

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



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Order Instituting Rulemaking to Regarding Continued  
Implementation of the Public Utility Regulatory  
Policies Act and Related Matters.

Rulemaking 18-07-017  
(Filed September 12, 2018)

**JOINT COMMENTS OF BEAR VALLEY ELECTRIC SERVICE (U 913 E), A  
DIVISION OF GOLDEN STATE WATER COMPANY, LIBERTY UTILITIES  
(CALPECO ELECTRIC) LLC (U 933 E), AND PACIFICORP (U 901 E) ON THE  
ORDER INSTITUTING RULEMAKING REGARDING CONTINUED  
IMPLEMENTATION OF THE PUBLIC UTILITY REGULATORY POLICIES ACT  
AND RELATED MATTERS**

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September 12, 2018

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In accordance with Rule 6.2 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure and Ordering Paragraph 7 of the Order Instituting Rulemaking Regarding Continued Implementation of the Public Utility Regulatory Policies Act (“PURPA”) and Related Matters issued on August 1, 2018 (the “OIR”)<sup>1</sup> Bear Valley Electric Service (“BVES”), a division of Golden State Water Company, Liberty Utilities (CalPeco Electric) LLC (“Liberty CalPeco”), and PacifiCorp, d.b.a. Pacific Power (“PacifiCorp”) (collectively, the California Association of Small and Multi-Jurisdictional Utilities (“CASMU”)), submit these joint comments on the OIR.<sup>2</sup>

**I. Introduction and Background**

Although the CASMU members are electric utilities, they differ significantly from California’s largest investor-owned utilities, Pacific Gas and Electric Company, Southern

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<sup>1</sup> By email dated August 23, 2018, Administrative Law Judge Peter Allen granted an extension of time to file opening comments by September 12, 2018.

<sup>2</sup> Pursuant to Rule 1.8(d), PacifiCorp has been authorized to tender these joint comments on behalf of Liberty CalPeco and BVES.

California Edison Company (“SCE”), and San Diego Gas & Electric Company (collectively, the “Large IOUs”). The differences between the CASMU members and the Large IOUs have historically been recognized by both the Legislature and the Commission.

BVES is a small electric utility in the Big Bear Lake recreational area of the San Bernardino Mountains located about 80 miles east of Los Angeles that provides electric distribution service to 22,430 residential customers in a resort community with a mix of approximately 40% full-time and 60% part-time residents. Its service area also includes 1,519 commercial, industrial, and public-authority customers, including two ski resorts and the local waste-water treatment facility. BVES’ service territory is connected to the California Independent System Operator (“CAISO”) via SCE’s system.

Liberty CalPeco serves approximately 49,000 electric customers in California, in and around the Lake Tahoe Basin. Its service territory is geographically compact and generally encompasses the western portions of the Lake Tahoe Basin. Liberty CalPeco’s customers are located in portions of Placer, El Dorado, Nevada, Sierra, Plumas, Mono, and Alpine Counties. Almost 80 percent of Liberty Utilities’ customers are located in the Lake Tahoe Basin. The biggest population center is the City of South Lake Tahoe. The Liberty CalPeco service territory extends from Portola in the north to Markleeville and Topaz Lake in the south.

PacifiCorp is a multi-jurisdictional utility providing electric retail service to approximately 1.8 million customers in six western states (including California, Idaho, Oregon, Utah, Washington and Wyoming). PacifiCorp does not operate within the CAISO balancing authority area, but rather operates two balancing authority areas that encompass its six-state service territory. In northern California, PacifiCorp serves approximately 45,000 retail customers in a large, rural area. Approximately 14,000 (or 39 percent) of PacifiCorp’s

approximately 36,000 residential customers are eligible for low income assistance under the California Alternative Rates for Energy program. PacifiCorp is uniquely situated in comparison to other retail sellers of electricity in California because PacifiCorp's California customers and its electric facilities are geographically-dispersed. PacifiCorp only has approximately four customers per square mile.

As described above, each CASMU member has less than 50,000 customers and operates in rural and/or mountainous regions of the state. Given the smaller customer base of each CASMU member, utility planning efforts as well as participation in Commission proceedings is conducted and handled by significantly smaller staffs for the CASMU members than at the Large IOUs. For example, BVES currently has 52 employees and approximately 24,000 customers, and Liberty CalPeco has approximately 100 employees and approximately 49,000 customers. Compared to SCE's 12,234 employees for its 5.10 million customers,<sup>3</sup> BVES and Liberty, respectively, have approximately 0.4% and 0.8% of the workforce to meet any Commission requirements and 0.5% and 1% of the customer base from which to recover administrative costs. PacifiCorp, with approximately 45,000 California customers, has approximately 0.9% of SCE's customer base from which to recover administrative costs. With respect to PURPA issues specifically, the CASMU members have not implemented the same policies and procedures as the Large IOUs because the CASMU members simply do not have the same number of qualifying facilities (QFs) in their respective service territories. For example, PacifiCorp has only five QFs in the state of California.<sup>4</sup>

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<sup>3</sup> These numbers are based on SCE's 2017 Financial & Statistical Report, available at <https://www.edison.com/content/dam/eix/documents/investors/sec-filings-financials/2017-financial-statistical-report.pdf>.

<sup>4</sup> As a result of the small number of QFs served by PacifiCorp, PacifiCorp has historically followed (and the Commission has allowed) PacifiCorp's avoided cost prices and policies for QFs that are approved by the Oregon Public Utility Commission. PacifiCorp's California customers are akin to Southern Oregon

These differences from the Large IOUs are important because participation in Commission proceedings, as well as PURPA implementation, will have disparately larger impacts on the CASMU members than they do on the Large IOUs. This is particularly true here where the basis of this proceeding is a standard contract that was developed and is currently used by the Large IOUs without input from the CASMU members. As discussed below, the CASMU members would be implementing this standard offer contract for the first time and therefore any changes to their current PURPA implementation procedures would be impacted to a greater degree by changes to the standard offer contract currently used by the Large IOUs. Before the CASMU members provide comments on changes to the standard offer contract it should be determined whether this contract is even appropriate for use by the CASMU members. A separate standard offer contract that is specific to the needs of the CASMU members may be more suitable.

## **II. CASMU Comments on the Preliminary Scope of the OIR**

In accordance with Rule 6.2 of the Commission's Rules of Practice and Procedure, CASMU provides the following comments on the preliminary scope of the OIR. As detailed below, CASMU raises no issues with the scope of this proceeding or the proposed schedule; however, review of the proposed scope indicates that it is not applicable to the members of CASMU.

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customers and therefore it has been appropriate to calculate rates using Oregon avoided cost information and PacifiCorp's Oregon standard contract. However, in an effort to formalize this practice PacifiCorp expects to submit a proposal to the Commission setting forth a procedure for calculating avoided costs and negotiating QF contracts. For the reasons set forth in these comments and specifically due to PacifiCorp's small customer base in California, a separate proceeding is appropriate for review of this forthcoming proposal.

**A. CASMU Members Should be Removed as Respondents from this Proceeding in Recognition of their Special Circumstances and because there is Insufficient Justification for the inclusion of CASMU Members as Respondents.**

The OIR was opened to consider adoption of a new standard offer contract that will be available to any QF of 20 MW or less seeking to sell electricity to a Commission-jurisdictional utility pursuant to PURPA (the “New QF SOC”). The OIR further indicates that the New QF SOC will be developed by starting with the QF SOC developed as part of a settlement approved in D.10-12-035.<sup>5</sup> The QF SOC approved in D.10.12-035 was developed as part of a settlement between the Large IOUs, the Utility Reform Network, the California Cogeneration Council, the Independent Energy Producers Association, the Cogeneration Association of California, the Energy Producers and Users Coalition, and the Division of Ratepayer Advocates. The CASMU members were not a party to the settlement and therefore do not use the QF SOC. Similarly, Staff’s Proposal regarding alternative cost pricing options is based on the historical data for the Large IOUs. Staff’s proposal for alternative cost pricing options does not mention the members of CASMU. Thus, it does not appear that the proposals included in the OIR are intended for any utilities other than the Large IOUs.

Therefore, the CASMU members should be removed as respondents. Should the Commission determine that a standard offer contract should be adopted by the CASMU members a second proceeding or a second track of this proceeding should be initiated in order to develop a standard offer contract for the CASMU members. This second proceeding (or second track of this proceeding) could also consider the pricing terms historically used by the CASMU members and whether adjustments are needed to these terms.

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<sup>5</sup> OIR at 1.

**B. If the CASMU Utilities Are Not Removed as Respondents, Given the Unique Characteristics of the CASMU Utilities, the Preliminary Scoping Memo Should be Modified to Provide a Separate Track to Consider and Address PURPA Implementation Issues for the CASMU Utilities.**

Although CASMU believes that the proceeding should focus on the Large IOUs, as the parties that developed the QF SOC, if the CASMU members are kept in the proceeding and subjected to any new PURPA implementation requirements as a result of the proceeding, the Commission should recognize the major differences between CASMU members and the Large IOUs with respect to PURPA implementation. Rather than examine these different circumstances together, CASMU believes it would be most efficient for all parties, including the Commission, to examine PURPA implementation issues for the CASMU members separately from its examination of these issues for the Large IOUs. This way, implementation issues that impact only the Large IOUs and data tailored to the Large IOUs (*e.g.*, Staff's Proposal provided as an Attachment to the OIR and that relies exclusively on the historic data of the Large IOUs) can appropriately be used for the Large IOUs. Separately, the Commission can consider and determine the best way for CASMU members to implement PURPA requirements, while ensuring that practical realities and unique circumstances faced by CASMU members are considered.

Normally where the Commission develops specific guidelines for CASMU members on a separate track than for the Large IOUs, the Commission begins the CASMU track after completion of the Large IOU track. In this instance, this approach will allow the Commission and CASMU members to benefit from the significant work and analysis conducted in developing a revised standard offer contract for the Large IOUs, while also ensuring coordination between the tracks. By first developing a New QF SOC for the Large IOUs, the Commission can incorporate lessons learned and best practices when later developing and implementing an

optimized approach for the CASMU members. Accordingly, should the Commission decide to keep the CASMU utilities as respondents in this proceeding, the Commission should defer its consideration of standard offer contract and avoiding cost pricing terms for the CASMU utilities until after it has done so for the Large IOUs. This will allow more meaningful participation from the CASMU members without prejudicing the limited customers of the CASMU members.

### **III. OIR Categorization**

CASMU agrees the OIR should be categorized as ratesetting.

### **IV. Need for Hearing**

CASMU agrees with the OIR's preliminary determination that hearings are not necessary.

### **V. Schedule**

CASMU does not provide specific recommendations to modify the schedule. As described above, CASMU recommends that the CASMU members be removed as respondents from this proceeding. If, however, the CASMU members remain respondents, CASMU maintains that the schedule should be revised to address PURPA implementation for the CASMU utilities in a later, separate track or phase. As described in greater detail above, based on the small size and limited resources of the CASMU members and the nature of CASMU member operations, the Commission should defer addressing PURPA implementation for the CASMU utilities until after it has done so for the Large IOUs. By first developing any rules, guidelines, or policies for the Large IOUs, the Commission can incorporate lessons learned and best practices when later implementing an optimized approach for the CASMU members.

### **VI. Conclusion**

CASMU appreciates this opportunity to comment on the OIR. For the reasons described herein, and given the unique characteristics and limited resources of the CASMU members, the



Commission should remove the CASMU members as respondents from this proceeding. If, however, the CASMU members are required to participate in this proceeding, PURPA implementation issues for the CASMU utilities should be addressed separately from the Large IOUs in a later phase or track of the proceeding.

Respectfully submitted,

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/s/

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