

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

Order Instituting Rulemaking to Continue
Implementation and Administration of California
Renewables Portfolio Standard Program.

Rulemaking 11-05-005
(Filed May 5, 2011)

**SUPPLEMENTAL FILING TO THE 2013 RENEWABLES PORTFOLIO STANDARD
PROCUREMENT PLAN OF BEAR VALLEY ELECTRIC SERVICE (U 913-E), A
DIVISION OF GOLDEN STATE WATER COMPANY, TO ADDRESS SAFETY
CONSIDERATIONS**

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Pursuant to the July 24, 2013 Administrative Law Judge’s Ruling Requiring a Supplemental Filing to the 2013 Procurement Plans to Address Safety Considerations, Bear Valley Electric Service (“BVES”), a division of Golden State Water Company (“GSWC”), respectfully submits the following supplement to its 2013 Renewables Portfolio Standard Procurement Plan (“RPS Procurement Plan”) to identify safety considerations related to the information set forth in the RPS Procurement Plan. Section 451 of the Public Utilities Code provides, in part, that:

Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in Section 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.

As discussed in its 2013 RPS Procurement Plan, BVES, in consultation with top management from GSWC, determined a multi-pronged strategy for RPS compliance:

1. BVES will pursue renewable energy credit (“REC”) -only transactions for RPS compliance. The impetus for this component of the strategy lies mainly in the fact that BVES is permitted the unrestricted use of unbundled RECs in SB 2 (1X) as resolved in Decision 11-01-025 (“REC Decision”). The REC Decision verified BVES’ exemption from the REC procurement cap imposed on other California retail sellers.
2. SB 2 (1X) expanded the RPS program to 33% by 2020 and exempted BVES from the procurement quantity requirements for the different portfolio content categories or

“buckets” of RPS products.¹ These changes enable BVES to use RECs for 100% of its RPS compliance.

3. Unlike bundled renewable energy which can be subject to intermittent production, and thus delivery, RECs will more easily be incorporated into BVES’ supply portfolio. Therefore, RECs present the “least cost, best fit” (“LCBF”) RPS product option for BVES’ RPS compliance.² The RPS statute requires utilities to select renewable resources that are least cost, including the direct costs of renewable energy generation and any indirect costs due to integration of the resource and needed transmission investment. In addition, utilities are required to consider renewable resources that best fit their system needs.

On July 29, 2013 the California Public Utilities Commission (“Commission”) issued Resolution E-4604 approving BVES’ Advice Letter 277-E and BVES’ ten year REC-only contract with Iberdrola Renewables, LLC (“Iberdrola”). Beginning in 2013, the contract with Iberdrola is intended to fully satisfy BVES’ RPS requirements through year 2023 (including past deficits and procurement obligations).

BVES assessed the terms and conditions of its contract with Iberdrola and concluded that it is consistent with the provisions of Public Utilities Code Section 451. By entering into a REC-only contract to meet its RPS obligations, BVES is contributing to the State’s RPS goals including, among other things, displacing fossil fuel consumption and reducing air pollution and greenhouse gases. Overall, meeting RPS goals has a positive effect on public health.

Because the contract between BVES and Iberdrola involves only the purchase of unbundled RECs by BVES (and not physical power), there will be no impact on BVES’ delivery of energy to its customers nor its energy portfolio, including the planning and administration of physical power supply contracts. Additionally, the contract does not require a change in facility operations at BVES since the unbundled RECs originate from facilities not interconnected with

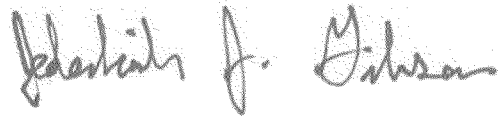
¹ See Pub. Util. Code § 399.18(b). Additionally, BVES filed comments on October 27, 2011 supporting the CPUC’s interpretation of SB 2 (1X) exempting BVES from adhering to the product content category requirements. BVES’ comments are available at <http://docs.cpuc.ca.gov/efile/CM/146454.pdf>.

² LCBF criteria were determined in Decision 04-07-029.

BVES' utility system. As such, the contract will not interfere with the safe operation of BVES facilities nor will it adversely affect safety and reliability of service. Further, the contract does not alter existing agreements or any facility operations. Because the contract does not require a change in facility operations, there are no incremental safety implications associated with this agreement beyond the status quo; therefore the contract will not adversely affect the public's health and safety.

Dated: August 27, 2013

Respectfully submitted,



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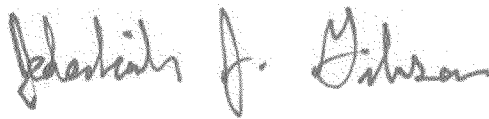
Attorneys for Bear Valley Electric Service

VERIFICATION

I am the attorney for Bear Valley Electric Service (“BVES”), a division of Golden State Water Company, and am authorized to make this verification on its behalf. BVES is absent from the County of Sacramento, California, where I have my office, and I make this verification for that reason. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the forgoing is true and correct.

Executed on August 27, 2013 at Sacramento, California.



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