STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

F I L E D
05-24-11
01:16 PM

May 24, 2011

Agenda ID #10440
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 10-07-012

This is the proposed decision of Administrative Law Judge (ALJ) Seaneen M. Wilson. It will not appear on the Commission's agenda sooner than 30 days from the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the proposed decision as provided in Article 14 of the Commission's Rules of Practice and Procedure (Rules), accessible on the Commission's website at www.cpuc.ca.gov. Pursuant to Rule 14.3, opening comments shall not exceed 15 pages.

Comments must be filed pursuant to Rule 1.13 either electronically or in hard copy. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Wilson at smw@cpuc.ca.gov and the assigned Commissioner. The current service list for this proceeding is available on the Commission's website at www.cpuc.ca.gov.

/s/ KAREN V. CLOPTON
Karen V. Clopton, Chief
Administrative Law Judge

KVC:gd2

Attachment

Decision **PROPOSED DECISION OF ALJ WILSON** (Mailed 5/24/2011)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Golden State Water Company on Behalf of its Bear Valley Electric Service Division (U913E), for Approval of RPS Contract with BioEnergy Solutions, LLC, and for Authority to Recover the Costs of the Contract in Rates.	Application 10-07-012 (Filed July 8, 2010)

DECISION APPROVING SETTLEMENT AGREEMENT BETWEEN GOLDEN STATE WATER COMPANY AND THE DIVISION OF RATEPAYER ADVOCATES

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Attachment A – List of Testimony and Exhibits Entered into Record in A.10-07-012

DECISION APPROVING SETTLEMENT AGREEMENT BETWEEN GOLDEN STATE WATER COMPANY AND THE DIVISION OF RATEPAYER ADVOCATES

1. Summary

This decision adopts, as clarified, the *Settlement Agreement Between the Division of Ratepayer Advocates and Golden State Water Company, On Behalf of it's Bear Valley Electric Service Division,* which authorizes Golden State Water Company to execute a Biogas Option Agreement with BioEnergy Solutions, LLC, and resolves all issues in Golden State Water Company's current application.

2. Background

The Bear Valley Electric Service Division of Golden State Water Company (GSWC) provides retail electric service to over 20,000 customers in the communities of Big Bear Lake, Big Bear City, Fawnskin, Erwin Lake, Moonridge, Sugarloaf, Baldwin Lake, and Lake Williams, in San Bernardino County. The majority of customers are residential (17,500),[1] with the remaining 2,500 customers being commercial, industrial, and public authority. Two of the commercial customers are ski resorts.

In 2002, California Senate Bill (SB) 1078 (Stats. 2002, ch. 516) established the California Renewables Portfolio Standard (RPS) Program, with a stated intent of attaining a target of 20 percent renewable energy for the State of California. To reach that goal, the legislation required an increase in procurement of renewable energy of at least one percent per year. The Legislature found that increasing California's reliance on renewable energy resources may have

[1] http://www.aswater.com/CSC/Maps_and_Directions/maps_and_directions.html.

significant economic, social, health, and environmental benefits.[2] SB 1078 also required the Commission to adopt processes, rules, and standard terms in order to implement and administer the RPS program. Over the next several years, the Commission addressed and adopted such requirements for the three large energy utilities that operate in California, as well as the small and multi-jurisdictional energy utilities.[3]

In Decision (D.) 05-11-025, the Commission concluded that GSWC[4] and other small utilities need to meet the five basic requirements of the RPS program in the same manner as that of the three large energy utilities. These requirements include: 1) procurement of 20% of the utility's retail sales from renewable energy sources by 2010;[5] 2) increased procurement of renewable energy by at least 1% of the utility's retail sales per year; 3) reporting to the Commission on the utility's compliance with these requirements; 4) use of flexible compliance mechanisms; and 5) the utility being subject to penalties for non-compliance with these rules.

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[2] See Public Utilities (Pub. Util.) Code §399.11.

[3] http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm

[4] Since GSWC has filed this decision on behalf of its affiliate, the Bear Valley Electric Service Division, and in order to simplify references to the requesting entity, we use "GSWC" to represent both GSWC and Bear Valley Electric Service Division for the balance of this decision.

[5] We note the recent passage of legislation (California SB 2 (2011-2012 First Extraordinary Session, Stats. 2011, ch. 1)), which now requires that utilities' procurement of renewable energy increase to 33% of retail sales by 2020.

In D.08-05-029, the Commission ordered GSWC to seek approval of any contracts for the procurement of RPS-eligible energy by application, rather than by advice letter, as long as any cap[6] on GSWC electricity charge remains in effect.

Pursuant to Pub. Util. Code §454.5, each electric utility under the Commission's jurisdiction is required to file a proposed electricity procurement plan for Commission review and approval that address various issues, including the utility's specific renewable resource goals. Pub. Util. Code §454(i) provides that an electrical corporation serving fewer than 500,000 customers in California may file a request for an exemption from the requirements of filing a procurement plan. GSWC was granted such an exemption in 2009 from this long-term procurement process for its Bear Valley Electric Service Division.[7]

In 2006, 2007, and 2008, GSWC issued one Requests for Proposal (RFP), each year, and informed multiple bidders of such (50, 80, and 90, respectively) to prospective bidders for renewable resources, and received only 3, 6, and 2 proposals, respectively. All of these proposals resulted in either unsuccessful negotiations, withdrawal of responses, terms that were not considered viable by GSWC, or costs that were considered too high by GSWC. GSWC believes that it received so few responses to its RFPs because renewable energy producers would prefer to sell their entire output to one large energy utility, as opposed to

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[6] In D.02-07-041, the Commission approved a settlement agreement between GSWC, Division of Ratepayer Advocates (DRA) and Bear Mountain Inc., that included a cap on the weighted average annual cost of $77 per megawatt hour (MWh) ($77 Cap) in calculating the energy charge component of its Purchased Power Adjustment Clause. The $77 Cap is still in effect.

[7] Resolution E-4232 in Advice Letter No. 224-E.

the sale of a portion of its output to GSWC, which, as a small energy utility, has a lower need for RPS power.

GSWC also unsuccessfully proposed partnerships for the development of a renewable energy facility with another investor-owned utility that is a major developer of renewable energy projects, and a wastewater agency.

Given its unsuccessful effort to acquire RPS power via the competitive bidding process and partnerships with other users of RPS power, GSWC decided to use the bilateral-contracting process instead. In 2008, GSWC initiated bilateral negotiations[8] with BioEnergy Solutions, L.L.C. (BioEnergy),[9] which resulted in a successful agreement for BioEnergy to provide a small amount of biomethane (biogas) that would fit GSWC's lower load requirements.

GSWC also executed a second RPS contract through the use of the bilateral negotiation process, with County Sanitation District No. 2 of Los Angeles. GSWC filed a separate application,[10] in order to request approval of this RPS contract and to recover the costs of the contract in rates.

On July 8, 2010, GSWC on behalf of its Bear Valley Electric Service Division, filed the instant application, A.10-07-012, for approval of a bilateral contract with BioEnergy. The contract for which GSWC seeks approval is described below.

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[8] A bilateral negotiation is undertaken by two sides equally, and is binding on both parties.

[9] BioEnergy designs, builds and maintains waste-to-gas systems on farms or at processing facilities, distributes renewable natural gas to dairy producers, and sells renewable natural gas to power generators.

[10] Application (A.) 10-06-003.

On July 29, 2010, Resolution ALJ-176-3258 preliminarily determined that this proceeding was ratesetting and that hearings would be necessary. On August 12, 2010, the DRA filed a protest, to which GSWC responded on August 20, 2010.

On August 30, 2010, a prehearing conference (PHC) took place in San Francisco to establish the service list for the proceeding, discuss the scope of the proceeding, and develop a procedural timetable for the management of the proceeding.

On September 16, 2010, Commissioner Nancy Ryan issued the *Scoping Memo and Ruling of Assigned Commissioner* (Scoping Memo), which set forth the scope and schedule of the proceeding, and addressed other procedural matters. In particular, the Scoping Memo confirmed the preliminary categorization that this proceeding was ratesetting and the preliminary determination that hearings would be required. Subsequent to issuance of the Scoping Memo, this proceeding was re-assigned to President Michael R. Peevey.

On December 6, 2010, the assigned Administrative Law Judge (ALJ) issued *Administrative Law Judge's Ruling on Request to Suspend Schedule*, in which she granted DRA and GSWC's request that the procedural schedule be suspended in order for the parties to continue their efforts to finalize a settlement. The assigned ALJ also required that the parties file a joint progress report every four weeks while the settlement discussions were in progress, with which requirement the parties complied.

On March 9, 2011, DRA and GSWC filed their request for approval of the Settlement Agreement.[11]

On March 28, 2011, the assigned ALJ issued a ruling requesting further information regarding the Joint Motion, to which DRA and GSWC (Joint Parties) responded on April 8, 2011.

3. Other Procedural Issues

3.1. Change in Determination on Need for Hearings

The Scoping Memo confirmed the categorization of this proceeding as ratesetting and that hearings were necessary. However, the proposed settlement is governed by Rule 12 et seq., which provides that no hearing is necessary if there are no material contested issues of fact, or if the contested issue is one of law. After review of the Joint Motion, the Settlement Agreement, the application, prepared testimony and exhibits, and other filed documents in the record, we have determined that no material contested issues of fact remain and conclude that no hearing is required. We therefore change the designation regarding hearings and determine that no hearings are necessary.

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[11] *Joint Motion of the Division of Ratepayer Advocates and Golden State Water Company (Bear Valley Electric Service Division) to Approve Settlement (Settlement Agreement Attached)* (Joint Motion). The attached Settlement Agreement is titled *Settlement Agreement Between the Division of Ratepayer Advocates and Golden State Water Company, On Behalf of it's Bear Valley Electric Service Division* (Settlement Agreement). Both documents can be found at http://docs.cpuc.ca.gov/efile/MOTION/132172.pdf. Throughout the balance of this decision, the Settlement Agreement will be referred to separately from the Joint Motion.

3.2. Receipt into Evidence of Testimony and Exhibits

Since evidentiary hearings were not held in this proceeding, there was no opportunity to enter testimony and exhibits into the record. In order to fairly assess the Settlement Agreement, it is necessary to include all testimony and exhibits submitted by the Joint Parties into the record. We therefore receive into evidence GSWC's and DRA's testimony and exhibits that were served on the service list in A.10-07-012, as detailed in Attachment A to this decision.

4. Application for Approval of a RPS-eligible Gas Purchase Contract

As discussed above, the Commission requires GSWC, pursuant to D.08-05-029, to seek approval of any contract for the procurement of RPS eligible energy by application rather than by advice letter, as long as any cap on GSWC's electricity charge remains in effect. The current cap is $77 per MWh.

Each year, GSWC prepares a five-year Integrated Resource Plan (IRP), which it uses to plan, evaluate, and acquire generation resources to meet its forecasted customer energy requirements. GSWC states that its request for authority to acquire renewable energy resources in the current application is consistent with its IRP issued in June 2009.

In this application, GSWC requests approval of the gas purchase contract (GPA) between GSWC and BioEnergy. The contract has a 10-year term and provides for the delivery of biogas[12] produced from dairy cow manure from the Vintage Dairy in Fresno County. The biogas would be used to fuel GSWC' Bear

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[12] Biogas is identified as an RPS eligible fuel in the California Energy Commissions publication *Renewables Portfolio Standard Eligibility*, issued January 2011. http://www.energy.ca.gov/2010publications/CEC-300-2010-007/CEC-300-2010-007-CMF.PDF.

Valley Power Plant (BVPP), located in the City of Big Bear Lake, to produce electricity for use by its customers. The California Energy Commission (CEC) pre-certified BVPP as RPS-eligible in February 2009.[13] BVPP, which is GSWC's only power plant, operates seven natural-gas fired generators that can use either natural gas or biogas. The biogas provided by BioEnergy would be delivered to GSWC via gas transportation service from Pacific Gas and Electric Company (PG&E), to Southern California Gas Company (SoCalGas), and then to Southwest Gas Corporation (Southwest Gas), which is GSWC's local distribution company.

5. The Proposed Settlement Agreement

In late 2010, after this application was filed, GSWC learned that BioEnergy had suspended its biogas operations at the location which was going to provide the product to GSWC under the GPA, so BioEnergy would not be able to fulfill its obligations to provide biogas to GSWC pursuant to the GPA discussed in Section 4 above. As a result of Bioenergy's suspension of biogas production, GSWC negotiated a Biogas Option Agreement with BioEnergy (Option). By entering into the Option, GSWC will have the option to acquire biogas from BioEnergy in the future once biogas production is resumed, and to avoid costly and time-consuming litigation regarding BioEnergy's inability to fulfill its contract with GSWC to provide biogas. The specifics of the Option are discussed below.

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[13] The CEC is responsible for determining the eligibility of renewable resources and certifying individual facilities as RPS eligible. The CEC pre-certification of GSWC's BVPP as RPS-eligible means that power generated using renewable resources at the BVPP may be used by GSWC to satisfy its RPS procurement requirements.

GSWC then met with DRA and advised them of the suspension of biogas production by BioEnergy and the execution of the Option with BioEnergy. After engaging in negotiations, Joint Parties reached a proposed settlement of A.10-07-012, as set forth in the Joint Motion.

The proposed Settlement Agreement is an all-party settlement and resolves all issues raised in the protests and all elements of GSWC's request. No protests or comments were filed in response to the Joint Motion. The key portions of the Settlement Agreement are summarized below.

The Joint Parties agree that the execution of the Option preserves for GSWC and its customers the core value of the GPA. Specifically, the Option provides an option for GSWC to purchase renewable energy for its customers for ten years, with an anticipated reduction in the price of biogas as compared to the GPA. By entering into the Option instead of the previously executed GPA which BioEnergy is now unable to execute, GSWC states that it and BioEnergy avoid potentially costly and time consuming litigation. The Settlement Agreement provides that any GPA resulting from execution of the Option will be subject to Commission approval.

As part of the Settlement Agreement, the Joint Parties also request Commission permission for GSWC to withdraw this current application, A.10-07-012, which requests approval of the GPA and the establishment of a GPA memorandum account. This request for withdrawal of the current application is contingent upon the Commission approving, without change, the Option.

5.1. Ten Year Term

The Option has a ten-year term which provides GSWC with the option to purchase up to the same amounts of biogas which would have been acquired

through the GPA requested in the current application. Provision of biogas under the Option is conditioned upon BioEnergy resuming production of biogas in sufficient quantities to satisfy both the existing contract between PG&E and BioEnergy[14] and a new biogas GPA between GSWC and BioEnergy that would result as a consequence of GSWC exercising the Option.

In particular, the Option provides GSWC with the option (but not the obligation) to purchase up to an annualized daily average of 60 MMBtu[15] and 120 MMBtu of biogas in Year One and Year Two of a potential future ten-year biogas purchase contract, respectively, and up to an annualized daily average of 350 MMBtu of biogas in Years Three through Ten of such potential contract. These annualized amounts mirror the provisions of the GPA requested in the current application. The Option may be exercised by GSWC at any time within ten years of December 2, 2010 (the date the Option was signed). In the event BioEnergy fails to resume production of biogas by December 2, 2020, neither party to the Option is liable or obligated to the other party to fulfill the Option.

5.2. Price of Biogas

The Option provides that the price of the biogas that GSWC would exercise its option at to purchase from BioEnergy shall be equal to the lowest price of biogas previously offered by BioEnergy to another purchaser with respect to a biogas contract of similar length and volumes.

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[14] Resolution E-4076 approved a contract in which BioEnergy provides biogas to PG&E that results in 389 gigawatt hours of power per year.

[15] MMBtu represents one million British thermal units. British thermal units are defined as a unit of energy, or the amount of heat required to raise the temperature of one pound of water by one degree Fahrenheit at sea level. See http://www.cpuc.ca.gov/PUC/glossary/b.htm.

5.3. Costs Associated With Option

In their response to the ALJ ruling, the Joint Parties state that GSWC plans to request recovery of various costs related to the drafting and negotiation of the Option via an application for recovery from GSWC's Renewable Portfolio Standard Memorandum Account (RPSMA). The Joint Parties also state that GSWC may also request recovery, in the future, of any legal and administrative costs it may incur regarding the Option.

6. Standard of Review for Settlement Agreements

We review this uncontested Settlement Agreement pursuant to Rule 12.1(d) which provides that, prior to approval, the Commission must find a settlement "reasonable in light of the whole record, consistent with the law, and in the public interest." We find the settlement agreement meets the Rule 12.1(d) criteria, and discuss each of the three criteria below.

Initially, we note that the circumstances of the settlement, particularly its endorsement by all parties, generally support its adoption. DRA, which represents ratepayer interests, initially protested the application. DRA actively participated in the proceeding and in the settlement negotiations. In addition to GSWC's application, testimony, and exhibits, DRA served testimony on the issues raised in the application. Thus, the Settlement Agreement was reached after careful analysis of the application by parties representing the interests of both ratepayers and the utility. The record also shows that the Settlement Agreement was reached after substantial give-and-take between the parties which occurred over several settlement meetings. This give-and-take is demonstrated by the positions initially taken by parties in the application, testimony, and the final positions agreed upon in the Settlement Agreement.

The Settlement Agreement is also consistent with Commission decisions on settlements, which express the strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record.[16] This policy supports many worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable results.[17] As long as a settlement, taken as a whole, is reasonable in light of the record, consistent with law, and in the public interest, it may be adopted.

As assessed above and in Sections 6.1 through 6.3 herein, we approve the Settlement Agreement, as clarified in Section 6.3 below.

6.1. The Settlement Agreement is Reasonable in Light of the Whole Record

We find that the evidentiary record contains sufficient information for us to determine the reasonableness of the Settlement Agreement.

In assessing whether the Settlement Agreement is reasonable, we consider here the effort GSWC put forth in order to acquire RPS-eligible energy as required by the Commission and the California RPS program. Over several years, GSWC worked diligently to acquire RPS-eligible energy, which resulted in just one viable GPA with BioEnergy. Even when GSWC found that this GPA could not be executed by BioEnergy, it continued its efforts to acquire RPS-eligible energy, which resulted in the Option.

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[16] *See* D.05-03-022 at 9.

[17] *Id.*

As the only means available to GSWC to acquire RPS-eligible energy at this time, we find that the Settlement Agreement, including the Option, which are supported by the Joint Parties, is a reasonable way to resolve this proceeding. It also reserves for Commission approval at a later date, the price and terms of the requested future GPA, allowing for additional review of the GPA.

6.2. Settlement Agreement is Consistent with the Law and in the Public Interest

The Joint Parties, who represent all parties in the current application, believe that the terms of the Settlement Agreement comply with all applicable laws and decisions. We agree that nothing in the Settlement Agreement contravenes statute or prior Commission decisions.

We also find that the Settlement Agreement is in the public interest and in the interest of GSWC's customers, and commands the unanimous sponsorship of all active parties in this proceeding, one of which being DRA, who fairly represent the interests of the public. Approval of the Settlement Agreement avoids the cost of further litigation regarding both the current application and resolution of BioEnergy's inability to fulfill its responsibilities pursuant to the GPA, and reduces the use of valuable resources of the Commission and the Joint Parties.

6.3. Request to Withdraw A.10-07-012

In Section III of the Settlement Agreement, the Joint Parties request the Commission's permission to withdraw A.10-07-012, GSWC's request for approval of the GPA and the establishment of a GPA memorandum account. This request is contingent upon the Commission approving, without change, the Option.

In order to have a proceeding in which to adopt the Settlement Agreement (i.e. the Option), we must have a proceeding to adopt it in; therefore, we are unable to grant the request to withdraw A.10-07-012. Even though we do not adopt this request to withdraw the current application, through the adoption of the Settlement Agreement, we do not adopt GSWC's initial request in A.10-07-012 for approval of the GPA and the establishment of a GPA memorandum account. Therefore, we agree that GSWC's initial request set forth in the application is withdrawn. Thus, we adopt the Settlement Agreement as clarified in this section.

7. Costs Associated with Option

In response to the assigned ALJ's ruling regarding the Joint Motion, the Joint Parties responded that GSWC plans to request recovery of costs related to the drafting and negotiation of the Option through its RPSMA, and may also request recovery of future legal and administrative costs regarding the Option. We make no determination herein as to the reasonableness of any past or future costs incurred by GSWC regarding the Option. Such costs should be addressed in separate proceedings. Herein, we only approve the Joint Motion, which includes approval of the Settlement Agreement and attached Option.

8. Comments on the Proposed Decision

As provided by Rule 14.3 of the Commission's Rules of Practice and Procedure and Pub. Util. Code § 311(g) (1), the draft decision of the ALJ in this matter was mailed to the parties on _____. Opening and Reply Comments were filed by _____on _____ and _____, respectively.

9. Assignment of Proceeding

Michael R. Peevey is the Assigned Commissioner and Seaneen M. Wilson is the assigned ALJ in this proceeding.

Findings of Fact

1. During 2006, 2007, and 2008, GSWC issued RFP's for contracts for the procurement of renewable resources, none of which resulted in viable bids. GSWC also unsuccessfully proposed partnerships for the development of a renewable energy facility with another investor-owned utility that is a major developer of renewable energy projects, and a wastewater agency.

2. In 2008, GSWC tried using bilateral negotiations to obtain a contract for renewable energy, which resulted in the contract for which it requests approval in the current application.

3. In late 2010, after this application was filed, GSWC learned that BioEnergy had suspended its biogas operations at the location which was going to provide the product to GSWC, and would not be able to fulfill its obligations to provide biogas to GSWC pursuant to the GPA.

4. As a result of the suspension of biogas production, GSWC negotiated an Option with BioEnergy, primarily in order to provide GSWC with the option to acquire biogas from BioEnergy in the future, once biogas production is resumed, and to avoid costly and time-consuming litigation regarding BioEnergy's inability to fulfill its contract to provide biogas to GSWC.

5. On March 9, 2011, Joint Parties filed a Joint Motion requesting approval of the Settlement Agreement.

6. All issues in this proceeding are encompassed by, and resolved in the Settlement Agreement.

7. The parties to the Settlement Agreement are all of the active parties in this proceeding.

8. The parties are fairly reflective of the affected interests.

9. No term of the Settlement Agreement contravenes statutory provisions or prior Commission decisions.

10. The Settlement Agreement, as clarified, is reasonable in light of the record, is consistent with law, and is in the public interest.

Conclusions of Law

1. The designation of the need for hearings pursuant to the Scoping Memo should be changed to no hearings are necessary.

2. Section III of the Settlement Agreement which requests withdrawal of A.10-07-002 is clarified to request withdrawal of the relief (approval of the GPA and memorandum account) initially requested in the application. The Settlement Agreement, as clarified, is reasonable in light of the whole record, consistent with law, in the public interest, and should be approved.

3. GSWC should be granted authority to enter into the Option.

4. Any GPA resulting from the Option that is entered into at a later date should be subject to Commission approval.

5. We should not adopt GSWC's original request in A.10-07-012 for approval of the GPA and the establishment of a GPA memorandum account.

6. This decision should be effective today so that the Settlement Agreement, as clarified, may be implemented expeditiously.

7. The testimony and exhibits served by the Joint Parties in A.10-07-012 should be admitted into the record (see Attachment A for list of documents entered into the record).

8. A. 10-07-012 should be closed.

O R D E R

IT IS ORDERED that:

1. The Settlement Agreement Between the Division of Ratepayer Advocates and Golden State Water Company, On Behalf of it's Bear Valley Electric Service Division, as set forth in the Attachment to the *Joint Motion of the Division of Ratepayer Advocates and Golden State Water Company (Bear Valley Electric Service Division) to Approve Settlement (Settlement Agreement Attached)*, dated March 9, 2011, is approved as clarified. The clarification is that, through the adoption of the Settlement Agreement, we do not adopt Golden State Water Company's original request in Application (A.) 10-07-012 for approval of the gas purchase contract and the establishment of a gas purchase contract memorandum account.

2. The testimony and exhibits served by Golden State Water Company and the Division of Ratepayer Advocates in A.10-07-012 are admitted into the record (see Attachment A of this decision).

3. Golden State Water Company is granted authority to enter into the *Biogas Option Agreement* with BioEnergy Solutions, LLC, which is Attachment 1 to the *Settlement Agreement Between the Division of Ratepayer Advocates and Golden State Water Company, On Behalf of it's Bear Valley Electric Service Division*, which is set forth in the Attachment to the *Joint Motion of the Division of Ratepayer Advocates and Golden State Water Company (Bear Valley Electric Service Division) to Approve Settlement (Settlement Agreement Attached),* dated March 9, 2011.

4. Any gas purchase contract resulting from the Biogas Option Agreement between Golden State Water Company and BioEnergy Solutions, LLC that is

entered into at a later date is subject to California Public Utilities Commission approval.

5. The designation of the need for hearings pursuant to the *Scoping Memo and Ruling of Assigned Commissioner* is changed to no hearings are necessary.

6. Application 10-07-012 is closed.

This order is effective today.

Dated _____, at San Francisco, California.

ATTACHMENT A

List of Testimony and Exhibits Entered into Record in A.10-07-012

Exhibit Number	Sponsor	Description
PARTY	**GSWC-BVEC**	
GSWC/BVEC-1	David X. Kolk	Testimony of David X. Kolk in Support of Bear Valley Electric Service Request for Commission Approval of BioEnergy GPA for Biogas
GSWC/BVEC-2	Gladys Farrow	Gladys Farrow Testimony Request for GPA Memorandum Account
PARTY	**DRA**	
DRA-1	Rahmon Momoh	Report on In the Matter of the Application of Golden State Water Company on Behalf of its Bear Valley Electric Service Division (U319E), for Approval of RPS Contract with BioEnergy Solutions, LLC, and for Authority to Recovery the Costs of the Contract in Rates A.10-07-012

(END OF ATTACHMENT A)