
Public Utilities Commission of the State of California

Results of Public Agenda 3217

Meeting Held on Thursday, July 10, 2008 10:00 a.m.

San Francisco, California

Commissioners

Michael R. Peevey, President

John A. Bohn

Rachelle B. Chong

Dian M. Grueneich

Timothy Alan Simon

Website: <http://www.cpuc.ca.gov>

Scheduled Commission Meetings

505 Van Ness Avenue, San Francisco

<i>Ratesetting Deliberative Meeting*</i> Room 5305 (1:30 p.m.) Closed to the Public	<i>Commission Meeting</i> Auditorium (10 a.m.) Open to the Public
Monday, July 28, 2008 (San Francisco)	Thursday, July 31, 2008 (San Francisco)
Monday, August 18, 2008 (San Francisco)	Thursday, August 21, 2008 (San Francisco)
Friday, August 29, 2008 (San Francisco)	Thursday, September 04, 2008 (San Francisco)
Monday, September 15, 2008 (San Francisco)	Thursday, September 18, 2008 (San Francisco)
Monday, September 29, 2008 (San Francisco)	Thursday, October 02, 2008 (San Francisco)

**Ratesetting Deliberative Meeting dates are reserved as noted but will be held only if there are ratesetting matters to be considered and a Commissioner has requested that a Ratesetting Deliberative Meeting be held.*

For further information contact the Public Advisor
(415) 703-2074 E-mail: public.advisor@cpuc.ca.gov



This location is accessible to people with disabilities. If specialized accommodations for the disabled are needed, e.g. sign language interpreters, please call the Public Advisor at (415) 703-2074 or TTY# (415) 703-5282 or toll free # 1-866-836-7825 three business days in advance of the meeting.

PUBLIC COMMENT

The following items are not subject to public comment:

- **All items on the closed session agenda; these are HEX and EX items.**
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Public Comment:

Consent Agenda

Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each Commission meeting. Items may be removed from the Consent Agenda for discussion on the Regular Agenda at the request of any Commissioner prior to the meeting.

Orders and Resolutions

1 Res ALJ 176-3217

[7713]

Ratification of preliminary determination of category for proceedings initiated by application. The preliminary determinations are pursuant to Rule 7.1 of the Commission's Rules of Practice and Procedure.

Outcome Approved

Res ALJ 176-3217

Yes: (Bohn , Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

2 Res ROSB-002

[7488]

This resolution approves a citation program under the administration of the Director of the Consumer Protection and Safety Division for enforcing compliance with certain General Orders and other requirements for railroad carriers operating in California such as those for walkways, clearances, notification of hazardous materials release, and certain railroad operating rules agreed to by the Union Pacific Railroad Company and BNSF Railway Company.

Agenda 3213, Item 4 5/15/2008 (Staff);

Agenda 3215, Item 2 6/12/2008 (Staff);

Agenda 3216, Item 2 6/26/2008 (Staff)

Outcome Held (7/31/08, Consent Agenda. Further review.)

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

- 3**
[7641] **R06-10-005 - Order Instituting Rulemaking to consider the adoption of a General Order and procedures to implement the Digital Infrastructure and Video Competition Act of 2006.**
This decision amends General Order 169 to establish a procedure for granting extensions to build-out deadlines, capping a franchisee's bonding requirement, and requiring the submission of data on broadband following the Federal Communications Commission reporting standards. This proceeding is closed.
(Comr Chong - ALJ Sullivan)
Agenda 3216, Item 5 6/26/2008 (Simon)
Outcome Signed
D08-07-007
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)
- 4**
[7672] **Res T-17129 - Sure West Televideo dba SureWest Broadband (SWB).**
This resolution rejects SWB's request for Eligible Telecommunications Carrier designation in areas of Elk Grove California. (Advice Letter 53 filed July 07, 2007)
Outcome Approved
[Res T-17129](#)
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)
- 5**
[7679] **A07-07-001 - California Water Service Company (Cal Water).**
For a decision authorizing Cal Water to increase rates charged for water service in its districts of Chico, East Los Angeles, Livermore, Los Altos-Suburban, Mid-Peninsula, Salinas, Stockton, and Visalia, for the years 2008, 2009, and 2010. This decision approves a settlement of Cal Water's General Rate Case between Cal Water and the Division of Ratepayer Advocates (DRA). It also resolves a few disputed issues that remain among Cal Water, DRA, and two other intervenors, Arthur Mangold who raised issues pertinent to Cal Water's Mid-Peninsula district, and Jeffrey Young, who focused on the Redwood Valley/Coast Springs district. The final intervenor, the City of Los Altos, did not actively oppose the settlement, and did not raise disputed issues. This proceeding is closed.
(Comr Bohn - ALJ Thomas)
Outcome Signed
D08-07-008
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)

- 6**
[7680] **A05-03-001 - Pacific Gas and Electric Company (PG&E).**
For Adoption of Policy and Process for Acquisition of Incremental Core Gas Storage in Compliance with Ordering Paragraph 5 of Decision (D.) 04-09-022, and for Adoption of a Core Reliability Planning Standard. This decision addresses Wild Goose Storage LLC's (Wild Goose) petition to modify D.06-07-010. Wild Goose's petition requests that D.06-07-010 be clarified to require that PG&E use the five criteria adopted in the decision to assess the credit requirements of the independent storage providers, that a credit exposure estimation not be used as part of that assessment process, and that the term "industry standard" as used in D.06-07-010 was meant to refer to the business practices of other gas storage providers. The decision grants Wild Goose's petition. This proceeding is closed.
(Comr Grueneich - ALJ Wong)
Outcome Signed
D08-07-009
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)
- 7**
[7694] **Res W-4696 - Fruitridge Vista Water Company.**
This resolution authorizes a rate base offset increase in rates producing additional annual revenues of \$137,774 or 7.82%. (Advice Letter 85 filed February 15, 2008)
Outcome Approved
[Res W-4696](#)
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)
- 8**
[7714] **A08-02-018 - California-American Water Company (Cal-Am).**
This decision modifies Decision 03-02-030 and authorizes Cal-Am to track costs associated with pre-rationing activities into a memorandum account. This proceeding is closed.
(Comr Bohn - ALJ Ebke)
Outcome Signed
[D08-07-010](#)
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)

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- 9**
[7716] **A08-04-010 - Chevron Pipeline Company (CPL) and Chevron Products Company (CPC).**
This decision grants the application of CPL to sell to its affiliate CPC certain public utility pipeline assets commonly referred to as the Wilmington-Torrance Pipeline System, pursuant to § 851 of the Public Utilities Code. This proceeding is closed.
(Comr Peevey - ALJ Bemederfer)
Outcome Signed
[D08-07-011](#)
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)
- 10**
[7717] **C07-08-027 - Modesto Irrigation District vs. Pacific Gas and Electric Company.**
This decision extends the 12-month deadline for resolving the case from August 27, 2008 to June 30, 2009.
(Comr Grueneich - ALJ O'Donnell)
Outcome Signed
[D08-07-012](#)
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)
- 11**
[7718] **A08-04-025 - The Ponderosa Telephone Company (PTC).**
This decision grants PTC the authority to issue notes in an amount not exceeding \$27,288,000, and to execute a related agreement and supplemental security instruments. This proceeding is closed.
(Exam Kahlon)
Outcome Signed
D08-07-013
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)

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- 12**
[7720] **R_____ - Order Instituting Rulemaking to Develop the Commission's Energy Efficiency Strategic Plan.**
- The Commission opens this rulemaking in continuation of the Commission's efforts to ensure efficient use of energy resources in California through development of a Commission-sponsored California Strategic Plan for Energy Efficiency through the year 2020 and beyond. This proceeding is consolidated with Application 08-06-004, the Joint Utility Application proposing a California Energy Efficiency Strategic Plan.
- Outcome Signed**
- R08-07-011
- Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
- No: (none)
- Abstain: (none)
- Absent: (none)
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- 13**
[7721] **A08-01-003 - Solarity Communications LLC (Applicant).**
- This decision grants Applicant a certificate of public convenience and necessity pursuant to Public Utilities Code § 1001 to provide limited facilities-based and resold competitive local exchange and interexchange services, subject to the terms and conditions set forth in the decision. This proceeding is closed.
- (Comr Chong - ALJ Patrick)
- Outcome Signed**
- [D08-07-014](#)
- Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
- No: (none)
- Abstain: (none)
- Absent: (none)
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- 14**
[7723] **Res T-17159 - AT&T California (AT&T).**
- This resolution approves an interconnection agreement between AT&T and Spectrotel, Inc. pursuant to Section 252 of The Telecommunications Act of 1996. (Advice Letter No. 32670 filed on May 15, 2008.)
- Outcome Approved**
- [Res T-17159](#)
- Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
- No: (none)
- Abstain: (none)
- Absent: (none)

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- 15**
[7727] **A08-04-021 - Star & Crescent Boat Company dba San Diego Harbor Excursion (Applicant).**
This decision authorizes Applicant to increase its one-way fare from \$2.50 to \$3.00 on its passenger vessel common carrier service between San Diego and Coronado. This proceeding is closed.
(Exam Clark)
Outcome Signed
[D08-07-015](#)
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)
- 16**
[7728] **C07-03-008 - Neutral Tandem California, LLC (Complainant) vs. Level 3 Communications and its subsidiaries (Defendant).**
This decision grants Complainant's request to withdraw its complaint. This proceeding is closed.
(Comr Simon - ALJ Reed)
Outcome Signed
[D08-07-016](#)
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)
- 17**
[7730] **A06-11-020 - David R. Robertson dba Tahoe Park Water Company, Inc. (Seller) and Richard M. Dewante dba Tahoe Park Water Company (Buyer) (together Applicants).**
This decision grants Applicants' joint request for approval of the sale of assets of Seller to Buyer, subject to terms and conditions ensuring that the scope and subject matter of the transaction are clear and unambiguous, and that the interests of customers are protected. The application is unopposed. Buyer's president, who is a licensed operator, has been operating the water system since April 3, 1996, and the transaction will not materially affect either the management or the operation of the system. The Commission concludes that the purchase and sale of the assets under the terms of the decision will not adversely affect the public interest. This proceeding is closed.
(Comr Bohn - ALJ Ryerson)
Outcome Signed
D08-07-017
Yes: (Bohn , Chong, Grueneich, Peevey, Simon)
No: (none)
Abstain: (none)
Absent: (none)

18

[7732]

A08-04-026 - San Gabriel Valley Water Company (SGVW).

This decision grants SGVW authority to issue up to \$60 million of long-term Debt Securities (Debt Securities), as requested in Application 08-04-026. This decision also authorizes SGVW an exemption from the Commission's Competitive Bidding Rule as enumerated in the body of this order and, authorizes SGVW to report all Debt Securities information required by General Order 24-B to the Commission on a quarterly basis. This proceeding is closed.

(Comr Bohn - ALJ Galvin)

Outcome Signed[D08-07-018](#)

Yes: (Bohn , Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

19

[7733]

A08-05-005 - San Diego Gas & Electric Company (SDG&E)

This decision grants SDG&E authority to issue up to \$1.1 billion of long-term Debt Securities. Debt Securities include: (a) secured debt, (b) unsecured debt, (c) foreign capital markets, (d) medium-term notes, (e) direct long-term loans, (f) accounts receivable financing, (g) tax-exempt debt, (h) variable-rate debt, (i) "fall-away" mortgage bonds initially secured and subsequently convertible into unsecured debt, and (j) subordinated debt. As part of this authority SDG&E may encumber utility property, including its accounts receivable, to secure Debt Securities and may use hedges to manage interest rate risk. It is also authorized to enter into: (a) put options, (b) call options, (c) sinking funds, (d) interest rate swaps, (e) swaptions to enter or exit swap agreements under specified terms and conditions, (f) caps and collars, (g) urrency swaps, (h) credit enhancements, (i) capital replacement, (j) interest deferral, (k) special-purpose entity transactions, and (l) delayed draw downs. This decision further exempts certain Debt Securities from the Commission's Competitive Bidding Rule as enumerated in the body of this order; and, authorizes SDG&E to report all Debt Securities information required by General Order 24-B to the Commission on a quarterly basis. This proceeding is closed.

(Comr Simon - ALJ Galvin)

Outcome Held (7/31/08, Consent Agenda.)

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

Intervenor Compensation Orders**20**

[7559]

A05-12-011 - PacifiCorp.

For permit to construct the Line 75 115kV Conversion Project pursuant to General Order 131-D. A07-01-046 - Related matters. This decision grants the request of Don and Judy Mackintosh (the Mackintoshes) for intervenor compensation for their claimed contribution to Decision (D.) 07-03-043 and D.06-10-047. While the Mackintoshes request \$267,600.78 in compensation, for various reasons set forth herein, the Commission reduces that amount by \$53,258.68, and awards \$214,342.10.

(Comr Peevey - ALJ Thomas)

Agenda 3213, Item 17 5/15/2008 (Staff);

Agenda 3214, Item 6 5/29/2008 (Peevey);

Agenda 3216, Item 33 6/26/2008 (Bohn)

Outcome Signed

[D08-07-019](#)

Yes: (Bohn , Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

21

[7696]

A06-05-007 - Pacific Gas and Electric Company.

For Approval of a Long-Term Core Hedge Program for Core Natural Gas Supplies. This decision awards compensation to Aglet Consumer Alliance for its contributions to Decision 07-06-013. The Commission awards Aglet \$22,222.79, which is a reduction from its request of \$29,951.94. This proceeding is closed.

(Comr Peevey - ALJ Yacknin)

Outcome Signed

D08-07-020

Yes: (Bohn , Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

Regular Agenda

Energy Orders

22 **R06-05-027 - Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program.**
[7508]

The revised proposed decision addresses an augmented record but reaches the same outcome as the proposed decision. Sustainable Conservation seeks intervenor compensation in the amount of \$30,394.50 for contributions to Decision 07-07-027. The claim is denied on the basis that Sustainable Conservation fails to establish significant financial hardship. Sustainable Conservation has made significant contributions to the Commission's work, and their continued participation is invited, as explained in the order. The proceeding remains open.

(Comr Peevey - ALJ Mattson)

Agenda 3212, Item 12 4/24/2008 (Staff);

Agenda 3213, Item 5 5/15/2008 (Staff);

Agenda 3214, Item 2 5/29/2008 (Bohn);

Agenda 3215, Item 26 6/12/2008 (Peevey);

Agenda 3216, Item 36 6/26/2008 (Staff)

Outcome Signed

[D08-07-021](#)

Yes: (Bohn , Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

23 **A06-03-005 - Pacific Gas and Electric Company (PG&E).**
[7687]

To Revise Its Electric Marginal Costs, Revenue Allocation, and Rate Design. This decision continues implementation of the Commission's policy to make dynamic pricing available to all customers in order to lower costs, improve system reliability, cut greenhouse gas emissions, and support modernization of the electric grid. This decision adopts a timetable that specifies when PG&E is required to propose specified dynamic pricing rates. The decision also adopts rate design guidance that PG&E shall be required to adhere to in all of its future dynamic pricing proposals. This proceeding remains open.

(Comr Chong - ALJ Fukutome)

Outcome Held (7/31/08.)

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

24

[7698]

A06-12-009 - San Diego Gas & Electric Company (SDG&E).

For authority to update its gas and electric revenue requirement and base rates effective on January 1, 2008. A06-12-010, I07-02-013 - Related matters. SDG&E filed Application (A.) 06-12-009, a general rate case (GRC) application, and Southern California Gas Company (SoCalGas) filed A.06-12-010, also a GRC application. They are related companies with some shared services. This decision adopts for each company a Test Year 2008 revenue requirement, a mechanism for attrition adjustments until the next GRC, performance, and safety incentive mechanisms, which are reasonable and necessary to provide safe and reliable service to ratepayers. This decision requires SDG&E and SoCalGas to file another rate case for Test Year 2012 and it allows the filing of a single combined application with separate revenue requirements for each company. This decision adopts eight settlements, and rejects two others, pursuant to Rule 12 et seq, between applicants and various parties which, in total, resolves nearly all contested issues. This proceeding is closed.

(Comr Bohn - ALJ Long)

Outcome Held (7/31/08.)

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

24a

[7699]

ALTERNATE TO ITEM 7698

For authority to update its gas and electric revenue requirement and base rates effective on January 1, 2008. A06-12-010, I07-02-013 - Related matters. There are two differences between the proposed decision and this alternate decision. First, the Administrative Law Judge's (ALJ) proposed decision finds the effective date for the change in revenue requirement is February 1, 2008, whereas this alternate decision finds that the effective date for the change in revenue requirement is January 1, 2008. Second, the ALJ's proposed decision places a 150 basis point cap on excess earnings and thus earnings exceeding this cap would be refunded to ratepayers, whereas this alternate decision does not place a limit on earnings.

(Comr Bohn)

Outcome Held (7/31/08.)

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

Energy Resolutions and Written Reports**25**

[7700]

Res E-4157 - Southern California Edison Company (SCE).

This resolution addresses SCE's request for approval of three renewable portfolio standard power purchase agreements with Daggett Ridge Wind Farm, LLC (Daggett Wind), ORNI #21, LLC (ORNI 21), and FSE Blythe 1, LLC (FSE). The FSE contract is approved without modifications. The Commission defers judgment on the Daggett Wind and ORNI 21 contracts. (Advice Letter (AL) 2198-E filed December 31, 2007 and AL 2198-E-A filed January 11, 2008)

Outcome Approved

Res E-4157

Yes: (Bohn , Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

26

[7701]

Res E-4168 - Southern California Edison Company (SCE).

This resolution approves SCE's request for a new renewable portfolio standard power purchase agreement with Granite Wind, LLC. (Advice Letter (AL) 2143-E filed July 27, 2007, AL 2143-E-A filed August 16, 2007 and AL 2143-E-B filed January 22, 2008)

Outcome Approved

Res E-4168

Yes: (Bohn , Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)

Legislative and Other Matters

27

[7597]

AB 2267 (Fuentes)

California-based entities.

Agenda 3213, Item 44 5/15/2008 (Staff);

Agenda 3214, Item 39 5/29/2008 (Staff);

Agenda 3215, Item 35 6/12/2008 (Staff);

Agenda 3216, Item 42 6/26/2008 (Staff)

Outcome Held (7/31/08.)

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

Closed Session

This notice is furnished under Government Code Sections 11125 and 11126.3. The Commission will meet in Closed Session following the Public Session of its regularly scheduled meeting. In the Closed Session, the Commission may consider personnel matters as provided under Government Code Section 11126(a), institution of proceedings or disciplinary actions against any person or entity under the jurisdiction of the Commission as provided under Government Code Sections 11126(d)(2) and 11126(e)(2)(C)(i), and pending litigation as provided under Government Code Section 11126(e). Additional items may be added to the closed session agenda pursuant to Gov. Code Section 11126.3(d). If in Closed Session the Commission votes to appoint, employ, or dismiss a public employee, the Commission will thereafter reconvene in Open Session to make the

Applications for Rehearing

29

R04-04-003 - Conference with Legal Counsel - Applications for Rehearing

[7724]

R04-04-025 - Related matters. Disposition of applications for rehearing of Decision (D.) 07-09-040 filed by Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, The Utility Reform Network, the Division of Ratepayer Advocates, the Cogeneration Association of California, the Energy Producers and Users Coalition, and the California Cogeneration Council. In D.07-09-040, the Commission adopted specific policies and pricing mechanisms applicable to the electric utilities' purchase of energy and capacity from Qualifying Facilities pursuant to the Public Utilities Regulatory Policy Act of 1978 (16 U.S.C. § 824a-3.)

Outcome Held (7/31/08.)

Yes: (none)

No: (none)

Abstain: (none)

Absent: (none)

Initiation of Litigation - Non-Federal

30

[7731]

I _____ - Conference with Legal Counsel - Initiation of Litigation

Deliberation on institution of investigation of proceedings or disciplinary actions against persons or entities under the Commission's jurisdiction. (Disclosure of the case name would fail to protect the private economic or business reputation of the person or entity if the proceeding or disciplinary actions is not commenced.)

Outcome Signed

I08-07-012

Yes: (Bohn , Chong, Grueneich, Peevey, Simon)

No: (none)

Abstain: (none)

Absent: (none)