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Decision 98-04-046 April 23, 1998

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.

Rulemaking 94-04-031
(Filed April 20, 1994)

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

Investigation 94-04-032
(Filed April 20, 1994)

OPINION

Summary

This decision directs Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company ("electric utilities") to submit proposals for the Energy Reliability Index (ERI) in their respective applications for reviewing as-available capacity payments to Qualifying Facilities (QFs).

Discussion

Decision (D.) 97-10-057 directed the electric utilities to propose an appropriate forum in which to consider matters relating to the ERI. The ERI is used to derive as-available capacity payments the utilities make to QFs under provisions of certain power purchase agreements. In the past, the Commission has considered the ERI and determined its value in the utilities' annual Energy Cost Adjustment Clause (ECAC) proceedings. D.97-10-057 eliminated ECAC

proceedings and directed the utilities to propose a forum for considering the ERI in the future.

On November 17, 1997, the electric utilities jointly filed a proposal to review the ERI in their respective applications for reviewing as-available capacity payments to QFs. The Office of Ratepayer Advocates (ORA) also filed comments proposing that the Commission consider the ERI in each utility's Revenue Adjustment Proceeding (RAP). ORA questions the need for any review of the ERI.

In D.96-12-088, the Commission stated its intent to use the RAP proceeding to consider changes to utility revenue requirements. D.97-11-013 directed the utilities to address policies for as-available capacity payments in separate applications. These latter proceedings appear more relevant to the development of an ERI. If ORA believes an ERI is not necessary, it may present its recommendations in those applications.

Finding of Fact

The elimination of ECAC proceedings requires the Commission to consider a different forum for reviewing the ERI.

Conclusion of Law

The electric utilities' applications for reviewing as-available payments to QFS are reasonable forums in which to consider the ERI.

O R D E R

IT IS ORDERED that Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall address the Energy Reliability Index in their applications to review as-available payments to Qualifying Facilities, pursuant to Decision 97-11-013.

This order is effective today.

Dated April 23, 1998, at Sacramento, California.

RICHARD A. BILAS

President

P. GREGORY CONLON

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEPPER

Commissioners