

Bear Valley
Electric Service
A Division of Golden State Water Company

August 1, 2008

California Air Resources Board
1001 I Street
Sacramento, CA 95814

Attn: Clerk of the Board

VIA: CARB Website: <http://www.arb.ca.gov/cc/scopingplan/spcomment.htm>

Subject: Request that AB 32 Scoping Plan Incorporate Cross-Sector Options for
Greenhouse Gas (GHG) Emissions Reduction Measures

Members of the Board:

Bear Valley Electric Service (BVES) appreciates the opportunity to comment on the California Air Resources Board's (CARB) Draft Scoping Plan for implementing AB 32 requirements. In summary, because BVES is a wholly-owned subsidiary of Golden State Water Company (GSWC), and because BVES (electric utility) and GSWC (water utility) encompass different sectors of the Scoping Plan's GHG emission reduction measures, BVES requests that the Scoping Plan include provisions that specifically permit subsidiaries (e.g., BVES) to receive credit for GHG reduction measures that are implemented within a parent company's (e.g., GSWC) operation or service areas.

BVES is a small, investor-owned electric utility serving about 24,000 customers in the Big Bear Lake recreational area of San Bernardino County. BVES is a wholly-owned subsidiary of Golden State Water Company (GSWC), a large investor-owned water utility serving approximately 254,000 customers in several areas of California. Opportunities to reduce GHG emissions in BVES' area are relatively limited, whereas possibilities to cost-effectively reduce GHG emissions in GSWC's service areas are relatively abundant.

The California Public Utilities Commission (CPUC) regulates investor-owned electric (e.g., BVES) and water (e.g., GSWC) utilities in the state. CPUC regulation extends to approving utility cost recovery for government-mandated actions and programs such as AB 32. BVES anticipates a substantially greater number of lower-cost options for

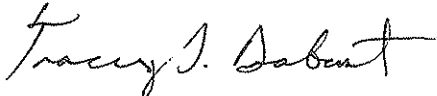
achieving GHG emissions reductions within its parent company operations as compared to its own operations. Therefore, to reduce the cost impact of AB 32 GHG emissions reduction measures on its customers, BVES requests the ability to implement more cost effective opportunities within its parent company's service territory and operations.

The CARB indicates in the Draft Scoping Plan (pages ES-3 and ES-4) that it is working closely with other western states and three Canadian provinces on a regional greenhouse reduction program. This regional approach expands the market opportunities for GHG reductions and, along with other elements "...provide(s) the means to achieve the emission reductions needed from a wide range of sectors as cost-effectively as possible." BVES similarly views opportunities to implement measures within the water sector of its parent company as a means to accomplish the largest gains possible while minimizing the cost impact to its customers.

From the above, to help ensure that BVES can cost-effectively implement and then recover (with CPUC approval) the costs of the AB 32 implementation measures, we request that the CARB include specific provisions in the Scoping Plan that will enable BVES, its parent company (GSWC), and others to readily accomplish their obligations to help reduce GHG emissions through measures identified in the Scoping Plan. Such provisions will also help to accelerate the timeline to achieve AB 32's GHG emissions reduction targets.

If you have any questions regarding the above, or if you would like to further discuss BVES' request, please contact me at (909) 866-1666.

Sincerely,



Tracey L. Drabant
Energy Resource Manager

cc: Denise Kruger, Golden State Water Company
Roland Tanner, Golden State Water Company
Brandy Gorman, Golden State Water Company
Rick Lind, EN2 Resources, Inc.