

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Consider
the Annual Revenue Requirement
Determination of the California Department
of Water Resources and Related Issues.

FILED
PUBLIC UTILITIES COMMISSION
FEBRUARY 28, 2013
SAN FRANCISCO, CALIFORNIA
RULEMAKING 13-02-019

ORDER INSTITUTING RULEMAKING**1. Summary**

This Order opens a new rulemaking as the successor docket to Rulemaking (R.) 11-03-006, to consider issues related to the allocation of the annual revenue requirement determination of the California Department of Water Resources in connection with its procurement of electricity for the customers of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company. R.11-03-006 is closed.

2. Background

Originally, the California Department of Water Resources (CDWR) annual revenue requirement determinations were addressed in the consolidated proceedings of Application (A.) 00-10-028, A.00-11-056 and A.00-11-038. Subsequently, Rulemaking (R.) 06-07-010, R.09-06-018, and R.11-03-006 were opened to address the annual revenue requirement determination of the CDWR and issues related to the CDWR power contracts. Since the opening of these three rulemakings, we have issued 13 decisions regarding CDWR's revenue

requirements and related issues.¹ Today, we close R.11-03-006 and open this proceeding as its successor. We transfer the record from R.11-03-006 to this new proceeding and bring forward limited remaining issues.

3. Initiation of Rulemaking

This rulemaking will address: 1) the future requests by CDWR to allocate its annual revenue requirement determinations; 2) any issues concerning the servicing orders and operating orders between CDWR and Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E); and Southern California Edison Company (SCE); and 3) any other issues relating to CDWR's annual revenue requirement determination and any issues outstanding from R.11-03-006.

4. Preliminary Scoping Memo

The purpose of this rulemaking is to consider the annual revenue requirement filing of CDWR and issues related to the administration of CDWR's power contracts.

The Commission is required to accept CDWR's determination of the annual requirement once CDWR has determined that the revenue requirement is just and reasonable. However, the Commission determines how to recover the revenue requirement from the customers of the investor-owned utilities, and allocates the CDWR revenue requirement to the electric customers of PG&E, SDG&E, and SCE. Consistent with the prior CDWR submissions, we expect that CDWR's 2014 revenue requirement determination will be submitted to us

¹ See Decision (D.) 06-12-035, D.07-03-025, D.07-12-030, D.08-04-051, and D.08-12-006 in R.06-07-010; D.09-12-005, D.10-12-006, D.11-03-031, and D.11-03-004 in R.09-06-018; and D.11-08-007, D.11-12-005, D.12-05-006, and D.12-11-040 in R.11-03-006.

sometime around August 2013, and that a revised determination will be submitted around October 2013.

To facilitate our efforts in this rulemaking, we transfer the record in R.11-03-006 into this docket and incorporate that record by reference.

5. Category of Proceeding

The Commission's Rules of Practice and Procedure (Rules) require that an Order Instituting Rulemaking (OIR) preliminarily determine the category of the proceeding and the need for hearing. As a preliminary matter, we determine that this proceeding should be categorized as ratesetting because our consideration, approval, and allocation of the CDWR revenue requirement will impact the electric rates of PG&E, SDG&E and SCE. In the recent annual requests of CDWR to allocate its revenue requirement determinations, evidentiary hearings were not necessary. However, interested parties will have an opportunity to request evidentiary hearings, so evidentiary hearings may be needed. This preliminary determination is not appealable, but shall be confirmed or changed by assigned Commissioner's ruling the assigned Commissioner's determination as to category is subject to appeal. (Rules 7.3 and 7.6.)

6. Preliminary Schedule

CDWR is expected to serve its 2014 revenue requirement determination on the service list of this rulemaking in August 2013. Based on the August 2013 service date, and CDWR's likely submission of a revised determination sometime in October 2013, a Commission decision on the allocation of that revenue requirement determination should be issued no later than December 2013 to comply with the 120-day time limit specified in the Rate Agreement between the Commission and CDWR. A prehearing conference will be held shortly after the

service of CDWR's 2014 revenue requirement determination to identify the issues and establish a more detailed schedule for this portion of this proceeding.

As for other issues that may be raised that are related to CDWR's revenue requirement or the administration of its power contracts, separate schedules will be developed based on when those issues are submitted to the Commission by CDWR.

7. Parties and Service List

This OIR is served on the parties to R.11-03-006 (Attachment), which we close today. The service list for today's OIR shall initially be the list for R.11-03-006 and all entities on that list will automatically be transferred to the service list for this new OIR. PG&E, SDG&E, and SCE are made respondents to this rulemaking, and will appear on the official service list.

Within 20 days from the mailing date of this order, any person or representative of an entity interested in monitoring or participating in this proceeding that is not already on the list for R.11-03-006 should send a letter to the Commission's Process Office (process_office@cpuc.ca.gov), with a copy to Administrative Law Judge Seaneen M. Wilson (smw@cpuc.ca.gov). Hard copies of letters should be sent to 505 Van Ness Avenue, San Francisco, California 94102. The letters should specify the docket number of this rulemaking in the subject line, and must include the name, address, phone number, organization and e-mail address of those who wish to be added to the service list.

Subsequently, intervenors that wish to request party status should do so via a motion for party status.

When individuals write to the Process Office, their letter should specify whether they wish to be a "Party" (i.e., actively participate in the proceeding by filing comments or appearing at workshops or hearings) or "Information Only"

(i.e., not participate, but simply receive electronic service of all documents in this rulemaking). Those who seek to be a “party” should indicate how they intend to participate in the proceeding. Letters may be sent either by electronic mail or regular mail, but must be received by the Commission within 20 days of the mailing of this order.

The Process Office will then combine the existing service list for R.11-03-006 plus any correspondence it receives to create a new service list for this OIR and the new service list will be posted on the Commission’s web site, www.cpuc.ca.gov soon thereafter.

In accordance with Commission practice, by entering an appearance at a hearing or by other appropriate means, an interested party or protestant gains “party” status, as set forth in Commission Rule 1.4. A party to a Commission proceeding has certain rights that non-parties (those in “state service” and “information only” service categories) do not have. For example, a party has the right to participate in evidentiary hearings, file comments on a proposed decision, and appeal a final decision. A party also has the ability to consent to waive or reduce a comment period. Non-parties do not have these rights, even though they are included on the service list for the proceeding and receive copies of some or all documents.

Any party interested in participating in this rulemaking who is unfamiliar with the Commission’s procedures should contact the Public Advisor’s Office in Los Angeles at (866) 849-8391, or in San Francisco at (415) 703-2074, or toll free at (866) 849-8390. Deaf or hard of hearing persons may call the TTY line toll free at (866) 836-7825.

This proceeding can also be monitored by subscribing in order to receive electronic copies of documents in this proceeding that are published on the

Commission's website. There is no need to be on the service list in order to use the subscription service. Instructions for enrolling in the subscription service are available on the Commission's website at <http://subscribecpuc.cpuc.ca.gov/>.

8. Ex Parte Communications

This ratesetting proceeding is subject to Pub. Util. Code § 1701.3(c) and Rules 8.2 through 8.5, which prohibit *ex parte* communications unless certain requirements are met. An *ex parte* communication is defined as "any oral or written communication between a decision maker and a person with an interest in a matter before the commission concerning substantive, but not procedural issues, that does not occur in a public hearing, workshop, or other public proceeding, or on the official record of the proceeding on the matter." (Pub. Util. Code § 1701.1(c)(4).) Rule 8.1 define the terms "decision maker" and "interested person."

O R D E R

Therefore, **IT IS ORDERED** that:

1. This Order Instituting Rulemaking is adopted to consider the allocations of the future revenue requirement determinations of the California Department of Water Resources (CDWR), and issues related to the administration of CDWR's power purchase contracts.
2. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company are made respondents to this proceeding.
3. The issues to be considered in this proceeding are set forth in the Preliminary Scoping Memo section of this rulemaking.
4. The record from Rulemaking 11-03-006 is transferred into this proceeding and incorporated by reference.

5. The preliminary category of this proceeding is “ratesetting,” and evidentiary hearings may be needed.

6. The Process Office shall cause this rulemaking to be served on the respondents listed in Ordering Paragraph 2 and on the service list in Rulemaking 11-03-006.

7. The service list shall be respondents and all the persons now on the service list for Rulemaking (R.) 11-03-006 and in the same category (i.e., party, state service, information only). Persons who are not on the R.11-03-006 service list but who are interested in this proceeding shall follow the procedures specified in the “Parties and Service List” section of this rulemaking. An initial service list for this proceeding shall be created by the Process Office and posted on the Commission’s website.

8. *Ex parte* communications in this rulemaking are governed by Pub. Util. Code § 1701.3(c) and Rules 8.2 through 8.5.

9. Rulemaking 11-03-006 is closed.

This order is effective today.

Dated February 28, 2013 at San Francisco, California.

MICHAEL R. PEEVEY
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