

PRELIMINARY STATEMENTS

A. TERRITORY

That territory in San Bernardino County lying adjacent to Big Bear and Baldwin Lake.

B. CHARACTER OF SERVICE

Service as rendered by this utility is sixty cycle alternating current service of a single phase and three phase type delivered at voltages of 110 and 220 as more specifically set forth in the schedules of rates and in the rules and regulations hereinafter contained.

C. PROCEDURE TO OBTAIN SERVICE

Applicants for service will be required to establish their credit in accordance with the Rules and regulations of this utility.

D. ESTABLISHMENT OF SERVICE

Applicants for service will be required to establish their credit in accordance with the Rules and regulations of this utility.

E. GENERAL

1. All energy supplied by this utility will be measured by means of suitable standard electric meters.
2. All rates herein quoted are not subject to discount except as specifically set forth in the schedules. (T)
3. No discounts are allowed for advances by customers.
4. This utility does not furnish free lamp renewals.
5. No standard riders are employed by this utility.

F. SYMBOLS

Wherever tariff sheets are refilled, changes will be identified by the following symbols:

- (C) To signify changed listing, rule, or condition which may affect rates or charges.
- (D) To signify discontinued material, including listing, rate, rule or condition.
- (I) To signify increase.
- (L) To signify material relocated from or to another part of tariff schedules with no change in text, rate, rule or condition.
- (N) To signify new material including listing, rate rule or condition.
- (R) To signify reduction.
- (T) To signify change in wording of text but not change in rate rule or condition.

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PRELIMINARY STATEMENTS

(Continued)

- G. CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT** (T)
1. Purpose: The purpose of the CARE Balancing Account (CBA) is to track the Public Purpose Program Surcharge (PPP Surcharge) funds produced by the PPC-OLI Tariff allocable to CARE, and CARE programs costs. The CARE Program provides a discounted rate for eligible CARE ratepayers and non-profit group living facilities. (N)
|
(N)
 2. Applicability: The CARE Balancing Account applies to certain rate schedules and certain special contracts within the jurisdiction of the Commission. Eligibility for the CARE Program is defined in Form Nos. 16 and 19 of the BVES tariffs. (T)
 3. Definitions:
 - a. Effective Date: Implementation of the CARE component of the PPP Surcharge to recover the Total Authorized CBA Revenue Requirement shall be effective as of April 1, 2009. (N)
 - b. FF&U: The applicable Franchise and Uncollectible (FF&U) percentages will be those specified in the Commission's Decision in BVES' most recent Base Rate Case. (N)
 - c. CBA Expenses: CBA Expenses are the sum of: (1) CARE Benefits, which are equal to the amount of discount granted to Low Income customer rates; and (2) the allocated administrative and general expenses and direct expenses associated with the CARE Program, consistent with the Commission-adopted CBA Budget. (T)
 - d. CBA Revenue: The monthly CBA Revenue is determined by multiplying the net unbundled PPC-OLI surcharge revenue billed during the month by the appropriate PPC-OLI percentages as specified in the PPPAM table in this Preliminary Statement. (T)
 - e. Total Authorized CBA Revenue Requirement: Total Authorized CBA Revenue Requirement shall be the current Commission-adopted Revenue Requirement associated with CBA Expenses and CARE goals, plus amortization of any CARE over or under collection from a previous period authorized by the Commission. (T)
 - f. Total Authorized BVES Public Purpose Programs Revenue Requirement: The total authorized BVES PPP Revenue Requirement shall be the sum of the Commission-adopted Revenue Requirement associated with all of BVES' Public Purpose Programs, including both Public Goods Programs (legislatively mandated) and all other Commission-authorized Public Purpose Programs. Such amounts are to be detailed and stated in the Public Purpose Program Adjustment Mechanism (PPPAM) described in this Preliminary Statement. (T)
 - g. Interest Rate: The Interest Rate shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3 months) published in the Federal Reserve Statistical Release, H.15. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper, which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, H.15, or its successor publication. (T)

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PRELIMINARY STATEMENTS

(Continued)

G. CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT (continued)

(N)

4. Accounting Procedure: The Company shall maintain a CBA commencing as of 8/28/89. Entries to be made to this account at the end of each month will be based on the following:
- a. A credit entry equal to the amount of PPP Surcharge revenue associated with the CBA as specified in section 3.d.
 - b. A debit entry equal to the amount of CBA Expenses as specified in section 3.c.
 - c. A debit entry equal to the FF&U specified in section 3.b. above times CBA Revenue.

If the above calculations produce a negative amount (undercollection), such amount will be debited to the Balancing Account. If the above calculation produces a positive amount (over collection), such amount will be credited to the Balancing Account. Interest will accrue to the Balancing Account by applying the interest Rate specified in section 3.g. to the average of the beginning and ending balances.

(N)

5. Annual Review of Reasonableness and Revision to the CARE Program Revenue Requirement: Each year by April 1, BVES shall review the CARE Program, the reasonableness of costs charged to CARE, and the balance between CBA Revenues collected and the CBA Expenses expected over the following year. In addition:
- a. BVES may propose an update of the CBA Revenue Requirement if there is a need to achieve a closer balance between CARE Revenue and CARE Expenses as long as this proposal is within guidelines provided by the Commission.
 - b. BVES may propose an update of the CBA Revenue Requirement to amortize any under or over collection of the CBA based on the balance.
 - c. Should BVES propose to update the CBA Revenue Requirement, it must also update the Total PPP Revenue Requirement to reflect such changes it proposes in the CBA Revenue Requirement and, if necessary, specify an associated change to the PPP Surcharge, including a revision to the percentage allocation factor for determining the CBA's share of the Total PPP Revenue Requirement.
 - d. If BVES has no updates or changes to propose, BVES will take no action. If BVES has any updates or changes to propose, it will do so through the Advice Letter process.

(N)

(N)

PRELIMINARY STATEMENTS

(Continued)

H. LOW-INCOME ENERGY EFFICIENCY BALANCING ACCOUNT (LIEEBA)

1. Purpose: The purpose of the LIEEBA is to track the Public Purpose Program Surcharge (PPP Surcharge) funds allocable to the Low-Income Energy Efficiency (LIEE) Program and LIEE Program costs. This is an interest bearing one-way account where over-expenditures are not recovered. (T)
(T)
2. Applicability: The LIEEBA applies to certain rate schedules and certain special contracts within the jurisdiction of the Commission.
3. Definitions:
 - a. Effective Date: Implementation of the LIEE component of the PPP Surcharge to recover the Total Authorized LIEEBA Revenue Requirement shall be effective as of April 1, 2009. (N)
 - b. FF&U: The applicable Franchise and Uncollectible (FF&U) percentages will be those specified in the Commission's Decision in BVES' most recent Base Rate Case (N)
 - c. Interest Rate: The Interest Rate shall be 1/12 of the most recent interest on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, H.15. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper, which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, H.15, or its successor publication. (T)
 - d. LIEEBA Revenue: The monthly LIEEBA revenue is determined by multiplying the net unbundled PPC-OLI and PPC-LI revenue billed during the month by the appropriate LIEE percentage allocation factors specified in the PPPAM table in this Preliminary Statement.
 - e. LIEEBA Expenses: LIEEBA expenses are to be authorized by the Commission and expenses recorded to the LIEEBA shall be in compliance with the guidelines and LIEE budgets authorized by the Commission.
 - f. Total Authorized LIEEBA Revenue Requirement: The total Authorized LIEEBA Revenue Requirement shall be the current Commission-adopted Revenue Requirement associated with LIEE Program and its goals, plus amortization of any LIEE over or under collection from a previous period authorized by the Commission.
 - g. Total Authorized BVES Public Purpose Programs Revenue Requirement: The total authorized BVES PPP Revenue Requirement shall be the sum of the Commission-adopted Revenue Requirement associated with all of BVES' Public Purpose Programs, including both Public Goods Programs (legislatively mandated) and all other Commission-authorized Public Purpose Programs. Such amounts are to be detailed and stated in the Public Purpose Program Adjustment Mechanism (PPPAM) described in this Preliminary Statement. (T)

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PRELIMINARY STATEMENTS

(Continued)

H. LOW-INCOME ENERGY EFFICIENCY BALANCING ACCOUNT (LIEEBA) (continued)

(N)

4. Accounting Procedure: The Utility shall make the following entries to the account as follows:

- a. A credit entry equal to the monthly LIEEBA Revenue as specified in section 3.d.
- b. A debit entry equal to the monthly LIEEBA Expenses as specified in section 3.e.
- c. A debit entry equal to the LIEE Program performance incentives, as approved by the Commission, if any.
- d. A debit entry equal to the FF&U specified in section 3.b. above times LIEEBA Revenue.
- e. An entry equal to the monthly interest as specified in section 3.c applied to the average of the beginning and ending balances in the LIEEBA.

If the above calculations produce a negative amount (undercollection), such amount will be debited to the Balancing Account. If the above calculation produces a positive amount (over collection), such amount will be credited to the Balancing Account. While the LIEEBA is a one-way balancing account, any PPP Surcharge revenues recorded in the LIEEBA exceeding authorized program costs expended shall be carried forward to supplement the subsequent year's program.

5. Annual Review of Reasonableness and Revision to the LIEEBA Revenue Requirement:

Each year by April 1, BVES shall review the LIEE program, the reasonableness of costs charged to LIEEBA, and the balance between LIEEBA Revenue collected and the LIEEBA Expenses expected over the following year. In addition:

- a. BVES may propose an update of the LIEEBA Revenue Requirement if there is a need to achieve a closer balance between LIEEBA Revenue and LIEEBA Expenses as long as this proposal is within guidelines provided by the Commission.
- b. BVES may propose an update of the LIEEBA component of the PPP Surcharges to amortize any under or over collection of the LIEEBA based on the balance.
- c. Should BVES propose to update the LIEEBA Revenue Requirement, it must also update the Total PPP Revenue Requirement to reflect such changes it proposes in the LIEEBA Revenue Requirement and, if necessary, specify an associated change to the PPP Surcharge, including a revision to the percentage allocation factor for determining the LIEEBA's share of the Total PPP Revenue Requirement.
- d. If BVES has no updates or changes to propose, BVES will take no action. If BVES has any updates or changes to propose, it will do so through the Advice Letter process.

(N)

PRELIMINARY STATEMENTS

(Continued)

I. CEC-RENEWABLE BALANCING ACCOUNT (CEC-RBA)

1. Purpose: The purpose of the Renewables Balancing Account (CEC-RBA) is to record the revenues and expenses associated with Commission authorized payments for CEC Renewable Energy Programs (Renewables). (T)
2. Applicability: The Renewables Balancing Account applies to certain rate schedules and certain special contracts. (T)
3. Definitions:
 - a. Effective Date: Implementation of the CEC-RBA and the CEC-RBA component of the PPP Surcharge to recover the Total Authorized CEC-RBA Revenue Requirement shall be effective as of April 1, 2009. (N)
 - b. Interest Rate: The Interest Rate shall be 1/12 of the most recent interest on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, H.15. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper, which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, H.15, or its successor publication. (T)
 - c. CEC-RBA Revenue: The monthly CEC-RBA revenue is determined by multiplying the net unbundled PPC-OLI and PPP-LI revenue billed during the month by the appropriate CEC-RBA percentage allocation factors specified in the PPPAM table in this Preliminary Statement. (N)
 - d. CEC-RBA Expenses: Cost for the CEC-RBA shall be the expenses authorized by the Commission to pay the CEC pursuant to Resolution E-4160. Resolution E-4160 requires BVES to make annual payments to the CEC totaling \$27,160 for Renewable in four (4) equal payments of \$6,790.
 - e. Total CEC-RBA Revenue Requirement: Total Authorized CEC-RBA Revenue Requirement shall be the current Commission-adopted Budget associated with the CEC's Renewables Program, plus amortization of any CEC-RBA over or under-collection from a previous period authorized by the Commission.
 - f. Total Public Purpose Programs Revenue Requirement: The total authorized BVES PPP Revenue Requirement shall be the sum of the Commission-adopted Revenue Requirement associated with all of BVES' Public Purpose Programs, including both Public Goods Programs and all other Commission-authorized Public Purpose Programs. Such amounts are to be detailed and stated in the Public Purpose Program Adjustment Mechanism (PPPAM) described in this Preliminary Statement.
4. Accounting Procedure: The Utility shall make the following entries to the account:
 - a. A credit entry equal to the monthly CEC-RBA Revenue as specified in section 3.c. above.
 - b. A debit entry equal to the quarterly CEC-RBA Expenses as specified in section 3.d. above.

If the above calculations produce a negative amount (under collection), such amount will be debited to the Balancing Account. If the above calculation produces a positive amount (over collection), such amount will be credited to the Balancing Account. Interest will accrue to the Balancing Account by applying the interest Rate specified in section 3.b. to the average of the beginning and ending balances. (N)

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PRELIMINARY STATEMENTS

(Continued)

I. CEC-RENEWABLE BALANCING ACCOUNT (CEC-RBA) (continued)

5. Annual Review of Reasonableness and Revision to the CEC-RBA Revenue Requirement: (N)
Each year by April 1, BVES shall review the CEC's Renewable program, the reasonableness of expenses charged to CEC-RBA, and the balance between CEC-RBA Revenue collected and the CEC-RBA Expenses expected over the following year. In addition:
- a. BVES may propose an update of the CEC-RBA Revenue Requirement if there is a need to achieve a closer balance between CEC-RBA Revenue and CEC-RBA Expenses as long as this proposal is within guidelines provided by the Commission.
 - b. BVES may propose an update of the CEC-RBA component of the PPP Surcharges to amortize any under or over collection of the CEC-RBA based on the balance.
 - c. Should BVES propose to update the CEC-RBA Revenue Requirement it must also update the Total PPP Revenue Requirement to reflect such changes it proposes in the CEC-RBA Revenue Requirement and, if necessary, specify an associated change to the PPP Surcharge, including a revision to the percentage allocation factor for determining the CEC-RBA's share of the Total PPP Revenue Requirement.
 - d. If BVES has no updates or changes to propose, BVES will take no action. If BVES has any updates or changes to propose, it will do so through the Advice Letter process. (N)

PRELIMINARY STATEMENTS

(Continued)

J. CEC- RESEARCH, DEVELOPMENT AND DEMONSTRATION BALANCING ACCOUNT

1. Purpose: The purpose of the Research, Development & Demonstration Balancing Account (CEC-R&DBA) is to record the revenues and expenses associated with Commission authorized payments for the CEC RD&D Program. (T)
2. Applicability: The CEC-R&DBA applies to certain rate schedules and certain special contracts (T)
3. Definitions:
 - a. Effective Date: Implementation of the CEC-R&DBA and the CEC-RD&D component of the PPP Surcharge to recover the Total Authorized CEC-RD&D Revenue Requirement shall be effective as of April 1, 2009. (N)
 - b. Interest Rate: The Interest Rate shall be 1/12 of the most recent interest on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, H.15. should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper, which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, H.15, or its successor publication. (T)
 - c. CEC-R&DBA Revenue: The monthly CEC-R&DBA revenue is determined by multiplying the net unbundled PPC-OLI and PPC-LI revenue billed during the month by the appropriate CEC-R&DBA percentage allocation factors specified in the PPPAM table in this Preliminary Statement. (N)
 - d. CEC-R&DBA Expenses: Expenses for the CEC-R&DBA shall be those authorized by the Commission to pay the CEC pursuant to Resolution E-4160. Resolution E-4160 requires BVES to make annual payments to the CEC totaling \$56,000 for RD&E in four (4) equal payments of \$14,000.
 - e. Total CEC-R&DBA Revenue Requirement: Total Authorized CEC-R&DBA Revenue Requirement shall be the current Commission-adopted Budget associated with the CEC's Renewables Program, plus amortization of any CEC-R&DBA over or under-collection from a previous period authorized by the Commission.
 - f. Total Public Purpose Programs Revenue Requirement: The total authorized BVES PPP Revenue Requirement shall be the sum of the Commission-adopted Revenue Requirement associated with all of BVES' Public Purpose Programs, including both Public Goods Programs and all other Commission-authorized Public Purpose Programs. Such amounts are to be detailed and stated in the Public Purpose Program Adjustment Mechanism (PPPAM) described in this Preliminary Statement. (N)

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PRELIMINARY STATEMENTS

(Continued)

J. CEC- RESEARCH, DEVELOPMENT AND DEMONSTRATION BALANCING ACCOUNT (continued) (N)

4. Accounting Procedure: The Utility shall make the following entries to the account:
- a. A credit entry equal to the monthly CEC-R&DBA Revenue as specified in section 3.c. above.
 - b. A debit entry equal to the monthly CEC-R&DBA Expenses as specified in section 3.d. above.

If the above calculations produce a negative amount (under collection), such amount will be debited to the Balancing Account. If the above calculation produces a positive amount (over collection), such amount will be credited to the Balancing Account. Interest will accrue to the Balancing Account by applying the interest Rate specified in section 3.b. to the average of the beginning and ending balances.

5. Annual Review of Reasonableness and Revision to the CEC-R&DBA Revenue Requirement: Each year by April 1, BVES shall review the CEC's Renewable program, the reasonableness of expenses charged to CEC-R&DBA, and the balance between CEC-R&DBA Revenue collected and the CEC-R&DBA Expenses expected over the following year. In addition:
- a. BVES may propose an update of the CEC-R&DBA Revenue Requirement if there is a need to achieve a closer balance between CEC-R&DBA Revenue and CEC-R&DBA Expenses as long as this proposal is within guidelines provided by the Commission.
 - b. BVES may propose an update of the CEC-R&DBA Revenue Requirement to amortize any under or over collection of the CEC-R&DBA based on the balance.
 - c. Should BVES propose to update the CEC-R&DBA Revenue Requirement it must also update the Total PPP Revenue Requirement to reflect such changes it proposes in the CEC-R&DBA Revenue Requirement and, if necessary, specify an associated change to the PPP Surcharge, including a revision to the percentage allocation factor for determining the CEC-R&DBA's share of the Total PPP Revenue Requirement.
 - d. If BVES has no updates or changes to propose, BVES will take no action. If BVES has any updates or changes to propose, it will do so through the Advice Letter process. (N)

PRELIMINARY STATEMENTS

(Continued)

K. PUBLIC PURPOSE PROGRAM ADJUSTMENT MECHANISM (PPPAM)

(N)

1. **Purpose:** The purpose of the PPPAM is to specify the budgets and revenue requirement level for each Public Purpose program; to establish the PPP Surcharge levels; and to specify the allocation factor for each Public Purpose Program to be used to allocate the monthly funds produced by the PPP Surcharges (net of Franchise Fees and Uncollectibles) to each Public Purpose Program as authorized by the Commission.

2. **Applicability:** The PPPAM is not a rate, it only identifies the rate levels and percentages for determining the amount of total unbundled revenue to be allocated to each program's balancing account.

3. **Definitions:**

a. **Effective Date:** The PPPAM shall be effective on April 1, 2009.

b. **FF&U:** The applicable Franchise and Uncollectible (FF&U) percentages will be those specified in the Commission's Decision in BVES' most recent Base Rate Case.

c. **Public Purpose Programs:** The Public Purpose Programs covered by the PPPAM include:

- 1) CARE: California Alternative Rates for Energy
- 2) LIEE: Low Income Energy Efficiency
- 3) CEC-RD&D: Program, CEC's Research, Development & Demonstration
- 4) CEC-Renewables: Program, CEC's Based Renewables

d. **Revenue Requirement:** The Revenue Requirement associated with a specific Public Purpose Program is the sum of all expenses associated with the PPP, including discounts to the standard otherwise applicable tariff and the budget adopted by the Commission for the program. Budgeted expenses can include mandated contributions to an agency; an allocation of BVES administrative & general expenses; and direct labor costs incurred by BVES in executing the program consistent with guidelines authorized by the Commission. Such direct program costs may consist of discounts, incentives, grants, or loans to customers as authorized by the Commission. In addition, the Revenue Requirement may include a component authorized by the Commission to amortize an over collection or under collection of the balancing account associated with a specific program.

Revenue Requirement = Authorized Program Budget + Discount + Contribution to State Agency + Amortization of the program Balancing Account

e. **Total Public Purpose Programs Revenue Requirement:** The authorized Total PPP Revenue Requirement shall be the sum of the Commission-adopted Revenue Requirements associated with each of BVES' Public Purpose Programs, including both Public Goods Programs (legislatively mandated) and all other Commission-authorized Public Purpose Programs, plus amortization of any over or under collection from a previous period authorized by the Commission. The Commission may change the Total PPP Revenue Requirement without changing the associated PPP Surcharges or the PPP Allocation Factors (see definitions below).

f. **Public Purpose Program Surcharges (PPP Surcharge):** Are in the Tariff Schedules used to recover the Total Authorized BVES Public Purposed Program Revenue Requirement. That BVES tariff specifies the rate expressed on a \$/kWh basis that will be applied to two groups of customers.

- 1) The PPP Surcharge applicable to low income customers (CARE) will be the PPC-LI Surcharge.
- 2) The PPP Surcharge applicable to other than low income customers will be the PPC-OLI Surcharge.

The Surcharge will be the sum of the Commission-Authorized program revenue requirements applicable to each of the two groups above divided by the sales adopted by the Commission for the purpose of computing the Surcharge. However, the Commission may choose to increase or decrease the Total PPP Revenue Requirement without changing the PPP Surcharges. (N)

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PRELIMINARY STATEMENTS

(Continued)

K. PUBLIC PURPOSE PROGRAM ADJUSTMENT MECHANISM (PPPAM) (continued)

- g. Net PPPAM Revenue: Is the total revenue produced monthly by the PPP Surcharges net of FF&U (as designated in the appropriate section of this Preliminary Statement), the allocation of which becomes the funds that are credited to the balancing account for each program. (N)
 - h. Public Purpose Program Allocation Factor: Is the percentage of PPP Surcharge revenue (net of Franchise and Uncollectibles) that is attributed to each Public Purpose Program. The sum of all such PPP Allocation Factors must add to 100%. These allocation factors may be changed at the time of BVES' annual review and may or may not be accompanied by a change in the PPP Surcharge
4. Annual PPPAM Review: Each year by April 1, BVES shall review all Public Purpose Programs, and if deemed necessary make appropriate changes to the PPP Budgets, Allocation Factors, and the PPP Surcharges associated with the PPPAM using the procedure outline in section 6 below. BVES may also provide:
- a. A proposal for an update of the Total PPP Revenue Requirement and PPP Surcharges if there is a need to achieve a closer balance between PPP Surcharge Revenue and Public Purpose Program Costs as long as such proposals are within guidelines provided by the Commission.
 - b. An update of the PPP Allocation Factors at any time it is deemed necessary.
5. PPPAM Program Budgets, Revenue Requirement and Allocation Factors: The following are the current adopted budgets, revenue requirement levels and allocation factors applicable to each Public Purpose Program authorized by the Commission for each Public Purpose Program (in 1,000 of annual dollars), along with the last authorized FF&U factor:

PPPAM Table of Program Revenue Requirements and Percent Allocations
 (Amounts Shown Below Are \$1,000)

Element or Component	TOTAL PPP Rev Reqmnt	CARE	LIEE	CEC-R&D	CEC-Renewables
Authorized Budget	\$518.7	\$205.9	\$229.6	\$56.0	\$27.2
Balancing Acct Amortization	\$141.2	\$113.5	\$27.7	\$0.0	\$0.0
Franchise Fees & Uncollectibles*	\$8.3	\$4.6	\$3.7	NA	NA
Total Revenue Requirement	\$668.2	\$324.0	\$261.1	\$56.0	\$27.2
PPC-LI Surcharge	\$0.00251	NA	\$0.00190	\$0.00041	\$0.00020
PPC-LI Surcharge Allocation Factor %	100.0000%	NA	75.6972%	16.3347%	7.9681%
PPC-OLI Surcharge	\$0.00497	\$0.00246	\$0.00190	\$0.00041	\$0.00020
PPC-OLI Surcharge Allocation Factor %	100.0000%	49.4970%	38.2294%	8.2495%	4.2041%

* Authorized in last general rate case
 NA Indicates "not applicable"

(N)

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PRELIMINARY STATEMENTS

(Continued)

K. PUBLIC PURPOSE PROGRAM ADJUSTMENT MECHANISM (PPPAM) (continued)

(N)

6. Accounting Procedure: BVES shall maintain the table above to specify the latest authorized program Revenue Requirement levels and allocation factors for each Public Purpose Program. The allocation factors in these tables shall be used to allocate the Net Revenue billed each month by the applicable PPP Surcharge to each program's balancing account. The accounting procedure used each month as follows:

- a. Each month the net revenue billed by application of the PPC-LI Surcharge shall be allocated to the programs funded that charge using the PPC-LI Surcharge Allocation Factors above and that amount will become the funds to be credited to the appropriate balancing account associated with the PPC-LI Surcharge.
- b. Each month the net revenue billed by application of the PPC-OLI Surcharge shall be allocated to the programs funded that charge using the PPC-OLI Surcharge Allocation Factors above and that amount will become the funds to be credited to the appropriate balancing account associated with the PPC-OLI Surcharge.
- c. BVES may apply to modify the factors above using the following procedure:
 - i. BVES may submit by Advice Letter proposed modifications to the allocation factors.
 - ii. BVES may file an Advice Letter to increase or decrease Public Purpose Program revenue requirements and/or to change the level of the Surcharge rates.
- d. If BVES has no updates or changes to propose, BVES will take no action.

(N)

PRELIMINARY STATEMENTS

(Continued)

L. PURCHASED POWER ADJUSTMENT CLAUSE

(L)

1. The purpose of the Purchased Power Adjustment Clause is to reflect in rates the utility's cost of purchased electricity and purchased fuel.
2. The monthly charges for service otherwise applicable under each of the utility's rate schedule shall include an adjustment to reflect a) the Power System Delivery Charge, b) the Energy Charge for Purchases and c) the Amortization Charge.
 - a. The Power System Delivery Charge shall include the most recently adopted estimate of costs to the utility for Transmission Service, the most recently adopted estimate of costs to the utility for Capacity, and the most Recently adopted estimate of costs for Ancillary Services, which include the Costs for system protection services, line losses and energy imbalance Services. These charges shall be expressed in terms of cents per kilowatt-hour or dollars per kilowatt, depending upon the nature of the charge and the applicable rate schedule.
 - b. The Energy Charge for Purchases shall include the most recently adopted estimate of the costs to the utility of purchasing electricity and fuel, expressed in terms of cents per kilowatt-hour and dollars per MMBtu (millions of btus), respectively.
 - c. The Amortization Charge shall reflect the most recently adopted over or under collection in the Balancing Account, expressed in terms of cents per kilowatt-hour.
3. A Balancing Account shall be maintained to record the difference between the accumulated revenue billed through the Purchased Power Adjustment Clause and the accumulated accrued costs of purchased electricity and purchased fuel. Monthly entries to the Balancing Account will be determined from the following calculations:
 - a. Purchased Power Adjustment Clause revenue billed during the month;
 - b. Less than adjustment of 1.429 percent to reflect the adopted rate for franchise fees and uncollectibles;
 - c. Less the accrued costs for purchasing energy, capacity, transmission service and related ancillary services;
 - d. Less the accrued cost for purchasing fuel, fuel transportation, and related ancillary services;
 - e. Plus any refunds for purchased electricity and/or purchased fuel costs previously reflected in the balancing account;
 - f. Plus or minus interest expense, depending upon whether there is an under-collection or over-collection. Such interest shall be calculated based upon the average of the beginning and ending monthly balance in the Balancing Account multiplying by the 90-day commercial paper rate for the month.
 - g. Less an adjustment, if any, for the direct payment of refunds to customers.
 - h. The accumulated accrual cost of purchased electricity and purchased fuel shall be trued-up on a monthly basis.

If the above calculation produces a positive amount (over-collection), such amount shall be credited to the Balancing Account. If the calculation produces a negative amount (under-collection), such amount shall be debited to the Balancing Account.

4. The utility may make periodic Advice filings to revise the Amortization Charge to reflect the most current status of the Balancing Account.
5. Not more often than once per year, the utility may file an Application to revise the components of the Purchase Power Adjustment Clause to reflect the most current estimates of it's purchased electricity and purchased fuel costs.
6. The utility shall, on an annual basis, make an adjustment to the Balancing Account to reflect the annual weighted also be made. This paragraph shall remain in effect through August 31, 2011 or as authorized by the Commission.

PRELIMINARY STATEMENTS
(Continued)

M. INCOME TAX COMPONENT OF CONTRIBUTION PROVISION

(L)

1. General: Effective on and after January 1, 1992, all Contributions in Aid of Construction and Advances for Construction (Contributions) made to the Company pursuant to its tariffs shall include a cost component to cover the Company's estimated liability for Federal and State Income Tax resulting there from.

2. Definitions
 - a. Contributions: Contributions shall include, but are not limited to, cash, services, facilities, labor, property, and income taxes thereon provided to the company by a person or agency. The value of all Contributions shall be based on the Company's estimates.

Contributions shall consist of three components as follows:

(1) Income Tax Component of Contribution (ITCC): and
(2) The balance of the Contribution (Balance of Contribution).
 - b. Government Agency: For purposes of administering this part of the Preliminary Statements, A Government Agency shall be a federal, state, country, or local government agency.
 - c. Public Benefit: Where, in the opinion of the Company, a benefit to the public as a whole is clearly shown by the Government Agency making the Contribution for a project.
 - d. Cost Estimates: Cost estimates for utility installed extensions, advances from developers, refunds, and job-specific estimates for competitive bidders shall include a tax component.

3. Determination of ITCC
 - a. The ITCC shall be calculated by multiplying the Balance of the Contribution by the Tax Factor of:

Prior to 1/1/92	24.6%
After 12/31/91	36.7%
 - b. The Tax Factor included herein is established using Method 5 as set forth in and pursuant to the Commission's Decision No. 87-09-026. Should the Internal Revenue Service (IRS) deem Method 5 to be in violation of the tax normalization rules, any penalties, interest or taxes incurred by the Company shall be recovered through general rates.
 - c. Public Benefit: Where in the opinion of the Company, a benefit to the public as a whole is clearly shown by the Government Agency making the Contribution for a project.

4. Applicability: The ITCC shall apply to contributions under the tariffs, including but not limited to, street and area lighting rate schedules and Rules Nos. 2, 4, 13, 15, 15.1, 15.2, 16 and 20.

(Continued)

PRELIMINARY STATEMENTS

(Continued)

M. INCOME TAX COMPONENT OF CONTRIBUTION PROVISION (continued)

(L)

5. Changes in Tax Liability

The tax component shall be adjusted for any federal or state income tax liability when such changes result in a change of 5 percent or more. Filings for changes in the tax component shall be made to reflect changes in the income tax liability.

6. The Company may accept a contractual promise to pay the ITCC, including interest thereon, using an Agreement form filed with and approved by the Commission from a Government Agency required to make a Contribution pursuant to the tariffs where the Government Agency's project:

- a. Provides a Public Benefit as defined above, or
- b. Results from condemnation of Company facilities, or the threat or imminence thereof, which is supported by evidence provided by the Government Agency which is acceptable to the Company.

In consideration of Utility not requiring payment by Government Agency of the ITCC which is, or may be, attributable to the Project, the Utility is exempt from any and all claims, costs, liabilities and expenses relating to any federal income tax liability, including but not limited to, the full amount of any income tax, penalty, and interest, which utility pays or is required to pay to the Internal Revenue Service ("IRS"), and attorneys' fees, litigation costs or fees, associated therewith, arising from any payment for the Project received by Utility from Government Agency, Government Agency shall also pay, upon demand by Utility, the amount of any expense incurred by Utility in collecting any sum due Utility hereunder, including attorneys' fees, litigation costs or fees, and interest, at the highest rate permitted by law, on any monies advanced or expended by Utility.

If the IRS makes a determination that the payment for the Project (or a payment of that type) is taxable, Government Agency shall forthwith pay Utility the applicable taxes and other costs determined as set forth in paragraph 6-B above, upon demand by Utility.

7. Interest Rate: When interest is payable under this part of the Preliminary Statements by the Contributor to the Company or by the Company to the Contributor, the Interest Rate to be applied each month to the balance due (including all prior interest) shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, three months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest on Commercial Paper (prime, three months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper, which most closely approximates the rate that was discontinued and which is published in the Federal Reserve Statistical Release, G.13, or its successor publication.

PRELIMINARY STATEMENTS

(Continued)

N. CATASTROPHIC EVENT MEMORANDUM ACCOUNT (CEMA)

(L)

A Catastrophic Event is an event which is declared a disaster by competent state or federal authorities. The purpose of the CEMA is to record all costs incurred by the Company associated with a Catastrophic Event for:

- (1) restoring utility service to the utility customers;
- (2) repairing, replacing, or restoring damaged utility facilities, and
- (3) complying with governmental agency orders.

Entries to the CEMA shall be made at the end of each month commencing with the month in which the Catastrophic Event occurs. Interest shall accrue monthly by applying the Interest Rate to the average of the beginning and ending balances. The Interest Rate shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, G.13. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper, which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, G.13, or its successor publication.

If a Catastrophic Event occurs, the Company shall, if possible, inform the Executive Director by letter within 30 days after the Catastrophic Event, if the Company has started booking costs into the CEMA. Copies of the letter shall be mailed to the Director of the Commission Advisory & Compliance Division (CACD), and the Branch Chief of the CACD. The letter shall specify the Catastrophic Event, date, time, location, service areas affected, impact on the Company's facilities, and an estimate of the extraordinary costs expected to be incurred. Costs due to expense and capital items shall be shown separately.

Costs recorded in the CEMA may be recovered in rates only after a request by the Company, a showing of reasonableness, and approval by the Commission. Such a request may be made by a formal application specifically for that purpose, by inclusion in a subsequent general rate case, or other rate setting request

PRELIMINARY STATEMENTS

(Continued)

O. 1993 Federal Tax Reform Legislation Memorandum Account

(L)

The Company shall maintain a 1993 Federal Tax Reform Legislation Memorandum Account as authorized by Resolution E-3331. The Authorization Date shall be July 21, 1993.

The purpose of the 1993 Federal Tax Reform Legislation Memorandum Account is to record only the incremental revenue requirement effects associated with changes in the Company's Federal and State tax liability and other expenses resulting from the 1993 Federal Tax Reform Legislation passed by Congress, consistent with Resolution E-3331.

This account shall reflect the District's allocated share of the incremental revenue requirement effects associated with changes in 1993 and 1994 Federal and State tax liability and Federally imposed fees as a result of the 1993 Federal Tax Reform Legislation passed by Congress, consistent with Resolution E-3331. Entries to the Tax Reform Memorandum Account shall be made at the end of each month.

The monthly entry shall be equal to the incremental revenue requirement effects associated with changes to the Company's Federal and State tax liability resulting from changes in, but not limited to: (1) Federal Income tax rates, (2) energy based taxes based on the British thermal unit (Btu) equivalent content of fuel, and (3) deductibility of various business expenses as well as the incremental revenue requirement effects associated with changes in Federally imposed fees.

Entries to this account shall continue until such time as the impacts of the 1993 tax reform legislation are fully reflected in rates. The Company shall request rate recovery of the amounts recorded in the 1993 Federal Tax Reform Legislation Memorandum Account in either: (1) a separate application specifically requested for that purpose, (2) a supply cost offset proceeding, or (3) another rate-setting proceeding.

PRELIMINARY STATEMENTS

(Continued)

P. General

(T)

Charging for tariffs. The BVES may charge a fee for the costs associated with the reproduction and mailing of currently effective tariff sheets, rate books, and rate book updates requested by individuals and corporations. The charges are currently set as follows:

\$50.00 per complete rate book
\$ 0.20 per page for individual tariff sheets

A customer's or applicant's request for rate schedules or rules directly applicable to their electric service shall be provided free of charge. Copies of Advice Letter filings and related tariff will also be provided free of charge to parties listed in Section III.G. of General Order 96-A.

PRELIMINARY STATEMENTS

(Continued)

Q. INDUSTRY RESTRUCTURING MEMORANDUM ACCOUNT (IRMA)

(L)

1. PURPOSE

The purpose of the Industry Restructuring Memorandum Account (IRMA) is to record certain costs incurred by the Utility for electric restructuring-related implementation activities. This account is established in accordance with Decision 95-12-063, as modified by Decision 96-01-009, Assembly Bill 1890, Decision 96-12-077, Decision 97-03-069, and decision 97-05-040.

2. APPLICABILITY

The IRMA shall apply to all customer classes, except for those specifically excluded by the Commission.

3. PROCEDURE

The IRMA consists of the following subaccounts, briefly described as follows:

a. Consumer Education Program (CEP) Costs Subaccount

The Consumer Education Program (CEP) Costs Subaccount will record the costs incurred by the Utility on or after March 31, 1997, associated with informing and educating customers about the changes taking place in the electric industry restructuring and how those changes affect them (including amounts paid to EREG); and providing customers with the necessary information to allow them to compare and select among products and services in the electricity market. Based on D.97-03-069, these activities are expected to extend until at least May 31 1998. Also included in this subaccount are costs related to the Electric Education Trust (EET).

b. Direct Access Implementation (DAI) Costs Subaccount

The Direct Access Implementation (DAI) Costs Subaccount will record the costs incurred by the Company on or after May 6, 1997, associated with implementing direct access.

(Continued)

PRELIMINARY STATEMENTS

(Continued)

Q. INDUSTRY RESTRUCTURING MEMORANDUM ACCOUNT (IRMA) (Continued) (L)

3. PROCEDURE (Continued)

b. Direct Access Implementation (DAI) Costs Subaccount (Continued)

These costs may include, but are not limited to, the costs (not elsewhere reflected in rates) related to the following activities:

1. processing customer information requests
2. processing Electric Service Providers (ESPs) information requests
3. redesign of tariffs
4. employee training activities
5. modification to the billing system required to meet the demands of the restructured industry
6. providing customer information and protection
7. billing and collection activities
8. installation and reading of real-time pricing meters, if necessary
9. development, implementation, and testing for new capabilities required to interface with the relevant market place and transmission operator or others, and
10. Commission-mandated Environmental Impact Reports (EIRS) necessitated by electric restructuring.

The Utility will maintain the Subaccounts in the following manner by:

1. Debiting each subaccount, at the end of each month, with the recorded costs related to each subaccount.
2. Debiting each subaccount, at the end of each month, with interest, calculated at the monthly average of the beginning and ending balance in the account. The interest rate used will be one-twelfth of the interest rate on the three-month Commercial Paper for the previous month, as reported in the Federal Reserve Statistical Release, G.13, or its successor.

PRELIMINARY STATEMENTS
(Continued)

R. BVE GENERAL FACILITY CAPITAL-RELATED MEMORANDUM ACCOUNT (CAPMA)

(L)

1. **Purpose:** The purpose of the CAPMA is to track the recorded capital-related revenue requirement for the BVE Generation Facility. The monthly revenue requirement of the generator is based on the carrying charge times the estimated \$13,000,000 Capital Cost of the generator. The CAPMA is a one-way memorandum account that is capped at \$2,255,500 per year. Recorded amounts in this account less than the adopted maximum shall be refunded to ratepayers. Any amounts exceeding the maximum shall not be charged to ratepayers.
2. **Applicability:** The CAPMA applies to all BVES rate schedules.
3. **Definitions:**
 - a. **Effective Date:** The CAPMA shall go into effect on the effective date of Advice Letter 205-E.
 - b. **Monthly Capital-Related Revenue Requirement:** The annual capital-related revenue requirement is established at \$2,255,500, based on a total generator capital cost of \$13,000,000. Thus, the annual carrying charge is 17.35%. The monthly capital related revenue requirement CAPMA would be calculated as the Actual Capital Cost x 1.44583% or \$187,958, assuming the actual capital cost is \$13,000,000. In actual practice the recorded cost of a major addition is not fully known for many months after the project is in operation due to the process of closing the Work Orders having late charges or credits.
4. **Accounting Procedures:** The Utility shall maintain the CAPMA by making monthly entries as follows:
 - a. **Entries Before the Actual Capital Cost of the Generator is Known:** A credit entry equal to the monthly CAPMA revenue requirement based on a generator Capital Cost of \$13,000,000, resulting in an entry monthly of \$187,958 will be made monthly.
 - b. **Entries After the Actual Capital Cost of the Generator is Known:** A credit entry equal to the monthly CAPMA based on the recorded Capital Cost of the Generator x 1.44583%. An adjustment to the previous monthly entries will be made when the actual Capital Cost is known to correct the Capital Cost from \$13,000,000 to the actual recorded Capital Cost. Should additions or retirements be made in subsequent months, the Capital Cost will be adjusted on a forward looking basis. No adjustments will be made to prior months for such additions or retirements.
5. **Account Disposition:** As directed by the CPUC, SCWC will seek a full reasonableness review of the revenue recorded in the CAPMA in its next general rate case for BVES.

PRELIMINARY STATEMENTS

(Continued)

S. BVE GENERATION FACILITY OPERATION AND MAINTENANCE MEMORANDUM ACCOUNT (OMMA)

(L)

1. **Purpose:** The purpose of OMMA is to track the operation and maintenance-related costs to operate the BVE Generation Facility. The OMMA is a one-way memorandum account that is capped at \$444,000 per year. Recorded amounts in this account less than the adopted maximum shall be refunded to ratepayers. Any amounts exceeding the maximum shall not be charged to ratepayers.
2. **Applicability:** The OMMA applies to all BVES rate schedules.
3. **Definitions:**
 - a. **Effective Date:** The OMMA shall go into effect on the effective date of Advice Letter 205-E.
 - b. **Uncollectible (0.288%) and Franchise Fee (1.049%):** 1/12 of the current adopted annual uncollectible and franchise fee rate.
4. **Accounting Procedures:** The Utility shall maintain the OMMA by making monthly entries as follows:
 - a. A debit entry equal to the O&M-related costs incurred by BVES associated with the requirements in D.05-04-016.
 - b. A entry equal to average monthly uncollectible and franchise expense on the average of the account balance at the beginning of the month, and the balance after entry "a" above, multiplied by the monthly uncollectible and franchise rate (0.11142%).
5. **Account Disposition:** As directed by the CPUC, SCWC will seek a full reasonableness Review of the costs recorded in the OMMA in its next general rate case for BVES.

PRELIMINARY STATEMENTS
(Continued)

T. MILITARY FAMILY RELIEF PROGRAM MEMORANDUM ACCOUNT (MFRPMA) (L)

GSW shall maintain a Military Family Relief Program Memorandum Account ("MFRPMA") to provide for review and potential recovery of reduced revenues resulting from implementation of the Military Family Relief Program as described in Rule No. 22.

Purpose

The purpose of the MFRPMA is to record all uncollectibles and program-related expenses for the implementation and administration of the Military Family Relief Program.

The MFRPMA will consist of two components (sub-accounts):

Program-related administrative expenses: to track costs such as printing, publishing, and mailing related notices.

Program-related uncollectible billing expenses: to track program-qualified uncollectible Billing costs directly associated with the Military Family Relief Program.

GSW shall maintain the MFRPMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to each of the MFRPMA sub-accounts at the end of each month to record the costs.
- b. A debit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entry (a.), at the rate equal to one-twelfth of the rate on three month Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or its successor.

Disposition of amounts recorded in the MFRPMA shall be determined in a formal proceeding such as the next general rate case applicable to Bear Valley Electric Service, or by separate application filed by GSW as deemed appropriate by the Commission. The MFRPMA shall be operable until the effective date of the first general rate case applicable to BVES following the effective date of Resolution E-3997, unless extended by the Commission in that general rate case.

PRELIMINARY STATEMENTS
(Continued)

T. GENERAL OFFICE ALLOCATION MEMORANDUM ACCOUNT

(N)

Golden State Water Company ("GSWC") shall maintain the General Office Allocation Memorandum Account ("GOAMA") for its Bear Valley Electric Service District.

1. PURPOSE

The purpose of the GOAMA is to track the difference between the general office costs that are currently being collected in rates and BVES' currently authorized general office allocation. This advice letter is being filed in accordance with Ordering Paragraph No. 2 in Decision No. ("D.") 09-06-010.

2. APPLICABILITY

The GOAMA applies to all customer classes, except for those specifically excluded by the Commission.

3. RATES

The GOAMA does not have a rate component.

4. ACCOUNTING PROCEDURES

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

- a. A debit entry shall be made to the GOAMA at the end of each month to record the difference between the general office costs that are currently being collected in rates and BVES' currently authorized general office allocation. Based on the calculation of current revenue collected as equal to recorded sales times the rate factor of \$0.0111/kWh and one twelfth of the current GO allocation to BVES of \$3,609,170 (or \$300,764/month)
- b. Interest shall accrue to the GOAMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

5. EFFECTIVE DATE

The GOAMA shall go into effect on the effective date of Advice Letter 231-E.

6. DISPOSITION

Disposition of amounts recorded in the GOAMA shall be determined in BVES' next GRC or in a subsequent regulatory proceeding, as authorized by the Commission.

(N)

PRELIMINARY STATEMENTS

(Continued)

U. SHELL AGREEMENT MEMORANDUM ACCOUNT

(N)

Golden State Water Company ("GSWC") shall maintain the Shell Agreement Memorandum Account ("SAMA") for its Bear Valley Electric Service District.

1. PURPOSE

The purpose of the SAMA is to track the unrealized gains and losses otherwise imputed to the Shell agreement as well as additional contracts preapproved by the Commission as a consequence of complying with the Financial Account Standards Board's (FASB) Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities." This memorandum account is in compliance with Ordering Paragraph No. 3 in Decision No. 09-05-025.

2. APPLICABILITY

The SAMA applies to all customer classes, except for those specifically excluded by the Commission.

3. RATES

The SAMA does not have a rate component.

4. ACCOUNTING PROCEDURES

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

- a. Entries shall be made to the SAMA at the end of each month to record the unrealized gain or loss attributable to the application of SFAS 133 to the Shell agreement and any other contracts preapproved by the Commission.
- b. This is a non-interest bearing memorandum account.

5. EFFECTIVE DATE

The SAMA shall go into effect on the effective date of Advice Letter 232-E.

6. DISPOSITION

At the conclusion of the memorandum account's operation, the account will be reversed and no additional costs will be recovered from (or refunded to) ratepayers as noted in the Commission's decision establishing this memorandum account.

(N)

ISSUED BY

Date Filed July 8, 2009

Advice Letter No. 232-EB

R.J. Sprowls

Effective Date December 3, 2009

Decision No. 09-05-025

President

Resolution No. _____

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

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. (C)
2. **APPLICABILITY**
 The BRRBA shall apply to all customers base rate revenues. (C)
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, and updated in D. 10-11-035 are as follows. (C)

<u>Year</u>	<u>Annual Rev. Req. D09-10-028</u>	<u>Annual Rev. Req. D10-11-035</u>	<u>Annual Rev. Req. TOTAL</u>
2009	\$17,023,300	0	\$17,023,300
2010	\$18,292,400	\$1,213,300	\$19,505,600
2011	\$18,841,200	\$1,572,000	\$20,413,200
2012	\$19,449,600	\$1,644,500	\$21,094,100

The authorized monthly revenue requirement shall be apportioned on a monthly basis as one-twelfth of the annual revenue requirement shown above, subject to effective date, see paragraph 8 below. (C)

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.

(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

In reference to paragraph 4, the D. 09-10-028 revenue requirements are effective
November 2, 2009, the D. 10-11-035 revenue requirements are effective November 19,
2010.

(C)
|
(C)

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.

PRELIMINARY STATEMENTS

(Continued)

W. FIRE HAZARD PREVENTION MEMORANDUM ACCOUNT

(N)

Golden State Water Company ("GSWC") shall maintain the Fire Hazard Prevention Memorandum Account ("FHPMA") for Bear Valley Electric Service to record all fire hazard prevention costs related to activities necessary to implement the requirements of D.09-08-029 that have not been previously authorized for recovery in BVES' General Rate Case or other regulatory proceeding.

1. PURPOSE

The purpose of the FHPMA is to track the incremental costs incurred related to fire hazard prevention in compliance with California Public Utilities Commission ("Commission") Decision ("D") 09-08-029.

These costs may include the following expenses:

- (1) Vegetation management activities to reduce risk of fire;
- (2) Cost of vegetation maintenance program, inspection, and patrolling requirements;
- (3) Costs associated with designing, constructing, and maintaining facilities to mitigate fire hazards in high wind speed areas;
- (4) Other costs as required in order to implement D. 09-08-029

2. APPLICABILITY

The FHPMA applies to all customer classes, except for those specifically excluded by the Commission.

3. RATES

The FHPMA does not have a rate component.

4. ACCOUNTING PROCEDURES

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

- a. A debit entry shall be made to the FHPMA at the end of each month to record the incremental costs identified in Section 1 above.
- b. Interest shall accrue to the FHPMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

5. EFFECTIVE DATE

The FHPMA is effective on the effective date of Decision No. 09-08-029, which is August 20, 2009.

6. DISPOSITION

The disposition of the FHPMA balance will be determined in Phase 2 of Rulemaking 08-11-005. (N)

ISSUED BY

Date Filed: September 10, 2010

Advice Letter No. 244-E

R.J. SPROWLS

Effective Date: August 20, 2009

Decision No. 09-08-029

President

Resolution No. _____

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)

ISSUED BY

R. J. SPROWLS
President

Date Filed: July 15, 2011

Effective Date: September 6, 2011

Resolution No. _____

Advice Letter No. 255-EA
Decision No. 11-06-030

PRELIMINARY STATEMENTS

(N)

Y. 2010 TAX ACT MEMORANDUM ACCOUNT

1. Purpose

The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 Memorandum Account ("2010 Tax Act Memorandum Account") is established in accordance with CPUC Resolution L-411A. The purpose of this memorandum account is to track on a CPUC-jurisdictional, revenue requirement basis the impacts of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010 ("The New Tax Law") not otherwise reflected in rates from April 14, 2011 until the effective date of the revenue requirement changes in the Utility's next General Rate Case ("Memo Account Period"). The Utility shall record in this memorandum account: (a) decreases in revenue requirement resulting from increases in deferred tax reserve; (b) offsets to reflect additional costs or expenses, not otherwise recovered in rates, incurred as a result of additional utility infrastructure investment enabled by the bonus depreciation provisions of the New Tax Law, to the extent allowed by Ordering Paragraph 5 of Resolution L-411A; and (c) amounts to reflect the impacts of any decrease in Section 199 deductions resulting from bonus depreciation taken, changes in working cash resulting from the New Tax Law, any decrease in the tax component of contributions-in-aid-of-construction (CIAC) received due to changes in the tariffed tax component of CIAC to reflect the New Tax Law, and any other direct changes in revenue requirement resulting from the Utility's taking advantage of the New Tax Law.

The 2010 Tax Act Memorandum Account shall be used in determining whether any future rate adjustment is appropriate to reflect impacts of the New Tax Law during the Memo Account Period. This memorandum account shall not be used to recover any net revenue requirement increase recorded during the Memorandum Account Period. If, at the end of the Memo Account Period, this memorandum account reflects a net revenue requirement increase, the memorandum account shall be terminated without any impact on rates.

The following limits allowed by Ordering Paragraph 5 of Resolution L-411A apply to the additional needed utility infrastructure investments that may be tracked in the 2010 Tax Act Memorandum Account: (a) the property in which the investment is made must be Commission-jurisdictional; (b) the property in which the investment is made must itself be eligible for bonus depreciation; (c) at least 90% of the investment must have a tax depreciable life of at least 15 years, and any remaining investments must be ancillary to such investment; (d) for electric Utilities, the spending must not provide generation capacity at a new plant; and (e) if a utility determines that it would be best to invest in something other than the typical types of projects included in general rate case type applications, the utility must file an application or advice letter seeking Commission approval in order to record the revenue requirement impact of that investment as an offset in the memorandum account.

(N)

(Continued)

PRELIMINARY STATEMENTS

Y. 2010 TAX ACT MEMORANDUM ACCOUNT (Continued)

2. **Applicability**

The 2010 Tax Act Memorandum Account applies to the Utility's service area.

3. **Memorandum Account Entries**

The entries made to the 2010 Tax Act Memorandum Account may include the following:

- a. Debit for decrease in revenue requirement resulting from increases in deferred tax reserve.
- b. Credit for increase in revenue requirement resulting from the impact of any decrease in Section 199 deductions resulting from bonus depreciation taken.
- c. Credit or debit for increase or decrease, respectively, in revenue requirement resulting from impact of any calculations in the calculation of working cash resulting from the New Tax Law or from bonus depreciation taken.
- d. Credit or debit for increase or decrease, respectively, in revenue requirement resulting from any other direct change in revenue requirement resulting from the Utility's taking advantage of the New Tax Law.
- e. Credit for increase in revenue requirement resulting from additional utility infrastructure investment.
- f. Balances in the Tax Memorandum Account will accrue interest at the 90-day commercial paper rate.

This is a memorandum account that is to be tracked "off balance sheet," and no general ledger entries are required at this time. At such time that the Commission rules that the Utility is required to make an adjustment to its revenue requirement and rates, as a result of the tax impacts not otherwise reflected in rates, the Utility will make the appropriate entries in its general ledger.

4. **Disposition**

In the Utility's next General Rate Case (GRC), or at such other time as ordered in that GRC decision, the Commission shall address the disposition of amounts (a) recorded in the 2010 Tax Act Memorandum Account and (b) forecast for the remainder of the Memo Account Period, and may cause any net revenue requirement decrease to be reflected in prospective rates.

(N)

(N)