Air Quality and Agriculture Advisory Committee

November 14, 2000
10:00 a.m. – 3:00 p.m.

Stanislaus Agricultural Center
3800 Cornucopia Way
Modesto, California 95358

Preliminary Agenda

(1) Welcome and Introductions

(2) Follow-up on Electrical Rate Issues for Electric Irrigation Pumps

(3) Update on the Risk Reduction Plan for Diesel-Fueled Engines and Vehicles and November 3rd Diesel Retrofit Committee Meeting Report

Lunch

(4) Production Agriculture Voluntary Air Quality Compliance Program

California Public Utilities Commission Rulemaking Proceedings Affecting Agriculture (Near-term 2000)

The California Public Utilities Commission's (PUC) public process provides opportunities for the Air Resources Board (ARB) and the public to affect PUC rulemaking. Of interest are the PUC cases that affect the economy of conversion from fossil-fueled agricultural water pumps to electric motor-driven water pumps. There are currently three cases before the PUC that could affect this conversion.

Because of the complexity of utility rate structuring, it is difficult to accurately project the overall impact of the proposed rate cases for all agricultural customers. When initially proposed in 1999 and early 2000, the rate restructuring cases were expected to result in electricity-consumption cost savings for most agricultural customers. However, not all agricultural customers were expected to realize cost savings from the proposed rate changes, depending on agricultural operation-specific factors such as pump motor size and frequency of pump use. Additionally, the cost to the utilities of producing and providing electricity has risen dramatically during 2000, primarily due to sharp increases in oil prices. The three proposed rate cases are as follows:

- <u>Proceeding Number A99-03-014 – Pacific Gas and Electric (PG&E) General Rate Case, Phase II</u> Filed: March 5, 1999
  PG&E proposes to revise electrical rates, including standby rates, at the end of the current rates freeze period. PG&E's proposal would impact California agriculture in the following ways:
  - demand ratchets (standby charges) would be eliminated for "agricultural rate" customers using 100 kilowatts or more (agricultural pump operators using more than 100 kilowatts per month would no longer be charged standby fees during the months their pumps are not in use);
  - "agricultural rate" customers using 100 kilowatts or more would remain in agricultural user class "AG5B," and would be charged one rate for all demand over 100 kilowatts;
  - "agricultural rate" customers using less than 100 kilowatts would be merged into the commercial/light industrial rate classes "A1" or "A10," where there are no demand ratchets; and
  - monthly meter charges for all agricultural users (a fixed charge covering the cost of PG&E equipment) would increase.

  PUC Commissioner assigned: Richard A. Bilas
  Administrative Law Judge assigned: Meg Gottstein -- office number (415) 703-4802
  Schedule: This proceeding has been temporarily delayed due to PG&E's difficulties with proving the model used to demonstrate their need for rates restructuring. Proceeding schedule changes can be found at http://webpageserver.cpuc.ca.gov/published/proceedings/A9903014.htm .

- <u>Proceeding Number A00-01-009 – Southern California Edison Company Post-Transition Rate Design Proceeding</u> Filed: January 7, 2000
  Southern California Edison Company proposes to change electrical rates, including standby rates, at the end of the current rates freeze period. Southern California Edison's proposal would impact California agriculture in the following ways:
  - demand ratchets would be eliminated for "agricultural rate" customers (replaced with other charges that are based on the required transmission lines, transformers, etc., necessary to supply a specific user);
  - fixed charges (charges unrelated to use) would be restructured into "customer charges," "grid charges," and "connective horsepower charges;"

- overall costs to agricultural users would be reduced for the "average" agricultural pump user (averaging a 17.4 percent reduction across the average agricultural user profile); and
- not all agricultural users would have reduced costs.

PUC Commissioner assigned: Richard A. Bilas
Administrative Law Judge assigned: Mark S. Wetzell -- office number (415) 703-1491
Schedule updates are published on the PUC web site at
http://www.cpuc.ca.gov/published/proceedings/A0001009.htm :
Evidentiary hearings - November 13, 2000
Opening briefs - December 26, 2000
Final decision - June 2001

- **Proceeding Number R99-10-025 -- 1999 Distributed Generation Order Instituting Rulemaking** Filed: October 21, 1999
  General PUC rulemaking proceeding impacting PG&E, Southern California Edison Company, and San Diego Gas and Electric.
  PUC description: "Order Instituting Rulemaking into Distributed Generation."
  The PUC ambitiously intends to define and resolve the following issues with the three utilities:
  - interconnection standards: ownership and control of distributed generation; distribution system planning, maintenance and operation; valuation of distributed generation and net metering; consumer education and outreach to governmental entities; rate design and stranded costs; distribution wheeling; and streamlining of the California Environmental Quality Act review process.

  PUC Commissioner assigned: Richard A. Bilas
  Administrative Law Judge assigned: Michelle Cooke -- office number (415) 703-2637
  Schedule updates are published on the PUC web site at
  http://www.cpuc.ca.gov/published/proceedings/R9910025.htm

Participation in the PUC's process

PUC items initially receive a "Proceeding Number." A Proceeding may have a specific goal at the outset, but the specific goal may not be the only thing that is ruled on at the end of the process. As participants add their input, the scope of the Proceeding is broadened, refocused, or narrowed; the goal of the Proceeding is changed as input is received from interested parties. (For example, the initial scope of a Proceeding may be a rate adjustment request for a specific user classification, by an electrical utility. In the course of the Proceeding, interested parties may request that the PUC expand the scope of the hearings to include additions or subtractions of specific energy-users from the affected classification. If the PUC agrees that the reclassifications are relevant to the case, the scope may be broadened to include reclassifications *and* the initial rate adjustment request.)

Participants in the PUC process are either "parties" or "non-parties:"

- "Parties" receive schedules, agendas, and copies of everything that is entered into the docket by all of the players. They have full participation rights to comment, receive the comments of others, and intervene in the proceedings.
- "Non-parties" have access to all of the docket information, but don't have rights to intervene or freely participate in the proceedings.

Generally, to intervene as a "party" or "non-party" in a specific Proceeding, non-PUC entities would petition the PUC at least five days before the "evidentiary hearing" portion of the Proceeding is held.