



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

December 11, 2020

VIA EMAIL ONLY

**Advice Letter No. 160-E
(U 933-E)**

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

Subject: 2021 Post-Test Year Adjustment Mechanism

Liberty Utilities (CalPeco Electric) LLC (U 933 E) (“Liberty”) hereby submits this **Tier 2** Advice Letter No. 160 to increase its base rate revenues in accordance with the Post-Test Year Adjustment Mechanism (“PTAM”) as set forth in Section 9 of the Preliminary Statement in the Liberty Tariff.

I. Purpose

The purpose of this filing is to adjust Liberty’s forecast to revise base rates as of January 1, 2021 pursuant to the PTAM tariff authorized in D.12-11-030. Liberty’s 2019 General Rate Case Decision (D.20-08-030) (“2019 GRC Decision”) also authorized Liberty to include PTAM-eligible capital into rates if these projects were placed in service and closed to plant and to escalate O&M and A&G expenses 1.86% annually for 2020 and 2021.

II. Background

Liberty is making three adjustments to its Base Revenue Requirement (“BRR”), including the inclusion of PTAM-eligible capital projects and escalations to authorized O&M and A&G expenses, as authorized in Liberty’s 2019 GRC Decision, and increases due to the attrition factor authorized in Liberty’s PTAM tariff.

III. PTAM Adjustments

A. PTAM-Eligible Capital

Liberty is increasing its authorized BRR by including the revenue requirement calculated for the PTAM-eligible capital projects approved in Liberty’s 2019 GRC Decision. In the 2019 GRC Decision, Liberty was authorized to “continue to use the Post-Test Year Adjustment Mechanism for Major Capital Additions based on California allocated costs relying on actual cost data and in-service dates in 2020 and 2021.”¹ The 2019 GRC Decision authorized Liberty “the use of PTAM for Major Capital Additions for 2020 and 2021 based on actual cost data and in-service

¹ OP 9, D.20-08-030.

PTAM for Major Capital Additions for 2020 and 2021 based on actual cost data and in-service dates capped at \$54,439,000.”² The following table, summarized from the table on page 36 of Liberty’s 2019 GRC Decision, provides the PTAM-eligible projects and project costs.³

PTAM-Eligible Projects	Eligible Costs	Actual Costs
7300 Line Rebuild	\$ 3,400,000	\$ 3,400,000
Topaz 1261 Line Reconductor	1,620,000	1,620,000
MHP Conversions	4,794,000	-
Distribution Replacements	12,600,000	8,517,961
625/650 Phase 2	13,000,000	8,515,396
Rule 20 Tahoe Vista & Apache Ave	3,425,000	-
AMI	9,000,000	-
North and South Lake Tahoe Bldg Upgrade	6,600,000	-
	\$ 54,439,000	\$ 22,053,357

Liberty calculated a 2021 revenue requirement for the \$22.053 million closed to plant in service in 2020, which includes the depreciation expense, federal and state income taxes, and a return based on the 7.63% rate of return authorized in Liberty’s 2019 GRC Decision. The following table summarizes the revenue requirement calculation.

² Conclusion of Law 11, D.20-08-030.

³ The 7300 Line Rebuild and Topaz 1261 Line Reconductor exceeded the eligible costs approved in Liberty’s 2019 GRC Decision.

	PTAM - 2020 Closings 2021 Revenues
Base Rate Revenues	<u>\$ 2,980,247</u>
Operating Expenses	
O&M / A&G Expenses	-
Depreciation	527,014
Federal Income Taxes	562,824
California Corporate Franchise Taxes	<u>259,897</u>
Total Operating Expenses	<u>1,349,735</u>
Return on Rate Base	1,630,512
Total	<u><u>2,980,247</u></u>
Rate Base	
Gross Plant in Service	\$ 21,896,761
Accumulated Depreciation	<u>(527,014)</u>
Net Plant in Service	<u><u>\$ 21,369,747</u></u>
Authorized Rate of Return (2019 General Rate Case)	7.63%

B. O&M and A&G Escalation

Liberty is increasing its authorized BRR by escalating its authorized 2019 operations and maintenance (“O&M”) and administrative and general (“A&G”) expenses by 1.86% per year, as approved in Liberty’s 2019 GRC Decision. The 2019 authorized O&M/A&G expenses totaled \$19.582 million. Escalating this amount by 1.86% for 2020 and 2021 results in an increase of \$0.735 million to O&M and A&G, as shown in the table below.

	2019		2021		
	Authorized	Escalation	2020 Total	Escalation	2021 Total
O&M/A&G	19,582,171	364,228	19,946,399	371,003	20,317,402
Annual Escalation		1.86%		1.86%	

C. Attrition Factor Increase

Liberty is increasing its authorized 2019 BRR for the authorized attrition factor for 2020 and 2021. The Liberty PTAM tariff authorizes Liberty to request increases to its base rate revenues based on a forecast of the Consumer Price Index (“CPI”) as of September of each year, minus 0.5% productivity factor. The September 2019 CPI Forecast for 2020 of 1.711%, less a productivity factor of 0.5%, results in a 2020 PTAM attrition adjustment of 1.211%. The September 2020 CPI Forecast for 2021 of 1.371%, less a productivity factor of 0.5%, results in a 2021 PTAM attrition adjustment of 0.871%.

Because Liberty is already escalating O&M and A&G by 1.86%, as discussed above, Liberty has backed out these expenses when calculating its attrition factor increase, as shown in the table below. Liberty is also adding in the authorized Turquoise revenue requirement for 2020 and has calculated an attrition increase for 2021 only. The overall attrition factor increase for 2020 and 2021 is \$0.894 million.

	2019 Authorized	2020 Escalation	2020 Total	2021 Escalation	2021 Total
Revenue Requirement	60,894,792				
less: O&M/A&G	(19,582,171)				
	41,312,622	500,296	41,812,917	364,191	42,177,108
add: Turquoise RR			3,380,000	29,440	3,409,440
Total RR, less O&M/A&G					<u>45,586,548</u>
Escalation Rates		1.211%		0.871%	

IV. Overall Request

In total, Liberty requests authority to increase 2021 BRR by \$4.609 million. The table below breaks down the overall request.

Current Authorized Revenue Requirement		\$ 64,274,792
PTAM Requested Increase		
PTAM-Eligible Capital	\$ 2,980,247	
O&M/A&G Escalation	735,231	
Attrition Adjustment	893,926	
Total PTAM Increase		<u>4,609,405</u>
2021 Authorized Base Revenue Requirement		<u>\$ 68,884,197</u>

V. Rates

Application of Liberty’s PTAM request results in a proposed base revenue requirement rate increase of \$4.609 million, or 7.17%, as shown in the table below.

Customer Class	Authorized Base Revenue Requirement	Percentage Increase in BRR	PTAM BRR Increase	Proposed Base Revenue Requirement
Residential	\$31,606	7.17%	\$2,267	\$33,873
A-1	12,977		931	13,907
A-2	5,876		421	6,297
PA	102		7	109
OL	173		12	185
SL	84		6	90
A-3	13,457		965	14,423
	<u>\$64,275</u>		<u>\$4,609</u>	<u>\$68,884</u>

VI. Effective Date

Liberty requests that this **Tier 2** advice letter be effective as of January 10, 2021.

VII. Protests

Anyone wishing to protest this advice letter may do so by letter sent via U.S. mail, facsimile, or email, any of which must be received no later than December 31, 2020, 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:

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 also be sent via email and U.S. Mail to Liberty Utilities (CalPeco Electric) LLC at the address shown below on the same date it is mailed or delivered to the Commission:

Energy Division Tariff Unit
California Public Utilities Commission
December 11, 2020
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Liberty Utilities (CalPeco Electric) LLC
Attn: Advice Letter Protests
933 Eloise Avenue
South Lake Tahoe, CA 96150
Email: Dan.Marsh@libertyutilities.com

VIII. 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. The advice letter is also being sent electronically to Liberty's 2019 GRC 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
Manager, Rates and Regulatory Affairs

cc: Liberty General Order 96-B Service List
A.18-12-001 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@regintluc.com



California
Public Utilities
Commission



[CPUC Home](#)

CALIFORNIA PUBLIC UTILITIES COMMISSION

Service Lists

PROCEEDING: A1812001 - LIBERTY UTILITIES (C
FILER: LIBERTY UTILITIES (CALPECO ELECTRIC) LLC
LIST NAME: LIST
LAST CHANGED: AUGUST 27, 2020

[Download the Comma-delimited File](#)
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Parties

SHANNA FOLEY
 CALIF PUBLIC UTILITIES COMMISSION
 LEGAL DIVISION
 320 West 4th Street Suite 500
 Los Angeles, CA 90013
 FOR: PUBLIC ADVOCATES OFFICE

SHARON YANG
 DIR - LEGAL SERVICES
 LIBERTY UTILITIES (CALIFORNIA)
 9750 WASHBURN ROAD / PO BOX 7002
 DOWNEY, CA 90241
 FOR: LIBERTY UTILITIES

BRIAN T. CRAGG
 ATTORNEY
 GOODIN, MACBRIDE, SQUERI & DAY, LLP
 505 SANSOME ST., STE. 900
 SAN FRANCISCO, CA 94111
 FOR: A-3 CUSTOMER COALITION

Information Only

MRW & ASSOCIATES LLC
 EMAIL ONLY
 EMAIL ONLY, CA 00000

JESSIE CROZIER
 LUMINUS MANAGEMENT
 350 WEST 43RD APT 14F
 NEW YORK, NY 10036

BLAKE ELDER
 POLICY RESEARCH ANALYST
 EQ RESEARCH, LLC
 1155 KILDAIRE FARM ROAD, SUITE 202-203
 CARY, NC 27511

GEOFFREY INGE
 DIR - REGULATORY SERVICES
 KINECT ENERGY
 777 29TH STREET, STE. 200
 BOULDER, CO 80027
 FOR: A-3 CUSTOMER COALITION.

C. DREW CAYTON
 SR. REGULATORY CONSULTANT
 KINECT ENERGY GROUP
 777 29TH STREET, STE. 200
 BOULDER, CO 80303
 FOR: A-3 CUSTOMER COALITION

LAURA L. KRANNAWITTER
 CALIF PUBLIC UTILITIES COMMISSION
 MARKET STRUCTURE, COSTS AND NATURAL GAS
 320 West 4th Street Suite 500
 Los Angeles, CA 90013

JONI A. TEMPLETON
 ATTORNEY
 LKP GLOBAL LAW, LLP
 1901 AVENUE OF THE STARS, SUITE 480
 LOS ANGELES, CA 90067
 FOR: LIBERTY UTILITIES (CALPECO
 ELECTRIC) LLC

VICTOR T. FU
 ATTORNEY
 LKP GLOBAL LAW, LLP
 1901 AVENUE OF THE STARS, STE. 480
 LOS ANGELES, CA 90067
 FOR: LIBERTY UTILITIES

ANNMARIE LETT
 COORDINATOR - RATES & REG AFFAIRS
 LIBERTY UTILITIES (CALIFORNIA)
 9750 WASHBURN ROAD
 DOWNEY, CA 90241

DAN MARSH
 MGR. - RATES & REGULATORY AFFAIRS
 LIBERTY UTILITIES (CALIFORNIA)
 9750 WASHBURN ROAD / PO BOX 7002
 DOWNEY, CA 90241

EDWARD JACKSON
 DIR - REVENUE REQUIREMENTS
 LIBERTY UTILITIES (CALIFORNIA)
 9750 WASHBURN ROAD / PO BOX 7002
 DOWNEY, CA 90241-7002

CHARLOTTE CHITADJE
 CALIF PUBLIC UTILITIES COMMISSION
 ENERGY COST OF SERVICE & NATURAL GAS BRA
 AREA 3-C
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3214

FAUZIA NAWAZ
 CALIF PUBLIC UTILITIES COMMISSION
 ENERGY COST OF SERVICE & NATURAL GAS BRA
 AREA
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3214

JUSTIN H. FONG
 CALIF PUBLIC UTILITIES COMMISSION
 COMMISSIONER GUZMAN ACEVES
 ROOM 5303
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3214

MANISHA LAKHANPAL
 CALIF PUBLIC UTILITIES COMMISSION
 ADMINISTRATIVE LAW JUDGE DIVISION
 ROOM 5023
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3214

MASOUD FOUDEH
 CALIF PUBLIC UTILITIES COMMISSION
 DEMAND RESPONSE, CUSTOMER GENERATION, AN
 AREA
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3214

YAKOV LASKO
 CALIF PUBLIC UTILITIES COMMISSION
 ENERGY COST OF SERVICE & NATURAL GAS BRA
 ROOM 4101
 505 VAN NESS AVENUE
 SAN FRANCISCO, CA 94102-3214

ANDREW B. BROWN
 ATTORNEY AT LAW
 ELLISON SCHNEIDER HARRIS & DONLAN LLP
 2600 CAPITOL AVENUE, SUITE 400
 SACRAMENTO, CA 95816-5931

SHELBY CHASE
 CALIF PUBLIC UTILITIES COMMISSION
 WILDFIRE SAFETY & ENFORCEMENT BRANCH
 180 Promenade Circle, Suite 115

Sacramento, CA 95834

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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: Dan Marsh

Phone #: 562-299-5104

E-mail: Dan.Marsh@libertyutilities.com

E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 160-E

Tier Designation: 2

Subject of AL: 2021 PTAM

Keywords (choose from CPUC listing): Increase Rates

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D12-11-030

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 AL:

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: 1/10/21

No. of tariff sheets: 0

Estimated system annual revenue effect (%): 1.86%

Estimated system average rate effect (%): 1.86%

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:

Service affected and changes proposed¹: Increase base rate revenue

Pending advice letters that revise the same tariff sheets:

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: Dan Marsh
Title: Manager, Rates and Regulatory Affairs
Utility Name: Liberty Utilities (CalPeco Electric) LLC
Address: 9750 Washburn 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: California
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	