



December 24, 2018

Advice Letter No. 357-E

(U 913 E)

California Public Utilities Commission

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

<u>CPUC Sheet No.</u>	<u>Title of Sheet</u>	<u>CPUC Sheet No.</u>
Original No. 2633-E	Preliminary Statements Part OO	
Revised No. 2634-E	Table of Contents Page 1 of 3	Revised No. 2629-E

SUBJECT: Officer Compensation Memorandum Account ("OCMA")

PURPOSE

The purpose of this filing is to revise BVES's Preliminary Statement to include the Officer Compensation Memorandum Account ("OCMA"). GSWC is requesting to establish the OCMA to track the difference between (1) compensation for officers of the utility that is authorized in General Rate Cases (GRCs) or resolutions and; (2) all compensation as defined by Public Utilities Code ("PU Code) Section 706, that have been allocated to its electrical operations. The establishment of the OCMA was authorized by the California Public Utilities Commission ("Commission"), in its Resolution No. E-4963, dated December 13, 2018.

BACKGROUND

On August 31, 2018, the California Legislature passed Senate Bill ("SB") 901, and the Governor of the State of California signed it into law on September 21, 2018. SB 901 repeals the language in PU Code Section 706, and adds new language which prevents all electrical or gas corporations from recovering from ratepayers "any annual salary, bonus, benefits, or other consideration of any value, paid to an officer of the electrical corporation or gas corporation," and requires that compensation instead be funded entirely by the shareholders of the electrical corporation or gas corporation, effective January 1, 2019.

On December 13, 2018, the Commission issued Resolution No. E-4963, which codified the provisions of SB 901.

The revised PU Code Section 706 states, in part,

- (a) *For purposes of this section, "compensation" means any annual salary, bonus, benefits, or other consideration of any value, paid to an officer of an electrical corporation or gas corporation.*
- (b) *An electrical corporation or gas corporation shall not recover expenses for compensation from ratepayers. Compensation shall be paid solely by shareholders of the electrical corporation or gas corporation.*

Further, Ordering Paragraph No. 1 and 2 in Resolution No. E-4963, states,

1. *San Diego Gas & Electric Company, Southern California Gas Company, Pacific Gas and Electric Company, Southern California Edison Company, Bear Valley Electric Services, PacifiCorp, Liberty Utilities, Southwest Gas, West Coast Gas Company, and Alpine Natural Gas Operating Company shall establish Officer Compensation Memorandum Accounts consistent with the language in Appendix A: Sample Preliminary Statement for Officer Compensation Memorandum Account (OCMA).*
2. *San Diego Gas & Electric Company, Southern California Gas Company, Pacific Gas and Electric Company, Southern California Edison Company, Bear Valley Electric Services, PacifiCorp, Liberty Utilities, Southwest Gas, West Coast Gas Company, and Alpine Natural Gas Operating Company shall file Tier 1 Advice Letters implementing their respective Officer Compensation Memorandum Accounts no later than 10 days from the date of this resolution.*
 - a. *For each utility, the Advice Letter shall have an effective date of January 1, 2019.*

The OCMA applies only to that portion of officer compensations allocated by the Commission to GSWC's electric operations from future water operations GRC decisions.

COMPLIANCE

Advice Letter No. 357-E is being filed in compliance with Resolution No. E-4963.

Note: GSWC water operations GRC Application No. 17-07-010 is pending before the Commission.

TIER DESIGNATION

This advice letter is submitted with a Tier 1 designation.

EFFECTIVE DATE

The OCMA shall an effective date of January 1, 2019.

No individuals or utilities have requested notification of filing of tariffs. Distribution of this Advice Letter is being made to the attached service list in accordance with General Order No. 96-B.

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.

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: EDTariffUnit@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: Nguyen Quan

630 East Foothill Blvd.

San Dimas, CA 91773

Fax: 909-394-7427

E-mail: nquan@gswater.com

If you have not received a reply to your protest within 10 business days, contact Nguyen Quan at (909) 394-3600 ext. 664.

CORRESPONDENCE

Any correspondence regarding this compliance filing should be sent by regular mail or e-mail to the attention of:

Nguyen Quan
Manager, Regulatory Affairs
Golden State Water Company
630 East Foothill Blvd.
San Dimas, California 91773
Email: nquan@gswater.com

The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on who may file a protest.

Sincerely,

For NQ



Nguyen Quan
Manager, Regulatory Affairs

c: Edward Randolph, Director, CPUC – Energy Division
Franz Cheng, Energy Division
R. Mark Pocta, Cal PA

PRELIMINARY STATEMENTS

(Continued)

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 future 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 future 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)

Issued By

Advice Letter No. 357-E

R. J. Sprowls

Date Filed December 24, 2018

Rulemaking No. _____

President

Effective Date January 1, 2019

Resolution No. E-4963

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(Continued)

Issued By

Advice Letter No. 357-E

R. J. Sprowls

Date Filed December 24, 2018

Decision No. _____

President

Effective Date January 1, 2019

Resolution No. E-4963

GOLDEN STATE WATER COMPANY

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