

**PRELIMINARY STATEMENT**  
 (Continued)

**11. INCOME TAX COMPONENT OF CONTRIBUTIONS AND ADVANCES PROVISION**

**A. General:**

Effective on or after August 1, 1988, all Contributions in Aid of Construction and Advances for Construction (“Contributions”), made to Liberty Utilities (CalPeco Electric) LLC (“Liberty”) pursuant to its tariffs, shall include a cost component to cover Liberty’s estimated liability for Federal Income Tax and California State Tax resulting therefrom, therefrom, pursuant to Decision 87-09-026.

**B. Definition:**

Contributions: Contributions in Aid for Construction and Advances for Construction shall include, but are not limited to, cash, services, facilities, labor, property, and income taxes thereon, provided by a person or agency to Liberty. The value of all contributions shall be based upon Liberty’s estimates. Contributions shall consist of two components for purposes of recording transactions, as follows:

1. Income Tax Component of Contribution (ITCC); and
2. The balance of the contribution, excluding income taxes (Balance of Contribution).

**C. Determination of ITCC:**

The ITCC shall be calculated by multiplying the Balance of Contribution by the Tax Factor as shown in paragraph 2 below. Liberty will make an advice letter filing to reflect any changes in the Tax Factor which would cause an increase or decrease in the Tax Factor to five percentage points or more.

1. The Tax Factor is established by using Method 5, for the Federal Income Tax and California State Tax as set forth in Paragraphs 3.a. and 6., respectively, of Decision 87-09-026 in OII 86-11-019. The following factors have been, or are, in effect for the period shown;

<b>Total Tax Factor</b>			
	<b><u>Distribution</u></b>	<b><u>Transmission</u></b>	
<b><u>Effective</u></b>	<b><u>Less Than 69</u></b>	<b><u>Greater Than 69</u></b>	<b><u>Advice</u></b>
	<b><u>kV</u></b>	<b><u>kV</u></b>	<b><u>Letter</u></b>
Prior to January 1, 1992	.26	-	201-E-A
January 1, 1992 to June 30, 2002	.31	-	216-E
July 1, 2002 to September 10, 2004	.21	-	296-E
September 11, 2004 to February 29, 2008	.31	-	216-E
March 1, 2008 to December 31, 2009	.17	.15	338-E
January 1, 2010	.28	.24	338-E
July 1, 2013	.169	-	29-E
January 1, 2023	.24	-	204-E

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