(APPENDIX A)

SETTLEMENT AGREEMENT OF LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933 E) 2024 ENERGY COST ADJUSTMENT CLAUSE AND CALIFORNIA CLIMATE CREDIT, EFFECTIVE JANUARY 1, 2024

ARTICLE 1 – INTRODUCTION

Pursuant Article 12 of the California Public Utilities Commission ("Commission") Rules of Practice and Procedure, Liberty Utilities (CalPeco Electric) LLC ("Liberty"), the A-3 Customer Coalition, and the Public Advocates Office at the California Public Utilities Commission (collectively "Settling Parties") hereby enter into this Agreement ("Agreement") as a compromise to resolve all issues from the Scoping Ruling for Liberty's 2024 Energy Cost Adjustment Clause ("ECAC"), Application (A.) 24-04-010 ("Application").

ARTICLE 2 – TERM

The Term of the Agreement extends from the date of signing until the date of the Commission's issuance of a final, non-appealable decision addressing the Agreement, unless otherwise agreed in writing by all Settling Parties.

ARTICLE 3 – SCOPE OF SETTLEMENT

The Settlement Agreement resolves all issues set forth in the July 29, 2024, *Assigned Commissioner's Scoping Memo and Ruling*. The Settlement Agreement would resolve Issue 8 (adherence to the Commission's environmental social justice policy) as applied to the aforementioned issues. The Settlement Agreement would resolve Issue 7 (Liberty's proposed ECAC Tariff True-Up Mechanism) by establishing a process for updating ECAC rates between

application cycles. The Settlement Agreement is supported by a Motion to enter the aforementioned final testimony of Dan Marsh and Christina Pak filed on October 24, 2024.[1]

ARTICLE 4 – ENERGY COST ADJUSTMENT CLAUSE

The Settling Parties agree to a twenty-four (24)-month amortization of the under-collection. The Settlement approves an annual increase resulting in the annual revenues to be collected through ECAC rates of $56.782 million, which results in a 28.9% annual increase in the rate recovery from ECAC rate modifications authorized in Liberty's 2022 ECAC Application.

A. Offset Rate

Settling Parties agree to an annual $0.926 million decrease in revenue associated with changes to the Offset Rate.

B. Balancing Rate

Settling Parties agree to a $13.665 million increase annually in the ECAC Balancing Rate. Settling Parties agree to amortize the projected $45.766 million under-collection over a twenty-four (24) month period.

C. Recovery of Turquoise Buy-Out

Settling Parties recommend that the Commission approve Liberty's proposal to capitalize the buy-out of the Turquoise Solar Project.

D. Revenue Allocation and Rate Design

Settling Parties agree that Liberty's ECAC-related increase will be allocated as follows: (1) the Offset Rate will be changed to $57.65/MWh and will generate 2.7% less revenue than the

[1] *See* Liberty Testimony (amended version, provided to Parties on September 17, 2024 as Liberty Utilities Exh. Liberty-01 and uploaded to the Commission's Supporting Documents electronic submission portal on October 24, 2024 as Exh. Liberty-02 (see also *Motion of Liberty Utilities (CalPeco Electric) LLC (U 933-E) to Admit Prepared Testimony Into the Evidentiary Record* filed and served on October 24, 2024)).

current Offset Rate of $59.44/MWh, and (2) the Balancing Rate will be changed to $38.92/MWh and will generate 148.3% more revenue than the current Balancing Rate of $15.73/MWh. The combination of the proposed changes will result in an overall increase in the aggregate ECAC rate from $75.17/MWh to $96.57 /MWh.

ARTICLE 5 – CLIMATE CREDIT

Settling Parties agree that Liberty shall use the following forecasts for purposes of setting its 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 2024:

1) Forecast 2024 GHG emissions costs incurred directly or indirectly by Liberty as a result of the GHG Cap-and-Trade program ("GHG Costs");
2) Forecast 2024 administrative and customer outreach expenditures by Liberty associated with the Cap-and-Trade program ("GHG Administrative and Customer Outreach Expenses"); and
3) Forecast 2024 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").

Settling Parties agree that Liberty's reconciliation of its 2024 GHG costs is reasonable, and Liberty shall adjust its 2024 California Climate Credit rates accordingly.

Settling Parties agree that Liberty shall (a) decrease its Carbon Pollution Permit Cost rate by $0.00012/kWh, and (b) decrease the amount of the semi-annual climate credit for residential

and applicable small business customers by $8.27 through the following GHG-cost, accounting and ratemaking matters:

1) Total confidential forecast 2024 GHG Costs represented on Line 15 of Template D-2 attached in Appendix D of the supporting testimony;[2]

2) GHG Administrative and Outreach Expenses: $12,232;

3) Total forecast 2024 GHG Adjusted Allowance Revenues: $ 6,313,363;

4) Total forecast 2024 Energy-Intensive, Trade-Exposed (EITE) Customer Return: $0.00; and

5) Total recorded 2023 GHG Administrative and Outreach Expenses: $ 2,500.

Liberty shall provide residential customers with a semi-annual California Climate Credit of $71.98 on the bills they receive starting in 2024.

ARTICLE 6 – ESJ COMMUNITIES

As of the date of this Agreement, Liberty's service territory does not include any Disadvantaged Communities ("DACs") as the term is currently defined in the Commission's ESJ Action Plan.[3] However, Liberty's service territory does include 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

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[3] Environmental and Social Justice Plan, Version 2.0, dated April 7, 2022 ("ESJ Action Plan"), p. 2, available at: Environmental & Social Justice Action Plan (ca.gov).

communities served by Liberty do have low-income households, as defined by the California Alternate Rates for Energy (CARE) program[4] eligibility requirements.

The Settling Parties are sensitive to the fact that the rate increases proposed in the instant Application will greatly affect low-income households that do not qualify for the CARE Program and small businesses and, therefore, agree to a 24-month amortization period, as set forth in Article 4 of this Agreement.

ARTICLE 7 - GENERAL TERMS

A. The Settling Parties believe the Agreement is reasonable in light of the whole record, consistent with law, and in the public interest. Each Settling Party recognizes that there is risk involved in litigation, and the party's filed position(s) may not prevail, in whole or in part, in the Commission's final determination. The Settling Parties have reached a compromise they believe is appropriate in light of the litigation risks. This Settlement Agreement reflects the Settling Parties' best judgments as to the totality of their positions and risks, and their agreement herein is explicitly based on the overall results achieved.

B. The Settling Parties agree to perform diligently, and in good faith, all actions required or implied hereunder, including, but not necessarily limited to, the execution of any other documents required to effectuate the terms of this Agreement, and the preparation of exhibits for, and presentation of witnesses at, any required hearings to obtain the

[4] Assembly Bill X1 No.3 (Wright, 1st Extraordinary Session), Chapter 11, California Alternate Rates for Energy (CARE) program (Jan. 9, 2001). See Pub. Util. Code § 382.

approval and adoption of this Agreement by the Commission. No Settling Party during the Term will contest in this proceeding, or in any other forum, or in any manner before this Commission, the recommendations contained in this Agreement. It is understood by the Settling Parties that time is of the essence in obtaining the Commission's approval of this Agreement and that all Settling Parties will extend their best efforts to ensure its adoption.

C. This Agreement is agreed to among the Settling Parties and executed as of the last signature date of the Settling Parties.

D. This Settlement Agreement shall become effective and binding on the Settling Parties as of the date it is approved by the Commission in a final and non-appealable decision.

E. Because this Agreement represents a compromise of each of the Settling Parties' individual and respective litigation positions, the Settling Parties have entered into this Agreement on the basis that its approval by the Commission should not be construed as an admission or concession by any party regarding any fact or matter of law.

F. No Settling Party has relied upon or presently relies upon any statement, promise, or representation by any other Settling Party, whether oral or written, except as specifically set forth in this Agreement. Each Settling Party expressly assumes the risk of any mistake of law or fact made by such party or its authorized representatives in agreeing to this Agreement.

G. This Agreement constitutes the entire agreement among the Settling Parties and supersedes all prior and contemporaneous agreements, negotiations, representations, warranties, and understandings of the Settling Parties with respect to the subject matter set forth herein. The terms and conditions of this Agreement may be modified only in a writing subscribed by all Settling Parties.

H. None of the provisions of this Agreement shall be considered waived by any Settling Party unless such waiver is provided in writing. The failure of a Settling Party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement or to take advantage of any of their rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

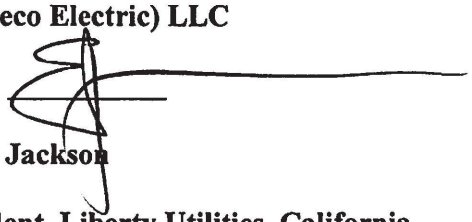
I. This Agreement shall be interpreted, governed, and construed under the laws of the State of California, including Commission decisions, orders, and rulings, as if executed and to be performed wholly within the State of California.

J. This Agreement may be executed in separate counterparts by the different Settling Parties hereto with the same effect as if all Settling Parties had signed one and the same document. All such counterparts shall be deemed to be an original and shall together constitute one and

the same Agreement. The undersigned represent that they are authorized to sign on behalf of the party represented.

[Signature pages to follow.]

Liberty Utilities (CalPeco Electric) LLC

SIGNATURE: 

BY: Edward Jackson

TITLE: President, Liberty Utilities, California

DATE: January 9, 2025

The Public Advocates Office at the California Public Utilities Commission

SIGNATURE: _____

BY: Michael Campbell

TITLE: Assistant Deputy Director of Energy

DATE: January 9, 2025

A-3 Customer Coalition

SIGNATURE: _____

BY: Brian Cragg

TITLE: Counsel to the A-3 Customer Coalition

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(END APPENDIX A)