

Decision 26-10-014 October 8, 2026

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Liberty Utilities (CalPeco Electric) LLC (U 933 E) for Authority to Update Rates Pursuant to its Energy Cost Adjustment Clause and its California Climate Credit, Effective January 1, 2026.

Application 25-10-010

**DECISION APPROVING LIBERTY'S ENERGY COST ADJUSTMENT CLAUSE
AND CALIFORNIA CLIMATE CREDIT FOR 2026**

Summary

This decision approves Liberty Utilities (CalPeco Electric) LLC's (Liberty) forecasted 2026 Energy Cost Adjustment Clause (ECAC) rate of \$94.74/MWh, which is lower than its current ECAC rate of \$96.57/MWh. The ECAC is a ratemaking mechanism that allows Liberty to periodically adjust rates to reflect its actual fuel and purchased power costs so that customers pay rates that are aligned with the current energy supply costs. The ECAC rate is determined by the forecasted ECAC revenue requirement. This decision also approves Liberty's forecasted 2026 ECAC revenue requirement of \$53.865 million, which is 5.1% less than the currently authorized ECAC revenue requirement of \$56.782 million.

Additionally, this decision approves Liberty's proposal to decrease its Carbon Pollution Permit Cost rate by \$0.00448/kWh and to decrease the semi-annual California Climate Credit for its residential and small business customers by \$28.04 from the currently authorized credit of \$71.98, setting the credit to \$43.94.

This proceeding is closed.

1. Background

On October 21, 2025, Liberty Utilities (CalPeco Electric) LLC (Liberty) filed this Application for authority to update its electric rates pursuant to its Energy Cost Adjustment Clause (ECAC) and to update its California Climate Credit, with an effective date of January 1, 2026, for both updates.

Pursuant to Liberty's ECAC tariff,¹ Liberty must file an ECAC application when it expects total ECAC revenues to deviate by more than five percent compared to the current ECAC revenues in any given year. Liberty is filing this Application for authority to set its 2026 ECAC revenue requirement to \$53.865 million, which is 5.1 percent less than the 2024 ECAC revenue requirement of \$56.782 million.² Given this revenue requirement, Liberty is requesting authority to set its forecasted 2026 ECAC rate to \$94.74/MWh, which is less than its current ECAC rate of \$96.57/MWh, to be effective January 1, 2026 through December 31, 2027.

Pursuant to D.14-10-033, Liberty is also required to present testimony on greenhouse gas (GHG) costs and reconciliation as part of its ECAC application. In this Application, Liberty is seeking approval of its 2025 GHG cost, GHG revenue forecast, and GHG reconciliation. With the updated GHG costs and forecasts, Liberty is also requesting authority to update its California Climate Credit to be effective January 1, 2026.

On November 24, 2025, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a timely protest and A-3 Customer Coalition (A-3) filed a timely response to the Application. On January 7, 2026, a prehearing conference was held. The Assigned Commissioner's Scoping Memo and

¹ Liberty's ECAC tariff was originally authorized in Decision (D.) 12-11-030 and was later amended in D.21-05-005.

² LIB-01 at 1.

Ruling was issued on January 26, 2026. On June 10, 2026, Liberty and A-3 filed opening briefs. On June 24, 2026, Cal Advocates filed a reply brief.

1.1. Party Positions

The parties do not oppose any of Liberty's proposals in this Application.

Cal Advocates, after conducting a thorough review and analysis of Liberty's proposals related to its forecasted 2026 ECAC rate and revenue requirement, Cal Advocates does not find any material errors or imprudent costs and does not oppose Liberty's forecasted 2026 ECAC rate and revenue requirement. Specifically, Cal Advocates evaluated Liberty's forecasted fuel and purchased power costs, Liberty's forecast inputs with a comparison to historical recorded costs and trends, the reasonableness of the methodology Liberty used to develop its forecast, Liberty's ECAC balancing account activities, and Liberty's rate calculations and amortization methodology. Cal Advocates also does not oppose Liberty's proposals related to updating its California Climate Credit and its GHG costs and forecasts.³

A-3, after reviewing and analyzing Liberty's application and testimony, supports Liberty's requests in this Application.⁴

1.2. Submission Date

This matter was submitted on June 24, 2026, upon the submission of reply briefs.

2. Issues Before the Commission

The issues addressed in this proceeding are:

1. What the reasonable ECAC billing rate is.
 - a. Whether the requested 2026 ECAC revenue requirement of \$53.865 million is reasonable.
 - b. Whether the 2026 forecasted purchased power revenue requirement of \$37.842 million is reasonable.

³ CA-01 at 6-7.

⁴ A-3 Opening Brief at 1-2.

- c. What the reasonable ECAC offset rate is.
 - d. What the reasonable ECAC Balancing rate is.
 - e. Whether the proposed amortization of the \$32.047 million in under-collected balance in Liberty ECAC Balancing Account is reasonable.
- 2. Whether Liberty's 2025 forecast of greenhouse gas (GHG) revenues and expenses and proposals are reasonable, including
 - a. GHG allowance revenues,
 - b. GHG allowance revenue for clean energy and energy efficiency programs,
 - c. Forecasted GHG administration and customer outreach expenditures, and
 - d. Liberty's proposed GHG rates.
- 3. Whether Liberty's forecasted 2026 California Climate Credit for eligible residential and small commercial customers is reasonable.

3. Approving Liberty's Proposals

This decision approves Liberty's proposals related to a) its forecasted 2026 ECAC billing rate and revenue requirement and b) the California Climate Credit for its customers in 2026 and its GHG costs and forecasts. We discuss each of Liberty's proposals in detail below.

3.1. 2026 Energy Cost Adjustment Clause (ECAC)

In this Application, Liberty is requesting a 2026 ECAC revenue requirement of \$53.865 million, which is 5.1% less than the current ECAC revenue requirement of \$56.782 million. The ECAC is a ratemaking mechanism that allows Liberty to periodically adjust rates to reflect its actual fuel and purchased power costs so that customers pay rates that are aligned with current energy supply costs. The ECAC rate Liberty is requesting in this Application is mostly driven by its energy service

agreement with NV Energy⁵, under which NV Energy is to serve the full energy requirements of Liberty's electric loads during the period examined in this Application.

Liberty's ECAC billing rate is comprised of two components: 1) the Offset Rate, which allows Liberty to recover the projected costs of fuel and purchase power, and 2) the Balancing Rate, which allows Liberty to collect the projected amortized accumulated balance of its ECAC Balancing Account.⁶

3.1.1. 2026 Offset Rate

The Offset Rate allows Liberty to recover the costs of fuel and purchased power on a forecasted basis. It is determined by the forecasted fuel and purchased power costs. Liberty forecasts a 2026 fuel and purchased power revenue requirement of \$37.842 million, which represents a \$3.942 million, or 11.6%, increase to the current revenue requirement. According to Liberty, the proposed increase is caused by increased spending on Renewable Energy Credits to meet the Renewable Portfolio Standard requirements and increased energy rates for renewable resources.⁷

The \$37.842 million in revenue requirement for Liberty's forecasted fuel and purchased power costs in 2026 is derived from Liberty's forecasted energy costs, demand costs, transmission costs, and distribution costs for 2026, and includes the associated costs of franchise fees and uncollectibles. Liberty projects no fuel costs for 2026.⁸

⁵ The NV ESA was approved by the Commission in D.15-12-021 for service from January 1, 2016 through December 30, 2020. *See* Liberty Opening Brief at 4, Footnote 10.

⁶ LIB-01 at 1.

⁷ Liberty Opening Brief at 6.

⁸ LIB-01, Appendix A.

Liberty proposes to amortize the collection of the forecasted \$37.453 million in revenue requirement over 12 months.⁹ As a result of the forecasted revenue requirement increase, the Offset Rate, if approved as proposed, will increase to \$66.56/MWh, which is an 11.6% increase to the current rate of \$57.65/MWh.¹⁰

3.1.2. 2026 Balancing Rate

The Balancing Rate trues up Liberty's ECAC Balancing Account, which records the differences between the actual and forecasted fuel and purchased power costs.¹¹ As of December 31, 2025, Liberty's ECAC Balancing Account has an under-collection of \$32.047 million. Liberty states that this undercollection is caused by two factors: 1) higher than forecasted energy costs, and 2) delayed implementation of 2022, 2023, and 2024 ECAC rates. To provide rate stability to its customers, Liberty proposes to amortize this undercollection over a 24-month period.¹²

After amortizing the ECAC Balancing Account under-collected balance of \$32.047 million over 24 months, the forecasted Balancing Rate revenue requirement is \$6.859 million less than the Balancing Rate revenue requirement currently in rates.¹³ Accordingly, Liberty proposes to set the 2026 Balancing Rate to \$28.18/MWh, which is 30% lower than the current rate of \$38.92/MWh.¹⁴

3.1.3. Revenue Allocation and Rate Design

With the proposed 2026 Offset Rate of \$66.56/MWh and the proposed 2026 Balancing Rate of \$28.18/MWh, Liberty proposes a 2026 ECAC billing rate of \$94.74/MWh, which is lower than the current ECAC rate of \$96.57/MWh. Liberty proposes that its 2026 ECAC rate be effective January 1, 2026 through December 31,

⁹ LIB-01 at 2-3

¹⁰ Liberty Opening Brief at 8.

¹¹ Liberty Opening Brief at 7-8.

¹² Ibid.

¹³ LIB-01 at 2.

¹⁴ Liberty Opening Brief at 8.

2027.¹⁵ Liberty will continue to use the quarterly true-up mechanism authorized in D.25-08-012, which allows Liberty to file a Tier 1 advice letter if actual energy costs deviate 5% or more from forecast.¹⁶

3.1.4. Discussion

This decision approves Liberty's forecasted 2026 ECAC billing rate of \$94.74/MWh, with an effective date of January 1, 2026 through December 31, 2027.

We find that Liberty sufficiently supported its requested ECAC rate in this Application. Parties, after reviewing and evaluating Liberty's Application, testimony, and data responses, do not oppose Liberty's proposed ECAC rate and revenue requirement. We therefore find Liberty's proposals related to its 2026 forecasted ECAC rate, as listed below, to be reasonable and should be adopted:

1. 2026 ECAC revenue requirement of \$53.865 million;
2. 2026 fuel and purchased power revenue requirement of \$37.842 million;
3. 24-month amortization of the \$32.047 million in under-collected balance in the ECAC Balancing Account; and
4. 2026 ECAC rate of \$94.74/MWh, which is comprised of the 2026 Offset Rate of \$66.56/MWh and the 2026 Balancing Rate of \$28.18/MWh.

3.2. California Climate Credit

3.2.1. Liberty's Request

Pursuant to D.14-10-033, Liberty is required to include its future GHG forecast revenue and reconciliation requests in its ECAC application.¹⁷ The forecasted GHG revenue and GHG reconciliation determine the amount of California Climate Credit customers receive. The California Climate Credit is a semi-annual bill

¹⁵ Liberty Opening Brief at

¹⁶ D.25-08-012, Ordering Paragraph 2.

¹⁷ D.14-10-33, Ordering Paragraph 10.

credit given to electric customers to return any revenue resulting from the consignment of GHG allowances as part of the Cap-and-Invest program.¹⁸

In this Application, Liberty proposes to a) decrease its Carbon Pollution Permit Cost rate by \$0.00448/kWh and b) decrease the amount of the semi-annual California Climate Credit for residential and applicable small business customers by \$28.04 to \$43.94, from the 2024 authorized credit of \$71.98. These proposed rates result from the following forecasts of GHG revenues and reconciliations:¹⁹

1. Forecasted 2025 GHG emissions costs incurred from the Cap-and-Invest program after reconciliation with the variance from the previous year's forecast;²⁰
2. Forecasted 2025 administrative and customer outreach expenses associated with the Cap-and-Invest program of \$11,050,^{21,22} and Recorded 2024 GHG administrative and customer outreach expenses of \$11,050;²³
3. Forecasted 2025 GHG allowance revenues, after including the forecasted undercollection in the GHG Revenue Balancing Account as of December 31, 2025, of \$4.909 million, which is lower than the 2024 forecast of \$7.776 million;²⁴ and
4. Forecasted 2025 Energy-Intensive, Trade-Exposed (EITE) Customer Return of \$0.

¹⁸ Assembly Bill 1207 updated the name of the "Cap-and-Trade" program to "Cap-and-Invest" program.

¹⁹ Liberty Opening Brief at 9-10.

²⁰ The total forecasted 2025 GHG costs is confidential. *See* Liberty-01, Appendix D.

²¹ D.12-12-033 authorized investor-owned utilities to set aside an appropriate amount for customer outreach and education activities and ongoing administrative tasks from the distribution of GHG allowance revenues. *See* D.12-12-033, Ordering Paragraph 1.

²² LIB-01 at 8.

²³ LIB-01 at 10.

²⁴ LIB-01, Appendix D.

3.2.2. Discussion

This decision approves Liberty's proposal to a) decrease its Carbon Pollution Permit Cost rate by \$0.00448/kWh and b) decrease the amount of the semi-annual California Climate Credit for residential and small business customers by \$28.04 to \$43.94.

We find that Liberty sufficiently supported its forecasted 2026 California Climate Credit and its forecast of 2025 GHG revenues, expenses, and reconciliations. Parties do not oppose Liberty's proposals related to these issues. We therefore find Liberty's proposals related to the 2026 California Climate Credit and the associated forecast of GHG revenues, expenses and reconciliations, as listed below, to be reasonable and should be adopted:

1. Forecasted 2025 GHG emissions costs incurred from the Cap-and-Invest program after reconciliation with the variance from the previous year's forecast;²⁵
2. Forecasted 2025 administrative and customer outreach expenses associated with the Cap-and-Invest program of \$11,050,^{26,27} and Recorded 2024 GHG administrative and customer outreach expenses of \$11,050;²⁸
3. Forecasted 2025 GHG allowance revenues, after including the forecasted undercollection in the GHG Revenue Balancing Account as of December 31, 2025, of \$4.909 million, which is lower than the 2024 forecast of \$7.776 million;²⁹ and
4. Forecasted 2025 Energy-Intensive, Trade-Exposed (EITE) Customer Return of \$0.

²⁵ The total forecasted 2025 GHG costs is confidential. *See* Liberty-01, Appendix D.

²⁶ D.12-12-033 authorized investor-owned utilities to set aside an appropriate amount for customer outreach and education activities and ongoing administrative tasks from the distribution of GHG allowance revenues. *See* D.12-12-033, Ordering Paragraph 1.

²⁷ LIB-01 at 8.

²⁸ LIB-01 at 10.

²⁹ LIB-01, Appendix D.

3.2.3. Implementation

Within 30 days of the effective date of this decision, Liberty shall file a Tier 1 Advice Letter with the Commission's Energy Division to implement the 2026 ECAC rate and the updated California Climate Credit approved in this decision.

4. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(a) requires that all written public comment submitted prior to the submission of the proceeding are part of the administrative record of the proceeding. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

No written public comments were submitted for this proceeding.

5. Procedural Matters

This decision affirms all rulings made by the Administrative Law Judge and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

6. 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), the otherwise applicable 30-day period for public review and comment is waived.

7. Assignment of Proceeding

Matthew Baker is the assigned Commissioner and Elaine Lau is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The ECAC is a ratemaking mechanism that allows Liberty to periodically adjust rates to reflect its actual fuel and purchased power costs so that customers pay rates that are aligned with current energy supply costs.

2. Liberty's ECAC billing rate is comprised of two components: 1) the Offset Rate, which allows Liberty to recover the projected costs of fuel and purchase power, and 2) the Balancing Rate, which allows Liberty to collect the projected amortized accumulated balance of its ECAC Balancing Account.

3. Liberty forecasts a 2026 fuel and purchased power revenue requirement of \$37.842 million, which represents a \$3.942 million, or 11.6%, increase to the current revenue requirement.

4. The \$37.842 million in forecasted revenue requirement for 2026 fuel and purchased power costs is derived from forecasted energy costs, demand costs, transmission costs, and distribution costs for 2026, and includes the associated costs of franchise fees and uncollectibles.

5. Liberty projects no fuel costs for 2026.

6. With the \$37.842 million in forecasted revenue requirement for 2026 fuel and purchased power costs amortized over 12 months, Liberty forecasts the 2026 Offset Rate to be \$66.56/MWh, which is an 11.6% increase to the current rate of \$57.65/MWh.

7. The Balancing Rate trues up Liberty's ECAC Balancing Account, which records the differences between the actual and forecasted fuel and purchased power costs.

8. Liberty's ECAC Balancing Account, as of December 31, 2025, has an under-collection of \$32.047 million, which is a result of: 1) higher than forecasted energy costs, and 2) delayed implementation of 2022, 2023, and 2024 ECAC rates.

9. After amortizing the ECAC Balancing Account under-collected balance of \$32.047 million over 24 months, Liberty forecasts that the 2026 Balancing Rate revenue requirement is \$6.859 million less than the current revenue requirement.

10. Liberty forecasts the 2026 Balancing Rate to be \$28.18/MWh, which is 30% less than the current rate of \$38.92/MWh.

11. Liberty forecasts the 2026 ECAC revenue requirement to be \$53.865 million, which is 5.1% less than the current ECAC revenue requirement of \$56.782 million.

12. Liberty proposes a 2026 ECAC rate of \$94.74/MWh, which is lower than the current ECAC rate of \$96.57/MWh, to be effective January 1, 2026 through December 31, 2027.

13. The California Climate Credit is a semi-annual bill credit given to electric customers to return any revenue resulting from the consignment of GHG allowances as part of the Cap-and-Invest program.

14. For 2026, Liberty forecasts a) a decrease to its Carbon Pollution Permit Cost rate of \$0.00448/kWh and b) a decrease to the California Climate Credit for residential and applicable small business customers of \$28.04, as a result of the following forecasts of GHG revenues and reconciliations:

- a. Forecasted 2025 GHG emissions costs incurred from the Cap-and-Invest program after reconciliation with the variance from the previous year's forecast;
- b. Forecasted 2025 administrative and customer outreach expenses associated with the Cap-and-Invest program of \$11,050, and Recorded 2024 GHG administrative and customer outreach expenses of \$11,050;
- c. Forecasted 2025 GHG allowance revenues, after including the forecasted undercollection in the GHG Revenue Balancing Account as of December 31, 2025, of \$4.909 million, which is lower than the 2024 forecast of \$7.776 million; and
- d. Forecasted 2025 Energy-Intensive, Trade-Exposed (EITE) Customer Return of \$0.

15. Liberty forecasts the semi-annual California Climate Credit for residential and small business customers to be \$43.94, down from the currently authorized credit of \$71.98.

Conclusions of Law

1. Liberty's forecasted 2026 ECAC billing rate of \$94.74/MWh, with an effective date of January 1, 2026 through December 31, 2027, is reasonable and should be approved.

2. Liberty's proposals related to its 2026 forecasted ECAC rate, as listed below, are reasonable and should be adopted:

- a. 2026 ECAC revenue requirement of \$53.865 million;
- b. 2026 fuel and purchased power revenue requirement of \$37.842 million;
- c. 24-month amortization of the \$32.047 million in under-collected balance in the ECAC Balancing Account; and
- d. 2026 ECAC rate of \$94.74/MWh, which is comprised of the 2026 Offset Rate of \$66.56/MWh and the 2026 Balancing Rate of \$28.18/MWh.

3. Liberty's proposals to a) decrease its Carbon Pollution Permit Cost rate by \$0.00448/kWh and b) decrease the semi-annual California Climate Credit for residential and small business customers by \$28.04 to \$43.94 are reasonable and should be approved.

4. Liberty's proposals related to the updated California Climate Credit and the associated forecast of GHG revenues, expenses and reconciliations, as listed below, are reasonable and should be adopted:

- a. Forecasted 2025 GHG emissions costs incurred from the Cap-and-Invest program after reconciliation with the variance from the previous year's forecast;
- b. Forecasted 2025 administrative and customer outreach expenses associated with the Cap-and-Invest program of \$11,050, and Recorded 2024 GHG administrative and customer outreach expenses of \$11,050;
- c. Forecasted 2025 GHG allowance revenues, after including the forecasted undercollection in the GHG Revenue Balancing Account as of December 31, 2025, of \$4.909 million, which is lower than the 2024 forecast of \$7.776 million; and

- d. Forecasted 2025 Energy-Intensive, Trade-Exposed (EITE) Customer Return of \$0.

O R D E R

IT IS ORDERED that:

1. The forecasted 2026 Energy Cost Adjustment Clause (ECAC) billing rate of \$94.74 per megawatt-hour, with an effective date of January 1, 2026 through December 31, 2027, for Liberty Utilities (CalPeco Electric) LLC (Liberty) is approved. Liberty's 2026 ECAC revenue requirement of \$53.865 million is also approved.

2. Liberty Utilities (CalPeco Electric) LLC is approved to decrease its Carbon Pollution Permit Cost rate by \$0.00448 per kilowatt-hour and set the amount of the semi-annual California Climate Credit for residential and applicable small business customers to \$43.94.

3. Within 30 days of the effective date of this decision, Liberty Utilities (CalPeco Electric) LLC shall file a Tier 1 Advice Letter with the Commission's Energy Division to implement the 2026 Energy Cost Adjustment Clause rate and the updated California Climate Credit approved in this decision.

4. Application 25-10-010 is closed.

This order is effective today.

Dated October 8, 2026, at Sacramento, California.

JOHN REYNOLDS
President
DARCIE L. HOUCK

KAREN DOUGLAS
MATTHEW BAKER
CHRISTINE HARADA
Commissioners