

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**I.D. # 7175
RESOLUTION E-4133
December 20, 2007**

R E S O L U T I O N

Resolution E-4133: The California Public Utilities Commission (Commission) hereby finds that an interim bond of \$100,000 is sufficient for SJVPA to post with the Commission as part of its Community Choice Aggregation (CCA) registration packet pursuant to Decision 05-12-041. The methodology for calculating the amount of this bond will be revisited by the Commission in the near future.

No Advice Letters were submitted concerning this issue. This Resolution was initiated by the Commission's Energy Division Staff.

SUMMARY

San Joaquin Valley Power Authority (SJVPA)¹ is the first Community Choice Aggregation (CCA) provider in California to have its Implementation Plan (IP) certified by the Commission. Pursuant to Commission Orders, SJVPA also must register with the Commission, which entails submitting evidence of insurance, or a bond, along with a CCA/Utility Service Agreement.

In the CCA Rulemaking (R.03-10-003), the Commission did not set an amount for a bond nor a methodology for calculating a bond that could be applied to SJVPA. The Commission's Energy Division staff requested that PG&E and SCE (herein "the utilities") and SJVPA cooperate in calculating, and agreeing upon, a bond amount.² The parties' efforts did not result in an agreed-upon bond amount, but their efforts did result in two proposals.

¹ As of the latest Implementation Plan filed by SJVPA with the Commission, the SJVPA consists of the following cities - Clovis, Corcoran, Dinuba, Reedley, Selma, Kingsburg, Lemoore, Parlier, Hanford, Kerman, Sanger - in addition to Kings County and Tulare County. However, per an October 31, 2007 e-mail from SJVPA's counsel, Tulare County has decided to terminate its participation in the program.

² SJVPA member cities and counties are located in the PG&E and SCE service territories.

PG&E proposed that the total applicable bond requirement for SJVPA to provide service in PG&E's service territory should be in excess of \$140 million. SCE did not make a bond requirement proposal applicable to SJVPA, but generally agrees with PG&E's bond calculation methodology. SJVPA proposed that its bond requirement should be equivalent to the security deposit requirement that currently applies to an Energy Service Provider's (ESP) registration with the Commission - currently between \$25,000 and \$100,000, depending on how many customer accounts are served by the ESP. SJVPA calls for the \$100,000 bond to be accepted on an interim basis, until the Commission revisits this deposit issue, pursuant to D. 03-12-015.

BACKGROUND

Members of SJVPA have passed city or county ordinances enabling them to be part of a CCA program, pursuant to the relevant Public Utility (P.U.) Code Sections which were codified by the adoption of Assembly Bill (AB) 117 (2002).

Pursuant to Decision (D.) 05-12-041, a CCA must file an IP with the Commission and register with the Commission. SJVPA submitted its IP for Commission review on January 29, 2007. The Commission certified SJVPA's IP on April 30, 2007. As part of its registration requirement, SJVPA now needs to provide "evidence of insurance, self-insurance or a bond" in order to be registered by the Commission. The Commission determined in D. 05-12-041 that this bond "will cover such costs as potential re-entry fees, penalties for failing to meet operational deadlines, and errors in forecasting."³ Once registered, SJVPA plans to begin providing service to municipal accounts in February of 2008, followed by large commercial and industrial accounts in May of 2008, medium commercial accounts in August of 2008, and residential, agricultural, and all remaining accounts in November of 2008.

Over the past few months Commission staff has been in communication with the utilities and SJVPA concerning what bond amount should be posted by SJVPA as part of its registration requirement with the Commission. Through phone conversations, e-mail exchanges, and a meeting with SJVPA and utility representatives, the Commission's staff has come to the following understanding of the aforementioned parties' recommendations concerning SJVPA's bond:

³ D. 05-12-041, Section IV: "The CCA Implementation Plan and the Process for CCA Registration (Utility Tariff Section F)"

The Utilities' Bond Proposal

The utilities contend that in the event of another power crisis – in which the short term power costs would likely be very high – SJVPA might be unable to continue providing electric service to its customers. The utilities argue that SJVPA's bond should be sufficient to cover the increased procurement costs that the utilities might face during this type of stressed energy market condition; and, that this risk should be covered over the course of a year in order to insure against the risk that SJVPA suddenly ceases to provide generation service and returns all of its customers back to the utilities' bundled electric service portfolio.

PG&E's methodology for calculating the monetary value of this risk begins by looking at the current year-ahead average market price of electricity. Next, PG&E considers a range of potential year-ahead market conditions using confidence intervals that give PG&E two probability scenarios, one with a 95% probability that the calculated bond amount would cover PG&E's procurement costs for those returned customers and another with 99% probability. At a meeting on September 26, 2007, PG&E informed the Commission's staff and SJVPA representatives that a bond amount of \$70 million would cover these potential risks of SJVPA becoming a CCA in PG&E's service territory based on a 95% confidence level. At a 99% confidence level, PG&E calculated a SJVPA bond amount of \$100 million. Commission staff understood that these figures represented the procurement costs that PG&E would incur that would not be covered by PG&E's electric procurement rates.

In a post-meeting follow-up e-mail dated October 8, 2007 PG&E increased its bond calculation estimate to more than \$140 million, stating:

“... in PG&E's service territory alone SJVPA is expected to serve approximately 2100 GWh of customer load annually. Even at a non-stressed market price of \$67/MWh, which is currently an approximate price for power delivery in 2008 and 2009, the cost for PG&E to procure power to serve the returning CCA customers for a year is more than \$140 million.”

PG&E also stated in this October 8, 2007 e-mail that the utilities propose that the bond amount be adjusted annually in order “to reflect the most recent forward curves for electricity purchases and any changes in SJVPA's load, which could result in the bond amount moving either up or down to cover the next year of the program.”

Unlike PG&E, SCE did not provide a dollar estimate of what it believes SJVPA's bond requirement should be. SCE generally agrees with PG&E's “stressed market forecast approach” for calculating SJVPA's bond amount, but is unaware of the details of how

PG&E stressed its forward market curve. In short, SCE has not yet decided on a "stressed market" method for calculating the CCA bond amount.

In response to an Energy Division follow-up e-mail inquiring about the status of SCE's bond calculation applicable to SJVPA, on November 6th SCE stated:

"SCE has not yet calculated a bond amount for SJVPA. SCE believes the Commission needs to consider this matter after providing parties with a full and fair opportunity to be heard and developing an adequate record on the issues. For SCE to calculate the SJVPA bond amount in a manner consistent with PG&E . . . we estimate would take about two weeks to complete."

SJVPA's Proposal

SJVPA proposes that, on an interim basis, it should be required to post a bond that is equivalent to the bond that has been adopted for ESPs as part of their registration requirement with the CPUC, pursuant to Commission Decision (D.) 03-12-015.

We note that D.03-12-015 implemented the provisions of AB 117 (2002), which revised certain requirements for ESPs. Among other things, D.03-12-015 extended the registration requirement to all ESPs and set the amount of the security deposit or bond that an ESP is required to post as proof of "financial viability" in a range from \$25,000 to \$100,000 based on the number of customer accounts that ESP serves. D.03-12-015 also addressed P.U. Code Section 394.25 (e), which states:

"If a customer of an electric service provider or a community choice aggregator is involuntarily returned to service provided by an electrical corporation, any reentry fee imposed on that customer that the commission deems is necessary to avoid imposing costs on other customers of the electric corporation shall be the obligation of the electric service provider or a community choice aggregator, except in the case of a customer returned due to default in payment or other contractual obligations or because the customer's contract has expired. As a condition of its registration, an electric service provider or a community choice aggregator shall post a bond or demonstrate insurance sufficient to cover those reentry fees. In the event that an electric service provider becomes insolvent and is unable to discharge its obligation to pay reentry fees, the fees shall be allocated to the returning customers."

We further note that in regards to P.U. Code Section 394.25 (e), D.03-12-015 did not determine what, if anything, should be covered by "reentry fees" nor the amount of the bond that should be required. Rather, D.03-12-015 solicited comment on these issues, including "the use of the security deposit [already posted as proof of financial viability] to cover reentry fees (if ever required) (Sec. 394.25 (e))." Although comments

were received from the interested parties, the Commission has not yet resolved the outstanding issues from D.03-12-015. Thus, the only security posted by ESPs that might cover potential reentry fees is the security deposit that ranges up to \$100,000.

SJVPA provided a further follow-up clarification to its bond calculation proposal through an October 9, 2007 e-mail, stating:

“SJVPA is not saying that a bond in the amount of \$100,000 is sufficient...SJVPA is saying: (1) since the same provisions of AB 117 dealing with the security bond apply to ESPs, SJVPA ought to be treated comparably to ESPs in this regard and (2) so that service to SJVPA's first phases (SJVPA's own members' electric accounts and then other commercial/industrial accounts) is not delayed by this dispute, SJVPA is willing to accept, on an interim basis for the first phases, a bond amount in the range of what the ESPs have been required to post for their entire load.”

SJVPA has additionally stated that, currently, several ESPs serve more load throughout California than SJVPA plans to ultimately serve, yet none of these ESPs have deposited more than \$100,000 as part of their registration requirement, pursuant to 394.25 (e) (which also applies to CCAs). Therefore, SJVPA believes that an interim \$100,000 bond should also satisfy SJVPA's registration requirement.

NOTICE

This resolution is being issued on the Commission's own motion. Notice of this draft resolution is being provided by distributing it to the R.03-10-003 service list (which includes SCE, PG&E, and SJVPA).

DISCUSSION

Pursuant to D.05-12-041 in the CCA rulemaking, a bond should cover three types of risks: 1) penalties for failing to meet operational deadlines, 2) errors in forecasting, and 3) potential reentry fees.

With regard to the failure to meet operational deadlines, we note the following. A CCA has the option to sign a Binding Notice of Intent (BNI) with the utility at any time throughout the year. A BNI allows a utility take into account a CCA's commencement date when planning to meet the utility's load and resource adequacy (RA)

requirement.⁴ By signing a BNI, the CCA can also mitigate its customers' Cost Responsibility Surcharge (CRS) obligation; therefore, an incentive exists for a CCA to sign a BNI with the serving utility. However, if the CCA does not begin providing service on its mutually agreed upon BNI date, the utility must procure additional electricity to serve the load that did not depart to the CCA as expected, which may impose increased costs on the utility (e.g. as a result of last-minute spot market purchases) that would be a CCA responsibility if a CCA failed to meet its operational deadline. Alternatively, the CCA can choose *not* to sign a BNI, in which case it does not have a binding commitment to commence CCA service and any stranded costs for electric procurement made by the utility on behalf of the CCA's customers prior to their cut-over date would be fully recovered by the utility – after those customers begin receiving service from the CCA – through the CCA customers' applicable CRS.

SJVPA has notified the Energy Division that it does not intend to sign a BNI with the utilities before the commencement of its CCA service. Given that SJVPA does not plan to sign a BNI, there are currently no “operational deadlines” for SJVPA to meet when moving forward with its CCA program's registration. If, after registering with the Commission, SJVPA chooses to sign a BNI for any of its CCA customer phase-ins, there may be such financial risk. In that event, the Commission will need to revisit how such a change in SJVPA's plan should affect the interim bond that SJVPA will have filed as part of its registration. SJVPA is aware of the potential outcome associated with signing a BNI after it has registered with the Commission and has acknowledged the following:

“If material facts change, then the Commission could condition the ongoing effectiveness of SJVPA's registration on the requirement that SJVPA must satisfy any new bond/deposit level established by the Commission IF SJVPA subsequently submits a BNI and thereby potentially exposes the utilities to additional risks.”

Based on these facts, there is no risk of loss to the utilities from a SJVPA failure to meet operational deadlines; and therefore, SJVPA's bond does not now have to cover this type of liability.

With regard to errors in forecasting, the Phase II decision stated: “The utility should assume responsibility for the final forecast of its total load, just as it assumes that responsibility today. Under this policy, the CCA retains responsibility to forecast its

⁴ A firm commitment (through a BNI) from a CCA to begin to serving load can aid a utility in forecasting and meeting its RA requirement, particularly during a utility's “Open Season” process.

own load and assumes all risk and costs where the forecast and demand vary for its own customers.”⁵

It appears to the Energy Division that even though the bond amount could cover such costs as “errors in forecasting”, in actuality, there are no circumstances where a bond would need to cover a risk of errors in forecasting. Our reasoning is based on the fact that, pursuant to the language quoted above, the utilities make their own load forecasts, and are responsible for any errors they make, and the CCA forecasts its own load, and is responsible only to itself and its own customers for any forecasting errors it makes. Thus, the CCA is never liable to the utility for the CCA’s forecasting errors. Therefore, the SJVPA bond does not need to cover this risk.

As a result, the only one of the three items enumerated in D.05-12-041 from the CCA proceeding that SJVPA will need to cover through a bond at this time is the risk associated with potential reentry fees. It is within this context that the Commission has reviewed the parties’ respective proposals concerning the bond that is applicable to SJVPA in order for SJVPA to meet its registration requirement with the Commission.

As explained below, on an interim basis, SJVPA should post a \$100,000 bond with the Commission. This bond will be revisited by the Commission through a new Commission proceeding.

We come to this conclusion in light of fact that there are ESPs currently serving load in California that is of a magnitude comparable to that which SJVPA plans to serve. The bond requirement for these ESPs ranges from \$25,000 to \$100,000, depending on how many customer accounts that ESP serves.

P.U. Code Section 394.25 (e) calls for reentry fees to apply to ESPs and CCAs. Pursuant to that statutory requirement, the Commission approved D.03-12-015, which stated:

“Since we already require the posting of a minimum of a \$25,000 cash security deposit or a financial guarantee bond as part of the small ESP registration requirement, the issue we need to address is whether the current schedule for deposits could be used to cover any reentry fee that might be imposed on the large ESP.... In addition to comments on whether maintaining the current fee schedule of security deposits for larger ESP’s is an adequate means of consumer protection, interested persons are invited to file written comments on the use of the security deposit to cover reentry fees (if ever required) (§ 394.25[e]).”

⁵ Section VIII “Open Season” language from D.05-12-041.

In response to the Commission's directives in D.03-12-015, interested parties provided these comments to the Commission, but no formal action has been taken by the Commission on this matter. We expect to consider the reentry fee issue in one or more formal proceedings in the near future, taking care to coordinate the consideration of that issue for ESPs and CCAs.

When the Commission revisits this bond requirement, which will be applicable to SJVPA and all other CCAs, the Commission will have an opportunity to address all the relevant concerns that have been raised by the utilities in regards to SJVPA. At this juncture, the Commission lacks a factual Commission record from which to conclude that the bond applicable to SJVPA should be larger than the bond which is currently required of ESPs that register with the Commission. Furthermore, the term "reentry fee" has not been defined by the Commission. Consequently, the utilities' argument - that the bond must cover the "reentry fee" associated with the incremental procurement costs that a utility might face as a result of a CCA involuntarily returning its bundled service - is premature.

One issue the Commission may want to consider - in connection with the utilities' argument that the bond should cover incremental procurement costs the utility would face if the CCA suddenly returns all of its customers back onto utility bundled service - is whether it is likely that CCAs will suddenly cease providing service in the event of an "energy crisis." The likelihood of this happening may be reduced by changes in California energy markets and the institution of Resource Adequacy (RA) requirements since the last energy crisis. Additionally, the nature of a CCA's long term supply contracts and/or whether it owns generation facilities may impact the likelihood of a particular CCA ceasing service. Another issue the Commission may wish to consider is whether there are methods other than, or in addition to, a bond for dealing with the risk of increased utility procurement costs in the event a CCA suddenly ceases service.

Moreover, calculating a larger bond amount for SJVPA than is currently required of ESPs that serve a load of a magnitude similar to SJVPA's load without first establishing a record for doing so would not only be unfair to SJVPA, it would also set a precedent the would be based on assumptions that have not been thoroughly investigated by the Commission. It would also be unfair to SJVPA to delay its ability to operate as a CCA pending resolution of the underlying, and generic, issues about the proper sizing of the bond, while similarly situated ESPs are serving customers having posted only a \$100,000 bond. It is not our desire to delay the formation and operation of CCAs.

For these reasons, we conclude that an interim bond in the amount of \$100,000 is sufficient to allow SJVPA to register as a CCA with the Commission.

COMMENTS

Public Utilities Code section 311(g) (1) generally requires resolutions to be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Accordingly, this draft resolution will be placed on the Commission's agenda no earlier than 30 days after its distribution to the service list in R.03-10-003.

FINDINGS

1. San Joaquin Valley Power Authority (SJVPA) is the first Community Choice Aggregation (CCA) provider in California to have its Implementation Plan (IP) certified by the Commission.
2. Pursuant to Commission Orders, SJVPA also must register with the Commission, which entails submitting evidence of insurance, or a bond, along with a CCA/Utility Service Agreement.
3. Once registered, SJVPA plans to begin providing service to municipal accounts in February of 2008, followed by large commercial and industrial accounts in May of 2008, medium commercial customers in August of 2008, and residential, agricultural, and all remaining customers in November of 2008.
4. This draft Resolution has been prepared by the Commission's Energy Division staff in order to resolve a dispute between SJVPA and the utilities (PG&E and SCE) as to the amount of the bond that SJVPA must post.
5. In the CCA Rulemaking (R.03-10-003), the Commission did not set an amount for a bond nor a methodology for calculating a bond that could be applied to SJVPA.
6. Pursuant to D.05-12-041 in the CCA rulemaking, a bond amount should cover such costs as: 1) penalties for failing to meet operational deadlines, 2) errors in forecasting, and 3) potential reentry fees.
7. Given that SJVPA has not signed a Binding Notice of Intent (BNI), nor does SJVPA plan to sign a BNI before the commencement of its CCA service, there are no "operational deadlines" for SJVPA to meet when moving forward with its CCA program. Therefore, there is no risk of loss to the utilities from a SJVPA failure to meet operational deadlines; and therefore, a SJVPA bond does not have to cover this type of liability.

8. Pursuant to the discussion of forecasting errors in D.05-12-041, SJVPA will not have any liability to the utilities for any SJVPA forecasting errors. Therefore, the SJVPA bond amount does not need to cover this risk.
9. The only one of the three items enumerated in D.05-12-041 in the CCA proceeding that SJVPA will need to cover through a bond is the risk associated with potential reentry fees.
10. The utilities contend that in the event of another power crisis – in which short term power costs would likely be very high – SJVPA might be unable to continue providing electric service to its customers. The utilities argue that SJVPA’s bond should be sufficient to cover the increased procurement costs that the utilities might face during this type of stressed energy market condition; and, that this risk should be covered over the course of a year in order to insure against the risk that SJVPA suddenly ceases to provide generation service and dumps customers back to the utilities’ bundled electric service portfolio.
11. PG&E proposed that the total applicable bond requirement for SJVPA should be in well in excess of \$140 million.
12. SCE generally agrees with PG&E’s “stressed market forecast approach” for calculating SJVPA’s bond. However, SCE is unaware of the details of how PG&E stressed its forward market curve and has not yet settled on a "stressed market" method for calculating the CCA bond amount.
13. SCE is not prepared to provide the Energy Division with its bond calculation. SCE states that if it were to calculate a bond applicable to SJVPA, SCE would need about two more weeks to complete a bond calculation in a manner consistent with PG&E.
14. SJVPA proposed that in order to register it post a bond equivalent to the security deposit requirement that currently applies to an ESP’s registration with the Commission. ESPs currently post or a bond between \$25,000 and \$100,000, depending on how many customer accounts are served by the ESP. SJVPA calls for the \$100,000 bond amount to be accepted on an interim basis, until the Commission revisits this deposit issue, pursuant to D.03-12-015.
15. D.03-12-015 implemented the provisions of AB 117, which revised the requirements for ESPs. Among other things, D.03-12-015 set the amount of the security deposit or bond that an ESP is required to post as proof of “financial viability” in a range from \$25,000 to \$100,000 based on the number of customer accounts that ESP serves.
16. P.U. Code Section 394.25 (e) provides:

“If a customer of an electric service provider or a community choice aggregator is involuntarily returned to service provided by an electrical corporation, any reentry fee imposed on that customer that the commission deems is necessary to avoid imposing costs on other customers of the electric corporation shall be the obligation of the electric service provider or a community choice aggregator, except in the case of a customer returned due to default in payment or other contractual obligations or because the customer's contract has expired. As a condition of its registration, an electric service provider or a community choice aggregator shall post a bond or demonstrate insurance sufficient to cover those reentry fees. In the event that an electric service provider becomes insolvent and is unable to discharge its obligation to pay reentry fees, the fees shall be allocated to the returning customers.”

17. In regards to P.U. Code Section 394.25 (e), D.03-12-015 did not determine what, if anything, should be covered by “reentry fees” nor the amount of the bond that should be required. Rather, D.03-12-015 solicited comment on these issues, including “the use of the security deposit [already posted as proof of financial viability] to cover reentry fees (if ever required) (Sec. 394.25 (e)).” Although comments were received from the interested parties, the Commission has not yet resolved these issues. Thus, the only security posted by ESPs that might cover potential reentry fees is the security deposit that ranges up to \$100,000.
18. SJVPA has stated that, currently, several ESPs serve more California load than SJVPA plans to ultimately serve, yet none of these ESPs have deposited more than \$100,000 as part of their registration requirement, pursuant to 394.25 (e) (which also applies to CCAs). Therefore, SJVPA believes that an interim \$100,000 bond should also satisfy SJVPA’s registration requirement.
19. At this juncture, the Commission lacks a factual Commission record from which to conclude that the bond amount applicable to SJVPA should be larger than the bond amount which is currently required of ESPs that register with the Commission.
20. The term “reentry fee” has not been defined by the Commission. Accordingly, the utilities’ argument – that the bond must cover the “reentry fee” associated with the incremental procurement costs that a utility might face as a result of a CCA involuntarily returning its bundled service – is premature.
21. One issue the Commission may want to consider – in connection with the utilities’ argument that the bond should cover incremental procurement costs the utility would face if the CCA suddenly returns all of its customers back onto utility bundled service – is whether it is likely that CCAs will suddenly cease providing service in the event of an “energy crisis.” The likelihood of this happening may be reduced by changes in California energy markets and the institution of Resource

Adequacy (RA) requirements since the last energy crisis. Additionally, the nature of a CCA's long term supply contracts and/or whether it owns generation facilities may impact the likelihood of a particular CCA ceasing service.

22. It would be unfair to SJVPA to delay its ability to operate as a CCA pending resolution of the underlying, and generic, issues about the proper sizing of the bond, while similarly situated ESPs are serving customers having posted only a \$100,000 bond. It is not our desire to delay the formation and operation of CCAs.
23. In order to complete its registration, and on an interim basis, SJVPA should post a \$100,000 bond with the Commission.
24. We plan, in one or more formal proceedings in the near future, to revisit this bond requirement, on a generic basis. At that time, the Commission will have an opportunity to address all the relevant concerns that have been raised by the utilities in regards to SJVPA.
25. Consideration of the "reentry fee" issue for ESPs and CCAs should be coordinated.

THEREFORE IT IS ORDERED THAT:

1. The Commission hereby finds that an interim bond of \$100,000 is sufficient for SJVPA to post with the Commission as part of its registration packet pursuant to Decision 05-12-041.

This Resolution is effective today.

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 December 20, 2007; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director

PUBLIC UTILITIES COMMISSION505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

November 20, 2007

I.D.# 7175
RESOLUTION E-4133
December 20, 2007**TO: Parties In Rulemaking R.03-10-003**

Enclosed is draft Resolution E-4133 written by the Energy Division. It is initiated by the Commission's own motion and will appear on the agenda at the next Commission meeting held at least 30 days after the date of this letter.

The Commission may vote on this draft Resolution at that time or it may postpone a vote until a later meeting. When the Commission votes on a draft Resolution, it may adopt all or part of it as written, amend, modify or set it aside and prepare a different draft Resolution. Only when the Commission acts does the Resolution become binding on the parties.

All comments on the draft Resolution are due by **December 10, 2007**. Reply Comments are due on **December 14, 2007**. Comments shall be served on parties, as outlined below.

1) An original and two copies, along with a certificate of service to:

Ness Gatchalian
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Carlos Velasquez
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Email: los@cpuc.ca.gov

Comments shall be limited to five pages in length plus a subject index listing the recommended changes to the draft Resolution, a table of authorities and an appendix setting forth the proposed findings and ordering paragraphs.

Comments shall focus on factual, legal or technical errors in the proposed draft Resolution.

Late submitted comments will not be considered. However, in the event that parties are late in filing comments, an accompanying declaration under penalty of perjury shall be submitted setting forth all the reasons for the late submission.

Please contact Carlos Velasquez of the Energy Division at 415-703-1124 if you have questions or need assistance.

Sincerely,

Steve Roscow
Program and Project Supervisor
Energy Division

Enclosure: Pacific Gas & Electric, Southern California Edison, San Joaquin Valley Power Authority and the R. 03-10-003 Service List Certificate of Service

CERTIFICATE OF SERVICE

I certify that I have, by electronic mail this day, served a true copy of Draft Resolution E-4043 on all parties on the R.06-07-010 and R.02-01-011 service lists.

Dated October 31, 2006 at San Francisco, California.

Carlos Velasquez

NOTICE

Parties should notify the Energy Division, Public Utilities Commission, 505 Van Ness Avenue, Room 4002 San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the Resolution number on the service list on which your name appears.

Service List

R.03-10-003

sesco@optonline.net
roger@berlinerlawpllc.com
emello@sppc.com
dhuard@manatt.com
rkeen@manatt.com
susan.munves@smgov.net
mburke50@msn.com
cmlong@earthlink.net
matt_gorman@ci.pomona.ca.us
Janet.Combs@sce.com
Jennifer.Shigekawa@sce.com
mike.montoya@sce.com
rkmoore@gswater.com
mgorman@agclawfirm.com
mmeacham@ci.chula-vista.ca.us
pszymanski@sempra.com

thunt@cecmail.org
dorth@krcd.org
mflorio@turn.org
stephen.morrison@sfgov.org
jzr@cpuc.ca.gov
fsmith@sflower.org
jhendry@sflower.org
scarter@nrdc.org
cmb3@pge.com
jkm8@pge.com
pxo2@pge.com
epoole@adplaw.com
jim@tobinlaw.us
jwiedman@goodinmacbride.com
mlajaunie@gmssr.com
steven@moss.net
sww9@pge.com
yxg4@pge.com
phanschen@mofa.com

jerryl@abag.ca.gov
paulfenn@local.org
swentworth@oaklandnet.com
cwootencohen@earthlink.net
rschmidt@bartlewells.com
ndesnoo@ci.berkeley.ca.us
clyde.murley@comcast.net
sberlin@mccarthy.com
jstone@ci.manteca.ca.us
brbarkovich@earthlink.net
michaelkyes@sbcglobal.net
jjensen@kirkwood.com
jdalessi@navigantconsulting.com
abb@eslawfirm.com
smith@braunlegal.com
blaising@braunlegal.com
etiedemann@kmtg.com
pstoner@lgc.org
lmh@eslawfirm.com
dhammer@trinitycounty.org
notice@psrec.coop
ryan.flynn@pacificcorp.com
shastie@navigantconsulting.com
ralph.dennis@constellation.com
ttschamler@kema-xenergy.com
stacy.aguayo@apses.com
dsaul@pacificsolar.net
bmalkenhorstjr@ci.vernon.ca.us
curtis.kebler@gs.com
klatt@energyattorney.com
douglass@energyattorney.com
case.admin@sce.com
AdviceTariffManager@sce.com
case.admin@sce.com
ehull@ci.chula-vista.ca.us
dwood8@cox.net
melaniem@environmentalhealth.org
rebeccap@environmentalhealth.org
liddell@energyattorney.com
mshames@ucan.org
centralfiles@semprautilities.com
gdixon@semprautilities.com

jleslie@luce.com
kjk@kjkammerer.com
3nelsons@cox.net
dwight.mudry@cox.net
jskillman@prodigy.net
jdelatova@windwardenergy.com
sredelfs@krcd.org
chris@emeter.com
gsmith@adamsbroadwell.com
diane_fellman@fpl.com
john.hughes@sce.com
Dan.adler@calcef.org
mhyams@sfwater.org
norman.furuta@navy.mil
achang@nrdc.org
dwang@nrdc.org
cem@newsdata.com
cem@newsdata.com
hgolub@nixonpeabody.com
jarmstrong@gmssr.com
marc_theobald@emcorgroup.com
irene@igc.org
mfeldman@resourcedecisions.net
megmeal@aol.com
cpuccases@pge.com
jim@prudens.com
rlr2@pge.com
pvh1@pge.com
edchang@flynnrci.com
peter@ci.concord.ca.us
rochmanM@spurr.org
mroush@ci.pleasanton.ca.us
info@calseia.org
pthompson@summitblue.com
ramonag@ebmud.com
spierce@ebmud.com
jody_london_consulting@earthlink.net
mrw@mrwassoc.com
cmiseldine@oaklandnet.com
darmanino@co.marin.ca.us
tim@marinemt.org
wem@igc.org

rita@ritanortonconsulting.com
emahlon@ecoact.org
jiab@ucsc.edu
bmcc@mccarthylaw.com
tomk@mid.org
chris_k@cornerstoneconsulting.biz
Mwoods@mrwlawcorp.com
rmccann@umich.edu
kdusel@navigantconsulting.com
cpucrulings@navigantconsulting.com
JMcMahon@navigantconsulting.com
kemery@navigantconsulting.com
steveng@destrategies.com

mclaughlin@braunlegal.com
dgeis@dolphingroup.org
kdw@woodruff-expert-services.com
blaising@braunlegal.com
karen@klindh.com
californiadockets@pacificorp.com
rfp@eesconsulting.com
aes@cpuc.ca.gov
los@cpuc.ca.gov
cxc@cpuc.ca.gov
ctd@cpuc.ca.gov
dil@cpuc.ca.gov
jl2@cpuc.ca.gov
jlt@cpuc.ca.gov
jf2@cpuc.ca.gov
kim@cpuc.ca.gov
lrm@cpuc.ca.gov
lmi@cpuc.ca.gov
psd@cpuc.ca.gov
scr@cpuc.ca.gov
suh@cpuc.ca.gov
txb@cpuc.ca.gov
mtobias@mawgroup.com
cmcdonald@navigantconsulting.com
hmohamme@energy.state.ca.us
ldecarlo@energy.state.ca.us
ikwasny@water.ca.gov
jgeorge@water.ca.gov

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DRAFT

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jpacheco@water.ca.gov