



Liberty Utilities (CalPeco Electric) LLC  
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Fax: 530-544-4811

June 30, 2021

**VIA EMAIL ONLY**

**Advice Letter 173-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: Liberty Utilities (CalPeco Electric) LLC (U-933 E) – 2020 Risk Spending  
Accountability Report**

Liberty Utilities (CalPeco Electric) LLC (U 933-E) (“Liberty”) submits this **Tier 1** Advice Letter, which provides Liberty’s 2020 Risk Spending Accountability Report (“RSAR”) pursuant to Cal. Pub. Util. Code § 591 and California Public Utilities Commission (“Commission”) Decision (“D.”) 19-04-020.

**Background**

Cal. Pub. Util. Code § 591(a) states, “The commission shall require an electrical or gas corporation to annually notify the commission, as part of an ongoing proceeding or in a report otherwise required to be submitted to the commission, of each time since that notification was last provided that capital or expense revenue authorized by the commission for maintenance, safety, or reliability was redirected by the electrical or gas corporation to other purposes.”

Ordering Paragraph 13 of D.19-04-020 orders Liberty to file its annual RSAR on June 30 each year.

As stated in its 2019 General Rate Case (“GRC”) application, Liberty is committed to developing a comprehensive risk-based decision-making model and process that will be the basis for ongoing capital and O&M planning in time for its next GRC. Liberty CalPeco submitted its risk-based decision-making model that will be used to develop its programs and cost forecasts in its 2022 GRC, which was submitted in May 2021, and its 2021 Wildfire Mitigation Plan (“WMP”), which was submitted in March 2021.

The disposition letter approving AL-150-A, Liberty’s 2019 RSAR advice letter, states that Energy Division “recommends that Liberty continue to provide a report on spending in all safety, reliability, and maintenance programs, including the specific projects identified in D.20-08-030.” This advice letter provides a comparison of Liberty’s authorized and recorded 2020 capital and O&M spending related to safety, reliability, and maintenance.

**Analysis**

The last GRC in which capital and O&M spending was authorized was Liberty’s 2019 GRC (A.18-12-001). Liberty’s 2019 GRC Decision (D.20-08-030) authorized 2019 capital and O&M spending and authorized capital and O&M for 2020 and 2021. For capital, the Decision authorized six safety and reliability-related projects eligible for recovery via Liberty’s Post Test-Year Adjustment Mechanism (“PTAM”) in 2020 and 2021. For O&M, the Decision authorized Liberty to escalate its authorized 2019 O&M expenses by 1.86% a year in 2020 and 2021.

Tables 1 and 2 provide comparisons of Liberty’s 2020 recorded and authorized capital expenditures and O&M expenses related to maintenance, safety, and reliability.

Table 1  
 Liberty 2020 Safety, Reliability, and Maintenance Capital Expenditures  
 \$(000)

Project	PTAM-Authorized Capital			2020 Recorded
	2020	2021	Total	
7300 Line Rebuild	1,700	1,700	3,400	3,563
Topaz 1261 Line Reconductor	810	810	1,620	2,479
MHP Conversions	3,496	1,298	4,794	-
Distribution Replacements	6,300	6,300	12,600	8,518
625/650 Phase 2	13,000	-	13,000	8,515
Total	25,306	10,108	35,414	23,075

Table 2  
Liberty 2020 Authorized and Recorded O&M Expenses  
\$(000)

	2020 Authorized	2020 Recorded	Variance
581 Load dispatching	727	679	49
582 Station expenses	30	(30)	60
583 Overhead line expenses	164	79	85
584 Underground line expenses	91	51	40
585 Street lighting & signal system expenses	2	-	2
588 Miscellaneous distribution expenses	1,473	2,105	(632)
Total Operation	2,488	2,884	(396)
591 Maintenance of structures	38	27	11
592 Maintenance of station equipment	165	74	91
593 Maintenance of overhead lines	1,927	2,382	(455)
594 Maintenance of underground lines	300	606	(306)
595 Maintenance of line transformers	16	-	16
596 Maintenance of street lighting & signal systems	5	9	(4)
597 Maintenance of meters	46	61	(15)
598 Maintenance of miscellaneous distribution plant	308	787	(478)
Total Maintenance	2,804	3,945	(1,141)
Total Distribution	5,292	6,829	(1,537)

**Variance Explanations**

In D.20-08-030, the Commission authorized \$35.414 million in safety and reliability-related capital projects over the 2020-2021 timeframe. In 2020, Liberty spent \$23.075 million in recorded costs, or 65% of the total 2020-2021 authorized amount, related to these projects. Liberty expects to complete the remaining portions of these projects in 2021. The Topaz 1261 project's recorded costs were higher than forecast because Liberty completed an additional phase of this project beyond what Liberty included in its 2019 GRC forecast. Liberty was delayed in completing mobilehome park conversions in 2020 but expects to complete these projects in 2021. Liberty also plans to complete the remainder of the 625/650 Phase 2 project in 2021.

Liberty's recorded 2020 O&M expenses exceeded authorized expenses by approximately \$1.5 million. The increased spending was related to additional maintenance work that was completed in 2020 because Liberty performed a system-wide survey in 2020, which included inspecting Liberty's entire system and identified more maintenance repairs than what Liberty's 2019 GRC forecast anticipated.

### **Balancing and Memorandum Accounts**

Liberty's various balancing and memorandum accounts track spending on risk-based programs, including the Vegetation Management Balancing Account, the tree-related Catastrophic Events Memorandum Account, the Fire Risk Mitigation Memorandum Account, and the Wildfire Mitigation Plan Memorandum Account.

The Vegetation Management Balancing Account ("VMBA") tracks the difference between authorized and recorded vegetation management costs. At the end of 2020, the VMBA had an under-collection of \$7.005 million. The overrun is due to Liberty's significant increase in vegetation management operations due to the extreme wildfire risk in California. Liberty expects to request recovery of these recorded costs in an application later this year.

The Catastrophic Events Memorandum Account ("CEMA") records the costs of Liberty removing dead and dying trees caused by the extended drought and bark beetle infestation. At the end of 2020, CEMA had a balance of \$5.489 million. Liberty expects to request recovery of these recorded costs in an application later this year. The 2022 forecast costs for this work are included in Liberty's 2022 GRC vegetation management forecast.

The Fire Risk Mitigation Memorandum Account ("FRMMA") tracks incremental costs incurred for fire risk mitigation work that is not currently included in Liberty's currently authorized rates. At the end of 2020, the FRMMA had a balance of \$0.900 million. Liberty expects to request recovery of these recorded costs in an application later this year.

The Wildfire Mitigation Plan Memorandum Account ("WMPMA") tracks incremental costs incurred in implementing Liberty's Wildfire Mitigation Plan ("WMP"). At the end of 2020, the WMPMA had a balance of \$1.976 million. Liberty expects to request recovery of these recorded costs in an application later this year. The 2022 forecast costs for this work are included in Liberty's 2022 GRC O&M forecast.

### **Effective Date**

Liberty requests that this Tier 1 advice filing become effective **June 30, 2021**.

### **Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile, or email, any of which must be received no later than **July 20, 2021**, which is 20 days after the date of this filing. 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, 4<sup>th</sup> 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 (and by facsimile, if possible) to Liberty 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  
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 list.

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

Sincerely,

LIBERTY UTILITIES (CALPECO ELECTRIC) LLC

*/s/ Dan Marsh*

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Dan Marsh  
Manager, Rates and Regulatory Affairs

cc: Robert.Pocta@cpuc.ca.gov  
Nathaniel.Skinner@cpuc.ca.gov  
David.Ashuckian@cpuc.ca.gov  
Liberty CalPeco Advice Letter Service List  
A.18-12-001 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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California  
Public Utilities  
Commission



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## CALIFORNIA PUBLIC UTILITIES COMMISSION

### Service Lists

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**PROCEEDING: A1812001 - LIBERTY UTILITIES (C**  
**FILER: LIBERTY UTILITIES (CALPECO ELECTRIC) LLC**  
**LIST NAME: LIST**  
**LAST CHANGED: AUGUST 27, 2020**

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### Parties

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# 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: Dan Marsh

Phone #: 530-721-2435

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) #: 173-E

Tier Designation: 1

Subject of AL: Liberty Utilities (CalPeco Electric) LLC (U-933 E) – 2020 Risk Spending Accountability Report

Keywords (choose from CPUC listing): Compliance

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.19-04-020

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: N/A

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: 6/30/21

No. of tariff sheets: 0

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 proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss 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](mailto:EDTariffUnit@cpuc.ca.gov)

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## 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	