W. FIRE HAZARD PREVENTION MEMORANDUM ACCOUNT

Bear Valley Electric Service, Inc. ("BVES") shall maintain the Fire Hazard Prevention Memorandum Account ("FHPMA") 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. (T) (T)

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.

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. (C)

4. **ACCOUNTING PROCEDURES**
BVES shall maintain the FHPMA by making entries at the end of each month as follows: (T)
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**
Further disposition of this account's balance will be addressed in a future proceeding or in BVES's General Rate Case 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. (C) (C) (C)