

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Application of California Pacific Electric Company,  
LLC (U 933-E) for Approval of Low-Income Assistance  
Programs and Budgets for Program Years 2012-2014.

Application 11-06-\_\_\_\_  
(Filed June 15, 2011)

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**APPLICATION OF  
CALIFORNIA PACIFIC ELECTRIC COMPANY, LLC (U 933-E)  
FOR APPROVAL OF LOW-INCOME ASSISTANCE PROGRAMS AND  
BUDGETS FOR PROGRAM YEARS 2012-2014**

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June 15, 2011

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**I. INTRODUCTION/OVERVIEW**

In accordance with Rules 2.1 and 3.2 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, Decision ("D.") 08-12-019, and the April 4, 2011 letter from Ms. Sarita Sarvate, Supervisor Low Income Programs, at the Commission providing guidance for the Small and Multi-Jurisdictional Utilities ("SMJUs") California Alternate Rates for Energy ("CARE") and Energy Savings Assistant Program ("ESAP") 2012-2014 Budget Applications, California Pacific Electric Company, LLC. (U 933 E) ("CalPeco")<sup>1</sup> respectfully submits this application for approval of its Low-Income Assistance Programs and budgets for program years ("PY") 2012-2014 ("Application").

CalPeco recently acquired Sierra's electric distribution system in January 2011.<sup>2</sup> As part of the transaction, CalPeco agreed to continue to implement Sierra's 2011 approved Low-Income Program budget in the development of its proposed 2012-2014 budgets, and inherited the low-income programs offered historically by Sierra.<sup>3</sup> CalPeco proposes initiatives to improve upon its California Alternate

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<sup>1</sup> CalPeco also does business in California as "Liberty Energy - California Pacific Electric Company."

<sup>2</sup> See D.10-10-017.

<sup>3</sup> See A.09-10-028, Regulatory Commitment 3(e) of Exhibit 7.9(b) (Regulatory Approval Plan) of Exhibit 8 (Asset Purchase Agreement), which states "[CalPeco] shall also maintain the existing low-income programs."

Rates for Energy (“CARE”) program and its Energy Savings Assistance Program (“ESAP”). These initiatives include a determined outreach program which may result in an increase of customer enrolment policies and procedures designed to help customers meet the criteria of the revised income levels, and fewer disconnections.

CalPeco’s service territory differs greatly from the three major electric Investor Owned Utilities (“IOUs”) in California. Its service territory in California is geographically compact and generally encompasses the western portions of the Lake Tahoe basin. The company serves approximately 47,000 customers in portions of Nevada, Placer, Sierra, Plumas, Mono, Alpine, and El Dorado counties. However, almost 80% of its customers are located in the Lake Tahoe Basin. The service territory extends from Portola in the north to Markleeville and Topaz Lake in the south. The biggest population center is the City of South Lake Tahoe. The terrain in the California service territory is tree covered and mountainous, with elevations ranging from 9,050 feet in Squaw Valley to just under 5,000 feet in Portola. Most of CalPeco’s customers are located at elevations greater than 6,000 feet. CalPeco is one of six small utilities in California that have significantly smaller program budgets, manpower, and customer bases for recovery of program costs as well as different reporting requirements compared to the large IOUs in California.

As noted above, most of CalPeco’s customers are located in the Lake Tahoe Basin (“Basin”). Development in the Basin is controlled by the Tahoe Regional Planning Agency, a bi-State agency established by the States of Nevada and California. Approximately 88% of the land in the Basin is owned by the Federal or State governments and is under the jurisdiction of the Lake Tahoe Basin Management Unit of the U.S. Forest Service. The economy of the Basin is dominated by tourism with the major businesses being hotels, motels, and ski resorts. There is little manufacturing or heavy industry.

CalPeco is a winter peaking utility due to high electric demand in the winter season, especially around the holiday season. Approximately half of the electricity sold by CalPeco is to residential customers and approximately 50% of CalPeco 40,000 residential customers are second family vacation homes or rentals.

Subsequently, CalPeco has applied a 3% inflation factor to the 2011 approved budget of Sierra to establish its own proposed 2012-2014 budget. Thus, CalPeco is requesting a total of \$2,546,976 for the PY 2012-2014 for its CARE program and ESAP. The budget estimates are \$1,907,640 and \$639,336 for the CARE program and ESAP respectively, which represents a 3% one-time inflation factor for CARE and a 3% inflation growth factor for ESAP. The CARE budget proposal will increase one-time in 2012 and will remain level for PY 2013 and 2014. The CARE budget for PY 2012-2014 are as follows: \$635,880, \$635,880, and \$635,880 for PY 2012, 2013 and 2014, respectively. CalPeco's ESAP budget for PY 2012-2014 are as follows: \$206,845, \$213,050, \$219,441 for 2012, 2013 and 2014, respectively. This incremental increase for the ESAP budget will account for greater efforts in weatherization and refrigerator replacement. CalPeco intends to undergo stronger outreach efforts in refrigerator replacement and lesser emphasis on CFLs.

## **II. CARE PROGRAM**

### **A. BACKGROUND**

Sierra had offered the CARE program to qualified residential customers in the service territory now served by CalPeco since 1989, and immediately upon the Commission implementing the program and following an enactment by the Legislature. The CARE program assists low-income customers by providing a discount on monthly energy bills at their primary residence. Under the Sierra program,

eligible CARE customers whose qualifying household income did not exceed 200% of the Federal poverty income level received a 20% discount on their bills.<sup>4</sup>

Sierra had sent out bill inserts twice a year to advise its customers of the opportunity to participate in the CARE program. Since 2001, Sierra printed quarterly messages on residential bills promoting the CARE program. Sierra also used “on hold” phone messages that give the caller a recording advising of the CARE program. In compliance with D.05-07-014, in 2006 Sierra implemented a CARE self-certification program that turned its twice yearly bill inserts into self-certification applications that include a postage paid return feature. During 2010, Sierra sent out self-certification applications in March and August that resulted in 321 customers being placed on the CARE rate.

Sierra and Southwest Gas participated in two data shares in 2010 using May and November customer data. The May data share resulted in the addition of 177 new CARE customers and another 91 customers were placed on the CARE rate after the November data share. Sierra worked with Southwest Gas to expand the data sharing to include master-metered tenants. As of the end of 2010, Sierra had 3,023 participants in the CARE program.

CalPeco proposes to continue Sierra’s self-certification programs and data sharing initiatives to reach a goal of 3,065 CARE participants by the end of PY 2014. This represents an increase of 1.4% of the current CARE customer base. The 1.4% increase over the next three years will enable CalPeco to approach its penetration goal of near 100% of eligible and active customer base, consistent with the Commission’s ruling for Large Investor Owned Utilities (“IOUs”) as set forth in D.08-06-031.

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<sup>4</sup> Sierra had also offered a similar discount to qualified non-profit group living homes under the EXPCARE rate schedule since 1992.

**B. PROGRAM GOALS AND BUDGET FOR PROGRAM YEARS (PY) 2012, 2013, AND 2014**

**1. Goals**

a. As of January 1, 2011, 3,023 customers were enrolled in CalPeco's CARE program. CalPeco projects participation levels will continue to increase by 5% or 91 additional enrollments as a result of its outreach efforts. With these new enrollments, the company projects its CARE participants will reach 3 its goal of 3,065 customers by the end of PY 2014. Based on Sierra's 2010 estimate of 3,300 potential CARE eligible customers within the service territory (which represents approximately 20% of the permanent residential customers), CalPeco's projects that its participation rate will be almost 93% by PY 2014. CalPeco believes this incremental increase will also be attributed to data sharing with Southwest Gas, as it was with Sierra's recent increase. Consistent with the Commission's goal to enroll all CARE-eligible customers who wish to participate in the program, CalPeco proposes the continuation of data sharing with Southwest Gas, self-certification mailings twice a year, bill inserts twice a year, and the switch-board on-hold phone messages in PY 2012-2014. These proactive outreach programs will heighten awareness to CARE enrollment and retain current customers in the program.

It is important to note that CalPeco has relied on the historical information provided by Sierra, and has modestly projected CARE participation amongst its customers. As shown in Table A-1, CalPeco's goal is to add approximately 42 additional customers in PY 2012-2014.

b. As of December 2010, Sierra had 3,023 customers participating in the CARE program out of the 3,300 estimated to be eligible (92% participation rate) and 3,152 customers in the CARE program in December 2009 (96% participation rate). Sierra's proposed target participation goals for PY 2010 and 2009 were 92% and 88%, respectively, and the Commission-adopted target participation goal was 90% for both years. CalPeco proposes to maintain those goals in PY 2012-2014.

- c. Sierra, experienced a decrease in CARE customers from 2009 to 2010.

This decrease was attributed to an overall decrease to Sierra’s total residential customer accounts.

**2. Budget**

- a. CalPeco proposes a modest budget increase in its CARE program of 3% for increased cost of living expenses. CalPeco proposes annual CARE budgets of \$635,880, \$635,880, \$635,880 for 2012, 2013, and 2014, respectively, as shown in Table C-1.

- b. The below schedule highlights actual expenditures, along with approved budgets, from 2009 and 2010 and proposed budget categories for PY 2012-2014.

|                                       | CARE                |                     |                     |                     |                     |                     |                     |                     |      |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------|
|                                       | 2009                |                     | 2010                |                     | 2011                |                     | 2012                | 2013                | 2014 |
|                                       | Actual              | Approved Budget     | Actual              | Approved Budget     | Approved Budget     | Proposed Budget     | Proposed Budget     | Proposed Budget     |      |
| Outreach                              | \$5,608.95          | \$6,000.00          | \$5,728.70          | \$6,000.00          | \$6,000.00          | \$6,000.00          | \$6,000.00          | \$6,000.00          |      |
| Processing/Certification/Verification | 4,685.42            | 15,000.00           | 0                   | 16,000.00           | 16,000.00           | 16,000.00           | 16,000.00           | 16,000.00           |      |
| General                               | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |      |
| CARE Program Discount                 | 461,765.70          | 541,000.00          | 615,554.89          | 568,000.00          | 596,000.00          | 613,880.00          | 613,880.00          | 613,880.00          |      |
| <b>Total Program Costs</b>            | <b>\$472,060.07</b> | <b>\$562,000.00</b> | <b>\$621,283.59</b> | <b>\$590,000.00</b> | <b>\$618,000.00</b> | <b>\$635,880.00</b> | <b>\$635,880.00</b> | <b>\$635,880.00</b> |      |

- c. Estimated actual or average cost per household from (2009-2011)

**AVERAGE OUTREACH COSTS**

|  | 2009          | 2010          | 2011          |
|--|---------------|---------------|---------------|
| <b>Total CARE Customers</b> <sup>[1]</sup> | 3,152         | 3,023         | 3,065         |
| <b>Outreach</b> <sup>[2]</sup>             | \$5,609       | \$5,729       | \$6,000       |
| <b>Average Program Costs</b>               | <b>\$1.78</b> | <b>\$1.90</b> | <b>\$1.96</b> |

**AVERAGE PROCESSING/CERTIFICATION/VERIFICATION COSTS**

|  | 2009          | 2010          | 2011          |
|--|---------------|---------------|---------------|
| <b>Total CARE Customers</b> <sup>[1]</sup>                   | 3,152         | 3,023         | 3,065         |
| <b>Proc./ Certification/ and Verification</b> <sup>[2]</sup> | \$4,685       | \$0           | \$16,000      |
| <b>Average Program Costs</b>                                 | <b>\$1.49</b> | <b>\$0.00</b> | <b>\$5.22</b> |

**AVERAGE GENERAL ADMINISTRATION COSTS [3]**

|  | 2009          | 2010          | 2011          |
|--|---------------|---------------|---------------|
| <b>Total CARE Customers</b> <sup>[1]</sup> | 3,152         | 3,023         | 3,065         |
| <b>General</b> <sup>[2]</sup>              | \$0           | \$0           | \$0           |
| <b>Average Program Costs</b>               | <b>\$0.00</b> | <b>\$0.00</b> | <b>\$0.00</b> |

[1] As of December 31 each year, with projection made :

[2] Costs for PY 2009-2010 reflect actual costs.

[3] CARE General Administration Costs are recovered through General Rates.

**C. PROGRAM ADMINISTRATION**

1. Sierra maintained a full service contract from January 2002 through June 2009 with the Department of Community Services and Development (“CSD”) to perform all functions related to the eligibility and re-certification requirements of CARE applicants. This service included low-income verification services, weekly computer printout, notification letters, weekly status report, sub-metered tenants, review of application and related forms and annual re-certification updates. Sierra had included this cost in its proposed 2009-2011 budget, but the Processing/Certification/Verification expenses were not incurred as a result of these functions being re-assigned internally with existing personnel whose labor costs were included in general rates.

2. The General Administration cost category includes expenses related to labor for the CARE program administration and travel to meetings and workshops related to the CARE program. CARE information has been provided on some of the regular monthly billing inserts. Accordingly the allocated CARE costs are included in this General Administration category as well. These General Administration costs are not included as part of the CARE budgets because they are included in general rates.

#### **D. OUTREACH**

Sierra conducted several outreach strategies that proved to be effective in 2009 and 2010. CalPeco is continuing these initiatives. Several communications are designed to promote the CARE program; current outreach efforts include bill inserts, bill messages, on-hold messages, informational web page, direct mailings, contractor capitation program, collateral (brochures), utility data sharing, community outreach, and postage-paid self-certification applications to ease the enrollment process for our customers. CalPeco often promotes the CARE program along with the ESAP and Medical Baseline programs. Outreach materials are translated into Spanish, when applicable.

CalPeco predicts a component of its additional customer base will be attributed to data sharing with Southwest Gas. The electronically share lists between CARE customers with Southwest Gas customers are processed through a third-party vendor, Corona Consulting. Data sharing with Southwest Gas in 2010 resulted in 268 additional CARE customers being identified. In addition, CARE applications will be included in other promotional weatherization programs administered by weatherization contractor Richard Heath and Associates (“RHA”) to ESAP applicants. In 2010, RHA submitted 77 new CARE applications and was paid \$12 per applicant. Additionally, customers that receive Home Energy Assistance Program (“HEAP”) payments are placed into the CARE program. In 2010, this initiative resulted in 36 new CARE customers. CalPeco is determined to continue the same outreach efforts with a goal to increase penetration nearer to 100%.

## **E. OTHER CARE PROGRAM ELEMENTS**

CalPeco does not project to have any additional CARE Program elements.

## **III. ENERGY SAVINGS ASSISTANCE PROGRAM**

### **A. BACKGROUND**

As part of the transaction and a general commitment to community outreach, CalPeco agreed to adopt the ESAP offered historically by Sierra. The ESAP was formerly referred to as Low Income Energy Efficiency (“LIEE”) program. All small utilities now uniformly refer to and market the low-income program as the Energy Savings Assistance Program.<sup>5</sup>

Sierra began implementing the Direct Weatherization program in 1986 for the low-income, disabled and elderly customers in its California service territory. The program was a joint venture with Southwest Gas Corporation whose natural gas service territory overlapped Sierra’s. A community-based organization in Placer County, Project Go Inc., was used to identify eligible customers, determine their needs and install the retrofit weatherization measures. In 2004, Sierra contracted with Richard Heath & Associates (“RHA”) as its prime administrative contractor to provide technical and administrative program services. These services include direction of outreach and assessments, coordination with subcontractor(s), installation, education, reporting of program results, and technical consulting.

Sierra contracted with RHA through the year 2010. High density, low-income areas were selected to participate in Sierra’s weatherization program. Specialized targets such as low-income senior citizen complexes were also targeted as they provide the greatest dollar benefit to one of the neediest groups of customers. These methods have proven both cost effective and beneficial to the communities involved.

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<sup>5</sup> See April 4, 2011 Letter from Sarita Sarvate, Supervisor Low Income Programs.

CalPeco will continue Sierra's relationship with RHA as its prime administrative contractor to provide similar technical and administrative program services as previously offered. Through the services provided by RHA, CalPeco will roll out and use the ESAP title and logo, in addition to providing the same programs as Sierra.

**B. PROGRAM GOALS AND BUDGET FOR PY 2012, 2013 AND 2014**

**1. Goals**

a. CalPeco will designate RHA and its sub-contractor, Project Go, to facilitate its ESAP. It estimates to treat 220 homes annually in PY 2012-2014. Of the aforementioned homes, RHA projects 30 homes will undergo weatherizations annually in 2012-2014 as shown in Table B-1. These estimates are based on the total projected number of CARE-eligible customers for each year minus homes previously weatherized homes and those projected to be weatherized through year end ("YE") 2011 based on the data provided by RHA. CalPeco expects its ESAP to produce annual savings of 110,000 kWh.

Of the qualified customers who will be participants in the ESAP, older customers in residential homes and short-term rental residents with seasonal employment are the main categories of customers. ESAP is an essential factor in the ability of these customers to cope with the increased cost of living expenses being experienced in the Basin. Given the extreme weather conditions typical in the area, weatherization work can only be performed in the summer season from May through September. This concentrated timeframe tends to limit outreach efforts, resulting in the number of additional customers who can participate under the program.

Through CalPeco's determined efforts to achieve the ESAP goals approved by the Commission for the year 2020, CalPeco will aggressively utilize its outreach efforts to reach as many customers during that time and proposes the goals for 2012-2014 that are shown in Table B-1. These numbers reflect the number of treated homes over a period of three years. The energy efficiency measures that

would signal homes as being treated are as follows: (1) weatherization; (2) performance of energy assessments; (3) energy education; (4) replacement of certain appliances, such as refrigerators and air conditioners; and (5) installation of compact fluorescent light bulbs (“CFLs”). In addition, a smaller subset of treated homes generally counts toward weatherized units: (a) ceiling/attic insulation; (b) weather stripping; (c) caulking; (d) low flow shower heads; (e) water heater blankets; (f) building envelop repairs that reduce infiltration.

b. Sierra treated or weatherized 187 homes in 2009 and 244 homes in 2010, just slightly lower than the Commission’s benchmark of 250 homes per year.<sup>6</sup>

c. Several unique issues present in the CalPeco service area makes 100% penetration difficult to achieve. First, low-income customers are gradually being displaced out of the Tahoe Basin due to the high cost of living. Second, many of the customers who would qualify for the CARE program and ESAP are seasonal residents, with multiple part-time jobs who do not reside in the area year-round, making them ineligible for the programs. Third, approximately 50% of homes in the Lake Tahoe region are second family homes or vacation rentals which disqualify them as eligible. Lastly, there is a shrinking pool of eligible residents due to weatherization being performed in the past. The cost of living and average income in the Lake Tahoe area is higher than most California regions, thereby making the poverty level higher than standard.

Another, cautionary element CalPeco will experience is providing weatherization measures to homes that do not use electric heating. As these customers use natural gas or propane, CalPeco does not provide the primary heating fuel. CalPeco will still provide these homes with non-weatherization energy efficiency measures in the same manner as homes heated with electricity. Sierra, did not set dwelling goals for its contractors that distinguish between weatherizing and other energy efficiency

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<sup>6</sup> D.08-12-019, mimeo at 47 (Ordering Paragraph 10).

measures, because most of the homes in its service territory use natural gas or propane for heating rather than electricity. CalPeco will continue this approach.

Under the Commission's adopted definition of a "weatherized dwelling," it is difficult for CalPeco to identify a quantity of dwellings that might receive those measures in order to classify as "weatherized." For this reason, a ratio of homes weatherized by RHA's contractors in relation to the total number of treated homes is used. CalPeco calculated an average of those annual ratios and applied this average of 20% to its annual goal for the PY's 2012-2014.

At the core of the "treated" versus "weatherized issue, however, it is uncommon for CalPeco, and the other small utilities, to provide qualifying weatherization measures since the vast majority of homes in CalPeco's service territory rely on natural gas or propane. The Commission does not allow electric utilities that provide electric efficiency measures in partnership with a gas utility to include these homes as being "weatherized." Thus, CalPeco is at a disadvantage that results in a disproportionate smaller total number of completed "weatherized" homes.

d. The estimated energy savings in kWh for PY 2012-2014 will be 110,000 kWh annually as outlined in Table B-1.

## **2. Budget**

a. CalPeco proposes a modest budget increase in its ESAP of 3% per year for increased cost of weatherization materials and labor to expand its current program to meet the Commission's 2020 goals. CalPeco proposes annual ESAP budgets of \$206,845, \$213,050, \$219,441 for 2012, 2013, and 2014 respectively.

b. Below are approved budgets from 2009, 2010 and 2011 by line item consistent with Accounting and Reporting previously distributed by Sierra in addition to CalPeco's forecasted budgets for PY 2012 – 2014 reflecting a modest increase of 3%.

|                            | Energy Savings Assistance Program Budgets and Proposed Budgets for Years 2008 - 2011 |                     |                     |                     |                     |                     |                     |                     |
|----------------------------|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                            | 2009   |                     | 2010                |                     | 2011                | 2012                | 2013                | 2014                |
|                            | Actual   | Approved Budget     | Actual              | Approved Budget     | Approved Budget     | Proposed Budget     | Proposed Budget     | Proposed Budget     |
| Program Costs:             |  |                     |                     |                     |                     |                     |                     |                     |
| Weatherization             | \$102,168.00   | \$146,000.00        | \$118,520.91        | \$142,586.98        | \$147,263.00        | \$151,680.89        | \$156,231.32        | \$160,918.26        |
| Education                  | 4,997.00   | 15,000.00           | 5,728.50            | 7,042.31            | 7,273.00            | 7,491.19            | 7,715.93            | 7,947.40            |
| Total Program Costs        | \$107,165.00   | \$161,000.00        | \$124,249.41        | \$149,629.29        | \$154,536.00        | \$159,172.08        | \$163,947.24        | \$168,865.66        |
| Administrative Costs:      |  |                     |                     |                     |                     |                     |                     |                     |
| Outreach                   | \$6,421.00   | \$20,000.00         | \$7,196.82          | \$12,804.20         | \$13,224.00         | \$13,620.72         | \$14,029.34         | \$14,450.22         |
| Inspections                | 1,596.13   | 1,712.00            | 1,602.58            | 1,984.12            | 0                   | 0                   | 0                   | 0                   |
| General                    | 13,218.95  | 15,000.00           | 15,124.23           | 30,026.39           | 33,060.00           | 34,051.80           | 35,073.35           | 36,125.55           |
| Total Administrative Costs | \$21,236.08  | \$36,712.00         | \$23,923.63         | \$44,814.71         | \$46,284.00         | \$47,672.52         | \$49,102.70         | \$50,575.78         |
| Total                      | <b>\$128,401.08</b>  | <b>\$197,712.00</b> | <b>\$148,173.04</b> | <b>\$194,444.00</b> | <b>\$200,820.00</b> | <b>\$206,844.60</b> | <b>\$213,049.94</b> | <b>\$219,441.44</b> |
| Carry Over from Prior Year |  | \$0.00              |                     | \$69,310.92         |                     | 0                   | 0                   | 0                   |
| a)                         | <b>\$128,401.08</b>  | <b>\$197,712.00</b> | <b>\$148,173.04</b> | <b>\$263,754.92</b> | <b>\$200,820.00</b> | <b>\$206,844.60</b> | <b>\$213,049.94</b> | <b>\$219,441.44</b> |

c. Sierra, did not carry-over the under spent funds from 2008. Sierra included the carry-over from 2009 of \$69,310.92 in the 2010 annual report, as shown in the table above. Sierra actually spent more than the originally requested 2009 budget amount. However, Sierra's requested budget for 2009 was increased by the Commission in D.08-12-019 from \$121,000 to \$197,712.<sup>7</sup>

### C. PROGRAM DESIGN

CalPeco will continue to maintain a determined weatherization and conservation education campaign for its qualifying low-income customers. CalPeco will work with other utilities, weatherization contractors, community service agencies and other parties to facilitate joint efforts and leverage all available resources to do the most effective programs possible. This program will provide customers in CalPeco's service territory many more choices and opportunities to better manage their own energy consumption. ESAP customers will receive ongoing assistance, education and access to information that will be of benefit. This will position CalPeco as a strong advocate of energy efficiency, conservation, and other DSM activities.

<sup>7</sup> D.08-72-019, mimeo at 4.

## **1. Program Delivery**

The key to program outreach is the level of public knowledge imparted. In an area like the Tahoe Basin, where the primary heat source is most often natural gas, the draw of electric measures is often less than their natural gas counterparts. CalPeco will use cost-effective resources to provide customers with the fullest complement of measures. Installation work is provided by RHA's subcontractor, Project Go Inc., a Low-Income Energy Assistance Program ("LIEAP") contractor. Other utilities in the Tahoe Basin region have also engaged Project Go. This relationship allows CalPeco to reach eligible customers, conduct assessments, and install suited retrofit weatherization measures in each eligible dwelling. Where possible, Project Go also utilizes the funding of both the CARE program and ESAP to ensure that customers receive the maximum number of measures for which they are eligible.

RHA will continue to conduct the administration services of the ESAP. These services will include oversight of outreach and assessment, scheduling, installation, education, and assistance in the reporting of the program results. RHA will best ensure that customers receive all feasible and cost-effective measures, and will facilitate communication between the utilities. They will also provide any necessary technical consulting. CalPeco has also contracted Corona Consulting to provide data tracking and aggregation services under its Track-It-Fast System for the purpose of data sharing with Southwest Gas.

## **2. Portfolio Composition**

CalPeco intends to continue the portfolio composition set forth by Sierra. Currently customers are receiving Commission-approved weatherization measures along with energy education, and energy efficient refrigerator replacement when possible. The weatherization measures include energy efficient lighting fixtures, compact fluorescent bulbs, evaporative coolers, refrigerator replacements and wall and window air conditioning units. If applicable, the following measures will also be installed in homes where electric heating or water heating exists: weather-stripping, caulking, ceiling insulation, low-flow

showerheads, water heater insulation, water heater pipe insulation, faucet aerators, outlet cover plate gaskets, duct testing and sealing, evaporative cooler and air conditioning vent covers, and minor home repairs. CalPeco also requests to continue installing all feasible measures in customers' homes as defined by its assessment process as set forth by the Commission.

#### **D. OUTREACH**

CalPeco, in conjunction with other utilities within its service territory, whenever feasible plans to extend its current energy outreach education process in the PY 2012-2014 in the Lake Tahoe area. During those events, ESAP contractors will meet with customers in a one-on-one consultation to design individual program goals and practices. Customers will be provided with essential materials that include the new ESAP tagline and logo outlining the program and weatherization measures; a customer commitment form with tailored energy saving goals that will be logged; tracking sheets for monthly energy usage (kWh/dollars); explanations of how to read and understand the electric bill; and additional pamphlets discussing energy-saving tips, including CARE and Medical Baseline programs. Furthermore, CalPeco will request that its ESAP contractors conduct additional promotional efforts beyond those already in circulation. These initiatives would include flyers hand-delivered to targeted areas throughout the year by the sub-contractor. Posters and flyer copies will be printed and displayed in targeted neighborhoods, mobile home park common areas, grocery stores, public offices, in addition to door-to-door canvassing. Spanish-speaking customers will be provided with program assistance via a toll-free number or by Spanish-speaking staff of the installation subcontractor.

Sierra's, low-income customer outreach employed a variety of approaches to best ensure the most effective outreach effort. In order to reach a maximum number of customers, Sierra's contractor prepared and direct-mailed program information to all of CARE and non-CARE California customers. This effort was followed by bill inserts throughout the year. Sierra's website provides residential customers links to all of the California assistance programs, including: LIEE, CARE, Medical Baseline,

HEAP (Home Energy Assistance Program), and SAFE (Special Assistance Fund for Energy). Customers were provided with program details and contact numbers for program enrollment. Sierra attempted to cross-qualify customers for the CARE and LIEE programs given that eligibility requirements are similar. Sierra also requested that its LIEE program contractors conduct additional promotional efforts in addition to those provided by the utility. These initiatives included flyers hand-delivered to targeted areas throughout the year by the subcontractor. When a customer for Sierra or Southwest Gas was outreached, the contractor also endeavored to qualify the customer for both utilities' programs. Spanish-speaking customers were provided with program assistance via a toll-free number or by Spanish-speaking staff of the installation subcontractor. CalPeco is determined to continue the same outreach efforts with a goal to increase penetration nearer to 100%.

In addition, CalPeco's intends to extend its outreach initiatives at local community events within the Lake Tahoe area. Being a key participant in these events has been a notable accomplishment for CalPeco. The company has been recognized as a worthy contributor and sponsor by several organizations, including the North Tahoe Business Organization. CalPeco has been highly visible and well represented in events such as the 30<sup>th</sup> Annual Lake Tahoe Snowfest, fundraising for the Squaw Valley Museum, the Annual Earth Day Festivals at Bijou Park and Squaw Valley, and the Chamber of Commerce Business Expo. The company also participates in banner float parades, often exhibiting the largest floats including line trucks and Snow Cat equipment, which always receives a nice reception from spectators. These events are staffed by CalPeco's employees who are knowledgeable of the company's outreach initiatives and are active volunteers at community involvement events representing the company. CalPeco's high visibility in these and similar events can strengthen its outreach efforts for its CARE program and ESAP.

#### **IV. OTHER ENERGY SAVINGS ASSISTANCE PROGRAM ELEMENTS**

CalPeco does not project to have any additional ESAP elements.

## **V. REVENUE REQUIREMENT AND RATE IMPACTS**

CalPeco will report its CARE and ESAP costs in the Annual Low-Income Progress Report as directed by D.03-03-007, D.05-07-014 and the Assigned Commissioner Ruling dated March 2011.<sup>8</sup>

### **A. Subsidy and Benefit Costs**

The CARE Program costs are currently recovered from non-CARE customers on equal cents per kWh. CalPeco is proposing no change in this cost recovery methodology for its CARE Program costs. CARE program rates are calculated by dividing the annual program cost, including estimated outreach and administrative costs and estimated CARE benefits by the forecasted kWh sales excluding sales to CARE customers.

The ESAP costs will be recovered through the Public Purpose Program surcharge on the monthly utility bills of both participating and non-participating customers. The ESAP rates are calculated by dividing the annual program cost by the forecasted total kWh sales. The proposal rates are shown on Table C-1. CalPeco proposes to implement any rate changes resulting from this proceeding on January 1 in PY 2012, 2013, and 2014.

### **B. Balancing Account**

CalPeco will use the following balancing accounts for the Energy Savings Assistance Programs. This is the same balancing account used previously by Sierra:

FERC 186      Miscellaneous Deferred Debits

## **VI. REQUEST TO CONTINUE FUNDING AND ALLOW FOR FUND SHIFTING**

If there is a delay in issuing a decision on CalPeco's Application, CalPeco requests authorization to continue ESAP and CARE program activities into PY 2012 using the PY 2011 proposed program funds. The ability to shift funds between ESAP elements and program years is critical to the continued

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<sup>8</sup> A.08-05-022 et al., *Assigned Commissioner's Ruling Providing Guidance Concerning The California Alternative Rates For Energy (Care) Program And Energy Savings Assistance Program (Formerly And Generally Referred To As Low Income Energy Efficiency (LIEE Program) And Related 2012-2014 Budget Applications* (March 30, 2011).

success of the program. The requested authority will best enable CalPeco to adequately respond to shifting levels of interest in energy efficiency programs, which tends to vary due to increases in energy cost and weather conditions.

CalPeco will employ all possible cost-effective resources to spend its annual budgets, counting for time to ramp up or ramp down various energy efficiency programs due to changes in policy and consumer interests. The ability to shift funds between and among program categories and program years will allow CalPeco to respond to these changes and minimize potential program delays, assist more homes, save additional energy, and lower its administrative costs.

## **VII. CONCLUSION**

CalPeco requests the Commission authorize the CARE program and ESAP plans and budget proposed in this Application for PY 2012-2014.

## **VIII. PROCEDURAL REQUIREMENTS**

### **A. Rule 2.1(a) – Applicant Information**

CalPeco is a California limited liability company. It has its principal place of business at 933 Eloise Avenue, South Lake Tahoe, CA 96150.

### **B. Rule 2.1(b) -- Correspondence**

All correspondence and communications with respect to this Application should be addressed or directed as follows:

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and

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**C. Rule 2.1(c) – Categorization, Need for Hearings, Schedule, and Issues to be Considered**

Joint Applicants propose that this proceeding be categorized as ratesetting pursuant to Rule 1.3(e). CalPeco believes that hearings are not necessary. CalPeco proposes the following procedural schedule to ensure PY 2012 budgets are approved prior to January 1, 2012.

|   |                  |
|---|------------------|
| Application Filed   | June 15, 2011    |
| Protest/responses to Application due                            | July 15, 2011    |
| Prehearing Conference   | TBD              |
| Energy Division Workshop  | TBD              |
| Workshop Report   | TBD              |
| ALJ Proposed Decision   | TBD              |
| Opening Comments on Proposed Decision                           | TBD              |
| Reply Comments on Proposed Decision                             | TBD              |
| Final Decision  | TBD              |
| Public Purpose Program Surcharges for January 1, 2012 effective | October 31, 2011 |

CalPeco believes that the only issue to be considered is whether the CARE program and ESAP plans and budget proposed in this Application for PY 2012-2014 are reasonable.

**D. Rule 2.2 – Organization and Qualification to Transact Business**

A copy of the Articles of Organization of CalPeco has previously been filed with the Commission as part of Application No. 09-10-028, Exhibit 3. A Certificate of Status for CalPeco issued by the California Secretary of State is attached hereto as Exhibit A.

**E. Rule 3.2(a)(1) – Balance Sheet/Income Statement**

Financial statements for CalPeco are attached hereto as Exhibit B.

**F. Rule 3.2(a)(2) – Presently Effective Rates**

CalPeco’s current rates and charges for electric service are contained in its respective electric tariffs and schedules on file with the Commission and available from CalPeco’s website at <http://www.liberty-energy.com/pages/rates.html>.

**G. Rule 3.2(a)(3) – Statement of Proposed Increases**

A statement of the proposed increases is included in Section V.A above.

**H. Rule 3.2(a)(4) – Description of Property**

An exact description of the property that CalPeco owns is included as part of Application No. 09-10-028, Exhibit 8.

**I. Rule 3.2(a)(5) – Summary of Earnings**

Financial statements for CalPeco are attached hereto as Exhibit B.

**J. Rule 3.2(a)(10) – Statement Regarding Pass Through Costs**

This application only reflects and passes through to customers costs to CalPeco for the proposed 2012-2014 Low-Income Program Budget Years expenses related to the CARE program and ESAP mandated by the Commission.

**IX. REQUEST FOR RELIEF**

For all the reasons set forth in this Application, including supporting exhibits, CalPeco respectfully asks the Commission to:

1. Approve the requested funding and program modifications for CalPeco's low-income assistance programs for PY 2012-2014 as proposed herein;
2. Grant interim authorization to continue CARE and ESAP program activities into PY 2012 utilizing the PY 2012 proposed program funds should there be a delay in issuing a decision on CalPeco's Application; and
3. Grant such further letter relief as the Commission deems appropriate.

Respectfully submitted this 15<sup>th</sup> day of June, 2011,

\_\_\_\_\_/s/\_\_\_\_\_  
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Attorneys for California Pacific Electric Company, LLC

## **EXCEL ATTACHMENTS**

A-1 CARE Estimated Enrollment

A-2 CARE Program Budget

B-1. ESAP Treated (T) and Weatherized (W) Homes-Goals

B-2. ESAP Budgets

C-1. Program Rates

A-1 CARE Estimated Enrollment

PY 2012 - 2014 CARE Estimated Participation  
Liberty Energy - CalPeco

|          | Total Enrolled Through April 2011 | Total Enrolled 5/1/2011 RD Report | PY 2011 Estimated Eligible | Estimated Net PY 2011 Enrollments | Estimated Year End PY 2011 Participation | Estimated PY 2011 Goal Rate | Estimated Net PY 2012 Enrollments | Estimated Year End PY 2012 Participation | Estimated PY 2012 Goal Rate | Estimated Net PY 2013 Enrollments | Estimated Year End PY 2013 Participation | Estimated PY 2013 Goal Rate |
|----------|-----------------------------------|-----------------------------------|----------------------------|-----------------------------------|--|-----------------------------|-----------------------------------|--|-----------------------------|-----------------------------------|--|-----------------------------|
| (Source) | (1)                               |                                   | (2)                        | (3)                               | (col.B+E)                                | (col F/D)                   | (2)                               | (col F+H)                                | (col I/D)                   | (2)                               | (col. L+N)                               | (col. O/D)                  |
|          | 3,023                             | 3,065                             | 3,065                      | 3,065                             | 3,065                                    |                             | 3,065                             | 3,065                                    |                             | 3,065                             | 3,065                                    |                             |

(1) CARE Annual Report dated 5/2/2011

(2) Each utility's estimate based on eligibility rates filed

(3) Most recent estimates of net enrollments

A-2 CARE Program Budget

SMJU PY 2012 - 2014 CARE Proposed Program Budget

| CARE Budget Categories                 | 2009 Actual      | 2009 Recorded    | 2010 Actual      | 2010 Recorded    | 2011 Estimated   | 2012 Proposed    | 2013 Proposed    | 2014 Proposed    |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Liberty Energy</b>                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Outreach                               | \$5,609          | \$6,000          | \$5,729          | \$6,000          | \$6,000          | \$6,000          | \$6,000          | \$6,000          |
| Pro./ Certification / and Verification | 4,685            | 15,000           | 0                | 16,000           | 16,000           | 16,000           | 16,000           | 16,000           |
| General                                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Total Expenses</b>                  | <b>\$10,294</b>  | <b>\$21,000</b>  | <b>\$5,729</b>   | <b>\$22,000</b>  | <b>\$22,000</b>  | <b>\$22,000</b>  | <b>\$22,000</b>  | <b>\$22,000</b>  |
| CARE Program Discount                  | 461,766          | 541,000          | 615,555          | 568,000          | 596,000          | 613,880          | 613,880          | 613,880          |
| <b>Total Program Costs</b>             | <b>\$472,060</b> | <b>\$562,000</b> | <b>\$621,284</b> | <b>\$590,000</b> | <b>\$618,000</b> | <b>\$635,880</b> | <b>\$635,880</b> | <b>\$635,880</b> |

TABLE -B-1  
Energy Savings Assistance Program Budgets and Proposed Budgets for Years 2008 - 2011

| Utility                 | 2008 Actual |  | 2009 Actual |  | 2010 Actual |  | 2011 Estimated         |  | 2012 Proposed          |  | 2013 Proposed          |  | 2014 Proposed          |  |
|-------------------------|-------------|--|-------------|--|-------------|--|------------------------|--|------------------------|--|------------------------|--|------------------------|--|
|                         | SPPC        |  | SPPC        |  | SPPC        |  | Liberty Energy CalPeco |  |
| Houses Treated          | 184         |  | 150         |  | 213         |  | 135                    |  | 220                    |  | 220                    |  | 220                    |  |
| Houses Weatherized      | 50          |  | 37          |  | 31          |  | 20                     |  | 30                     |  | 30                     |  | 30                     |  |
| % of weatherized houses | 27%         |  | 25%         |  | 15%         |  | 15%                    |  | 14%                    |  | 14%                    |  | 14%                    |  |
| kWh Savings (1st year)  | 128,282.8   |  | 99,844.9    |  | 109,854.8   |  | 87,750.0               |  | 110,000.0              |  | 110,000.0              |  | 110,000.0              |  |

The timing of the transition of Sierra Pacific Power's California service territory being transferred to Liberty Energy CalPeco, has significantly affected the amount of homes that can be weatherized for the 2011 contract year.

TABLE --B-2  
Energy Savings Assistance Program Budgets and Proposed Budgets for Years 2008 - 2011

|                            | 2009         |                 | 2010         |                 | 2011            |                 | 2012            |                 | 2013            |                 | 2014            |  |
|----------------------------|--------------|-----------------|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--|
|                            | Actual       | Approved Budget | Actual       | Approved Budget | Approved Budget | Proposed Budget |  |
| Program Costs:             |              |                 |              |                 |                 |                 |                 |                 |                 |                 |                 |  |
| Weatherization             | \$102,168.00 | \$146,000.00    | \$118,520.91 | \$142,586.98    | \$147,263.00    | \$151,680.89    | \$156,231.32    | \$160,918.26    |                 |                 |                 |  |
| Education                  | 4,997.00     | 15,000.00       | 5,728.50     | 7,042.31        | 7,273.00        | 7,491.19        | 7,715.93        | 7,947.40        |                 |                 |                 |  |
| Total Program Costs        | \$107,165.00 | \$161,000.00    | \$124,249.41 | \$149,629.29    | \$154,536.00    | \$159,172.08    | \$163,947.24    | \$168,865.66    |                 |                 |                 |  |
| Administrative Costs:      |              |                 |              |                 |                 |                 |                 |                 |                 |                 |                 |  |
| Outreach                   | \$6,421.00   | \$20,000.00     | \$7,196.82   | \$12,804.20     | \$13,224.00     | \$13,620.72     | \$14,029.34     | \$14,450.22     |                 |                 |                 |  |
| Inspections                | 1,596.13     | 1,712.00        | 1,602.58     | 1,984.12        | 0               | 0               | 0               | 0               |                 |                 |                 |  |
| General                    | 13,218.95    | 15,000.00       | 15,124.23    | 30,026.39       | 33,060.00       | 34,051.80       | 35,073.35       | 36,125.55       |                 |                 |                 |  |
| Total Administrative Costs | \$21,236.08  | \$36,712.00     | \$23,923.63  | \$44,814.71     | \$46,284.00     | \$47,672.52     | \$49,102.70     | \$50,575.78     |                 |                 |                 |  |
| Total                      | \$128,401.08 | \$197,712.00    | \$148,173.04 | \$194,444.00    | \$200,820.00    | \$206,844.60    | \$213,049.94    | \$219,441.44    |                 |                 |                 |  |
| Carry Over from Prior Year |              | \$0.00          |              | \$69,310.92     |                 | 0               | 0               | 0               |                 |                 |                 |  |
|                            | \$128,401.08 | \$197,712.00    | \$148,173.04 | \$263,754.92    | \$200,820.00    | \$206,844.60    | \$213,049.94    | \$219,441.44    |                 |                 |                 |  |

| SMJU PY 2012 - 2014 CARE Proposed Program Budget |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| CARE PROGRAM RATES                               |               |               |               |               |
| Liberty Energy-CalPeco                           | 2012          | 2013          | 2014          |               |
| Annual Program Cost                              | \$ 635,880.00 | \$ 635,880.00 | \$ 635,880.00 | \$ 635,880.00 |
| Est. Total kWh Sales                             | 545,368,156   | 542,398,933   | 539,990,818   | 539,990,818   |
| est. CARE Sales (kWh)                            | 27,272,568    | 29,206,096    | 31,091,366    | 31,091,366    |
| Total kWh Sales net of CARE                      | 518,095,588   | 513,192,837   | 508,899,452   | 508,899,452   |
| Proposed rates                                   | \$ 0.001227   | \$ 0.001239   | \$ 0.001250   | \$ 0.001250   |

| SMJU PY 2012 - 2014 ESAP Proposed Program Budget |               |               |               |               |
|--|---------------|---------------|---------------|---------------|
| ESAP Program Rates                               |               |               |               |               |
| Liberty Energy-CalPeco                           | 2012          | 2013          | 2014          |               |
| Annual Program Cost                              | \$ 206,845.00 | \$ 213,050.00 | \$ 219,441.00 | \$ 219,441.00 |
| Est. Total kWh Sales                             | 545,368,156   | 542,398,933   | 539,990,818   | 539,990,818   |
| Proposed rates                                   | \$ 0.000379   | \$ 0.000393   | \$ 0.000406   | \$ 0.000406   |

**EXHIBIT A**

**CERTIFICATE OF STATUS FOR CALPECO**

**State of California**  
**Secretary of State**

**CERTIFICATE OF STATUS**

**ENTITY NAME:** CALIFORNIA PACIFIC ELECTRIC COMPANY, LLC

**FILE NUMBER:** 200910410277  
**FORMATION DATE:** 04/14/2009  
**TYPE:** DOMESTIC LIMITED LIABILITY COMPANY  
**JURISDICTION:** CALIFORNIA  
**STATUS:** ACTIVE (GOOD STANDING)

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

The records of this office indicate the entity is authorized to exercise all of its powers, rights and privileges in the State of California.

No information is available from this office regarding the financial condition, business activities or practices of the entity.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of June 10, 2011.

*Debra Bowen*

**DEBRA BOWEN**  
**Secretary of State**

**EXHIBIT B**

**FINANCIAL STATEMENTS**

CalPeco  
For the Four Months Ending April 30, 2011

|  | CALPECO               |
|--|-----------------------|
|  | YTD                   |
|  | Actual                |
| <b>ASSETS</b>                          |                       |
| <b>Current Assets</b>                  |                       |
| Cash                                   | \$4,577,112.08        |
| Temporary Cash Investments             | 6,000,000.00          |
| Accounts Receivable                    | 4,739,134.10          |
| Allowance for Uncollectible accounts   | (177,655.23)          |
| Accrued Utility Revenue                | 4,015,534.00          |
| Prepays                                | 305,750.17            |
| Deposits                               | 7,731.92              |
| Total Current Assets                   | 19,467,607.04         |
| <br>                                   |                       |
| <b>Inventory</b>                       |                       |
| Fuel Stock - Coal Other                | 29,367.00             |
| Plant Materials and Operating Supplies | 1,467,372.10          |
| Stores Expense Undistributed           | 63,676.00             |
| Total Inventory                        | 1,560,415.10          |
| <br>                                   |                       |
| <b>Land and Land Rights</b>            | 113,619.20            |
| <br>                                   |                       |
| <b>Property, plant and equipment</b>   |                       |
| Property, plant and equipment          | 197,989,850.20        |
| Less: Accum depreciation               | (71,056,695.00)       |
| Net property, plant and equipment      | 126,933,155.20        |
| <br>                                   |                       |
| Intangibles                            | 97,885.00             |
| Less: Accum amortization               | (92,134.00)           |
| Net Intangibles                        | 5,751.00              |
| <br>                                   |                       |
| CWIP/Fixed Assets Clearing             | 6,471,143.92          |
| <br>                                   |                       |
| <b>Deferrred charges</b>               |                       |
| Goodwill                               | 10,250,317.00         |
| Other assets                           | (2,911,630.70)        |
| Total deferred charges                 | 7,338,686.30          |
| <br>                                   |                       |
| <b>Total Assets</b>                    | <b>161,890,377.76</b> |

**LIABILITIES AND EQUITY****Current Liabilities**

|                           |                    |
|---------------------------|--------------------|
| Accounts Payable          |                    |
| Non-affiliates            | 3,059.69           |
| Customer Deposits         | (713,689.66)       |
| Accrued Taxes             | (33,391.87)        |
| Accrued Interest          | (1,274,528.75)     |
| Other accrued expenses    | (4,679,863.11)     |
| Other                     | <u>(14,087.11)</u> |
| Total current liabilities | (6,712,500.81)     |

**Deferred credits and other liabilities**

|  |                     |
|--|---------------------|
| Long Term Debt                               | (70,000,000.00)     |
| Customer Advances for Construction           | (10,506,902.76)     |
| Deferred rate case                           | 993.18              |
| Accrued pension                              | (59,516.57)         |
| Other deferred credits                       | (2,681,024.00)      |
| Intercompany                                 | <u>(368,177.78)</u> |
| Total deferred credits and other liabilities | (83,614,631.93)     |

**EQUITY**

|                    |                        |
|--------------------|------------------------|
| Common Stock       | (1,268,113.70)         |
| Partnership Equity | <u>(66,134,769.09)</u> |
| Total equity       | (67,402,882.79)        |

|                     |                       |
|---------------------|-----------------------|
| Earnings            |                       |
| Year to Date Income | <u>(4,160,362.23)</u> |
| Total Earnings      | (4,160,362.23)        |

|                      |                 |
|----------------------|-----------------|
| Shareholder's Equity | (71,563,245.02) |
|----------------------|-----------------|

|                              |                  |
|------------------------------|------------------|
| Total Liabilities and Equity | (161,890,377.76) |
|------------------------------|------------------|

CalPeco  
For the Four Months Ending April 30, 2011

|   | CALPECO              |
|---|----------------------|
|   | YTD                  |
|   | Actual               |
| <b>REVENUE</b>                                      |                      |
| Residential Sales                                   | \$15,669,383.89      |
| Commerical, Industrial & Public Street Lighting     | 11,417,176.88        |
| Other Revenue                                       | 2,333,493.93         |
| Total Revenue                                       | 29,420,054.70        |
| <br>  |                      |
| <b>PURCHASED POWER</b>                              | 17,081,921.28        |
| <br>  |                      |
| <b>NET FUEL</b>                                     | <b>12,338,133.42</b> |
| <br>  |                      |
| <b>OTHER POWER PRODUCTION</b>                       |                      |
| Wages   | 2,225.80             |
| Other Power Production Exp                          | 2,644.61             |
| Total Other Power Production Expenses               | 4,870.41             |
| <br>  |                      |
| <b>DISTRIBUTION EXPENSES</b>                        |                      |
| Operations/Maintenance Wages                        | 1,177,503.39         |
| Other Operating/Maintenance Exp                     | 816,036.73           |
| Total Distribution Expenses                         | 1,993,540.12         |
| <br>  |                      |
| <b>CUSTOMER CARE EXPENSES</b>                       |                      |
| Customer Care Wages                                 | 369,623.67           |
| Other Customer Care Exp                             | 718,776.38           |
| Total Customer Care Expenses                        | 1,088,400.05         |
| <br>  |                      |
| <b>SALES EXPENSES</b>                               |                      |
| Wages   | 181.52               |
| Other Sales Expenses                                | 3,519.18             |
| Total Sales Expenses                                | 3,700.70             |
| <br>  |                      |
| <b>ADMINISTRATIVE AND GENERAL</b>                   |                      |
| Admin and General Wages                             | 178,685.45           |
| Property Insurance, Injuries and Damages            | 243,630.47           |
| Taxes other than Income taxes                       | 785,756.00           |
| Other Admin and General Expenses                    | 892,997.99           |
| Total Administrative and General Expenses           | 2,101,069.91         |
| <br>  |                      |
| <b>Net Income before Deprec, Interest and Taxes</b> | <b>7,146,552.23</b>  |

**INTEREST EXPENSES**

|                              |                  |
|------------------------------|------------------|
| Interest on Long Term Debt   | 1,275,015.00     |
| Amortize Debt Discount & Exp | <u>23,175.00</u> |
| Total Interest Expenses      | 1,298,190.00     |

**DEPRECIATION EXPENSE**

|                             |                     |
|-----------------------------|---------------------|
| Depreciation                | <u>1,688,000.00</u> |
| Total Depreciation Expenses | 1,688,000.00        |

**Net Income**

4,160,362.23

**VERIFICATION**

I, Robert Dodds, hereby declare that I am the President of California Pacific Electric Company, LLC, and that I have read the foregoing Application; and that the information set forth therein concerning California Pacific Electric Company, LLC is true and correct to the best of my knowledge, information and belief.

I declare under penalty of perjury that the forgoing is true and correct.

Executed this 15 day of June 2011, at South Lake Tahoe, California



\_\_\_\_\_  
Robert Dodds

CALIFORNIA PACIFIC ELECTRIC COMPANY, LLC