

113 FERC ¶ 61,021
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;
Nora Mead Brownell, and Suedeen G. Kelly.

Pacific Gas and Electric Company

Docket No. ER05-1319-000

ORDER ACCEPTING IN PART AND REJECTING IN PART TARIFF SHEETS
SUBMITTED IN COMPLIANCE WITH ORDER NO. 2006 AND ESTABLISHING
HEARING AND SETTLEMENT JUDGE PROCEDURES

(Issued October 11, 2005)

I. Introduction

1. Pacific Gas and Electric Company (PG&E) filed proposed variations from the *pro forma* Small Generator Interconnection Procedures (SGIP) and Small Generator Interconnection Agreement (SGIA) that the Commission adopted in Order No. 2006.¹ PG&E proposes multiple revisions to the *pro forma* SGIP and SGIA² ranging from stylistic and/or typographical variations (i.e., editorial changes) to more substantive variations. In this order, we reject many of the proposed variations, determining that they have not been shown to be “consistent with or superior to” the *pro forma* SGIP or SGIA. We also reject, without prejudice, the proposed editorial changes, determining that these types of changes to the *pro forma* SGIP and SGIA are more appropriately raised and

¹ *Standardization of Small Generator Interconnection Agreements and Procedures*, Order No. 2006, 70 Fed. Reg. 34,190 (June 13, 2005), FERC Stats. & Regs. ¶ 31,180 (2005), *reh’g pending*; see also *Standardization of Small Generator Interconnection Agreements and Procedures, Notice of Proposed Rulemaking*, 68 Fed. Reg. 49,974 (Aug. 19, 2003), FERC Stats. & Regs. ¶ 32,572 (2003).

² We will refer to the documents that were adopted in Order No. 2006 for inclusion in a Transmission Provider’s Open Access Transmission Tariff (OATT) as the *pro forma* SGIP and SGIA. Provisions of the *pro forma* SGIP are referred to as “sections” and provisions of the *pro forma* SGIA are referred to as “articles.”

addressed in the rulemaking proceeding. We do accept some of PG&E's proposed changes on the basis that we have previously allowed similar revisions in the Order No. 2003 proceedings.³ For other proposed changes, we establish hearing and settlement judge procedures.

II. Background to Order No. 2006

2. Order No. 2006 required all public utilities⁴ to adopt standard rules for interconnecting new sources of electricity no larger than 20 megawatts. It continued the process begun in Order No. 2003 of standardizing the terms and conditions of interconnection service for interconnection customers. The *pro forma* SGIP and SGIA of Order No. 2006 were developed to reduce interconnection time and costs for interconnection customers and transmission providers, preserve reliability, increase energy supply, lower wholesale prices for customers by increasing the number and types of new generation that will compete in the wholesale electricity market, facilitate development of non-polluting alternative energy sources, and help remedy undue discrimination, as sections 205 and 206 of the Federal Power Act (FPA) require.⁵

3. Order No. 2006 required all public utilities to adopt the *pro forma* SGIP and SGIA as part of their open access transmission service. In Order No. 2006, the Commission deemed that the OATTs of all non-independent transmission providers were revised to

³ *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003, 68 Fed. Reg. 49,845 (Aug. 19, 2003), FERC Stats. & Regs. ¶ 31,146 (2003), *order on reh'g*, Order No. 2003-A, 69 Fed. Reg. 15,932 (Mar. 26, 2004), FERC Stats. & Regs. ¶ 31,160 (2004), *order on reh'g*, Order No. 2003-B, 70 Fed. Reg. 265 (Jan. 4, 2005), FERC Stats. & Regs. ¶ 31,171 (2004), *order on reh'g*, Order No. 2003-C, 70 Fed. Reg. 37,662 (June 30, 2005), FERC Stats. & Regs. ¶ 31,190 (2005); *see also Notice Clarifying Compliance Procedures*, 106 FERC ¶ 61,009 (2004). The Order No. 2003 Large Generator Interconnection Agreement and Large Generator Interconnection Procedures, as amended by Order Nos. 2003-A, 2003-B, and 2003-C, are referred to herein as the LGIA and the LGIP, respectively.

⁴ A public utility is a utility that owns, controls, or operates facilities used for transmitting electric energy in interstate commerce, as defined by the Federal Power Act. 16 U.S.C. § 824(e) (2000).

⁵ 16 U.S.C. §§ 824d, 824e (2000).

include the *pro forma* SGIP and SGIA.⁶ The Commission did not require a formal amendment until compliance is due in the Commission's rulemaking on Electronic Tariff Filings.⁷ Accordingly, a non-independent transmission provider intending to adopt the *pro forma* SGIP and SGIA (without variations) into its OATT need not formally add the documents to its OATT until it submits a compliance filing in response to the Commission's pending Electronic Tariff Filings rulemaking. However, the compliance obligation is different for non-independent transmission providers that seek variations from Order No. 2006, as discussed below.

4. In Order No. 2006, the Commission stated that, as in Order No. 2003,⁸ it would consider two categories of variations from Order No. 2006 submitted by a non-independent transmission provider.⁹ Variations based on regional reliability criteria, referred to as "regional reliability variations," which track established reliability requirements (i.e., requirements approved by the applicable regional reliability council), must be supported by references to established reliability requirements.¹⁰ Further, the text of the reliability requirements must be provided in support of the variation. Requests for regional reliability variations were due on the effective date of Order No. 2006.

5. The Commission also stated that if the variation is for any other reason, the non-independent transmission provider must demonstrate that the variation is "consistent with or superior to" the Order No. 2006 provision. Blanket statements that a variation meets the standard or clarifies Order No. 2006 are not sufficient. Any request for application of this standard will be considered under FPA section 205, and must be supported by arguments explaining how each variation meets the standard. Also, requests for

⁶ Order No. 2006 at P 544.

⁷ See *id.*; see also *Electronic Tariff Filings, Notice of Proposed Rulemaking*, 69 Fed. Reg. 43,929 (July 23, 2004), FERC Stats. & Regs. ¶ 32,575 (2004).

⁸ Order No. 2003 at P 824-25.

⁹ Order No. 2006 at P 546-48.

¹⁰ See *New York Independent System Operator, Inc.*, 108 FERC ¶ 61,159, at P 94-95 (2004) (discussing local versus regional reliability rules), *order on reh'g*, 111 FERC ¶ 61,347 (2005).

“consistent with or superior to” variations could be submitted on or after the effective date of the Final Rule.¹¹

6. On August 12, 2005, PG&E filed a revised SGIP and revised SGIA pursuant to Order No. 2006. It asserts that its proposed variations from the *pro forma* SGIP and SGIA meet the “consistent with or superior to” standard of Order No. 2006. PG&E requests an effective date of August 12, 2005.

III. PG&E’s Filing

7. PG&E proposes the following three categories of revisions to the *pro forma* SGIP and SGIA: (1) revisions to reflect that in the case of PG&E’s Wholesale Distribution Tariff (WDT), the transmission provider is actually a distribution provider; (2) revisions to clarify the language to reduce the potential for conflicts and disputes; and (3) revisions to enhance or ensure reliability. PG&E also proposes to revise its WDT to reflect that the SGIP and SGIA have been added to the WDT.

A. Revisions to reflect that the transmission provider is actually the distribution provider

8. PG&E proposes replacing the term “Transmission Provider” with “Distribution Provider,” the term that is used in its WDT. In addition, PG&E states that it has replaced the terms “Transmission Owner” and “Transmission System” with the terms “Distribution Owner” and “Distribution System,” where appropriate. PG&E contends that these changes more accurately describe PG&E’s role under the WDT and are consistent with the WDT.

B. Revisions to clarify the language

9. PG&E proposes to define the term “Good Utility Practice” in the SGIP since the term is used throughout the document but is never defined. It proposes to use the definition provided in the *pro forma* SGIA.

¹¹ The Commission noted that the “consistent with or superior to” standard is difficult to meet because the burden of showing that a variation is “consistent with or superior to” the relevant provision or provisions in the Order No. 2006 document is significant. Order No. 2006 at P 547. The Commission also stated that any request for a variation should be accompanied by a request to include the complete SGIP and SGIA into the Transmission Provider’s OATT.

10. PG&E states that it has added the term “Tariff” to the SGIP to refer to PG&E’s WDT, which is the governing tariff under the SGIP. It proposes to define Tariff as “The Wholesale Distribution Tariff, the Distribution Provider’s Tariff through which open access transmission service and interconnection service are offered, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.”¹²

11. PG&E states that it has added the term “ISO Tariff” to the SGIP and SGIA to distinguish the defined term “Tariff” from the “ISO Tariff” because open access transmission service under the SGIP is governed by the ISO Tariff. It proposes to define ISO Tariff as “The California Independent System Operator Corporation’s (ISO) tariff, as filed with FERC, and as amended or supplemented from time to time, or any successor tariff.”

12. PG&E states that for clarity it has moved the term “spot network,” which was previously defined in a footnote in the SGIP, to the glossary of terms. PG&E asserts that having all defined terms centrally located avoids confusion and potential for conflicts or dispute and, therefore, the movement to the glossary is superior to its present location in the *pro forma* SGIP.

13. PG&E states that it has added and defined the terms “Interconnection Customer’s Interconnection Facilities” and “Distribution Provider’s Interconnection Facilities” in the SGIA to clarify and supplement the boundaries for the change of ownership of interconnection facilities between the distribution provider and the interconnection customer, as well as to clarify the cost/refund responsibilities between the parties for any network upgrades and for sole use facilities.

14. PG&E proposes to revise section 1.3 of the SGIP (Interconnection Request) to clarify that if the interconnection customer desires distribution service under the WDT, that customer must submit a separate application in accordance with section 15.2 of the WDT. PG&E states that this type of service is not contemplated under either the SGIP or SGIA. In addition, PG&E states that this language has been inserted into two of the application forms.

¹² We note that PG&E’s proposed definition of “Tariff” in the SGIP is different from the definition in the SGIA.

15. PG&E proposes to revise section 2.3 of the SGIP (Customer Options Meeting) to state that where a supplemental data review is necessary PG&E shall share all data and analyses that are non-proprietary. PG&E states that it has not altered its obligation to provide data to the interconnection customer; it has simply clarified the type of data that it can provide. It argues that under the confidentiality provisions of the SGIP, PG&E would not be obligated to share proprietary information.

16. PG&E proposes to revise sections 2.4 and 3.5.7 of the SGIP (Supplemental Review) and insert a 15-day timeline in which the interconnection customer must confirm and agree to changes. If the interconnection customer disagrees with the changes, it must withdraw its application or request that the distribution provider tender an interconnection agreement, despite the interconnection customer's disagreement with the costs or changes. PG&E contends that this language is similar to that provided in Order No. 2003, in section 11.2 of the LGIP.

17. PG&E proposes to revise article 1.5.5 of the SGIA (Responsibilities of the Parties) and require both parties to keep an on-site log of scheduled maintenance and repair activities. PG&E contends that this requirement is consistent with regional practices. PG&E also contends that this is a practical requirement, and, therefore, superior to the *pro forma* SGIA provision.

18. PG&E proposes to revise article 1.8.2¹³ of the SGIA (Reactive Power) and clarify that reactive power payments to the interconnection customer will be provided pursuant to the ISO tariff. PG&E submits that the ISO tariff is the relevant tariff for reactive power payments. It contends that this revision will provide clarity to the parties and eliminate confusion regarding how to pay for reactive power.

19. PG&E proposes to revise article 3.3.3 of the SGIA (Termination) and clarify that the terminating party will bear the termination costs unless the termination is the result of a default. The revision further clarifies that each party will be responsible for its own costs of those responsibilities that have previously been prescribed pursuant to the SGIA. PG&E contends these revisions will clarify the language set forth in the *pro forma* SGIA.

20. PG&E proposes to revise article 5.2.1.1 of the SGIA (Repayment of Amounts Advanced for Network Upgrades) to reflect that multiple affected systems may exist and that, even if affected systems exist, repayment by those systems may not be applicable in

¹³ Although PG&E refers to article 1.8.1 on page 6 of its August 12 Filing in this docket, the tariff sheets indicate that PG&E intends to refer to article 1.8.2.

all cases. PG&E also proposes to clarify the language regarding affected systems by describing “any applicable” affected systems. It contends that this language is superior to that which is set forth in the *pro forma* SGIA because it will reduce confusion.

21. PG&E proposes to revise article 12.2 of the SGIA (Amendment) and add clarifying language that refers to the distribution provider’s rights to amend the SGIA under article 12.12 of the SGIA. PG&E submits that its proposed revision eliminates any ambiguity or possibility of inconsistency that may occur between article 12.2 and article 12.12.

C. Revisions to enhance or ensure reliability

22. PG&E states that it currently has reliability criteria in place for its transmission and distribution systems. PG&E contends that the following changes have been made to ensure that the interconnection service on PG&E’s distribution system will be provided in a safe and reliable manner and the language in the SGIA and SGIP is compatible with PG&E’s current criteria and the relevant procedures for implementing those criteria. PG&E contends that these changes are consistent with or superior to the *pro forma* SGIP and SGIA.

23. PG&E proposes to insert a new term, “Interconnection Handbook,” into the SGIP and the SGIA, and to define it as

A handbook, developed by the Distribution Provider and posted on the Distribution Provider’s website or otherwise made available by the Distribution Provider, describing the technical and operational requirements for wholesale generators and loads connected to the Distribution System, as such handbook may be modified or superseded from time to time. The Distribution Provider’s standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Standards. In the event of a conflict between the terms of the Small Generator Interconnection Procedures and the terms of the Distribution Provider’s Interconnection Handbook, the terms of the Small Generator Interconnection Procedures shall govern.

PG&E contends that this revision is necessary to ensure reliability.

24. PG&E proposes to revise section 2.2.1.4 of the SGIP (Initial Review) and add language to ensure that the interconnection of a small generating facility to the load side of a spot network could not result in a backfeed of the spot network or unnecessary operation of a spot network protector. PG&E submits that backfeeding could cause the

spot network to separate from the primary distribution system.¹⁴ PG&E submits that this language is needed to preserve the same level of interconnection service for existing customers after the interconnection of the small generating facility.

25. PG&E proposes to revise sections 3.3, 3.4, and 3.5 of the SGIP (Feasibility Study, Impact Study, and Facilities Study) and provide language for contingencies in the event that a higher queued project drops out of the queue and such action causes the results of the feasibility, impact, or facilities study to become unreliable. PG&E contends that a process must be in place for the distribution provider to re-conduct the study, if necessary, to confirm that the study results are still reliable and accurately depict the facilities and costs required for safe and reliable interconnection of the small generating facility.

26. PG&E proposes to revise section 4 of the SGIP (Provisions that Apply to All Interconnection Requests) and add a new section 4.11. The proposed revision would incorporate a new requirement that the interconnection customer's interconnection facilities must be designed, constructed, operated, and maintained in accordance with the distribution provider's interconnection handbook.¹⁵ PG&E contends that this is necessary to: (1) define the technical requirements for the portion of the distribution provider's distribution system that interconnects to the small generating facility; (2) allow for safe and reliable interconnection; and (3) reflect current requirements and practices. PG&E contends that the Commission has previously accepted the incorporation of a transmission owner's interconnection guidelines, most recently in the Order No. 2003 proceedings, as well as in *Xcel Energy Operating Companies*.¹⁶

27. PG&E proposes to revise article 1.8 of the SGIA (Reactive Power) to require wind generation facilities to install sufficient reactive resources external to the wind generation units but within the wind generation facilities in order to meet the power factor requirements. PG&E asserts that this proposed revision is consistent with Southern

¹⁴ PG&E cites Institute of Electrical and Electronics Engineers Standard 1547, Standard for Interconnecting Distributed Resources with Electric Power Systems 4.1.1.2.

¹⁵ PG&E has also proposed to define the term "Interconnection Handbook" as discussed above.

¹⁶ 107 FERC ¶ 61,313, at P 30-31 (2004). PG&E proposes to revise article 1.5.4 of the SGIA (Responsibilities of the Parties) in the same manner based on the same rationale.

California Edison Company's pending June 13, 2005 request for rehearing in Docket No. RM02-12-000.

28. PG&E proposes to revise article 2.1 of the SGIA (Equipment Testing and Inspection) and add language that states that additional testing and inspections may be required after initial operation commences. It has inserted language into article 2.1.1 to describe those tests and the cost responsibilities for those tests if they are required. In addition, it has inserted article 2.1.3 which requires routine inspections and testing to be performed at the request of either party, and at the requesting party's expense.

D. Miscellaneous revision to the WDT

29. PG&E has added a preamble to section 15 of its WDT to distinguish small generator interconnection procedures from interconnection procedures for wholesale load entities that require interconnection through the WDT. The preamble states that the new small generator interconnection applicants must follow the SGIP in order to interconnect to PG&E's distribution system.

IV. Notice and Responsive Pleadings

30. Notice of PG&E's filing was published in the *Federal Register*, 70 Fed. Reg. 48,946 (2005), with motions to intervene and protests due on or before September 2, 2005. Modesto Irrigation District, Southern California Edison Company, and the Energy Producers and Users Coalition filed timely motions to intervene.

V. Discussion

A. Procedural Matters

31. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2005), the timely, unopposed motions to intervene serve to make the entities that filed them parties to this proceeding.

B. Proposed Revisions

32. As discussed below, the Commission accepts certain proposed modifications to the *pro forma* SGIP and SGIA because the Commission previously has accepted similar modifications.¹⁷ We reject the proposed modifications that seek to make generally

¹⁷ See *Southern California Edison Co.*, 112 FERC ¶ 61,036, at P 32 (2005) (*SoCal Edison*).

applicable typographical or editorial clarifications or corrections that are more appropriately addressed in the rulemaking proceeding, without prejudice to the outcome of the order on rehearing of Order No. 2006. We will set for hearing and settlement judge procedures the proposed changes made to reflect the fact that PG&E owns and operates its Distribution System within the California Independent System Operator Corporation's (California ISO) controlled grid, which raise issues of material fact that cannot be resolved based on the record before us. Finally, we will reject any remaining proposed changes as not "consistent with or superior to" the *pro forma* SGIP and SGIA.

33. First, we note that PG&E has modified various provisions of the *pro forma* SGIP and SGIA without providing any justification for such changes and without identifying these revisions in its transmittal letter.¹⁸ The Commission rejects the proposed revisions that PG&E neither specifically identifies in the transmittal letter nor attempts to justify as "consistent with or superior to" the *pro forma* SGIP or SGIA.

34. The Commission accepts PG&E's first category of proposed revisions; namely, revisions to reflect that the transmission provider is actually a distribution provider.¹⁹

¹⁸ For example, without identification and justification PG&E has capitalized "spot network" (section 2.2.1.3), deleted "minimum" and replaced it with "maximum" (section 2.2.1.3), inserted the phrase "to ensure continuous import of power" (section 2.2.1.3), inserted "be" (section 2.2.1.5), deleted "minor" (section 2.4.1.3), inserted "(Attachment 6)" (section 3.3.3), inserted "safety, protection, and" (section 3.4.1), deleted "transmission" (section 3.4.2), replaced "Agreement" with "SGIP" (sections 4.5.1, 4.5.2, and 4.5.3), and deleted the phrase "A Transmission Provider which may be an" (section 4.9). This is a not an exhaustive list of the changes PG&E proposes without proper identification and justification in Attachments 1 through 4 of its filing.

¹⁹ We note that in Order No. 2003, at paragraph 803, we stated:

"Distribution" is an unfortunately vague term, but it is usually used to refer to lower-voltage lines that are not networked and that carry power in one direction. Some lower-voltage facilities are "local distribution" facilities not under our jurisdiction, but some are used for jurisdictional service such as carrying power to a wholesale power customer for resale and are included in a public utility's OATT (although in some instances, there is a separate OATT rate for using them, sometimes called a Wholesale Distribution Rate).

The Commission accepted similar revisions in Southern California Edison Company's Order No. 2003 compliance filings;²⁰ we will accept PG&E's proposed revisions here under the same rationale.

35. The Commission also accepts the revisions to section 4.11 of the SGIP and article 1.5.4 of the SGIA, which essentially require the interconnection customer to comply with the distribution provider's interconnection handbook when designing, constructing, operating, or maintaining interconnection facilities. Previously, the Commission allowed a Participating Transmission Owner to require compliance with its interconnection handbook as consistent with Order No. 2003.²¹ We likewise find PG&E's proposed revisions consistent with Order No. 2006. Although the Commission previously has not required that an interconnection handbook be included in an LGIP or LGIA, we require the filing of any handbook sections that affect rates, terms, and conditions of service.²²

36. The Commission also accepts the definition of Interconnection Handbook that corresponds to the revision to section 4.11. However, PG&E must remove the sentence that states that "The Distribution Provider's standards contained in the Interconnection Handbook shall be deemed consistent with Good Utility Practice and Applicable Reliability Standards." We reject this statement because it is not needed to define "Interconnection Handbook." Moreover, this statement is outside the scope of this compliance filing because it asks the Commission to conclude that all provisions of PG&E's Interconnection Handbook be considered Good Utility Practice and Applicable Reliability Standards.

37. Finally, the Commission accepts the revision to section 15 of PG&E's WDT to distinguish generator and wholesale load interconnections.

38. Other than those proposed modifications that we set for hearing below, we will reject the remainder of PG&E's proposed changes because they have not been shown to be "consistent with or superior to" the *pro forma* SGIP and SGIA. As we stated in Order No. 2006, the "consistent with or superior to" standard is difficult to meet because the burden of showing that a variation is "consistent with or superior to" the relevant

²⁰ *SoCal Edison*, 112 FERC ¶ 61,036 at P 32.

²¹ *Southern California Edison Co.*, 110 FERC ¶ 61,176, at P 45 (2005); *see also California Independent System Operator Corp.*, 112 FERC ¶ 61,009, at P 167 (2005).

²² *See, e.g., SoCa. Edison*, 112 FERC ¶ 61,036 at P 22.

provision or provisions in the Final Rule is significant.²³ Changes that merely clarify a provision do not ordinarily meet this standard. Also, reliability-justified changes should be accompanied by specific references to established reliability criteria, which PG&E has not done here.

39. Many of these proposed revisions are editorial in nature or are revisions that should be applied generically to all SGIPs and SGIA. With respect to PG&E's editorial revisions, the Commission believes that proposed typographical and other editorial changes are more appropriately addressed in the rulemaking proceeding where they may be considered in a single proceeding and applied generically. Similarly, other revisions that can be applied generically should be presented in that proceeding as well.²⁴ The Commission will address such editorial revisions in the Order No. 2006 compliance process as we addressed such revisions in the Order No. 2003 compliance process.²⁵ Accordingly, we reject PG&E's proposed editorial and generically applicable revisions without prejudice to the outcome of the order on rehearing of Order No. 2006.

40. The Commission will require PG&E to submit a further compliance filing that includes the *pro forma* SGIP and SGIA and only those provisions specifically accepted in this order.

VI. Hearing and Settlement Judge Procedures

41. Certain of PG&E's proposed modifications to the *pro forma* SGIP and SGIA, *i.e.*, (1) changes made to conform language to WDT terminology, (2) changes made to reflect differences between the nature of service(s) provided under the *pro forma* OATT and WDT, and (3) changes made to be consistent with the California ISO tariff and the provisions of the market within California, raise issues of material fact that cannot be resolved based on the record before us, and are more appropriately addressed in the hearing and settlement judge procedures ordered below.

²³ Order No. 2006 at P 547.

²⁴ For example, the proposed revisions to SGIP sections 2.3, 2.4, and 3.5.7, and SGIA articles 5.2.1.1 and 12.2 are generically applicable revisions.

²⁵ See, *e.g.*, *Arizona Public Service Co.*, 107 FERC ¶ 61,257 (2004).

42. Our preliminary analysis indicates that certain of the proposed revisions to the *pro forma* SGIP and SGIA have not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Therefore, we will accept them for filing, suspend them for a nominal period, and make them effective October 12, 2005, subject to refund. We will set the proposed modifications discussed above for hearing and settlement judge procedures.

43. While we are setting these matters for a trial-type evidentiary hearing, we encourage the parties to make every effort to settle their dispute before hearing procedures are commenced. To aid the parties in their settlement efforts, we will hold the hearing in abeyance and direct that a settlement judge be appointed, pursuant to Rule 603 of the Commission's Rules of Practice and Procedure.²⁶ If the parties desire, they may, by mutual agreement, request a specific judge as the settlement judge in the proceeding; otherwise, the Chief Judge will select a judge for this purpose.²⁷ The settlement judge shall report to the Chief Judge and the Commission within 60 days of the date of this order concerning the status of settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions or provide for commencement of a hearing by assigning the case to a presiding judge.

The Commission orders:

(A) PG&E's proposed tariff revisions are hereby accepted in part and rejected in part. The tariff revisions that strictly comply with Order No. 2006 are effective August 12, 2005. The proposed tariff revisions that contain proposed variations from Order No. 2006 are hereby accepted in part, suspended for a nominal period, to become effective October 12, 2005, subject to refund, and rejected in part, as discussed in the body of this order.

(B) PG&E is hereby directed to submit, within 30 days of the date of this order, a compliance filing, as discussed within the body of this order.

²⁶ 18 C.F.R. § 385.603 (2005).

²⁷ If the parties decide to request a specific judge, they must make their joint request to the Chief Judge by telephone at (202) 502-8500 within five days of this order. The Commission's website contains a list of Commission judges and a summary of their background and experience (www.ferc.gov – click on Office of Administrative Law Judges).

(C) Pursuant to the authority contained in and subject to the jurisdiction conferred upon the Federal Energy Regulatory Commission by section 402(a) of the Department of Energy Organization Act and by the Federal Power Act, particularly sections 205 and 206 thereof, and pursuant to the Commission's Rules of Practice and Procedure and the regulations under the Federal Power Act (18 C.F.R., Chapter I), a public hearing shall be held concerning PG&E's proposed rate schedule for reactive power and voltage control services. However, the hearing shall be held in abeyance to provide time for settlement judge procedures, as discussed in Paragraphs (D) and (E) below.

(D) Pursuant to Rule 603 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.603 (2005), the Chief Administrative Law Judge is hereby directed to appoint a settlement judge in this proceeding within fifteen (15) days of the date of this order. Such settlement judge shall have all powers and duties enumerated in Rule 603 and shall convene a settlement conference as soon as practicable after the Chief Judge designates the settlement judge. If the parties decide to request a specific judge, they must make their request to the Chief Judge within five (5) days of the date of this order.

(E) Within sixty (60) days of the date of this order, the settlement judge shall file a report with the Commission and the Chief Judge on the status of the settlement discussions. Based on this report, the Chief Judge shall provide the parties with additional time to continue their settlement discussions, if appropriate, or assign this case to a presiding judge for a trial-type evidentiary hearing, if appropriate. If settlement discussions continue, the settlement judge shall file a report at least every sixty (60) days thereafter, informing the Commission and the Chief Judge of the parties' progress toward settlement.

(F) If settlement judge procedures fail and a trial-type evidentiary hearing is to be held, a presiding judge, to be designated by the Chief Judge, shall, within fifteen (15) days of the date of the presiding judge's designation, convene a prehearing conference in these proceedings in a hearing room of the Commission, 888 First Street, N.E., Washington, DC 20426. Such a conference shall be held for the purpose of

establishing a procedural schedule. The presiding judge is authorized to establish procedural dates and to rule on all motions (except motions to dismiss) as provided in the Commission's Rules of Practice and Procedure

By the Commission.

(S E A L)

Magalie R. Salas,
Secretary.