



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

**VIA EMAIL AND U.S. MAIL**

December 23, 2016

**Advice Letter 71-E  
(U 933 E)**

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

**Subject: Establishment of a Tax Memorandum Account in Accordance with Decision  
16-12-024**

**Purpose**

Pursuant to Ordering Paragraph No. 6 of Decision (“D.”)16-12-024 and General Order 96-B Liberty Utilities (CalPeco Electric) LLC (U 933-E) (“Liberty CalPeco”) submits this **Tier 2** Advice Letter to establish a tax memorandum account.

**Background**

In accordance with Ordering Paragraph No. 6 of D.16-12-024, Liberty CalPeco is establishing a tax memorandum account to record any revenue differences resulting from the income tax expenses forecast in General Rate Case (“GRC”) proceedings and the tax expenses incurred by Liberty CalPeco during the current GRC period (2016-2018) and each subsequent GRC period.

The tax memorandum account shall remain open and the balance in the account should be reviewed in every subsequent GRC until a Commission decision closes the account.

The tax memorandum account shall have separate line items detailing the differences between tax expenses forecasted and tax expenses incurred, specifically resulting from: (1) net revenue changes; (2) mandatory tax law changes, tax accounting changes, tax procedural changes, or tax policy changes; and (3) elective tax law changes, tax accounting changes, tax procedural changes or tax policy changes.

The revised tariff sheets are included in Attachment A.

**Effective Date**

Liberty CalPeco requests that this **Tier 2** Advice Letter be effective as of January 1, 2017.

**Protests**

Anyone wishing to protest this Advice Letter may do so by letter sent via U.S. mail, by facsimile or by email, any of which must be received no later than January 12, 2017, 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](mailto:edtariffunit@cpuc.ca.gov)

The protest should be sent via email and U.S. Mail (and by facsimile, if possible) to Liberty CalPeco at the addresses 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  
Fax: 530-544-4811  
Email: [Dan.Marsh@libertyutilities.com](mailto:Dan.Marsh@libertyutilities.com)

Steven F. Greenwald  
Vidhya Prabhakaran  
Davis Wright Tremaine LLP  
505 Montgomery Street, Suite 800  
San Francisco, CA 94111  
Fax: 415-276-6599  
Email: [stevegreenwald@dwt.com](mailto:stevegreenwald@dwt.com)  
Email: [vidhyaprabhakaran@dwt.com](mailto:vidhyaprabhakaran@dwt.com)

Energy Division Tariff Unit  
California Public Utilities Commission  
December 23, 2016  
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**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 list.

If additional information is required, please do not hesitate to contact me.

Respectfully submitted,

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC

/s/

Daniel W. Marsh  
Liberty Utilities (CalPeco Electric) LLC  
Manager, Rates and Regulatory Affairs  
Phone: 562-299-5104  
Email: Dan.Marsh@libertyutilities.com

Attachments

cc: Liberty CalPeco Advice Letter Service List  
A.15-05-008 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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## ATTACHMENT A

**PRELIMINARY STATEMENT**  
(Continued)

**13. MEMORANDUM ACCOUNTS** (Continued)

**J. Tax Memorandum Account**

i. PURPOSE

Pursuant to Commission Decision 16-12-024, issued December 8, 2016, the Tax Memorandum Account will record any revenue differences resulting from the income tax expenses forecasted in Liberty CalPeco general rate case ("GRC") proceedings and the tax expenses incurred by Liberty CalPeco during each subsequent GRC period.

ii. APPLICABILITY

The Tax Memorandum Account shall apply to all customers unless otherwise specified by the Commission.

iii. ACCOUNTING PROCEDURES

The Tax Memorandum Account will record any revenue differences between the income taxes forecasted in Liberty CalPeco GRC proceedings and the tax expenses incurred by Liberty CalPeco during the 2016 through 2018 GRC period and in each subsequent GRC period.

The Tax Memorandum Account will have separate line items detailing the differences between tax expenses forecasted and tax expenses incurred.

The Tax Memorandum Account will specifically track differences resulting from:

1. Net revenue changes;
2. Mandatory tax law changes, tax accounting changes, tax procedural changes, or tax policy changes; and
3. Elective tax law changes, tax accounting changes, tax procedural changes, or tax policy changes

Advice Letter No. 71-E

Decision No. 16-12-024

Issued by  
Gregory S. Sorensen  
Name  
President  
Title

Date Filed December 23, 2016

Effective January 1, 2017

Resolution No. \_\_\_\_\_

**PRELIMINARY STATEMENT**  
(Continued)

**13. MEMORANDUM ACCOUNTS** (Continued)

**I. Tax Memorandum Account (GRCMA)** (Continued)

iv. DISPOSITION

The Tax Memorandum Account shall remain open and the balance in the account should be reviewed in every subsequent GRC until a Commission decision closes the account.

Advice Letter No. 71-E

Decision No. 16-12-024

Issued by  
Gregory S. Sorensen  
Name  
President  
Title

Date Filed December 23, 2016

Effective January 1, 2017

Resolution No. \_\_\_\_\_