

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



May 3, 2010

Advice Letter 240-E

Nguyen Quan
Regulatory Affairs
Golden State Water Company
630 East Foothill Boulevard
San Dimas, CA 91773

**Subject: Establishment of a Base Revenue Requirement Balancing
Account (BRRBA)**

Dear Mr. Quan:

Advice Letter 240-E is effective November 2, 2009.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



March 29, 2010

Advice Letter No. 240-E

(U 913 E)

California Public Utilities Commission

Golden State Water Company ("GSWC") hereby transmits one original and three conformed copies of the following tariff sheets applicable to its Bear Valley Electric Service ("BVES") Division:

<u>CPUC Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling CPUC Sheet No.</u>
Original No. 1777-E	Preliminary Statements Page 1, Part V	
Original No. 1778-E	Preliminary Statements Page 2, Part V	
Revised No. 1779-E	Table of Contents Page 1 of 2	Revised No. 1776-E

SUBJECT: Establishment of a Base Revenue Requirement Balancing Account.

PURPOSE

GSWC is seeking authorization to modify its Preliminary Statement, to add Part V, to reflect the establishment and implementation of the Base Revenue Requirement Balancing Account ("BRRBA"). The purpose of the BRRBA is to track the difference between GSWC authorized Base Revenue Requirements and the recorded revenue from base rates as approved by the Commission in Decision (D.) 09-10-028 on October 15, 2009, as modified by Decisions (D.) 10-03-016 on March 11, 2010.

BACKGROUND

On June 27, 2008 GSWC filed Application (A.) 08-06-034, seeking approval for a rate increase. The application filing was noticed on the Commission Daily Calendar on July 16, 2008. On August 13, 2008 the City of Big Bear Lake (the City) filed a protest to the GSWC application. On August 15, 2008, the Division of Ratepayer Advocates (DRA) sought and obtained permission to late-file a protest to the GSWC application. On December 2, 2008 a

public participation hearing was held in the City of Big Bear Lake. DRA and Snow Summit served testimony on January 9, 2009. Rebuttal testimony was served by GSWC on January 30, 2009. Following the submission of testimony, the parties engaged in settlement negotiations via the Commission's Alternate Dispute Resolution (ADR) procedures. Evidentiary hearings were held from February 23 through February 27, 2009. After briefs were filed, DRA and GSWC engaged in further settlement negotiations. A settlement conference was noticed and held on April 16, 2009. The resulting Settlement Agreement ("Settlement") was executed on May 12, 2009 and GSWC and DRA filed a motion to approve the Settlement pursuant to Rule 12.1. On June 12, 2009, Snow Summit filed its opposition to the joint motion to approve the Settlement. On September 15, 2009, Administrative Law Judge Farrar issued a Proposed Decision approving the Settlement. On October 15, 2009, the Commission in Decision No. 09-10-028 approved the Settlement Agreement between DRA and GSWC.

In D.09-10-028, Appendix A, Attachment C, the Settlement Agreement, Section IX.D, at page 13, the DRA and BVES ("Parties") agree to the following:

"The Parties agrees to BVES' proposal to establish a Base Revenue Requirement Adjustment Mechanism ("BRRAM") as set forth in its Application, with the exception of computing monthly adopted revenues bases on 1/12 of annual total revenues as opposed to a seasonality adjustment as proposed by BVES. Either Party may revisit the issue of 1/12 of annual total revenues vs. seasonality adjustments for the BRRAM in any subsequent BVES GRC."

On November 19, 2009, GSWC filed a Petition for Modification of D.09-10-028. The Petition is to address certain procedural mechanics and corrections. One of the requested corrections is about GSWC' total revenue requirements. The revenue requirements for each of the adopted Test Years 2009-2012 are \$17,023,300 for 2009, \$18,292,400 for 2010, \$18,841,200 for 2011, and \$19,449,600 for 2012. However in D.09-10-028, at page 4, the Commission notes that the revenue requirement for 2009 is \$17,712,800 (emphasis added), which is not correct. All the revenue requirements noted in D.09-10-028 for the years 2010 through 2012 are correct. In filing the Petition GSWC wants to ensure that all the revenue requirements are correct so that it can establish the BRRBA balancing account without subsequent revisions.

On March 11, 2010, the Commission issued D.10-03-016, and granted GSWC the requested modifications. Ordering Paragraph No. 1 in D.10-03-016 is as follow:

"1. The petition to modify Decision (D.) 09-10-028 filed by Golden State Water Company is granted. The original decision shall be cited as D.09-10-028 as modified by D.10-03-016"

COMPLIANCE

This Advice Letter is in compliance with Ordering Paragraph No. 2 in D.09-10-028. Ordering Paragraph No. 2 is as follow:

"2. The motion for approval of the settlement is granted"

This Advice Letter is also in compliance with D. 10-03-016, Attachment A, Paragraph 12, which states:

"12. Ordering Paragraph #1 in D.09-10-028 will be modified to read: The settlement between the Golden State Water Company and the Division of Ratepayer Advocates contained in Appendix A of this decision, which includes a revenue adjustment of \$4,810,500 for 2009, \$515,000 for 2010, \$209,000 for 2011, and \$168,000 for 2012, is approved. The settlement revenue requirement of \$17,023,300 for 2009, \$18,292,400 for 2010, \$18,841,200 for 2011, and \$19,449,600 for 2012 is approved." (Footnote 1: Underlying denotes preexisting text)

TIER DESIGNATION

This advice letter is submitted with a Tier 2 designation.

EFFECTIVE DATE

GSWC is requesting an effective date of November 2, 2009

NOTICE AND PROTESTS

Anyone may respond to or protest this advice letter. A response supports the filing and may contain information that proves useful to the Commission in evaluating the advice letter. A protest objects to the advice letter in whole or in part and must set forth the specific grounds on which it is based. These grounds are:

- (1) The utility did not properly serve or give notice of the advice letter;
- (2) The relief requested in the advice letter would violate statute or Commission order, or is not authorized by statute or Commission order on which the utility relies;
- (3) The analysis, calculations, or data in the advice letter contain material error or omissions;
- (4) The relief requested in the advice letter is pending before the Commission in a formal proceeding; or

- (5) The relief requested in the advice letter requires consideration in a formal hearing, or is otherwise inappropriate for the advice letter process; or
- (6) The relief requested in the advice letter is unjust, unreasonable, or discriminatory (provided that such a protest may not be made where it would require re-litigating a prior order of the Commission.)

A response or protest must be made in writing or by electronic mail and must be received by the Energy Division within 20 days of the date this advice letter is filed.

All protests and responses should be sent to:

California Public Utilities Commission, Energy Division

ATTN: Tariff Unit

505 Van Ness Avenue

San Francisco, CA 94102

E-mail: Honesto Gatchalian (jnj@cpuc.ca.gov) or Maria Salinas (mas@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

Copies of any such protests should be sent to this utility at:

Golden State Water Company

ATTN: Nguyen Quan

630 East Foothill Blvd.

San Dimas, CA 91773

Fax: 909-394-7427

E-mail: nquan@gswater.com

If you have not received a reply to your protest within 10 business days, contact Nguyen Quan at (909) 394-3600 ext. 664.

A copy of this advice letter is being furnished to the entities listed on the service list for A.08-06-034.

Correspondence

Any correspondence regarding this compliance filing should be sent by regular mail or e-mail to the attention of:

Nguyen Quan
Manager, Regulatory Affairs
Golden State Water Company
630 East Foothill Blvd.
San Dimas, California 91773
Email: nquan@gswater.com

The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on who may file a protest.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ng. Quan', with a stylized flourish at the end.

Nguyen Quan
Manager, Regulatory Affairs

Cc: Julie Fitch, Director, CPUC – Energy Division
Donald Lafrenz, CPUC – Energy Division
R. Mark Pocta, DRA

PRELIMINARY STATEMENTS

V. BASE REVENUE REQUIREMENT BALANCING ACCOUNT

Golden State Water Company ("GSWC") shall maintain the Base Revenue Requirement Balancing Account ("BRRBA") for its Bear Valley Electric Service ("BVES") Division

(N)

1. PURPOSE:

The purpose of the BRRBA is to record the difference between BVES adopted Base Revenue Requirements and the recorded revenue from base rates as approved in D.09-10-028 on October 15, 2009 and as modified by D.10-03-016 on March 11, 2010.

2. APPLICABILITY

The BRRBA shall apply to all customers base rate revenues.

3. RATES

Base rates are electric rates and related adjustments. Adjustments are required to amortize under-collections or over-collection in the BRRBA authorized by the Commission from time to time.

4. AUTHORIZED BASE RATE REVENUE REQUIREMENT

BVES' authorized annual base rate revenue requirements for the years 2009, 2010, 2011 and 2012 are reflected in the Settlement Agreement between the Division of Ratepayer Advocates and BVES and approved by the Commission in D.09-10-028, as modified by D.10-03-016, are as follows.

Year	Annual Revenue Requirement
2009	\$17,023,300
2010	\$18,292,400
2011	\$18,841,200
2012	\$19,449,600

The authorized monthly revenue requirement shall be apportioned on a monthly basis as one-twelfth of the annual revenue requirement shown above.

5. ADJUSTMENTS TO THE REVENUE REQUIREMENT

The annual revenue requirement levels in Section 4 may be adjusted, if needed, by an update as a result of a decision that changes the allocation of General Office costs to BVES that have been issued in a Golden State Water Company (GSWC) water operations case filed before the Commission, or by some other appropriate proceeding that establishes a new base rate revenue requirement or an addition to the base rate revenue requirement shown in Section 4.

The authorized adjustment to the revenue requirement in Section 4 shall be apportioned on a monthly basis as one-twelfth of the annual revenue requirement and added to the existing monthly revenue requirement beginning with the month authorized.

6. TRANSFERS AND ADJUSTMENTS TO THE BRRBA BALANCE

From time to time the Commission may find that an amortization of a base rate memorandum account they authorized has run for the required number of months but that there remains an unamortized over or under collected balance at the end of the amortization period. The unamortized balances for such memorandum accounts may be transferred to the balance in the BRRBA if the costs covered by the memorandum account are base rate related costs.

(N)

(Continued)

PRELIMINARY STATEMENTS
(continued)

V. BASE REVENUE REQUIREMENT BALANCING ACCOUNT

7. ACCOUNTING PROCEDURES:

GSWC shall maintain the BRRBA by making entries at the end of each month as follow:

- a. Recorded monthly base rate revenue
- b. Apportioned monthly allocation of the authorized annual base rate revenue requirement as described in Sections 4 & 5
- c. Total net BRRBA balance: 7.a. minus 7.b.
- d. GSWC shall apply interest to the average net balance in the BRRBA account at a rate equal to one-twelfth the interest rate on three-month Commercial Paper for the previous month as reported in the Federal Reserve Statistical Release, H.15, or its successor publication. Accumulated interest will be included in the amount on which interest is charged, but will be identified as a separate component of the BRRBA account.

8. EFFECTIVE DATE

The BRRBA is to be effective beginning November 2, 2009.

9. ACCOUNT DISPOSITION

The disposition of the balance in the BRRBA at the close of each year will be addressed by GSWC in a Tier 2 Advice Letter filing if the amount of the under- or over-collection is equal to or greater than 5% of the revenue requirement established for the previous twelve months. Should such a trigger be met, GSWC may file the required advice letter with the necessary amortization rate expected to amortize the balance over the next twelve months.

(N)

(N)

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(Continued)

GOLDEN STATE WATER COMPANY

DISTRIBUTION LIST

BEAR VALLEY ELECTRIC DIVISION

Big Bear City Community Services Dist
P. O. Box 558
Big Bear City, CA 92314

City Clerk
City of Big Bear Lake
P. O. Box 2800
Big Bear Lake, CA 92315

City Attorney
City of Big Bear Lake
P. O. Box 2800
Big Bear Lake, CA 92315

County Clerk
County of San Bernardino
385 N. Arrowhead Ave., 2nd Floor
San Bernardino, CA 92415-0140

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CALIFORNIA PUBLIC UTILITIES COMMISSION

Service Lists

PROCEEDING: A0806034 - GOLDEN STATE WTR. CO
FILER: GOLDEN STATE WATER COMPANY (BEAR VALLEY ELECTRIC SERVICE
DIVISION)

Parties

KEITH SWITZER
VICE PRESIDENT OF REGULATORY AFFAIRS
GOLDEN STATE WATER COMPANY
630 EAST FOOTHILL BOULEVARD
SAN DIMAS, CA 91773
FOR: GOLDEN STATE WATER COMPANY

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FOR: CITY OF BIG BEAR LAKE

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SUMMIT INC.

Information Only

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SAN FRANCISCO, CA 94102-3214

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Golden State Water Company (DBA Bear Valley Electric Service)/ 913-E

Utility type:

ELC GAS

PLC HEAT WATER

Contact Person: Nguyen Quan

Phone #: (909) 394-3600 ext. 664

E-mail: nquan@gswater.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 240-E

Subject of AL: Establishment of a Base Revenue Requirement Balancing Account (BRRBA)

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution D.10-03-016

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL

Summarize differences between the AL and the prior withdrawn or rejected AL¹:

Resolution Required? Yes No

Tier Designation 1 2 3

Requested effective date: November 2, 2009

No. of tariff sheets: 3

Estimated system annual revenue effect: (%): None

Estimated system average rate effect (%): None

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed¹: None

Pending advice letters that revise the same tariff sheets: None

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102

inj@cpuc.ca.gov and mas@cpuc.ca.gov

Golden State Water Company
Attn: Nguyen Quan Reg. Affairs
630 E. Foothill Blvd.,
San Dimas, CA 91773
nquan@gswater.com