



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

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Application of Liberty Utilities (CalPeco Electric) LLC
(U 933-E) for Authority to Among Other Things,
Increase Its Authorized Revenues For Electric Service,
Establish Marginal Costs, Allocate Revenues, And
Design Rates, as of January 1, 2025.

A.24-09-010
(Filed September 20, 2024)

NOTICE OF EX PARTE COMMUNICATION

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Dated: March 12, 2026

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OF THE STATE OF CALIFORNIA**

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NOTICE OF EX PARTE COMMUNICATION

Pursuant to Rule 8.4(a) of the Rules of Practice and Procedure, the A-3 Customer Coalition (A-3 CC) provides notice of an ex parte communication. At 1:30 p.m. on March 9, 2026, representatives of A-3 CC met with Victor Smith, Deputy Chief of Staff to Commissioner Darcie Houck. The meeting was conducted remotely via WebEx. Geoff Inge, President, Regulatory Intelligence LLC, consultant to A-3 CC, and Brian Cragg, Partner, Downey Brand LLP, outside counsel to A-3 CC, participated in the meeting for A-3 CC.

At the meeting, Mr. Cragg outlined the history of the Commission's policy of using the Equal Percentage of Marginal Cost (EPMC) method to allocate revenue responsibility to the various customer classes. The Commission endorsed the EPMC method because it was fair and equitable, it encouraged the efficient use of energy, it avoided cross-subsidies between customer classes, and it aligned revenue allocation with cost-causation, so that the customer classes that caused the utility to incur greater costs would bear a proportionately larger share of revenue responsibility. Mr. Inge described how revenue allocation for Liberty Utilities had drifted far from the EPMC goal in recent years.

Mr. Cragg explained that Liberty Utilities had proposed a revenue allocation based 10% on EPMC and 90% on System Average Percentage Change (SAPC), an allocation method that does not reflect cost-causation by the different customer classes. A-3 CC concluded that greater movement toward a full EPMC allocation was appropriate, and Mr. Inge’s testimony proposed an allocation based 30% on EPMC and 70% on SAPC. That 30/70 proposal made substantial progress toward a full EPMC-based allocation, while moderating the effect on rates.

Mr. Inge noted that the Proposed Decision adopts the 30/70 allocation, and A-3 CC supports the Proposed Decision. Additional movement toward a full EPMC-based allocation needs to continue in future Liberty Utilities rate cases. Mr. Cragg described how disproportionately high rates to large and medium commercial customers, including hospitals, community colleges, public utility districts, and grocery stores, ultimately affect utility customers at all levels, due to the closely integrated nature of the Tahoe area economy. A fair revenue allocation promotes efficient use of electricity, resulting in more efficient operation of the Liberty system, to the benefit of all customers.

The meeting concluded at around 1:48 p.m. No written materials were used in connection with this meeting. The meeting was initiated by Mr. Cragg.

Respectfully submitted this 12th day of March, 2026, at San Francisco, California.

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By /s/ Brian T. Cragg
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