

Decision \_\_\_\_\_

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

Order Instituting Rulemaking to Promote Policy  
and Program Coordination and Integration in  
Electric Utility Resource Planning.

Rulemaking 04-04-003  
(Filed April 1, 2004)

**DECISION MODIFYING DECISION 04-12-048****Summary**

This decision grants the joint petition of San Diego Gas & Electric Company, Pacific Gas and Electric Company, and Southern California Edison Company to modify Decision 04-12-048 to confirm the continued viability of the trigger mechanism for amortizing overcollections and undercollections of the utilities' Energy Resource Recovery Accounts.

**Background**

Pub. Util. Code § 454.5 requires the electric utilities to develop electricity procurement plans for Commission approval, and Section 454.5(d)(3) directed the Commission to establish a power procurement balancing account to track the differences between recorded revenues and costs incurred pursuant to the utilities' approved procurement plans and to adjust rates and order refunds to promptly amortize overcollections and undercollections to avoid balances above 5 percent. The statute requires that this mechanism be in place until January 1, 2006, after which time the adjustment shall occur "when deemed appropriate by the commission consistent with the objectives of this statute."

Following this statutory directive, Decision (D.) 02-10-062 established Energy Resource Recovery Accounts (ERRA) and adopted a trigger mechanism for avoiding ERRA balances above 5 percent. Subsequently, D.04-12-048 noted that the trigger mechanism was set to expire on January 1, 2006 and extended it, stating as follows:

We find that the ERRA trigger provides the [investor owned utilities] assurance that procurement costs will be recovered in a timely fashion, and we keep the trigger in effect during the term of the long-term contracts, or ten years, whichever is longer. (D.04-12-048 at 113.)

The decision does not identify the long-term contracts that are referenced or their termination dates.

San Diego Gas & Electric Company (SDG&E), Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) (jointly, Joint Utilities) note this ambiguity, and petition the Commission to modify D.04-12-048 to confirm that the trigger mechanism remains in place so long as the statutory underpinnings remain in place, and unless and until there is good reason to discontinue or change it. In addition to serving the petition on the service list in this proceeding as required by Rule 16.4(c), the Joint Utilities served the service lists in Rulemaking 13-12-010 (the 2014 Long-Term Procurement Proceeding), Application (A.) 14-04-015 (SDG&E's 2015 ERRA forecast proceeding), A.14-05-024 (PG&E's 2015 ERRA forecast proceeding), A.14-06-011 (SCE's 2015 ERRA forecast proceeding), and A.13-08-022 (SCE's most recent ERRA trigger proceeding.) No responses to the petition were filed.

### **Discussion**

The Joint Utilities continue to incur electricity procurement costs pursuant to Commission-approved long-term procurement plans under Section 454.5, and Section 454.5(d)(3) continues to require the Commission to track the differences

between recorded revenues and costs pursuant to those plans and to adjust rates and order refunds to promptly amortize overcollections and undercollections.

Although the current language is somewhat ambiguous, it is reasonable to interpret D.04-12-048 as tying the duration of the trigger mechanism to the duration of the electric utilities' electricity procurement pursuant to Section 454.5. We modify D.04-12-048 to clarify the matter.

### **Comments on Proposed Decision**

The proposed decision of the ALJ was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure.

### **Assignment of Proceeding**

Michel Florio is the assigned Commissioner and Hallie Yacknin is the assigned Administrative Law Judge in this proceeding.

### **Conclusions of Law**

1. It is reasonable to modify D.04-12-048 to clarify that the duration of the ERRA trigger mechanism is the duration of the electric utilities' electricity procurement pursuant to Section 454.5.
2. This order should be effective immediately.

## **O R D E R**

**IT IS ORDERED** that:

1. Decision 04-12-048, Finding of Fact 70 is modified as follows:

70. We find that the ERRA trigger provides the IOUs assurance that procurement costs will be recovered in a timely fashion, and we keep the trigger in effect ~~during the term of the long-term contracts, or ten years, whichever is longer.~~ for the duration of the IOUs' electricity procurement pursuant to Section 454.5.

2. Rulemaking 04-04-003 remains open.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.