

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Bear Valley Electric Service, Inc.
(U 913 E) for authorization to issue and sell
additional debt and equity securities not exceeding
the aggregate amount of \$120,000,000 and other
related requests.

Application 23-06-__
(Filed June 13, 2023)

**APPLICATION OF BEAR VALLEY ELECTRIC SERVICE, INC. (U 913 E)
FOR AUTHORIZATION TO ISSUE AND SELL ADDITIONAL
DEBT AND EQUITY SECURITIES**

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June 13, 2023

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**I.
INTRODUCTION AND SUMMARY**

Pursuant to Articles 5 and 6 of Chapter 4, Part 1, Division 1 of the California Public Utilities Code¹ and Rule 3.5 of the Rules of Practice and Procedure (the “Rules”) of the California Public Utilities Commission (the “Commission”), by this application (“Application”), BEAR VALLEY ELECTRIC SERVICE, INC. (“BVES” or “Bear Valley”) requests that the Commission:

- (1) Authorize BVES to issue, sell and deliver by public offering or private placement securities not exceeding \$120,000,000 in aggregate offering amount, said securities consisting of, but not limited to, (i) common shares (“New Equity Securities”), and (ii) bonds, debentures, notes, and other evidences of indebtedness (“New Debt Securities”), in each case on terms and conditions in accordance with this Application at any time (the New Equity Securities and the New Debt Securities, collectively, the “New Securities”);
- (2) Authorize BVES to use the net proceeds to be received from the New Securities for the purposes permitted under Section 817, including but limited to: (i) the retirement and discharge of all or a portion of its then outstanding short-term debt issued for temporary financing of additions to Bear Valley’s utility plant, (ii) reimbursement of BVES for capital expenditures and for the acquisition of utility properties, and (iii) refunding existing long-term debt obligations;

¹ Except as otherwise specifically stated, all statutory or Section references in this Application are to Sections of the California Public Utilities Code

- (3) Authorize BVES to execute and deliver one or more indentures, supplemental indentures, loan, credit or note purchase agreements or other agreements or to approve board resolutions in lieu of the issuance of a supplemental indenture;
- (4) Authorize Bear Valley's evidences of indebtedness to be secured by Bear Valley property, including accounts receivable, pursuant to Section 851;
- (5) Authorize BVES to utilize interest rate management and enhancement techniques set forth in this Application to facilitate the issuance, sale and costs of its New Debt Securities;
- (6) Confirm that the features enhancing debt securities and interest rate management techniques described in this Application shall not be counted against Bear Valley's authorized amount of New Securities since these instruments would not affect the amount of the underlying securities issued;
- (7) Confirm that the Commission's Ordering Paragraph #7 of D.19-12-039 declaring that BVES is authorized under Section 823(c) to make short-term borrowings in excess of five percent of the par value of its other securities then outstanding remains valid and in full force;
- (8) Confirm that the Commission's Ordering Paragraph #8 of D.19-12-039 declaring that Bear Valley's short-term borrowings under its revolving credit arrangements are permitted to remain outstanding for a maximum period of 24 consecutive months remains valid and in full force;
- (9) Confirm that the Commission's Ordering Paragraph #9 of D.19-12-039 declaring that Bear Valley short-term borrowings described in Ordering Paragraphs #7 and #8 of D.19-12-039 (described immediately above) shall be classified as short-term debt under Section 823(b) remains valid and in full force;
- (10) Specify that the authority granted pursuant to this Application does not have an expiration date;
- (11) Specify that the authority granted pursuant to this Application shall become effective upon the payment of fees prescribed by Sections 1904(b) and 1904.1 of the California Public Utilities Code;
- (12) Issue an order, as required by Section 818, authorizing the issue of the New Securities, the amount thereof and the purposes to which the issue or the proceeds thereof are to be applied, and that, in the opinion of the Commission, the money, property or labor to be procured or paid for by the issue is reasonably required for the purposes specified in the order, and that, except as otherwise permitted in the order in the case of bonds, notes, or other evidences of indebtedness, such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; and

- (13) Grant such other and further relief as the Commission may deem to be appropriate in this matter.

The authorization of \$120,000,000 in New Securities requested in this Application is in addition to the unused authority previously granted in Commission Decision (“D”) 19-12-039, as described in the “Background” section below. A more complete statement of the authorization sought herein is set forth below and in the prepared testimony of Gladys Farrow (“Prepared Testimony”), and supported by the material facts, points and authorities and all other information contained therein and herein, including the exhibits attached to this Application.

II. CORPORATE INFORMATION

BVES is a public utility corporation engaged principally in the business of providing retail electric service to the Big Bear Lake resort area in the San Bernardino Mountains. BVES service territory is a resort community, comprised primarily of residential customers. BVES provides service to approximately 24,700 customers of which about 23,200 are residential customers and 1,500 are commercial, industrial, or public-authority customers. Included in the industrial category are a pilot electric vehicle program and relatively large accounts that provide service to two ski resorts and a local wastewater treatment facility. Unlike other utilities in California, BVES is a winter peaking utility.

BVES requests that copies of all communications and correspondence with regard to this Application be sent to:

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with a copy to:

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Golden State Water Company
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Data requests and related issues should be addressed to:

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BVES was organized as a California corporation on December 12, 2018. For the period between 1935 and 2020, BVES was a division of Golden State Water Company (“GSWC”). On July 1, 2020, GSWC completed the implementation of a corporate reorganization to transfer the electric utility assets and operations of its Bear Valley Electric Service Division to a newly established affiliate: Bear Valley Electric Service, Inc. The Commission authorized this reorganization in Decision 19-12-039. Both GSWC and BVES are now wholly-owned, first-tier subsidiaries of American States Water Company (“ASWC”). A copy of Bear Valley’s bylaws is filed herewith as Attachment A. A copy of Bear Valley’s Restated Articles of Incorporation is filed herewith as Attachment B.

III. BACKGROUND

Bear Valley’s initial financing authority was granted by Commission Decision 19-12-039, dated December 19, 2019, authorizing BVES to issue, sell and deliver by public offering or private placement new securities not exceeding \$75 million in aggregate offering amount, said new securities consisting of, but not limited to (i) common shares in an amount not exceeding \$25 million and (ii) other evidences of indebtedness in an amount not exceeding \$50 million.

On April 28, 2022, BVES issued new unsecured private placement notes totaling \$35.0 million. BVES used the proceeds to pay off its outstanding short-term bank loan balance under a revolving credit facility to meet the CPUC’s requirement of paying off the utility’s short-term borrowings every 24 months. Remaining authority under Decision 19-12-039 now totals \$40 million with \$15 million left for the issuance of new long-term debt securities and \$25 million for equity securities. BVES intends to use the remaining authorized amount of \$40 million during the first part of 2024, as this remaining \$40 million financing authority under D.19-12-039 remains valid and in full effect until used.

BVES anticipates substantial cash requirements in the next few years in upgrading infrastructure, investing in various capital projects, ensuring reliable energy supply as demands increase, meeting environmental regulation, refinancing short-term debt and increasing operational flexibility. A significant portion of the increase in debt and equity issuance authority being requested in this Application is attributable to the on-going threat from wildfires in California and the measures implemented by BVES, including capital investment, to mitigate the risk of a wildfire caused by BVES's equipment and operations; measures that are largely mandated by the California Legislature and the Commission. As a result, over the next 6 years, BVES anticipates a need for up to \$120,000,000 of additional debt and equity issuance authority, over and above the remaining authority of \$40 million from D.19-12-039, which remains in effect.

BVES requests herein authority to issue various kinds of New Securities. The types of New Securities that BVES requests authority to issue, and their features, are described briefly below and in more detail in the Prepared Testimony.

Further, BVES requests that the Commission's decision issued in this proceeding state explicitly that the financing authority granted herein has no expiration date, consistent with the Commission's established practice as reflected in Decision 00-12-054 and Decision 07-02-014.

IV. USE OF PROCEEDS FROM SALE OF SECURITIES

BVES would use the proceeds from the sale of the New Securities, after payment and discharge of obligations incurred for expenses incident to their issue and sale, to discharge all or a portion of Bear Valley's then existing short-term debt obligations and, to the extent there are proceeds remaining, for other purposes permitted by Section 817. A six-year projection of cash requirements during the calendar years 2023 through 2028 is reflected in the Statements of Cash

Flow, included in Attachment D. A Summary of the Uses and Sources of Funds is also included in Attachment D.

V.
DESCRIPTION OF THE NEW EQUITY SECURITIES

BVES hereby seeks authority to issue and sell the New Equity Securities for the purposes set forth in Section IV. The New Equity Securities include common shares as described below and in the Prepared Testimony.

BVES, by this Application, hereby seeks authority to issue, sell and deliver from time-to-time common shares to its parent, ASWC, for capital expenditures and other purposes permitted by Section 817. The amount, timing of the sale and the securities features have not yet been determined and would be established by BVES prior to the offering based on its funding requirements, and prevailing and anticipated market conditions.

BVES has not entered into any New Equity Securities purchase agreements as of this time and does not anticipate doing so with ASWC or any other party until the actual requirement for the issuance of the New Equity Securities is determined. BVES seeks authority at this time to issue the New Equity Securities, rather than waiting until a determination has been made by its Board of Directors to issue New Equity Securities or until all agreements have been executed, so as to have authority, when and if necessary, to sell the New Equity Securities in an expeditious and efficient manner and to receive timely equity infusion.

VI.
DESCRIPTION OF THE NEW DEBT SECURITIES

BVES seeks authority to issue the New Debt Securities, as described below and in the Prepared Testimony, so that it may expeditiously secure indebtedness at the lowest possible cost and with the most favorable terms that are consistent with the capital requirements of BVES. The

fluctuating conditions of the financial market do not allow BVES to ascertain which of its New Debt Securities (or combination thereof) would provide the most favorable terms to BVES at this time. BVES intends to determine the precise characteristics and methods associated with the issuance of each type of New Debt Securities at the time of sale with due regard for existing and anticipated financial market conditions. Such characteristics and methods include, among others, the amount, price, terms and conditions, and interest rate (which may be, among others, fixed, adjustable, variable or set by auction or remarketing). The types of the New Debt Securities that may be issued and the types of market terms BVES seeks authority to include with each type of New Debt Securities are briefly described below, and in more detail in the Prepared Testimony.

Bonds, Notes and Debentures: It is anticipated that bonds, notes or debentures would be sold for cash at an interest rate to be determined by market conditions at the time of sale and approved by Bear Valley's management and Board of Directors, or a committee thereof. It is anticipated that the bonds, notes or debentures could have a broad range in maturities. The redemption features of the bonds, notes or debentures may provide for redemption without a premium or for redemption upon various prescribed terms and conditions.

The bonds, notes or debentures may be secured (including mortgage bonds) or unsecured, may be convertible into New Equity Securities, may be issued at par or with an original issue discount, may be subordinated to other debt of BVES and may contain other terms customary in transactions of this type. Pursuant to Section 851, BVES requests authority to mortgage or encumber its plant, system or other property, including specifically its accounts receivables, to secure such bonds, notes or debentures (including mortgage bonds) as such mortgage or encumbrance could enable BVES to obtain bonds, notes or debentures (including mortgage bonds) on rates, terms or conditions more favorable for BVES and its customers.

BVES further requests authorization to execute and deliver, as necessary, new indentures, supplemental indentures, note purchase agreements or other agreements or to adopt Board resolutions in lieu of supplemental indentures in the form, which BVES believes appropriate and which reflects the terms of the bonds, notes or debentures. The bonds, notes or debentures may be sold on a firm commitment (“underwritten”), or agency (“best efforts”) basis or in a private placement or negotiated basis.

Loans: BVES may obtain loans with a maturity of greater than 12 months, pursuant to term loans with various financial institutions on a negotiated, private placement or agency basis. BVES may obtain such loans either when loans can result in an overall cost of money lower than that available through the issuance of alternative New Debt Securities or when BVES finds that interest rates or other circumstances appear unfavorable or that it is otherwise unable to issue alternative New Debt Securities on acceptable terms.

Loans, if obtained, would be obtained pursuant to credit, loan or note purchase agreements, with various terms and conditions as described in the Prepared Testimony. BVES hereby requests authorization to execute and deliver, as necessary, credit, loan or note purchase agreements, reimbursement obligations under letters of credit or financial guaranty insurance or other security or guarantees as necessary, in the form, which BVES believes appropriate and which reflects the terms of the loans.

Tax-Exempt Debt: BVES anticipates that, from time to time, the cost of the New Debt Securities may be reduced by indirectly obtaining funds through securities issued by one or more political subdivisions (the “Authority”) and unconditionally guaranteeing, or otherwise securing, such obligations of the Authority in respect of such Authority’s issuance of tax-exempt debt in connection with the financing of a portion of Bear Valley’s capital expenditures. BVES anticipates

the potential use of this tax-exempt option whenever its facilities qualify for tax-exempt financing under Federal or State law, and to the extent such funds for tax-exempt financing are available. In order to obtain the benefits of tax-exempt financing, BVES would engage in one or more financing arrangements with the Authority as described in the Prepared Testimony.

BVES hereby requests authorization to execute and deliver, as necessary, the necessary agreements, letters of credit or other security or guarantees as may be required, in the form which BVES believes is appropriate and which reflects the terms of the tax-exempt debt financing arrangements.

VII. FEATURES TO ENHANCE NEW DEBT SECURITIES

BVES hereby requests authorization to include at its discretion one or a combination of put options, call options, and sinking fund provisions to enhance the New Debt Securities. Such features are described in the Prepared Testimony and will be used as appropriate to improve the terms and conditions to BVES and to lower Bear Valley's overall costs for the benefit of its customers. BVES further requests that these instruments not be counted against its authorized amount of New Securities since these instruments would not affect the amount of the underlying securities issued.

VIII. INTEREST RATE MANAGEMENT TECHNIQUES

BVES requests authorization to utilize at its discretion one or more of the following interest rate management techniques in connection with the issuances of New Debt Securities: Treasury locks; Treasury options; forward-starting interest rate swaps; spread locks; spread options; interest rate swaps; and caps and collars. These management techniques are described in the Prepared Testimony and may be used as appropriate to minimize BVES's exposure to potential interest rate

increases for the benefit of its customers. Further, BVES requests that these interest rate management techniques not be counted against the authorized amount of New Securities since such techniques or instruments do not affect the amount of the underlying securities that would be issued by BVES.

IX. FINANCING RULE

Rules adopted in Commission Decision No. 12-06-015 issued on June 7, 2012 (referred to as “New Financing Rule”)² replaced the Competitive Bidding Rule under Commission Decision No. 38614, as amended in Commission Decision Nos. 49941, 75556, and 81908 and Commission Resolutions No. F-591 and No. F-616. Among the changes, the New Financing Rule allows utilities to choose whether to issue debt via competitive or negotiated bid, as long as the basis for the method is chosen to achieve the lowest cost of capital; requires utilities with \$25 million or more of operating revenues to make every effort to encourage, assist, and recruit Women-, Minority-, Disabled Veteran-Owned Business Enterprises (“WMDVBE”) in being appointed as lead underwriter, book runner or co-manager of debt offerings; eliminates the notification and form of communication requirement for the solicitation of bids; has new requirements for the use of debt enhancement features; and provides additional exemptions applicable to use of the New Financing Rule.

Supplier Diversity Program. In compliance with Sections 8281-8286 of the California Public Utilities Code and the Commission’s General Order 156, GSWC implemented its Utility Supplier Diversity Program (“USDP”) in 2004. In 2020, as a result of the reorganization that formed BVES as a separate entity, BVES implemented its own USDP program separate from

² Decision 12-06-015 adopted the New Financing Rule and General Order 24-C.

GSWC. Bear Valley's USDP encourages businesses owned by women, minorities, disabled veterans, lesbians, gays, bisexuals and transgenders ("WMDVLGBTE") to supply BVES with needed products and services. In Bear Valley's 2022 Annual Report on the Utilization of WMDVLGBTE, BVES reported that 38.1% of its 2022 annual procurement expenditures were awarded to WMDVLGBTE businesses. BVES continues to educate its employees about USDP and participates in outreach events for WMDVLGBTE businesses.

BVES commits to use its best efforts to encourage the participation of diverse suppliers in any transaction conducted under the requested authorization in this Application. In addition, where diverse suppliers are unavailable or unqualified to perform the subject services, BVES will use its best efforts to encourage the secondary use of diverse suppliers by its elected suppliers, within the spirit of its supplier diversity program. BVES will continue its commitment to use its best efforts to encourage the participation of diverse suppliers on any future financings.

X.

CONFIRM PRIOR AUTHORIZATION TO ALLOW CERTAIN SHORT-TERM BORROWINGS TO REMAIN OUTSTANDING FOR A PERIOD UP TO 24 MONTHS

The Commission has long held that the period for short-term debt is a maximum of 12 months, and that Sections 817, 818, 821(d) and 830 clearly restrict the issuing of short-term debt to a 12-month period.³ More specifically, both Section 818 and the holding company rules issued on June 18, 1998 in Decision 98-06-068 ("Holding Company Rules") require a utility to receive prior approval from the Commission regarding any short-term indebtedness payable at periods of more than 12 months after the date of issuance.⁴

In Application 18-12-019, BVES requested the Commission waive the requirements of Section 818 and the Holding Company Rules restriction on short-term indebtedness payable at

³ D.10-09-026 at p. 11.

⁴ D.12-11-034 at p. 8.

periods of more than 12 months, but only as they apply to Bear Valley's revolving credit arrangements for short-term purposes for a term of up to 24 months. Bear Valley stated that with this waiver request, BVES would be allowed to bring the balance of its revolving credit arrangement down to zero at least once every 24 months.⁵

In response to Bear Valley's request, the Commission issued Ordering Paragraph #8 in D.19-12-039, which provides:

Notwithstanding the limitations contained in Public Utilities Code Section 818, Bear Valley Electric Service, Inc.'s short-term borrowings under its revolving credit arrangements are permitted to remain outstanding for a maximum period of 24 months.

In reliance upon that authority, BVES entered into, and currently maintains, a revolving credit arrangement for short-term purposes, with short-term borrowings remaining outstanding for a maximum period of 24 months. In support of its prior and continuing authorization under D.19-12-039 of a revolving credit arrangement for short-term purposes, with short-term borrowings remaining outstanding for a maximum period of 24 months, BVES sets forth in its Prepared Testimony the benefits and value of the authority for BVES to utilize such revolving credit arrangements. As is common in financing arrangements, BVES provided representations and warranties that it had authority to enter into the existing revolving credit arrangement.

To ensure the validity of Bear Valley's current, as well as anticipated future, revolving credit arrangements for short-term purposes, with short-term borrowings remaining outstanding for a maximum period of 24 months, BVES requests that the Commission confirm that Ordering Paragraph #8 of D.19-12-039 remains valid and in full force.

XI. CONFIRM PRIOR AUTHORIZATION TO MAKE

⁵ A.18-12-019 at pp. 36-38. See also, fn.1, D.19-12-039 at p. 3.

**SHORT-TERM BORROWINGS IN EXCESS OF FIVE PERCENT OF PAR VALUE
OF OTHER BVES OUTSTANDING SECURITIES**

Section 823(c) provides that a utility may not issue short-term notes in an amount that exceeds in aggregate an amount equal to five percent of the par value of the utility's other securities then outstanding without prior Commission approval. In Application 18-12-019, BVES requested authority to make short-term borrowings in excess of five percent of the company's other securities then-outstanding.⁶ In D.19-12-039, the Commission granted Bear Valley's request, stating in Ordering Paragraph #7:

Bear Valley Electric, Inc. is authorized under Public Utilities Code Section 823I to make short-term borrowings in excess of 5 percent of the par value of its other securities then outstanding.

Accordingly, to ensure the validity of Bear Valley's existing, as well as future, short-term borrowings that exceed five percent of the par value of its other securities then outstanding, BVES requests that the Commission confirm that Ordering Paragraph #7 of D.19-12-039 continues to remain valid and in full force.

**XII.
CONFIRM PRIOR ORDER THAT CERTAIN BORROWINGS
WILL BE CLASSIFIED AS SHORT-TERM DEBT UNDER SECTION 823(B)**

In D.19-12-039, the Commission addressed the effect of its Ordering Paragraph #7 (authorizing BVES to make short-term borrowing in excess of five percent of outstanding securities) and Ordering Paragraph #8 (authorizing 24-month revolving credit arrangements) by declaring the following:

The short-term borrowings described in Ordering Paragraphs 7 and 8 shall be classified as short-term debt under Public Utilities Code Section 823(b).⁷

⁶ A. 18-12-019 at p. 24.

⁷ D.19-12-039, Ordering Paragraph #9, at p. 12.

To ensure that short-term borrowings referred to in Ordering Paragraphs 7 and 8 that were previously issued, and those to be issued in the future, continue to be properly classified as short-term debt under Section 823(b), BVES requests that the Commission confirm that Ordering Paragraph #9 of D.19-12-039 continues to remain valid and in full force.

XIII. PROPOSED CATEGORIZATION, NEED FOR HEARING AND PROPOSED SCHEDULE

In accordance with Rule 7.1 (a), BVES provides the following information concerning “the proposed category for the proceeding, the need for hearing, the issues to be considered, and a proposed schedule.”

BVES proposes to categorize this Application as a “ratesetting” proceeding within the meaning of Rules 1.3 I and 7.1 (e). As such, BVES files with this Application as Attachments A through F supplemental information pertaining to the authorizations requested in this Application as required by Public Utilities Code §§ 816-830. BVES will also offer and serve supporting and direct testimony of Gladys Farrow. BVES believes there will be no material factual issues at issue and, therefore, that no hearing will be necessary in this proceeding. Accordingly, BVES respectfully requests that the Commission find that no hearing is necessary in respect of this Application. *Ex parte* grant of the authorizations sought herein at the earliest possible date will permit BVES to proceed with its proposed financings in an expeditious manner. Such expeditious treatment will, in turn, allow BVES to pursue its utility objectives in a more timely and cost-effective manner to the benefit of ratepayers.

If, however, the Commission finds that a public hearing is necessary, BVES requests that such hearing be conducted as soon as practicable. BVES is prepared to proceed with any necessary hearing.

BVES proposes the following procedural schedule if no hearing is required:

EVENT	DATE
Application filed	June 13, 2023
Protests filed, if any	30-days after notice of filing in the Commission’s Daily Calendar July 14, 2023
ALJ Draft Decision	August 15, 2023
Comments on Draft Decision	September 5, 2023
Final Commission Decision	September 21, 2023

The issues in this proceeding are whether BVES should be authorized, pursuant to and consistent with California Public Utilities Code § 816-830, to issue and sell the securities as described herein, with the features described herein, and to characterize such securities in the manner described herein. BVES is unaware of any specific objections any party might raise to any of these issues.

**XIV.
INFORMATION REQUIRED BY RULE 3.5**

As required by Rule 3.5(a), BVES provides the following information. BVES provides retail electric service to the Big Bear Lake resort area in the San Bernardino Mountains. Bear Valley’s service territory is a 32-square mile area surrounding Big Bear Lake and includes the communities of Big Bear Lake, Big Bear City, Fawnskin, Erwin Lake, Moonridge, Sugarloaf, Baldwin Lake, and Boulder Bay.

The BVES system is comprised of 18.8 circuit miles of overhead (bare) 34.5 kilovolt (kV) sub-transmission, 9.8 circuit miles of overhead (covered) 34.5 kV sub-transmission, 1.0 circuit mile of 34.5 kV underground transmission, 163.5 circuit mile of overhead (bare) 4 kV distribution, 15.7 circuit miles of overhead (covered) 4 kV distribution, 54.5 circuit miles of 4

kilovolt underground distribution, 13 sub-stations and a natural gas-fueled 8.4 MW peaking generation facility.

BVES has only one generation facility, the Bear Valley Power Plant (“BVPP”), which is located at the site of the BVES Main Office and began commercial operations in January 2005. The BVPP consists of seven internal combustion engines each rated at 1.2 MW (8.4 MW total) and fueled by natural gas.

BVES capitalizes, as utility plant, the cost of construction and the cost of additions, betterments and replacements of retired units of property. Such costs include labor, material and certain indirect charges. Depreciation is computed on the straight-line, remaining-life basis, group method for accounting and ratemaking purposes. At retirement, the original cost of depreciable property, less any net salvage value, is charged to the accumulated depreciation reserve for accounting and ratemaking purposes. The original cost and depreciation reserve applicable to Bear Valley’s property and equipment are shown in the Balance Sheet included in Attachment C of this Application.

XV. ATTACHMENTS

Attachments A through E described below are incorporated into this Application:

- Attachment A contains a copy of Bear Valley’s Bylaws.
- Attachment B contains a copy of Bear Valley’s Restated Articles of Incorporation.
- Attachment C contains (i) Bear Valley’s Financial Statements as of and for the three and twelve months ended March 31, 2023 and December 31, 2022, respectively; and (ii) supplemental information to the financial statements.
- Attachment D contains the following statements:

1. Capitalization ratios as of March 31, 2023 and projected ratios as of December 31, 2023 through 2028, which include the effects of the issuance of \$120,000,000 in securities, the authority for which is being requested in this Application, which is over and above the remaining \$40,000,000 financing authority granted in D.19-12-039.
 2. Summary of Bear Valley's actual capital expenditures for 2022, budgeted capital expenditures for 2023 as approved by its Board of Directors, or a committee thereof, and projected expenditures for 2024 through 2028, all of which is included in the Statements of Cash Flow.
 3. Statements of Cash Flow estimated for the years ending December 31, 2023 through 2028 and actual for the year ended December 31, 2022.
 4. Summary of the Uses and Sources of Funds estimated for the years ending December 31, 2023 through 2028 and actual for the year ended December 31, 2022.
- Attachment E contains a link to Bear Valley's FERC Form 1 for the three and twelve months ended March 31, 2023 and December 31, 2022, respectively.
 - https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20230525-8028
 - https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20230414-8044

XVI. REQUESTED AUTHORIZATIONS

WHEREFORE, BVES respectfully requests that the Commission:

- (1) Authorize BVES to issue, sell and deliver by public offering or private placement securities not exceeding \$120,000,000 in aggregate offering amount, said New Securities consisting of, but not limited to, (i) New Equity Securities consisting of common shares and (ii) New Debt Securities consisting of bonds, debentures, notes, and other evidences of indebtedness, in each case on terms and conditions in accordance with this Application at any time;
- (2) Authorize BVES to use the net proceeds to be received from the New Securities for the purposes permitted under Section 817, including but not limited to (i) the retirement and discharge of all or a portion of its then outstanding short-term debt issued for temporary financing of additions to Bear Valley's utility plant, (ii) reimbursement of BVES for capital expenditures and for the acquisition of utility properties, and (iii) refunding existing long-term debt obligations;

- (3) Authorize BVES to execute and deliver one or more indentures, supplemental indentures, loan, credit or note purchase agreements, credit agreements or other agreements or to approve board resolutions in lieu of the issuance of a supplemental indenture;
- (4) Authorize Bear Valley's evidences of indebtedness to be secured by Bear Valley property, including accounts receivables, pursuant to Section 851;
- (5) Authorize BVES to utilize interest rate management and enhancement techniques set forth in this Application to facilitate the issuance, sale and costs of its New Debt Securities;
- (6) Confirm that the features enhancing debt securities and interest rate management techniques described in this Application shall not be counted against Bear Valley's authorized amount of New Securities since these instruments would not affect the amount of the underlying securities issued;
- (7) Confirm that the Commission's Ordering Paragraph #7 of D.19-12-039 declaring that BVES is authorized under Section 823(c) to make short-term borrowings in excess of five percent of the par value of its other securities then outstanding remains valid and in full force;
- (8) Confirm that the Commission's Ordering Paragraph #8 of D.19-12-039 declaring that Bear Valley's short-term borrowing under its revolving credit arrangements are permitted to remain outstanding for a maximum period of 24 consecutive months remains valid and in full force ;
- (9) Confirm that the Commission's Ordering Paragraph #9 of D.19-12-039 declaring that Bear Valley short-term borrowings described in Ordering Paragraphs #7 and #8 of D.19-12-039 (described immediately above) shall be classified as short-term debt under Section 823(b) remains valid and in full force;
- (10) Specify that the authority granted pursuant to this Application does not have an expiration date;
- (11) Specify that the authority granted pursuant to this Application shall become effective upon the payment of fees prescribed by Sections 1904(b) and 1904.1 of the California Public Utilities Code;
- (12) Issue an order, as required by Section 818, authorizing the issue of the New Securities, the amount thereof and the purposes to which the issue or the proceeds thereof are to be applied, and that, in the opinion of the Commission, the money, property or labor to be procured or paid for by the issue is reasonably required for the purposes specified in the order, and that, except as otherwise permitted in the order in the case of bonds, notes, or other evidences of indebtedness, such purposes are not, in whole or in part, reasonably chargeable to operating expenses or to income; and

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- (13) Grant such other and further relief as the Commission may deem to be appropriate in this matter.

DATED: at Big Bear Lake, California on June 13, 2023.

Respectfully submitted,

By: **Paul Marconi,**
President

Digitally signed by Paul Marconi, President
Date: 2023.06.13 16:48:55 -07'00'

Paul Marconi
President, Secretary and Treasurer
Bear Valley Electric Service, Inc.
42020 Garstin Drive
P.O. Box 1547
Big Bear Lake, California 92315
(Tel) 800-808-2837
(Fax) 909-866-5056
Paul.Marconi@bvesinc.com

VERIFICATION

With respect to the within Application, the undersigned certifies that he holds the position indicated below his name; that he is authorized to make this verification for and on behalf of said entity; that he has read the Application and knows the contents thereof; and that the same is true of his own knowledge and belief, except as to those matters which are thereon stated upon his information or belief, and as to those matters, he believes them to be true.

The undersigned declares under penalty of perjury that the foregoing is true and correct.

Executed on June 13, 2023, at Big Bear Lake, California.

Paul Marconi, Digitally signed by Paul
President Marconi, President
Date: 2023.06.13
16:43:19 -07'00'

Paul Marconi
President, Secretary and Treasurer
Bear Valley Electric Service, Inc.
42020 Garstin Drive
P.O. Box 1547
Big Bear Lake, California 92315
(Tel) 800-808-2837
(Fax) 909-866-5056
Paul.Marconi@bvesinc.com

BYLAWS

**for the regulation, except
as otherwise provided by statute or
its Articles of Incorporation,
of
Bear Valley Electric Service, Inc.
(a California corporation)**

ARTICLE I. Offices.

Section 1. PRINCIPAL EXECUTIVE OFFICE. The principal executive office of the corporation shall be fixed and located at such place as the Board of Directors (herein called the "Board") shall determine. The Board is hereby granted full power and authority to change said principal executive office from one location to another.

Section 2. OTHER OFFICES. Branch or subordinate offices may at any time be established by the Board at any place or places.

ARTICLE II. Meetings of Shareholders.

Section 1. PLACE OF MEETINGS. Meetings of shareholders shall be held either at the principal executive office of the corporation or at any other place within or without the State of California which may be designated either by the Board or by the written consent of all persons entitled to vote thereat, given either before or after the meeting and filed with the Secretary.

Section 2. ANNUAL MEETINGS. The annual meetings of shareholders shall be held on such date and at such time as may be fixed by the Board.

Section 3. SPECIAL MEETINGS. Special meetings of the shareholders, for any purpose or purposes whatsoever, may be called at any time by the Board, the Chairman of the Board, the President, or by the holders of shares entitled to cast not less than ten percent of the votes at such meeting.

ARTICLE III. Directors.

Section 1. POWERS. Subject to limitations of the Articles, these Bylaws and the California General Corporation Law as to action required to be approved by the shareholders or by the outstanding shares, the business and affairs of the corporation shall be managed and all corporate powers shall be exercised by or under the direction of the Board.

Section 2. NUMBER OF DIRECTORS. Prior to the commencement of operations as an electric utility, the authorized number of directors should be one. After the commencement of operations as an electric utility, the authorized number of directors shall be three.

ARTICLE IV. Officers.

Section 1. OFFICERS. The officers of the corporation shall be a President, a Secretary, and a Treasurer. The corporation may also have, at the discretion of the Board, such other officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may from time to time determine.

Section 2. PRESIDENT. The President shall be the chief executive officer of the corporation and has, subject to the control of the Board, general supervision, direction and control of the business and officers of the corporation. The President shall preside at all meetings of the shareholders and at all meetings of the Board. The President has the general powers and duties of management usually vested in the office of president of a corporation and has such other powers and duties as may be prescribed by the Board.

Section 3. SECRETARY. The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board may order, a book of minutes of all meetings of the shareholders, the Board and its committees, and a share register or a duplicate share register.

The Secretary shall give, or cause to be given, notice of all the meetings of the shareholders and of the Board and any committees thereof required by the Bylaws or by law to be given, shall keep the seal of the corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board.

Section 4. TREASURER The Treasurer is the chief financial officer of the corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation, and shall send or cause to be sent to the shareholders of the corporation such financial statements and reports as are by law or these Bylaws required to be sent to them. The books of account shall at all times be open to inspection by any director.

The Treasurer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the corporation as may be ordered by the Board, shall render to the President and the directors, whenever they request it, an account of all transactions as Treasurer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board.

ARTICLE V. Other Provisions.

Section 1. ANNUAL REPORT TO SHAREHOLDERS. The annual report to shareholders referred to in Section 1501 of the California General Corporation Law is expressly waived, but nothing herein shall be interpreted as prohibiting the Board from issuing annual or other periodic reports to shareholders.

Section 2. CONSTRUCTION AND DEFINITIONS. Unless the context otherwise requires, the general provisions, rules of construction and definitions contained in the

General Provisions of the California Corporations Code and in the California General Corporation Law shall govern the construction of these Bylaws.

ARTICLE VI. Amendments.

These Bylaws may be amended or repealed either by approval of the outstanding shares (as defined in Section 152 of the California General Corporation Law) or by the approval of the Board; provided, however, that after the issuance of shares, a bylaw specifying or changing a fixed number of directors or the maximum or minimum number or changing from a fixed to a variable number of directors or vice versa or reducing the number of directors may be adopted only by approval of the outstanding shares, and shall be subject to the provisions of Section 212(a) of the California General Corporation Law.

ARTICLE VII. Indemnification.

Section 1. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

(a) Each person who was or is a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a “proceeding”), by reason of the fact that he or she is or was a director or officer of the corporation, or of any predecessor corporation, or is or was a director or officer who is or was serving at the request of the corporation as a director, officer, employee or other agent of another corporation, a partnership, joint venture, trust or other enterprise (including service with respect to corporation-sponsored employee benefit plans), whether the basis of such proceeding is alleged action or inaction in an official capacity as a director or officer or in any other capacity while serving as a director or officer, shall, subject to the terms of any agreement between the corporation and such person, be indemnified and held harmless by the corporation to the fullest extent permissible under California law and the corporation’s Articles, against all expense, liability and loss (including attorneys’ fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith; provided, however, that amounts paid in settlement of a proceeding shall be payable only if the settlement is approved in writing by the corporation. Such indemnification shall continue as to a person who has ceased to be a director or officer for acts performed while a director or officer and shall inure to the benefit of his or her heirs, executors and administrators. Notwithstanding the foregoing, the corporation shall indemnify any such person in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of the corporation. The right to indemnification conferred in this Article shall include the right to be paid by the corporation the expenses incurred in defending any proceeding in advance of final disposition to the fullest extent permitted by law, provided, however, that the payment under this Article of such expenses in advance of the final disposition of a proceedings shall be conditioned upon the delivery to the corporation of a written request for such advance and of an undertaking by or on behalf of the director or officer to repay all amounts so advanced if it shall be ultimately determined that such director or officer is not entitled to be indemnified.

(b) Notwithstanding the foregoing or any other provisions under this Article, the corporation shall not be liable under this Article to indemnify a director or officer against

expenses, liabilities or losses incurred or suffered in connection with, or make any advances with respect to, any proceeding against a director or officer: (i) as to which the corporation is prohibited by applicable law from paying as an indemnity, (ii) with respect to expenses of defense or investigation, if such expenses were or are incurred without the corporation's consent (which consent may not be unreasonably withheld), (iii) for which payment is actually made to the director or officer under a valid and collectible insurance policy maintained by the corporation, except in respect of any excess beyond the amount of payment under such insurance, (iv) for which payment is actually made to the director or officer under an indemnity by the corporation otherwise than pursuant to this Bylaw Article, except in respect of any excess beyond the amount of payment under such indemnity, (v) based upon or attributable to the director or officer gaining in fact any personal profit or advantage to which he or she was not legally entitled, (vi) for an accounting of profits made from the purchase or sale by the director or officer of securities of the corporation pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law, or (vii) based upon acts or omissions involving intentional misconduct or a knowing and culpable violation of law.

Section 2. INDEMNIFICATION OF EMPLOYEES AND AGENTS. A person who was or is a party or is threatened to be made a party to or is involved in any proceeding by reason of the fact that he or she is or was an employee or agent of the corporation or is or was an employee or agent of the corporation who is or was serving at the request of the corporation as an employee or agent of another enterprise, including service with respect to corporation-sponsored employee benefits plans, whether the basis of such action is alleged action or inaction in an official capacity or in any other capacity while serving as an employee or agent, may, upon appropriate action by the corporation and subject to the terms of any agreement between the corporation and such person, be indemnified and held harmless by the corporation up to the fullest extent permitted by California law and the corporation's Articles, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid or to be paid in settlement) actually and reasonably incurred or suffered by such person in connection therewith.

Section 3. RIGHT OF DIRECTORS AND OFFICERS TO BRING SUIT. If a claim under Section 1 of this Article is not paid by the corporation or on its behalf within 90 days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim, and, if successful in whole or in part, the claimant also shall be entitled to be paid the expense of prosecuting such claim.

Section 4. SUCCESSFUL DEFENSE. Notwithstanding any other provision of this Article, to the extent that a director or officer has been successful on the merits or otherwise (including the dismissal of a proceeding without prejudice or the settlement with the written consent of the corporation of a proceeding without admission of liability) in defense of any proceeding referred to in Section 1 or in defense of any claim, issue or matter therein, such director or officer shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred in connection therewith.

Section 5. INDEMNITY AGREEMENTS. The corporation may enter into agreements with any director, officer, employee or agent of the corporation providing for indemnification to the fullest extent permissible under applicable law and the corporation's Articles.

Section 6. SUBROGATION. In the event of payment by the corporation of a claim under Section 1 of this Article, the corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnified person, who shall execute all papers required and shall do everything that may be necessary or appropriate to secure such rights, including the execution of such documents necessary or appropriate to enable the corporation effectively to bring suit to enforce such rights.

Section 7. NON-EXCLUSIVITY RIGHTS. The right to indemnification provided by this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, bylaw, agreement, vote of shareholders or disinterested directors or otherwise.

Section 8. INSURANCE. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, a partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under California law.

Section 9. EXPENSES AS A WITNESS. To the extent that any director, officer or employee of the corporation is by reason of such position a witness in any action, suit or proceeding, he or she will be indemnified against all costs and expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

Section 10. NONAPPLICABILITY TO FIDUCIARIES OF EMPLOYEE BENEFIT PLANS. This article does not apply to any proceeding against any trustee, investment manager or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be an agent of the corporation. The corporation shall have power to indemnify such trustee, investment manager or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California General Corporation Law.

Section 11. SEPARABILITY. Each and every paragraph, sentence, term and provision of this Article is separate and distinct so that if any paragraph, sentence, term or provision shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall not affect the validity or enforceability of any other paragraph, sentence, term or provision hereof. To the extent required, any paragraph, sentence, term or provision of this Article may be modified by a court of competent jurisdiction to preserve its validity and to provide the claimant with, subject to the limitations set forth in this Article and any agreement between the corporation and the claimant, the broadest possible indemnification permitted under applicable law.

Section 12. EFFECT OF REPEAL OR MODIFICATION. Any repeal or modification of this Article shall not adversely affect any right of indemnification of a director,

officer, employee or agent of the corporation existing at the time of such repeal or modification with respect to any action or omission occurring prior to such repeal or modification.



Secretary of State
Statement of Information
 (California Stock, Agricultural
 Cooperative and Foreign Corporations)

SI-550

11A

19-012136

FILED
 Secretary of State
 State of California
FEB 13 2019

IMPORTANT — Read instructions before completing this form.

Fees (Filing plus Disclosure) — \$25.00;

Copy Fees — First page \$1.00; each attachment page \$0.50;
Certification Fee — \$5.00 plus copy fees

1. Corporation Name (Enter the exact name of the corporation as it is recorded with the California Secretary of State. Note: If you registered in California using an assumed name, see instructions.)

Bear Valley Electric Service, Inc.

This Space For Office Use Only

2. 7-Digit Secretary of State File Number

C4217859

3. Business Addresses

a. Street Address of Principal Executive Office - Do not list a P.O. Box 42020 Garstin Drive	City (no abbreviations) Big Bear Lake	State CA	Zip Code 92315
b. Mailing Address of Corporation, if different than Item 3a 630 E. Foothill Blvd.	City (no abbreviations) San Dimas	State CA	Zip Code 91773
c. Street Address of Principal California Office, if any and if different than Item 3a - Do not list a P.O. Box	City (no abbreviations)	State CA	Zip Code

4. Officers The Corporation is required to list all three of the officers set forth below. An additional title for the Chief Executive Officer and Chief Financial Officer may be added; however, the preprinted titles on this form must not be altered.

a. Chief Executive Officer/ Robert	First Name Robert	Middle Name J	Last Name Sprowls	Suffix
Address 630 E. Foothill Blvd.	City (no abbreviations) San Dimas	State CA	Zip Code 91773	
b. Secretary Gladys	First Name Gladys	Middle Name M	Last Name Farrow	Suffix
Address 630 E. Foothill Blvd.	City (no abbreviations) San Dimas	State CA	Zip Code 91773	
c. Chief Financial Officer/ Gladys	First Name Gladys	Middle Name M	Last Name Farrow	Suffix
Address 630 E. Foothill Blvd.	City (no abbreviations) San Dimas	State CA	Zip Code 91773	

5. Director(s) California Stock and Agricultural Cooperative Corporations ONLY. Item 5a: At least one name and address must be listed. If the Corporation has additional directors, enter the name(s) and addresses on Form SI-550A (see instructions).

a. First Name Robert	Middle Name J	Last Name Sprowls	Suffix
Address 630 E. Foothill Blvd.	City (no abbreviations) San Dimas	State CA	Zip Code 91773
b. Number of Vacancies on the Board of Directors, if any <input type="text"/>			

6. Service of Process (Must provide either Individual OR Corporation.)
INDIVIDUAL — Complete items 6a and 6b only. Must include agent's full name and California street address.

a. California Agent's First Name (if agent is not a corporation) Gladys	Middle Name M	Last Name Farrow	Suffix
b. Street Address (if agent is not a corporation) - Do not enter a P.O. Box 630 E. Foothill Blvd.	City (no abbreviations) San Dimas	State CA	Zip Code 91773

CORPORATION — Complete item 6c only. Only include the name of the registered agent Corporation.

c. California Registered Corporate Agent's Name (if agent is a corporation) — Do not complete item 6a or 6b

7. Type of Business

Describe the type of business or services of the Corporation
 Electric Utility

8. The information contained herein, including in any attachments, is true and correct.

2/11/2019
Date

Gladys M Farrow
Type or Print Name of Person Completing the Form

Treasurer/Sec.
Title

Gladys Farrow
Signature

ARTICLES OF INCORPORATION
OF
BEAR VALLEY ELECTRIC SERVICE, INC.

FILED *CW*
Secretary of State
State of California *GS*

DEC 12 2018

Name

One: The name of the corporation is Bear Valley Electric Service, Inc.

LCC

Purpose

Two: The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Initial Address; Agent for Service

Three: The initial address of the corporation is 42020 Garstin Drive, Big Bear Lake, California 92315. The name of the corporation's initial agent for service of process is Gladys Farrow, 630 East Foothill Blvd., San Dimas, California 91773.

Authorized Shares

Four: The total number of shares which the corporation is authorized to issue is One Thousand (1,000) shares with no par value.

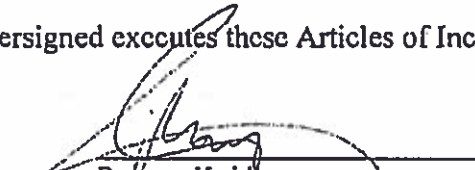
Director Liability

Five: The liability of the directors of the corporation for monetary damages shall be eliminated to the fullest extent permissible under California law.

Indemnification of Agents

Six: The corporation is authorized to provide indemnification of agents (as defined in Section 317 of the California Corporations Code) through bylaw provisions, agreements with agents, vote of shareholders or disinterested directors or otherwise, in excess of the indemnification otherwise permitted by Section 317 of the California Corporations Code, subject only to the applicable limits set forth in Section 204 of the California Corporations Code with respect to actions for breach of duty to the corporation and its shareholders.

IN WITNESS WHEREOF, the undersigned executes these Articles of Incorporation



Roman Koid
Sole Incorporator

Attachment C
1 - Bear Valley Electric Service, Inc. - Balance Sheets
As of March 31, 2023 and December 31, 2022
(Unaudited)

(in thousands)

	March 31, 2023	December 31, 2022
ASSETS		
Utility Plant, at cost		
Electric	\$ 135,827	\$ 133,815
	135,827	133,815
Less - Accumulated depreciation	(55,267)	(54,509)
	80,560	79,306
Construction work in progress	44,533	40,254
Net utility plant	125,093	119,560
Other Property and Investments		
Other property and investments	207	207
Total other property and investments	207	207
Current Assets		
Cash and cash equivalents	240	183
Accounts receivable - customers, less allowance for doubtful accounts	2,596	3,099
Unbilled revenue - receivable	1,668	1,988
Income taxes receivable from Parent	1,458	1,491
Materials and supplies	3,102	2,999
Prepayments and other current assets	987	636
Purchase power contract derivative at fair value	6,669	11,902
Total current assets	16,720	22,298
Other Assets		
Regulatory assets	10,474	5,694
Other	217	244
Total other assets	10,691	5,938
Total Assets	\$ 152,711	\$ 148,003
 CAPITALIZATION AND LIABILITIES		
Capitalization		
Common shareholder's equity	\$ 67,237	\$ 64,869
Long-term debt	34,804	34,799
Total capitalization	102,041	99,668
Current Liabilities		
Accounts payable	5,134	5,419
Regulatory liabilities	2,097	4,574
Accrued employee expenses	862	726
Accrued interest	863	436
Other	1,357	773
Total current liabilities	10,313	11,928
Other Credits		
Notes payable to banks	25,000	22,000
Deferred income taxes	14,991	14,057
Other	366	350
Total other credits	40,357	36,407
Total Capitalization and Liabilities	\$ 152,711	\$ 148,003

Attachment C (continued)
2 - Bear Valley Electric Service, Inc. - Statements of Income
For the Three Months Ended March 31, 2023 and Twelve Months Ended December 31, 2022
(Unaudited)

<i>(in thousands)</i>	<u>Three Months Ended March 31, 2023</u>	<u>Twelve Months Ended December 31, 2022</u>
Operating Revenue		
Electric	\$ 12,904	\$ 39,986
Total Operating Revenue	<u>12,904</u>	<u>39,986</u>
Operating Expenses		
Power Purchased For Resale	4,986	15,039
Supply Cost Balancing Accounts	(1,059)	(3,357)
Other Operating Expenses	1,059	3,311
Administrative & General Expenses	2,673	7,899
Depreciation & Amortization	748	2,792
Maintenance	321	723
Property & Other Taxes	545	1,837
Total Operating Expenses	<u>9,273</u>	<u>28,245</u>
Operating Income	3,631	11,741
Other Income and Expenses		
Interest Expense	834	1,225
Interest Income	(261)	(394)
Other	(13)	(406)
Total Other Income & Expenses	<u>560</u>	<u>426</u>
Income Before Income Taxes	<u>3,071</u>	<u>11,315</u>
Income Tax Expense	<u>701</u>	<u>2,439</u>
Net Income	<u>\$ 2,370</u>	<u>\$ 8,876</u>

Attachment C (continued)

**3 - Bear Valley Electric Service, Inc. - Supplemental Information to the Financial Statements
Issuances of Debt & Equity Outstanding as of March 31, 2023**

(a) Amount and type of stock authorized by Articles of Incorporation and amount outstanding.

	<u>Outstanding</u>	<u>Authorized</u>
Common shares	110 share no par value no stated value	1000 shares
Preferred stock	None	None

(b) Mortgages

BVES does not have any mortgaged debt outstanding as of March 31, 2023.

(c) Amount of long tem debt issued (in thousands).

	<u>Amount Outstanding as of March 31, 2023</u>	<u>Year Issued</u>	<u>Annual Interest Paid*</u>
Private Placement Notes			
4.548% notes due 2032	\$17,500	2022	\$795,900
4.949% notes due 2037	\$17,500	2022	\$866,075
	<hr/>		
	\$35,000		
Amortization of Debt Issuance Costs	<hr/> (196) <hr/>		
Per Financial Statements	<hr/> \$34,804 <hr/>		

* Interest is paid semi annually on April 20 and October 20.

Attachment D (continued)
2 - Bear Valley Electric Service, Inc. - Projected Capital Expenditures Included in Statement of Cash Flows
(in Thousands)

	Actual	Projected						
	2022	2023	2024	2025	2026	2027	2028	Total 2023 - 2028
General Rate Case (1)								
Wildfire Mitigation and Safety	\$ 13,056	\$ 10,364	\$ 11,860	\$ 13,075	\$ 11,787	\$ 11,787	\$ 11,787	\$ 70,661
Snow Summit Expansion (2)			10,800					10,800
Other (3)	4,517	4,023	2,952	4,666	3,288	3,288	3,288	21,506
Total	17,573	14,386	25,613	17,742	15,075	15,075	15,075	102,967
Advice Letter Projects								
Solar Facility (including Battery) (4)	-	-	11,000	14,000	-	-	-	25,000
Radford (5)	496	5,322						5,322
Advice Letter Projects	496	5,322	11,000	14,000	-	-	-	30,322
Total Projected Capital Expenditures	\$ 18,069	\$ 19,708	\$ 36,613	\$ 31,742	\$ 15,075	\$ 15,075	\$ 15,075	\$ 133,289

- (1) Excluding the Snow Summit substation expansion project (see (2) below), the capital expenditure forecast for the years 2023 - 2026 totals \$62.0 million and is consistent with the capital budgets requested in the pending general rate case (GRC) application filed in August 2022. For the years 2027 and 2028, BVES assumed capital expenditure levels would remain consistent with 2026.
- (2) In the pending GRC, BVES's capital budget request included the Snow Summit "Added Facilities" substation expansion project. The forecast includes the revised costs.
- (3) Other consists primarily of meters, generating facility, distribution improvements and other miscellaneous and related capital.
- (4) BVES has forecasted a Solar and a related Battery capital project estimated at this time to cost approximately \$25 million to help BVES meet the renewable energy targets and which will be filed as a separate application. Final actual costs may differ from this estimate.
- (5) In the pending GRC application filed in August 2022, BVES requested review and approval of the Radford Line Replacement Project estimated to cost \$6.2 million. In that application, BVES proposed that this project not be funded by GRC base revenue requirements established in the proceeding but rather BVES be permitted to recover the prudently incurred costs of the Radford Line Replacement Project via a future Tier 1 Advice Letter filing. As part of previously approved WMPs, this project has already been approved for construction. Through 2022, BVES had spent approximately \$878,000 on design, environmental studies, and permitting costs. The remaining \$5.3 million is estimated to be incurred in 2023.

Attachment D (continued)
4 - Bear Valley Electric Service, Inc. - Uses and Sources of Funds
(in Thousands)

	Actual	Projected						
	2022	2023	2024	2025	2026	2027	2028	Total 2023 - 2028
Estimated Uses of Funds								
Capital expenditures	\$ 18,069	\$ 19,708	\$ 36,613	\$ 31,742	\$ 15,075	\$ 15,075	\$ 15,075	\$ 133,289
Dividends paid to Parent	14,700	-	16,400	-	19,200	-	22,500	58,100
Total Uses of Funds	\$ 32,769	\$ 19,708	\$ 53,013	\$ 31,742	\$ 34,275	\$ 15,075	\$ 37,575	\$ 191,389
Estimated Sources of Funds								
Cash from operating activities	\$ 6,627	\$ 6,656	\$ 4,138	\$ 8,428	\$ 11,052	\$ 9,619	\$ 9,968	\$ 49,861
Cash from financing activities - Debt Securities Issued Under D.19-12-039	35,000	-	40,000					40,000
Cash from financing activities - New Debt & Equity Securities				20,000	55,000	-	45,000	120,000
Net short-term borrowings under revolving credit facility	(9,000)	12,870	8,874	3,314	(31,777)	5,457	(17,393)	(18,655)
Other	(138)	-	-	-	-	-	-	-
Total Source of Funds	\$ 32,489	\$ 19,526	\$ 53,012	\$ 31,742	\$ 34,275	\$ 15,076	\$ 37,575	\$ 191,206
Difference Between Use and Source								
	\$ (280)	\$ (183)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (183)
Cash balance, end of period	\$ 183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Financing Authority - Requested in this Application								
Amount utilized		\$ 120,000	\$ 120,000	\$ 120,000	\$ 100,000	\$ 45,000	\$ 45,000	
Available		-	-	(20,000)	(55,000)	-	(45,000)	
Running Surplus		\$ 120,000	\$ 120,000	\$ 100,000	\$ 45,000	\$ 45,000	\$ -	