

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: Michael D. Long

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EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 25-E

Subject of AL: **Approval of changes to tariff schedules pursuant to Ordering Paragraphs 19 and 22 of Decision ("D.") 12-12-033. D.12-12-033 adopts a cap-and-trade Greenhouse Gas allowance revenue allocation methodology for the Investor-Owned Utilities, including CalPeco.**

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 #: **D.12-12-033**

Does AL replace a withdrawn or rejected AL?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Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____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: **1/22/2013**

No. of tariff sheets: **3**

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, **New Tariffs - 41D, Greenhouse Gas Administrative Cost Memorandum Account (GHGACMA), 41 E Greenhouse Gas Customer Outreach Costs Memorandum Account (GHGCOCMA), 54 Greenhouse Gas Revenue Balancing Account**

Pending advice letters that revise the same tariff sheets:

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

Utility Info (including e-mail)
California Pacific Electric Company, LLC
Attention: Advice Letter Protests
933 Eloise Avenue
South Lake Tahoe, CA 96150
Email: Mike.Long@libertyutilities.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

January 22, 2013

**Advice Letter 25-E
(U 933-E)**

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

Subject: R. 11-03-012, DECISION ADOPTING CAP-AND-TRADE GREENHOUSE GAS ALLOWANCE REVENUE ALLOCATION METHODOLOGY FOR THE INVESTOR-OWNED ELECTRIC UTILITIES

California Pacific Electric Company, LLC (U 933-E) (“CalPeco”)¹ hereby submits for approval the following changes to its tariff schedules pursuant to Ordering Paragraphs 19 and 22 of Decision (“D.”) 12-12-033. The enclosed Attachment 1 includes the affected tariff sheets.

Background

D.12-12-033 adopts a cap-and-trade Greenhouse Gas allowance revenue allocation methodology for the Investor-Owned Utilities, including CalPeco. The decision orders the creation of a GHG Revenue Balancing Account (with a GHG sub-balancing account to record estimated GHG costs), a 2013 Customer Outreach Costs memorandum account and a 2013 Administrative Costs memorandum account.

Request

In compliance with Ordering Paragraphs 19 and 22 of D.12-12-033, CalPeco requests that the tariff schedules included in Attachment 1 be approved implementing CalPeco’s 2013 GHG Administrative Costs Memorandum Account (“GHGACMA”); 2013 GHG Customer Outreach Costs Memorandum Account (“GHGCOCMA”); and the GHG Revenue Balancing Account (“GHGRBA”).

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

The GHG Revenue Balancing Account will contain a sub-balancing account to record estimated GHG costs for subsequent recovery in rates.

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 **February 11, 2013**, 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 show 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: mike.long@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: vidhyaprabhakaran@dwt.com

Effective Date

CalPeco requests that this advice filing become effective on **January 22, 2013**. This advice letter is submitted with a **Tier 1** designation.

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.

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If additional information is required, please contact Michael Long, Director of Finance and Manager of Regulatory Affairs (Mike.Long@libertyutilities.com).

Sincerely,

A handwritten signature in blue ink that reads "Michael D. Long". The signature is written in a cursive style with a large initial "M".

Michael D. Long
Director of Finance and Manager of Regulatory Affairs
California Pacific Electric Company, LLC

Attachments

cc: CalPeco Advice Letter Service List

ATTACHMENT

F. GREENHOUSE GAS ADMINISTRATIVE COST MEMORANDUM ACCOUNT (GHGACMA)

(N)

i. PURPOSE

The purpose of the Greenhouse Gas Administrative Cost Memorandum Account (GHGACMA) is to capture the 2013 administrative costs associated with implementation of the Commission's Greenhouse Gas (GHG) allowance return methodology pursuant to Decision 12-12-033.

ii. PROCEDURE

The Utility will:

- (1) In the GHGACMA, record the administrative costs associated with the implementation of the Commission's GHG allowance return methodology.
- (2) Maintain support for each amount recorded in this GHGACMA.
- (3) Accrue interest monthly to this memorandum account applying one-twelfth of the interest rate to the average of the beginning and ending balance of the GHGACMA. The interest rate shall be the interest rate on the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release H.15, or its successor.

iii. APPLICABILITY

The GHGACMA shall apply to all customer classes.

iv. CHANGES IN RATES

Costs recorded in the GHGACMA may be recovered in rates only after a request by CalPeco, a showing of reasonableness, and approval by the Commission. Such a request may be made by formal application specifically for that purpose, by inclusion in a subsequent general rate case, or other rate setting request.

Advice Letter No. 25-E

Issued by
Michael R. Smart
Name

Date Filed January 22, 2013

Decision No. 12-12-033

President
Title

Effective January 22, 2013

Resolution No.

G. GREENHOUSE GAS CUSTOMER OUTREACH COSTS MEMORANDUM ACCOUNT (GHGCOCMA)

PURPOSE

The purpose of the Greenhouse Gas Customer Outreach Costs Memorandum Account (GHGCOCMA) is to capture the 2013 customer outreach costs associated with implementation of the Commission's Greenhouse Gas (GHG) allowance return methodology pursuant to Decision 12-12-033.

i. PROCEDURE

The Utility will:

- (1) In the GHGCOCMA, record the customer outreach costs associated with the implementation of the Commission's GHG allowance return methodology.
- (2) Maintain support for each amount recorded in this GHGCOCMA.
- (3) Accrue interest monthly to this memorandum account applying one-twelfth of the interest rate to the average of the beginning and ending balance of the GHGCOCMA. The interest rate shall be the interest rate on the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release H.15, or its successor.

iii. APPLICABILITY

The GHGCOCMA shall apply to all customer classes.

iv. CHANGES IN RATES

Costs recorded in the GHGCOCMA may be recovered in rates only after a request by CalPeco, a showing of reasonableness, and approval by the Commission. Such a request may be made by formal application specifically for that purpose, by inclusion in a subsequent general rate case, or other rate setting request.

(N)

Advice Letter No. 25-E

Issued by
Michael R. Smart

Date Filed January 22, 2013

Decision No. 12-12-033

Name
President
Title

Effective January 22, 2013

Resolution No.

20. GREENHOUSE GAS REVENUE BALANCING ACCOUNT (GHGRBA)

i. PURPOSE

The purpose of the Greenhouse Gas Revenue Balancing Account (GHGRBA) is to capture the Greenhouse Gas (GHG) costs incurred for GHG emissions from CalPeco's own facilities, contracts where CalPeco has assumed the cost of compliance on behalf of a third-party, or associated with electricity imports where CalPeco is the compliance entity. In addition, the GHGRBA will be used to capture the GHG costs incurred by CalPeco through the purchase of electricity in the wholesale market. In addition to capturing the costs discussed above, the GHGRBA will be used to capture the proceeds from the sale of GHG allowances sold through the cap-and-trade program auction.

ii. PROCEDURE

The Utility will:

- (1) Record the proceeds from the sale of GHG allowances sold through the cap-and-trade program auction.
- (2) Record in a sub-balancing account, the GHG costs incurred for GHG emissions from CalPeco's own facilities, contracts where CalPeco has assumed the cost of compliance on behalf of a third-party, or associated with electricity imports where CalPeco is the compliance entity. In addition, record the GHG costs incurred by CalPeco through the purchase of electricity in the wholesale market.
- (3) Maintain support for each amount recorded in this GHGBRA and the sub-balancing account.
- (4) Accrue interest monthly to the balancing account applying one-twelfth of the interest rate to the average of the beginning and ending balance of the GHGBRA and the sub-balancing account. The interest rate shall be the interest rate on the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release H.15, or its successor.

iii. APPLICABILITY

The GHGRBA shall apply to all customer classes.

iv. CHANGES IN RATES

Upon determination by the Commission that the GHG revenue allocation methodology is ready to be implemented, which shall occur through a written letter issued by the Director of the Energy Division and served on the service list of R.11-03-012 (following the adoption of necessary decisions addressing implementation in R.11-03-012), CalPeco will begin allocation of GHG-related costs to all customers. The cost and revenue balances accumulated in the GHG cost sub-account and the GHG Revenue Balancing Account will be amortized so that all deferred costs are recovered and all deferred revenues are distributed within 24 months.

(N)

Advice Letter No. 25-E

Issued by
Michael R. Smart
Name

Date Filed January 22, 2013

Decision No. 12-12-033

President
Title

Effective January 22, 2013

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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VIA EMAIL	VIA US MAIL
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<p>Joe Como Division of Ratepayer Advocates 505 Van Ness Avenue San Francisco, CA 94102 joc@cpuc.ca.gov</p>	<p>Director of Regulatory Affairs Southwest Gas Corporation P.O. Box 98510 Las Vegas, NV 89193-8510</p>
<p>Tamera Godfrey Division of Ratepayer Advocates 505 Van Ness Avenue San Francisco, CA 94102 tlg@cpuc.ca.gov</p>	<p>Plumas Sierra Rural Electric 73233 State Route 70 Portola, CA 96122-7069</p>
<p>Dao Phan Division of Ratepayer Advocates 505 Van Ness Avenue San Francisco, CA 94102 dao@cpuc.ca.gov</p>	<p>Truckee-Donner Public Utility District 11570 Donner Pass Road Truckee, CA 96161</p>
<p>Pacific Gas and Electric Company 77 Beale Street San Francisco, CA 94106 PGETariffs@pge.com</p>	<p>Executive Director California Energy Commission 1516 Ninth Street, MS-39 Sacramento, CA 95814</p>
<p>Manager of Regulatory Affairs San Diego Gas & Electric Company P.O. Box 1831 - Room 10-A San Diego, CA 92112 SDG&ETariffs@semprautilities.com</p>	<p>Edward Randolph, Director California Public Utilities Commission Energy Division, 4th Floor 505 Van Ness Avenue San Francisco, CA 94102-3298 efr@cpuc.ca.gov</p>
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