



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



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

Company name/CPUC Utility No.: Bear Valley Electric Service, Inc (913-E)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Nguyen Quan

Phone #: (909) 394-3600 x664

E-mail: RegulatoryAffairs@bvesinc.com

E-mail Disposition Notice to: RegulatoryAffairs@bvesinc.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 416-E

Tier Designation: 1

Subject of AL: 2020 Risk Spending Accountability Report

Keywords (choose from CPUC listing): Compliance, GRC

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: Decision No. 19-08-027

Does AL replace a withdrawn or rejected AL?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Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes  No

Requested effective date: 4/1/21

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

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:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

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

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

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Title: Regulatory Affairs Manager  
Utility Name: Bear Valley Electric Service, Inc  
Address: 630 E. Foothill Blvd  
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Facsimile (xxx) xxx-xxxx: (909) 394-7427  
Email: [RegulatoryAffairs@bvesinc.com](mailto:RegulatoryAffairs@bvesinc.com); [nquan@gswater.com](mailto:nquan@gswater.com)

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March 31, 2021

Advice Letter No. 416-E

(U 913 E)

## California Public Utilities Commission

Bear Valley Electric Service, Inc. ("BVES") hereby transmits for filing the following:

**SUBJECT: 2020 Risk Spending Accountability Report**

### **PURPOSE**

The purpose of this filing is to submit an information-only advice letter, which provides a comparison of BVES actual expenditures to adopted expenditures, as approved in California Public Utilities Commission ("Commission") Decision No. ("D.") 19-08-027.

### **BACKGROUND**

On August 15, 2019, the Commission issued D.19-08-027, approving the Settlement Agreement signed by all parties, to resolve the 2018 General Rate Case application of BVES. Furthermore, D. 19-08-027 adopts specific maintenance, safety and reliability programs for BVES to be included in the annual Risk Spending Accountability Report ("RSAR"), pursuant to D.19-04-020, which adopted the Risk Spending Accountability Report Requirement

### **COMPLIANCE**

BVES is filing this advice letter in accordance with Ordering Paragraph No. 17 in D.19-08-027, which states,

*17. Golden State Water Company, on behalf of its Bear Valley Electric Service Division, shall file an information-only advice letter within 60 days of the issuance of the final decision in this proceeding, and annually by March 31 of each succeeding year, which includes a comparison of actual expenditures to adopted expenditures as approved in this decision for safety, reliability, and maintenance programs pursuant to the reporting requirements of Decision (D.) 19-04-020 and Public Utilities Code Section 591 relating to the Risk Spending Accountability Report. The March 31 due date revises the date previously set in D.19-04-020. The advice letters shall be filed with the Energy Division's Tariff Unit and served on the appropriate general rate case proceedings.*

The Commission issued D.19-08-027 on August 15, 2019. On October 14, 2019, BVES filed Advice Letter No. ("AL") 371-E showing the RSAR expenses and budget for 2018.

On April 28, 2020 the Commission approved AL 371-E with conditions. In its approval letter for AL 371-E, Energy Division made the following statements/recommendations:

*In April 2019, the CPUC issued Decision (D.) 19-04-020 modifying the selection criteria and revising the reporting guidance for utilities. ED staff calls attention to Ordering Paragraph 13 in D.19-04-020 which requires BVES to file annual RSARs in the GRC proceeding in which funding for risk mitigation spending was authorized, starting with a report covering 2019.*

*In addition, D.19-04-020 provides Small and Multi-Jurisdictional Utilities (SMJUs) the following direction: "We direct the SMJUs to follow the general RSAR procedures outlined in Attachment [2], providing the same level of detail on the utility's risk mitigation and risk spending as presented in its GRC, unless otherwise directed by Commission Staff." Attachment 2, Section I contains eight guiding principles for preparing RSARs that expand on the General Guidance six principles. As a result, BVES should prepare its future RSARs by following procedures outlined in D.19-04-020, Attachment 2, consistent with Commission direction.*

*In August 2019, the CPUC issued D.19-08-027, adopting 2018 through 2022 revenue requirements for BVES. The decision also adopted reporting requirements and specified a list of programs for BVES to report on in its annual RSARs.<sup>5</sup> BVES should provide a report on spending in all safety, reliability, and maintenance programs adopted in D.19-08-027.*

This Advice Letter complies with the requirements to report on spending in all BVES safety, reliability, and maintenance programs adopted in D.19-08-027 and AL 371-E.

#### **ATTACHMENT**

Attachment A: 2020 Risk Spending Accountability Report of capital programs adopted in D.19-08-027.

#### **TIER DESIGNATION**

This advice letter is submitted with a Tier 1 designation.

#### **EFFECTIVE DATE**

BVES respectfully requests this advice letter become effective on April 1, 2021.

#### **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: [EDTariffUnit@cpuc.ca.gov](mailto: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](mailto: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](mailto: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,

/s/ Nguyen Quan

Nguyen Quan

Manager, Regulatory Affairs

cc: Edward Randolph, Deputy Executive Director, CPUC - Energy Division  
Franz Cheng, CPUC- Energy Division  
R. Mark Pocta, Cal PA  
Lee Palmer, Director Safety and Enforcement Division

## **ATTACHMENT A**

**BVES 2020 Risk Safety Accountability Report (RSAR) on the Safety,  
Reliability and Maintenance Projects as Authorized in D.19-08-027**

## Bear Valley Electric Service 2020 Risk Spending Accountability Report

	Authorized Budget	Recorded Budget	Variance (\$)	Variance (%)	Explanation for Variance Greater Than 20%
Overall Capital activities relating to safety, reliability or maintenance authorized.	\$ 7,476,772	\$ 7,362,315	\$ 114,457	2%	Within 20% variance.
Overall O&M Expense activities relating to safety, reliability or maintenance authorized	\$ 4,846,361	\$ 5,872,614	\$ (1,026,253)	-21%	Within 20% variance.

Budget	Program	Authorized Budget	Recorded Budget	Variance (\$)	Variance (%)	Explanation for Variance Greater Than 20%
Capital	Pole Loading Assessment and Remediation Program	\$ 2,444,130	\$ 2,546,760	\$ (102,630)	-4%	Within 20% variance.
O&M Expense	Pole Loading Assessment and Remediation Program	\$ 459,216	\$ -	\$ 459,216	100%	The expenses for this program are reported on the Distribution System Maintenance (FERC 580-598) line of this report; therefore, no expenses are booked here.
O&M Expense	Vegetation Management	\$ 338,793	\$ 2,220,596	\$ (1,881,803)	-555%	D.17-12-024 imposed new regulations that included increased minimum vegetation clearances, and authorized IOUs to track any incremental costs in their Fire Hazard Prevention Memorandum Accounts ("FHPMA"). In Section 4.27 of the Settlement Agreement, approved in D.19-08-027, the settling parties agreed that \$338,793 is a reasonable amount for the vegetation management costs included in the 2018 Base Rate Revenue Requirement, and that BVES may rely upon the \$338,793 figure as the basis to calculate its incremental vegetation costs to be tracked in its FHPMA. Implementing requirements associated with D.17-12-024 has resulted in costs substantially above the \$338,793 Base Rate amount, which incremental costs are being tracked in the FHPMA
O&M Expense	Electrical Preventative Maintenance	\$ 105,566	\$ 268,587	\$ (163,021)	-154%	This program was over budget due to the authorized budget not being sufficient to execute the necessary work in order to achieve the desired safety and reliability maintenance objectives. BVES will update the budget in its next GRC filing.
O&M Expense	Predictive Based Maintenance of Overhead Lines	\$ 96,073	\$ -	\$ 96,073	100%	BVES completed a full Exactor survey of its system in 2018 and 2019. Based on the results of the surveys BVES decided to pause the annual surveys. The budget for this program was used in another safety and reliability maintenance program, Electrical Preventative Maintenance, listed in this report.
Capital	Tree Attachment Removal	\$ 732,018	\$ 1,453,218	\$ (721,200)	-99%	This project authorized by D.19-08-027 in August 2019 is a five year project (2018-2022). The project was over its annual budget in 2020 to get the project back on track and accelerate the removal of tree attachments in some of the high wildfire risk areas.
Capital	BVPP – Install Engine System Monitor	\$ 915,961	\$ 987,538	\$ (71,577)	-8%	Within 20% variance.
Capital	BVPP – Oil Filter Conversion and Cylinder Upgrades	\$ 887,898	\$ -	\$ 887,898	100%	Project is programmed for 2021; therefore, no CAPEX expense was made in 2020 for this project.
Capital	Safety and Technical Upgrades of Palomino Substation	\$ 1,551,773	\$ 669,712	\$ 882,061	57%	Project is in progress. While the project was originally scheduled to be completed in 2020, its execution had a late start due to delays in receiving new substation equipment, design development by the contracted engineering company, and civil construction. The delays were mostly driven by consequences of COVID-19 pandemic. The project is now on track and scheduled to be completed in June 2020.
Capital	Replacement of Fawnskin Conductors	\$ 182,890	\$ -	\$ 182,890	100%	Project was cancelled due to BVES establishing its covered wire replacement program which replaces bare wire conductors with covered wire conductors. The scope of the "Replacement of Fawnskin Conductors" was achieved through the covered wire replacement program in 2020. Funds for this project were expended on safety and reliability work orders in other safety and reliability maintenance projects (GO 95/165 Safety and Reliability Compliance Projects, , Office Furniture and Equipment Project, and Field Operations Misc. Tools & Safety Equipment Project).



Capital	Replacement of Summit Conductors	\$ 185,010	\$ 387,806	\$ (202,796)	-110%	Project was originally programmed for 2020, it was actually performed in Test Year 2018 to jump start BVES compliance with safety and reliability requirements. The project was significantly over budget due to more poles being required to be replaced than originally anticipated.
Capital	Replacement of Baldwin Conductors	\$ 184,674	\$ -	\$ 184,674	100%	Project is programmed for 2021; therefore, no CAPEX expense was made in 2020 for this project.
Capital	GO 174 Substation Safety and Reliability Compliance Projects	\$ 410,000	\$ 415,270	\$ (5,270)	-1%	Within 20% variance.
Capital	Wire Upgrade and Relocation Project	\$ 80,000	\$ -	\$ 80,000	100%	Wire Upgrade and Relocation Project was included in work orders for GO 95/165 Safety and Reliability Compliance Projects.
Capital	GO 95/165 Safety and Reliability Compliance Projects	\$ 925,000	\$ 1,053,152	\$ (128,152)	-14%	Within 20% variance.
Capital	Shifting Tree Attachment to Poles/Underground Projects	\$ 30,000	\$ -	\$ 30,000	100%	This project has been combined with the Tree Attachment Removal Project, noted above.
Capital	Public Works Project Support	\$ 30,000	\$ -	\$ 30,000	100%	Public Works Project Support work was combined in a work order for GO 95/165 Safety and Reliability Compliance Projects, another safety and reliability maintenance project. The \$30,000 budgetted for this project was expended the GO 95/165 Safety and Reliability Compliance Projects of this report.
Capital	Office Furniture and Equipment Project	\$ 25,000	\$ 33,929	\$ (8,929)	-36%	2020 annual costs for office equipment were above original budget due to pricing being higher than originally planned.
Capital	BVPP Misc. Tools & Safety Equipment Project	\$ 20,000	\$ -	\$ 20,000	100%	No expenditures for BVPP Misc. Tools & Safety Equipment Project were required in 2020. The \$20,000 budgetted for BVPP Misc. Tools & Safety Equipment Project were expended on the BVPP – Install Engine System Monitor, another safety and reliability maintenance project.
Capital	Field Operations Misc. Tools & Safety Equipment Project	\$ 85,000	\$ 149,458	\$ (64,458)	-76%	Field Operations Misc. Tools & Safety Equipment Project was over budget in order to purchase a wire puller which was needed for safety and reliability work.
Capital	Minor Additions to General Structure Project	\$ 45,000	\$ 53,279	\$ (8,279)	-18%	Within 20% variance.
O&M Expense	Power Generation Maintenance (FERC 546-555)	\$ 1,266,592	\$ 336,526	\$ 930,066	73%	BVES's power plant, Bear Valley Power Plant (BVPP), system is small with 7 natural gas fired generators, a total of 8.4 MW. The O&M budget is composed of routine and unplanned preventative maintenance, as well as inspections. While routine preventative maintenance can be reliably anticipated, corrective maintenance on such a small system will have significant variance. For example, in a year where one engine requires significant repair, the O&M expense may be driven up significantly. In 2020, BVES completed all planned routine preventative maintenance and inspections on the BVPP. There was no failure that required significant corrective action and expense, which resulted in actual expense being less than budget.
O&M Expense	Transmission System Maintenance (FERC 562-573)	\$ 179,476	\$ 77,100	\$ 102,376	57%	BVES's transmission system maintenance budget is small due to the transmission system being small. The O&M budget is composed of routine and unplanned preventative maintenance, and inspections. While routine preventative maintenance can be anticipated reliably, corrective maintenance on such small system will have significant variance. For example, in a year where one large transformer repair occurs, the O&M expense may be driven up significantly. The authorized budget was developed based on a trended average with significant variance in the cost data due to the reasons mentioned above. In 2020 BVES completed all planned routine preventative maintenance and inspections and did not experience failures requiring significant corrective action expense. Therefore, the actual expense was less than budgetted.
O&M Expense	Regional Market Equipment Maintenance (FERC 576)	\$ 9,200	\$ 10,005	\$ (805)	-9%	Within 20% variance.
O&M Expense	Distribution System Maintenance (FERC 580-598)	\$ 2,332,367	\$ 2,802,600	\$ (470,233)	-20%	The expense for the Pole Loading Assessment and Remediation Program were booked on this line; therefore, the variance was over budget. When the authorized budgets are combined (\$2,332,367 + \$4459,216 = \$2,791,583) and compared to the actual budget, the variance is (\$11,017) or -0.4%.

O&M Expense	General Plant Maintenance (FERC 935)	\$ 59,078	\$ 157,200	\$ (98,122)	-166%	This program was over budget due to the authorized budget not being sufficient to execute the necessary general plant work in order to achieve the desired safety and reliability maintenance objectives. BVES will update the budget in its next GRC filing.
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**BEAR VALLEY ELECTRIC SERVICE, INC.**

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