

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

Company name/CPUC Utility No. **Liberty Utilities (CalPeco Electric) LLC (U 933-E)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person for questions and approval letters: Ken Wittman

Phone #: 530-543-5267

E-mail: Ken.Wittman@libertyutilities.com

EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **36-E**

Subject of AL: **Establish the Electric Preliminary Statement Part 21, Mobile Home Park Balancing Account, Pursuant to Decision 14-03-021**

Tier Designation: 1 2 3

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. 14-03-021.

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL _____

Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: June 23, 2014

No. of tariff sheets: 2

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: **MOBILE HOME PARK BALANCING ACCOUNT (MHPBA)**

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

All other correspondence regarding this AL 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)
Liberty Utilities (CalPeco Electric) LLC
Attention: Advice Letter Protests
933 Eloise Avenue
South Lake Tahoe, CA 96150
Email: ken.wittman@libertyutilities.com

¹ Discuss in AL if more space is needed.



Liberty Utilities (CalPeco Electric) LLC
933 Eloise Avenue
South Lake Tahoe, CA 96150
Tel: 800-782-2506
Fax: 530-544-4811

VIA EMAIL AND HAND DELIVERY

May 23, 2014

**Advice Letter 36-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: Establish the Electric Preliminary Statement Part 21, Mobile Home Park
Balancing Account, Pursuant to Decision 14-03-021**

Liberty Utilities (CalPeco Electric) LLC (U 933-E) ("Liberty Utilities") hereby submits for approval the following changes to its Preliminary Statement. The enclosed Attachment B includes the affected tariff sheets.

Purpose

The purpose of this filing is to request California Public Utilities Commission ("CPUC") approval for new preliminary statements for an electric Mobile Home Park Balancing Account, MHPBA, to record costs incurred to comply with Decision (D.) 14-03-021. Liberty Utilities is submitting the balancing account for approval at this time so that it may begin to plan and coordinate, along with the Safety and Enforcement Division ("SED") and the Public Advisor Office, its education and outreach efforts as approved in D. 14-03-021.

Background

On March 14, 2014, the Commission issued D.14-03-021, approving a three-year "living pilot" with a goal to convert to direct service, approximately 10 percent of mobile home park (MHP) residential spaces in each utility's service territory. The decision concluded that replacement of MHP sub-metered systems both "to the meter" and "beyond the meter" was necessary for the new distribution system to function and provide MHP residents with utility service on par with that of other residential customers.

The Decision directed that each utility submit an advice letter on or before July 30, 2014, for approval of new tariffs to establish the voluntary, mobile home park/manufactured housing community conversion program that contains all of the program components referenced and described in the Decision. In this advice letter, Liberty Utilities submits for approval, an electric balancing account for recording actual MHP conversion program costs. On or before July 30, 2014, Liberty Utilities will submit a new tariff, program application and program agreement detailing the terms and conditions of the MHP conversion program.

The original proposed decision (PD) proposed a pilot start date of July 1, 2014. In comments to the PD, several parties, including SED, recommended more time was needed to permit utilities to jointly create the necessary program application and program agreement, as well as develop the necessary outreach materials that will be used to inform MHP owners and residents. The Commission agreed with parties' concerns and revised the final decision to begin the pilot on January 1, 2015. Allowing Liberty Utilities to incur and record incremental expenses now will allow Liberty Utilities to pursue outreach efforts to ensure MHPs are provided a fair opportunity to participate, as envisioned in the Decision.

Request

Liberty Utilities requests Commission authority to establish Preliminary Statement Part 21 (MHPBA) included herein. In accordance with the Decision, the preliminary statements will record reasonable incremental expenses associated with the conversion of master-metered service. "To the meter" construction costs will be capitalized at the utility's then-current authorized rate of return on rate base. The actual "beyond the meter" construction costs should be recorded in program balancing account as incurred. "Beyond the meter" construction costs will be treated as a regulatory asset and amortized over ten years. Liberty Utilities will request regulatory asset treatment for the "beyond the meter" costs following the reasonableness review during the first general rate case following that MHP conversion being placed into service.

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 June 12, 2014, 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 Liberty Utilities at the addresses show below on the same date it is mailed or delivered to the Commission.

Liberty Utilities (CalPeco Electric) LLC
Attn.: Advice Letter Protests
933 Eloise Avenue
South Lake Tahoe, CA 96150
Fax: 530-544-4811
Email: ken.wittman@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

Liberty Utilities requests that this advice filing become effective on **June 23, 2014**. This advice letter is submitted with a **Tier 2** 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.

If additional information is required, please contact Ken Wittman, Manager of Rates and Regulatory Affairs (ken.wittman@libertyutilities.com).

Sincerely,



Ken Wittman
Manager of Rates and Regulatory Affairs
Liberty Utilities (CalPeco Electric) LLC

Attachments

cc: Liberty Utilities Advice Letter Service List

Liberty Utilities (CalPeco Electric) LLC
Advice Letter Filing Service List
General Order 96-B, Section 4.3

VIA EMAIL

gbinge@ktminc.com
emello@sppc.com
epoole@adplaw.com
cem@newsdata.com
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phanschen@mofa.com
liddell@energyattorney.com
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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
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Adam.Schultz@cpuc.ca.gov
Jeannie.chang@cpuc.ca.gov
txb@cpuc.ca.gov
efr@cpuc.ca.gov
joc@cpuc.ca.gov
tlg@cpuc.ca.gov
dao@cpuc.ca.gov
ljt@cpuc.ca.gov
dlf@cpuc.ca.gov
mmg@cpuc.ca.gov
md2@cpuc.ca.gov
tlg@cpuc.ca.gov
kjl@cpuc.ca.gov
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judypau@dwt.com
jeffreygray@dwt.com
dwtcpucdockets@dwt.com
patrickferguson@dwt.com



21. MOBILE HOME PARK BALANCING ACCOUNT (MHPBA)

- i. **PURPOSE:** The purpose of the Mobile Home Park Balancing Account (MHPBA) is to record and recover the actual incurred costs of implementing the voluntary program to convert the electric master-meter/submeter service at mobile home parks and manufactured housing communities (collectively referred to herein as "MHP") to direct service by Liberty Utilities, pursuant to Decision (D.) 14-03-021. The costs associated with the accounting entries in the MHPBA shall include incremental incurred expenses and both "to the meter" and "beyond the meter" costs. Pursuant to Ordering Paragraph 8 of Decision 14-03-021, the incurred expenses shall be entered into the program balancing account for recovery in the first year following the cut over of service and subject to reasonableness review. Actual construction costs for each MHP conversion shall be entered into a balancing account and recovered the year immediately following service cut over for that MHP. Reasonableness review of "to the meter" cost will occur in Liberty Utilities' General Rate Case (GRC) proceedings, where these costs are included into the base rates. The review of the "beyond the meter" costs will occur in the first GRC after service cut over.
- ii. **PROCEDURE:** Liberty Utilities shall maintain the MHPBA by making entries to this account at the end of each month as follows:
 - (1) A debit entry equal to the incremental incurred expenses;
 - (2) A debit entry equal to the capital-related revenue requirement, excluding Franchise Fees and Uncollectible Allowance Expense (FF&U), related to the "to the meter" capital costs incurred. Capital-related revenue requirements include depreciation expense, the return on investment at a rate equivalent to Liberty Utilities' current authorized return on rate base, federal and state income taxes, and property taxes associated with the costs of installed equipment;
 - (3) A debit entry equal to the revenue requirement, excluding FF&U, related to the "beyond the meter" costs incurred. The revenue requirement will include amortization expense, return on investment, and federal and state income taxes, associated with the costs of installed equipment. The "beyond the meter" costs are recorded as a regulatory asset and will be amortized over ten years, with a return on investment at a rate equivalent to Liberty's current authorized return on rate base;
 - (4) A debit or credit entry to transfer the balance to or from any other accounts as approved by the Commission; and

(continued)

Advice Letter No. 36-E

Issued by

Michael R. Smart

Date Filed May 23, 2014

Decision No. 14-03-021

Name

President

Title

Effective June 23, 2014

Resolution No.



(continued)

H. MOBILE HOME PARK BALANCING ACCOUNT (MHPBA)

(5) An entry equal to the interest on the average balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release H.15, or its successor.

iii. **APPLICABILITY**

The MHPBA shall apply to all customer classes, except for those schedules or contracts specifically excluded by the Commission.

iv. **CHANGES IN RATES**

Costs recorded in the MHPBA may be recovered in rates only after a request by Liberty Utilities, 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. 36-E

Issued by

Michael R. Smart

Date Filed May 23, 2014

Decision No. 14-03-021

Name

President

Effective June 23, 2014

Title

Resolution No. _____