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APPENDIX 1

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

In the Matter of the Application of Liberty
Utilities (CalPeco Electric) LLC (U 933-E) for
Authorization to Recover Costs Recorded in
Various Memorandum Accounts.

Application 22-10-022
(filed October 31, 2022)

**PARTIAL SETTLEMENT AGREEMENT BETWEEN LIBERTY UTILITIES
(CALPECO ELECTRIC) LLC, THE PUBLIC ADVOCATES OFFICE, AND A-3
CUSTOMER COALITION**

Pursuant to Article 12 of the Rules of Practice and Procedure (Rule or Rules) of the California Public Utilities Commission (“Commission”), the Public Advocates Office at the California Public Utilities Commission (“Cal Advocates”), Liberty Utilities (“CalPeco Electric”) LLC (“Liberty”) and A-3 Customer Coalition (“A-3 CC”) (collective referred to as “the Settling Parties”), have agreed upon the terms and conditions of this Partial Settlement Agreement, which the Settling Parties now submit for review, consideration, and approval by the assigned Administrative Law Judge and the Commission.

I. GENERAL PROVISIONS

A. Issues upon which the Settling Parties agree for purposes of this Partial Settlement Agreement are set forth and described in Section II. below. This Partial Settlement Agreement is based upon the evidence admitted pursuant to the granting of the Settling Parties’ Joint Motion on the issues being settled and form the factual basis of this Partial Settlement Agreement. To the extent necessary, references are provided to the evidence offered by the Settling Parties, respectively, that are relevant to each issue.

B. Because this Partial Settlement Agreement represents a compromise of the Settling Parties’ positions with respect to each issue addressed herein, the Settling Parties have agreed that approval of this Partial Settlement Agreement by the Commission shall not be construed as an admission or concession by any of them on any issue addressed herein as to any fact or matter of law that was or may have been in dispute in this proceeding. Consistent with Rule 12.5, the Settling Parties agree that

approval of this Partial Settlement Agreement by the Commission shall not be construed as a precedent or statement of policy of any kind or import to the same or similar issues in this Partial Settlement Agreement.

C. The Settling Parties agree that this Partial Settlement Agreement is an integrated agreement, so that if the Commission rejects in whole or in part any portion of this Partial Settlement Agreement, any of the Settling Parties has the right to withdraw from this Partial Settlement Agreement. This Partial Settlement Agreement is being presented as an integrated agreement on all issues addressed herein rather than as separate agreements on each such issue.

D. This Partial Settlement Agreement is the product of a process of direct negotiations between the Settling Parties. There are no other parties or intervenors in this proceeding.

E. The Settling Parties agree that no signatory to this Partial Settlement Agreement assumes any personal liability as a result of his or her execution of this document. All rights and remedies of the Settling Parties pertaining to this Partial Settlement Agreement are limited to those available before the Commission.

F. This Partial Settlement Agreement may be executed in counterparts, each of which shall be deemed an original, and the counterparts together shall constitute one and the same instrument.

G. This Partial Settlement Agreement constitutes and represents the entire agreement between the Settling Parties and supersedes all prior and contemporaneous agreements, negotiations, representations, warranties, and understandings of the Settling Parties with respect to the subject matter set forth herein.

H. This Partial Settlement Agreement resolves all but one of the issues in this proceeding between the Settling Parties. The only unresolved issue relates to the allocation of costs between customer classes with respect to all accounts, except for the Covid-19 Pandemic Protections Memorandum Account (“CPPMA”), where Liberty and Cal Advocates propose collection from all customer classes at a flat rate (\$0.01318/kWh) and A-3 CC proposes collection based on customer class allocation percentages approved pursuant to an all-party negotiated settlement in Liberty’s most recent General Rate Case (D. 23-04-043). The Settling Parties agree to seek an extension of the current briefing schedule on the lone unresolved issue to allow for the submission of Opening Briefs by November 14, 2023 and Reply Briefs by December 14, 2023.

I. Certain elements of Liberty’s application, accompanying testimony and exhibits, and responses to data requests were not and are not challenged by Cal Advocates or A-3 CC and so do not present contested issues. Similarly, certain testimony and exhibits offered by Cal Advocates were and are accepted by Liberty and so also do not present contested issues. This Partial Settlement Agreement generally addresses all such issues that the Settling Parties were able to settle.

II. ISSUES RESOLVED BY THIS PARTIAL SETTLEMENT AGREEMENT

In Application (“A”) 22-10-02, Liberty requested that the Commission authorize a total revenue requirement of \$42.532 million, which included \$38.531 million in incremental Operations and Maintenance (“O&M”) expenses and \$4.001 million in revenue requirement based on incremental capital expenditures. In particular, Liberty requested:

- \$7.288 million in incremental O&M expenses related to Liberty’s response to the Tree Mortality/Drought efforts, recorded in Liberty’s Catastrophic Events Memorandum Account (“CEMA”);
- \$9.165 million in capital expenditures and \$0.126 million in incremental O&M expenses related to Liberty’s response to the 2021 Tamarack Fire, recorded in Liberty’s CEMA;
- \$2.289 million in capital expenditures and \$0.164 million in incremental O&M expenses related to Liberty’s response to the 2021 Caldor Fire, recorded in Liberty’s CEMA;
- \$5.002 million in incremental O&M expenses related to Liberty’s response to the December 2021 Winter Storms, recorded in Liberty’s CEMA;
- A credit of \$0.676 million related to Liberty’s overcollection of CEMA costs related to the 2017 Winter Storms;
- \$13.546 million in incremental O&M expenses related to Liberty’s implementation of its Wildfire Mitigation Plan, recorded in Liberty’s Wildfire Mitigation Plan Memorandum Account (“WMPMA”) through December 31, 2021;
- \$1.342 million in incremental O&M expenses related to Liberty’s development of its Wildfire Mitigation Plan, recorded in Liberty’s Fire Risk Mitigation Memorandum Account (“FRMMA”);
- \$9.711 million in incremental O&M expenses related to Liberty’s wildfire

insurance costs above those authorized in its General Rate Case (“GRC”), recorded in Liberty’s Wildfire Expense Memorandum Account (“WEMA”) through December 31, 2021;

- \$0.660 million in incremental O&M expenses related to Liberty’s participation in Rulemaking (“R.”) 08-11-005, recorded in Liberty’s Fire Hazard Prevention Memorandum Account (“FHPMA”);
- \$1.367 million in incremental O&M expenses related to Liberty’s costs of dealing with the COVID-19 pandemic, recorded in Liberty’s CPPMA and
- \$4.001 million in 2022-2024 revenue requirement associated with \$11.454 million in incremental capital expenditures related to the Tamarack and Caldor.

In the Application, Liberty further proposed to recover the revenue requirement through a surcharge on customer bills over a 36-month amortization via a new balancing account, the Memo Account Recovery Balancing Account (“MARBA”). Liberty would transfer the authorized amounts from each memorandum account to the MARBA and track the surcharges collected from customers in this account. At the end of the 36-month recovery period, Liberty would transfer any under-collection or over-collection to its Base Revenue Requirement Balancing Account for future recovery or refund.

In Cal Advocates-01, Cal Advocates made the following recommendations:

- Reduction of \$79,000 of CEMA O&M expenses;
- Reduction of \$1.377 million of CEMA capital expenditures;
- Disallowance of all WMPMA costs;
- Reduction of \$41,000 of FRMMA costs;
- Reduction of \$288,000 of FHPMA costs;
- Reduction of \$13,000 of CPPMA costs; and
- Recovery of the authorized amounts over a 60-month surcharge.

A-3 CC’s testimony did not make recommendations related to the amounts requested by Liberty in its Application and its recommendation solely related to the unresolved issue discussed above.

Accordingly, the Settling Parties agree that the following costs recorded to the designated Liberty memorandum accounts as shown in the Table below are incremental, reasonable and recoverable:

Accounts	Settlement Amounts <i>(\$000)</i>
CEMA-Expense	\$11,879
CEMA-Capital Rev Req	\$0
WMPMA	\$13,546
FRMMA	\$1,301
WEMA	\$9,711
FHPMA	\$607
CPPMA	\$1,354

The Settling Parties further agree that, pursuant to the agreed upon amounts, Liberty should be authorized a total revenue requirement of \$38.399 million and that the recovery of such amount shall be amortized over a period of 60 months in accordance with Liberty’s proposed creation of the MARBA as discussed in its Application.

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A.22-10-022 ALJ/MLQ/nd3

III. CONCLUSION

The Settling Parties mutually agree that, based upon the terms and conditions set forth above, this Partial Settlement Agreement is reasonable, consistent with the law, and in the public interest. Liberty, Cal Advocates and A-3 CC each represent that its signature to this Partial Settlement Agreement is authorized and binds each respective Party to this Agreement.

Respectfully submitted,

A-3 Customer Coalition

Public Advocates Office

DocuSigned by:
Brian Cragg
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Brian Cragg, Esq.
Authorized Signatory

DocuSigned by:
Linda Serizawa
DD18F2097B2D4BA...

Linda Serizawa
Deputy Director of Energy

Liberty Utilities (CalPeco Electric) LLC

DocuSigned by:
Edward Jackson
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Edward Jackson
President, California

Dated: January 12, 2024

(END OF APPENDIX 1)