

PRELIMINARY STATEMENT
(Continued)

13. MEMORANDUM ACCOUNTS (Continued)

O. Wildfire Expense Memorandum Account

Pursuant to Commission Decision 20-11-034, issued November 23, 2020, the Wildfire Expense Memorandum Account (“WEMA”) will track incremental, unreimbursed wildfire liability-related costs pursuant to California Public Utilities Code Section 701 and Rule 2.1 of the Commission’s Rules of Practice and Procedure.

1. PURPOSE

The purpose of the WEMA, effective August 13, 2020, is to track all amounts paid by Liberty Utilities (CalPeco Electric) LLC (“Liberty CalPeco”) that are related to or the result of a wildfire, and that were not previously authorized in Liberty CalPeco’s General Rate Case (“GRC”), including:

- a) Payments to satisfy wildfire claims, including any deductibles, co-insurance, and other insurance expense paid by Liberty CalPeco;
- b) Outside legal expenses incurred in the defense of wildfire claims;
- c) Payments made for wildfire insurance and related risk-transfer mechanisms;
- d) The cost of financing these amounts.

Insurance proceeds, as well as any payments received from third parties, will be credited to the WEMA as they are received. Entries tracked in WEMA will be segregated by wildfire event, or by cost type for costs not specific to a wildfire event.

2. DEFINITIONS

- a. **Costs Arising From Wildfires:** All incremental amounts paid by Liberty CalPeco that are the direct or indirect result of a wildfire, including the costs categories listed above in Section 1. Only incremental costs may be recorded in the WEMA. Costs arising from wildfires shall exclude costs that have previously been authorized for recovery in rates in Liberty CalPeco’s GRC.

O. Wildfire Expense Memorandum Account (Continued)

- b. Wildfire Claims: All incremental amounts paid by Liberty CalPeco to a third party in respect of a claim by such third party for damage or loss resulting directly or indirectly from a wildfire, including claims by a governmental entity for the reimbursement of fire suppression costs, damages to environmental resources and other governmental claims against Liberty CalPeco arising from a wildfire.

3. OPERATION OF THE WEMA

Liberty CalPeco shall maintain the WEMA by making monthly entries as follows:

- a. A debit entry equal to Liberty's CalPeco's costs arising from wildfires;
- b. A credit entry equal to amounts received by Liberty CalPeco from insurance companies or other third parties in respect of costs arising from wildfires;
- c. A debit or credit entry to record the transfer of amounts to or from other accounts as approved by the Commission; and
- d. An entry to record interest expense calculated 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 beginning-of-month and end-of-month balances.

4. DISPOSITION

The disposition of any amounts tracked in the WEMA that are incremental to the amount recovered in Liberty CalPeco's GRC or other regulatory account shall be established by a Commission decision through a subsequent application or through other appropriate filings as authorized by the Commission. Liberty CalPeco will ensure that any costs tracked in the Catastrophic Events Memorandum Account ("CEMA), or in the Wildfire Mitigation Plan Memorandum Account ("WMPMA") are excluded from the expenditures tracked in the WEMA. (T)

Advice Letter No. 219-E

Issued by
Edward N. Jackson
Name

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President
Title

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Resolution No. _____