

**Revised 02/05/2026**

Application No.:	<u>A.25-06-017</u>
Exhibit No.:	<u>Liberty-12-E</u>
Witnesses:	<u>M. Rao</u>



(U 933-E)

# **Mountain View Fire Cost Recovery Application**

Before the California Public Utilities Commission

## **Liberty-12: Cost Recovery Rebuttal**

Tahoe Vista, California

January 23, 2026

# Liberty-12: Cost Recovery Rebuttal

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**Liberty-12: Cost Recovery Rebuttal**

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1 I.

2 Executive Summary

3 In this chapter of testimony, Liberty Utilities (CalPeco Electric) LLC (“Liberty”) updates the bill  
4 and rate impacts presented in its opening testimony, *Liberty-07*.<sup>1</sup> These updates account for the updated  
5 legal and financing costs as of December 31, 2025, as presented in *Liberty-11*.

6 In addition, Liberty responds to Cal Advocates’ Testimony on Cost Recovery in *CA-11*. Cal  
7 Advocates does not dispute Liberty’s rate recovery calculations, nor does it affirmatively propose any  
8 particular, alternative amortization approach. Cal Advocates merely (1) suggests the Commission  
9 consider unspecified “alternative amortization terms” and (2) notes the cumulative effect of Liberty’s  
10 requested WEMA recoveries in conjunction with the rate recoveries proposed in Liberty’s pending 2025  
11 General Rate Case (“GRC”) proceeding. These two points are discussed in sections III and IV below.

12 II.

13 Updated Bill and Rate Impacts

14 The bill and rate impacts presented in Liberty’s Application and opening testimony reflected  
15 costs as of May 31, 2025.<sup>2</sup> *Liberty-11* sets forth the additional litigation-related costs incurred by  
16 Liberty from June 1, 2025 through December 31, 2025 (the “Update Period”), the actual financing costs  
17 incurred during the Update Period, and an updated forecast of future financing costs through full  
18 amortization of the costs. In this chapter of testimony, Liberty updates the rate calculation and bill and  
19 rate impacts presented in its opening testimony, to incorporate the foregoing updated information. The  
20 updated calculated rates and bill impacts set forth below are *lower than* and within 1% of those  
21 presented in Liberty’s opening testimony.

22 A. Updated Rate Calculation

23 Liberty has calculated the proposed surcharge, based on the proposal set forth in its opening  
24 testimony,<sup>3</sup> by dividing the proposed cost recovery (\$77.4 million) by three years of its authorized kWh  
25 sales forecast (585,708,000 x 3), which results in a WEBA rate of \$0.04407 per kWh. The proposed  
26 cost recovery has decreased from \$78.2 million, as provided in Liberty’s opening testimony, to \$77.4  
27 million due to lower than anticipated financing costs, resulting in a decline in the WEBA rate from

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<sup>1</sup> See *Liberty-07* at 4.

<sup>2</sup> See *id.* at 1–4.

<sup>3</sup> *Id.* at 4–5.

\$0.04451 per kWh to \$0.04407 per kWh. This rate will be charged to all five customer classes based on kWh usage.

**B. Updated Bill Impacts**

The following Table 1 updates the bill impacts for an average-use customer in each rate class, from those presented in Table 5 of the opening testimony.<sup>4</sup>

***Table 1: Estimated Bill Impact (Updated)***

Customer Class	Current Average Bill	Proposed Average Bill*	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Residential (Permanent)	224.71	254.19	29.49	13.1%
Residential (Non-Permanent)	179.81	202.24	22.43	12.5%
Residential (CARE)	165.68	191.91	26.22	15.8%
A1 - Small General Service	590.17	658.75	68.58	11.6%
A2 - Medium General Service	8,519.34	9,492.41	973.06	11.4%
A3 - Large General Service	49,119.22	53,110.87	3,991.64	8.1%
PA - Irrigation	1,739.56	2,014.32	274.76	15.8%
SL - Street Lighting	48.73	51.77	3.04	6.2%
OL - Outdoor Lighting	32.96	34.73	1.77	5.4%

**C. Updated Rate Impacts**

The following **Table 2** ~~Error! Reference source not found.~~ updates the volumetric rate impact by customer class, from those presented in Table 6 of the opening testimony.<sup>5</sup> Customer costs per kWh will increase by \$0.04407 for three years.

<sup>4</sup> Id. at 6, tbl. 5.

<sup>5</sup> Id. at 7, tbl. 6.

***Table 2: Estimated Rate Impact (Updated)***

Customer Class	Current Rate	Proposed Rate*	\$ Increase/ (Decrease)	% Increase/ (Decrease)
Residential (Permanent)	0.29996	0.34403	0.04407	14.7%
Residential (Non-Permanent)	0.32542	0.36950	0.04407	13.5%
Residential (CARE)	0.25147	0.29554	0.04407	17.5%
A1 - Small General Service	0.36168	0.40576	0.04407	12.2%
A2 - Medium General Service	0.36227	0.40635	0.04407	12.2%
A3 - Large General Service	0.22783	0.27190	0.04407	19.3%
PA - Irrigation	0.27458	0.31865	0.04407	16.1%

**III.**

**Alternative Amortization Rate**

Cal Advocates correctly notes that Liberty considered recovery of the WEMA costs over a five-year amortization in rates, as an alternative to the proposed three-year amortization. As described in Liberty's opening testimony, Liberty determined that the three-year amortization is preferable, because the five-year period would involve costs accruing interest for an additional two years, resulting in roughly \$4.5 million in additional financing costs (as calculated at the time of the filing of the Application), to be borne by ratepayers.

Cal Advocates does not endorse a five-year, or any other particular, amortization period. Rather, it merely suggests the Commission should consider "alternative amortization terms which would spread the impact of Liberty's proposed rate increases over a longer period."<sup>6</sup> Liberty agrees that the Commission should consider a five-year amortization period, as Liberty did in connection with developing its Application. Liberty submits that the Commission should approve the requested three-year amortization for the reason noted above and as further discussed in the Application and opening testimony.

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<sup>6</sup> CA-11 at 4.

1 IV.

2 Cumulative Impact of WEMA and GRC Requests

3 Cal Advocates' testimony presented cumulative rate and bill impacts reflecting the WEMA  
4 amounts set forth in Liberty's Application and opening testimony, in addition to the amounts requested  
5 by Liberty in its pending 2025 GRC proceeding, A.24-09-010.<sup>7</sup> The GRC amounts that Cal Advocates  
6 used for this analysis are the amounts that Liberty originally requested. However, Liberty recently  
7 reached a multi-party settlement in its GRC proceeding addressing all but Liberty's return on equity  
8 ("ROE").<sup>8</sup> The settlement was joined by all but one party to the proceeding and the motion for its  
9 approval remains pending. Liberty notes that its GRC application sought a Test Year ("TY") 2025  
10 revenue requirement of \$247.920 million representing an increase of \$39.773 million in total revenues,  
11 while in the settlement, the settling parties agreed on a TY 2025 revenue requirement for Liberty of  
12 \$232.956 million or an increase of \$24.809 million in total revenues.<sup>9</sup>

13 However, Liberty must emphasize that any cumulative effect of this WEMA application and the  
14 GRC has no bearing on the recoverability of the amounts requested in Liberty's WEMA application. If  
15 Liberty satisfies the predicates for recovering the requested amounts under WEMA, as it has, then it is  
16 entitled to recovery regardless of the cumulative effect of some other proceeding. To rule otherwise  
17 would be contrary to the governing statute, which directs that the Commission "shall" allow cost  
18 recovery of just and reasonable wildfire costs.<sup>10</sup> It also would be detrimental to utilities' financial  
19 health, and contrary to the fundamental regulatory compact for cost-based ratemaking. Liberty should  
20 be granted rate recovery of its reasonable Mountain View Fire costs, without regard to extraneous  
21 issues.

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<sup>7</sup> CA-10 at 2, tbls. 1 & 2.

<sup>8</sup> The Joint Motion for Approval and Adoption of the Multi-Party Settlement Agreement on Revenue Requirement Issues was filed in Liberty's GRC proceeding on October 1, 2025. Cal Advocates is a party to this GRC settlement, along with several other parties.

<sup>9</sup> Liberty assumes its current authorized ROE for purposes of the numbers presented herein.

<sup>10</sup> Pub. Util. Code § 451.1(b).