

Decision 25-01-007 January 16, 2025

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Bear Valley Electric Service, Inc. (U913E) for Authority to, Among Other Things, Increase Rates and Charges, and Authorized Revenues, for Electric Service Effective January 1, 2023.

Application 22-08-010

**DECISION APPROVING BEAR VALLEY ELECTRIC SERVICE, INC.'S TEST
YEAR 2023 GENERAL RATE CASE APPLICATION**

TABLE OF CONTENTS

Title	Page
DECISION APPROVING BEAR VALLEY ELECTRIC SERVICE, INC.'S TEST YEAR 2023 GENERAL RATE CASE APPLICATION	2
Summary	2
1. Background	3
1.1. Application	3
1.2. Proceeding History	3
1.3. Submission Date	4
2. Public Comment	4
2.1. Public Participation Hearing.....	4
2.2. Written Public Comments	5
3. Issues Before the Commission.....	5
4. Summary of the Settlement Agreement Provisions	7
4.1. Revenue Requirements and Rate Impacts	7
4.2. Rate Base	8
4.2.1. Cost of Capital	8
4.2.2. Cost of Capital Mechanism	9
4.2.3. Capital Budget.....	9
4.2.4. Capital Projects.....	9
4.2.4.1. Deferral of Capital Projects	9
4.2.4.2. Snow Summit Substation Expansion Project	10
4.2.5. Composite Depreciation Rate	14
4.2.6. Weighted Working Cash.....	15
4.3. Supply Adjustment Mechanism Balancing Account.....	16
4.3.1. Forecasted Supply Related Expenses.....	17
4.3.2. Contract Administration and Operation of Bear Valley Power Plant.....	17
4.4. Forecasted Sales and Number of Customers.....	17
4.5. Wildfire Expenses	17
4.5.1. Enhanced Vegetation Management Program.....	17
4.5.2. Other Wildfire Expense Programs	18
4.6. Balancing and Memorandum Accounts.....	19
4.6.1. COVID-19 Pandemic Protection Memorandum Account	20
4.6.2. Wildfire-Related Memorandum Accounts.....	21

4.6.2.1. Fire Hazard Prevention Memorandum Account (FHPMA)	22
4.6.2.2. Fire Risk Mitigation Memorandum Account (FRMMA).....	23
4.6.2.3. Wildfire Mitigation Plan Memorandum Account (WMPMA)	24
4.6.3. Wildfire Mitigation Vegetation Management Balancing Account	24
4.7. Cost Allocation.....	25
4.8. GRC Memorandum Account Balance	27
5. Standard of Review for Settlements	27
6. The Settlement Agreement is Reasonable and Should be Approved.....	28
6.1. The Settlement Agreement is Reasonable in Light of the Record as a Whole.....	28
6.2. The Settlement Agreement is Consistent with Law and Prior Commission Decisions	30
6.3. The Settlement Agreement is in the Public Interest	31
7. Next Steps.....	32
7.1. Closing the FHPMA	32
7.2. Closing the GRCMA	32
7.3. Risk Spending Accountability Report	33
7.4. Next General Rate Case Filing.....	34
8. Procedural Matters.....	34
9. Comments on Proposed Decision.....	34
10. Assignment of Proceeding.....	35
Findings of Fact.....	35
Conclusions of Law	36
ORDER	37

Appendix A – Settlement Agreement

**DECISION APPROVING BEAR VALLEY ELECTRIC SERVICE,
INC.'S TEST YEAR 2023 GENERAL RATE CASE APPLICATION**

Summary

This decision approves a Settlement Agreement and authorizes Bear Valley Electric Service, Inc. (BVES) to collect the agreed-upon revenue requirements reached in the Settlement Agreement of \$45,300,000 for Test Year 2023, \$47,500,000 for Post-Test Year 2024, \$49,700,000 for Post-Test Year 2025 and \$53,000,000 for Post-Test Year 2026. The Settlement Agreement is an all-party agreement that resolves all disputed factual and legal issues in this proceeding.

The Settlement Agreement, as a whole, results in a just and reasonable outcome for BVES ratepayers. The revenue requirements reached in the Settlement Agreement result in a more moderate rate impact than BVES initially requested in the Application, but they sufficiently provide BVES with a reasonable budget to manage its electric system, provide safe and reliable electric service, and implement the necessary wildfire mitigation measures. The Settlement Agreement approved by this decision provides BVES with the necessary funding to implement the wildfire mitigation measures set forth in its Wildfire Mitigation Plan and establishes a Vegetation Management Balancing Account in which BVES could record and recover any additional vegetation management expenses incurred above the authorized amount of \$2,700,000 up to a cap of \$3,100,000.

This proceeding is closed.

1. Background

1.1. Application

In this Application, Bear Valley Electric Service, Inc. (BVES) is requesting \$50.28 million in revenue requirement for Test Year 2023, which represents a year-over-year increase of approximately \$10.5 million or 26.5% over the 2022 revenue requirement of \$39.75 million. In addition, BVES is requesting an annual increase in Post-Test Year revenue requirements of \$2.2 million (or 4.5%) in 2024, \$1.9 million (or 3.5%) in 2025, and \$2.9 million (or 5.4%) in 2026.

1.2. Proceeding History

On August 30, 2022, BVES filed this general rate case (GRC) Application for Test Year 2023 and Post-Test Years 2024, 2025, and 2026.

On October 3, 2022, the Public Advocates Office (Cal Advocates) filed a timely protest to the Application.

On October 11, 2022, BVES filed an amended application to additionally request that the Commission approve its proposed marginal cost analysis, proposed revenue allocation, and proposed electric rates.

On October 13, 2022, Snow Summit, LLC (Snow Summit) filed a protest to the amended application, concurrent with a motion to late-file its protest. Snow Summit's motion to late-file its protest was granted by the assigned Administrative Law Judge (ALJ) via an e-mail Ruling issued on October 14, 2022.

On December 15, 2022, Decision (D.) 22-12-037 authorized BVES to establish a GRC Memorandum Account (GRMCA).

On December 16, 2022, a prehearing conference was held.

On February 8, 2023, the Assigned Commissioner's Scoping Memo and Ruling was issued.

On May 9, 2023, a Public Participation Hearing was held for the Commission to hear comments from members of the public on this Application.

On July 25-26, 2023, evidentiary hearings were held.

On September 8, 2023, opening briefs were timely filed by BVES, Cal Advocates, and Snow Summit.

On September 29, 2023, reply briefs were timely filed by BVES and Snow Summit.

On November 1, 2024, BVES, Cal Advocates, and Snow Summit jointly filed a Joint Motion for Commission Approval and Adoption of Settlement Agreement (Settlement Agreement).

1.3. Submission Date

This matter was submitted on November 1, 2024 upon the joint filing of the Joint Motion for Commission Approval and Adoption of Settlement Agreement.

2. Public Comment

2.1. Public Participation Hearing

On May 9, 2023, a Public Participation Hearing was held virtually for the Commission to hear comments from members of the public on this Application. Thirteen members of the public spoke at the Public Participation Hearing on May 9, 2023, including Mayor Randall Putz, the mayor of Big Bear Lake. Most comments opposed the proposed rate increases and shared concerns over the negative financial burden the requested large rate increases would bring to their

household and the local economy. Mayor Putz explained that a large percentage of Big Bear Lake residents are older, live on fixed income, and cannot afford BVES's requested rate increase.

2.2. Written Public Comments

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the "Public Comment" tab of the online Docket Card for that proceeding on the Commission's website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

There were 59 written comments submitted, including comments provided by the City of Big Bear Lake and the local residents living in BVES's service territory. All the comments oppose the large rate increase BVES is requesting in the Application of 28.9% in 2023 and 43.7% over the four-year GRC cycle. Many expressed that the requested rate increases are significantly greater than the pace of inflation and would bring undue financial hardship to the community and harm the local economy.

3. Issues Before the Commission

The issues addressed in this decision are:

1. Whether the proposed revenue requirements, including all operating and capital costs, for Test Year 2023, Post-Test Year 2024, Post-Test Year 2025 and Post-Test Year 2026 are just and reasonable, and the Commission should authorize BVES to reflect those adopted revenue requirements in rates.
2. Whether the costs booked into the Fire Hazard Prevention Memorandum Account, the Fire Risk Mitigation Memorandum Account and the Wildfire Mitigation Plan

- Memorandum Account are just and reasonable; Whether the Commission should authorize BVES to recover those costs in the requested single, bundled wildfire surcharge of \$0.02294/kWh over a thirty-month period as being just and reasonable.
3. Whether the disposition of the memorandum and balancing accounts requested by BVES are just and reasonable and should be authorized by the Commission.
 4. Whether the recovery through a Tier 1 Advice Letter of the forecasted cost of \$6,200,347 for replacement of the Radford Line is just and reasonable and should be authorized by the Commission.
 5. Whether the amount of \$58,460,805 of costs and \$53,837,040 of revenues booked into the Supply Adjustment Account are valid and reasonable and the ending balance in the Supply Adjustment Account as of December 31, 2021 is an under-collection amount of \$1,399,094.
 6. Whether the approval of the requested cost of capital mechanism for BVES is just and reasonable and should be authorized by the Commission.
 7. Whether a rate of return of 9.05% based on a return on equity of 11.25%, a cost of debt of 5.51%, a long-term debt weight of 38.2% and a common equity weight of 61.8% are just and reasonable and should be authorized by the Commission.
 8. Whether recovery of wildfire mitigation costs from April 1, 2022 through the effective date of new GRC rates through a Tier 2 Advice Letter filing is just and reasonable and should be authorized by the Commission.
 9. Whether the cost allocation and rate design for the test year and attrition post-test years are just and reasonable and should be authorized by the Commission.

4. Summary of the Settlement Agreement Provisions

The Settlement Agreement is an all-party settlement that resolves all disputed issues in this proceeding, including disagreements over revenue requirement, cost allocation, and rate design issues. Below summarizes some of the key provisions of the Settlement Agreement.

4.1. Revenue Requirements and Rate Impacts

The Settling Parties agreed to a Total Test Year 2023 Revenue Requirement of \$45,300,000, which consists of \$33,051,872 in Base Rate Revenue Requirement and \$12,248,128 in Supply Cost Revenue Requirement. BVES's requested Supply Cost Revenue Requirement was not disputed and was agreed to in the Settlement Agreement. BVES's requested Base Rate Revenue Requirement, however, was challenged by Cal Advocates. The settlement adopted a Base Rate Revenue Requirement of \$33,051,872, which is a compromise between BVES's request of \$38,032,380 and Cal Advocates' recommendation of \$30,292,059. The difference in the parties' proposed and the settlement Base Rate Revenue Requirement results in the difference in the parties' proposed and the settlement Total Revenue Requirement. The settlement's 2023 Total Test Year Revenue Requirement of \$45,300,000 is in between BVES's request of \$50,280,509 and Cal Advocates' proposal of \$42,540,187.

Additionally, the Settling Parties agreed to a Total Revenue Requirement for the Post-Test Years of 2024, 2025, and 2026. The settlement's 2024 Total Revenue Requirement of \$47,500,000 is a compromise between BVES's request of \$52,519,043 and Cal Advocates' proposal of \$44,210,648, the 2025 Total Revenue Requirement of \$49,700,000 is a compromise between BVES's request of

\$54,372,548 and Cal Advocates' proposal of \$45,138,168, and the 2026 Total Revenue Requirement of \$53,000,000 is a compromise between BVES's request of \$57,305,624 and Cal Advocates' proposal of \$47,269,264.

The rate impact of adopting the Settlement Agreement for Test Year 2023 is an increase of 12.1% to currently adopted rates, which is lower than the 26.5% increase BVES originally requested in the Application. The rate impact of adopting the Settlement Agreement is 4.7% for 2024, as compared to BVES's original request of 4.3%, 4.4% for 2025, as compared to BVES's original request of 3.3%, and 6.4% for 2026, as compared to BVES's original request of 5.1%. The overall rate increase for the years 2023 to 2026 is 30.3% under the Settlement Agreement, which is lower than the 43.1% overall rate increase BVES originally requested in the Application.

4.2. Rate Base

4.2.1. Cost of Capital

The agreed-upon capital structure in the Settlement Agreement reflects a compromise between the Settling Parties. While BVES requested a debt-to-equity ratio of 38.20% to 61.80%, the Settling Parties agreed to a debt-to-equity ratio that Cal Advocates recommended, which is 43% to 57%.

The return on equity is also a compromise between the parties, with BVES requesting 11.25%, Cal Advocates proposing 9.20% and the Settling Parties agreeing to a return on equity of 10.00%. BVES's requested cost of debt of 5.51% was not disputed and was accepted into the Settlement Agreement.

Based on the agreed-upon capital structure, return on equity and cost of debt, the resulting weighted return on rate base, as reflected in the Settlement Agreement, is 8.07%.

4.2.2. Cost of Capital Mechanism

BVES requested a Cost of Capital Mechanism that would provide automatic annual adjustments to BVES's authorized rate of return on rate base if there were interest rate changes during the 4-year rate cycle. Cal Advocates opposed BVES's request and argued that the proposed mechanism is not necessary and that BVES failed to demonstrate any undue risks to its credit rating or ability to attract capital.¹

The Settling Parties agreed that BVES will withdraw its proposed Cost of Capital Mechanism.

4.2.3. Capital Budget

The total 2023-2026 capital budget, excluding the Snow Summit Expansion Project and the Radford Line Replacement Project, agreed to in the Settlement Agreement is a compromise between the Settling Parties' initial positions. While BVES requested \$62,016,396 and Cal Advocates recommended \$49,802,872, the Settling Parties agreed to \$52,475,755.

4.2.4. Capital Projects

4.2.4.1. Deferral of Capital Projects

The Settling Parties agreed to defer several of BVES's requested capital projects in the following manner:

- Deferring two of BVES's requested capital projects to a future GRC. These two projects are the Partial Safety and

¹ Cal Advocates Opening Brief at 31-32.

Technical Upgrades to Village Substation Project, which BVES budgeted to cost \$1,144,054 in 2025, and the North Shore Support Project, which BVES budgeted to cost \$2,614,256 in 2026.

- Deferring \$10,927,574 of wildfire mitigation-related capital costs from 2023 to 2024.
- Deferring the Safety and Technical Upgrades to Lake Substation Project, which BVES budgeted to cost \$2,065,781, from 2025 to 2026.
- Delaying the recovery of the costs of four capital projects to begin only after the completion and operation of the projects and after the approval of the cost recovery through the Base Rate Revenue Requirement Balancing Account (BRRBA) by a Tier 2 Advice Letter filing. These four capital projects are the Partial Safety and Technical Upgrades to Maltby Substation Project, Radford Line Project, Advanced Metering Infrastructure (AMI) Project, and the Switch and Field Device Automation Project.

The cost effects of these deferrals are reflected in the Settling Parties' agreed-upon 2023-2026 capital budget of \$52,475,755.

4.2.4.2. Snow Summit Substation Expansion Project

The Snow Summit Substation Expansion Project was approved in D.19-08-027 (BVES's 2018 GRC Decision) for BVES to offer supplemental service to Snow Summit under the Added Facilities Agreement. The Snow Summit Substation Expansion Project will install two new 10 megawatt (MW) substations, with one placed at the bottom of Snow Summit and the other placed at the top, which are dedicated to serving only the load at Snow Summit.

BVES forecasted that the Snow Summit Substation Expansion Project will cost \$10.8 million and requested to add these costs into rate base with a

corresponding offset in other operating revenues in 2024. The costs of the Snow Summit Substation Expansion Project would be paid for solely by Snow Summit under the terms set under the Added Facilities Agreement.² Under the Added Facilities Agreement, Snow Summit would pay a Monthly Ownership Charge of 1.3322% for the costs of the project, including capital expenditure and operations and maintenance costs.³ With these calculations, Snow Summit would pay approximately \$1.72 million annually.⁴

Cal Advocates opposed BVES's request for the following reasons:

1) uncertain costs of the project; 2) uncertain whether the required permits will be acquired; 3) uncertain timing of the project; and 4) the absence of a historical comparable project. Cal Advocates argued that BVES's cost estimates of the project are not accurate because they fluctuate between an initial estimate of \$6.5 million to \$11.6 million.⁵ Cal Advocates was also concerned that BVES may not be able to obtain the necessary permits from the United States Forest Service to proceed timely and complete the project within a reasonable timeframe. Finally, Cal Advocates asserted that there is no historical comparable project to estimate whether the requested costs and timeframe of the project are reasonable.⁶

² Ex. BVES8 at 133.

³ Bear Valley Opening Brief at 73.

⁴ Ex. SnowSum1 at 78-79.

⁵ Ex. CalAdv4 at 4-7.

⁶ *Ibid.*

BVES explained that, under the Added Facilities Agreement, recovery is first based on estimated costs until recorded costs are available.⁷ After the actual costs are recorded, the monthly ownership charges will be based on those recorded costs and adjusted retroactively to the date when service was first rendered. According to BVES, the estimated cost of \$10.8 million was based on bids from reputable and qualified contractors obtained for building the project and is a reasonable estimate.⁸

Snow Summit agreed to pay the costs of the project, which includes the capital expenditure and operation and maintenance costs of the project, even when the latest updates increased the costs of the project from \$6.5 million to \$10.8 million, and agrees to paying the Monthly Ownership Charge, estimated at approximately \$1.7 million per year, set under the Added Facilities Agreement.⁹ Snow Summit confirms that it will pay for all the costs associated with the project.

Snow Summit, however, noted that if the Snow Summit Substation Expansion Project is added in rate base sooner than when it actually came into service (e.g. project booked into plant in service in 2024 but did not come into service until 2025), ratepayers would pay for the costs of the project in 2024 without any payments from Snow Summit to offset those costs.¹⁰ In other words, ratepayers would have to pay for the partial costs of the project if the project is

⁷ Ex. BVES8 at 137-138.

⁸ Ex. BVES8 at 141-142.

⁹ Ex. SnowSum1 at 78-79.

¹⁰ Ex. SnowSum1 at 17.

delayed. To prevent having ratepayers pay for the project, Snow Summit proposed to exclude the project from being included in the Results of Operations model, including any Other Operating Revenue associated with this project, until the project is completed. Under Snow Summit's proposal, BVES could request to recover the costs of the project after the project is completed and in service through a Tier 2 Advice Letter, similar to the approach BVES is proposing for the Radford Line Replacement Project.¹¹

Under the Settlement Agreement, the Settling Parties agreed that Snow Summit will bear all the capital costs and operation and maintenance expenses for the new substations, as required by the Added Facilities Agreement. Snow Summit will make monthly payments when the new substations begin commercial operation. The Settling Parties agreed to modify the Monthly Ownership Charge from 1.4864% to 1.2488% and to amend Rule 2.H to reflect the updated Monthly Ownership Charge. BVES will book payments for this project to Other Operating Revenue. Any supplemental revenue that may result from supplemental sales to Snow Summit will accrue to benefit all customers, as proposed by BVES.

The Settling Parties also agreed that, until the new substations are operational, the capital costs for the Snow Summit Substation Expansion Project will not be added to BVES's rate base and the forecasted operation and maintenance costs will not be included in BVES's forecasted expenses. When the new substations become operational, BVES will file a Tier 2 Advice Letter to

¹¹ Ex. SnowSum1 at 17-19.

request Commission approval to add the costs of the project, including Allowance for Funds Used During Construction, to rate base and to add the operation and maintenance expenses for the new substations to BVES's revenue requirement.

4.2.5. Composite Depreciation Rate

BVES requested an overall composite depreciation rate of 2.90%, an increase of 46 basis points from the 2.44% rate adopted in the previous GRC, based on a study and analysis performed by a third-party consultant, Alliance Consulting Group.¹² The composite depreciation rate is comprised of the different depreciation rates set for each asset account.¹³ The depreciation rates BVES requested for its various asset accounts in this Application would increase its total depreciation expense by an average of \$532,000. The largest depreciation expense increase would be from FERC Account 370. Cal Advocates did not oppose the depreciation rates Bear Valley requested except for the assets in FERC Account 370.¹⁴

The assets under FERC Account 370 are electric distribution meters. In previous GRCs, the life cycle of this asset category was 40 years because the assets were mostly manual electric meters that required manual reads and manual input of data into the customer billing system. Since then, BVES has installed digital meters for most of its customers. Because the manual meters are

¹² Ex. BVES1 at 113-114.

¹³ The asset accounts follow the accounting rules set by the Federal Energy Regulatory Commission (FERC). As such, the asset accounts are labelled as FERC accounts.

¹⁴ Cal Advocates Opening Brief at 14.

replaced with digital meters, BVES requested a 15-year life cycle for FERC Account 370.¹⁵ Cal Advocates opposed BVES's proposed 15-year life cycle and instead recommended a 20-year life curve for the assets in this account, arguing that the 20-year life cycle is consistent with the life curves currently utilized by Southern California Edison and Pacific Gas & Electric Company for similar assets and that a 15-year life cycle for the account is excessive since not all the non-digital meters are replaced.¹⁶ Cal Advocates' recommendation would decrease the depreciation rate in this account from BVES's request of 15.96% to 7.18%.¹⁷

The Settling Parties agreed to a composite depreciation rate of 2.14%, which includes a depreciation rate of 5.39% for FERC Account 370.

4.2.6. Weighted Working Cash

The Working Cash allowance, as a component of rate base, is the compensation paid to investors for funds, or working cash, provided to the utility and includes a rate of return on the funds provided. Working cash is needed to pay for the utility's operating expenses that are due before they are able to collect revenues to pay for these expenses. Working cash is the difference between the lag in collecting revenue from customers and the lag in paying for the daily operational costs of providing service.

BVES forecasted a weighted average working cash of \$680,600 for Test Year 2023, based on using an average of six Lag Days as the multiplier in calculating working cash. Cal Advocates contested the methodology BVES used

¹⁵ Ex. BVES1 at 114.

¹⁶ Ex. CalAdv2 at 10.

¹⁷ *Ibid.*

for the calculation and argued that BVES's average number of Lag Days is too high. Cal Advocates recommended a working cash of \$412,068 for Test Year 2023.

The Settling Parties agreed to a working cash allowance of \$500,000, \$515,000, \$530,000, and \$546,000 for 2023, 2024, 2025, and 2026, respectively.

4.3. Supply Adjustment Mechanism Balancing Account

BVES has a Supply Adjustment Mechanism Balancing Account to record the power supply and delivery-related costs and revenues generated from the following charges: the Supply Charge (formerly known as the Energy Charge for Purchases), Transmission Charge (formerly known as the Power System Delivery Charge), and the Supply Adjustment Charge (formerly known as the Amortization Charge). BVES reports a cumulative under-collected balance of \$1,399,094 from November 1, 2016 through December 31, 2021 but did not request disposition of the balance. BVES's testimony seeks to demonstrate that power supply and related costs were recorded appropriately and reasonably in the Supply Adjustment Mechanism Balancing Account.

Cal Advocates did not raise any objections to BVES's figure.

The Settling Parties agreed that the cumulative under-collected balance recorded in the Supply Adjustment Mechanism Balancing Account as of December 31, 2021 is \$1,399,094, and that BVES will continue to track supply costs and revenues and will dispose of the balances recorded in the account consistent with the tariff set forth in its Preliminary Statement.

4.3.1. Forecasted Supply Related Expenses

BVES forecasted supply-related expenses of \$12,248,128, \$12,358,454, \$11,731,432, and \$12,372,846 for 2023, 2024, 2025, and 2026, respectively.

Cal Advocates did not contest BVES's forecasts. The Settling Parties agreed with BVES's forecasts.

4.3.2. Contract Administration and Operation of Bear Valley Power Plant

BVES's testimony also seeks to demonstrate that, during the review period of November 1, 2016 through December 31, 2021, BVES 1) administered its contracts prudently; 2) prudently managed its own utility-owned generation facilities, which is Bear Valley Power Plant; 3) and dispatched energy generated from its Bear Valley Power Plant in a least cost manner. None of the parties contested these claims. Since the Settling Parties remain silent on these statements, the Commission will assume that the Settling Parties have accepted BVES's statements as true.

4.4. Forecasted Sales and Number of Customers

The Settling Parties agreed to BVES's forecasted sales, number of customers, and other operating revenues. BVES's forecasts were not contested by the parties.

4.5. Wildfire Expenses

4.5.1. Enhanced Vegetation Management Program

The Enhanced Vegetation Management Program is an essential wildfire mitigation program in BVES's Wildfire Mitigation Plan (WMP). BVES's service area is heavily wooded, with 90% of the service area designated as a Tier 2

“Elevated Risk” High Fire-Threat District (HFTD) and the remaining 10% as Tier 3 “Extreme Risk” HFTD. For the Enhanced Vegetation Management Program, BVES forecasted expenses of \$3,516,464 for 2023, \$3,384,765 for 2024, \$3,300,732 for 2025, and \$3,280,489 for 2026.¹⁸

Cal Advocates proposed reductions to BVES’s forecasts and recommended a Test Year 2023 forecast of \$2,243,992 for the program.

The Settling Parties agreed that BVES should be authorized an annual revenue requirement of \$2,700,000 to spend on vegetation management activities from 2023 through 2026, and that any vegetation management costs BVES incurred above the \$2,700,000, up to a cap of \$3,100,000, will be tracked in a new balancing account, the Vegetation Management Balancing Account.

4.5.2. Other Wildfire Expense Programs

Cal Advocates also disputed BVES’s forecasted expenses for the following wildfire mitigation activities:

- 1) Light Detection and Ranging inspections of distribution electric lines and equipment;
- 2) Unmanned Aerial Vehicle High Definition Photography/Videography & Infrared inspections of distribution electric lines and equipment;
- 3) 3rd Party Ground Patrol;
- 4) Forester Consulting Services;
- 5) Weather Forecasting Services;
- 6) Risk Assessment and Mapping & Resource Allocation Methodology;

¹⁸ Bear Valley Opening Brief at 129.

- 7) Bear Valley Power Plant Safety and Environmental Compliance Service Program;
- 8) Environment, Health, and Safety Technical Support; and
- 9) WMP & Public Safety Power Shutoff (PSPS) Outreach and Customer Support, Independent Evaluation of WMP.

For the above wildfire mitigation activities, BVES requested \$1,746,257 in total expenses for Test Year 2023. Cal Advocates recommended \$1,263,940 in total Test Year 2023 expenses. The Settling Parties agreed that BVES should recover \$1,670,434 in Test Year 2023 expenses for the above wildfire mitigation activities. Additionally, the Settling Parties agreed that BVES should recover \$1,745,898 in annual Post-Test Year expenses from 2024-2026 for the above wildfire mitigation activities.

4.6. Balancing and Memorandum Accounts

In the Application, BVES requested the continuation and amortization of the balances of the following balancing and memorandum accounts:

- 1) Energy Efficiency Balancing Account;
- 2) Solar Initiative Balancing Account;
- 3) Transportation Electrification Pilot Program Balancing Account;
- 4) Base Revenue Requirement Balancing Account;
- 5) Pension Balancing Account;
- 6) Officer Compensation Program Memorandum Account; and
- 7) Renewables Portfolio Standard Memorandum Account.

BVES requested closing the following memorandum accounts which have a zero balance:

- 1) 2018 General Rate Case Memorandum Account;

- 2) 1993 Federal Tax Reform Legislation Memorandum Account;
- 3) Bridge Funding Memorandum Account;
- 4) California Consumer Privacy Act Memorandum Account;
- 5) General Office Allocation Memorandum Account; and
- 6) General Rate Case Revenue Requirement Memorandum Account
(which recorded the revenue differential between BVES's 2012 Revenue Requirement and the 2013 Revenue Requirement adopted in A.12-02-013).

BVES also requested the closure of the following memorandum accounts, but only after transferring the remaining balances in the accounts to the BRRBA:

- 1) 2010 Tax Act Memorandum Account;
- 2) Reliability Reporting Requirements Compliance Memorandum Account; and
- 3) Transportation Electrification Pilot Program Memorandum Account.

Cal Advocates did not oppose BVES's requested treatment for the above accounts. The Settling Parties agreed to BVES's requests for the above accounts.

4.6.1. COVID-19 Pandemic Protection Memorandum Account

The COVID-19 Pandemic Protection Memorandum Account (CPPMA) was established in accordance with the Commission's Resolution M-4842 to record incremental costs and bill adjustments associated with providing customer protections during the COVID-19 pandemic. BVES requested to recover \$630,556 of undercollected balance recorded in the CPPMA.

Cal Advocates recommended that recovery be limited to \$479,556 to account for the financial aid that BVES applied to receive from the State of California.

BVES received \$138,384 from the State of California that can be applied to customer arrearages. After reducing the undercollected balance by the aid amount BVES received, the remaining undercollected balance recorded in the CPPMA, as of March 31, 2022, is \$493,158. The Settling Parties agreed that BVES should be authorized to recover the remaining undercollected balance of \$493,158 recorded in the CPPMA, plus accrued interest, through the BRRBA, and that BVES should file a Tier 1 Advice Letter to close the CPPMA.

4.6.2. Wildfire-Related Memorandum Accounts

BVES has three memorandum accounts that track costs related to wildfire mitigation activities. They are the Fire Hazard Prevention Memorandum Account (FHPMA), the Fire Risk Mitigation Memorandum Account (FRMMA), and the Wildfire Mitigation Plan Memorandum Account (WMPMA).

Established in 2009, the FHPMA was the only account authorized to track wildfire-related costs prior to 2019. The costs currently recorded in the FHPMA are wildfire mitigation costs incurred in 2017 and 2018 and incremental vegetation management costs incurred since 2018 to the present.

The FRMMA and the WMPMA were established in 2019 as a result of Senate Bill 901 (Stats. 2018, ch. 626). The FRMMA was first established in January 2019 to record wildfire mitigation costs incurred prior to the approval of BVES's first WMP. After the Commission approved BVES's first WMP in June 2019, the WMPMA was established to record costs of wildfire mitigation activities approved in BVES's WMPs. Since the establishment of these accounts, the WMPMA records all costs related to the work approved in its WMPs, while

the FRMMA records all other fire risk mitigation costs for work that are not approved in a WMP.

4.6.2.1. Fire Hazard Prevention Memorandum Account (FHPMA)

BVES requested to recover the balance in the FHPMA, which was \$6,516,403 as of March 31, 2022, over a 36-month period.¹⁹ The expenses recorded in the FHPMA balance include incremental expenses associated with vegetation management activities to reduce the risk of fires. BVES explains that it hires outside contractors to conduct vegetation management, and that costs paid to outside contractors comprise 97% of the total costs recorded in the account.²⁰ According to BVES, vegetation management costs charged by its contractors surged in 2020 and 2021 because wages for tree trimmers increased as a result of Senate Bill 247 (Stats. 2019, ch. 406).²¹

Cal Advocates recommends a disallowance of \$3,150,000 to BVES's request.²² Cal Advocates argues that BVES did not substantiate its request to demonstrate that 1) the costs BVES incurred through the contracted vegetation management services were reasonable; and 2) BVES's contractor complied with Senate Bill 247.²³ Arguing that BVES did not substantiate its request, Cal

¹⁹ Ex. BVES2 at 123.

²⁰ Ex. BVES2 at 127.

²¹ Senate Bill 247 (2019) added section 8386.6 to the California Public Utilities Code to require that qualified line clearance tree trimmers be paid no less than the prevailing wage rate for a first period apprentice electrical utility lineman.

²² Ex. CalAdv5 at 13.

²³ Cal Advocates Opening Brief at 25.

Advocates proposed that BVES may recover only the recorded costs in 2019, 2020, 2021, and the first quarter of 2022, which is equivalent to a recommended disallowance of \$3,150,000 to BVES's request.²⁴

The Settling Parties agreed that the balance in the FHPMA, recorded as of March 31, 2022, should be recovered in rates through a 48-month surcharge of \$0.01217/kWh. Additionally, BVES agreed to forgo recovery of \$300,000 in interest payments from the account balance.

**4.6.2.2. Fire Risk Mitigation Memorandum
Account (FRMMA)**

BVES requested recovery of \$2,108,581, the balance recorded in the FRMMA as of March 31, 2022, over a period of 36 months. The FRMMA records costs incurred to prepare BVES's WMPs and costs to implement PSPS requirements. To demonstrate that the recorded costs are incremental, prudently incurred, and just and reasonable, BVES provided a detailed list of costs recorded in the account and described the activities for which these costs were incurred.²⁵

Cal Advocates reviewed the costs recorded in the FRMMA to determine whether the costs are reasonable, incremental, and prudently incurred and does not oppose BVES's requested recovery of the recorded FRMMA balance.²⁶

²⁴ Ex. CalAdv5 at 13.

²⁵ Ex. BVES2 at 132-138.

²⁶ Ex. CalAdv5 at 2.

The Settling Parties agreed that the balance in the FRMMA, recorded as of March 31, 2022, will be recovered in rates through a 36-month surcharge of \$0.00509/kWh, and that the FRMMA should remain open.

4.6.2.3. Wildfire Mitigation Plan Memorandum Account (WMPMA)

BVES requests recovery of \$874,735, the balance recorded in the WMPMA as of March 31, 2022, over a period of 36 months. The WMPMA records the incremental costs BVES incurred for wildfire mitigation activities approved in its WMPs. To demonstrate that the recorded costs are incremental, prudently incurred, and just and reasonable, BVES provided a detailed list of costs recorded in the account and described the activities for which these costs were incurred.²⁷

Cal Advocates reviewed the costs recorded in the WMPMA to determine whether the costs are reasonable, incremental, and prudently incurred and does not oppose BVES's requested recovery of the recorded WMPMA balance.²⁸

The Settling Parties agreed that the balance in the WMPMA, recorded as of March 31, 2022, should be recovered in rates through a 36-month surcharge of \$0.00211/kWh, and that the WMPMA should remain open.

4.6.3. Wildfire Mitigation Vegetation Management Balancing Account

The Settling Parties agreed that BVES should be authorized to establish a new balancing account, the Vegetation Management Balancing Account, to record any vegetation management expenses BVES incurred above the

²⁷ Ex. BVES2 at 132-138.

²⁸ Ex. CalAdv5 at 2.

authorized amount of \$2,700,000 up to a cap of \$3,100,000. The terms of the Settlement Agreement, as well as the accompanying proposed tariff language, suggest that BVES be authorized to transfer any over- or under-collection recorded in the Vegetation Management Balancing Account, with interest, to the BRRBA annually. However, under the settlement provision in which the Vegetation Management Balancing Account would only record incurred expenses above the authorized \$2,700,000 amount up to a cap of \$3,100,000, there is not a circumstance in which the Vegetation Management Balancing Account will have an overcollected balance to refund to ratepayers through the BRRBA. Therefore, BVES will need to remove language regarding the transfer of any overcollected balances from the proposed tariff language for the Vegetation Management Balancing Account when filing its advice letter to establish this account.

4.7. Cost Allocation

BVES proposed to allocate the Test Year 2023 revenue requirement based on 80% using the System Average Percent (SAP) methodology and 20% using the Long Run Marginal Cost (LRMC) methodology and to allocate the revenue requirement for the Post-Test Years of 2024 through 2026 based 100% on the SAP method. The SAP and the LRMC are two commonly used methods of revenue allocation. The SAP adjusts each customer class's revenue requirement allocation by the system average percentage amount. The LRMC, also known as the Equal Percent of Marginal Cost (EPMC) method, allocates the revenue requirement among customer classes based on the results of a marginal cost

study. BVES explained that this blended approach of using the two methods allows it to achieve an appropriate balance between moving towards a cost-based rate allocation structure, such as the EPMC method, while minimizing rate impacts to specific customer classes such as the residential customer class.

Cal Advocates opposed BVES's proposed cost allocation and recommended that BVES move towards a cost allocation methodology based solely on the SAP methodology. Cal Advocates argued that, because a significant portion of the revenue requirement increases requested in this Application is for wildfire mitigation activities, the SAP method to allocate the revenue requirement increase is the most equitable. Using Cal Advocates' proposed SAP method would result in a lower revenue requirement allocation to the residential customer class.

Snow Summit also opposed BVES's proposed cost allocation. Contending that BVES's proposal does not sufficiently move towards a cost-based rate allocation structure, Snow Summit recommended a cost allocation of using 30% EPMC and 70% SAP for each year of the GRC cycle, 2023 through 2026. To mitigate large increases to certain customer classes that may result from using this method of cost allocation, Snow Summit further recommended placing a cap on all the individual customer classes to limit each class's rate increase to no more than 13%.

The Settling Parties agreed to allocate the Test Year 2023 revenue requirement using 10% EPMC and 90% SAP and to allocate the revenue requirements of the Post-Test Years 2024 through 2026 based 100% on the SAP.

4.8. GRC Memorandum Account Balance

The General Rate Case Memorandum Account (GRCMA) tracks the difference in revenue requirement between base rates in effect as of December 31, 2022, and the base rates adopted in this Application. The Settling Parties agreed that BVES will file a Tier 2 Advice Letter within 90 days of the effective date of the final decision approving this Application to request Commission authority to amortize the GRCMA balance over a 36-month period through a separate surcharge.

5. Standard of Review for Settlements

Pursuant to Rule 12.1 of the Rules of Practice and Procedure,²⁹ the Commission will only approve settlements that are reasonable in light of the record as a whole, consistent with law, and in the public interest.

We recognize that the proposed Settlement Agreement reflects compromises between the Settling Parties and is the result of a series of tradeoffs between the parties' litigated positions such that the proposed Settlement Agreement should be reviewed as an integrated whole. While we consider and review individual settlement provisions, we will not conclude whether the settlement is reasonable based on whether any single provision produces an optimal result. Rather, we determine the reasonableness of the proposed Settlement Agreement by evaluating whether the proposed Settlement Agreement as a whole produces a just and reasonable outcome.

²⁹ Hereinafter, Rules refer to the Commission's Rules of Practice and Procedure.

6. The Settlement Agreement is Reasonable and Should be Approved

We find the Settlement Agreement meets the standards set forth in Rule 12.1. The Settlement Agreement is reasonable in light of the whole record, consistent with law and prior Commission decisions, and in the public interest. We therefore find the Settlement Agreement to be reasonable and should be approved.

However, the Settlement Agreement, even if adopted, does not constitute precedent for any future proceeding or issues to be brought before the Commission.

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

We find that the Settlement Agreement is reasonable in light of the record as a whole.

The Settlement Agreement, as a whole, produces a just and reasonable outcome for BVES ratepayers. The revenue requirements reached in the Settlement Agreement result in a more moderate rate impact than BVES initially requested in the Application, but they are sufficient in providing BVES with a reasonable budget to manage its electric system, provide safe and reliable electric service, and implement the necessary wildfire mitigation measures. The revenue requirements reached in the Settlement Agreement are a result of reasonable compromises made between all the active parties on many line items that make up the budget underlying the revenue requirement, including the cost of capital, the forecasted expenses, and the forecasted capital expenditure. The Settlement Agreement also provides BVES with the necessary budget to implement the

wildfire mitigation measures set forth in its Wildfire Mitigation Plan and establishes a Vegetation Management Balancing Account to record and recover any additional vegetation management expenses incurred up to an agreed upon cap.

Additionally, the cost allocation method reached in the Settlement Agreement yields reasonable cost allocations across all of BVES's customer classes. The cost allocations set forth in the Settlement Agreement are a result of reasonable compromises reached among all the parties, and these parties are fairly representative of the interests of BVES's different customer classes.

Lastly, the Settlement Agreement provides a reasonable cost recovery mechanism for the Snow Summit Substation Expansion Project. The Settlement Agreement ensures that BVES will be able to recover the entire costs of the Snow Summit Substation Expansion Project from Snow Summit through a monthly charge that Snow Summit agreed to pay, without any subsidy from other ratepayers.

The Settlement Agreement demonstrates reasonable compromises made between all the active parties who are knowledgeable and experienced in the issues considered in this proceeding and resolves all their factual and legal disputes. The settlement provisions are within the ranges of the parties' initial litigated positions. The Test Year and Post-Test Year revenue requirements reached in the Settlement Agreement are less than BVES's original request but more than Cal Advocates' recommendation. As a result, the rate impact of the Settlement Agreement is more moderate for ratepayers than BVES's original request.

The provisions of the Settlement Agreement are supported by the extensive record developed in this proceeding. The record in this proceeding includes a robust evidentiary record developed through testimony submitted by all the parties after a thorough investigation and discovery process and two days of evidentiary hearings, in addition to opening and reply briefs submitted by all the parties in this proceeding. This extensive record gives the Commission sufficient information to determine the reasonableness of the settlement provisions.

For the reasons above, we find that the provisions of the Settlement Agreement, when evaluated as a whole, are reasonable and are supported by the extensive record in this proceeding.

6.2. The Settlement Agreement is Consistent with Law and Prior Commission Decisions

We find that the terms of the Settlement Agreement are consistent with law, and that none of the settlement terms contravene any existing statutory law or prior Commission decisions.

The statutes applicable to this Application include Public Utilities Code (Pub. Util. Code) Section 451 and Pub. Util. Code Section 454. Pub. Util. Code Section 451 states that “[a]ll charges demanded or received by any public utility...shall be just and reasonable.” Pub. Util. Code Section 454 prevents a change in public utility rates unless the Commission finds such an increase justified.

The extensive record developed in this proceeding, including the parties’ testimony, workpapers, discovery responses, briefs and an evidentiary record

that includes two full days of hearings, provides a sufficient basis to allow the Commission to determine that the rate increases resulting from the settled terms are just and reasonable and are consistent with Pub. Util. Code Sections 451 and 454. These rate increases also allow BVES to maintain safe and reliable service and to implement the wildfire mitigation activities in its approved wildfire mitigation plan, consistent with Pub. Util. Code Section 8386.3.

6.3. The Settlement Agreement is in the Public Interest

We find that the Settlement Agreement is in the public interest and in the interest of BVES ratepayers. The Settlement Agreement has the unanimous sponsorship of all active parties in the proceeding. The Settling Parties are adverse, knowledgeable and experienced in the issues examined in this proceeding. Cal Advocates' mission statement is to "advocate for the lowest possible bills for customers of California's regulated utilities consistent with safety, reliability, and the state's climate goals."³⁰ Snow Summit is the largest customer of BVES. The Settling Parties have a sound and thorough understanding of the Application, the underlying assumptions, and the supporting data included in the record. The Settling Parties are also fairly representative of the interests that are affected in this proceeding.

The Settlement Agreement also helps avoid further litigation, which will conserve the resources of the Commission and the parties. As such, the Commission has historically favored settlements as a means of resolving contested issues if they are reasonable in light of the whole record.

³⁰ See <https://www.publicadvocates.cpuc.ca.gov/about>. Link available as of November 15, 2024.

7. Next Steps

There remain several issues that need to be addressed after the approval of the Settlement Agreement. We discuss these items below.

7.1. Closing the FHPMA

Decision 17-12-024 provides that:

Each Electric IOU may continue to use this procedure until the first general rate case (GRC) that occurs after the close of this proceeding. At that time, the Electric IOU shall close its FHPMA and thereafter use the GRC mechanism to request recovery of the costs it incurs to comply with the regulations adopted by this Decision. Each Electric IOU may continue to record authorized costs in its FHPMA until the first GRC that occurs after the close of this proceeding, at which time the FHPMA shall be closed.³¹

The FHPMA records vegetation management costs for the purpose of wildfire mitigation. Under the Settlement Agreement, the Vegetation Management Balancing Account will be established to record costs incurred for wildfire mitigation vegetation management activities, and the balance in the FHPMA will be recovered in rates through a 48-month surcharge. Since wildfire mitigation vegetation management costs will be recorded in the Vegetation Management Balancing Account, the FHPMA will no longer be needed. The FHPMA shall be closed after the balance in the account reaches zero.

7.2. Closing the GRCMA

As established in D.22-12-037, the GRCMA tracks the revenue differences between the BVES base rates in effect as of December 31, 2022, and the base rates

³¹ D.17-12-024, Ordering Paragraph 9ii.

adopted in this GRC. Under the Settlement Agreement, the balance in the GRCMA will be amortized through a 36-month surcharge. After the account balance is cleared, there will be no further need for the GRCMA. GRCMA shall be closed after the account balance reaches zero.

7.3. Risk Spending Accountability Report

D.22-10-002 implemented changes to the Risk Spending Accountability Report requirements, starting with the report that is due immediately following this GRC application.³² These changes include requiring small and multijurisdictional utilities like BVES to file the Risk Spending Accountability Reports on the docket of their GRC applications.³³ BVES shall, on an annual basis, file and serve a Risk Spending Accountability Report in this proceeding, following the reporting requirements set in D.22-10-002 or any subsequent decision superseding those requirements. We clarify that, since BVES will file its Risk Spending Accountability Report in its GRC proceedings, BVES will no longer need to file advice letters to provide these Reports.³⁴

³² D. 22-10-002, Ordering Paragraph 4.

³³ D.22-10-002, Ordering Paragraph 5.

³⁴ D.19-08-027, Ordering Paragraph 17 provides, “Golden State Water Company, on behalf of its Bear Valley Electric Service Division, shall file an information-only advice letter within 60 days of the issuance of the final decision in this proceeding, and annually by March 31 of each succeeding year, which includes a comparison of actual expenditures to adopted expenditures as approved in this decision for safety, reliability, and maintenance programs pursuant to the reporting requirements of Decision (D.) 19-04-020 and Public Utilities Code Section 591 relating to the Risk Spending Accountability Report. The March 31 due date revises the date previously set in D.19-04-020. The advice letters shall be filed with the Energy Division’s Tariff Unit and served on the appropriate general rate case proceedings.”

The Settlement Agreement that we approve today contains specific expenses and capital expenditures for every project and program, including wildfire mitigation projects and programs, which allows BVES to track annual and cumulative costs and work units. Even if these costs are not specified in the Settlement Agreement, as stated in D.22-10-002, these costs must be imputed for reporting purposes.

7.4. Next General Rate Case Filing

The Settling Parties agreed that BVES will file its next general rate case application for a four-year rate cycle with Test Year 2027 prior to January 31, 2026, and will include the cost allocation and rate design components no later than six weeks after the filing of the application.

8. Procedural Matters

This decision affirms all rulings made by the ALJs and assigned Commissioner in this proceeding. All motions not ruled on are deemed denied.

9. Comments on Proposed Decision

The proposed decision of ALJs Elaine Lau and Rafael Lirag in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure.

On January 2, 2025, BVES, Cal Advocates, and Snow Summit filed joint Opening Comments requesting to modify Ordering Paragraph 5 so that the Tier 2 Advice Letter to establish a surcharge for the General Rate Case Memorandum Account shall be filed within 90 days instead of 60 days from the effective date of this decision. The modification will align Ordering Paragraph 5

with the provisions in the Settlement Agreement, as described in Section 4.8 of this proposed decision. Ordering Paragraph 5 is modified accordingly.

No Reply Comments were filed.

10. Assignment of Proceeding

Darcie L. Houck is the assigned Commissioner and Elaine Lau and Rafael Lirag are the assigned ALJs in this proceeding.

Findings of Fact

1. Rule 12.1(d) provides that “[t]he Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.”

2. The revenue requirements reached in the Settlement Agreement result in a more moderate rate impact than BVES initially requested in the Application, but they are sufficient in providing BVES with a reasonable budget to manage its electric system, provide safe and reliable electric service, and implement the necessary wildfire mitigation measures.

3. The Settlement Agreement also provides BVES with the necessary budget to implement the wildfire mitigation measures set forth in its Wildfire Mitigation Plan and establishes a Vegetation Management Balancing Account to record and recover any additional vegetation management expenses incurred up to an agreed upon cap.

4. The Settlement Agreement demonstrates reasonable compromises made between all the active parties who are knowledgeable and experienced in the issues considered in this proceeding and resolves all their factual and legal disputes.

5. The provisions of the Settlement Agreement are supported by the extensive record developed in this proceeding, which provides the Commission with sufficient information to determine the reasonableness of the settlement provisions.

6. The extensive record developed in this proceeding provides sufficient basis to allow the Commission to determine that the rate increases resulting from the settled terms are just and reasonable, consistent with Pub. Util. Code Sections 451 and 454, and allow BVES to maintain safe and reliable service and to implement the wildfire mitigation activities in its approved wildfire mitigation plan, consistent with Pub. Util. Code Section 8386.3.

7. The Settlement Agreement has the unanimous sponsorship of all active parties in the proceeding.

8. The Settling Parties are adverse, knowledgeable, experienced in the issues examined in this proceeding, and have a sound and thorough understanding of the Application, the underlying assumptions, and the supporting data included in the record.

9. The Settling Parties are fairly representative of the interests that are affected in this proceeding.

10. The Settlement Agreement helps avoid further litigation, which will conserve the resources of the Commission and the parties.

Conclusions of Law

1. The Settlement Agreement meets the standards set forth in Rule 12.1.
2. The Settlement Agreement is reasonable in light of the record as a whole.

3. The Settlement Agreement, as a whole, produces a just and reasonable outcome for BVES ratepayers.

4. The Settlement Agreement is consistent with law, and none of the settlement terms contravene any existing statutory law or prior Commission decisions.

5. The Settlement Agreement is in the public interest and in the interest of BVES ratepayers.

6. The Settlement Agreement is reasonable and should be approved.

7. The Settling Parties' motion for adoption of the Settlement Agreement should be granted.

O R D E R

IT IS ORDERED that:

1. The Joint Motion for Commission Approval and Adoption of Settlement Agreement is granted.

2. The Settlement Agreement between Bear Valley Electric Service, Inc., the Public Advocates Office at the California Public Utilities Commission, and Snow Summit, LLC, attached as Appendix A to this decision, is approved.

3. The revenue requirements authorized in this decision are \$45,300,000 for Test Year 2023, \$47,500,000 for Post-Test Year (PTY) 2024, \$49,700,000 for PTY 2025, and \$53,000,000 for PTY 2026, consistent with Section 5 of the Settlement Agreement attached as Appendix A to this decision. Pursuant to Decision 22-12-037, the revenue requirements authorized for Test Year 2023 shall be effective from January 1, 2023 to December 31, 2023, the revenue requirements authorized for 2024 shall be effective from January 1, 2024 to December 31, 2024,

and the revenue requirements authorized for 2025 shall be effective from January 1, 2025 to December 31, 2025.

4. Within 30 days of the effective date of this decision, Bear Valley Electric Service, Inc. shall file a Tier 1 Advice Letter with revised tariff sheets to implement the directives in this decision, including:

- (a) the current revenue requirements authorized in this decision; and
- (b) the terms of the Settlement Agreement authorized in this decision.

5. Bear Valley Electric Service, Inc. shall file a Tier 2 Advice Letter within 90 days of the effective date of this decision to establish a separate surcharge that will amortize the balance in the General Rate Case Memorandum Account over a 36-month period, consistent with Section 10.3 of the Settlement Agreement.

6. Bear Valley Electric Service, Inc. shall, on an annual basis, file a Risk Spending Accountability Report in this proceeding and serve the Report on the service list of this proceeding, following the requirements set forth in Decision 22-10-002 or any subsequent decision superseding those requirements.

7. Bear Valley Electric Service, Inc. shall file its next general rate case application for a four-year rate cycle with test year 2027 prior to January 31, 2026.

8. Application 22-08-010 is closed.

This order is effective today.

Dated January 16, 2025, at San Francisco, California.

ALICE REYNOLDS

President

DARCIE L. HOUCK

JOHN REYNOLDS

KAREN DOUGLAS

Commissioners

Commissioner Matthew Baker recused himself from this agenda item and was not part of the quorum in its consideration.