BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSIC
OF THE STATE OF CALIFORNIA

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In the Matter of the Application of Golden State Water Company on behalf of its Bear Valley Electric Service Division (U 913 E) for Approval of Booked CEMA Costs and Recovery of the Costs in Rates.	Application 11-06-001 (Filed June 1, 2011)

ALL-PARTIES JOINT MOTION FOR COMMISSION APPROVAL AND ADOPTION OF PROPOSED SETTLEMENT AGREEMENT (ATTACHED)

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January 10, 2012

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BEFORE THE CALIFORNIA 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 (U 913 E) for Approval of Booked CEMA Costs and Recovery of the Costs in Rates.	Application 11-06-001 (Filed June 1, 2011)

ALL-PARTIES JOINT MOTION FOR COMMISSION APPROVAL AND ADOPTION OF PROPOSED SETTLEMENT AGREEMENT (ATTACHED)

I. INTRODUCTION

In accordance with Rule 12.1, subdivision (a) of the California Public Utilities Commission (Commission) Rules of Practice and Procedure (Rule), the following parties hereby move for Commission approval and adoption of the attached Settlement Agreement (Settlement):

- Golden State Water Company (GSWC) on behalf of its Bear Valley Electric Service Division (BVES); and
- Division of Ratepayer Advocates (DRA).

Hereafter, GSWC and BVES are collectively referred to as "the Applicants"; and the Applicants and DRA, as "the Parties."

This Motion states the factual and legal bases of the Settlement; advises the Commission of its scope; and presents the grounds on which Commission approval and adoption are urged. The Parties submit that in accordance with Rule 12.1, subdivision (d) this Settlement is reasonable in light of the whole record, consistent with the law, and in the public interest. Accordingly, the Parties jointly and severally request that the Commission grant this Motion, thereby approving and adopting the attached Settlement.

II. PROCEDURAL BACKGROUND

A. Description of the Application (A.) 11-06-001

On June 1, 2011, Applicants filed A.11-06-001 to request Commission approval for recovery of certain qualifying costs booked in the Catastrophic Event Memorandum Account (CEMA) for the period June 30, 2005 through December 31, 2010, as follows: (i) $550,890 for bark beetle mitigation; (ii) $307,769 for the January 2010 winter storms; and (iii) carrying charges on the amounts stated above.

GSWC estimates the one-year effect on a typical BVES residential customer bill would be a monthly surcharge of approximately $2.55 ($0.00567 per kWh, assuming 450 kWh average monthly use), or an approximate 2.14% increase over current rates. GSWC would implement the recovery through a surcharge as provided in a Tier 1 advice letter filing with the Energy Division. The filing would occur within thirty days after the issuance of the Commission decision regarding A.11-06-001.

The Applicants also propose to use the Base Rate Revenue Adjustment Mechanism (BRRAM) for any over- or under-collection(s) of the Commission's authorized recovery of CEMA costs. This would occur after a twelve-month amortization period has expired and all collections via the authorized surcharge have been booked.

B. Bark Beetle Infestation Costs and Related Carrying Charges

On March 7, 2003, Governor Davis issued a State of Emergency Proclamation for the Counties of Riverside, San Bernardino, and San Diego because of widespread bark beetle infestation. In response, on April 3, 2003 the Commission issued Resolution (Res.) E-3824, which ordered the Applicants and other electric utilities to work with the California Department of Forestry and Fire Protection, as follows:

> [To] take all reasonable and necessary actions to implement the provision of the Governor's State of Emergency Proclamation to mitigate the increased fire hazard by removing dead, dying, or diseased trees that may fall or

contact distribution and transmission lines within their rights of way.[1]

The Commission authorized utilities to book bark beetle-related costs into CEMA for purposes of tracking each utility's actions to comply with the Commission's order to fight the bark beetle infestation.[2]

In Commission Resolution (Res.) E-3976, dated April 13, 2006, the Commission approved Applicants' request for recovery of $340,117 in costs (plus accrued interest) for bark-beetle infested tree removal and related costs that were incurred during the period April 3, 2003 through June 30, 2005. The Commission authorized collection of these amounts, including a per kilowatt-hour surcharge, over a twelve-month period.[3] Applicants implemented a surcharge pursuant to Advice Letter 210-E, but the surcharge did not collect $66,426 of the costs approved to be recovered within the twelve-month period authorized by Res. E-3976. That under-collection is now part of this Application.

For the period from July 1, 2005 through April 30, 2007, Applicants seek recovery of their CEMA-booked, bark beetle mitigation costs in the amount of $412,442. These costs were incurred for contracting with outside vendors to remove diseased or dead trees. Applicants also seek recovery of the carrying costs accruing on the $412,442 for the period through December 31, 2010, which totals $138,448.

C. January 2010 Storm Costs

In January 2010, a severe storm struck in BVES's service territory resulting in downed transmission and distribution poles and damaged transformers and causing widespread loss of electrical service. The storm was declared a local emergency by San Bernardino County and a state of emergency by Governor Schwarzenegger.

The Applicants' employees took all necessary actions to respond to customer calls and restore power as a result of the storm, but the volume and extent of the service

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[1] *GSWC*, A.11-06-001 at 2-3.

[2] *Id.* at 3.

[3] *GSWC*, Order'g Para. 2, Res. E-3976 at 9.

outages required overtime hours for existing employees and the need to contract with outside crews to restore service. Applicants claim that the incremental direct costs associated with the January 2010 storm amount to $307,159. They also are requesting approval for $610 in CEMA-booked 2010 storm-related interest costs through December 31, 2010.[4]

D. DRA Protest and Applicants Reply

On July 5, 2011, DRA timely protested the reasonableness and justification of the Applicants' claimed CEMA-booked costs. For example, some of the issues noted by DRA were whether the costs qualify for the CEMA; whether the costs incurred are directly related to the emergency declarations; and whether the carrying costs relating to the CEMA are reasonable and justified. On July 14, 2011, GSWC replied. On July 27, 2011, DRA supplemented its Protest by filing a schedule of events for discussion at the August 4, 2011 PHC.

E. Prehearing Conference and Scoping Memo

A prehearing conference was held on August 4, 2011. On August 31, 2011, the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge were issued setting forth, among other things, the schedule and scope of the proceeding.

F. DRA Audit and Data Requests

DRA audited Applicants' CEMA records and data and propounded data requests, to which the Applicants responded. After its audit, the Parties met and conferred. A number of different settlement proposals were negotiated, resulting in the attached proposed Settlement.

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[4] *See GSWC*, A.11-06-001 at 4-8.

G. ALJ Notification of Settlement and Joint Progress Report

On October 25, 2011, on behalf of all the Parties DRA Attorney Lee e-mailed the assigned ALJ Semcer that the Parties had reached a settlement, and requested that the deadline for filing DRA's Report on October 28, 2011, be suspended until further notice.[5]

On November 5, 2011, ALJ Semcer issued a Ruling suspending the October 28 deadline for DRA's Report as well as "all future dates contained in the scoping memo in anticipation of a settlement agreement." The Ruling directed the Parties as follows:

> [F]ile and serve a status report on December 5, 2011 and on the fifth day of every month thereafter . . . until a settlement is filed at the Commission or parties let me know that they wish to resume litigation. In the event a settlement is not filed by June 5, 2012, parties must file and serve a request for additional time stating the specific nature of the delay.[6]

On December 5, 2011, a Joint Progress Report was submitted on behalf of all the Parties, apprising ALJ Semcer that on November 22, 2011, the Applicants had provided DRA with a draft Settlement and Joint Motion for review and comments. The Joint Report stated that DRA expected to have a response within two weeks after December 5.

On January 5, 2012, a Joint Progress Report was submitted on behalf of all the Parties, apprising ALJ Semcer that (i) on January 5, 2012, there was an all-party settlement teleconference, (ii) the Parties have nearly finalized an all-party settlement agreement, and (iii) the Parties expect to file in the next several days a joint motion seeking Commission approval of an all-party settlement agreement.

H. All-Party Settlement Conference

As required by Rule 12.1, prior notice with an opportunity to participate in the settlement conference was filed and served on all individuals on the service list for this

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[5] E-mail from DRA Attorney Lee on behalf of all Parties to assigned ALJ Semcer dated Oct. 25, 2011, at 1711h, *available* on file from DRA Attorney.

[6] *BVES*, ALJ Ruling (dated Nov. 3, 2011) at 2, available at http://docs.cpuc.ca.gov/EFILE/RULINGS/146892.htm/

proceeding. A settlement conference was held on January 5, 2012. On January 5, 2012, the Parties executed the attached Settlement.

III. SUMMARY OF THE SETTLEMENT

A. Bark Beetle Direct Costs

For settlement purposes only, the Parties have agreed on recovery of the CEMA-booked, bark beetle direct costs in the amount of $412,442, for the period July 1, 2005 through April 30, 2007.

B. Bark Beetle Carrying Costs

Applicants seek recovery of the CEMA-booked bark beetle carrying charges through December 31, 2010, in the amount of $138,448, which is comprised of following components:

1. Under-Collection of $66,426

For settlement purposes only, the Parties agree to the recovery of the under-collection amount of $66,426.

2. Carrying Charges on the Under-Collection

For settlement purposes only, the Parties agree that none ($0) of the requested interest charges accruing on the $66,426 under-collection amount are recoverable;

3. Carrying Costs on CEMA-Booked Bark Beetle Direct Costs

For settlement purposes only, the Parties agree to reduce from $54,016 to $42,016 the amount the Applicants will recover in total carrying costs that accrued on the CEMA-booked bark beetle direct costs for the period July 1, 2005 through April 30, 2007.

C. 2010 Storm direct costs

For settlement purposes only, the Parties agree that the Applicants' initial request to recover $307,159 in 2010 Storm direct costs, will be reduced by $31,963, to $275,196.

D. 2010 Storm carrying costs

For settlement purposes only, the Parties agree that none ($0) of the Applicants' request for recovery of $610 of carrying costs accruing on the CEMA-booked 2010 Storm direct costs will be recovered.

E. Base Rate Revenue Adjustment Mechanism

The Parties agree that Applicants may use the Base Rate Revenue Adjustment Mechanism (BRRAM) to account for any over- or under-collections resulting from the recovery authorized by the Commission in this proceeding. This would occur once the 12-month amortization period has expired and all collections under the authorized surcharge have been booked.

F. Recovery of costs and interest via 12-month kWh surcharge

The Parties agree to a total recovery in the amount of $796,690, which results from the total request of $858,659 reduced by $61,969 in agreed upon adjustments. This would be implemented through a kWh surcharge in ratepayer billings over a twelve-month period. Applicants would file for authorization to implement the surcharge rate in a Tier 1 advice letter with the Energy Division within thirty days after the Commission approves and adopts the Settlement.

IV. THE SETTLEMENT MEETS THE LEGAL CRITERIA OF RULE 12.1(D).

The Settlement Agreement meets all standards for approval by the Commission as identified in Rule 12.1 (d) which states as follows:

> The Commission will not approve settlements, whether contested or uncontested, unless the settlements is reasonable in light of the whole record, consistent with law, and in the public interest.

A. The Settlement is reasonable in light of the record as a whole.

The Parties have thoroughly analyzed the facts and relevant Commission decisions pertinent to this proceeding. For example, DRA audited the Applicants' CEMA accounts

and records and evaluated what portions of Applicants' CEMA costs are incremental and thus recoverable.

The Settlement negotiations were held at arm's length with notice to the service list in this proceeding and an opportunity given to all Parties to participate. The Settlement reflects a fine balance of the Parties' competing interests and achieves compromises that are reasonable, consistent with the law, and in the public interest.

B. The Settlement is consistent with the law.

The Parties resolved the issues between them based on the Commission's CEMA policies and practices; the Applicants' books and records; and DRA's audit and review thereof. Therefore this Settlement presents recovery amounts that are reasonable, justified, and consistent with the law.

C. The Settlement serves the public interest.

This Settlement increases rates for twelve months by less than 2.14%[7] over current rates.

1. The Settlement does not unduly burden the ratepayers.

The rate increase stated above appears reasonable and justified. This increase is the direct result of the Applicants' response to declared State emergencies and dedication to maintaining ratepayers' safety and continued service during and following a terrible winter storm in 2010. Therefore, the ratepayers do not appear unduly burdened.

2. The Settlement achieves results faster and more economically than a hearing.

Numerous Commission decisions express a strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record. *See, e.g., Pacific Gas and Electric Co.,* D.88-12-083, 30 CPUC 2d 189, 221-23 (1989);

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[7] If authorized to recover all costs set forth in the Application, Applicants project an approximate increase of 2.14% in rates over current rates for twelve months. Application at p. 2. With the agreed upon reductions in the Settlement, the projected increase logically would be less, but Applicants have made no such calculations.

PG&*E,* D.91-05-029, 40 CPUC 2d 301, 326 (1991). This policy supports valuable social goals, such as avoiding protracted litigation and conserving scarce Commission resources. It also benefits the Parties by eliminating the risks and expenses of litigation.

Further because the Parties mutually accept this Settlement, the chances of an administrative or judicial appeal are considerably reduced. For example, each of the Parties know their strengths, weaknesses, and the nuances of their respective litigation positions. The Parties invested a significant amount of time weighing, evaluating, and negotiating until reasonable and mutually acceptable outcomes were achieved.

Therefore, as the Commission has observed below, a settlement is more likely to result in finality at less cost and in less time than if a hearing were held:

> A very important potential advantage of settlements is that the parties themselves may be better able than the trier of fact to craft the optimal resolution of a dispute.[8]

V. CONCLUSION

The Parties respectfully urge that the Commission grant this Motion and thereby approve and adopt without modification the attached proposed Settlement as based on the whole record, consistent with law, and in the public interest.

Respectfully submitted,

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[8] *SoCalGas*, D.92-08-036, Finding of Fact 9, 45 CPUC2d 274, *available at* 1992 Cal. PUC LEXIS 561,*38 (dated Aug. 11, 1992).

BEFORE THE CALIFORNIA 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 Booked CEMA Costs and Recovery of the Costs in Rates	Application 11-06-001 (Filed June 1, 2011)

ALL-PARTIES JOINT SETTLEMENT

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January 5, 2012

BEFORE THE CALIFORNIA 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 Booked CEMA Costs and Recovery of the Costs in Rates	Application 11-06-001 (Filed June 1, 2011)

ALL-PARTIES JOINT SETTLEMENT

I. Introduction

In accordance with Rule 12.1, subdivision (a) of the California Public Utilities Commission (Commission) Rules of Practice and Procedure (Rule) and by the attached written motion (Motion) in this proceeding, the following parties of record propose this Settlement Agreement (Settlement):

- Golden State Water Company (GSWC) on behalf of its Bear Valley Electric Service Division (BVES); and
- Division of Ratepayers Advocates (DRA).

Hereafter, GSWC and BVES are collectively referred to as "the Applicants"; and the Applicants and DRA, as "the Parties."

II. Background

The Motion attached to this Settlement states the factual and legal bases of the Settlement; advises the Commission of its scope; and presents the grounds on which Commission approval and adoption are urged. The Parties incorporate by reference as if fully

stated herein that Motion's statement of the facts and law as the bases for this Settlement.

III. Summary

Basically, the Parties have agreed to a total recovery of $796,690. The Applicants initially sought recovery of $858,659, but the Parties have mutually agreed to reduce that amount by $61,969. Table 1 below lists the settled issues and the quantitative results of the Settlement.

Table 1. Summary of Settlement

Issues	Applicants Position	DRA Position	Settlement
Bark Beetle (BB) Direct Costs	$412,442	$412,442	$412,442
BB Under-Collection	$66,426	$0	$66,426
Carrying Costs on BB Under-Collection	$18,006	$0	$0
Carrying Costs on BB Direct Costs	$54,016	$42,016	$42,016
2010 Storm Direct Costs (SDC)	$307,159	$275,196	$275,196
Carrying Costs on 2010 SDC	$610	$0	$0
TOTAL	$858,659	$729,654	$796,690

IV. Terms and Conditions

A. Bark Beetle Direct Costs

The Applicants requested recovery of CEMA-booked, bark beetle direct costs in the amount of $412,442 for the period July 1, 2005, through April 30, 2007. DRA's audit found the $412,442 CEMA amount reasonable and justified for the period stated above. The Parties agree to recovery of bark beetle direct costs in the amount of $412,442.

Table 2. Bark Beetle Direct Costs Settlement

Applicants Position	DRA Position	Settlement
$412,442	$412,442	$412,442

B. Carrying Costs on CEMA-Booked Bark Beetle Direct Costs

Applicants want to recover $54,016 of carrying costs related to the bark beetle direct costs and the period stated above. DRA protested the carrying costs for the period January 1, 2008 to December 31, 2010 in the amount of $12,000, because the Applicants could have recovered this amount prior to A.11-06-001. DRA recommends recovery of $42,016, which is $12,000 less than Applicants' proposed $54,016.

For Settlement purposes, the Parties agree to recovery of $42,016 instead of $54,016 of carrying costs related to the bark beetle direct costs, as shown in the table below.

Table 3. Settlement of Carrying Costs on Bark Beetle Direct Costs

Applicants Position	DRA Position	Settlement
$54,016	$42,016	$42,016

C. Under-Collection of Bark Beetle Mitigation Costs

The Applicants seek recovery of an under-collection in the amount of $66,426. In Commission Resolution (Res.) E-3976, Applicants were approved to collect bark beetle CEMA balances amounting to $340,117 for the period April 3, 2003 through June 30, 2005, plus interest accrued through the effective date of the resolution.[1] In accordance with Advice Letter (AL) 215-E, Applicants implemented a surcharge to recover the $340,117 plus interest of $10,586 (totaling $350,703) but the surcharge collected only $284,276 within the twelve-month period set by the Commission's Energy Division disposition of AL 215-E.[2] This left an under-collection of $66,426 (Under-Collection), which is included in the present Application.

According to the Applicants, some under-collection or over-collection will always occur when applying a surcharge because it is impossible to precisely project the amount of future sales occurring while the surcharge is in effect. Applicants argue that the Commission implicitly

[1] *See* A.11-06-001 at 3.
[2] *See* Res. E-3976, Order'g Para. 2, at p. 9, *available at* docs.cpuc.ca.gov/published/Graphics/55471.PDF/.

authorized recovering under- or over-collections when it approved AL 215-E's amortized recovery of $350,703.

DRA argues that in Res. E-3976, Ordering Paragraph 2, page 9, the Commission only provided twelve months beginning after April 13, 2006 to collect the $350,703. Consequently, DRA protested the Applicants' authorization in this proceeding to recover the Under-Collection.

In consideration of Settlement, the Parties agree to recovery of the $66,426 Under-Collection, which is reflected in the table below.

Table 4. Settlement of the Bark Beetle Costs Under-Collection

Applicants Position	DRA Position	Settlement
$66,426	$0	$66,426

D. Interest Charges on the Under-Collection

Applicants seek recovery of the interest charges of $18,006 which accrued on the $66,426 Under-Collection stated above. For the same reasons stated above, DRA protested this request as unauthorized by Res. E-3976.

For Settlement purposes, the Parties agree to no ($0) recovery of interest charges accruing on the Under-Collection. The table below reflects this Settlement.

Table 5. Settlement of the Carrying Costs on the Under-Collection

Applicants' Position	DRA Position	Settlement
$18,006	$0	$0

E. 2010 Storm Direct Costs

Applicants seek recovery in the amount of $307,159 for the CEMA-booked 2010 Storm direct costs. DRA's audit of these costs found that $275,196 of these direct costs were

incremental and thus recoverable under CEMA. For Settlement purposes, the Parties agree to a reduction in the recovery of 2010 Storm direct costs from $307,159 to $275,196, which is a difference of $31,963.

Table 6. Settlement of CEMA-Booked 2010 Storm Direct Costs

Applicants Position	DRA Position	Settlement
$307,159	$275,196	$275,196

F. Carrying Costs on the CEMA-Booked 2010 Storm Direct Costs

Applicants seek recovery of carrying costs on the CEMA-booked 2010 Storm direct costs. For Settlement purposes, the Parties agree that no ($0) carrying costs relating to the CEMA-booked 2010 Storm direct costs will be recovered.

Table 7. Settlement of Carrying Costs on CEMA-Booked 2010 Storm Direct Costs

Applicants Position	DRA Position	Settlement
$610	$0	$0

G. Request for Commission Order to File Advice Letter

The Parties jointly request that the Commission authorize the Applicants to recover the total amount $796,690 ($858,659 less $61,969, *see supra* Table 1) by means of a kWh surcharge over a twelve-month period. This would be implemented by a surcharge on ratepayers in accordance with a Tier 1 Advice Letter filing by the Applicants within 30 days after issuance of a Commission decision approving and adopting this Settlement.

H. Base Rate Revenue Adjustment Mechanism

The Parties agree to recommend that the Commission authorize the Applicants to transfer to the Base Rate Revenue Adjustment Mechanism (BRRAM) account any over- or under-collections that result from implementing the authorized surcharge in accordance with the Tier 1 Advice Letter filing stated above, once the amortization period has expired and all collections under the authorized surcharge have been booked.

V. Other Terms and Conditions

A. Commission's Primary Jurisdiction

The Parties agree that the Commission has primary jurisdiction over any interpretation, enforcement, or remedies regarding this Settlement. Neither of the Parties may bring an action regarding this Settlement in any court of competent jurisdiction or another administrative agency without having first exhausted its administrative remedies at the Commission.

B. Further Actions

The Parties acknowledge that this Settlement is subject to approval by the Commission. As soon as practicable after all the Parties have signed the Settlement, the Parties through their respective attorneys will prepare and file an "All-Parties Joint Motion for Commission Approval and Adoption of Attached Proposed Settlement." The Parties will furnish such additional information, documents, or testimonies as the Commission may require for purposes of granting the Motion and thereby approving and adopting the Settlement.

C. No Personal Liability

None of the Parties, or their respective employees, attorneys, or other individual representative or agent, assumes any personal liability as a result of the Parties signing of this Settlement.

D. Non-Severability

The provisions of this Settlement are non-severable.

E. Voluntary and Knowing Acceptance

Each Party hereto acknowledges and stipulates that it is agreeing to this Settlement freely, voluntarily, and without any fraud, duress, or undue influence by any other Party. Each Party has read and fully understands its rights, privileges, and duties under this Settlement, including its right to discuss this Settlement with its legal counsel, which has been exercised to the extent deemed necessary.

F. No Modification

This Settlement constitutes the entire Settlement among the Parties regarding the matters set forth herein, which may not be altered, amended, or modified in any respect except in writing and with the express written and signed consent of all the Parties hereto. All prior settlements, agreements, or other understandings, whether oral or in writing and regarding the matters set forth in this Settlement, are expressly waived and have no further force or effect.

G. No Reliance

No Party has relied or presently relies on any statement, promise, or representation by any other Party, whether oral or written, except as specifically set forth in this Settlement. Each Party expressly assumes the risk of any mistake of law or fact made by such Party or its authorized representative.

H. Counterparts

This Settlement may be executed in separate counterparts by the different Parties hereto and all so executed will be binding and have the same effect as if all the Parties had signed one and the same document. All such counterparts will be deemed to be an original and together constitute one and the same Settlement, notwithstanding that the signatures of all the Parties and/or of a Party's attorney or other representative do not appear on the same page of this Settlement or the related Motion.

I. Binding upon Full Execution and Adoption but Not Precedential

This Settlement will become effective and binding on each of the Parties as of the date

when it is fully executed. It will also be binding upon each of the Parties' successors, subsidiaries, affiliates, representatives, agents, officers, directors, employees, and personal representatives, whether past, present, or future.

Unless the Commission expressly provides otherwise, its adoption of this Settlement does not constitute approval of, or precedent for, any principle or issue in this or any other proceeding.

J. Enforceability

The Parties agree and acknowledge that after issuance of a decision approving and adopting this Settlement the Commission may reassert jurisdiction and reopen this proceeding to enforce the terms and conditions of this Settlement.

K. Finality

Once fully executed by the Parties and adopted and approved by a Commission decision, this Settlement fully and finally settles any and all disputes between the Applicants and DRA in this proceeding, unless otherwise specifically provided in the Settlement.

L. No Admission

Nothing in this Settlement or related negotiations may be construed as an admission of any law or fact by any of the Parties, or as precedential or binding on any of the Parties in any other proceeding, whether before the Commission, in any court of competent jurisdiction, or before any other state or federal administrative agency.

Further, unless expressly noted herein this Settlement does not constitute an acknowledgement, admission, or acceptance by any of the Parties regarding the validity or invalidity of any particular method, theory, or principle of ratemaking or regulation in this or any other proceeding.

M. Authority to Sign

Each Party who executes this Settlement represents and warrants to each other Party that the individual signing this Settlement and the related Motion has the legal authority to do so.

N. Future Admissibility

Each Party signing this Settlement agrees and acknowledges that this Settlement will be admissible in any subsequent Commission proceeding for the sole purpose of enforcing the terms and conditions of this Settlement.

O. Estoppel or Waiver

The Parties' execution of this Settlement is not intended to provide in any manner a basis of estoppel or waiver in any other proceeding for any of the Parties.

P. Rescission

In the event the Commission rejects or materially alters any provision of the Settlement, it will be deemed rescinded by the Parties and of no legal effect as of the date of issuance of the Commission decision rejecting or materially altering the Settlement. The Parties may negotiate in good faith regarding whether they want to accept the Commission changes and resubmit a revised Settlement.

VI. Conclusion

The Parties below named have executed this Settlement as of the date appearing below each respective signature of the Parties on the following page.

[signature page follows next]

Golden State Water Company on behalf of the
Bear Valley Electric Services Division

Keith Switzer

Keith Switzer, Vice President, Regulatory Affairs

Dated: January 5, 2012

Division of Ratepayer Advocates:

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Joe Como, Acting Director

Dated: January ___, 2012

Golden State Water Company on behalf of the
Bear Valley Electric Services Division

_____

Keith Switzer, Vice President, Regulatory Affairs

Dated: January ___, 2012

Division of Ratepayer Advocates:

K Paull for Joe Como
Joe Como, Acting Director

Dated: January 5, 2012