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Decision 96-03-022 March 13, 1996

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

Order Instituting Rulemaking on the Commission's Proposed Policies Governing Restructuring California's Electric Services Industry and Reforming Regulation.	R.94-04-031 (Filed April 20, 1994)
Order Instituting Investigation on the Commission's Proposed Policies Governing Restructuring California's Electric Services Industry and Reforming Regulation.	I.94-04-032 (Filed April 20, 1994)

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INTERIM OPINION

Today's order adopts a procedural plan for achieving the transition to a restructured electric services industry serving California customers. In developing this comprehensive "roadmap," we focus on the multiple and interrelated tasks that must be accomplished in order to meet our implementation goal of no later than January 1, 1998. We must ensure that all vital issues are addressed in a logical fashion and in a way that maximizes the efficient use of both our staff and stakeholders' resources. In order to accomplish these ends, we modify three dates established in our policy decision: 1) utility applications for new performance-based ratemaking (PBR) mechanisms shall be due on July 15, 1996, rather than February 20, 1996; 2) applications to value the book value of non-nuclear assets shall be due on July 15, 1996, rather than April 1, 1996; and 3) all charges related to the public goods charge, the economic development charge, and the low emission vehicle charge shall be identified on customers' bills when all other components, such as the competitive transition charge (CTC) are unbundled and delineated, rather than being identified as line items as of January 1, 1997.

We also establish a procedural vehicle to consider product (or rate) unbundling, which is integral to the Commission's direct access availability objectives. We expect that the filings at the Federal Energy

Regulatory Commission (FERC) will provide data on functional unbundling, or the separation of utility functions into generation, transmission, and distribution.

Finally, we change the filing date for utilities' estimates of transition costs from September 2, 1996 to August 30, 1996, because September 2 is Labor Day, a legal holiday. These modifications and additions are discussed in greater detail below.

We briefly summarize the guidelines adopted in our policy decision[1] of December 20, 1995, and identify our need for further information and necessary next steps. We divide the issues into several areas, recognizing that there is significant interaction among them. We list the major issues to be considered in each area and attach a visual depiction of the roadmap, which delineates the timing and sequencing of this implementation phase.

It is essential that we outline our roadmap process at this juncture. This focus on implementation details and timing will allow us to accommodate any necessary modifications to smooth our transition to a competitive framework. However, as promised in our policy decision, we will not take steps to carry out our policies until March 29, 1996, or 100 days from the effective date of that decision.

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[1] All references to this order are to Decision (D.) 95-12-063 as corrected and conformed by D.96-01-009.

Background

Our policy decision articulates our vision of a competitive framework for the electric services industry. That decision established dates for certain key filings, which will allow us to move forward expeditiously on preliminary implementation details.

That being said, we also recognize the complexity and inter-related nature of the issues and filings called for. We therefore adopt a procedural work plan for addressing the substantive issues involved in this transition. Although we do not call for a formal negotiation period, we encourage parties to meet and confer so as to jointly develop resolutions of many of these implementation concerns. We also call for Working Groups to convene to address several important implementation issues.

Because complex compliance filings are likely to be necessary, and because we must build in a significant period of time to allow for consumer outreach and education, we believe that the proceedings to establish the essential components of the competitive framework must be completed well before the date on which the new market structure is to become operational. In order for the simultaneous implementation of the independent system operator (ISO), the Power Exchange and the initial phase of direct access to occur no later than January 1, 1998, the following essential components must be determined:

ISO principles and rates approved by FERC;
transfer of assets, if necessary, approved by this Commission,

Power Exchange approved by FERC;
transfer of assets, if necessary, approved by this Commission,

Resolve and address horizontal market power issues,

Rates unbundled and applicable tariffs established,

Direct access eligibility and phase-in protocols adopted,

Direct access standards adopted, including billing and access charges,

Metering standards adopted,

Metering equipment installed,

Competition transition charge mechanism adopted; forecast estimate of level of transition costs articulated,

Rules for new entrants established,

CEQA process complete: final EIR affirmed,

Consumer protection procedures in place, including service and safety issues and education trust, and

Public purpose surcharges in place.

While recognizing the complexity of these issues, we also intend to move forward as speedily as possible. Many of the required proceedings are linked; however, we will not allow delays in one area to stall the process. We will re-evaluate this roadmap process as necessary in order to accomplish our goals in a timely fashion.

Procedural History

The draft roadmap was issued on February 5, 1996, along with a Coordinating Commissioner's Ruling requesting comments on the roadmap itself and asking parties to address specific issues. We received written comments from twenty-nine parties, which we have found very instructive. (See Attachment 2.) In addition, we held a full panel hearing on February 23, 1996 which focused on how to improve the draft procedural roadmap. Eighteen parties participated in the full panel hearing. Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and the Division of Ratepayer Advocates (DRA) filed reply comments on March 1, 1996. Happily, no party appears to believe that the draft roadmap decision is completely off track. Parties suggest certain refinements and we have modified the roadmap to reflect many of their concerns, as discussed throughout the text.

In particular, parties advise that we remain flexible, so that adjustments and re-evaluations can be made as necessary. We concur. While an organized and managed plan is necessary if we are to succeed with the implementation of a competitive framework in the electric services industry, we will ensure that priorities and dates may be adjusted to expedite this process. In addition, parties have cautioned us to group issues so that the limited resources of intervenors can be maximized. Given the complex nature of these issues, we have tried to accommodate this to the extent possible. For example, in response to comments from the Utility Consumers Action Network (UCAN), Towards Utility Rate Normalization (TURN), and the Division of Ratepayer Advocates (DRA), we have explicitly grouped aggregation, consumer safeguards, and low-income issues with direct access issues.

Working Groups

On December 20, following eighteen months of public discussion, we made the policy decisions and adopted a structure for a revised electric services industry in California. We are now confronted with the implementation of those policies and the establishment of that structure. Two basic strategies commend themselves: the use of our own professional staff with appropriate augmentation from other state agencies or commissions; or reliance upon the stakeholders who have advanced the proceeding to date and who must function as business entities and consumers in that new structure. From the outset we have indicated a preference for the second implementation strategy and we affirm it today.

Shortly after our policy decision the Coordinating Commissioner received correspondence from the Western Power Exchange (WEPEX) representing that it contained a broad base of interests and opinions respecting the many issues which must be developed in the filings on the structure, function and operations of the Power Exchange and the Independent System Operator. The signers of that letter proposed that they be recognized as a "working group" tasked to prepare the filings to be made with the Federal Energy Regulatory Commission (FERC).[2] In subsequent correspondence the Coordinating Commissioner announced acceptance of that offer and designated Commission staff to interact with the efforts of that Working Group.[3] At our hearing on February 23, the Natural Resources Defense Council (NRDC), the California Farm Bureau, and the Center for Energy Efficiency and Renewable Technology (CEERT) commended this development and called upon us to establish deadlines and specific Commission guidance in formulating optimal Working Groups to debate, narrow, and devise implementation steps. We agree with this

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[2]The members of the WEPEX steering committee include Pacific Gas & Electric Company (PG&E), SCE, SDG&E, California Large Energy Consumers Association (CLECA), California Energy Commission (CEC), Mock Resources, DRA, Independent Energy Producers (IEP), the Los Angeles Department of Water and Power, the Sacramento Municipal Utility District, the City of Riverside, the Northern California Power Agency, the California Municipal Utility Association, and the South Coast Public Power Agency.

[3]This correspondence is now part of the public record and may prove useful to others desiring to achieve similar designation as a recognized Working Group.

suggestion and will now describe the steps we desire to see pursued in proposing and gaining recognition of additional groups.

Gaining Commission recognition as a Working Group: We first ask that interested parties examine the manner in which we have grouped the major implementation issues. They are assigned to three broad categories each of which will be under the immediate supervision of an Assigned Commissioner. We envision one or more Working Groups being formed in response to each of these major groupings. As reflected in the correspondence which led to the recognition of WEPEX, we desire that the groups attract a broad cross-section of interests and reflect a diversity of viewpoints and perspectives where that has been the history of the issue or issues in this proceeding.

A proposal letter: A letter should then be sent to Commissioner Fessler, as Coordinating Commissioner, which identifies the proposed participants and defines the scope of the issue or issues and tasks for which the group proposes to take implementation responsibility. It would be helpful if the letter proposing the group and its task also includes an indication of a projected timetable for efforts which meets the roadmap set forth in today's decision. In addition, if the group has a view or desire with respect to the manner in which the Commission staff may assist it, or if it desires assistance from a facilitator, these subjects should also be addressed.

Response from the Coordinating Commissioner: Once this letter has been received it will be the task of the Coordinating Commissioner to review its content and to reply with any comments on the adequacy of the represented interests and viewpoints as well as the scope of the task. Our goal is to ensure that all major issues are covered and that we preclude the chartering of rival groups seeking dominion over the same subjects.

Recognition by the Commission: Once the Coordinating Commissioner has been satisfied with respect to the composition and charge of a proposed Working Group it will be his responsibility to report on that development during the Commissioner Reports agenda item at a regularly notice meeting of the Commission. At that meeting he shall ask for acceptance of the proposal after which he shall notify the Working Group in writing of its recognition by the Commission.

Procedural due process: We have no desire to require that the Working Groups adopt identical formats or approaches to the tasks which they have defined for their accomplishment. However, consistent with the guidelines established in D.94-12-027, any interested party may join any Working Group (D.94-12-027, mimeo, p. 12). Any Working Group meeting shall be open to the public, in terms of observation, and meetings should be convened so as to maximize the ability of members to participate. We agree with the suggestion of the Department of General Services (DGS) that a master calendar should be maintained on the InterNet. We have established a home page at http://www.cpuc.ca.gov. The master calendar will be maintained under the Electric Restructuring section of that home page. Each Working Group shall provide a copy of its meeting announcements to our Commission Advisory and Compliance Division (CACD) for posting. In addition, we ask that each Working Group establish a web site on the InterNet, which should be linked to our home page.

Interaction with staff. Two entities with major expertise and responsibility for energy matters within the government of California, the Energy Commission and this Commission's DRA, have been active and valued participants in the Rulemaking and Investigation from the inception. We anticipate that as active parties, DRA and the CEC are free to join and participate in any working group and we encourage such a presence. In such a posture they are encouraged to act as advocates for their perception of the public interest and advantage. There is, however, a second distinct role which may be desired by a Working Group if we are to learn from the experience to date with WEPEX. If Working Groups desire to make use of staff resources, either here or at the Energy Commission, they should be able to do so and the personnel designated to serve in that capacity will be expected to play no advocacy role. The use of a facilitator, supplied from this Commission or the CEC may also be requested if that is desired by a Working Group. Finally, we are prepared to designate a small presence from this Commission to monitor the progress of the Working Groups and to serve as a reminder of the policy goals and structure framed in our Order of December 20.

Implementation Roadmap and Procedural Plan

Our staffing plan maximizes the resources of both parties and staff and provides an opportunity for Commissioners to become involved early in the process. This management structure has a role for each Commissioner. Under this plan, issues will be broadly grouped, and for each broad subject area, there will be an Assigned Commissioner. The Assigned Commissioner will work with a staff team that includes the assigned administrative law judge (ALJ) and representatives from the Legal Division, the Division of Strategic Planning, the Commission Advisory and Compliance Division, the Office of the Public Advisor, the Consumer Affairs Bureau, and other staff, as appropriate. This roadmap decision does not address each and every issue impacted by the electric industry restructuring. The Assigned Commissioner in each broad category will coordinate with the Coordinating Commissioner to ensure that all necessary issues will be addressed.

In the groupings below, we briefly discuss major issues which must be addressed in a cohesive fashion as we move toward restructuring. There are several ways of grouping the issues into broad categories that make sense and maximize efficiency. The purpose of grouping certain issues together is to allow consistent oversight and coordination of related issue areas by the Assigned Commissioner. We discuss these broad groupings below.

Scoping Workshops

SCB, DGS, DRA, and TURN have expressed interest in each Assigned Commissioner holding a scoping workshop for his particular area. We find that this concept has merit and will adopt it. Each Assigned Commissioner will convene an initial scoping workshop to further define issues to be discussed by these Working Groups and any factual matters which may best be resolved by holding evidentiary hearings. This process, again, will assist in keeping each Working Group focused, provide necessary guidance to the participants, and assist us in remaining flexible. As each Working Group files the requested workshop reports, we anticipate that the Assigned Commissioner will ask for comments on such filings. There will therefore be no necessity for competing Working Groups to form; all parties will have an opportunity for input on the recommendations put forward by each recognized Working Group. Each Commissioner will issue an Assigned Commissioner Ruling subsequent to the appropriate scoping workshop, which will provide additional procedural guidance. This structure will allow us to prioritize issues properly and provide the necessary flexibility to accommodate any unforseen developments.

As we move forward in the implementation process, it will become increasingly important to ensure that the general public is both aware of electric restructuring and develops some understanding of its implications. Public outreach and education are essential to this process. As part of each scoping workshop, the Assigned Commissioner will work with parties and Commission staff to consider effective outreach efforts. It will be essential to involve the Public Advisor's office, the Commission's outreach officers, and the Consumer Affairs Branch in these endeavors.

1. Management and Coordination

This process will be facilitated by a Coordinating Commissioner. As stated in our policy decision:

> "Like the commissioners working in specific areas, the Managing Commissioner will work with a staff team from various divisions. This team's responsibilities will be to keep the overall process moving forward and on schedule, coordinate the different phases and subject areas, and ensure consistency across policies and subject areas. This team will focus on process as opposed to content, with a goal of keeping the various proceedings on track so we can meet our implementation date of no later than January 1, 1998. Moreover, this team will serve as a focal point for reports to the Legislature and communication with the Legislature on electric restructuring, coordinating requests for information and making sure that Legislators are receiving the right information from the right proceeding. This

> process will be maintained as an agenda item at each Commission meeting to provide for the opportunity to discuss any coordination issues that might arise."
> (Policy decision, mimeo., 181-182.)

1.a. California Environmental Quality Act

Our policy decision calls for a review of our restructuring proceeding under the California Environmental Quality Act (CEQA) (Pub. Res. Code §§ 21000 - 21178.1). We concluded that it is prudent to prepare an Environmental Impact Report (EIR), although we could not make a finding about whether electric restructuring constitutes a CEQA project. Because restructuring the electric services industry may potentially impact the environment in a number of ways, it will be most expeditious to have the Coordinating Commissioner consider the CEQA process. CEQA is far reaching and the final outcome of the EIR process must be incorporated into all proceedings, as necessary. CEQA will proceed on its own track, beginning with the Notice of Preparation of an EIR, which our staff will issue on March 29, 1996.

2. Market Structure Issues

Our policy decision directs the establishment of a Power Exchange, open to all suppliers, to develop a transparent spot market with visible prices for electricity, and a separate ISO to coordinate dispatch and delivery of power over the transmission system. At the same time, we call for an initial phase-in of direct access, with the expectation that, at a minimum, all customers will have that option available within five years.

There are numerous complex details to contend with prior to implementing the new market structure. An overarching consideration is that many key issues will be resolved by FERC; our coordination with and participation at FERC is therefore essential.

2.a. ISO

In our policy decision, we have called for Pacific Gas and Electric Company (PG&E), SCE, and SDG&E to work with parties and each other to develop a detailed proposal for submission simultaneously to FERC and this Commission to establish the ISO and its protocols, and to transfer operational control of the utilities' transmission facilities to the ISO.

This filing is due by April 29, 1996. While this is a relatively short period of time, this filing is essential to launch us on what we believe to be the optimal critical path. This filing will provide the necessary information to allow this Commission to begin considering functional unbundling, which is the precursor to many activities, including, for example, evaluation of PBR filings and transition cost calculation.

2.b. Power Exchange

We have also ordered PG&E, SCE, and SDG&E to work together and with other parties to propose recommendations for the establishment and operation of the Power Exchange. This proposal is to be filed simultaneously at FERC and in this docket by April 29, 1996. In our policy decision, we outline the guidelines for the establishment of these critical entities. It is important to begin the process of considering this proposal soon, so that the Power Exchange can be operational by our target date. This filing is also linked to our consideration of market power issues, which are discussed below.

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The specific objective of WEPEX is to prepare the filings to be submitted to FERC and this Commission on April 29, 1996. FERC is the forum in which the details of the ISO and the Power Exchange will be debated and decided. We intend to rely, in part, on the information contained in the FERC filings to develop this Commission's position in the FERC proceedings. These filings will also serve as the starting point for addressing several interrelated issues at this Commission.

2.c. Market Power

Our policy decision emphasized our concern with market power, which might be exerted by the incumbent utilities. As stated in that decision, market power could undermine competition and negate the benefits to be derived from the new competitive framework. We discussed our concerns related to vertical and horizontal market power. In the policy decision, we found that isolating control of transmission in the ISO and establishing an independent dispatch ordering mechanism results in operational unbundling and are two crucial features for effective mitigation of vertical market power.

The policy decision directed PG&E, SCE, and SDG&E to submit written comments on the feasibility, timing, and consequences of a corporate restructuring, premised on distinguishing their activities and assets with respect to generation, transmission, and distribution. As explained in that decision, functional separation should reduce required regulatory oversight activities and should also help facilitate a bright line between state and federal jurisdiction with respect to transmission and distribution. We anticipate that the utilities will build on this information as part of their showing at FERC.

As discussed in our policy decision, concentrated ownership of generation units and the potential for anticompetitive effects result in horizontal market power concerns which will almost certainly require the existing investor-owned utilities to divest themselves of a substantial portion of their generating assets. We have therefore required PG&E and SCE to file a voluntarily divesture plan, as described in our policy decision.

<u>Proceedings</u>

Both the divestiture plans and the comments by the utilities on corporate restructuring (also called functional unbundling) are due on March 19, 1996. These filings are a logical precursor to the utility filings at FERC. Because the ISO and Power Exchange filings impact corporate structure by defining the line between transmission and distribution, we are uncertain of the need for formal action at this Commission beyond the § 851 applications to transfer assets, which are described in our policy decision. Functional unbundling will be clarified at FERC and will feed into our ratesetting activities (addressed below). Market power issues will also be addressed at FERC. As stated in our policy decision, ideally, the divestiture plans will resolve many of the market power problems identified by the Department of Justice and FERC.

Once approved by FERC, these filings may initiate proceedings at this Commission under Public Utilities Code § 851, which requires the Commission's authorization of any "sale, lease, assignment, mortgage, disposition, encumbrance, merger, or consolidation" of utility property necessary or useful in the performance of the utility's duties to the public. We will also use these proceedings to review locational market power issues and to address mitigation strategies. In order to ensure that the ISO and the Power Exchange are in place and operable by the target date of no later than January 1, 1998, any § 851 proceedings must be completed well before implementation.

Following submittal of the FBRC filings at this Commission, the Assigned Commissioner will solicit comments from parties on the need for further proceedings to consider market power, functional unbundling issues, and any necessary revisions to our affiliate transaction rules.

3. Consumer Choice Issues

Consumer choice issues include direct access (including aggregation), consumer safeguards, and public purpose programs. We must also consider the remaining obligations of the utility distribution company (UDC), in terms of least-cost procurement and distribution services. Real-time pricing or "virtual direct access" becomes increasingly important in accommodating genuine customer choice. We have recognized that information is a key commodity in the competitive marketplace, and that customers will require understandable information about their energy use and options. Metering issues and standards must also be addressed, and our policy decision specifically referred these issues to Working Group discussion. Several parties argued convincingly that direct access and consumer safeguards should be considered under the same broad rubric. Many consumer safeguard issues will arise directly in the context of direct access and aggregation efforts. In addition, low income issues and public purpose issues should be considered in this grouping. Grouping these issues together will allow the Assigned Commissioner and the parties to maximize the efficiency and efforts of each Working Group. It will be particularly important to ensure that Working

Groups with congruent agendas are coordinated to avoid scheduling conflicts and duplication of efforts.

3.a. Direct Access

The policy decision adopted a phase-in schedule for direct access which, at a minimum, affords all California customers the opportunity to purchase generation services directly from providers no later than five years from the implementation of the initial phase of direct access. Such a schedule is to be observed only if the stakeholders fail to craft a more expeditious timetable. Our policy decision ordered the utilities to confer with other parties in order to submit proposals on direct access, including eligibility parameters in the initial phase of direct access and beyond. Due dates for these proposals were extended to August 30, 1996, with comments on the proposals due September 30, 1996, and reply comments due on October 15, 1996.[4] This extension was granted both because the initial efforts of interested parties suggest that collaborative efforts may result in a consensus proposal, if given more time, and because many issues which are interrelated with direct access are proceeding on a different time track. Functional and product unbundling, for example, are integral to this process, as is the resolution of metering issues.

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[4] See Executive Director's letter of January 18, 1996 in response to SCE's letter of January 16, 1996, requesting an extension of time for Direct Access proposals on behalf of PG&E, California Manufacturers Association, California Large Electricity Consumers Association, Independent Energy Producers, and TURN.

<u>Proceedings</u>

Pursuant to our directives in the policy decision, the utilities have started the process of meeting with other parties to determine eligibility criteria and phase-in schedules for direct access. As discussed above, proposals addressing eligibility and phase-in schedules are now due on August 30, 1996. The direct access filings should address, at a minimum, eligibility criteria, phase-in schedule, customer aggregation requirements and options, and a preferred metering approach. Proceedings addressing direct access eligibility criteria must be completed well before our target date.

We believe that the initial work on direct access lend itself to informal alternative dispute resolution processes, such as workshops or Working Groups. As discussed above, we ask that parties seek recognition for the Working Group and then continue to meet to develop proposals addressing these issues, which will be submitted to the Commission. Unless the parties request that we formally convene workshops, we prefer that parties continue to meet informally on these issues. This Working Group should also address issues related to metering standards. A workshop report on metering issues should be included with the proposals on direct access.

In addition, it is essential that we establish guidelines and rules for new entrants and potential direct access providers. These include both operational rules and consumer protection measures, which must be adopted in time to allow both customers and new entrants to make informed choices.

We ask that the Direct Access Working Group address the following issues, at a minimum, in the filing due August 30, 1996:

a. A specific plan for the initial twelve-month initial phase of direct access that determines participation in the initial phase of direct access beginning no later than January 1, 1998. This plan should include but not be limited to delineation of all requirements for participation, including any necessary metering requirements, dissemination of customer information and monitoring and evaluation mechanisms.

b. A specific eligibility plan for direct access which addresses whether a phase-in schedule is necessary or whether eligibility can be held open to all consumers after the twelve month initial phase.

1. The plan should identify any technological barriers or any other concerns to offering direct access to all electric consumers after the initial phase and identify options to reduce or eliminate the barriers.

2. If a phase-in of eligibility beyond the initial phase is proposed, the Working Group plan should consider the Commission's phase-in schedule for direct access and propose alternatives, if any, to that schedule. (See p. 66 of D.96-12-063.)

c. Proposed rules for customer aggregation.

d. Proposed rules for new market participants such as marketers, brokers, direct access suppliers and other energy service providers.

e. Analysis of various metering and communication systems including, appropriate metering capability, scheduling of meter installation, cost implications, etc.

We expect to see these issues fully discussed in the proposals which will be submitted by August 30, 1996. The rules for new market participants should be closely coordinated with parties working on consumer protection issues and should include, at a minimum, proposals for determining financial fitness, the need for industry expertise, access to consumer information, preventing unfair marketing practices, the need for tariffs, and the applicability of service and safety standards.[5]

3.b. Consumer Protection Issues

Consumers have been particularly vulnerable to fraud in other newly deregulated industries. As discussed in our policy decision, we foresee a shift in the role of this Commission. We will continue to pursue the public interest by monitoring the transition to the restructured industry and by taking any steps necessary to react to undesirable developments. We will also continue and expand our role of providing protection, safety and information to consumers, and to provide a forum for resolution of complaints about all aspects of electric service. Developing our monitoring protocols and

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[5] We encourage parties to review the Consumer Protection and Consumer Information Rules for Competitive Local Carriers adopted as part of our local telecommunications competition decision. (D.95-07-054, mimeo, Appendix B.)

establishing an independent education trust will be integral to our implementation efforts. It is essential that parties actively participate and cooperate in helping us to recognize problems and craft appropriate solutions.

As several parties have pointed out, we must begin these efforts immediately so that initial consumer protection measures are in place no later than June 2, 1997. This will allow time for the consumer outreach effort that is critical in providing all customers with the necessary information to fully participate in the competitive framework.

Proceedings

Consumer information and consumer outreach will be critical in the restructured industry. All customers must have the necessary information to make knowledgeable choices. A concerted outreach effort will be crucial in ensuring that such information is available and accessible. In addition, before we can fully implement direct access, we must establish consumer protection guidelines and rules for new entrants and potential direct access providers, in order to ensure that high quality, reliable, and environmentally sensitive service continues to be provided to California electric customers. These consumer protection measures must be in place well before our transition period begins.

We encourage the parties to begin their focus on consumer protection issues now and believe that these discussions should continue on an ongoing basis over the next several months. Again, we prefer that parties work together to develop common understandings on these issues and to attempt to reach consensus on proposed guidelines. The Working Group which discusses consumer protection issues should coordinate closely with both the direct access Working Group and the low-income issues Working Group. By October 30, 1996, we ask that a workshop report be filed and served which discusses consumer protection guidelines for electric restructuring, including a recommended action plan for public outreach and education. This workshop report should address the following issues:

- Monitoring and compliance,
- Service and safety,
- Obligation to serve, and
- The Commission's role

Proposals for a Consumer Education Trust, including funding, administration, and responsibilities should be discussed in a workshop report due by December 6, 1996. Each workshop report should discuss the pros and cons of the options provided for the Commission's consideration. Again, parties will be given the opportunity to comment on each workshop report. These dates will be established in the Assigned Commissioner's Ruling which will be issued following the scoping workshop.

3.c. Public Purpose Programs

We have determined that it is appropriate to continue public funding for various public purpose programs during the transition period. The need for activities performed in the public interest will continue as we move towards a competitive framework, but the role of electric utilities as the providers of these services is less clear. We anticipate that the Legislature will also provide guidance with respect to appropriate modification of public purpose programs.

<u>Renewables</u>

In our policy decision, we adopt a minimum renewables purchase requirement both to maintain California's resource diversity for existing resources and to encourage the development of new renewable resources. In order to implement this policy, we need to determine the appropriate level for this requirement, on whom this obligation should be placed, a meaningful penalty for noncompliance, and whether it is appropriate to establish a uniform requirement for all electric providers, including utilities on a statewide basis for meeting this requirement.

<u>Energy Efficiency</u>

In our policy decision, we adopted a two-track approach to energy efficiency, finding that the focus of publicly funded energy efficiency programs should shift to those programs in the broader public interest, which may include programs with market transformation effects and education efforts that would not otherwise be provided by the marketplace.

Our policy decision established that such costs should no longer be embedded in electric rates and will be identified as a line item on customer bills as of January 1, 1997. We are persuaded by comments filed by SDG&E and SCE that it is premature to identify as line items, charges associated with the public goods charge, economic development, and low emission vehicles. SDG&E points out that this change may create customer confusion and will increase duplicative administrative costs associated with modifying billing procedures to reflect line item charges as of January 1, 1997 and later again modifying bills to reflect rate unbundling and CTC itemization. We will therefore delay the January 1, 1997 changes to bills until all such line items and surcharges are determined, no later than January 1, 1998.

As discussed in our policy decision, we require additional information to allow us to establish the types of energy efficiency activities to be funded through the surcharge. As we obtain this information, we may modify our definition of appropriately funded activities or change the level to be collected. In addition, we would like to explore how utility expertise can be utilized as we shift to independent administration of these funds.

<u>Research, Development & Demonstration (RD&D)</u>

We found in our policy decision that funding for research related to continued monopoly functions should remain part of regulated rates. Funding for research related to the broader public good will be collected in the public goods charge. We need information on how to differentiate between competitive, regulated, and public goods research. These proposals should develop reliable cost estimates for public good RD&D costs and discuss transition requirements to an independent administrator.

Low-income programs

In our policy decision, we have called for a surcharge to recover low-income assistance costs that is separate from other public goods charges. A separate surcharge is important, so that a distinct funding source is in place for low-income programs. We require that the utilities continue to administer these programs in the short run. Over the long term, it may be appropriate to move the administration of these funds to an independent entity.

Before we can explore a long-term approach to low-income assistance, we require additional information from the parties on the necessary level of funding (both short term and long term) and on developing the details of administering these funds and providing them to eligible customers. As provided for in our policy decision, we will not abandon our responsibility to ensure implementation of baseline rates, consistent with statutes, but we acknowledge inherent conflicts between a competitive framework and mandating a specified rate design approach. We need more information that will allow us to develop a viable implementation approach for baseline rates under the adopted market structure. We believe it is more efficient to consider baseline rate issues in connection with other low-income programs, but it will be essential to closely coordinate this issue with ratesetting issues.

<u>Proceedings</u>

We require a great deal of information before embarking on long-term implementation of our policies related to public purpose programs. In response to D.94-12-027, a Working Group was established to "comment on the sustainability of social, economic, and environmental obligations and restraints in each of the restructuring models; and provide implementation options for carrying out policy goals, including changes in statutes, under each of the broad restructuring models. . . ." (D.94-12-027, mimeo. at 8.) We believe that subsets of this Working Group may be particularly well-suited to discussing and recommending the implementation details delineated above, particularly with the assistance of Commission staff.

Several parties recommend that we set deadlines for these issues and agree that some public purpose issues can be addressed in reports to be provided to the Commission by July 1, 1996. The Working Groups should determine the most effective structure for discussing particular issues; for example, it may be most useful for the Working Group to convene sub-groups to address each major issue separately. It is particularly important that low-income issues and consumer protection issues be considered in tandem, as discussed by the Greenlining Institute, Latino Issues Forum, and Utility Consumer Action Network (UCAN).

The Working Groups should adhere to the following schedule for submitting workshop reports:

Renewables Issues Report due July 1, 1996:

Definition of renewable resources,
Level of renewables on utility systems from 1990 to present,
Discussion of which market participants should be responsible for minimum renewable target and analysis to support conclusions,
Strategies to achieve statewide standards,
Implementation proposals,
Development of policies and penalty for noncompliance, and
Proposed legislation

Public Goods Charge Report due July 1, 1996:

Competitive & public interest DSM,
Competitive & public interest RD&D, and
Definition of market transformation

Public Goods Charge Report due October 1, 1996:

Proposed public funding level for 1/1/98,
Independent administrator,
Proposed implementation legislation, and
Analysis of impact of treatment of electric energy efficiency and RD&D on gas programs

Low-income Issues Report due September 6, 1996:

Needs analysis for CARE and
Low-income efficiency services,
Funding proposals based on needs analysis,
Analysis of impact of treatment of electric low-income programs on non-respondent investor-owned utilities and on gas utilities,
Independent administration proposals,
Baseline rate issues,
Surcharge implementation/collection proposals, and
Legislation to implement surcharge

Each workshop report should identify the various options discussed, the pros and cons of each, and any consensus recommendations. The Assigned Commissioner will solicit comments on the workshop report and preferred approaches. We will either rule on an ex parte basis or hold expedited hearings, as needed. This schedule should allow time for jointly-sponsored legislation in these areas, as necessary in 1997.

4. Ratesetting Issues

Our current ratemaking process encompasses several annual filings which include, for example, energy cost adjustment clause (ECAC) proceedings, the cost of capital proceeding, rate design window proceedings, and operational attrition advice letter filings. Parallel to these proceedings, the Commission is currently in the process of reviewing modified cost of capital for SDG&E (A.95-10-035), a PBR for SCE's Transmission and Distribution (including modified cost of capital, A.93-12-029), and other rate design issues such as Short Run Avoided Costs (SRAC) reform. In addition, several major proceedings are scheduled to commence in the near future, such as SCE's test year 1998 GRC filing and PG&E's test year 1999 GRC application. SDG&E has been under a base Rate PBR since 1994 and is scheduled to file a GRC for test year 1999. These pending and future filings as well as new compliance filings under restructuring (such as Diablo and Palo Verde ratemaking proposals, considerations to modify the electric revenue adjustment mechanism

(ERAM), and new PBR filings), must all be coordinated in a manner that is most efficient and workable for all concerned.

It is appropriate that we take a comprehensive look at the ratemaking process to develop related issues to all these proceedings. Parties, such as CLECA, have noted in their comments to the draft Roadmap that several proceedings should be reconsidered in light of the restructuring decision. We agree that a re-evaluation is necessary because of the potential of overlap among the various proceedings as well as the impact that the introduction of competition in the generation market might have on some of these proceedings.

Another reason for coordinating these proceedings is the flow of appropriate information and any necessary adjustments between rate unbundling, PBR proceedings, and the competitive transition charge (CTC) calculations. Rate unbundling includes both product unbundling and rate design. Determination of the CTC is an essential element in the allocation of these costs to electric customers and therefore is a critical element in the rate design component of the rate unbundling. As products are unbundled, the revenue requirement will need to be established and flowed into PBR. The overall revenue requirement will need to account for CTC in order to keep rates at or below the price cap. The ongoing transition costs will also need to be adjusted for other changes in ratemaking treatment associated with nuclear generation facilities, asset valuation, and any changes in PBR.

Although these issues are inextricably interrelated, grouping them together in one broad area creates a massive category. In order to allow for full participation of the parties without exhausting their resources or the Commission's, and because of the technical nature of these issues, and the type of information that is required, we believe a scoping workshop is the most effective way to start off the discussion of related ratemaking issues. A workshop forum will allow parties to discuss, scope, and sequence related issues and enable them to identify areas of consensus or controversy prior to a formal hearing process. In addition, it allows for flexibility in the process. Although the scope of this workshop will be broad, it should focus on establishing a framework that would allow tracking of similar issues in different proceedings. Further guidance will result from the scoping workshop. In this area, in particular, the Assigned Commissioner will work with the parties and Commission staff to develop a feasible mini-roadmap. To facilitate this process, we have developed a list of major issues to be addressed in each sub-area:

4.a. Unbundling/Pricing/Rate Design

The goal in this area is to unbundle distribution services, so as to facilitate customer choice. Before we can fully implement direct access, we must establish the particular services related to generation, transmission, and distribution, and price distribution services which remain under the monopoly utility. As discussed above, we expect to obtain certain functional unbundling information from the FERC filings. Parties such as California Industrial Users and CLECA believe that rate unbundling must follow a ruling from FERC on functional unbundling. However, it is essential that we initiate a forum to unbundle products and services, so as to establish both those that are monopoly services and to allocate costs. We prefer the approach proposed by DGS and supported by TURN of updating any filings and decisions to incorporate findings on functional unbundling by FERC.

We envision three major stages in completing product or rate unbundling for electric services, which will address both rate unbundling and rate design. This approach is similar to that used to unbundle the basic network functions for telecommunications. The first stage is to identify the components of electric services. The second stage is to establish costing methodologies and perform cost studies for each service, and the third stage is to price the component services.

As products are unbundled, we must determine applicable revenue requirements, the interaction with PBR mechanisms, and the overlap with existing ratesetting proceedings. The appropriate procedural models for each stage may vary. At a minimum, the unbundling portion of this proceeding must be completed well before the target implementation date, in order to allow for tariffs to be filed on the various distribution services.

<u>Major Issues</u>

- **Identify products/remaining functions of UDC**
- **Establish costing methodology**
- **Revenue requirements**
- **Revenue allocation**
- **Pricing**
- **Rate design**
- **Real-time pricing/Time-of-use rates**
- **SRAC**
- **Implementing tariffs**

<u>Proceedings</u>

The utilities shall file and serve proposals in this docket on July 15, 1996 to provide information on separating their rates into identifiable components, each of which is tied to a particular function. These proposals may also serve as the forums to consider whether certain services are likely to be competitive.

The first step will be to identify the component services which must be unbundled. The utility proposals will assist the Commission and all parties in this effort. Once these proposals are filed, a series of workshops will be useful to further refine the issues and perhaps to assist the parties in developing joint testimony. At that point, the Commission may move to a more formal decision-making process.

A Working Group approach may also be appropriate for discussing methodologies for cost studies, which would enable parties to understand the tradoffs of various methodologies. PG&E, SCE, and SDG&E should then perform cost studies, the results of which could be discussed in workshops. While we recognize that hearings on these issues are inevitable, the workshop process will be invaluable to discuss the technical details and to narrow the issues. Rate design and pricing hearings should be conducted concurrently or immediately following the issuance of the Commission's decision on cost studies.

4.b. PBR

As discussed in our policy decision, existing cost-of-service regulation has become too complex to allow us to effectively regulate the utilities in a competitive environment. In our policy decision, we discuss the many reasons we believe PBR can assist us in streamlining regulation and encouraging utilities to maximize their performance and efficiencies, while ensuring that safety, quality of service, and reliability are not compromised. We see utility distribution services and some limited portions of utility generation as functions that will require our continued regulatory oversight, for which incentive regulation could appropriately replace cost-of-service regulation. However, before effective PBR mechanisms can be crafted for these functions, functional unbundling of traditional utility services into generation, transmission, and distribution functions must occur.

Major Issues

- Existing PBRs
- Establish new PBRs for reactive power/voltage control
- Establish new PBRs for distribution
- Diablo/Palo Verde ratemaking proposals
- Interaction with transition costs
- Hydro and geothermal assets

Proceedings

In our policy decision, we found that SDG&E's existing PBR program, adopted on an experimental basis, should continue as approved until the transition to a restructured industry has occurred. SDG&E may request any necessary reforms to its PBR mechanisms in existing dockets. Comments have been filed in the appropriate dockets on the usefulness of current utility applications for PBR mechanisms. (Application (A.) 93-12-029 and A.94-01-016 for SCE; A.94-03-008 for PG&E.) The policy decision ordered PG&E, SCE, and SDG&E to submit new PBR applications for utility distribution and limited portions of utility-owned generation services, consistent with the principles set forth in that decision, by February 20, 1996.

Prior to a review of the new PBR applications, several important steps must occur. Our policy decision directs PG&E, SCE, and SDG&E to submit written comments by March 19, 1996 on the feasibility, timing, and consequences of a corporate restructuring, which would be premised on distinguishing their activities and assets with respect to generation, transmission, and distribution. This information, and the information obtained from the FERC filings will assist us in appropriately separating costs of generation, transmission, and distribution functions. This information will also be necessary so that we can consider product or rate unbundling. The policy decision directed PG&E and SCE to file ratemaking proposals for their nuclear power plants similar to that ultimately adopted for the San Onofre Nuclear Generating Station (SONGS) Units 2 and 3. These proposals are due March 29, 1996 and will provide information necessary for consideration in the PBR process.[6] Data obtained from the utilities' applications to establish the book value of non-nuclear generating assets will also be useful in establishing new PBR mechanisms. Furthermore, we expect to have more information and direction from FERC in its proposed rulemaking on open access transmission

6 D.96-01-011 proposes a specific ratemaking treatment for SONGS Units 2 and 3. The decision orders SCE and SDG&E to indicate whether they will accept this treatment, and if so, to file a proposal for the treatment of SONGS consistent with the principles delineated in the decision. The utilities' response was filed on February 5, 1996. Comments on this filing were submitted on February 20, 1996. SCE filed A.96-02-056 as its proposal for the ratemaking treatment of Palo Verde on February 29, 1996.

services and stranded costs[7] by mid-1996, which will assist us in distinguishing between transmission and distribution.

We therefore change the filing date for these applications from February 20, 1996 to July 15, 1996, simultaneous with the filings on book value of non-nuclear assets.[8] As provided for in Ordering Paragraph 17 of our policy decision, these applications shall be assigned new docket numbers.

4.c. Transition Costs

In our policy decision, we define transition costs as the net above-market costs associated with uneconomic assets. Uneconomic assets are those net assets whose book value exceeds market value. Transition costs arise from generation assets, nuclear power plant settlements, power purchase contracts, regulatory assets, and the reasonable costs of early retirement or retraining programs.

Our objective in this area is the collection of transition costs in a manner that is competitively neutral, fair to various classes of ratepayers, and does not increase rates. As discussed in our policy decision, in order to achieve

[7] Notice of Proposed Rulemaking and Supplemental Notice of Proposed Rulemaking, Promoting Wholesale Competition Through Open Access Non-Discriminatory Transmission Services by Public Utilities (Docket No. RM95-8-000); Recovery of Stranded Costs by Public Utilities and Transmitting Utilities (Docket No. RM94-7-001), 60 Fed.Reg. 17662 (April 7, 1995) IV FERC Stats & Regs ¶ 32,514 (1995); also known as the MegaNOPR.

[8] On February 15, 1996, the Executive Director granted an extension of time to PG&E, SCE, and SDG&E for filing these applications, until the date determined by the Commission in this final roadmap decision.

that objective, we will institute a nonbypassable charge, the competition transition charge (CTC), for all retail customers, whether they continue to take bundled service from their current utility or pursue other options. Our methods for valuing transition costs will rely on market mechanisms, to the extent possible, and will seek to minimize these costs. We will complete the valuation of assets for inclusion in the transition cost balancing account by 2003 and will complete the collection of transition costs by 2005, unless costs are derived from existing generation contracts and related ongoing contractual payments. Our policy decision refers certain transition cost issues to a Working Group, including further customer notice requirements and issues surrounding the enforcement and collection of CTC for departing customers.

In order to calculate the transition costs for these assets, each utility shall establish a transition cost balancing account. This account will track the calculation of transition costs, both on an ongoing basis and at the time of market valuation, as described in our policy decision. Interest on the balance in the transition cost account which is related to the recovery of the uneconomic portion of investment-related generating assets will reflect a lower rate of return, which reflects the reduced risk associated with recovery of the investment in these assets. Interest on other transition costs recorded in this account, such as the costs of purchased power and certain regulatory assets, should reflect a rate appropriate to the term over which these assets are financed, but the rate should be no higher than the long-term costs of debt.

<u>Major Issues</u>

- Establishing initial estimates of transition costs
- Calculation methodology for market valuation
- Ongoing transition cost calculation
- CTC level
- Transition cost balancing account
- Terms and conditions
- QF buyout incentive
- Enforcement and collection of CTC for departing customers

<u>Proceedings</u>

We believe that some aspects of establishing transition costs, while essential to moving us to the transition period, can proceed along an independent track from market structure proceedings. Market valuation and the one-time transition cost calculation can proceed without relying on information from the FERC filings. The mechanics of establishing the transition cost account can also proceed independently. However, it is necessary to understand the pricing mechanisms of the Power Exchange before determining the ongoing transition cost calculation. In addition, the nuclear ratesetting filings and PBRs are linked.

We envision two phases to the transition cost proceeding. In phase one, the transition costs estimates and balancing account would be established. This includes reviewing the elements included in the transition costs estimates, assumptions used in the estimates (i.e. forecasted prices and sales, load factors, discount rates, etc.). This would also include making a determination on transition costs associated with regulatory assets and obligations. Phase two of the transition cost proceeding would include establishing the CTC mechanism and rate design for forecast transition costs. We anticipate additional steps will be necessary to establish the specific methodology for recording the actual ongoing transition costs, the methodology to establish recording transition costs from divested assets, and to establish methods for truing up transition cost forecasts.

The information on functional unbundling provided in the FERC filings will be useful for purposes of defining the book value of non-nuclear assets, to be addressed in phase one. As discussed above, by mid-1996, we anticipate more direction from FERC in its MegaNOPR. We therefore change the April 1, 1996 filing date to July 15, 1996. This will allow parties time to more fully assess the implications of the FERC rulings and filings and will provide us with the information necessary to proceed. We also change the filing date for the applications to estimate transition costs from September 2, 1996 to August 30, 1996, due to the fact that September 2 is Labor Day, a legal holiday.

<u>Other Issues</u>

SCE has proposed a methodology for clarifying language in our policy decision as the implementation process progresses. SCE believes such an expedited process is essential in building in flexibility and will prevent use of implementation proceeding for relitigation of fundamental policy determinations. While we understand the desire to obtain clarification in a non-burdensome way, we reject this proposal. The Commission's Rules of Practice and Procedure and our various code sections provide adequate procedures for filing petitions for modification, which both provide a forum for obtaining additional Commission guidance and preserve all parties' rights. We see no reason to modify our rules now for one particular rulemaking, no matter how complex. We note that this has been unnecessary in our telecommunications proceedings related to competition. The Commission can respond expeditiously to petitions for modification, as appropriate, but parties must have adequate notice and opportunity to respond to any such requests, consistent with PU Code §1708.

SCE has also proposed a uniform methodology to contend with the protection of confidential and proprietary material. Again, we believe our current procedures, as outlined in PU Code §583 and General Order 66-C, are adequate for grappling with these issues. In addition, as part of the discovery process and consistent with Resolution ALJ-164, the utilities have the ability to indicate the terms under which confidential and proprietary data will be made available to other parties. We prefer that these non-disclosure agreements be crafted to fit the particular proceeding for which they are applicable.

Conclusion

The issues discussed in this roadmap are procedural. We have not modified any conclusions or policy determinations addressed in our policy decision. We have changed only a few key dates for the purpose of ensuring that the many proceedings that will be linked together will progress expeditiously and in a way that maximizes the use of all resources. Therefore, other than date changes, we have not addressed any modifications to our restructuring policy, which may have been proposed by various parties. In addition, nothing in this decision should be construed as superseding any decisions which may result from the various applications for rehearing of our policy decision.

Findings of Fact

1. The necessary components of a restructured electric services industry must be in place prior to the actual implementation date, in order to allow the transition period to begin no later than January 1, 1998.

2. Working Groups which reflect broad stakeholder representation are an effective means of focusing, narrowing, and coordinating the interrelated issues of electric restructuring.

3. We must structure the filings and proceedings in an organized fashion, so as to make the best use of the limited resources of both the Commission and the affected parties.

4. Product or rate unbundling is a necessary precursor to direct access, ratesetting, and developing new PBR mechanisms.

Conclusions of Law

1. It is reasonable to modify certain dates for filings, which were established in D.95-12-063, as corrected and conformed by D.96-01-009, so as to logically address the requirements of establishing the competitive framework.

2. Rate unbundling should be instituted in this docket in order to properly separate and allocate costs to particular services.

3. To ensure that all filings are made expeditiously, this order should be effective today.

INTERIM ORDER

IT IS ORDERED that:

1. Ordering Paragraph 17 of Decision (D.) 95-12-063, as corrected and conformed by D.96-01-009, is modified as follows:

> On July 15, 1996, PG&E, SCE, and SDG&E shall file new applications, which shall be assigned new docket numbers, to establish PBR mechanisms, consistent with the policies outlined in today's decision. Each applicant shall serve all parties on its existing service list. Each application shall include a proposal for a separate distribution and generation

PBR. Each application shall include a discussion of strategies to mitigate horizontal market power concerns, including the issue of transition costs.

2. Ordering Paragraph 25 of D.95-12-063, as corrected and conformed by D.96-01-009, is modified as follows:

> Until such time as a market value for utility generation assets is determined, the utilities shall recover through depreciation up to 100% of the net book value of their fossil-fueled generation units through the competition transition charge (CTC). By July 15, 1996, PG&E, SCE, and SDG&E shall each file an application to identify and value the sunk costs of their non-nuclear generation assets.

3. Ordering Paragraph 26 of D.95-12-063, as corrected and conformed by D.96-01-009, is modified as follows:

> PG&E, SCE, and SDG&E shall file applications no later than August 30, 1996 to estimate their transition costs as of January 1, 1998. These applications shall establish the first annual proceeding to address adjustments to the transition cost balancing account. In their applications, the utilities shall make a showing that they are adhering to our established principles for transition cost collection, as described in this decision.

4. Each Working Group shall provide notice of its activities and meeting to the Energy Branch (Attention: Michelle Cooke) of the Commission

Advisory and Compliance Division for posting on a master calendar on the Internet. The master calendar shall be maintained on our home page, the address of which is http://www.cpuc.ca.gov.

5. By July 15, 1996, PG&E, SCE, and SDG&E shall file and serve proposals in this docket to provide information on separating their rates into identifiable components.

6. The Assigned Commissioners, or Administrative Law Judges, acting on their behalf, may exercise their discretion to amend the schedule, modify the Working Groups, or do any other thing they believe to be necessary or desirable to accomplish the goals set forth in this decision.

This order is effective today.

Dated March 13, 1996, at San Francisco, California.

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

Attachment 1 A

California Electric Industry Restructuring Implementation Timeline

Page 1

Issue Areas	March	April	1996 May	June	July
CEQA	3/29 EIR Notice of Preparation	4/29 EIR Scoping Comments			
ISO		4/29 ISO Filing at FERC	5/28 Parties Comment on Filings	6/12 Reply Comments	
		4/29 Simultaneous ISO Filing at CPUC	5/28 Possible CPUC Comments to FERC	6/12 Possible CPUC Comments to FERC	
POWER EXCHANGE		4/29 Power Exchange Filing at FERC	5/28 Parties Comment on Filings	6/12 Reply Comments	
		4/29 Simultaneous Power Exchange Filing at CPUC	5/28 Possible CPUC Comments to FERC	6/12 Possible CPUC Reply Comments to FERC	
MARKET POWER	3/19 SCE & PG&E Divestiture Plans At CPUC		5/3 Comments to CPUC		
	3/19 Utility Functional Unbundling Comments At CPUC		5/20 Comments to CPUC		
DIRECT ACCESS					
CONSUMER SAFEGUARDS					
PUBLIC PURPOSE					7/1 Workshop Report on Renewables
					7/1 Workshop on Public Goods Charge Definitions
RATE SETTING			Ongoing Coordination With All Electric Proceedings		
RATE/ PRODUCT UNBUNDLING					7/15 Rate/Product Unbundling Filing
PBR					7/15 Filings for PBR on Fossil Units Necessary for Voltage Support and Other PBR Proposals
	3/29 Ratemaking Proposals For Diablo and Palo Verde				
TRANSITION COSTS					7/15 Utility Book Value Estimates for Non-Nuclear Generation Assets

Attachment 1A

California Electric Industry Restructuring Implementation Timeline

Page 2

August	September	October	November	December	Target Completion Date
		1996			
		10/15 Draft EIR			1st Quarter, 1997
					Continuing Work With FERC To Establish This Institution
					Continuing Work With FERC To Establish This Institution
					Ongoing Proceedings Addressing Divestiture As Necessary
Section 851 Proceedings for Transfer of Transmission System Control, to be Completed by 6/30/97					Ongoing Proceedings Addressing Functional Unbundling As Necessary
8/30 Proposals for Direct Access Including Metering and Rules for New Entrants	9/30 Comments	10/15 Reply Comments			Completed 6/30/97
		10/30 Workshop Report on Consumer Protection Guidelines		12/6 Workshop Report on Consumer Education Trust	Customer Education Trust In Place 6/2/97
		10/1 Workshop Report on Public Goods Charge Funding and Administration			
	9/6 Workshop Report on Low-Income Issues				
Eg., ECAC, Transition Cost, PBR					
					Completed 6/30/97
					Completed 6/30/97
					Completed 12/96
8/30 Applications for 1998 Transition Cost Recovery					First Year Transition Costs Forecasts Completed by 6/30/97

Attachment 2

Comments On The Proposed Procedural Roadmap

American Wind Energy Association / California Biomass Energy Alliance / Geothermal Energy Association
Appliance Recycling Centers of America, Inc.
California Energy Commission
California Farm Bureau Federation
California Industrial Users
California Large Energy Consumers Association
California Manufacturers Association
California/Nevada Community Actgion Association
California Retailers Association
Center for Energy Efficiency and Renewable Technologies
Coalition of California Utility Employees
Department of General Services
Division of Ratepayer Advocates
Greenlining Institute / Latino Issues Forum
Insulation Contractors Association
National Association of Energy Service Companies
Natural Resource Defense Council
New Energy Ventures, Inc.
Pacific Gas and Electric Company
Power Marketers
San Diego Gas and Electric Company
San Luis Obispo County
Southern California Edison Company
Southern California Gas Company
Toward Utility Rate Normalization
Union of Concerned Scientists
Utility Consumers Action Network
Western Area Power Administration
Western Power Exchange Project

(END OF ATTACHMENT 2)