PRELIMINARY STATEMENT
(Continued)

13. **MEMORANDUM ACCOUNTS** (Continued)

J. **Tax Memorandum Account**

   i.   PURPOSE

Pursuant to Commission Decision 16-12-024, issued December 8, 2016, the Tax Memorandum Account will record any revenue differences resulting from the income tax expenses forecasted in Liberty CalPeco general rate case ("GRC") proceedings and the tax expenses incurred by Liberty CalPeco during each subsequent GRC period.

   ii.   APPLICABILITY

The Tax Memorandum Account shall apply to all customers unless otherwise specified by the Commission.

   iii.   ACCOUNTING PROCEDURES

The Tax Memorandum Account will record any revenue differences between the income taxes forecasted in Liberty CalPeco GRC proceedings and the tax expenses incurred by Liberty CalPeco during the 2016 through 2018 GRC period and in each subsequent GRC period.

The Tax Memorandum Account will have separate line items detailing the differences between tax expenses forecasted and tax expenses incurred.

The Tax Memorandum Account will specifically track differences resulting from:

1. Net revenue changes;

2. Mandatory tax law changes, tax accounting changes, tax procedural changes, or tax policy changes; and

3. Elective tax law changes, tax accounting changes, tax procedural changes, or tax policy changes

                                              Issued by
Advice Letter No. _71-E_____   Gregory S. Sorensen   Date Filed _December 23, 2016_
                                              Name
Decision No. _16-12-024_____   President_____   Effective _January 1, 2017_____
                                              Title
                                                             Resolution No. _____

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC
SOUTH LAKE TAHOE, CALIFORNIA   **Original**   CPUC Sheet No. **41J**
    Canceling   CPUC Sheet No.

PRELIMINARY STATEMENT
(Continued)

13.   **MEMORANDUM ACCOUNTS** (Continued)

I.   **Tax Memorandum Account (GRCMA)** (Continued)

    iv.   DISPOSITION

    The Tax Memorandum Account shall remain open and the balance in the account should be reviewed in every subsequent GRC until a Commission decision closes the account.