



March 14, 2018

Advice Letter No. 341-E

(U 913-E)

California Public Utilities Commission

Attention: Energy Division
Advice Letter Filings Room 4005

Golden State Water Company ("GSWC") hereby transmits for filing an original and two conformed copies of the following tariff sheets applicable to its Bear Valley Electric Service ("BVES") district:

<u>CPUC Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling CPUC Sheet No.</u>
Revised No. 2515-E	Preliminary Statements Part W	Original No. 2242-E
Revised No. 2516-E	Table of Contents Page 1 of 2	Revised No. 2514-E

Subject: Update Fire Hazard Prevention Memorandum Account, pursuant to Decision No. 17-12-024

Purpose

GSWC is seeking to update its Preliminary Statement, Part W, Fire Hazard Prevention Memorandum Account ("FHPMA") in conjunction with California Public Utilities Commission ("Commission") Decision No ("D.") 17-12-024. GSWC has updated the Purpose and Disposition sections in the preliminary statement.

Background

The Commission initiated an Order Instituting Rulemaking No. ("R.") 08-11-005 on November 13, 2008, to consider revising and clarifying its regulations designed to protect the public from potential hazards, including fires, which may be caused by electric transmission, distribution lines, or communication infrastructure providers' facilities in proximity to the electric overhead transmission or distribution lines.

Initially, the scope of R.08-11-005 included six areas for consideration:

1. Immediate reporting of fire-related incidents and full cooperation with Commission staff;
2. Applying General Order ("G.O.") 165 or similar maintenance and inspection requirements to all electric transmission and communication infrastructure providers' facilities located on poles owned by publicly-owned utilities;
3. Overloading of utility poles;
4. Prompt reporting and resolution of hazards and violations that one pole occupant may observe in another pole occupant's facilities;
5. Vegetation management in high risk fire areas;
6. Mitigation of fire hazards in high speed wind areas.

On January 6, 2009, the Assigned Commissioner to R.08-11-005 split this proceeding into two phases.

On August 25, 2009, the Commission issued its decision in Phase 1, D. 09-08-029, which, among other things, directed "each cost of service regulated utility to file an advice letter establishing a memorandum account and to record its costs related to implementing these measures in a memorandum account to avoid retroactive ratemaking". These costs (not authorized as part of BVES' GRC or any other proceeding) may include:

1. Expenses associated with vegetation management activities to reduce risk of fires;
2. Increased expenses related to the maintenance program, inspection, and patrolling requirements;
3. Expenses incurred in designing, constructing, and maintaining facilities to mitigate fire hazards in high speed wind areas;
4. Other expenses incurred implementing D.09-08-029.

On January 18, 2012, the Commission issued D.12-01-032 for Phase 2, which, among other things, established a new Phase 3 of the proceeding to consider a number of additional issues including potential new fire threat maps, revising Section IV of General Order 95 to incorporate a new high fire threat district, and potential additional new fire safety standards for the new high fire threat district.

On May 7, 2015, the Commission approved R.15-05-006 to, among other things, 1.) closed R.08-11-005, and 2) develop and adopt maps that depict areas in the State of California where there are elevated risk of power-line fires igniting and spreading rapidly.

On December 14, 2017, the Commission approved D.17-12-024, which adopted new fire-safety regulations to enhance the fire safety of overhead electric power lines and communication lines located in high fire-threat areas. The new regulations will help to protect public safety in accordance with Public Utilities Code Sections 451 and 8386(a). As such, BVES will track any costs incurred to implement the safety regulations adopted in D.17-12-024 in its FHPMA. Any cost recovery request(s) will be by an application filing.

Compliance:

Ordering Paragraph No. 9 in D.17-12-024 states,

9. *The electric investor-owned utilities (“Electric IOUs”) and Small Incumbent Local Exchange Carriers (“Small ILECs”) shall use the following procedures to request the recovery of the costs they incur to implement the regulations adopted by this Decision:*
- i. *The Electric IOUs and Small ILECs may only seek to recover costs that are recorded in the Fire Hazard Prevention Memorandum Accounts (FHPMAs) they have established pursuant to decisions issued in Rulemaking 08-11-005. Companies shall record in their FHPMAs only those costs that are not being recovered elsewhere. For the purpose of this Decision, the term “IOUs” includes Southern California Gas Company to the extent it operates overhead power-line facilities that are subject to the Commission’s jurisdiction.*
 - ii. *Each Electric IOU may file one or more applications to request the recovery of the costs recorded in its FHPMA. The number and timing of applications will be at the discretion of the Electric IOU. Each Electric IOU may continue to use this procedure until the first general rate case (GRC) that occurs after the close of this proceeding. At that time, the Electric IOU shall close its FHPMA and thereafter use the GRC mechanism to request recovery of the costs it incurs to comply with the regulations adopted by this Decision. The Electric IOU may seek to recover the ending balance in its FHPMA, if any, by filing an application.*
 - iii. *Each Small ILEC may use its annual California High Cost Fund-A (CHCF-A) Tier 3 advice letter to request the recovery of costs recorded in its FHPMA. Each Small ILEC may continue to use this procedure until the first GRC that occurs after the close of this proceeding. At that time, the Small ILEC shall close its FHPMA and thereafter use the GRC mechanism to request recovery of the costs it incurs to comply with the regulations adopted by this Decision. The Small ILEC may seek to recover the ending balance in its FHPMA, if any, in its annual CHCF-A advice letter.*

- iv. *A Small ILEC shall close its FHPMA when its authority to seek financial support from the CHCF-A reaches zero percent (0.0%). The company's authority to seek recovery of any costs remaining in its FHPMA will expire upon the closure of its FHPMA.*
- v. *The Small ILECs that have opted out of the CHCF-A may seek to recover the costs recorded in their FHPMAs in their next GRC filing, if any. Their authority to seek recovery of such costs will end when the window to file their next GRC has closed, at which time their FHPMAs shall be terminated.*

BVES' request in this Advice Letter complies with the directives in the aforementioned Ordering Paragraph. GSWC will adhere to these provisions accordingly.

Request

This advice letter filing is requesting authorization to modify BVES' Preliminary Statement, Part W, Fire Hazard Prevention Memorandum Account. GSWC seeks to modify the Purpose and Disposition sections of the FHPMA, in accordance with the directives in D.17-12-024.

Tier Designation and Effective Date

This advice letter is submitted with a Tier 1 designation and GSWC requests it become effective on December 14, 2017, which is the effective date of D.17-12-024.

Notice and Protests

A copy of this filing has been served on the utilities and interested parties shown on the attached list.

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.

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
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

A copy of the protest should also be sent via e-mail to the attention of the ED Tariff Unit (EDTariffUnit@cpuc.ca.gov) ATTN: Tariff Unit

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

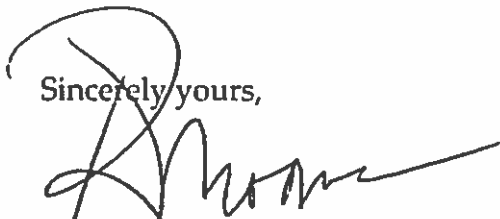
Copies of any such protests should be sent to this utility at:
Golden State Water Company
ATTN: Ronald Moore
630 East Foothill Blvd.
San Dimas, CA 91773
Fax: (909) 394-7427
E-mail: rkmoore@gswater.com

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. In accordance with General Order 96-B, a copy of this advice letter is being furnished to the entities listed on the attached service list.

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 yours,

A handwritten signature in black ink, appearing to read 'Ronald Moore', written over the typed name below.

Ronald Moore
Regulatory Affairs Department
Golden State Water Company

c: Edward Randolph, Director, Energy Division
James Loewen, Energy Division
R. Mark Pocta, ORA

RELIMINARY STATEMENTS

(Continued)

W. FIRE HAZARD PREVENTION MEMORANDUM ACCOUNT

Golden State Water Company ("GSWC") shall maintain the Fire Hazard Prevention Memorandum Account ("FHPMA") for Bear Valley Electric Service 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.

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. (N) (N) (N) (N)

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.

4. ACCOUNTING PROCEDURES

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

- 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

The disposition of this account balance will be addressed in a separate application or in BVES's GRC 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. (T) (T) (T)

ISSUED BY

R. J. SPROWLS

President

Date Filed: March 14, 2018

Effective Date: December 14, 2017

Resolution No. _____

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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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(Continued)

GOLDEN STATE WATER COMPANY

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