

From: Blumer, Werner M.  
Sent: 6/25/2010 3:16:30 PM  
To: Caulson, Megan (MCaulson@semprautilities.com); [Redacted]  
[Redacted] Darrah.Morgan@sce.com  
(Darrah.Morgan@sce.com); [Redacted]  
[Redacted] Hayes, John  
(JHayes@semprautilities.com)  
Cc: Garber, Stephen (Law) (/o=PG&E/ou=Corporate/cn=Recipients/cn=SLG0); Hughes,  
John (Reg Rel) (/O=PG&E/OU=Corporate/cn=Recipients/cn=J8HS); [Redacted]  
[Redacted]  
lisa.ornelas@sce.com (lisa.ornelas@sce.com); Allen, Peter  
(peter.allen@cpuc.ca.gov); Schumacher, Brian D. (brian.schumacher@cpuc.ca.gov);  
Loring.Fiske-phillips@sce.com (Loring.Fiske-phillips@sce.com)  
Bcc:  
Subject: RE: Rule 15 - Developers as Permanent Customers

[Redacted] Megan,

Thank you very much for these clarifications of the practices regarding deficiency payments. We will work with SCE do conform its practices to the same.

Sincerely,

Werner Blumer

CPUC - Energy Division

**From:** Caulson, Megan  
[mailto:MCaulson@semprautilities.com]  
**Sent:** Friday, June 25, 2010  
1:46 PM  
**To:** [Redacted] Blumer, Werner M.; Darrah.Morgan@sce.com;  
Hayes, John; [Redacted]  
**Cc:** Hughes, John (Reg Rel); [Redacted]

Garber, Stephen (Law); Lisa.Ornelas@sce.com; Loring.Fiske-phillips@sce.com;  
Schumacher, Brian D.; Allen, Peter  
**Subject:** RE: Rule 15 - Developers  
as Permanent Customers

Werner/[Redacted]/Dara,

And below (in blue) are SDG&E's responses to your questions...

1. Is the developer required to establish an electric service account to avoid deficiency payments in case the house/commercial facility is not sold in 6/12 months from the date of readiness to serve? In the case of residential units, yes an account must be established prior to the utility setting a meter. The setting of a meter meets the requirements of the utility concerning contract compliance as addressed in Rule 15.7.a., so no deficiency billing would be sent for units which receive meter sets. In the case of non-residential service, once the utility is ready to serve, the developer has one year in which to establish service and use the service with sufficient load to generate revenue to the utility that meets or exceed the allowance which was granted. At the end of that one-year period, the utility reviews the revenue received and compares it to the allowance granted. If the revenue does not meet the allowance threshold, a deficiency billing will be sent. Revenue that exceeds the allowance would trigger a further review of the contract to apply that excess allowance to the proper Rule 15 contract, if there are refundable dollars remaining.
2. Does above suffice even if no electricity is consumed? The tariff implies that for residential service there is no consumption required anyway. For residential accounts, once the meter is set, that is sufficient to avoid deficiency payments. No consumption is monitored for residential accounts. For non-residential, as explained above, there must be usage that equals or exceeds the allowance or deficiency billing will take place.
3. If the distribution line extension is "ready to serve", but no service extension exists, does that trigger the 6/12 months period before deficiency payments are due? Yes, once the extension is ready to serve, the time period for deficiency payments starts. This assumes that houses planned are not yet built or never will,

or that houses before the last at the distribution line end are not built. Usually, the developer will complete his conduit and substructure work only when ready to start the building process. The utility will time its cabling to meet the developer's in-service date. An exception to this is when a large development is taking place and the master developer is installing street and utility infrastructure on behalf of merchant builders who will be developing the actual subdivisions which comprise the master development.

4. Would it be useful to clarify any uncertainty about above and the initial issue in Rules 15 and 16? How?

Based on the current language, SDG&E has its methodology and practices in place and feels that the contract compliance section of Rule 15 is simply and clear.

Thanks and please let us know if you have any additional questions/concerns,

Megan

**From:** [Redacted]  
**Sent:** Thursday, June 24, 2010 4:13 PM  
**To:** Blumer, Werner  
M.; Caulson, Megan; Darrah.Morgan@sce.com; Hayes, John; [Redacted]  
[Redacted]  
**Cc:** Hughes, John (Reg Rel); [Redacted] Garber, Stephen  
(Law); Lisa.Ornelas@sce.com; Loring.Fiske-phillips@sce.com; Schumacher, Brian  
D.; Allen, Peter  
**Subject:** RE: Rule 15 - Developers as Permanent  
Customers

Werner,

Here is PG&E's response to your questions.

1. Is the developer required to establish an electric service account to avoid deficiency payments in case the

house/commercial facility is not sold in 6/12 months from the date of readiness to serve? There is no requirement for the developer to establish a service account. Practically speaking, the developer will establish some level of service for either security or marketing/sales purposes. To minimize these issues, PG&E works with the developer to schedule an appropriate time to install and energize the distribution and service facilities required by the developer.

2. Does above suffice even if no electricity is consumed? The tariff implies that for residential service there is no consumption required anyway. Electricity doesn't need to be consumed for the clock to begin. The key is that PG&E is ready to serve, not that the customer is actually consuming energy.

3. If the distribution line extension is "ready to serve", but no service extension exists, does that trigger the 6/12 months period before deficiency payments are due? This assumes that houses planned are not yet built or never will, or that houses before the last at the distribution line end are not built. Generally speaking, PG&E does not extend its distribution or service facilities (wire) in the field until the developer's project is well under way and there appears to soon be a need for service. However, PG&E timeclock begins when its facilities are energized or ready to be energized, not when the customer actually uses electricity.

4. Would it be useful to clarify any uncertainty about above and the initial issue in Rules 15 and 16? How? PG&E doesn't believe these issues needs to be clarified.

Please feel free to call me at Reda  
Redacted if you have any questions.

Redacted

**From:** Blumer, Werner M.  
[mailto:werner.blumer@cpuc.ca.gov]  
**Sent:** Thursday, June 24, 2010  
12:02 PM  
**To:** Caulson, Megan; [Redacted] Darrah.Morgan@sce.com;  
Hayes, John; [Redacted]  
**Cc:** Hughes, John (Reg Rel); [Redacted]  
Garber, Stephen (Law); Lisa.Ornelas@sce.com; Loring.Fiske-phillips@sce.com;  
Schumacher, Brian D.; Allen, Peter  
**Subject:** RE: Rule 15 - Developers  
as Permanent Customers

All,

I fully agree with the interpretation of Section 15.C.2 by PG&E and SDG&E as it clearly speaks to developers (agencies) acting for a ultimately permanent customer.

My questions are then:

1. Is the developer required to establish an electric service account to avoid deficiency payments in case the house/commercial facility is not sold in 6/12 months from the date of readiness to serve?

2. Does above suffice even if no electricity is consumed?  
The tariff implies that for residential service there is no consumption required anyway .

3. If the distribution line extension is "ready to serve", but no service extension exists, does that trigger the 6/12 months period before deficiency payments are due? This assumes that houses planned are not yet built or never will, or that houses before the last at the distribution line end are not built.

4. Would it be useful to clarify any uncertainty about above and the initial issue in Rules 15 and 16? How?

Thank you very much for past and future input in this discussion.

Sincerely,

Werner Blumer

CPUC - Energy Division

**From:** Caulson, Megan  
[mailto:MCaulson@semprautilities.com]  
**Sent:** Thursday, June 24, 2010  
11:17 AM  
**To:** [Redacted] Darrah.Morgan@sce.com; Hayes, John;  
[Redacted]  
**Cc:** Hughes, John (Reg Rel); [Redacted] Garber,  
Stephen (Law); Blumer, Werner M.; Lisa.Ornelas@sce.com;  
Loring.Fiske-phillips@sce.com  
**Subject:** RE: Rule 15 - Developers as  
Permanent Customers

Dara,

SDG&E considers a developer as an Applicant  
(but not necessarily permanent) from both the definition of Applicant in  
Rule 15 and the language in the Basis of Allowances Section (15.C.2).

Since Rule 15 defines an Applicant as  
a "person or agency requesting  
utility to supply electric service", we  
consider a developer as one  
who would qualify as a "person requesting electric service" and therefore qualifies as  
an  
applicant. Basically, developers  
request the utility to supply electric service for projects, which ultimately results in  
service to an  
applicant for permanent service.

Rule 15.C.2 addresses  
allowances, and specifically  
addresses an applicant for a subdivision

or development. 15.C.2.b specifies conditions which provide evidence that permanent service will be established. As you noted, 15.C.2 grants allowances to both applicants for permanent service OR to an applicant for a subdivision or development. Because of this language in red (and the definition) we consider a developer also an applicant -- not necessarily the permanent applicant, but one acting on behalf of the subdivision or development.

Thanks,

Megan Caulson

SDG&E Regulatory Tariffs

**From:** Redacted  
**Sent:** Tuesday, June 22, 2010 12:16 PM  
**To:** Darrah.Morgan@sce.com; Caulson, Megan; Hayes, John; Redacted  
Redacted  
**Cc:** Hughes, John (Reg Rel); Redacted Garber, Stephen  
(Law); werner.blumer@cpuc.ca.gov; Lisa.Ornelas@sce.com;  
Loring.Fiske-phillips@sce.com  
**Subject:** RE: Rule 15 - Developers as  
Permanent Customers

Darah,

An Applicant is defined  
in PG&E's Rule 15 as:

"APPLICANT: A person or agency requesting  
PG&E to supply electric service"

I would say  
that a developer is ultimately the agent of the (end-use)  
customer and  
therefore can be an Applicant.

Redacted

**From:** Darrah.Morgan@sce.com  
[mailto:Darrah.Morgan@sce.com]  
**Sent:** Monday, June 21, 2010 3:14  
PM  
**To:** [Redacted] MCaulson@semprautilities.com;  
JHayes@semprautilities.com; [Redacted]  
**Cc:** Hughes, John (Reg  
Rel); [Redacted] Garber, Stephen (Law);  
werner.blumer@cpuc.ca.gov;  
Lisa.Ornelas@sce.com; Loring.Fiske-phillips@sce.com  
**Subject:** Rule  
15 - Developers as Permanent Customers

As you might recall, SCE filed  
Advice 2453-E to begin considering and treating developers as a  
permanent  
Rule 15 Applicants, rather than treating the eventual end-use  
customer as  
the permanent applicant. We received a Data Request and  
exchanged  
several e-mails with Werner Blumer of the Energy Division as a  
result.

Both SDG&E and PG&E were also kind enough to agree to file an  
advice letter and include "developer" in their respective Rule 15  
Applicant  
definitions; however, I'm not sure that will be necessary.

I believe all our Rule 15.C.2. Basis of  
Allowances provisions are the same; therefore, can you tell me why  
you  
consider a developer as the permanent Applicant or do you consider  
a  
developer as an Applicant (not necessarily permanent) by virtue of  
the  
tariff language below in red font?

2.  
BASIS OF ALLOWANCES. Allowances shall be granted  
to an Applicant for Permanent Service, or to an Applicant for a  
subdivision or development under the  
following conditions:

a.  
SCE is provided evidence that construction will proceed  
promptly and financing is adequate, and



- b. Applicant has submitted evidence of building permit(s) or fully-executed home purchase contract(s) or lease agreement(s), or
- c. Where there is equivalent evidence of occupancy or electric usage satisfactory to SCE.

Dara Morgan  
SCE - Regulatory Policy & Affairs  
Pax 22086  
/ 626 302-2086  
Fax 21626 / 626 302-1626  
Darah.Morgan@sce.com

Redacted

04/09/2010 01:09 PM

To: "Blumer, Werner M."  
<werner.blumer@cpuc.ca.gov>  
cc:  
<Darah.Morgan@sce.com>, "Garber, Stephen (Lawyer)"  
<SLG0@pge.com>, Redacted  
<Redacted@pge.com>, "Hughes, John (Regulatory)"  
<J8HS@pge.com>, "Caulson, Megan"  
<MCaulson@semprautilities.com>  
Subject:  
RE: DATA REQUEST: Compliance with R. 92-03-01  
of Rules 15 and 16 and SCE AL  
2453-E

Werner,

Along that same vein and for the sake of consistency, PG&E agrees to modify the definition sections of its Rule 15 and Rule 16 to conform with the "Applicant" language proposed by SCE. The new definition will read.

Applicant: A person, developer, or agency requesting utility to supply electric service

To further clarify this new Rule 15/16 definition of "Applicant", with respect to the definition of "Applicant" found elsewhere in PG&E's tariffs, it is likely that we will also file for changes to the definition of "Applicant" in our Rule 1. These changes will be along the lines of the more expansive definition of Applicant found in SCE's Electric Rule 1.

We expect to file these changes in the next couple of weeks.

Please call if you have any questions.

Redacted

Regulation and  
Rates  
Manager, Gas and  
Electric Tariffs

Redacted

**From:** Caulson, Megan [mailto:MCaulson@semprautilities.com]

**Sent:** Friday, April 09, 2010 12:41 PM

**To:**

'Blumer, Werner M.'

**Cc:** Redacted

'Darrah.Morgan@sce.com'

**Subject:** FW: DATA REQUEST: Compliance with  
R. 92-03-050 standardization of Rules 15 and 16 and SCE AL  
2453-E

Werner,

Hope you've been doing well...

Per your note below, SDG&E has reviewed it's definition of "Applicant" in both Electric Rules 15 & 16 and is in agreement with the recommendation from the ED to clarify our current understanding/processes by adding the word "developer" to the current definition of Applicant.

I'll get an Advice Letter drafted to modify SDG&E's Electric Rule 15 -- Distribution Line Extensions (Section J - Definitions) & Electric Rule 16 -- Service Extensions (Section H - Definitions) so that they will read:

**Applicant:** A person, developer, or agency requesting utility to supply electric service

Please let me know if anything changes or we need to do anything further.

Thanks,  
Megan Caulson  
SDG&E Rates, Regulations & Tariffs

**From:** Blumer, Werner M.  
<werner.blumer@cpuc.ca.gov>  
**To:** Hughes, John (Reg Rel)  
<J8HS@pge.com>; [Redacted]  
**Cc:** Darrah.Morgan@sce.com  
<Darrah.Morgan@sce.com>; Schumacher, Brian D.  
<brian.schumacher@cpuc.ca.gov>  
**Sent:** Mon Apr 05 11:04:49  
2010  
**Subject:** DATA REQUEST: Compliance with R. 92-03-050  
standardization of Rules 15 and 16 and SCE AL 2453-E  
Dear Mr.. Hughes and [Redacted]

Subject SCE AL requests inclusion of "developer" in the  
"Applicant" definition reflecting SCE's changed treatment of  
those with regards to Line and Service extensions in a manner  
already  
practice with PG&E and SDG&E since 1992.

Evaluation of this proposal revealed however that PG&E's and  
SDG&E's tariff does not define "developer" specifically as Applicant.  
For the sake of clarity and compliance with R. 92-03-050 for tariff  
consistency we suggest that PG&E and SDG&E consider amending  
their  
tariffs accordingly and request your plan on this issue.

Thank you very much for your response by April 12, 2010.

Sincerely,

Werner Blumer  
CPUC - Energy Division