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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Bear Valley Electric Service, Inc. (U 913 E) for Authority to, Among Other Things, Increase Rates and Charges, and Authorized Revenues, for Electric Service Effective January 1, 2027.

Application 26-01-022

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities Code Section 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Background

1.1. Factual Background

Bear Valley Electric Service, Inc. (BVES) is requesting \$78.37 million in revenue requirement for test year (TY) 2027, which represents an increase of approximately \$9.77 million (or 14.25 percent) when comparing 2027 revenues at present versus proposed rates.¹ In addition, BVES is requesting year-over-year increases in total operating revenues of \$4.11 million (or 5.24 percent) in 2028, \$3.91 million (or 4.74 percent) in 2029, and \$6.62 million (or 7.66 percent) in 2030.

¹ 2027 present values (i.e., 2026 rates at projected year-end values) include approximately \$5.1 million of revenues estimated to be recovered via advice letter filings in 2026 related to advice letter projects approved in Decision (D.) 25-01-007 and the solar battery project approved in D.25-12-024.

In total, BVES is requesting an increase in revenue of \$24.41 million (31.89 percent) for 2027-2030 from present rate revenues.²

BVES states that a significant portion of the increase being requested in its application is attributable to the on-going threat from wildfires and measures, largely mandated by the California Legislature and the Commission, being implemented by BVES to mitigate the risk of a wildfire caused by the utility's equipment and operations.³

1.2. Procedural Background

On January 30, 2026, BVES filed its general rate case (GRC) application (Application) to request, among other things, authority to increase general rates and energy supply charges, authority to implement additional program and capital improvements, approval of an appropriate overall rate of return (which includes return on common equity, cost of debt, and capital structure), and authority to recover or implement revenue adjustments pertaining to memorandum and balancing accounts.

On March 4, 2026, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) filed a protest to the Application.

On March 13, 2026, BVES filed an amended application to additionally request that the Commission approve its proposed marginal cost analysis, proposed revenue allocation, and proposed electric rates (Amended Application).

On March 30, 2026, Cal Advocates filed an amended protest to amend its originally proposed schedule and to propose two additional items to the scope.

² See Application filed January 30, 2026, at 1-2

³ See Application filed January 30, 2026, at 2.

On April 9, 2026, BVES filed a Reply to the Amended Protest of Cal Advocates.

On April 13, 2026, Snow Summit, LLC (Snow Summit) filed a response to the original and Amended Applications of BVES. Snow Summit operates two ski resorts in the Big Bear Lake area and is BVES' largest customer. Snow Summit also requested party status per Rule 1.4(a)(2). Party status was granted by the Administrative Law Judge (ALJ) at the prehearing conference (PHC).

A PHC was held on May 4, 2026, to address the issues of law and fact, determine the need for hearing, set the schedule for resolving the matter, and address other matters as necessary. After considering the application, protests, response, and discussion at the PHC, I have determined the issues and initial schedule of the proceeding to be set forth in this scoping memo.

2. Issues

The issues to be determined or otherwise considered are:

1. Whether the proposed revenue requirements, including all operating and capital costs, and capital forecasts for Test Year 2027, Post-Test Year 2028, Post-Test Year 2029, and Post-Test Year 2030 are just and reasonable, and if the Commission should authorize BVES to reflect those adopted revenue requirements in rates.
2. Whether the disposition of the memorandum and balancing accounts requested by BVES are just and reasonable and if they should be authorized by the Commission.
3. Whether BVES should establish a Wildfire Expense Memorandum Account to track incremental unreimbursed wildfire liability-related costs.
4. Whether the recovery through a Tier 2 advice letter of the forecasted cost of \$6,386,772 (in 2025 dollars), plus allowance for funds used during construction, for

- construction of the Ute Line Upgrade Project is just and reasonable and should be authorized by the Commission.
5. Whether the recovery through a Tier 2 advice letter of the forecasted cost of \$7,811,632 (in 2025 dollars), plus allowance for funds used during construction, for construction of the North Shore Support Project is just and reasonable and should be authorized by the Commission.
 6. Whether the recovery through a Tier 2 advice letter of the forecasted cost of \$2,725,000 (in 2025 dollars), plus allowance for funds used during construction, for a pilot program for the Retrofitting Power Lines and Insulating Material Project is just and reasonable and should be authorized by the Commission.
 7. Whether the approval of the requested cost of capital mechanism for BVES is just and reasonable and should be authorized by the Commission.
 8. Whether a rate of return of 9.15 percent (based on a return on equity of 11.30 percent), a cost of debt of 5.92 percent, a long-term debt weight of 40 percent and a common equity weight of 60 percent are just and reasonable and should be authorized by the Commission.
 9. Whether the costs and revenues booked into the Supply Adjustment Account are valid and reasonable and the ending balance in the Supply Adjustment Account as of December 31, 2024, is correct.
 10. Whether the cost allocation and rate design is just and reasonable and should be authorized by the Commission.
 11. Whether BVES adequately implemented its risk-based decision-making process and framework.
 12. Whether the development of the marginal costs and the allocation of costs to each rate class are just and reasonable.
 13. Whether the proposed rate design is fair and reasonable.
 14. Whether there are impacts on environmental and social justice communities, including the extent to which the GRC impacts the achievement of any of the nine goals of the

Commission’s Environmental and Social Justice Action Plan.

Issues 11 through 13 were requested by Cal Advocates in its original and amended protests. In its reply to the amended protest, BVES states it does not object to the inclusion of these additional items.

3. Need for Evidentiary Hearing

All of the issues considered in this proceeding are potentially contested material issues of fact. Parties should be afforded an opportunity to present evidence on these issues. Accordingly, an evidentiary hearing is needed and scheduled as set forth in the proceeding schedule below.

4. Schedule

The following schedule is adopted here and may be modified by the ALJ as required to promote the efficient and fair resolution of the application:

Event	Date
Public Participation Hearing	TBD Summer 2026
Intervenors’ prepared direct testimony served	July 27, 2026
Prepared rebuttal testimony served	August 24, 2026
Meet and confer / formal settlement negotiations	August 25 – Sep. 7, 2026
Evidentiary hearing	Sep. 23 - 25, 2026
Opening briefs	Oct. 19, 2026
Reply briefs [matter submitted]	Nov. 2, 2026
Proposed decision	January 2027
Commission decision	February 2027

Pursuant to Rule 13.9, the parties shall meet and confer no later than 10 calendar days after the submission of rebuttal testimony. The purpose of the meet and confer is to ascertain whether, pursuant to Rule 13.8(c), the parties stipulate to the receipt of prepared testimony into evidence without direct or cross examination or other need to convene an evidentiary hearing or, in the alternative, the parties' resources, readiness and needs for the effective remote conduct of the evidentiary hearing, including estimates of time requested for cross-examination and identification of anticipated exhibits.

The proceeding will stand submitted upon the filing of reply briefs unless the ALJ requires further evidence or argument. Based on this schedule, the proceeding will be resolved within 18 months as required by Public Utilities Code (Pub. Util. Code) Section 1701.5.

5. Public Participation Hearing

The Commission will hold public participation hearings during the course of this proceeding. Details, including instructions for members of the public to comment, will be confirmed in a future ruling.

6. Alternative Dispute Resolution (ADR) Program and Settlements

The Commission's Alternative Dispute Resolution (ADR) program offers mediation, early neutral evaluation, and facilitation services, and uses ALJs who have been trained as neutrals. At the parties' request, the assigned ALJ can refer this proceeding to the Commission's ADR Coordinator. Additional ADR information is available on the Commission's website.⁴

Any settlement between parties, whether regarding all or some of the issues, shall comply with Article 12 of the Rules and shall be served in writing.

⁴ <https://www.cpuc.ca.gov/PUC/adr/>

Such settlements shall include a complete explanation of the settlement and a complete explanation of why it is reasonable in light of the whole record, consistent with the law and in the public interest. The proposing parties bear the burden of proof as to whether the settlement should be adopted by the Commission.

7. Category of Proceeding and Ex Parte Restrictions

This ruling confirms the Commission's preliminary determination⁵ that this is a ratesetting proceeding. Accordingly, ex parte communications are restricted and must be reported pursuant to Article 8 of the Rules.

8. Public Outreach

Pursuant to Pub. Util. Code Section 1711(a), where feasible and appropriate, before determining the scope of the proceeding, the Commission sought the participation of those likely to be affected, including those likely to derive benefit from, and those potentially subject to, a decision in this proceeding. This matter was noticed on the Commission's daily calendar. Where feasible and appropriate, this matter was incorporated into engagements conducted by the Commission's External Affairs Division with local governments and other interested parties.

9. Intervenor Compensation

Pursuant to Pub. Util. Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by June 3, 2026, 30 days after the prehearing conference.

⁵ Resolution ALJ- 176-3577 at page 1-2.

10. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

11. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission’s procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://cpuc.ca.gov/pao> or contact the Commission’s Public Advisor at 866-849-8390 or send an e-mail to public.advisor@cpuc.ca.gov.

12. Filing, Service, and Service List

The official service list has been created and is on the Commission’s website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission’s Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.⁶

When serving any document, each party must ensure that it is using the current official service list on the Commission’s website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, whenever possible, transmitted no later than 5:00 p.m., on the date scheduled for service to occur. The Rule 1.10 requirement of service on the ALJ of a paper copy of filed or served documents is waived.

⁶ The form to request additions and changes to the Service list may be found at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must not send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission’s subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

13. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

14. Assignment of Proceeding

Karen Douglas is the assigned commissioner and David R. Van Dyken is the assigned ALJ and presiding officer for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is needed.
4. The presiding officer is Administrative Law Judge David R. Van Dyken.
5. The category of the proceeding is Ratesetting.

Dated May 22, 2026, at San Francisco, California.

/s/ KAREN DOUGLAS

Karen Douglas
Assigned Commissioner