

Decision 24-02-021 February 15, 2024

**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  
and its California Climate Credit,  
Effective January 1, 2023.

Application 22-11-018

**DECISION ADOPTING THE AMENDED SETTLEMENT AGREEMENT**

**Summary**

This decision grants the Joint Motion of Liberty Utilities (CalPeco Electric) LLC (Liberty), the A-3 Customer Coalition, and the Public Advocates Office at the California Public Utilities Commission for adoption of their all-party Amended Settlement Agreement (Amended Settlement Agreement) that resolves all issues in scope in this proceeding. The Amended Settlement Agreement (1) authorizes Liberty to modify its Energy Cost Adjustment Clause (ECAC) rates to allow for recovery of its fuel and purchased power costs and certain other energy-related costs; (2) adopts an annual ECAC revenue requirement of \$44.043 million based on \$34.825 million in revenue associated with Liberty's Offset Rate and revenue of \$9.217 million related to its ECAC Balancing Rate collection (reflecting a total undercollection of \$23.043 million as of December 31, 2022, to be amortized over 30 months); and (3) adopts a semi-annual California Climate Credit to residential customers of \$80.25. The Amended Settlement

Agreement reflects a 41.8 percent<sup>1</sup> increase in cost recovery from ECAC rates approved by the California Public Utilities Commission (Commission) in 2022, an increase largely driven by sharp increases in western energy and capacity prices (due to west-wide capacity shortages in recent summers) as well as an undercollection in ECAC rates in 2021 and an undercollection of new ECAC rates in 2022 due to the delayed implementation of 2022 ECAC rates to October 1, 2022, when they were designed to be effective January 1, 2022. Residential rates will reflect a 2.1 percent to 9.8 percent annual increase as a result of the increase in Liberty's ECAC rates. The Amended Settlement Agreement meets the requirements of the Commission's Rules of Practice and Procedure because it is reasonable in light of the whole record, consistent with law, and in the public interest.

This proceeding is closed.

## **1. Background**

Liberty Utilities (CalPeco Electric) LLC (Liberty) serves approximately 49,000 electric customers in and around the Lake Tahoe Basin in California. Liberty filed its application for approval from the California Public Utilities Commission (Commission) for Authority to Update Rates Pursuant to its Energy Cost Adjustment Clause (ECAC) and its California Climate Credit on November 18, 2022. Liberty seeks approval of its ECAC so it can implement new rates effective on January 1, 2023.<sup>2</sup>

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<sup>1</sup> The 41.8 percent is rounded up from 41.778 percent to be consistent with the figures cited in the Amended Settlement Agreement.

<sup>2</sup> See Application of Liberty Utilities (CalPeco Electric) LLC (U933E) for Authority to Update Rates Pursuant to its Energy Cost Adjustment Clause and its California Climate Credit, Effective January 1, 2023 at 1-2 (hereafter, Liberty Application).

Liberty's ECAC tariff originally authorized in Decision (D.) 12-11-030 and as amended by D.21-05-005 requires the utility to file an ECAC application in any year in which total ECAC revenues are expected to deviate by more than plus or minus five percent from the revenues collected through its current ECAC rates.<sup>3</sup> Liberty requested an annual increase in ECAC rates of \$47.894 million in its application, which is a 54.174 percent annual increase (rounded to 54.2 percent) in the cost recovery from ECAC rates relative to 2022.<sup>4</sup>

On January 12, 2023, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a protest and also on January 12, 2023, the A-3 Customer Coalition (A-3 CC) filed a response to Liberty's ECAC application. Liberty filed a reply to Cal Advocates' protest and A-3 CC's response on January 23, 2023. The assigned Administrative Law Judge (ALJ) held a prehearing conference on February 14, 2023, and a Scoping Ruling was issued on March 17, 2023. On May 4, 2023, Liberty filed a Motion for extension of time to continue settlement discussions between the parties, which the assigned ALJ granted on May 11, 2023. On July 26, 2023, Liberty, Cal Advocates, and A-3 CC (Settling Parties) filed a joint motion (Settlement Motion) for approval of their all-party Settlement Agreement (Settlement Agreement), an Amendment to the Application, and a Motion to admit prepared testimony into the evidentiary record. Liberty's Amended Application<sup>5</sup> reduces the requested revenue

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<sup>3</sup> Liberty received an extension from Executive Director Peterson on June 30, 2022, to file its next ECAC within 60 days of the final disposition in the prior ECAC application (Application (A.) 21-08-003).

<sup>4</sup> See Liberty Application at 2.

<sup>5</sup> See Liberty's Amendment to the Application at 1 (hereafter, Liberty Amended Application).

requirement from \$47.894 million to \$44.043 million, which is consistent with the all-party Settlement Agreement.

On September 5, 2023, the assigned ALJ granted the joint motion for admission of prepared testimony and exhibits into the evidentiary record. This matter was submitted on September 5, 2023, upon the admission of exhibits into the record and the subsequent closure of the record.

On February 9, 2024, the Settling Parties filed a joint motion (Amended Settlement Motion) for approval of their all-party Amended Settlement Agreement (Amended Settlement Agreement). The Amended Settlement Agreement corrects language in the Settlement Agreement regarding the Luning Project buy-out to reflect the intent of the Settling Parties but does not otherwise amend the Settlement Agreement.

**2. Commission Review of the Amended Settlement Agreement Under Article 12 of the Rules of Practice and Procedure**

In order to determine if the Amended Settlement Agreement should be approved in whole, approved in part, or rejected, this decision must analyze the Amended Settlement Agreement in accordance with Article 12 of the Commission's Rules of Practice and Procedure (Rules). The Commission has long favored the settlement of disputes. Pursuant to Rule 12.1(d), the Commission will not approve a settlement unless it is found to be reasonable in light of the whole record, consistent with law, and in the public interest. In Section 2.1 through Section 2.8 below, we describe and put into context the most salient provisions of the Amended Settlement Agreement, and in Section 2.9 through Section 2.11 below we analyze whether the Amended Settlement Agreement satisfies the Rule 12.1(d) requirements for Commission approval of a settlement.

Article 12 standards apply to settlements that are contested as well as uncontested. The Amended Settlement Agreement is uncontested.

**2.1. Liberty's Annual Requested Revenue Requirement and Rates Related to the Energy Cost Adjustment Clause**

Liberty's annual requested revenue requirement of \$44.043 million as reflected in the Amended Settlement Agreement represents a 41.8 percent increase in the rate recovery from ECAC rate modifications requested in Liberty's 2022 ECAC Application and approved by the Commission in D.22-09-013.<sup>6</sup> The \$44.043 million consists of a total offset rate of \$34.825 million (a \$9.322 million increase from the previous ECAC), plus a balancing rate of \$9.217 million (a \$3.656 million increase from the previous ECAC).<sup>7</sup> This increase is largely driven by an increase in both the offset rate and the balancing rate.<sup>8</sup> The offset rate is a forecast of 2023 costs, which include sharp increases in western energy and capacity prices (due to west-wide capacity shortages in recent summers). The balancing rate includes recovery for undercollected costs in 2021 and 2022 (undercollected 2022 costs were due to the delayed implementation of 2022 ECAC rates to October 1, 2022, when they were designed to be effective January 1, 2022). The following table<sup>9</sup> shows the revenue requirements for the Amended Settlement Agreement and as approved in D.22-09-013:

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<sup>6</sup> D.22-09-013 approved a total revenue requirement of \$36.636 million. The revenue requirement approved for 2022 was \$31.065 million, since the \$11.123 million balancing rate in A.21-08-003 was amortized over two years. Liberty's total revenue requirement agreed in the current Amended Settlement Agreement is a 41.8 percent increase from Liberty's 2022's revenue requirement of \$31.065 million.

<sup>7</sup> See Exhibit Liberty-02 Public version at 2.

<sup>8</sup> See Liberty Amended Application at 6.

<sup>9</sup> See Exhibit Liberty-02 Public version at 2.

**Table 1**

<b>Amended Settlement Agreement</b>	<b>2022<sup>10</sup></b>	<b>2023</b>
Agreed Total Revenue Requirement	\$31.065 million	\$44.043 million
Agreed Revenue Requirement for Offset Rate	\$25.503 million	\$34.825 million
Agreed Revenue Requirement for Balancing Rate	\$5.562 million	\$9.217 million

The annual revenue requirement of \$44.043 million in the Amended Settlement Agreement reflects a reduction from the \$47.894 million annual revenue requirement requested by Liberty in its original application.

## **2.2. Factors Affecting Fuel and Purchased Power Costs**

In D.15-12-021, the Commission approved an agreement with NV Energy (2016 NV Energy Energy Services Agreement (ESA)), which commenced January 1, 2016, and expired December 30, 2020.<sup>11</sup> Liberty's current ESA with NV Energy commenced on December 30, 2020 (2021 NV Energy ESA) and provides material benefits for Liberty's customers as it allows Liberty to (1) continue to develop additional utility-owned renewable resources, such as the Luning Expansion Project; (2) explore possible alternative transmission arrangements;

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<sup>10</sup> D.22-09-013 approved a total revenue requirement of \$36.636 million. The revenue requirement approved for 2022 was \$31.065 million, since the \$11.123 million balancing rate in A.21-08-003 was amortized over two years. Liberty's total revenue requirement agreed to in the current Amended Settlement Agreement is a 41.8 percent increase from Liberty's 2022's revenue requirement of \$31.065 million.

<sup>11</sup> See Liberty Application at 3.

(3) reduce the distribution charge and demand charge rate paid to NV Energy; and (4) remove the demand ratchet so that charges better reflect actual demand.<sup>12</sup>

Liberty forecasts generation in 2023 as follows: (1) the Luning Project will deliver approximately 140,000 megawatt hours (MWh) to Liberty; and (2) the Turquoise Project will deliver approximately 28,000 MWh to Liberty. The generation from both the Luning Project<sup>13</sup> and the Turquoise Project will displace renewable generation that Liberty would otherwise purchase pursuant to the 2021 NV Energy ESA.<sup>14</sup> This displacement in purchases from NV Energy by the deliveries from the Luning Project and the Turquoise Project decreases Liberty's forecast of power purchases, which, in turn, reduces the forecast of the Fuel and Purchased Power Costs used to derive Liberty's ECAC rates. Additionally, Liberty owns and operates the 12-megawatt diesel-fired Kings Beach Generating Station (Kings Beach). Kings Beach is permitted to operate no more than 720 "machine hours" per calendar year and is used in limited, emergency situations.<sup>15</sup>

### **2.3. Greenhouse Gas Revenues and Expenses**

The Settling Parties agreed that Liberty shall use the following forecasts<sup>16</sup> for purposes of setting its greenhouse gas (GHG) rates, which reflect the GHG costs Liberty incurs for the California Cap-and-Trade program, and are passed on to customers, to be effective in 2023:

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<sup>12</sup> See Advice Letter 153-E, "Liberty Utilities (CalPeco Electric) LLC (U933E) – Request for Approval of 2021 Energy Services Agreement with Sierra Pacific Power Company, dba NV Energy."

<sup>13</sup> D.23-08-032 adopted a settlement agreement approving the Luning Project expansion.

<sup>14</sup> See Liberty Amended Application at 4.

<sup>15</sup> *Ibid.*

<sup>16</sup> See Amended Settlement Agreement at 3-4.

- (1) Forecast 2023 GHG emissions costs incurred directly or indirectly by Liberty as a result of the GHG cap-and-trade program (GHG Costs);
- (2) Forecast 2023 administrative and customer outreach expenditures by Liberty associated with the cap-and-trade program (GHG Administrative and Customer Outreach Expenses); and
- (3) Forecast 2023 allowance revenues Liberty will realize by selling the allowances allocated to its customers by the California Air Resources Board (GHG Allowance Revenues), as adjusted by the forecasted over-collection in the GHG Revenue Balancing Account (GHG Account Balance) (as adjusted, GHG Adjusted Allowance Revenues).

The Settling Parties agreed that Liberty's reconciliation of its 2023 GHG Costs are reasonable based on these forecasts, and Liberty will adjust its 2023 California Climate Credit rates accordingly.<sup>17</sup> Liberty agreed to provide residential customers with a semi-annual California Climate Credit of \$80.25 on the bills they receive in April and October.<sup>18</sup>

#### **2.4. Rate and Bill impacts**

Liberty provided a Bill Impact Analysis in its original Settlement Motion submitted on July 26, 2023.<sup>19</sup> As shown in Table 2 below, the percentage increases are comparable in the Permanent and CARE Residential categories, with a much smaller increase in the Non-Primary Residential category.<sup>20</sup>

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<sup>17</sup> *Ibid.*

<sup>18</sup> *See* Settlement Motion at 12.

<sup>19</sup> *See* Settlement Agreement at Attachment 2.

<sup>20</sup> Permanent refers to permanent residents in Liberty's service territory. Non-primary refers to residents that do not primarily reside in Liberty's territory (such as owners of vacation homes), and CARE refers to residents utilizing the California Alternate Rates of Energy program.



Table 2

Customer Class	Current Average Bill	Average Bill with 2023 Proposed ECAC Rates	\$ Increase	% Increase
Residential (Permanent)	\$180.48	\$194.99	\$14.50	8.0%
Residential (Non-Primary)	\$149.54	\$152.65	\$3.10	2.1%
Residential (CARE)	\$130.93	\$143.77	\$12.84	9.8%

### 2.5. Amortizing the Energy Cost Adjustment Clause Balancing Account

Liberty forecasted an under-collection in the ECAC Balancing Account, as of December 31, 2022, of \$23.043 million.<sup>21</sup> Liberty's proposed amortization period for the increase in balancing rates for the projected \$23.043 million under-collection has been extended from 24 months to 30 months in the Amended Settlement Agreement.<sup>22</sup> The Settling Parties are sensitive to the fact the rate increases proposed in this application will have a greater impact on low-income households and small businesses who will have to pass on the added costs to their customers. The 30-month amortization proposal is designed to make the rate increases more reasonable for all customers, particularly the Environmental and Social Justice (ESJ) communities discussed in the ESJ Action Plan.<sup>23</sup> While many programs focused on ESJ communities (*e.g.*, CARE and Medical Baseline) are scoped in Liberty's General Rate Case (GRC) application, it is nevertheless important to consider ESJ policies in this application, and the

<sup>21</sup> See Liberty Amended Application at 2.

<sup>22</sup> See Amended Settlement Agreement at 2.

<sup>23</sup> *Ibid.*

Settling Parties believe the 30-month amortization adheres to the ESJ Action Plan.<sup>24</sup>

**2.6. No Amendment to Energy Cost Adjustment Clause Filing Requirements**

The Settling Parties have decided not to pursue any changes to the timing of filing of future ECAC applications at this time, and thus no change in the timing of the ECAC filing is needed.

**2.7. Costs Are Incremental**

After review, we find that there are no cost overlaps between Liberty's 2023 ECAC application and Liberty's 2022 GRC application (A.21-05-017), and the 2023 ECAC application costs are incremental.

**2.8. Impacts on Environmental and Social Justice Communities**

There are no Disadvantaged Communities (DAC) as defined in the Commission's ESJ Action Plan<sup>25</sup> in Liberty's territory.<sup>26</sup> Many of Liberty's customers are second home-owners and upper-income households.<sup>27</sup> However, Liberty points out that there are "some customers who are considered low-income households on an individual-customer basis. While the communities as a whole and the census tracts therein are not classified as DACs, Truckee, South Lake Tahoe, and other rural communities served by Liberty have a

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<sup>24</sup> *Ibid.*

<sup>25</sup> The Commission's ESJ Action Plan defines ESJ Communities broadly as those which are (i) predominantly communities of color or low-income, (ii) underrepresented in the Commission's policy and/or decision making process, (iii) subject to a disproportionate impact from environmental hazards, or (iv) likely to experience disparate implementation of environmental regulations and socioeconomic investments in their communities. (*See* ESJ Action Plan at 1.)

<sup>26</sup> *See* Settlement Motion at 6.

<sup>27</sup> *Id.* at 7.

number of low-income households, as defined by the CARE program<sup>28</sup> eligibility requirements.”<sup>29</sup> Liberty has shown a balanced approach to spreading the cost increases among Residential class customers, including CARE customers, in its proposed ECAC rates, as well as agreeing to a 30-month amortization period<sup>30</sup> to mitigate the impact that the proposed rate increases will have on low-income households that do not qualify for the CARE Program and small businesses.

### **2.9. Reasonableness in Light of the Whole Record**

We carefully reviewed the Amended Settlement Agreement and considered the various proposals included therein. Based on our review and analysis, we find the Amended Settlement Agreement to be fair and reasonable in light of the record as a whole. The ECAC’s purpose is to reflect in rates Liberty’s Fuel and Purchased Power Costs and other energy-related costs, with the main components comprising (1) the Offset Rate, based on the new Fuel and Purchased Power forecast for the Forecast Period; and (2) the Balancing Rate,<sup>31</sup> to amortize any projected over- or under-collection balance in the ECAC Balancing Account as of the Revision Date.<sup>32,33</sup> Liberty’s annual requested revenue requirement and rates reflect these costs, and the reasons for the increases are supported by the record of the proceeding, including Exhibit Liberty-02.<sup>34</sup>

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<sup>28</sup>Assembly Bill 3 (Wright), Stats. 2001, ch. 11.

<sup>29</sup> See Amended Settlement Agreement at 5.

<sup>30</sup> *Ibid.*

<sup>31</sup> *Id.* at 2.

<sup>32</sup> The ECAC tariff defines “Forecast Period” as the 12-calendar-month period commencing with the Revision Date, which, for this Application, is January 1, 2023.

<sup>33</sup> See D.12-11-030 at Exhibit B.

<sup>34</sup> See Exhibit Liberty-02 Confidential version.

Cal Advocates has been able to conduct discovery and verification of the costs, and the Amended Settlement Agreement was the product of compromise among all parties in this proceeding and their respective interests.

The 2023 forecasted tax equity payments to Liberty's tax equity partners<sup>35</sup> for the Luning and Turquoise solar projects are in conformance with the Commission decisions<sup>36</sup> approving such tax equity payments in the past and parties did not contest these payments. Many energy-generating assets are financed using tax equity, and we find that the projected tax equity payments agreed upon in the Amended Settlement Agreement appear to be reasonable and form part of the agreements and concessions made by the Settling Parties. Liberty has estimated a final residual value or "buy-out price"<sup>37</sup> for the remaining interest in the Luning solar project, as set forth in Liberty's confidential testimony.<sup>38</sup> Given the recent increases in ECAC expenses and subsequent impact to customers, the Amended Settlement Agreement would allow Liberty to capitalize the final buy-out price of the Luning plant rather than record it as an expense. Assigning the costs as a capital investment will distribute the rate impact to Liberty's customers across the life of the solar plant instead of

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<sup>35</sup> Tax equity is a form of project financing using a combination of project-generated cash flow and federal tax benefits which include both tax deductions and tax credits.

<sup>36</sup> See D.22-09-013 at 12.

<sup>37</sup> See D.16-01-021 at 7-8, Decision Approving Settlement Agreement Subject to Conditions, Attachment A, Section 3.2. Per the settlement approved in D.16-01-021, "the Commission approve[d] Liberty Utilities' purchase of the completed and operational facility through a tax equity structure whereby it initially obtains a majority co-ownership interest in a development company holding the asset, as well as both the option and incentive to acquire the residual interest from its tax equity partner (*e.g.*, a financial institution) after approximately five years, thus obtaining 100% direct ownership of the solar facility."

<sup>38</sup> See Exhibit Liberty-02 Confidential version at 5.

being recovered within a single year, significantly reducing the rate impact to customers.<sup>39</sup>

Regarding Liberty's California Climate Credit, the Amended Settlement Agreement adopts Liberty's forecasts for GHG Costs, GHG Customer and Administrative Expenses, and GHG Adjusted Allowance Revenues (including set asides for the Solar on Multifamily Affordable Housing program). Liberty's Climate Credit and forecast GHG rates are based on agreed-upon forecasts that Liberty expects to incur to comply with the Cap-and-Trade program and reconciliation of its prior GHG Costs.<sup>40</sup> Liberty shall set its Carbon Pollution Permit Cost rate to \$0.00963/kilowatt hours and increase the amount of the semi-annual climate credit for residential and applicable small business customers to \$80.25, so that eligible customers will receive this semi-annual California Climate Credit on their April and October bills. The California Climate Credit forecasts and methodology were not objected to by parties and are supported by Liberty's testimony.<sup>41</sup> The amount of the climate credit was based on agreed-upon forecasts between the Settling Parties concerning Liberty's GHG rates that would take effect on January 1, 2023. Issuance of a climate credit twice a year is also in accordance with prior Commission decisions<sup>42</sup> and so we find this reasonable.

Liberty's proposal to amortize its balancing rate increase over 30 months<sup>43</sup> is reasonable when trying to decrease the rate and bill impact to its customers. As

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<sup>39</sup> *Id.* at 5.

<sup>40</sup> *See* Amended Settlement Agreement at 3.

<sup>41</sup> *See* Exhibit Liberty-02 Confidential version at 8.

<sup>42</sup> *See* D.21-08-026 and D.14-10-033.

<sup>43</sup> *See* Amended Settlement Agreement at 2.

shown in Section 2.4 above, the percentage increases in residential rates are comparable in the Permanent and CARE Residential categories, with a much smaller increase in the Non-Primary Residential category. Liberty has shown a balanced approach to spreading the cost increases between Residential class customers, including CARE customers, in its proposed ECAC rates, as well as amortizing over a 30-month period to further mitigate the impact the proposed rate increases will have on low-income households that do not qualify for the CARE Program and small businesses.<sup>44</sup>

The Amended Settlement Agreement states that it resolves all issues identified in the Scoping Ruling. After our careful review, we agree. In addition, the ECAC costs for which Liberty is seeking approval are incremental to and not duplicative of costs addressed in Liberty's GRC proceeding.<sup>45</sup>

Given these facts, the Commission finds the Amended Settlement Agreement reasonable in light of the whole record. Liberty is instructed to file a Tier 1 Advice Letter to implement the new ECAC and GHG rates adopted in the Amended Settlement Agreement, subject to the Energy Division determining that the rates are in compliance with this decision.

#### **2.10. Consistency with Law**

The Amended Settlement Agreement does not contravene any statutory provision or prior Commission decision. The amended settlement consists of agreements concerning Liberty's ECAC and GHG rates as well as the components that make up these two rates. While the values may differ each year, the process involved is the same and the settlement terms were arrived at

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<sup>44</sup> *Id.* at 5.

<sup>45</sup> See A.21-05-017, Liberty's 2022 GRC.

consistent with the process used in Liberty's prior ECAC and Climate Credit applications.<sup>46</sup>

### **2.11. In the Public Interest**

Finally, this decision must explore whether the Amended Settlement Agreement is in the public interest. The settlement involves all active parties in the proceeding and resolves all issues and concerns raised by intervenors. The Settling Parties are well informed and state that the Amended Settlement Agreement is a reasonable compromise because it was arrived at after a robust discovery process which included data requests and due diligence efforts conducted by parties representing Liberty's customer classes.<sup>47</sup> The rates adopted in the Amended Settlement Agreement will allow Liberty to perform its obligations to its customers while the amortization of the 2022 undercollection over a 30-month period<sup>48</sup> lessens the immediate impact on ratepayers by dividing the additional costs over a longer period of time. There were also no objections to the Amended Settlement Agreement. As a result, we find the Amended Settlement Agreement to be in the public interest.

### **3. Summary of Public Comments**

There were no public comments submitted for this proceeding.

### **4. Conclusion**

The Amended Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest. Therefore, the Amended Settlement Agreement should be adopted in its entirety.

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<sup>46</sup> See D.22-09-013 at 15.

<sup>47</sup> See Settlement Motion at 5.

<sup>48</sup> *Id.* at 8.

Since no motions for evidentiary hearings were filed by the July 25, 2023, deadline, we therefore find that no hearings are necessary, and the Scoping Ruling finding that hearings may be necessary should be changed to no hearings are necessary.

Liberty should file a Tier 1 Advice Letter to implement the terms of the Amended Settlement Agreement in rates within 30 days of this decision.

**5. Waiver of Comment Period**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, as provided in Rule 14.6(c)(2), the otherwise applicable 30-day public review and comment period for this decision is waived.

**6. Assignment of Proceeding**

John Reynolds is the assigned Commissioner and Syche Cai is the assigned ALJ in this proceeding.

**Findings of Fact**

1. Liberty, A-3 CC, and Cal Advocates entered into the all-party Amended Settlement Agreement signed by all parties on February 9, 2024.
2. Liberty, A-3 CC, and Cal Advocates filed an Amended Settlement Motion to adopt the Amended Settlement Agreement on February 9, 2024.
3. The provisions of the Amended Settlement Agreement are the result of arms-length negotiations between the Settling Parties.
4. The Settling Parties have a thorough understanding of the issues and the underlying assumptions and data and could therefore make informed decisions in the settlement process.
5. The Amended Settlement Agreement reflects a compromise by the Settling Parties.



### **Conclusions of Law**

1. Rule 12.1(d) provides that the Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.

2. Each of the issues resolved in the Amended Settlement Agreement is addressed by evidence in the record.

3. The Amended Settlement Agreement is reasonable considering the record as a whole because it adequately and fairly balances the risks and interests between the parties.

4. The Amended Settlement Agreement is consistent with all applicable laws.

5. The Amended Settlement Agreement is in the public interest.

6. Adoption of the Amended Settlement Agreement is binding on all parties to the proceeding.

7. The Amended Settlement Motion to adopt the Amended Settlement Agreement should be granted.

8. Liberty should file a Tier 1 Advice Letter to implement the terms of the Amended Settlement Agreement in rates within 30 days of this decision.

9. There is no need for evidentiary hearings for this proceeding.

10. Given that no hearings are needed, the preliminary determination regarding hearings should be changed to "no hearings are necessary."

11. All rulings issued by the assigned Commissioner and ALJ should be affirmed, and all motions not specifically addressed herein or previously addressed by the assigned Commissioner or ALJ, should be denied.

12. A.22-11-018 should be closed.

**O R D E R**

**IT IS ORDERED** that:

1. The joint motion filed by Liberty Utilities (CalPeco Electric) LLC, A-3 Customer Coalition, and the Public Advocates Office at the California Public Utilities Commission dated February 9, 2024, for the adoption of the Amended Settlement Agreement attached as Appendix 1 is granted.

2. Liberty Utilities (CalPeco Electric) LLC shall file a Tier 1 Advice Letter to implement the terms of the Amended Settlement Agreement in rates within 30 days of this decision.

3. The preliminary determination in this proceeding that evidentiary hearings may be necessary is changed to no hearings are necessary.

4. All rulings issued by the assigned Commissioner and the assigned Administrative Law Judge (ALJ) are affirmed, and all motions not specifically addressed in this decision or previously addressed by the assigned Commissioner or the assigned ALJ are denied.

5. Application 22-11-018 is closed.

This order is effective today.

Dated February 15, 2024, at Lake Forest, California.

ALICE REYNOLDS

President

DARCIE L. HOUCK

KAREN DOUGLAS

Commissioners

Commissioner Genevieve Shiroma and  
Commissioner John Reynolds,  
being absent, did not participate.

# **ATTACHMENT 1**