



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: Daniel W. Marsh

Phone #: 562-299-5104

E-mail: Dan.Marsh@libertyutilities.com

E-mail Disposition Notice to: Dan.Marsh@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) #: 109-E

Tier Designation: 1

Subject of AL: Establishment of the Officer Compensation Memorandum Account

Keywords (choose from CPUC listing): Memorandum Account

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: E-4963

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL: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: 1/1/19

No. of tariff sheets: 2

Estimated system annual revenue effect (%): n/a

Estimated system average rate effect (%): n/a

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:

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: Daniel W. 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: Wyoming
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	



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

VIA EMAIL AND UPS

December 21, 2018

**Advice Letter No. 109-E
(U 933-E)**

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

Subject: Establishment of the Officer Compensation Memorandum Account

Liberty Utilities (CalPeco Electric) LLC (U 933 E) ("Liberty CalPeco") hereby submits for approval by the California Public Utilities Commission (Commission) the following changes to its tariffs. The revised tariffs are listed on Attachment A and are attached hereto.

I. Purpose

In compliance with Commission Resolution E-4963, this advice filing establishes Preliminary Statement 13-K, the Officer Compensation Memorandum Account ("OCMA"), to track the difference between: (1) compensation for officers of the utility that is authorized in Liberty CalPeco General Rate Cases ("GRCs") or resolutions and; (2) all compensation as defined by Public Utilities Code Section 706.

II. Background

On August 31, 2018, the California Legislature passed SB 901, and Governor Edmund Brown Jr. signed it into law on September 21, 2018. SB 901 repeals the language in Public Utilities Code Section 706, and adds new language prohibiting an electrical or gas corporation from recovering from ratepayers any annual salary, bonus, benefits, or other consideration of any value, paid to an officer of the electrical corporation or gas corporation, and requires that compensation instead be funded solely by shareholders of the utility. Revised Section 706 states:

- (a) For purposes of this section, "compensation" means any annual salary, bonus, benefits, or other consideration of any value, paid to an officer of an electrical corporation or gas corporation.
- (b) An electrical corporation or gas corporation shall not recover expenses for compensation from ratepayers. Compensation shall be paid solely by shareholders of the electrical corporation or gas corporation.

III. Proposed Tariff Changes

As discussed above, and pursuant to Ordering Paragraph (“OP”) 1 of Commission Resolution E-4963, Liberty CalPeco establishes Preliminary Statement 13-K, the OCMA, to track the difference between: (1) compensation for officers of the utility that is authorized in Liberty CalPeco GRCs or resolutions and; (2) all compensation as defined by Public Utilities Code Section 706.

Amounts tracked in the OCMA may be addressed in Liberty CalPeco’s GRC or other appropriate Commission proceeding and should be refunded to customers in rates.

This advice filing will not cause an increase in any current rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

Tier Designation

Pursuant to OP 2 of Resolution E-4963, this advice letter is submitted with a Tier 1 designation.

Effective Date

Pursuant to OP 2 of Resolution E-4963, this advice filing is effective January 1, 2019.

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 April 3, 2018, 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 be sent via email and U.S. Mail (and by facsimile, if possible) 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 21, 2018
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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

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.

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

cc: Liberty CalPeco General Order 96-B Service List

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

VIA EMAIL

gbinge@ktminc.com;
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PRELIMINARY STATEMENT
(Continued)

13. MEMORANDUM ACCOUNTS (Continued)

K. Officer Compensation Memorandum Account (OCMA)

i. PURPOSE

The OCMA is a memorandum account established pursuant to Public Utilities Code Section 706, as enacted by Senate Bill 901 (2018, Dodd). Public Utilities Code Section 706 requires, among other things, that all forms of compensation for officers of electrical or gas corporations shall be paid solely by shareholders. The purpose of the OCMA is to track the difference between: (1) compensation for officers of the utility that is authorized in Liberty CalPeco General Rate Cases (GRCs) or resolutions and; (2) all compensation as defined by Public Utilities Code Section 706. The term "officer" shall be defined as those employees of the investor owned utilities in positions with titles of Vice President or above, consistent with Rule 240.3b-7 of the Securities Exchange Act.

ii. APPLICABILITY

The OCMA is effective January 1, 2019 until closed at the direction of the Commission.

iii. ACCOUNTING PROCEDURES

The OCMA consists of two sub-accounts:

The "Authorized Compensation Sub-Account" tracks salaries, bonuses, benefits, and all other consideration of any value paid to officers in rates as authorized in Commission decisions or resolutions authorizing rates for 2019 and beyond.

The "Total Compensation Sub-Account" tracks salaries, bonuses, benefits, and all other consideration of any value paid to officers.

Liberty CalPeco shall maintain this account by making monthly entries (or annual entries where applicable and monthly data is not available) as follows:

Advice Letter No. 109-E Issued by Gregory S. Sorensen Date Filed December 21, 2018
Decision No. _____ Name President Title _____ Effective January 1, 2019
Resolution No. E-4963

PRELIMINARY STATEMENT
(Continued)

13. **MEMORANDUM ACCOUNTS** (Continued)

K. **Officer Compensation Memorandum Account (OCMA) (Continued)**

A. Authorized Compensation Sub-Account

A credit entry equal to the salaries, bonuses, benefits, and all other consideration of any value set aside to be paid to its officers as authorized in Commission decisions or resolutions authorizing rates for 2019 and beyond.

B. Total Compensation Sub-Account

A debit entry equal to the salaries, bonuses, benefits, and all other consideration of any value paid to its officers.

iv. **DISPOSITION**

Amounts tracked in the OCMA may be addressed in Liberty CalPeco's GRC or other appropriate Commission proceedings and should be refunded to customers in rates.