

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 12, 2020

Mr. Nguyen Quan
Bear Valley Electric Service
Regulatory Affairs Manager
630 E. Foothill Blvd.
San Dimas, CA 91773

Dear Mr. Quan:

On May 14, 2020, Golden State Water Company filed Advice Letter (AL) 388-E, transmitting a Risk Spending Accountability Report (RSAR) on behalf of Bear Valley Electric Company (BVES), pursuant to Decision (D.)19-08-027 and D.19-04-020. AL 388-E was filed as a Tier 1 Information Only AL and is considered effective on the filing date of March 30, 2020. The CPUC's Energy Division (ED) prepared the enclosed review of BVES's 2019 RSAR and provides recommendations for the utility to consider for its upcoming 2020 RSAR to be filed in 2021.

In D.19-04-020, the CPUC affirmed that ED's review of RSARs serves to raise concerns and seek understanding of the data and "does not constitute a reasonableness [review] of the utility's proposed risk mitigation budgets or programs as required in Public Utilities Code Section 451."¹ Reasonableness review of the utility's spending is accomplished in the general rate case (GRC) process.² In addition, review and verification of the utility's risk and management activities and spending that took place during the reporting period are part of Safety Performance Metrics reporting.³ Therefore, ED's review of BVES's RSAR in this letter is limited to the reporting on and highlighting of information and does not make any findings regarding the reasonableness of the utility's spending.

CONCLUSIONS

Energy Division reviewed the BVES's report and finds that the utility has complied with D. 19-08-027 and D.19-04-020. In the 2019 RSAR, BVES presented information on authorized and actual spending on safety, reliability, and maintenance programs and provided explanations for spending variance exceeding 20%.

Overall, BVES slightly underspent its authorized amounts in programs associated with safety, reliability, and maintenance activities in 2019 (-1%). BVES spent less than its authorized amounts for operating and maintenance programs (-28%) while overspending in capital programs (+21%).

RECOMMENDATIONS

In August 2019, the CPUC issued D.19-08-027, adopting 2018 through 2022 revenue requirements for BVES. The decision also adopted reporting requirements and specified a list of programs for

¹ D.19-04-020, pp. 39-40.

² Ibid.

³ Ibid, p. 40.

BVES to report on in its annual RSARs.⁴ ED recommends that BVES continue to provide a report on spending in all safety, reliability, and maintenance programs adopted in D.19-08-027. In the attached staff analysis, ED provides some recommendations for BVES to consider incorporating into the 2020 RSAR.

The 2020 RSAR should be filed and made available to the CPUC's Safety and Enforcement Division, Safety Policy Division, and Public Advocates Office. BVES should also provide the 2020 RSAR to ED's Tariff Unit by emailing the report to edtariffunit@cpuc.ca.gov.

If you have any questions or comments, please contact Jenny Au, Senior Utilities Engineer, at (213) 620-6502 or jenny.au@cpuc.ca.gov

Sincerely,



Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division

Enclosure

*cc: Dorothy Duda,
Branch Manager
Market Structure, Costs and Natural Gas Branch*

Service Lists for A.17-05-004

⁴ D.19-08-027, Section 7 Reporting Requirements Pursuant to D.19-04-020 and Section 591, pp. 46-49.

Energy Division Review of the 2019 Risk Spending Accountability Report of Bear Valley Electric Services

The California Public Utilities Commission’s (CPUC) Energy Division (ED) reviewed Bear Valley Electric Service’s (BVES) Risk Spending Accountability Report (RSAR), filed on May 14, 2020. ED conducted the review to provide the CPUC and BVES with information that may be useful in future proceedings. The review verifies compliance with D.19-08-027 and the guidance provided by Energy Division in a letter, dated April 28, 2020.

BACKGROUND

In December 2014, the CPUC issued D.14-12-025, *Decision Incorporating a Risk-Based Decision-Making Framework into the Rate Case Plan and Modifying Appendix A of D.07-07-004*, and directed only the large investor-owned utilities (not small multi-jurisdictional utilities (SMJUs) such as Bear Valley) under its jurisdiction to prepare and submit to the CPUC annual RSARs that would compare authorized and actual spending on risk mitigation projects.

In an August 31, 2018, ruling in A.15-05-002 (*Safety Model Assessment Proceedings*), the assigned ALJ included a “General Guidance for the Small and Multi-Jurisdictional Utilities on the Risk Spending Accountability Report”⁵ (*General Guidance*). The *General Guidance* suggested that SMJUs should file interim annual RSARs beginning on June 30, 2019 for the 2018 record year and provided six principles that the SMJUs should adhere to when filing interim RSARs.⁶

In April 2019, the CPUC issued D.19-04-020, *Phase Two Decision Adopting Risk Spending Accountability Report Requirements and Safety Performance Metrics for Investor-Owned Utilities and Adopting a Safety Model Approach for Small and Multi-Jurisdictional Utilities*, and directed SMJUs to file annual RSARs, starting in June 2020 for the 2019 recorded year.

In August 2019, the CPUC issued D.19-08-027, *Resolving 2018 General Rate Case Application for Golden State Water Company, on Behalf of its Bear Valley Electric Service Division*. The Decision adopted additional reporting requirements for BVES and adopted a new filing schedule for BVES’s RSARs.

On May 14, 2020, BVES filed Advice Letter 388-E, providing information on recorded expenditures and authorized budgets for programs pertaining to safety, reliability, and maintenance as specified by D.19-08-027. The information provided in AL 388-E meets the *General Guidance* and requirements for Risk Spending Accountability Reporting, as specified in D.19-04-020 and D.19-08-027.

REPORTING REQUIREMENTS

While D.19-04-020 adopted a “general, simplified approach for the SMJUs to follow” to report risk spending, the CPUC directed SMJUs to follow the general RSAR procedures outlined in the

⁵ A.15-05-002 SMAP, Energy Division Guidance for the Standardized Reporting and Outline of the Risk Spending Accountability Report, ALJ Ruling dated August 31, 2018. Attachment B - *General Guidance* for the Small and Multi-Jurisdictional Utilities on the Risk Spending Accountability Report.

⁶ Ibid.

Voluntary Agreement between the Safety Enforcement Division and SMJUs.⁷ The *General Guidance* provided SMJUs with six guiding principles for preparing RSARs similar to those required of large investor own utilities. The guiding principles include direction to provide a comparison of actual spending to authorized amounts for programs with activities relating to safety, reliability, and maintenance and an explanation of spending variance. In addition to grouping, capital and expense programs separately along general lines of business, SMJUS should provide a discussion on balancing accounts and memorandum accounts cost recovery.⁸

In addition, D.19-04-020, Attachment 2, Section IX requires SMJUs to file and serve RSARs on the prior GRC service list until the next GRC proceeding is opened.

Furthermore, the CPUC adopted a list of programs that are associated with safety, reliability, and maintenance in D. 19-08-027 and required BVES to include them in BVES’s annual RSARs.⁹ The decision also requires BVES to file annual RSARs by March 31 of the following year with reporting along specific program lines for capital and expense spending.

STAFF ANALYSIS

In its 2019 RSAR, BVES provided authorized and actual operating and maintenance (O&M) expenses and capital expenditures for programs associated with safety, reliability, and maintenance. While BVES reported a total underspending of \$1.38 million in capital and \$0.79 million in O&M expense in 2019,¹⁰ ED’s estimate shows an overspend in capital programs and a higher amount of underspending in O&M expense than BVES’s report. Table 1 below provides a summary of BVES’s spending information based on ED’s assessment.

Table 1: Summary of BVES 2018 Spending Variance

Budget	Authorized Budget (\$000)	Recorded Budget (\$000)	Variance (\$000)	Variance (%)
Total Capital Programs	6,060	7,308	1,248	21%
Total O&M Expense	4,879	3,531	(1,349)	-28%
Total - company wide	10,939	10,839	(100)	-1%

O&M Expense Reporting

⁷ D.19-04-020, p. 50. It should be noted that the Voluntary Agreement did not specify requirements or recommendations for accountability reporting (Voluntary Agreement, p. 2).

⁸ A.15-05-002 SMAP, Energy Division Guidance for the Standardized Reporting and Outline of the Risk Spending Accountability Report, ALJ Ruling dated August 31, 2018. Attachment B - General Guidance for the Small and Multi-Jurisdictional Utilities on the Risk Spending Accountability Report.

⁹ D.19-08-027, p. 48.

¹⁰ BVES AL 388-E, Attachment A, p.1.

In 2019, BVES recorded O&M Expense included \$902,447 for vegetation management activities. D.19-08-027 authorized a base rate revenue requirement of \$338,793 for vegetation management and allowed BVES to track incremental costs in the Fire Hazard Prevention Memorandum Accounts (FHPMA). As a result, BVES FHPMA has a balance of \$563,654. The utility has not yet filed for cost recovery of this amount.¹¹

The primary purpose of risk spending accountability reporting is to provide a comparison of “GRC projected spending for approved risk mitigation projects with the actual spending on those projects.”¹² Since the incremental cost are associated with activities that are beyond BVES’s authorized 2019 budget and BVES has an opportunity to seek recovery of cost recorded in its FHPMA at a later date, ED recommends that BVES remove the recorded cost of activities that are tracked in memorandum and balancing accounts when comparing recorded amount against authorized amount. When \$563,654 FHPMA balance is removed BVES’s 2019 recorded O&M Expense, BVES actually spent approximately \$1.35 million less than its authorized O&M budget.

2019 Authorized Capital Budget

BVES’s 2019 authorized amount for Capital Expenditures included the budget for projects that are proposed for years 2020 and 2021. **Table 2** below provides a list of four projects that were not included in the authorized budget for 2019 with a total authorized budget of \$2.7 million.

Table 2: Capital Projects Authorized for 2020 and 2021¹³

Program	Authorized Budget (\$000)	Recorded Budget (\$000)	Variance (\$000)	Proposed Year
BVPP – Oil Filter Conversion and Cylinder Upgrades	888	-	(888)	2021
Safety and Technical Upgrades of Palomino Substation	1,552	-	(1,552)	2020
Replacement of Baldwin Conductors	185	-	(185)	2021
Wire Upgrade and Relocation Project	80	79	(1)	2020
Total	2,704	79	(2,625)	

Including the authorized budget for projects that were proposed for other years would result in an artificially inflated 2019 authorized budget especially when BVES has not initiated the projects in 2019.¹⁴ Removing approximately \$2.7 from the 2019 authorized capital budget resulted in BVES over-spending on capital projects of \$1.25 million or 21% of its authorized capital budget.

¹¹ BVES Response to ED Data Request #1, Question 1.

¹² D.14-12-025, p. 11.

¹³ BVES AL 388-E, Attachment A, p.2. BVES’s explanation for the lack of spending on non-2019 projects stated that the projects were proposed for 2020 or 2021 and “CAPEX expense was made in 2019 for this project.” BVES also indicated in its Response to ED’s Data Request #1, Questions 2 and 3 that the amounts shown represent the total project budget and are not annual amount.

¹⁴ BVES AL 388-E, Attachment A, p.2.

ED recommends that BVES should only include the budget for projects authorized in the reporting year, as discussed above.

Spending Variance Explanation

A significant portion of BVES overspending is attributed to the Pole Loading Assessment and Remediation Program and Replacing the Summit Conductors, totaling \$2.8 million.¹⁵ The utility explained that it ramped up activities in its Pole Loading Program to mitigate fire risks considering it spent less than the annual authorized amount for 2018.¹⁶ According to BVES, it was necessary for the utility to overspend its authorized budget for the Summit Conductor Project because the number of poles requiring replacement exceeded the original estimate.

While BVES spent more than the authorized amounts for pole assessment and replacement, the utility did not complete two projects authorized for 2019 with a combined budget of \$1.1 million.¹⁷ While BVES did not install the BVPP engine system monitor in 2019, the utility indicated that the project is in progress as of September 2020.¹⁸

While ED finds BVES's spending variance explanation sufficient, ED recommends that BVES include a section in future reports to provide a description of the programs included in the annual RSAR.

¹⁵ BVES AL 388-E, Attachment A, p.2. Pole Loading Assessment and Remediation Program's variance is shown as \$2.65 million and the Summit Conductor Replacement variance is \$203,000. \$2.65 mil + \$0.2 mil = \$2.8 mil.

¹⁶ BVES AL 388-E, Attachment A, p.2. BVES's variance explanation stated that D.19-08-027 authorized a total budget of \$12.2 million for years 2018-2022 (or \$2.44 million per year). In 2018, BVES spent \$1.47 million which is below the authorized annual amount of \$2.44 million.

¹⁷ BVES AL 388-E, Attachment A, p.2 BVPP Project's authorized budget is \$915,961 plus Fawnskin Conductor Project's authorized budget of \$182,890 = \$1.1 mil.

¹⁸ BVES Response to ED Data Request #1, Question 4.



ADVICE LETTER SUMMARY



ENERGY UTILITY

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

Company name/CPUC Utility No.: Bear Valley Electric Service (913-E)

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Nguyen Quan

Phone #: (909) 394-3600 x664

E-mail: nquan@gswater.com

E-mail Disposition Notice to: nquan@gswater.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 388-E

Tier Designation: 1

Subject of AL: 2019 Risk Spending Accountability Report

Keywords (choose from CPUC listing): Compliance, GRC,

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.19-08-027

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 AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date: 3/31/20

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

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: N/A

Service affected and changes proposed¹: See Advice Letter

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

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

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Nguyen Quan
Title: Regulatory Affairs Manager
Utility Name: Bear Valley Electric Service
Address: 630 E. Foothill Blvd
City: San Dimas State: California
Telephone (xxx) xxx-xxxx: (909) 394-3600 x664
Facsimile (xxx) xxx-xxxx: (909) 394-7427
Email: nquan@gswater.com

Name: Zeng Zhu
Title: Rate Analyst
Utility Name: Bear Valley Electric Service
Address: 630 E. Foothill Blvd
City: San Dimas State: California
Telephone (xxx) xxx-xxxx: (909) 394-3600 x682
Facsimile (xxx) xxx-xxxx: (909) 394-7427
Email: ZENG.ZHU@gswater.com



May 14, 2020

Advice Letter No. 388-E

(U 913 E)

California Public Utilities Commission

Golden State Water Company ("GSWC") hereby transmits one original and two conformed copies of this Information-Only advice letter on behalf of its Bear Valley Electric Service ("BVES") division.

SUBJECT: 2019 Risk Spending Accountability Report

PURPOSE

The purpose of this filing is to submit an information-only advice letter, which provides a comparison of BVES actual expenditures to adopted expenditures, as approved in California Public Utilities Commission ("Commission") Decision No. ("D.") 19-08-027.

BACKGROUND

On August 15, 2019, the Commission issued D.19-08-027, approving the Settlement Agreement signed by all parties, to resolve the 2018 General Rate Case application of BVES. Furthermore, D. 19-08-027 adopts specific maintenance, safety and reliability programs for BVES to be included in the annual Risk Spending Accountability Report ("RSAR"), pursuant to D.19-04-020, which adopted the Risk Spending Accountability Report Requirement

COMPLIANCE

BVES is filing this advice letter in accordance with Ordering Paragraph No. 17 in D.19-08-027, which states,

17. Golden State Water Company, on behalf of its Bear Valley Electric Service Division, shall file an information-only advice letter within 60 days of the issuance of the final decision in this proceeding, and annually by March 31 of each succeeding year, which includes a comparison of actual expenditures to adopted expenditures as approved in this decision for safety, reliability, and maintenance programs pursuant to the reporting requirements of Decision (D.) 19-04-020 and Public Utilities Code Section 591 relating to the Risk Spending Accountability Report. The March 31 due date revises the date previously set in D.19-04-020. The advice letters shall be filed with the Energy Division's Tariff Unit and served on the appropriate general rate case proceedings.

The Commission issued D.19-08-027 on August 15, 2019. On October 14, 2019, GSWC filed Advice Letter No. (“AL”) 371-E showing the RSAR expenses and budget for 2018. On April 28, 2020 the Commission approved AL 371-E with conditions. In its approval letter for AL 371-E, Energy Division made the following statements/recommendations:

In April 2019, the CPUC issued Decision (D.) 19-04-020 modifying the selection criteria and revising the reporting guidance for utilities. ED staff calls attention to Ordering Paragraph 13 in D.19-04-020 which requires BVES to file annual RSARs in the GRC proceeding in which funding for risk mitigation spending was authorized, starting with a report covering 2019.

In addition, D.19-04-020 provides Small and Multi-Jurisdictional Utilities (SMJUs) the following direction: “We direct the SMJUs to follow the general RSAR procedures outlined in Attachment [2], providing the same level of detail on the utility’s risk mitigation and risk spending as presented in its GRC, unless otherwise directed by Commission Staff.” Attachment 2, Section I contains eight guiding principles for preparing RSARs that expand on the General Guidance six principles. As a result, BVES should prepare its future RSARs by following procedures outlined in D.19-04-020, Attachment 2, consistent with Commission direction.

In August 2019, the CPUC issued D.19-08-027, adopting 2018 through 2022 revenue requirements for BVES. The decision also adopted reporting requirements and specified a list of programs for BVES to report on in its annual RSARs.⁵ BVES should provide a report on spending in all safety, reliability, and maintenance programs adopted in D.19-08-027.

Advice Letter No. 388-E complies with the requirements to report on spending in all BVES safety, reliability, and maintenance programs adopted in D.19-08-027 and approved in AL 371-E. In addition, this report follows the template provided by the Energy Division.

ATTACHMENT

Attachment A: 2019 Risk Spending Accountability Report of capital programs adopted in D.19-08-027.

TIER DESIGNATION

This advice letter is submitted with a Tier 1 designation.

EFFECTIVE DATE

BVES respectfully requests this advice letter become effective on March 31, 2020.

NOTICE AND PROTESTS

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: EDTariffUnit@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.

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,

/s/ Nguyen Quan

Nguyen Quan

Manager, Regulatory Affairs

- c: Edward Randolph, Director, CPUC - Energy Division
- Franz Cheng, CPUC- Energy Division
- R. Mark Pocta, Cal PA
- Leslie Palmer, Director Safety and Enforcement Division
- Rachel Peterson, Acting Director Safety Policy Division

ATTACHMENT A

**BVES 2019 Risk Safety Accountability Report (RSAR) on the Safety,
Reliability and Maintenance Projects as Authorized in D.19-08-027**

Bear Valley Electric Service 2019 Risk Spending Accountability Report

	Authorized Budget	Recorded Budget	Variance (\$)	Variance (%)	Explanation for Variance Greater Than 20%
Overall Capital activities relating to safety, reliability or maintenance authorized.	\$ 8,764,354	\$ 7,387,462	\$ 1,376,892	16%	Within 20% variance.
Overall O&M Expense activities relating to safety, reliability or maintenance authorized	\$ 5,218,190	\$ 4,433,043	\$ 785,147	15%	Within 20% variance.

Budget	Program	Authorized Budget	Recorded Budget	Variance (\$)	Variance (%)	Explanation for Variance Greater Than 20%
Capital	Pole Loading Assessment and Remediation Program	\$ 2,444,130	\$ 5,096,681	\$ (2,652,551)	-109%	In D. 19-08-027 the Commission authorizes BVES capital projects/programs budget of \$12,220,653 for 2018-2022, or approximately \$2,444,130 per year. In 2018, BVES expended \$1,471,019. Therefore, at end of 2019 BVES expended a total of \$6,567,700. The combined budget for 2018-2019 was \$4,888,260. Therefore, the 2018-2019 Variance (\$) was \$(1,679,440) and Variance (%) was -34%. In 2019 BVES ramped up production to mitigate high risk fire threat areas.
O&M Expense	Pole Loading Assessment and Remediation Program	\$ 287,010	\$ 100,267	\$ 186,743	65%	O&M Expense aspect of Pole Loading Assessment and Remediation Program was less than budgeted due to vacancy in inspection staff.
O&M Expense	Vegetation Management	\$ 338,793	\$ 902,447	\$ (563,654)	-166%	D.17-12-024 imposed new regulations that included increased minimum vegetation clearances, and authorized IOUs to track any incremental costs in their Fire Hazard Prevention Memorandum Accounts ("FHPMA"). In Section 4.27 of the Settlement Agreement, approved in D.19-08-027, the settling parties agreed that \$338,793 is a reasonable amount for the vegetation management costs included in the 2018 Base Rate Revenue Requirement, and that BVES may rely upon the \$338,793 figure as the basis to calculate its incremental vegetation costs to be tracked in its FHPMA. Implementing requirements associated with D.17-12-024 has resulted in costs substantially above the \$338,793 Base Rate amount, which incremental costs are being tracked in the FHPMA
O&M Expense	Electrical Preventative Maintenance	\$ 105,566	\$ 32,395	\$ 73,171	69%	D.19-08-027 was issued in August 2019, this program did not start until late in 2019 reducing the period of program execution.
O&M Expense	Predictive Based Maintenance of Overhead Lines	\$ 96,073	\$ 60,104	\$ 35,969	37%	BVES was able to complete the prescribed work through a contractor at less than originally budgeted.
Capital	Tree Attachment Removal	\$ 762,018	\$ 701,348	\$ 60,670	8%	Within 20% variance. D.19-08-027 authorizes a 2018-2022 budget of \$3,660,090 for this project or approximately \$732,018 per year. Additionally, BVES has combined this project with the "Shifting Tree Attachment to Poles/Underground Projects" listed below. Thereby, adding \$30,000 per year to the budget for a total of \$762,018 per year.

Capital	BVPP – Install Engine System Monitor	\$ 915,961	\$ -	\$ 915,961	100%	Project was originally programmed for 2019. D.19-08-027 was issued in August 2019, there was insufficient time to bid out and complete the work in 2019. Therefore the project was deferred to 2020 and no CAPEX expense was made in 2019 for this project. BVPP engines are needed to be fully operational from October to April to support winter peaking load.
Capital	BVPP – Oil Filter Conversion and Cylinder Upgrades	\$ 887,898	\$ -	\$ 887,898	100%	Project is programmed for 2021; therefore, no CAPEX expense was made in 2019 for this project.
Capital	Safety and Technical Upgrades of Palomino Substation	\$ 1,551,773	\$ -	\$ 1,551,773	100%	Project programmed for 2020; therefore, no CAPEX expense was made in 2019 for this project. This project is on track for completion in 2020.
Capital	Replacement of Fawnskin Conductors	\$ 182,890	\$ -	\$ 182,890	100%	Project was programmed for 2019. D.19-08-027 was issued in August 2019, project was deferred to 2020. Due to winter weather, BVES's construction period ends in October and starts up again in April. Therefore, there was insufficient time to start and complete the project in 2019.
Capital	Replacement of Summit Conductors	\$ 185,010	\$ 387,806	\$ (202,796)	-110%	Project was originally programmed for 2020, it was actually performed in Test Year 2018 to jump start BVES compliance with safety and reliability requirements. The project was significantly over budget due to more poles being required to be replaced than originally anticipated.
Capital	Replacement of Baldwin Conductors	\$ 184,674	\$ -	\$ 184,674	100%	Project is programmed for 2021; therefore, no CAPEX expense was made in 2019 for this project.
Capital	GO 174 Substation Safety and Reliability Compliance Projects	\$ 410,000	\$ 275,272	\$ 134,728	33%	D.19-08-027 was issued in August 2019, some aspects of the project were deferred to 2020. Due to winter weather, BVES's construction period ends in October and starts up again in April. Therefore, there was insufficient time to start and complete all aspects of the project in 2019
Capital	Wire Upgrade and Relocation Project	\$ 80,000	\$ 79,145	\$ 855	1%	Within 20% variance.
Capital	GO 95/165 Safety and Reliability Compliance Projects	\$ 925,000	\$ 649,134	\$ 275,866	30%	BVES under spent in this capital program due to its efforts to ramp up its limited staff resources on getting the Pole Loading Program and Tree Attachment Removal Project, noted above, on track. BVES ensured safety related work was completed. BVES has taken action to ensure it will not have this issue in 2020.
Capital	Shifting Tree Attachment to Poles/Underground Projects	\$ 30,000	\$ -	\$ 30,000	100%	This project has been combined with the Tree Attachment Removal Project, noted above, and is tracked there.
Capital	Public Works Project Support	\$ 30,000	\$ 27,427	\$ 2,573	9%	Within 20% variance.
Capital	Office Furniture and Equipment Project	\$ 25,000	\$ 23,755	\$ 1,245	5%	Within 20% variance.
Capital	BVPP Misc. Tools & Safety Equipment Project	\$ 20,000	\$ 11,011	\$ 8,989	45%	Safety project to install seismic gas cutout valve was completed under budget.

Capital	Field Operations Misc. Tools & Safety Equipment Project	\$ 85,000	\$ 95,576	\$ (10,576)	-12%	Within 20% variance.
Capital	Minor Additions to General Structure Project	\$ 45,000	\$ 40,307	\$ 4,693	10%	Within 20% variance.
O&M Expense	Power Generation Maintenance (FERC 546-555)	\$ 1,461,886	\$ 755,761	\$ 706,125	48%	BVES's power plant, Bear Valley Power Plant (BVPP), system is small with 7 natural gas fired generators, a total of 8.4 MW. The O&M budget is composed of routine and unplanned preventative maintenance, as well as inspections. While routine preventative maintenance can be reliably anticipated, corrective maintenance on such a small system will have significant variance. For example, in a year where one engine requires significant repair, the O&M expense may be driven up significantly. In 2019, BVES completed all planned routine preventative maintenance and inspections on the BVPP. There was no failure that requires significant corrective action and expense, which results in actual expense being less than budget.
O&M Expense	Transmission System Maintenance (FERC 562-573)	\$ 294,316	\$ 102,600	\$ 191,716	65%	BVES's transmission system is small. The O&M budget is composed of routine and unplanned preventative maintenance, and inspections. While routine preventative maintenance can be anticipated reliably, corrective maintenance on such small system will have significant variance. For example, in a year where one large transformer repair occurs, the O&M expense may be driven up significantly. The authorized budget was developed based on a trended average with significant variance in the cost data due to the reasons mentioned above. In 2019 BVES completed all planned routine preventative maintenance and inspections and did not experience failures requiring significant corrective action expense. Therefore, the actual expense was less than budget.
O&M Expense	Regional Market Equipment Maintenance (FERC 576)	\$ 9,042	\$ 9,930	\$ (888)	-10%	Within 20% variance.
O&M Expense	Distribution System Maintenance (FERC 580-598)	\$ 2,566,902	\$ 2,419,700	\$ 147,202	6%	Within 20% variance.
O&M Expense	General Plant Maintenance (FERC 935)	\$ 58,602	\$ 49,839	\$ 8,763	15%	Within 20% variance.

GOLDEN STATE WATER COMPANY

G.O. 96-B
SERVICE LIST

BEAR VALLEY ELECTRIC SERVICE DIVISION

AGNES ROBERTS, FINANCIAL ANALYST
AGNES.ROBERTS@BBCCSD.ORG
EMAIL ONLY

CITY CLERK
CITY OF BIG BEAR LAKE
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