



Liberty Utilities (CalPeco Electric) LLC  
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June 30, 2020

**VIA EMAIL ONLY**

**Advice Letter 150-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) – 2019 Risk Spending  
Accountability Report**

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 and California Public Utility Commission (“Commission”) Decision (“D.”) 19-04-020 by providing Liberty CalPeco’s 2019 Risk Spending Accountability Report (“RSAR”).

**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.”

Ordering Paragraph 13 of D.19-04-020 orders Liberty CalPeco to file an RSAR for the 2019 reporting period on June 30, 2020.

As Liberty CalPeco stated in its 2019 General Rate Case (“GRC”) application, it 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 is currently developing its risk-based decision-making model that will be used to develop its programs and cost forecasts in its 2022 GRC, which will be submitted in March 2022, and its 2021 Wildfire Mitigation Plan (“WMP”), which will be submitted in early 2021.

The disposition letter approving AL-121-E-A, Liberty CalPeco’s 2018 RSAR advice letter, states that “while Liberty CalPeco is transitioning toward a comprehensive risk-based planning framework, ED (“Energy Division”) expects the utility to continue submitting interim RSARs to inform the CPUC and interested parties of its risk mitigation expenditures. This advice letter provides Liberty CalPeco’s interim RSAR for 2019, with expectations that future RSARs will

provide the comprehensive risk mitigation information that will be provided in Liberty CalPeco’s 2022 GRC application.

**Analysis**

The last GRC in which capital and O&M spending was authorized was Liberty CalPeco’s 2016 GRC (A.15-05-008). D.16-12-024 authorized 2016 capital and O&M spending, which Liberty CalPeco escalated to 2018 dollars for its 2018 RSAR last year. Liberty CalPeco submitted its 2019 GRC (A.18-12-001) in December 2018. The Commission has not yet issued a decision in that proceeding, so Liberty CalPeco does not have authorized capital and O&M spending for 2019.

Tables 1 and 2 provide Liberty CalPeco’s 2019 recorded capital expenditures and O&M expenses for 2019 related to maintenance, safety, and reliability. The table also provides 2016 GRC authorized spending, escalated to 2019 dollars, and Liberty CalPeco’s request in the 2019 GRC, which has not yet been authorized.

Liberty CalPeco has adjusted the total authorized spending for both the 2016 GRC-authorized and 2019 GRC-requested spending by: (1) removing costs that are not related to maintenance, safety, or reliability; (2) removing specific capital projects that did not continue into 2019; and (3) escalating authorized 2016 spending into 2019 dollars. Tables 1 and 2 also include recorded 2019 capital and O&M spending that relate to maintenance, safety, and reliability.

Table 1  
 Liberty CalPeco Capital Expenditures

Category	2019 Recorded	2016 Authorized*	Variance (Recorded vs 2016 Authorized)	2019 GRC Request	Variance (Recorded vs 2019 GRC)
Fleet	2,286	1,047	1,240	2,059	227
Overhead and Underground Failures	430	1,026	(596)	1,315	(885)
Distribution System Capital	6,104	6,091	13	5,146	958
Substation Capital	1,389	1,429	(39)	482	907
Total Capital	10,209	9,592	618	9,002	1,207

\*Authorized 2016 Capital from 2016 GRC, escalated to 2019 dollars

Table 2  
Liberty CalPeco O&M Expenses

FERC Acct	Description	2019 Recorded	2016 Authorized (Escalated)	Variance (Recorded vs 2016 Authorized)	2019 GRC Request	Variance (Recorded vs 2019 GRC)
581	Load Dispatching	245	642	(397)	714	(469)
582	Station Expense	7	81	(74)	30	(23)
583	Overhead Line Expense	118	267	(150)	161	(44)
584	Underground Line Expense	51	152	(101)	89	(38)
585	Street Lights / Signal System	-	2	(2)	2	(2)
588	Miscellaneous Distribution Expense	2,701	2,774	(73)	1,446	1,255
	<b>Total Operation</b>	<b>3,122</b>	<b>3,919</b>	<b>(797)</b>	<b>2,442</b>	<b>680</b>
591	Maintenance of Structures	4	0	4	37	(33)
592	Maintenance of Station Equipment	130	153	(23)	162	(32)
593	Maintenance of Overhead Lines	1,882	585	1,297	1,892	(10)
594	Maintenance of Underground Lines	352	143	209	294	58
595	Maintenance of Line Transformers	7	25	(18)	16	(9)
596	Maintenance of Street Lights / Signal Syst	4	17	(13)	5	(1)
597	Maintenance of Meters	43	17	27	45	(1)
598	Maintenance of Misc. Distribution Plant	776	(21)	797	303	473
	<b>Total Maintenance</b>	<b>3,198</b>	<b>920</b>	<b>2,279</b>	<b>2,753</b>	<b>446</b>
	<b>Total Distribution</b>	<b>6,321</b>	<b>4,839</b>	<b>1,482</b>	<b>5,195</b>	<b>1,125</b>

2016 Authorized from 2016 GRC Decision and Settlement Model  
2019 Recorded from 2019 FERC Form 1

### **Variance Explanation**

Liberty CalPeco's recorded 2019 capital expenditures exceeded 2016 GRC-authorized expenditures by approximately \$0.6 million. The two large variances were in fleet and overhead and underground failures. Fleet expenditures were higher than authorized because Liberty CalPeco requested a significant increase to fleet investments in its 2019 GRC. Liberty CalPeco's aging vehicles need to be replaced to operate a safe, reliable, efficient, and effective fleet. Overhead and underground failures were lower than authorized because Liberty CalPeco had fewer failures than anticipated in either its 2016 or 2019 GRC forecasts. Forecasts were based on a five-year average, and failures can vary significantly from year to year.

Liberty CalPeco's recorded 2019 O&M expenses exceeded 2016 GRC-authorized expenses by approximately \$1.5 million. The largest variance was in maintenance of overhead lines. Liberty CalPeco significantly increased its forecast of maintenance of overhead lines in its 2019 GRC application to address aging infrastructure, which is essential due to the wildfire risks California is facing, especially in Liberty CalPeco's service territory, 94% of which is located in high-fire areas.

### **Balancing and Memorandum Accounts**

Liberty CalPeco has one balancing account used to track spending on a risk-based program, Liberty CalPeco's vegetation management program. Vegetation management expenses of \$7.590 million were authorized in the 2016 GRC for the 2016-2018 timeframe. Liberty CalPeco requested funding of \$12 million for the vegetation management program in the 2019 GRC for the 2019-2021 timeframe. Liberty CalPeco recorded approximately \$3.7 million in vegetation management expenses in 2019. These costs will be offset by what is ultimately approved in the 2019 GRC decision.

### **Effective Date**

Liberty CalPeco requests that this Tier 1 advice filing become effective **June 30, 2020**.

### **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, 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:

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](mailto: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  
Email: [Dan.Marsh@libertyutilities.com](mailto: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.

Energy Division Tariff Unit  
California Public Utilities Commission  
June 30, 2020  
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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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sharon.yang@libertyutilities.com;  
ginge@kinectenergy.com



# 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) #: 150-E

Tier Designation: Tier 1

Subject of AL: Liberty Utilities (CalPeco Electric) LLC (U-933 E) – 2019 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 #: 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: 6/30/20

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	