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Decision 96-11-016 November 6, 1996

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the
Commission's Proposed Policies
Governing Restructuring California's
Electric Services Industry and
Reforming Regulation.

R.94-04-031
(Filed April 20, 1994)

ORIGINAL

Order Instituting Investigation on
the Commission's Proposed Policies
Governing Restructuring
California's Electric Services
Industry and Reforming Regulation.

I.94-04-032
(Filed April 20, 1994)

INTERIM OPINION

On December 20, 1995, we issued Decision (D.) 95-12-063, as modified by D.96-01-009, our Preferred Policy Decision (Preferred Policy Decision) in our Rulemaking (R.) and Investigation (I.) on electric industry restructuring (R.94-04-031/I.94-04-032). Pursuant to Rule 47 of our Rules of Practice and Procedure, on March 25, 1996, Southern California Edison Company (SCE) filed a petition to modify the Preferred Policy Decision to resolve what it characterizes as capital expenditure ambiguity.

SCE requests that we modify the Preferred Policy Decision to clarify that the incremental investment in fossil-fired generation plants made between the date of the Preferred Policy Decision, December 20, 1995, and the prospective date for start of operation of the Independent System Operator (ISO) and Power Exchange (PX), January 1, 1998, may be eligible for recovery through the competition transition charge (CTC). Responses to SCE's petition were timely filed by San Diego Gas & Electric Co.

(SDG&E), the California Manufacturers Association (CMA), California Industrial Users (IU), California Large Energy Consumers Association (CLECA), Toward Utility Rate Normalization (TURN), California Farm Bureau Federation (Farm Bureau), Watson Cogeneration Company (Watson), and jointly by the Cogeneration Association of California (CAC) and the Energy Producers and Users Coalition (EPUC). The Division of Ratepayer Advocates (DRA) late-filed its response, with the permission of the assigned administrative law judge (ALJ).

On September 23, 1996, Assembly Bill (AB) 1890 was signed into law by Governor Wilson. AB 1890 amends the Public Utilities (PU) Code to require that this Commission undertake various actions related to restructuring the electric services industry in California. Among other provisions, AB 1890 defines transition costs as including "appropriate additions incurred after December 20, 1995, that the commission determines are reasonable and should be recovered, provided that the costs are necessary to maintain those facilities through December 31, 2001." (PU Code §§ 330(s), 367, and 367(c).) SCE's petition is therefore denied as moot.¹

Findings of Fact

1. Pursuant to Rule 47 of our Rules of Practice and Procedure, on March 25, 1996, SCE filed a petition to modify the Preferred Policy Decision to resolve what it characterizes as capital expenditure ambiguity.

2. AB 1890 was signed into law on September 23, 1996. Among other provisions, AB 1890 provides that incremental capital

¹ Several parties have filed applications for rehearing of the Preferred Policy Decision. During the pendency of the review of these applications for rehearing, all Commission decisions are issued subject to possible change, and should not be viewed as in any way prejudging or deciding the outcome of the review of those applications.

expenditures shall be recovered as transition costs, if the Commission determines that such additions are reasonable and should be recovered, provided that the additions are necessary to maintain such facilities through December 31, 2001.

Conclusions of Law

1. SCE's petition to modify the Preferred Policy Decision should be denied as moot.

2. This order should be effective today, so that the requirements of AB 1890 can be carried out in an expeditious manner.

INTERIM ORDER

IT IS ORDERED that Southern California Edison Company's petition to modify Decision (D.) 95-12-063, as modified by D.96-01-009, is denied as moot, because the issues raised in the petition have been addressed in the provisions of Assembly Bill 1890, signed into law on September 23, 1996.

This order is effective today.

Dated November 6, 1996, at San Francisco, California.

P. GREGORY CONLON
President
DANIEL Wm. FESSLER
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners