BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program.	Rulemaking 11-05-005 (Filed May 5, 2011)

MOTION OF BEAR VALLEY ELECTRIC SERVICE (U-913 E), A DIVISION OF GOLDEN STATE WATER COMPANY, FOR EXPEDITED TREATMENT AND CLARIFICATION OF THE APPLICABILITY OF THE RENEWABLES PORTFOLIO STANDARD RENEWABLE NET SHORT CALCULATION METHODOLOGY

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Pursuant to Rule 11.1 of the California Public Utilities Commission's ("Commission's") Rules of Practice and Procedure and based on conversations with Energy Division staff,[1] Bear Valley Electric Service (U 913 E) ("BVES"), a division of Golden State Water Company, respectfully submits the following Motion for Expedited Treatment and Clarification of the Applicability of the Renewables Portfolio Standard Renewable Net Short Calculation Methodology ("Motion"). BVES submits this Motion to obtain clarity regarding the applicability of and obligations associated with any requirement to calculate a renewables portfolio standard ("RPS") renewable net short. Based on BVES' unique characteristics and the disproportionate burden to BVES' ratepayers that would result if BVES is required to participate in any renewable net short calculation, described in detail below, the Commission should exempt BVES from any obligation to participate further in this portion of the proceeding or to submit any materials or calculations associated with the renewable net short.

[1] The undersigned and Bear Valley Electric Service employees Peter Pearson and Quan Nguyen spoke with Energy Division staff on July 2, 2012.

I. Introduction and Background

BVES is a small electric utility in the Big Bear recreational area of the San Bernardino Mountains located about 80 miles east of Los Angeles that provides electric distribution service to approximately 21,500 residential customers in a resort community with a mix of approximately 40% full-time and 60% part-time residents. Its service area also includes about 1,400 commercial, industrial and public-authority customers, including two ski resorts. BVES' service territory is connected to the California Independent System Operator ("CAISO") via Southern California Edison Company's ("SCE's") system. While an investor-owned utility ("IOU") itself, BVES differs significantly from the three largest IOUs in California: SCE, Pacific Gas and Electric Company ("PG&E"), and San Diego Gas & Electric Company ("SDG&E"). These three companies are mega-utilities, serving more customers in California than BVES by orders of magnitude. This disparity in size is evident in the allocation of each participating utility's proportionate share of capacity for the public water and wastewater program. The three largest utilities were assigned 99.401% of the statewide total generating capacity for these facilities, while BVES' obligation was only 0.031%.[2] Due to BVES' small size, administrative costs can have a disproportionate impact on BVES customers compared to the larger IOUs.

II. BVES' Size and Unique Characteristics Warrant Different Treatment than California's Larger IOUs

A. Compliance Obligations Must be Tailored to BVES' Small Size to Avoid Disproportionate Rate Impacts for BVES' Customers

As described above, BVES has a relatively small customer base when compared to California's largest IOUs and the intricacies of the RPS program and any associated reporting and compliance requirements result in a disproportionately larger administrative burden on a per

[2] D.07-07-027, p. 9.

customer basis than is realized by California's largest IOUs. For example, as a smaller utility, BVES currently only has 48 employees and approximately 23,000 customers. Compared to SCE's 4.91 million customers and 18,230 employees,[3] BVES has approximately 0.3% of the workforce to complete the same reports and 0.5% of the customer base from which to recover these administrative costs when compared to SCE. This disparity in size necessitates that any efforts to comply with identical reporting and compliance obligations will have a significantly greater rate impact for BVES' customers than customers of large IOUs.

B. The Commission Should Continue to Recognize BVES' Unique Characteristics

The Commission has historically and should continue to recognize the disproportionate impact certain reporting and compliance requirements may cause for small utilities like BVES and should minimize reporting and compliance requirements where possible. For example, until recently, the Commission had determined that requiring BVES to submit an RPS procurement plan was too burdensome for a small utility like BVES. According to the Commission:

> It is not fair and not necessary for any RPS administrative purpose to require the two small utilities [BVES and Mountain Utilities] to file the complex annual procurement plans we require of the large utilities. They may undertake their RPS procurement planning in any way that comports with their general planning processes.[4]

Additionally, while the Commission now requires BVES to submit an RPS procurement plan, the requirements for BVES' RPS procurement plan are more limited than they are for California's large IOUs. The April 5, 2012 Assigned Commissioner's Ruling Identifying Issues and Schedule of Review for 2012 Renewables Portfolio Standard Procurement Plans Pursuant to Public Utilities Code Sections 399.11 et seq. and Requesting Comments on new Proposals

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[3] These numbers are based on SCE's 2010 Financial & Statistical Report.

[4] D.08-05-029, p. 17.

("Assigned Commissioner's Ruling") found that BVES' RPS procurement plan "should be tailored to the limited customer base and the limited resources of a small utility."[5] Accordingly, the Commission determined that BVES need only address 4 of the 10 sections of the Assigned Commissioner's Ruling in its RPS procurement plan and that it was "not required to provide the quantitative information described by section 6.5."[6] When determining future reporting and compliance obligations under the RPS program, the Commission should continue to recognize BVES' unique characteristics that warrant different treatment than California's large IOUs.

C. BVES' Unique RPS Requirements Require Different Treatment than Other IOUs

In addition to the size disparity between BVES and California's large IOUs that results in disproportionately larger impacts for BVES' ratepayers, the California Public Utilities Code and BVES' exemption from certain RPS requirements also necessitate that RPS compliance is different for BVES. Section 399.18 of the Public Utilities Code allows BVES to meet its RPS procurement requirements "notwithstanding any procurement content limitation in Section 399.16."[7] In implementing the Public Utilities Code, the Commission found that BVES is "not subject to the requirements and limitations [on] the use of procurement in each portfolio content category."[8] Accordingly, BVES may meet its entire RPS procurement obligation using procurement from the third portfolio content category (§ 399.16(b)(3)), including unbundled Renewable Energy Credits ("RECs").

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[5] Assigned Commissioner's Ruling, p. 7.

[6] *Id.*

[7] Pub. Util. Code § 399.18(b).

[8] D.11-12-052, p. 63; *see also* D.11-12-052, Ordering Paragraph 16.

As described more fully in BVES' RPS Procurement Plan,[9] BVES will endeavor to take full advantage of RECs to meet its RPS obligations. 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. Procuring RECs is not only cheaper, but easier, as delivery requirements for RECs are much easier to satisfy and transmission and distribution constraints do not play a factor in the delivery of RECs. BVES' strategy should make it easier for BVES to meet its RPS procurement requirements going forward and should also make any transmission or RPS-related planning much simpler. For these reasons, the Commission should not require BVES to participate in the RPS renewable net short calculation.

D. Requiring BVES to Participate in the Renewable Net Short Calculation Does Little to Promote the Goals of the Renewable Net Short

As described in the Workshop Agenda and Staff Proposal[10] for the RPS renewable net short methodology, the renewable net short will be used to: (1) inform RPS procurement; (2) inform the Commission's Long-Term Procurement Plan process; and (3) inform the CAISO's transmission planning process ("TPP"). However, for the reasons described above, BVES' input towards any of these three topics will do little to guide policy or determine outcomes yet require inordinate administrative cost for participation at ratepayer expense. With respect to RPS procurement, BVES anticipates using 100% RECs. RPS-eligible RECs do not require delivery over transmission or distribution lines. Therefore, BVES' RPS procurement will not impact the TPP, has little bearing on RPS procurement since the renewable resource generating the RECs

[9] BVES' RPS Procurement Plan is available at http://docs.cpuc.ca.gov/efile/RESP/167271.pdf.

[10] The Workshop Agenda and Staff Proposal is available at http://www.cpuc.ca.gov/NR/rdonlyres/52D56AD2-3735-4E22-90B2-998851343DC5/0/RenewableNetShortWorkshopAgendaandStaffProposal.pdf.

could be anywhere within the Western Electricity Coordinating Council region, and will have only a minimal impact on the LTPP as BVES' size is miniscule compared to California's large IOUs. Therefore, any compliance or reporting requirements related to the RPS renewable net short do not necessitate input from BVES to successfully address the goals of the renewable net short calculation.

III. Motion for Expedited Treatment and Clarification

For the reasons described above, based on BVES' ability to use 100% unbundled RECs to meet its RPS procurement requirements,[11] its limited customer base and resources and the associated disproportionately burdensome task of complying with RPS renewable net short calculation requirements when compared to California's large IOUs, BVES requests that the Commission clarify that BVES is exempted from any requirements or obligations associated with the calculation of the renewable net short. BVES asks that the Commission make this determination as expeditiously as possible so that BVES need not apply additional time and resources at the expense of its ratepayers by further participating in this aspect of the proceeding.

Furthermore, BVES' request is consistent with Commission requirements and prior determinations by the Commission. The renewable net short calculation is required pursuant to the April 5, 2012 Assigned Commissioner's Ruling. As described in the Assigned Commissioner's Ruling:

> The Commission's Energy Division Staff will hold a workshop for retail sellers and all interested parties to develop a methodology, inputs, and format, as needed, ***for reporting the quantitative information required here***. This will include a discussion on the ***definition of the net short to be calculated for the RPS Procurement Plans*** and the extent to which it takes into account a utility's need to satisfy future electric load and/or RPS procurement requirements. … Once a methodology is developed,

[11] *See* Pub. Util. Code § 399.18(b). *See also* D.11-12-052, Ordering Paragraph 16.

> it shall be incorporated in either the draft or final 2012 Procurement Plans, depending on the availability of the final methodology.[12]

This description was included in Section 6.5 of the Assigned Commissioner's Ruling and describes how the renewable net short will be used to report "quantitative information." BVES was specifically exempted from addressing Section 6.5 or including any quantitative information in its RPS procurement plan. Therefore, the Commission will act consistently by determining that BVES is exempted from any obligation to calculate a renewable net short.

IV. Conclusion

Based on BVES' unique characteristics and the disproportionate burden to BVES' ratepayers that would result if BVES is required to participate in any renewable net short calculation, the Commission should grant this motion and exempt BVES from any obligation to participate further in this portion of the proceeding or to submit any materials or calculations associated with the renewable net short.

Dated: July 6, 2012

Respectfully submitted,

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[12] Assigned Commissioner's Ruling, p. 11, emphasis added.

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 July 6, 2012 at Sacramento, California.

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