

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

PRELIMINARY STATEMENTS

- 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)

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PRELIMINARY STATEMENTS

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

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, and the balance between ESABA Revenue collected and the ESABA Expenses expected over the following year. In addition: (T)

- a. BVES may propose an update of the ESABA Revenue Requirement if there is a need to achieve a closer balance between ESABA Revenue and ESABA Expenses as long as this proposal is within guidelines provided by the Commission. (T)
- b. BVES may propose an update of the ESABA component of the PPP Surcharges to amortize 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 Total PPP Revenue Requirement to reflect such changes it proposes in the ESABA Revenue 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 Revenue Requirement. (T)
- 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. (T)

PRELIMINARY STATEMENTS

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.

(Continued)

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PRELIMINARY STATEMENTS

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

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)

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PRELIMINARY STATEMENTS

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-R&DBA 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

Bear Valley Electric Service, Inc. ("BVES") shall maintain the Public Purpose Program Adjustment Mechanism ("PPPAM") as follows. (T)

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.
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.
 - 6) Solar Initiative Program
 - 7) Wildfire Natural Disaster Resiliency Rebuild Program (applicable to residential customers only) (N)
 - 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)

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PRELIMINARY STATEMENTS

K. PUBLIC PURPOSE PROGRAM ADJUSTMENT MECHANISM (continued)

(N)

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:

- 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)

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PRELIMINARY STATEMENTS

K. PUBLIC PURPOSE PROGRAM ADJUSTMENT MECHANISM (continued)

PPPAM Table of Total PPP Revenue Requirements and Allocation Factors

Element or Component	TOTAL PPP RevReq	CARE	ESA**	CEC-R&D	CEC-Renew***
Authorized Budget or Discount	\$420,489.00	\$337,329.00	\$0.00	\$56,000.00	\$27,160.00
Balancing Acct Amortization	(\$86,344.30)	(\$16,360.47)	(\$92,185.59)	\$16,937.48	\$5,264.27
FF&U*	\$2,745.40	\$3,851.62	(\$1,106.23)	N/A	N/A
Total Revenue Requirement	\$336,890.09	\$324,820.15	(\$93,291.82)	\$72,937.48	\$32,424.27
PPC-LI Surcharge	\$0.00008	N/A	(\$0.00063)	\$0.00049	\$0.00022
PPC-LI Surcharge Allocation Factor %	100.0000%	N/A	-787.5000%	612.5000%	275.0000%
PPC-OLI Surcharge	\$0.00248	\$0.00240	(\$0.00063)	\$0.00049	\$0.00022
PPC-OLI Surcharge Allocation Factor %	100.0000%	96.7742%	-25.4032%	19.7581%	8.8710%

* Authorized in last general rate case

** D.21-10-023

*** E-4160

N/A Indicates "not applicable"

Other public purpose program surcharge: none

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

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 accrued Transmission 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;

(Continued)

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President

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PRELIMINARY STATEMENTS

L. SUPPLY ADJUSTMENT MECHANISIM (continued)

- 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. BVES shall file a Tier 1 Advice Letter request to eliminate such cumulative balance over a twelve-month period via a debit/collection or credit/refund tariff in the event the cumulative balance (either an under-collection or an over-collection) in the Supply Adjustment Balancing Account is plus or minus \$500,000.

(N)
|
(N)

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.

PRELIMINARY STATEMENTS

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

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)

Advice Letter No. 353-EA
Decision No.

Issued By
R. J. Sprowls
President

Date Filed December 19, 2018
Effective January 1, 2018
Resolution No.

PRELIMINARY STATEMENTS

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)

PRELIMINARY STATEMENTS

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

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

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

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 Accounting 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
BASE REVENUE REQUIREMENT BALANCING ACCOUNT

V. BASE REVENUE REQUIREMENT BALANCING ACCOUNT

Bear Valley Electric Service, Inc. ("BVES") shall maintain the Base Revenue Requirement Balancing Account ("BRRBA") as follows.

(T)

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's authorized annual base rate revenue requirements for the years 2023, 2024, 2025, and 2026 as reflected in the Settlement Agreement approved by the Commission in D.25-01-007, and in addition reflect the annual revenue requirement for the approved capital projects in advice letter 509-E, are set forth below:

(C)

The annual revenue requirements are set forth below:	
<u>Year</u>	<u>Annual Revenue Requirement</u>
2023	\$33,051,872
2024	\$35,251,872
2025	\$39,593,248
2026	\$42,251,834

(I)

(I)

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

(P)

<u>Sales MWh by Month</u>	<u>Month</u>
Jan	10.66%
Feb	9.14%
Mar	8.54%
Apr	7.27%
May	7.00%
Jun	7.29%
Jul	8.06%
Aug	7.79%
Sep	7.29%
Oct	7.56%
Nov	8.44%
Dec	10.97%

(P)

(Continued)

Advice Letter No. 509-E
Decision No. 25-01-007

Issued By
Paul Marconi
President

Date Filed February 28, 2025
Effective April 1, 2025
Resolution No. _____

PRELIMINARY STATEMENTS
BASE REVENUE REQUIREMENT BALANCING ACCOUNT

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) Radford Line and (ii) the Switch and Field Device Automation Project.

(C)

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. Additionally, pursuant to Ordering Paragraph #11 of D.24-05-028, BVES will record any over- or under-collection of revenues by income-graduated fixed charges as a separate line-item.

7. ACCOUNTING PROCEDURES:

BVES shall maintain the BRRBA by making entries at the end of each month as follow:

(P)

- 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. BVES 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.

(P)

8. EFFECTIVE DATE

As reflected in the Settlement Agreement approved by the Commission in D.25-01-007, the revenue requirements for 2023, 2024, 2025, and 2026 are effective as of January 1, 2023, January 1 2024, January 1, 2025, and January 1, 2026, respectively.

(P)

(P)

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 BVES 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, BVES may file the required advice letter with the necessary amortization charge expected to amortize the balance over the next twelve months.

(P)

PRELIMINARY STATEMENTS

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)

PRELIMINARY STATEMENTS

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.

4. Effective Date

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

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 STATEMENTS

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 Mobilehome Park Utility Conversion 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. ("D") 14-03-021 and as further modified by D. 20-04-004. 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. 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. Reasonableness review of "to the meter" cost will occur in BVES General Rate Case ("GRC") proceedings, where these costs are included into the base rates. The review of the "beyond the meter" costs will occur in the first GRC after service cut over. 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 1 of D. 20-04-004, BVES is offering Mobilehome Park Utility Conversion Program until the earlier date of December 31, 2030 or the issuance of a Commission Decision for the continuation, expansion or modification of the program.

(N)

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 or as authorized by the Commission.

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, federal and state income taxes, and other associated with the costs of installed equipment, such as property tax 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, with a return on investment at a rate equivalent to BVES's current authorized return on rate base.
- d. A debit or credit entry to transfer the December 31st balance to or from any other accounts as approved by the Commission, such as 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.

(N)

(Continued)

Advice Letter No. 391-EA
Decision No. 20-04-004

Issued By
R. J. Sprowls
President

Date Filed June 8, 2020
Effective January 1, 2021
Resolution No. _____

PRELIMINARY STATEMENTS

DD. Mobile Home Park Balancing Account (MHPBA)

5. **Disposition:** (N)
BVES will file an advice letter annually to recover the recorded balance through rates for (N)
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

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 systems 10kW 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)

Advice Letter No. 292-E
Decision No. 14-11-002

Issued By
R. J. Sprowls
President

Date Filed November 20, 2014
Effective December 1, 2014
Resolution No. _____

PRELIMINARY STATEMENTS

EE. BEAR VALLEY SOLAR INITIATIVE PROGRAM (continued)

(N)

INCENTIVE APPLICATION PROCESS (Continued)

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)

PRELIMINARY STATEMENTS

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

(N)

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)

Advice Letter No. 330-E
Decision No. 14-12-078

Issued By
R. J. Sprowls
President

Date Filed October 11, 2017
Effective October 12, 2017
Resolution No. _____

PRELIMINARY STATEMENTS

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)

(N)

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

KK. Emergency Customer Protection Memorandum Account ("ECPMA")

(N)

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

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
FIRE RISK MITIGATION MEMORANDUM ACCOUNT

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 8386.4 of the California Public Utilities Code, as modified by Assembly Bill 1054, requiring BVES to establish a memorandum account to track costs incurred for fire risk mitigation that are not otherwise in BVES' revenue requirements. (T)

Golden State Water Company ("GSWC") shall maintain the FRMMA for its Bear Valley Electric Service ("BVES") Division. This memorandum account does not include costs recorded in other BVES memorandum accounts. (N)
(N)

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 that are not covered in BVES' Wildfire Mitigation Plan. (T)
(T)
- b. A credit entry to transfer costs and interest to the Wildfire Mitigation Plan Memorandum Account for activities once approved in BVES' Wildfire Mitigation Plan. (T)
(T)
- c. An entry to reflect any transfer to or from other regulatory accounts as authorized by the Commission. (T)
(T)
- d. 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.

PRELIMINARY STATEMENTS

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)

PRELIMINARY STATEMENTS

QQ. 2019 Winter Storms Memorandum Account

(N)

Purpose

The purpose of the 2019 Winter Storms Memorandum Account ("2019WSMA") is to track unanticipated incremental administrative and operation expenses related to the winter storms that started on January 5, 2019.

On February 21, 2019, California Governor Gavin Newsom issued a State of Emergency Proclamation for the Counties of Calaveras, El Dorado, Humboldt, Los Angeles, Marin, Mendocino, Modoc, Mono, Monterey, Orange, Riverside, San Bernardino, San Diego, San Mateo, Santa Barbara, Santa Clara, Shasta, Tehama, Trinity, Ventura, and Yolo — directs Caltrans to formally request immediate assistance through the Federal Highway Administration's Emergency Relief Program and directs the Office of Emergency Services to provide assistance to local governments.

The 2019WSMA shall include:

All incremental administrative and operations expenses incurred that are directly related to the 2019 winter storms in San Bernardino County, such as, but not limited to, 1.) incremental costs to restore utility services, 2.) incremental costs for repairing, replacing or restoring damaged utility facilities, and 3.) costs complying with government agency orders resulting from the declared state of emergency.

GSWC shall maintain the 2019WSMA by making entries at the end of each month as follows:

- a. A debit entry shall be made to the 2019WSMA at the end of each month to record the expenses.
- 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 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.

Effective Date

The 2019WSMA shall have an effective date of January 5, 2019.

Memorandum Account Period

The 2019WSMA shall remain in effect until the Governor's State of Emergency Proclamation for the winter storms is lifted.

Disposition

Disposition of amounts recorded in the 2019WSMA shall be determined in a regulatory proceeding authorized by the Commission

(N)

PRELIMINARY STATEMENTS
Wildfire Mitigation Plan Memorandum Account

RR. Wildfire Mitigation Plan Memorandum Account

(T)

This Wildfire Mitigation Plan Memorandum Account ("WMPMA") is established in accordance with Assembly Bill 1054, which was signed into law by the Governor of the State of California on July 12, 2019, amending Section 8386.4(a) of the California Public Utilities Code. Bear Valley Electric Service, Inc. ("BVES") shall maintain the WMPMA. The California Public Utilities Commission's Decision No. 19-05-040, dated May 30, 2019, authorized the establishment of the WMPMA.

A. PURPOSE

The purpose of the WMPMA is to record incremental costs incurred implementing BVES's approved Wildfire Mitigation Plan that are not otherwise covered in BVES's revenue requirements. Incremental costs may be recorded in sub-accounts to facilitate cost recovery.

B. APPLICABILITY

Incremental O&M and capital costs BVES expects to incur in implementing its approved Wildfire Mitigation Plan include, but are not limited to operational practices; inspections and patrol programs; system hardening and other wildfire mitigation capital programs; monitoring automation and system protection such as Supervisory and Data Acquisition (SCADA); and public safety power shutoffs.

BVES will record the carrying costs at its adopted rate of return for all new facilities costs in the WMPMA.

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

C. RATES

The WMPMA does not have a rate component.

D. ACCOUNTING PROCEDURES

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

1. A one-time debit entry to record the transfer of the WMP-related balance previously tracked in the FRMMA
2. A monthly debit entry shall be made to the WMPMA to record all incremental O&M costs
3. Amounts equal to the revenue requirement of each incremental capital expenditure and expense as if it were shareholder-funded (including return, income taxes, ad valorem tax, depreciation, and other taxes and fees)
4. Interest shall accrue to the expenses account in the WMPMA 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 H15, to the average of the beginning-of-month and the end-of month balances.

Please note: The prescribed Accounting Procedure will pertain to the WMP subaccounts, including but not limited to LiDar Survey, UAV Survey, Ground Patrol, Forester, Weather Consulting, Fire Prediction & Forecast, BV Power Plant, EH&S Technical Support, PSPS Outreach and Support prep.

E. EFFECTIVE DATE

The WMPMA shall be effective on June 6, 2019.

F. DISPOSITION

Disposition of amounts recorded in the WMPMA shall be determined in a subsequent general rate case or other rate setting filing.

(T)

PRELIMINARY STATEMENTS

SS. RENEWABLES PORTFOLIO STANDARD MEMORANDUM ACCOUNT ("RPSMA")

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

(C)

3. Accounting Procedure

BVES 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

Further disposition of this account's balance will be addressed in a future proceeding or in BVES's General Rate Case application..

(C)

(C)

PRELIMINARY STATEMENTS

Part VV. Electric Vehicle Infrastructure Memorandum Account (“EVIMA”)

a. Purpose

Pursuant to Assembly Bill (“AB”) 841 (Stats. 2020, Ch. 372), the EVIMA is established to track the BVES-incurred costs of all electrical distribution infrastructure on the utility side of the customer’s meter for all customers installing separately metered infrastructure to support charging stations, other than those in single-family residences. This memorandum account applies to costs incurred by BVES related to electric vehicle infrastructure installed under the provisions of Rule 24 between April 21, 2025 and January 1, 2027, the implementation date of BVES’s 2027-2030 general rate case. Costs that are eligible for recovery as part of the ratemaking approved in BVES’s current Transportation Electrification Programs, such as Charge Ready Transport and Charge Ready 2 Programs, do not apply to this account.

(N)

(N)

Costs tracked in the EVIMA shall be limited to the carrying costs and any post-in service costs, from April 21, 2025 through January 1, 2027, on approved Rule 24 projects not to exceed \$540,900, plus any applicable engineering and legal costs. Any costs tracked in the EVIMA will be separately reviewed for reasonableness in BVES’s next general rate case or any other proceeding deemed appropriate by the Commission and, upon approval, transferred to the Distribution subaccount of the Base Revenue Requirement Balancing Account (BRRBA) for recovery in customers’ rates.

(N)

(N)

Per AB 841, electrical distribution infrastructure shall include poles, vaults, service drops, transformers, mounting pads, trenching, conduit, wire, cable, meters, other equipment as necessary, and associated engineering and civil construction work.

Pursuant to Ordering Paragraph 5 of Resolution E-5168, the EVIMA will include the cost categories listed in the discussion section of the Resolution.

b. Accounting Procedure

The EVIMA monthly entries should be as follows:

1. A debit entry equal to BVES’s recorded Operations and Maintenance, engineering and legal expenses incurred for BVES Electric Rule 24 and compliance with Public Utilities Code Section 740.19(c);
2. A debit entry equal to BVES’s recorded incremental capital-related revenue requirement at GSWC’s authorized rate of return and related expenses (including income taxes, ad valorem tax, depreciation, other applicable taxes and fees, and an authorized rate of return on recorded rate base) incurred for BVES Electric Rule 24 and compliance with Public Utilities Code Section 740.19(c);
3. An entry to record interest by applying one-twelfth of the three month Commercial Paper rate (expressed as an annual rate) as reported in the Federal Reserve Statistical Release, H.15, or its successor publication to the EVIMA’s average monthly balance.

(T)

(T)

|

(T)

c. Disposition

Costs tracked in the EVIMA shall be separately reviewed for reasonableness in BVES’s next general rate case or any other proceeding deemed appropriate by the Commission and, upon approval, transferred to the Distribution subaccount of the Base Revenue Requirement Balancing Account (BRRBA) for recovery in customers’ rates.

PRELIMINARY STATEMENTS

Part WW. Greenhouse Gas Allowance Revenue Balancing Account

(N)

A. Purpose

The purpose of the Greenhouse Gas (“GHG”) Allowance Revenue Balancing Account (“GHGARBA”) is to track and defer revenues from the sale of GHG allowances for subsequent allocation to eligible customer classes. The GHGARBA will record the amount of GHG revenues actually returned to customers, and the actual amount of GHG revenues BVES receives through consigning allowances to the cap-and-trade auction. GHGARBA is established pursuant to Decision No. 21-08-026.

B. Procedure

The Utility will:

1. Record the revenues from sales of GHG allowance sold via the cap-and-trade program auctions.
2. Record disbursement issued Climate Credit to customers.
3. Monthly interest on the balancing account will accrue at 1/12 of the interest rate on 3-month Commercial Paper for the previous month, as published in the Federal Reserve Statistical Release, H.15 or its successor publication.

C. Allocation

Upon declaration by the California Public Utilities Commission (“CPUC”) that the GHG allocation methodology is ready for implementation, BVES may begin to allocate allowance revenues recorded in the GHGARBA to eligible customer classes. The outstanding balance in the GHGARBA, including accrued interest, must be amortized over a reasonable period so that all deferred revenues are distributed within 24 months.

1. California Climate Credit

Beginning in April 2022, BVES will issue a California Climate Credit in compliance with CPUC Decision No. 21-08-026. The purpose is to return to eligible customers revenues generated from the sale of greenhouse gas emissions allowances (permits) required as part of California’s Cap-and-Trade Program for greenhouse gas emissions which was developed in response to the California Global Warming Solutions Act of 2006 (AB-32).

(N)

(Continued)

Advice Letter No. 430-EA
Decision No. 21-08-026

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PRELIMINARY STATEMENTS

Part WW. Greenhouse Gas Allowance Revenue Balancing Account
(continued)

(N)

C. Allocation (continued)

1. California Climate Credit (continued)

Customers taking service under the following rate schedule tariffs are eligible for the credit:

The Residential Credit applies to accounts for residential customers active at the time of the credit distribution described below.

- The following residential rate schedules shall have credit applied twice per year in the billing cycles for April and October per customer account:

Schedule D;
Schedule DLI;
Schedule DE;
Schedule DO.

- The following residential rate schedules shall have credit applied twice per year in the billing cycles for April and October per customer account multiplied by the recorded number of sub-units at the customer premises:

Schedule DM;
Schedule DMS

The Small Business Credit applies to all electric sales for eligible Small Business customers as defined below.

- The following customers shall qualify as eligible Small Business customers under this schedule:

Schedule A1

(N)

(Continued)

Advice Letter No. 430-EA
Decision No. 21-08-026

Issued By
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President

Date Filed February 22, 2022
Effective August 19, 2021
Resolution No. _____

PRELIMINARY STATEMENTS

Part XX. Greenhouse Gas Allowance Revenue Administrative and
Outreach Costs Memorandum Account

(N)

A. Purpose

The purpose of the Greenhouse Gas Allowance Revenue Administrative and Outreach Costs Memorandum Account ("GHGARAOMA") is to track expenses for administrative and processing associated with implementation of Greenhouse Gas ("GHG") revenue allocation methodology, and customer outreach and education efforts associated with the distribution of GHG allowance revenues, pursuant to the California Public Utilities Commission's ("Commission") Decision No. 21-08-026.

B. Procedure

The Utility shall:

1. Record administrative expenses associated with implementation of Commission approved GHG allowance return methodology.
 - i. These expenses may include, but are not limited to, legal expense, system and billing upgrades in order to track GHG costs and revenues as well as ongoing administrative costs to distribute revenues to the appropriate customer groups.
2. Record expenses associated with customer outreach and education efforts regarding GHG allowance revenues.
 - i. These expenses may include, but are not limited to, legal expenses, mailers, pamphlets, advertisements, public workshops on the subject.
3. Record monthly interest. Monthly interest will accrue at 1/12 of the interest rate on 3-month Commercial Paper for the previous month, as published in the Federal Reserve Statistical Release, H.15 or its successor publication.

C. Disposition

Dispositions of amounts recorded in the GHGARAOMA shall be determined in a subsequent Regulatory proceeding, as authorized and fully reviewed by the Commission.

(N)

(Continued)

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Resolution No. _____

PRELIMINARY STATEMENTS

Part YY. Wildfire and Natural Disaster Resiliency Rebuild Program
Balancing Account

(N)

A. Purpose

The purpose of the Wildfire and Natural Disaster Resiliency Rebuild Program Balancing Account (“WNDRRBA”) is to track payments issued for BVES’s participation in the Wildfire and Natural Disaster Resiliency Rebuild (“WNDRR”) program, and track recovery of these payments. This balancing account is established in accordance with Decision No. 21-11-002. This account will expire in one year unless otherwise directed by the Commission.

B. Procedure

The Utility shall:

1. Record expenses issued by BVES for BVES contribution to the WNDRR program.
2. Record revenues received from the WNDRR portion of the Public Purpose Program surcharge collected from residential customers over one year via non-bypassable PPP charges.
3. Record monthly interest. Monthly interest will accrue at 1/12 of the interest rate on 3-month Commercial Paper for the previous month, as published in the Federal Reserve Statistical Release, H.15 or its successor publication.

C. Recovery

Decision No. 21-11-002 set BVES’s WNDRR program contribution at \$133,060. The Decision authorizes BVES recover its contribution in rates from residential customers through non-bypassable Public Purpose Program (PPP) charges amortized over one year. BVES will recover its contribution from its residential customers only.

See Preliminary Statement K for BVES PPP surcharge.

(N)

(Continued)

Advice Letter No. 431-EA
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Effective November 4, 2021
Resolution No. _____

PRELIMINARY STATEMENTS
Submetering Protocol Implementation Memorandum Account (SPIMA)

ZZ. Submetering Protocol Implementation Memorandum Account (SPIMA)

(N)

Pursuant to Commission Decision 22-08-024, dated August 4, 2022, in Order Instituting Rulemaking 18-12-006, the Submetering Protocol Implementation Memorandum Account ("SPIMA") will record costs incurred for implementing the plug-in electric vehicle submetering and electric vehicle supply equipment communication protocols and requirements not otherwise included in Bear Valley Electric Service, Inc.'s (BVES) revenue requirement.

Costs recorded in the SPIMA shall include, but are not limited to, submeter installation, maintenance, certifications, field testing and calibration.

1. PURPOSE

The purpose of the SPIMA is to track incremental costs and carrying costs for capital investments incurred for planning and implementation activities associated with the Plug-in Electric Vehicle Submetering Protocol ("EVSMP") and the Electric Vehicle Supply Equipment Communication Protocols ("EVSECP"), not otherwise covered in BVES's revenue requirement.

2. APPLICABILITY

The SPIMA applies to all residential and non-residential customer classes and rate schedules. Applicable customers are defined as customers that can access utility service under any of the residential or non-residential utility tariffs except for those specifically excluded by the Commission. Net Energy Metering customers are excluded from participating at this time.

3. ACCOUNTING PROCEDURES

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

- a. A debit entry shall be made to the SPIMA at the end of each month to record the incremental costs associated with the planning and implementation activities associated with the EVSMP and EVSECP.
- b. Interest shall accrue to the SPIMA on a monthly basis by applying a rate equal to one-twelfth of the three-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

Pursuant to D.22-08-024, the SPIMA shall be effective on September 6, 2022.

5. DISPOSITION

Disposition of amounts recorded in the SPIMA shall be determined in a subsequent rate-setting filing authorized by the Commission

(N)

(Continued)

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Date Filed September 6, 2022
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Resolution No. _____

2023 General Rate Case Memorandum Account

Page 1
(N)

AAA. 2023 GENERAL RATE CASE MEMORANDUM ACCOUNT

(N)

1. Purpose

The 2023 General Rate Case Memorandum Account ("2023 GRC Memorandum Account") will track the revenue differential between Bear Valley Electric Service, Inc. (BVES) base rates in effect as of December 31, 2022 and BVES base rates adopted in BVES General Rate Case Application No. ("A.") 22-08-010. BVES will track the differential beginning on January 1, 2023 until the new base rates adopted in A.22-08-010 are effective.

2. Applicability

The 2023 GRC Memorandum Account does not have a rate component.

The 2023 GRC Memorandum Account shall include:

The monthly revenue differential between base rates in effect as of December 31, 2022 and the base rates adopted in A.22-08-010, beginning on January 1, 2023.

Following the issuance of a final decision in A.22-08-010, BVES shall make entries in the 2023 GRC Memorandum Account for each month beginning January 1, 2023 and ending the month the new rates adopted in the final decision in A.22-08-010 are effective as follows:

- a. A debit / credit entry shall be made to the 2023 GRC Memorandum Account at the end of each month to record the revenue differential discussed above.
- b. Interest shall accrue to the 2023 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 2023 GRC Memorandum Account shall go into effect on January 1, 2023.

4. Disposition

Disposition of amounts recorded in the 2023 GRC Memorandum Account shall be determined as authorized by the Commission.

(N)

(Continued)

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Decision No. 22-12-037

Issued By
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President

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Resolution No.

PRELIMINARY STATEMENT
Transportation Electrification FC1 Program Balancing Account

BBB. Transportation Electrification FC1 Program Balancing Account

(N)

1. **PURPOSE**

The Transportation Electrification FC1 Program Balancing Account (TEBA) is a one-way balancing account which records the costs associated with the Funding Cycle 1 (FC1) program, including pre-program administrative costs prior to FC1 launch. The passage of AB 841 and the resulting EV Infrastructure Rules clarified the scope and magnitude of the Investor-Owned Utilities' (IOU) transportation electrification role to support and enable the transportation electrification market by acting as utility-side infrastructure and fuel providers. The FC1 program will help the state meet its transportation electrification goals by reducing the installation costs for EV charging infrastructure. The five-year funding cycle timeline provides clarity, certainty, and a reasonable timeframe for the periodic evaluation of the need for IOU behind-the-meter transportation electrification investments. This balancing account was authorized in Decision No. 22-11-040, Ordering Paragraph No. 4.

2. **APPLICABILITY**

The Program Administrator shall be responsible for the Rebate Program Rulebook and the Implementation Plan. The Rebate Program Rulebook shall contain information about the rebate and marketing, education, and outreach (ME&O) programs, customer rules, and program delivery rules. This is the practical information that the Program Administrator will use to implement the FC1 program.

3. **RATES**

The TEBA costs shall be recovered through distribution rates allocated on an equal per kilowatt hour basis applied to all customer classes.

4. **ACCOUNTING PROCEDURES**

BVES shall maintain the TEBA by recording the following entries at the end of each month:

- a) A debit entry equal to costs associated with the FC1 program; disbursement of appropriate funds to the Program Administrator, costs for program administration, technical support and evaluations, Technical Assistance (TA) programs, and ME&O programs.
- b) A credit entry equal to the revenue collected through the per kilowatt hour rate allocated to all customer classes included in distribution rates.
- c) An entry equal to reflect any transfers to other regulatory accounts for recovery in rates, as authorized by the Commission; and
- d) An entry to record the interest on the average balance at the beginning of the month and the balance after the entries above, 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.

(N)

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PRELIMINARY STATEMENT
Transportation Electrification FC1 Program Balancing Account

BBB. Transportation Electrification FC1 Program Balancing Account (TEBA) Con'td

5. **EFFECTIVE DATE**

The TEBA shall be effective on February 18, 2023.

6. **DISPOSITION**

Dispositions of amounts recorded in the TEBA shall be determined in a subsequent Regulatory proceeding, as authorized and fully reviewed by the Commission.

(N)

(N)

Preliminary Statement
Residential Uncollectible Balancing Account

CCC. Residential Uncollectible Balancing Account (RUBA)

(N)

1. Purpose

The Residential Uncollectibles Balancing Account (RUBA) will record the difference between actual residential uncollectibles and authorized uncollectible expense due to the implementation of Decision No. ("D.") 22-08-037.

2. Applicability

The RUBA is applicable to all BVES Residential rate schedules.

3. Accounting Procedures

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

- a. A debit/credit entry equal to the difference between the authorized bad debt expense and actual bad debt expense for the month.
- b. A credit entry shall be made to RUBA for any collections received related to prior bad debt write-offs.
- c. A debit entry equal to the one-time transfer from the COVID-19 CEMA of the revenue shortfalls resulting from uncollectibles that are in excess of those authorized in BVES's last GRC for residential customers related to the implemented customer protections such as the suspension of disconnections, waiving of security deposits, and implementation of flexible payment plans pursuant to D.22-08-037.
- d. BVES shall apply interest to the average net balance in the RUBA 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 accrued, but will be identified as a separate component of the RUBA account.

4. Effective Date

Pursuant to D.22-08-037, the RUBA shall be effective on August 25, 2022.

5. Disposition

The Residential Uncollectible Balancing Account is a two-way balancing account. BVES, in its next GRC application, shall include a summary of the entries to the Residential Uncollectible Charges Balancing Account and a proposal for the disposition of any balance in the account.

(N)

Preliminary Statement
Residential Disconnect Protections Memorandum Account

DDD. Residential Disconnect Protections Memorandum Account

(N)

1. Purpose

The RDPMA is an interest-bearing memorandum account that tracks the incremental costs associated with implementing the disconnection customer protections and other items required by Decision No. (D.) 22-08-037.

2. Applicability

The RDPMA shall apply to residential customers.

3. Accounting Procedures

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

- a. A debit entry equal to the actual incremental costs associated with implementing the disconnection customer protections and other items authorized in D.22-08-037;
- b. An entry equal to the amortization of the RDPMA balance as authorized by the Commission;
- c. A debit or credit entry equal to the interest on the average of the balance at the beginning of the month and the balance after the entries above, at a rate equal to one-twelfth of the interest rate on the three-month nonfinancial Commercial Paper for the previous month, as reported in the federal Reserve Statistical Release, H.15, or its successor publication.

4. Effective Date

Pursuant to D.22-08-037, the RDPMA shall have an effective date of August 25, 2022.

5. Disposition

Disposition of amounts recorded in the RDPMA shall be determined in a subsequent rate-setting filing authorized by the Commission.

(N)

(Continued)

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PRELIMINARY STATEMENT
Infrastructure Investment and Jobs Act Memorandum Account

EEE. Infrastructure Investment and Jobs Act Memorandum Account (IIJAMA)

(N)

1. **Purpose**

The IIJAMA is an interest-bearing memorandum account that is recorded on the Utility's financial statements. Pursuant to Resolution E-5254, dated April 6, 2023, the California Public Utilities Commission (Commission) authorized the framework and procedures as to how the Electric and Gas Investor-Owned Utility (IOUs) should seek cost recovery for match funding and tax liabilities pursuant to any funds received from the federal Infrastructure Investment and Jobs Act (IIJA) Clean Energy Infrastructure Grants Programs administered by the US department of Energy (DOE), the federal Inflation Reduction Act (IRA), and the federal Creating Helpful Incentives to Produce Semiconductors and Science Act (CHIPS).

The purpose of the IIJAMA is to record incremental costs associated with match funding for any projects seeking and/or awarded federal funding, including incremental costs incurred during the development and preparation of applications for such funding. In addition, the IIJAMA will record the tax impacts of the federal grant awards, which should include not only the tax liabilities related to federal grant awards, but also related tax benefits such as the impact of depreciation.

The IIJAMA shall consist of two subaccounts as follows:

- 1) IIJA Cost Subaccount – This Subaccount will record incremental costs associated with match funding for any projects seeking and/or awarded federal funding.
- 2) IIJA Tax Subaccount – This Subaccount will record the tax impacts of the federal grant awards funding and any related tax benefits such as the impacts of depreciation.

2. **Applicability**

The IIJAMA shall apply to all customers except those specifically excluded by the Commission.

3. **Rates**

The IIJAMA shall be applied to rates as described in the Disposition section below.

4. **Accounting Procedures – IIJA Cost Subaccount**

BVES shall maintain the IIJA Cost Subaccount by recording entries, subject to the applicable net-to-gross (NTG) multiplier, at the end of each month as follows:

- a) A debit entry equal to costs associated with actual operation and maintenance (O&M) costs and capital-related costs (e.g. depreciation and non-income taxes) associated with match funding for any projects seeking and/or awarded federal funding, including incremental costs incurred for the development and preparation of applications for such funding;
- b) An entry equal to reflect any transfers to other regulatory accounts for recovery in rates, as authorized by the Commission; and
- c) An entry to record the interest on the average balance at the beginning of the month and the balance after the entries above, 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.

(N)

(Continued)

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Resolution No. E-5254

PRELIMINARY STATEMENT
Infrastructure Investment and Jobs Act Memorandum Account

EEE. Infrastructure Investment and Jobs Act Memorandum Account (IIJAMA)

(N)

5. **Accounting Procedures - IIJA Tax Subaccount**

BVES shall maintain the IIJA Tax Subaccount by recording entries, subject to the applicable NTG multiplier, at the end of each month as follows:

- a) A debit entry or credit entry equal to the tax impacts of the federal grant awards, including any related tax benefits;
- b) An entry to amortize and/or transfer the balance in this subaccount in conformity with federal normalization requirements, and as authorized by the Commission; and
- c) An entry to record the interest on the average balance at the beginning of the month and the balance after the entries above, 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.

6. **Disposition**

The disposition of the balance in the IIJAMA will be reviewed in BVES next General Rate Case or via a separate stand-alone application, if earlier cost recovery is needed.

(N)

Preliminary Statement
Shell Agreement Memorandum Account

FFF. SHELL AGREEMENT MEMORANDUM ACCOUNT

(N)

Bear Valley Electric Service, Inc. ("BVES") shall maintain the Shell Agreement Memorandum Account ("SAMA").

1. PURPOSE

The purpose of the SAMA is to track the unrealized gains and losses otherwise imputed to the Shell Agreement as a consequence of complying with Accounting Standards Codification ("ASC") No. 815 - "Derivatives and Hedging".

2. APPLICABILITY

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

3. RATES

The SAMA does not have a rate component.

4. ACCOUNTING PROCEDURES

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

- a. Entries shall be made to the SAMA at the end of each month to record the unrealized gain or loss attributable to the application of ASC No. 815 to the Shell Agreement.
- b. This is a non-interest bearing memorandum account.

5. EFFECTIVE DATE

The SAMA shall have the effective date of June 29, 2023.

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.

(N)

PRELIMINARY STATEMENT
IGFC MEMORANDUM ACCOUNT

GGG. INCOME-GRADUATED FIXED CHARGE MEMORANDUM ACCOUNT

(N)

Bear Valley Electric Service, Inc. ("BVES") shall maintain the Income-Graduated Fixed Charge Memorandum Account ("IGFCMA").

1. PURPOSE

The purpose of the IGFCMA is to track all incremental expenses and capital-related costs (i.e. depreciation, taxes, and return) incurred for the implementation and administration of the income-graduated fixed charges.

2. APPLICABILITY

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

3. RATES

The IGFCMA does not have a rate component.

4. ACCOUNTING PROCEDURES

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

- a. Entries shall be made to the IGFCMA at the end of each month to record the costs to the account or appropriate subaccounts.
- b. Interest shall to the IGFCMA 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 IGFCMA shall have the effective date of June 14, 2024.

6. DISPOSITION

Disposition of amounts recorded in the IGFCMA shall be determined in a subsequent regulatory proceeding, as authorized by the Commission.

(N)

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PRELIMINARY STATEMENT
VEGETATION MANAGEMENT BALANCING ACCOUNT

HHH. VEGETATION MANAGEMENT BALANCING ACCOUNT

(N)

This Vegetation Management Balancing Account ("VMBA") records incremental expenses related to all vegetation management activities. BVES may amend the VMBA to include additional vegetation management activities, if required, by General Orders 95 and 165, and any other current or future order or decision by the Commission, for which the Commission has not already authorized rate recovery.

BVES's Vegetation Management 2023-2026 budget includes \$2.7 million in rates for vegetation management activities. Any BVES vegetation management amounts incurred that are above \$2.7 million and below the \$3.1 million Vegetation Management budget cap will be tracked in the VMBA.

1. PURPOSE

The purpose of the VMBA is to record the vegetation management incremental costs incurred by BVES but are not otherwise covered in BVES's revenue requirement. These activities shall include, but not limited to, routine and enhanced Transmission and Distribution vegetation management; dead, dying, and diseased tree removal; and any other vegetation management activities.

2. APPLICABILITY

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

3. RATES

The VMBA does not have a rate component.

4. ACCOUNTING PROCEDURES

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

- a. A debit entry shall be made to the VMBA at the end of each month to record incremental costs incurred for vegetation management activities.
- b. Interest shall accrue to the VMBA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate (non-financial), 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 VMBA shall be effective on January 1, 2023.

6. DISPOSITION

Annually, BVES will transfer any under-collection in the VMBA, with interest, to the Base Revenue Requirement Balancing Account and such transferred amount shall be administered in accordance with the disposition provisions of the Base Revenue Requirement Balancing Account.

(N)

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Preliminary Statement
Morgan Stanley Power Purchase Agreement Memorandum Account

Part III. MORGAN STANLEY POWER PURCHASE AGREEMENT MEMORANDUM ACCOUNT

(N)

Bear Valley Electric Service, Inc. ("BVES") shall maintain the Morgan Stanley Power Purchase Agreement Memorandum Account ("MSPPAMA") for the Morgan Stanley Power Purchase Agreement.

1. PURPOSE

The purpose of the MSPPAMA is to track the unrealized gains and losses otherwise imputed to the Morgan Stanley Power Purchase Agreement as a consequence of complying with Accounting Standards Codification ("ASC") No. 815 - "*Derivatives and Hedging*" issued by the Financial Accounting Standards Board. This memorandum account is in compliance with Ordering Paragraph No. 5 in Decision No. ("D.") 25-04-026.

2. APPLICABILITY

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

3. RATES

The MSPPAMA does not have a rate component.

4. ACCOUNTING PROCEDURES

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

- a. Entries shall be made to the MSPPAMA at the end of each month to record the unrealized gain or loss attributable to the application of ASC 815 to the Morgan Stanley Power Purchase Agreement, as authorized by the Commission in D. 25-04-026.
- b. This is a non-interest bearing memorandum account.

5. EFFECTIVE DATE

The MSPPAMA shall have an effective date of May 28, 2025.

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.

(N)

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