



June 23, 2009

Advice Letter No. 231-E

(U 133 W)

## California Public Utilities Commission

Golden State Water Company ("GSWC") hereby transmits one original and six conformed copies of the following tariff sheets applicable to its Bear Valley Electric Service Operations:

<u>CPUC Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling CPUC Sheet No.</u>
Original No. 1650-E	Preliminary Statements Page 17, Part T	
Revised No. 1651-E	Table of Contents Page 1 of 2	Revised No. 1649-E

**SUBJECT:** *General Office Allocation Memorandum Account*

### **PURPOSE**

GSWC is seeking authorization to modify its Preliminary Statement, to add Part T, to reflect the establishment and implementation of the General Office Allocation Memorandum Account ("GOAMA"). The purpose of the GOAMA is to track the difference between the general office costs that are currently being collected in rates and BVES' currently authorized general office allocation. This advice letter is being filed in accordance with Ordering Paragraph No. 2 in Decision No. ("D.") 09-06-010.

### **BACKGROUND**

On June 27, 2008, GSWC filed Application No. 08-06-034 for authority to increase rates in its Bear Valleys Electric Service Division beginning January 1, 2009. Anticipating that a decision in this GRC Application would not be completed in time to establish the full base rate increase request beginning January 1, 2009, GSWC filed a Motion for Interim Rate Relief<sup>1</sup>. In this motion, GSWC sought authorization to establish and implement two

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<sup>1</sup> "Motion of Golden State Water Company for Interim Rate Increase for its Bear Valley Electric Service Division", filed November 21, 2008.

surcharges to collect BVES' allocated portion of GSWC's General Office costs that was authorized in D.07-11-037. As an alternate to the surcharges, GSWC requested authority to establish a memorandum account to track the difference between General Office costs currently being collected in rates and the General Office allocated to BVES in D.07-11-037. On June 4, 2009, The California Public Utilities Commission ("Commission") issued D.09-06-010 denying GSWC request for the two surcharges and granting GSWC's request to establish the memorandum account.

In the first paragraph of the first page of Decision D.09-06-010, the Commission states:

"The Motion by the Golden State Water Company (GSWC) for an interim rate increase for its Bear Valley Electric Service Division (BVES) general office costs is denied. GSWC is however authorized to track the difference between costs that are currently being collected and the currently authorized general office allocation for BVES in a memorandum account effective June 4, 2009. (*emphasis added*) To the extent needed, the disposition of the memorandum accounts will be addressed in the final decision."

On the second page, of that Decision, the Commission goes on to explain that:

"In Application (A.) 06-02-034, GSWC sought an order authorizing it to increase rates for water service in its Region II service area for years 2007-2009. As part of that proceeding, GSWC also sought a determination concerning its general office (GO) operations, including the percentage of GO costs that should be allocated to its BVES. D.07-11-037 adopted a BVES allocation for GSWC's GO costs of \$3,609,170.<sup>2</sup> (*emphasis added*)."

In the BVES motion, the amount of GO allocation presently in rates and currently being collected is set in D.96-05-033, is identified as:

"BVES' last general rate case decision was D.96-05-033. In that decision, the Commission approved a settlement between GSWC (formerly Southern California Water Company) and the Division of Ratepayer Advocates ("DRA") concerning a rate increase for BVES. As part of the approved settlement, it was determined that for 1997:

- 1) BVES' adopted sales for Test Year 1997 were 111,961,338 kWh; and
- 2) BVES' allocation of GSWC's GO costs was \$1,244,400. D.96-05-033 at Ordering Paragraph No. 1 and Appendix A (Settlement) at pp. 3 and 9."<sup>3</sup>

The amount that is currently being collected until the new rates to be authorized in BVES' 2009 GRC are in effect, is equal to the actual sales recorded in this interim period times the average rate established by application of the sales and values noted in the paragraph above.<sup>4</sup> Therefore, the

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<sup>2</sup> See D.07-11-037, at 42-43, FoF #23.

<sup>3</sup> See "Motion of Golden State Water Company for Interim Rate Increase for its Bear Valley Electric Service Division", filed November 21, 2008.

<sup>4</sup> System Average Rate =  $\$1,244,400 / 111,961,338 = \$0.0111 / \text{kWh}$

appropriate accounting entry to this memo account is shown in the attached addition proposed for BVES' Preliminary Statement.

### **COMPLIANCE**

Ordering Paragraph Nos. 2 through 4 of D. 09-06-010 directs GSWC to file this Tier 1 advice letter to modify its preliminary statement to implement the General Office Allocation Memorandum Account.

The Conclusion of Law 2 and 3, states,

2. *Golden State Water Company shall file an Advice Letter within 21 days with the Energy Division to establish a memorandum account to track the difference between general office costs currently being collected and the General Office costs allocated to Bear Valley Electric Service Division in Decision 07-11-037.*
3. *Balances in this account shall accrue interest at the three-month commercial paper rate as set forth in the Federal Reserve Statistical Release H.15 or its successor.*
4. *To the extent needed, the disposition of the memorandum accounts will be addressed in the final decision.*

### **TIER DESIGNATION**

Pursuant to D. 07-01-024, this advice letter is submitted with a Tier 1 designation. Per Conclusion of Law 9 in D. 09-05-019, GSWC is requesting that the tariffs contained in this advice letter be approved with the effective date of June 4, 2009.

### **NOTICE AND PROTESTS**

A protest is a document objecting to the granting in whole or in part of the authority sought in this advice letter.

A response is a document that does not object to the authority sought, but nevertheless presents information that the party tendering the response believes would be useful to the CPUC in acting on the request.

A protest must be mailed within 20 days of the date the CPUC accepts the advice letter for filing. The Calendar is available on the CPUC's website at [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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

The utility must respond to a protest with five days.

**All protests and responses should be sent to:**

California Public Utilities Commission, Energy Division

ATTN: Tariff Unit

505 Van Ness Avenue

San Francisco, CA 94102

E-mail: Honesto Gatchalian ([ijnj@cpuc.ca.gov](mailto:ijnj@cpuc.ca.gov)) or Maria Salinas ([mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov))

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

**Copies of any such protests should be sent to this utility at:**

Golden State Water Company

ATTN: Ronald Moore

630 East Foothill Blvd.

San Dimas, CA 91773

Fax: 909-394-7427

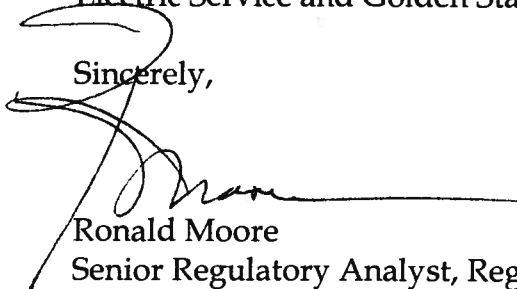
E-mail: [regulatoryaffairs@gswater.com](mailto:regulatoryaffairs@gswater.com)

If you have not received a reply to your protest within 10 business days, contact Ronald Moore at (909) 394-3600 ext. 682.

No individuals or utilities have requested notification of filing of tariffs. A copy of this advice letter is being furnished to the entities listed to the attached BVES service list via U.S. mail service and electronically via e-mail.

In accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice letter filing open for public inspection at Bear Valley Electric Service and Golden State Water Company Headquarters.

Sincerely,



Ronald Moore

Senior Regulatory Analyst, Regulatory Affairs

c: Donald Lafrenz, CPUC - Energy Division  
R. Marc Pocta, DRA

**PRELIMINARY STATEMENTS**

(Continued)

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**T. GENERAL OFFICE ALLOCATION MEMORANDUM ACCOUNT**

(N)

Golden State Water Company ("GSWC") shall maintain the General Office Allocation Memorandum Account ("GOAMA") for its Bear Valley Electric Service District.

**1. PURPOSE**

The purpose of the GOAMA is to track the difference between the general office costs that are currently being collected in rates and BVES' currently authorized general office allocation. This advice letter is being filed in accordance with Ordering Paragraph No. 2 in Decision No. ("D.") 09-06-010.

**2. APPLICABILITY**

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

**3. RATES**

The GOAMA does not have a rate component.

**4. ACCOUNTING PROCEDURES**

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

- a. A debit entry shall be made to the GOAMA at the end of each month to record the difference between the general office costs that are currently being collected in rates and BVES' currently authorized general office allocation. Based on the calculation of current revenue collected as equal to recorded sales times the rate factor of \$0.0111/kWh and one twelfth of the current GO allocation to BVES of \$3,609,170 (or \$300,764/month)
- b. Interest shall accrue to the GOAMA on a monthly basis by applying a rate equal to one-twelfth of the 3-month Commercial Paper Rate, as reported in the Federal Reserve Statistical Release, to the average of the beginning-of-month and the end-of-month balances.

**5. EFFECTIVE DATE**

The GOAMA shall go into effect on the effective date of Advice Letter 231-E.

**6. DISPOSITION**

Disposition of amounts recorded in the GOAMA shall be determined in BVES' next GRC or in a subsequent regulatory proceeding, as authorized by the Commission.

(N)

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The following tariff sheets contain all effective rates and rules affecting rates and service of the utility, together with information relating thereto:

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No. DMS    Domestic Service - Multi-family Accommodation Sub-metered	1628-E*, 1103-E, 1104-E, 1629-E*, 1106-E, 1630-E*
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**GOLDEN STATE WATER COMPANY**

**DISTRIBUTION LIST**

**BEAR VALLEY ELECTRIC DIVISION**

Big Bear City Community Services Dist  
P. O. Box 558  
Big Bear City, CA 92314

City Clerk  
City of Big Bear Lake  
P. O. Box 2800  
Big Bear Lake, CA 92315

City Attorney  
City of Big Bear Lake  
P. O. Box 2800  
Big Bear Lake, CA 92315

County Clerk  
County of San Bernardino  
385 N. Arrowhead Ave., 2<sup>nd</sup> Floor  
San Bernardino, CA 92415-0140

County Counsel  
County of San Bernardino  
385 N. Arrowhead Ave., 4<sup>th</sup> Floor  
San Bernardino, CA 92415-0140

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Project Manager  
1411 W. Covell Blvd., Ste 106-292  
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2015 h Street  
Sacramento, CA 95814

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939 Apache Drive  
Prescott, AZ 86303