

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

In the Matter of the Application of  
Golden State Water Company (U 913 E) for an  
Order Approving its Low Income Energy  
Efficiency ("LIEE") and California Alternate  
Rates for Energy ("CARE") Plans and Budgets  
for Program Year 2007 and 2008

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Application No. \_\_\_\_\_

**APPLICATION OF GOLDEN STATE WATER COMPANY  
REGARDING THE REVIEW OF THE 2007 and 2008 LOW INCOME  
ASSISTANCE PROGRAM BUDGETS FOR BEAR VALLEY  
ELECTRIC SERVICE**

**Ronald Moore**  
Golden State Water Company  
630 East Foothill Boulevard  
San Dimas, California 91773  
Telephone: (909) 394-3600  
Facsimile: (909) 394-7427  
E-mail: [Rkmoore@gswater.com](mailto:Rkmoore@gswater.com)

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Golden State Water Company ("GSWC") hereby files the enclosed plan and budget for Program Years 2007 and 2008 Low Income Energy Efficiency ("LIEE") Program and 2007 and 2008 plan and budget for CARE Outreach and Administration for its Bear Valley Electric Service customer service area ("BVES"). GSWC respectfully submits this Application pursuant to Ordering Paragraph 6 of Decision 05-07-014 dated July 21, 2005. Prior to the June 1, 2006 date specified in Ordering Paragraph 6, GSWC notified CPUC Energy Division that the BVES application would be delayed.

## **I. Background**

BVES is owned and operated by GSWC. GSWC is principally engaged in the delivery of water service. It operates 39 separate water systems within 75 communities in California to approximately 250,000 customers. It also operates BVES which is the electric distribution system serving the Big Bear Lake area in the San Bernardino mountains. The BVES service area is primarily a resort community. BVES serves approximately 22,000 customers. Of those approximately 93% are residential. Of the residential customers, approximately two-thirds are part-time residents (vacation or seasonal homes) and one-third (approximately 7,000 customers) are full-time residents.

### ***California Alternative Rates for Energy (CARE)***

In 2005 BVES collected \$48,400 in rates for the CARE subsidy while its actual CARE subsidy was \$168,000. Although BVES is not collecting revenues sufficient to cover the actual CARE rate subsidy, the company plans to balance its CARE balancing account and set the appropriate rate surcharge in its upcoming general rate case.

### ***Low Income Energy Efficiency***

Until 2002, BVES did not have a Low-Income Energy Efficiency (“LIEE”) or a residential/nonresidential Energy Efficiency (“EE”) program, primarily because previous studies failed to demonstrate that such programs could be operated in a cost effective manner. BVES does not collect public goods funds or any other funds to fund LIEE or EE efforts. In 2002 and 2003 BVES had a LIEE program that was funded by monies

made available through SBX 1 5. In January 2004 the SBX1 5 funds were withdrawn. BVES does not currently collect monies in rates to fund the LIEE program, although a balancing account has been established to track expenditures. BVES will address the appropriate rate surcharge in its upcoming general rate case.

## II. 2007-2008 Low Income Energy Efficiency Plan and Budget

For 2007-2008, GSWC proposes an annual budget of \$110,000. The proposed funding level is expected to provide LIEE services to 105 households and offset administrative expenses associated with program implementation, tracking and regulatory reporting/compliance. BVES plans to offer its eligible customers all practicable approved statewide measures. In addition, we request that the Commission allow the BVES program to install interior hardwired fixtures and portable fixtures (e.g. torchieres).

### Bear Valley Electric Service 2007 and 2008 Annual LIEE Program Budgets

Program Costs	
Energy Education	\$ 3,500.00
Lighting	\$ 17,000.00
Refrigerators	\$ 69,000.00
Weatherization	\$ 1,200.00
Subtotal Program Costs	\$ 90,700.00
Administrative Costs	
Outreach	\$ 3,000.00
General	\$ 7,000.00
Inspections	\$ 2,300.00
Reporting/Compliance	\$ 4,000.00
Tracking System	\$ 3,000.00
Subtotal Administrative Costs	\$ 19,300.00
Total	\$ 110,000.00

Since BVES provides the electric service only, GSWC is working in cooperation with Southwest Gas (who is the natural gas provider in the Big Bear Lake area) to ensure that

customers receive the most comprehensive treatment possible. In addition, GSWC intends to work with the Community Action Partnership of San Bernardino to leverage the Low Income Home Energy Assistance Program (LIHEAP) and other funds as much as possible. As in previous years, BVES will work with the Community Action Partnership of San Bernardino and another third party contractor to provide LIEE services to qualified customers.

### **III CARE Outreach and Administration Plan Budget**

For 2007 and 2008 GSWC plans to continue its June/July annual CARE notification and also do an additional bill insert in the fall. In addition, BVES plans to run print ads in the local newspaper and/or other similar outreach medium. The annual cost associated with the bill inserts is the printing costs. The bill insert are mailed to all full-time customers this time period. Since most residential customers are on semi-monthly billing, the bill insert is mailed starting in June and continues until all customer billing cycles are complete. We estimate the annual cost of printing the bill inserts is \$2,500. We estimate the cost of additional outreach to be \$1000. Therefore, the total annual cost of CARE outreach is estimated to be \$3,500. The processing, certification, and verification costs are not explicitly charged to the CARE balancing account since BVES is able to utilize existing staff. As recommended in the Energy Division's Second Workshop Report dated April 5, 2004, GSWC will report all of BVES' costs in the appropriate reporting tables in its mid-year and annual reports.

## **VII. Formal Matters**

GSWC's legal name is Golden State Water Company, which is a regulated subsidiary of American States Water Company. Its mailing and principal place of business is 630 East Foothill Boulevard, San Dimas, California 91773. GSWC's main telephone number is (909) 394-3600. Correspondence and communications regarding this Application should be addressed to:

Ronald Moore  
Senior Regulatory Analyst  
GOLDEN STATE WATER COMPANY  
630 East Foothill Boulevard  
San Dimas, CA 91773  
(909) 394-3600, extension 682

GSWC is a corporation duly organized and existing under and by virtue of the laws of the State of California and represents the consolidation, effective on December 31, 1929 upon the order of this Commission, of some twenty corporations which were formerly operated under the jurisdiction of this Commission as public utilities, together with subsequent acquisitions and additions. GSWC is a public utility, and its principal business is the production and distribution of water for domestic, industrial, municipal and other purposes. GSWC renders water service in various areas in the counties of Contra Costa, Imperial, Lake, Los Angeles, Orange, Sacramento, San Bernardino, San Luis Obispo, Santa Barbara and Ventura, and electric service in the vicinity of Big Bear Lake in San Bernardino County.

A copy of GSWC's Restated Articles of Incorporation was filed with this Commission on February 13, 2006 in its Application No. 06-02-023. GSWC's latest available Balance Sheet and Income Statement are attached as Appendix A.

Dated this 30th day of June, 2006

Respectfully submitted,

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Keith Switzer – Vice President  
Golden State Water Company  
630 East Foothill Boulevard  
San Dimas, California 91773  
(909) 394-3600, Ext. 759





# **APPENDIX A**

**GOLDEN STATE WATER COMPANY**

**BALANCE SHEET**

	April 30 2006	December 31 2005	April 30 2006	December 31 2005
	(in thousands)		(in thousands)	
<b>Assets</b>				
<b>Utility Plant, at cost</b>				
Water.....	823,047	819,958	256,453	255,620
Electric.....	61,496	61,386	261,456	261,540
Less - Accumulated depreciation.....	894,543	881,344	517,909	517,160
	(255,635)	(246,649)		
Construction work in progress.....	628,908	634,695		
Net utility plant	51,147	38,334		
	680,055	673,029		
<b>Other Property and Investments</b>				
State Water Project.....	6,118	6,187		
Other physical property, net.....	841	828		
Mutual water companies and other.....	169	124		
Funds held in trust.....	225	225		
Total other property and investments	7,353	7,364		
<b>Current Assets</b>				
Cash and cash equivalents.....	7,730	8,788		
Accounts receivable - customers (less allowance for doubtful accounts of \$761 in 2006 and \$765 in 2005).....	11,061	12,919		
Other accounts receivable - customers (less allowance for doubtful accounts of \$310 in 2006 and \$334 in 2005).....	4,627	6,106		
Intercompany receivable from ASUS.....	613	67		
Intercompany receivable from CCW.....	370	159		
Intercompany receivable from AWR.....	-	37		
Income taxes receivable from Parent.....	-	-		
Unbilled revenue.....	15,649	14,856		
Materials and supplies, at average cost.....	1,398	1,404		
Regulatory assets - current.....	1,897	1,587		
Supply cost balancing accounts - current.....	3,809	4,446		
Prepayments and other current assets.....	4,625	6,212		
Deferred income taxes - current.....	2,627	1,693		
Total current assets	54,406	58,274		
<b>Regulatory and Other Assets</b>				
Unamortized debt expense and redemption premium.....	5,777	5,873		
Regulatory assets.....	43,681	40,449		
Supply cost balancing accounts.....	15,249	15,178		
Other accounts receivable.....	8,964	8,820		
Other.....	1,509	1,702		
Total deferred charges	75,180	72,022		
<b>Total Assets</b>	<u>816,994</u>	<u>810,689</u>		
<b>Capitalization and Liabilities</b>				
<b>Capitalization</b>				
Common shareholder's equity.....			256,453	255,620
Long-term debt.....			261,456	261,540
Total capitalization			517,909	517,160
<b>Current Liabilities</b>				
Long-term debt - current.....			295	295
Accounts payable.....			9,507	17,914
Intercompany payable to AWR.....			8,330	-
Income taxes payable.....			4,274	2,268
Accrued employee expenses.....			3,722	5,507
Accrued interest.....			6,620	2,218
Deferred income taxes - current.....			5,400	109
Regulatory liabilities - current.....			8,930	5,592
Other.....			-	12,390
Total current liabilities			47,078	46,293
<b>Other Credits</b>				
Advances for construction.....			76,775	74,790
Contributions in aid of construction.....			83,210	83,055
Deferred income taxes.....			66,547	65,469
Unamortized investment tax credits.....			2,518	2,518
Accrued pension and other postretirement benefits.....			16,148	13,562
Regulatory liabilities.....			-	1,063
Other.....			6,839	6,779
Total other credits			252,007	247,236
<b>Total Capitalization and Liabilities</b>			<u>816,994</u>	<u>810,689</u>

**GOLDEN STATE WATER COMPANY**  
**STATEMENT OF INCOME**  
**MONTH, YEAR TO DATE AND TWELVE MONTHS ENDED**  
**April 30, 2006 AND 2005**

	THIS MONTH		Increase (Decrease)	Percent Change	YEAR TO DATE		Increase (Decrease)	Percent Change	TWELVE MONTHS ENDED		Increase (Decrease)	Percent Change
	April, 2006	April, 2005			April, 2006	April, 2005			April, 2006	April, 2005		
<b>Operating Revenues</b>												
Base revenue - water and electric	\$ 15,792,307	\$ 15,156,987	\$ 635,320	4.19%	\$ 65,106,538	\$ 57,583,564	\$ 7,522,974	13.06%	\$ 216,155,675	\$ 203,768,966	\$ 12,386,709	6.08%
Supply cost offset revenue	1,404,657	1,295,815	108,842	8.40%	6,803,793	6,493,566	310,227	4.78%	17,288,610	17,255,494	\$ 33,116	0.77%
Balancing account amortization revenue					2,579,623	2,579,623			2,579,623	2,579,623		
Other	17,196,964	16,452,802	744,162	4.52%	74,489,954	64,077,150	10,412,804	16.25%	236,123,908	221,024,460	15,099,448	6.83%
<b>Total operating revenues</b>												
Supply Costs												
Water for resale	2,666,975	3,493,492	(826,517)	-23.56%	10,841,385	11,063,365	(221,980)	-2.01%	45,287,884	44,014,713	1,273,171	2.89%
Power for resale	1,153,358	974,297	179,061	18.38%	5,716,460	5,111,621	604,839	11.83%	13,642,642	14,119,259	(476,617)	-3.37%
Power for pumping	165,141	440,747	(275,606)	-62.53%	1,680,617	1,892,756	(212,139)	-9.29%	7,805,593	8,213,606	(408,013)	-4.97%
Unrealized (gain) loss on purchased power contracts	(1,610,059)	706,565	(2,316,624)	-327.87%	545,129	(2,308,627)	2,853,756	-123.61%	(2,550,916)	(877,071)	(1,713,845)	195.41%
Groundwater production assessment	632,242	681,559	(49,317)	-7.24%	2,716,546	2,602,955	112,591	4.32%	8,465,572	7,519,560	946,012	12.57%
Supply cost balancing account-revenue	1,404,657	1,295,815	108,842	8.40%	6,803,793	6,493,566	310,227	4.78%	17,288,610	17,255,494	33,116	0.77%
Supply cost balancing account-expense	(2,064,263)	(1,079,273)	(989,990)	91.98%	(6,976,301)	(5,194,742)	(1,781,559)	34.20%	(20,284,869)	(12,446,581)	(7,838,288)	10.85%
Total supply costs	2,348,051	6,517,202	(4,169,151)	-63.97%	21,326,429	19,620,914	1,705,515	8.69%	65,914,459	77,790,980	(10,876,521)	-13.98%
<b>Revenues Less Supply Costs</b>												
	14,848,913	9,935,600	4,913,313	49.45%	53,163,525	44,456,236	8,707,289	19.59%	169,209,409	143,233,480	26,975,929	18.14%
<b>Other Operating Expenses</b>												
Gain on sale of water rights												
Other production and operation expenses	886,560	837,406	49,154	5.87%	3,418,061	3,643,283	(225,222)	-6.18%	11,137,338	10,911,237	226,101	2.07%
Customer accounts expense	699,165	632,428	66,737	10.55%	2,955,012	2,441,014	513,998	10.41%	6,108,415	8,109,415	(1,999,000)	-24.53%
Administrative and general expenses	865,822	1,775,695	(909,873)	-51.24%	7,277,741	7,955,170	(677,429)	-8.52%	24,310,679	25,706,657	(1,395,978)	-5.43%
Employees' pension and benefits	1,904,068	1,054,829	849,239	23.63%	4,735,927	3,693,438	1,042,489	28.23%	13,862,970	10,088,255	3,774,715	37.42%
Maintenance	659,026	683,206	(24,180)	-2.08%	3,254,266	2,992,464	261,802	8.72%	11,230,560	11,037,570	192,990	1.75%
Depreciation and amortization	2,659,844	1,807,991	851,853	14.48%	8,072,693	7,164,572	908,121	12.68%	21,533,701	20,556,481	977,220	4.75%
Taxes on income	2,493,879	188,177	2,305,702	1225.28%	6,039,774	3,866,985	2,172,789	79.38%	25,470,799	15,608,018	9,862,781	61.13%
Other taxes	759,577	692,277	67,300	9.72%	3,162,821	3,856,985	(694,164)	-18.01%	9,227,106	8,445,412	781,694	9.26%
Total other operating expenses	8,747,941	7,672,009	1,075,932	27.06%	38,659,295	34,109,102	4,550,193	13.33%	124,881,858	105,074,812	19,807,046	18.85%
<b>Operating Income</b>												
	5,100,972	2,263,591	2,837,381	125.35%	14,508,230	10,347,134	4,161,096	40.21%	44,327,561	38,158,658	6,168,903	16.17%
Other income	37,054	(15,478)	52,532	-339.40%	(66,494)	(66,454)	960	-1.44%	(107,385)	338,913	(446,298)	-131.69%
<b>Income Before Interest Charges</b>												
	5,138,026	2,248,113	2,889,913	128.55%	14,442,736	10,280,680	4,162,056	40.48%	44,220,166	38,497,561	5,722,605	14.86%
Interest Charges	1,451,768	1,458,413	(6,645)	-0.46%	5,409,625	5,812,259	(402,633)	-6.93%	11,827,229	17,229,166	(5,399,937)	-31.33%
<b>Net Income</b>												
	\$ 3,686,258	\$ 789,700	\$ 2,896,558	366.79%	\$ 9,033,111	\$ 4,468,427	\$ 4,564,684	102.15%	\$ 32,392,937	\$ 21,274,415	\$ 11,118,522	52.26%