

142 FERC ¶ 61,076
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Jon Wellinghoff, Chairman;
Philip D. Moeller, John R. Norris,
Cheryl A. LaFleur, and Tony T. Clark.

Pacific Gas and Electric Company

Docket Nos. ER13-483-000
ER12-2687-000
(Consolidated)

ORDER ACCEPTING AND SUSPENDING REVISED TARIFF RECORDS, SUBJECT
TO REFUND, AND CONSOLIDATING PROCEEDINGS FOR HEARING AND
SETTLEMENT JUDGE PROCEDURES

(Issued January 31, 2013)

1. On November 30, 2012, pursuant to section 205 of the Federal Power Act (FPA),¹ Pacific Gas and Electric Company (PG&E) filed revised records to its service agreement with the Western Area Power Administration (Western) under PG&E's Wholesale Distribution Tariff (WDT Service Agreement).² The revised records represent a biannual update that reflects additions, modifications and deletions to Western's points of interconnection made during the period of May 1, 2012 through October 31, 2012. The revisions also include cost-of-ownership charges applicable to certain of Western's new and modified points of interconnection. As discussed below, we accept the revised records, suspend them for a nominal period, to be effective February 1, 2013, subject to refund, and establish hearing and settlement judge procedures. Additionally, we consolidate the instant filing with the ongoing proceeding in Docket No. ER12-2687-000 for inclusion in the hearing and settlement procedures.

I. Background

2. The WDT Service Agreement with Western was filed as part of a comprehensive 2004 settlement involving a number of agreements and approved by the Commission effective January 1, 2005.³ The WDT Service Agreement establishes the terms and

¹ 16 U.S.C. § 824d (2006).

² The WDT Service Agreement is designated as Service Agreement No. 17 under PG&E's Wholesale Distribution Tariff, FERC Electric Tariff Volume 4.

³ *Pac. Gas & Elec. Co.*, 109 FERC ¶ 61,255 (2004).

conditions of PG&E's wholesale distribution service to Western, and the mechanism for PG&E to recover its costs of constructing, owning and maintaining facilities for Western's benefit. Western uses the service under the WDT Service Agreement to deliver power that it sells to various wholesale power customers.

3. The WDT Service Agreement also describes the parties' rights to add, subtract or modify delivery points for wholesale distribution service and PG&E's right to collect cost-of-ownership charges for facilities serving these delivery points. Customer-specific rates for wholesale distribution service of facilities under the WDT Service Agreement were filed in a 2006 settlement between PG&E, Western, and certain of Western's customers, and approved by the Commission effective January 1, 2005.⁴

4. The WDT Service Agreement also provides for PG&E to make biannual updates with the Commission to reflect all load and delivery point modifications rather than make individual filings for each change.⁵

5. On September 26, 2012, in Docket No. ER12-2687-000, PG&E filed revised records to its service agreement with Western under PG&E's WDT Service Agreement, establishing cost-of-ownership rates for Western's new points of interconnection or new Direct Assignment facilities at existing points of interconnection. Specifically, PG&E proposed a cost-of-ownership rate of 0.48 percent for customer-financed projects, and a cost-of-ownership rate of 1.20 percent for utility-financed projects. PG&E proposed to apply the cost-of-ownership rates to the installation cost of facilities in order to calculate cost-of-ownership charges. By order issued on November 20, 2012, the Commission accepted for filing, and suspended and set for hearing and settlement judge procedures PG&E's proposed cost-of-ownership rates.⁶

II. Instant Filing

6. While hearing and settlement proceedings were underway in Docket No. ER12-2687-000, PG&E submitted its November biannual update to the WDT Service Agreement, in this docket. The revisions consist of additions of new and deletions of existing Western customers as well as delivery point and service voltage additions, modifications, and deletions related to existing Western customers during the period of

⁴ *Pac. Gas & Elec. Co.*, 117 FERC ¶ 61,154 (2006).

⁵ WDT Service Agreement, Section 13. PG&E submits biannual updates on or before the last day of May or November each year, reflecting modifications made by the parties during the previous six months.

⁶ *Pac. Gas & Elec. Co.*, 141 FERC ¶ 61,147 (2012).

May 1, 2012 through October 31, 2012.⁷ Also, the applicable monthly cost-of-ownership charge associated with certain facilities at Western's new and modified points of interconnection are included in this filing.

7. PG&E proposes to assess cost-of-ownership charges to 37 new points of interconnection serving a retail customer, the Westlands Water District (Westlands).⁸ The cost-of-ownership charges are calculated by multiplying the installation costs of the Direct Assignment facilities at a particular point of interconnection to the applicable cost-of-ownership rate.⁹

8. PG&E states that the parties in this filing recognize that issues related to cost-of-ownership charges have been set for hearing and settlement proceedings in Docket No. ER12-2687-000. As such, PG&E states that the parties understand that the cost-of-ownership charges for the points of interconnection added in this biannual update for certain of Western's customers may be subject to change if the parties reach settlement and a settlement agreement has been filed and approved by the Commission.

9. PG&E requests that the Commission accept the revisions to the biannual update, effective February 1, 2013.

III. Notice of Filing and Responsive Pleadings

10. Notice of PG&E's filing was published in the *Federal Register*, 77 Fed. Reg. 73,027 (2012), with interventions, comments, and protests due on or before December 21, 2012. The Power and Water Resources Pooling Authority (Pooling Authority) filed a timely motion to intervene and comments.

11. Pooling Authority supports PG&E's biannual update subject to certain conditions and understandings. Pooling Authority explains that this biannual update includes cost-of-ownership charges for 37 new points of interconnection serving its retail customer,

⁷ The revisions are reflected in the Load Profile Summary Tables and Tables 1-8 of the WDT Service Agreement.

⁸ PG&E Filing at 5. These interconnection additions are conversions from retail service to wholesale distribution service.

⁹ *Id.* at 3. In lieu of a monthly cost-of-ownership charge, Western may elect to pay an equivalent one-time payment for any facility, which is calculated by multiplying the installed costs of the facility, the annualized cost-of-ownership rate and a present worth factor.

Westlands.¹⁰ Pooling Authority states that the cost-of-ownership charges listed for the new Westlands points of interconnection include costs associated with PG&E-owned meters. Pooling Authority states that PG&E will be removing its meters from each point of interconnection, and Pooling Authority will be installing meters. Accordingly, Pooling Authority asserts that PG&E has agreed to submit a compliance filing to revise the cost-of-ownership charges for each of Westlands' new points of interconnection to remove meter costs from the cost basis.

12. Pooling Authority further states that it supports PG&E's biannual update to the WDT Service Agreement on the express understanding that the cost-of-ownership charges for Westlands' new points of interconnection are subject to change. Pooling Authority reiterates that once a settlement is finalized and accepted under Docket No. ER12-2687-000, certain terms and conditions related to the determination and applicability of cost-of-ownership charges are expected to be made applicable retroactively to Westlands' new points of interconnection.

IV. Discussion

A. Procedural Matters

13. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure,¹¹ the timely, unopposed motion of Pooling Authority to intervene serves to make it a party to this proceeding.

B. Commission Determination

14. Our preliminary analysis indicates that PG&E's proposed cost-of-ownership charges associated with Westlands' points of interconnection have not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful. Specifically, Pooling Authority here is challenging one of the cost components of the underlying cost-of-ownership charges that have already been set for hearing and settlement judge proceedings in Docket No. ER12-2687-000. Accordingly, we will accept the revised records for filing, suspend them for a nominal period, to be effective February 1, 2013, subject to refund, and consolidate the

¹⁰ Western has a back-to-back agreement with Pooling Authority that requires the customer to reimburse Western for transmission and distribution charges assessed by PG&E in connection with service to that customer. Accordingly, the cost-of-ownership charges assessed by PG&E to Western associated with Westlands' end-use loads will be directly passed through to Pooling Authority.

¹¹ 18 C.F.R. § 385.214 (2012).

proceeding with Docket No. ER12-2687-000 for hearing and settlement judge procedures.

The Commission orders:

PG&E's revised tariff records are hereby accepted for filing, and suspended for a nominal period, effective February 1, 2013, subject to refund, and consolidated with the ongoing hearing and settlement judge proceedings in Docket No. ER12-2687-000, as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.