

Letter: Liberty ratepayers will be unfairly charged

To the community,

Thank you for being the first paper to report the Liberty Utilities transmission line upgrade project that will significantly impact Lake Tahoe's North Shore as the site of the project and all Liberty Energy customers who are currently expected to pay for the \$50 million project.

The project application was first submitted to the California Public Utilities Commission by Sierra Pacific Power Company (SPPCo.) in August 2010. The cost was estimated at about \$23 million to be added to rate base and spread over 2.5 million customers. The increase in rates would have been insignificant. Since the original application much has changed.

The cost estimate of the transmission upgrade project doubled to \$46 million, and SPPCo. sold their California customers to CalPeco, which also does business in California as Liberty Energy. CalPeco (California Pacific Electric Company) purchased SPPCo.'s distribution system and about 49,000 customers (80 percent are in the Lake Tahoe Basin) effective Jan. 1, 2011. The latest transmission upgrade cost does not incorporate their requested cost of phasing the project, but it approaches \$50 million to be spread among only 49,000 customers. This will result in a significant rate increase for all of us.

CalPeco also applied for a general rate increase in February 2012 which was approved in December 2012. CalPeco was granted a 46 percent increase in admin/operating expenses, but this increase was offset by their over collection of reduced cost of wholesale power. Rather than passing along these

significant reductions to ratepayers, residential rates increased about 1 percent, while small commercial increased about 7.6 percent.

The quote from Liberty's Sam Rohn, "We will increase the voltage lines are able to carry, handle additional build-out at Martis Camp, Squaw Valley, and Northstar..." points right to the problem. They justify meeting future resort development loads outside of the Tahoe basin, by building new 120 kV lines inside the Tahoe basin – Tahoe City to Kings Beach and from Kings Beach to Truckee – when the biggest load demand is from Northstar. CalPeco sources their power from major transmission lines in Truckee.

Not only are the environmental impacts unnecessary in the Lake Tahoe Basin, but the huge cost is expected to be paid by Liberty Energy ratepayers instead of the few resort development customers causing the load demand.

There's much more to Calpeco's generalizations about single contingency reliability, load demand for build-out, and who is going to foot the bill. This story deserves the attention your paper has given it as this infrastructure issue unfolds.

David McClure, North Tahoe Citizen Action Alliance president