



August 15, 2011

Advice Letter No. 255-EA

(U 913-E)

California Public Utilities Commission

Attention: Energy Division
Advice Letter Filings Room 4005

Golden State Water Company ("GSWC") hereby transmits for filing an original and four conformed copies of the following tariff sheets applicable to its Bear Valley Electric Service ("BVES") district:

<u>CPUC Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling CPUC Sheet No.</u>
Original No. 1926-E*	Preliminary Statements Part X	
Revised No. 1927-E*	Table of Contents Page 1 of 2	Revised No. 1925-E

Subject: Establishment of the Power Purchase Agreement Memorandum Account, pursuant to Decision No. 11-06-030

Supplement

This supplemental filing is being made to modify Advice Letter 255-E as a result of the Commission's staff review. GSWC modified the language in the Power Purchase Agreement Memorandum Account, Preliminary Statement X, to bring it into conformance with the directives in D.11-06-030. This supplemental filing will replace Advice Letter 255-E in its entirety.

Purpose

BVES is seeking approval to establish a new non-interest bearing memorandum account to record the unrealized gains and losses otherwise imputed to the Los Angeles County Sanitation Power Purchase Agreement ("PPA") as a consequence of complying with the Financial Account Standards Board's Statement of Financial Accounting Standards No. 133. This advice letter filing is in compliance with Ordering Paragraph No. 6 in California Public Utilities Commission ("Commission") Decision ("D.") 11-06-030, which states,

6. Bear Valley shall establish a non-interest bearing memorandum account to record refunds or under-collections to offset the unrealized gains or losses of the Power Purchase Agreement with Los Angeles County Sanitation District No. 2, created by the financial reporting impacts of the Financial Account Standards Board's Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."

This advice filing modifies BVES' Preliminary Statement to add, Part X, Power Purchase Agreement Memorandum Account ("PPAMA").

BVES will track, solely for financial reporting purposes during the life of the PPA, any unrealized gains or losses on the outstanding balance of the contract and record either an offsetting "refund" to ratepayers of an imputed market gain or an under collection of an imputed market loss. During the contract performance, BVES will record and recover only its actual costs under the terms of the contract for energy delivered to retail customers.

Background

On June 8, 2010, GSWC filed Application ("A.")10-06-003. Pursuant to Sections 451 and 701 of the California Public Utilities Code, D.08-05-029, and Article 2 of the California Public Utilities Commission's (the "Commission") Rules of Practice and Procedure, GSWC, on behalf of BVES, submitted A. 10-06-003 for Commission approval of a Renewables Portfolio Standard ("RPS") eligible PPA. In D. 08-05-029, the Commission ordered BVES to seek approval of any contracts for the procurement of RPS-eligible energy by application, rather than by advice letter, as long as any cap on BVES' electricity charge remains in effect. The PPA is for a ten-year term between GSWC and the County Sanitation District No. 2 of Los Angeles ("LACSD") for landfill gas-generated electricity.

LACSD operates the Palos Verdes Landfill, where it has owned and operated a landfill gas-to-energy facility for over 20 years ("Project"). The Project currently produces approximately 2.4 megawatts ("MW") of energy per hour.

BVES issued Request for Proposals ("RFPs") in years 2006, 2007 and 2008, which did not result in any viable bids. BVES also tried utilizing a bilateral approach to obtain RPS energy. The PPA is the result of bilateral negotiations between BVES and LACSD. The levelized contract price of \$110/MWh is above the 2009 market price referent ("MPR") of \$84.48/MWh for a 10-year contract with a commercial online date of 2010. On June 23, 2011, the Commission issued D.11-06-030, which granted GSWC's A.10-06-003.

There is no cost information required for this filing.

Memorandum Account Treatment

GSWC is aware that a memorandum account is not a guarantee of eventual recovery of expenses. It is carried "off the books", as a memorandum account. Further, it is also known that Commission policy on memorandum account treatment has always been that the burden of proof of the reasonableness of expenses charged to the account is the responsibility of the utility requesting reimbursement of such expenses.

Tier Designation and Effective Date

In compliance with Ordering Paragraph No. 8 in D.11-06-030, this advice letter is submitted with a Tier 2 designation and BVES requests that the PPAMA be made effective on August 14, 2011.

Notice and Protests

A copy of this filing has been served on the utilities and interested parties shown on the attached list by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

A protest is a document objecting to the granting in whole or in part of the authority sought in this advice letter.

A response is a document that does not object to the authority sought, but nevertheless presents information that the party tendering the response believes would be useful to the CPUC in acting on the request.

A protest must be mailed within 20 days of the date the CPUC accepts the advice letter for filing. The Calendar is available on the CPUC's website at www.cpuc.ca.gov.

A protest must state the facts constituting the grounds for the protest, the effect that approval of the advice letter might have on the protestant, and the reasons the protestant believes the advice letter, or a part of it, is not justified. If the protest requests an evidentiary hearing, the protest must state the facts the protestant would present at an evidentiary hearing to support its request for whole or partial denial of the advice letter. The utility must respond to a protest with five days.

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: 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: Ronald Moore

630 East Foothill Blvd.

San Dimas, CA 91773

Fax: 909-394-7427

E-mail: rkmoore@gswater.com

If you have not received a reply to your protest within 10 business days, contact Ronald Moore at 909-394-3600 ext. 682.

No individuals or utilities have requested notification of filing of tariffs. In accordance with General Order 96-B, a copy of this advice letter is being furnished to the entities listed on the attached service list.

In accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice letter filing open for public inspection at Bear Valley Electric Service and Golden State Water Company Headquarters.

Sincerely yours,



Ronald Moore

Senior Regulatory Analyst, Regulatory Affairs

c: Julie Fitch, Chief
CPUC- Energy Division

Donald Lafrenz
CPUC- Energy Division

R. Mark Pocta
CPUC – Division of Ratepayer Advocates

PRELIMINARY STATEMENT

(Continued)

X. POWER PURCHASE AGREEMENT MEMORANDUM ACCOUNT ("PPAMA") (N)

1. Purpose

The purpose of the PPAMA is to record refunds or under-collections to offset the unrealized gains or losses of the Power Purchase Agreement with Los Angeles County Sanitation District No. 2, created by the financial reporting impacts of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."

2. Applicability

The PPAMA does not have a rate component.

3. Accounting Procedure

GSWC shall maintain the PPAMA by making entries at the end of each month as follows:

- a. Entries shall be made to the PPAMA at the end of each month to record the unrealized gain or loss attributable to the application of SFAS 133 to the Power Purchase Agreement with Los Angeles County Sanitation District No. 2, pursuant to Decision No. 11-06-030, dated June 23, 2011.
- b. This is a non-interest bearing memorandum account.

4. Account Disposition

At the conclusion of the memorandum account's operation, the PPAMA will be reversed and no additional costs will be recovered from (or refunded to) ratepayers.

(N)

TABLE OF CONTENTS

The following tariff sheets contain all effective rates and rules affecting rates and service of the utility, together with information relating thereto:

<u>Subject Matter of Sheet</u>	<u>Sheet No.</u>
Title Page	1441-E
Table of Contents	1927-E*, 1924-E (T)
Preliminary Statements 935-E, 1590-E*, 1591-E*, 1592-E*, 1593-E*, 1594-E*, 1595-E*, 1596-E*, 1597-E*, 1598-E*, 1599-E* 1600-E*, 1917-E, 1602-E*, 1603-E*, 1604-E*, 1605-E*, 1606-E*, 1607-E*, 1608-E*, 1609-E*, 1610-E*, 1611-E*, 1612-E*, 1650-E, 1652-E, 1874-E, 1875-E, 1833-E, 1926-E*	(C)
Tariff Area Map	1140-E
Rate Schedules:	
No. A-1 General Service	1901-E, 1836-E
No. A-2 General Service	1902-E, 1838-E
No. A-3 General Service	1903-E, 1840-E
No. A-4 General Service- TOU	1904-E, 1842-E, 1843-E
No. A-5 TOU Primary	1905-E, 1845-E, 1846-E
No. A-5 TOU Secondary	1906-E, 1848-E, 1849-E
No. D Domestic Service - Single-family Accommodation	1907-E, 1851-E, 1852-E
No. DE Domestic Service to Company Employees	1908-E, 1854-E
No. D-LI Domestic Service - CARE Rate	1909-E, 1919-E, 1857-E, 1858-E
No. DM Domestic Service - Multi-family Accommodation	1910-E, 1860-E, 1861-E
No. DMS Domestic Service - Multi-family Accommodation Sub-metered	1911-E, 1896-E, 1864-E
No. DO Domestic Service - Other	1912-E, 1866-E
No. NEM-L Net Energy Metering- Large	1796-E, 1797-E, 1798-E, 1799-E
No. NEM-S Net Energy Metering- Small	1800-E, 1801-E, 1802-E, 1803-E
No. RET Water Agency Renewables energy Service	1732-E*, 1733-E*, 1734-E*
No. GSD General Service Demand - Camp Oaks	1913-E, 1868-E
No. SL Street Lighting Service	1914-E, 1870-E
No. SSC Special Service Charges	1871-E
No. PPC-LI Public Purpose Charge-Low Income	1613-E
No. PPC-OLI Public Purpose Charge-Other Than Low Income	1614-E
No. UF-E Surcharge to Fund PUC Utilities Reimbursement Account Fee	1872-E
Contracts and Deviations	888-E
Rules:	
No. 1 Definitions	1114-E, 1115-E, 1116-E, 1117-E, 1118-E, 1119-E, 1120-E, 1121-E, 1122-E, 1123-E, 1124-E, 1125-E, 1126-E, 1127-E, 1877-E, 1129-E, 1130-E
No. 2 Description of Service	594-E, 595-E, 596-E, 597-E, 598-E 599-E, 600-E, 601-E, 602-E, 603-E
No. 3 Application for Service	950-E, 951-E
No. 4 Contracts	604-E
No. 5 Special Information Required on Forms	605-E, 606-E, 607-E
No. 6 Establishment and Re-establishment of Credit	608-E, 1878-E
No. 7 Deposits	1879-E
No. 8 Notices	611-E
No. 9 Rendering and Payment of Bills	576-E, 577-E
No. 10 Disputed Bills	578-E, 579-E
No. 11 Discontinuance and Restoration of Service	580-E, 581-E, 582-E, 1002-E, 584-E
No. 12 Rates and Optional Rates	612-E, 613-E
No. 13 Temporary Service	614-E, 615-E
No. 14 Shortage of Supply and Interruption of Delivery	616-E
No. 15 Distribution Line Extensions	1005-E, 1006-E, 1007-E, 1008-E 1009-E, 1010-E, 1011-E, 1012-E 1013-E, 1014-E, 1015-E, 1016-E 1017-E

(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

County Counsel
County of San Bernardino
385 N. Arrowhead Ave., 4th Floor
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Dave Morse, Project Manager
216 F Street #53
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demorse@omsoft.com

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939 Apache Drive
Prescott, AZ 86303
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Brent Tregaskis
Bear Mountain Resort
PO Box 77
Big Bear Lake, CA 92315

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: Ronald Moore

Phone #: (909) 394-3600 ext. 682

E-mail: rkmoore@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) #: 255-EA

Subject of AL: Power Purchase Agreement Memorandum Account

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.11-06-030

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

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

Resolution Required? No

Tier Designation 2

Requested effective date: August 14, 2011

No. of tariff sheets: 2

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: Preliminary Statement, Table of Contents Page 1 of 1

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
Attention: Ronald Moore
Regulatory Affairs Dept.
630 E. Foothill Blvd.,
San Dimas, CA 91773
rkmoore@gswater.com

¹ Discuss in AL if more space is needed.