notice, November 11, which is 30 calendars days after the date of this filing.

Notice

In accordance with General Order 96-B, Section 4.3, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list.

If additional information is required, please contact Peter Eichler, Director, Regulatory Strategy, peter.eichler@liberty-energy.com.

Please contact me at your convenience if you have any questions.

Sincerely,



Peter Eichler
Director, Regulatory Strategy

cc: Syreeta Gibbs, Regulatory Analyst, CPUC Energy Division
CalPeco Advice Letter Service List

PRELIMINARY STATEMENT
(Continued)

12. MEMORANDUM ACCOUNTS (Continued)

C. RENEWABLES PORTFOLIO STANDARD MEMORANDUM ACCOUNT ("RPSMA")

i. **PURPOSE**

The purpose of the RPSMA is to record the Renewable Portfolio Standard legal and outside service costs associated with performing tasks related to advancing RPS Program goals.

ii. **APPLICABILITY**

The RPSMA does not have a rate component.

iii. **ACCOUNTING PROCEDURE**

CalPeco shall maintain the RPSMA by making entries at the end of each month as follows:

a. A debit entry equal to the payments related to RPS legal and outside services costs.

b. When interest is payable under this part of the Preliminary Statement, the interest rate shall be 1/12 of the most recent month's interest rate on Commercial paper (prime, 3 months), published by the Federal Reserve Statistical Release, H.15. Should publication of the interest rate on commercial paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on commercial paper, which most closely approximates the rate that was discontinued and which is published in the Federal Reserve Statistical Release, H.15, or its successor publication.

iv. **ACCOUNT DISPOSITION**

CalPeco shall request the recovery of the balance in the RPSMA in a future proceeding.

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Advice Letter No. 9-E

Issued by
Bob Dodds
Name

Date Filed October 11, 2011

Decision No. _____

President
Title

Effective _____

Resolution No. _____

**CalPeco
Advice Letter Filing Service List
General Order 96-B, Section 4.3**

A.08-08-004 Service List

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A.09-10-028 and A.10-04-032 Service List

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AdviceTariffManager@sce.com

Truckee-Donner Public Utility District
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