

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY LSE (Attach additional pages as needed)

Company name/CPUC Utility No. **Liberty Utilities (CalPeco Electric) LLC (U 933-E)**

Utility type:

Contact Person for questions and approval letters: Ken Wittman

ELC GAS

Phone #: 530-543-5267

PLC HEAT WATER

E-mail: ken.wittman@libertyutilities.com

EXPLANATION OF UTILITY TYPE

(Date Filed/ Received Stamp by CPUC)

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

Advice Letter (AL) #: **47-E**

Subject of AL: **Notice of Transaction with an Affiliate and Statement that
Affiliate Transaction Is Not Subject to, or Is Exempt from, the Affiliate Transaction Rules**

Tier Designation: 1 2 3

Keywords (choose from CPUC listing):

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution

Decision 06-12-029, Appendix A-3, Rule VI.B

Does AL replace a withdrawn or rejected AL?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Summarize differences between the AL and the prior withdrawn or rejected AL¹: _____

Resolution Required? Yes No

Requested effective date: August 12, 2015

No. of tariff sheets: n/a

Estimated system annual revenue effect: (%)

Estimated system average rate effect (%):

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: n/a

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
edtariffunit@cpuc.ca.gov

Utility Info (including e-mail)
Liberty Utilities (CalPeco Electric) LLC
Attention: Advice Letter Protests
933 Eloise Avenue
South Lake Tahoe, CA 96150
Email: ken.wittman@libertyutilities.com

¹ Discuss in AL if more space is needed.



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

VIA EMAIL AND HAND-DELIVERY

July 13, 2015

**Advice Letter 47-E
(U 933-E)**

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

Subject: **Notice of Transaction with an Affiliate and Statement that
Affiliate Transaction Is Not Subject to, or Is Exempt from, the Affiliate
Transaction Rules**

Purpose and Statements Relating to Affiliate Transaction Rules

Pursuant to Decision (“D”) 06-12-029, Appendix A-3, Rule VI.B, Liberty Utilities (CalPeco Electric) LLC (“Liberty CalPeco”) hereby notifies the California Public Utilities Commission (“Commission”) of a transaction with its affiliate Liberty Utilities Service Corp. (“Service Corp.”).¹

Rule VI.B provides:

Upon the creation of a new affiliate ... the utility shall immediately notify the Commission of the creation of the new affiliate No later than 60 days after the creation of this affiliate, the utility shall file an advice letter²

Rule VI. B further explains that the advice letter shall demonstrate how the utility will implement these Rules with respect to the new affiliate.

Liberty CalPeco submits this notice and states that its transaction with Service Corp. is not subject to, and/or should be exempt from, the Affiliate Transaction Rules (“Rules” or “ATRs”).³

¹ Liberty CalPeco and Service Corp. are Affiliates for purposes of the Affiliate Transaction Rules because they share a common ultimate parent company, Algonquin Power & Utilities Corp. See D.06-12-029, Appendix A-3, Rule I.A.

² See D.06-12-029, Appendix A-3, Rule VI.B.

³ See D.06-12-029, Appendix A-3. The Affiliate Transaction Rules are directly applicable to only the three largest California electric utilities. Liberty CalPeco voluntarily agreed to comply with electric

As a result of Liberty CalPeco's transaction with Service Corp., persons who previously were employees of Liberty CalPeco — even though they continue to perform services exclusively for Liberty CalPeco — have become employees of Service Corp. The transfer of the Liberty CalPeco employees to Service Corp. (“Employee Transfer”) may, for ATR purposes, be technically considered a “transaction” between a utility and its affiliate. Nonetheless, the Employee Transfer should not be subject to the ATRs.

Rule II.B restricts the full applicability of the ATRs to utility transactions with “covered” affiliates, i.e., “utility transactions with affiliates engaging in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity.”⁴ Affiliates that are not engaged in the activities Rule II.B identifies are at times for shorthand purposes referenced as “non-covered” affiliates. Functionally, Service Corp. should be a non-covered affiliate. It does not engage in the provision of a product that uses gas or electricity and it does not provide services that relate to the use of gas or electricity. Thus, in accordance with Rule VI.B, Liberty CalPeco states that Service Corp. is a non-covered affiliate and any transactions between itself and Service Corp. should not be subject to the ATRs.⁵

Nonetheless, Liberty CalPeco recognizes that certain of the ATRs specifically extend to all of Liberty CalPeco's affiliates, including “non-covered” affiliates such as Service Corp. For example, Rule II.C applies to both “covered” and “non-covered” affiliates.⁶ Liberty CalPeco accordingly represents that it shall cause Service Corp. and all of its other non-covered affiliates to be informed of these rules and these non-covered affiliates shall comply with any of the ATRs applicable to non-covered affiliates.

utility Affiliate Transaction Rules in conjunction with the Commission's approval of its acquisition of the service territory from Sierra Pacific Power Company (the prior electric utility serving the now Liberty CalPeco service area). *See* D.10-10-017, Appendix 3.

⁴ D.06-12-029, Appendix A-3, Rule II.B.

⁵ Rule VI.B offers the utility the opportunity in the advice letter to “state ... whether the utility claims that Rule II.B makes these Rules applicable to the affiliate”

⁶ *See* D.06-12-029, Appendix A-3, Rule II.C:

No holding company nor any utility affiliate, whether or not engaged in the provision of a product that uses gas or electricity or the provision of services that relate to the use of gas or electricity, shall knowingly:

1. direct or cause a utility to violate or circumvent these Rules, including but not limited to the prohibitions against the utility providing preferential treatment, unfair competitive advantages or non-public information to its affiliates;
2. aid or abet a utility's violation of these Rules; or
3. be used as a conduit to provide non-public information to a utility's affiliate.

In any event, even if Service Corp.'s activities were to be deemed to involve the use or the provision of electricity — thereby making Service Corp. a “covered” affiliate and potentially subjecting transactions between Liberty CalPeco and Service Corp. to the ATRs — the Employee Transfer transaction should nonetheless be exempt from the ATRs. It does not raise any of the ratepayer subsidy, anti-discrimination, or unfair competition concerns that precipitated the Commission to create the ATRs as the means to police affiliate transactions.

As will be explained further, the Service Corp. employees continue to perform the same functions as they did as employees of Liberty CalPeco and they remain dedicated to perform these services exclusively for the benefit of Liberty CalPeco and its electric customers. In contrast to the type of transactions that the Commission designed the ATRs to police, the transfer of employees from the payroll of Liberty CalPeco to Service Corp. is designed to benefit Liberty CalPeco, the employees of Service Corp. who remain dedicated to perform functions for Liberty CalPeco, and the customers of Liberty CalPeco.

Liberty CalPeco thus requests that this Advice Letter be deemed effective on the basis either that transactions between Liberty CalPeco and Service Corp. are not subject to the ATRs, or, alternatively, that the Employee Transfer transaction should be exempt from application of the ATRs.

Description of Service Corp.'s Business

Liberty Utilities Co. is the direct or indirect owner of 23 regulated water, sewer, electric, or natural gas utilities operating in the United States. Liberty Utilities Co. established Service Corp. as its subsidiary and as a Delaware corporation on July 19, 2012.⁷ A copy of Liberty CalPeco's organizational chart is attached hereto as Exhibit A. Exhibit A shows that Liberty Utilities Co. is the direct owner of Liberty CalPeco.

Liberty Utilities Co. created Service Corp. for the purpose of reducing employee-related costs for each of its regulated utilities. Liberty Utilities Co. believes that the consolidation of the employees from all its operating utilities under one entity will reduce the costs for the utilities to obtain and administer employee payroll services and the provision of benefits.

In October 2014, and as part of this overall centralization of the payroll function from Liberty Utilities Co.'s individual utilities into Service Corp., all employees of Liberty CalPeco were transferred to Service Corp. Any personnel subsequently hired and assigned to perform services for Liberty CalPeco are also employees of Service Corp. Despite being paid by and being an employee of Service Corp., the now former Liberty CalPeco employees continue to perform the exact same function, and to be exclusively dedicated to perform work, for Liberty CalPeco; the transferred Liberty CalPeco employees perform no services for, and have no responsibilities to,

⁷ Additional information relating to the identity of the directors and officers of Service Corp. and its address are set forth in Exhibit B.

Service Corp., Liberty Utilities Co., or any other operating utility or other affiliate of Liberty CalPeco.

Service Corp. directly makes payroll payments to its employees (i.e., the former employees of Liberty CalPeco and of the other Liberty Utilities Co.'s utilities). Service Corp. then charges Liberty CalPeco for the total amount of such employee payroll payments. Service Corp. recovers no mark-up on its payroll payments (i.e., if Service Corp. pays its employee who is dedicated to Liberty CalPeco \$100, Liberty Utilities Co. will directly charge Liberty CalPeco this same \$100).

Service Corp. also intends to procure and directly pay for benefits for its employees. At that time, it would also obligate Liberty CalPeco to reimburse it for the costs Service Corp. incurs to obtain benefits for the Service Corp. employees who are dedicated to providing services to Liberty CalPeco.

Service Corp.'s principle function is to provide employee payroll and benefits-related services to Liberty Utilities Co.'s regulated utilities, including Liberty CalPeco. Service Corp. does not engage in the provision of a product that uses gas or electricity and it does not provide services that relate to the use of gas or electricity. Accordingly, transactions between Liberty CalPeco and Service Corp. should not be subject to the ATRs.

The Affiliate Relationship Between Liberty CalPeco and Service Corp. Does Not Subject Their Transactions to the ATRs

The affiliate relationship between Liberty CalPeco and Service Corp. does not, by itself, trigger application of the ATRs to the Employee Transfer. As discussed above, the ATRs only apply fully to transactions between a utility and an affiliate *which is engaged in the provision of electricity-related products and/or services*.⁸

The Commission has identified numerous "services" that relate to use of electricity for purposes of determining the applicability of the ATRs. Activities by the affiliate which would be considered as being "engaged in the provision of [electricity-related] products and/or services" include: "provid[ing] [] power plant construction and permitting services, [] energy metering services, [] energy billing services, [] energy products manufacturing, or [] demand-side management services" and "the selling and repair of appliances, home repair services involving electricity or gas, etc."⁹ As described above, Service Corp. offers no such electricity-related services; it simply implements a corporate structure and strategy designed to reduce overall employee-related costs through consolidation and economies of scale.

⁸ See D.06-12-029, Appendix A-3, Rule II.B ("For purposes of an electric utility, these Rules apply to all utility transactions with affiliates engaging in the provision of a product that uses electricity or the provision of services that relate to the use of electricity.").

⁹ D.97-12-088, mimeo at 7, 15 and 89.

Similar transactions between both Southern California Edison Company (“SCE”) and Pacific Gas and Electric Company (“PG&E”) and their respective affiliates have been found not subject to the ATRs on the basis that the affiliates are not engaged in the provision of electricity-related products and/or services. The SCE affiliates were “created to finance solar assets.”¹⁰ The PG&E affiliate, much like the purpose of Service Corp., was formed “to provide corporate support services relating to employee relocation and related human resources support.”¹¹

Like the SCE and PG&E affiliates described above, Service Corp. is not engaged in the provision of electricity-related products or services. Its sole purpose is to provide employee payroll and benefits-related services to Liberty Utilities Co.’s regulated utilities, including Liberty CalPeco. Accordingly, this Advice Letter should be deemed effective on the basis that transactions between Liberty CalPeco and Service Corp., including the Employee Transfer transaction, do not fall within the Rule II.B scope of transactions subject to the ATRs.

Even If Transactions between Liberty CalPeco and Service Corp. Are Considered Rule II.B Transactions, the Employee Transfer Should Be Exempt from the ATRs

In all events, the Employee Transfer should be exempt from the ATRs on the grounds that the possible affiliate abuses the ATRs are designed to protect utility customers and market participants from are simply not present with respect to the transfer of the Liberty CalPeco employees to Service Corp.

A. Subjecting the Employee Transfer to the ATRs Is Not Necessary to Advance the Policies the ATRs Seek to Promote

The Commission has explained that it developed the ATRs:

‘[T]o prevent cross-subsidization of affiliates by the utilities, foster competition ... and protect consumer interests.’ The broad standards of conduct that the Rules implement are non-discrimination, protection against information disclosure, and corporate separation.¹²

The Employee Transfer does not subject the electric customers of Liberty CalPeco, possible competitors of Service Corp., or any other market participant to any of the above risks or harms. The sole function and purpose of Service Corp. replacing Liberty CalPeco as the entity that generates and distributes employee payroll checks is to lower employee-related costs for Liberty CalPeco, and to do so without reducing employee compensation or benefits.

¹⁰ SCE Advice Letter 3048-E and 3048-E-A, Attachment A (June 5, 2014), <https://www.sce.com/NR/sc3/tm2/pdf/3048-E-A.pdf>.

¹¹ PG&E Advice Letter 2910-G/3225-E, at 2 (March 10, 2008), http://www.pge.com/nots/rates/tariffs/tm2/pdf/GAS_2910-G.pdf.

¹² Resolution G-3461, mimeo at 3 (June 21, 2012) (citations omitted).

Service Corp. does not compete with other entities to provide electricity-related products or services to Liberty CalPeco or its customers. Thus, there is no risk of preferential treatment, unfair competitive advantage, or the sharing of competitively sensitive confidential information between Service Corp. and Liberty CalPeco.

B. Service Corp.'s Provision of Employee-Related Services Does Not Implicate the Potential Employee-Related Issues Against Which the ATRs Are Designed to Protect

The ATRs require a utility to track and report any movement of employees between the utility and its affiliates and obligate the unregulated affiliate to compensate the regulated utility for any transfer of non-clerical employees.¹³ The ATR requirements associated with employee transfers contemplate the situation in which the utility employee becomes an employee (temporarily or permanently) of an affiliate for the purpose of performing a different function for the affiliate (e.g., a utility plant operator transfers to perform project development or operating activities for the unregulated affiliate involved in the independent power business).

The Commission's rationale for restricting the transfer of employees between a utility and its affiliate and obligating the affiliate to compensate the utility is "to ensure that ratepayers are reimbursed for the costs incurred in hiring and training personnel" since "[t]he transfer of these [utility] personnel can result in enormous advantages for the affiliate."¹⁴

There is no need for application of these compensation rules to the Employee Transfer. The intended beneficiary of the Employee Transfer is Liberty CalPeco (and the other of Liberty Utilities Co.'s regulated utilities), and not Service Corp. Moreover, while each Liberty CalPeco employee has become an employee of Service Corp. for purposes of obtaining compensation and benefits, the employee remains fully dedicated to Liberty CalPeco and continues to perform the exact same function as the employee did when Liberty CalPeco's name appeared on the employee's pay check.

Consequently, the Employee Transfer will not cause Liberty CalPeco to endure any loss of knowledge, talent, or experience. Moreover, the reliability, efficiency, adequacy, or cost of the electric utility services Liberty CalPeco provides will not be adversely affected by the Employee Transfer. On the contrary, even after the employee has become an employee of Service Corp., the knowledge, talent, and experience of the employee will continue to directly benefit Liberty CalPeco.

Thus, even if it is determined that the ATRs are potentially applicable to transactions between Liberty CalPeco and Service Corp., this Advice Letter should be deemed effective on the basis that the Employee Transfer should be exempt from the ATRs.

¹³ See D.06-12-029, Appendix A-3, Rule V.G.2(c).

¹⁴ D.97-12-088, mimeo at 64-66, 94 (Findings of Fact No. 33).

C. The Transfer of the Liberty CalPeco Employees to Service Corp. Will Not Lessen or Otherwise Impede the Commission’s Jurisdiction and Regulatory Oversight Over Liberty CalPeco

1. Liberty CalPeco Remains Fully Responsible and Accountable for the Safety and Reliability of the Service it Provides

Section 451 of the Public Utilities Code obligates Liberty CalPeco and all other regulated California electric utilities to “furnish and maintain such adequate, efficient, just, and reasonable service . . . necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.” The transfer of the Liberty CalPeco employees to Service Corp. does not in any way diminish or dilute Liberty CalPeco’s obligations, or its absolute commitment, to fully comply with the mandates of Section 451.

From a regulatory and operational perspective, Liberty CalPeco is the regulated utility subject to the jurisdiction of this Commission and as such it remains the entity fully responsible for the safety and reliability of the service provided to electric consumers within its service territory. Liberty CalPeco’s responsibility to ensure safe and reliable service is in no way dependent on the association or identity of the individuals who Liberty CalPeco designates to perform the services necessary for Liberty CalPeco to fulfill its public utility obligations. Thus the transfer of Liberty CalPeco employees to Service Corp. will have no impact on Liberty CalPeco’s public utility responsibilities or this Commission’s jurisdiction, authority, and enforcement powers with respect to Liberty CalPeco.

Liberty CalPeco’s absolute obligations regarding safety and reliability and its other responsibilities as a public utility do not vary depending upon whether the individuals it tasks to provide services are its own direct employees, employees of affiliates, such as Service Corp, or employees of third parties with no corporate relationship. Correspondingly the scope of the Commission’s jurisdiction and its enforcement powers over Liberty CalPeco’s discharge of its public utility responsibilities does not vary depending upon the identity of the employer of the individuals performing the specific tasks — as the regulated utility, Liberty CalPeco remains fully accountable and accessible to the Commission under all situations.

2. All Liberty CalPeco and Service Corp. Books and Records Supporting Any Request for Rate Recovery for Any Costs Associated with the Service Corp. Employees Dedicated to Liberty CalPeco Shall Remain Fully Available and Accessible to the Commission

The Commission has direct, indirect, and otherwise comprehensive authority to regulate the activities and functions to be performed by, and the payments made to, the Service Corp. employees who are now dedicated to providing services exclusively to Liberty CalPeco (“Liberty

CalPeco Dedicated Personnel”). The Commission accordingly authorizes and provides ratepayer funding for Liberty CalPeco in rate proceedings to engage in certain activities and provide certain services (i.e., vegetation management, administration of Commission-approved low-income and energy efficiency programs, and the operation and maintenance of the facilities that Liberty CalPeco uses to provide electric services).¹⁵

From the perspective of the scope of the Commission’s regulatory and enforcement powers, the Commission has retained, and shall retain, its full authority and jurisdiction over the Liberty CalPeco Dedicated Personnel, even though they are now Service Corp. employees. For instance, in rate proceedings, Liberty CalPeco has obtained rate recovery for the compensation it pays its direct employees and has also obtained rate recovery for the allocated portion of the compensation paid to individuals who provide services to Liberty CalPeco, but are employees of an affiliate of Liberty CalPeco.

With respect to obtaining rate recovery associated with individuals who are not its direct employees, Liberty CalPeco has had the burden to establish: (i) the individual performed a function benefitting Liberty CalPeco; (ii) the percentage of the individual’s compensation allocated to customers of Liberty CalPeco fairly represented the proportion of time spent on performing functions for Liberty CalPeco; (iii) the proposed allocation is consistent with Commission practices, policies, and precedents; and (iv) an audit trail sufficient to confirm that the affiliate of Liberty CalPeco paid the employee and Liberty CalPeco in turn reimbursed that affiliate for its payment to the Liberty CalPeco employee.

As the Liberty CalPeco Dedicated Personnel are not its employees, Liberty CalPeco will seek rate recovery associated with their compensation in exactly the same manner as it has historically requested rate recovery for the work performed on behalf of its customers by employees of affiliates of Liberty CalPeco. That is, Liberty CalPeco will remain obligated to demonstrate: (i) the benefit of the task the Liberty CalPeco Dedicated Personnel performed for Liberty CalPeco; (ii) the fairness and appropriateness of the amount of the employee’s compensation that Service Corp. allocated to Liberty CalPeco; and (iii) the necessary audit trail evidencing both a payment by Service Corp. to the employee and a corresponding payment by Liberty CalPeco to Service Corp.

The only difference will be that the Liberty CalPeco will be requesting that 100 percent of the compensation Service Corp. pays to the Liberty CalPeco Dedicated Personnel be recovered in rates paid by the customers of Liberty CalPeco. The grounds for this requested allocation will be that the Liberty CalPeco Dedicated Personnel will spend 100 percent of his/her time performing functions for Liberty CalPeco and this time will be directly charged (assigned) to Liberty CalPeco. Thus, by definition and practice, the Liberty CalPeco Dedicated Personnel will have no responsibilities to any affiliate of Liberty CalPeco.

¹⁵ In Application 15-05-008, Liberty CalPeco is requesting authority to recover these employee-related costs for the three-year period commencing January 1, 2016.

Liberty CalPeco further represents that the Commission will continue to have full access to the Service Corp. and Liberty CalPeco books and records upon which Liberty CalPeco requests rate recovery for any Liberty CalPeco Dedicated Personnel. Liberty CalPeco maintains its books and records in accordance with all Commission rules. These Liberty CalPeco books and records are maintained and available in California. Liberty CalPeco will also make any Service Corp. books and records associated with any payment for which Liberty CalPeco requests rate recovery available within California.

This commitment is fully consistent with Liberty CalPeco's existing commitment to the Commission that "with respect to any charge or allocation from an affiliate for which [Liberty CalPeco] seeks rate recovery, the documents necessary [in the possession of the affiliate] to support and substantiate the charge shall be available to the Commission."¹⁶

Liberty CalPeco accordingly is amenable to accepting the following additional conditions in connection with the acceptance of this Advice Letter:

- Liberty CalPeco will transfer no assets (such as customer lists) to Service Corp.
- Service Corp. has no right and shall continue to have no right to contract on behalf of Liberty CalPeco.
- The payments that Liberty CalPeco shall make to Service Corp. shall be in the exact same amount as the payments that Service Corp. has made to, and for the benefit of, the Liberty CalPeco Dedicated Personnel (i.e., Service Corp. shall charge no mark-up or other form of "administrative fee" and shall not profit from any services performed for Liberty CalPeco (or any other of Liberty Utilities Co.'s regulated utilities).
- Service Corp. shall not sell or market electricity or gas products or services to either Liberty CalPeco or any of its customers.
- Service Corp. shall not market or sell non-utility products or services to either Liberty CalPeco or any of its customers.

3. The Illinois Commerce Commission Has Approved the Transfer of Employees from Another of Liberty Utilities Co.'s Regulated Utilities to Service Corp.

Liberty Utilities (Midstates Natural Gas) Corp. ("Liberty Midstates") is owned by Liberty Utilities Co. and thus is an affiliate of Service Corp. In accordance with Liberty Utilities Co.'s business strategy to transfer employees of its operating utilities to Service Corp., the employees of Liberty Midstates have also been transferred to Service Corp.

¹⁶ See D.10-10-017 in which the Commission approved the acquisition of Liberty CalPeco from Sierra Pacific Power Company. Liberty CalPeco made this commitment as part of the so-called Regulatory Commitments it made as a condition of the Commission approving the acquisition. See D.10-10-017, Appendix 3.

Liberty Midstates filed a petition with the Illinois Commerce Commission requesting approval of the transfer of its employees to Service Corp.¹⁷ The petition identified as one of the benefits of the employee transfer the simplification of “payroll administration across the Liberty Utilities [Co.’s] footprint.”¹⁸ In supporting testimony, the Liberty Midstates witness explained that “[o]ther than the name of the employer on employees’ pay checks, nothing [related to “operations of the Utility”] is expected to change.”¹⁹

The witness from the ICC staff found that the transfer of the Liberty Midstates employees to Service Corp. would “not result in the subsidization of non-[Liberty Midstates] activities by ratepayers [of Liberty Midstates].”²⁰

The Illinois Commerce Commission issued an order authorizing Liberty Midstates to enter into the agreements associated with the transfer of its employees to Service Corp.²¹ The approval order imposed conditions on the transfer which are similar to the requirements Liberty CalPeco is already subject to and/or is offering to accept in connection with the approval of this Advice Letter.

Request for Waiver of 60-Day Notice Period

ATR Rule VI.B requires a utility to notify the Commission of an applicable affiliate transaction within 60 days and thus the submission of this Advice Letter may be considered untimely. The belated schedule of this submission was inadvertent and Liberty CalPeco initiated actions to disclose and remedy the situation as soon as practicable after it was recognized.

The timing of this submittal should not affect the merits of this Advice Letter. No Liberty CalPeco customer or employee, no market participant, nor any other party has been harmed by the date of the request. Consequently, Liberty CalPeco respectfully requests that the Energy Division assess the request on its substantive merits and deem the Advice Letter effective.

Effect of Advice Letter

This Advice Letter will not increase any other rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Questions regarding Service Corp. should be addressed to Ken Wittman at (530) 543-5267.

¹⁷ See Docket 14-0269, Illinois Commerce Commission Order (April 22, 2015).

¹⁸ Docket 14-0269, Liberty Midstates’ Petition at 4 (March 31, 2014).

¹⁹ Docket 14-0269, Liberty Midstates’ Petition at 4, Exhibit 1.0 - Direct Testimony of Christopher D. Krygier (Director of Rates and Government Affairs) (March 31, 2014).

²⁰ Docket 14-0269, Illinois Commerce Commission Order at 4 (April 22, 2015).

²¹ See Docket 14-0269, Illinois Commerce Commission Order (April 22, 2015).

Tier Designation

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.2, this Advice Letter is submitted with a Tier 2 designation.

Effective Date

Liberty CalPeco requests that this Tier 2 Advice Letter become effective on regular notice, August 12, 2015, which is 30 calendar days after the date of this Advice Letter.

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 August 3, 2015, which is 20 days after the date of this Advice Letter. The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on who may file a protest. 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 also should be sent via email and U.S. Mail to Liberty CalPeco at the addresses show 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: ken.wittman@libertyutilities.com

With a copy to:
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
Email: vidhyaprabhakaran@dwt.com

Energy Division
California Public Utilities Commission
July 13, 2015
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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 and via U.S. mail to parties shown on the attached list.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Ken Wittman".

Ken Wittman
Senior Manager, Finance, Accounting, and Regulatory Affairs
Liberty Utilities (CalPeco Electric) LLC

Attachments

cc: Liberty Utilities (CalPeco Electric) LLC General Order 96-B Advice Letter Service List
Jonathan Tom, CPUC

EXHIBIT A

Liberty Utilities (CalPeco Electric) Organizational Chart

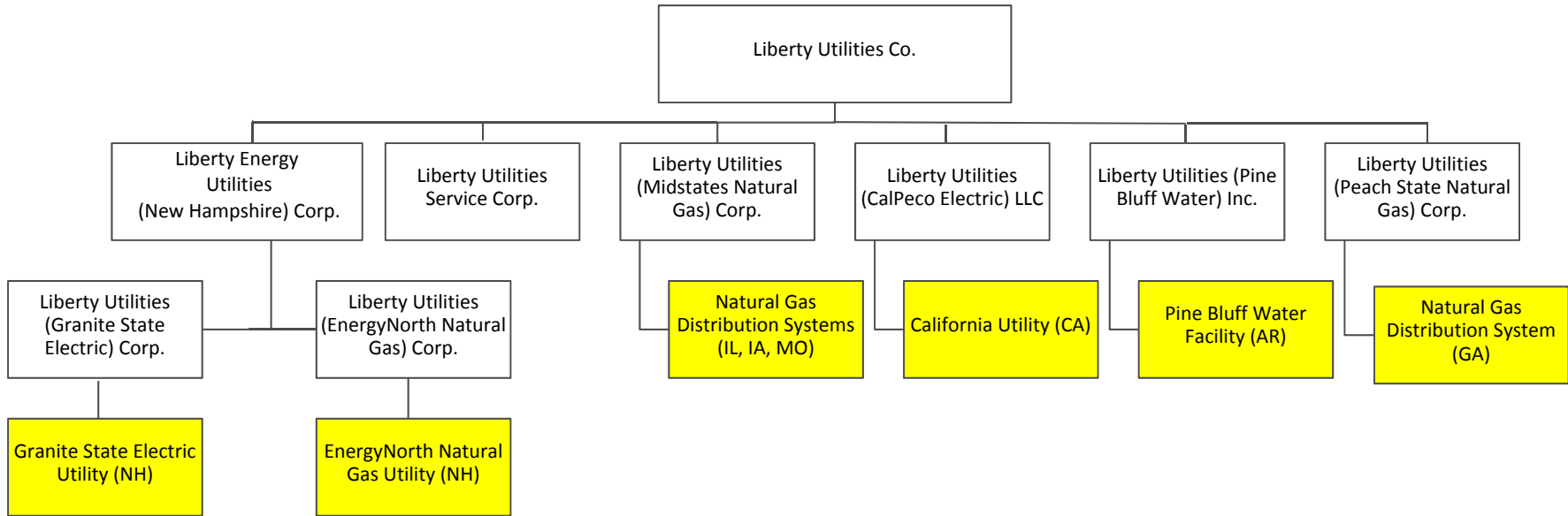


EXHIBIT B

Affiliate Name	Address of Headquarters	Directors and Primary Officers	Contact Person	Business Activity Description	Effective Date	Covered Affiliate?
Liberty Utilities Service Corp.	12725 W. Indian School Rd, Suite D101, Avondale, AZ 85392	<u>Directors:</u> Ian Robertson; Gregory Sorensen; Richard Lehr <u>Officers:</u> Gregory Sorensen, President; Richard Lehr, Secretary and Treasurer.	Gregory Sorensen	To provide employee payroll and benefits-related services to Liberty Utilities Co.'s regulated utilities, including Liberty CalPeco.	July 19, 2012	No

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

VIA EMAIL

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