



October 26, 2009

Advice Letter No. 234-E

(U 133 W)

## California Public Utilities Commission

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

<u>CPUC Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling CPUC Sheet No.</u>
Original No. 1693-E	Schedule No. CMAC Capital Memorandum Account Credit Page 1	
Revised No. 1694-E	Table of Contents Page 1	Revised No. 1692-E

**SUBJECT: Capital Memorandum Account Credit**

### **PURPOSE**

BVES requests authority to add new electric sur-credit rates for the purpose of returning to customers the over-collection accumulated since April of 2005 in BVES' Capital Additions Memorandum Account ("CAPMA"). The negative rates requested by this Advice Letter are referred to as the Capital Memorandum Account Credit ("CMAC") rates and are listed below. These rates will be applicable to all customers energy use over the 4-month period from December 1, 2009 through March 31, 2010. This Advice Letter is being filed in compliance with Decisions No. 05-04-016 and No. 09-10-028 in BVES' General Rate Case Decision.

### **BACKGROUND**

The CAPMA was established by the Commission in Decision No. 05-04-016 on April 7, 2005. The decision is related to BVES' application for base rates to recover the cost of owning and operating the recently constructed Bear Valley Power Plant ("BVPP"). The

pertinent Ordering Paragraphs in Decision No. 05-04-016 that are applicable to CAPMA are as follow:

*Ordering Paragraphs No. 2, No. 6 and No.7*

*2. SCWC is authorized to establish a one-way memorandum account to record the capital-related revenue requirement of its BVES 8.4 Megawatt generating facility ("generating facility") adopted in Decision 03-07-005. The capital-related revenue requirement shall be a maximum amount of \$2,255,500. Amounts exceeding this maximum shall not be charged to ratepayers. Recorded amounts in this account less than the adopted maximum of \$2,255,500, shall be refunded to ratepayers.*

*6. Within 14 days of today's date, SCWC shall file an advice letter with revised tariffs to comply with this Order. The revised tariffs shall establish two one-way memorandum accounts to record the capital-related revenue requirement, and the operation and maintenance costs incurred to construct and operate the generation facility. The tariffs shall specify that the amounts to be recorded in the capital-related memorandum account will be capped at a maximum of \$2,255,500; and the amounts to be recorded in the O&M memorandum account shall be an annual maximum of \$444,000. SCWC shall also revise its tariffs to specify that the PPAC will record fuel costs associated with the generating facility. The revised tariffs shall be effective on filing subject to Energy Division determining that they are in compliance with this Order.*

*7. This proceeding is closed.*

*This order is effective today*

*Dated April 7, 2005, at San Francisco, California.*

In compliance with Decision No. 05-04-016, BVES filed Advice Letter 205-E to modify its Preliminary Statement to establish a memorandum account to implement CAPMA. BVES has been accounting for the difference between the estimated capital cost adopted in Decision No. 05-04-016 and the final capital cost when all work orders were finalized following construction of the BVPP. The balance maintained in the one-way account has been an over-collection.

BVES filed its General Rate Case (GRC) Application A08-06-034 on June 27, 2008. The application triggered a review of the cost of constructing the BVPP and the accounting in the CAPMA. The final construction cost established in that review was \$12,486,754, compared to the assumed \$13,000,000 that was the basis for rate levels implemented through Decision No. 05-04-016.

During the GRC review, it was established that the significant savings in capital over the estimated cost used in 2005 was achieved by BVES reducing the cost of ownership equivalent to \$7,420.66 per month<sup>1</sup>. In the 55.5 months that the 2005 base rates have been in effect, BVES has tracked the over-collection in CAPMA of \$435,920 including interest at the 90-day commercial paper rate. Attachment A shows the monthly additions to CAPMA accumulating over the period April 15, 2005 to November 31, 2009.

### COMPLIANCE

In Decision No. 09-10-028, the Commission approves the Settlement Agreement between the Division of Ratepayer Advocates (DRA) and BVES.

#### **Ordering Paragraph No. 2 states**

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

As part of the Settlement Agreement reached by the DRA and BVES in the recent GRC, it was agreed that the balance in CAPMA was to be returned to customers via a "surcredit" over a four ("4") month period during the winter, beginning on December 1, 2009 through March 31, 2010. Winter months are typically the period when customer usage is highest and the credit is expected to be of the most benefit to customers in managing their energy bills. At page 16 of the Settlement Agreement the following was agreed upon.

*The Parties agree that the current balance of the Capital Project Memorandum Account ("CAPMA") of \$374,800 (as of June 30, 2009). This balance is based on the agreed upon final capital costs for the BVPP of \$12,486,754. BVES shall apply interest to the monthly balance at the rate of one-twelfth of the applicable three-month commercial paper rate. BVES shall refund this balance via a per kWh credit to all customers over a four-month period beginning December 2009. BVES shall file a Tier One Advice Letter to implement this credit. (Settlement Agreement at page 16)*

This Advice Letter requests authorization of two rates to return the over-collection in the CAPMA to BVES customers. One rate is to credit the electric bill of low income customers

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<sup>1</sup> The Decision established annual carrying costs for CAPMA as "Actual Capital Cost x 1.44583%, Therefore, the excess capital carrying cost borne by BVES customers is  $(13,000,000 - 12,486,754) \times 0.0144583 = \$7,420.66$  which is the amount entered into the balancing account each month before interest

("CMAC-LI") and the second is to credit the electric bill of other than low income customers ("CMAC-OLI").

The two CMAC rates will be effective for four months to amortize the over-collection. The balance remaining in the CAPMA at the end of that period ("either positive or negative") will be transferred to the Base Revenue Requirement Adjustment Balancing Account ("BRRABA"). At that time, BVES will terminate both CMAC credit rates and cancel the CAPMA and the associated Preliminary Statement text covering CAPMA.

**EFFECTIVE DATE**

This Advice Letter is in compliance with Decisions No. 05-04-016 and No. 09-10-028 and should be made effective on December 1, 2009.

**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 upon 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](http://www.cpuc.ca.gov).

The 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 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 within 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: Honesto Gatchalian ("jn@cpuc.ca.gov") or Maria Salinas ("mas@cpuc.ca.gov")

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

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

Golden State Water Company  
ATTN: Nguyen Quan  
630 East Foothill Blvd.  
San Dimas, California 91773  
Fax: 909-394-7427  
E-mail: regulatoryaffairs@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.

No individuals or utilities have requested notification of filings of tariffs. A copy of this advice letter is being furnished to the entities listed to the attached BVES service list via U.S. mail service and electronically via e-mail

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

Sincerely,



Nguyen Quan  
Manager, Regulatory Affairs

c: Donald Lafrenz, Energy Division  
R. Mark Pocta, DRA

**Schedule No. CMAC**  
**Capital Memorandum Account Credit**

Page 1 of 1

**APPLICABILITY**

This sur-credit rate applies to all electric sales rendered under all tariff rate schedules authorized by the Commission for service from December 1, 2009 to March 31, 2010.

**TERRITORY**

Big Bear Lake and vicinity, San Bernardino County.

**RATES**

SurCredit Designation	<u>Per kWh</u>
For service, to Low Income (CMAC-LI)	(\$0.00613)
For service, to Other than Low Income (CMAS-OLI)	(\$0.00766)

## ATTACHMENT A

### CAPMA Memorandum Account Balance By Month

(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Year	Month/Description	CAPMA Overcollection	Interest 90-day Comm'l Paper	Interest prev(g)+(c)/2*(d)/12	Starting Balance (c)+(f)	End Balance prev(g)+(f)	
2005	Apr 15th (15 days)	\$3,710.34	1.49%	\$2.30	\$3,712.64	\$3,712.64	
	May	\$7,420.68	3.09%	\$19.11	\$7,439.79	\$11,152.43	
	Jun	\$7,420.68	3.27%	\$40.50	\$7,461.18	\$18,613.61	
	Jul	\$7,420.68	3.47%	\$64.55	\$7,485.23	\$26,098.84	
	Aug	\$7,420.68	3.64%	\$90.42	\$7,511.10	\$33,609.95	
	Sep	\$7,420.68	3.72%	\$115.69	\$7,536.37	\$41,146.32	
	Oct	\$7,420.68	4.01%	\$149.90	\$7,570.58	\$48,716.89	
	Nov	\$7,420.68	4.23%	\$184.81	\$7,605.49	\$56,322.38	
	Dec	\$7,420.68	4.23%	\$211.62	\$7,632.30	\$63,954.68	
	2006	Jan	\$7,420.68	4.23%	\$238.52	\$7,659.20	\$71,613.88
		Feb	\$7,420.68	4.55%	\$285.60	\$7,706.28	\$79,320.16
		Mar	\$7,420.68	4.76%	\$329.35	\$7,750.03	\$87,070.19
Apr		\$7,420.68	4.87%	\$368.42	\$7,789.10	\$94,859.29	
May		\$7,420.68	5.01%	\$411.53	\$7,832.21	\$102,691.50	
Jun		\$7,420.68	5.29%	\$469.05	\$7,889.73	\$110,581.23	
Jul		\$7,420.68	5.29%	\$503.84	\$7,924.52	\$118,505.75	
Aug		\$7,420.68	5.21%	\$530.62	\$7,951.30	\$126,457.05	
Sep		\$7,420.68	5.21%	\$565.14	\$7,985.82	\$134,442.87	
Oct		\$7,420.68	5.19%	\$597.51	\$8,018.19	\$142,461.07	
Nov		\$7,420.68	5.17%	\$629.76	\$8,050.44	\$150,511.50	
Dec		\$7,420.68	5.19%	\$667.01	\$8,087.69	\$158,599.19	
2007	Jan	\$7,420.68	5.17%	\$699.28	\$8,119.96	\$166,719.16	
	Feb	\$7,420.68	5.18%	\$735.69	\$8,156.37	\$174,875.52	
	Mar	\$7,420.68	5.20%	\$773.87	\$8,194.55	\$183,070.07	
	Apr	\$7,420.68	5.20%	\$809.38	\$8,230.06	\$191,300.14	
	May	\$7,420.68	5.19%	\$843.42	\$8,264.10	\$199,564.24	
	Jun	\$7,420.68	5.23%	\$885.94	\$8,306.62	\$207,870.86	
	Jul	\$7,420.68	5.22%	\$920.38	\$8,341.06	\$216,211.91	
	Aug	\$7,420.68	5.25%	\$962.16	\$8,382.84	\$224,594.75	
	Sep	\$7,420.68	4.92%	\$936.05	\$8,356.73	\$232,951.48	
	Oct	\$7,420.68	4.63%	\$913.12	\$8,333.80	\$241,285.28	
	Nov	\$7,420.68	4.42%	\$902.40	\$8,323.08	\$249,608.36	
	Dec	\$7,420.68	4.23%	\$892.95	\$8,313.63	\$257,921.99	
2008	Jan	\$7,420.68	3.25%	\$708.59	\$8,129.27	\$266,051.26	
	Feb	\$7,420.68	2.72%	\$611.46	\$8,032.14	\$274,083.40	
	Mar	\$7,420.68	2.35%	\$544.01	\$7,964.69	\$282,048.09	
	Apr	\$7,420.68	1.99%	\$473.88	\$7,894.56	\$289,942.66	
	May	\$7,420.68	2.00%	\$489.42	\$7,910.10	\$297,852.76	
	Jun	\$7,420.68	2.21%	\$555.38	\$7,976.06	\$305,828.82	
	Jul	\$7,420.68	2.18%	\$562.33	\$7,983.01	\$313,811.83	
	Aug	\$7,420.68	2.08%	\$550.37	\$7,971.05	\$321,782.88	
	Sep	\$7,420.68	2.13%	\$577.75	\$7,998.43	\$329,781.31	
	Oct	\$7,420.68	2.07%	\$575.27	\$7,995.95	\$337,777.26	
	Nov	\$7,420.68	1.45%	\$412.63	\$7,833.31	\$345,610.57	
	Dec	\$7,420.68	0.97%	\$282.37	\$7,703.05	\$353,313.62	
2009	Jan	\$7,420.68	0.31%	\$92.23	\$7,512.91	\$360,826.53	
	Feb	\$7,420.68	0.48%	\$145.81	\$7,566.49	\$368,393.03	
	Mar	\$7,420.68	0.37%	\$114.73	\$7,535.41	\$375,928.44	
	Apr	\$7,420.68	0.28%	\$88.58	\$7,509.26	\$383,437.70	
	May	\$7,420.68	0.23%	\$74.20	\$7,494.88	\$390,932.58	
	Jun	\$7,420.68	0.26%	\$85.51	\$7,506.19	\$398,438.77	
	Jul	\$7,420.68	0.28%	\$93.83	\$7,514.51	\$405,953.28	
	Aug	\$7,420.68	0.24%	\$81.93	\$7,502.61	\$413,455.90	
	Sep	\$7,420.68	0.19%	\$66.05	\$7,486.73	\$420,942.63	
	Oct	\$7,420.68	0.19%	\$67.24	\$7,487.92	\$428,430.54	
	Nov	\$7,420.68	0.19%	\$68.42	\$7,489.10	<b>\$435,919.65</b>	

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ISSUED BY

Date Filed: October 26, 2009

Advice Letter No. 234-E

**R.J. SPROWLS**

Effective Date: December 1, 2009

Decision No. 09-10-028

President

Resolution No. \_\_\_\_\_



**GOLDEN STATE WATER COMPANY**

**DISTRIBUTION LIST**

**BEAR VALLEY ELECTRIC DISTRICT**

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

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

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

County Clerk  
County of San Bernardino  
385 North Arrowhead Av, 2nd Floor  
San Bernardino, CA 92415-0140

County Counsel  
County of San Bernardino  
385 N. Arrowhead Ave, 4<sup>th</sup> Floor  
San Bernardino, CA 92415-0140

California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102  
Office of Ratepayer Advocates

Eric Janssen  
Ellison, Schneider & Harris L.L.P.  
2015 H. Street  
Sacramento, CA 95814

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

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

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

Utility type:

ELC       GAS  
 PLC       HEAT     WATER

Contact Person: Nguyen Quan

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

E-mail: nquan@gswater.com

### EXPLANATION OF UTILITY TYPE

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

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 234-E

Subject of AL: Capital Memorandum Account Credit, in compliance with Decision No. 09-10-028.

Keywords (choose from CPUC listing): Compliance

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution D.09-10-028

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<sup>1</sup>: N/A

Resolution Required?  Yes  No

Tier Designation  1  2  3

Requested effective date: December 1, 2009

No. of tariff sheets: 1

Estimated system annual revenue effect: (%): None

Estimated system average rate effect (%): None

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

Tariff schedules affected: None

Service affected and changes proposed<sup>1</sup>: None

Pending advice letters that revise the same tariff sheets: None

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

**CPUC, Energy Division**

**Attention: Tariff Unit**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

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

**Golden State Water Company**

**Attn: Nguyen Quan Reg. Affairs**

**630 E. Foothill Blvd.,**

**San Dimas, CA 91773**

**nquan@gswater.com**

<sup>1</sup> Discuss in AL if more space is needed.