

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Oversee the
Resource Adequacy Program, Consider
Program Refinements, and Establish Annual
Local Procurement Obligations.

Rulemaking 11-10-023
(Filed October 20, 2011)

INITIAL COMMENTS OF BEAR VALLEY ELECTRIC SERVICE (U 913 E),
A DIVISION OF GOLDEN STATE WATER COMPANY,
ON THE ORDER INSTITUTING RULEMAKING

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November 7, 2011

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OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local Procurement Obligations.

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Bear Valley Electric Service (BVES), a division of Golden State Water Company, respectfully files these initial comments on the Order Instituting Rulemaking in Rulemaking 11-10-023.

Recognized as a small utility by the Commission, BVES serves approximately 23,000 customers in the Big Bear Lake recreational area of the San Bernardino mountains in southern California. It is primarily a resort area with the majority of its customers being part-time residents. BVES serves its loads through power purchase agreements and from its own 8.4 MW Bear Valley Power Plant. The BVES peak loads occur between late-November and mid- February as a result of holiday weekend tourism and snow-making activities by two ski resorts. During the non-winter months, the BVES monthly peaks occur on holiday weekends, namely Memorial Day, Fourth of July, and Labor Day. BVES, unlike the large utilities, has no transmission system and is not directly connected to the CAISO grid.

On page 3 of Decision on Phase 2 - Track 2 Issues: Adoption of a Preferred Policy for Resource Adequacy, (D.10-06-018, R.05-12-013, June 7, 2010) the Commission wisely restated its consistent intention to deal with the resource adequacy issues for small utilities in a proceeding that is separate from the proceedings involving the large utilities.

With this decision we complete the second track of Phase 2 of this proceeding. Track 3 of Phase 2 was established to address resource adequacy obligations for small and multi-jurisdictional load-serving entities that are not currently subject to the resource adequacy program. We find that it is appropriate to close this proceeding and resolve the Track 3 issues in a more appropriate proceeding.

BVES understands that it is not currently subject to the resource adequacy program and that a more appropriate proceeding would be separate from this proceeding.

As President Michael R. Peevey noted in the past, one of the important questions is whether small utilities should be subject to resource adequacy requirements that are different from those applied to the large utilities. (Scoping Memo, Phase 2, page 16, R.05-12-013.)

Actively participating in this proceeding as a respondent would necessarily involve BVES in innumerable, complex policy questions that are relevant to the large utilities that peak in the hot summer months and irrelevant to BVES, whose load peaks during the coldest winter months.

BVES respectfully urges the Commission to maintain its consistent attention to the unique requirements and limitations of California's smallest investor-owned electric

utility. The unnecessary expense of actively participating in the RAR proceeding, with its focus on the large utilities, should not be imposed on BVES and its customers.

BVES will observe this proceeding and await the opening of an appropriate proceeding wherein its unique load and geographical situation may be appropriately considered.

Dated: November 7, 2011

Respectfully submitted,

By /s/ Dennis W. De Cuir

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CERTIFICATE OF SERVICE

I, Denise E. Lynch certify:

I am employed in the City of Roseville, County of Placer, California, am over eighteen years of age and am not a party to the within entitled cause. My business address is 2999 Douglas Boulevard, Suite 325, Roseville, California 95661.

On November 7, 2011, I caused the following to be served:

INITIAL COMMENTS OF BEAR VALLEY ELECTRIC SERVICE (U 913 E),
A DIVISION OF GOLDEN STATE WATER COMPANY,
ON THE ORDER INSTITUTING RULEMAKING

via electronic mail to all parties on the service list who have provided the Commission with an electronic mail address, and by First Class mail on Commissioner Mark J. Ferron, ALJ David M. Gamson and those persons on the service list who have not provided an electronic mail address.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on the date above at Roseville, California.

/s/ Denise E. Lynch

Denise E. Lynch

SERVICE LIST R.11-10-023

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