



ADVICE LETTER SUMMARY

ENERGY UTILITY



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

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

Utility type:

- ELC GAS WATER
 PLC HEAT

Contact Person: Regulatory Affairs Dept.

Phone #: (909) 394-3600

E-mail: RegulatoryAffairs@bvesinc.com

E-mail Disposition Notice to: RegulatoryAffairs@bvesinc.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 535-E

Tier Designation: 1

Subject of AL: Establish the Solar and Battery Tax Memorandum Account

Keywords (choose from CPUC listing): Compliance, Tariffs

AL Type: Monthly Quarterly Annual One-Time Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: Decision No. 25-01-007

Does AL replace a withdrawn or rejected AL?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

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

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

Resolution required? Yes No

Requested effective date: 1/21/26

No. of tariff sheets: 19

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

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

Tariff schedules affected: Preliminary Statement Part JJJ

Service affected and changes proposed¹: see Advice Letter

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

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

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

Name: Jenny Chen
Title: Regulatory Affairs Manager
Utility Name: Bear Valley Electric Service, Inc
Address: 630 E. Foothill Blvd
City: San Dimas State: California
Telephone (xxx) xxx-xxxx: (909) 394-3600 ext 664
Facsimile (xxx) xxx-xxxx: (909) 394-7427
Email: RegulatoryAffairs@bvesinc.com; Jenny.Chen@gswater.com

Name: Alicia Menchaca
Title: Rate Analyst
Utility Name: Bear Valley Electric Service, Inc
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Bear Valley Electric Service, Inc.
P.O. Box 9028
San Dimas, CA 91773-9028
A Subsidiary of American States Water Company

January 21, 2026

Advice Letter No. 535-E

(U 913 E)

California Public Utilities Commission

Bear Valley Electric Service, Inc. ("BVES") hereby transmits for filing the following:

Subject: Establish the Solar and Battery Tax Memorandum Account

PURPOSE

Pursuant to Decision ("D.") 25-12-024, Ordering Paragraph ("OP") 5, BVES is filing this Tier 1 advice letter to create a new Solar and Battery Tax Memorandum Account ("SBTMA"). OP 5 states,

Bear Valley Electrical Services, Inc. is authorized to file a Tier 1 advice letter to establish the Solar and Battery Tax Memorandum Account to include any increase or decrease in the Investment Tax Credit (ITC) allowed in a given tax year or in the aggregate, including but not limited to, the ITC rate, the amount of costs eligible for ITC, timing of when the ITC reduces tax liability, subsequent recapture events, subsequent ITC ineligibility if any, subsequent changes in tax laws, Internal Revenue Service audits and tax-related interest and penalties.

The SBTMA will be used to track and record any increase or decrease in the Investment Tax Credit ("ITC") allowed in a given tax year or in the aggregate, including but not limited to:

- The ITC rate
- The amount of costs eligible for ITC
- Timing of when the ITC reduces tax liability
- Subsequent recapture events
- Subsequent ITC ineligibility, if any
- Subsequent changes in tax laws
- Internal Revenue Service audits and tax-related interest and penalties

BACKGROUND

On May 17, 2024, Bear Valley Electric Service, Inc. filed Application ("A.") 24-05-020 requesting the California Public Utilities Commission ("Commission") approval to enter into two engineering, planning, and construction agreements with EDF Renewable Solutions for the development of:

1. A solar generating facility (Solar Project); and
2. A battery energy storage facility (Battery Storage Project).

The adopted Settlement Agreement proposes to track the differences between the Solar Project's adopted and realized ITC in a memorandum account, the Solar and Battery Tax Memorandum Account ("SBTMA"). The proposed SBTMA would track the ITC either in a given tax year or in aggregate in addition, but not limited to,

the ITC rate (expected to be 30%), the amount of costs eligible for ITC, timing of when the ITC reduces tax liability, subsequent recapture events, subsequent ITC ineligibility if any, subsequent changes in tax laws, IRS audits and tax-related interest and penalties.¹

Note: Pursuant to D.25-12-024, OP 6, BVES is authorized to file a Tier 3 advice letter to recover the costs recorded in the SBTMA in the future. BVES shall notify the Public Advocates Office at least 45 days prior to filing the Tier 3 advice letter and provide the Public Advocates Office with supporting workpapers and documentation for the Tier 3 advice letter.

TARIFF REVISIONS

Establish a Preliminary Statement for the Solar and Battery Tax Memorandum Account.

TIER DESIGNATION

This advice letter is submitted with a Tier 1 designation, pursuant to D.25-12-024.

EFFECTIVE DATE

BVES respectfully requests this advice letter become effective January 21, 2026.

NOTICE AND PROTEST

A protest is a document objecting to the granting in whole or in part of the authority sought in this advice letter. A response is a document that does not object to the authority sought, but nevertheless presents information that the party tendering the response believes would be useful to the Commission in acting on the request.

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

A protest must state the facts constituting the grounds for the protest, the effect that approval of the advice letter might have on the protestant, and the reasons the protestant believes the advice letter, or a part of it, is not justified. If the protest requests an evidentiary hearing, the protest must state the facts the protestant would present at

¹ D.25-12-024, p. 19.

an evidentiary hearing to support its request for whole or partial denial of the advice letter.

The utility must respond to a protest within five days.

All protests and responses should be sent to:

California Public Utilities Commission, Energy Division
505 Van Ness Avenue
San Francisco, California 94102
E-mail: EDTariffUnit@cpuc.ca.gov

The protest or correspondence should also be sent via U.S. mail and/or electronically, if possible, to BVES at the addresses shown below on the same date it is delivered to the Commission.

Jenny Chen
Regulatory Affairs Manager
Bear Valley Electric Service, Inc.
E-mail: RegulatoryAffairs@bvesinc.com

If you have not received a reply to your protest within 10 business days, please contact Alicia Menchaca at (909) 630-5555.

Correspondence:

Any correspondence regarding this compliance filing should be sent by regular mail or e-mail to the attention of:

Regulatory Affairs
Bear Valley Electric Service, Inc.
630 E. Foothill Blvd.
San Dimas, California 91773
Email: RegulatoryAffairs@bvesinc.com

The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on who may file a protest.

Sincerely,

/s/Alicia Menchaca
Alicia Menchaca
Rate Analyst, Regulatory Affairs
Bear Valley Electric Service, Inc.

c: Cheryl Cox, Energy Division

Michael Campbell, California Public Advocates Office
Tamera Godfrey, California Public Advocates Office
Mina Botros, California Public Advocates Office
BVES General Order 96-B Service List

**Cal P.U.C.
Sheet No.**

Title of Sheet

**Cancelling
Cal P.U.C.
Sheet No.**

PRELIMINARY STATEMENTS
Solar and Battery Tax Memorandum Account
Sheet 1

PRELIMINARY STATEMENTS
Solar and Battery Tax Memorandum Account

JJJ. Solar and Battery Tax Memorandum Account

(N)

Bear Valley Electric Service, Inc. ("BVES") shall maintain the Solar and Battery Tax Memorandum Account ("SBTMA").

(C)

1. PURPOSE

Pursuant to D.25-12-024, Ordering Paragraph No. 5, the purpose of the SBTMA is to track and record any increase or decrease in the Investment Tax Credit ("ITC") allowed in a given tax year or in the aggregate, including but not limited to: the ITC rate, the amount of costs eligible for ITC, timing of when the ITC reduces tax liability, subsequent recapture events, subsequent ITC ineligibility if any, subsequent changes in tax laws, Internal Revenue Service audits and tax-related interest and penalties.

2. APPLICABILITY

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

3. RATES

The SBTMA does not have a rate component.

4. ACCOUNTING PROCEDURES

BVES shall maintain the SBTMA by making entries at the end of each month as follows:

a. Entries shall be made to the SBTMA at the end of each month to record the differences between the Solar Project and the Battery Storage Project's adopted and realized ITC.

b. Interest shall to the SBTMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Non-Financial 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 SBTMA shall have the effective date of January 21, 2026.

(C)

6. DISPOSITION

Disposition of amounts recorded in the SBTMA shall be addressed in a Tier 3 advice letter pursuant to D.25-12-024, OP 6.

(Continued)

Advice Letter No. 535-E
Decision No. 25-12-024

Issued By
Paul Marconi
President

Date Filed January 21, 2026
Effective January 21, 2026
Resolution No. _____

BEAR VALLEY ELECTRIC SERVICE, INC.

G.O. 96-B

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