



ADVICE LETTER SUMMARY

ENERGY UTILITY



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

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

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Daniel W. Marsh

Phone #: 562-299-5104

E-mail: Dan.Marsh@libertyutilities.com

E-mail Disposition Notice to: Dan.Marsh@libertyutilities.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 126-E

Tier Designation: Tier 2

Subject of AL: Physical Security Memorandum Account ("PSMA")

Keywords (choose from CPUC listing): Compliance

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.19-07-015

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 10/10/19

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: N/A

Service affected and changes proposed¹: N/A

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

¹Discuss in AL if more space is needed.

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

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Daniel W. Marsh
Title: Manager, Rates and Regulatory Affairs
Utility Name: Liberty Utilities (CalPeco Electric) LLC
Address: 9750 Washbur Road
City: Downey State: California
Telephone (xxx) xxx-xxxx: 562-299-5104
Facsimile (xxx) xxx-xxxx:
Email: Dan.Marsh@libertyutilities.com

Name:
Title:
Utility Name:
Address:
City: State: Wyoming
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	



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

October 10, 2019

VIA EMAIL AND UPS

**Advice Letter No. 126-E
(U 933-E)**

California Public Utilities Commission
Energy Division, Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298

SUBJECT: Establishment of a Physical Security Memorandum Account

PURPOSE

Pursuant to the California Public Utilities Commission's ("Commission") Decision ("D.") 19-01-018, dated January 10, 2019, on Order Instituting Rulemaking ("OIR") 15-06-009, dated June 11, 2015, Liberty Utilities (CalPeco Electric) LLC ("Liberty CalPeco") submits this advice letter to establish a Physical Security Memorandum Account ("PSMA") to track costs incurred for physical security risk mitigation planning activities that are not otherwise reflected in Liberty CalPeco's revenue requirement. A copy of the proposed PSMA is attached.

BACKGROUND

In response to multiple physical attacks on electric delivery infrastructure in 2013 and 2014, resulting in millions of dollars in damages, the CPUC instituted Rulemaking ("R.") 15-06-009 to address physical security at critical electric facilities. R.15-06-009 established a framework for the regulation of physical security risks and mitigation to investor-owned utilities ("IOUs") consistent with Public Utilities Code Section 364. R.15-06-009 was also written to align with Public Utilities Code Section 768.6 which established guidelines for disaster and emergency preparedness plans for electrical corporations and regulated water utilities.¹

In D.19-01-018, the CPUC ordered IOUs to identify electric distribution assets that may merit special protection and measures to lessen identified risks and threats. To address the risk of long-term outage to a distribution facility, each utility operator shall develop and implement a Physical Security Risk Mitigation Plan ("Mitigation Plan"). The Mitigation Plans will follow a six-step procedure for carrying out these new physical security plan requirements. The Safety and Enforcement Division's Six-step Security Plan Process consists of the following:

¹ See R.15-06-009.

1. Assessment;
2. Independent Review and Utility Response to Recommendations;
3. Safety and Enforcement Division Review (for Investor Owned Utilities);
4. Local Plan Review (for Publicly Owned Utilities);
5. Maintenance and Plan overhaul/new review.²

When the PSMA is approved and activated, Liberty CalPeco will record physical security risk mitigation planning costs, not included in rates, to the PSMA. The PSMA will remain open to record costs of any additional physical security risk mitigation activities not included in the approved Mitigation Plan Report.

COMPLIANCE

Liberty CalPeco files this advice letter in accordance with D.19-01-018 Section 6.1 Step 3, which states,

“An SED finding of compliance would render IOUs eligible to request funding for appropriate physical security needs identified by IOUs; project expenditures would be tracked in a memorandum account and subject to reasonableness review in the GRC.”²

D.19-01-018 Section 6.8 states,

“Utilities may establish a memorandum account to track associated costs. However, cost recovery requests shall be made in each utility’s general rate case (GRC).”²

TIER DESIGNATION & EFFECTIVE DATE

This advice letter is submitted with a Tier 2 designation. Liberty CalPeco requests an effective date of October 10, 2019, the date in which this advice letter was submitted.

PROTESTS

Anyone wishing to protest this Advice Letter 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 30, 2019, which is 20 days after the date of this Advice Letter. There are no restrictions on who may submit a protest, but the protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. Protests should be mailed to:

² See D.2019-01-018.

Energy Division Tariff Unit
California Public Utilities Commission
October 10, 2019
Page 3

California Public Utilities Commission
Energy Division, Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102-3298
Facsimile: (415) 703-2200
Email: edtariffunit@cpuc.ca.gov

The protest should be sent via email and U.S. Mail (and by facsimile, if possible) to Liberty Utilities (CalPeco Electric) LLC at the address 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: Dan.Marsh@libertyutilities.com

Notice

In accordance with General Order 96-B, Section 4.3, a copy of this Advice Letter is being sent electronically to parties shown on the attached service list.

If additional information is required, please do not hesitate to contact me.

Respectfully submitted,

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC

/s/ Daniel W. Marsh

Daniel W. Marsh
Liberty Utilities (CalPeco Electric) LLC
Manager, Rates and Regulatory Affairs
Phone: 562-299-5104
Email: Dan.Marsh@libertyutilities.com

cc: Liberty CalPeco General Order 96-B 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;
rmccann@umich.edu;
sheila@wma.org;
abb@eslawfirm.com;
cbk@eslawfirm.com;
bhodgeusa@yahoo.com;
chilen@nvenergy.com;
phanschen@mofo.com;
liddell@energyattorney.com;
cem@newsdata.com;
dietrichlaw2@earthlink.net;
ericj@eslawfirm.com;
clerk-recorder@sierracounty.ws;
plumascoco@gmail.com;
marshall@psln.com;
stephenhollabaugh@tdpud.org;
gross@portersimon.com;
mccluretahoe@yahoo.com;
catherine.mazzeo@swgas.com;
Theresa.Faegre@libertyutilities.com;
SDG&ETariffs@semprautilities.com;
greg.campbell@libertyutilities.com;
bcragg@goodinmacbride.com;

AdviceTariffManager@sce.com;
edtariffunit@cpuc.ca.gov;
jrw@cpuc.ca.gov;
rmp@cpuc.ca.gov;
jaime.gannon@cpuc.ca.gov;
mas@cpuc.ca.gov;
txb@cpuc.ca.gov;
efr@cpuc.ca.gov;
tlg@cpuc.ca.gov;
dao@cpuc.ca.gov;
ljt@cpuc.ca.gov;
mmg@cpuc.ca.gov;
kjl@cpuc.ca.gov;
denise.tyrrell@cpuc.ca.gov;
fadi.daye@cpuc.ca.gov;
winnie.ho@cpuc.ca.gov;
usrb@cpuc.ca.gov;
Rob.Oglesby@energy.ca.gov;
stevegreenwald@dwt.com;
vidhyaprabhakaran@dwt.com;
judypau@dwt.com;
dwtcpucdockets@dwt.com;
patrickferguson@dwt.com;
travis.ritchie@sierraclub.org;
dan.marsh@libertyutilities.com;
sharon.yang@libertyutilities.com;
ginge@kinectenergy.com

PRELIMINARY STATEMENT
(Continued)

13. MEMORANDUM ACCOUNTS (Continued)

N. Physical Security Memorandum Account

Pursuant to the Commission Decision 19-01-018, dated January 10, 2019, on Order Instituting Rulemaking 15-06-009, dated June 11, 2015, the Physical Security Memorandum Account ("PSMA") will record costs incurred for physical security risk mitigation planning activities not otherwise in Liberty CalPeco's currently-authorized revenue requirement.

1. PURPOSE

The purpose of the PSMA is to track incremental costs incurred for physical security risk mitigation planning activities not otherwise covered in Liberty CalPeco's currently-authorized revenue requirement.

2. APPLICABILITY

The PSMA applies to all customer classes and rate schedules, except for those specifically excluded by the Commission.

3. ACCOUNTING PROCEDURES

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

- a. A debit entry shall be made to the PSMA at the end of each month to record the incremental physical security risk mitigation planning costs.
- b. Interest shall accrue to the PSMA on a monthly basis by applying a rate equal to one-twelfth of the three-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

4. EFFECTIVE DATE

The PSMA shall be effective on October 10, 2019.

5. DISPOSITION

Disposition of amounts recorded in the PSMA shall be determined in a subsequent rate-setting filing authorized by the Commission.