

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 22, 2015

Advice Letter 295-E

Ronald Moore
Regulatory Affairs
Golden State Water Company
630 East Foothill Boulevard
San Dimas, CA 91773

Subject: Shell and EDF Agreements Memorandum Account

Dear Mr. Moore:

Advice Letter 295-E is effective December 11, 2014.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director
Energy Division





December 11, 2014

Advice Letter No. 295-E

(U 913-E)

California Public Utilities Commission

Attention: Energy Division
Advice Letter Filing Room 4005

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

<u>CPUC Sheet No.</u>	<u>Title of Sheet</u>	<u>Canceling CPUC Sheet No.</u>
Revised No. 2201-E	Preliminary Statement Part U	Original No. 1652-E*
Revised No. 2202-E	Table of Contents Page 1 of 2	Revised No. 2200-E

Subject: Revision of Preliminary Statement, Part U, Shell Agreement Memorandum Account

Purpose

BVES is seeking approval to revise its Preliminary Statement, Part U, Shell Agreement Memorandum Account, to convert it to a non-interest bearing memorandum account to record the unrealized gains and losses otherwise imputed to the Shell and EDF power purchase agreements ("Agreements") as a consequence of complying with the Financial Account Standards Board's (FASB) Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." This advice letter filing is in compliance with Ordering Paragraph No. 8 in the California Public Utilities Commission ("Commission") Decision No. ("D.") 14-12-003, which states,

- Golden State Water Company's Bear Valley Electric Service Division shall establish a non-interest bearing memorandum account to record refunds or under-collections to offset the unrealized gains or losses of the Shell Energy North America (US) L.P. agreements and the EDF Trading North America, LLC agreements created by the financial reporting impacts of the Financial Account Standards Board's Statement of Financial Accounting Standards No. 133, "accounting for Derivative Instruments and Hedging Activities." Golden State Water Company's Bear Valley Electric Service Division shall file a Tier 1 Advice Letter, pursuant to General Order 96B, Energy Industry Rules §5.1(1).*

This advice filing modifies BVES' Preliminary Statement, Part U, and renames it to the Shell and EDF Agreements Memorandum Account ("SEAMA").

BVES will track, solely for financial reporting purposes during the life of the power purchase agreements, any unrealized gains or losses on the outstanding balance of the contract and record either an offsetting "refund" to ratepayers of an imputed market gain or an under collection of an imputed market loss. During the contract performance, BVES will record and recover only its actual costs under the terms of the contract for energy delivered to retail customers.

Background

On June 28, 2013, BVES filed Application No. ("A.") 13-06-018 for the pre-approval of four proposed power purchase agreements with EDF Trading North America, LLC ("EDF") and Shell Energy North America (US) L.P. ("Shell"). The Application includes an executed Master Agreement with EDF, EDF Annual Base-load Confirmation, and EDF Call Option Confirmation. BVES also requested the pre-approval of the Shell Seasonal Base-load Confirmation and the Shell Resource Adequacy Confirmation under an existing master Power Purchase and Sale Agreement with Shell.¹ The Commission granted confidential status to these Confirmations.

BVES requested that the Commission create a two-phase proceeding. The first phase would consider pre-approval requests for the EDF and Shell proposed purchase power agreements terms and conditions approval of an executed EDF Master Agreement, a confidential benchmark price methodology and a memorandum account to track unrealized gains and losses. The second phase would consider a proposed alternative approval process for future power purchases agreements. BVES' application was unopposed.

The SEAMA shall record any unrealized gains or losses on the outstanding balance of the contracts and record either an offsetting "refund" to ratepayers of an imputed market gain or an under collection of an imputed market loss. The contracts pertain to the annual energy base-load, the seasonal energy base-load, the energy call option, and the resource adequacy.

Memorandum Account Treatment

GSWC is aware that a memorandum account is not a guarantee of eventual recovery of expenses. It is carried "off the books", as a memorandum account. Further, it is also

¹ The Shell Master Power Purchase and Sale Agreement was approved by the Commission in D.09-05-025 and remains in full force and effect.

known that Commission policy on memorandum account treatment has always been that the burden of proof of the reasonableness of expenses charged to the account is the responsibility of the utility requesting reimbursement of such expenses.

Tier Designation and Effective Date

In compliance with Ordering Paragraph No. 8 in D.14-12-003, this advice letter is submitted with a Tier 1 designation and BVES requests that the SEAMA be made effective on December 11, 2014.

Notice and Protests

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties to service list A.13-06-018 by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

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 Ronald Moore at (909) 394-3600 ext. 682.

Correspondence

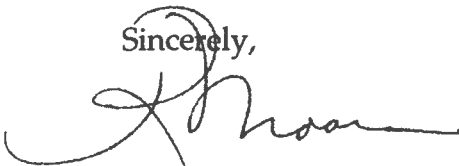
Any correspondence regarding this compliance filing should be sent by regular mail or e-mail to the attention of:

Ronald Moore
Regulatory Affairs
Golden State Water Company
630 East Foothill Blvd.
San Dimas, California 91773
Email: rkmoore@gswater.com

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

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
Regulatory Affairs Dept.
Golden State Water Company

c: Edward Randolph, Director, CPUC- Energy Division
Donald Lafrenz, CPUC- Energy Division
R. Mark Pocta, Office of Ratepayer Advocates
Service List A.13-06-018

PRELIMINARY STATEMENTS
(Continued)

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)

ISSUED BY

R.J. SPROWLS

Date Filed December 11, 2014

Effective Date: December 11, 2014

TABLE OF CONTENTS

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

Subject Matter of Sheet

Sheet No.

Title Page		1441-E	
Table of Contents		2202-E, 2183-E, 2139-E	(T)
Preliminary Statements	935-E, 1590-E*, 1591-E*, 1592-E*, 1593-E*, 1594-E*, 1595-E*, 1596-E*, 1597-E*, 2176-E, 2177-E, 2178-E, 2179-E, 2180-E, 2088-E, 1603-E*, 1604-E*, 1605-E*, 1606-E*, 1607-E*, 1608-E*, 1609-E*, 1610-E*, 1611-E*, 1650-E, 1612-E*, 2201-E, 2181-E, 2182-E, 1875-E, 1833-E, 1926-E, 1928-E, 1929-E, 1946-W, 2028-E, 2032-E, 2034-E, 2090-E, 2169-E, 2170-E, 2171-E, 2172-E, 2173-E, 2174-E, 2175-E		(T)
Tariff Area Map		1140-E	
Rate Schedules:			
No. A-1	General Service	2185-E, 1836-E	
No. A-2	General Service	2186-E, 1838-E	
No. A-3	General Service	2187-E, 1840-E	
No. A-4	General Service- TOU	2188-E, 1842-E, 1843-E	
No. A-5	TOU Primary	2189-E, 1845-E, 1846-E	
No. A-5	TOU Secondary	2190-E, 1848-E, 1849-E	
No. D	Domestic Service - Single-family Accommodation	2191-E, 1851-E, 1852-E	
No. DE	Domestic Service to Company Employees	2192-E, 1854-E	
No. D-LI	Domestic Service - CARE Rate	2193-E, 2081-E, 1857-E, 1858-E	
No. DM	Domestic Service - Multi-family Accommodation	2194-E, 1860-E, 1861-E	
No. DMS	Domestic Service - Multi-family Accommodation Sub-metered	2195-E, 2196-E, 1864-E	
No. DO	Domestic Service - Other	2197-E, 1866-E	
No. NEM-L	Net Energy Metering- Large	1931-E, 1932-W, 1933-E, 1934-E, 1935-E	
No. NEM-S	Net Energy Metering- Small	1936-E, 1937-E, 1938-E, 1939-E, 1940-E	
No. GSD	General Service Demand - Camp Oakes	2198-E, 1868-E	
No. SL	Street Lighting Service	2199-E, 1870-E	
No. SSC	Special Service Charges	2157-E, 2158-E	
No. S Standby	Standby Service	2159-E, 2160-E, 2161-E	
No. PPC-LI	Public Purpose Charge-Low Income	1613-E	
No. PPC-OLI	Public Purpose Charge-Other Than Low Income	1614-E	
No. UF-E	Surcharge to Fund PUC Utilities Reimbursement Account Fee	1872-E	

Contracts and Deviations 888-E

Rules:

No. 1	Definitions	1114-E, 1115-E, 1116-E, 1117-E, 1118-E, 1119-E, 1120-E, 1121-E, 1122-E, 1123-E, 1124-E, 1125-E, 1126-E, 1127-E, 1877-E, 1129-E, 1130-E	
No. 2	Description of Service	594-E, 595-E, 596-E, 597-E, 598-E, 599-E, 600-E, 601-E, 602-E, 603-E	
No. 3	Application for Service	950-E, 951-E	
No. 4	Contracts	604-E	
No. 5	Special Information Required on Forms	605-E, 606-E, 607-E	
No. 6	Establishment and Re-establishment of Credit	608-E, 1878-E	
No. 7	Deposits	2162-E	
No. 8	Notices	611-E	
No. 9	Rendering and Payment of Bills	2163-E, 577-E	
No. 10	Disputed Bills	578-E, 579-E	
No. 11	Discontinuance and Restoration of Service	580-E, 581-E, 582-E, 1002-E, 1971-E, 1972-E	
No. 12	Rates and Optional Rates	612-E, 613-E	
No. 13	Temporary Service	614-E, 615-E	
No. 14	Shortage of Supply and Interruption of Delivery	616-E	
No. 15	Distribution Line Extensions	2103-E, 2104-E, 2105-E, 2106-E, 2107-E, 2108-E, 2109-E, 2110-E, 2111-E, 2112-E, 2113-E, 2114-E, 2115-E, 2116-E	(C) (C)

(Continued)

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., 2nd Floor
San Bernardino, CA 92415-0140

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

Dave Morse, Project Manager
2436 Rivendell Lane
Davis, CA 95616
demorse@omsoft.com

Brent Tregaskis
Bear Mountain Resort
PO Box 77
Big Bear Lake, CA 92315

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. Golden State Water Company (DBA Bear Valley Electric Service)/ 913-E

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Ronald Moore

Phone #: (909) 394-3600 ext. 682

E-mail: rkmoore@gswater.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 295-E

Subject of AL: Shell and EDF Agreements Memorandum Account

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.14-12-003

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Resolution Required? No

Tier Designation 1

Requested effective date: December 11, 2014

No. of tariff sheets: 2

Estimated system annual revenue effect: (%): None

Estimated system average rate effect (%): None

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: Preliminary Statement, Table of Contents Page 1 of 2

Service affected and changes proposed¹: None

Pending advice letters that revise the same tariff sheets: None

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov**

**Golden State Water Company
Attention: Ronald Moore
Regulatory Affairs
630 E. Foothill Blvd.,
San Dimas, CA 91773
rkmoore@gswater.com**

¹ Discuss in AL if more space is needed.