

ATTACHMENT A

Appendix B

**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 (U 913 E), for Approval of Costs and Authority to Increase General Rates and Other Charges for Electric Service by its Bear Valley Electric Service Division

Application No. 12-02-013
(Filed February 16, 2012)

**AMENDMENT NO.1 TO
UNCONTESTED SETTLEMENT AGREEMENT****1. INTRODUCTION**

- 1.1. **WHEREAS**, Golden State Water Company (“GSWC”), on behalf of its Bear Valley Electric Service (“BVES”) Division, filed its 2013 general rate case (“GRC”) application (A.12-02-013) in February 2012; and
- 1.2. **WHEREAS**, following protests and hearings, GSWC, the Office of Ratepayer Advocates (“ORA”), the City of Big Bear Lake (“City”), the Big Bear Area Regional Wastewater Agency (“BBARWA”) and Snow Summit, Inc. (the “Settling Parties”) executed an Uncontested Settlement Agreement (“Settlement Agreement”) as of May 7, 2014; and
- 1.3. **WHEREAS**, the Settlement Agreement provides, among other things, that BVES shall file its next GRC application prior to January 31, 2016, with a 2017 Test Year; and
- 1.4. **WHEREAS**, the Commission approved the Settlement Agreement in D.14-11-002; and
- 1.5. **WHEREAS**, BVES proposes to (i) file its next GRC application on or prior to March 31, 2017, with a 2018 Test Year, and (ii) have a \$20,900,000 base rate revenue requirements for 2017, and the other Settling Parties are agreeable to BVES’ proposal.
- 1.6. **NOW, THEREFORE**, the Settling Parties agree to amend the Settlement Agreement through this Amendment No. 1 to Uncontested Settlement Agreement (“Amendment”) as follows.

2. AMENDMENTS TO SETTLEMENT AGREEMENT

2.1. **Format of Amendments to Settlement Agreement.** The changes to the Settlement Agreement set forth herein shall be formatted to show all additions or supplements as **underlined and bolded text**, and all deletions as ~~strikethroughs~~.

2.2. **Base Rate Revenue Requirements for 2017.** Section 4.3 of the Settlement Agreement provides an overall base rate revenue requirement for the previously agreed-upon four-year rate cycle of 2013 to 2016. To implement the intent of the parties to provide a fifth year (2017) in the current rate cycle and a base rate revenue requirement of \$20,900,000 for 2017, Section 4.3 is amended to read in its entirety as follows:

4.3 *Overall Base Rate Revenue Requirement.* In light of the Settling Parties' agreement on Test Year 2013 base rate revenue requirement and PTAM adjustments for 2014, 2015, and 2016, the overall base rate revenue requirements for BVES' rate cycle agreed to by the Settling Parties are set forth in the table below.

Settlement	2013	2014	2015	2016	2017
Base Rate Revenue Requirements	\$19,700,000	\$20,100,000	\$20,500,000	\$20,900,000	<u>\$20,900,000</u>

2.3. **Modify Base Revenue Requirement Balancing Account.** Exhibit A to the Settling Agreement is Preliminary Statement V, entitled "Base Revenue Requirement Balancing Account." It is necessary to modify this Preliminary Statement to reflect an annual base rate revenue requirement for 2017 of \$20,900,000. Accordingly, paragraphs 4, 8 and 9 of Preliminary Statement V are modified to read in their entirety as set forth below.

4. AUTHORIZED BASE RATE REVENUE REQUIREMENTS.

BVES' authorized annual base rate revenue requirements for the years 2013, 2014, 2015, ~~and 2016,~~ **and 2017** as reflected in the Settlement Agreement approved by the Commission in ~~D.14-XX-XXX~~ **14-11-002, as modified and approved by the Commission in D.XX-XX-XXX,** are set forth below:

<u>Year</u>	<u>Annual Revenue Requirement</u>
2013	\$19,700,000
2014	\$20,100,000
2015	\$20,500,000
2016	\$20,900,000
<u>2017</u>	<u>\$20,900,000</u>

8. EFFECTIVE DATE

As reflected in the Settlement Agreement approved by the Commission in ~~D.14-XX-XXX~~ **14-11-002, as modified and approved by the Commission in D.XX-XX-XXX,**

the revenue requirements for 2013, 2014, 2015, ~~and 2016~~ **and 2017** are effective as of January 1, 2013, January 1, 2014, January 1, 2015, ~~and January 1, 2016~~ **and January 1, 2017**, respectively.

9. ACCOUNT DISPOSITION

The disposition of the balance in the BRRBA at the close of each year, plus transfers of adjustments authorized to be made to the BRRBA, will be addressed by GSWC in a Tier 2 Advice Letter filing if the amount of the under- or over-collection is equal to or greater than 5% of the revenue requirement established for the previous twelve months. Should such a trigger be met, GSWC may file the required advice letter with the necessary amortization charge expected to amortize the balance over the next twelve months. **BVES is authorized to assume and use the 2016 sales forecasts contained in Table 4B of Section 4.7 of the Settlement Agreement approved by the Commission in D.14-11-002 to the extent necessary to amortize over a twelve-month period any balance for 2016 or 2017 meeting the criteria set forth in the immediately preceding sentence.**

- 2.4. **Extend Funding for Energy Efficiency Program to Include 2017.** Section 5.2 of the Settlement Agreement provides for an annual budget of \$200,000 and a four-year (2013-2016) budget of \$800,000 for the Energy Efficiency Program. In order to allow the Energy Efficiency Program to be funded and operated in 2017 at the same level as 2016, Section 5.2 of the Settlement Agreement is modified to read in its entirety as set forth below:

5.2 Energy Efficiency Program One-Way Balancing Account. BVES requested an energy efficiency program (“EE Program”) funding level of \$230,000 a year in base rates. ORA recommended an EE Program funding level of \$176,072 a year in base rates. The Settling Parties agree to an EE Program level of \$200,000 per year, totaling ~~\$800,000~~ **\$1,000,000** over the ~~four~~ **five**-year rate case period. The Settling Parties further agreed to remove funding of the EE Program from base rate revenues. Funding for the EE Program will occur through the use of Public Purpose Program Surcharges. In order to implement this funding approach, BVES shall establish a one-way balancing account (the “Energy Efficiency Balancing Account” or “EEBA”) as provided in Exhibit C attached hereto. The purpose of the EEBA is to track the costs of the Energy Efficiency Program and the revenues generated by the Public Purpose Program Surcharge to fund the Energy Efficiency Program. In Exhibit F attached hereto, the Preliminary Statement for the Public Purpose Program Adjustment Mechanism (“PPPAM”) has been revised to reflect the addition of the Energy Efficiency as part of the PPPAM.⁴ Program funding, within the limits prescribed below, may be allocated between residential and non-residential programs as determined by BVES. For the entire ~~four~~ **five**-year rate cycle (2013-~~2016~~ **2017**), a maximum of ~~\$800,000~~ **\$1,000,000** is authorized for this Program. For each year of the ~~four~~ **five**-year rate cycle, a target annual budget of \$200,000 is established. For each of 2013, 2014, ~~and 2015~~ **and 2016**, any amount of costs above or below the target budgeted amount of \$200,000 shall be carried over and deducted from or added to, as the case may be, the next year’s target budgeted amount of \$200,000. If

there are any unspent amounts below the target budgeted amount of \$200,000 (as adjusted) in the EEBA at the end of ~~2016~~ 2017, BVES shall account for such unspent amounts in a manner directed by the Commission in BVES' next GRC. If ~~2016~~ 2017 costs exceed the target budgeted amount of \$200,000 (as adjusted), such costs shall not be subject to recovery by BVES from its ratepayers. In no event shall BVES recover in charges over the 2013-~~2016~~ 2017 time period more than the overall Program authorized amount of ~~\$800,000~~ \$1,000,000.

4. The revised PPPAM tariff provisions also update the calculation of Franchise Fees and Uncollectibles to include the values of 0.899% for Franchise Fees and 0.433% for Uncollectibles.

2.5. New Rate Case Application Filed On or Prior to March 31, 2017. Section 10.8 of the Settlement Agreement provides that BVES shall file its next GRC application, with a 2017 Test Year, prior to January 31, 2016. In order to allow BVES to file its next GRC application, with a 2018 Test Year, on or prior to March 31, 2017, Section 10.8 of the Settlement Agreement is modified to read in its entirety as set forth below:

10.8 Next Rate Case Application Filed On or Prior to March ~~January 31, 2016~~ 2017. The Settling Parties agree that BVES shall file its next general rate case application, with a ~~2017~~ 2018 Test Year, on or prior to ~~January~~ March 31, ~~2016~~ 2017. The cost allocation and rate design components of the application shall be filed on or prior to ~~March~~ May 1, ~~2016~~ 2017. The application shall include a four-year rate cycle. BVES may modify these filing dates for good cause through an appropriate procedural vehicle.

3. EXCEPT AS SPECIFICALLY PROVIDED, NO OTHER CHANGES TO SETTLEMENT AGREEMENT.

3.1. No Other Changes to Settlement Agreement. Except as expressly set forth in Section 2 of this Amendment, the Settling Parties make no other changes, express or implied, to the Settlement Agreement.

3.2. Further Actions. The Settling Parties acknowledge that this Amendment is subject to the approval by the Commission. As soon as practicable after all the Settling Parties have signed the Amendment, BVES shall prepare and file a Petition to Modify Decision 14-11-002 to approve Amendment and modify the decision to reflect the changes agreed to by the Settling Parties in this Amendment. Each Settling Party agrees not to object to BVES' Petition to Modify and may, but is not required to, support such Petition to Modify. The Settling Parties will furnish such additional information, documents, or testimonies as the Commission may require for purposes of granting BVES' Petition to Modify. Each Settling Party agrees to

support a request for a GRC memorandum account if it is unlikely that the Commission will be able to render a final decision on BVES' GRC application by December 31, 2017.

- 3.3. **No Personal Liability.** None of the Settling Parties, or their respective employees, attorneys, or any other individual representative or agent, assumes any personal liability as a result of the Settling Parties executing this Amendment.
- 3.4. **Non-Severability.** The provisions of this Amendment are non-severable. If any of the Settling Parties fails to perform its respective obligations under the Amendment, the Amendment will be regarded as rescinded.
- 3.5. **Voluntary and Knowing Acceptance.** Each Settling Party hereto acknowledges and stipulates that it is agreeing to this Amendment freely, voluntarily, and without any fraud, duress, or undue influence by any other Settling Party. Each Settling Party has read and fully understand its rights, privileges, and duties under this Settlement, including its right to discuss this Amendment with its legal counsel, which has been exercised to the extent deemed necessary.
- 3.6. **No Modification.** This Amendment constitutes the entire Amendment among the Settling 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 Settling Parties hereto. All prior settlements, agreements, or other understandings, whether oral or in writing, regarding the specific matters set forth in this Amendment are expressly waived and have no further force or effect.
- 3.7. **No Reliance.** None of the Settling Parties has relied or presently relies on any statement, promise, or representation by any other Settling Party, whether oral or written, except as specifically set forth in this Amendment. Each Settling Party expressly assumes the risk of any mistake or law or fact made by such Settling Party or its authorized representative.
- 3.8. **Counterparts.** This Amendment may be executed in separate counterparts by the different Settling Parties hereto and all so executed will be binding and have the same effect as if all the Settling 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 Amendment, notwithstanding that the signatures of all the Settling Parties and/or of a Settling Party's attorney or other representative do not appear on the same page of this Amendment.

- 3.9. **Binding Upon Full Execution.** This Amendment will become effective and binding on each of the Settling Parties as of the date which it is fully executed. It will also be binding upon each of the Settling Parties' respective successors, subsidiaries, affiliates, representatives, agents, officers, directors, employees, and personal representatives, whether past, present, or future.
- 3.10. **Commission Adoption Not Precedential.** In accordance with Rule 12.5, the Settling Parties agree and acknowledge that unless the Commission expressly provides otherwise, its adoption of this Amendment does not constitute approval of or precedent regarding any principle or issue of law or fact in this or any other current or future proceeding.
- 3.11. **Enforceability.** The Settling Parties agree and acknowledge that after issuance of a Commission decision approving and adopting this Amendment, the Commission may reassert jurisdiction and reopen this proceeding to enforce the terms and conditions of this Amendment.
- 3.12. **Finality.** Once fully executed by the Settling parties and adopted and approved by a Commission decision, this Amendment fully and finally settles the specific matters set forth in this Amendment among and between the Settling Parties.
- 3.13. **No Admission.** Nothing in this Amendment or related negotiations may be construed as an admission of any law or fact by any of the Settling Parties, or as precedential or binding on any of the Settling Parties in any other proceeding, whether before the Commission, in any court, or in any other state or federal administrative agency. Further, unless expressly stated herein this Amendment does not constitute an acknowledgement, admission, or acceptance by any of the Settling Parties regarding any issue of law or fact in this matter, or the validity or invalidity of any particular method, theory, or principle or ratemaking or regulation in this or any other proceeding.
- 3.14. **Authority to Sign.** Each Settling Party who executes this Amendment represents and warrants to each other Settling Party that the individual signing this Amendment has the legal authority to do so on behalf of the Settling Party.
- 3.15. **Limited Admissibility.** Each Settling Party signing this Amendment agrees and acknowledges that this Amendment will be admissible in any subsequent Commission proceeding for the sole purpose of enforcing the terms and conditions of this Amendment.

3.16. **Estoppel or Waiver.** Unless expressly stated herein, the Settling Parties' execution of this Amendment is not intended to provide any of the Settling Parties in any manner a basis of estoppel or waiver in this or any other proceeding.

3.17. **Rescission.** If the Commission, any court, or any other state or federal administrative agency, rejects or materially alters any provision of this Amendment, it will be deemed rescinded by the Settling Parties and of no legal effect as of the date of issuance of the Commission decision or final ruling, decision, or modification by any court or any other state or federal administrative agency, rejecting or materially altering the Settlement. The Settling Parties may negotiate in good faith regarding whether they want to accept the changes by the Commission, any court, or any other state or federal administrative agency, and resubmit a revised Amendment to the Commission.

3.18. **Settling Parties Urge Commission To Adopt and Approve Amendment.** The Amendment complies with Commission requirements for approval of settlements because it is reasonable in light of the whole record, consistent with the law, and in the public interest. Accordingly, the Settling Parties respectfully urge the Commission to adopt and approve this Amendment.

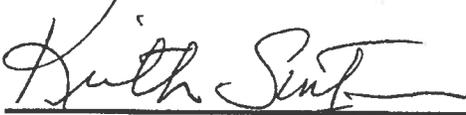
4. CONCLUSION

Each of the Settling Parties has executed this Amendment as of the date appearing below their respective signatures.

IN WITNESS WHEREOF, the Settling Parties have executed this Settlement on December 2, 2015.

GOLDEN STATE WATER COMPANY,
On Behalf of its Bear Valley Electric Service
Division,

**OFFICE OF RATEPAYER
ADVOCATES**



[Print name] Keith Switzer
Date: 12/2/2015

[Print name] _____
Date: _____

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IN WITNESS WHEREOF, the Settling Parties have executed this Settlement on [December] ____, 2015.

GOLDEN STATE WATER COMPANY,
On Behalf of its Bear Valley Electric Service
Division

**OFFICE OF RATEPAYER
ADVOCATES**

[Print name] _____
Date: _____



[Print name] Robert Mark Pecto
Date: 12/1/2015

CITY OF BIG BEAR LAKE

**BIG BEAR AREA REGIONAL WATER
AUTHORITY**

Jeff Mathieu

[Print name] Jeff Mathieu, City Mgr

Date: 1/16/2015

[Print name]

Date: _____

SNOW SUMMIT, LLC

[Print name]

Date: _____

CITY OF BIG BEAR LAKE

**BIG BEAR AREA REGIONAL
WASTEWATER AGENCY**

[Print name] _____
Date: _____



[Print name] STEVEN C. SCHINDLER
Date: November 17, 2017

SNOW SUMMIT, LLC

[Print name] _____
Date: _____

CITY OF BIG BEAR LAKE

**BIG BEAR AREA REGIONAL WATER
AUTHORITY**

[Print name] _____
Date: _____

[Print name] _____
Date: _____

SNOW SUMMIT, LLC



[Print name] Wade Reeser
Date: 11/30/15