

Decision 07-12-036 December 20, 2007

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

Application of Pacific Gas and Electric Company  
To Revise Its Electric Marginal Costs, Revenue  
Allocation, and Rate Design. (U 39 M)

Application 06-03-005  
(Filed March 2, 2006, Petition  
for Modification filed  
October 22, 2007)

**INTERIM OPINION GRANTING PETITION OF PACIFIC GAS AND ELECTRIC  
COMPANY AND CALIFORNIA CITY-COUNTY STREETLIGHT ASSOCIATION  
FOR MODIFICATION OF DECISION 07-09-004**

**1. Summary**

This decision adopts an Addendum to the Supplemental Settlement Agreement on Streetlight Rate Design Issues (Streetlight Settlement) that was adopted by and appended to Decision (D.) 07-09-004. The Addendum provides Pacific Gas and Electric Company (PG&E) additional flexibility to implement certain elements of the Streetlight Settlement.

**2. Discussion**

D.07-09-004 addressed Phase 2 issues in PG&E's test year 2007 general rate case and adopted electric marginal costs and principles for revenue allocation to the customer class level and the design of tariff schedule rates. Issues were primarily resolved through the settlement process, which resulted in a settlement agreement on marginal cost and revenue allocation issues and separate supplemental settlement agreements on (1) residential rate design issues, (2) streetlight rate design issues, (3) medium and large light and power rate

design issues, (4) agricultural rate design issues, (5) small light and power rate design issues, and (6) commercial building master meter issues.<sup>1</sup>

A petition for modification of D.07-09-004 was filed on October 22, 2007, wherein PG&E and the California City-County Street Light Association (CAL-SLA) request adoption of an Addendum to the Streetlight Settlement.<sup>2</sup>

The principle modification, as detailed in the Addendum, would be to add the following provision to the Streetlight Settlement as Section F of Part VI of that agreement.

**“F. Timing of Rate Changes:** Certain elements of this Streetlight Settlement require employee training and/or changes to PG&E systems beyond a normal change to a rate value. Specifically, these include employee training and systems changes that would be required to accelerate the process for adding new types and sizes of streetlight lamps to PG&E’s portfolio of streetlight rates. These training and systems changes will be implemented by PG&E as time permits and in a manner consistent with maintaining the secure, smooth operations of systems involved. Until then, however, PG&E will add new streetlight rates by Advice Letter filing as it has in the past.”

Under the Streetlight Settlement, the rates for customers served under Schedules OL-1, LS-1 and LS-2 were determined using a standard calculation methodology whereby all lamp types were divided into wattage ranges, and the monthly energy bill for each lamp, current or new, would be calculated using the lamp’s wattage and a ballast factor pre-determined by each wattage range.

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<sup>1</sup> The commercial building master meter settlement agreement was the only one that was opposed and litigated.

<sup>2</sup> There were no responses to the petition.

PG&E proposed to define this methodology in Schedules LS-1 and LS-2 so any type or size of streetlight could be billed without further Commission approval of specific rates for each lamp type and size. PG&E included tariffs to this effect in the Streetlight Settlement.

In the petition, PG&E states that since it is able to bill all lamps and wattage currently listed in the tariffs without additional changes to its billing systems, it inadvertently failed to address systems changes that would be required to automatically add new lamps and/or wattages as envisioned by the original proposal. According to the petition, these systems changes cannot be implemented on January 1, 2008. Therefore, PG&E and CAL-SLA request the modification to D.07-09-004 to reflect a deferral in this aspect of PG&E's proposal and a modification to the tariffs for Schedules LS-1 and LS-2 adopted by D.07-09-004 to limit billing to the current lamp types and sizes. To the extent additional lamp types and sizes need to be added at a future date, PG&E states it would file an advice letter to make the required addition.

The proposed Section VI.F provision for the Streetlight Settlement is similar to those adopted by D.07-09-004 in the rate design settlement agreements for the residential, medium and large light and power, agricultural, and small light and power classes.<sup>3</sup> In general, those provisions are necessary to ensure orderly implementation of the rate design aspects of the decision for those customer classes. Due to the timing for implementation of system changes described above for adding new lamps and/or wattages to PG&E's streetlight

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<sup>3</sup> See D07-04-009, Appendix C, Section VI.Q; Appendix E, Section VI.9; Appendix F, Section VI.G; and Appendix G, Section VI.K.

portfolio, it also appears necessary to include the provision for the streetlight class.

The petition of PG&E and CAL-SLA for modification of D.07-09-004 is unopposed, is reasonable and will be granted.

### **3. Comments on Proposed Decision**

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2) of the Pub. Util. Code and Rule 14.6(c)(2) of the Commission's Rules of Practice and Procedure, the otherwise applicable 30-day period for public review and comment is being waived.

### **4. Assignment of Proceeding**

Rachelle B. Chong is the assigned Commissioner and David K. Fukutome is the assigned Administrative Law Judge in this proceeding.

### **Finding of Fact**

The petition of PG&E and CAL-SLA for modification of D.07-09-004 is unopposed and reasonable.

### **Conclusions of Law**

1. The petition should be granted.
2. This decision should be made effective immediately.

## **INTERIM ORDER**

**IT IS ORDERED** that:

1. The request of Pacific Gas and Electric Company (PG&E) and the California City-County Street Light Association for adoption of the Addendum to the Supplemental Settlement Agreement on Streetlight Rate Design Issues is granted. A copy of the Addendum is included as an Appendix to this decision.

2. Decision (D.) 07-09-004 is modified to include the Addendum as Appendix I.
3. Ordering Paragraph 1 of D.07-09-004 is modified as follows:
  1. The motions dated February 9, March 16, and May 4, 2007 which request adoption of the marginal cost and revenue allocation settlement agreement, the residential rate design settlement agreement, the streetlight rate design settlement agreement, the medium and large light & power rate design settlement agreement, and the agricultural rate design settlement agreement, and the petition dated October 22, 2007, which requests adoption of the addendum to the streetlight rate design settlement agreement, are granted. The settlement agreements in Appendices B, C, D, E and F are adopted, as is the addendum to the streetlight rate design settlement agreement in Appendix I.
4. This proceeding remains open to consider future dynamic pricing tariffs and options for PG&E.

This order is effective today.

Dated December 20, 2007, at San Francisco, California.

MICHAEL R. PEEVEY  
President  
DIAN M. GRUENEICH  
JOHN A. BOHN  
RACHELLE B. CHONG  
TIMOTHY ALAN SIMON  
Commissioners

[Appendix I to D0712036 Fukutome](#)