



City of Azusa

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October 19, 2010

Mr. Jim Woodward
 California Energy Commission
 1516 Ninth Street MS-20
 Sacramento, CA 95814

Ms. Lorraine Gonzalez
 California Energy Commission
 1516 Ninth Street, MS-4
 Sacramento, CA 95814

Dear Madame/Sir:

Azusa Light & Water (Azusa) recently presented an update to its Utility Board on Azusa’s Renewable Portfolio Standard program (Azusa RPS). The update included the regulatory history of RPS in California and the utility’s response(s) to applicable California laws and regulations as evidenced in its RPS policy.

During the presentation, questions were asked by members of the Utility Board seeking confirmation that Azusa included the energy derived from Azusa’s share of Hoover Power Plant (Hoover) in Azusa RPS portfolio. As a result, staff reviewed once more the Azusa RPS and Azusa’s Power Source Disclosure Program reports submitted annually to the CEC as well as the CEC web posted report titled “Updated Publicly Owned Utilities Database as of September 2010”.

Upon review, staff observed apparent inconsistencies between the Azusa’s approved RPS program and the above CEC report information pertaining to Azusa. Specifically, the Azusa RPS information shown in section titled “POU Qualifying RPS Deliveries” (“Deliveries” tab) does not seem to reflect Azusa’s Hoover energy.

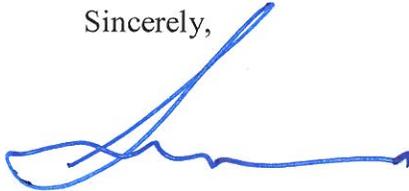
I would like to point out that Azusa became a Hoover contractor in 1987 as one of the Schedule - B participants. Hoover Schedule - B participants were the entities which contracted for the Hoover incremental capacity and associated energy precipitating from improvements in Hoover efficiency. That incremental efficiency and associated incremental increase in capacity and energy resulted from installing newer, larger and more efficient generators.

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Accordingly, I am hereby requesting that the CEC staff reflect in their records that Azusa, consistent with its RPS policy, counts its share of Hoover hydroelectric power plant as a renewable resource. This would entail a revision in the applicable Azusa entry in the section titled "POU qualifying RPS Deliveries" of the CEC report referenced earlier.

Please feel free to contact me if you have any questions or require further information. I can be reached at 626-812-5214 or ylehr@ci.azusa.ca.us.

Sincerely,



Yarek Lehr
Assistant Director of Resources Management

P.S. Attached for your reference is a copy of Azusa's RPS Policy.

City of Azusa

Renewable Power Portfolio Standard (RPS)

Revised September 24, 2007

Purpose:

This standard represents Azusa's commitment to renewable resource procurement consistent with the provisions current law.

Goal:

Azusa will increase procurement of electricity from "eligible" renewable resources until a target portfolio level of 20% is reached by 2010, measured by the amount of energy procured in making retail sales of electricity. Azusa will further attempt to achieve a 33% renewable target or higher by 2020 to the extent there is no technological; logistical; and economic impediments to do so.

Qualifying Resources:

Electricity produced from the following technologies constitute "eligible" resources: biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, hydroelectric generation, digester gas, municipal solid waste, landfill gas, ocean wave, ocean thermal, tidal current, renewable components of system sales from other parties, or renewable distributed generation on the customer side of the meter. Facilities can be located anywhere in the interconnected transmission system located in the west, and with preferences to resource locations within California.

Timing of Long-Term Resource Additions:

Renewable resources will be procured to the extent they fulfill unmet needs identified in Azusa's long-term resource plan and supplement short-term resource needs. Azusa will not terminate, abrogate, or otherwise end any existing long-term contract in order to meet the renewable target portion of its energy portfolio.

Price Benchmarking:

The appropriate reasonable prices to be paid for renewable resources will be established by the Azusa's Utility Board and should to the maximum extent feasible consistent with the price benchmarks set by the CPUC for the State's investor owned utilities and shall include the cost of associated transmission to deliver the energy to Azusa's service territory.

Limit on Subsidies:

Azusa may utilize the funds generated by the "public benefits charge" (PBC) that Azusa adds as a surcharge to retail bills pursuant to the provisions of AB 1890 to subsidize the above-market costs of renewable energy. To the extent such funds are not available from PBC, Azusa may defer the renewable resources procurement up to three years as described below until such funds are budgeted and become available.

Flexible Compliance:

Azusa is authorized to purchase the "environmental attributes" or "green tickets" from a renewable resource, without purchasing the associated energy, to comply with this RPS. Also, "catching-up" for procurement shortfalls and "banking" excess procurements for credit in the future over as many as three years will be allowed. However, procurement preference should be given to physical renewable resources in the first instance.

System Rate Impact:

The addition of renewable energy resources shall not increase system wide rates by more than a level by the Utility Board, currently set at 7% of the retail rates.