



Bear Valley Electric Service, Inc.
P.O. Box 9028
San Dimas, CA 91773-9028
A Subsidiary of American States Water Company

March 30, 2022

Advice Letter No. 440-E

(U 913 E)

California Public Utilities Commission

Bear Valley Electric Service, Inc. ("BVES") hereby transmits for filing the following:

SUBJECT: 2021 Risk Spending Accountability Report

PURPOSE

The purpose of this filing is to submit an information-only advice letter, which provides a comparison of BVES actual expenditures to adopted expenditures, as approved in California Public Utilities Commission ("Commission" or "CPUC") Decision No. ("D.") 19-08-027.

This Advice Letter is in accordance and in compliance with D.19-08-027 Ordering Paragraphs No. ("OP") 17.

BACKGROUND

On August 15, 2019, the Commission issued D.19-08-027, approving the Settlement Agreement signed by all parties, to resolve the 2018 General Rate Case application of BVES. Furthermore, D.19-08-027 adopts specific maintenance, safety, and reliability programs for BVES to be included in the annual Risk Spending Accountability Report ("RSAR"), pursuant to D.19-04-020, which adopted the Risk Spending Accountability Report Requirement.

COMPLIANCE

CPUC D.19-08-027 OP 17 states:

17. 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.

On October 14, 2019, BVES filed its first RSAR report; Advice Letter No. (“AL”) 371-E showing the RSAR expenses and budget for 2018. On April 28, 2020 the Commission approved AL 371-E with conditions. In its approval letter for AL 371-E, Energy Division made the following statements/recommendations:

In April 2019, the CPUC issued Decision (D.) 19-04-020 modifying the selection criteria and revising the reporting guidance for utilities. ED staff calls attention to Ordering Paragraph 13 in D.19-04-020 which requires BVES to file annual RSARs in the GRC proceeding in which funding for risk mitigation spending was authorized, starting with a report covering 2019.

In addition, D.19-04-020 provides Small and Multi-Jurisdictional Utilities (SMJUs) the following direction: “We direct the SMJUs to follow the general RSAR procedures outlined in Attachment [2], providing the same level of detail on the utility’s risk mitigation and risk spending as presented in its GRC, unless otherwise directed by Commission Staff.” Attachment 2, Section I contains eight guiding principles for preparing RSARs that expand on the General Guidance six principles. As a result, BVES should prepare its future RSARs by following procedures outlined in D.19-04-020, Attachment 2, consistent with Commission direction.

In August 2019, the CPUC issued D.19-08-027, adopting 2018 through 2022 revenue requirements for BVES. The decision also adopted reporting requirements and specified a list of programs for BVES to report on in its annual RSARs.⁵ BVES should provide a report on spending in all safety, reliability, and maintenance programs adopted in D.19-08-027.

2021 RISK SPENDING ACCOUNTABILITY

BVES hereby report its Risk Spending Accountability for calendar year 2021. This reporting complies with the reporting requirements on spending in all BVES safety, reliability, and maintenance programs adopted in D.19-08-027 and the Commission’s recommendations following BVES’s 371-E.

See Attachment A.

COMPLIANCE

This advice letter requests approval in compliance with D.19-08-027 OP 17.

ATTACHMENT

Attachment A: 2021 Risk Safety Accountability Report (RSAR) on the Safety, Reliability and Maintenance Projects as Authorized in D.19-08-027.

TIER DESIGNATION

This advice letter is submitted with a Tier 1 designation.

EFFECTIVE DATE

BVES respectfully requests this advice letter become effective on March 31, 2022.

NOTICE AND PROTESTS

A protest is a document objecting to the granting in whole or in part of the authority sought in this advice letter. A response is a document that does not object to the authority sought, but nevertheless presents information that the party tendering the response believes would be useful to the CPUC in acting on the request.

A protest must be mailed within 20 days of the date the CPUC accepts the advice letter for submission. The Calendar is available on the CPUC's website at www.cpuc.ca.gov.

A protest must state the facts constituting the grounds for the protest, the effect that approval of the advice letter might have on the protestant, and the reasons the protestant believes the advice letter, or a part of it, is not justified. If the protest requests an evidentiary hearing, the protest must state the facts the protestant would present at an evidentiary hearing to support its request for whole or partial denial of the advice letter.

The utility must respond to a protest within five days.

All protests and responses should be sent to:

California Public Utilities Commission, Energy Division

E-mail: EDTariffUnit@cpuc.ca.gov

The protest or correspondence should also be sent via U.S. mail and/or electronically, if possible, to BVES at the addresses shown below on the same date it is delivered to the Commission.

Bear Valley Electric Service, Inc.

Regulatory Affairs

E-mail: RegulatoryAffairs@bvesinc.com

If you have not received a reply to your protest within 10 business days, please contact Nguyen Quan at (909) 394-3600 ext. 664.

Correspondence:

Any correspondence regarding this compliance filing should be sent by regular mail or e-mail to the attention of:

Nguyen Quan

Manager, Regulatory Affairs

Bear Valley Electric Service, Inc.

630 East Foothill Blvd.

San Dimas, California 91773

Email: RegulatoryAffairs@bvesinc.com

The protest shall set forth the grounds upon which it is based and shall be submitted expeditiously. There is no restriction on who may file a protest.

Sincerely,

/s/Zeng Zhu

Zeng Zhu

Rate Analyst, Regulatory Affairs

cc: Franz Cheng, Energy Division
R. Mark Pocta, California Public Advocates Office
BVES General Order 96-B Service List

BEAR VALLEY ELECTRIC SERVICE, INC.

G.O. 96-B
SERVICE LIST

AGNES ROBERTS, FINANCIAL ANALYST
AGNES.ROBERTS@BBCCSD.ORG
EMAIL ONLY

CITY CLERK
CITY OF BIG BEAR LAKE
39707 BIG BEAR BLVD.
P.O. BOX 10000
BIG BEAR LAKE, CA 92315

CITY ATTORNEY
CITY OF BIG BEAR LAKE
39707 BIG BEAR BLVD.
P.O. BOX 10000
BIG BEAR LAKE, CA 92315

COUNTY CLERK
COUNTY OF SAN BERNARDINO
385 N. ARROWHEAD AVENUE - 2ND FLOOR
SAN BERNARDINO, CA 92415-0140

COUNTY COUNSEL
COUNTY OF SAN BERNARDINO
385 N. ARROWHEAD AVENUE - 4TH FLOOR
SAN BERNARDINO, CA 92415-0140

HERSCHEL T. ELKINS
ASST ATTORNEY GENERAL
OFFICE OF THE ATTORNEY GENERAL
STATE OF CALIFORNIA
300 SOUTH SPRING STREET
LOS ANGELES, CA 90013

ERIC JANSSEN
ELLISON, SCHNEIDER & HARRIS LLP
2600 CAPITOL AVE., STE. 400
SACRAMENTO, CA 95816-5905
ERICJ@ESLAWFIRM.COM

WADE REESER, VP, OPERATIONS
BIG BEAR MOUNTAIN RESORTS
P.O. BOX 77, 880 SUMMIT BLVD.
BIG BEAR LAKE CA 92315
WREESER@MAMMOTHRESORTS.COM

PETER EICHLER
LIBERTY UTILITIES
2865 BRISTOL CIRCLE
OAKVILLE, ONTARIO L6H 7H7
PETER.EICHLER@LIBERTYUTILITIES.COM

MIKE LONG
CALIFORNIA PACIFIC ELECTRIC CO., LLC
933 ELOISE AVENUE
SOUTH LAKE TAHOE, CA 96150
MIKE.LONG@LIBERTY-ENERGY.COM

RANDLE COMMUNICATIONS
500 CAPITOL MALL, SUITE 1950
SACRAMENTO, CA 95814
MCARDONA@RANDLECOMMUNICATIONS.COM
MGAZDA@RANDLECOMMUNICATIONS.COM

MEGAN SOMOGYI
GOODIN, MACBRIDE, SQUERI & DAY, LLP
505 SANSOME STREET, SUITE 900
SAN FRANCISCO, CA 94111
MSOMOGY@GOODINMACBRIDE.COM

FRED YANNEY, YANNEY LAW OFFICE
17409 MARQUARDT AVENUE, UNIT C-4
CERRITOS, CA 90703
FREDYANNEY@GMAIL.COM

BRENT TREGASKIS
BEAR MOUNTAIN RESORT
P O BOX 77
BIG BEAR LAKE, CA 92315

SOUTHERN CALIFORNIA EDISON CO.
P. O. BOX 800
ROSEMEAD, CA 91770

PATRICK O'REILLY
OPR COMMUNICATIONS
19318 JESSE LANE, SUITE 200
RIVERSIDE, CA 92508
POREILLY@OPRUSA.COM

ARLENE HERRERA
OPR COMMUNICATIONS
19318 JESSE LANE, SUITE 200
RIVERSIDE, CA 92508
AHERRERA@OPRUSA.COM

NAVAL FACILITIES ENGINEERING COMMAND
REA. D. ESTRELLA
SOUTHWEST DIVISIONM
1220 PACIFIC HIGHWAY
SAN DIEGO, CA 92132
REA.ESTRELLA@NAVY.MIL

LIBERTY UTILITIES
9750 WASHBURN ROAD
DOWNEY, CA 90241
AdviceLetterService@libertyutilities.com

ATTACHMENT A

**BVES 2021 Risk Safety Accountability Report (RSAR) on the Safety,
Reliability and Maintenance Projects as Authorized in D.19-08-027**

Bear Valley Electric Service 2021 Risk Spending Accountability Report

	Authorized Budget	Recorded Budget	Variance (\$)	Variance (%)	Explanation for Variance Greater Than 20%
Overall Capital activities relating to safety, reliability or maintenance authorized.	\$ 20,656,059	\$ 19,983,749	\$ 672,310	3%	Within 20% variance.
Overall O&M Expense activities relating to safety, reliability or maintenance authorized	\$ 5,896,648	\$ 6,287,576	\$ (390,928)	-7%	Within 20% variance.

Budget	Program	Authorized Budget	Recorded Budget	Variance (\$)	Variance (%)	Explanation for Variance Greater Than 20%
Capital	Pole Loading Assessment and Remediation Program	\$ 12,220,653	\$ 11,122,063	\$ 1,098,590	9%	Within 20% variance. This is a 5-year project (2018-2022).
O&M Expense	Pole Loading Assessment and Remediation Program	\$ 459,216	\$ -	\$ 459,216	100%	The expenses for this program are reported on the Distribution System Maintenance (FERC 580-598) line of this report; therefore, no expenses are booked here.
O&M Expense	Vegetation Management	\$ 338,793	\$ 2,826,218	\$ (2,487,425)	-734%	D.17-12-024 imposed new regulations that included increased minimum vegetation clearances, and authorized IOUs to track any incremental costs in their Fire Hazard Prevention Memorandum Accounts ("FHPMA"). In Section 4.27 of the Settlement Agreement, approved in D.19-08-027, the settling parties agreed that \$338,793 is a reasonable amount for the vegetation management costs included in the 2018 Base Rate Revenue Requirement, and that BVES may rely upon the \$338,793 figure as the basis to calculate its incremental vegetation costs to be tracked in its FHPMA. Implementing requirements associated with D.17-12-024 has resulted in costs substantially above the \$338,793 Base Rate amount, which incremental costs are being tracked in the FHPMA
O&M Expense	Electrical Preventative Maintenance	\$ 105,566	\$ 218,478	\$ (112,912)	-107%	This O&M program was over budget due to the authorized budget not being sufficient to execute the necessary work in order to achieve the desired safety and reliability maintenance objectives. BVES will update the budget in its next GRC filing.
O&M Expense	Predictive Based Maintenance of Overhead Lines	\$ 96,073	\$ -	\$ 96,073	100%	BVES completed a full Exactor survey of its system in 2018 and 2019. Based on the results of the surveys BVES decided to pause the annual surveys. The budget for this program was used in another safety and reliability maintenance program, Electrical Preventative Maintenance, listed in this report.
Capital	Tree Attachment Removal	\$ 3,246,884	\$ 2,607,464	\$ 639,420	20%	Within 20% variance. This is a 5-year project (2018-2022).
Capital	Bear Valley Power Plant (BVPP) – Install Engine System Monitor	\$ 1,803,859	\$ 2,278,317	\$ (474,458)	-26%	CAPEX Projects BVPP – Install Engine System Monitor (budget \$915,961) and BVPP – Oil Filter Conversion and Cylinder Upgrades (\$887,898) were combined for a total budget of \$1,803,858 over two years (2020 & 2021). Over the two years of the project total spend has been \$2,278,317 (\$987,538 in 2020 and \$1,290,779 in 2021). Project was over budget due to discovery of several conditions that required further repair when two engines were opened for the planned upgrades.
Capital	Bear Valley Power Plant (BVPP) – Oil Filter Conversion and Cylinder Upgrades	NA	NA	NA	NA	See BVPP – Install Engine System Monitor project line of this report.

Capital	Safety and Technical Upgrades of Palomino Substation	\$ 1,551,773	\$ 2,285,907	\$ (734,134)	-47%	Project was over its initial budget due to increases in labor and equipment costs. Additionally, final design of the project included items that were not factored in the initial project budget.
Capital	Replacement of Fawnskin Conductors	\$ 182,890		\$ 182,890	100%	Project was cancelled due to BVES establishing its covered wire replacement program which replaces bare wire conductors with covered wire conductors. The scope of the "Replacement of Fawnskin Conductors" was achieved through the covered wire replacement program in 2020. Funds for this project were expended on safety and reliability work orders in other safety and reliability maintenance projects (GO 95/165 Safety and Reliability Compliance Projects, Safety and Technical Upgrades of Palomino Substation , Office Furniture and Equipment Project, and Field Operations Misc. Tools & Safety Equipment Project).
Capital	Replacement of Summit Conductors	\$ 185,010	\$ 387,806	\$ (202,796)	-110%	Project was originally programmed for 2020, it was actually performed in Test Year 2018 to jump start BVES compliance with safety and reliability requirements. The project was significantly over budget due to more poles being required to be replaced than originally anticipated.
Capital	Replacement of Baldwin Conductors	\$ 184,674		\$ 184,674	100%	Project was cancelled due to BVES establishing its covered wire replacement program which replaces bare wire conductors with covered wire conductors. The scope of the "Replacement of Fawnskin Conductors" was achieved through the covered wire replacement program in 2020. Funds for this project were expended on safety and reliability work orders in other safety and reliability maintenance projects (GO 95/165 Safety and Reliability Compliance Projects, Safety and Technical Upgrades of Palomino Substation, Office Furniture and Equipment Project, and Field Operations Misc. Tools & Safety Equipment Project).
Capital	GO 174 Substation Safety and Reliability Compliance Projects	\$ 410,000	\$ 383,927	\$ 26,073	6%	Within 20% variance.
Capital	Wire Upgrade and Relocation Project	\$ 80,000	\$ 88,761	\$ (8,761)	-11%	Within 20% variance.
Capital	GO 95/165 Safety and Reliability Compliance Projects	\$ 925,000	\$ 1,043,699	\$ (118,699)	-13%	Within 20% variance.
Capital	Shifting Tree Attachment to Poles/Underground Projects	\$ 30,000	\$ -	\$ 30,000	100%	This project has been combined with the Tree Attachment Removal Project, noted above.
Capital	Public Works Project Support	\$ 30,000	\$ 34,770	\$ (4,770)	-16%	Within 20% variance.
Capital	Office Furniture and Equipment Project	\$ 25,000	\$ 21,150	\$ 3,850	15%	Within 20% variance.

Capital	Bear Valley Power Plant (BVPP) Misc. Tools & Safety Equipment Project	\$ 20,000	\$ 29,182	\$ (9,182)	-46%	BVPP Misc. Tools & Safety Equipment Project was over budget by greater than 20% due to the requirement to replace and upgrade safety equipment in the power plant. The budget for this item is small (\$20,000) and, as such, it does not take much to exceed the forecasted spend by 20% with a single unplanned maintenance and replacement action.
Capital	Field Operations Misc. Tools & Safety Equipment Project	\$ 85,000	\$ 48,631	\$ 36,369	43%	Field Operations Misc. Tools & Safety Equipment Project was under budget by greater than 20% due to actual expenditures being less than forecasted. Funds for this project were expended on safety and reliability work orders in other safety and reliability maintenance projects (GO 95/165 Safety and Reliability Compliance Projects, Safety and Technical Upgrades of Palomino Substation, Office Furniture and Equipment Project, and Field Operations Misc. Tools & Safety Equipment Project).
Capital	Minor Additions to General Structure Project	\$ 45,000	\$ 39,878	\$ 5,122	11%	Within 20% variance.
O&M Expense	Power Generation Maintenance (FERC 546-554)	\$ 1,280,909	\$ 253,500	\$ 1,027,409	80%	BVES's power plant, Bear Valley Power Plant (BVPP), system is small with 7 natural gas fired generators, a total of 8.4 MW. The O&M budget is composed of routine and unplanned preventative maintenance, as well as inspections. While routine preventative maintenance can be reliably anticipated, corrective maintenance on such a small system will have significant variance. For example, in a year where one engine requires significant repair, the O&M expense may be driven up significantly. In 2021, BVES completed all planned routine preventative maintenance and inspections on the BVPP. There was no failure that required significant corrective action and expense, which resulted in actual expense being less than budget. Additionally, in 2021 two factors impacted the budget: (1) there was a significant gap in staff manning for the power plant and (2) significant CAPEX upgrades were performed on the engines (see BVPP – Install Engine System Monitor above), which had the net effect of reduced O&M maintenance expense due to engines not running during the upgrades.
O&M Expense	Transmission System Maintenance (FERC 562-573)	\$ 180,387	\$ 70,800	\$ 109,587	61%	BVES's transmission system maintenance budget is small due to the transmission system being small. The O&M budget is composed of routine and unplanned preventative maintenance, and inspections. While routine preventative maintenance can be anticipated reliably, corrective maintenance on such small system will have significant variance. For example, in a year where one large transformer repair occurs, the O&M expense may be driven up significantly. The authorized budget was developed based on a trended average with significant variance in the cost data due to the reasons mentioned above. In 2021 BVES completed all planned routine preventative maintenance and inspections and did not experience failures requiring significant corrective action expense. Therefore, the actual expense was less than budgeted.

O&M Expense	Regional Market Equipment Maintenance (FERC 576)	\$ 9,371	\$ 10,080	\$ (709)	-8%	Within 20% variance.
O&M Expense	Distribution System Maintenance (FERC 580-598)	\$ 3,366,761	\$ 2,908,500	\$ 458,261	14%	Within 20% variance.
O&M Expense	General Plant Maintenance (FERC 935)	\$ 59,572	\$ -	\$ 59,572	100%	BVES's general plant maintenance budget is small due to the BVES being small. The O&M budget is composed of routine and unplanned preventative maintenance, and inspections. While routine preventative maintenance can be anticipated reliably, corrective maintenance on such small system will have significant variance. For example, in a year where one large transformer repair occurs, the O&M expense may be driven up significantly. The authorized budget was developed based on a trended average with significant variance in the cost data due to the reasons mentioned above. In 2021 BVES completed all planned routine preventative maintenance and inspections and did not experience failures requiring significant corrective action expense. Therefore, the actual expense was less than budgeted.