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Decision 98-09-017 September 3, 1998

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company to Identify and Separate Components of Electric Rates, Effective January 1, 1998 (U 39 E).

Application 96-12-009
(Filed December 6, 1996)

Application of San Diego Gas and Electric Company (U 902 M) for Authority to Unbundle Rates and Products.

Application 96-12-011
(Filed December 6, 1996)

In the Matter of the Application of Southern California Edison Company (U 388 E) Proposing the Functional Separation of Cost Components for Energy, Transmission and Ancillary Services, Distribution, Public Benefit Programs and Nuclear Decommissioning, To Be Effective January 1, 1998 In Conformance With Decision (D.)95-12-036 as modified by D.96-01-009, the June 21, 1996 Ruling of Assigned Commissioner Duque, D. 96-10-074, and Assembly Bill 1890.

Application 96-12-019
(Filed December 6, 1996)

OPINION

Summary

This decision grants the petition to modify Decision (D.) 97-08-056 filed by Pacific Gas and Electric Company (PG&E) on April 2, 1998.

PG&E's Petition to Modify

PG&E filed this petition to modify asking the Commission to permit it to use two different methods for identifying separate utility functions on customer bills. PG&E would use a "bottom-up" method for customers with interval

meters (which measure demand by time periods) and a "top-down" method for all other customers. With this latter approach, the information provided on customer bills would be shown in percentages rather than tariffed rate components. PG&E states it would use this top-down method before August 1999 because its billing system will be unable to perform the calculations required by D.97-08-056 for customers without interval meters. PG&E states customers' total bills will not change as a result, although dollars associated with each functional component would vary depending on which method is used.

PG&E recognizes its proposal is inconsistent with D.97-08-056, which anticipated that by June 1, 1998, customers would receive information about the charges for each of their billing components, among them, distribution, transmission, generation, and the Competition Transition Charge (CTC). It believes nevertheless that its proposal is conceptually consistent with Commission policy because customers will still be informed of component services and charges.

PG&E filed Advice Letter 1770-E on May 26, 1998, seeking the same authority. We denied PG&E's advice letter in Resolution E-3545, dated July 2, 1998, finding that an advice letter is not an appropriate forum for modifying a Commission order.

Response of Parties

The Office of Ratepayer Advocates (ORA) and Enron oppose PG&E's proposal, sharing a view that the proposal would compromise the customers' ability to compare prices and will complicate ratemaking accounting in ways that are unclear.

Enron argues that PG&E has presented no evidence to justify its proposed departure from the policy adopted in D.97-08-056. Specifically, Enron believes PG&E has not demonstrated why it cannot comply, what it must do in order to

comply and what steps it has taken to attempt to comply. Enron observes that PG&E had more than nine months to implement the requirements of D.97-08-056 before it filed its petition to modify. Enron believes that PG&E's billing system problems have arisen because PG&E has failed to upgrade its system in a timely fashion, choosing instead to retain ratepayer funds targeted for billing system changes.

Enron and ORA observe that under PG&E's proposal, a customer's bill would vary depending on which method is used. This occurs because the relationships between the various billing components are not constant. For example, some are imposed according to season or time of day. Some are volumetric and some are lump sums. Because of this, PG&E's proposal will mask price signals. ORA provides an illustration to show that a customer's CTC could vary by more than 15% depending on which method is used. Enron comments that the ratemaking effects of this variability are not clear from PG&E's proposal.

PG&E replied to ORA and Enron's responses, arguing that the customer can verify charges by referring to applicable tariffs. In its response, PG&E proposes a method for accounting for the revenues collected using the top-down approach. PG&E observes that transmission revenues would be different for the two methods, although the direction of the difference is not known.

Discussion

PG&E proposes to modify D.97-08-056 to remove the requirement that its customer bills inform customers of the dollar charges for each billing component. PG&E states its billing system cannot readily accommodate the requirements of D.97-08-056 and proposes instead to break down billing components in terms of percentages.

We believe that PG&E has had ample time to modify its billing system to comply with D.97-08-056. It presents no evidence to support its claim that it has earnestly worked to implement the relevant requirements of D.97-08-056. PG&E's proposal may create additional confusion for the customers and fails to fulfill the policy objectives of D.97-08-056 because customers will not have accurate information regarding the charges on their bills.

We have in several previous decisions granted PG&E extensions of time to comply with electric restructuring requirements which PG&E argued it could not accommodate because of its outdated billing system. It appears that we are put in the untenable position of granting another such extension or simply ignoring the fact that PG&E cannot comply with D.97-08-056. We reluctantly grant PG&E's request in this proceeding and note that we will not entertain another extension of time for PG&E to comply with the relevant portions of D.97-08-056. Furthermore, we put PG&E on notice that PG&E may be liable for sanctions if it fails to update its billing system to comply with D.97-08-056 by August 1, 1999. PG&E may be subject to additional sanctions if it has been in violation of D.97-08-056 for the period June 1, 1998 and the effective date of this order.

Finding of Fact

Although PG&E has asserted that its billing system cannot accommodate the bill unbundling requirements of D.97-08-056, PG&E has not met its burden to demonstrate the reasonableness of deferring bill unbundling required by D.97-08-056.

Conclusion of Law

The Commission should grant PG&E's petition to modify D.97-08-056 on the basis that PG&E does not have the technical capability to comply with the relevant portions of the order.

O R D E R

IT IS ORDERED that the petition to modify Decision 97-08-056 filed by Pacific Gas and Electric Company on April 2, 1998 is granted.

This order is effective today.

Dated September 3, 1998, at San Francisco, California.

RICHARD A. BILAS
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners