

Report on New Municipal Departing Load Charges



City Council Meeting
January 13, 2009



Background - MVU

- The City Council established the City's electric utility, Moreno Valley Utility (or MVU) in 2001
- MVU began providing service to customers in February 2004 and currently serves over 5,000 customers
- MVU's regulatory authority is the City Council of the City of Moreno Valley (sets rates, rules, adopts programs, etc.)



Background – MVU (cont'd)

- As a result of the City Council's decision to establish MVU (Resolution 2001-33), there are two electric utility providers in the City:
MVU and Edison
- MVU provides service to newly developed areas primarily in the eastern and southern portions of the City, and also areas located around the Civic Center
- Edison provides service to the remaining, more established parts of the city

Background – Edison

- Edison claims that prior to MVU providing service in Moreno Valley, Edison made commitments on behalf of those future customers – in anticipation of serving the customers now served by MVU
- Edison represents its commitments consist of bond charges, above market power costs, and other charges
- Edison now desires to bill and collect money from MVU customers based upon those commitments

Background – Edison (cont'd)

- Edison's regulatory authority is the California Public Utilities Commission (CPUC)
- Edison proposed the assessment of a fee to the CPUC that would be charged to customers of new municipal utilities
- CPUC recently approved the fee, coining a name for the fee – the New Municipal Departing Load, or NMDL charge
- CPUC has no authority of Publicly Owned Utilities such as MVU

Opposition to the Proposed Fee

- The City of Moreno Valley and other Publicly Owned Utilities opposed Edison's efforts to get the proposed fee approved at the CPUC
- The City joined the California Municipal Utilities Association and others to appeal certain issues concerning the fee to the Supreme Court, but the Supreme Court declined to hear the issues
- At least four pieces of legislation have been proposed to address the issue, but none have become law

Edison Asks for Millions

- In March 2008, Edison sent a letter to the City Manager asking the City to pay millions on behalf of MVU customers
- Or, as Edison outlined in the letter, the City could simply provide Edison with MVU customers' information and Edison would bill the customers directly

About those Charges.....

- Edison and City staff met several times to discuss the charges
- However, no mutually acceptable resolution has been reached
- The City feels the charge is inappropriate since Edison never provided any service to MVU customers
- Accordingly, the City sent a notice to MVU customers informing them of the proposed charge

Response of MVU Customers

- Several dozen MVU customers have contacted MVU voicing their disapproval of a charge or fee from a service provider they never received service from

Questions?

