(T)

## 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, rte rule or condition.
(R) To signify **reduction**.
(T) To signify change in wording of **text** but not change in rate rule or condition.

(Continued)

## 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)

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)

(Continued)

## 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: (N)
   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)

## PRELIMINARY STATEMENTS
(Continued)

**H. ENERGY SAVINGS ASSISTANCE BALANCING ACCOUNT (ESABA)** (T)

1. **Purpose:** The purpose of the ESABA is to track the Public Purpose Program Surcharge (PPP Surcharge) funds allocable to the Energy Savings Assistance (ESA) Program and ESA Program costs. This is an interest bearing one-way account where over-expenditures are not recovered. (T) (T)

2. **Applicability:** The ESABA applies to certain rate schedules and certain special contracts within the jurisdiction of the Commission. (T)

3. **Definitions:**

   a. Effective Date: Implementation of the ESA component of the PPP Surcharge to recover the Total Authorized ESABA Revenue Requirement shall be effective as of April 1, 2009. (T) (T)

   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 (T)

   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.

   d. ESABA Revenue: The monthly ESABA revenue is determined by multiplying the net unbundled PPC-OLI and PPC-LI revenue billed during the month by the appropriate ESA percentage allocation factors specified in the PPPAM table in this Preliminary Statement. (T) (T)

   e. ESABA Expenses: ESABA expenses are to be authorized by the Commission and expenses recorded to the ESABA shall be in compliance with the guidelines and ESA budgets authorized by the Commission. (T) (T)

   f. Total Authorized ESABA Revenue Requirement: The total Authorized ESABA Revenue Requirement shall be the current Commission-adopted Revenue Requirement associated with ESA Program and its goals, plus amortization of any ESA over or under collection from a previous period authorized by the Commission. (T) (T) (T)

   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.

(Continued)

## PRELIMINARY STATEMENTS
(Continued)

**H. ENERGY SAVINGS ASSISTANCE BALANCING ACCOUNT (ESABA) (continued)** (T)

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

   a. A credit entry equal to the monthly ESABA Revenue as specified in section 3.d. (T)

   b. A debit entry equal to the monthly ESABA Expenses as specified in section 3.e. (T)

   c. A debit entry equal to the ESA Program performance incentives, as approved by the Commission, if any. (T)

   d. A debit entry equal to the FF&U specified in section 3.b. above times ESABA Revenue. (T)

   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 ESABA. (T)

   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. While the ESABA is a one-way (T)
   balancing account, any PPP Surcharge revenues recorded in the ESABA exceeding authorized program (T)
   costs expended shall be carried forward to supplement the subsequent year's program.

5. **Annual Review of Reasonableness and Revision to the ESABA Revenue Requirement:** (T)
   Each year by April 1, BVES shall review the ESA program, the reasonableness of costs charged to ESABA, (T)
   and the balance between ESABA Revenue collected and the ESABA Expenses expected over the following (T)
   year. In addition:

   a. BVES may propose an update of the ESABA Revenue Requirement if there is a need to (T)
   achieve a closer balance between ESABA Revenue and ESABA Expenses as long as this (T)
   proposal is within guidelines provided by the Commission.

   b. BVES may propose an update of the ESABA component of the PPP Surcharges to amortize (T)
   any under or over collection of the ESABA based on the balance. (T)

   c. Should BVES propose to update the ESABA Revenue Requirement, it must also update the (T)
   Total PPP Revenue Requirement to reflect such changes it proposes in the ESABA Revenue (T)
   Requirement and, if necessary, specify an associated change to the PPP Surcharge, including a
   revision to the percentage allocation factor for determining the ESABA's share of the Total PPP (T)
   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.

# 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)

(Continued)

## 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)

(Continued)

## 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-RBA 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



**K. PUBLIC PROPOSE PROGRAM ADJUSTMENT MECHANISIM** (N)

Golden State Water Company ("GSWC") shall maintain the Public Purpose Program Adjustment Mechanism ("PPPAM") for its Bear Valley Electric Service ("BVES") Division as follows.

1. Purpose: The purpose of the PPPAM is to specify the budgets and revenue requirement levels for each public purpose program identified below ("Public Purpose Programs"); to establish the Public Purpose Program Surcharge ("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 identifies the rate levels and percentages for determining the amount of total unbundled revenue to be allocated to each Public Purpose Program's balancing account. The PPP Surcharge shall apply to each utility rate schedule, except as otherwise provided in the Preliminary Statements. (N)

3. Definitions:
   - **a.** Effective Date: The PPPAM shall be effective on April 1, 2009.
   - **b.** FF&U: The applicable Franchise Fee and Uncollectible ("FF&U") percentages will be those specified in the Commission's decision in BVES' most recent General Rate Case or applicable proceeding.
   - **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.
     5) Energy Efficiency ("EE") Program. (N)
     6) Solar Initiative Program
   - **d.** Revenue Requirement: The revenue requirement associated with a specific Public Purpose Program includes the sum of all budgeted expenses adopted by the Commission associated with the Public Purpose Program, including discounts to the otherwise applicable tariff. 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 Public Purpose 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 an amount equal to an over-collection or under-collection of the balancing account associated with a specific Public Purpose Program.
   - **e.** Total PPP Revenue Requirement: The authorized Total PPP Revenue Requirement shall be the sum of Revenue Requirements associated with each of the Public Purpose Programs, including both Public Goods Programs (legislatively mandated), under- or over-collection amounts in the balancing accounts of the Public Purpose Programs from a previous period, applicable FF&U costs and all other Commission-authorized Public Purpose Programs costs. The Commission may change the Total PPP Revenue Requirement without changing the associated PPP Surcharges or the PPP Allocation Factors (see definitions below). (N)

(Continued)

## PRELIMINARY STATEMENTS



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

**f.** Public Purpose Program Surcharge (PPP Surcharge): The PPP Surcharge, expressed on a $/kWh basis, is used to recover the Total PPP Revenue Requirement. The PPP Surcharge will be divided into two separate surcharges and applied to two groups of customers as follows: (N)

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 PPC-LI Surcharge and the PPC-OLI Surcharge will be computed by taking the sum of the Revenue Requirements applicable to each of the two groups of customers above and dividing each such sum by the corresponding sales forecast adopted by the Commission for each of the two groups of customers. However, the Commission may choose to increase or decrease the Total PPP Revenue Requirement without changing the PPC-LI Surcharge or the PPC-OLI Surcharge. (N)

**g.** Net PPPAM Revenue: The Net PPPAM Revenue is the revenue produced by the PPC-LI Surcharge and the PPC-OLI Surcharge, 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 Public Purpose Program.

**h.** Public Purpose Program (PPP) Allocation Factor: The Public Purpose Program Allocation Factor is the percentage of Net PPPAM Revenue that is attributed to each Public Purpose Program. The sum of all such PPP Allocation Factors for each of the PPC-LI Surcharge revenues and the PPC-OLI Surcharge revenues must add to 100%. The Public Purpose Program Allocation Factors may be changed at the time of BVES' annual review and may or may not be accompanied by a change in the PPC-LI Surcharge or the PPC-OLI Surcharge.

4. Annual PPPAM Review: Each year by April 1, BVES shall review all Public Purpose Programs, and if deemed necessary, BVES may make appropriate changes to Public Purpose Program budgets, Public Purpose Program Allocation Factors, the PPC-LI Surcharge and the PPC-OLI Surcharge associated with the PPPAM using the procedure outlined 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 Net PPPAM Revenues and Total PPP Revenue Requirement.

   **b.** An update of the Public Purpose Program 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, total revenue requirement levels and allocation factors applicable to each Public Purpose Program authorized by the Commission, including the last authorized FF&U factors: (N)

(Continued)

**PRELIMINARY STATEMENTS**



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

PPPAM Table of Total PPP Revenue Requirements and Allocation Factors (C)

| Element or Component | TOTAL PPP RevReq | CARE | ESA** | CEC-R&D | CEC-Renew** | Energy Efficiency | Solar Initiative |
|---|---|---|---|---|---|---|---|
| Authorized Budget or Discount | **$946,000.00** | $364,945.00 | $137,055.00 | $56,000.00 | $27,200.00 | $200,000.00 | $160,800.00 |
| Balancing Acct Amortization | **$206,797.43** | $206,797.43 | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| FF&U (Last* authorized percent from GRC) | **$14,247.04** | $7,615.61 | $1,825.57 | N/A | N/A | $2,664.00 | $2,141.86 |
| Total Revenue Requirement | **$1,167,044.46** | $579,358.03 | $138,880.57 | $56,000.00 | $27,200.00 | $202,664.00 | $162,941.86 |
| PPC-LI Surcharge | **$0.00393** | N/A | $0.00093 | $0.00037 | $0.00018 | $0.00136 | $0.00109 |
| PPC-LI Surcharge Allocation Factor % | **100.0000%** | N/A | 23.6317% | 9.5289% | 4.6283% | 34.4851% | 27.7260% |
| PPC-OLI Surcharge | **$0.00816** | $0.00423 | $0.00093 | $0.00037 | $0.00018 | $0.00136 | $0.00109 |
| PPC-OLI Surcharge Allocation Factor % | **100.0000%** | 51.8209% | 11.3856% | 4.5909% | 2.2299% | 16.6146% | 13.3581% |

(C)

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

6. Accounting Procedure: BVES shall maintain the table above to specify the latest authorized Total PPP Revenue Requirement levels and Allocation Factors for each Public Purpose Program. The Allocation Factors in the table shall be used to allocate the Net PPPAM Revenue with respect to the applicable PPP Surcharge to each Public Purpose Program's balancing account. The accounting procedure used each month as follows:

   **a.** Each month the Net PPPAM Revenue resulting from the application of the PPC-LI Surcharge shall be allocated to the Public Purpose Programs based upon the PPC-LI Surcharge Allocation Factors above and that amount will become the funds to be credited to the appropriate Public Purpose Program balancing account associated with the PPC-LI Surcharge.

   **b.** Each month the Net PPPAM Revenue resulting from the application of the PPC-OLI Surcharge shall be allocated to the Public Purpose Programs based upon the PPC-OLI Surcharge Allocation Factors above and that amount will become the funds to be credited to the appropriate Public Purpose Program balancing account associated with the PPC-OLI Surcharge.

   **c.** BVES may submit by advice letter updates, changes and modifications to the Public Purpose Program budgets, Public Purpose Program Allocation Factors, the PPC-LI Surcharge and the PPC-OLI Surcharge.

   **d.** If BVES proposes no updates, changes or modifications to the Public Purpose Program budgets, Public Purpose Program Allocation Factors, the PPC-LI Surcharge or the PPC-OLI Surcharge, BVES will take no action.

## PRELIMINARY STATEMENTS

**L. SUPPLY ADJUSTMENT MECHANISM** (N)

1. The purpose of the Supply Adjustment Mechanism is to recover in rates the costs related to the Transmission Charge and the Supply Charge, and to have the Supply Adjustment Charge be a charge or a credit when the balance in the Supply Adjustment Balancing Account reflects an under-collection or an over-collection, respectively.

2. The monthly charges for service otherwise applicable under each of the utility's rate schedules shall include: a) the Transmission Charge, b) the Supply Charge and c) the Supply Adjustment Charge. The Supply Charge and the Transmission Charge shall be expressed in terms of a cents-per-kilowatt-hour charge or a dollars-per-kilowatt charge depending upon the nature of the charge and the applicable rate schedule. The Supply Adjustment Charge shall be expressed in terms of a cents-per-kilowatt-hour charge or credit.

    a. The Transmission Charge shall be designed to recover the most recently adopted estimate of costs to the utility for California Independent System Operator Corporation services, transmission services, ancillary services, system protection services, capacity charges, all SCE transmission charges, option premiums, and schedule dispatch charges (collectively, Transmission Costs).
    b. The Supply Charge shall be designed to recover the most recently adopted estimate of the costs to the utility of purchasing electricity, fuel, renewable energy credits (RECs) and imbalance energy (collectively, Supply Costs).
    c. The Supply Adjustment Charge shall be designed to recover or return, respectively, any under-collection or over-collection balance in the Supply Adjustment Balancing Account.

3. A Supply Adjustment Balancing Account (Balancing Account) shall be maintained to record the difference between the accumulated billings of the Transmission Charge, the Supply Charge and the Supply Adjustment Charge, and the accumulated accruedTransmission Costs and Supply Costs.
   Monthly entries to the Balancing Account will be determined from the following calculations:

    a. Accumulated billings during the month from Transmission Charge, Supply Charge and Supply Adjustment Charge;
    b. Less the adjustment to reflect the current adopted rate for franchise fees and uncollectibles;
    c. Less accrued Transmission Costs;
    d. Less accrued Supply Costs;
    e. Plus any refunds for Supply Costs or Transmission Costs previously reflected in the Balancing Account;
    f. Plus or minus interest expense, depending upon whether there is an under-collection or over-collection in the Balancing Account; such interest shall be calculated based upon the average of the beginning and ending monthly balance in the Balancing Account multiplied 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. Less any costs related to the purchase of RECs;
    i. Plus any proceeds from the sale of RECs; (N)

(Continued)

## PRELIMINARY STATEMENTS

**L. SUPPLY ADJUSTMENT MECHANISIM (continued)** (N)

j. Less any power purchase payments provided to eligible Net Energy Metering customers for energy produced by on-site generation in excess of consumption over a 12-month period; power purchase payments may include additional compensation for renewable attributes where applicable; and
k. The accumulated accrual cost of Supply Costs 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 letter filings to revise the Supply Adjustment 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 Transmission Charge and/or Supply Charge to recover in rates the most current estimates of its Transmission Costs and/or Supply Costs. (N)

# PRELIMINARY STATEMENTS

(Continued)



**M. INCOME TAX COMPONENT OF CONTRIBUTION PROVISION**

1. General: Pursuant to Decision 87-09-026, as modified by Decisions 87-12-028, 88-07-020, and 96-10-037, 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 California state ("State") income taxes resulting therefrom. (T) (T) (T)

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 two components as follows: (T)

      (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, county, 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. Except for Government Agency Contributions for a Public Benefit, the ITCC shall be calculated by multiplying the Balance of the Contribution by a tax factor of 0.24 (24%). The 24 percent tax factor shall be applicable to Contributions received by GSWC on or after January 1, 2018. Contributions received prior to January 1, 2018 are subject to the applicable ITCC tax factors previously approved by the California Public Utilities Commission. (T)

      For Government Agency Contributions for a Public Benefit received by GSWC on or after January 1, 2018, the ITCC shall be calculated by multiplying the Balance of the Contribution by a tax factor of 0.17 (17%). (T)

   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. An ITCC tax factor shall be adjusted for changes that would cause it to increase or decrease by five percentage points or more. (T) (T) (D)

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)**

5. Changes in Tax Liability: In the event that the state of California enacts legislation to conform state law to federal law in treating Contributions from a Government Agency for a Public Benefit as taxable income to the Company, the Company may increase the amount it collects for such Contributions from the Contributor to include its estimate of the tax resulting therefrom. In the event that any such legislation is applied on a retroactive basis, the Company may collect such tax for the retroactive period through general rates or surcharges. (T)

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

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

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.

8. The Company shall inform the Applicant of the final cost of the installation of all facilities and the resulting tax liability thereon. (T) (T)

## 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 GENERATION 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. RENEWABLES PORTFOLIO STANDARD MEMORANDUM ACCOUNT ("RPSMA")** (L)

**1. Purpose**
The purpose of the RPSMA is to record the Renewables Portfolio Standard ("RPS") legal, and outside services costs associated with performing tasks related to advancing RPS Program goals.

**2. Applicability**
The RPSMA does not have a rate component.

**3. Accounting Procedure**
GSWC shall maintain the RPSMA by making entries at the end of each month as follows:

a. A debit entry equal to the payments related to RPS legal and outside services costs.

b. Interest shall be calculated on the average of the balance at the beginning of the month and the balance after entry 3.a at a rate equal to one-twelfth of 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.

**4. Account Disposition**
GSWC shall request the recovery of the balance in the RPSMA in a future proceeding. (L)

**PRELIMINARY STATEMENTS**
(Continued)

**U. SHELL AND EDF AGREEMENTS MEMORANDUM ACCOUNT** (T)

Golden State Water Company ("GSWC") shall maintain the Shell and EDF Agreements Memorandum Account ("SEAMA") for its Bear Valley Electric Service Division.

1. PURPOSE
The purpose of the SEAMA is to track the unrealized gains and losses otherwise imputed to the Shell and EDF agreements 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. 8 in Decision No. 14-12-003.

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

3. RATES
The SEAMA does not have a rate component.

4. ACCOUNTING PROCEDURES
GSWC shall maintain the SEAMA by making entries at the end of each month as follows:

   a. Entries shall be made to the SEAMA at the end of each month to record the unrealized gain or loss attributable to the application of SFAS 133 to the Shell and EDF agreements approved by the Commission in Decision D.14-12-003

   b. This is a non-interest bearing memorandum account.

5. EFFECTIVE DATE
The SEAMA shall go into effect on the effective date of Advice Letter No. 295-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. (T)

## 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 as follows.

**1.** PURPOSE:
The purpose of the BRRBA is to record the difference between BVES adopted Base Revenue Requirements and the recorded revenues from base rates.

**2.** APPLICABILITY
The BRRBA shall apply to all customers base rate revenues.

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

**4.** AUTHORIZED BASE RATE REVENUE REQUIREMENTS
BVES' authorized annual base rate revenue requirements for the years 2013, 2014, 2015, and 2016 as reflected in the Settlement Agreement approved by the Commission in D. 14-11-002. In D.16-02-021 (T)
D. 16-02-021 the Commission modifies D.14-11-002 by changing the rate cycle from 4 years (T)
(2013-2016) to 5 years (2013-2017), and adds a 2017 base rate revenue requirement of $20,900,000. (T)
The annual revenue requirements are set forth below:

| Year | Annual Revenue Requirement | |
|---|---|---|
| 2013 | $19,700,000 | |
| 2014 | $20,100,000 | |
| 2015 | $20,500,000 | |
| 2016 | $20,900,000 | |
| 2017 | $20.900,000 | (T) |

The authorized monthly revenue requirement shall be apportioned on a monthly basis using the following percentage allocation:

| Sales MWh by Month | Month |
|---|---|
| Jan | 10.77% |
| Feb | 9.39% |
| Mar | 8.75% |
| Apr | 7.65% |
| May | 7.27% |
| Jun | 7.12% |
| Jul | 7.51% |
| Aug | 7.57% |
| Sep | 7.21% |
| Oct | 7.28% |
| Nov | 8.53% |
| Dec | 10.95% |

(Continued)

## PRELIMINARY STATEMENTS

**V. BASE REVENUE REQUIREMENT BALANCING ACCOUNT (continued)**

**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 changes to BVES' allocation of GSWC's (i) General Office cost, (ii) common plant cost or (iii) employee pension and benefit costs, each as approved by the Commission in GSWC water operations application filed before the Commission, or by some other appropriate proceeding that establishes a new BVES base rate revenue requirement or an addition to the BVES base rate revenue requirement shown in Section 4. The annual revenue requirement levels in Section 4 also may be adjusted, if needed, by an update as a result of the disposition of balances in the Pension Balancing Account, or advice letter filings regarding the completion and placement into commercial operation of the (i) Big Bear Boulevard Undergrounding Project (or a phase of the Big Bear Boulevard Undergrounding Project); or (ii) the Moonridge Substation Project.

**6.** TRANSFERS AND ADJUSTMENTS TO THE BRRBA BALANCE
From time to time the Commission may find that an amortization of a base rate memorandum or balancing account it 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 accounts may be transferred to the balance in the BRRBA if the costs covered by the account are base rate related costs.

**7.** ACCOUNTING PROCEDURES:
GSWC shall maintain the BRRBA by making entries at the end of each month as follow:
a. Recorded monthly base rate revenues.
b. Apportioned monthly allocation of the authorized annual base rate revenue requirement as described in Section 4.
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
As reflected in the Settlement Agreement approved by the Commission in D. 14-11-002, as modified by D.16-02-021, the revenue requirements for 2013, 2014, 2015, 2016 and 2017 are effective as of (T)
January 1, 2013, January 1, 2014, January 1, 2015, January 1, 2016 and, January 1, 2017, respectively. (T)

**9.** ACCOUNT DISPOSITION
The disposition of the balance in the BRRBA at the close of each year, plus any transfers or adjustments authorized to be made to the BRRBA, 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 charge expected to amortize the balance over the next twelve months.

**RELIMINARY STATEMENTS**
(Continued)

**W. FIRE HAZARD PREVENTION MEMORANDUM ACCOUNT**

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.

D.17-12-024 authorizes BVES to track the costs incurred to implement the new regulations adopted by this Decision and to file an application to recover these costs. BVES will ensure that any costs tracked in the FHPMA shall be excluded from the expenditures tracked in the Catastrophic Event Memorandum Account. (N)

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 this account balance will be addressed in a separate application or in BVES's GRC application. Entries recorded during R.08-11-005 may be addressed after the close of R.08-11-005; entries recorded during R.15-05-006 will be addressed after the close of R.15-05-006. (T)

## 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 Account 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)

## 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)**

(N)

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)

**PRELIMINARY STATEMENTS**
(Continued)



**Z. Bridge Funding Memorandum Account (BFMA)** (N)

1. Purpose

The purpose of the Bridge Funding Memorandum Account (BFMA) is to record the difference between the adopted bridge funding revenue requirements for the Energy Savings Assistance ("ESA") Program and the California Alternative Rates for Energy ("CARE") Program in Commission Decision No. 11-11-009 and the proposed revenue requirements requested in Application ("A.") 11-06-018.

2. Applicability

The BFMA shall apply to all ESA and CARE Programs customer classes.

3. Procedure

The Utility shall maintain the BFMA by making entries at the end of each month as follows:

a. Record entries to the BFMA at the end of each month representing the total costs associated with complying the measures described above. These costs will be limited to those not previously authorized in a general rate case or any other regulatory proceeding.

b. Interest shall accrue to the BFMA 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.

3. Effective Date

The BFMA shall go into effect on the effective date of Advice Letter 259-E, which is November 28, 2011

4. Disposition

Once all authorized budget cycle program costs have been recorded, the balance in this account will be reported in a supplemental filing to A. 11-06-018 for final disposition or as otherwise authorized by the Commission (N)

**PRELIMINARY STATEMENTS**
(Continued)



**AA. Bridge Funding Memorandum Account (BFMA)** (N)

1. **Purpose**

The purpose of the Bridge Funding Memorandum Account ("BFMA") is to record the difference between the adopted bridge funding revenue requirements for the Energy Savings Assistance ("ESA") Program and the California Alternative Rates for Energy ("CARE") Program in Commission Decision No. 12-06-023 and the proposed revenue requirements requested in Application No. ("A.") 11-06-018 (a consolidated proceeding).

2. **Applicability**

The BFMA shall apply to all ESA and CARE Programs customer classes from July 1, 2012 until there is a final decision in the SMJUs' Consolidated Proceeding.

3. **Procedure**

Bear Valley Electric Service shall maintain the BFMA by making entries at the end of each month as follows:

a. Record entries to the BFMA at the end of each month representing the total costs associated with complying the measures described above. These costs will be limited to those not previously authorized in a general rate case or any other regulatory proceeding.

b. Interest shall accrue to the BFMA 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.

3. **Effective Date**

The BFMA shall go into effect on the effective date of Advice Letter 270-E, which is June 29, 2012.

4. **Disposition**

Once all authorized budget cycle program costs have been recorded, the balance in this account will be reported in a supplemental filing to A. 11-06-018 for final disposition or as otherwise authorized by the Commission. (N)

**PRELIMINARY STATEMENTS**
(Continued)

**BB. GENERAL RATE CASE REVENUE REQUIREMENT MEMORANDUM ACCOUNT** (N)

**1. Purpose**
The General Rate Case Revenue Requirement Memorandum Account ("GRCRRMA") will track the revenue differential between the Bear Valley Electric Service 2012 Revenue Requirement and the 2013 Revenue Requirement, adopted in GSWC's General Rate Case Application No. 12-02-013. GSWC will track the differential beginning on January 1, 2013 until there is a final decision rendered in Application No. 12-02-013. The GRCRRMA is established pursuant to Ordering Paragraph No. 1 in Decision No. 12-08-006.

*Note: If a final decision is rendered in Application No. 12-02-013 before January 1, 2013, as planned, then the GRCRRMA will not go into effect.*

**2. Applicability**
The GRCRRMA does not have a rate component.

The GRCRRMA shall include:
The monthly revenue differential between 2012 Revenue Requirement and the Revenue Requirement adopted for 2013 in Application No. 12-02-013, beginning on January 1, 2013.

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

a. A debit /credit entry shall be made to the GRCRRMA at the end of each month to record the revenue differential discussed above.

b. Interest shall accrue to the GRCRRMA 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.

**3. Effective Date**
The GRCRRMA shall go into effect on January 1, 2013.

**4. Disposition**
Disposition of amounts recorded in the GRCRRMA shall be determined in a subsequent Regulatory proceeding, as authorized by the Commission.

(N)

**PRELIMINARY STATEMENTS**
(Continued)

**CC. Bridge Funding Memorandum Account (BFMA)** (N)

1. **Purpose**

The purpose of the Bridge Funding Memorandum Account ("BFMA") is to record the difference between the adopted bridge funding revenue requirements for the Energy Savings Assistance ("ESA") Program and the California Alternative Rates for Energy ("CARE") Program in Commission Decision No. 12-09-025 and the proposed revenue requirements requested in Application No. ("A.") 11-06-018 (a consolidated proceeding).

2. **Applicability**

The BFMA shall apply to all ESA and CARE Programs customer classes from October 1, 2012 until there is a final decision in the SMJUs' Consolidated Proceeding.

3. **Procedure**

Bear Valley Electric Service shall maintain the BFMA by making entries at the end of each month as follows:

a. Record entries to the BFMA at the end of each month representing the total costs associated with complying the measures described above. These costs will be limited to those not previously authorized in a general rate case or any other regulatory proceeding.

b. Interest shall accrue to the BFMA 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.

4. **Effective Date**

The BFMA shall go into effect on the effective date of Advice Letter 273-E, which is October 1, 2012.

5. **Disposition**

Once all authorized budget cycle program costs have been recorded, the balance in this account will be reported in a supplemental filing to A. 11-06-018 for final disposition or as otherwise authorized by the Commission. (N)

# PRELIMINARY STATEMENT



## DD. Mobile Home Park Balancing Account (MHPBA)

1. **Purpose**:
The purpose of the Mobile Home Park Balancing Account ("MHPBA") is to record and recover the actual incurred costs of implementing the voluntary program to convert the electric master-meter/sub-meter service at mobile home parks and manufactured housing communities to direct service by BVES, pursuant to Decision No. 14-03-021. The costs associated with the entries in the MHPBA shall include incremental incurred expenses for both "to the meter" and "beyond the meter" capitalized costs and ongoing incremental Operation and Maintenance ("O&M") expenses. Pursuant to Ordering Paragraph ("OP") 8, the incurred expenses shall be entered into program balancing account for recovery in the first year following cut over of service subject to reasonableness review. Actual construction costs for each MHP conversion shall be entered into a balancing account and recovered in the year immediately following service cut over for that MHP. This account will remain open and continue to record the ongoing MHP conversion costs and associated revenue requirements related to all completed projects until those projects are included in a GRC revenue requirement. Pursuant to OP 7 of Resolution E-4878, MHP conversions will continue and be completed for up to the specified amount of MHP projects specified in Advice Letter 337-EA until the earlier date of December 31, 2019 or the issuance of a Commission Decision for the continuation, expansion or modification of the program. Note that a project should not be started if it is not expected to be completed by October 31, 2019. (T)

2. **Applicability**:
The MHPBA shall apply to all customer classes, except for those schedules or contracts specifically excluded by the Commission.

3. **Rates**:
The MHPBA will be collected through distribution rates.

4. **Accounting Procedure**:
Entries to the MHPBA shall be made monthly, and shall be determined as follows:

   a) A debit entry equal to the recorded incremental O&M expenses, including applicable payroll taxes and benefits on BVES labor;

   b) A debit entry equal to the incremental capital-related revenue requirement, excluding associated Franchise Fees and Uncollectible ("FF&U") expenses related to the "to-the meter" capital costs incurred. The capital-related revenue requirement shall include depreciation expense, return on rate base at the current authorized return on rate base and applicable taxes, such as income and ad valorem.

   c) A debit entry equal to the revenue requirement on the regulatory asset, excluding FF&U, related to the "beyond-the meter" costs incurred. The revenue requirement shall include amortization expense, return on investment at the currently authorized rate of return on rate base, and applicable taxes, such as income and ad valorem taxes associated with the costs of installed equipment. The "beyond the meter" costs will be amortized over ten years;

   d) A credit entry to transfer the December 31st balance to the distribution sub-account of the Base Revenue Requirement Balancing Account ("BRRBA");

   e) Interest shall accrue monthly to the MHPBA by applying the interest rate to the average of the beginning-of-month and end-of-month balances recorded in the MHPBA. The Interest Rate shall be one-twelfth of the Federal Reserve Three-Month Commercial Paper – Non-Financial, from the Federal Reserve Statistical Release, H.15, or its successor. If in any month a non-financial rate is not published, BVES shall use the Federal Reserve Three Month Commercial Paper Rate – Financial.

## PRELIMINARY STATEMENT
(continued)

**DD. Mobile Home Park Balancing Account (MHPBA)** 

5. **Disposition**:
BVES will file an advice letter annually to recover the December 31th recorded balance through rates for completed conversions in the year immediately following the cut over service.

6. **Review**
BVES is authorized to fully recover in distribution rates the costs of the conversion program, subject to reasonableness review. Review for reasonableness of "to the meter" costs and "beyond the meter" costs will occur in the first General Rate Case (GRC) proceeding where conversion costs are included into the GRC rate base for the MHPs that have service cut over completed.

## PRELIMINARY STATEMENTS



**HH. PENSION BALANCING ACCOUNT** (T)

Golden State Water Company ("GSWC") shall maintain the Pension Balancing Account ("PBA") for its Bear Valley Electric Service ("BVES") Division as follows.

1. PURPOSE:
   The purpose of the PBA is to track the difference between
   a. Pension costs allocated to BVES by the Commission in the most recent General Rate Case application for GSWC; and
   b. Actual BVES pension costs based on Accounting Standard Codification 715-10 ("ASC 715-10"), Compensation – Retirement Benefits.

2. APPLICABILITY:
   The PBA does not have a rate component.

3. ACCOUNTING PROCEDURE:
   GSWC shall maintain the PBA by making entries at the end of each month as follows:

   a. An entry shall be made to the PBA at the end of each month to record the difference between the pension costs allocated to BVES by the Commission, in the most recent General Rate Case application for GSWC, divided by 12, and the actual BVES monthly-recorded pension costs based on ASC 715-10.
   b. Interest shall accrue to the PBA 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 H.15, to the average of the beginning-of-month and the end-of-month.
   c. GSWC is authorized to update the pension costs referenced in 1A above via a Tier 1 advice letter whenever the Commission adopts new pension cost allocations to BVES in a GSWC General Rate Case.

4. Effective Date
   The PBA shall be effective as of January 1, 2013.

5. DISPOSITION
   By March of each year GSWC will transfer any over- or under-collection in the PBA, with interest, to the Base Revenue Requirement Balancing Account and such transferred amount shall be administered in accordance with the provisions of the Base Revenue Requirement Balancing Account.

## PRELIMINARY STATEMENTS



### II. ENERGY EFFICIENCY BALANCING ACCOUNT (T)

Golden State Water Company ("GSWC") shall maintain the Energy Efficiency Balancing Account ("EEBA") for its Bear Valley Electric Service ("BVES") Division as follows.

1. Purpose:
   The purpose of the EEBA is to track the Public Purpose Program Surcharge ("PPP Surcharge") funds allocable to the Energy Efficiency ("EE") Program and E Program costs. This is an interest bearing one-way account where over-expenditures are not recovered.

2. Applicability:
   The EEBA does not have a rate component.

3. Definitions:
   a. Effective Date: Implementation of the EEBA component of the PPP Surcharge to recover the Total Authorized Revenue Requirement shall be effective July 1, 2014 or the effective date of the decision in A. 12-02-013.
   b. FF&U: The applicable Franchise Fee and Uncollectibles (FF&U) percentages will be those specified in the Commission's decision in BVES' most recent general rate case.
   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.
   d. EEBA Revenue: The monthly EEBA revenue is determined by multiplying the net unbundled PPC-OLI and PPC-LI Surcharge billed during the month by the appropriate EE Program allocation factor as specified in the PPPAM Preliminary Statement.
   e. EEBA Expenses: EE Program authorized expenses recorded to the EEBA and consistent with EE Program budgets authorized by the Commission.
   f. Total Authorized EEBA Revenue Requirement: the total Authorized EEBA Revenue Requirement shall be the current Commission–adopted budget for the EE Program, plus amortization of any EEBA over- or under-collection from a previous period as 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 Good Programs (legislatively mandated) and other Commission-authorized Public Programs. Such amounts are to be detailed and stated in the Public Purpose Program Adjustment Mechanism (PPPAMP) Preliminary Statement.

(Continued)

## PRELIMINARY STATEMENTS



**II. ENERGY EFFICIENCY BALANCING ACCOUNT (continued)**

4. Accounting Procedure: (T)
   a. A credit entry equal to the monthly EEBA Revenue as specified in section 3.d.
   b. A debit entry equal to the EEBA Expenses as specified in section 3.e.
   c. A debit entry equal to the FF&U specified in section 3.b. above times EEBA Revenue.
   d. 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 EEBA.

   If the above calculations produce a negative amount (undercollection), such amount will be debited to the EEBA. If the above calculation produces a positive amount (over collection), such amount will be credited to the EEBA. While the EEBA is a one-way balancing account, any EEBA Revenue recorded in the EEBA exceeding authorized program costs expended shall be carried forward to supplement the subsequent year's program or accounted for as otherwise directed by the Commission.

5. Annual Review and Revision of the EEBA Revenue Requirement.
   Each year by April, BVES shall review the EE program and the balance between the EEBA Revenue collected and the EEBA Expenses expected over the following year. In addition:
   a. BVES may propose an update of the EEBA Revenue Requirement if there is a need to achieve a closer balance between EEBA Revenue and EEBA Expenses as long as this proposal is within guidelines provided by the Commission.
   b. BVES may propose an update of EEBA component of the PPP Surcharges to amortize an under or over collection of the EEBA based on the balance.
   c. Should BVES propose to update the EEBA Revenue Requirement, it must also update the Total PPP Revenue Requirement to reflect such changes it proposes in the EEBA revenue requirement and, if necessary, specify an associated change to the PPP Surcharge, including a revision to the percentage allocation factor to determine the EEBA's share of the Total PPP Revenue Requirement.
   d. If BVES has no updated or changes to propose, BVES will take no action. If BVES has Any updates or changes to proposed, it will do so through the Advice letter process.

## PRELIMINARY STATEMENTS



### JJ. SOLAR INITIATIVE BALANCING ACCOUNT (T)

Golden State Water Company ("GSWC") shall maintain the Solar Initiative Balancing Account ("SIBA") for its Bear Valley Electric Service ("BVES") Division as follows.

1. Purpose:
   The purpose of the SIBA is to track the Public Purpose Program Surcharge (PPP Surcharge) funds allocated to the Solar Initiative ("SI") Program and SI Program costs. This is an interest bearing one-way account where over-expenditures are not recovered.

2. Applicability:
   The SIBA does not have a rate component.

3. Definitions:
   a. Effective Date: Implementation of the SIBA component of the PPP Surcharge to Recover the Total Authorized SIBA Revenue Requirement shall be effective July 1, 2014 or the effective date of the decision in A. 12-02-013.
   b. FF&U: The applicable Franchise Fee and Uncollectibles ("FF&U") percentages will be those specified in the Commission's Decision in BVES' most recent general rate case.
   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.
   d. SIBA Revenue: the monthly SIBA revenue is determined by multiplying the net unbundled PPC-OLI and PPC-LI Surcharges billed during the month by the appropriate SI Program allocation factor as specified in the PPPAM Preliminary Statement.
   e. SIBA Expenses: SI Program authorized expenses recorded to the SIBA.
   f. Total Authorized SIBA Revenue Requirement: The total Authorized SIBA Revenue Requirement shall be the current Commission – adopted budget associated with the SI Program, plus amortization of any SI 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 Good Programs (legislatively mandated) and other Commission-authorized Public Programs. Such amounts are to be detailed and stated in the Public Purpose Program Adjustment Mechanism (PPPAMP) Preliminary Statement.

(Continued)

## PRELIMINARY STATEMENTS



**JJ. SOLAR INITIATIVE BALANCING ACCOUNT (continued)** (T)

4. Accounting Procedure:
   a. A credit entry equal to the monthly SIBA Revenue as specified in section 3.d.
   b. A debit entry equal to the SIBA Expenses as specified in section 3.e.
   c. A debit entry equal to the FF&U specified in section 3.b. above times SIBA Revenue.
   d. 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 SIBA.

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

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

# PRELIMINARY STATEMENTS



## EE. BEAR VALLEY SOLAR INITIATIVE PROGRAM (N)

PURPOSE
The purpose of this program is to promote the installation of residential solar photovoltaic (PV) electric generation equipment by customers. The program will pay customers an incentive upon completion, inspection and interconnection of program approved projects.

APPLICABILITY
This program is open to all residential customers.

MONTHLY BILLING
Customers will be billed according to the terms described in BVES' net metering tariff, Schedule NEM.

DEFINITIONS

1. Host Customer: An individual or entity that meets all the following criteria: 1) has legal rights to occupy the site, 2) receives retail level electric service from Bear Valley Electric Service, 3) is the utility customer of record at the site, 4) is connected to the electric grid, and 5) is the recipient of the net electricity generated from the solar equipment.
2. PRMS: Performance Reporting and Monitoring Service (required for systems10kW or larger).

INCENTIVES
Incentives will be paid based on expected output of the installed solar PV system as calculated by an approved program calculator. Incentive will be paid per watt and will decline as the program reaches capacity steps as shown in table below. Current incentive information will be maintained on the program website.

**Bear Valley Solar Program Incentives and Steps**

| Steps | Incentive ($/watt) | Capacity (KW) Incentive |
|---|---|---|
| 1 | $1.60 | 155 |
| 2 | $1.30 | 180 |
| 3 | $1.09 | 215 |
| 4 | $0.94 | 250 |
| Total | | 800 |

Payment amount will equal the current incentive level at the time of application submittal multiplied by the estimated alternative current (AC) output of the system. The AC output of each system will be estimated in kilowatts (kW) based on installation characteristics and design factors and calculated using an approved program calculator.

The maximum eligible incentive for systems above 5kW in capacity will be equivalent to the size of a system calculated to offset 90 percent of the average electrical usage at the project site over the previous 12-month period. For sites without a 12-month usage history, the maximum incentive will be 90 percent of estimated annual usage.

INCENTIVE APPLICATION PROCESS
1. An energy efficiency audit is recommended to be completed by the host customer before installing solar, though the audit document is not required as part of the application submittal. Acknowledgement of the host customer completing the audit will be listed on the Energy Efficiency Disclosure Form. (N)

(Continued)

## PRELIMINARY STATEMENTS



**EE. BEAR VALLEY SOLAR INITIATIVE PROGRAM (continued)**

INCENTIVE APPLICATION PROCESS (Continued) (N)

2. Customer will select a licensed solar contractor.
3. Once installation is complete and the system has been interconnected, the customer will complete and submit one application to receive the incentive payment. Forms will include:
    - Signed Incentive Claim Form
    - Program incentive calculator output
    - Signed Energy Efficiency Disclosure Form
    - One of the following: installation contract, leasing agreement, or purchase of equipment receipt
    - Interconnection approval will be provided by BVES.

All forms, material and instructions will be available on the program website.

SPECIAL CONDITIONS

1. Customer is responsible for selecting and contracting with a qualified solar installer. A list of solar Contractors will be maintained on the program website.
2. The minimum system size eligible for an incentive is 1kW. The maximum incentive available for any project is 50 kW.
3. Solar energy systems must carry a minimum 10-year manufacturer warranty and must be permanently installed.
4. Program information will be reported to the Commission in the 2017 General rate Case application.
5. For systems under 10 kW, the customer will provide an accessible production meter base. BVES will provide a meter capable of measuring the monthly energy production of the customer's system (BVES will install mandatory performance meters on 1 in 15 installed solar systems).
6. For systems 10 kW and larger, PRMS service is required and interval kWh production data is to be reported to the program administrator on a quarterly basis for 1 year.
7. All systems must meet all applicable regulations including building and electrical codes and be inspected prior to receiving incentive payment.
8. Program rules and guideline may change periodically. The latest program information, including forms, instructions and current incentive levels will be available on the program website.
9. BVES retains the right to modify or terminate the program based on customer response or other factors. Requests for modification or termination of the program would be made through an advice letter filling.
10. Solar system installation may be inspected to ensure program compliance.
11. The owner of the generation facility will retain the ownership of any renewable energy credits (RECs) associated with generation of electricity from the facility. (N)

(N)



# PRELIMINARY STATEMENTS

## FF. Bear Valley Electric Service Smart Meter Opt-Out Balancing Account (BSOBA)

1. **Purpose:** The purpose of Bear Valley Electric Service (BVES) Smart Meter Opt-Out Balancing Account (BSOBA) is to record the difference between revenues collected from opt-out customers through Commission-authorized fees and charges and costs incurred related to the opt-out option

2. **Applicability:** The BSOBA applies to residential customers who do not wish to have a wireless, communicating meter known as a Smart Meter installed at their premises (hereafter, "Opt-Out Customers").

3. **Operation of the BSOBA:**

   Entries of the BSOBA shall be determined as follows:

   a. A debit entry to record the incremental Operation and Maintenance (O&M) and capital-related revenue requirements, excluding associated "exit fee" or "turn-off" costs and Franchise Fees and Uncollectibles (FF&U) expense, incurred for all opt-out related activities. Opt-out-related revenue requirements recorded in the BSOBA shall be based on actual costs. The capital-related revenue requirements shall include depreciation expense, return on rate base, federal and state income taxes, and property taxes. These O&M and capital costs include implementation and on-going costs, and any other costs associated with activities related to the opt-out program (as authorized by the Commission in D.12-04-018 and D.14-12-078), associated with the following items:

      (1) Acquisition and Installation of Meters
      This category consists primarily of the costs testing and replacing BVES Smart Meters with electromechanical analog meters, or the customer's previous meter form (i.e., a non-communicating, non-smart meter).

      (2) Acquisition and Installation of Communication Network Equipment
      This category consists primarily of the capital costs of procuring and installing communication infrastructure equipment necessary to compensate for reduced connectivity of the BVES Smart Meter mesh network associated with the removal of BVES Smart Meter end-point meters for opt-out customers.

      (3) Modification and Operation of Back-Office Systems
      This category consists primarily of the capitalized software costs necessary to integrate additional meter forms into the BVES Smart Meter back office systems and for modifications to BVES' billing systems to incorporate new opt-out program fees.

      (4) Operations
      This category consists primarily of the operational expenses associated with manual meter reading, call center support, customer enrollments, billing, customer outreach and notifications, uncollectable expenses attributable to the opt-out program, training, development & assessments and program administration.

      All recorded, incremental costs shall include provisions for overhead loadings on direct labor dollars to account for items such as benefits, results sharing and payroll taxes. The overhead loading factors shall be based on authorized GRC loading factor rates.

(N)

(Continued)

(N)



## PRELIMINARY STATEMENTS
(Continued)

**FF. Bear Valley Electric Service Smart Meter Opt-Out Balancing Account (BSOBA)** (Continued)

b. A credit entry equal to the revenues associated with the initial and/or monthly fees for the BVES Smart Meter Opt-Out Program, and

c. An entry to record interest expense for over-collection or interest income for under-collection by applying the Interest Rate to the average monthly balance in the BSOBA

4. **Disposition:** The costs incurred and revenues collected associated with providing the opt-out option will be reviewed in BVES next available General Rate Case (GRC) proceeding. In addition, BVES may propose future adjustments to the Opt-Out fees or monthly charges to account for BSOBA over- or under-collections as part of its GRC application.

(N)

**PRELIMINARY STATEMENTS**
(Continued)



**GG. 2018 GENERAL RATE CASE MEMORANDUM ACCOUNT** (N)

**1. Purpose**

The 2018 General Rate Case Memorandum Account ("GRC Memorandum Account") will track the revenue differential between the Bear Valley Electric Service base rates in effect, as of December 31, 2017, and the Bear Valley Electric Service base rates adopted in GSWC's General Rate Case Application No. ("A.") 17-05-004. GSWC will track the differential beginning on January 1, 2018 until there is a final decision rendered in A.17-05-004. The GRC Memorandum Account is established pursuant to Decision No. 17-11-008.

**2. Applicability**

The GRC Memorandum Account does not have a rate component.

The GRC Memorandum Account shall include:
The monthly revenue differential between base rates in effect as of December 31, 2017 and the base rates adopted for 2018 in A.17-05-004, beginning on January 1, 2018.

Following the issuance of a final decision in A. 17-05-004, expected in May 2018, GSWC shall make entries in the GRC Memorandum Account for each month beginning January 2018 and ending the month the final decision is issued for A.17-05-004 as follows:

a. A debit /credit entry shall be made to the GRC Memorandum Account each month to record the revenue differential discussed above.

b. Interest shall accrue in the GRC Memorandum Account 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.

**3. Effective Date**

The GRC Memorandum Account shall go into effect on January 1, 2018.

**4. Disposition**

Disposition of amounts recorded in the GRC Memorandum Account shall be determined as authorized by the Commission.

(N)

**PRELIMINARY STATEMENTS**

(N)

**KK. Emergency Costumer Protection Memorandum Account ("ECPMA")**

Golden State Water Company ("GSWC"), on behalf of its Bear Valley Electric Service ("BVES") establishes the Emergency Customer Protection Memorandum Account ("ECPMA"), which was authorized in the Commission's Decision No. 18-08-004.

1. **Purpose**
The purpose of the ECPMA is to record incremental costs and bill adjustments associated with providing emergency customer protections after the Governor of the State of California declares a state of emergency, that affects all or part of the BVES customer service territory. The ECPMA shall include, but not limited to, incremental costs and bill adjustments associated with implementing the following emergency customer protections:

   a. Waive deposit requirements for affected residential customers seeking to reestablish service for one year and expedite move-in and move-out service requests;
   b. Stop estimated energy usage for billing attributed to the time period when the home/unit was unoccupied as result of the emergency;
   c. Discontinue billing;
   d. Prorate any monthly access charge or minimum charges;
   e. Implement payment plan options for residential customers;
   f. Suspend disconnection for non-payment and associated fees, waive deposit and late free requirements for residential customers;
   g. Support low-income residential customers by: (a) freezing all standard and high-usage reviews for the California Alternate Rates for Energy (CARE) program eligibility in impacted counties until at least the end of the year and potentially longer, as warranted; (b) contact all community outreach contractors, the community based organizations who assist in enrolling hard-to-reach low-income customers into CARE, in impacted counties to help better inform customers of these eligibility changes; (c) partner with the program administrator of the customer funded emergency assistance program for low-income customers and increase the assistance limit amount for the next 12 months for impacted customers; and (e) indicate how the energy savings assistance program can be deployed to assist impacted customers.

2. **Applicability**
The ECPMA does not have a rate component.

3. **Eligibility**
Impacted BVES' residential and non-residential customers will be offered emergency customer protection for catastrophic events, within BVES service territory, where the Governor of California has declared a state of emergency.

4. **Accounting Procedures**
   a. A debit entry shall be made to the ECPMA at the end of each month to record incremental costs and billing adjustments related to emergency customer protections when a state of emergency has been declared by the Governor of the State of California.

   b. A debit entry equal to interest on the balance in the account at the beginning of the month and half the balance of the above entry (a.), at a 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.

5. **Effective Date**
The ECPMA shall have an effective date of October 4, 2018 and shall remain open until directed by the Commission.

6. **Disposition**
Disposition of amounts recorded in the ECPMA shall be determined in a General Rate Case or other appropriate ratemaking proceeding, as authorized by the Commission. (N)

## PRELIMINARY STATEMENTS
(Continued)

**LL. TRANSPORTATION ELECTRIFICATION PILOT PROGRAM BALANCING ACCOUNT ("TEPPBA")** (N)

1. **PURPOSE:** The purpose of TEPPBA is to record the actual capital costs associated with the approved Destination Make-Ready Rebate Pilot Program and EV-TOU Pilot Rate Program. BVES may utilize a 12 percent cost contingency to ensure that any under-or-over collections associated with the authorized transportation electrification projects are amortized annually in distribution rates. This is a one-way balancing account.

The adopted funding for BVES' Transportation Electrification projects shown in the table below.

| BVES Funding Budgets | | | |
|---|---|---|---|
| **Transportation Electrification Project** | **Capital** | **Expense** | **Total** |
| Destination Make-Ready Program | $471,950 | $135,550 | $607,500 |
| Program ("EV-TOU Pilot Rate") | $70,000 | $69,000 | $139,000 |
| Evaluation | $0 | $29,860 | $29,860 |
| Total | $541,950 | $234,410 | $776,360 |

2. **APPLICABILITY:** The TEPPBA applies to all BVES customer classes, except those excluded by the Commission.

3. **DEFINITIONS:**

   a. Effective Date: The TEPPBA shall go into effect on the effective date of Advice Letter 349-E.

   b. Uncollectible (0.433%) and Franchise Fee (0.899%): 1/12 of the current adopted annual uncollectible and franchise fee rate.

4. **ACCOUNTING PROCEDURES**: BVES shall maintain the TEPPBA by making monthly entries as follows:

   a. A debit entry shall be made to the TEPPBA at the end of each month to record monthly actual expenses.

   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 (0.11100%).

5. **ACCOUNT DISPOSITION:** GSWC will seek a full reasonableness review of the costs recorded in the TEPPBA by advice letter or in its next general rate case for BVES. (N)

**PRELIMINARY STATEMENTS**
(Continued)

**MM. FIRE RISK MITIGATION MEMORANDUM ACCOUNT** (N)

This Fire Risk Mitigation Memorandum Account ("FRMMA") is established in accordance with Section 38 of California Senate Bill 901, which was signed into law by the Governor of the State of California on September 21, 2018, amending Section 8386(j) of the California Public Utilities Code, requiring BVES to establish a memorandum account to track costs incurred for fire risk mitigation that are not otherwise in BVES' revenue requirements. Golden State Water Company ("GSWC") shall maintain the FRMMA for its Bear Valley Electric Service ("BVES") Division

1. **PURPOSE**

The purpose of the FRMMA is to track incremental costs incurred for fire risk mitigation that are not otherwise covered in BVES' revenue requirements.

2. **APPLICABILITY**

The FRMMA applies to all customer classes and rate schedules, except for those specifically excluded by the Commission.

3. **RATES**

The FRMMA does not have a rate component.

4. **ACCOUNTING PROCEDURES**

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

a. A debit entry shall be made to the FRMMA at the end of each month to record the incremental fire risk mitigation costs.

b. Interest shall accrue to the FRMMA 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 FRMMA shall be effective on January 1, 2019.

6. **DISPOSITION**

Disposition of amounts recorded in the FRMMA shall be determined in a subsequent general rate case or other rate setting filing authorized by the Commission. (N)

## PRELIMINARY STATEMENTS
(Continued)

**NN. TRANSPORTATION ELECTRIFICATION PILOT PROGRAM MEMORANDUM ACCOUNT ("TEPPMA")** (N)

**1. PURPOSE**
GSWC is seeking to establish the TEPPMA to record the legal and consulting fees incurred during the development of the application for the BVES Transportation Electrification Pilot Programs, which were adopted in Commission Decision No. 18-09-034.

**2. APPLICABILITY**
The TEPPMA does not have a rate component.

**3. ACCOUNTING PROCEDURE**
GSWC shall maintain the TEPPMA by making entries at the end of each month as follows:

a. A debit entry equal to the payments related to Transportation Electrification Pilot Program legal and outside services costs.

b. Interest shall be calculated on the average of the balance at the beginning of the month and the balance after entry 3.a at a rate equal to one-twelfth of 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.

**4. EFFECTIVE DATE**
The TEPPMA shall have the effective date of January 16, 2019.

**5. ACCOUNT DISPOSITION**
GSWC will seek a full reasonableness review of the costs recorded in the TEPPMA by advice letter or in its next general rate case for BVES. (N)

# PRELIMINARY STATEMENTS
(Continued)

## OO. OFFICER COMPENSATION PROGRAM MEMORANDUM ACCOUNT ("OCMA") (N)

### 1. PURPOSE
BVES shall maintain an Officer Compensation Memorandum Account ("OCMA"). The OCMA is established pursuant to Public Utilities Code Section 706, as enacted by Senate Bill 901 (2018, Dodd). Public Utilities Code Section 706 requires, among other things, that all forms of compensation for officers of electrical or gas corporations shall be paid solely by shareholders. The purpose of the OCMA is to track the difference between (1) compensation for officers of the utility that is authorized in GSWC 's water operations General Rate Cases ("GRCs") or resolutions that have been allocated to the electric operations and; (2) all compensation as defined by Public Utilities Code Section 706 that have been allocated to the electric operations from GSWC's future GRCs for its water operations. The term "officer" shall be defined as those employees of the investor owned utilities in positions with titles of Vice President or above, consistent with Rule 240.3b-7 of the Securities Exchange Act.

### 2. APPLICABILITY
The OCMA is effective January 1, 2019 until closed at the direction of the Commission.
.

### 3. ACCOUNTING PROCEDURE
The OCMA consists of two sub-accounts:

The "Authorized Compensation Sub-Account" tracks the portion of salaries, bonuses, benefits, and all other consideration of any value paid to officers that has been allocated to the electric operations division of GSWC in GSWC water operations GRCs.

The "Total Compensation Sub-Account" tracks the portion of salaries, bonuses, benefits, and all other consideration of any value paid to officers that has been allocated to the electric operations division of GSWC by the Commission in GRC decisions for GSWC's water operations.

Salaries, Bonuses, Benefits: Payroll data for Executive Officer base salaries, Variable Pay/Incentive Compensation Plan, Employer portion of health and welfare premiums, Executive Officer perquisites in payroll data and/or invoices, deferred compensation company match that has been allocated to the electric operations division of GSWC by the Commission in future GRC decisions for GSWC's water operations.

BVES shall maintain this account by making monthly entries (or annual entries where applicable and monthly data is not available) as follows:

A. Authorized Compensation Sub-Account
1. A credit entry equal to the salaries, bonuses, benefits, and all other consideration of any value set aside to be paid to its officers as authorized in the final decision and allocated to electric operations, in future GRCs for water operations.

B. Total Compensation Sub-Account
1. A debit entry equal to the salaries, bonuses, benefits, and all other consideration of any value paid to its officers that have been allocated to the electric operations from the GRCs for the water operations.

### 4. ACCOUNT DISPOSITION
Amounts tracked in the OCMA may be addressed in the next BVES GRC or other appropriate Commission proceeding and should be refunded to customers in rates. (N)