

PRELIMINARY STATEMENT

(Continued)

8. BASE REVENUE REQUIREMENT BALANCING ACCOUNT

Liberty Utilities (CalPeco Electric) LLC ("Liberty") shall maintain the Base Revenue Requirement Balancing Account (BRRBA).

A. Purpose

The purpose of the BRRBA is to record the difference between Liberty's authorized annual Base Rate revenue requirements and the annual recorded revenue from Base Rates.

B. Applicability

The BRRBA is applicable to all rate schedules.

C. Base Rates

Base Rates are electric rates and related adjustments. Adjustments are required to amortize under-collections or over-collections in the BRRBA authorized by the Commission from time to time.

D. Monthly Base Rate Revenue Requirement

Liberty's annual authorized Base Rate revenue requirements shall be converted to monthly Base Rate revenue requirements by dividing the annual authorized Base Rate revenue requirement by 12.

E. Adjustments to the Annual Authorized Base Rate Revenue Requirement

The annual authorized Base Rate revenue requirement levels may be adjusted, if needed, by an update as a result of a Commission decision, order, or resolution that changes the annual Base Rate revenue requirement of Liberty that:

- 1) has been issued regarding a CalPeco application or advice letter, or
- 2) has been issued in another Commission proceeding that establishes for Liberty a new annual Base Rate revenue requirement or an addition to the annual Base Rate revenue requirement.

PRELIMINARY STATEMENT

(Continued)

8. BASE REVENUE REQUIREMENT BALANCING ACCOUNT (continued)

F. Accounting Procedures

Liberty shall maintain the BRRBA by making entries at the end of each month as follows:

- a. Base Rate revenues recorded during the month;
- b. Monthly Base Rate revenue requirement as described in Section D;
- c. Total net BRRBA balance equals (2) minus (1).
- d. Liberty shall apply interest to the average net balance in the BRRBA account at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month as reported in the Federal Reserve Statistical Release, H.15, or its successor publication. Accumulated interest will be included in the amount on which interest is accrued, but will be identified as a separate component of the BRRBA account.

G. Effective Date

The BRRBA is effective as of January 1, 2013.

H. Account Disposition

The disposition of the balance in the BRRBA on September 30, 2017 will be addressed by Liberty in a Tier 2 Advice Letter filing to be made no later than October 31, 2017. Provided, however, Liberty shall make such a Tier 2 Advice Letter filing only if the amount of the under- or over- collection in the BRRBA Account is +/-5% of the authorized Base Rate revenue requirement corresponding to the preceding fifteen months. Should such a trigger be met, Liberty shall file the required Tier 2 Advice Letter filing and shall include in the filing the amortization rate to amortize the balance over the next twelve months beginning October 1, 2017.

The disposition of the balance in the BRRBA on September 30 of every subsequent calendar year will be addressed by Liberty in a Tier 2 Advice Letter filing to be made no later than October 31 of that calendar year. Provided, however, Liberty shall make such a Tier 2 Advice Letter filing only if the amount of the under- or over- collection in the BRRBA Account is +/- 5% of the authorized revenue requirement corresponding to the preceding twelve month period. Should such a trigger be met, Liberty shall file the required Tier 2 Advice Letter filing and shall include in the filing the amortization rate to amortize the balance over the next twelve months beginning January 1 of each year.

Advice Letter No. 72-E

Issued by

Gregory S Sorensen

Name

President

Title

Date Filed December 28, 2016

Effective January 1, 2017

Resolution No. _____

Decision No. _____