

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 Liberty's own facilities, contracts where Liberty has assumed the cost of compliance on behalf of a third-party, or associated with electricity imports where Liberty is the compliance entity. In addition, the GHGRBA will be used to capture the GHG costs incurred by Liberty 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 Liberty's own facilities, contracts where Liberty has assumed the cost of compliance on behalf of a third-party, or associated with electricity imports where Liberty is the compliance entity. In addition, record the GHG costs incurred by Liberty 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.

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Issued by

Michael R. Smart

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20. GREENHOUSE GAS REVENUE BALANCING ACCOUNT (GHGRBA)
(continued)

iv. CHANGES IN RATES

(1) Continued

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.

(2) Carbon Pollution Permit Cost

Beginning on July 1, 2020 Liberty Utilities will include on all customer bills a charge to reimburse Liberty Utilities for costs incurred and estimated to incur to remain compliance with Decision 20-05-044. This cost is applicable to all customer classes. It is based on monthly kilowatt usage and will be at a rate of \$0.00637 per kilowatt hour.

(I)

This cost will be updated minimally on an annual basis.

(3) California (CA) Climate Credit

Beginning on July 1, 2020 Liberty Utilities will issue a California Climate Credit in compliance with Decision 20-05-044. There are three customer sub-classes that are eligible for the credit.

a. Emission-Intense and Trade-Exposed (EITE) Customers

Customers in this sub-class meet the California Air Resource Board's leakage risk Industry Assistance definition as adopted in ARB's Cap-and-Trade program. The credit amount will be calculated pursuant to Decision 12-12-033.

b. Small Businesses

Small business is defined as non-residential entities on a General Service or Agricultural tariffs whose electric demand does not exceed 20 kilowatts in more than three months of the proceeding twelve month period. Eligibility will be determined during Liberty Utilities' annual rate migration process and remain in effect until the next migration process.

The credit is (\$0.00319) per kilowatt hour. The credit will be calculated as the (Carbon Pollution Permit Cost x monthly usage x the Industry Assistance factor). The Industry Assistance factor are located in Appendix 2, Table 1 of Decision 13-12-041.

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(continued)

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(continued)

iv. CHANGES IN RATES

(3) California (CA) Climate Credit (continued)

c. Residential Customers

Customers with an active D-1 tariff account with a customer charge in the month preceding the credit being processed will received an on-bill semi-annual credit of \$33.78.

The amount of the credit will be determined annual pursuant to Decision 12-12-033.

(1)

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