

**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 Approval of Low-Income
Assistance Programs and Budgets for Program Years
2028-2033.

Application No. A.26-06-XXX
Filed June 12, 2026

**APPLICATION OF LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933 E) FOR
APPROVAL OF LOW-INCOME ASSISTANCE PROGRAMS AND BUDGETS FOR
PROGRAM YEARS 2028-2033**

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PROGRAM YEARS 2028-2033**

1. Introduction

Pursuant to California Public Utilities Commission (CPUC) guidance, and in accordance with Rules 2.1 and 3.2 of the CPUC Rules of Practice and Procedure, Liberty Utilities (CalPeco Electric) LLC (Liberty) (U 933 E) hereby files its Application for Approval of Low-Income Assistance Programs and Budgets for Program Years 2028-2033.

1.1. Summary of Requests

Liberty respectfully requests approval of its proposals for Low-Income Assistance Programs and budgets for program years (PYs) 2028-2033. Liberty additionally requests approval to continue CARE and ESA funding at the levels authorized for PY 2033 (or final year of funding cycle) through subsequent years if necessary to avoid program interruption. The intent of this request is to eliminate the need for bridge funding in the interim period after the funding cycle has ended and the decision authorizing the next program cycle budgets is issued. Liberty also proposes to change Quarterly Reporting due dates to 45 days following quarter end and the Eligibility Study filing date to mid-April in alignment with historical extension requests granted by the Commission.

2. California Alternate Rates for Energy (CARE)

Background

Since 1989, and pursuant to Public Utilities Code 739.1(a), the CARE program has provided assistance to low-income residential customers with a discount on monthly energy bills at their primary residence. Low-income is defined as at or below 200 percent of the Federal Poverty Level (FPL) in Decision (D.) 05-10-044. Electric utilities serving more than 100,000 customers are required to provide a discount of 30 to 35 percent.¹ Liberty is a Small and Multi-Jurisdictional Utility (SMJU) providing a 20 percent discount on electricity to its eligible low-income customers. Liberty has about 44,500 residential customers of whom approximately 19,500 are primary residences. Of the roughly 44 percent of total residential customers in Liberty's service territory potentially eligible for the program, 4,957 are estimated to be income qualified.²

The CARE program is funded through the Public Purpose Programs (PPP) surcharge mechanism. All administrative costs including outreach are tracked along with the surcharge revenue and the discount subsidies in a balancing account dedicated to the program. Annually, on or before October 31, Liberty submits a Tier 2 Advice Letter requesting approval to revise PPP rates reflective of amounts recorded in the balancing account and the approved budget. The budgets for program years 2021 through 2026 were approved in D.21-10-023.

Liberty (formerly Sierra Pacific Power) implemented a self-certification process for CARE customers in 2006.³ CARE program applications are available online in a downloadable PDF format. Customers may request a paper application or apply directly on Liberty's website. Customers can use the self-certification applications to enroll as new CARE or CARE Plus participants and to re-certify for the program. This same bilingual application format includes a QR code that directs customers to Liberty's CARE web page and is distributed to customers via displays in Liberty's agency partners' offices, as well as through community-based organizations (CBOs) and other community outreach events. The number of enrolled CARE customers as a percentage of estimated eligible customers (participation rate) has modestly increased and decreased over the years. Established in D.08-12-019 and retained in D.14-05-004 and D.21-10-023, a penetration rate goal of 90 percent remains the target.

¹ Cal. Pub. Util. Code § 739.1(c)(1).

² Estimated eligibility data provided by Athens in the 2026 SMJU-Athens study.

³ D.05-07-014, Ordering Paragraph 2.

2.1. CARE Program Goals and Budget

Liberty will continue to strive to meet or exceed the 90 percent enrollment goal of estimated eligible households in its service territory. Liberty currently has an enrollment rate of 99 percent in its most densely populated area of South Lake Tahoe. Over half (56 percent) of eligible households are in El Dorado County which includes South Lake Tahoe. The other 44 percent of eligible households are spread across six counties. Liberty continues to plan targeted outreach to these outlying populations.

Lower penetration rates in rural areas are not unique to Liberty’s service territory or the SMJUs. Analysis presented by the investor-owned utilities (IOUs) to the Low-Income Oversight Board (LIOB) in the First Quarterly Meeting on March 26, 2026, shows counties with the lowest CARE program enrollment overlap are the counties in which Liberty shares service territory.⁴ The table below shows a comparison of enrollment rates by shared service county as of December 31, 2025:

***Table 2-1
CARE Enrollment in IOU Overlapping Counties***

Utility	Mono County	Placer County	Plumas
Liberty	42%	66%	64%
IOUs	33%	73%	57%

The lower participation rates in rural areas suggest dedicating more resources to outreach in these areas may lead to increased participation considering accessibility to information may be more limited in less densely populated areas. To overcome this barrier, Liberty proposes targeted, non-digital outreach, such as in-person events and communication through local trusted resource centers. The total 2028-2033 budget cycle expenses for CARE program administration, outreach, and estimated eligibility studies are \$1,199,574.

2.1.1. Proposed Annual Goals and Budget

Liberty proposes annual budgets for administration based on the proposed 2027 budget⁵ and escalated

⁴ Joint IOUs’ Status Reports to LIOB, March 26, 2026, Agenda Item 8.

⁵ See Liberty’s Bridge Funding Application, A.26-01-021.

four percent per year for the remainder of the budget cycle. An analysis of the 2022-2024 actual costs for administration shows an annual average increase of 0.03977 (about four percent). Liberty expects this proposal to be appropriate and sufficient to continue delivering the program elements, including, but not limited to enrollment, verification, recertification, reporting, outreach, and eligibility studies. The table below shows Liberty’s proposed annual budgets for outreach and administrative goals:

Table 2-2
Proposed Annual Administration Budget 2028-2033

Liberty	2028	2029	2030	2031	2032	2033	Total
Proposed Budget	\$ 180,952.39	\$ 188,149.74	\$ 195,633.36	\$ 203,414.65	\$ 211,505.43	\$ 219,918.03	\$ 1,199,573.60
Outreach	\$ 103,142.86	\$ 107,245.35	\$ 111,511.02	\$ 115,946.35	\$ 120,558.10	\$ 125,353.27	\$ 683,756.95
Admin	\$ 77,809.53	\$ 80,904.39	\$ 84,122.35	\$ 87,468.30	\$ 90,947.34	\$ 94,564.75	\$ 515,816.65

Liberty used a linear regression model to forecast its discount budget. Actual discount data was analyzed and extended through 2033. Liberty anticipates this methodology to reasonably reflect the future discounts for CARE needed to meet participation targets and account for rate changes. The annual proposed discounts are shown below:

Table 2-3
Proposed Annual Discount Budget 2028-2033

Discount 2028-2033							
Liberty	2028	2029	2030	2031	2032	2033	Total
Proposed Budget	\$ 1,947,914.04	\$ 2,088,444.43	\$ 2,228,974.82	\$ 2,369,505.21	\$ 2,510,035.61	\$ 2,650,566.00	\$ 13,795,440.11

Liberty includes costs for the Estimated Eligibility Study in its proposed outreach budget. For illustrative purposes, Liberty breaks down its forecasted annual expenses for the study below:

**Table 2-4
Proposed Eligibility Study Budget 2028-2033**

Eligibility Study 2028-2033							
Liberty	2028	2029	2030	2031	2032	2033	Total
Proposed Budget	\$2,957.31	\$3,074.94	\$3,197.25	\$3,324.42	\$3,456.64	\$3,594.13	\$19,604.69

The study is currently in transition to a new vendor. Liberty assumes costs will be analogous to previous studies and uses the same adder (four percent) as for the administrative budget. The calculation shown above for 2028 is an average of the past three years of studies with a four percent escalation.

2.1.2. Previous Budget Cycle Comparison

Liberty proposes a total CARE program budget of \$14,995,014 for the full budget cycle 2028-2033:

**Table 2-5
Proposed Total CARE Budget 2028-2033**

Liberty	2028	2029	2030	2031	2032	2033	Total
CARE Proposed Administrative Budget and Subsidies	\$ 2,128,866.43	\$ 2,276,594.17	\$ 2,424,608.18	\$ 2,572,919.86	\$ 2,721,541.04	\$ 2,870,484.03	\$ 14,995,013.71

This includes administration, outreach, study expenses, and a 20 percent discount for enrolled customers. The 2021-2026 budget was authorized at \$7,008,387. Liberty worked within the approved budget constraints for outreach and administration. However, the authorized discount budget was insufficient in the last three years of the previous budget cycle.

**Table 2-6
2021-2026 Authorized to Actual Budget Comparison**

Liberty	2021	2022	2023	2024	2025	2026	Total
CARE Authorized Administrative Budget and Subsidies	\$1,068,494.00	\$1,071,585.00	\$1,074,737.00	\$1,261,222.00	\$1,264,501.00	\$1,267,847.00	\$ 7,008,387.00
CARE Actual Administrative Budget and Subsidies	\$1,059,277.00	\$ 885,651.00	\$1,158,634.39	\$2,004,500.12	\$1,732,582.93	\$ 550,361.40	\$ 7,391,006.84
(Over)/Under	\$ 9,217.00	\$ 185,934.00	\$ (83,897.39)	\$ (743,278.12)	\$ (468,081.93)	\$ 717,485.60	\$ (382,619.84)

Note: 2026 actual data is through first quarter 2026.

2.2. CARE Program Delivery

Liberty plans to continue administering the CARE Program in a manner that prioritizes eligible customer enrollment, program integrity, and cost-effective delivery. Liberty's CARE program remains focused on maintaining participation among eligible households through ongoing enrollment, recertification, and customer engagement activities. Liberty does not propose substantive changes to CARE program delivery in the upcoming budget cycle.

The continued focus for Liberty will be the efficient use of authorized funding. Outreach and administration activities are currently scaled appropriately to the size of the eligible customer population and are designed to minimize administrative costs while maintaining program accessibility. To allow for budget flexibility in outreach efforts and administration costs, Liberty proposes to maintain the ability to shift funds between the administration and outreach categories of authorized expenses.

2.2.1. Program Changes

Liberty will continue to monitor CARE participation trends and program performance through its regular reporting processes and will make incremental program adjustments as necessary to align with Commission directives. The proposed CARE budget for the upcoming cycle is intended to support continuation of existing program activities and service levels, rather than implement substantive program design changes and is informed by Liberty's historical program delivery experience as documented in its annual and quarterly CARE reports.

Liberty is updating its CARE applications in 2026 to reflect Base Services Charges (BSC) and the CARE Plus qualifying requirements. To be eligible for CARE Plus, and receive a lower fixed charge, customers need to attest to a household income of 100 percent of federal poverty levels as compared to 200 percent for the standard CARE eligibility. This change is not a change to program delivery for CARE. Rather, it is a verification method for identifying customers eligible for the discounted BSC.

2.2.1.1 Recertification

Liberty utilizes a combination of self-certification, periodic recertification, and targeted customer communications to support enrollment and retention, consistent with Commission guidance. Liberty does not propose changes to its recertification processes. Currently, CARE customers must recertify every two years. If the customer is identified as being on a fixed income, the customer must recertify

every four years. Customers providing proof of eligibility as discussed below in section 2.2.1.2., who have a fixed income, must recertify every six years.

2.2.1.2. Post Enrollment Verification (PEV) Strategies

Liberty requires PEV forms to be completed by high use CARE customers and a random audit of two percent of CARE customers annually. High use customers are defined as having consumption at or above four to six times their baseline allowance. In addition to PEV forms, customers with 400 percent of baseline or higher in three months out of the past 12 months must be enrolled in ESA to continue being eligible for CARE. If either compliance item is not met, the customer is banned from the CARE program for 24 months. Random audit CARE customers are removed for non-compliance but not banned from the program. About 12 percent of requested PEV forms are returned to Liberty to verify qualified participants.

2.2.1.3. CARE Probability Algorithm/Propensity Model

Liberty proposes to maintain the Commission authorized two percent random post enrollment verification methodology for the 2028-2033 CARE budget cycle. While the IOUs' probability-based propensity model relies on large datasets, advanced analytics, and statistically robust samples, Liberty's smaller CARE population would not support reliable or stable risk-scoring outcomes. Implementing such a model would impose disproportionate administrative and IT costs, require significant system development, and introduce analytical volatility without a commensurate improvement in program integrity. The existing 2% random PEV approach remains transparent, equitable, statistically appropriate for Liberty's customer base, and sufficient for CARE eligibility compliance.

2.2.1.4. Community-Based Organizations (CBOs) and Capitation Fees

Liberty works with CBOs to promote its Community Organization Outreach Partner (COOP) program. The COOP program pays a \$30 capitation fee to CBOs for every CARE enrollment resulting from outreach efforts. To date, the CBOs participating in the program have not enrolled any CARE customers. Liberty anticipates continuing to engage the CBOs to promote the benefits of enrolling CARE customers through the COOP program.

2.2.1.5. Program Leveraging and Data Sharing

Liberty leverages an established cross-utility CARE data sharing process with Southwest Gas to improve enrollment in overlapping service areas, consistent with the Commission's direction in D.21-

10-023 that SMJUs pursue leveraging strategies as part of their CARE/ESA program delivery. Under this approach, Liberty and Southwest Gas exchange customer CARE enrollment lists via secure file transfer. Liberty identifies customers enrolled in CARE at Southwest Gas but not yet enrolled at Liberty and then conducts follow-up review and enrollment activities for eligible customers. Liberty's process includes a manual eligibility review and historically uses external analytical support to compare Liberty/Southwest Gas datasets, while Southwest Gas' process is more automated and requires standardized file formatting. Operationally, this work is managed through recurring "data transfer" workstreams (quarterly touchpoints and issue resolution) that coordinate inbound/outbound file availability, troubleshoot transfer exceptions, and support system changes affecting the transfer pathway.

In addition to Southwest Gas leveraging, Liberty also pursues program leveraging across CARE, ESA, and Low-Income Home Energy Assistance Program (LIHEAP) by using LIHEAP as an indicator to help identify potentially eligible customers not currently enrolled in CARE and then conducting targeted outreach to obtain customer consent and complete enrollment, while separately using monthly data sharing to support ESA contractor ME&O to customers identified as likely eligible. Liberty further integrates customer-facing communications by providing information on applying for CARE/ESA/LIHEAP within its application materials and outreach, including online application pathways (*e.g.*, QR-code-enabled access) to reduce enrollment friction and improve program reach.

2.3. CARE Program Administration

Liberty's administration processes review applications, enroll qualified customers, recertify and validate eligible customers, and target potentially eligible customers for enrollment in an efficient, effective manner. CARE administrative work is managed internally except some limited consulting work to assist with the high use consumption compliance requirements, discount revenue analysis, and support with annual reporting metrics. Liberty streamlines its data sharing process to identify eligible customers enrolled in other utility and agency assistance programs. This has allowed Liberty to reduce dependence on outside services for enrolling customers in CARE at Liberty.

2.3.1. Proposed Changes

Liberty does not propose programmatic changes to the CARE program other than the BSC CARE Plus tier that allows for the lower fixed charge eligibility. Instead, Liberty's proposals focus on maintaining compliance, modernizing data analysis and tracking capabilities, and coordinating with stakeholders to create efficiencies to continue delivering the program benefits to its customers. Although it is not a

change to the program, Liberty proposes that cadences for quarterly and eligibility reporting be extended to allow for accurate and relevant updates without the need to request extensions to delivery dates. This application also requests budgeting for the eligibility study as its own category in addition to outreach and general administration.

2.4. CARE Marketing, Education, and Outreach (ME&O)

Liberty's CARE ME&O strategy reflects a practical, community-based approach tailored to the realities of a tourist-driven, rural service territory. Through diversified ME&O activities, coordination with trusted local partners, event-based engagement, and program leveraging, Liberty continues to improve CARE awareness and enrollment while responsibly managing ratepayer-funded outreach budgets. Liberty remains committed to refining these efforts in alignment with CPUC direction and demonstrated best practices to inform and enroll eligible customers in the CARE program.

2.4.1. ME&O Plans

Liberty plans to conduct ME&O campaigns using multiple communication channels including, bill inserts and bill messaging, targeted mailings and direct contact, digital platforms, and local media placements. CBO engagement remains an integral part of Liberty's ME&O strategy. Liberty will coordinate with CBOs to distribute CARE materials through agency offices and in-person events. Additionally, Liberty will coordinate with housing providers, food banks, social services agencies, and tribal community liaisons.

2.4.2. Co-marketing

Liberty leverages CARE outreach with related utility and non-utility programs to improve awareness and reduce customer burden, including Energy Savings Assistance (ESA) and weatherization referrals, coordination with LIHEAP, and messaging alignment with broader customer education efforts (*e.g.*, rate education and customer assistance communications). The goal of these efforts remains to increase CARE enrollment and reach the 90 percent participation rate. Co-marketing with the BSC ME&O initiatives through the updated CARE and CARE Plus application may increase additional interest in the program with an opportunity to get a lower fixed charge in addition to the 20 percent discount.

2.4.3. California Emerging Technology Fund (CETF) Stipulation

SMJUs are not subject to the California Emerging Technology Fund (CETF) Joint Stipulation governing affordable broadband education and outreach adopted in Decision (D.) 21-06-015 and subsequently

extended in later proceedings. The CETF Stipulation was negotiated exclusively among CETF and the large California IOUs—Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company—and was adopted by the Commission as a settlement applicable only to those parties and their respective low-income program portfolios. SMJUs were not parties to the stipulation, were not signatories, and were not directed by Commission order to implement CETF-related marketing, education, and outreach (ME&O) activities.

2.5 Assembly Bill 2672

California Assembly Bill (AB) 2672 amends Public Utilities Code § 739.1 to clarify that residents of Homekey housing facilities owned or administered by public housing authorities are eligible for CARE benefits when the residents of the facility substantially meet CARE income requirements, even if the utility account is held in the name of the housing entity rather than the individual occupants.

2.5.1. Homekey Housing Facilities

Liberty implemented the Homekey-related CARE eligibility requirements by revising Liberty's tariffs, enrollment criteria, and customer-facing materials to expressly include qualifying Homekey housing facilities, consistent with AB 2672 and Energy Division guidance. As described in Advice Letter 266-E, Liberty allows CARE enrollment for Homekey facilities where the utility account is held in the name of Homekey, a Homekey-funded nonprofit, or a public housing authority, provided that facility residents substantially meet CARE income eligibility standards. Liberty verifies eligibility through specified documentation, including proof of Homekey award and applicable tax-exempt or public-agency status.

2.5.2. Program Impacts

The population of Homekey properties enrolled in CARE at Liberty was unchanged by the AB 2672 amendment. The Homekey properties were eligible for and enrolled in Expanded CARE prior to the implementation of the requirements pursuant to AB 2672.

2.6. Revenue Requirements and Rate Impacts

The Public Purpose Programs (PPP) surcharge mechanism funds the CARE Program. Liberty tracks all administrative costs along with program discounts in a balancing account dedicated to the program. Annually, on or before October 31, Liberty submits a Tier 2 advice letter requesting approval to revise PPP rates reflective of amounts recorded in the balancing account and the approved budget.

2.6.1. Customer Impacts

The table below shows the customer bill impacts for the CARE program in 2025:

Table 2-7
2025 Customer Bill Impacts

Average Cost/Year	2025
Non-Primary	\$19.02
Primary	\$21.03
All Customers	\$35.60

Only non-CARE customers pay the surcharge to fund CARE.

3. Energy Savings Assistance (ESA) Program

Background

The goals of the Energy Savings Assistance (ESA) Program are to offer energy efficiency measures to low-income residents that achieve energy savings, while improving comfort, health, and safety. The ESA Program offers energy efficiency home improvements at no cost to Liberty income qualified customers. To qualify, customers must have an annual gross household income at or less than 250 percent of the Federal Poverty Guidelines. Energy efficiency measures and services provided under the program are categorized as “treatments” and “weatherization.” For a home to be classified as “treated,” it must receive all feasible measures for which it qualifies.⁶ Treatment measures include weatherization, energy education, efficient lighting such as light emitting diodes (LEDs)⁷, and energy efficient appliances. Measures specific to the weatherization⁸ subset of treatments include cover plates/gaskets, insulation, water heater blankets, water heater pipe wrap, low-flow shower heads, faucet aerators, weather-stripping, caulking, and minor home repairs.

Liberty’s customer base is unique to the state. Liberty’s service territory is the coldest climate zone of

⁶ Decision (D.) 02-12-019 page 8.

⁷ LEDs have replaced compact fluorescent light bulbs as lighting treatments per D.18-08-020, ordering paragraph 17, “PacifiCorp, Liberty Utilities LLC and Golden State Water Company/Bear Valley Electric shall complete a phase-out of compact fluorescent lightbulbs effective immediately on adoption of this decision.”

⁸ D.02-12-019 page 42.

the state, with well-defined seasonal temperatures and opportunities for warm summers. Because this climate zone experiences the most extreme range of temperatures, energy consumption, especially for heating, is the highest of California's climate zones. Because of these factors, there is opportunity for Liberty's ESA Program to achieve deeper energy savings and serve the health, safety, and comfort needs of income-eligible customers.

Liberty proposes deeper energy savings and improved health and safety goals for eligible customers through a diverse range of program approved measure offerings. This includes energy efficient HVAC measures such as Central AC/HP Replacement, Smart Thermostats, and appliances such as dishwashers, refrigerators and freezers. HVAC maintenance such as central AC/HP tune-ups, condenser coil cleaning, and refrigerant charge adjustment are simple ways to improve efficiency of HVAC equipment and serve as benefits to health and safety of the customer. Carbon monoxide and smoke detectors are another health and safety measure that prevent carbon monoxide poisoning and damage to lungs.

Continued 2028-2033 Measure Offerings

- **Weatherization and Minor Home Repair**
- **Air Sealing**
- **Attic Insulation**
- **Floor Insulation**
- **Tank and Pipe Insulation**
- **Showerheads & Thermostatic Shower Valves(TSVs)**
- **Duct Insulation**
- **Electric/Gas Furnace Repair/Replacement**
- **Duct Sealing**
- **Lighting**
- **Refrigerators**
- **Smart Power Strips**
- **Clothes Washers**
- **Microwaves**

Deeper Energy Savings:

- **Smart Thermostats**
- **Central AC Replacement**

- **Central Heat Pump Replacement**
- **Mini-Split Heat Pump Replacement**
- **Heat Pump Water Heaters**
- **Dishwashers**
- **Freezers**
- **Whole House Fans**

Improved Health and Safety:

- **Room AC Replacement**
- **Central AC Tune-up**
- **Heat Pump Tune-up**
- **Smoke and Carbon Monoxide Detectors**

The ESA Program is funded by rates, through a component of the PPP surcharge, a cost recovery amount to cover costs associated with program administration and implementation. Expenditures and surcharge revenues are tracked in the ESA balancing account. The PPP component of tariff allocated to the ESA Program reflects the approved budget for the program year and the General Rate Case (GRC) sales forecast.

3.1. ESA Annual and Program Cycle Budget

Liberty requests an overall budget of \$2,320,615 for the 2028 – 2033 ESA Program. The cost per unit averaged over the entire budget cycle is \$5,156.92. This cost reflects a deeper dive strategy to support the ESA Program Customers’ needs. The budget is based on costs from actual measure offerings from previous cycles. A two percent increase in costs is included per year to account for inflation.

Participation levels are expected to remain consistent per year. **Error! Reference source not found.**3-8 provides Liberty’s forecast budget for the ESA Program.

Table 3-8
ESA 2028 – 2033 Program Budget

Category	2028	2029	2030	2031	2032	2033
Outreach	\$68,695	\$70,069	\$71,470	\$72,900	\$74,358	\$75,845
Inspections	\$4,807	\$4,903	\$5,001	\$5,101	\$5,203	\$5,307
General	\$86,520	\$88,250	\$90,015	\$91,816	\$93,652	\$95,525
Subtotal Administrative	\$160,022	\$163,222	\$166,487	\$169,817	\$173,213	\$176,677
Measures	\$170,355	\$173,762	\$177,238	\$180,782	\$184,398	\$188,086
Energy Education	\$37,500	\$38,250	\$39,015	\$39,795	\$40,591	\$41,403
Subtotal Program Costs	\$207,855	\$212,012	\$216,253	\$220,578	\$224,989	\$229,489
Total Program Costs	\$367,877	\$375,235	\$382,740	\$390,394	\$398,202	\$406,166
Homes Treated	75	75	75	75	75	75

3.1.1. ESA Program Customers’ Needs

Liberty aims to induce participation from eligible customers by offering deeper retrofit opportunities of weatherization measures. The ESA Program helps customers achieve energy savings, which in turn reduces electricity cost and provides numerous non-energy benefits such as improved health and safety, increased comfort, and noise reduction. Measure offerings allow for home improvement from various end-use electric equipment to ensure each customer is given the opportunity to participate.

Liberty’s service territory is in one of the coldest climate zones in the state, with well-defined seasonal temperatures and opportunities for warm summers. Because this climate zone experiences the most extreme range of temperatures, energy consumption can be high relative to other California climate zones. Liberty’s location presents opportunity for the ESA Program to achieve deeper energy savings and the health, safety, and comfort needs of income-eligible customers.

3.1.2. Current Budgets

Liberty’s current ESA Program budgets are shown in Table 3-9.

Table 3-9
ESA 2026 – 2027 Program Budget

Category	2026	2027
Outreach	\$79,489	\$70,388
Inspections	\$4,701	\$4,911
General	\$99,420	\$88,394
Subtotal Administrative	\$183,705	\$163,693
Measures	\$185,312	\$190,949
Energy Education	\$30,699	\$26,039
Subtotal Program Costs	\$216,011	\$216,988
Total Program Costs	\$399,716	\$380,681
Homes Treated	162	162

3.1.3. Unspent Funds

Consistent with Decision (D.) 21-10-023, Section 6.9.2 (Use of Unspent Funds), Liberty will apply unspent and uncommitted funds from prior authorized budgets, consistent with Commission direction, to offset future revenue requirements. Accrued unspent and uncommitted balances will be used to offset collections for subsequent program years.

Liberty will continue program implementation and administration into the PY 2028–2033 cycle while managing and drawing down authorized surcharge collections from prior budget cycles. Liberty anticipates continuing to spend down these prior cycle funds through at least PY 2028, with the duration dependent on actual program expenditures within authorized budget levels.

This approach supports a more even alignment between program funding needs and revenue collection over time. Applying unspent funds through the annual true-up process helps limit the accumulation of excess balances across cycles and incorporates those balances into annual reconciliation, supporting more consistent and accurate budget alignment.

Through this process, Liberty will maintain alignment with Commission directives and support authorized collections that more closely reflect current program requirements, while providing

continuity of ESA program delivery across program cycles.

3.1.4. Annual and Cycle Ramp-up Costs

Liberty does not anticipate significant annual cycle ramp-up costs. While some activities may increase during the primary production period (May through December), these reflect normal, ongoing operations—such as contractor use, outreach, and installations—and are not treated as separate ramp-up efforts.

3.1.5. Inflation and Cost-of-Living Adjustments

Sourced from the CPUC 2024 Avoided Cost Calculator,⁹ Liberty incorporated an inflation rate of two percent for program costs and project costs when planning for the 2028 – 2033 program cycle.

3.1.6. Proposals for Flexibility

Liberty plans to follow the ESA Program guide and improved measures, using weatherization and minor home repairs to maximize measure eligibility for each household in order to perform deep energy efficiency retrofits. Each participating household will undergo a detailed inspection by a trained program trade ally to confirm potential ESA measures are considered for eligibility. Liberty does not propose modifications to the funding procedures for ESA Program participants. Liberty does not request flexibility in program funding. The number of planned treated households was designed around funding levels to perform deep energy efficiency retrofits, with budget considerations for household inspections, education, and weatherization, and HCS measures.

3.2. Program Cycle Non-Energy Goals and Targets

Liberty will assess the impact of Non-Energy Benefits on program eligible participants. Eligible participants experience disproportionate energy burden and can therefore benefit the most from home weatherization and energy efficiency opportunities. Liberty’s ESA Program aligns with California’s GHG emission reduction goals. Table 3-10 presents the expected GHG Savings by household type.

⁹ 2024 Distributed Energy Resources Avoided Cost Calculator. Version 1b. Revised October 2024. Link: [DER Cost-Effectiveness](#).

Table 3-10
ESA Program GHG Savings

Household Type	Total Goal (GHG Tons)	Total Participants	Average Annual Resource GHG Savings Per Household (GHG Tons/HH)
Single Family	16	20	0.79
Multifamily	22	40	0.56
Mobile Home	14	15	0.92
Total	52	75	0.69

3.2.1. Non-Energy Proposals

Liberty incorporated Non-Energy Benefits as described in the California Energy Savings Assistance Program Non-Energy Benefits Final Report.¹⁰ Non-Energy Benefits to the participant include:

- Fewer Shutoffs
- Fewer Customer Calls
- Reduced Water Resources
- Increased Comfort
- Noise Reduction
- Improved Health (CO Poisoning, Asthma Incidents, Reduction in Allergies)
- Improved Safety (fires, scalding)
- Operations and Maintenance Cost Reduction

Non-Energy Benefits for Liberty include:

- Reduced Arrearage Carrying Costs
- Lower Bad Debt Written Off
- Fewer Shutoffs and Connections
- Fewer Notices

¹⁰ California Energy Savings Assistance Program Non-Energy Benefits Final Report. 2021. APPRISE. Link: [California-Energy-Savings-Assistance-Program-Non-Energy-Benefits-Final-Report.pdf](https://www.apprise.org/wp-content/uploads/2021/08/California-Energy-Savings-Assistance-Program-Non-Energy-Benefits-Final-Report.pdf).

- Fewer Collection Calls

Expected annual energy savings by average treated household was applied to the non-energy benefit calculations provided in the 2021 California Energy Savings Assistance Program Non-Energy Benefits Final Report.¹¹ With an expected single family home annual energy savings of 1,189 kWh, the participant Non-Energy Benefits equate to \$140 and the utility benefits equate to \$41 annually.

3.3. Revenue Requirement and Rate Impacts

The PPP surcharge mechanism funds the ESA Program. Liberty tracks administrative costs along with program costs in a balancing account dedicated to the program. Annually, on or before October 31, Liberty submits a Tier 2 advice letter requesting approval to revise PPP rates reflective of amounts recorded in the balancing account and the approved budget.

3.3.1. Customer Impacts from Proposals to Achieve Program Goals

Liberty proposes to treat 75 residences each program year for program years 2028 through 2033. Each residence has the opportunity for all program energy efficiency measures. Of the expected 75 treated homes per year, 20 are expected to be single-family homes, 40 are expected to be multi-family dwellings, and 15 are expected to be mobile homes.

Program eligible customers who have refused to participate in the ESA Program in the past will be contacted to understand reasons for disinterest and how the program can best fit their needs to support program participation. Liberty will inform customers of program changes and new measure offerings. For households that previously participated in ESA, Liberty will explain the benefits of installing ESA measures that were not previously offered. Liberty contractors will support the minor home repair budget for deeper retrofits in participants residences.

The extra effort in providing individualized attention to promote the ESA Program will educate customers of potential bill savings, energy savings, carbon footprint reduction, new technologies and improved comfort. These efforts will enable Liberty to gain valuable insight on how the program may be improved in the future.

¹¹ California Energy Savings Assistance Program Non-Energy Benefits Final Report. 2021. APPRISE. Link: [California-Energy-Savings-Assistance-Program-Non-Energy-Benefits-Final-Report.pdf](#).

3.3.2 ESA Balancing Account

Liberty’s ESA Balancing Account tracks, on a monthly basis, the difference between ESA program costs and surcharge revenues. The account is debited for incremental ESA program expenses (including administrative, weatherization, and energy efficiency costs), credited for ESA surcharge revenues net of Franchise Fees and Uncollectibles (FF&U), and adjusted for interest on the average monthly balance.

4. ESA Energy Related Goals

Liberty anticipates program-level annual energy savings of 78,171 kWh through the treatment of 75 homes. Participants will be offered electric energy efficiency measures covering weatherization, appliances, domestic hot water, heating and cooling systems, maintenance, and minor home repair.

Table 4-11
ESA Program Energy Savings

Year	Total kWh	Total kW	Total NG Therms	kWh/Household	kW/Household
2028	78,171	27.02	0	1,042	0.32
2029	78,171	27.02	0	1,042	0.32
2030	78,171	27.02	0	1,042	0.32
2031	78,171	27.02	0	1,042	0.32
2032	78,171	27.02	0	1,042	0.32
2033	78,171	27.02	0	1,042	0.32
Total	469,027	162.09	0	1,042	0.32

4.1. Annual and Program Cycle Proposals

Liberty plans to treat 450 homes for a total annual energy savings of 469,027 kWh and a total peak demand reduction of 162 kW from 2028 through 2033.

4.1.1. Energy (in kWh)

Liberty utilized past program performance as well as the California eTRM and DEER Workpapers to assess potential energy impacts for planning purposes. Energy savings measures will include appliances, lighting, domestic hot water, building shell, heating and cooling systems, maintenance, weatherization, and minor home repairs. Of the 25 program-eligible energy efficiency measures offered in 2028 through 2033, the anticipated average household annual energy savings are 1,042 kWh.

4.1.2. Demand (in kW)

Liberty utilized past program performance as well as the California eTRM and DEER Workpapers to assess potential energy impacts for planning purposes. Of the 25 program-eligible energy efficiency measures offered in 2028 through 2033, the anticipated average household peak demand reduction is 0.32 kW.

4.1.3. Gas (in therms)

Liberty is an electric-only SMJU. Liberty coordinates with Southwest Gas for overlapping commodities within its service territory.

4.2. Proposed Goals Compared to Previous Goals and Actual Results

The number of treated residences and energy impacts has varied over recent program years from 21 to 157 residences with an average of approximately 60. Weatherization of homes ranged from 3 to 22 each year, with an average of 9. The average annual electric energy savings per home from 2021 – 2025 is 234 kWh.

Liberty proposes an increase in savings per single family home to 1,189 kWh. Liberty will work with contractors to explore eligibility for program offerings, with an emphasis on building shell weatherization (29% of expected annual energy savings), appliances (27% of expected annual energy savings), and domestic hot water (33% of expected annual energy savings).

4.3. New Goals to Measure Deeper Energy Savings

Liberty will emphasize in-home education, contractor recruitment, and contractor support to achieve an average single family annual electric energy savings of 1,189 kWh per home. Adhering to the program installation standards eligibility requirements, Liberty will provide comprehensive measure offerings to each participant and review eligibility. Liberty expects minor home repairs will be needed at 40% of treated residences to support deeper retrofits.

4.4. Proposed Goals and Alignment with 2025 Potential and Goals (P&G) Study

Results of the study indicate that Energy Efficiency as well as Behavioral, Retro-Commissioning, and Operational (BRO) efficiency measures continue to offer substantial Total System Benefits for programs such as the ESA Program. Liberty will continue to emphasize the program's approved energy efficiency offerings as well as provide energy education.

4.4.1. Health, Comfort, and Safety (HCS) Measures

Liberty proposes to continue offering program eligible HCS measures of air conditioner tune-ups, carbon monoxide sensors, and smoke detectors.

4.4.2. Fuel Substitution

Liberty does not propose to incentivize any fuel substitution for program years 2028 – 2033.

4.4.3. Other Proposals

Liberty has no further proposals for the program years 2028 – 2033.

4.5. Policy Prioritization

The ESA Program offers energy efficiency home improvements at no cost to Liberty income-qualified customers. To qualify, customers must have an annual gross household income at or less than 250% of the Federal Poverty Guidelines.

4.5.1. Energy Efficiency

ESA Program energy efficiency measures and services are categorized as “treatments” and “weatherization.” For a home to be classified as “treated,” it must receive all feasible measures that qualify. Treatment measures include weatherization, energy education, efficient lighting, heating and cooling efficiency improvements, domestic hot water efficiency improvements, and energy-efficient appliances.

The ESA Program provides its customers with the greatest benefit through direct installation of energy efficiency measures compared to other energy efficiency program offerings.

4.5.2. Weatherization

Types of measures specific to ESA Program “weatherization” include cover plates/gaskets, insulation, water heater blankets, water heater pipe wrap, low-flow shower heads, faucet aerators, weather-stripping, caulking, and minor home repairs.

The ESA Program offerings are complimentary to adjacent programs such as the Low-Income Home Energy Assistance Program (LIHEAP) with the goal of providing the maximum energy efficiency benefit to customers.

4.5.3. HCS Measures

Liberty has strategically chosen a portfolio of measures designed to provide both deeper savings and increased health and safety requirements. Measures that improve the health, safety, and comfort of participants include carbon monoxide and smoke detectors, air sealing, tank and pipe insulation, floor insulation, room AC replacement, prescriptive duct sealing, microwaves, dishwashers, clothes washers, smart thermostats, and advanced power strips.

4.5.4. Fuel Substitution and Electrification

No fuel substitution or electrification energy efficiency measures are proposed.

4.6. Evaluation of Program Effectiveness

Liberty will determine program effectiveness through ESA Cost-Effectiveness Test (CET), utilizing benefits of avoided energy costs, participant bill impacts, and participant non-energy benefits. Program planning for each program year (2028 – 2033) is premised on making the ESA Program beneficial to participants through the ESA CET.

4.6.1. Expenses as a Percentage of Budget

Administrative expenses are expected to account for 43% of the budget for each program year.

Administrative expenses include ESA Program Marketing and Outreach (19%), Residence Inspections (1%), and General Administrative costs (24%). Energy Education (10%) and Measure installation costs (47%) make up the remaining 57% of expected program expenditures.

4.6.2. Goal and Target Achievement

Liberty proposes to treat 75 residences each program year for program years 2028 through 2033. Each residence has the opportunity for program energy efficiency measures. Of the expected 75 treated homes per year, 20 are expected to be single-family homes, 40 are expected to be multi-family dwellings, and 15 are expected to be mobile homes.

Liberty anticipates program-level annual energy savings of 78,171 kWh through the treatment of 75 homes. Participants will be offered electric energy efficiency measures covering weatherization, appliances, domestic hot water, heating and cooling systems, maintenance, and minor home repair.

4.6.3. Cost Effectiveness

Liberty will assess the effectiveness of the ESA Program using the ESA CET, incorporating benefits

such as avoided energy costs, non-energy benefits, and bill savings. The proposed program design has been tested for each program year for 2028 – 2033. Results are shown in **Error! Reference source not found.**

4.6.4. Program Administration and Customer Reach

The nature of Liberty’s service territory presents challenges for implementation of the ESA Program. Because of the highly transient nature of households in Liberty’s service territory, Liberty must market to customers repeatedly throughout the year. Targeted outreach through canvassing and direct marketing to property owners who rent to low-income households is necessary for the program’s success. Additionally, many homes in Liberty’s service territory are vacation rental or second homes, with limited affordable housing. Many low-wage earners commute to work from outside Liberty’s service territory. As such, there has been low household participation historically and participant recruitment will remain challenging.

4.6.5. Customer Benefits Compared to Expenses per Customer

Liberty’s proposed annual budgets are shown in **Error! Reference source not found.** Fifty-seven percent of the proposed total program costs are directly associated with energy efficiency improvements. Twenty percent of total program costs are associated with program outreach and household inspections.

4.6.6. Customer Benefits Received and Hardship Reduced

ESA Program single family home participants are expected to receive electric energy bill savings of \$301.25 and non-energy benefits of \$140.08 for a total benefit of \$441.32 annually. Participant Hardship was not included in this calculation as reliable sources show inconclusive results. ESA Program participants receive benefits of:

- Reduced electric bills
- Fewer shutoffs
- Fewer calls
- Reduced water resources
- Increased comfort
- Noise reduction
- Improved health
- Improved safety

- Operation and maintenance cost reduction

Table 4-12 shows the expected participant bill impacts.

Table 4-12
ESA Program Participant Bill Impacts

Year	Program Cost	Lifecycle Bill Savings	Number of Participants	Savings/Cost Ratio	Average Household Lifecycle Bill Savings
2028	\$367,877	\$211,517	75	0.5750	\$2,820.23
2029	\$375,235	\$215,748	75	0.5750	\$2,876.63
2030	\$382,740	\$220,062	75	0.5750	\$2,934.17
2031	\$390,394	\$224,464	75	0.5750	\$2,992.85
2032	\$398,202	\$228,953	75	0.5750	\$3,052.71
2033	\$406,166	\$233,532	75	0.5750	\$3,113.76
Total	\$367,877	\$211,517	75	0.5750	\$2,820.23

4.6.7. Contractor Workforce Benefits and Training Received

For Liberty, contractor workforce considerations are limited to program-specific training, which contractors provide to their subcontractors to support compliant installation and service delivery.

5. ESA Program Pilots

Liberty does not propose to include pilot measures for program years 2028 – 2033.

6. ESA Cost Effectiveness

Liberty used the ESA Cost-Effectiveness Test (CET) to provide greater benefits than costs through the proposed ESA program offerings and participation levels. The calculation incorporated benefits such as avoided energy costs, non-energy benefits, and bill savings. Results from the Total Resource Cost Test are provided in Table 6-13.

Table 6-13
ESA Program Planning Cost-Effectiveness Results

Year	Total kWh	Total kW	ESACET	TRC
2028	78,171	27.02	1.86	0.30
2029	78,171	27.02	1.83	0.30
2030	78,171	27.02	1.79	0.29
2031	78,171	27.02	1.76	0.29
2032	78,171	27.02	1.73	0.28
2033	78,171	27.02	1.69	0.28
Total	469,027	162.09	1.78	0.29

6.1. ESACET Updates

Liberty updated calculation inputs for the ESA CET to represent benefits and costs for each program year from 2028 – 2033. Avoided costs and discount rates were sourced from the 2024 CPUC Avoided Cost Calculation Models. Residential customer rates are based on current CARES rates in 2026 with an electric escalation rate of 3.70%.

Participant and Utility Non-Energy Benefit calculations were sourced from the California Energy Savings Assistance Program Non-Energy Benefits Final Report.¹²

6.1.1. Current Levels and Trends

The proposed ESA Program offerings and anticipated participation resulted in an average household annual energy savings of 1,189 kWh for treated single-family households, 842 kWh for multifamily households, and 1,380 kWh for treated mobile homes. Energy savings were sourced from California DEER Workpapers, and expected measure installations are based on past program performance and service territory knowledge.

The proposed ESA Program design resulted in Utility Non-Energy Benefits of \$40.78 annually and Participant Non-Energy Benefits of \$140.08 annually. Participant hardship costs were not factored into

¹² California Energy Savings Assistance Program Non-Energy Benefits Final Report. 2021. APPRISE. Link: [California-Energy-Savings-Assistance-Program-Non-Energy-Benefits-Final-Report.pdf](https://www.cpuc.ca.gov/~/media/CPUC/Files/2021/07/California-Energy-Savings-Assistance-Program-Non-Energy-Benefits-Final-Report.pdf).

Non-Energy Benefits for planning program years 2028 – 2033. The Non-Energy Benefits considered are listed in Section 3.2.

6.1.2. Impact to Program Effectiveness

The proposed program design is to perform deeper energy efficiency retrofits at participation levels aligning with past program participation results in a program design which passes the ESA CET.

6.1.3. Proposed Changes to Cost Effectiveness Goals and Targets

Liberty proposes deeper energy efficiency retrofits in program years 2028 – 2033 at lower participation rates than proposed for 2021 - 2026. Liberty proposes to treat and weatherize 20 single-family households, 40 multifamily households, and 15 mobile homes.

7. Rate Discount Programs

In addition to CARE and ESA, Liberty administers or facilitates several complimentary programs that provide targeted bill relief, rate design accommodations, or payment support. These offerings address affordability for vulnerable customer segments and enable stackable benefits that interact with core rate components such as the Medical Baseline Allowance and Base Services Charge.

Medical Baseline Allowance is a program that provides qualifying residential customers with additional baseline kWh billed at the lowest tiered rate when a household member relies on life-support equipment or has qualifying medical conditions. The program is not income-based, although CARE customers can be eligible for both programs, assuming they meet qualifying requirements.

7.1. Additional Metrics

Liberty tracks metrics for customers receiving assistance from the Low-Income Home Energy Assistance Program (LIHEAP). Liberty conducts outreach to customers on LIHEAP and not on CARE in Liberty's service territory on a quarterly basis. Upon consent from the customer, Liberty enrolls the customer as categorically eligible for CARE.

7.1.1. Additional CARE Metrics

Liberty shares CARE customer data with Southwest Gas on a quarterly basis to identify non-CARE customers at Liberty who are on CARE at Southwest Gas. Customers who are deemed eligible are automatically enrolled in Liberty's CARE program. Southwest Gas enrolls customers in their program through the same method. Through the data sharing of CARE customers, the utilities increase

enrollment with a streamlined administratively efficient process.

7.2. Base Services Charge (BSC) Integration

The BSC provides an opportunity for Liberty customers to receive a lower fixed rate or base services charge based on income. The BSC is \$10 per month for CARE customers, and those who are at or below 100 percent of the Federal Poverty Level (FPL) are enrolled as CARE Plus customers receiving a \$5 per month BSC. Liberty has integrated BSC enrollment with CARE and CARE Plus applications and marketing efforts.

7.2.1. CARE-BSC Coordination

CARE is a central component of the BSC implementation strategy at Liberty. Communications focus on equity, transparency, and customer education. The messaging for BSC emphasizes that the new rate structure is a restructuring of costs, not revenue. CARE customers receive additional benefits under the new rate structure. The implementation of the BSC provides an opportunity to increase CARE participation through targeted communications and engagement.

8. Coordination with Other Programs

Liberty coordinates with other programs by data sharing and leveraging outreach efforts. For example, Liberty will attend events and share information about all its assistance programs. ESA contractors receive leads and also share information regarding CARE to potential ESA customers not currently on CARE. LIHEAP, SOMAH, and Mobile Home Park (MHP) conversion programs are some examples of coordination with other programs at Liberty.

8.1. Barriers to Enrollment

The main barriers to enrollment in low-income programs at Liberty are a lack of affordable housing and a transient workforce. The cost of living is higher in areas where the jobs are available. Jobs are often seasonal in the resort and construction industries.

The high cost of living, driven primarily by housing constraints, seasonal jobs, and workforce displacement, creates significant affordability challenges for low-income households. While CARE and ESA programs play a critical role in mitigating energy burden, local market conditions introduce structural and administrative barriers that limit full program participation. Addressing these barriers is essential for eligible customers to access and retain the benefits of these programs. To help overcome these barriers, Liberty plans to continue outreach through CBO engagement, streamlining processes for

enrollment and recertification, and improving data sharing strategies.

8.2. Updates to Categorical Eligibility Programs

Liberty does not propose updates to categorical eligibility in the 2028-2033 budget cycle.

8.2.1. Proposed New Studies

Liberty does not propose new studies in this budget application.

8.2.2. Standards to Determine Eligibility for Proposed Categorical Programs

Liberty determines eligibility based on self-attestation of enrollment in qualifying assistance programs. For CARE Plus, customers need to provide gross household income amounts to qualify regardless of categorical or income-based enrollment. ESA customers may need to provide proof of enrollment in categorical programs to be eligible for certain measures.

8.3. Changes Needed to Qualify Customers

Liberty does not propose changes needed for customers to qualify other than the CARE Plus criteria identified above.

8.3.1. Referrals to Applicable Clean Energy and Income Qualified Programs

Liberty works closely with internal and external stakeholders to refer eligible customers to applicable clean energy and income qualified programs.

8.3.2. Lead Generation for ESA

Liberty provides monthly data sharing with contractors to support identification of eligible customers and coordination of program participation. Liberty also leverages customer assistance programs, including CARE, ESA, and Energy Efficiency programs, through coordinated outreach and marketing.

8.4. CARE and Coordination with the Low-Income Oversight Board (LIOB)

Liberty regularly attends LIOB quarterly and sub-committee public meetings.

8.5. Changes to Align with CPUC Policy

Liberty's proposed ESA Program design for program years 2028 – 2033 is based on program guidelines on participant eligibility, eligible measures, installation eligibility, past program performance, and customer base knowledge. The program structure is consistent with the 2026 and 2027 ESA Program.

8.6. Contractor Incentives to Increase Referrals

Liberty will continue to leverage coordination across ESA and complementary programs and partnerships appropriate to its service territory. This includes coordination with programs such as SOMAH, as well as local government programs that offer energy efficiency, electrification and bill reduction measures to eligible customers.

8.6.1. Solar on Multifamily Affordable Housing (SOMAH)

The SOMAH Program is a California Public Utilities Commission (CPUC)-authorized initiative that provides financial incentives for installing solar photovoltaic (PV) systems on multifamily affordable housing properties. In addition to bill savings, SOMAH provides technical assistance, workforce training, and community-based support services to increase participation and access in disadvantaged communities. Liberty has conducted targeted outreach for both ESA and CARE at the one active SOMAH project in its service territory.

8.6.2. Low-Income Home Energy Assistance Program (LIHEAP)

LIHEAP is a federally funded, locally delivered program that provides one-time bill assistance, emergency support, and weatherization services. In California, the Department of Community Services and Development (CSD) administers the program at the county level. LIHEAP operates independently of CPUC-regulated utility programs (CARE/ESA) and serves the same customer population. Customers who receive LIHEAP services are categorically eligible for CARE and ESA. From a program coordination perspective, LIHEAP functions as a non-utility, complementary affordability program.

Liberty coordinates with CSD to implement bill pay assistance and identifies customers receiving LIHEAP that are not currently on CARE. These customers receive direct outreach from Liberty to provide consent to be enrolled in the CARE program. Once enrolled, customers continue to receive bill discounts until required to recertify according to CARE program criteria for recertification.

8.7. Clean Energy Workshop

The requirement in D.21-06-015 to facilitate the Clean Energy Workshop applies to the large IOUs only.

8.7.1. Recommended Improvements

Liberty does not recommend improvements to the Clean Energy Workshop.

9. Studies and Reports

Liberty does not propose new studies for program years 2028 – 2033.

9.1. Findings from Relevant Studies and Information

The ESA CET score for the proposed ESA Program has been determined using calculation inputs from the California Energy Savings Assistance Program Non-Energy Benefits Final Report¹³ and the CPUC 2024 Avoided Cost Calculation Models.¹⁴

9.1.1. Eligibility Study

Liberty, in coordination with the other SMJUs, conducts an annual estimated eligibility study to identify the number of customers who may be considered eligible for low-income assistance programs. A third-party consultant provides the results of the study, and the SMJUs report the findings to the CPUC in an annual report. Liberty proposes the delivery date for the study to be updated to April 15 to better reflect the practical realities of data validation, coordination across SMJUs, and evolving eligibility study processes.

9.1.2. 2022 and 2025 Low Income Needs Assessment (LINA)

Findings from the LINA study were not used for Liberty’s program planning.

9.1.3 2023 and 2025 P&G

Results from the Potential and Goals studies were used to inform program offerings and expectations in consideration of the ESA CET for the proposed ESA Program.

9.1.4. 2025 Non-Energy Impacts (NEI)

Liberty used the California Energy Savings Assistance Program Non-Energy Benefits Final Report as the source for calculation of Non-Energy Benefits as the algorithms allow for greater customization to match program planning. The resulting average Non-Energy Benefits per household fall within the range of the 2025 Energy Savings Assistance Program Non-Energy Impact Study findings.

¹³ California Energy Savings Assistance Program Non-Energy Benefits Final Report. 2021. APPRISE. Link: [California-Energy-Savings-Assistance-Program-Non-Energy-Benefits-Final-Report.pdf](#).

¹⁴ 2024 Distributed Energy Resources Avoided Cost Calculator. Version 1b. Revised October 2024. Link: [DER Cost-Effectiveness](#).

9.1.5. PG&E FERA Barriers and Opportunities Study

Findings from this study were not used for Liberty’s program planning.

9.1.6. ESA/CARE Specific Evaluation Studies

Liberty’s ESA Program received an Evaluation for the 2015 – 2019 program years. The results of the evaluation were carried over into planning for 2021 – 2026 and again for 2028 – 2033.

9.1.7. CHANGES Program Evaluation

Findings from this study were not used for Liberty’s program planning.

9.1.8. Main EE Program Reporting and Evaluations

Liberty submits an annual EE report on April 1st.

9.2. New Proposed Studies

Liberty does not propose additional studies in 2028 – 2033.

10. ESA Marketing, Education, and Outreach (ME&O) Approaches and Budgets

Liberty proposes to continue the legacy participant recruitment process, with reliance on a contractor network to perform the household visit and support the enrollment process. The Home Visit includes an Energy Education element that Liberty will emphasize to support deep energy efficiency retrofits. Energy education of participants and potential participants includes education on energy saving upgrades (such as insulation, lighting, and weatherstripping), a walkthrough to identify potential energy savings upgrades, discussion of appliance energy consumption, discussion on water consumption, and provide general advice on household energy consumption. Additionally, health, comfort, and safety are reviewed during the home visit.

The contractor completes a customer enrollment form to provide the ESA Program comprehensive information on each household’s potential for a deep energy efficiency retrofit.

10.1. Prioritized Customer Segments

Liberty prioritizes ME&O through targeted efforts, such as collaborating with CBOs on outreach events, direct mailers, and geo-targeted advertisements.

10.2. ME&O Contracts

Liberty tracks and evaluates the effectiveness of targeted ME&O efforts, including monitoring program

requests in response to specific outreach activities such as direct mailers.

10.3. Outreach to Customer Segments

Liberty continues to prioritize targeted ME&O efforts as described in section 10.1, including outreach efforts in Liberty's tribal region.

I. PROCEDURAL REQUIREMENTS

A. Rule 2.1(a) – Applicant Information

Liberty 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 to as follows:

Elly O’Doherty
Manager, Rate and Regulatory Affairs
Liberty Utilities (CalPeco Electric) LLC
701 National Avenue
Tahoe Vista, CA 96148
Telephone: (530) 807-8987
Email: Elly.Odoherty@libertyutilities.com

Tracy Luu-Varnes
Liberty Utilities (CalPeco Electric) LLC
701 National Ave
Tahoe Vista, California 96148
Telephone: (562) 755-1706
E-mail: Tracy.Luu-Varnes@libertyutilities.com

C. Rule 2.1(c) – Categorization, Need for Hearings, and Schedule

Liberty proposes that this proceeding be categorized as rate setting pursuant to Rule 1.3(e). Liberty acknowledges that hearings may be necessary. Liberty proposes the following procedural schedule:

Application Filed	June 12, 2026
Protests/responses to Application	Within 30 days of Notice on Daily Calendar
Reply to protests/responses	Within 10 days, per Rule 2.6
Prehearing Conference	August 10, 2026
Intervenor Testimony served	September 14, 2026
Rebuttal Testimony served	September 24, 2026
Evidentiary Hearing	Week of October 26, 2026
Opening Briefs	December 4, 2026

Reply Briefs	December 14, 2026
Proposed Decision	Within 90 days of Record Submission
Final Commission Decision	Within 30 days of Proposed Decision

D. Rule 2.2 – Organization and Qualification to Transact Business

A copy of the Articles of Organization of Liberty has previously been filed with the Commission as part of Application 14-04-037, Exhibit A. A Certificate of Status for Liberty issued by the California Secretary of State has previously been filed with the Commission as part of Application 15-04-016, Exhibit A.

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

Financial statements for Liberty are attached hereto as Attachment A.

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

Liberty’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 Liberty’s website at <http://www.libertyutilities.com>.

G. Rule 3.2(a)(3) – Statement of Proposed Changes and Results of Operations at Proposed Rates

A statement of the proposed increases is included in Sections 2. and 3. above.

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

A description of Liberty’s property and equipment is included in Application 09-10-028, Exhibit 8 along with a statement of the original cost thereof, together with a statement of the depreciation reserve applicable thereto.

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

Financial statements for Liberty are attached hereto as Attachment A.

J. Rule 3.2(a)(10) – Type of Rate Change Requested

This Application only reflects and passes through to customers Liberty’s costs for the proposed 2028-2033 Low-Income Program expenses related to the CARE and ESA Programs mandated by the Commission.

K. Index of the Exhibits and Appendices to this Application

Liberty's submission in support of this Application includes the following, which are incorporated herein by reference:

Attachment A: Liberty's Financial Statements

Attachment B: Liberty's ESA and CARE Tables

II. CONCLUSION

Liberty respectfully requests that the Commission issue a decision on this Application as expeditiously as possible in which it:

- 1) Approves Liberty's 2028-2033 ESA Budget;
- 2) Approves Liberty's 2028-2033 CARE Budget; and
- 3) Grants Liberty such other and further relief requested, and as the Commission finds just and reasonable.

Respectfully submitted,

/s/ Elly O'Doherty

Elly O'Doherty
Manager, Rates and Regulatory Affairs
701 National Ave.
Tahoe Vista, CA 96148
Telephone: (530) 807-8987
Email: Elly.ODoherty@libertyutilities.com

Dated: June 12, 2026

VERIFICATION

I, Eric Schwarzrock, hereby declare that I am the President of Liberty Utilities (CalPeco Electric) LLC, and that I have read the foregoing Application; and that the information set forth therein concerning Liberty Utilities (CalPeco Electric) 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 12th day of June 2026, at South Lake Tahoe, California.



Eric Schwarzrock
Liberty Utilities (CalPeco Electric) LLC

Attachment A: Liberty's Financial Statements

**Consolidated Financial Statements of
Liberty Utilities (CalPeco Electric) LLC
For the years ended December 31, 2024 and 2023**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Algonquin Power & Utilities Corp.

Opinion

We have audited the consolidated financial statements of Liberty Utilities (CalPeco Electric) LLC [the "Company"], which comprise the consolidated balance sheet as at December 31, 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in member's interest, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024, and the consolidated results of its financial performance and its consolidated cash flows for the year ended in accordance with United States generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with United States generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
April 17th 2025

Liberty Utilities (CalPeco Electric) LLC
Consolidated Statements of Comprehensive Income

<i>(thousands of U.S. dollars)</i>	Years ended December 31,	
	2024	2023
Revenue		
Residential	\$ 79,087	\$ 87,963
Commercial	78,332	70,894
Other	9,105	11,302
	166,524	170,159
Expenses		
Energy purchased	47,288	38,357
Operating costs	62,736	68,916
Taxes other than income taxes	9,198	6,089
Depreciation and amortization of utility plant	21,090	18,317
	140,312	131,679
Operating income	26,212	38,480
Interest expense	20,387	4,005
Pension and post-employment non-service costs (note 6)	68	95
Loss on disposal	436	19
	20,891	4,119
Net earnings	\$ 5,321	\$ 34,361
Net effect of non-controlling interest (note 13)	(1,324)	(1,324)
Net earnings attributable to the member	6,645	35,685
Other comprehensive income:		
Change in unrealized pension and other post-employment benefits (note 6)	223	52
Comprehensive income	\$ 6,868	\$ 35,737

See accompanying notes to consolidated financial statements

Liberty Utilities (CalPeco Electric) LLC Consolidated Balance Sheets

<i>(thousands of U.S. dollars)</i>	December 31, 2024	December 31, 2023
ASSETS		
Utility plant		
Utility plant in service	\$ 713,956	\$ 633,571
Less: accumulated depreciation	(101,431)	(84,116)
	612,525	549,455
Construction work-in-progress	47,519	59,789
Utility plant, net (note 4)	660,044	609,244
Goodwill	10,381	10,381
Regulatory assets (note 5)	210,856	181,768
Other assets	7,096	72,060
Current assets		
Cash and cash equivalents	1,501	1,466
Supplies and consumables inventory	14,209	13,127
Accounts receivable, net (note 3)	39,206	25,577
Prepaid expenses and other	18,861	14,911
Due from related parties (note 8)	—	110,132
Regulatory assets (note 5)	33,237	16,807
	107,014	182,020
	\$ 995,391	\$ 1,055,473

Liberty Utilities (CalPeco Electric) LLC Consolidated Balance Sheets

<i>(thousands of U.S dollars)</i>	December 31, 2024	December 31, 2023
LIABILITIES AND MEMBER'S EQUITY		
Member's equity		
Member's capital (note 10)	\$ 178,231	\$ 135,780
Accumulated surplus	238,320	231,675
Accumulated other comprehensive income	377	154
Total equity	416,928	367,609
Redeemable non-controlling interests (note 13)	—	1,409
Regulatory liabilities (note 5)	34,586	33,384
Pension and other post-employment benefits obligation (note 6)	1,026	1,027
Advances in aid of construction (note 9)	22,768	21,808
Asset retirement obligation	858	811
Other long term liabilities (note 11)	—	66,000
Current liabilities		
Short-term debt (note 7)	24,799	24,947
Accounts payable and accrued liabilities	35,602	28,240
Customer deposits	400	1,878
Regulatory liabilities (note 5)	1,274	5,718
Other post-employment benefit obligation (note 6)	36	49
Due to related parties (note 8)	457,114	502,593
	519,225	563,425
Commitments and contingencies (note 11)		
Subsequent events (note 15)		
	\$ 995,391	\$ 1,055,473

See accompanying notes to consolidated financial statements

Liberty Utilities (CalPeco Electric) LLC
Consolidated Statements of Changes in Member's Interest

Liberty Utilities (CalPeco Electric) LLC					
<i>(thousands of U.S. dollars)</i>	Member's capital	Accumulated surplus	Accumulated other comprehensive loss	Non- controlling interests	Total
Balance, December 31, 2022	\$ 135,780	\$ 195,990	\$ 102	\$ —	\$ 331,872
Net earnings (loss)	—	35,685	—	(1,324)	34,361
Redeemable non-controlling interests not included in member's equity (note 13)	—	—	—	1,324	1,324
Other comprehensive income (loss)	—	—	52	—	52
Balance, December 31, 2023	\$ 135,780	\$ 231,675	\$ 154	\$ —	\$ 367,609
Net earnings (loss)	—	6,645	—	(1,324)	5,321
Redeemable non-controlling interests not included in member's equity (note 13)	—	—	—	1,324	1,324
Additional paid-in capital	42,451	—	—	—	42,451
Other comprehensive income	—	—	223	—	223
Balance, December 31, 2024	\$ 178,231	\$ 238,320	\$ 377	\$ —	\$ 416,928

See accompanying notes to consolidated financial statements

Liberty Utilities (CalPeco Electric) LLC Consolidated Statements of Cash Flow

(thousands of U.S. dollars)

	Years ended December 31,	
	2024	2023
Cash provided by (used in):		
Operating Activities		
Net earnings	\$ 5,321	\$ 34,361
Items not affecting cash:		
Depreciation and amortization of utility plant	21,090	18,317
Cost of equity funds used for construction purposes	(311)	(284)
Write-down of assets	(72)	(1,240)
Pension and post-employment contributions in excess of expense	1,016	(178)
Changes in non-cash operating items (note 12)	47,694	59,476
	74,738	110,452
Financing Activities		
Increase in advances in aid of construction	959	729
	959	729
Investing Activities		
Additions to utility plant	(75,662)	(106,851)
Increases in other assets	—	(4,947)
	(75,662)	(111,798)
Increase (decrease) in cash and cash equivalents	35	(617)
Cash and cash equivalents, beginning of period	1,466	2,083
Cash and cash equivalents, end of period	\$ 1,501	\$ 1,466
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest expense (note 7)	\$ 30,948	\$ 1,397
Non-cash transactions: Utility plant in accruals	\$ 4,503	\$ 6,545

See accompanying notes to consolidated financial statements

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

Liberty Utilities (CalPeco Electric) LLC (the "Company") is a limited liability company organized on April 14, 2009 under the laws of California. The Company is in the business of providing regulated electric distribution service to approximately 50,000 customers in the Lake Tahoe region of California.

The Company is 100% owned by Liberty Utilities Co. ("Liberty Utilities").

1. Significant accounting policies

(a) Basis of preparation

The accompanying consolidated financial statements and notes have been prepared in accordance with generally accepted accounting principles in the United States.

(b) Basis of consolidation

The accompanying consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries, Liberty Utilities (Luning Holdings) LLC and Liberty Utilities (Turquoise Holdings) LLC. Intercompany transactions and balances have been eliminated. Interests in subsidiaries owned by third parties are included in non-controlling interests (note 1(I)).

(c) Business combinations and goodwill

The Company accounts for acquisitions of entities or assets that meet the definition of a business as business combinations. Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed are measured at their fair value at the acquisition date. Acquisition costs are expensed in the period incurred. When the set of activities does not represent a business, the transaction is accounted for as an asset acquisition and includes acquisition costs. Goodwill represents the excess of the purchase price of an acquired business over the fair value of the net assets acquired. Goodwill is not included in the rate-base on which the utility is allowed to earn a return and is not amortized.

As at September 30 of each year, the Company assesses qualitative and quantitative factors to determine whether it is more likely than not that the fair value of a reporting unit to which goodwill is attributed is less than its carrying amount. If it is more likely than not that a reporting unit's fair value is less than its carrying amount or if a quantitative assessment is elected, the Company calculates the fair value of the reporting unit. If the carrying amount of the reporting unit as a whole exceeds the reporting unit's fair value, an impairment charge is recorded in an amount of that excess, limited to the total amount of goodwill allocated to that reporting unit. Goodwill is tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

(d) Accounting for rate-regulated operations

The Company is subject to rate regulation overseen by the public utility commission in California (the "Regulator"). The Regulator provides the final determination of the rates charged to customers. The Company is accounted for under the principles of U.S. Financial Accounting Standards Board ("FASB") ASC Topic 980, *Regulated Operations* ("ASC 980"). Under ASC 980, regulatory assets and liabilities are recorded to the extent that they represent probable future revenue or expenses associated with certain charges or credits that will be recovered from or refunded to customers through the rate-making process. Included in note 5, "Regulatory matters" are details of regulatory assets and liabilities, and their current regulatory treatment.

In the event the Company determines that its net regulatory assets are not probable of recovery, it would no longer apply the principles of the current accounting guidance for rate-regulated enterprises, and would be required to record an after-tax, non-cash charge or credit against earnings for any remaining regulatory assets or liabilities. The impact could be material to the Company's consolidated reported financial condition and consolidated results of operations.

The Company's accounts are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC").

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

1. Significant accounting policies (continued)

(e) Cash and cash equivalents

Cash and cash equivalents include all highly liquid instruments with an original maturity of three months or less.

(f) Accounts receivable

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and customers' financial condition, the amount of receivables in dispute, future economic conditions and outlook, and the receivables aging and current payment patterns. Account balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

(g) Supplies and consumables inventory

Supplies and consumables inventory (other than capital spares and rotatable spares, which are included in utility plant) are charged to inventory when purchased and then capitalized to plant or expensed, as appropriate, when installed, used or upon becoming obsolete. These items are stated at the lower of cost and net realizable value. Through rate orders and the regulatory environment, capitalized construction jobs are recovered through rate base and repair and maintenance expenses are recovered through a cost of service calculation. Accordingly, the cost usually reflects the net realizable value.

(h) Utility plant

Utility plant of the Company consists of solar generation assets and electricity distribution assets used to generate and distribute electricity within a specific geographic service territory to supply end users with electricity. These assets include solar panels, inverters, poles, towers and fixtures, low-voltage wires, transformers, overhead and underground conductors, street lighting, meters, metering equipment and other related equipment.

The costs of acquiring or constructing plant include the following: materials, labor, contractor and professional services, construction overhead directly attributable to the capital project (where applicable) and allowance for funds used during construction ("AFUDC"). Where possible, individual components are recorded and depreciated separately in the books and records of the Company. Plant under finance leases are initially recorded at cost determined as the present value of lease payments to be made over the lease term.

AFUDC represents the cost of borrowed funds and a return on other funds. Under ASC 980, an allowance for funds used during construction projects that are included in rate base is capitalized. This allowance is designed to enable a utility to capitalize financing costs during periods of construction of property subject to rate regulation. The AFUDC capitalized that relates to equity funds is recorded as other income on the consolidated statements of comprehensive income.

	2024	2023
AFUDC capitalized on regulated property:		
Allowance for borrowed funds	\$ 115	\$ 128
Allowance for equity funds	311	284
	\$ 426	\$ 412

Improvements that increase or prolong the service life or capacity of an asset are capitalized. Maintenance and repair costs are expensed as incurred.

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

1. Significant accounting policies (continued)

(h) Utility plant (continued)

Contributions in aid of construction represent amounts contributed by customers, governments and developers to assist with the funding of some or all of the cost of utility capital assets. They also include amounts initially recorded as advances in aid of construction (note 9) but where the advance repayment period has expired. These contributions are recorded as a reduction in the cost of utility assets and are amortized at the rate of the related asset as a reduction to depreciation expense.

The Company's depreciation is based on the estimated useful lives of the depreciable assets in each category and is determined using the straight-line method. The ranges of estimated useful lives and the weighted average useful lives are summarized below:

	Range of useful lives		Weighted average useful lives	
	2024	2023	2024	2023
Plant	10-179	10-179	46	47
Equipment, office furniture and improvements	15-25	15-25	17	18

In accordance with regulator-approved accounting policies, when depreciable plant is replaced or retired, the original cost plus any removal costs incurred (net of salvage) are charged to accumulated depreciation with no gain or loss reflected in consolidated results of operations. Gains and losses will be charged to consolidated results of operations in the future through adjustments to depreciation expense.

(i) Impairment of long-lived assets

The Company reviews utility plant and intangible assets for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Recoverability of assets expected to be held and used is measured by comparing the carrying amount of an asset to undiscounted expected future cash flows. If the carrying amount exceeds the recoverable amount, the asset is written down to its fair value.

(j) Pension and other post-employment plans

The Company has established defined contribution pension plans, defined benefit pension plans, and other post-employment benefit ("OPEB") plans for its various employee groups. Employer contributions to the defined contribution pension plans are expensed as employees render service. The Company recognizes the funded status of its defined benefit pension plans and OPEB plans on the consolidated balance sheets. The Company's expense and liabilities are determined by actuarial valuations, using assumptions that are evaluated annually as of December 31, including discount rates, mortality, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The impact of modifications to those assumptions and modifications to prior services are recorded as actuarial gains and losses in accumulated other comprehensive income ("AOCI") and amortized to net periodic cost over future periods using the corridor method. When settlements of the Company's pension plans occur, the Company recognizes associated gains or losses immediately in earnings if the cost of all settlements during the year is greater than the sum of the service cost and interest cost components of the pension plan for the year. The amount recognized is a pro rata portion of the gains and losses in AOCI equal to the percentage reduction in the projected benefit obligation as a result of the settlement. The costs of the Company's pension for employees are expensed over the periods during which employees render service and are recognized as part of operating costs in the consolidated statements of comprehensive income.

The components of net periodic benefit cost other than the service cost component are included in pension and other post-employment non-service costs in the consolidated statements of comprehensive income.

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

1. Significant accounting policies (continued)

(k) Leases

The Company accounts for leases in accordance with ASC Topic 842, *Leases* ("ASC 842").

The Company leases office equipment for use in its day-to-day operations. The Company has options to extend the lease term of many of its lease agreements, with renewal periods ranging from one to five years. As at the consolidated balance sheet date, the Company is not reasonably certain that these renewal options will be exercised.

The right-of-use assets are included in plant while lease liabilities are included in operating leases on the consolidated balance sheets. The discount rates used in the measurement of the Company's right-of-use assets and liabilities are the discount rates at the date of lease inception. The Company's lease balances as at December 31, 2024 and its expected lease payments for the next five years and thereafter are not significant.

(l) Non-controlling interests

Non-controlling interests represent the portion of equity ownership in subsidiaries that is not attributable to the equity holders of the Company. Non-controlling interests are initially recorded at fair value and subsequently adjusted for the proportionate share of earnings and other comprehensive income ("OCI") attributable to the non-controlling interests and any dividends or distributions paid to the non-controlling interests.

One subsidiaries of the Company have non-controlling Class A equity investors ("Class A Interest"), which are entitled to allocations of earnings, tax attributes and cash flows in accordance with contractual agreements. The partnership agreements have liquidation rights and priorities that are different from the underlying percentage ownership interests. In such situation, simply applying the percentage ownership interest to U.S. GAAP net income in order to determine earnings or losses would not accurately represent the income allocation and cash flow distributions that will ultimately be received by the investors. As such, the share of earnings attributable to the non-controlling interest holders in these entities is calculated using the Hypothetical Liquidation at Book Value ("HLBV") method of accounting (note 13).

The HLBV method uses a balance sheet approach. A calculation is prepared as each balance sheet date to determine the amount that Class A Equity Investors would receive if an equity investment entity were to liquidate all of its assets and distribute that cash to the investors based on the contractually defined liquidation priorities. The difference between the calculated liquidation distribution amounts at the beginning and the end of the reporting period is the Class A Equity Investors' share of the earnings or losses from the investment for that period.

Equity instruments subject to redemption upon the occurrence of uncertain events not solely within the Company's control are classified as temporary equity and presented as redeemable non-controlling interests on the consolidated balance sheets (note 13). The Company records temporary equity at issuance based on cash received less any transaction costs. As needed, the Company reevaluates the classification of its redeemable instruments, as well as the probability of redemption. If the redemption amount is probable or currently redeemable, the Company records the instruments at their redemption value. Increases or decreases in the carrying amount of a redeemable instrument are recorded within equity. When the redemption feature lapses or other events cause the classification of an equity instrument as temporary equity to be no longer required, the existing carrying amount of the equity instrument is reclassified to permanent equity at the date of the event that caused the reclassification.

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

1. Significant accounting policies (continued)

(m) Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

Revenue related to utility electricity distribution is recognized over time as the energy is delivered. At the end of each month, the electricity delivered to the customers from the date of their last meter read to the end of the month is estimated and the corresponding unbilled revenue is recorded. These estimates of unbilled revenue and sales are based on the ratio of billable days versus unbilled days, amount of electricity procured during that month, historical customer class usage patterns, weather, line loss, and current tariffs. Unbilled receivables are typically billed within the next month. Some customers elect to pay their bill on an equal monthly plan. As a result, in some months cash is received in advance of the delivery of electricity. Deferred revenue is recorded for that amount. The amount of revenue recognized in the period from the balance of deferred revenue is not significant.

On occasion, the utility is permitted to implement new rates that have not been formally approved by the regulatory commission, which are subject to refund. The Company recognizes revenue based on the interim rate and if needed, establishes a reserve for amounts that could be refunded based on experience for the jurisdiction in which the rates were implemented.

The Company's revenue is subject to alternative revenue programs approved by its Regulator, which require to charge approved annual delivery revenue on a systematic basis over the fiscal year. As a result, the difference between delivery revenue calculated based on metered consumption and approved delivery revenue is disclosed as alternative revenue and is recorded as a regulatory asset or liability to reflect future recovery or refund, respectively, from customers (note 5). The amount subsequently billed to customers is recorded as a recovery of the regulatory asset. The Company's revenues include \$1,673 (2023 - \$1,838) related to alternative revenue programs for the year ended December 31, 2024.

(n) Income taxes

The Company is a limited liability company and is a disregarded entity for income tax purposes. Accordingly, it is not subject to federal income taxes or state income taxes. The tax on the Company's net earnings is borne by the member through the allocation of taxable income. Net earnings for financial statement purposes may differ significantly from taxable income of the member because of differences between the tax basis and financial reporting basis of assets and liabilities, and the taxable income allocation requirements under the operating agreement. The aggregate difference in the basis of the net assets for financial and tax reporting purposes cannot be readily determined because it is based on the information regarding the member's tax attribute.

(o) Financial instruments and derivatives

Accounts receivable and notes receivable are measured at amortized cost. Long-term debt is measured at amortized cost using the effective interest rate method, adjusted for the amortization or accretion of premiums or discounts.

Transaction costs related to a recognized debt liability are presented in the consolidated balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts and premiums. Deferred financing costs, premiums and discounts on long-term debt are amortized on a straight-line basis over the term of the financial liability as required by the Regulator.

The Company, enters into power purchase contracts for load serving requirements. These contracts meet the exemption for normal purchase and normal sales and as such, are not required to be recorded at fair value as derivatives and are accounted for on an accrual basis. Counterparties are evaluated on an ongoing basis for non-performance risk to ensure it does not impact the conclusion with respect to this exemption.

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

1. Significant accounting policies (continued)

(p) Fair value measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: other than quoted prices included in level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

(q) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

(r) Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as the date of these consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. During the years presented, management has made a number of estimates and valuation assumptions, including the useful lives and recoverability of utility plant and goodwill; assessments of unbilled revenue; pension and OPEB obligations; timing effect of regulated assets and liabilities; and the fair value of assets and liabilities acquired in an asset acquisition. These estimates and valuation assumptions are based on present conditions and management's planned course of action, as well as assumptions about future business and economic conditions. Should the underlying valuation assumptions and estimates change, the recorded amounts could change by a material amount.

2. Recently issued accounting pronouncements

Recently issued accounting guidance not yet adopted

On November 4, 2024, the FASB issued ASU 2024-03, *Disaggregation of Income Statement Expenses (DISE)*, requiring additional disclosure of the nature of expenses included in the income statement in response to longstanding requests from investors for more information about an entity's expenses. The new standard requires disclosures about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The new guidance applies to all public business entities and is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods within annual reporting periods beginning after December 15, 2027. The requirements will be applied prospectively with the option for retrospective application. Early adoption is permitted. The Company is currently evaluating the impact from the new FASB accounting guidance.

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

3. Accounts receivable

Accounts receivable as of December 31, 2024, include unbilled revenue of \$10,611 (2023 - \$9,568). Accounts receivable as of December 31, 2024 are presented net of allowance for doubtful accounts of \$1,054 (2023 - \$814).

4. Utility plant

Utility plant of the Company consists of solar generation assets and electricity distribution assets used to generate and distribute electricity within a specific geographic service territory to supply end users with electricity. These assets include solar panels, inverters, poles, towers and fixtures, low-voltage wires, transformers, overhead and underground conductors, street lighting, meters, metering equipment and other related equipment.

	2024	2023
Land and land rights	\$ 3,878	\$ 3,878
Plant	679,301	600,349
Equipment, office furniture and improvements	30,777	29,344
	713,956	633,571
Accumulated depreciation	(101,431)	(84,116)
	612,525	549,455
Construction work-in-progress	47,519	59,789
Net utility plant	\$ 660,044	\$ 609,244

5. Regulatory matters

The Company is subject to rate regulation by the California Public Utilities Commission ("CPUC"), and the FERC in some instances. The CPUC has jurisdiction with respect to rate, service, accounting procedures, issuance of securities, acquisitions and other matters. The Company operates under cost-of-service regulation as administered by the CPUC. The Company uses a test year in the establishment of its rates and pursuant to this method, the determination of the rate of return on approved rate base and deemed capital structure, together with all reasonable and prudent costs, establishes the revenue requirement upon which the Company's customer rates are determined.

The Company is accounted for under the principles of ASC 980. Under ASC 980, regulatory assets and liabilities that would not be recorded under U.S. GAAP for non-regulated entities are recorded to the extent that they represent probable future revenue or expenses associated with certain charges or credits that will be recovered from or refunded to customers through the rate-setting process.

The Company is required to file a rate case with its regulator on a regular three-year cycle. Rate cases seek to ensure that the Company has the opportunity to recover its operating costs and earn a fair and reasonable return on its capital investment as allowed by the regulatory authority under which the Company operates.

Revenue decoupling and vegetation management

The Company's revenue is subject to a decoupling mechanism that decouples base revenue from fluctuations caused by weather and economic factors.

Post Test Year Adjustment Mechanism ("PTAM")

The PTAM allows the Company to update its rates annually by a cost inflation index. In addition, rates are allowed to be updated to recover the return on investment and associated depreciation of major capital projects.

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

*(in thousands of U.S. dollars)***5. Regulatory matters (continued)**

Renewables Portfolio Standard

The Company is required to satisfy the current 33% California Renewables Portfolio Standard requirement. The 33% California Renewables Portfolio Standard is currently met through deliveries under a power purchase agreement that is structured in a manner that satisfies the CPUC resource adequacy ("RA") requirements, and is designed to enable the California Utility to comply with the associated RA reporting requirements, and from energy production at Luning Energy LLC (the "Luning Solar project") and Turquoise Liberty ProjectCo LLC (the "Turquoise Solar project").

Regulatory assets and liabilities consist of the following:

	December 31, 2024	December 31, 2023
Regulatory assets		
Rate adjustment mechanism (a)	\$ 77,728	\$ 71,632
Wildfire mitigation and vegetation management (b)	111,002	63,656
Storm costs (c)	5,131	9,986
Rate review costs (d)	446	1,082
Energy cost adjustment clause (e)	41,294	45,118
Other	8,492	7,101
Total regulatory assets	\$ 244,093	\$ 198,575
Less: current regulatory assets	(33,237)	(16,807)
Non-current regulatory assets	\$ 210,856	\$ 181,768
Regulatory liabilities		
Cost of removal (f)	\$ 24,973	\$ 27,624
Income taxes (g)	8,581	3,990
Other	2,306	7,488
Total regulatory liabilities	\$ 35,860	\$ 39,102
Less: current regulatory liabilities	(1,274)	(5,718)
Non-current regulatory liabilities	\$ 34,586	\$ 33,384

(a) Rate adjustment mechanism

The Company is subject to a revenue decoupling mechanism approved by the Regulator, which requires charging approved annual delivery revenues on a systematic basis over the fiscal year. As a result, the difference between delivery revenue calculated based on metered consumption and approved delivery revenue is recorded as a regulatory asset or liability to reflect future recovery or refund, respectively, from customers.

(b) Wildfire mitigation and vegetation management

The regulatory asset for vegetation management includes wildfire insurance in the Company's California operations as well as spending related to dead trees program, to prevent future forest fires and general vegetation management.

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

5. Regulatory matters (continued)

(c) Storm costs

Incurred repair costs resulting from certain storms over or under amounts collected from customers, which are expected to be recovered or refunded through rates.

(d) Rate review costs

The costs to file, prosecute and defend rate review applications are referred to as rate review costs. These costs are capitalized and amortized over the period of rate recovery granted by the CPUC. The Company does not earn a return on these amounts but receives recovery of these costs in rates over the periods prescribed by the Regulator (three years).

(e) Energy cost adjustment clause ("ECAC")

ECAC is designed to recover the cost of electricity through rates charged to customers. Under deferred energy accounting, to the extent actual purchased power costs differ from purchased power costs recoverable through current rates, that difference is not recorded on the consolidated statements of comprehensive income but rather is deferred and recorded as a regulatory asset or liability on the consolidated balance sheets. These differences are reflected in adjustments to rates and recorded as an adjustment to cost of electricity in future periods, subject to regulatory review.

(f) Cost of removal

The regulatory liability for cost of removal represents amounts that have been collected from rate payers for costs that are expected to be incurred in the future to retire utility plant.

(g) Income taxes

As a result of the *Tax Act* being enacted in 2017, CPUC is contemplating the rate-making implications of the reduction of federal tax rates from the legacy 35% tax rate and the new 21% federal statutory income tax rate effective January 2018. The regulatory liability reflects the excess deferred taxes of the members normally reflected in the revenue requirement and probable of being refunded to customers. The Company is working with CPUC to identify the most appropriate way to address the impact of the *Tax Act* on cost of service based rates.

As recovery of regulatory assets is subject to regulatory approval, if there were any changes in regulatory positions that indicate recovery is not probable, the related cost would be charged to earnings in the period of such determination.

6. Pension and other post-employment benefits obligation

The Company provides defined contribution pension plans to substantially all of its employees. The Company's contributions for 2024 were \$1,195 (2023 - \$950).

The Company provides a defined benefit cash balance pension plan covering substantially all its employees, under which employees are credited with a percentage of base pay plus a prescribed interest rate credit. The Company also has an OPEB plan providing health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and, in most cases, retirees must cover a portion of the cost of their coverage.

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)
6. Pension and other post-employment benefits obligation (continued)

(a) Net pension and OPEB obligation

The following table sets forth the projected benefit obligations, fair value of plan assets, and funded status of the Company's plans as of December 31:

	Pension benefits		OPEB	
	2024	2023	2024	2023
Change in projected benefit obligation				
Projected benefit obligation, beginning of year	\$ 6,932	\$ 5,767	\$ 1,067	\$ 1,131
Service cost	918	648	31	29
Interest cost	408	338	47	58
Actuarial loss (gain)	(179)	403	(69)	(151)
Transfers	9	30	—	—
Benefits paid	(621)	(254)	(14)	—
Projected benefit obligation, end of year	\$ 7,467	\$ 6,932	\$ 1,062	\$ 1,067
Change in plan assets				
Fair value of plan assets, beginning of year	6,924	5,572	—	—
Actual return on plan assets	450	626	—	—
Employer contributions	1,181	950	14	—
Transfers	9	30	—	—
Benefits paid	(622)	(254)	(14)	—
Fair value of plan assets, end of year	\$ 7,942	\$ 6,924	\$ —	\$ —
Unfunded status	\$ (475)	\$ 8	\$ 1,062	\$ 1,067
Amounts recognized in the consolidated balance sheets consist of:				
Current liabilities	—	—	(36)	(49)
Non-current liabilities	(475)	(9)	(1,026)	(1,018)
Net amount recognized	\$ (475)	\$ (9)	\$ (1,062)	\$ (1,067)

The accumulated benefit obligation for the pension plans was \$6,277 and \$5,819 as of December 31, 2024 and 2023, respectively.

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

6. Pension and other post-employment benefits (continued)

(b) Pension and OPEB actuarial changes

The amounts recognized in AOCI were as follows:

Change in AOCI (before tax)	Pension		OPEB	
	Actuarial losses (gains)	Past service gains	Actuarial losses (gains)	Past service gains
Balance, January 1, 2023	\$ 700	\$ (78)	\$ (791)	\$ 26
Additions to AOCI	26	—	(151)	—
Amortization in current period	(31)	17	71	(3)
Balance, December 31, 2023	\$ 695	\$ (61)	\$ (871)	\$ 23
Additions to AOCI	(301)	—	(69)	—
Amortization in current period	(26)	17	71	(3)
Balance, December 31, 2024	\$ 368	\$ (44)	\$ (869)	\$ 20

(c) Assumptions

Assumptions used to determine net benefit cost for 2024 and 2023 were as follows:

	Pension benefits		OPEB	
	2024	2023	2024	2023
Discount rate	5.27 %	5.52 %	5.25 %	5.55 %
Expected return on assets	5.50 %	5.50 %	N/A	N/A
Rate of compensation increase	6.00 %	4.00 %	N/A	N/A
Health care cost trend rate				
Before age 65			7.00 %	6.00 %
Age 65 and after			6.00 %	6.00 %
Assumed Ultimate Medical Inflation Rate			4.50 %	4.75 %
Year in which Ultimate Rate is reached			2034	2033

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

6. Pension and other post-employment benefits (continued)

(c) Assumptions (continued)

Assumptions used to determine benefit obligation for 2024 and 2023 were as follows:

	Pension benefits		OPEB	
	2024	2023	2024	2023
Discount rate	5.82%	5.27%	5.87%	5.25%
Rate of compensation increase	6.00%	6.00%	N/A	N/A
Health care cost trend rate				
Before age 65			6.750%	7.000%
Age 65 and after			11.000%	6.000%
Assumed Ultimate Medical Inflation Rate			4.50%	4.50%
Year in which Ultimate Rate is reached			2034	2034

The mortality improvement projection Scale MP-2021 was adjusted to reflect the ultimate improvement rates from the Intermediate Alternative scenario provided in the Social Security Administration's ("SSA") Long Range Demographic Assumptions for the 2021 Trustees Report. This adjustment was made using the Society of Actuary's Mortality Improvement Model (MIM-2021-v2). The purpose of this model is to construct sets of mortality improvement rates reflecting specific adjustments. The model requires the inputs that we have taken from the SSA's intermediate assumptions, such that the following ultimate rates reached in the year 2045: 0.85% improvement for ages 20-49, 0.96% improvement for ages 50-64, 0.71% improvement for ages 65-84, and 0.55% improvement for ages 85 and older.

A yield curve model is used to develop the single equivalent discount rate that reflects the characteristics of the Plan. Under this model, the Plan's expected benefit payments are matched to the spot rates along the yield curve to determine their present values. Then a single equivalent discount rate is solved for which it produces the same total present value as the spot rates. CBIZ relies on the yield curve spot rates developed by experts as of the measurement date (i.e. the Ryan ALM Above Median yield curve). We are not aware of any material inconsistencies, limitations or weaknesses in this model.

(d) Benefit costs

The following table lists the components of net benefit cost for the pension plans and OPEB recorded as part of operating expenses in the consolidated statements of comprehensive income.

	Pension benefits		OPEB	
	2024	2023	2024	2023
Service cost	\$ 918	\$ 648	\$ 30	\$ 29
Non-service costs				
Interest cost	408	338	47	58
Expected return on plan assets (gain)	(328)	(247)	—	—
Amortization of net actuarial (gain)	(17)	(17)	(70)	(71)
Amortization of prior service credits	26	31	3	3
	89	105	(20)	(10)
Net benefit cost	\$ 1,007	\$ 753	\$ 10	\$ 19

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

6. Pension and other post-employment benefits (continued)

(e) Plan assets

The Company's investment strategy for its pension and post-employment plan assets is to maintain a diversified portfolio of assets with the primary goal of meeting long-term cash requirements as they become due.

The Company's target asset allocation is 50% in equity securities and 50% in debt securities.

The fair values of investments as of December 31, 2024, by asset category, are as follows

Asset class	Level 1	Percentage
Equity securities	\$ 4,368	55 %
Debt securities	2,780	35 %
Other	794	10 %
	\$ 7,942	100 %

As at December 31, 2024, the funds do not hold any material investments in the parent company of Liberty Utilities, Algonquin Power and Utilities Corp.

(f) Cash flows

The Company expects to contribute \$1,151 to its pension plans and \$36 to its post-employment benefit plans in 2025.

The expected benefit payments over the next 10 years are as follows:

	2025	2026	2027	2028	2029	2030-2034
Pension plan	\$567	\$394	\$417	\$487	\$500	\$3634
OPEB	36	41	44	46	44	329

7. Short term external debt

Due to related parties represents advances for current operating costs and reimbursement for management and accounting services provided by entities related to Liberty Utilities as well as other third-party costs incurred by entities related to Liberty Utilities on behalf of the Company.

The Company has a \$25,000 note bearing an interest rate of 5.59% and maturing on December 29, 2025. The note has interest-only payments, payable semi-annually in arrears. The note has certain financial covenants, which must be maintained on a quarterly basis. The Company is in compliance with the covenants as of December 31, 2024.

As of December 31, 2024, the Company has accrued \$nil in interest expense (2023 - \$nil). Interest paid on the long-term debt in 2024 was \$1,397 (2023 - \$1,397).

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

(in thousands of U.S. dollars)

8. Related party transactions

Due from related parties represents advances for current operating costs and reimbursement for management and accounting services provided by entities related to Liberty Utilities as well as other third-party costs incurred by entities related to Liberty Utilities on behalf of the Company. These amounts bear interest on variable rates and have no fixed repayment terms. Total amounts allocated for year ended December 31, 2024 were \$6,375 (2023 - \$6,807). Periodically, there are advances due to related parties. Such advances bear interest on variable rates and are due on demand. As at December 31, 2024, the amounts payable to related parties total \$457,114 (2023 - \$502,593). As of December 31, 2024, the Company has accrued \$29,551 in interest expense (2023 - \$10,548).

9. Advances in aid of construction

The Company has various agreements with real estate development companies (the “developers”) conducting business within the Company’s utility service territories, whereby funds are advanced to the Company by the developers to assist with funding some or all of the costs of the development.

In many instances, developer advances can be subject to refund but the refund is non-interest bearing. Refunds of developer advances are made over a period of 10 years. Advances not refunded within the prescribed period are usually not required to be repaid. After the prescribed period has lapsed, any remaining unpaid balance is transferred to contributions in aid of construction and recorded as an offsetting amount to the cost of property, plant and equipment. No amounts were transferred from advances in aid of construction to contributions in aid of construction in 2024 and 2023.

10. Member’s capital

The Company is a single member limited liability corporation. As of December 31, 2024, all outstanding equity membership units of the Company are owned by Liberty Utilities.

11. Commitments and contingencies

(a) Contingencies

The Company is involved in various litigation arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company’s exposure to such litigation to be material to these consolidated financial statements. Accruals for any contingencies related to these items, if any, are recorded in the consolidated financial statements at the time it is concluded that its occurrence is probable and the related liability is estimable.

Mountain View fire

On November 17, 2020, a wildfire now known as the Mountain View Fire occurred in the territory of Liberty CalPeco. The cause of the fire remains in dispute, and CAL FIRE has not yet released its final report. There were 22 lawsuits filed that name certain subsidiaries of the Company as defendants in connection with the Mountain View Fire, as well as a non-litigation claim brought by the U.S. Department of Agriculture seeking reimbursement for alleged fire suppression costs and a notice from the U.S. Bureau of Land Management seeking damages for the alleged burning of public lands without authorization. Fifteen lawsuits were brought by groups of individual plaintiffs and a Native American group alleging causes of action including negligence, inverse condemnation, nuisance, trespass, and violations of Cal. Pub. Util. Code 2106 and Cal. Health and Safety Code 13007 (one of these 15 lawsuits also alleges the wrongful death of an individual and various subrogation claims on behalf of insurance companies). In six other lawsuits, insurance companies alleged inverse condemnation and negligence and seek recovery of amounts paid and to be paid to their insureds. In one other lawsuit, County of Mono, Antelope Valley Fire Protection District, and Bridgeport Indian Colony allege similar causes of action and seek damages for fire suppression costs, law enforcement costs, property and infrastructure damage, and other costs. Liberty CalPeco has resolved 20 of the lawsuits, and Liberty CalPeco is in the process of obtaining dismissals with prejudice of said lawsuits. Trial on the remaining 2 lawsuits is currently scheduled for April 15, 2025. The likelihood of success in these lawsuits is uncertain. Liberty CalPeco intends to vigorously defend them. The Company accrued estimated losses of \$172,300 for claims related to the Mountain View Fire, against which Liberty CalPeco has recorded recoveries through insurance of \$116,000 and WEMA of \$56,300. The resulting net charge to earnings was \$nil. The estimate of losses is subject to change as additional information becomes available. The actual amount of losses may be higher or lower than these estimates. While the Company may incur a material loss in excess of the amount accrued, the Company cannot estimate the upper end of the range of reasonably possible losses that may be incurred. The Company has wildfire liability insurance that was applied up to applicable policy limits.

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

*(in thousands of U.S. dollars)***11. Commitments and contingencies (continued)**

(b) Commitments

The Company has a purchase commitment to purchase physical quantities of power for load-serving requirements. The commitment amounts included in the table below are based on market prices as of December 31, 2024. However, the effects of purchased power unit cost adjustments are mitigated through a purchased power rate-adjustment mechanism.

	2025
Power purchases	\$ 17,039

12. Non-cash operating items

The changes in non-cash operating items consist of the following:

	2024	2023
Accounts receivable	\$ (13,629)	\$ (5,574)
Prepaid expenses and other	(3,950)	(4,850)
Supplies and consumables inventory	(1,082)	(3,100)
Accounts payable and accrued liabilities	5,884	(1,447)
Due to related parties	64,653	123,259
Net regulatory assets and liabilities	(4,182)	(48,812)
	\$ 47,694	\$ 59,476

13. Redeemable non-controlling interests

Non-controlling interests in subsidiaries that are redeemable upon the occurrence of uncertain events not solely within the Company's control are classified as temporary equity on the consolidated balance sheets. The redeemable non-controlling interests in subsidiaries' balance are determined using the HLBV method subsequent to initial recognition, however, if the redemption amount is probable or currently redeemable, the Company records the instruments at their redemption value. Redemption is not considered probable as of December 31, 2024.

	2024	2023
Opening balance	\$ 1,409	\$ 6,502
Net earnings attributable to redeemable non-controlling interest	(1,324)	(1,324)
Dividends declared to redeemable non-controlling interest	(85)	(3,769)
Closing balance	\$ —	\$ 1,409

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

*(in thousands of U.S. dollars)***14. Financial instruments**

(a) Fair value of financial instruments

	December 31, 2024		December 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term debt	\$ 24,799	\$ 25,070	\$ 24,947	\$ 24,995

The Company has determined that the carrying value of its short-term financial assets and liabilities approximates fair value as of December 31, 2024 and 2023 due to the short-term maturity of these instruments.

Long-term debt (level 2 inputs) is at fixed interest rates. The estimated fair value is calculated using a discounted cash flow method and current interest rates.

Advances in aid of construction have a carrying value of \$22,768 as of December 31, 2024 (2023 - \$21,808). Portions of these non-interest bearing instruments are payable annually through 2027, including new customer connections, customer consumption levels, and future rate increase. However, amounts not paid by the contract expiration date become non-refundable. Their relative fair values cannot be accurately estimated because future refund payments depend on several variables. The fair value of these amounts would be less than their carrying value due to the non-interest bearing feature.

Fair value estimates are made at a specific point in time, using available information about the financial instrument. These estimates are subjective in nature and often cannot be determined with precision.

(b) Risk management

In the normal course of business, the Company is exposed to financial risks that potentially impact its operating results. The Company employs risk management strategies with a view of mitigating these risks to the extent possible on a cost-effective basis.

This note provides disclosures relating to the nature and extent of the Company's exposure to risks arising from financial instruments, including credit risk and liquidity risk, and how the Company manages those risks.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash and cash equivalents and accounts receivable. The Company limits its exposure to credit risk with respect to cash equivalents by ensuring available cash is deposited with its senior lenders, all of which have a credit rating of A or better.

Credit risk related to the accounts receivable balance of \$39,206 is spread over thousands of customers. The Company has processes in place to monitor and evaluate this risk on an ongoing basis including background credit checks and security deposits from new customers. In addition, the Regulator allows for a reasonable bad debt expense to be incorporated in the rates and therefore recovered from rate payers.

As of December 31, 2024, the Company's maximum exposure to credit risk for these financial instruments is as follows:

Liberty Utilities (CalPeco Electric) LLC

Notes to the Consolidated Financial Statements

December 31, 2024 and 2023

*(in thousands of U.S. dollars)***14. Financial instruments (continued)****(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, to the extent possible, that it will always have sufficient liquidity to meet liabilities when due. The Company's liabilities mature as follows:

	Due less than 1 year	Due 2-3 years	Due 4-5 years	Due after 5 years	Total
Long-term debt	\$ 24,799	\$ —	\$ —	\$ —	\$ 24,799
Advances in aid of construction	—	—	—	22,768	22,768
Purchase obligations	492,716	—	—	—	492,716
Interest on long-term debt	1,397	—	—	—	1,397
Other obligations	1,710	—	—	—	1,710
Total obligations	\$ 520,622	\$ —	\$ —	\$ 22,768	\$ 543,390

	2024
Cash and cash equivalents	\$ 1,501
Accounts receivable	40,260
Allowance for doubtful accounts	(1,054)
	\$ 40,707

15. Subsequent events

The Company has evaluated subsequent events from the consolidated balance sheets date through April 17, 2025, the date at which the consolidated financial statements were available to be issued, and determined that there are no other items to disclose.

Attachment B: Liberty ESA and CARE Tables

PY2028 – 2033 Energy Savings Assistance Program Proposed Budget

Liberty Utilities (CalPeco Electric) LLC

Energy Savings Assistance Program Budget Categories	PY 2028 Proposed	PY 2029 Proposed	PY 2030 Proposed	PY 2031 Proposed	PY 2032 Proposed	PY 2033 Proposed
Outreach	\$68,695	\$70,069	\$71,470	\$72,900	\$74,358	\$75,845
Inspections	\$4,807	\$4,903	\$5,001	\$5,101	\$5,203	\$5,307
General	\$86,520	\$88,250	\$90,015	\$91,816	\$93,652	\$95,525
SUBTOTAL ADMINISTRATION	\$160,022	\$163,222	\$166,487	\$169,817	\$173,213	\$176,677
Measures	\$170,355	\$173,762	\$177,238	\$180,782	\$184,398	\$188,086
Energy Education	\$37,500	\$38,250	\$39,015	\$39,795	\$40,591	\$41,403
SUBTOTAL PROGRAM COSTS	\$207,855	\$212,012	\$216,253	\$220,578	\$224,989	\$229,489
TOTAL PROGRAM COSTS	\$367,877	\$375,235	\$382,740	\$390,394	\$398,202	\$406,166
PROJECTED HOMES TREATED	75	75	75	75	75	75

PY2028 – 2033 Energy Savings Assistance Program Planning Assumptions

Liberty Utilities (CalPeco Electric) LLC

Measures	Quantity Forecast	kWh (Annual)	kW (Annual)	Therms (Annual)	Effective Useful Life	Budget	Percent of Budget
Appliances							
Dishwashers	6	88	0.01		20	\$ 4,844	2%
Freezers	6	257	0.04		11	\$ 7,734	4%
High Efficiency Clothes Washers	6	846	0.12		11	\$ 6,072	3%
Smart Power Strips	18	2,956	0.04		5	\$ 901	0%
Refrigerators	12	7,864	1.11		20	\$ 15,484	7%
Lighting	130	8,739	1.11		20	\$ 3,718	2%
Domestic Hot Water							
Faucet Aerators and Low Flow Showerheads	38	9,736	0.76		10	\$ 2,852	1%
Heat Pump Water Heaters - Replacement	3	4,342	1.65		20	\$ 5,885	3%
Tank and Pipe Insulation	3	257	-		7	\$ 149	0%
Thermostatic Shower Valve (TSV)	30	2,295	0.15		10	\$ 1,440	1%
TSV/Showerhead combined	30	8,836	1.79		10	\$ 2,266	1%
Education							
In-home Education	75	-	-		20	\$ 41,250	19%
Enclosure							
Attic Insulation CAC Non Electric Heat	6	756	1.51		30	\$ 14,773	7%
Floor Insulation	6	3,840	3.17		30	\$ 17,380	8%
Prescriptive Duct Sealing	16	8,291	6.15		20	\$ 8,800	4%
Duct Wrap/Duct Register	12	856	1.61		20	\$ 18,812	9%
Door Sweeps and Door Sealing, Residential	60	9,150	0.75		15	\$ 33,000	15%
HVAC							
Central A/C Replacement	3	896	0.76		23	\$ 8,161	4%
Room AC Replacement	6	1,796	1.53		23	\$ 3,290	2%
Mini Split HP - Replacement	3	2,558	2.35		23	\$ -	0%
Central Heat Pump Replacement	3	2,335	2.23		23	\$ 5,476	3%
Smart Thermostat	16	877	-		9	\$ 4,400	2%
Whole House Fan	3	368	0.16		20	\$ 5,344	2%
Maintenance							
Central A/C Tune up	1	59	0.01		20	\$ 172	0%
Heat Pump Tune Up	1	166	0.02		20	\$ 172	0%
Minor Home Repair							
Weatherization & Minor Home Repairs - Other Measures*	30	-	-		20	\$ 6,600	3%
Total Savings Budget		78,171	27.02	0		\$ 218,574	

PY2028 – 2033 Energy Savings Assistance Program ESA Annual Energy Savings Goals (kWh, kW, Therms)

Liberty Utilities (CalPeco Electric) LLC

Category	kWh	kW	Therms ¹	Budget	Energy Savings Assistance Cost Effectiveness Test (ESACET) ²	TRC
PY 2028	78,171	27.02	0	\$367,877.36	1.86	0.30
PY 2029	78,171	27.02	0	\$375,234.91	1.83	0.30
PY 2030	78,171	27.02	0	\$382,739.61	1.79	0.29
PY 2031	78,171	27.02	0	\$390,394.40	1.76	0.29
PY 2032	78,171	27.02	0	\$398,202.29	1.73	0.28
PY 2033	78,171	27.02	0	\$406,166.34	1.69	0.28
Total Requested (2028 - 2033)	469,027	162.09	-	2,372,692	1.78	0.29

PY2028 – 2033 Energy Savings Assistance Program Portfolio Goals

Liberty Utilities (CalPeco Electric) LLC

	Electric Savings					Demand Savings				GHG Savings			
	Aggregate Values			Annual Goals		Aggregate Values			Annual Goals	Aggregate Values			Annual Metric [2]
	Total Potential (kWh)	Total Goal (kWh)	Total Participation Goal (HH)	Average Annual <u>Resource</u> Electric Savings per household (kWh/HH/yr)	Average Annual <u>Non-Resource</u> Quantitative Goal per Household (units/HH/yr)	Total Potential (kW)	Total Goal (kW)	Total Participation Goal (HH)	Average Annual <u>Resource</u> Demand Savings per household (kW/HH/yr)	Total Potential (GHG(Tons))	Total Goal (GHG(Tons))	Total Participation Goal (HH)	Average Annual Resource GHG Savings per household (GHG (Tons)/HH)
Housing Type													
Single Family	23,782	23,782	20	1,189	0	11.58	11.58	20.00	0.58	16	15.786	20	0.79
Multifamily	33,687	33,687	40	842	0	9.01	9.01	40.00	0.23	22	22.361	40	0.56
Mobile Home	20,702	20,702	15	1,380	0	6.42	6.42	15.00	0.43	14	13.742	15	0.92
Totals	78,171	78,171	75	3,411	0	27.015223	27.015223	75	1.2325801	52	52	75	0.69

[1] Include both Resource and Non-Resource (Equity) measures in calculation.

[2] Cite source of rates used to calculate any bill savings.

[3] Average annual resource goals are based on forecasted savings for resource measures per household type divided by number of homes treated per household type.

[4] Average annual non-resource goals are based on estimated participant non-energy benefits in dollars for non-resource measures divided by number of homes treated per household type.

PY2028 – 2033 Energy Savings Assistance Program Bill Savings

Liberty Utilities (CalPeco Electric) LLC

Program Year	Program Cost	Program Lifecycle Bill Savings ¹	ESA Customers	Program Bill Savings/ Cost Ratio	Per Home Average Lifecycle Bill Savings
PY 2028	\$ 367,877	\$ 211,517	75	0.5750	\$2,820.23
PY 2029	\$ 375,235	\$ 215,748	75	0.5750	\$2,876.63
PY 2030	\$ 382,740	\$ 220,062	75	0.5750	\$2,934.17
PY 2031	\$ 390,394	\$ 224,464	75	0.5750	\$2,992.85
PY 2032	\$ 398,202	\$ 228,953	75	0.5750	\$3,052.71
PY 2033	\$ 406,166	\$ 233,532	75	0.5750	\$3,113.76

[1] Program Lifecycle Bill Savings are obtained from the ESA cost-effectiveness model and represent modeled customer bill savings over the full useful life of installed measures

PY2028 – 2033 Energy Savings Assistance Program Supporting Table for Bill Impacts

Liberty Utilities (CalPeco Electric) LLC

Program Year	Owner Occupied				Renter Occupied [2]				Total Customers Served ¹
	Single Family	Multifamily	Mobile Family	2-3-4 Plex	Single Family	Multifamily	Mobile Family	2-3-4 Plex	
PY 2028	9	18	7	-	11	22	8	-	75
PY 2029	9	18	7	-	11	22	8	-	75
PY 2030	9	18	7	-	11	22	8	-	75
PY 2031	9	18	7	-	11	22	8	-	75
PY 2032	9	18	7	-	11	22	8	-	75
PY 2033	9	18	7	-	11	23	9	-	75

[1] Escalation rate of 1.2% used for estimating customers. This will most likely be different from each utility and should be changed as such.

[2] Expected number of renter occupied homes based on previous participation across all household types

PY2028 – 2033 Energy Savings Assistance Program Rate Impact

Liberty Utilities (CalPeco Electric) LLC

Program Year	PY 2028	PY 2029	PY 2030	PY 2031	PY 2032	PY 2033
Program Cost	\$ 367,877	\$ 375,235	\$ 382,740	\$ 390,394	\$ 398,202	\$ 406,166
Applicable Volumes (3 Year Average)	75	75	75	75	75	75
CARE Electricity Rate	\$ 0.25	\$ 0.26	\$ 0.27	\$ 0.28	\$ 0.29	\$ 0.30

Monthly kWh Savings	Monthly Bill Impact						
100	\$ 25.33	\$ 26.27	\$ 27.24	\$ 28.25	\$ 29.30	\$ 30.38	
250	\$ 63.34	\$ 65.68	\$ 68.11	\$ 70.63	\$ 73.24	\$ 75.95	
500	\$ 126.67	\$ 131.36	\$ 136.22	\$ 141.26	\$ 146.48	\$ 151.90	
750	\$ 190.01	\$ 197.04	\$ 204.33	\$ 211.89	\$ 219.73	\$ 227.86	
1000	\$ 253.34	\$ 262.71	\$ 272.43	\$ 282.51	\$ 292.97	\$ 303.81	
1250	\$ 316.68	\$ 328.39	\$ 340.54	\$ 353.14	\$ 366.21	\$ 379.76	

CARE Participation

Liberty Proposed Care Participation and Enrollment								
CARE Goals	Approved PY 2026 (D.21-10-023)	Proposed PY 2027 (A.26-01-021)	PY 2028	PY 2029	PY 2030	PY 2031	PY 2032	PY 2033
Participation Goal	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Estimated CARE Eligible Customers ¹	4,957	4,957	5,000	5,000	5,000	5,000	5,000	5,000
90% CARE Customers Penetration	4,461	4,461	4,500	4,500	4,500	4,500	4,500	4,500

[1] The PY 2028-2033 estimated eligible CARE customers are projected using current eligibility estimates rounded up to the nearest 100. The average change in estimated eligibility over the last budget cycle varied less than one percent.

Proposed CARE Budget

Liberty Proposed CARE Budget for PY 2028 - 2033								
	Approved PY 2026 (D.21-10-023)	Proposed PY 2027 (A.26-01-021)	PY 2028	PY 2029	PY 2030	PY 2031	PY 2032	PY 2033
<i>Electric</i>								
CARE Administrative Budget	\$170,618	\$174,030	\$180,952	\$188,150	\$195,633	\$203,415	\$211,505	\$219,918
CARE Discount Budget	\$1,666,853	\$1,807,384	\$1,947,914	\$2,088,444	\$2,228,975	\$2,369,505	\$2,510,036	\$2,650,566
Total Program Costs & Customer Discounts	\$1,837,471	\$1,981,414	\$2,128,866	\$2,276,594	\$2,424,608	\$2,572,920	\$2,721,541	\$2,870,484

CARE Budget Breakdown 2028-2033

Liberty Proposed CARE Budget for PY 2028 - 2033								
CARE Budget Categories	Approved PY 2026 (D.21-10-023)	Proposed PY 2027 (A.26-01-021)	PY 2028	PY 2029	PY 2030	PY 2031	PY 2032	PY 2033
Outreach	\$97,708	\$99,197	\$100,186	\$104,170	\$108,314	\$112,622	\$117,101	\$121,759
Processing, Certification, Recertification	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
General	\$72,912	\$74,833	\$77,810	\$80,904	\$84,122	\$87,468	\$90,947	\$94,565
Studies and Research ¹	\$0	\$0	\$2,667	\$3,075	\$3,197	\$3,324	\$3,457	\$3,594
Subtotal Administrative Costs ²	\$170,618	\$174,030	\$180,952	\$188,150	\$195,633	\$203,415	\$211,505	\$219,918
Customer Discounts	\$ 1,666,853	\$ 1,807,384	\$ 1,947,914	\$ 2,088,444	\$ 2,228,975	\$ 2,369,505	\$ 2,510,036	\$ 2,650,566
Total Program Costs & Customer Discounts	\$1,837,471	\$1,981,414	\$2,128,866	\$2,276,594	\$2,424,608	\$2,572,920	\$2,721,541	\$2,870,484

[1]The costs are allocated to each SMJU using allocations as provided in (A.20-03-014). Liberty's allocation is 15%. Liberty includes studies and research in its outreach budget and it is broken out in the table for illustrative purposes.
 [2] Escalation rate of 2% used to account for inflation in PY 2027. Liberty uses escalation factors for 2028-2033 administration and discounts based on actual 2021-2024 program costs.

Liberty ESA/CARE Studies

Liberty ESA/CARE Studies					
Statewide Study	Total Cost ¹	Percent paid by Utility [2]	Total Cost Paid by Utility	Start Date	End Date
2026	\$0	15%	\$0	1/1/2026	12/31/2026
2027	\$0	15%	\$0	1/1/2027	12/31/2027
2028	\$18,961	15%	\$2,957	1/1/2028	12/31/2028
2029	\$19,715	15%	\$3,075	1/1/2029	12/31/2029
2030	\$20,500	15%	\$3,197	1/1/2030	12/31/2030
2031	\$21,315	15%	\$3,324	1/1/2031	12/31/2031
2032	\$22,163	15%	\$3,457	1/1/2032	12/31/2032
2033	\$23,044	15%	\$3,594	1/1/2033	12/31/2033

[1] Escalation rate of 4% used to reflect cost increases.

[2] Allocation percentage based on OP44 Decision 21-10-023 to Application 20-03-014.