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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Liberty Utilities (CalPeco Electric) LLC (U933E) for Authority to Update Rates Pursuant to Its Energy Cost Adjustment Clause Effective January 1, 2017.

Application 16-07-001
(Filed July 1, 2016)

SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE

Summary

This Scoping Memo and Ruling sets forth the category, issues, need for hearing, schedule, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.

1. Background

On July 1, 2016, Liberty Utilities filed Application (A.) 16-07-001 seeking Commission approval for three items: 1) authority to update rates pursuant to its Energy Cost Adjustment Clause (ECAC) to become effective January 1, 2017; 2) authority to adjust its rates based on its 2017 greenhouse gas (GHG) 2017 cost and revenue forecast and reconciliation of its 2015 recorded GHG costs to become effective January 1, 2017; and 3) a finding that Liberty Utilities has complied fully with the requirements set forth in Ordering Paragraph 5 of Decision (D). 15-12-021, in which the Commission conditionally approved a power purchase agreement (PPA) between Liberty Utilities and NV Energy.

Liberty Utilities' ECAC tariff obligates it to revise its ECAC Billing Factors in calendar years when it does not file a general rates case application if a change to total ECAC revenues of +/- 5 percent occurs as a result of the combination of revisions of the:

1. Offset Rate based on the new Fuel and Purchased Power forecast for the Forecast Period; and,
2. Balancing Rate to amortize any projected over- or under-collection balance in the Energy Cost Adjustment Balancing Account as of the Revision Date.¹

In the instant application, Liberty requests an annual decrease in the revenues to be collected from ECAC rates of \$3.066 million from the proposed revenues to be recovered through the ECAC rates incorporated into the all-party settlement agreement currently pending in Liberty Utilities' 2016 general rate case (GRC) application (A.15-05-008) (GRC/ECAC Settlement Rates).² The decrease represents an annual 12.06 percent decrease in the rate recovery from ECAC rates as compared to the GRC/ECAC Settlement Rates and occurs as a result of anticipated renewable energy purchases from the Luning Solar Project, approved in D.16-01-021. These purchases will displace purchases from NV Energy approved under the NV Energy Purchase Agreement approved in D.15-12-021, which will cause a reduction in the forecast of the Fuel and Purchased Power Costs used to derive Liberty Utilities' ECAC rates.

¹ See D.12-11-030 at Exhibit B.

² The Commission has not, as of issuance of this Scoping Memo, adopted the all-party settlement agreement in A.15-05-008. Although a delay beyond October 1, 2016 for approval of the all-party settlement agreement will result in a greater over-collection amount in Liberty Utilities' ECAC, this over-collection can be reconciled in future GRCs or ECAC trigger applications.

In addition, Liberty Utilities requests approval to adjust its rates based on its 2017 greenhouse gas (GHG) cost and revenue forecast and reconciliation of its 2015 recorded GHG costs effective January 1, 2017 pursuant to D.14-10-033 and subsequent decisions and the California Cap-and-Trade program. Based on its forecast, Liberty Utilities projects that its residential customers will receive a semi-annual California Climate Credit, which returns GHG allowance revenue to eligible customer classes, of \$23.72. This amount represents a \$3.27 reduction from the previous year.³

Finally, Liberty Utilities seeks a finding that it has complied with Ordering Paragraph 5 of D.15-12-021. In that decision, the Commission ordered Liberty Utilities to provide for the Commission's review, a comparison of the unit cost of renewable energy under the NV Energy PPA approved therein versus the prior NV Energy PPA, including workpapers and citations.

The Office of Ratepayer Advocates (ORA) timely filed a protest on August 5, 2016. The assigned Administrative Law Judge (ALJ) set by ruling a prehearing conference (PHC) for September 13, 2016. On that date, the assigned ALJ convened the PHC to determine parties, discuss the scope, the schedule, and other procedural matters. At the PHC, ORA stated that it had reconciled its concerns with the application and moved to remove its protest. The assigned ALJ granted the motion. A.16-07-001 is now unopposed.

2. Scope

Based on the application and the discussion at the PHC, the following issues are within the scope of this proceeding:

³ See Exhibit Liberty-2.

1. Is Liberty Utilities' request to update its ECAC rates pursuant to this application, effective January 1, 2017, reasonable?⁴
2. Are Liberty Utilities' forecast 2017 GHG costs reasonable?
3. Are Liberty Utilities' forecast 2017 GHG administrative and customer outreach expenses reasonable?
4. Are Liberty Utilities' forecast 2017 GHG adjusted allowance revenues reasonable?
5. Is Liberty Utilities' proposed reconciliation of its 2015 GHG costs and administrative and customer outreach expenses reasonable?
6. Does Liberty Utilities appropriately calculate the GHG allowance revenue returns to be distributed to eligible customers in 2017?⁵
7. Has Liberty Utilities complied fully with the requirements set forth in Ordering Paragraph No. 5 of D.15-12-021?

There are no apparent safety issues that arise from this proceeding.

3. Categorization

The Commission in Resolution ALJ 176-3381, issued on July 14, 2016, preliminarily determined that the category of the proceeding is ratesetting.

This scoping memo confirms the categorization. Anyone who disagrees with this categorization must file an appeal of the categorization no later than ten days after the date of this scoping ruling. (*See* Rule 7.6.)

⁴ If approved, Liberty Utilities will file a Tier 1 Advice Letter to revise its ECAC tariff with new ECAC Billing Factors, unless the Commission determines that a different tier advice letter is appropriate.

⁵ If found reasonable, Liberty Utilities will file a Tier 1 Advice Letter to implement changes to its GHG rates associated with its 2017 GHG costs and revenue forecast and its 2015 reconciliation, unless the Commission determines that a different tier advice letter is appropriate.

4. Need for Hearing

The Commission in Resolution ALJ 176-3381 also preliminarily determined that hearings are required. The only evidence anticipated in this proceeding is Liberty Utilities' offering of prepared testimony and supporting exhibits. Although evidentiary hearings are not necessary at this time, the preliminary determination that hearings are required is upheld. A final determination on the need for hearings will be made in either the proposed decision or by written ruling of the assigned ALJ.

5. Entering Exhibits and Testimony Into the Record

Liberty Utilities must submit a motion to move its testimony into the record no later than one week from the date of issuance of this Scoping Memo Ruling. Liberty Utilities must include an exhibit list and shall number its exhibits beginning with LU-1. The assigned ALJ granted an oral motion for confidential treatment of Liberty Utilities' supplemental exhibit, served on September 9, 2016, at the PHC; however, a motion for confidential treatment must be tendered for the original testimony served with the application and should be included with the motion to move evidence into the record. The motion must comply with the provisions of D.06-06-066 and D.16-08-024. Liberty Utilities must also submit exhibits electronically pursuant to the instructions contained in Attachment A to this Scoping Ruling.

6. Ex Parte Communications

In a ratesetting proceeding such as this one, *ex parte* communications with the assigned Commissioner, other Commissioners, their advisors and the ALJ are only permitted as described at Pub. Util. Code § 1701.3(c) and Article 8 of the Rules.

7. Intervenor Compensation

Pursuant to Pub. Util Code § 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by October 13, 2016, 30 days after the PHC. At this point, there are no intervening customers in this case.

8. Assigned Commissioner and Presiding Officer

Liane M. Randolph is the assigned Commissioner and Melissa K. Semcer is the assigned ALJ. Pursuant to Pub. Util Code § 1701.3 and Rule 13.2, Melissa K. Semcer is designated as the Presiding Officer.

9. Filing, Service and Service List

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission's website.

This proceeding will follow the electronic service protocols set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m. on the date scheduled for service to occur. Parties are reminded, when serving copies of documents, the document format must be consistent with the requirements set forth in Rules 1.5 and 1.6. Additionally, Rule 1.10 requires service on the ALJ of both an electronic and a paper copy of filed or served documents.

Rules 1.9 and 1.10 govern service of documents only and do not change the Rules regarding the tendering of documents for filing. Parties can find

information about electronic filing of documents at the Commission's Docket Office at www.cpuc.ca.gov/PUC/efiling. All documents formally filed with the Commission's Docket Office must include the caption approved by the Docket Office and this caption must be accurate.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the "Information Only" category of the official service list pursuant to Rule 1.9(f).

10. Discovery

Discovery may be conducted by the parties consistent with Article 10 of the Commission's Rules. Any party issuing or responding to a discovery request shall serve a copy of the request or response simultaneously on all parties. Electronic service under Rule 1.10 is sufficient, except Rule 1.10(e) does not apply to the service of discovery and discovery shall not be served on the ALJ. Deadlines for responses may be determined by the parties. Motions to compel or limit discovery shall comply with Rule 11.3.

11. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

12. Schedule

The adopted schedule is:

EVENT	DATE
Prehearing Conference	September 13, 2016 (completed)
Motion to Move Exhibits Into Evidence	Within 1 week following issuance of this Scoping Ruling
Proposed Decision	November 2016 (anticipated)
Comments on Proposed Decision ⁶	Within 20 Days of Service of the Proposed Decision
Replies to Comments on Proposed Decision	Within 5 Days of Service of Comments
Anticipated Commission Meeting/Decision	December 2016 (anticipated)

The assigned Commissioner or assigned ALJ may modify this schedule as necessary to promote the efficient management and fair resolution of this proceeding.

It is the Commission's intent to complete this proceeding within 18 months of the date this Scoping Memo is filed. This deadline may be extended by order of the Commission. (Pub. Util. Code § 1701.5(a).)

Although not anticipated, if there are any workshops in this proceeding, notice of such workshops will be posted on the Commission's Daily Calendar to inform the public that a decision-maker or an advisor may be present at those

⁶ Pursuant to Rule 14.6(c)(2), if the proposed decision grants the requested relief in an uncontested matter, such as this case, the comment period may be waived.

meetings or workshops. Parties shall check the Daily Calendar regularly for such notices.

IT IS RULED that:

1. The category of this proceeding is ratesetting. Appeals as to category, if any, must be filed and served within ten days from the date of this scoping memo.
2. Administrative Law Judge Melissa K. Semcer is designated as the Presiding Officer.
3. The scope of the issues for this proceeding is as stated in “Section 2. Scope” of this ruling.
4. Hearings may be necessary but are not scheduled at this time. A final determination on hearings will be made either in the proposed decision or by written ruling of the assigned Administrative Law Judge.
5. Liberty Utilities must submit a motion to move its testimony into the record no later than one week from the date of issuance of this Scoping Memo Ruling. Liberty Utilities must include an exhibit list and shall number its exhibits beginning with LU-1. A motion for confidential treatment must be tendered for the original testimony served with the application and should be included with the motion to move evidence into the record. The motion must comply with the provisions of D.06-06-066 and D.16-08-024. Liberty Utilities must submit exhibits electronically pursuant to the instructions set forth in Appendix A.
6. The schedule for the proceeding is set in “Section 11. Schedule” of this ruling. The assigned Commissioner or Presiding Officer may adjust this schedule as necessary for efficient management and fair resolution of this proceeding.

7. With limited exceptions that are subject to reporting requirements, *ex parte* communications are prohibited. (See Public Utilities Code Section 1701.3(c); Article 8 of the Commission's Rules of Practice and Procedure.)

Dated September 27, 2016, at San Francisco, California.

/s/ LIANE M. RANDOLPH

Liane M. Randolph
Assigned Commissioner

/s/ MELISSA K. SEMCER

Melissa K. Semcer
Administrative Law Judge

APPENDIX A

1. Electronic Submission and Format of Supporting Documents

The Commission's web site now allows electronic submittal of supporting documents (such as testimony and work papers).

Parties shall submit their testimony or workpapers in this proceeding through the Commission's electronic filing system.⁷ Parties must adhere to the following:

- The Instructions for Using the "Supporting Documents" Feature, (<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=158653546>) and
- The Naming Convention for Electronic Submission of Supporting Documents (<http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&DocID=100902765>).
- The Supporting Document feature does not change or replace the Commission's Rules of Practice and Procedure. Parties must continue to adhere to all rules and guidelines in the Commission's Rules of Practice and Procedures including but not limited to rules for participating in a formal proceeding, filing and serving formal

⁷ These instructions are for submitting supporting documents such as testimony and work papers in formal proceedings through the Commission's electronic filing system. Parties must follow all other rules regarding serving testimony.

Any document that needs to be formally filed such as motions, briefs, comments, etc., should be submitted using Tabs 1 through 4 in the electronic filing screen.

documents and rules for written and oral communications with Commissioners and advisors (i.e. “ex parte communications”) or other matters related to a proceeding.

- The Supporting Document feature is intended to be solely for the purpose of parties submitting electronic public copies of testimony, work papers and workshop reports (unless instructed otherwise by the Administrative Law Judge), and does not replace the requirement to serve documents to other parties in a proceeding.
- Unauthorized or improper use of the Supporting Document feature will result in the removal of the submitted document by the CPUC.
- Supporting Documents should not be construed as the formal files of the proceeding. The documents submitted through the Supporting Document feature are for information only and are not part of the formal file (i.e. “record”) unless accepted into the record by the Administrative Law Judge.

All documents submitted through the “Supporting Documents” Feature shall be in PDF/A format. The reasons for requiring PDF/A format are:

- Security - PDF/A prohibits the use of programming or links to external executable files. Therefore, it does not allow malicious codes in the document.
- Retention - The Commission is required by [Resolution](#) L-204, dated September 20, 1978, to retain documents in formal proceedings for 30 years. PDF/A is an independent standard and the Commission staff anticipates that programs will remain available in 30 years to read PDF/A.

- Accessibility – PDF/A requires text behind the PDF graphics so the files can be read by devices designed for those with limited sight. PDF/A is also searchable.

Until further notice, the “Supporting Documents” do not appear on the “Docket Card”. In order to find the supporting documents that are submitted electronically, go to:

- Online documents, choose: “[E-filed Documents](#)”,
- Select “Supporting Document” as the document type, (do not choose testimony)
- Type in the proceeding number and hit search.

Please refer all technical questions regarding submitting supporting documents to:

- Kale Williams (kale.williams@cpuc.ca.gov) 415 703- 3251 and
- Ryan Cayabyab (ryan.cayabyab@cpuc.ca.gov) 415 703-5999

(END OF APPENDIX A)