

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

**ENERGY DIVISION**

**RESOLUTION E-3593  
APRIL 1, 1999**

**RESOLUTION**

**RESOLUTION E-3593. ELECTRICAL ENERGY PAYMENT DEFERRAL PLAN FOR CITRUS PRODUCERS. THIS RESOLUTION AUTHORIZES PACIFIC GAS AND ELECTRIC COMPANY (PG&E) AND SOUTHERN CALIFORNIA EDISON COMPANY (SCE) TO DEFER PAYMENT OF 50% OF THE ELECTRIC BILLS OF QUALIFYING CITRUS GROWERS FOR A PERIOD OF TWELVE MONTHS. PG&E AND SCE MAY FILE ADVICE LETTERS IMPLEMENTING THIS RESOLUTION WITHIN 10 DAYS.**

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**SUMMARY**

1. Assemblymember Reyes introduced Assembly Concurrent Resolution (ACR) No. 6 which requests the Commission to cooperate with the state's public utilities in immediately approving advice letter filings to establish appropriate payment deferral programs for citrus growers whose crops were destroyed as a result of the cold storms and consequent frost damage that occurred in December 1998. The ACR also requests the Commission to authorize recovery for the actual administrative costs, with the exception of interest foregone on deferred amounts incurred by the state's public utilities as a result of this program.
2. This Resolution authorizes Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE) to file Advice Letters in compliance with this Resolution.

**BACKGROUND**

1. On October 11, 1991, the Commission issued Resolution E-3245 which ordered PG&E, SCE, and San Diego Gas & Electric Company

(SDG&E) to file Advice Letters in Compliance with Public Utilities Code (PUCODE) Section 744.5. PUCODE Section 744.5.

2. The Legislature found and declared that the freezing weather during December 1990 and January 1991 caused particularly extensive damage to the citrus and avocado crops in California. It also found and declared that the extreme drought conditions compounded the situation, resulting in greater energy usage and higher costs. It was the intent of the Legislature that citrus and avocado growers be eligible for deferred electrical energy payments for bills incurred between June 1, 1991 and March 31, 1992.
3. PUCODE Section 744.5 provided that growers who qualified as defined in the section would defer up to fifty percent (50%) of their monthly bill, without interest to them, attributable to the production of citrus and avocados. After March 31, 1992, the growers would then pay the deferred amounts in up to eighteen equal monthly payments in addition to their regular monthly bills from that time onwards.
4. PUCODE Section 744.5 provided certain conditions and documentation requirements. An "agricultural producer" is defined by the previously enacted Code Section 744 (a). The deferrable electrical energy bill is defined in the new Section 744.5 (e) (1) as "up to 50 percent of each electricity bill incurred during the deferral period on accounts or amounts attributable to the production of citrus or avocado crops." Thus producers may have to apportion bills between eligible and ineligible users.
5. By ACR No. 6, the state Legislature found and resolved that the freezing weather during December 1998 caused particularly extensive damage to the citrus crops in California.<sup>1</sup> It is the intent of the Legislature that citrus growers be eligible for deferred electrical energy payments for bills. ACR No. 6 also requested the Commission to authorize the recovery for the actual administrative costs, with the exception of interest foregone on deferred amounts, and recovery of uncollected deferred amounts incurred by the state's utilities as a result of this program.
6. PG&E and SCE are the investor-owned utilities that provide electric service in the affected counties.

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<sup>1</sup> ACR No. 6 (as amended) cites seven counties affected by the cold storms - Fresno, Kern, Kings, Madera, Monterey, Tulare, and Ventura.

**NOTICE**

The draft Resolution of the Energy Division in this matter was mailed to the parties in R.94-04-031/I.94-04-032, and public notification was made by publication in the Commission's calendar.

**DISCUSSION**

1. Because of the severe economic damage to the citrus growers in California and the industry's great contribution to the state, it is reasonable to authorize PG&E and SCE to implement payment deferral plans similar to those adopted in PUCODE Section 744.5 in 1991.
  
2. Should PG&E and SCE elect to file Advice Letters which implement a payment deferral plan, they should contain the following conditions:
  - A. The payment-deferral plan would be for a 12 month period beginning with April 1999 billings and ending with the March 2000 billings. These deferral programs will allow eligible citrus growers, at their option, to defer, without incurring interest charges, up to 50% of each electricity bill incurred during the deferral period.
  
  - B. The amortization period for the deferred billings would be the twelve-month period following March 2000. Beginning in April 2000, participating citrus growers shall keep each month's charges current and pay the accrued deferral in up to 12 equal monthly installment payments.
  
  - C. PG&E and SCE are authorized to recover their actual administrative costs, with the exception of interest foregone on deferred amounts, and recovery of uncollected deferred amounts incurred by the state's public utilities as a result of this program.
  
  - D. Qualifying citrus growers may defer up to fifty percent (50%) of their monthly bill.

- E. Only qualifying citrus growers that have verified crop losses would be eligible.
3. Tariff language should be similar to that adopted in compliance with Resolution E-3245, consistent with PUCODE Section 7445

### **COMMENTS**

In accordance with PUCODE Section 311 (g), Timely comments were made by SCE, the California Farm Bureau, and the Office of Ratepayer Advocates (ORA). All commentators noted ACR No. 6 was amended in the Senate on March 11, 1999. The amendments to ACR No. 6 have been incorporated in this Resolution. ORA also urges the Commission to eliminate utility recovery of administrative costs. Since ACR No. 6 specifically allows recovery of these costs, ORA's recommendation is not adopted in this Resolution. SCE, however, has elected to forego recovery of these costs.

### **FINDINGS**

1. In December 1998, freezing weather caused particularly extensive damage to the citrus crops in Fresno, Kern, Kings, Madera, Monterey, Tulare, and Ventura counties.
2. In a similar situation in 1991, Public Utilities Code Section 744.5 was enacted which deferred up to 50 percent of each energy bill to the affected growers.
3. By ACR No. 6, the state Legislature requested the Commission to authorize deferral of bill payments by the affected citrus growers.
4. Should PG&E and SCE elect to file Advice Letters which implement a payment plan, the following conditions are reasonable:
  - A. The payment-deferral plan would be for a 12 month period beginning with April 1999 billings.
  - B. The amortization period for the deferred billings would be the twelve-month period following March 2000.

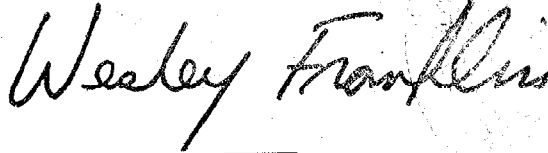
- C. PG&E and SCE are authorized to recover their actual administrative costs, with the exception of interest foregone on deferred amounts, and recovery of uncollected deferred amounts incurred by the state's public utilities as a result of this program.
  - D. Qualifying citrus growers may defer up to fifty percent (50%) of their monthly bill.
  - E. Only qualifying citrus growers that have verified crop losses would be eligible.
5. Tariff language should be similar to that adopted in compliance with Resolution E-3245, consistent with the intent PUCode Section 744.5

**THEREFORE, IT IS ORDERED THAT:**

1. Pacific Gas and Electric Company and Southern California Edison Company are authorized to file Advice Letters which implement a payment deferral plan for citrus growers.
2. Should PG&E and SCE elect to file Advice Letters which implement a payment deferral plan, they should be consistent with the Findings of this Resolution.
3. If PG&E and SCE do not file Advice Letters within 10 days, this authorization shall lapse. The Advice Letters shall be effective on filing.
4. This resolution is effective today.

April 1, 1999

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on April 1, 1999. The following Commissioners voting favorably thereon:



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WESLEY M. FRANKLIN  
Executive Director

RICHARD A. BILAS  
President  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners