

DEPARTMENT OF WATER AND POWER



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LAFCO
San Bernardino County

January 24, 2012

Kathleen Rollings-McDonald
Executive Officer
San Bernardino County Local Agency
Formation Commission
215 North D Street, Suite 204
San Bernardino, CA 92401-0490

Re: Municipal Services Review for City of Big Bear Lake, Department of Water & Power

Dear Ms. Rollings-McDonald:

Thank you for meeting with representatives of the City of Big Bear Lake, Department of Water & Power (DWP) on January 11, 2012 to discuss several items related to the draft Municipal Services Review (MSR) for the DWP. We believe that the meeting was quite productive in discussing the MSR and how the Commission and DWP can move forward.

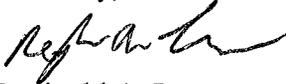
Since that meeting, DWP staff has completed the following:

1. DWP prepared additional information of its current service area. This information will assist LAFCO staff to develop a more accurate service area map to replace the current PUC-certificated service area map. This information was mailed to your office on January 23, 2012.
2. DWP continues to work with the Big Bear City Community Services District to develop an agreement to blend the water supplies and to wheel water through the two systems. We are also developing additional interconnection locations between the two systems. This cooperative use of facilities will improve service and reduce costs for both sets of customers.
3. DWP continues negotiations with County Service Area 53C for a memorandum of understanding that will allow the DWP to serve potential development at Moon Camp, with the goal of executing that memorandum of understanding by June 30, 2012.
4. DWP continues negotiations with the Lake Arrowhead Community Services District (LACSD) for the transfer of the Rimforest system. The General Manager of LACSD met with DWP staff and our Board of Commissioners on January 17, 2012 to discuss details of the potential transfer. Both LACSD and DWP staff continue to exchange information to determine if this transfer can benefit both sets of rate payers.

As we discussed on January 11, 2012, the DWP will not be able to complete these efforts prior to the Commission's February 2012 meeting. For that reason, the DWP respectfully requests that the Commission continue its consideration of the MSR to June 2012.

Once again, the DWP would like to thank you and your staff for meeting with us on January 11, 2012 and we look forward to making progress towards our joint goal of providing governmental services as efficiently and effectively as possible.

Sincerely,



Reginald A. Lamson
General Manager

cc: Board of Commissioners
David Aladjem, Downey Brand