



Liberty Utilities (CalPeco Electric) LLC
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October 16, 2023

VIA EMAIL ONLY

EDTariffUnit@cpuc.ca.gov

**Advice Letter No. 225-E
(U 933-E)**

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

Subject: 2023 Post-Test Year Adjustment Mechanism

Liberty Utilities (CalPeco Electric) LLC (U 933 E) (“Liberty”) hereby submits this **Tier 2** Advice Letter to increase its base rate revenues in accordance with the Post-Test Year Adjustment Mechanism (“PTAM”) as set forth in Section 9 of Liberty’s Preliminary Statement.

I. Purpose

The purpose of this filing is to adjust Liberty’s forecast to revise base rates as of January 1, 2024 pursuant to the PTAM tariff authorized in D.12-11-030. Liberty’s 2022 General Rate Case Decision (D.23-04-043) (“2022 GRC Decision”) also authorized Liberty to use PTAM to adjust its authorized revenue requirement for capital expenditures totaling up to \$64 million.

II. Background

Liberty is making two adjustments to its Base Revenue Requirement (“BRR”), including the inclusion of PTAM-eligible capital projects 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 costs approved in Liberty’s 2022 GRC Decision. In the 2022 GRC Decision, Liberty was authorized to “use its existing Post-Test Year Adjustment Mechanism to adjust its authorized revenue requirement for 2023 to 2024, for capital expenditures described in the Revenue Requirement Settlement Agreement, collectively totaling up to \$64.00 million.”¹ The approved settlement agreement states that Liberty “may recover 2023-2024 capital expenditures through its existing PTAM mechanism in 2023 or 2024 in the year the capital

¹ OP 9, D.23-04-043.

closes to plant.² The following table provides eligible capital costs by category, summarized from D.23-04-043, Attachment A, page 7.

| PTAM Capital Categories | Eligible Costs | Actual Costs |
|---|----------------------|----------------------|
| Safety and Reliability - Distribution | \$ 15,000,000 | \$ 10,206,509 |
| Safety and Reliability - Substation | 17,000,000 | 13,863,559 |
| Wildfire Mitigation - Covered Conductor | 17,000,000 | 17,000,000 |
| Wildfire Mitigation - Other | 10,000,000 | 10,000,000 |
| Other Capital Projects | 5,000,000 | 5,000,000 |
| | <u>\$ 64,000,000</u> | <u>\$ 56,070,068</u> |

Liberty calculated a 2024 revenue requirement for the \$56.070 million closing to plant in service in 2023, which includes the depreciation expense, federal and state income taxes, and a return based on the 7.06% rate of return authorized in Liberty's 2022 GRC Decision. The following table summarizes the revenue requirement calculation.

| | PTAM - 2023 Closing 2024 Revenues |
|--|--------------------------------------|
| Base Rate Revenues | <u>\$ 6,452,512</u> |
| Operating Expenses | |
| O&M / A&G Expenses | - |
| Depreciation Expense | 1,463,698 |
| Federal Income Taxes | 806,878 |
| California Corporate Franchise Taxes | 339,657 |
| Total Operating Expenses | <u>2,610,234</u> |
| Return on Rate Base | 3,842,278 |
| Total | <u>6,452,512</u> |
| Rate Base | |
| Gross Plant in Service | \$ 56,070,068 |
| Accumulated Depreciation | <u>(1,646,861)</u> |
| Net Plant in Service | <u>\$ 54,423,207</u> |
| Authorized Rate of Return (2022 General Rate Case) | 7.06% |

² D.23-043-043, Attachment A, p. 7.

B. Attrition Factor Increase

The Liberty PTAM tariff authorizes Liberty to request annual increases to its BRR based on a forecast of the Consumer Price Index (“CPI”) as of September of each year, minus a 0.5% productivity factor. In AL 219, which implemented new rates based on Liberty’s 2022 GRC Decision, Liberty’s BRR was set at \$101.167 million, which included a 2023 attrition factor increase for the authorized BRR prior to Liberty receiving its 2022 GRC Decision. The 2022 incremental BRR increase of \$26.979 million from the 2022 GRC has not yet been escalated for 2023 because the 2022 GRC Decision was not issued when Liberty submitted its 2023 PTAM. Liberty’s 2023 BRR is being adjusted to reflect the 2023 attrition factor increase on the incremental BRR authorized in the 2022 GRC Decision, which results in a 2023 BRR of \$103.244 million.

To calculate the 2024 PTAM attrition increase, Liberty is utilizing the September 2023 CPI Forecast of 3.7%, less a productivity factor of 0.5%, which results in a 2024 PTAM attrition increase of \$3.304 million.

In total, as shown in the table below, Liberty’s overall attrition factor increase to BRR is \$5.380 million.

| | | | |
|--|---------------|-----------------------|---------|
| Currently Authorized Revenue Requirement | | \$ 101,166,694 | |
| 2023 Attrition Factor Adjustment for 2022 GRC Increase | | | |
| 2022 GRC Incremental BRR Increase | \$ 26,979,000 | | |
| September 2022 CPI (less productivity factor) | 7.7% | | |
| Incremental 2023 Attrition Factor Adjustment | | 2,077,383 | (a) |
| Revised 2023 BRR | | 103,244,077 | |
| 2024 Attrition Adjustment | | | |
| September 2023 CPI (less productivity factor) | 3.2% | | |
| 2024 Attrition Factor Adjustment | | 3,303,810 | (b) |
| 2024 Base Revenue Requirement | | <u>\$ 106,547,887</u> | |
| Overall Attrition Factor Adjustment | | \$ 5,381,193 | (a + b) |

IV. Overall Request

In total, Liberty requests authority to increase 2024 BRR by \$11.834 million. The table below breaks down the overall request.

| | | |
|--|--------------|-----------------------|
| Current Authorized Revenue Requirement | | \$ 101,166,694 |
| PTAM Requested Increase | | |
| PTAM-Eligible Capital | \$ 6,452,512 | |
| Attrition Adjustment | 5,381,193 | |
| Total PTAM Increase | | <u>11,833,706</u> |
| 2024 Authorized Base Revenue Requirement | | <u>\$ 113,000,400</u> |

V. Rates

Application of Liberty’s PTAM request results in a proposed base revenue requirement rate increase of \$11.834 million, or 11.70%, as shown in the table below. Upon approval, Liberty will submit an Advice Letter to update rates based on the approved BRR increase and any other rate changes approved between now and its submission.

| Customer Class | Authorized Base Revenue Requirement | Percentage Increase in BRR | PTAM BRR Increase | Proposed Base Revenue Requirement |
|----------------|-------------------------------------|----------------------------|-------------------|-----------------------------------|
| Residential | \$50,688 | 11.70% | \$5,929 | \$56,617 |
| A-1 | 17,756 | | 2,077 | 19,833 |
| A-2 | 11,992 | | 1,403 | 13,395 |
| PA | 73 | | 9 | 81 |
| OL | 333 | | 39 | 372 |
| SL | 182 | | 21 | 203 |
| A-3 | <u>20,143</u> | | <u>2,356</u> | <u>22,499</u> |
| | <u>\$101,167</u> | | <u>\$11,834</u> | <u>\$113,000</u> |

VI. Effective Date

Liberty requests that this **Tier 2** advice letter be effective as of November 15, 2023.

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 November 5, 2023, 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:

Energy Division Tariff Unit
California Public Utilities Commission
October 16, 2023
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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:

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 2022 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
Senior Manager, Rates and Regulatory Affairs

cc: Liberty General Order 96-B Service List
A.21-05-017 Service List

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

VIA EMAIL

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California
Public Utilities
Commission



[CPUC Home](#)

CALIFORNIA PUBLIC UTILITIES COMMISSION Service Lists

**PROCEEDING: A2105017 - LIBERTY UTILITIES (C
FILER: LIBERTY UTILITIES (CALPECO ELECTRIC) LLC
LIST NAME: LIST
LAST CHANGED: SEPTEMBER 26, 2023**

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

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FOR: LIBERTY UTILITIES (CALPECO
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701 NATIONAL AVENUE
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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 #: 530-721-2435

E-mail: Dan.Marsh@libertyutilities.com

E-mail Disposition Notice to: AnnMarie.Sanchez@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) #: 225-E

Tier Designation: 2

Subject of AL: 2023 Post-Test Year Adjustment Mechanism (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 #: D.12-11-030

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: 11/15/23

No. of tariff sheets: 0

Estimated system annual revenue effect (%): 11.70%

Estimated system average rate effect (%): 11.70%

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: Increase base rate revenue.

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

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Title: Senior Manager, Rates and Regulatory Affairs
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Address: 9750 Washburn Road
City: Downey State: California
Telephone (xxx) xxx-xxxx: 530-721-2435
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Name: AnnMarie Sanchez
Title: Coordinator
Utility Name: Liberty Utilities (California)
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City: Downey State: California
Telephone (xxx) xxx-xxxx: 562-805-2052
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 | |