

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: Mike Long

Phone #: 530-543-5277

E-mail: mike.long@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) #: **17-E**

Subject of AL: Compliance Filing to Establish a Vegetation Management Memorandum Account ("VMMA") Pursuant to Resolution E-4464.

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 #: E--4464

Does AL replace a withdrawn or rejected AL?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Summarize differences between the AL and the prior withdrawn or rejected AL¹: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 5-11-12

No. of tariff sheets: **1**

Estimated system annual revenue effect (%): **N/A**

Estimated system average rate effect (%): **N/A**

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: VMMA Tariff

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
edtariffunit@cpuc.ca.gov

California Pacific Electric Company, LLC
Attention: Advice Letter Protests
933 Eloise Avenue
South Lake Tahoe, CA 96150
Email: mike.long@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

May 11, 2012

**Advice Letter 17-E
(U 933-E)**

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

Subject: Compliance Filing to Establish a Vegetation Management Memorandum Account Pursuant to Resolution E-4464.

As authorized by California Public Utilities Commission (“Commission”) Resolution E-4464, California Pacific Electric Company, LLC (U 933-E) (“CalPeco”)¹ requests approval from the Commission to create a new Preliminary Statement, Part 12.D Vegetation Management Memorandum Account (“VMMA”). The purpose of the Memorandum Account will be to record costs that CalPeco, as of the approved effective date set forth by the Commission, is currently incurring for vegetation management.

Background

On October 20, 2011, CalPeco submitted Advice Letter 11-E, seeking Commission approval and authorization to establish a new memorandum account, the Vegetation Management Memorandum Account (VMMA), for its vegetation management program. In its advice letter CalPeco stated that the expenses incurred for vegetation management are materially different from the vegetation management expenses and associated budget that the Commission approved in Sierra’s last California general rate (GRC).²

CalPeco was granted the authority to establish the VMMA with certain modifications by Commission Resolution E-4464.

Specifically, CalPeco made the following modifications to the proposed tariff it submitted with Advice Letter 11-E, as described in Ordering Paragraph 2 of Resolution E-4464:

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

² The Commission adopted D.09-10-047 in Sierra’s 2009 GRC.

1. Added a new sentence at the end of section iii. a. of its VMMA tariff, to read as follows:
CalPeco shall cease making debit entries for payments related to vegetation management costs incurred on and after the effective date of the rates established by its 2013 General Rate Case.
2. Added a new subsection before the “Account Disposition” subsection to read:
CalPeco shall only book to the VMMA those incremental costs incurred after the effective date of this tariff, which date shall be no earlier than the date the revised tariff sheet required by Resolution E 4464 is filed.
3. Revised, and renumbered, the Account Disposition section of the VMMA tariff so that it reads:
CalPeco shall request the recovery of the balance in the VMMA in a future formal proceeding. CalPeco shall have the burden of establishing that: the costs recorded in the memorandum account have not been recovered through otherwise authorized rates; recovery of the types of costs recorded in the account – in addition to otherwise authorized rates -- is reasonable; the utility acted prudently when it incurred these costs; and the level of costs is reasonable.

Memorandum Account Treatment

CalPeco is aware that a memorandum account is not a guarantee of eventual recovery of expenses. Further, CalPeco recognizes and accepts the Commission policy that the burden of proof for the reasonableness of expenses charged to a memorandum account is the responsibility of the utility requesting reimbursement of such expenses.

As required by Ordering Paragraph 2.C of Resolution E-4464, “CalPeco shall request the recovery of the balance in the VMMA in a future formal proceeding. CalPeco shall have the burden of establishing that: the costs recorded in the memorandum account have not been recovered through otherwise authorized rates; recovery of the types of costs recorded in the account – in addition to otherwise authorized rates -- is reasonable; the utility acted prudently when it incurred these costs; and the level of costs is reasonable.”

Effective Date

CalPeco requests that this Tier 1 advice letter filing become effective on 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 **May 31, 2012**, 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: edtariffunit@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: michael.smart@libertyutilities.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

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.

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

Sincerely,



Michael R. Smart
President

cc: CalPeco Advice Letter Service List

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

A.08-08-004 Service List

chilen@sppc.com
ljt@cpuc.ca.gov
jeffreygray@dwt.com
gbinge@ktminc.com
emello@sppc.com
epoole@adplaw.com
joshdavidson@dwt.com
cem@newsdata.com
rmccann@umich.edu
sheila@wma.org
abb@eslawfirm.com
cbk@eslawfirm.com
bhodgeusa@yahoo.com
dlf@cpuc.ca.gov
mmg@cpuc.ca.gov
md2@cpuc.ca.gov
tlg@cpuc.ca.gov

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

chilen@nvenergy.com
kjl@cpuc.ca.gov
stevegreenwald@dwt.com
phanschen@mofo.com
liddell@energyattorney.com
tciardella@nvenergy.com
judypau@dwt.com
jheckler@levincap.com
vidhyaprabhakaran@dwt.com
dwtcpucdockets@dwt.com
cem@newsdata.com
dietrichlaw2@earthlink.net
abb@eslawfirm.com
glw@eslawfirm.com
clerk-recorder@sierracounty.ws
brianmorris@countyofplumas.com
plumascoco@gmail.com
marshall@psln.com
stephenhollabaugh@tdpud.org
gross@portersimon.com
Stephen.Aftanas@Emera.com
Ian.Robertson@algonquinpower.com

Mark Pocta
Division of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102
rmp@cpuc.ca.gov

Joe Como
Division of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102
joc@cpuc.ca.gov

Tamera Godfrey
Division of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102
tlg@cpuc.ca.gov

Dao Phan
Division of Ratepayer Advocates
505 Van Ness Avenue
San Francisco, CA 94102
dao@cpuc.ca.gov

Office of the General Counsel
Sierra Pacific Power Company
c/o NV Energy
6226 West Sahara Avenue
Las Vegas, NV 89146

Pacific Gas and Electric Company
77 Beale Street
San Francisco, CA 94106
PGETariffs@pge.com

Manager of Regulatory Affairs
San Diego Gas & Electric Company
P.O. Box 1831 - Room 10-A
San Diego, CA 92112
SDG&ETariffs@semprautilities.com

dlf@cpuc.ca.gov
jrw@cpuc.ca.gov
xjv@cpuc.ca.gov
mmg@cpuc.ca.gov

Director of Regulatory Affairs
Southwest Gas Corporation
P.O. Box 98510
Las Vegas, NV 89193-8510

Plumas Sierra Rural Electric
73233 State Route 70
Portola, CA 96122-7069

Southern California Edison Company
P.O. Box 800
Rosemead, CA 91770
AdviceTariffManager@sce.com

Truckee-Donner Public Utility District
P.O. Box 308
Truckee, CA 95734

Executive Director
California Energy Commission
1516 Ninth Street, MS-39
Sacramento, CA 95814

Honesto Gatchalian
California Public Utilities Commission
Energy Division, 4th Floor
505 Van Ness Avenue
San Francisco, CA 94102-3298
jnj@cpuc.ca.gov

Maria Salinas
California Public Utilities Commission
Energy Division, 4th Floor
505 Van Ness Avenue
San Francisco, CA 94102-3298
mas@cpuc.ca.gov

PRELIMINARY STATEMENT
(Continued)

12. MEMORANDUM ACCOUNTS (Continued)

D. VEGETATION MANAGEMENT MEMORANDUM ACCOUNT ("VMMA")

i. **PURPOSE**

The purpose of the VMMA is to record expenses associated with all vegetation management activities required by General Orders 95 and 165, and any other current or future order or decision by the Commission, for which the Commission has not already authorized rate recovery.

ii. **APPLICABILITY**

The VMMA does not have a rate component.

iii. **ACCOUNTING PROCEDURE**

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

- a. A debit entry equal to the payments related to vegetation management costs for which the Commission has not already authorized rate recovery. CalPeco shall cease making debit entries for payments related to vegetation management costs incurred on and after the effective date of the rates established by its 2013 General Rate Case.
- 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. **EFFECTIVE DATE**

CalPeco shall only book to the VMMA those incremental costs incurred after the effective date of this tariff, which date shall be no earlier than the date the revised tariff sheet required by Resolution E 4464 is filed.

v. **ACCOUNT DISPOSITION**

CalPeco shall request the recovery of the balance in the VMMA in a future formal proceeding. The authority to establish the VMMA does not imply full cost recovery. The reasonableness of incurred costs that CalPeco seeks to recover in the VMMA after its approved effective date will be determined in the formal proceeding set forth by the Commission. CalPeco will cease incurring costs into the VMMA after the effective date of the rates established by its 2013 General Rate Case.

(N)

Advice Letter No. 17-E

Issued by
Michael R. Smart
Name

Date Filed May 11, 2012

Decision No. _____

President
Title

Effective May 11, 2012

Resolution No. E-4464