

**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)

**NARRATIVE REPORTING PORTION OF THE 2013 PRELIMINARY ANNUAL 33%
RENEWABLES PORTFOLIO STANDARD COMPLIANCE REPORT OF
BEAR VALLEY ELECTRIC SERVICE (U-913 E), A DIVISION OF GOLDEN STATE
WATER COMPANY**

Jedediah J. Gibson
Ellison, Schneider & Harris, L.L.P.
2600 Capitol Avenue, Suite 400
Sacramento, CA 95816
Telephone: (916) 447-2166
Facsimile: (916) 447-3512
Email: jig@eslawfirm.com

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Attorneys for Bear Valley Electric Service

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Pursuant to the “Instructions” tab of the 2013 Preliminary Annual 33% Renewables Portfolio Standard (“RPS”) Compliance Report template for BVES and CalPeco (“RPS Compliance Report”), Bear Valley Electric Service (“BVES”), a division of Golden State Water Company, submits the following narrative responses as part of its RPS Compliance Report.

I. Narrative Reporting Requirements.

A. Narrative Reporting Requirements for all Retail Sellers.

- 1. The status of any necessary siting and permitting approvals from federal, state, and local agencies for those eligible renewable energy resources procured by the retail seller that have not yet attained their commercial on-line dates.**

All of BVES’ renewable procurement comes from facilities that have already attained their commercial on-line dates.

- 2. Identification of all procurement from eligible renewable energy resources located outside California and within the WECC during the period covered by the report.**

BVES procured only unbundled renewable energy credits (“RECs”) in 2013 and all of those unbundled RECs were generated by facilities outside of California and within the WECC.

Table I below shows the facility name, location and number of RECs procured from that facility.

Table I

WREGIS Generating Unit ID #	Facility Name	City	State	RECs
W1690	Juniper Canyon	Brickleton	WA	2,788
W1690	Juniper Canyon	Brickleton	WA	13,058
W1689	Leaning Juniper II	Arlington	OR	5,327
W1689	Leaning Juniper II	Arlington	OR	23,659
W1689	Leaning Juniper II	Arlington	OR	24,419
W1689	Leaning Juniper II	Arlington	OR	21,619
W1689	Leaning Juniper II	Arlington	OR	3,228
W1690	Juniper Canyon	Brickleton	WA	1,023
W1690	Juniper Canyon	Brickleton	WA	1,632
W1690	Juniper Canyon	Brickleton	WA	5,625
W1689	Leaning Juniper II	Arlington	OR	2,432
W1690	Juniper Canyon	Brickleton	WA	1,080
W542	Bennett Creek Windfarm	Glenns Ferry	ID	1,782
W542	Bennett Creek Windfarm	Glenns Ferry	ID	4,284
W1689	Leaning Juniper II	Arlington	OR	15,250
W817	Klondike IIIa	Wasco	OR	4,584
Total RECs Procured in 2013:				131,790

Going forward, BVES will continue to procure unbundled RECs from Iberdrola Renewables, LLC (“Iberdrola”). These unbundled RECs are not tied to a specific eligible renewable energy resource (“ERR”) but may come from one or more ERRs that are certified by the California Energy Commission and qualify as an ERR. Once those RECs have been transferred to BVES’ Western Renewable Energy Generation Information System (“WREGIS”) account, BVES can then specifically identify the ERRs associated with the REC procurement.

3. Identification of all procurement of unbundled RECs during the period covered by the report.

BVES satisfied its 2013 RPS procurement requirement using unbundled RECs. BVES currently has a single contract with Iberdrola for renewable procurement in the years 2013 –

2023.¹ Table I, included in response to question number two, above, shows the facility name, location and quantity of unbundled RECs BVES procured in 2013.²

4. Recommendations to remove impediments to making progress toward achieving the renewable energy resources procurement requirements established by statute and implemented by Commission decision.

BVES' biggest obstacles to meeting its procurement requirements in the past have resulted from difficulties finding renewable facilities willing to sell to BVES largely based on BVES' relatively small annual procurement requirement when compared to the three largest California investor-owned utilities ("IOUs") as well as large municipal utilities. Fortunately, however, BVES' success in acquiring RPS-eligible products has dramatically improved due to favorable legislation and regulatory rules allowing BVES to use unbundled RECs to satisfy its RPS procurement obligations. Decision 11-12-052 formally excludes BVES from adhering to the RPS portfolio content categories so long as all other procurement requirements for compliance with the RPS are also met.³ Based on this exemption from the portfolio content category restrictions, BVES can satisfy its entire procurement obligation under the RPS program using unbundled RECs. Because unbundled RECs are likely to be the least expensive of the portfolio content category products, with lower costs to ratepayers, it makes sense for BVES to procure unbundled RECs to meet its RPS targets.

The only remaining impediment for BVES to meet its procurement goals is the timing of obtaining CPUC-approval of REC contracts. Any delay or rejection of BVES' *future*

¹ The CPUC approved the Iberdrola contract on July 25, 2013 by Resolution E-4604.

² Of the 131,790 RECs BVES purchased from Iberdrola in 2013 and shown above, 28,247 were retired and applied to the 2013 compliance year while another 91,184 were retired and applied to pre-2011, 2011, and 2012 RPS requirements. 12,359 vintage 2013 RECs remain active in WREGIS (non-retired). Another 13,058 RECs were also retired in 2013 but were purchased in 2012 under two now-terminated contracts between BVES and the County Sanitation District No. 2 of Los Angeles ("LACSD"). The LACSD contracts were approved in D.11-06-030 and Resolution E-4507.

³ See D.11-12-052, Ordering Paragraph 16.

procurement contracts could adversely impact BVES' RPS position and impact BVES' future procurement decisions.

B. Narrative Reporting Requirements for Electrical Corporations

- 1. The current status and progress made during the prior year toward construction of, and upgrades to, transmission and distribution facilities and other electrical system components owned by that electrical corporation to interconnect eligible renewable energy resources and to supply the electricity generated by those resources to load. The narrative must specifically include, but is not limited to, the status of planning, siting, and permitting of transmission facilities by federal, state, and local agencies.**

As BVES can, and plans to, satisfy its entire RPS procurement obligation using unbundled RECs, it is unnecessary for BVES to upgrade its transmission and distribution facilities to meet its RPS goals. Additionally, due to the unique characteristics of BVES' service territory, ERRs are unlikely to be developed in or around the service territory. Accordingly, to minimize customer costs, BVES is not currently constructing or upgrading its existing transmission and distribution facilities to interconnect ERRs.

II. Conclusion.

BVES will continue to make all reasonable efforts to meet its RPS procurement requirements and looks forward to working with the Commission to implement the RPS program.

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Respectfully submitted,

/s/

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Facsimile: (916) 447-3512
Email: jjg@eslawfirm.com

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