



BALANCING ACCOUNT EXAMINATION

LIBERTY UTILITIES (CALPECO ELECTRIC), LLC
FOR YEAR ENDED DECEMBER 31, 2017

Utility Audit, Finance and Compliance Branch

March 29, 2019



A digital copy of this report can be found at:
<http://www.cpuc.ca.gov/utilityaudits/>

Thanks to:
Angie Williams, Raymond Yin, Sharmin Wellington, and Xiaowen Zhao

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Executive Summary

The California Public Utilities Commission (Commission) was established by Constitutional Amendment as the Railroad Commission in 1911. The Legislature passed the Public Utilities Act, expanding the Commission's regulatory authority to include natural gas, electric, telephone, and water companies as well as railroads and marine transportation companies in 1912. One of the Commission's duties is to oversee the balancing accounts administered by the energy Investor-Owned Utilities (IOUs) in California. The IOUs are Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), Southern California Gas Company (SCG), Southwest Gas Company (SWGAs), Pacific Power, Bear Valley Electric Service (BVES), and Liberty Utilities (dba: CalPeco Electric), LLC (Liberty).¹ The primary purpose of the balancing accounts is that they are used as a mechanism to track specific costs and/or related revenues to provide a fair settlement for the ratepayers and the IOUs.

Pursuant to California Public Utilities Code (PUC) Section 792.5², whenever the Commission authorizes any change in rates reflecting and passing through to customers specific changes in costs, the Commission shall require as a condition of the order that the public utility establish and maintain a balancing account reflecting the balance, whether positive or negative, between the related costs and revenues, and the Commission shall take into account by appropriate adjustment or other action any positive or negative balance remaining in the balancing account at the time of any subsequent rate adjustment. The Commission shall ensure the transactions recorded in the balancing accounts are for allowable purposes and are supported by appropriate documentation. The Commission has statutory authority to inspect and audit the books and records of the utilities to ensure that ratepayers' money is well spent, specifically, pursuant to PUC Sections 314.5, 314.6, 581, 582, and 584. The Utility Audit, Finance, and Compliance Branch (UAFCB) conducted the examination of Liberty's balancing accounts for the year ended December 31, 2017 in accordance with applicable auditing standards.

The scope of this examination covered the period from January 1, 2017 through December 31, 2017. The overall objective of the examination was to determine whether Liberty complied with the Commission's requirements and directives in billing ratepayers at the approved tariff rates and recording appropriate activities in its balancing accounts. In addition, UAFCB evaluated Liberty's effectiveness of internal controls over the compliance and recording of the balancing accounts as it relates to the examination objectives. Based on our examination, the following findings were identified:

- Finding 1: Liberty incorrectly reported the Vegetation Management Balancing Account (VMBA) over-collection balance of \$49,978 as of December 2017 as a debit balance instead of a credit balance in its 2017 Annual Balancing Account and Memorandum Account Report, resulting in a reporting error of \$99,956.
- Finding 2: Liberty did not update the description of VMBA in its 2017 Annual Balancing Account and Memorandum Account Report, in which it described the purpose of the VMBA as *"applied the 3-year authorized revenue requirement of \$7.5 million in Decision (D.)12-11-030 to recover Vegetation Management Program expenses incurred during calendar years 2013,*

¹ San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SCG) are affiliated subsidiaries of SEMPRA Energy.

² All statutory citations are the California Public Utilities Code (PUC), unless otherwise noted.

2014, and 2015." However, Liberty should have updated the description as "collected \$7.569 million to recover the costs Liberty incurs during calendar years 2016, 2017, and 2018 for its vegetation management program authorized in D.16-12-024."

- Finding 3: Liberty did not comply with the methodology prescribed in the Preliminary Statements to calculate interests for the following balancing accounts: Base Revenue Requirement Balancing Account (BRRBA), Energy Efficiency Balancing Account (EEBA), Energy Savings Assistance Program Balancing Account (ESAPBA), Solar Incentive Program Balancing Account (SIPBA), Mobile Home Park Balancing Account (MHPBA), California Alternate Rates for Energy Surcharge Balancing Account (CAREBA), and VMBA. In addition, Liberty did not accrue interests for the Green House Gas Revenue Balancing Account (GHGRBA).
- Finding 4: Liberty under-reported the revenue from SIPBA by \$5,200. Liberty only reported \$4,200 in Solar Initiative Program (SIP) application fees from the approved SIP applications rather than reporting the entire \$9,400 non-refundable SIP application fees it received in accordance with the guidelines specified in Advice Letter (AL) 78-E, which was approved by the Commission on July 11, 2017.

UAFBC provided Liberty with a copy of the draft examination report and discussed the findings and recommendations with Liberty on December 20, 2018. Liberty agreed with the examination findings and recommendations presented in this examination report and did not submit any comments.

Examination Report

BACKGROUND

Pursuant to California Public Utilities Code (PUC) Section 792.5³, whenever the Commission authorizes any change in rates reflecting and passing through to customers specific changes in costs, the Commission shall require as a condition of the order that the public utility establishes and maintain a balancing account reflecting the balance, whether positive or negative, between the related costs and revenues, and the Commission shall take into account by appropriate adjustment or other action any positive or negative balance remaining in the balancing account at the time of any subsequent rate adjustment. The Commission shall ensure the transactions recorded in the balancing accounts are for allowable purposes and are supported by appropriate documentation. Utility Audit, Finance, and Compliance Branch (UAFCB) conducted this examination of Liberty Utilities' (dba: CalPeco Electric), LLC (Liberty's) balancing accounts for the year ended December 31, 2017 pursuant to PUC Sections 314.5, 314.6, 581, 582, and 584.

Before setting up a balancing account, utilities must file and obtain a Commission-approved Preliminary Statement, which specifies the purpose of the balancing account and the types of costs and/or revenues that are to be tracked in the account. A Preliminary Statement also details the specific accounting procedures that the utility must follow to record transactions in the balancing accounts.

A balancing account is a tracking mechanism to protect ratepayers and utilities by identifying and settling the differences between two elements consisting of any two elements of the following: revenue, cost, preliminary authorized revenue requirement, and adopted authorized revenue requirement. Depending on the purpose of a balancing account, the combination of the two elements varies.

Based on the recovery level or limit, every balancing account is classified under one of these two categories: one-way or two-way balancing account. A one-way balancing account matches actual expenditures against a spending target (or authorized revenue requirement). Often, one-way balancing account limits recovery to the lower of actual expenditures or the amount authorized; shareholders are at risk for amounts spent over the authorized amounts. A two-way balancing account compares revenue and expenses, or actual revenue to authorized revenue; and allows over-collections to be refunded and under-collections to be recoverable through rates. A two-way balancing account does not provide for a limit or cap on expenditures. In general, the balance in a one-way or two-way balancing account can either be over- or under-collected depending on the difference between the components recorded in the balancing account. Unless approved otherwise, a balancing account accumulates monthly interest at a rate equal to one-twelfth of the interest rate on the three-month Commercial Paper published by the Federal Reserve.

Liberty serves approximately 49,000 electric customers in California, in and around the Lake Tahoe Basin. Its service territory is geographically compact and generally encompasses the western portions of the Lake Tahoe Basin, including customers located in Placer, El Dorado, Nevada, Sierra, Plumas, Mono, and Alpine Counties. Almost 80 percent of Liberty's customers are located in the Lake Tahoe Basin. The biggest population center is the City of South Lake Tahoe.

³ All statutory citations are the California Public Utilities Code (PUC), unless otherwise noted.

Liberty has nine balancing accounts and of this, five programs are Public Purpose Programs (PPP). Liberty's PPP includes California Alternate Rates for Energy Surcharge Provision, Energy Savings Assistance Programs Surcharge Mechanism, Energy Efficiency Balancing Account, Green House Gas Balancing Account, and Solar Initiative Program are funded by surcharges to customers. Liberty's general rate case (GRC) application number A.15-05-008 filed May 1, 2015, for 2016 GRC was approved in D.16-12-024.

Table 1 below summarizes Liberty's nine authorized balancing accounts with their reported balances as of December 31, 2017.

Table 1. Summary of Liberty's Balancing Accounts with Ending Balances and Authorized Revenue Requirements

Item No.	Name of Balancing Account	Ending Balances as of 12/31/2017 - Under-collection/ (Over-collection)	2017 Authorized Revenue Requirements	References
1.	Base Revenue Requirement Balancing Account (BRRBA)	\$10,549,907	\$42,033,000 (before other revenues)	D.16-12-024
2.	Vegetation Management Balancing Account (VMBA)	(\$49,978)	\$2,523,000	D.16-12-024
3.	Energy Cost Adjustment Clause (ECAC)	(\$5,007,187)	\$28,186,064	D.16-12-013
4.	California Alternate Rates for Energy Surcharge Balancing Account (CAREBA)	\$63,973	\$618,000	D.12-06-023
5.	Energy Savings Assistance Program Balancing Account (ESAPBA)	\$15,950	\$200,820	D.12-06-023
6.	Energy Efficiency Balancing Account (EEBA)	\$86,267	\$471,000	D.16-12-024
7.	Green House Gas Revenue Balancing Account (GHGRBA)	\$233,167	N/A	D.14-11-002
8.	Solar Initiative Program Balancing Account (SIPBA)	(\$205,256)	\$371,000	D.16-12-024
9.	Mobile Home Park Balancing Account (MHPBA)	\$124,922	\$124,922	D.14-03-021

SCOPE

The scope of this examination is from January 1, 2017 to December 31, 2017. The overall objectives of the examination included, but were not limited to, determining whether Liberty complied with the Commission's requirements and directives for billing ratepayers at the approved tariff rates and for recording appropriate activities in its balancing accounts. In addition, UAFCB evaluated Liberty's effectiveness of internal controls over compliance and recording of its balancing accounts as it relates to the examination objectives. The following balancing accounts are included in the scope of the examination:

1. Base Revenue Requirement Balancing Account (BRRBA)
2. Vegetation Management Balancing Account (VMBA)
3. Energy Cost Adjustment Clause (ECAC)

4. California Alternate Rates for Energy Surcharge Balancing Account (CAREBA)
5. Energy Savings Assistance Program (ESAP) Balancing Account
6. Energy Efficiency Balancing Account (EEBA)
7. Green House Gas Revenue Balancing Account (GHGRBA)
8. Solar Initiative Program Balancing Account (SIPBA)
9. Mobile Home Park Balancing Account (MHPBA)

METHODOLOGY

To determine Liberty's compliance with the requirements established in the Commission directives by obtaining sufficient, appropriate evidence and analyzing it to address the examination objectives. To assess Liberty's internal controls over its balancing accounts as it relates to the examination objectives. UAFCB's general compliance examination methodology is summarized below:

1. Obtained and reviewed supporting documents, conducted meetings and interviews with Liberty's key personnel to understand and evaluate the internal controls over the balancing accounts.
2. Reviewed applicable Commission directives and utility's internal policies and procedures relating to the balancing accounts.
3. Performed testing of key controls and compliance requirements relating to the balances noted on the balancing accounts.
4. Performed risk assessment, determined sample size, and methodology pertaining to the balancing accounts.
5. Documented test results and determined follow-up procedures to address the accuracy of the balancing accounts.
6. Evaluated whether the year-end over-collection and under-collection were properly and timely settled.
7. Discussed findings and recommendations with Liberty's management to verify the facts contained in our findings and the practicality of the recommendations.

FINDINGS AND RECOMMENDATIONS

FINDING 1: Liberty incorrectly reported the Vegetation Management Balancing Account (VMBA) over-collection balance of \$49,977 as of December 2017 as a debit balance instead of a credit balance in its 2017 Annual Balancing Account and Memorandum Account Report, resulting in a reporting error of \$99,955.

Condition:

Liberty incorrectly reported the VMBA over-collection balance of \$49,978 as of December 31, 2017 as a debit balance instead of a credit balance in its 2017 Annual Balancing Account and Memorandum Account Report, resulting in a reporting error of \$99,956.

Criteria:

Public Utilities Code (PUC), Sections 581, 582, and 584 require IOUs to provide complete and accurate data to the Commission.

Cause:

Liberty did not properly review its data in the 2017 Annual Report filed with the Commission.

Effect:

Liberty incorrectly reported VMBA ending balance of \$49,978 as an under-collection balance instead of an over-collection balance, resulting in a reporting error of \$99,956.

Recommendation:

Liberty should correct its accounting records for the VMBA over-collection balance of (\$49,978) as of December 31, 2017. In addition, Liberty should strengthen its internal control over the balancing accounts to ensure accurate recording and reporting of the balancing account data.

FINDING 2: Liberty did not update the description of VMBA in its 2017 Annual Balancing Account and Memorandum Account Report.**Condition:**

In Liberty's 2017 Annual Balancing Account and Memorandum Account Report submitted to the Commission, in the purpose of VMBA, Liberty reported that it *"applied the 3-year authorized revenue requirement of \$7.5 million in D.12-11-030 to recover Vegetation Management Program expenses incurred during calendar years 2013, 2014, and 2015."* However, Liberty should have reported as "collect of \$7.569 million, to recover the costs Liberty incurs during calendar years 2016, 2017, and 2018 for its vegetation management program in Decision 16-12-024."

Criteria:

PUC Sections 581, 582, and 584 require Utilities to provide complete and accurate data to the Commission.

Cause:

Liberty did not update its records to reflect the correct description of VMBA per the updated Commission decision of D.16-12-024. Rather, it used the description of a prior Commission decision of D.12-11-030 in its 2017 Annual Balancing Account and Memorandum Account Report.

Effect:

Liberty's 2017 Annual Balancing Account and Memorandum Account Report submitted to the Commission was inaccurate.

Recommendations:

Liberty should strengthen its oversight over the balancing accounts to ensure complete and accurate information are reported to the Commission.

FINDING 3: Liberty did not comply with the methodology prescribed in the Preliminary Statements to calculate interests for the following balancing accounts: Base Revenue Requirement Balancing Account (BRRBA), EEBA, Energy Savings Assistance Program Balancing Account (ESAPBA), Solar Incentive Program Balancing Account (SIPBA), Mobile Home Park Balancing Account (MHPBA), California Alternate Rates for Energy Surcharge Balancing Account (CAREBA), and VMBA. In addition, Liberty did not accrue interests for the Green House Gas Revenue Balancing Account (GHGRBA).

Condition:

Liberty did not comply with the interest calculation methodology prescribed in its Preliminary Statements for its balancing accounts (BRRBA, EEBA, ESAP, SIPBA, MHPBA, CAREBA, and VMBA). In addition, no interests were accrued for GHGRBA. Liberty did not apply the interest rate to the average net balance of the BRRBA, EEBA, ESAP, SIPBA, MHPBA, CAREBA, and VMBA accounts. At the beginning of the month, Liberty utilized the rate equal to one-twelfth the interest rate on three-month Commercial Paper as reported in the Federal Reserve Statistical Release to calculate the interest on the net balance. However, Liberty applied the interest rate to the ending balances rather than to the average balances of the balancing accounts.

Criteria:

The Commission approved the Preliminary Statements, which specified the interest as an entry equal to the interest on the average balance in this account at the beginning of the month and the balance in this account after the above entries at a rate equal to one-twelfth the interest rate on the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release H.15, or its successor.

Cause:

Liberty used the monthly ending balance instead of the average balance to calculate the interest during 2017. The omission is due to Liberty's oversight of the interest accrual in the recording.

Effect:

Liberty used an incorrect interest methodology to compute interest, resulting in incorrect interest were allocated to the various programs; for instance, Liberty overstated its interest by \$722 for the examination period ending December 31, 2017.

Recommendation:

Liberty should follow the directives of its Preliminary Statements to compute interest for the balancing accounts or request the Commission's approval to amend its Preliminary Statements.

FINDING 4: Revenue Reporting - Liberty under-reported the revenue from SIPBA by \$5,200. Liberty only reported \$4,200 in the Solar Initiative Program (SIP) application fees from the approved SIP applications rather than reporting the entire \$9,400 non-refundable SIP application fees it received in accordance with the guidelines specified in Advice Letter (AL) 78-E, which was approved by the Commission on July 11, 2017.

Condition:

Liberty reported \$4,200 revenue collected from application fees for SIP; however, based on the number of applicants, the total fees collected should have been \$9,400. Liberty stated the \$4,200 represents fees collected from the approved applications.

Criteria:

Advice Letter 78-E, Sections 9.1 and 9.2 states, in part, that "*Liberty Utilities will manage the application process online. Applicants will apply online and receive all communication through PowerClerk. Applicants may view their application status by logging in to PowerClerk. Applicants must pay a non-refundable \$100 application fee. Fees must be sent by check to Liberty.*"

Cause:

Liberty did not report all its SIPBA application fees in accordance with the Advice Letter 78-E. In addition, Liberty's Preliminary Statement failed to provide guidelines for the proper recording of SIP application fees.

Effect:

Liberty incorrectly reported \$4,200 to the Commission for SIP application fees from the approval SIP applications. Liberty understated the revenue from the SIP applications by \$5,200.

Recommendations:

- Liberty should adhere to Advice Letter 78-E to ensure that the entire non-refundable SIP application fees are reported to the Commission.
- Liberty should also reflect the SIP Unearned Revenues for application fees received but may be refundable in its Tracking Statements.
- Liberty should work with the Commission's Energy Division to amend its Preliminary Statement to provide clear guidance to ensure all SIP application fees are properly recorded and reported.

CONCLUSION

In conducting our examination, UAFCB obtained a reasonable understanding of Liberty's internal controls, which were considered relevant and significant within the context of our examination objectives. UAFCB does not provide any assurance on Liberty's internal controls. Deficiencies in internal control that were identified during the examination and determined to be significant were communicated to Liberty's management.

Liberty's management is responsible for designing, implementing and maintaining internal controls. Liberty's management is also responsible for developing policies and procedures to ensure that its balancing accounts were reported accurately and timely.

UAFCB's staff are responsible for reviewing the transactions reported and recorded in the balancing accounts for allowability purposes and to ensure they were adequately supported. UAFCB conducted this examination in accordance with applicable auditing standards. Those standards require that we plan and perform the examination to obtain sufficient, appropriate evidence to afford a reasonable basis for our findings and conclusions based on our examination objectives. UAFCB believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our limited examination objectives.

UAFCB determined that, except for the non-compliance items noted in the Findings and Recommendation section, Liberty has complied, in all material respects, with the recording and reporting requirements for its balancing accounts during the examination period of January 1, 2017 to December 31, 2017.

The report is intended solely for the information and use of the Commission and Liberty and is not intended to be and should not be used by anyone other than these specified parties.



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Appendices

APPENDIX A Applicable Rules and Regulations

Rule/Regulation Types	Reference	Description
Public Utility Code	Section 314.5	Guidance providing the Commission the authority to inspect and audit the books and records for regulatory and tax purposes.
	Section 314.6 (b)	The commission shall complete any audit in a timely manner consistent with the Generally Accepted Government Auditing Standards.
	Section 381	Guidance mandating the utilities allocate funds collected and interests earned on collected funds to programs that enhance system reliability and provide in-state benefits.
	Section 451	Guidance mandating that all charges demanded or received by any public utility shall be just and reasonable.
	Section 454.5(d) (3)	Guidance mandating that the Commission ensures timely recovery of prospective procurement costs incurred pursuant to an approved procurement plan.
	Section 581	Guidance providing the Commission the authority to require a utility to file complete and correct reports in prescribed form and detail.
	Section 582	Whenever required by the commission, every public utility shall deliver to the commission copies of any or all maps, profiles, contracts, agreements, franchises, reports, books, accounts, papers, and records in its possession or in any way relating to its property or affecting its business, and also a complete inventory of all its property in such form as the commission may direct.
	Section 584	Guidance providing the Commission the authority to require a utility to furnish reports to the Commission.
	Section 792.5	(a) Whenever the commission authorizes any change in rates reflecting and passing through to customers specific changes in costs, except rates set for common carriers, the commission shall require as a condition of the order that the public utility establish and maintain a balancing account reflecting the balance, whether positive or negative, between the related costs and revenues... (d) The commission shall require the public utility to record all related costs and revenues in the balancing account, unless those costs or revenues are specifically exempted by the commission.
Section 910.7	The guidance requires the commission shall annually provide the Legislature with an update on the status of its review of public utilities' balancing accounts and shall provide this update as part of its annual report.	
Decisions (D.) & Rulemaking	D.12-09-026	Decision adopting an extension of Bridge Funding month-to-month starting from October 1, 2012 for small multi-jurisdictional utilities' Energy Savings Assistance and California Alternate Rates for Energy Programs.
	D.12-11-030	Decision adopting an all-party settlement in a 2013 General Rate Case for California Pacific Electric Company LLC.
	D.12-12-033	Decision adopting Cap-and-Trade Greenhouse Gas Allowance Revenue Allocation Methodology for the investor-owned electric utilities.
	D.14-03-021	The decision on issues concerning the voluntary conversion of an electric and natural gas master-metered service at Mobile Parks and Manufactured Housing Communities to direct service by Electric and/or Natural Gas Corporations.
	D.14-05-004	Approving small and multijurisdictional utilities' 2012-2014 Energy Savings Assistance Program and California Alternate Rates for Energy Program and budgets.

APPENDIX A
Applicable Rules and Regulations - Continues

Rule/Regulation Types	Reference	Description
Decisions (D.) & Rulemaking	D.14-11-005	Decision adopting month-to-month bridge funding starting from January 1, 2015 for SMJUs' Energy Savings Assistance Program and California Alternate Rates for Energy program.
	D.15-10-030	Decision approving recovery of cost recorded in the Vegetation Management Memorandum Account.
	D.16-12-013	Decision regarding Liberty Utilities' Energy Cost Adjustment Clause Rates, Greenhouse Gas Costs and Allowance Proceeds and Compliance with Decision 15-12-021.
	D.16-12-024	Decision adopting a modified all-party settlement in the 2016 General Rate Case for Liberty Utilities, LLC.
Resolution	Resolution E-4878	Authorization to continue and expand the Mobile Home Park Utility Upgrade Pilot Program (MHP Pilot) for currently participating electric and gas utilities.
Advice Letters (ALs)	AL 17-E	Compliance Filing to Establish a Vegetation Management Memorandum Account Pursuant to Resolution E-4464.
	AL 31-E	Update to Liberty Utilities (CalPeco Electric) LLC's (U 933-E) California Alternative Rates for Energy Program Surcharge, Energy Savings Assistance Program Surcharge, and Associated Preliminary Statement Sections and Rate Schedules.
	AL 37-E	Establishment of the Mobile-home Park Conversion Program in compliance with Decision 14-03-021.
	AL 39-E	Annual Base Revenue Requirement Balancing Account Disposition.
	AL 41-E	Liberty Utilities (CalPeco Electric) LLC (U 933-E) Annual Public Purpose Program Surcharge Adjustment.
	AL 49-E	Revisions to the tariffs to recover the amounts in the Vegetation Management Memorandum Account pursuant to Decision 15-10-030.
	AL 54-E	Establishment of General Rate Case Memorandum Account.
	AL 66-E	Liberty Utilities (CalPeco Electric) LLC (U 933-E) Annual Public Purpose Program Surcharge Adjustment.
	AL 72-E	Liberty Utilities (CalPeco Electric) LLC (U 933-E) -- Consolidated Changes to Liberty CalPeco Electric Rates as of January 1, 2017.
	AL 74-E	Liberty Utilities (CalPeco Electric) LLC (U 933-E) -- Changes to Liberty CalPeco Electric Rates as of March 1, 2017.
	AL 76-E	Continuation of the Mobile Home Park Conversion Program Pursuant to Decision 14-03-021.
	AL 78-E	Liberty Utilities (CalPeco Electric) LLC (U -933E) — Solar Incentive Program Handbook.
	AL 80-E	Liberty Utilities (CalPeco Electric) LLC (U 933-E) — Revisions to the tariffs as a result of closing the Vegetation Management Memorandum Account pursuant to Decision 15-10-030 and Advice Letter 49-E (AL-49-E).
	AL 83-E	Base Revenue Requirement Balancing Account.
AL 84-E	Mobile Home Park tariff changes in compliance with Resolution E-4878.	
	A.15-02-001	SMJUs' joint application for 2015-2020 Energy Savings Assistance Program and California Alternate Rates for Energy Program and budgets.
Federal Energy Regulatory Commission's (FERC) Uniform System of Accounts (USOA)	General Instruction #11. A	The utility is required to keep its accounts on the accrual basis. This requires the inclusion in its accounts of all known transactions of the appreciable amount which affect the accounts.

APPENDIX B
Summary of Reported Ending Balances of CalPeco's Balancing Accounts

Account Name	2012 EOY	2013 EOY	2014 EOY	2015 EOY	2016 EOY	2017 EOY
Base Revenue Requirement Balancing Account (BRRBA)	0	(\$480,652)	(\$24,229)	\$2,930,620	\$2,649,232	\$10,549,907
Vegetation Management Balancing Account (VMBA)	0	\$2,096,970	\$389,847	\$66,427	(\$1,374)	(\$49,978)
Energy Cost Adjustment Clause (ECAC)	(\$11,765,545)	(\$7,811,214)	\$926,556	\$176,282	(\$5,555,901)	(\$5,007,187)
California Alternate Rates for Energy Balancing Account (CAREBA)	\$502,410	\$688,278	\$51,223	\$142,236	\$226,857	\$63,973
Energy Savings Assistance Program Balancing Account (ESAP)	LIBE	LIEE	\$42,946	\$16,183	\$94,655	\$15,950
Energy Efficiency Balancing Account (EEBA)	0	\$1,229	\$37,570	\$56,762	\$146,208	\$86,267
Greenhouse Gas Revenue Balancing Account (GHGRBA)	N/A	N/A	(\$1,895,968)	\$485,573	\$639,807	(\$233,167)
Solar Initiative Program Balancing Account (SIPBA)	N/A	N/A	N/A	N/A	0	(\$205,256)
Mobile Home Park (MHP) Balancing Account (MHPBA)	N/A	N/A	\$35,239	\$58,576	\$87,302	\$124,922

Notes:

1. Negative amounts denote over-collection and positive amounts denote under-collection.
2. End of Year (EOY) amounts for years 2012 to 2016 are unaudited.

APPENDIX C

Purpose of Liberty's Balancing Accounts

Item No.	Description of Balancing Account	Purpose
1.	Base Revenue Requirement Balancing Account (BRRBA)	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.
2.	Vegetation Management Balancing Account (VMBA)	The purpose of the VMBA is to record the difference between the 3-year revenue requirement of \$7.569 million for the vegetation management program expense the Commission authorized for Liberty in its General Rate Case (GRC) Decision 16-12-024 and Liberty's recorded vegetation management program expense.
3.	California Alternate Rates for Energy Surcharge Balancing Account (CARE)	To record the costs of the CARE program. The CARE Program provides a discounted rate for eligible CARE ratepayers and non-profit group living facilities.
4.	Energy Savings Assistance Program (ESAP)	The purpose of the ESAP is to establish the procedure to be utilized in adjusting the Public Purpose Programs rates, of which the ESA surcharge is a component, in order to recover the costs associated with the ESA program, in accordance with D.03-03-007.
5.	Energy Efficiency Balancing Account (EEBA)	The purpose of the EEBA is to record the difference between the Energy Efficiency 3-year revenue requirement of \$1,413,000 the Commission authorized in Liberty's General Rate Case ("GRC") Decision 16-12-024 and Liberty's energy efficiency program expenses.
6.	Green House Gas Revenue (GHGR) Balancing Account	The purpose of the GHGRBA is to capture the GHG costs incurred for GHG emissions from Liberty's own facilities, contracts where Liberty has assumed the cost of compliance on behalf of a third-party or associated with electricity imports where Liberty is the compliance entity. In addition, the GHGRBA will be used to capture the GHG costs incurred by Liberty through the purchase of electricity in the wholesale market.
7.	Solar Incentive Program (SIP) Balancing Account	The purpose of the SIPBA is to record the difference between the SIP 2-year revenue requirement of \$742,000 the Commission authorized in D.16-12-024 and Liberty's recorded solar initiative program expense.
8.	Mobile Home Park (MHP) Balancing Account (MHPBA)	The purpose of the MHPBA is to record and recover the actual incurred costs of implementing the voluntary program to convert the electric master-meter/submeter service at mobile home parks and manufactured housing communities to direct service by Liberty Utilities, pursuant to D.14-03-021.
9.	Energy Cost Adjustment Clause (ECAC)	The purpose of the ECAC is to reflect in rates: (1) the cost of fuel and purchased power, and (2) certain other energy-related costs.