

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

**ENERGY DIVISION**

**RESOLUTION E-3556**

**JULY 23, 1998**

**RESOLUTION**

**RESOLUTION E-3556. SOUTHERN CALIFORNIA WATER COMPANY (SCWC) DOING BUSINESS AS BEAR VALLEY ELECTRIC SERVICE (BVE) REQUESTS COMMISSION AUTHORIZATION TO INCREASE RATES BY \$112,000 TO FUND PUBLIC PURPOSE PROGRAMS RELATED TO RESEARCH AND DEVELOPMENT, AND RENEWABLE RESOURCE TECHNOLOGIES, AND SUBMITS UNBUNDLED ELECTRIC RATES CONSISTENT WITH D.97-12-093. APPROVED.**

**BY SCWC ADVICE LETTER 175-E, DATED FEBRUARY 4, 1998.**

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**Summary**

1. SCWC doing business as BVE ("BVE") requests approval of its tariffs filed in Advice Letter 175-E, pursuant to Decision (D.) 97-12-093 in Application (A.) 97-08-064, et. al. These tariffs (1) incorporate a \$112,000 rate increase to fund new public purpose programs associated with research and development (R&D) and renewable resource technologies (Renewable), and (2) reflect the unbundling of BVE's electric rates.
2. This resolution approves AL 175-E to grant the \$112,000 rate increase for funding R&D and Renewable programs, as that is consistent with D.97-12-093. It also approves the unbundled rates shown in AL 175-E. However, BVE shall be required to supplement AL 175-E to correct errors in the form of the tariff sheets submitted with its advice letter to bring the tariffs into compliance with Section II.A.(3) of General Order 96-A.
3. It is necessary to approve the \$112,000 increase for R&D and Renewable funding now in order to expedite the California Energy Commission's (CEC) process for administering these funds pursuant to Public Utilities Code Section 381(f).

**Background**

1. In D.97-12-093, the Commission addressed the applicability of AB 1890 to the small and multi-jurisdictional electric utilities (SMJU) in California. Among the issues the Commission decided in D.97-12-093 was that the provisions of AB 1890 requiring electric utilities to unbundle rates into components reflecting their underlying cost for generation, transmission, distribution, and public purpose programs, applies to all of the SMJUs including BVE.

2. The Commission also found in D.97-12-093 that it is reasonable for BVE to devote 1.4% of its revenues to public purpose programs, based on BVE's existing funding for the California Alternative Rates for Energy (CARE) Program, plus \$112,000 proposed by BVE in A.97-08-064 to fund R&D and Renewable programs (A.97-08-064, Exhibit 9). Since BVE had no prior funding for R&D and Renewable programs, a \$112,000 increase in BVE's electric rates would be required to implement these new programs.
3. The \$112,000 funding level for R&D and Renewable programs represents a revenue increase of approximately 0.9 % based on BVE's 1998 authorized revenue requirement.
4. The electric rate freeze and 10% rate reduction for residential and small commercial customers required by PU Code Section 368(a) does not apply to BVE, since it is not seeking recovery of uneconomic generation costs (D.97-12-093, Ordering Paragraph 13).
5. The CEC has begun to administer R&D and Renewable funds pursuant to PU Code Section 381, and requires that the Commission authorize the \$112,000 funding level for BVE's programs reflected in AL 175-E so that it may administer these funds.

### Notice

1. Notice of Advice Letter 175-E was made by publication in the Commission's Daily Calendar and it was distributed to parties in accordance with Section III-G of General Order 96-A.

### Protests

1. No protests were filed.

### Discussion

1. In D.97-12-093, the Commission found BVE's proposed funding for public purpose programs to be reasonable (Slip decision at page 11, Finding of Fact 9). This included an increase in revenue requirement of \$112,000 to fund new R&D and Renewable programs.
2. Conclusion of Law 8 of D.97-12-093 states that funds for the SMJU's public purpose programs should continue to be collected "at current levels". This statement could be construed as meaning that BVE's proposed funding for R&D and Renewable programs should not be approved, because its "current level" of funding for these programs is zero. However, Energy Division believes that it was the Commission's intent to approve BVE's proposed increase of \$112,000 to fund R&D and Renewable programs, given that the

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Commission made specific findings on the reasonableness of BVE's proposal as discussed above. Thus, the \$112,000 increase in BVE's revenue requirement should be approved.

3. The CEC requires that the Commission approve the \$112,000 increase so that it may administer BVE's R&D and Renewable funds pursuant to PU Code Section 381. In order to expedite this process, it is reasonable to approve the \$112,000 increase now.
4. It is necessary for BVE to supplement AL 175-E to correct errors that Energy Division has found in the form of the tariff sheets submitted with the advice letter. For example, sheet numbers 1085-E and 1086-E both cancel sheet 1000-E, which means that tariff language has been moved relative to the cancelled sheet. However, no symbols are shown in the right hand margin indicating that material has been relocated in the tariffs, i.e., designated by an "L" in the right hand margin according to Section II.A.(3) of G.O. 96-A. This and other similar errors need to be corrected in the supplemental filing.

### Findings

1. SCWC doing business as BVE filed Advice Letter 175-E on February 4, 1998, reflecting a \$112,000 increase in rates to fund new R&D and Renewable programs.
2. BVE's proposal to increase rates by \$112,000 to fund new R&D and Renewable programs is reasonable. This increase should be approved now so that the CEC may begin to administer these funds.
3. AL 175-E should be approved, subject to Energy Division's review of a supplemental filing to correct errors found in the form of the tariff sheets.

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**Therefore it is ordered that:**

1. AL 175-B is approved to allow BVE to increase rates by \$112,000 to fund new R&D and Renewable programs. Upon notice by the Energy Division, BVE shall supplement AL 175-B to correct errors found in the form of the tariff sheets. The supplemental filing shall be approved after Energy Division has ensured that the supplemental tariffs are in compliance with G.O. 96-A.
2. 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 July 23, 1998, the following commissioners voting favorably thereon:

  
WESLEY M. FRANKLIN  
Executive Director

RICHARD A. BILAS  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, JR  
HENRY M. DUQUE  
JOSIAH L. NEPPER  
Commissioners