

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



FILED

06/30/22

04:59 PM

A2105017

Application of Liberty Utilities (CalPeco Electric)
LLC (U 933-E) for Authority to Among Other Things,
Increase Its Authorized Revenues for Electric Service,
Update Its Energy Cost Adjustment Clause Billing
Factors, Establish Marginal Costs, Allocate Revenues,
And Design Rates, as of January 1, 2022.

Application 21-05-017
(Filed May 28, 2021)

**2021 RISK SPENDING ACCOUNTABILITY REPORT OF
LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933-E)**

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June 30, 2022

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

Application of Liberty Utilities (CalPeco Electric) LLC (U 933-E) for Authority to Among Other Things, Increase Its Authorized Revenues for Electric Service, Update Its Energy Cost Adjustment Clause Billing Factors, Establish Marginal Costs, Allocate Revenues, And Design Rates, as of January 1, 2022.

Application 21-05-017
(Filed May 28, 2021)

**2021 RISK SPENDING ACCOUNTABILITY REPORT OF
LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933-E)**

In accordance with California Public Utilities Code Section 591 and Decision (“D.”) 19-04-020, Liberty Utilities (CalPeco Electric) LLC (“Liberty”) hereby submits its 2021 Risk Spending Accountability Report (“RSAR”). The RSAR is attached as Appendix A.

Dated: June 30, 2022

Respectfully submitted,

/s/

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Appendix A

Liberty Utilities (CalPeco Electric) LLC 2021 Risk Spending Accountability Report



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June 30, 2022

**Liberty Utilities (CalPeco Electric) LLC (U-933 E) –
2021 Risk Spending Accountability Report**

Liberty Utilities (CalPeco Electric) LLC (U 933-E) (“Liberty”) submits its 2021 Risk Spending Accountability Report (“RSAR”) pursuant to Cal. Pub. Util. Code § 591 and California Public Utilities Commission (“Commission”) Decision (“D.”) 19-04-020.

Background

Cal. Pub. Util. 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 to file its annual RSAR on June 30 each year.

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

Liberty continues to report on spending in all safety, reliability, and maintenance programs, including the specific projects identified in D.20-08-030. This report provides a comparison of Liberty’s authorized and recorded 2021 capital and O&M spending related to safety, reliability, and maintenance.

Analysis

The last GRC in which capital and O&M spending was authorized was Liberty’s 2019 GRC (A.18-12-001). Liberty’s 2019 GRC Decision (D.20-08-030) authorized 2019 capital and O&M spending and authorized capital and O&M for 2020 and 2021. For capital, the Decision authorized six safety and reliability-related projects eligible for recovery via Liberty’s Post Test-Year Adjustment Mechanism (“PTAM”) in 2020 and 2021. For O&M, the Decision authorized Liberty to escalate its authorized 2019 O&M expenses by 1.86% a year in 2020 and 2021.

Tables 1 and 2 provide comparisons of Liberty’s 2021 recorded and authorized capital expenditures and O&M expenses related to maintenance, safety, and reliability.

Table 1
Liberty 2021 Safety, Reliability, and Maintenance Capital Expenditures
\$(000)

Project	PTAM-Authorized Capital			2020 Recorded	2021 Recorded
	2020	2021	Total		
7300 Line Rebuild	1,700	1,700	3,400	3,563	1,696
Topaz 1261 Line Reconductor	810	810	1,620	2,479	341
MHP Conversions	3,496	1,298	4,794	-	185
Distribution Replacements	6,300	6,300	12,600	8,518	1,610
625/650 Phase 2	13,000	-	13,000	8,515	6,319
Total	25,306	10,108	35,414	23,075	10,151

Table 2
Liberty 2021 Authorized and Recorded O&M Expenses
\$(000)

	2021 Authorized	2021 Recorded	Variance
581 Load dispatching	727	738	(11)
582 Station expenses	30	53	(22)
583 Overhead line expenses	164	320	(156)
584 Underground line expenses	91	60	31
585 Street lighting & signal system expenses	2	0	1
588 Miscellaneous distribution expenses	1,473	1,791	(319)
Total Operation	2,488	2,963	(475)
591 Maintenance of structures	38	8	30
592 Maintenance of station equipment	165	161	5
593 Maintenance of overhead lines	1,927	2,667	(740)
594 Maintenance of underground lines	300	788	(489)
595 Maintenance of line transformers	16	1	15
596 Maintenance of street lighting & signal systems	5	8	(4)
597 Maintenance of meters	46	69	(24)
598 Maintenance of miscellaneous distribution plant	308	1,225	(916)
Total Maintenance	2,804	4,927	(2,123)
Total Distribution	5,292	7,890	(2,598)

Balancing and Memorandum Accounts

Liberty’s various balancing and memorandum accounts track spending on risk-based programs, including the Vegetation Management Balancing Account, the tree-related Catastrophic Events Memorandum Account, the Fire Risk Mitigation Memorandum Account, and the Wildfire Mitigation Plan Memorandum Account.

The Vegetation Management Balancing Account (“VMBA”) tracks the difference between authorized and recorded vegetation management costs. At the end of 2021, the VMBA had an under-collection of \$10.422 million. The overrun is due to Liberty’s significant increase in vegetation management operations due to the extreme wildfire risk in California. Liberty expects to request recovery of these recorded costs in an application later this year.

The Catastrophic Events Memorandum Account (“CEMA”) records the costs of Liberty removing dead and dying trees caused by the extended drought and bark beetle infestation. At the end of 2021, CEMA had a balance of \$7.288 million. Liberty expects to request recovery of these

recorded costs in an application later this year. The 2022 forecast costs for this work are included in Liberty's 2022 GRC vegetation management forecast.

The Fire Risk Mitigation Memorandum Account ("FRMMA") tracks incremental costs incurred for fire risk mitigation work that is not currently included in Liberty's currently authorized rates. At the end of 2021, the FRMMA had a balance of \$1.342 million. Liberty expects to request recovery of these recorded costs in an application later this year.

The Wildfire Mitigation Plan Memorandum Account ("WMPMA") tracks incremental costs incurred in implementing Liberty's Wildfire Mitigation Plan ("WMP"). At the end of 2021, the WMPMA had a balance of \$6.184 million. Liberty expects to request recovery of these recorded costs in an application later this year. The 2022 forecast costs for this work are included in Liberty's 2022 GRC O&M forecast.