
Public Utilities Commission of the State of California

*Public Agenda 2999
Thursday, September 3, 1998, 10 a.m.
San Francisco, California*

Commissioners
Richard A. Bilas, President
P. Gregory Conlon
Jessie J. Knight, Jr.
Henry M. Duque
Josiah L. Neeper

For each agenda item, a summary of the proposed action is included; the Commission's decision may, however, differ from that proposed.

Website: <http://www.cpuc.ca.gov>

Scheduled Commission Meetings 505 Van Ness Avenue, San Francisco

<i>Ratesetting Deliberative Meeting*</i> <i>Room 5305</i> <i>(1:30 p.m.)</i> <i>Closed to the Public</i>	<i>Commission Meeting</i> <i>Auditorium</i> <i>(10 a.m.)</i> <i>Open to the Public</i>
Monday, August 31 ✓	Thursday, September 3
Monday, September 14	Thursday, September 17
Monday, October 5	Thursday, October 8**
Monday, October 19	Thursday, October 22
<u>Monday, November 2</u>	Thursday, November 5

**Ratesetting Deliberative Meeting dates are reserved as noted but will be held only if there are ratesetting matters to be considered. A "✓" next to the date indicates that the meeting will be held. A "✓" next the item number on the Agenda indicates that the matter will be considered during the Ratesetting Deliberative Meeting.*

***Will be held at the Leisure World, Club House 3, 23833 Avenida Savilla, Laguna Hills, CA 92653*

Matters of Public Interest

For the convenience of the public and media representatives, items of widespread public interest will be taken up at the beginning of the meeting.

For further information contact the Public Advisor



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PUBLIC COMMENT

The following items are not subject to public comment:

- All items on the closed session agenda; these are HEX and EX items.
- CA-19, CA-43

CONSENT AGENDA

Items shown on the Consent Agenda will be taken up and voted on as a group in one of the first items of business of each Commission meeting. Items may be removed from the Consent Agenda for discussion on the Regular Agenda at the request of any Commissioner prior to the meeting.

ORDERS AND RESOLUTIONS

CA-1 **Res TL-18859** - Resolution approving issuance of charter-party carrier certificates pursuant to Section 5374(b) of the Public Utilities Code.

CA-2 **A98-05-017 - Red & White Ferries, Inc. (Red & White).**
This decision grants authority for Red & White to establish and operate scheduled vessel common carrier service between the aircraft carrier USS Hornet docked in Alameda on the one hand and San Francisco Ferry Building Pier ½ and Fisherman’s Wharf Ferry Terminal Pier 43½ on the other hand, and to revise its currently-effective tariffs for nonscheduled service between those points (SF/Hornet ferry service). Red & White’s Certificate of Public Convenience and Necessity (CPCN) is amended to reflect scheduled SF/Hornet ferry service. No CPCN amendment is needed for Red & White to provide nonscheduled SF/Hornet ferry service. Red & White shall file tariffs including rates and timetables. Red & White’s Motion to Dismiss the application is denied; its Motion for Limited Protective Order is granted. This proceeding is closed.
(Com Duque - ALJ McVicar)

- CA-3** Moved to Item 5 on the agenda.
This revision was not listed on the agenda distributed to the public.
- CA-4** **A97-05-002 - San Diego Gas & Electric (SDG&E).**
For authority to increase its gas and electric revenue requirements to reflect its accomplishments for demand-side management program years 1994, 1995, and 1996 in the 1997 annual earnings assessment proceeding. A97-05-004, A97-05-005, A97-05-026 - Related matters. This decision denies the April 29, 1998 Petition of Southern California Edison Company for Modification of D98-03-063. This decision finds that the allocation of demand-side management earnings to the electric distribution revenue requirement is consistent with the language of Public Utilities Code Sections 381 and 382 and should be implemented in the revenue allocation proceeding, as ordered in D98-03-063. These proceedings are closed.
(Com Neeper - ALJ Gottstein)
- CA-5 ✓** **A97-10-083 - Southern California Water Company (SoCalWater).**
This decision approves an uncontested settlement agreement between the Ratepayer Representation Branch of the Commission's Water Division, and SoCalWater. SoCalWater is authorized to increase its Barstow District water rates by \$273,200 (6.14%) annually to reflect the costs of purchasing additional water rights following adjudication of the Mojave River Basin. This proceeding is closed.
(Com Neeper - ALJ McVicar)
(Section 311)
- CA-6** **Res SR-98** - This resolution grants an exemption from radio requirements of Commission General Order 161 for switching and interchange operations of West Isle Line in Alpaugh, California.

- CA-7 Res O-0025 - Arco Pipeline Company (APL).**
This resolution approves APL's request for authority to remove from common carrier service its northern portion of Line 1 starting from APL's Kelly Pipe Station to its Tejon Pump Station and to cancel all related rate sheets.
(Advice Letter 48, filed June 18, 1998)
- CA-8 Res O-0026 - Texaco California Pipelines, Inc. (TCPI).**
This resolution approves TCPI's request to remove from service its Shell Unit Train to Texaco Los Angeles Plant route and to cancel its rate.
(Advice Letter 4, filed July 2, 1998)
- CA-9 A91-12-032 - Plumbing, Heating, and Cooling Contractors of California (PHCC).**
This decision dismisses for lack of prosecution the application for rehearing of Resolution G-2972 by PHCC. This proceeding is closed.
(Com Bilas - ALJ Stalder)
- CA-10 Res W-4109 - San Jose Water Company (SJWC).**
This resolution authorizes SJWC an offset increase in rates of \$2,643,649 or 2.70% additional annual revenue.
(Advice Letter 303, filed July 27, 1998)
- CA-11 C97-12-019 - William Firschein, AIA vs. Continental Cablevision/MediaOne (Cable).**
The motion to dismiss of Cable is granted for failure to state a violation of applicable law or Commission rules or regulations. This proceeding is closed.
(Com Knight - ALJ Bennett)
- CA-12 A97-03-013 - Ellen Chiang dba Kids Ride.**
This decision dismisses the application to operate as a passenger stage corporation to transport children. This proceeding is closed.
(Exam Koss)

- CA-13 A98-04-024 - Southern California Coach.**
This decision authorizes applicant to establish a Zone of Rate Freedom of 15% above and below its authorized published fares filed with the Commission. This proceeding is closed.
(Exam Koss)
- CA-14 A97-12-015 - Abdul-Wahhab Abdullah dba Quick Shuttle Service.**
This decision authorizes applicant to operate as a passenger stage corporation between points in the Counties of San Francisco, Alameda, and Contra Costa, on the one hand, and San Francisco, San Jose, and Oakland International Airports, on the other, and establish a Zone of Rate Freedom. This proceeding is closed.
(Exam Koss)
- CA-15 A97-08-035 - Sharaf E. Nosur, Ibrahim N. Abdrahman, and Burhan M. Burhan dba Travelers Shuttle Express.**
This decision authorizes applicants to operate as a passenger stage corporation between points in the Counties of San Francisco, Alameda, Contra Costa, San Mateo and Santa Clara, on the one hand, and San Francisco, San Jose, and Oakland International Airports, on the other, and establish a Zone of Rate Freedom. This proceeding is closed.
(Exam Koss)
- CA-16 A98-04-002 - Abebe Merdassa dba San Jose Express Shuttle.**
This decision authorizes applicant to operate as a passenger stage corporation between points in the Counties of San Mateo and Santa Clara, on the one hand, and San Francisco and San Jose International Airports, on the other. This proceeding is closed.
(Exam Koss)
- CA-17 A98-05-036 - Pacific Gas and Electric Company (PG&E).**
This decision grants PG&E authority under Section 851 of the Public Utilities Code to permit Tele-Vue Systems, Inc. to use certain PG&E optical fibers, cables, poles and other facilities, while PG&E in turn uses excess capacity of Tel-Vue optical fibers and other facilities. This Office of Ratepayer Advocated has reviewed the application and has no objection. This proceeding is closed.
(Com Knight - ALJ Walker)

- CA-18** **A98-06-010 - Balboa Island Ferry.**
This decision grants applicant authority to increase fares. This proceeding is closed.
(Com Duque - ALJ Rosenthal)
- CA-19** **C97-01-013 - William E. Langworthy, et.al. vs. Calaveras Telephone Company and Pacific Bell.**
This decision denies the requested relief, and the complaint is dismissed. This proceeding is closed.
(Com Bilas - ALJ Mattson)
- CA-20** **R94-02-003 - Rulemaking on the Commission's own motion to establish a simplified registration process for non-dominant telecommunications firms. I94-02-004 - Related matter.**
This decision summarily denies the petition of the Commission's Consumer Service Division to modify D97-06-107.
(Com Knight - ALJ Bushey)
- CA-21** **Res TL-18856 - Catalina Channel Express, Inc. (Catalina).**
This resolution grants voluntary revocation of Catalina's scheduled services between Redondo Beach and Catalina Island.
- CA-22** **A98-02-018 - City of Livermore (City).**
This decision authorizes the City to construct the Isabel Avenue Underpass at separated grades beneath the tracks of the Union Pacific Railroad Company in Livermore, Alameda County. This decision also authorizes temporary shoofly, for use during construction of separation, to be removed when underpass is open to traffic. This proceeding is closed.
(Exam Koss)
- CA-23** **Res E-3554 - Southern California Edison Company (Edison).**
This resolution approves Edison's request that its unspent Research, Development and Demonstration (RD&D) funds in its RD&D balancing account and the operation of its RD&D balancing account be continued until final disposition in the upcoming revenue adjustment proceeding is approved.
(Advice Letter 1303-E, filed March 31, 1998)

- CA-24 Res E-3560 - Pacific Gas and Electric Company (PG&E) and Pacific Bell (PacBell).**
This resolution approves PG&E and PacBell's request for a deviation from the undergrounding requirements of Public Utilities Code Section 320. The proposed site is along State Highway 116 in Sonoma County North of Sebastopol.
- CA-25 A98-02-015 - City of Escondido (City).**
This decision grants request of the City for authority to construct the Escondido Creek Channel Path, a public bicycle path, across the tracks of the North San Diego County Transit Development Board Escondido Branch Line, in the City, San Diego County. This proceeding is closed.
(Exam Koss)
- CA-26 A98-04-050 - Southern California Edison Company (Edison).**
For an order approving agreements restructuring the negotiated parallel generation agreement (Contract) between Edison and Sunlaw Cogeneration Partners I (Sunlaw). This ex parte decision approves the restructuring of the Contract between Edison and Sunlaw, including the errata to the application. The requested withdrawals of earlier protests by the Office of Ratepayer Advocates and Southern California Gas are approved. This proceeding is closed.
(Com Neeper - ALJ Stalder)
- CA-27 A92-11-018 - The Washington Water Power Company.**
This decision authorizes applicant to sell up to \$80,000,000 of its accounts receivable through the use of a special purpose entity. This proceeding is closed.
(Exam Evans)
- CA-28 A98-03-056 - State of California, Department of Transportation (Caltrans).**
This decision authorizes Caltrans to widen the Kelly Park Overhead, where Interstate Route 280 crosses over the tracks of the Union Pacific Railroad Company at separated grades in San Jose, Santa Clara County. This proceeding is closed.
(Exam Koss)

- CA-29 Res W-4112 - Apple Valley Ranchos Water Company (AVR).**
This resolution authorizes AVR acquisition of adjacent water purveyor.
(Advice Letter 108-W, filed August 5, 1998)
- CA-30 Res T-16184 - SNET America, Inc. (SNET).**
This resolution grants the voluntary revocation of certificate of public
convenience and necessity of SNET.
- CA-31 Res T-16187 - Roseville Telephone Company (RTC).**
This resolution authorizes RTC to seek recovery of the revenue requirement
associated with its plant investment in fiber to the curb in the Del Webb/Sun
City planned community in its next annual New Regulatory Framework
Price Cap filing.
(Advice Letter (AL) 418, filed June 22, 1998 and AL 418-A, filed July 7,
1998)
- CA-32 Res W-4111 - Southern California Water Company, Arden-Cordova
District (SCWC).**
This resolution authorizes SCWC to implement water conservation and
penalties for non-compliance.
(Advice Letter 1036-W, filed July 16, 1998)
- CA-33 A96-12-009 - Pacific Gas and Electric Company (PG&E).**
**For authority to identify and separate components of electric rates,
effective January 1, 1998. A96-12-011, A96-12-019 - Related matters.**
This decision grants PG&E's petition to modify D97-08-056, filed April 2,
1998, seeking authority to change information provided on customer bills.
(Com Duque - ALJ Malcolm)
- CA-34 Res T-16185 - GTE California, Inc. (GTEC).**
This resolution approves GTEC's request of interconnection agreements
between GTEC and Focal Communications Corporation of California, and
between GTEC and Teleport Communications Group, Inc. San Francisco
pursuant to Section 252 of the Telecommunications Act of 1996.
(Advice Letter (AL) 8758, filed June 17, 1998, and AL 8775, filed July 13,
1998, respectively)

- CA-35 Res T-16186 - Pacific Bell (Pacific).**
This resolution approves Pacific's request for approval of interconnection agreements between Pacific and Focal Communications Corporation of California, between Pacific and Allegiance Telecom of California, Inc., and between Pacific and Level 3 Communications, LLC, as well as, a resale agreement between Pacific and Frontier Telemanagement, Inc., pursuant to Section 252 of the Telecommunications Act of 1996.
(Advice Letter (AL) 19496, filed June 19, 1998, AL 19503, filed June 22, 1998, AL 19557, filed July 15, 1998, and AL 19539, filed July 7, 1998, respectively)
- CA-36 C5924 - Investigation on the Commission's own motion into the present and potential adequacy of gas supply and service in California, and into the propriety and reasonableness of tariff provisions of Southern California Gas Company, Southern Counties Gas Company, Pacific Lighting Gas Supply Company, Pacific Gas and Electric Company relating to priority of service and curtailment procedures as between industrial and steam generating plant customers.**
This decision grants Southern California Edison Company's request that it no longer be required to participate in the preparation and filing of the California Gas Report. This proceeding is closed.
(Com Bilas - ALJ Minkin)
- CA-37 A96-12-009 - Pacific Gas and Electric Company (PG&E).
For authority to identify and separate components of electric rates, effective January 1, 1998. A96-12-011, A96-12-019 - Related matters.**
This decision denies the petition of PG&E Energy Services to modify D97-08-056. This proceeding is closed.
(Com Duque - ALJ Malcolm)
- CA-38 A97-08-023 - Makki M. Shiyazel and Mohammed S. Maamo dba City Express Shuttle.**
This decision authorizes applicants to operate as a passenger stage corporation between points in the counties of San Francisco, San Mateo, Alameda, Contra Costa, Solano and Santa Clara, on the other hand, and San Francisco, San Jose, and Oakland International Airports, on the other and establish a Zone of Rate Freedom. This proceeding is closed.
(Exam Koss)

- CA-39 A98-06-002 - Qadeer A. Farrukh dba Fairfield Airporter.**
This decision authorizes applicant to operate as a passenger stage corporation between points in the County of Solano, on the one hand, and San Francisco, Sacramento, and Oakland International Airports, on the other. This proceeding is closed.
(Exam Koss)
- CA-40 Res E-3558 - San Diego Gas & Electric (SDG&E).**
This resolution approves SDG&E's request to transfer cancelled demand side management contract incentive funds to its electric revenue adjustment mechanism.
(Advice Letter 1046-E, filed September 26, 1997)
- CA-41 Res TL-18860 - Airporter, Inc. dba Santa Rosa Airporter (Airporter).**
This resolution grants Airporter Route Revision Docket #503 to add two new stops.
- CA-42 C97-12-052 - Dillon Beach Residents (complainants) vs. Coast Springs Water Company (Coast Springs).**
This decision adopts a settlement agreement between complainants and Coast Springs, as a complete resolution of all issues in the complaint. Coast Springs is ordered to make a one-time payment of \$105,000 on its Safe Drinking Water Bond Act (SDWBA) loan and semiannual payments of \$15,339.15 thereafter. The present SDWBA surcharge is continued until sufficient funds have been collected, at which time Coast Springs shall pay off the loan, eliminate the surcharge, and make a closing advice letter filing as specified. This proceeding is closed.
(Com Duque - ALJ McVicar)
- CA-43 C96-06-056 - Donald Clark vs. Hillview Water Company (Hillview).**
This decision adopts an all-party settlement which requires Hillview to establish procedures whereby service termination notices will not be issued for amounts due of less than \$7.50. This proceeding is closed.
(Com Duque - ALJ Stalder)

- CA-44** **R98-03-014 - Order instituting rulemaking on the Commission's own motion into exempting Commercial Mobile Radio Service Providers (CMRS) from the filing requirements of General Order No. 77-K and General Order No. 104-A.**
This decision exempts CMRS providers from GOs 77-K and 104-A. This decision also requires CMRS providers to submit information regarding their mailing address, telephone number, and other information the Commission needs to discharge its ongoing responsibilities pertaining to the CMRS industry. This proceeding is closed.
(Com Duque - ALJ Kenney)
- CA-45** **A98-05-034 - Southern California Edison Company (Edison).**
For authority to lease available land to Everest Storage LLC at three separate sites on transmission line rights of way. Order approving Assigned Commissioner's Ruling changing the preliminary determination on need for hearing from yes to no.
(Com Conlon - ALJ Careaga)
(Rule 6.5(b)).
- CA-46** **A98-05-040 - Southern California Edison Company (Edison).**
For an order approving contract restructuring agreement between Edison, on the one hand, and City National Bank as Trustee for the Westwind Association, Frederick W. Noble and Wind Turbine Equipment Company, on the other hand. Order approving Assigned Commissioner's Ruling changing the preliminary determination on need for hearing from yes to no.
(Com Conlon - ALJ Careaga)
(Rule 6.5(b)).
- CA-47** **A98-07-014 - Pacific Gas and Electric Company (PG&E), Glenwood Inn, and Lunardi Market (joint applicants).**
This decision approves, the joint applicants' request for exemption from competition transition charges. This proceeding is closed.
(Com Bilas - ALJ Minkin)

- CA-48 A98-06-033 - Southern California Gas Company.**
Application regarding year four (1997-98) under its experimental gas cost incentive mechanism and related gas supply matter. Order approving Assigned Commissioner's Ruling changing the preliminary determination on need for hearing from yes to no.
(Com Duque - ALJ Careaga)
(Rule 6.5(b)).
- CA-49 A98-02-022 - MTM Holdings Corporation (MTM) and Axces, Inc. (Axces) dba Long Distance Axces.**
This decision approves the request by the applicants to transfer the stock of Axces, a nondominant interexchange carrier operating in California, to MTM. This proceeding is closed.
(Com Knight - ALJ O'Donnell)
- CA-50 A98-05-003 - Southwest Gas Corporation (SWG).**
This decision grants SWG's request that its authorized rate of return adopted in D94-12-022 be maintained, and further review of its rate of return and cost of capital be integrated into its next general rate case filing. This proceeding is closed.
(Com Knight - ALJ Patrick)
- CA-51 A98-04-035 - Mystic Alliance Group, Inc.**
This decision grants applicant a certificate of public convenience and necessity to operate as a local and interexchange reseller of telecommunications services. This proceeding is closed.
(Com Knight - ALJ O'Donnell)
- CA-52 A96-12-045 - GTE California Incorporated (GTEC) and Contel of California, Inc.**
For approval of elimination of charges for nonpublished/nonlisted services and offsetting increase of rates for residential flat and measured services. This decision awards The Utility Reform Network \$12,310 for its substantial contribution to D97-11-020. GTEC is directed to pay the award, with interest. This proceeding is closed.
(Com Knight - ALJ Hale)
(SB 960 Experiment: Ratesetting Category)

**CA-53 A98-06-030 - American Telco, Inc. (ATI) dba Texas American Telco
and Dobson Wireline Company (DWC).**

This decision grants ATI and DWC's joint request for DWC to acquire control of ATI. This proceeding is closed.
(Com Knight - ALJ Galvin)

REGULAR AGENDA

UTILITY AND TRANSPORTATION ORDERS

ORDERS HELD OVER

- H-1** **C98-02-036 - Nova Cellular West, Inc. (Nova) dba San Diego Wireless vs. AirTouch Cellular of San Diego (AirTouch).**
Nova, a cellular reseller operating in the San Diego area, complains that AirTouch refuses to supply it with four promotional plans at lower rates that would reflect electronic billing efficiencies. AirTouch moves to dismiss on grounds that the Commission lacks jurisdiction to adjudge the lawfulness of rates charged by cellular telephone carriers. The motion is granted. The complaint is dismissed. This proceeding is closed.
(Com Neeper - ALJ Walker)
(Agenda 2998, Item CA-12, 8/6/98; Req - Commission)
- H-2** **R95-04-043 - Order instituting rulemaking on the Commission's own motion into competition for local exchange service. I95-04-044 - Related matter.**
This decision adopts rules governing the nondiscriminatory access to the poles, ducts, conduits, and right-of-way of public utilities among all telecommunications carriers competing in the local exchange market within California.
(Com Conlon - ALJ Pulsifer)
(Agenda 2991, Item 1, 4/23/98; Agenda 2994, Item H-1, 6/4/98; Agenda 2995, Item H-2, 6/18/98; Agenda 2996, Item H-5, 7/2/98; Agenda 2998; Item H-1, 8/6/98; Req - Commission)

- H-3 A97-07-058 - Ambler Park Water Utility (Ambler) and California American Water Company (CalAm).**
For an order authorizing Ambler to sell and transfer and CalAm to purchase and receive the water utility assets of Ambler, including the properties used in its water utility business, and (B) Ambler to withdraw from the water utility business, and (C) CalAm, Monterey Division, to engage in and carry on the water utility business of Ambler, and (D) the commencement of service in the Ambler service area by CalAm, and (E) CalAm, Monterey Division, to amortize the acquisition adjustment by reason of this transaction adjustment pursuant to the methodology authorized previously by the Commission for CalAm. This decision authorizes Ambler to sell its water system to CalAm and to be relieved of its public utility responsibility. This proceeding is closed.
(Com Conlon - ALJ Garde)
(Section 311)
(Agenda 2996, Item CA-4, 7/2/98; Agenda 2997, Item H-3, 7/23/98; Agenda 2998, Item H-4, 8/6/98; Req - Commission)
- H-4 I95-05-047 - Investigation on the Commission's own motion into the second triennial review of the operations and safeguards of the incentive-based regulatory framework for local exchange carriers.**
This decision authorizes the August 1996 audit plan that the Office of Ratepayer Advocates proposed for Pacific Bell and GTE California Incorporated. This proceeding is closed.
(Com Conlon - ALJ Reed)
(Agenda 2995, Item CA-24, 6/18/98; Agenda 2996, Item H-2, 7/2/98; Agenda 2997, Item H-5, 7/23/98; Agenda 2998, Item H-6, 8/6/98; Req - Commission)
- H-5 R95-04-043 - Order instituting rulemaking on the Commission's own motion into competition for local exchange service. I95-04-044 - Related matter.**
This decision addresses the issue of whether the voice mail services offered by Pacific Bell through its affiliate Pacific Bell Information Services and offered by GTE California, Inc. should be offered to Competitive Local Carriers for resale. This decision also addresses whether an avoided cost wholesale discount should be required for voice mail subject to resale.
(Com Conlon - ALJ Pulsifer)
(Agenda 2998, Item 5, 8/6/98; Req - Commission)

ORDERS**1 R95-01-020 - Rulemaking on the Commission's own motion into Universal Service and to comply with the Mandates of Assembly Bill 3643. I95-01-021 - Related matter.**

This decision implements several key parts of the CHCF-B. First, this decision authorizes Citizens, GTE/Contel, and Roseville to commence monthly draws from their accumulated CHCF-B surcharge revenues beginning December 15, 1998. To offset their CHCF-B draws, this decision orders Citizens, GTE/Contel, and Roseville to implement permanent surcredits on December 1, 1998. Second, this decision authorizes Pacific Bell (Pacific) to commence monthly CHCF-B draws beginning September 15, 1998. Pacific shall implement its corresponding rate reductions in accordance with D98-07-033. Finally, this decision orders Citizens, GTE/Contel, Pacific, and Roseville to implement a three-month surcredit equal to their CHCF-B draws for prior periods. The Director of the Telecommunications Division shall instruct the LECs when to file advice letters to implement their three-month surcredits.

(Com Knight - ALJ Kenney)

2 A92-05-047 - Southern California Edison Company (Edison).

For authority to revise its energy cost adjustment billing factor, its electric revenue adjustment billing factor, its low income rate assistance, and its base rate levels effecting January 1, 1993; authority to revise energy reliability index and avoided capacity cost pricing; and review of the reasonableness of Edison's operations during the period from April 1, 1991 through March 31, 1992. This decision resolves the last reasonableness review of Edison's 1991-1992 operations. The decision is limited to the Office of Ratepayer Advocates (ORA) recommended disallowances of certain qualifying facility (QF) contracts. ORA claims Edison overpaid QFs by more than \$20 million because (1) Edison determined capacity factors using monthly capacity factors rather than fifteen-minute capacity factors and (2) Edison paid contract rates for energy delivered in excess of the QF's nameplate rating rather than paying avoided costs. Held: Edison's method of paying QFs was reasonable and followed Commission guidelines. No disallowance is ordered. However, Edison's request for changes in our QF contracts review policy is denied. This proceeding is closed.

(Com Neeper - ALJ Barnett)

(Section 311)

3 R_____ - Order instituting rulemaking (OIR) on the Commission's own motion to consider modifications to the Universal Lifeline Telephone Service (ULTS) program and General Order 153.

This OIR shall consider adopting the following modifications to the ULTS program and GO 153: (1) whether to adopt uniform procedures for use by telecommunications carriers in complying with ULTS program requirements; (2) whether to revise the ULTS program to conform with federal universal service programs; (3) whether to revise the ULTS program to foster competition in the provision of ULTS and competitive choices for ULTS customers; and (4) whether to update GO 153 to reflect changes to the ULTS program that have occurred since GO 153 was adopted in 1984. Opening comments are due on October 9, 1998, and reply comments on October 23, 1998. A formal hearing will be held on a date to be determined by the assigned Commissioner.

(Com Knight - ALJ Kenney)

4 R97-04-011 - Order instituting rulemaking to establish standards of conduct governing relationships between energy utilities and their affiliates. I97-04-012 - Related matter.

This decision imposes a penalty of \$336,000 against Pacific Gas and Electric Company for 18 separate violations of Rule V.F.1 of the Affiliate Transaction Rules. This penalty consists of \$17,500 for each of the four publications of the March 16, 1998, "High Voltage" advertisement and \$19,000 for the publication of each of the fourteen remaining advertisements. The factors we consider in determining the amount of the penalty for each violation include the appropriateness of such a penalty to the size of the business, the gravity of the violation, and the good faith of the person charged in attempting to achieve compliance after having received notification of the violation.

(Coms Bilas/Knight - ALJ Econome)

(SB 960 Experiment: Quasi-legislative Category)

5

A95-02-011 - GTE California Incorporated (GTE).

Application of GTE, pursuant to D90-10-039, for modification of D90-10-039, for modification of D88-09-030 and D89-12-048 to eliminate the requirement for annual rate adjustment filings to reflect the impact of the Uniform System of Accounts (USOA) Rewrite and for modification of Resolution T-15696 to eliminate the USOA required therein of \$11.527 million for 1995. A95-05-018 - Related matter. GTE and Pacific Bell are authorized to discontinue their USOA "Turnaround Adjustment," a revenue requirement adjustment effective January 1, 1995 and to close out their 1996, 1997, and 1998 turnaround memorandum accounts. These proceedings are closed.

(Com Conlon - ALJ Galvin)

(Section 311)

[This item appeared as CA-3 on the agenda distributed to the public.](#)

UTILITIES RESOLUTIONS

ENERGY MATTERS

- E-1 Res E-3539 - Southern California Edison Company (Edison).**
Edison transmits its affiliate transactions compliance plan in accordance with Ordering Paragraph (OP 2) of D97-12-088. Edison's compliance plans were effective upon filing. This resolution rejects portions of Edison's filings and approves other portions. Edison is ordered to file a new Advice Letter to comply with OP 2 of the Decision.
(Advice Letter (AL) 1278-E, filed December 31, 1997 and AL 1278-E-A, filed January 30, 1998)
(Agenda 2993, Item E-2, 5/21/98; Agenda 2994, Item E-2, 6/4/98; Agenda 2996, Item E-1, 7/2/98; Agenda 2997, Item E-2, 7/23/98; Req - Commission)
- E-1a ALTERNATE PAGES TO RESOLUTION E-1.** These alternate pages allow the utility to share the company cafeteria with its affiliates as a corporate support function.
[This item was not listed on the agenda distributed to the public.](#)
- E-2 Res E-3548 - San Diego Gas & Electric Company (SDG&E).**
SDG&E transmits its affiliate transactions compliance plan in accordance with Ordering Paragraph (OP) 2 of D97-12-088. SDG&E's compliance plans were effective upon filing. This resolution rejects portions of SDG&E's filings and approves other portions. SDG&E is ordered to file a new Advice Letter to comply with OP 2 of the Decision.
(Advice Letter (AL) 1068-E/1078-G, filed December 31, 1997 and AL 1068-E-A/1078-G-A, filed January 30, 1998)
(Agenda 2996, Item E-6, 7/2/98; Agenda 2997, Item E-4, 7/23/98; Req - Commission)
- E-2a ALTERNATE PAGES TO RESOLUTION E-2.** These alternate pages allow the utility to share the company cafeteria with its affiliates as a corporate support function.
[This item was not listed on the agenda distributed to the public.](#)

- E-3 Res E-3540 - Pacific Gas and Electric Company (PG&E).**
PG&E transmits its affiliate transactions compliance plan in accordance with Ordering Paragraph (OP) 2 of D97-12-088. PG&E's compliance plans were effective upon filing. This resolution rejects portions of PG&E's filings and approves other portions. PG&E is ordered to file a new Advice Letter to comply with OP 2 of the Decision.
(Advice Letter (AL) 2058-G/1725-E, filed December 31, 1997, AL 2068-G-A/1725-E-A, filed January 30, 1998, AL 2058-G-B/1725-E-B, filed April 20, 1998, and AL 2058-G-C/1725-E-B, filed June 16, 1998)
(Agenda 2996, Item E-7, 7/2/98; Agenda 2997, Item E-5, 7/23/98; Req - Commission)
- E-4 Res G-3238 - Southern California Gas Company (SoCalGas).**
SoCalGas transmits its affiliate transactions compliance plan in accordance with Ordering Paragraph (OP) 2 of D97-12-088. SoCalGas' compliance plans were effective upon filing. This resolution rejects portions of SoCalGas' filings and approves other portions. SoCalGas is ordered to file a new Advice Letter to comply with OP 2 of the Decision.
(Advice Letter (AL) 2661, filed December 31, 1997 and AL 2661-A, filed January 30, 1998)
(Agenda 2996, Item E-8, 7/2/98; Agenda 2997, Item E-6, 7/23/98; Req - Commission)
- E-4a ALTERNATE PAGES TO RESOLUTION E-4.** These alternate pages allow the utility to share the company cafeteria with its affiliates as a corporate support function.
[This item was not listed on the agenda distributed to the public.](#)
- E-5 Res E-3531 - Pacific Gas and Electric Company (PG&E).**
This resolution denies PG&E's request to add a special condition to Schedule E-Exempt that would allow electric customers who select certain irrigation districts as their energy service provider and who take direct access service from PG&E, to be exempt from paying the competition transition charge.
(Advice Letter 1738-E, filed January 29, 1998)
(Agenda 2993, Item E-4, 5/21/98; Agenda 2994, Item E-4, 6/4/98; Agenda 2995, Item E-3, 6/18/98; Agenda 2997, Item E-1, 7/23/98; Agenda 2998, Item E-2, 8/6/98; Req - Commission)

- E-5a** **ALTERNATE RESOLUTION TO E-5.** Approves, with modifications, a special condition to Schedule E-Exempt that would allow electric customers who select certain irrigation districts as their energy service provider and who take direct access service from Pacific Gas and Electric Company, to be exempt from paying the competition transition charge.
(Agenda 2997, Item E-1a, 7/23/98; Agenda 2998, Item E-2a, 8/6/98; Req - Commission)
- E-5b** **ALTERNATE RESOLUTION TO E-5.** Pacific Gas and Electric Company must track the Competition Transition Charge payments of customers of those irrigation districts which have a petition for an interconnection agreement pending at the Federal Energy Regulatory Commission (FERC) until FERC renders its decision. If FERC approves a district's petition, the amount tracked plus interest will be refunded to each customer. If FERC denies a district's petition, the tracking account will be eliminated and no refunds will be made.
- E-6** **Res E-3549 - Kern County Local Agency Formation Commission.**
Request for a Commission opinion on the effect of the proposed formation of McAllister Ranch Irrigation District (MRID) within Pacific Gas and Electric Company's (PG&E) service territory including the establishment of a sphere of influence. This resolution finds that the proposed MRID will not substantially impair PG&E's ability to provide adequate service at reasonable rates in the remainder of PG&E's service territory.
- E-7** **Res E-3552 - San Diego Gas & Electric (SDG&E).**
This resolution approves SDG&E's request of a rate of \$0.02400 per KWH for the month of April 1998 as the monthly average power exchange price.
(Advice Letter 1089-E, filed April 1, 1998)

TELECOMMUNICATIONS MATTERS

C-1 Res T-16193 - Pacific Bell (Pacific).

This resolution grants Pacific's request to permanently close public offices located in El Cajon, Modesto, San Jose, Escondido, Sacramento, Torrance, and Los Angeles (Wilshire), Los Angeles (Atlantic), Chula Vista, Bakersfield, Fullerton, Glendale, and Los Angeles (Lincoln Heights), respectively; and to replace them with authorized payment locations. The resolution specifies conditions that Pacific must meet prior to closing any public offices and requirements that the authorized payment locations must meet in order to satisfy customer concerns.

(Advice Letter (AL) Nos. 19291, 19292, 19293, 19294, 19295, 19296 and 19297, filed March 2, 1998; AL 19451, filed May 26, 1998; AL 19456, 19457 and 19458, filed May 29, 1998; AL 19461, filed June 1, 1998; and AL 19507, filed June 22, 1998)

WATER MATTERS

- W-1** **Res W-4110** - Sierra City Water Works, Inc. and all Class D Water Utilities.
This resolution authorizes facilities fees to fund replacement of plant.

RAIL SAFETY AND CARRIERS RESOLUTIONS

- T-1** **Res ST-38** - This resolution grants approval of a final report of an on-site safety audit of the Los Angeles County Metropolitan Transportation Authority performed by the Rail Transit Safety Section of the Commission's Rail Safety & Carriers Division.

ADMINISTRATIVE LAW JUDGE DIVISION RESOLUTIONS

ALJ-1 **Res ALJ-176-2999** - Ratification of preliminary determinations of category for proceedings initiated by application. The preliminary determinations are pursuant to Article 2.5, Rules 4 and 6.1 of the Commission's Rules of Practice and Procedure. (See also Rule 63.2(c) regarding notice of assignment.)

LEGAL DIVISION MATTERS

LEGISLATIVE MATTERS

HLEG-1 AB 284 (Baca), as amended June 22, 1998. Would amend existing law to require notification to the subscriber by mail of a change in the subscriber's residential telephone service provider and to require, if verification procedures are violated, a credit on the subscriber's bill for any excess charges.
(Agenda 2997, Item LEG-1, 7/23/98; Agenda 2998, Item HLEG-1, 8/6/98; Req - Commission)

HLEG-2 SB 378 (Peace), as amended June 22, 1998. Would establish provisions in the Public Utilities Code prohibiting the inclusion in the subscriber's telephone bill of unauthorized charges for products and services ("cramming") and governing the resolution of disputes over such charges.
(Agenda 2997, Item LEG-2, 7/23/98; Agenda 2998, Item HLEG-2, 8/6/98; Req - Commission)

LEG-1 SB 1757 (Peace), as amended August 24, 1998. Among other things, would 1) prohibit the Commission, prior to January 1, 2000, from enacting any gas industry restructuring decisions, as described, and 2) specify the respective roles of the Commission and the Electricity Oversight Board regarding the agencies' participation in proceedings before the Federal Energy Regulatory Commission and require a memorandum of understanding between the agencies.
[This item was not listed on the agenda distributed to the public.](#)

LEG-2 SB 779 (Calderon), most recently amended August 25, 1998. This bill would 1) greatly expand judicial review of Commission decisions, 2) provide for additional notice and comment periods for many more items on the Commission's agenda, (3) provide for Office of Administrative Law review of changes to the Commission's Rules of Practice and Procedure, and 4) continue the SB 960 reforms indefinitely by eliminating the January 2002 sunset.
[This item was not listed on the agenda distributed to the public.](#)

COMMISSIONERS' REPORTS

Commissioner Conlon

- Electric Matters
- Transportation Matters

Commissioner Knight

- Telecommunications Matters

Commissioner Duque

- Water Matters
- Administrative Matters

Commissioner Neeper

- Consumer Protection Matters

President Bilas

- Natural Gas Matters

EXECUTIVE DIRECTOR'S REPORT

Wesley M. Franklin, Executive Director

GENERAL COUNSEL'S REPORT

Peter Arth, Jr., General Counsel

DIRECTORS' REPORTS

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Administrative Law Judge Division

Paul Clanon, Director
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Jack Leutza, Director
Telecommunications Division

Dean J. Evans, Director
Water Division

Kenneth L. Koss, Director
Rail Safety and Carriers Division

William Meyer, Director
Strategic Planning Division

Elena Schmid, Director
Office of Ratepayer Advocates

William Schulte, Director
Consumer Services Division

Michael A. Doyle, Representative
Southern California

Robert T. Feraru
Public Advisor

CLOSED SESSION

This notice is furnished under Government Code Section 11126.3. The Commission will meet in Closed Session following the Public Session of its regularly scheduled meeting. In the Closed Session, the Commission may consider institution of proceedings and pending litigation as provided under Government Code Section 11126(p) and (q), and personnel matters as provided under Government Code Section 11126(a). Items to be considered under Government Code Section 11126(p), 11126(q)(2) and (3) and 11126(a) are not required to be made public. The list of items on the following pages, to be considered under Government Code Section 11126(q) (1), are required by the Government Code to be made public. If in Closed Session the Commission votes to appoint, employ, or dismiss a public employee, the Commission will thereafter reconvene in Open Session to make the disclosures required by Government Code Section 11125.2 and 11126.3(f).

APPELLATE SECTION ITEMS**ORDERS HELD OVER**

- HEX-1** **C94-09-038** - Disposition of application for rehearing of D98-03-078 filed by the Larkfield Water Company challenging the imposition of installation costs for backflow prevention devices on it and not the ratepayers or the complainant herein.
(Agenda 2995, Item EX-9, 6/18/98; Agenda 2996, Item HEX-6, 7/2/98; Req - Commission)
- HEX-2** **R96-11-004** - Disposition of the application for rehearing of D98-03-036 filed by the California Municipal Utilities Association, with response in support filed by the City and County of San Francisco. The California Municipal Utilities Association challenges the Commission's jurisdiction to impose on publicly-owned utilities distribution facility maintenance and inspection standards initially proposed for investor-owned utilities in D97-03-070.
(Agenda 2994, Item EX-6, 6/4/98; Agenda 2995, Item HEX-5, 6/18/98; Agenda 2996, Item HEX-3, 7/2/98; Agenda 2997, Item HEX-2, 7/23/98; Agenda 2998, Item HEX-2, 8/6/98; Req - Commission)

HEX-3 **I _____** - Order institutes an investigation into whether the Pacific Gas and Electric Company has violated: Section 451 of the Public Utilities Code and General Order 95 by not maintaining required tree-line clearances; and Rule One of the Commission's Rule of Practice and Procedure in that incomplete information was allegedly provided to agency staff in connection with reviewing program funding and expenditures. The Consumer Services Division has declarations which it advances as cause to open the investigative proceeding in order to provide the necessary forum to air the allegations and consider whether any fines are appropriate.
(Agenda 2998, Item EX-7, 8/6/98; Req - Commission)

ORDERS

- EX-1** Compilation of Applications for Rehearing filed with the Commission and Petitions filed with the California Supreme court since the last Commission Conference.
- EX-2** **I89-07-004, A91-02-092, A91-07-004, A91-08-028** - Disposes of application for rehearing by Watson Cogeneration Company of D95-09-117, which dealt with protests to the avoided cost postings filed in April 1995 by San Diego Gas & Electric Company, Pacific Gas and Electric Company, and Southern California Edison Company (Edison); and a protest to the posting by Edison of June 12, 1995.
- EX-3** **A92-05-002, A92-05-004** - Disposition of applications for rehearing by The Utility Reform Network and MCI Communications Corp. of D94-06-011, the First Triennial Review of the operations of the incentive-based regulatory framework adopted in D89-10-031.
- EX-4** **C97-08-004** - Disposition of application for rehearing of D98-05-057 filed by the Garcia Development Company (Garcia). In D98-05-057, the Commission approved a new tariff under which San Jose Water Company (SJWC) would provide raw water service. Garcia alleges the following legal errors: (1) The Commission improperly relaxed the burden of proof and thereby exempted SJWC from the Public Utility Code section 451 requirement that it prove the reasonableness of the proposed rate; (2) The Commission incorrectly considered facts outside the record by utilizing figures from SJWC's last rate case; (3) Absent the figures from the SJWC's last rate case, there was insufficient evidence to support the rate adopted; and (4) The Commission acted inconsistently by referencing a recycled rate in setting a raw water rate.

- EX-5** **A96-09-012** - Disposition of application for rehearing of D98-05-060, filed by GTE California Incorporated (GTEC). Applicant requests that the Commission grant rehearing of D98-05-060, the Commission's opinion denying GTEC's petition to modify D97-01-045. GTEC submits its application in part to preserve its statutory right to federal court review of the unbundled network elements (UNEs) recombination issue, addressed in D98-05-060, in its pending federal action. See, GTE California Inc. v. Conlon et al., Case No. C-97-1757 SI. GTEC also claims that in D98-05-060 the Commission erred in its conclusion that GTEC voluntarily agreed to rebundle UNEs. GTEC further alleges that it is legal error for a state commission to treat as a waiver an agreement by an incumbent local exchange carrier to rebundle UNEs if the agreement was made during the period when the Federal Communications Commission's rules requiring rebundling were still binding.
- EX-6** **A96-08-041** - Disposition of application for rehearing of D98-06-074, filed by GTE California Incorporated (GTEC). Applicant requests that the Commission grant rehearing of D98-06-074, the Commission's opinion denying GTEC's petition to modify D97-01-022. GTEC submits its application in part to preserve its statutory right to federal court review of the unbundled network elements (UNEs) recombination issue, addressed in D98-06-074, in its pending federal action. See, GTE California Inc. v. Conlon et al., Case No. C-97-1756 SI. GTEC also claims that in D98-06-074 the Commission improperly concluded that the UNEs issue was not properly presented by GTEC. GTEC further alleges that the Commission erred by failing to apply the futility doctrine in considering GTEC's petition to modify D97-01-022.
- EX-7** **R94-04-031, I94-04-032** - Disposition of Pacific Gas and Electric Company's (PG&E) application for rehearing of D96-12-025, in the Commission's electric restructuring docket. PG&E requests that the Commission reassign disallowances and settled amounts in reasonableness disputes to the Energy Cost Adjustment Clause and not the Electric Deferred Refund Account."

FEDERAL SECTION ITEMS

- FEX-1** A monthly summary of recent developments in Federal Agency and Federal court Cases in which the California Public Utilities Commission is a party or has intervened.

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AND
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