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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

I.D. # 6856
RESOLUTION E-4111
September 6, 2007

R E S O L U T I O N

Resolution E-4111. Amends the Energy Industry Rules and provides for exceptions to the customer notice requirements established by General Rule 4.2 of General Order 96-B.

SUMMARY

This resolution amends the Energy Industry Rules to provide for exceptions from the customer notice requirements established by General Rule 4.2 of General Order (GO) 96-B, and corrects an inadvertent error.

Unless otherwise directed by a future Commission order, the customer notice provisions of General Rule 4.2 are not required for:

- Advice letters filed by electric, gas, heat, and oil pipeline utilities, which request higher rates or charges, or more restrictive terms or conditions, where the increased rates or charges, or more restrictive terms or conditions requested in the advice letter have been specifically authorized by statute or a prior Commission order;
- Monthly or weekly advice letters that request changes to natural gas rates based on changes in the price of natural gas, or electric rates to recover diesel generation fuel costs, filed pursuant to previous Commission orders establishing these monthly gas and electric rate change procedures; and
- Advice letters filed by electric utilities pursuant to Resolution E-3930 (May 26, 2005) which pass through increases to rates or charges for electric transmission related costs that have been filed with and become effective at the Federal Energy Regulatory Commission (FERC).

All references to General Rules 5.4 and 5.5 appearing in the Energy Industry Rules shall be changed to General Rule 5.3.

BACKGROUND

Energy Division proposes amendments to GO 96-B rules regarding customer notice for gas, electric, and heat utility advice letters requesting rate increases or more restrictive service.

In Decision (D.) 07-01-024 the Commission adopted revisions to GO 96-A which govern utility tariffs and advice letters. The decision approved General Rules applicable to all utilities, and specific Industry Rules for energy and water utilities. These rules constitute GO 96-B which supersedes GO 96-A, and apply to advice letters filed after June 30, 2007.

General Rule 1.4 requires the appropriate Industry Divisions to draft proposed amendments to the Industry Rules whenever any part of the Industry Rules must be amended to ensure consistency with applicable statutes and Commission orders.

General Rule 4.2 requires that unless no notice or a shorter notice is authorized by statute, Industry Rule, or other Commission order, a utility notify customers when it files an advice letter requesting higher rates or charges, or more restrictive terms or conditions, than those currently in effect. The rule requires that the utility give affected customers 30 days' notice before the effective date of the advice letter, and sets forth several means of providing notice such as bill inserts, notices on bills, and separate mailing.

Pursuant to General Rule 1.4, Energy Division has drafted this resolution to propose amendments to the Energy Industry Rules to allow exceptions to the customer notice requirements of General Rule 4.2. The amendments are set forth in the ordering paragraphs of this resolution.

DISCUSSION

Exceptions to the customer notice provisions of General Rule 4.2 are necessary for gas, electric, and heat utility advice letters filed in compliance with Commission orders.

The notice provisions of General Rule 4.2 are most applicable to those energy industry advice letters that request a rate increase or more restrictive terms or conditions, without prior specific Commission or FERC authority to increase rates or make service more restrictive.

Energy utilities typically request Commission authority to increase rates or charges, or impose more restrictive terms or conditions, by filing a formal application rather than by advice letter. Public Utilities Code section (Section) 454 requires that electric, gas, and heat utilities provide notice to customers of an application which requests a change in rates. Section 455.3 requires that pipeline corporations give the Commission and all shippers no less than 30 days' notice of rate changes.

In many cases the Commission decision addressing a utility's application authorizes a rate increase (or changes to terms or conditions) to become effective, and requires the utility to file a compliance advice letter to transmit revised tariffs, within a few days of the date of the decision. Other Commission orders such as those authorizing an increase to the CPUC fee (e.g., Resolution M-4819, June 7, 2007) require that the utility file an advice letter with new tariffs to implement a rate increase in less than 30 days from the date of the order. In these circumstances, the 30-day notice requirement set forth in General Rule 4.2 for the compliance advice letter cannot be met.

Considering these circumstances, an exception to the notice provisions of General Rule 4.2 is necessary for advice letters filed in compliance with statutes or Commission orders to implement authorized rate increases, or more restrictive terms or conditions of service. The ordering paragraphs set forth this exception as well as others authorized by this resolution.

Exceptions to General Rule 4.2 are necessary for certain gas and electric utility advice letters filed in accordance with previously authorized procedures to implement monthly or weekly revisions to commodity or other rates.

The Commission has authorized gas utilities to file monthly advice letters to revise gas commodity rates. Commission decisions D.97-10-065, D.96-05-071 (as modified by D.97-07-061), and D.98-07-068 established this procedure for Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas), respectively. A similar procedure is also in place for Southwest Gas Company (Southwest Gas).

In addition, the Commission has authorized natural gas utilities to file other types of monthly or weekly advice letters revise other types of rates based on changes in the price of natural gas. These advice letters include those filed to change standby procurement rates, buyback rates, crossover rates, surcharge rates, and daily balancing rates.

In Resolution E-3849 (October 2003) we established a procedure for Mountain Utilities, an electric utility, to revise the diesel fuel component of its electric rates each month by filing an advice letter.

According to Commission authorized procedures, these monthly or weekly advice letters are generally made effective by staff disposition within days of being filed, or in some cases on the date filed. The 30-day customer notice requirements of General Rule 4.2 cannot be practically applied for these advice letters, but the advice letters are noticed on the Commission's Daily Calendar. An exception to General Rule 4.2 is warranted for these monthly or weekly advice letter filings.

Exceptions to General Rule 4.2 are appropriate for electric utility advice letters filed in accordance with Resolution E-3930 to recover in rates, transmission-related costs authorized by the FERC.

The FERC regulates retail electric transmission rates charged by PG&E, SDG&E, and Southern California Edison Company (SCE). In Resolution E-3930 the Commission established a process by which these utilities file advice letters to pass through rate changes to retail customers for transmission-related costs that have been filed with and become effective at the FERC.

According to the process approved by Resolution E-3930, the utilities file an advice letter on or very near the date that a requested revision in transmission rates is filed at the FERC. The utilities file a supplemental advice letter when the rate becomes effective at the FERC. Subject to conditions set forth in Resolution E-3930, staff is authorized to approve advice letters and supplements without bringing a resolution before the Commission.

FERC authorized rate changes are subject to formal proceedings at the FERC in which CPUC staff, the utilities, and other interested parties can participate. Advice letters requesting changes to transmission rates authorized by FERC are generally made effective by staff disposition pursuant to the provisions of Resolution E-3930. These advice letters are noticed in the Commission's Daily Calendar. An exception to the requirements of General Rule 4.2 is appropriate for these advice letters.

All references in the Energy Industry Rules to General Rules 5.4 or 5.5 shall be changed to General Rule 5.3.

Energy Industry Rule 4 adopted in D.07-01-024 inadvertently includes a reference to General Rule 5.5. That reference shall be changed to General Rule 5.3. All other references to either General Rule 5.4, or General Rule 5.5 in the Energy Industry Rules shall be changed to General Rule 5.3.

COMMENTS

Public Utilities Code section 311(g) (1) requires that draft resolutions be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. A draft of this resolution was issued for comment to the energy utilities and other interested parties.

FINDINGS

1. The notice provisions of General Rule 4.2 of GO 96-B are most applicable to those energy industry advice letters that request an increase to rates or

charges, or more restrictive terms and conditions of service, without prior specific Commission, FERC, or statutory authority.

2. Exceptions to General Rule 4.2 of GO 96-B are necessary for gas, electric, heat, and oil pipeline utility advice letters filed in compliance with Commission orders, or to comply with a specific statute, to implement authorized rate increases, or more restrictive terms or conditions of service.
3. Exceptions to General Rule 4.2 are necessary for monthly or weekly advice letters filed by PG&E, SDG&E, SoCalGas, and Southwest Gas in accordance with Commission authorized procedures to change natural gas rates, based on changes in the price of natural gas.
4. Exceptions to General Rule 4.2 are necessary for monthly advice letters filed by Mountain Utilities in accordance with Resolution E-3849 to revise electric rates to reflect changes in diesel fuel costs.
5. Exceptions to General Rule 4.2 of GO 96-B are necessary for advice letters filed by PG&E, SDG&E, and SCE pursuant to the provisions of Resolution E-3930 which pass through increases to rates or charges for electric transmission related costs that have been filed with and become effective at the FERC.

THEREFORE IT IS ORDERED THAT:

1. The Energy Industry Rules of General Order 96-B are amended as specified in this Order.
2. Unless otherwise required by a Commission order issued after today's date, exceptions to General Rule 4.2 of General Order 96-B are authorized, and no customer notice is required, for the following categories of Energy Industry advice letters:
 - a. Gas, electric, heat, and oil pipeline utility advice letters which request higher rates or charges, or more restrictive terms or conditions of service,

where the increased rates or charges, or changes to terms or conditions of service requested in the advice letter have been specifically authorized by a prior Commission order or statute;

- b. Monthly or weekly advice letters filed by PG&E, SDG&E, SoCalGas, Southwest Gas, and West Coast Gas Company in accordance with Commission authorized procedures to change natural gas rates based on changes in the price of natural gas;
 - c. Monthly advice letters filed by Mountain Utilities in accordance with Resolution E-3849 to revise electric rates to reflect changes in diesel fuel costs; and
 - d. Advice letters filed by PG&E, SDG&E, and SCE pursuant to the provisions of Resolution E-3930 which pass through increases to electric rates or charges for electric transmission related costs that have been filed with and become effective at the FERC.
3. All references to General Rule 5.4 or General Rule 5.5 appearing in the Energy Industry Rules shall be changed to General Rule 5.3.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 6, 2007, the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER, *Governor*

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 30, 2007 Commission Meeting Date: September 6, 2007
I.D.# 6856

To: Energy utilities and other interested parties.

Enclosed is draft Resolution E-4111 of the Energy Division. It proposes amendments to the General Order 96-B Energy Industry Rules adopted in D.07-01-024. The draft Resolution will be on the agenda at the September 6, 2007 Commission meeting. The Commission may then vote on this draft Resolution, or it may postpone a vote until later.

When the Commission votes on a draft Resolution, it may adopt all or part of it as written, amend, modify or set it aside and prepare a different Resolution. Only when the Commission acts does the Resolution become binding on the parties.

Parties may submit comments on the draft Resolution.

Comments, with a certificate of service, should be submitted to:

Honesto Gatchalian
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505 Van Ness Avenue
San Francisco, CA 94102
Fax: 415-703-2200; JNJ@CPUC.CA.GOV

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A copy of the comments should be submitted by electronic mail to Don Lafrenz in the Energy Division at:
DLF@CPUC.CA.GOV.

Any comments on the draft Resolution must be received by the Energy Division by August 20, 2007. Those submitting comments must serve a copy of their comments on 1) the entire service list attached to this letter, 2) all Commissioners, 3) the Chief Administrative Law Judge, and the General Counsel on the same date that the comments are submitted to the Energy Division. Comments may be submitted electronically.

Comments shall be limited to fifteen pages in length, and list the recommended changes to the draft Resolution. Comments shall focus on factual, legal or technical errors in the proposed draft Resolution.

Replies to comments on the draft Resolution may be submitted (i.e. received by the Energy Division) on August 27, 2007, and shall be limited to identifying misrepresentations of law or fact contained in the comments of other parties. Replies shall not exceed five pages in length and shall be served as set forth above for comments.

Late submitted comments or replies will not be considered.

Gurbux Kahlon
Program Manager
Energy Division

Enclosures:

Certificate of Service
Service List

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of Draft Resolution E-4111 on all parties in these filings or their attorneys as shown on the attached list.

Dated July 30, 2007 at San Francisco, California.

Honesto Gatchalian

NOTICE

Parties should notify the Energy Division, Public Utilities Commission, 505 Van Ness Avenue, Room 4002 San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the Resolution number on the service list on which your name appears.

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