

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

**ENERGY DIVISION**

**RESOLUTION E-3584**  
**DECEMBER 17, 1998**

**RESOLUTION**

**RESOLUTION E-3584. PACIFIC GAS AND ELECTRIC COMPANY (PG&E) REQUESTS APPROVAL OF LANGUAGE TO MODIFY PRELIMINARY STATEMENT PART BB—*COMPETITION TRANSITION CHARGE RESPONSIBILITY FOR ALL CUSTOMERS AND CTC PROCEDURE FOR DEPARTING LOADS* TO CLARIFY THE COMPETITION TRANSITION CHARGE (CTC) RESPONSIBILITIES OF CUSTOMERS THAT DEPART TO TAKE SERVICE FROM IRRIGATION DISTRICTS WITH EXEMPTIONS DESCRIBED IN PUBLIC UTILITIES CODE SECTION 374 (a)(1). SPECIFICALLY, PG&E REQUESTS CLARIFICATION ON HOW THE 50 PERCENT AGRICULTURAL PUMPING REQUIREMENT OF PU CODE SECTION 374 (a)(1)(D) IS TO BE APPLIED AND IMPLEMENTED. APPROVED WITH MODIFICATIONS.**

**BY ADVICE LETTER 1806-E, FILED ON SEPTEMBER 21, 1998.**

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**SUMMARY**

1. On September 21, 1998, PG&E filed Advice Letter 1806-E requesting clarification on the CTC exemptions for departing customers that take service from irrigation districts. Specifically, PG&E wants confirmation on the method for applying the 50 percent agricultural pumping requirement stipulated in Public Utilities Code Section 374 (a)(1)(D).
2. Protests were filed by the Office of Ratepayer Advocates (ORA) on October 13, 1998, California Farm Bureau Federation on October 13, 1998, Laguna Irrigation District and Fresno Irrigation District on October 13, 1998, South San Joaquin Irrigation District October 12, 1998, Modesto Irrigation District on October 12, 1998, Agricultural Energy Consumers Association (AECA) on October 13, 1998, and California Energy Commission (CEC) staff on October 16, 1998.
3. This Resolution approves PG&E's request for a clarification on the how the 50 percent requirement of PU Code Section 374 (a)(1)(D) should be applied. PG&E's

preference that the 50 percent agricultural pumping requirement be complied with on an ongoing-basis is denied in favor of an annual approach.

4. This Resolution rejects PG&E's position that the pumping of hydraulic fluids should not be considered pumping for the purpose of satisfying the 50 percent requirement.
5. The dispute resolution process outlined in E-TD and E-TDI schedules and adopted in Decision (D.)97-09-047 will be used to resolve future disputes concerning what is to be considered agricultural pumping for the purpose of meeting the criteria for CTC exemption qualification under PU Code Section 374(a)(1)(D).

### **BACKGROUND**

1. Assembly Bill (AB) 1890 (Stats. 1996, Ch. 854) added Section 374 (a)(1) to the PU Code<sup>1</sup>. Section 374 exempts a limited amount of utility load served by irrigation districts (ID) from the Competition Transition Charge (CTC) payment during the period prior to April 1, 2002.
2. Section 374 (a)(1) provides that 110 megawatts of load served by the irrigation districts is to be exempt from CTC payments. The 110 MW of load is to be allocated among the service territories of the three largest electrical corporations in proportion to the number of irrigation districts in the particular utility's service area<sup>2</sup>. Section 374 (a)(1) grants the CEC the discretion to allocate the CTC exemptions. The CTC allocation was based upon exemption applications submitted to the CEC by the irrigation districts. Interested irrigation districts provided detailed information regarding how the load is to be served and the irrigation district's organization for electric distribution, contracts, financing and engineering plans for capital facilities. On March 26, 1997, the CEC granted CTC exemptions to: Modesto Irrigation District (35 MW), Fresno Irrigation District (20 MW), Laguna Irrigation District (8 MW), South San Joquin Irrigation District (8MW), and Pixley Irrigation District (15 MW) (CEC Decision, Docket No. 96-IRR-1890)<sup>3</sup>.
3. On December 24, 1996, the CEC issued the Instructions for Applications for Irrigation District Exemption Allocations (Instructions). The Instructions state that the agricultural pumping load requirement would be satisfied if the load met a two-pronged test. The two-pronged test is the demonstration that the load is: 1) agricultural, and 2) pumping.

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<sup>1</sup> All sections are to the Public Utilities Code Sections unless otherwise noted.

<sup>2</sup> The CTC exemption allocation provided PG&E with 71 MW, Southern California Edison with 30 MW, and San Diego Gas & Electric Company with 9 MW.

<sup>3</sup> All except Pixley Irrigation District are within PG&E's service territory.

4. For the purpose of CTC exemption allocation, the CEC defined a megawatt of load as “the average of the customer’s monthly maximum loads metered or estimated during the most recent 12-month period regardless of the season or time of day that peak demand occurred” (Instructions, page 2). The irrigation district’s total megawatt load for exemption purposes is the 12-month average of the customer’s maximum demand.
5. Section 374 (a)(1)(D) stipulates that 50 percent of each year’s allocation to an irrigation district must be applied to that portion of load that is used to power pumps for agricultural purposes.
6. In order to determine the irrigation district’s ability to meet the 50 percent agricultural pumping load requirement, the CEC adopted a definition of load to be regarded as agricultural. The CEC instructions for determining agricultural pumping load state:

Load will be regarded as agricultural if it receives agricultural rates from PG&E or Edison, or can demonstrate it is eligible for agricultural rates under either the PG&E or Edison agricultural schedules (Instructions, page 3).

7. The CEC included a Footnote 1 to this definition that states:

An applicant may identify a load as “agricultural” even though it does not qualify for an agricultural tariff. However, in such a case the burden is on the Applicant to justify fully to the Commission why the load should be considered agricultural. (Instructions, page 3).

No exemption allocations were issued based on Footnote 1.

8. To address the second part of the two-pronged test regarding pumping, the CEC instructions state: “While agricultural pumping load is not limited to the pumping of water, loads for the compression of refrigerants are not considered to be pumping load (Instructions, page 3).
9. Section 374 (a)(1) does not specify how CTC exemptions are to be applied and enforced.
10. On September 21, 1998, PG&E filed Advice Letter 1806-E requesting confirmation on the method for applying the 50 percent agricultural pumping requirement stipulated in Section 374 (a)(1)(D). PG&E described three interpretations of how the 50 percent requirement could be implemented: the ‘not necessary’ approach, the annual approach, and the ongoing-basis approach. PG&E also asked for clarification as to whether hydraulic equipment loads qualify as agricultural pumping for the purposes of meeting the 50 percent agricultural pumping requirement.

11. PG&E proposes: 1) amending Section 3e.8 of Preliminary Statement Part BB to state that the 50 percent agricultural pumping requirement be satisfied on an ongoing-basis and 2) confirming PG&E's position that pumping of hydraulic fluids not be considered agricultural pumping for the purpose of satisfying the 50 percent requirement.

### NOTICE

1. In accordance with Section III, Paragraph G, of General Order No. 96-A, Advice Letter 1806-E was served on other utilities, government agencies and all interested parties. Public notice of this filing was made by publication in the Commission's Calendar.

### PROTESTS

1. Protests to Advice Letter 1806-E were filed with the Energy Division by ORA, California Farm Bureau Federation, Laguna Irrigation District and Fresno Irrigation District, South San Joaquin Irrigation District, Modesto Irrigation District, Agricultural Energy Consumers Association (AECA), and the CEC staff. The irrigation districts and AECA recommend that PG&E's filing is rejected in its entirety. The California Farm Bureau Federation and the CEC staff urge the adoption of Advice Letter 1806-E with modifications. ORA's position is discussed below
2. PG&E filed a response to protests on October 26, 1998.
3. The following are the issues in this Advice Letter and the parties' position with regard to each:

#### Is this matter within the proper jurisdiction of the California Public Utilities Commission?

4. The CEC staff considers the allocation of CTC exemptions and the definition of pumping for agricultural purposes as an area within its jurisdiction. However, the enforcement and implementation of CTC exemptions is beyond the AB 1890 authority granted to the CEC. CTC exemption implementation and enforcement is appropriately addressed by the Commission.
5. South San Joaquin, Laguna, Fresno, and Modesto Irrigation Districts dispute Commission jurisdiction over the CTC exemptions granted to irrigation districts.
6. In response to protests, PG&E states that the Commission is the proper authority to handle CTC exemption implementation. It argues that while certain issues regarding CTC exemption allocation could be deferred to the CEC, the ultimate decision

regarding PG&E tariffs and CTC exemptions is under the jurisdiction of the Commission.

What is the appropriate method for applying the 50 percent agricultural pumping requirement specified in Section 374 (a)(1)(D)?

7. The CEC staff advocates a minor variation of the ongoing-basis approach. The CEC staff advises a 30 day timeframe or a billing period, rather than a real-time basis, to allow for the matching of non-agricultural and agricultural loads (i.e. a "true-up" of loads).
8. South San Joaquin, Laguna, Fresno, and Modesto Irrigation Districts as well as the AECA reject PG&E's proposal of an ongoing-basis approach in favor of an annual approach<sup>4</sup>. The districts and AECA argue that the annual approach complies with the statutory intent. Additionally, the annual approach would allow for flexibility and business planning.
9. The California Farm Bureau Federation advocates an ongoing-basis approach in support of PG&E's proposal.
10. ORA supports neither the annual nor the ongoing-basis approach because it cannot determine the exemption amounts, who will pay, and the overall effects on the non-exempt customers. ORA proposes contracts for service as an alternative.
11. In response to protests, PG&E reiterates its preference for the ongoing-basis approach and agrees with the CEC staff's modification to match agricultural pumping load with non-agricultural load on a 30 day period. PG&E says that it would concede to an annual matching of load if the irrigation districts agree to serve as guarantors of CTC payments under circumstances where an irrigation district fails to meet the 50 percent requirement.

Does the pumping of hydraulic fluids qualify as agricultural pumping for purposes of satisfying the 50 percent requirement established in Section 374 (a)(1)(D)?

12. The CEC staff rejects PG&E's proposition that hydraulic load should not be considered agricultural pumping. The CEC determined the boundaries of agricultural pumping in the course of the exemption allocation process. It deliberately chose not to specify activities that do and do not qualify. The only exception included a specification stating that loads for the compression of refrigerants are not considered

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<sup>4</sup> Ongoing-basis means that PG&E would only agree to a CTC exemption for a departing customer with a non-agricultural load if the irrigation district has already applied a corresponding amount of its CTC exemptions to agricultural pumping load. Real-time in relation to the ongoing-basis approach would require that loads are matched at all times. The 30 day ongoing-basis approach requires that loads be matched at the end of a 30 day period. The annual approach would require the matching of non-agricultural and agricultural loads by the end of each calendar year.

pumping loads. The CEC considered a range of activities, including hydraulic pumping, and only pumping load associated with refrigerants was rejected. It therefore rejects PG&E's hydraulic pumping clarification proposition as inconsistent with the CEC decision.

13. South San Joaquin, Laguna, Fresno, and Modesto Irrigation Districts as well as the AECA argue that hydraulics have already been considered by the CEC and determined to be agricultural.
14. California Farm Bureau Federation advocates using the dispute resolution process described in the E-TD and E-TDI schedules adopted by Decision D.97-09-047 for settlement of disputes concerning which activities qualify as agricultural pumping.
15. In response to protests, PG&E concedes to the CEC staff's clarification regarding hydraulic loads.

## **DISCUSSION**

### **Commission Jurisdiction**

1. South San Joaquin, Laguna, Fresno, and Modesto Irrigation Districts dispute Commission jurisdiction over CTC exemptions granted to irrigation districts.
2. The CEC staff describes a jurisdictional demarcation between "refining the definition" of agricultural pumping and the "implementation and enforcement" of CTC exemptions. The CEC staff considers the allocation of CTC exemptions and the definition of pumping for agricultural purposes as an area within its jurisdiction. However, the enforcement and implementation of CTC exemptions is beyond its AB 1890 authority.
3. CTC exemption implementation and enforcement is appropriately addressed by this Commission. Commission tariffs govern departing load. Clarifications regarding these tariffs are appropriately addressed to this Commission. As PG&E stated in its response to protests, even if certain issues, such as the definition of agricultural pumping, are deferred to the CEC, the authority to approve, oversee and resolve disputes concerning PG&E tariffs will ultimately lie with the Commission.
4. The protests of South San Joaquin, Laguna, Fresno, and Modesto Irrigation Districts on the issue of Commission jurisdiction are denied.

Hydraulic Loads

5. The Commission defers to the CEC staff's recommendation concerning the qualification of hydraulic loads for the purpose of meeting the 50 percent requirement of Section 374(a)(1)(D). The CEC staff rejects PG&E's proposition as inconsistent with its decision. In response to protests, PG&E states that it is willing to accede to the CEC staff's interpretation of hydraulic loads. This Commission is in agreement that hydraulics loads can be counted as agricultural pumping to meet the 50 percent requirement.
6. The California Farm Bureau Federation states that a single decision on a particular activity will not end disputes concerning what is and is not agricultural pumping. PG&E agrees that future disagreement over what qualifies as agricultural pumping will continue. The Farm Bureau recommends the dispute resolution process created for the E-TD and E-TDI schedules adopted by D.97-09-047.
7. The dispute arbitration approach is a suitable method for assigning load to agricultural pumping and non-agricultural pumping categories. Future disagreements between PG&E and the irrigation district over which loads qualify as agricultural pumping for the purpose of meeting the criteria in Section 374(a)(1)(D) will therefore refer to the dispute resolution process adopted by D.97-09-047 (Attachment 1 of Appendix B, Pages 37-38).
8. PG&E agrees that the dispute resolution process adequately manages disputes concerning agricultural pumping. However, PG&E comments, in response to protests, that this approach will not limit the overall number of disagreements. For this reason, PG&E requests that this Commission provides a specific definition as to what exactly qualifies as agricultural pumping.
9. PG&E's original advice letter 1806-E only addresses the subject of hydraulic loads and not the broader definition of agricultural pumping and the CEC's Footnote 1. This Resolution will not expand the topic to include the issues surrounding agricultural pumping as it relates to the two-pronged test and Footnote 1 created by the CEC. Rather than refine the agricultural pumping definition in this Resolution, disagreements concerning this issue will refer to the dispute resolution process. If PG&E wants clarification regarding the agricultural pumping definition it should make such a request in a new advice letter. This will provide all parties with the opportunity to protest new issues that were not raised in PG&E's original Advice Letter filing.
10. Since PG&E accedes to the CEC staff's interpretation of hydraulic pumping loads, this issue is moot.

Implementation of the 50 percent Requirement

11. In Advice Letter 1806-E, PG&E asks for clarification on how the 50 percent agricultural pumping requirement should be applied with regard to timing. PG&E describes three interpretations of how the 50 percent requirement could be implemented: the 'not necessary' approach, the annual approach, and the ongoing-basis approach. No party advocates the 'not necessary' approach described by PG&E. PG&E states a predilection for a matching of agricultural and non-agricultural load (a "true-up") on an ongoing-basis. This approach would mandate that at least half of the CTC exemption allocated to an irrigation district must be allied to agricultural pumping on an ongoing-basis. This means that PG&E would only agree to a CTC exemption for a departing customer with a non-agricultural load if the irrigation district has already allied a corresponding amount of its CTC exemptions to agricultural pumping load. In response to the CEC staff's suggestion, PG&E has agreed to a true-up on a 30 day period or a billing period as opposed to its original request for a real-time true-up.
12. PG&E advocates this approach on the grounds that the ongoing-basis application implements the intent of the AB 1890, would be easier to administer, and is more equitable for PG&E's remaining ratepayers. The Farm Bureau and the CEC staff concur. The ongoing-approach is not inherently simpler and more equitable, but is premised on PG&E's assumption of a scenario where agricultural pumping load is insufficient to warrant exemption status.
13. The annual approach, advocated by the districts and the AECA, would stipulate that 50 percent of an irrigation district's CTC allocations must be allied to agricultural pumping by the end of a given year. Under this approach, PG&E would permit CTC exemptions for departing load customers without requiring that non-agricultural load has a corresponding amount of agricultural pumping load. This method would require a true-up at the end of each calendar year. In the case that the irrigation district fails to meet the 50 percent requirement, PG&E would undertake retroactive CTC collection for that amount of non-agricultural departing load that lacks a corresponding amount of agricultural pumping load.
14. PG&E objects to collecting retroactive CTC payments from customers that have chosen to take service from irrigation districts. PG&E states that this approach would be acceptable if the irrigation districts serve as a guarantor of CTC payments. Under this proposal, if the irrigation district fails to meet the 50 percent requirement by the end of the year, PG&E would not have to approach customers for CTC payments.
15. The irrigation districts oppose PG&E's proposal for an ongoing-basis application of the 50 percent requirement. They argue that the annual approach is consistent with the intent of the law. They maintain that an ongoing-basis application is too stringent and has the potential to impose a degree of inflexibility that would hinder business



planning and efforts to compete for customers.

16. Section 374 (a)(1)(D) states:

At least 50 percent of each year's allocation to a district shall be applied to that portion of load that is used to power pumps for agricultural purposes.

The Commission considers an annual application of the 50 percent requirement more consistent with the language of AB 1890 than the ongoing-basis approach.

17. PG&E states that it is agreeable to the annual approach under the condition that the irrigation districts serve as a guarantor of the CTC payments. Such indemnification would relieve PG&E of the responsibility of collecting retroactive CTC payments in the event that the irrigation district fails to apply half of its CTC exemptions to agricultural pumping. While it may be awkward for PG&E to approach customers for retroactive CTC payments at the end of a year, PG&E tariffs clearly state that PG&E has responsibility for CTC collection.

18. PG&E's obligation is generally described in Preliminary Statement BB.4. Specifically, BB.4.c. provides for the Departing Load CTC bill and states:

By no later than 20 days after receipt from a customer of notice, PG&E shall mail or otherwise provide the customer with a Departing Load CTC Statement containing all of the information described in Paragraph 5 below, Departing Load CTC statements, together with any applicable confirmation of the customer's CTC exemption claim per Section 372 or 374 of the Public Utilities Code" (Cal P.U.C. Sheet No. 14965-E).

19. The following Preliminary Statement Sections pertain directly to PG&E's relationship with departing load customer's and their CTC obligations:

- Part BB.4.d provides for the Departing Load CTC Agreement
- Part BB.4.e discusses the Customer Obligation to Pay CTC
- Part BB.4.f. describes dispute resolution
- Part BB.4.h. provides that a utility can demand a deposit if the customer gets behind in payments
- Part BB.4.j. discusses the demand for a lump sum payment
- Part BB.4.k. provides that a utility can sue a customer for failure to pay CTC.

20. Given the obligation of PG&E to collect CTC payments from departing load customers, PG&E's request to mandate that the irrigation districts guarantee CTC payments for their customers is denied.

21. Statement BB.4.c mandates that a statement of CTC responsibility be issued by PG&E to departing load customers at the time of notification. To minimize the discomfort of collecting retroactive CTC from customers in the event that the irrigation district fails to satisfy the 50 percent requirement, PG&E may consider issuing periodic statements to customers that have departed. The statement would confirm the customer's exemption status and inform the customer of the amount of CTC exemption for which the customer is liable in the event of exemption disqualification. This information could be added to the monthly bill for Nuclear Decommissioning and Public Purpose Programs that PG&E already issues to customers that depart. Currently, PG&E tells the customer of CTC responsibility when notified of departure. The customer is aware of this obligation to pay. PG&E maintains a relationship with the customers through monthly bills for Nuclear Decommissioning and Public Purpose Programs. Therefore, a statement of CTC status could serve to prepare the customers for possible CTC payment as well reduce PG&E's discomfort when approaching customers for payment.
22. Application of the 50 percent pumping requirement of Section 374(a)(1)(D) will be executed on an annual basis. Irrigation districts will not be asked to guarantee CTC payments for departing load customers. In the event that an irrigation district fails to meet the 50 percent requirement, PG&E has full responsibility for collection of retroactive CTC payments from customers that have received a CTC exemption.
23. The following language shall be added to the second paragraph of Preliminary Statement Part BB.3.e.8. -- Competition Transition Charge Responsibility for All Customers and CTC Procedure for Departing Loads:

*For each irrigation district that received an allocation of CTC exemptions from the California Energy Commission, it is required that the CTC exemptions applied to pumping load used for agricultural purposes must equal the CTC exemptions applied to non-agricultural pumping loads by the end of each calendar year.*

## **FINDINGS**

1. By Advice Letter 1806-E, PG&E requests confirmation on the method for applying the 50 percent agricultural pumping requirement stipulated in Section 374 (a)(1)(D). PG&E proposes applying the 50 percent agricultural pumping requirement on an ongoing basis. PG&E's requests that pumping of hydraulic fluids not be considered agricultural pumping for the purpose of satisfying the 50 percent requirement.
2. Protests to Advice Letter 1806-E were filed with the Energy Division by the Office of Ratepayer Advocates, California Farm Bureau Federation, Laguna Irrigation District and Fresno Irrigation District, South San Joaquin Irrigation District, Modesto

Irrigation District, AECA, and the CEC staff.

3. South San Joaquin, Laguna, Fresno, and Modesto Irrigation Districts (Irrigation Districts) and the AECA recommend that the Commission reject Advice Letter 1806-E in its entirety.
4. The Irrigation Districts dispute Commission jurisdiction over the CTC exemptions granted to irrigation districts.
5. While AB 1890 grants authority over allocation of CTC exemptions to the CEC, the implementation and enforcement of CTC exemptions is within Commission jurisdiction. CTC exemption implementation and enforcement is appropriately addressed by this Commission. Commission tariffs govern departing load. Clarifications regarding these tariffs are appropriately addressed to this Commission. Even if certain issues, such as the definition of agricultural pumping, are deferred to the CEC, the authority to approve, oversee, and resolve disputes concerning PG&E tariffs ultimately lie with the Commission.
6. Protest by irrigation districts regarding Commission jurisdiction over CTC exemptions, is denied.
7. The California Farm Bureau Federation urges the adoption of Advice Letter 1806-E with modifications concerning a dispute resolution process.
8. The dispute resolution process created for the E-TD and E-TDI schedules adopted by D.97-09-047 is a suitable method for assigning load to agricultural pumping and non-agricultural pumping categories. Future disagreements over which loads qualify as agricultural pumping for the purpose of meeting the criteria in Section 374 (a)(1)(D) will therefore refer to the dispute resolution process adopted by D.97-09-047 (Attachment 1 of Appendix B, Pages 37-38).
9. Farm Bureau's proposal, as stated in its protest, for referring future disagreements concerning agricultural pumping to the dispute resolution process adopted by D.97-09-047, is granted.
10. The CEC staff recommends a variation of the ongoing-basis application requiring a true-up on a 30 day basis. It rejects PG&E's proposal that hydraulic loads should not be considered agricultural pumping.
11. The CEC staff's recommendation that hydraulic loads be considered agricultural pumping is adopted.
12. In response to protests, PG&E accedes to the CEC staff's interpretation that hydraulic loads should be considered agricultural pumping for the purpose of

satisfying the 50 percent requirement. This issue is moot.

13. PG&E's request for clarification regarding the definition of agricultural pumping as it relates to the CEC's two-pronged test and Footnote 1 is denied without prejudice.
14. PG&E advocates applying the Section 374 (a)(1)(D) 50 percent requirement on an ongoing-basis. The irrigation districts oppose this proposal and advocate a true-up of agricultural and non-agricultural load on an annual basis.
15. Section 374 (a)(1)(D) stipulates that:

At least 50 percent of each year's allocation to a district shall be applied to that portion of load that is used to power pumps for agricultural purposes.
16. An annual application of the 50 percent requirement is more consistent with the language of AB 1890 as set forth in Section 374 (a)(1)(D) than an ongoing-basis approach.
17. The irrigation districts' and AECA's protests in support of an annual application of the 50 percent requirement are granted.
18. PG&E's proposal for an ongoing-basis application of the 50 percent requirement is denied.
19. Farm Bureau and CEC Staff's protests supporting the ongoing-basis approach are denied.
20. ORA's protest in support of establishing contracts of service is denied.
21. PG&E requests that the irrigation districts guarantee CTC payments to relieve it of responsibility to collect retroactive CTC payments in the event that the 50 percent requirement is not satisfied.
22. PG&E tariffs clearly state that PG&E has responsibility for CTC collection. PG&E's obligation is described in Preliminary Statement BB. 4 of its tariffs.
23. Where an irrigation district fails to meet exemption requirements by year end, PG&E must collect retroactive CTC payments.
24. PG&E notifies the customers upon departure of its CTC responsibility in the event of exemption disqualification.
25. PG&E can send periodic statements to customers regarding their CTC exemption status and reminding them of possible future CTC obligations.

26. PG&E's request that irrigation districts guarantee CTC payments is denied.
27. PG&E's request as modified herein is reasonable.

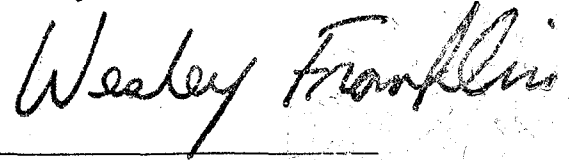
**THEREFORE, IT IS ORDERED THAT:**

1. PG&E's Advice Letter 1806-E requesting approval of language modification to Preliminary Statement Part BB.3.e.8. -- *Competition Transition Charge Responsibility for All Customers and CTC Procedure for Departing Loads* to clarify the Competition Transition Charge (CTC) responsibilities of customers that depart to take service from irrigation districts with exemption described in Section 374(a)(1) is approved subject to the following modifications:
  - A) The following language shall be added to the second paragraph of Preliminary Statement Part BB.3.e.8:

*For each irrigation district that received an allocation of CTC exemptions from the California Energy Commission, it is required that the CTC exemptions applied to pumping load used for agricultural purposes must equal the CTC exemptions applied to non-agricultural pumping loads by the end of each calendar year.*
  - B) PG&E shall collect CTC payments from departing load customers pursuant to Preliminary Statement BB.4.
2. Should PG&E choose to implement the tariff modifications approved by this Resolution, it shall file a supplemental Advice Letter incorporating the tariff changes described herein within 10 days of the effective date of this Resolution. This Advice Letter shall become effective after it has been reviewed by the Energy Division and found to be in compliance with this Resolution.
3. Supplemental Advice Letter 1806-E shall be marked to show that it was approved by Commission Resolution E-3584. If PG&E declines to accept the modifications and conditions set forth in Ordering Paragraph 1 of this Resolution, Advice Letter 1806-E is denied.
4. The protests to Advice Letter 1806-E are resolved as described in the Findings of this Resolution.
5. This Resolution is effective today.

December 17, 1998

I certify that this foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on December 17, 1998; the following Commissioners voting favorably thereon:



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WESLEY M. FRANKLIN  
Executive Director

RICHARD A. BILAS  
President

P. GREGORY CONLON

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

Commissioners