Decision 16-12-013 December 1, 2016

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Liberty Utilities (CalPeco Electric) LLC (U933E) for Authority to Update Rates Pursuant to Its Energy Cost Adjustment Clause Effective January 1, 2017.	Application 16-07-001 Filed July 1, 2016

DECISION REGARDING LIBERTY UTILITIES' ENERGY COST ADJUSTMENT CLAUSE RATES, GREENHOUSE GAS COSTS AND ALLOWANCE PROCEEDS AND COMPLIANCE WITH DECISION 15-12-021

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DECISION REGARDING LIBERTY UTILITIES' ENERGY COST ADJUSTMENT CLAUSE RATES, GREENHOUSE GAS COSTS AND ALLOWANCE PROCEEDS, AND COMPLIANCE WITH DECISION 15-12-021

Summary

This decision authorizes Liberty Utilities (CalPeco Electric), LLC (Liberty Utilities) to modify its Energy Cost Adjustment Clause (ECAC) rates to allow for an annual decrease in revenues of $3.606 million from the proposed revenues to be recovered through the ECAC rates incorporated into an all-party settlement agreement currently pending in Liberty Utilities' 2016 General Rate Case application (Application (A.) 15-05-008). The modified ECAC rates will be effective January 1, 2017, assuming approval of the rates proposed in A.15-05-008.

This decision also authorizes Liberty Utilities to incorporate into rates effective January 1, 2017: (1) forecast 2017 greenhouse gas (GHG) Cap-and-Trade related costs and GHG allowance proceeds; and (2) reconciliation of recorded 2015 GHG-related costs and allowance proceeds. In addition, this decision authorizes the amounts of the California Climate Credit to be returned to eligible residential customers as well as returns for eligible small business customers. All forecasts approved in this proceeding are subject to reconciliation of costs and proceeds in subsequent proceedings. In addition, outreach and administrative expenses are subject to further reasonableness review at the time of reconciliation.

Finally, this decision finds that Liberty Utilities has satisfied the requirements of Ordering Paragraph 5 of Decision (D). 15-12-021. The Commission ordered Liberty Utilities in that decision to submit a compliance filing in A.16-07-001 (the instant application) providing a comparison between

the unit cost of renewable energy under the power purchase agreement approved with NV Energy in D.15-12-021 against the cost of energy paid under a previous contract.

1. Background

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

Liberty Utilities serves approximately 49,000 electric customers in California, in and around the Lake Tahoe Basin. Its service territory is geographically compact and generally encompasses the western portions of the Lake Tahoe Basin, including customers located in portions of Placer, El Dorado, Nevada, Sierra, Plumas, Mono and Alpine Counties.

1.1. Energy Cost Adjustment Clause

During the period January 1, 2011 through December 31, 2015, Liberty Utilities procured essentially 100 percent of its energy supply through a previously approved agreement with NV Energy (Prior NV Energy Services

Agreement).[1] In D.15-12-021, the Commission approved a new service agreement with NV Energy with a term to commence January 1, 2016 (2016 NV Energy Services Agreement).

The 2016 NV Energy Services Agreement provides Liberty Utilities with the flexibility to displace purchases from NV Energy with purchases from, among other alternative supply sources, the Luning Solar Project. The Luning Solar Project is a 50 Megawatt (MW) solar generating facility that has a projected commercial operation date of February 1, 2017. The Commission, in D.16-01-021, authorized Liberty Utilities to enter into a purchase and sale agreement to acquire, operate, maintain and obtain renewable generation from the Luning Solar Project.

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

(1) Offset Rate based on the new Fuel and Purchased Power forecast for the Forecast Period; and,

(2) Balancing Rate to amortize any projected over- or under-collection balance in the Energy Cost Adjustment Balancing Account as of the Revision Date.[2]

As a result of anticipated renewable energy purchases from the Luning Solar Project,[3] in the instant application, Liberty Utilities requests an annual

[1] *See* D.10-10-017.

[2] *See* D.12-11-030 at Exhibit B.

[3] Liberty Utilities forecasts that the Luning Solar Project will deliver approximately 140,000 MW hours of generation to Liberty Utilities that would otherwise be purchased from NV Energy during the period February-December 2017. (*See* A.16-07-001 at 3.)

decrease in the revenues to be collected from ECAC rates of $3.606 million from the proposed revenues to be recovered through the ECAC rates incorporated into the all-party settlement agreement currently pending in Liberty Utilities' 2016 general rate case (GRC) application (A.15-05-008) (GRC/ECAC Settlement Rates). The decrease represents an annual 12.06 percent decrease in the rate recovery from ECAC rates as compared to the GRC/ECAC Settlement Rates.

1.2. Greenhouse Gas Costs and Revenue

Liberty Utilities also seeks approval to adjust its rates based on its 2017 GHG cost and revenue forecast and reconciliation of its 2015 recorded GHG costs effective January 1, 2017 pursuant to D.14-10-033 and subsequent decisions, and the California Cap-and-Trade program. Based on its forecast, Liberty Utilities projects that its residential customers will receive a semi-annual California Climate Credit, which returns GHG allowance revenue to eligible customer classes, of $23.72. This amount represents a $3.27 reduction from the previous year.[4]

Pursuant to the California Global Warming Solutions Act of 2006,[5] certain electric investor-owned utilities, including Liberty Utilities, must participate in a Cap-and-Trade program designed by the California Air Resources Board (ARB) to reduce GHG emissions. The State of California allocates GHG allowances to these electric utilities on behalf of their ratepayers. The utilities are required to sell the allowances at ARB's quarterly auctions and return the allowance proceeds to customers pursuant to Public Utilities Code Section 748.5. The utilities, including Liberty Utilities, also incur GHG costs both by purchasing

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[4] *See* Exhibit LU-4 at Template D-1.

[5] Stats. of 2006, Ch. 488.

allowances for their own compliance obligation under the Cap-and-Trade program and indirectly through GHG costs embedded in the price of wholesale electricity.

Rulemaking (R.) 11-03-012 addressed GHG-related costs and allowance proceeds for all investor-owned electric utilities, including Liberty Utilities. D.12-12-033[6] in R.11-03-012 required Liberty Utilities to file an annual application for approval of forecast GHG costs and allowance proceeds, including administrative and outreach costs, in order to calculate GHG costs, the volumetric small business Climate Credit, and the residential Climate Credit for inclusion in rates.[7]

Pursuant to D.12-12-033, five utilities[8] filed 2014 GHG forecast applications and the five applications were consolidated (Consolidated Proceeding, A.13-08-002 et al.). The Phase 1 decision in the Consolidated Proceeding, D.13-12-041,[9] was limited to information and approvals necessary to incorporate GHG costs and allowance proceeds into 2014 rates and to issue the first California Climate Credit.

In Phase 2 of the Consolidated Proceeding, the Commission issued D.14-10-033, as corrected by D.14-10-055 and D.15-01-024,[10] which adopted

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6 *Decision Adopting Cap-and-Trade Greenhouse Gas Allowance Revenue Allocation Methodology for the Investor-Owned Electric Utilities* [D.12-12-033].

7 D.12-12-033, Ordering Paragraph 23.

8 The five utilities are Southern California Edison Company, Pacific Gas and Electric Company, San Diego Gas & Electric Company, PacifiCorp, and Liberty Utilities, LLC.

9 *Phase 1 Decision Adopting Cap-and-Trade Greenhouse Gas Program Cost and Allowance Revenue Forecasts for Incorporation into 2014 Electricity Rates* [D.13-12-041].

10 *Phase 2 Decision Adopting Standard Procedures for Electric Utilities to File Greenhouse Gas Forecast Revenue and Reconciliation Requests* [D.14-10-033]; *Order Correcting Error in Decision 14-10-033*

Footnote continued on next page

standard procedures for the five electric utilities to use in future applications forecasting GHG costs and allowance proceeds for inclusion in rates, and reconciling recorded GHG costs and allowance proceeds amounts with forecasts from prior years. D.14-10-033 requires Liberty Utilities to file its GHG forecast and reconciliation application annually, and if applicable, as part of its ECAC application.[11]

1.3. Compliance with D.15-12-021

In D.15-12-021, the Commission authorized Liberty Utilities to enter into the 2016 NV Energy Services Agreement. In that decision, the Commission ordered Liberty Utilities to provide for the Commission's review a comparison of the unit cost of renewable energy under the NV Energy PPA approved therein versus the Prior NV Energy Services Agreement, including workpapers and citations. Specifically, Ordering Paragraph 5 of D.15-12-021 states:

> The first Energy Cost Adjustment Clause application that Liberty Utilities (CalPeco Electric) LLC files after the effective date of this Order, stated below, shall include a compliance filing that shows:
>
> a. A comparison of the unit cost of renewable energy under the [2016] NV Energy [Services Agreement] ... versus the [Prior NV Energy Services Agreement]. This comparison shall assume the following:
>
>   i. The unit cost of renewable energy under the [2016 NV Energy Services Agreement] is the "Renewable Rate" as defined in Exhibit D, Section D.5, of the [2016 NV Energy Services Agreement].

[D.14-10-055]; *Order Correcting Error in Decision 14-10-055 and Correcting Error in Decision 14-10-033* [D.15-01-024].

[11] Liberty Utilities initially filed its ECAC application as part of its 2016 General Rate GRC, A.15-05-008, on May 1, 2015. This trigger application follows the original filing.

ii. The unit cost of renewable energy under the [Prior NV Energy Services Agreement] equals the fraction "Renewable Cost ÷ Renewable MWh" as these terms are defined in Exhibit D, Section D.5, of the [Prior NV Energy Services Agreement].

b. Workpapers containing all calculations and source documents used to prepare the information in Item 5.a, above.

In the instant application, Liberty Utilities has filed the required calculations and workpapers and seeks a finding that it has complied with Ordering Paragraph 5 of D.15-12-021.

1.4. Procedural History

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

Liberty Utilities served supporting testimony concurrent with its original application. On September 9, 2016, Liberty Utilities served supplemental public testimony updating the allowance proxy price used to forecast GHG costs and revenue, providing clarification around proposed recovery of GHG administrative costs and clarifying the circumstances surrounding certain transfers of Cap-and-Trade allowances to NV Energy. The assigned ALJ granted a motion for confidential treatment of the supplemental testimony at the PHC.

The assigned Commissioner and ALJ issued the *Assigned Commissioner's Scoping Memo and Ruling* (Scoping Memo) on September 27, 2016. The Scoping Memo stated that the only evidence anticipated in this proceeding was Liberty

Utilities' offering of prepared testimony and exhibits into evidence. Hearings were not scheduled.

On October 4, 2016, Liberty Utilities concurrently filed and served a motion to admit previously served original and supplemental testimony into the record and a motion to file confidential information contained in original and supplemental testimony and exhibits under seal. Although the supplemental testimony was granted confidential treatment at the September 13, 2016 PHC, a more detailed ruling is included in this decision.

2. Discussion

Liberty Utilities requests authority to update its rates pursuant to its ECAC, approval of its 2017 GHG cost and revenue forecast and 2015 cost reconciliation and a finding that it has complied with Ordering Paragraph 5 of D.15-12-021. Each of these elements is discussed in detail below.

2.1. Energy Cost Adjustment Clause

As stated earlier, Liberty Utilities' ECAC tariff obligates it to revise its ECAC Billing Factors in calendar years when it does not file a GRC application if a change to total ECAC revenues of +/- 5 percent occurs. Here, Liberty Utilities requests an annual decrease in revenue to be collected from ECAC rates of $3.066 million from proposed revenues to be recovered through the ECAC rates incorporated into the all-party settlement agreement currently pending in Liberty Utilities' 2016 GRC (A.15-05-008).

The net decrease is derived from an approximate annual $4.680 million decrease associated with changes to the Offset Rate related primarily to a decrease in the Purchased Power Cost as a result of the Luning Solar Project and an approximate annual $1.074 million increase associated with charges to the Balancing Rate as compared to levels agreed to in the GRC Settlement. The combination of these two requests yields a 2017 ECAC revenue requirement of $26.297 million, representing a reduction of 12.06 percent from the total ECAC revenue requirement submitted in the GRC Settlement of $29.903 million.

The GRC/ECAC Settlement rates did not contemplate the Luning Solar Project and included forecasted renewable energy purchases under the 2016 NV Energy Services Agreement. This is because the GRC has a test year of 2016 and the Luning Solar Project is not expected to achieve commercial operation until February 2017. Importantly, in making its forecasts for the instant application, Liberty Utilities assumes that current rates will be in effect until September 30, 2016 and the GRC/Settlement Rates will go into effect October 1, 2016. The Commission has not yet adopted the GRC/ECAC Settlement rates as of issuance of this decision. This incongruence will be discussed in the Reasonableness of ECAC section, below.

2.1.1. Offset Rate

In D.16-01-021, the Commission authorized Liberty Utilities to enter into a purchase and sale agreement to acquire, operate and maintain the Luning Solar Project. The Luning Solar Project is unique in that, after five years, Liberty Utilities will become the 100 percent direct owner. During the initial five years, the "Solar Project Company" will own the Luning Solar Project. An affiliate of Liberty Utilities will obtain a majority co-ownership interest in the Solar Project Company and a Tax Equity Partner will own the minority interest.[12]

Under general ratemaking principles, the costs that Liberty Utilities would incur to purchase solar generation pursuant to a PPA would be recorded as Fuel

[12] *See* Exhibit LU-1 at 1-5 to 1-6.

and Purchased Power Cost and be recovered through the ECAC mechanism. However, because Liberty Utilities will function from day one of operation (currently anticipated to be February 1, 2017) as an owner-operator, in D.16-01-021,[13] the Commission authorized Liberty Utilities to recover its costs associated with the Luning Solar Project primarily through general rates. Therefore, Liberty Utilities will seek recovery of costs from the Luning Solar Project primarily through the Post-Test Year Adjustment Mechanism advice letter it submitted in October of 2016.[14] The ECAC Fuel and Purchase Power Cost will be reduced commensurately.

As stated in Liberty Utilities' testimony, the decrease related to the Offset Rate is driven primarily by the forecast of a substantial decrease in Purchased Power Costs and is attributable to a reduction in the quantity and the price of purchased power.[15] Liberty Utilities anticipates a $4.680 million decrease in revenue associated with changes to the Offset Rate from that anticipated in the GRC/Settlement Rates for a total 2017 projected Purchased Power Cost of $27.249 million.

2.1.2. Balancing Rate

Liberty Utilities is projecting an over-collection in the ECAC Balancing Account, as of December 31, 2016, of $3.733 million. This forecast, as mentioned above, assumes that current rates remain in effect until the end of September 2016 with the GRC/ECAC Settlement Rates going into effect on October 1, 2016.

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[13] D.16-01-021 at 33-35.

[14] *Ibid.* at Ordering Paragraph 1. Also, *see 2017 Post-Test Year Adjustment Mechanism*, Liberty Utilities Advice Letter No. 65-E, October 17, 2106.

[15] The change in the price of purchased power is a result of the fuel-related costs associated with the Kings Beach facility (*see* Application at 5).

Liberty Utilities proposed in the instant application to amortize the $3.733 million over-collection over a period of 24 months beginning on January 1, 2017.

The updated amount of the projected over-collection in the Balancing Account is less than the $6.673 million projected over-collection upon which the Balancing Rate was calculated in the GRC/ECAC Settlement Rates. As a result of this reduction in projected Balancing Account over-collection, Liberty Utilities is proposing to increase the Balancing Rate annually by $1.074 million.

2.1.3. Reasonableness of ECAC

Liberty Utilities' requested adjustment to its ECAC rates is reasonable. The application is adequately supported by the testimony and accompanying exhibits and Liberty Utilities provided sufficient data to justify approval of its request. As stated earlier, ORA found no issue with the presented materials and withdrew its protest, making this an uncontested application.

Therefore, Liberty Utilities' requested 2017 Offset Rate decrease of $4.680 million in revenue associated with changes to the Offset Rate is approved and shall be recovered in rates through a 14.24 percent reduction in the Balancing Rate for each customer class. Liberty Utilities' requested increase in its Balancing Rate, representing a reduced over-collection in the ECAC Balancing Account, as of December 31, 2016, of $3.733 million to be amortized over 24 months, is approved. The Balancing Rate will be increased by a net $1.074 million annually to be collected by reducing the current credit of $0.00500 per kilowatt-hour (kWh) to a credit of $0.00308 per kWh. The combination of the proposed decrease in the Offset Rate and the increase in the Balancing Rate results in an overall decrease in the average ECAC rate across customer classes from $0.05037 per kWh to $0.04283 per kWh. The ECAC rates approved herein will become effective January 1, 2017 subject to the limitation set forth in the following paragraph.

As stated in its application, the proposed updates to Liberty Utilities' ECAC rates assume Commission approval of the GRC/ECAC Settlement Rates in A.15-05-008 effective October 1, 2016. The Commission to date has not approved the settlement rates. The approval to adjust ECAC rates as granted herein assumes approval of the GRC/ECAC Settlement Rates. In the event that the Commission rejects the GRC/ECAC Settlement Rates, approval to changes in the ECAC rates in this application will be vacated and Liberty Utilities will be required to file a new application to adjust ECAC rates reflecting the GRC/ECAC rates ultimately adopted in A.15-05-008.

In the event the Commission does adopt the GRC/ECAC Settlement Rates but does not approve their effectiveness retroactive to October 1, 2016, no further action is required at this time. Liberty Utilities will recover the ECAC rates approved herein and any future true-up required resulting from the delay of the effective date of the GRC/ECAC Settlement Rates shall be addressed in a future GRC or ECAC trigger application.

2.2. Greenhouse Gas

Liberty Utilities requests approval of its 2017 forecast GHG costs, 2017 forecast administrative and outreach expenses, 2017 forecast adjusted allowance proceeds, and reconciliation of its recorded 2015 GHG costs. These forecasts and reconciliation determine the rate for the Carbon Pollution Permit Cost, through which Liberty Utilities recovers costs associated with its GHG compliance obligations, and the amount of GHG allowance proceeds to be returned to small businesses and residential customers through the California Climate Credit.

In decisions issued in R.11-03-012 and in D.14-10-033 (as corrected by D.14-10-055 and D.15-01-024), the Commission adopted methodologies and procedures to be used for: (1) determining forecast and recorded GHG costs and allowance proceeds; and (2) reconciling recorded GHG costs and allowance proceeds with forecasts from prior years. This decision uses the standards adopted in those decisions to review Liberty Utilities' current application to determine the reasonableness of both the recorded and forecasted variables that must be examined to determine rate changes and the California Climate Credit. The variables are:

1. **Recorded and Forecast Allowance Proceeds**. These are the proceeds received by a utility as a result of selling the allowances allocated to ratepayers by the state.
2. **Recorded and Forecast Administrative and Customer Outreach Expenses**. These are the expenses incurred by a utility for administrative and customer outreach activities that relate to the allowance proceeds return program.
3. **Recorded and Forecast Expenses for Approved Incremental Energy Efficiency (EE) and Clean Energy Programs**. D.12-12-033 allows utilities to use a portion of allowance proceeds to fund EE and clean energy programs that have been approved by the Commission in other proceedings.
4. **Recorded and Forecast Emissions-Intensive and Trade-Exposed (EITE) Customer Return**. Using methodologies developed in R.11-03-012, a portion of allowance proceeds are returned to customers who qualify as EITE.[16]

[16] D.14-12-037, as corrected by D.15-08-006, adopted GHG allowance proceeds allocation formulas and distribution methodologies for EITE customers.

5. **Volumetric Small Businesses Return**. Using a methodology adopted in R.11-03-012, a portion of allowance proceeds are returned to customers who meet the definition of small business developed in that rulemaking.[17] The Forecast Small Business Return is volumetric; it is calculated using the Forecast GHG Cost (*see* Item 7 below), the small business assistance factor, and the volume of electricity used by the customer and is returned as a credit to the delivery component of the customer's monthly bill.
6. **Residential California Climate Credit**. The Climate Credit is distributed to residential households after all the above expenses and customer returns have been made. It appears as a credit on the customer's bill twice per year. The Climate Credit is not related to the volume of electricity used by the household: each household within a utility's territory receives the same Climate Credit.[18]
7. **Recorded and Forecast GHG Costs**. These are the GHG emissions costs incurred directly or indirectly by a utility as a result of the GHG Cap-and-Trade Program. Direct costs include, generally, the costs incurred to purchase compliance instruments[19] for plants run by the utility or the cost of providing physical or financial settlement specifically for GHG emissions from plants not owned or

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[17] D.13-12-002 adopted a methodology to determine the amount of GHG allowance proceeds each qualifying small business should receive. D.12-12-033 defined small business customers as non-residential entities on General Service or Agricultural tariffs whose electric demands do not exceed 20kW in more than three months within the previous 12-month period.

[18] In D.12-12-033 at 114, the Commission also authorized a volumetric residential rate return, which only applies to electricity usage above Tier 2 for the three large electric utilities and does not apply to Liberty Utilities.

[19] A covered entity must surrender one compliance instrument for each metric ton of carbon dioxide equivalent of GHG emissions for its compliance obligations. Allowances and offsets are the two types of compliance instruments in the Cap-and-Trade Program. (Cal. Code Regs., tit. 17, § 95802, subd. (a)(53). The regulation also limits the use of offsets to no more than 8% of compliance instruments in a compliance period. (Cal. Code of Regs., tit. 17, § 95854.)

operated by the utility. Indirect costs generally reflect GHG costs embedded in the price of power purchased on the market or through contracts that do not include GHG settlement terms.

2.2.1. Recorded and Forecast GHG Allowance Proceeds

Each utility forecasts and records the total allowance proceeds it receives each year. To determine the amount of proceeds available to return to customers in the forecast year, the utility adjusts the forecast allowance proceeds to account for: (1) any variance between the forecast and recorded allowance proceeds in previous years that resulted in an over or under collection; (2) any applicable interest; (3) any applicable franchise fees and uncollectibles; (4) outreach and administrative expenses; and (5) allowance revenue approved for clean energy or EE programs.

Liberty Utilities forecasts 2017 GHG allowance proceeds of $3,007,473. Liberty Utilities forecasts a negative balance of $135,443 in its GHG revenue balancing account[20] as of December 31, 2016. Adjusting for the forecasted negative revenue balance, applicable interest, franchise fees and uncollectibles, outreach and administrative expenses and allowance revenue for clean energy or energy efficiency programs,[21] Liberty Utilities projects that the total GHG proceeds available for return to customers in 2017 is $2,338,324.[22]

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[20] In D.12-12-033, the Commission directed Liberty Utilities to establish a balancing account to track GHG proceeds.

[21] The reasonableness of the outreach and administrative expenses is discussed below.

[22] Exhibit LU-4 at Template D-1.

Liberty Utilities' forecast of allowance proceeds that it expects to return to customers in 2017 was calculated in a manner consistent with D.12-12-033 and D.14-10-033. Therefore, this decision authorizes Liberty Utilities to return the allowance proceeds to small business customers and residential customers in the manner described below.

2.2.2. Recorded and Forecast Administrative and Outreach Expenses

2.2.2.1. Administrative Expenses

Liberty Utilities forecasted 2015 administrative expenses of $201,866. Recorded administrative expenses in 2015 were $202,024, resulting in an under-collection of approximately $150. Liberty Utilities' program administration expenses in 2015 nearly match forecast expenses. As explained in its testimony, data subscription services were higher than anticipated (and 2016 and 2017 forecasts were adjusted accordingly to reflect this increase). In addition, third-party verification fees were higher than forecast because Liberty Utilities had to re-verify its 2011 and 2012 GHG emissions in addition to the normal yearly verification fees. The re-verification resulted in significantly reduced ARB charges for 2015.

Liberty Utilities' testimony itemizes and provides sufficient explanation of its recorded 2015 administrative expenses.[23] Liberty Utilities' 2015 administrative activities were reasonable to implement the Climate Credit and pursuant to D.12-12-033, it is appropriate for Liberty Utilities to recover these expenses through allowance proceeds.

[23] Exhibit LU-2 at 2-6 to 2-7.

Liberty Utilities' 2017 forecast GHG administrative expenses are $202,500 for legal services, financial and banking fees, consultants, workshop travel, data subscriptions, ARB charges, and third-party verification fees. Liberty Utilities expects that its 2017 administrative expenses will stay around the same as forecasted for 2016.[24]

Liberty Utilities' forecast 2017 administrative expenses are reasonable for the purpose of calculating proceeds available for the 2017 residential Climate Credit. The forecast is subject to reconciliation in subsequent proceedings and to further reasonableness review at the time of the reconciliation.

2.2.2.2. Outreach Expenses

Liberty Utilities forecasted 2015 customer outreach expenses of $44,896, and its recorded outreach expenses for 2015 were $36,869.[25] Liberty Utilities' expenses were approximately $8,000 less than forecast. Liberty Utilities explains that it had reduced outreach expenses because it did not incur expenses associated with notifying customers of a rate increase associated with GHG costs in 2015 since there was a rate decrease in 2015.

Liberty Utilities' 2015 outreach activities and expenses were reasonable to further customer understanding and awareness of the Climate Credit as required by Public Utilities Code Section 748.5(b). Pursuant to D.12-12-033, these outreach expenses are appropriately recovered through allowance proceeds.

Liberty Utilities forecasts 2017 customer outreach expenses of $42,600, which is comparable to its outreach budgets for 2015 and 2016 (assuming rate

[24] Exhibit LU-2 at 2-3. Liberty Utilities forecasted administrative expenses of $202,500 for 2016.

[25] Exhibit LU-2 at 2-7.

increases).[26] Liberty Utilities explains that its customers have responded positively to its past outreach efforts and that it plans to maintain similar strategies in 2017, including print, radio and television media, bill inserts and "earned media," as well as website outreach.[27]

Liberty Utilities' forecast 2017 customer outreach expenses are comparable to budgets in previous years and are reasonable for the purpose of calculating proceeds available for the 2017 residential Climate Credit. The forecast is subject to reconciliation in subsequent proceedings and to further reasonableness review at the time of the reconciliation.

2.2.3. Recorded and Expenses Approved for Incremental EE and Clean Energy Programs

In previous years, Liberty Utilities has not requested or received approval of clean energy and EE projects in accordance with D.12-12-033, so it has not forecast or recorded an amount for this variable. However, in Phase 2 of R.14-07-002,[28] the Commission is undertaking implementation of Assembly Bill 693,[29] which establishes the Multifamily Affordable Housing Solar Roofs Program (Multifamily Program) to provide financial incentives for installation of solar energy systems on multifamily affordable housing properties.

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[26] Exhibit LU-2 at Template D-3.

[27] Exhibit LU-2 at 2-5.

[28] *Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering.*

[29] Stats. 2015, Ch. 582.

By written ruling dated March 18, 2016, the assigned ALJ in R.14-07-002 directed Liberty Utilities (as well as the other investor-owned utilities) to estimate funds to be allocated to the Multifamily Program in 2017 in their ECAC forecast proceeding by calculating 10 percent of their forecast 2017 allowance proceeds and including that number in the 2017 "forecast" column of Line 14 of Template D-1 "Allowance Revenue Approved for Clean Energy or Energy Efficiency Programs."[30] That same ruling also required Liberty Utilities to estimate funds for the period July 1, 2016 to December 31, 2016 by calculating five percent of their forecast 2016 GHG allowance revenue and including that forecast in the 2016 "forecast" column of Line 14 of Template D-1. Liberty Utilities has calculated that $141,614 and $287,032 will be used for the Multifamily Program in 2016 and 2017, respectively.[31]

As noted by Liberty Utilities in this application and the assigned ALJ in the March 18, 2016 Ruling, the Commission has not approved a final decision in Phase 2 of R.14-07-002. To date, no funds have been allocated to the Multifamily Program. For the purposes of this decision, the amount of GHG allowance revenue forecast to be used for the Multifamily Program in 2016 and 2017 matches the direction of the March 18, 2016 ALJ Ruling in R.14-07-002 and is reasonable. The 2016 and 2017 forecasts can be trued-up in Liberty Utilities'

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30 *Administrative Law Judge's Ruling (1) Adding Respondents and (2) Providing Interim Direction to California Electric Utilities on Accounting for Funds for Implementation of Assembly Bill 693.*

31 Exhibit LU-4 at Template D-1. Liberty Utilities has also recorded costs of $147,093 in 2016 based upon direction in the March 18, 2016 ALJ Ruling to set aside five percent of GHG revenue for use from July 1, 2016 through December 31, 2016. This amount will be reconciled in a future GHG cost and revenue forecast and reconciliation proceeding.

future ECAC or Greenhouse Gas Cost and Allowance revenue proceedings based upon the actual amount approved in R.14-07-002.

2.2.4. Recorded and Forecast EITE Customer Return

To date, Liberty Utilities has not identified any customers that qualify for the CA Industry Assistance Credit to EITE customers. Therefore, Liberty Utilities appropriately did not allocate any allowance proceeds to EITEs in prior years and forecasted that no proceeds would be distributed to EITEs in 2017. If EITEs are identified in Liberty Utilities' service territory in the future, future applications should account for this change.

2.2.5. Volumetric Small Business Return

In accordance with D.12-12-033 and D.13-12-002, Liberty Utilities distributes its Small Business Return through monthly volumetric credits. Liberty Utilities' calculation of the small business Climate Credit for 2017 is determined by taking the eligible rate class monthly kilowatt usage projection for 2017 and multiplying it by the Cap-and-Trade dollar per kilowatt cost that has been adjusted for franchise fees and uncollectibles. This number is then adjusted by the 80% Industry Assistance Factor.[32] The 2017 credit is a combination of amortized 2015 returns and 2017 forecasted returns with the Industry Assistance Factors applied to their respective years. The credit is applied as a line-item, per kWh credit on the delivery component of customers' monthly bills.

Liberty Utilities' 2016 forecast for its Small Business Return is $304,081.[33] Liberty Utilities appropriately calculated its 2017 Small Business Return

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[32] The Industry Assistance Factors are set forth in D.13-12-002, Appendix 2, Table 2.

[33] Exhibit LU-4 at Template D-1.

consistent with the methodology set forth in D.12-12-033 and D.13-12-002. Therefore, Liberty Utilities' 2017 Small Business Return is approved.

2.2.6. Residential California Climate Credit

Liberty Utilities calculated a semi-annual residential Climate Credit of $23.72 per household to be distributed in April and October 2017.[34] Liberty Utilities appropriately forecasted the total proceeds available for the residential Climate Credit as the net GHG proceeds for 2017 less the forecast return to small business customers. The resulting semi-annual Climate Credit is equal to half of the total proceeds available for the residential Climate Credit divided by the number of households eligible for the credit. Therefore, Liberty Utilities' 2017 semi-annual residential Climate Credit of $23.72 per household is approved.

2.2.7. Recorded and Forecast GHG Costs

Liberty Utilities recovers costs associated with its GHG compliance obligations through its Carbon Pollution Permit Cost. Liberty Utilities requests approval of its forecast 2017 GHG costs and reconciliation of its 2015 GHG costs for recovery in rates and for the purpose of calculating the 2017 volumetric small business Climate Credit.

Liberty Utilities reports that it has only direct GHG costs, and no indirect costs. Therefore, pursuant to the confidentiality protocols in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, Liberty Utilities' GHG costs in its application and testimony are confidential.

For the purpose of reporting recorded direct GHG costs, D.14-10-033 required each utility to multiply recorded direct GHG emissions by the weighted

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[34] Exhibit LU-4 at Template D-1.

average cost (WAC) of eligible compliance instruments that it holds in inventory. At any period in time, the WAC is calculated as the total cost of all compliance instruments held in inventory, divided by the total quantity of compliance instruments.

Liberty Utilities reported its recorded direct GHG costs confidentially in Template D-2 of Exhibit LU-4-C. Recorded costs in 2015 represent the accrued total emissions multiplied by the WAC of compliance instruments in inventory. Liberty Utilities reported its monthly WAC calculations confidentially in Exhibit LU-4-C in accordance with the WAC template developed in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024. Liberty Utilities correctly calculated its 2015 recorded costs, and these costs are approved.

Liberty Utilities also reported its 2017 forecast GHG costs confidentially in Template D-2 of Exhibit LU-4-C. Liberty Utilities calculated its 2017 GHG revenue requirement based on its forecast 2017 costs, reconciliation of costs from previous years, and adjustment for franchise fees and uncollectibles.

Liberty Utilities' forecast of 2017 GHG costs and calculation of its 2017 GHG revenue requirement follows the methodologies required by D.14-10-033, as corrected by D.14-10-055 and D.15-01-024. Therefore, Liberty Utilities is authorized to modify its tariffs to recover its forecasted 2017 GHG costs, as reconciled to reflect recorded GHG costs in previous years and adjusted to account for franchise fees and uncollectibles, in rates beginning January 1, 2017. The resulting rate impact by rate schedule is set forth in Exhibit LU-4-C, Template D-4.

2.2.8. Summary Table

Table 1 summarizes the approved calculation of allowance proceeds returns for 2017.[35]

Table 1: Summary of Liberty Utilities' Approved 2017 Forecast GHG Proceeds Returns

Allowance Proceeds from Prior Years	$135,443
Forecast Allowance Proceeds for 2017	($3,007,473)
Interest	($1,378)
Franchise Fees and Uncollectibles	$3,092
Forecast Outreach and Administrative Expenses	$244,960
Forecast Revenue for Multifamily Program	$287,032
Net GHG Proceeds Available for Customers in Forecast Year	**($2,338,324)**
Small Business Volumetric Credit	$304,081
Proceeds Available for Climate Credit	**($2,034,244)**
Number of Households Eligible for the California Climate Credit	42,886
Per-Household Semi-Annual Climate Credit	**$23.72**

2.3. Compliance with D.15-12-021

In D.15-12-021, the Commission authorized Liberty Utilities to enter into the 2016 NV Energy Services Agreement. In that decision, the Commission ordered Liberty Utilities to submit a compliance filing demonstrating the cost savings the 2016 NV Energy Service Agreement offers with respect to Liberty Utilities' purchase of renewable energy when compared against the Prior NV Energy Service Agreement.

[35] The totals do not add up due to rounding.

In the instant application, Liberty Utilities provided testimony, including workpapers and source documents for its calculations, demonstrating that the 2016 NV Energy Services Agreement provided a 21% savings as compared to the Prior NV Energy Services Agreement. To reach this conclusion, Liberty Utilities compared the prices of its purchases of renewable energy from five geothermal plants designated in the 2016 NV Energy Services Agreement for the most current period available (January-April 2016) with the renewable price that NV Energy would have charged under the Prior NV Energy Services Agreement.

Much of the data used to derive the cost savings comparison is confidential and therefore will not be discussed in this decision. However, analysis of the testimony, including workpapers, shows that Liberty Utilities has satisfied the requirements of Ordering Paragraph 5 of D.15-12-021.

2.4. Implementation of Rates

Liberty Utilities shall file a Tier 1 Advice Letter before January 1, 2017 to implement the ECAC and GHG rates authorized by this decision (assuming approval of the GRC/Settlement Rates in A.15-05-008) and to issue the semi-annual residential Climate Credit of $23.72 and the monthly volumetric small business Climate Credit that offsets 80 percent of GHG costs in rates. The revised tariffs shall become effective on January 1, 2017.

3. Motions to Admit Previously Served Testimony into the Record and For Confidential Treatment

On October 4, 2016, Liberty Utilities filed two motions: (1) *Motion to Admit the Complete Testimony of Alain R. Blunier Into the Evidentiary Record (*Motion to Admit); and (2) *Motion for Leave to Seal the Evidentiary Record Containing Confidential Information in Exhibits LU-1-C, LU-2-C, LU-3-C and LU-4-C* (Motion for Confidential Treatment).

3.1. Motion to Admit

The October 4, 2016 Motion to Admit seeks to admit previously served public and confidential testimony into the record. On July 1, 2016, Liberty Utilities served three chapters of public and confidential testimony, and Liberty Utilities served supplemental confidential and public testimony on September 9, 2016.

The assigned ALJ marked prepared public and confidential testimony and supplemental public and confidential testimony on October 12, 2016. A complete exhibit list is contained in Appendix A to this decision. Rule 13.8(c) of the Commission's Rules of Practice and Procedure allows for prepared testimony to be offered into evidence by written motion when hearings are not held. Therefore, the exhibits listed in Appendix A are received into the record.

3.2. Motion for Confidential Treatment of Exhibits

In its October 4, 2016 Motion for Confidential Treatment, Liberty Utilities seeks to seal certain material contained in exhibits LU-1-C, LU-2-C, LU-3-C and LU-4-C. These exhibits contain sensitive information used to provide the basis for the calculation of ECAC rates and GHG cost and revenue forecasts.

In its Motion for Confidential Treatment, Liberty Utilities states that certain utility procurement information contained in the exhibits is protected under Commission Order and Applicable Law. In particular, information contained in LU-1-C and LU-3-C contains confidential procurement information as set forth in the Appendix 1 of D.06-06-066. In addition, Liberty Utilities states that information contained in LU-1-C and LU-3-C contain trade secrets and should be kept confidential.

Certain information related to the procurement activities of electric utilities is subject to the Commission's rules on confidential treatment set forth in

Public Utilities Code Sectiona 454.5(g) and 583, General Order 66-C, D.06-06-066, D.08-04-023 and D.14-10-033. D.06-06-066 sets forth in a matrix (IOU Matrix) standards for designating confidential information relating to utility procurement of energy. Public Utilities Code Section 454.5(g) provides that the Commission shall adopt "appropriate procedures to ensure the confidentiality of market sensitive information" submitted by a utility in connection with procurement-related activities. Additionally, under the Public Records Act, Government Code Section 6254(k), records subject to the privileges established in the Evidence Code are not required to be disclosed.[36]

The confidential versions of Exhibits LU-1-C and LU-3-C contain commercially sensitive material and trade secrets that fall under the categories within the IOU Matrix and the general orders, decisions and code set forth herein. Therefore, the motion to file under seal is hereby granted and the confidential treatment of LU-1-C and LU-3-C is affirmed on the terms set forth in the IOU Matrix of D.06-06-066, General Order 66-C and Government Code Section 6245(k).

Liberty Utilities also states that certain information contained in LU-2-C and LU-4-C has been designated as confidential by the Commission in D.14-10-033 (information relating to the Cap-and-Trade program). These exhibits contain confidential information related to Liberty Utilities' annual and monthly GHG emissions and forecasted costs as well as its overall auction strategy.

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[36] Evidence Code § 1060 et seq. provides a privilege for trade secrets, which includes information that derives independent economic value from not being generally known to the public or to other persons who could obtain value from its disclosure.

Information related to GHG allowance trading is subject to the Commission and ARB's rules on confidential treatment.[37] D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, set forth Confidentiality Protocols and a Confidentiality Matrix for GHG-related information for use in Commission proceedings.

The confidential version of Exhibits LU-2-C and LU-4-C contain commercially sensitive material and information that falls under the "ARB Confidential" and "Confidential" categories in the Confidentiality Matrix. Therefore, the motion to file under seal is hereby granted and the confidential treatment of LU-2-C and LU-4-C is affirmed on the terms set forth in the Confidentiality Matrix in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024.

4. Categorization and Need for Hearing

In the September 27, 2016 Scoping Memo, the Commission upheld the preliminary designation of Resolution ALJ 176-3381 that hearings were required. This proceeding is uncontested and is resolved through analysis of written testimony and supplemental exhibits. Therefore, the preliminary determination is changed. Hearings are not required.

5. Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

[37] Cal. Code of Regs., tit. 17 § 95914, subd. (c).

6. Assignment of Proceeding

Liane M. Randolph is the assigned Commissioner and Melissa K. Semcer is the assigned ALJ in this proceeding.

Findings of Fact

1. In D.15-12-021, the Commission approved the 2016 NV Energy Services Agreement with a term to commence January 1, 2016. The 2016 NV Energy Services Agreement provides Liberty Utilities with the flexibility to displace purchases from, among other alternative supply sources, the Luning Solar Project.

2. In D.16-011-021, the Commission authorized Liberty Utilities to enter into a purchase and sale agreement to acquire, operate, maintain and obtain renewable generation from the Luning Solar Project. After five years, Liberty Utilities will become the 100 percent direct owner of the Luning Solar Project.

3. The Commission authorized Liberty Utilities to recover costs associated with the Luning Solar Project through general rates, rather than through ECAC rates.

4. Liberty Utilities entered into a Settlement Agreement in its GRC application, A.15-05-008. The adopted GRC/ECAC Settlement Rates did not contemplate purchases of renewable energy from the Luning Solar Project.

5. The total ECAC revenue requirement submitted in the GRC Settlement in A.15-05-008 is $29.903 million.

6. Liberty Utilities' ECAC tariff obligates it to revise its ECAC Billing Factors in calendar years when it does not file a general rate case application if a change to total ECAC revenue of +/- 5 percent occurs.

7. The ECAC has two rate components, the Offset Rate and the Balancing Rate.

8. Liberty Utilities requests a $4.680 million decrease in revenue for the Offset Rate as a result of a projected Fuel and Purchased Power Cost for 2017 of $27.249 million. The reduction in the Offset rate is primarily due to the decrease in purchased power as a result of the Luning Solar Project.

9. Liberty Utilities projects an over-collection in the ECAC Balancing Account, as of December 31, 2016, of $3.733 million. This amount is less than the projected over-collection of $6.673 million projected in the GRC/Settlement Rates. Including amortization of the $3.733 million over 24 months, the Balancing Rate would increase annually by $1.074 million.

10. The combined impact of changes to the Balancing Rate and Offset Rate represent an annual decrease in ECAC revenues of $3.606 million (12.06 percent) from the GRC/ECAC Settlement Rates. The revenue requirement will be $26.297 million.

11. The combination of the decrease in the Offset Rate and the increase in the Balancing Rate results in an overall decrease in the average ECAC rate across customer classes from $0.05037 per kWh to $0.04283 per kWh.

12. Liberty Utilities' direct testimony and accompanying exhibits provide sufficient justification for the requested changes to the Offset and Balancing Rates.

13. The ECAC rates submitted in A.16-07-001 assume that the GRC/ECAC Settlement Rates proposed in A.15-05-008 are adopted by the Commission and become effective October 1, 2016.

14. In D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, the Commission required Liberty Utilities to file an annual application forecasting its GHG-related costs and allowance proceeds for inclusion in rates, and reconciling

recorded GHG-related costs and allowance proceeds with forecasts from prior years.

15. The forecast of GHG allowance proceeds to be returned to customers in 2017 is $2,338,324.

16. The recorded administrative expenses for 2015 are $202,024.

17. The forecast administrative expenses for 2017 are $202,500.

18. The recorded customer outreach expenses for 2015 are $36,869.

19. The forecast customer outreach expenses for 2017 are $42,600.

20. A March 18, 2016 ALJ Ruling in R.14-07-002 requires Liberty Utilities to estimate funds to be allocated to the Multifamily Program in 2017 in their ECAC forecast proceeding by calculating 10 percent of its forecast 2017 allowance proceeds and including that number in the 2017 "forecast" column of Line 14 of Template D-1 "Allowance Revenue Approved for Clean Energy or Energy Efficiency Programs." The same ruling also requires Liberty Utilities to include estimated expenses for the period July 1, 2016 through December 31, 2016 by calculating five percent of its recorded 2016 GHG allowance proceeds and including that forecast in the 2016 forecast portion of Line 14 of Template D-1.

21. The forecast Clean Energy or Energy Efficiency expenses for 2016 and 2017 are $141,614 and $287,032, respectively.

22. Liberty Utilities does not have any known EITE customers as of the date of its application.

23. The 2017 forecast for the volumetric small business return is $304,081. The 2017 assistance factor is 80 percent.

24. Liberty Utilities calculated a 2017 semi-annual residential California Climate Credit of $23.72 per household.

25. Liberty Utilities has correctly calculated all components of the 2015 GHG cost reconciliation and the 2017 GHG cost and revenue forecast.

26. In Ordering Paragraph 5 of D.15-12-021, the Commission ordered Liberty Utilities to submit a compliance filing in A.16-07-001 demonstrating the cost savings the 2016 NV Energy Services Agreement offers with respect to Liberty Utilities' purchases of renewable energy when compared against the Prior NV Energy Services Agreement.

27. Liberty Utilities provided calculations and supporting documentation, including workpapers, to demonstrate the cost savings of the 2016 NV Energy Services Agreement.

28. The 2016 NV Energy Services Agreement provided a 21 percent savings as compared to the Prior NV Energy Services Agreement.

29. Liberty Utilities reported its recorded and forecast GHG costs confidentially in Exhibit LU-4-C to A.16-07-001.

30. Liberty Utilities served opening testimony on July 1, 2016 and supplemental testimony on September 9, 2016.

31. Exhibits LU-2-C and LU-4-C to A.16-07-001 contain market sensitive information that is entitled to confidential treatment under the Confidentiality Protocols and Confidentiality Matrix set forth in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, related to utility procurement and GHG allowance trading.

32. Exhibits LU-1-C and LU-3-C contain market sensitive electricity procurement information and trade secrets that are entitled to confidential treatment under D.06-06-066, General Order 66-C and Government Code Section 6245(k).

33. In the September 27, 2016 Scoping Memo in this proceeding, the assigned commissioner upheld the Commission's preliminary determination, adopted in Resolution ALJ 176-3381, that hearings were needed. The Commission did not convene hearings in this proceeding.

Conclusions of Law

1. Liberty Utilities' requested $4.680 million decrease in revenue for the Offset Rate from the GRC/Settlement Rates requested in A.15-05-008, resulting in a 2017 Fuel and Purchased Power Cost of $27.249 million is reasonable and should be approved.

2. Liberty Utilities' requested increase to the Balancing Rate of $1.074 million is reasonable and should be approved.

3. The approval of the adjusted ECAC rates requested in this application should be contingent upon approval of the GRC/ECAC Settlement Rates currently under consideration in A.15-05-008. In the event the Commission does not adopt the GRC/ECAC Settlement Rates in A.15-05-008, approval of ECAC rates in the instant application should be vacated. In that event, Liberty Utilities should be directed to file a new ECAC trigger application with updated rates, assuming the impact on ECAC rates from the Luning Solar Project still results in a +/- five percent change of total ECAC revenues from those approved in A.15-05-008.

4. In the event that the Commission does approve the GRC/ECAC Settlement Rates proposed in A.15-05-008, but does not approve the rates retroactive to October 1, 2016, no further action should be required of Liberty Utilities. Any resulting over- or under-collection should be trued-up in a future GRC or ECAC trigger application.

5. Liberty Utilities appropriately forecasted and reconciled its GHG-related costs, expenses, and allowance proceeds consistent with the methodologies set forth in D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, and the other decisions issued in R.11-03-012 as of today's date.

6. The recorded and forecast customer outreach expenses are reasonable.

7. The recorded and forecast administrative expenses are reasonable.

8. Liberty Utilities' calculation of its 2017 revenue requirement associated with GHG costs follows the methodology required by D.14-10-033, as corrected by D.14-10-055 and D.15-01-024, and should be approved.

9. Liberty Utilities appropriately calculated the amounts of GHG allowance proceeds to be returned to customers in 2017 and these amounts should be approved as set forth in Table 1 of this decision.

10. Liberty Utilities has provided sufficient information to demonstrate the cost savings of the 2016 NV Energy Service Agreement. The Commission should find that Liberty Utilities has complied fully with Ordering Paragraph 5 of D.15-12-021.

11. Liberty Utilities' motion to admit its prepared testimony served on July 1, 2016, and supplemented on September 9, 2016 into the record should be granted.

12. Liberty Utilities' motion to receive public and confidential versions of Exhibits LU-1, LU-2, LU-3 and LU-4 (LU-1-C, LU-2-C, LU-3-C and LU-4-C) into the record should be granted.

13. Liberty Utilities' motion for confidential treatment of select information contained in Exhibits LU-1-C, LU-2-C, LU-3-C and LU-4-C should be granted.

14. The preliminary determination made in Resolution ALJ 176-3381 of the need for hearings should be changed to hearings are not necessary.

15. A.16-07-001 should be closed.

O R D E R

IT IS ORDERED that:

1. The application of Liberty Utilities (CalPeco Electric) LLC for approval of changes to its Energy Cost Adjustment Clause and Greenhouse Gas-Related Forecast and Reconciliation of Cost and Revenue, Application 16-07-001, is approved, subject to the limitations set forth in Ordering Paragraphs 2 and 3.

2. Liberty Utilities (CalPeco Electric) LLC's (Liberty Utilities) Energy Cost Adjustment Clause (ECAC) rates approved in this decision are contingent upon approval of the ECAC rates in the General Rate Case Settlement proposed in Application (A.) 15-05-008. In the event that the Commission does not approve the ECAC rates proposed in Application 15-05-008, approval of changes to the ECAC rates in this decision are vacated. If the ECAC rates approved in this decision are vacated and the ECAC rates ultimately approved in A.15-05-008 still result in a +/- five percent difference as a result of costs from the Luning Solar Project, Liberty Utilities must file a new ECAC trigger application with updated rates within 60 days of issuance of a final decision in A.15-05-008. The remainder of A.16-07-001 will remain approved.

3. In the event that the Commission does approve Liberty Utilities (CalPeco Electric) LLC's proposed Energy Cost Adjustment Clause (ECAC) rates in Application 15-05-008, but does not approve the rates retroactive to October 1, 2016, no further action is required at this time. Any resulting over- or under-collection must be trued-up in a future General Rate Case or ECAC trigger application.

4. The application of Liberty Utilities (CalPeco Electric) LLC for approval of its 2017 Greenhouse Gas Cost and Revenue Forecast and 2015 Reconciliation, Application 16-07-001, is approved.

5. Liberty Utilities (CalPeco Electric) LLC shall file a Tier 1 Advice Letter before January 1, 2017 with tariffs to implement the rates authorized by this decision (subject to the limitations in Ordering Paragraphs 2 and 3) and to issue the semi-annual residential Climate Credit of $23.72 and monthly volumetric small business Climate Credit offsetting 80 percent of greenhouse gas costs in rates. The revised tariffs will become effective on January 1, 2017.

6. All greenhouse gas cost and revenue forecasts approved in this proceeding are subject to reconciliation of costs and proceeds in subsequent greenhouse gas forecast and reconciliation applications. Greenhouse gas outreach and administrative expenses are subject to further reasonableness review at the time of the reconciliation.

7. Liberty Utilities (CalPeco Electric) LLC has complied fully with the requirements of Ordering Paragraph 5 of Decision 15-12-021.

8. Liberty Utilities (CalPeco Electric) LLC's motion to submit under seal confidential information contained in Exhibit LU-1-C, LU-2-C, LU-3-C and LU-4-C to Application 16-07-001 is granted. This information will remain under seal under the applicable terms set forth in the Confidentiality Matrix attached to Decision (D.) 14-10-033, as corrected by D.14-10-055 and D.15-01-024, and the IOU Matrix in D.06-06-066, General Order 66-C and Government Code Section 6245(K), and shall not be made accessible or disclosed to persons other than the Commission and its staff except on further Commission order or Administrative Law Judge ruling.

9. Liberty Utilities (CalPeco Electric) LLC's (Liberty Utilities) prepared testimony served on July 1, 2016, and supplemented on September 9, 2016, are marked on October 12, 2016 as Exhibits LU-1, LU-1-C, LU-2, LU-2-C, LU-3, LU-3-C, LU-4 and LU-4-C. Liberty Utilities' motion to admit all served exhibits into the record is granted.

10. The preliminary determination made in Resolution ALJ 176-3381 of the need for hearings is changed to hearings are not necessary.

11. Application 16-07-001 is closed.

This order is effective today.

Dated December 1, 2016, at San Francisco, California.

MICHAEL PICKER
President
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
CARLA J. PETERMAN
LIANE M. RANDOLPH
Commissioners

Appendix A

Liberty Utilities (CalPeco Electric) LLC
Application 16-07-001
Exhibit List

Exhibit No.	Witness	Title
LU-1	Alain R. Blunier	Prepared Testimony of Alain R. Blunier, Chapter 1, 2017 Fuel and Purchased Power Forecast and Energy Cost Adjustment Clause (Public Version)
LU-1-C	Alain R. Blunier	Prepared Testimony of Alain R. Blunier, Chapter 1, 2017 Fuel and Purchased Power Forecast and Energy Cost Adjustment Clause (CONFIDENTIAL VERSION)
LU-2	Alain R. Blunier	Prepared Testimony of Alain R. Blunier, Chapter 2, 2017 GHG Cost and Revenue Forecast and Reconciliation (Public Version)
LU-2-C	Alain R. Blunier	Prepared Testimony of Alain R. Blunier, Chapter 2, 2017 GHG Cost and Revenue Forecast and Reconciliation (CONFIDENTIAL VERSION)
LU-3	Alain R. Blunier	Prepared Testimony of Alain R. Blunier, Chapter 3, D.15-12-021 Compliance Filing (Public Version)
LU-3-C	Alain R. Blunier	Prepared Testimony of Alain R. Blunier, Chapter 3, D.15-12-021 Compliance Filing (CONFIDENTIAL VERSION)
LU-4	Alain R. Blunier	Supplemental Testimony of Alain R. Blunier (Public Version)
LU-4-C	Alain R. Blunier	Supplemental Testimony of Alain R. Blunier (CONFIDENTIAL VERSION)

(End of Appendix)