



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

April 14, 2020

**VIA EMAIL ONLY**

**Advice Letter 121-E-A  
(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) – Compliance with California Public Utilities Code Section 591.**

Liberty Utilities (CalPeco Electric) LLC (U 933-E) (“Liberty CalPeco”) submits this **Tier 1** Advice Letter to comply with California Public Utilities Code Section 591. The purpose of this amended filing is to adjust the table for authorized and recorded 2018 capital and operations and maintenance (O&M) spending related to maintenance, safety, and reliability-related spending.

**Background**

California Public Utilities 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.”

**Analysis**

Decision (“D.”) 16-12-024 in Liberty CalPeco’s 2016 General Rate Case (“GRC”) authorized capital expenditures and operation and maintenance expenses for Liberty CalPeco for 2016. Tables 1 and 2 provide authorized 2016 capital expenditures and O&M expenses related to maintenance, safety, and reliability.

Liberty CalPeco has adjusted the total authorized spending by: (1) removing costs that are not related to maintenance, safety, or reliability; (2) removing specific capital projects that did not continue into 2018; and (3) escalating authorized 2016 spending into 2018 dollars by using the escalations approved in Liberty CalPeco’s 2017 and 2018 Post-Test Year Adjustment Mechanism

(“PTAM”) advice letters.<sup>1</sup> Tables 1 and 2 also include recorded 2018 capital and O&M spending that relate to maintenance, safety, and reliability.

Table 1  
Liberty CalPeco Capital Expenditures

Category	2018 Recorded	2016 Authorized*	Variance
Fleet	1,000,501.16	1,031,240.00	(30,738.84)
Overhead and Underground Failures	1,157,230.64	1,010,615.20	146,615.44
Distribution System Capital	5,879,231.51	6,000,587.51	(121,356.00)
Substation Capital	4,710,982.03	1,407,642.60	3,303,339.43
Total Capital	12,747,945.34	9,450,085.31	3,297,860.03

\*Authorized 2016 Capital from 2016 GRC, escalated to 2018 dollars

Table 2  
Liberty CalPeco O&M Expenses

FERC Acct	Description	2016 Authorized	2016 Authorized (Escalated)	2018 Recorded	Variance
581	Load Dispatching	613	633	697	65
582	Station Expense	77	80	4	(75)
583	Overhead Line Expense	255	263	62	(201)
584	Underground Line Expense	145	150	35	(115)
585	Street Lights / Signal System	2	2	1	(1)
588	Miscellaneous Distribution Expense	2,651	2,733	2,153	(580)
	Total Operation	3,744	3,861	2,953	(908)
591	Maintenance of Structures	0	0	37	37
592	Maintenance of Station Equipment	147	151	177	26
593	Maintenance of Overhead Lines	559	576	771	194
594	Maintenance of Underground Lines	137	141	255	113
595	Maintenance of Line Transformers	24	25	26	2
596	Maintenance of Street Lights / Signal Syst	16	16	6	(10)
597	Maintenance of Meters	16	16	43	27
598	Maintenance of Misc. Distribution Plant	(20)	(20)	692	712
	Total Maintenance	879	906	2,007	1,101
	Total Distribution	4,623	4,767	4,961	193

<sup>1</sup> Advice Letters 65-E (2017) and 82-E (2018).

### **Variance Explanation**

Liberty CalPeco's recorded 2018 capital expenditures exceeded authorized expenditures by approximately \$3.3 million. The two large variances were in substation capital and overhead and underground failures. Substation capital expenditures exceed authorized expenditures due to two projects that were not included in Liberty CalPeco's 2016 GRC, the Meyers substation and Brockway substation projects. The Meyers project, which was requested in Liberty CalPeco's 2019 GRC, which is still awaiting a decision, was a safety and reliability-related project that replaced the existing switchgear control building five aging oil circuit breakers with a new switchgear control building and five new distribution breakers, new floor mounted equipment racks, new battery/charger DC system. This project improves service to approximately 16,000 customers. The Brockway substation project was the result of a catastrophic fire at the substation in 2011 caused by a failed regulator. The project included replacing the existing transformer and regulator with a new LTC transformer.

Liberty CalPeco's recorded spending on overhead and underground failures exceeded authorized expenditures by approximately \$150 thousand. It is very difficult to pinpoint future spending on failures, as this category of costs is dependent on equipment failing in the field.

### **Balancing and Memorandum Accounts**

Liberty CalPeco has one balancing account that tracks spending on authorized expenses, the Vegetation Management Balancing Account ("VMBA"). The VMBA, approved in Liberty CalPeco's 2016 GRC Decision, recorded the difference between the authorized 2016-2018 vegetation management expenses (\$7.590 million) and the expenses Liberty CalPeco recorded for this activity. At the end of 2018, the VMBA had a debit balance of \$14,387, which means that Liberty CalPeco recorded vegetation management expenses of \$7.576 million between 2016 and 2018.

### **Effective Date**

Liberty CalPeco requests that this Tier 1 advice filing become effective **July 3, 2019**.

### **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 **May 4, 2020**, 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:

Energy Division Tariff Unit  
California Public Utilities Commission  
April 14, 2020  
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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 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: 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 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,

*/s/ Dan Marsh*

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Dan Marsh  
Manager, Rates and Regulatory Affairs  
Liberty Utilities (CalPeco Electric) LLC

cc: Liberty CalPeco Advice Letter Service List

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

**VIA EMAIL**

gbinge@ktminc.com;  
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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: Daniel W. Marsh

Phone #: 562-805-2083

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) #: 121-E-A

Tier Designation: Tier 1

Subject of AL: Liberty Utilities (CalPeco Electric) LLC (U-933 E) – Compliance with California Public Utilities Code Section 591.

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 #: California Public Utilities Code Section 591

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: N/A

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: 7/3/19

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

<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)

Name: Daniel W. Marsh  
Title: Manager, Rates and Regulatory Affairs  
Utility Name: Liberty Utilities (CalPeco Electric) LLC  
Address: 9750 Washburn Road  
City: Downey State: California  
Telephone (xxx) xxx-xxxx: 562-805-2083  
Facsimile (xxx) xxx-xxxx:  
Email: Dan.Marsh@libertyutilities.com

Name:  
Title:  
Utility Name:  
Address:  
City: State: California  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

## 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	