



**CPUC Public Agenda 3433**  
**Thursday, February 21, 2019 9:30 a.m.**  
**San Francisco, CA**



**Commissioners:**  
**Michael Picker, President**  
**Liane M. Randolph**  
**Martha Guzman Aceves**  
**Clifford Rechtschaffen**  
**Genevieve Shiroma**

[www.cpuc.ca.gov](http://www.cpuc.ca.gov)





# The Pledge of Allegiance



“I pledge allegiance to the Flag of the  
United States of America,  
and to the Republic for which it stands,  
one nation under God,  
indivisible,  
with liberty and justice for all.”





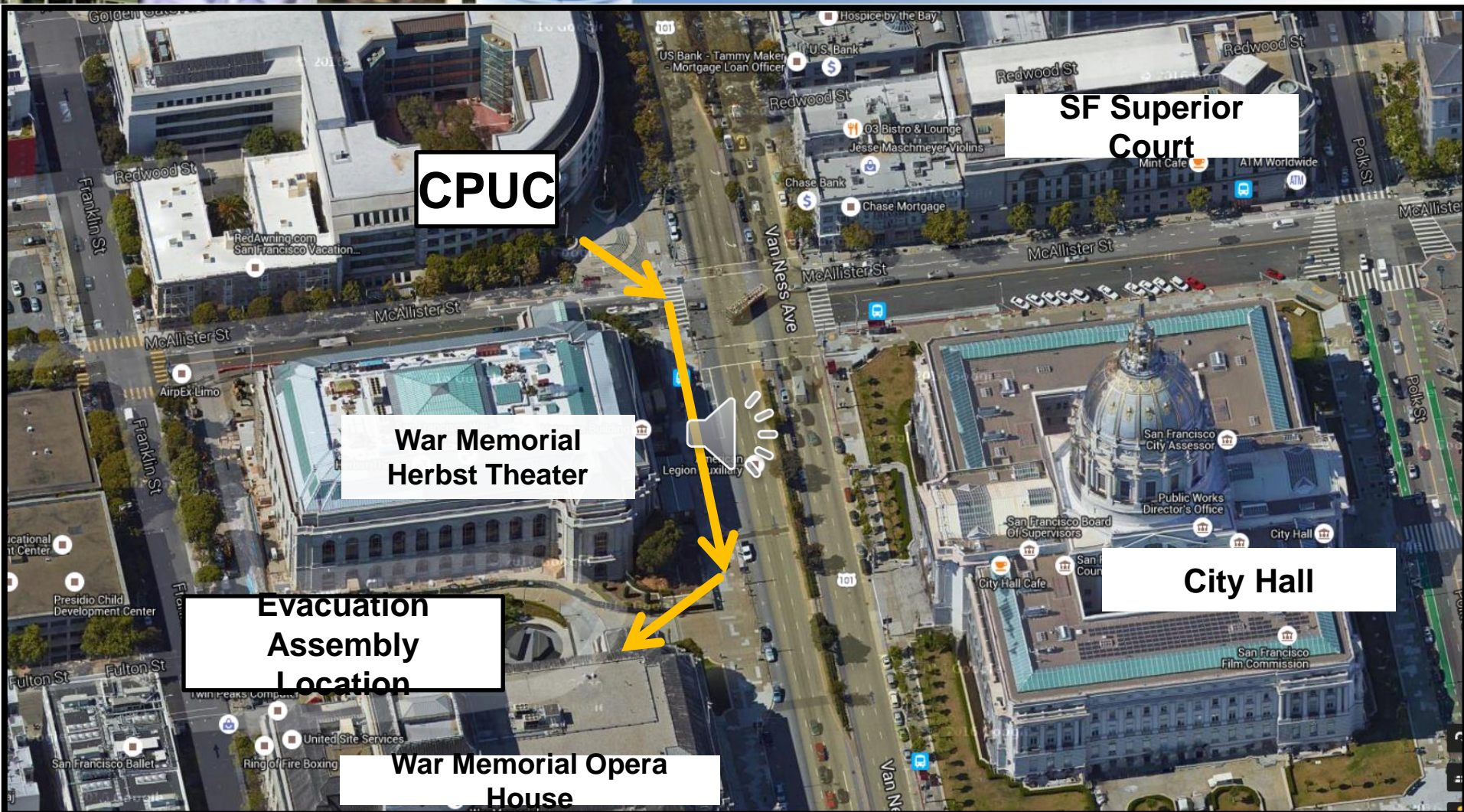
# Emergency Evacuation

Safety is our number one priority:

Please listen to the emergency evacuation instructions for this location.



# Evacuation Assembly Location





# CPUC Mission

The CPUC regulates services and utilities, protects consumers, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services.





# CPUC Core Values

Accountability  
Excellence  
Integrity  
Open Communication  
Stewardship





# Commissioner Code of Conduct

- **I. Commissioners should conduct themselves in a manner that demonstrates respect for the public, for fellow Commissioners, and for Commission staff.**
- **II. Commission meetings should be opportunities for a full and respectful exchange of ideas and the responsible execution of Commission duties.**
- **III. Serving on the Commission is an honor and Commissioners should treat their colleagues at the Commission with respect for the varied backgrounds, skills and interests that each one brings.**
- **IV. Commissioners are public officials who should uphold the integrity of their office at all times.**





# Public Comment

- Per Resolution ALJ-252, any member of the public (excluding parties and their representatives) who wishes to address the CPUC about matters before the Commission must sign up with the Public Advisor's Office table before the meeting begins. If an individual has signed up using the electronic system on the Commission's website, they must check in with the Public Advisor's Office on the day of the meeting, by the sign-up deadline.
- Once called, each speaker has up to 3 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
- A sign will be posted when 1 minute remains.
- A bell will ring when time has expired.
- At the end of the Public Comment Section, the Commission President will ask if there are any additional individuals who wish to speak. Individuals who wish to speak but did not sign up by the deadline, will be granted a maximum of one minute to make their comments.

## **Public Comment is not permitted on the following items:**

- **23, 28, 40, and 41.**
- All items on the Closed Session Agenda







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- Once called, each speaker has up to 2 minutes at the discretion of the Commission President. Depending on the number of speakers, the time limit may be reduced to 1 minute.
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# Public Agenda Changes

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 CPUC meeting.

- Items on Today's Consent Agenda are: **1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 25, 27, 28, 29, 30, and 31.**
- Any Commissioner, with consent of the other Commissioners, may request an item from the Regular Agenda be moved to the Consent Agenda prior to the meeting.
- **Items 45 and 46** from the Regular Agenda have been added to the Consent Agenda.
- Any Commissioner may request an item be removed from the Consent Agenda for discussion on the Regular Agenda prior to the meeting.
- **No Item** has been moved to the Regular Agenda.
- **No Item** has been withdrawn.
- The following items have been held to future Commission Meetings:  
Held to 3/14/19: **11, 20, 26, and 35.**





# Regular Agenda

- Each item on the Regular Agenda (and its alternate if any) will be introduced by the assigned Commissioner or CPUC staff and discussed before it is moved for a vote.
- For each agenda item, a summary of the proposed action is included on the agenda; the CPUC's final decision may, however, differ from that proposed.
- The complete text of every Proposed Decision or Draft Resolution is available for download on the CPUC's website: [www.cpuc.ca.gov](http://www.cpuc.ca.gov).
- Late changes to agenda items are available on the Escutia Table.





## Regular Agenda- Energy Orders

### Item # 32 [17045] – Refinements to the Resource Adequacy Program

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R.17-09-020

Order Instituting Rulemaking to Oversee the Resource Adequacy Program, Consider Program Refinements, and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance years.

**Ratesetting**

**Comr Randolph - Judge Allen - Judge Chiv**

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#### **PROPOSED OUTCOME :**

- Adopts refinements to the Resource Adequacy program.
- This proceeding remains open.

#### **SAFETY CONSIDERATIONS :**

- There are no safety considerations associated with this decision.

#### **ESTIMATED COST :**

- There are no costs associated with this decision.





## Regular Agenda- Energy Orders (Continued)

### Item # 33 [17078] – Pacific Gas and Electric Company 2019 Energy Resource Recovery Account Forecast

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A.18-06-001

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2019 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation.

**Ratesetting**

**Comr Guzman Aceves - Judge Wildgrube**

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#### **PROPOSED OUTCOME:**

- Approves Application.
- Closes proceeding.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this decision.

#### **ESTIMATED COST:**

- Adopts forecast of \$2907.4 million for 2019 Electric Procurement Revenue Requirement.





## Regular Agenda- Energy Orders (Continued)

### Item # 33A [17176] – Commissioner Guzman Aceves Alternate to Item 17078

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A18-06-001

Application of Pacific Gas and Electric Company for Adoption of Electric Revenue Requirements and Rates Associated with its 2019 Energy Resource Recovery Account (ERRA) and Generation Non-Bypassable Charges Forecast and Greenhouse Gas Forecast Revenue and Reconciliation.

**Ratesetting**

**Comr Guzman Aceves**

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#### **PROPOSED OUTCOME:**

- Approves Application.
- Adopts Brown Power True-ups for 2018.
- Closes proceeding.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this decision.

#### **ESTIMATED COST:**

- Adopts forecast of \$2907.4 million for 2019 Electric procurement Revenue Requirement.





## Regular Agenda- Energy Orders (Continued)

### Item # 34 [17081] – Southern California Edison Company Forecast 2019 Energy Resource Recovery Account Revenue Requirement

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A.18-05-003

Application Of Southern California Edison Company For Approval Of Its Forecast 2019 Energy Resource Recovery Account Proceeding Revenue Requirement.

**Ratesetting**

**Comr Guzman Aceves - Judge Kline**

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#### **PROPOSED OUTCOME:**

- The Commission approves Southern California Edison Company's (SCE) 2019 forecast Energy Resource Recovery Account (ERRA) revenue requirement, with the exception of the \$743.429 million revenue requirement for the ERRA Balancing Account undercollection.
- The ERRA Balancing Account undercollection revenue requirement will be considered in Application (A.) 18-05-009.
- A.18-05-003 is closed.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations implicated with this decision.

#### **ESTIMATED COST:**

- The forecast cost to SCE ratepayers will be \$4,043,098 in 2019.







## Regular Agenda- Energy Orders (Continued)

### Item # 34A [17174] – Commissioner Guzman Aceves Alternate to Item 17081

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A.18-05-003

Application Of Southern California Edison Company for Approval of its Forecast 2019 ERRA Proceeding Revenue Requirement.

**Ratesetting**

**Comr Guzman Aceves**

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#### **PROPOSED OUTCOME:**

- The Commission approves the Southern California Edison Company's (SCE) 2019 forecast Energy Resource Recovery Account (ERRA) revenue requirement, with the exception of the \$743.429 million revenue requirement for the ERRA Balancing Account under collection (to be considered in Application 18-11-009).
- The Commission orders SCE to true-up 2018 brown power costs in the 2019 ERRA forecast.
- A.18-05-003 is closed.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations implicated with this decision.

#### **ESTIMATED COST:**

- The forecast cost to SCE ratepayers will be \$4,043.098 million in 2019.





## Regular Agenda- Energy Resolutions and Written Reports

### Item # 36 [16898] – Southern California Edison Company's Request for Commission Approval of a New Renewable Power Purchase Agreement with Wistaria Solar, LLC

Res E-4962, Advice Letter 3776-E filed March 29, 2018 - Related matters.

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#### PROPOSED OUTCOME:

- Approves cost recovery for a long-term renewable energy power purchase agreement between Southern California Edison Company and Wistaria Solar, LLC. The power purchase agreement is approved without modification.

#### SAFETY CONSIDERATIONS:

- The power purchase agreement requires the sellers of the generation to comply with all applicable safety requirements relating to the project, including environmental laws.

#### ESTIMATED COST:

- Actual costs of the power purchase agreement are confidential at this time.





**Resolution E-4962  
&  
Alternate Resolution E-4962  
(Agenda Item # 36 and 36A)**

**Agreement between Southern California Edison (SCE)  
and CED Wistaria Solar, LLC**

**Energy Division  
February 21, 2019**





## Summary of Resolution E-4962 & Alternate Resolution E-4962

- Southern California Edison (SCE) filed AL 3776-E/E-A requesting approval of a 20 year Renewables Portfolio Standard (RPS) power purchase agreement with Wistaria Solar, LLC (Wistaria), a project of Consolidated Edison's (ConEd's) CED division.
- Pursuant to the Wistaria PPA, SCE is to procure 294 GWh/year of RPS-eligible energy and associated Renewable Energy Credits (RECs) beginning in 2019 from the new Wistaria project.
- Resolution E-4962 approves the Wistaria PPA.
- Alternate Resolution E-4962 denies the Wistaria PPA.





## Summary of Resolution E-4962 & Alternate Resolution E-4962

- The Wistaria PPA is the result of negotiations stemming from a settlement between ConEd and the CA Dept. of Fish & Wildlife and several environmental groups regarding environmental concerns with the Panoche Valley Solar project, another ConEd project that was approved by the CPUC in 2015.
- The SCE / ConEd negotiations resulted in:
  - An amendment to the Panoche Valley Solar PPA to reduce the project size to 140 MW
  - The Wistaria PPA for 107 MW of renewable energy generation, which is intended to offset the reduced MW at Panoche project.
- The Wistaria PPA was negotiated at a lower price than the original Panoche PPA, which would result in a ratepayer benefit for SCE customers.



The **Wistaria** project is located in Imperial County and the **Panoche** Valley project is located in San Benito County.





## Summary of Resolution E-4962 & Alternate Resolution E-4962

- Since the Wistaria PPA was submitted, ConEd has substantially built both projects at 107 MW and 140 MW, respectively.
- SCE AL 3776-E/E-A only seeks approval of Wistaria PPA, not the Panoche PPA amendment.
- If the Wistaria PPA is not approved, it is uncertain what will happen to the Panoche Valley project.
  - SCE and ConEd have amended the Panoche project to 140 MW, and while it was intended to be contingent upon approval of the Wistaria PPA, they may go forward with it regardless of the CPUC's decision on the Wistaria PPA.
  - Technically, the original Panoche Valley PPA remains in effect, but ConEd has taken steps pursuant to the settlement agreement that would make it difficult to build the full 247 MW (e.g., amending the incidental take permit, transferring portion of project site, and setting up a conservation easement).





## Regular Agenda- Energy Orders (Continued)

**Item # 36A [17174] – Commissioner Rechtschaffen Alternate to Item 16898**

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Res E-4962

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### **PROPOSED OUTCOME:**

- Denies Southern California Edison Company's (SCE) request for approval to recover costs from customers of a long-term renewable energy power purchase agreement between SCE and Wistaria.

### **SAFETY CONSIDERATIONS:**

- There are no safety considerations from denying SCE's request.

### **ESTIMATED COST:**

- Denial of cost recovery for the power purchase agreement has no costs.





## Regular Agenda- Energy Resolutions and Written Reports (continued)

### Item # 37 [16178] – Option A - Approves San Diego Gas & Electric Company's Request for Approval of the Resource Adequacy Confirmation for the Otay Mesa Energy Center Power Plant

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Res E-4981, Advice Letter 3294-E filed October 26, 2018 - Related matters.

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#### PROPOSED OUTCOME:

- Approves San Diego Gas & Electric Company's (SDG&E) request for approval of the Resource Adequacy Confirmation between SDG&E and Otay Mesa Energy Center, LLC for the Otay Mesa Energy Center Power Plant.

#### SAFETY CONSIDERATIONS:

- As an existing and operational generating facility, there are no incremental safety implications associated with approval of this contract beyond the status quo.

#### ESTIMATED COST:

- The costs of this agreement are confidential at this time.







# **Resolution E-4981 Option A and Option B (Agenda Item #37 and 37A)**

**Resource Adequacy Agreement between  
San Diego Gas & Electric Company (SDG&E) and  
Otay Mesa Energy Center, LLC (OMEC)  
for the Otay Mesa Energy Center Power Plant**

**Energy Division**

**February 21, 2019**





## Summary of Resolution E-4981, Option A and Option B

- SDG&E filed AL3294-E requesting approval of its “Confirmation” agreement with OMEC LLC, a subsidiary of Calpine Corp, for resource adequacy (RA) capacity from OMEC’s 608 MW Otay Mesa facility.
- The Confirmation provides for SDG&E to buy local, system and flexible RA from the facility from October 2019 through August 2024 – a 59-month term.
- SDG&E currently has a CPUC-approved 10-year Power Purchase Tolling Agreement with OMEC that ends in October 2019. The Agreement has a “call option” for SDG&E to buy Otay Mesa (which SDG&E did not exercise), and a “put option” which allows Calpine to sell Otay Mesa to SDG&E by April 1, 2019.
- Option A approves the Confirmation between SDG&E and OMEC.
- Option B denies the Confirmation between SDG&E and OMEC.





## Comments on Draft Resolutions E-4981, Option A and Option B

- Comments were filed by SDG&E, Calpine, The Utility Reform Network (TURN), the Public Advocates Office of the CPUC (Cal PA), the Protect Our Communities Foundation (POC), and Solana Energy Alliance (SEA)
  - SDG&E, Calpine, Cal PA, and SEA support approval of the Confirmation (Option A) arguing that it is in the best interest of ratepayers and will enable CCAs to choose their own reliability resources in the future.
  - TURN and POC support denial of the Confirmation (Option B), arguing that the Advice Letter process is procedurally inappropriate.





## Summary of Option A (Approving)

- Option A approves the Confirmation agreement finding that:
  - OMEC is likely to be needed in the next five years.
  - SDG&E has demonstrated potential incremental benefits of the proposed Confirmation, over and above potential ownership.
  - It is reasonable to approve the Confirmation, given the Commission's efforts to reduce utility procurement and to allow Community Choice Aggregators to choose their own reliability resources in the future.
  - It avoids risk to SDG&E customers of owning Otay Mesa if its capacity is not needed in SDG&E's service territory after five years and/or market energy prices become so low that the facility's capacity factor drops significantly.





## Summary of Option B (Denying)

- Option B denies the Confirmation agreement finding that:
  - It is not reasonable because the costs for capacity under the Confirmation are high relative to current market conditions.
  - The potential incremental benefits over utility ownership are uncertain, speculative, and reverse if SDG&E's financial model results are used.
  - The potential benefits identified by SDG&E of the agreement are modest and appear to materialize only if energy prices (and corresponding net market revenues) do not increase from 2017, which is inconsistent with SDG&E's own financial model results.





## Regular Agenda- Energy Resolutions and Written Reports (continued)

### Item # 37A [17179] – Option B - Denies San Diego Gas & Electric Company's Request for Approval of the Resource Adequacy Confirmation for the Otay Mesa Energy Center Power Plant

Res E-4981, Advice Letter filed October 26, 2018 - Related matters.

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#### **PROPOSED OUTCOME:**

- Denies San Diego Gas & Electric's (SDG&E) request for approval of the Resource Adequacy Confirmation between SDG&E and Otay Mesa Energy Center, LLC for the Otay Mesa Energy Center Power Plant.

#### **SAFETY CONSIDERATIONS:**

- As an existing and operational generating facility, there are no incremental safety implications associated with denial of this contract beyond the status quo.

#### **ESTIMATED COST:**

- There is no cost associated with this resolution.





## Regular Agenda- Orders Extending Statutory Deadline

### Item # 38 [17190] – Order Extending Statutory Deadline

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A.16-09-005

Application of Southern California Gas Company and San Diego Gas & Electric Company to Recover Costs Recorded in the Pipeline Safety and Reliability Memorandum Accounts, the Safety Enhancement Expense Balancing Accounts, and the Safety Enhancement Capital Cost Balancing Accounts.

**Ratesetting**

**Comr Picker - Judge Mason**

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#### **PROPOSED OUTCOME:**

- Extends the Statutory Deadline for completion of this proceeding until August 28, 2019.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations implicated with this order extending statutory deadline.

#### **ESTIMATED COST:**

- There are no costs associated with this order extending statutory deadline.





## Regular Agenda- Orders Extending Statutory Deadline (continued)

### Item # 39 [17191] – Order Extending Statutory Deadline

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A.17-05-004

In the Matter of the Application of Golden State Water Company, on Behalf of its Bear Valley Electric Service Division (U913E), for Approval and Recovery of Costs, and Authority to Increase Rates and Other Charges, (Including a Requested Total Operating Revenue Requirement of \$37,240,204 (decrease of 4.4%) for TY2018 and \$38,969,869, \$41,309,234, and \$43,593,202 (Increases of 4.6%, 6.0% and 5.5%) for TY 2019, 2020 and 2021, Respectively) Related to Electric Service by Its Bear Valley Electric Service Division.

**Ratesetting**

**Comr Rechtschaffen - Judge Ayoade**

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#### **PROPOSED OUTCOME:**

- Extends the statutory deadline for completion of this proceeding until August 1, 2019.
- This proceeding remains open.

#### **SAFETY CONSIDERATIONS:**

- This Order Extending Statutory Deadline will ensure that all safety considerations are adequately/appropriately identified and addressed in the proposed decision.

#### **ESTIMATED COST:**

- There are no costs associated with this Order Extending Statutory Deadline.







## Regular Agenda- Orders Extending Statutory Deadline (continued)

### Item # 40 [17195] – Order Extending Statutory Deadline

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I.15-06-018

Order Instituting Investigation on the Commission's Own Motion into the Operations and Practices of Mesa-Crest Water Company with Respect to a Series of Financial Transactions, and Possible Threats to the Health and Safety of its Ratepayers.

**Adjudicatory**

**Comr Rechtschaffen - Judge Goldberg**

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#### **PROPOSED OUTCOME:**

- Extends the statutory deadline for completion of this proceeding until March 1, 2020.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

#### **ESTIMATED COST:**

- There are no costs associated with this Order Extending Statutory Deadline.





## Regular Agenda- Orders Extending Statutory Deadline (continued)

### Item # 41 [17198] – Order Extending Statutory Deadline

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I.17-09-021

Order Instituting Investigation on the Commission's Own Motion into the Long Term Debt Financing practices of Lake Alpine Water Company; and Order to Show Cause Why the Commission Should not Impose Penalties and/or Other Remedies for Violations of Public Utilities Code Sections 818, 823(b) and 823(d).

**Adjudicatory**

**Comr Picker - Judge Goldberg**

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#### **PROPOSED OUTCOME:**

- Extends the statutory deadline for completion of this proceeding until June 1, 2019.
- This proceeding remains open.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations implicated with this Order Extending Statutory Deadline.

#### **ESTIMATED COST:**

- There are no costs associated with this Order Extending Statutory Deadline.





## Regular Agenda- Orders Extending Statutory Deadline (continued)

### Item # 42 [17199] – Order Extending Statutory Deadline

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A.17-09-006

Application of Pacific Gas and Electric Company to Revise its Gas Rates and Tariffs to be Effective October 1, 2018.

**Ratesetting**

**Comr Rechtschaffen - Judge Ayoade**

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#### **PROPOSED OUTCOME:**

- Extends the statutory deadline for completion of this proceeding until September 14, 2019.
- This proceeding remains open.

#### **SAFETY CONSIDERATIONS:**

- This Order Extending Statutory Deadline will ensure that all safety considerations are adequately/appropriately identified and addressed in the proposed decision.

#### **ESTIMATED COST:**

- There are no costs associated with this Order Extending Statutory Deadline.





## Regular Agenda- Orders Extending Statutory Deadline (continued)

### Item # 43 [17211] – Order Extending Statutory Deadline

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A.17-02-008

Application of San Diego Gas & Electric Company for Authority to Implement Economic Development Rates.

**Ratesetting**

**Comr Guzman Aceves - Judge Stevens**

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#### **PROPOSED OUTCOME:**

- Extends statutory deadline for completion of this proceeding until August 25, 2019.
- This proceeding remains open.

#### **SAFETY CONSIDERATIONS:**

- There are no safety considerations associated with this decision.

#### **ESTIMATED COST:**

- There are no costs associated with this decision.





## Regular Agenda- Commissioner Reports

### Item # 44 [17051] – Environmental and Social Justice Action Plan

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#### **PROPOSED OUTCOME:**

- Environmental and Social Justice Action Plan for the California Public Utilities Commission.

#### **SAFETY CONSIDERATIONS:**

- Detailed in the Environmental and Social Justice Action Plan.

#### **ESTIMATED COST:**

- There are no costs associated with this item.





# Commissioners' Reports





# **The CPUC Thanks You For Attending Today's Meeting**

**The Public Meeting is adjourned.  
The next Public Meeting will be:**

**March 14, 2019 at 9:30 a.m.  
in Coachella, CA**

