

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Liberty Utilities (CalPeco Electric)
LLC (U 933-E) for Approval of Its Distribution
Resources Plan.

Application 15-07-____
(Filed July 1, 2015)

**APPLICATION OF LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933 E)
FOR APPROVAL OF ITS DISTRIBUTION RESOURCES PLAN**

Steven F. Greenwald
Vidhya Prabhakaran
Davis Wright Tremaine LLP
Suite 800
505 Montgomery Street
San Francisco, CA 94111-6533
Telephone: (415) 276-6500
Facsimile: (415) 276-6599
Email: stevegreenwald@dwt.com
Email: vidhyaprabhakaran@dwt.com

Attorneys for Liberty Utilities (CalPeco
Electric) LLC

July 1, 2015

TABLE OF CONTENTS

- I. BACKGROUND 2
- II. DISTRIBUTION RESOURCES PLAN - STATUTORY REQUIREMENTS OF § 769..... 4
 - A. Locational Benefits and Costs of Distributed Resources Located on the Distribution System (§ 769(b)(1)) 4
 - i. Distributed Renewable Generation 5
 - ii. Energy Efficiency 5
 - iii. Energy Storage..... 6
 - iv. Electric Vehicles 6
 - v. Demand Response..... 6
 - B. Standard Tariffs, Contracts, and Other Mechanisms for the Deployment of Cost-Effective Distributed Resources (§ 769(b)(2))..... 7
 - C. Use of Existing Programs, Incentives, and Other Mechanisms to Maximize Benefits and Minimize Costs (§ 769(b)(3)) 9
 - D. Additional Expenditures Needed to Integrate Distributed Resources (§ 769(b)(4))..... 10
 - E. Barriers to the Deployment of Distributed Resources (§ 769(b)(5)) 10
- III. COMPLIANCE WITH ARTICLE 2 OF THE COMMISSION’S RULES OF PRACTICE AND PROCEDURE..... 11
 - A. Identification of Statutory Authority 11
 - B. Legal Name and Principal Place of Business; Correspondence or Communication Regarding this Application (Rule 2.1(a), (b)) 12
 - C. Scoping Memo; Categorization; Hearings; Issues to be Considered; and Proposed Schedule (Rule 2.1(c)) 12
 - i. Proceeding Category 12
 - ii. Need for Hearings 13

iii.	Issues to be Considered.....	13
iv.	Proposed Schedule	13
D.	Rule 2.2 - Organization and Qualification to Transact Business.....	13
IV.	RELIEF REQUESTED.....	14

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Liberty Utilities (CalPeco Electric)
LLC (U 933-E) for Approval of Its Distribution
Resources Plan.

Application 15-07-____
(Filed July 1, 2015)

**APPLICATION OF LIBERTY UTILITIES (CALPECO ELECTRIC) LLC (U 933 E)
FOR APPROVAL OF ITS DISTRIBUTION RESOURCES PLAN**

Pursuant to Article 2 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, Public Utilities Code section 769,¹ and Ordering Paragraph 3 of the February 6, 2015 Assigned Commissioner’s Ruling on Guidance for Public Utilities Code Section 769 – Distribution Resource Planning in Rulemaking 14-08-013 (“ACR”), Liberty Utilities (CalPeco Electric) LLC (U 933 E) (“Liberty Utilities”) submits its Distribution Resources Plan (“DRP”).

In the DRP proceeding, the Commission concluded that Liberty Utilities is “not required to follow the detailed” requirements for DRPs applicable to the large investor-owned utilities (“IOUs”), but is instead authorized to provide a “simplified” DRP that need only “address the five statutory requirements in § 769 as it relates to [Liberty Utilities’] distribution system[.]”² Accordingly, as part of its “simplified” DRP, Liberty Utilities addresses the five statutory requirements of section 769 as they relate to Liberty Utilities’ unique distribution system and service territory.

Liberty Utilities requests that the Commission approve its DRP pursuant to Public Utilities Code section 769. Furthermore, Liberty Utilities requests that the Commission review

¹ All code references in this Application are to the Public Utilities Code.

² ACR, at 13–14.

and approve its more simplified DRP in a separate and more expedited proceeding from the large IOUs.

I. BACKGROUND

Liberty Utilities serves approximately 49,000 electric customers in California, in and around the Lake Tahoe Basin. Liberty Utilities' California service territory differs greatly from the three major electric utilities in California. It generally encompasses the western portions of the Lake Tahoe basin. Liberty Utilities' California customers are located in portions of Placer, El Dorado, Nevada, Sierra, Plumas, Mono, and Alpine Counties. The Liberty Utilities service territory extends from Portola in the north to Markleeville and Topaz Lake in the south. Almost 80 percent of Liberty Utilities' customers are located in the Lake Tahoe Basin. The biggest population center is the City of South Lake Tahoe.

The terrain in Liberty Utilities' California service territory is mountainous and heavily forested, with elevations ranging from 9,050 feet in Squaw Valley to just under 5,000 feet at Portola. Most of Liberty Utilities' customers are located at elevations greater than 6,000 feet. Liberty Utilities' service territory is prone to inclement weather and gusting winds.

The electric load within the Liberty Utilities service territory reflects the economic activities in the area. The region has little manufacturing or heavy industry. The economy of the Tahoe Basin is dominated by tourism with the major businesses being hotels, motels, and ski resorts. Approximately half of the electricity Liberty Utilities delivers is to residential customers and approximately 60 percent of residential accounts are second-family homes or rentals. Electric demand peaks for Liberty Utilities in the winter period, particularly during Christmas week when tourism is highest.

Liberty Utilities' service territory is not geographically or operationally a part of the California Independent System Operator balancing authority. Identical to the circumstances existing when NV Energy operated the California portion of its then multi-state service territory, Liberty Utilities is located within the NV Energy Balancing Authority. As a consequence of its location within the NV Energy Balancing Authority, essentially all the energy delivered into the Liberty Utilities service territory is from supply sources to the East.

Liberty Utilities' California operations currently include only electric distribution facilities and the Kings Beach Generation Facility ("Kings Beach"). Kings Beach currently represents Liberty Utilities' only generation asset. It is a 12 MW diesel facility whose usage is restricted to local area emergency backup. Liberty Utilities procures almost all of the remainder of its power through a "full requirements" power purchase agreement with Sierra Pacific Power Company dba NV Energy ("Existing NV Energy Services Agreement").³

Due to the characteristics described above, the Commission has excused Liberty Utilities from complying with the Smart Grid-related requirements of the Energy Information and Security Act of 2007 and Senate Bill 17 as a result of their being too burdensome for such a small utility.⁴ Furthermore, the Commission has routinely found that "the small size of [Liberty Utilities] and the nature of [its] operations" make it inappropriate and burdensome for the

³ The Commission authorized Liberty Utilities to execute the Existing NV Energy Services Agreement and recover in rates its payments to NV Energy in Decision ("D.") 10-10-017. The Existing NV Energy Services terminates as of December 31, 2015. On April 24, 2015, Liberty Utilities filed Application 15-04-019 ("2016 NV Energy Services Agreement Application") requesting Commission approval of the new full services agreement it executed with NV Energy on April 21, 2014 ("2016 NV Energy Services Agreement"). The term of the 2016 NV Energy Services Agreement is intended to commence January 1, 2016 (i.e., immediately upon the expiration of the Existing NV Energy Services Agreement).

⁴ See D. 09-07-039 excusing Liberty Utilities from participation in Rulemaking 08-12-009.

Commission to impose certain requirements on Liberty Utilities.⁵ The Commission has noted that imposing certain planning requirements on Liberty Utilities “would only impose costs and inefficiencies on these small IOUs while producing no benefits.”⁶ Similarly, the Commission has recognized that Liberty Utilities may be at different stages than the Large IOUs with regard to infrastructure deployment or other initiatives and so meeting certain standards “could be overly burdensome on [Liberty Utilities’] small ratepayer base.”⁷

II. DISTRIBUTION RESOURCES PLAN - STATUTORY REQUIREMENTS OF § 769

A. Locational Benefits and Costs of Distributed Resources Located on the Distribution System (§ 769(b)(1))

Section 769(b)(1) directs Liberty Utilities to:

Evaluate locational benefits and costs of distributed resources located on the distribution system. This evaluation shall be based on reductions or increases in local generation capacity needs, avoided or increased investments in distribution infrastructure, safety benefits, reliability benefits, and any other savings the distributed resources provide to the electrical grid or costs to ratepayers of the electrical corporation.

For purposes of the DRP Proposal, section 769(a) defines “distributed resources” as “distributed renewable generation resources, energy efficiency, energy storage, electric vehicles, and demand response technologies.” Liberty Utilities addresses the locational benefits and costs each of these distributed resources below.

⁵ See, e.g., D. 09-12-046, mimeo at 2 (exempting Liberty Utilities from certain smart grid-related requirements).

⁶ D. 09-12-046, mimeo at 27.

⁷ D. 09-12-046, mimeo at 50.

i. Distributed Renewable Generation

Liberty Utilities' Existing NV Energy Services Agreement allows for local distributed generation capacity up to 5 MW. However, Liberty Utilities currently has only fifty distributed renewable generation facilities located on its distribution system. All of these are customer-owned solar systems and are part of Liberty Utilities' net energy metering program (NEM). Accordingly, the locational benefits and costs of distributed renewable generation located on the distribution system are negligible and hard to measure. The distributed renewable generation facilities have not yet led to any measurable reduction or increase in 1) local generation capacity needs, 2) investments in distribution infrastructure, 3) safety benefits, 4) reliability benefits, or any other savings the distributed resources provide to the electrical grid or costs to ratepayers.

ii. Energy Efficiency

Liberty Utilities currently offers a variety of energy efficiency programs and measures designed to help its residential and commercial customers to save energy and money. Specifically, Liberty Utilities offers the following six programs: (1) Residential Audit Program; (2) Small Commercial Audit Program; (3) Energy Star Lighting Program; (4) Refrigerator Recycling Program; (5) Commercial Incentive Program; and (6) Public Schools Incentive Program. Every year, Liberty Utilities contracts with a third party to perform an Evaluation Measurement and Verification study to review the cost-effectiveness of each of its energy efficiency programs. For example, in 2013 and 2014, these programs achieved energy savings of 2,074 MWh and 1,909 MWh and reduced system capacity needs by 473 kW and 638 kW, respectively.

iii. Energy Storage

Liberty Utilities currently has no formal energy storage program and is not mandated to procure energy storage as are the three large IOUs.⁸ Liberty Utilities does not currently anticipate having the ability to develop an energy storage program without significant rate impact for the customers while providing only a small benefit to them. However, Liberty Utilities continues to explore the options and distribution benefits that a storage system would provide once the technology and costs better align in the future. Liberty Utilities is monitoring developments in the area of energy storage with regard to technologies and costs and will evaluate how energy storage might someday affect and/or benefit Liberty Utilities' distribution system.

iv. Electric Vehicles

Liberty Utilities currently offers electric vehicle ("EV") charging stations at both of its offices, and is plans to eventually propose the addition of more charging stations to support personal as well as regional transit electric vehicles.

As in the case of energy storage, Liberty Utilities is evaluating how increased penetration of EVs will affect its distribution system and exploring the options and distribution benefits of installing additional charging stations and establishing EV rate plans that will better accommodate permanent customers who own EVs.

v. Demand Response

Liberty Utilities offers a voluntary Residential Time of Use (TOU) rate that is structured to enable customers to lower their electricity costs when they use energy wisely by shifting load

⁸ See D.13-10-040 (requiring the three large IOUs to acquire 1,325 MW of storage resources by 2020).

from the higher cost on-peak period to the lower cost off-peak periods.⁹ Liberty Utilities is currently unable to assess the distribution benefits of the TOU rate.

Liberty Utilities has established a voluntary curtailment pilot program for large commercial customers to ensure system reliability during winter peak demand periods. For example, during the winter of 2014-2015, Liberty Utilities curtailed large commercial customer use for a period of five days during the Christmas through New Year's holiday period. This curtailment tariff provided a definite reduction in the need for investments in distribution infrastructure and reliability benefits during the winter of 2014-2015. Accordingly, Liberty Utilities will be proposing to make the voluntary curtailment pilot program a permanent program as part of Phase 2 of the pending General Rate Case application.

B. Standard Tariffs, Contracts, and Other Mechanisms for the Deployment of Cost-Effective Distributed Resources (§ 769(b)(2))

Section 769(b)(2) directs Liberty Utilities to:

Propose or identify standard tariffs, contracts, or other mechanisms for the deployment of cost-effective distributed resources that satisfy distribution planning objectives.

Liberty Utilities' Net Energy Metering ("NEM") tariff provides the ability for customers to add their own electrical generation that is used primarily to offset part or all of the customers own electrical requirements. Currently there are fifty customers that have invested in rooftop solar

⁹ See Schedule No. TOU D-1 (Time-of-Use Domestic Service), available at http://www.libertyutilities.com/west/documents/rates/Schedule_TOU-D-1.pdf; Schedule No. TOU A-1 (Time-of-Use Small General Service); available at http://www.libertyutilities.com/west/documents/rates/Schedule_TOU-A-1.pdf; Schedule No. TOU A-2 (Time-of-Use Medium General Service); available at http://www.libertyutilities.com/west/documents/rates/Schedule_TOU-A-2.pdf. See also http://www.libertyutilities.com/west/saving/time_of_use.html.

generation in Liberty Utilities' service territory.¹⁰ Liberty's NEM tariff allows for growth in customer-owned generation to a maximum of 1,500 residential and small commercial customers. Liberty Utilities also utilizes Rule 21 which allows its customer generators to interconnect to Liberty Utilities' distribution system.¹¹

As part of its pending General Rate Case application, Liberty Utilities proposed a Solar Incentive Program that will encourage more customers to invest in distributed solar generation. Specifically, the Solar Incentive Program seeks to increase the amount of distributed solar generation in the service territory by 300 units within the next six-year period. Furthermore, as part of Phase 2 of its General Rate Case application, Liberty Utilities intends to introduce an EV tariff that should accommodate customers with EVs and help shave demand during peak hours on Liberty Utilities' system. Finally, Liberty Utilities is also proposing to make its voluntary curtailment pilot program a permanent program, as described above.

The current NEM tariff, as well as the proposed Solar Incentive Program, EV tariffs, and voluntary curtailment program will provide distribution system benefits year round. Accordingly, Liberty Utilities is well positioned to continue to support its cost-effective distributive planning objectives. Furthermore, Liberty Utilities is monitoring the developments in Rulemaking 14-07-002 in order to implement those cost-effective changes to its NEM tariff that both support the continued growth of distributed generation in Liberty Utilities' service territory.

¹⁰ See Schedule No. NEM, available at http://www.libertyutilities.com/west/documents/rates/Schedule_NEM.pdf.

¹¹ See Rule No. 21, available at http://www.libertyutilities.com/west/documents/rates/Rule_21.pdf.

C. Use of Existing Programs, Incentives, and Other Mechanisms to Maximize Benefits and Minimize Costs (§ 769(b)(3))

Section 769(b)(3) directs Liberty Utilities to:

Propose cost-effective methods of effectively coordinating existing commission-approved programs, incentives, and tariffs to maximize the locational benefits and minimize the incremental costs of distributed resources.

Liberty Utilities has an evening winter peaking load profile, which does not benefit greatly from distributed solar or wind generation resources due to topography, dense vegetation/forestation, and gusty winds experienced in the service territory. Liberty Utilities is supportive of any generation resources that are cost-effective for the utility and its ratepayers, and likewise supportive of any endeavor by commercial business to provide their own generation as long as it is safe, reliable and does not burden Liberty Utilities' ratepayers.

Liberty Utilities maximizes the locational benefits and minimizes the incremental costs of distributed resources and ensures system reliability through its existing substation inspections programs, safety programs, vegetation management program, and distribution infrastructure improvement program, which is driven by outage performance data of substations and circuits. Through these programs, Liberty Utilities best supports system integrity and ensures that Liberty Utilities consistently provides the highest level of service to its customers.

Liberty Utilities' existing programs, incentives, and tariffs largely allow for and ensure appropriate growth in customer-owned generation within its service territory that keeps incremental costs manageable while providing valuable infrastructure support for the Liberty Utilities and the customers it serves. Furthermore, these existing programs, incentives, and tariffs facilitate additional local benefits without enormous costs and potentially hazardous ecological changes to its environment and fragile ecosystem.

D. Additional Expenditures Needed to Integrate Distributed Resources (§ 769(b)(4))

Section 769(b)(4) directs Liberty Utilities to:

Identify any additional utility spending necessary to integrate cost-effective distributed resources into distribution planning consistent with the goal of yielding net benefits to ratepayers.

Liberty Utilities is supportive and willing to integrate any cost-effective distributed resources into its distribution system. However, Liberty Utilities does not propose additional spending to further integrate distributed resources to Liberty Utilities' distribution system as its current tariff ensures that both the residential and commercial customers who desire to integrate their own distributed generation are afforded the opportunity to offset their usage with renewable energy. Furthermore, Liberty Utilities' proposed programs and tariffs in its General Rate Case application, described above, will help drive the installation of additional distributed generation as well as promote the addition of more electric vehicles and charging infrastructure in its service territory.

E. Barriers to the Deployment of Distributed Resources (§ 769(b)(5))

Section 769(b)(5) directs Liberty Utilities to:

Identify barriers to the deployment of distributed resources, including, but not limited to, safety standards related to technology or operation of the distribution circuit in a manner that ensures reliable service.

Liberty Utilities is supportive and willing to integrate any cost-effective distributed resources into its distribution system. However, Liberty Utilities does not propose additional spending to further integrate distributed resources to Liberty Utilities' distribution system as its current tariff ensures that both the residential and commercial customers who desire to integrate their own distributed generation are afforded the opportunity to offset their usage with renewable

energy. Furthermore, Liberty Utilities' proposed programs and tariffs in its General Rate Case application, described above, will help drive the installation of additional distributed generation as well as promote the addition of more electric vehicles and charging infrastructure in its service territory.

Liberty Utilities encounters barriers to distributed generation deployment stemming from the unique weather, topography, and dense vegetation/forestation of its service territory. The dense forestation along the mountainous peak and valley terrain with very tall trees limits the development opportunity for highly productive customer-owned generation.

For example, the efficacy of customer-owned solar generation is significantly reduced because the sun is eclipsed until late morning and again in early afternoon, thus keeping customer-owned solar generation from generating at the same level as units that receive the full spectrum of the sun during the day. Tree placement, mountains, and the amount and duration of direct sunlight significantly affect the amount of customer-owned solar generation that is viable in the service territory. Customer-owned wind generation suffers from these same barriers, as well as from the inconsistent, gusty wind patterns in the service territory.

In addition to these concerns, Liberty Utilities customers are at times reluctant, due to the additional cost, to follow the open air disconnection requirements or solar islanding requirements found in Liberty Utilities' NEM tariff. These safety standards, while important for both Liberty Utilities' employees and the public, constitute an additional barrier to the deployment of distributed resources in the service territory.

III. COMPLIANCE WITH ARTICLE 2 OF THE COMMISSION'S RULES OF PRACTICE AND PROCEDURE

A. Identification of Statutory Authority

Liberty Utilities submits this Application pursuant to Public Utilities Code Section 769.

B. Legal Name and Principal Place of Business; Correspondence or Communication Regarding this Application (Rule 2.1(a), (b))

Liberty Utilities is a California limited liability company. It has its principal place of business at 933 Eloise Avenue, South Lake Tahoe, California 96150.

All correspondence and communications regarding this Application should be addressed or directed as follows:

Ken Wittman
Senior Manager of Finance, Rates &
Regulatory Affairs
Liberty Utilities (CalPeco Electric) LLC
933 Eloise Avenue
South Lake Tahoe, California 96150
Telephone: (530) 543-5277
Facsimile: (530) 544-4811
Email: ken.wittman@libertyutilities.com

Steven F. Greenwald
Vidhya Prabhakaran
Davis Wright Tremaine LLP
505 Montgomery Street, Suite 800
San Francisco, California 94111
Telephone: (415) 276-6500
Facsimile: (415) 276-6599
Email: stevegreenwald@dwt.com
Email: vidhyaprabhakaran@dwt.com

C. Scoping Memo; Categorization; Hearings; Issues to be Considered; and Proposed Schedule (Rule 2.1(c))

Liberty Utilities proposes the following categorization, need for hearings, issues to be considered, and proposed schedule.

i. Proceeding Category

Liberty Utilities requests that this Application be categorized as a “ratesetting” proceeding within the meaning of Rule 1.3(e). The Application does not fit within either the “adjudicatory” or “quasi-legislative” categories as set forth in Rules 1.3(a) and 1.3(d). Rule 7.1(e)(2) specifies that, when a proceeding does not clearly fit into any of the categories, it should be conducted under the rules for ratesetting proceedings. In addition, Rule 1.3(e) defines ratesetting proceedings to include “[o]ther proceedings” that do not fit clearly into any other category.

ii. Need for Hearings

Liberty Utilities respectfully submits that approval of this Application should not require hearings. Furthermore, Liberty Utilities respectfully requests that this Application be considered in a separate and more expedited proceeding and not be consolidated with the applications of the large IOUs, which are more likely to necessitate hearings given their greater detail and complexity.

iii. Issues to be Considered

Liberty Utilities proposes that the only issue to be considered in this proceeding is whether the Commission should approve Liberty Utilities' Distribution Resources Plan.

iv. Proposed Schedule

Liberty Utilities requests that the Commission approve the following proposed schedule:

Date	
July 1, 2015	Application file date
July 7, 2015	Notice on Commission Daily Calendar
August 6, 2015	Protests Due
August 16, 2015	Reply to Protests Due, if any
October 2015	Proposed Decision Issued
November 2015	Final Decision

D. Rule 2.2 - Organization and Qualification to Transact Business

Pursuant to Rule 2.2 and Public Utilities Code section 1004, a copy of Liberty Utilities' Articles of Organization is on record with the Commission as part of Application 14-04-037, Exhibit A, and a copy of its Certificate of Status is on record with the Commission as part of Application 15-04-016.

IV. RELIEF REQUESTED

Pursuant to Public Utilities Code section 769, Liberty Utilities requests that the Commission approve its Distribution Resources Plan. Furthermore, Liberty Utilities requests that the Commission review and approve its more simplified DRP in a separate and more expedited proceeding from the large IOUs.

Dated: July 1, 2015

Respectfully submitted,

/s/

Steven F. Greenwald
Vidhya Prabhakaran
Davis Wright Tremaine LLP
Suite 800
505 Montgomery Street
San Francisco, CA 94111-6533
Telephone: (415) 276-6500
Facsimile: (415) 276-6599
Email: stevegreenwald@dwt.com
Email: vidhyaprabhakaran@dwt.com

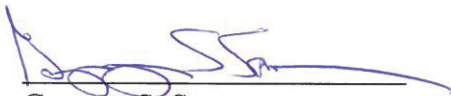
Attorneys for Liberty Utilities (CalPeco
Electric) LLC

VERIFICATION

I, Gregory S. Sorensen, hereby declare that I am the President of Liberty Utilities (CalPeco Electric) LLC, and that I have read the foregoing Application; and that the information set forth therein concerning Liberty Utilities (CalPeco Electric) LLC is true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 1, 2015 at TAHOE VISTA, California.



Gregory S. Sorensen

Liberty Utilities (CalPeco Electric) LLC