

Decision 26-10-017 October 8, 2026

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, 2027.

Application 26-01-022

**DECISION GRANTING BEAR VALLEY ELECTRIC SERVICE, INC.
AUTHORITY TO ESTABLISH A 2027 GENERAL RATE CASE
MEMORANDUM ACCOUNT**

Summary

This decision authorizes Bear Valley Electric Service, Inc. to establish a 2027 General Rate Case Memorandum Account to record the difference between current rates and the rates authorized by the final decision during the time period beginning January 1, 2027, which is the first date of the 2027 test year, until the effective date of the final decision in this proceeding.

This proceeding remains open.

1. Background

On January 30, 2026, Bear Valley Electric Service, Inc. (BVES) filed its general rate case (GRC) application to request, among other things, authority to increase general rates and energy supply charges, authority to implement additional programs and capital improvements, approval of an appropriate overall rate of return, and authority to recover or implement revenue adjustments pertaining to certain memorandum and balancing accounts.

BVES is requesting \$78.37 million in revenue requirement for test year 2027, which represents an increase of approximately \$9.77 million, or 14.25 percent, over current rates. In addition, BVES is requesting an annual increase in revenue requirement of \$4.11 million (5.24 percent) in 2028, \$3.91 million (4.74 percent) in 2029, and \$6.62 million (7.66 percent) in 2030.

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

A prehearing conference was held on May 4, 2026.

On May 22, 2026, the Assigned Commissioner's Scoping Memo and Ruling was issued, setting forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding (Scoping Memo).

1. Motion

On May 28, 2026, BVES filed a motion (Motion) to request authority to establish a GRC Memorandum Account (GRC Memo Account). The purpose of the GRC Memo Account is to track the difference between the current rates in effect as of December 31, 2026, and the new base rates authorized in the final decision in this GRC proceeding to meet the new base rate revenue requirement. The difference between the existing and new base rates would be tracked for the time period beginning January 1, 2027, and ending the month the new base rates from the final decision for this GRC application become effective.

BVES argues that authorizing a 2027 GRC Memo Account, plus accrued interest, will best ensure that neither ratepayers nor BVES will be harmed from the scheduled time gap between the final decision (which is not expected to be issued until February 2027) and January 1, 2027, which is the presumed effective date for new rates.

BVES states that the GRC Memo Account is consistent with Commission precedents, policies, and practices.¹ BVES also states that the Commission has long followed the practice of establishing memorandum accounts or similar rate mechanisms, with interest accrual provisions, in GRC proceedings.² In support of its request, BVES also references decisions and rulings in applications of prior BVES GRC proceedings and those of other electric investor-owned utilities in California where the utilities were granted the authority to establish similar GRC memorandum accounts.³

The Motion was unopposed.

2. Granting the GRC Memo Account is Reasonable

The GRC Memo Account requested by BVES is reasonable and is granted.

As set forth in the Scoping Memo, a final decision in this proceeding is not expected to be issued until after the test year starts on January 1, 2027. The proceeding schedule shows a final decision issuance in February 2027.⁴

Because the final decision resolving this GRC application will not be resolved until after the test year begins, there needs to be a mechanism that will allow ratepayers and BVES to be financially indifferent to the timing of the effective date of the final decision. In the absence of this mechanism, ratepayers or BVES may face financial harm because the final decision will be effective after the test year begins. The GRC Memo Account, which accrues interest,⁵ is one of the available ratemaking

¹ See Motion at 2.

² See Motion at 6.

³ For BVES: D.17-11-008, D.22-12-037; for Southern California Edison: D.03-05-076, D.06-01-020, A.19-08-013, D.25-09-030; for San Diego Gas & Electric: A.17-10-007, D.23-05-012; for Pacific Gas & Electric: D.19-11-004, D.23-11-069; for Liberty Utilities: D.21-12-010; for PacifiCorp: D.22-11-001. (*See Motion footnotes and text pp. 2-7*).

⁴ See Scoping Memo at 5.

⁵ BVES proposes for the interest to accrue at the Federal Reserve, three-month commercial paper rate as set forth in the Federal Reserve Statistical Release H.15 or its successor. (*See BVES Motion at 8*).

mechanisms that allows ratepayers and BVES to be indifferent to the timing of the effective date of a final decision.

The GRC Memo Account also gives parties and decision-makers time to carefully review and analyze the numerous complicated issues in this application. In addition, the GRC Memo Account allows the Commission to consider various ways to amortize the difference in revenue requirements accrued in the account to minimize possible rate shocks.

Lastly, the GRC Memo Account, which includes interest accruals, is consistent with past Commission practices and policies. The Commission has granted similar GRC memorandum accounts for electric utilities since at least 2003 for the same reasons BVES is requesting a GRC Memo Account. These memorandum accounts accrue interest based on the same Federal Reserve, three-month commercial paper rate that BVES is requesting.

For the reasons discussed above, we find that the GRC Memo Account, with the proposed interest accruals, is reasonable and should be granted.

The disposition of the GRC Memo Account will be addressed in the final decision of this proceeding.

3. Comments on Proposed Decision

This is an uncontested motion in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the California Public Utilities Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is waived.

4. Assignment of Proceeding

Karen Douglas is the assigned Commissioner and David R. Van Dyken is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The parties in this proceeding do not oppose BVES' request for the GRC Memo Account.

2. The Commission will not be able to issue a final decision until after the test year starts on January 1, 2027, because time is needed for the development of a complete evidentiary record and for the Commission to carefully evaluate the issues in this application.

3. The GRC Memo Account allows BVES' ratepayers and the company to be indifferent to the timing of the effective date of a final decision in this proceeding.

4. Without the GRC Memo Account, ratepayers and BVES may face financial harm because the final decision will not be effective until after the test year begins.

5. The GRC Memo Account removes any advantages, disadvantages, or incentives to parties as a result of the timing of the effective date of the final decision.

6. The Commission has granted similar GRC memorandum accounts for electric utilities since at least 2003 for the same reasons BVES is requesting a GRC Memo Account. These memorandum accounts accrued interest based on the same rate that BVES is requesting.

7. The GRC Memo Account, which includes interest accruals, is consistent with past Commission practices and policies.

8. BVES' requested GRC Memo Account, with the provision of interest accruals, is reasonable and should be granted.

Conclusions of Law

1. The Commission should grant BVES' Motion to establish the GRC Memo Account.

O R D E R

IT IS ORDERED that:

1. Bear Valley Electric Service, Inc. is authorized to establish a 2027 General Rate Case Memorandum Account to track the difference between the current base rates in effect as of December 31, 2026, and the base rates that will be authorized in a decision resolving this application for the time period beginning January 1, 2027, until the effective date of the final decision in this proceeding.

Within 15 days of the effective date of this decision, Bear Valley Electric Service, Inc. (BVES) shall file a Tier 1 Advice Letter to establish the 2027 General Rate Case Memorandum Account. The Tier 1 Advice Letter shall include the proposed tariff language, as set forth in Exhibit A included in BVES' May 28, 2026 motion for authority to establish the requested memorandum account. The memorandum account shall become effective on January 1, 2027, and with the California Public Utilities Commission Energy Division's determination that the advice letter is filed in compliance with this decision. BVES shall use the three-month commercial paper rate published by the Federal Reserve Statistical Release H.15 or its successor as the interest rate.

2. Application 26-01-022 shall remain open.

This order is effective today.

Dated October 8, 2026, at Sacramento, California.

JOHN REYNOLDS
President
DARCIE L. HOUCK
KAREN DOUGLAS
MATTHEW BAKER
CHRISTINE HARADA
Commissioners