PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-3582
JANUARY 20, 1999

RESOLUTION

RESOLUTION E-3582. PACIFIC GAS AND ELECTRIC COMPANY (PG&E), SOUTHERN CALIFORNIA EDISON COMPANY (SCE), AND SAN DIEGO GAS & ELECTRIC COMPANY (SDG&E) FILED TARIFFS IN RESPONSE TO ORDERING PARAGRAPH (OP) 2 OF DECISION (D.) 98-09-070 TO ESTABLISH SERVICE FEES APPLICABLE TO ENERGY SERVICE PROVIDERS (ESP) OFFERING CONSOLIDATED BILLING. APPROVED AS SUPPLEMENTED WITH MODIFICATIONS.

BY ADVICE LETTERS 1811-E (PG&E) AND 1338-E (SCE) FILED ON OCTOBER 7, 1998, ADVICE LETTER 1129-E (SDG&E), SUPPLEMENTS 1811-E-A (PG&E) AND 1338-E-A (SCE) FILED ON OCTOBER 21, 1998.

SUMMARY

1. By the Advice Letter (AL) filings and supplements named above, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) request approval for tariffs establishing service fees applicable to Energy Service Providers (ESPs) to recover the recurring costs associated with consolidated billing (i.e. costs which are ongoing and vary per ESP or per service account). ESP consolidated billing is the billing option whereby an ESP bills its own customers for UDC charges as well as ESP charges. PG&E and SCE also proposed service fees to recover costs incurred to process meters returned by ESPs. SDG&E proposes to include routine incremental costs in Public Utilities (PU) Code Section 376 recovery rather than as fees to ESPs.[1] SDG&E instead recommends charging ESPs service fees only for exception services. Exception services are duplicative or additional services required by the ESP that impose extra costs on the UDC.

2. Ordering Paragraph (OP) 2 of Decision (D.)98-09-070 directed the utilities to file Advice Letters by October 7, 1998 to implement service fees for ESP consolidated billing services. PG&E and SCE complied by filing ALs 1811-E and 1338-E respectively based on their billing cost offset proposals in Application (A.) 97-11-004 and A.97-11-011. In a letter to Executive Director Wesley Franklin dated October 7, 1998, SDG&E requested an extension until October 21, 1998. SDG&E had not included such incremental costs as offsets to its proposed credits in A.97-12-012 and thus requested additional time and guidance from the workshop to develop its proposal for service fees.

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1 In May 1998, PG&E, SDG&E, and SCE filed A.98-05-004, A.98-05-006, and A.98-05-015, respectively, to address electric restructuring implementation costs pursuant to PU Code 376.

3. On October 16, 1998, the Energy Division held a public workshop, as directed by OP 2, to discuss the service fee proposals and resolve areas of disagreement among the parties. Based on the discussion at the workshop, PG&E and SCE filed supplements, AL 1811-E-A and 1338-E-A, and SDG&E filed AL 1129-E. On November 3, Energy Division conducted a workshop by conference call to discuss SDG&E's Advice Letter 1129-E.

4. PG&E, SCE, and SDG&E request that the tariffs filed with supplemental ALs 1811-E-A and 1338-E-A and AL 1129-E become effective on January 1, 1999 to coincide with implementation of Revenue Cycle Service (RCS) credits to end-use customers that choose to have such services provided by Energy Service Providers.

5. CellNet Data Systems (CellNet), the Utility Reform Network and the Utility Consumers Action Network (TURN/UCAN), the Office of Ratepayer Advocates (ORA), and Enron Corporation/New Energy Ventures LLP (Enron/NEV), as well as SCE, filed protests. These and other parties participated in the workshops. PG&E, SCE, and SDG&E responded to the protests.

6. We adopt service fees applicable to ESPs for consolidated billing for all three utility distribution companies (UDCs). The fees for partial consolidated billing include monthly charges per ESP and per service account. For full consolidated billing, we adopt hourly rates for labor and materials to be recovered at cost for assistance provided by the UDC at the request of the ESP. SDG&E shall implement its proposed exception fees, as modified. PG&E and SCE shall implement the same exception fees as those adopted for SDG&E. The fees proposed for credit checks and returned meters are rejected. The UDCs are authorized to file tariffs to implement the adopted fees within ten days of the effective date of this Resolution.

7. Tables attached to this Resolution summarize the following information regarding the service and exception fees addressed herein:

   - Table 1 - Adopted partial and full consolidated billing service fees for PG&E, SCE, and SDG&E.
   - Table 2 - Adopted exception fees for PG&E, SCE, and SDG&E.
   - Tables 3 (PG&E), 4 (SCE), and 5 (SDG&E) - Comparison between UDC's proposed service fees and adopted service fees.

- Table 6 - Comparison between SDG&E's proposed exception fees and adopted exception fees.

BACKGROUND

1. By D.97-05-039 the Commission ruled that ESPs would be allowed to offer billing, metering, and related services (referred to as "Revenue Cycle Services (RCS)") to all Direct Access (DA) customers beginning January 1, 1999. The decision consequently ordered the three UDCs (PG&E, SCE, and SDG&E) to file applications to determine the net cost savings resulting when these RCS are provided by an ESP (Ordering Paragraph 5). Accordingly, PG&E, SCE, and SDG&E filed A.97-11-004, A.97-11-011, and A.97-12-012, respectively, in late 1997 to identify cost savings and to propose net avoided cost credits for RCS. D.98-09-070 ruled on the phase 2 issues in that proceeding .

2. D.98-09-070 adopted credits for meter services, meter ownership, meter reading, and billing and payments applicable to DA customers that elect to receive these services from an ESP. PG&E and SCE had proposed in their applications to reduce their billing and payment credits by the incremental costs associated with unbundling billing services. As discussed in Section III.B.2--Billing Offsets to Credits to Account for Implementation Costs, the Commission did not adopt PG&E's and SCE's proposed billing offsets to credits. Instead, it ordered the utilities to file advice letters to establish service fees for billing services that the utilities will charge to ESPs to recover such costs.

3. D.97-10-087 in the DA proceeding also identified two categories of services, discretionary and non-discretionary. Non-discretionary would characterize "those services for which the Commission determines that there are insufficient providers to ensure customer choice." (D. 97-10-087, Finding of Fact 22). For example, an ESP cannot provide Partial Consolidated Billing unless there is a means to receive the UDC's charges from the UDC and a means to remit payment to the UDC. Therefore, ESP consolidated billing costs are by definition non-discretionary. Cost recovery for non-discretionary services was deferred by the commission in the DA proceeding "until the Commission examines the costs of providing those kinds of services." (Conclusion of Law 9). The Commission authorized the UDCs to "book the incremental costs of providing non-discretionary services to a memorandum account pending a Commission decision regarding the appropriateness of such costs and possible recovery under Public Utilities Code Section 376." (D. 97-10-087, OP 8).

NOTICE

1. Notice of AL 1811-E, 1811-E-A, 1338-E, 1338-E-A, and 1129-E were made by publication in the Commission's calendar. In addition, PG&E, SCE, and SDG&E served copies of their filings on utilities and interested parties, including interested parties in A. 97-11-004, A.97-11-011, and A.97-12-012.

PROTESTS

1. On November 10, 1998, ORA, TURN/UCAN, CellNet, and Enron/NEV filed timely protests to PG&E's AL 1811-E-A and SCE's AL 1338-E-A. Enron/NEV and SCE filed timely protests to SDG&E's AL 1129-E. ORA also filed a separate protest to the original PG&E and SCE ALs 1811-E and 1338-E on October 27. SCE filed a timely response to all four parties' protests on November 18. SDG&E filed a timely response to SCE's protest and a late response to ENRON/NEV's protest. On November 23, PG&E filed a late response to parties' protests. Most of the issues addressed by the protests and responses were also raised at the workshops and are discussed in full in the following section.

DISCUSSION

1. PROCESS CONCERNS. Parties at the workshop questioned the appropriateness of the advice letter process for establishing billing service fees given the fact that the Commission in D.98-09-070 did not adopt specific fees (slip opinion, p. 16). The service fees filed by PG&E and SCE in AL 1811-E-A and 1338-E-A respectively are at least loosely based on their billing cost offset proposals. But substantial differences exist between the cost offsets to the billing services credit on the record in A. 97-11-004, et. al. and the billing service fees filed as a result of Ordering Paragraph 2.

2. The Commission in D. 98-09-070 did not in fact rule on the reasonableness of the cost offsets as proposed by PG&E and SCE. Finding of Fact 5 states that "The billing offsets to revenue cycle services credits proposed by Edison and PG&E may reasonably estimate the incremental cost to the utility of providing the revenue cycle services."

3. The greatest discrepancy exists in SCE's proposed fees for partial consolidated billing. The total monthly service fee per service account filed in SCE's AL is more than

quadruple the magnitude of the cost offset ($0.70 versus $0.16). For full consolidated billing, SCE proposes a total monthly fee of $7.90 per account (more than twice as high as the cost offset amount). TURN/UCAN comment in their November 10 protest that, "Edison has exploited this lack of specificity in the Commission's decision to file huge increases to cost offsets that make a mockery of the record in A. 97-11-011." Likewise, PG&E's proposed fees for partial consolidated billing in some instances exceed the magnitude of the billing cost offsets. For example, the annual credit worthiness check increased from $317 to $500. In its October 27 Protest, ORA maintains that charges proposed by SCE appear to have significant differences from the values proposed in the proceeding leading to D.98-09-070, making their approval through the advice letter process inappropriate.

4. While the linkage to the formal record in A.97-11-004, et. al. is weak for PG&E and SCE, it is nonexistent for SDG&E. SDG&E's proposed billing and payments credit included no cost offsets on which to base fees. In AL 1129-E, SDG&E proposes to include routine incremental costs in PU Code Section 376 recovery rather than as fees to ESPs. SDG&E recommends charging ESPs service fees only for exception services. Accordingly, SDG&E, in AL 1129-E, filed Exception Fees to apply when ESPs fail to perform optimally or require assistance from the UDC. SDG&E had not made this proposal on the record in the RCS proceeding. Nor did the other UDCs propose specific fees or cost offsets for this category of fees. Some of these fees are also peripheral to ESP consolidated billing.

5. SCE in its November 10 protest objects to SDG&E's proposal to recover consolidated billing costs from all ratepayers as out of compliance with D.98-09-070. SDG&E's response to SCE's protest explains, "Since SDG&E did not include incremental cost offsets in its RCS credits, and a workshop was to be held to discuss the appropriateness of the ESP billing service fee categories and charges, SDG&E took the opportunity to propose which incremental ESP billing costs were justified as service fees and what level or amount was reasonable." However, as SCE aptly notes, SDG&E must file a Petition to Modify D.98-09-070 to achieve that result.

6. None of the UDCs filed service fees strictly according to costs examined in the record in the RCS proceeding. OP 2 of D.98-09-070 clearly directs the Energy Division to conduct a workshop following submission of the service fee advice letters in order to discuss the proposed fees. The workshop would not have been necessary if the Commission had not

recognized some need to develop the structure of and level of service fees. Based on that workshop, Energy Division was to "prepare a resolution regarding which fees and associated charges are reasonable"(D.98-09-070, slip opinion, p.16).

7. **COST RECOVERY BY FEES OR PU CODE SECTION 376 PROCEEDING.** In the RCS proceeding, the Commission ordered PG&E, Edison, and SDG&E "to file advice letters within 20 days to implement service fees for billing services." (D. 98-09-070, OP 2). The decision is clear about how the Commission intends the UDC to recover costs related to ESP consolidated billing. Confusion arose due to parties' differing interpretations of the DA decision and the lack of billing cost offsets on the record for SDG&E. This section affirms Commission intent as expressed in OP 2 of D. 98-09-070 and addresses parties' concerns.

8. PG&E and SCE filed fees in their respective ALs based on their billing cost offset proposals in the RCS proceeding. SDG&E had previously requested PU Code Section 376 recovery and had thus proposed no billing cost offsets to its billing service credits in the proceeding leading to D.98-09-070. These two approaches have very different cost allocation effects. PU Code Section 376 recovery would allocate consolidated billing costs to all ratepayers, in contrast with fees charged to ESPs and perhaps ultimately, passed along to DA end-use customers. To comport with the Commission's stated policy in the RCS proceeding, all three UDCs must recover ESP consolidated billing costs in like manner. "The use of a common method will help ensure that customers and ESPs are treated equitably throughout the state and .. prevent distortions in prices which may create barriers to competition." (D.98-09-070, slip opinion, p. 6) Allowing ESPs to offer consolidated billing with service fees in one UDC territory and without in another would create uneven incentives.

9. The Commission has distinguished between costs associated with allowing end-use customers choice of generation provider, and costs associated with an ESP's choice to offer ESP consolidated (as opposed to UDC consolidated or dual) billing to enhance its competitive position in the generation market. For the former category, i.e., that of direct access start up costs, the Commission ordered in the DA proceeding recovery from all ratepayers. "Since all customers of the UDC have the ability to choose as a result of the direct access program, it is appropriate to recover these [direct access start up] costs, to the extent they are eligible for recovery, from all customers. To require only those that exercise their choice to pay all the costs of having choice would result in unreasonable

service fees for non-discretionary services and would impede the efficient operations of the market." (D.97-10-087, slip opinion, p. 27).

10. Costs associated with ESP consolidated billing, on the other hand, are not to be treated in the same way as direct access implementation costs. In the RCS proceeding, the Commission took a clear stance regarding costs associated with ESP consolidated billing. "We state here that we do not intend to allocate these [the reasonable costs associated with billing services unbundling] to the general body of ratepayers as a matter of fairness and consistent with sound pricing principles." (D.98-09-070, slip opinion, p. 16).

11. The Commission authorized ESP consolidated billing in order to further competition in generation markets. The Commission previously found that parties should have "comparable access to the generation market through metering and billing" and that "such access implies fairness to all stakeholders which avoids cost shifting where, for example, lower costs to one group do not mean stranded costs borne by another." Accordingly, the Commission found that competition in metering and billing is not a goal in itself but a means to achieve effective competition in generation markets. (D. 98-09-070, slip opinion, p. 3 citing D.96-10-074). Service fees would recover recurring costs from parties that choose to offer consolidated billing in order to further their competitive position in the generation market. PU Code Section 376 recovery would instead impose this market access burden on all ratepayers.

12. By this Resolution, we adopt ESP consolidated billing service fees for all three UDCs. We also remind the applicants of our stated policy regarding double recovery. "Costs recovered pursuant to our order today should not be recovered twice, in other rates as the result of action in other forums. To the extent the utilities seek funding in other proceedings, we expect them to explain how revenue cycle services costs for which they seek recovery are or are not already recovered in other fees or rates. If they do not meet this burden, we will consider the costs to be unreasonable for ratemaking purposes." (D.98-09-070, slip opinion, p. 16).

13. **POLICY GUIDELINES FOR DESIGN OF FEES.** This section explains the criteria by which we evaluated UDC service fee proposals and determined the design and level of fees to adopt. As discussed in the previous section, ESP consolidated billing was authorized as a means of promoting comparable access to generation markets. As such,

fees must be designed so as to minimize barriers to entry. Our criteria are specified below:

- Adopt consistent rate designs for service fees for each UDC so far as is possible given operational differences. The use of consistent methods for the design of service fees statewide is an extension of our policy as stated in the previous section, "use of a common method will help ensure that customers and ESPs are treated equitably throughout the state and ... prevent distortions in prices which may create barriers to competition." (D.98-09-070, slip opinion, p. 6).

- Establish fees that allow UDCs an opportunity, with conscientious management, to recover their costs. We applied this principle when we adopted RCS credits. As stated in D.98-09-070, "Nevertheless, we will not adopt costing methodologies or ratemaking arrangements which do not provide the utilities with an opportunity to recover their reasonable costs. The utilities should be indifferent to the effects of our adopted costing methodologies on their rates of return as long as they conscientiously manage their operations." (D.98-09-070, slip opinion, p. 6).

- Fees should be designed to match cost causation (e.g., charges per service account vs per ESP). Another aspect of this principle from the Direct Access proceeding, is that "Service fees should be based on recurring costs." (D.97-10-087, Finding of Fact 24). The fees we adopt today are all based on recurring costs. However, the present process for evaluating cost causation has been limited to a brief review due to time constraints. We will evaluate changes to further this policy goal as part of future revisions to service fees in the utilities' Revenue Adjustment Proceedings (RAP). As stated by SDG&E in its response to Energy Division's Data Request No. 1, "...the Direct Access market is still very new. There are several situations that could result in new and substantial costs or service fees including those resulting from developments that have not yet been identified..."

- Require UDCs to at least offer the less costly option. ESPs should be given an opportunity to reduce their impact on UDC resources by changing the type of transaction that they use. We also direct UDCs to address lower cost alternatives in their RAP proceedings.

14. **APPLICATION OF POLICY TO DESIGN OF CREDIT CHECK FEES.** The credit check fees proposed by the UDCs differ substantially from each other. PG&E proposes an annual fee of $500. SCE proposes a one-time credit check fee of $335 plus a monthly charge per ESP of $63. SDG&E proposes a one-time charge of $92 plus a monthly charge of $18. SDG&E also has a credit check charge in its DA tariffs for ESPs that have no bond rating. Other credit verification activities may be reflected in some UDCs' DA tariffs and/or Section 376 filings.

15. CellNet argues in its November 10 protest, "credit checks are discretionary on the part of the UDC (there is no Commission requirement that UDCs perform such credit checks). Indeed, UDCs perform credit checks of all the entities with which they conduct significant amounts of business and do not charge those entities for doing so. Such charges to ESPs would appear to be anti-competitive." (at p. 2). CellNet's argument ignores some of the rate design features that may be presently necessary but we recognize the potential for anti-competitive impacts from duplicative and/or excessive charges.

16. If we adopt each UDC's proposal as filed, each ESP offering consolidated billing statewide would be subject to three clearly duplicative credit check processes and fees. Duplicative processes and fees are inefficient and burdensome and, therefore, unreasonable.

17. One alternative would be to adopt each UDC's fees as proposed but limit each ESP's responsibility to only one UDC's credit check process. The ESP would select one credit check process by initiating consolidated billing within the service territory of that UDC first. This approach would at least eliminate much of the duplicative and least efficient credit check efforts.

18. However, even this level of streamlining is insufficient to insure cost-effective credit checking efforts for two reasons. First, by way of comparison, Experian, the former TRW Credit Agency, offers commercial credit checks for $22. Secondly, credit worthiness is actually an existing DA issue. ESPs are right now doing partial consolidated billing. UDCs have not demonstrated that credit check processes are required in this forum as well as the DA proceeding[2]. Therefore, we reject the service fees for credit checks filed by all three UDCs.

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2 We reiterate Commission policy, as articulated in D. 97-05-039, with respect to credit worthiness requirements applicable to ESPs offering partial or full consolidated billing. "Because the energy service

19. **APPLICATION OF POLICY TO DESIGN OF FEES FOR PARTIAL CONSOLIDATED BILLING.** Notable differences exist in the UDCs' fees for support services to accommodate partial consolidated billing. SCE proposes monthly charges of $0.70 per service account for Value Added Network (VAN) transmission of data, processing ESP payments, and collections. SDG&E filed for purposes of comparison, a monthly charge of $114 per ESP plus a $0.20 charge per service account for similar activities. PG&E proposes a monthly charge of $63 per ESP plus a $0.13 charge per service account for activities comparable to those explicitly included in SCE's $0.70 fee. Also included in PG&E's $0.13 charge are services for reverting billing option to dual, deposit application to unpaid balance, and sending a notification letter to the customer. PG&E also proposes a one time charge for set-up in electronic data interchange (EDI) of $1.35.

20. We stated in the previous section that service fees must be designed with cost causation in mind. PG&E and SDG&E structured their fees for partial consolidated billing to reflect both per ESP and per service account cost causation. We must conclude that certain activities, like collections, vary by ESP, rather than by service account. ESPs are responsible for the bills of their end-use customers whether ESPs manage to collect or not. Other activities, like processing payments, should logically benefit from some economies of scale (e.g. one ESP submitting payment for multiple accounts). We expect UDCs to take advantage of every opportunity to refine their processing efforts to reduce costs. SCE's per account fees do not meet this criterion.

21. Perhaps the most disturbing feature of SCE's proposed service fees is that they are inconsistent with our decision to recover billing cost offsets from ESPs rather than netting them out of the RCS credits. As SDG&E pointed out in response to SCE's November 10 protest, "In fact, there is no essential difference from a price impact perspective between charging an ESP for each account served under ESP consolidated billing and offsetting the avoided cost credits with these same incremental costs." One key factor in the choice

provider utilizing bill consolidation is responsible to make the payments for the services billed to customers, it is appropriate for the distribution company to be allowed to impose reasonable creditworthiness requirements on energy service providers utilizing bill consolidation. By reasonable, we mean creditworthiness requirements that are the same as those required of a similarly-sized and situated customers. This may decrease the risk of uncollectibles to the distribution company and will certainly maintain the security of the utilities revenue stream." (slip op p. 9-10).

to substitute ESP service fees for the cost offsets to credits, as originally proposed by PG&E and SCE, was to allow fees for these services to vary by ESP when appropriate.

22. Other problems exist with adopting SCE's proposed fees. Parties at the October 16 workshop questioned the fact that SCE's proposed fees significantly exceed those proposed by PG&E. We recognize that the different UDCs operations may vary. However, substantial cost differences between two similarly sized utilities suggests room for improvements in the higher cost operation.

23. Enron/NEV, in its November 10 protest, pointed out that a primary reason for the increase in SCE's service fees compared with its cost offset in the RCS proceeding is the assumed decrease in the number of customer accounts per ESP (4,339 in the RCS proceeding now reduced to 2,235). Fees that vary solely by service account would tend to require relatively frequent adjustment as ESPs gain experience and expand their customer base. SCE's initial fee estimates have proven to be unstable, given the potential for growth in this relatively new market.

24. SCE's fees reflect some less optimal practices as well as some exception services. SCE, in its response to protests explains two primary differences between its costs and those of PG&E. "SCE assumes one payment will be received per month per service account. PG&E assumes one payment will be received per bill cycle per ESP. The second and more significant difference is that SCE includes the cost of processing EDI payment exceptions within the $0.285 service fee[3] ...," whereas "it is unclear where (if anywhere) PG&E includes similar costs for processing payment exceptions." PG&E's payment processing fees reflect functions that are clearly more efficient. SDG&E's cost recovery for exception services by exception fees is preferable to allocating them to all service accounts, as discussed in a following section.

25. PG&E's proposed per service account fee also includes the cost of certain exception services which would not apply to all service accounts. Specifically, the fees reflect costs associated with reverting billing option to dual, deposit application to unpaid balance, and sending notification letter to customer. Such costs should be borne by the accounts to which they apply. They should, therefore, be removed from PG&E's adopted monthly

3 The $0.285 fee, SCE's proposed fee for processing ESP payments, is a component of SCE's proposed monthly $0.7 per service account fee (see Table 4).

per service account fee. PG&E's proposed one-time fee for set-up in EDI is rejected because set-up in EDI is a DA issue not unique to ESP consolidated billing.

26. SDG&E in AL 1129-E did not propose that service fees be adopted analogous to the cost offsets of the other UDCs in the RCS proceeding. In compliance with OP 2 of D.98-09-070, SDG&E did include Table 2 in AL 1129-E, which provides similar fees for comparison purposes. Based on discussion during the November 3 conference call to discuss SDG&E's AL 1129-E, Energy Division understands that some of these cost categories might be mingled between support for dual and UDC consolidated billing support. Thus, we direct SDG&E to separate out any costs not associated with support for ESP consolidated billing, in its 1999 RAP proceeding.

27. Therefore, we adopt the fees for partial consolidated billing as proposed by PG&E less the per service account fees for the noted exception services, for both PG&E and SCE. 4 For SDG&E, we adopt the service fees that SDG&E filed for comparison purposes in Table 2 of AL 1129-E, with the exception of the one-time and on going ESP credit worthiness check. We also direct SDG&E, as well as PG&E and SCE as applicable, to remove costs associated with any related activities from PU Code Section 376 cost recovery.

28. We further direct PG&E and SCE, and SDG&E as applicable, to remove any other exception services costs from their adopted service fees in their 1999 RAP proceedings. Finally, we direct the UDCs to improve their efficiency in support of ESP consolidated billing. All three UDCs are directed to file updated service fees for ESP consolidated billing in their next RAP proceedings that reflect such efficiency improvements as well as better reflect cost causation.

29. One efficiency improvement repeatedly cited by parties is migration to the Internet from VAN for EDI transactions. Parties present at the October 16 workshop expressed their lack of support for the use of the more costly VAN transmission by the UDCs.

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4 For the time being, SCE shall implement the fees developed by and adopted for PG&E. These fees shall apply until such time as SCE files in its RAP, and the Commission approves, a fee structure based on SCE's costs which conforms to the method adopted by this Resolution.

30. ORA notes in its October 27 protest that PG&E has generally stated an interest, in other contexts, to migrate all of its EDI from VAN to Internet. The use of the Internet would significantly reduce the per-transaction cost for EDI.

31. EDI work is being done in several subgroups of the Direct Access Tariff Working Group. We direct parties to this process to expedite implementation of migration to the Internet due to its long-term cost-effectiveness. In order to insure that ESPs offering consolidated billing have the opportunity to avail themselves of the least cost alternative, we will adopt a sunset date for mandatory VAN charges. The UDCs are ordered to offer Internet transmission with service fees that do not include VAN charges within six months from today. Service fee adjustments to reflect the use of the Internet for EDI may be filed by Advice Letter if the timing of the 1999 RAP proceedings cannot accommodate this sunset date for mandatory VAN charges.

32. This context affords an opportunity to briefly address ORA's concern raised at the October 16 Workshop regarding consistency between how UDCs charge ESPs versus their retail end-use customers. We direct the UDCs in their next RAP proceedings to show how the service fees they file are consistent with charges for comparable services provided to end-use customers. We hold UDCs to the same standards of service for ESPs as for their own large end-use customers.

33. **APPLICATION OF POLICY TO DESIGN OF EXCEPTION FEES.** SDG&E in AL 1129-E proposes exception fees for an array of services provided when the performance of an ESP imposes extra costs on SDG&E. Such exception services include resending files or reports, account analysis, field investigation, and delayed meter data. Charging ESPs at cost for extra assistance and/or performance that is less than optimal provides appropriate pricing signals. SDG&E's proposed fees are based on reasonable cost assumptions.

34. CellNet in its November 10 Protest supports this approach. ORA supports SDG&E's view that routine expenses of facilitating the competitive electric marketplace as part of its overall costs and charges instead for exceptions, because this structure encourages ESPs to minimize the impacts of their operations on UDCs' operating costs.

35. Some of SDG&E's proposed exception fees, specifically those for field investigations, delayed meter data, and required meter change are not related to ESP consolidated billing

or the cost offsets on the record in the RCS proceeding for PG&E and SCE. These appear to relate more closely to the provision of metering service. Such costs and services are not under consideration in this forum and will not be adopted.

36. Therefore we adopt exception fees as proposed by SDG&E for all three UDCs (excluding the noted fees not applicable to ESP consolidated billing). We direct the UDCs in their next RAP to refine the service fees we adopt today for partial consolidated billing to remove any remaining exception service costs.

37. **APPLICATION OF POLICY TO DESIGN OF FEES FOR FULL CONSOLIDATED BILLING.** In the Direct Access proceeding, a group of parties known as the Alliance argued that "full consolidated ESP billing has multiple benefits for California's electric customers. First, it will introduce competition to the billing of UDC charges. If the ESPs can calculate UDC charges more efficiently and at a lower cost than the UDC, all customers will benefit. Second, it will enable customers to have their ESPs provide bills on schedules that are more convenient to the customer's needs instead of being tied to the timing of the UDC's bill." (D97-10-087, slip opinion, p. 46).

38. SDG&E argued in the RCS proceeding that identifying costs associated with full consolidated billing was not reasonable or even possible because the option has yet to be defined. After discussions at the workshop, participants could not agree as to what the essential elements of full consolidated ESP billing are or how to appropriately design fees for this alternative. At the October 16 workshop, the idea was raised of postponing development of service fees for full consolidated ESP billing until such time as the scope of this alternative is defined and the costs to both ESPs and the utilities are known.

39. In the RCS proceeding, the Commission directed the UDCs to use the credits of partial consolidated billing for full consolidated billing services (D.98-09-070, slip opinion, p. 18). The record lacked specificity with respect to which services would be involved in full consolidated billing.

40. Enron/NEV in their November 10 protest strongly object to any proposal which would remove full consolidated ESP billing as an option. Despite the fact that the Commission has continually ruled that it is a legitimate ESP option, Enron/NEV maintain that the UDCs have continued to fight against it, an allegation denied by PG&E. Enron/NEV also assert that any further discussion must start with the basic understanding that there will be

no reduction in available ESP billing options. We concur that the present lack of definition in the uncharted course of full consolidated billing is not a sufficient reason to reduce options available to ESPs. We have repeatedly ordered UDCs to offer full consolidated billing as an alternative for ESPs. Any UDC practice that thwarts the efforts of ESPs to pursue this alternative constitutes a direct violation of Commission Orders. (D.97-05-039, mimeo, p. 9 and D.97-10-087, mimeo, p. 46).

41. We do not concur with Enron's further assessment that "it is incumbent upon the UDCs to expeditiously identify any outstanding issues which prevent prompt implementation of ESP Full-Consolidated Billing." We view the market participants as capable of determining by practice the essential elements of this alternative.

42. One primary issue affecting the cost of full consolidated billing is whether ESPs desire to offer it for all rate schedules. The current Tariff Rule 22 does not specifically address partial certification for full consolidated billing. SCE believes that Tariff Rule 22 would need to be modified to allow for full consolidated ESP billing certification by rate schedule. If SCE believes that modification of Tariff Rule 22 is necessary to accomplish this, then SCE may promptly file such changes.

43. Typically, commercial concerns pay for the service of having their billing performed by a business services entity. Yet, SCE proposes a per service account fee of $7.90 to have an ESP do its billing.

44. The terms applicable to full consolidated billing should rightfully be made by contract between the UDC and the ESP. ESPs are encouraged to bring to our attention any UDC effort to impose unreasonable standards for full consolidated billing. At this time, we adopt the hourly rates as proposed for PG&E and SDG&E for resources required to assist the ESPs with rates and systems. The hourly rates adopted for PG&E shall also apply to SCE. These hourly rates apply only to assistance requested by the ESP. Billing set-up and ongoing support charged as an hourly labor rate, and non-labor costs for billing set-up and ongoing support at cost are reasonable so long as assistance from the UDC is received at the discretion of the ESP.

45. Enron/NEV further argue that the appropriate mechanism to resolve the issue of full consolidated billing is a formal proceeding wherein the UDCs set forth appropriate tariff language to effect full consolidated ESP billing and the associated costs. Enron/NEV are

concerned about allowing the issue to be considered by the Rule 22 Group, which does not have the benefit of a background in RCS issues. We do not intend to delay implementation by opening another formal proceeding. With the hourly rates adopted herein, we encourage interested ESPs to pursue full consolidated billing at once.

46. RETURNED METER FEES. D.98-09-070 specifically limited the utilities' proposed ESP charges to service fees for partial and full consolidated ESP billing, as stated both on p. 16 (mimeo) and in Ordering Paragraph 2. We also adopted SDG&E's methodology for meter ownership costs, which did not include a returned meter fee. Therefore, before PG&E or SCE can seek the institution of a returned meter fee, it would need to petition to modify the decision. Accordingly, we reject PG&E's and SCE's proposed returned meter fees.

COMMENTS

1. The draft Resolution of the Energy Division in this matter was mailed to parties in accordance with PU Code Section 311 (g). Comments were filed on January 4, 1999 by PG&E and SDG&E. SCE filed comments two days late and, in doing so, did not follow the procedure for late filed comments that was specified in the Energy Division's notice of December 21, 1998. That is, the comments were not accompanied by a declaration under penalty of perjury setting forth the reasons for the late submission. Accordingly, SCE's comments have not been considered. Reply comments were filed on January 11 by Enron/NEV.

2. Credit Check Fees. The issue which received the most attention was the rejected credit check fees. PG&E objects that the Draft Resolution goes beyond the record to claim that commercial checks can be performed for $22. As noted by Enron/NEV, "If the credit check fees proposed by the UDCs were adopted, then, for an ESP to do business in all three UDC service territories, it would have to pay approximately $2000 in credit check fees the first year, and approximately $1500 each year after." We concur with Enron/NEV that the proposed level of fees for credit checks is clearly excessive, given our policy to avoid all unnecessary barriers to entry in the electric generation market.

3. SDG&E objected to the conclusion that having each UDC conduct a separate credit check of an ESP offering consolidated statewide billing constitutes unnecessary duplication. SDG&E argues, "any firm has the right to check the credit of firms to which it will

advance money or services. Moreover, each UDC may make its own decisions about the credit-worthiness of a firm for its purposes, and the decision of one UDC might reasonably differ from that of another. Indeed, for UDC's to consolidate credit checks might present an appearance of collusion that an applicant ESP whose credit is questioned might exploit, and could run afoul of statutory and contractual confidentiality requirements prohibiting a subscriber from sharing credit information received from the credit agency." (at p. 2).

4. PG&E similarly argued that the Draft Resolution inappropriately suggests that a credit check performed for one UDC should suffice for the other UDCs. "This suggestion ignores the independence of the three UDCs and their separate financial responsibilities to different creditors and shareholders."

5. The Draft Resolution did not in fact find that ESPs should be subject to the credit check process and fees of one UDC. Provision has been made in Rule 22 for UDCs to examine the creditworthiness of ESPs. Establishing fees piecemeal for the portion of DA participants offering ESP consolidated billing is inappropriate. The examination of issues related to ESP credit checking and reasonable fees should continue to be addressed in their broader context in the DA proceeding.

6. If we at any time found the credit check process of one UDC sufficient to qualify it to offer ESP consolidated billing statewide, the converse need not follow. That is, an ESP that does not meet the credit standards of one UDC might be free to attempt to satisfy such requirements of one or both of the remaining UDCs. Moreover, as stated elsewhere herein, any UDC practice, including unreasonable denial of credit, to thwart the efforts of qualified ESPs to offer consolidated billing constitutes a direct violation of Commission Orders.

7. SDG&E also reiterated its position that the proposed credit check fees represent costs not recovered by any other method. Acknowledging that UDCs currently recover the cost of credit checks for customers and suppliers within bundled rates, SDG&E notes that the UDCs offer credits to customers that receive ESP consolidated billing. SDG&E maintains that there is no analog to the credit checks needed for ESPs. SDG&E has merely reargued its position without demonstrating that credit check processes are required in this forum as well as in the DA proceeding.

8. Finally, PG&E maintains that rejection of the proposed credit check fees is unjustified because no party protested the reasonableness of PG&E's credit check fees in their written protests or at the October 16 workshop. Thus, to deny these fees, PG&E continues, has no basis in the record. PG&E's assertion is not actually correct. CellNet in its November 10, 1998 Protest included credit check fees among other protested fees. However, the draft Resolution rejected the proposed credit check fees for reasons of consistency with the broader Tariff Rule 22 issue, as reiterated in paragraph 5 of this section.

9. **Migration to the Internet from VAN for EDI.** PG&E argues in its comments that the draft Resolution goes beyond the record by requiring internet billing. In the same vein, PG&E objects to the conclusion drawn in the draft resolution regarding the preferment of Internet transmission. PG&E rightfully notes that "in this proceeding, there has been no evaluation whatsoever of the relative merits associated with Internet, as opposed to VAN billing, let alone a technological and economic evaluation of the requisite commercial security measures for Internet billing. Thus, the Energy Division is without basis when it concludes that 'use of the Internet would significantly reduce the per-transaction cost for EDI [Electronic Data Interface]' (p. 13, 30) and that Internet billing reflects 'long-term cost-effectiveness' (p. 13, 31)."

10. Enron/Nev replied, "While Enron and NEV believe that the move from VAN to the Internet for EDI transactions will lead to significant efficiency improvements, they are sympathetic with PG&E's concerns. Accordingly, Enron and NEV recommend that Draft Resolution (p.13, 31) be modified so as to refer the issue of use of the Internet for EDI transactions to the Rule 22 group for consideration and resolution on as expedited a basis as practicable."

11. The Energy Division conducted a workshop, as directed in Ordering Paragraph 2 of D. 98-09-070, to address the service fee proposals. Parties present at the October 16 workshop expressed their lack of support for the use of the more costly VAN transmission by the UDCs. Preference for the use of the Internet for EDI was expressed by knowledgeable DA market participants. We also found (Finding 21) that ESPs should be given an opportunity to reduce their impact on UDC resources by changing the type of transaction that they use. In keeping with this finding, we affirm the direction in the Draft Resolution for the UDCs to at least offer Internet transmission as an alternative for

EDI. The planning and implementation, as recommended by Enron/NEV, should be expedited in the appropriate Rule 22 sub group(s).

12. PG&E's principal concern about migration to the Internet for billing and payment remittance is the increased need for security in transmitting financial data, a need PG&E believes is not fully addressed by current methods for Internet billing. We note that highly sophisticated encryption techniques have made the internet acceptable in current business practices for confidential transactions. In this same context, PG&E points to several other features available through VAN but not the Internet, like tracking and confirmation, auditing, archiving and reporting. No standardized protocols have been developed for Internet billing. Given the expressed support of market participants for migration from VAN to internet for EDI, six months should allow sufficient time to develop whatever features are necessary to accomplish the migration ordered today.

13. PG&E furthermore cites the recent decision on metering and meter data standards to illustrate the inadequacy of the 6 months prescribed in the Draft Resolution for migration to the Internet. PG&E argues that the Commission noted participants' comments that "an instant cut-over to EDI from [Meter Exchange Protocol] cannot take place," and that instead "there appears to be a need for a transition period to allow participants to prepare for, adjust to a new standard, and to verify that the EDI format is working properly." (D. 98-12-080, mimeo, p. 87).

14. In that proceeding, the Commission adopted a process by which interested parties would work together to create a statewide implementation guide for the transition in order to allow input from market participants to its development. The long transition period adopted in that proceeding moreover reflects characteristics unique to metering. Greater progress for use of the internet has been made in billing than in metering.

15. **Full Consolidated Billing.** PG&E objects that the hourly rates proposed in the draft resolution constitute an over-simplified and misplaced system for cost-recovery. In PG&E's view, the draft Resolution, by limiting application of the fees to assistance received at the discretion of the ESP, "... introduces significant confusion regarding what type of assistance is 'discretionary' when, in fact, all services will be negotiated at the discretion of those entering into the bilateral contract. Page 15, 44." This comment is completely without merit in the light of the discussion in the Draft Resolution.

16. The adoption of hourly labor rates and materials at cost reflects the Commission's effort, in the development of the competitive electric generation market to balance two competing factors. First, there is presently a lack of clarity as to the essential elements of full consolidated billing. Second, reducing options, like full consolidated billing, available to ESPs would be contrary to previous orders, as explained in the Discussion Section. Moreover, as stated in paragraph 44 of the foregoing Discussion Section, "The terms applicable to full consolidated billing should rightfully be made by contract between the UDC and the ESP." The hourly rates will allow PG&E to recover its costs for additional services requested by the ESP.

17. PG&E further comments that, "To the extent that the Draft Resolution is interpreted to exclude recurring UDC costs associated with ESP Full-Consolidated Billing, the Draft Resolution would be in violation of D. 97-10-087 (mimeo, p. 26) and D. 98-09-070 (mimeo, p. 16)." Such an interpretation is without basis because the specific costs associated with full consolidated billing are not defined at present. Section 376 cost recovery is not the subject of this forum. The draft Resolution acknowledges the ability of the UDCs and market participants to develop the requisite procedures that market participants will need to follow in "determining by practice the essential elements of this alternative."

18. PG&E also expresses concern about statements made in the draft Resolution that will unreasonably raise participants' expectations that no obstacles, however legitimate, should be encountered. We reiterate our confidence in market participants to work to develop this option even given legitimate obstacles that accompany new processes. We further reiterate our expectation that UDCs cooperate to promote this development.

19. **Fee for Set-Up in EDI.** Regarding the Draft Resolution's rejection of PG&E's proposed one-time fee of $1.35 per account for set-up in EDI, PG&E maintains that the basis for rejection is factually incorrect. In response, Enron/NEV comments that there is nothing on the record which supports PG&E's assertion as to the distinctive nature of set-up in EDI for ESP consolidated billing. Because of the apparent ambiguity, we will modify Finding 30 to state that the set-up fee "may not be unique to ESP consolidated billing." However, set-up costs belong in the direct access proceeding, and the fee is rejected.

20. Finally, several minor substantive changes were made, some of which were suggested by SDG&E and Enron/NEV. These changes are listed below.

- In the Summary section, the second to the last sentence of paragraph 6 was modified because SDG&E's credit check fees are also rejected, and SDG&E proposed no returned meter fees. The filing date was also updated.

- In the fifth sentence of the Protest section on p. 4, the word "non-substantive" was deleted. SDG&E aptly noted that its response to Enron's protest discussed the substantive merits of Enron's position at some length.

- In Paragraph 10 of the Discussion section (at p. 7), parentheses were replaced with brackets, to make it clear that the phrase "the reasonable costs associated with billing services unbundling" is not a direct quote from the Commission's decision.

- In paragraph 46 of the Discussion Section (at p. 16), PG&E was added in reference to returned meter fees, as it had been inadvertently omitted.

- Footnote 4 in the Discussion Section was modified, in response to concern raised by Enron/NEV, to clarify that the changes will be considered in the RAP, rather than by Advice Letter.

- The word "ESP" was added to Finding 14 for clarification.

- Ordering Paragraphs 5, 6, 7, and 8 were modified to reflect the postponed effective date of service fees.

FINDINGS

1. PG&E filed Advice Letter 1811-E on October 7, 1998 and the Supplemental Advice Letter 1811-E-A on October 21, 1998 to establish service fees applicable to ESPs for consolidated billing and returned meters.

2. SCE filed Advice Letter 1338-E on October 7, 1998 to establish consolidated billing service fees. SCE filed the Supplemental Advice Letter 1338-E-A on October 21, 1998 which, among other things, added returned meter fees.

3. SDG&E filed Advice Letter 1129-E on October 21, 1998 to establish exception fees to apply when ESPs fail to perform optimally or require assistance from the UDC. SDG&E, in compliance with OP 2 of D. 98-09-070, did provide a table showing comparable consolidated billing service fees for comparison purposes only.

4. Notice of AL 1811-E, 1811-E-A, 1338-E, 1338-E-A, and 1129-E were made by publication in the Commission's calendar. In addition, PG&E, SCE, and SDG&E served copies of their Filings on utilities and interested parties, including interested parties in A. 97-11-004, A.97-11-011, and A.97-12-012.

5. CellNet Data Systems (CellNet), the Utility Reform Network and the Utility Consumers Action Network (TURN/UCAN), the Office of Ratepayer Advocates (ORA), and Enron Corporation/New Energy Ventures LLP (Enron/NEV), as well as SCE, filed protests. These and other parties participated in the workshops. The UDCs replied to parties' protests.

6. PG&E, SCE, and SDG&E request that the tariffs filed with supplemental ALs 1811-E-A and 1338-E-A and AL 1129-E become effective on January 1, 1999 to coincide with the implementation of Revenue Cycle Service (RCS) credits to end-use customers that choose to have such services provided by ESPs.

7. The Commission, in OP 2 of D.98-09-070 directed PG&E, SCE, and SDG&E to file Advice Letters to implement service fees for billing services. The same order directed the Energy Division to subsequently conduct a workshop and prepare a resolution for Commission consideration addressing these service fees.

8. Substantial differences exist between the cost offsets to the billing services credit on the record in A.97-11-004, et. al. and the billing service fees filed as a result of OP 2 of D.98-09-070.

9. SDG&E had filed no billing cost offsets in the RCS proceeding on which to base fees. SDG&E proposes in AL 1129-E to include routine incremental costs in PU Code Section 376 recovery rather than as fees to ESPs.

10. The Commission in D.98-09-070 did not rule on the reasonableness of the cost offsets as proposed by PG&E and SCE.

11. On October 16, 1998, the Energy Division held a public workshop, as directed by OP 2 of D.98-09-070, to discuss the service fee proposals and resolve areas of disagreement among the parties.

12. Parties at the workshop questioned the appropriateness of the advice letter process for establishing billing service fees given the fact that the Commission did not adopt specific fees in D.98-09-070 (slip opinion, p. 16).

13. On November 3, the Energy Division conducted a workshop by conference call to discuss SDG&E's Advice Letter 1129-E.

14. The Commission ruled out PU Code Section 376 recovery for recurring costs associated with ESP consolidated billing by ordering PG&E, SCE, and SDG&E "to file advice letters ... to implement service fees for billing services." (D. 98-09-070, OP 2).

15. PU Code Section 376 recovery has different cost allocation implications than the ESP service fees ordered in D. 98-09-070.

16. PG&E, SCE, and SDG&E are denied PU Code Section 376 recovery for recurring costs associated with ESP consolidated billing.

17. ESP consolidated billing was authorized as a means of promoting comparable access to generation markets. As such, fees must be designed so as to minimize barriers to entry.

18. The use of consistent methods for the design of service fees statewide is an extension of the policy expressed in the RCS proceeding.

19. The consolidated billing service fees adopted today will allow the UDCs an opportunity, with conscientious management, to recover their reasonable costs.

20. Consolidated billing service fees should be designed to accurately reflect cost causation.

21. ESPs should be given an opportunity to reduce their impact on UDC resources by changing the type of transaction that they use.

22. Adopting the UDC's proposed credit check fees would subject an ESP offering consolidated billing statewide to three clearly duplicative credit processes and fees.

23. UDCs have not demonstrated that credit check processes are required in this forum as well as the DA proceeding.

24. PG&E and SDG&E structured their fees for partial consolidated billing to reflect both per ESP and per service account cost causation. This fee structure is preferable to charging ESPs strictly on a per account basis because of the obligation of the ESP to the UDC for end-use customer bills.

25. SCE's proposed per service account fees for partial consolidated billing disregard the potential for economies of scale as the number of service accounts per ESP increases. Also as the number of service accounts per ESP increases in this new market, fees charged solely on a per service account basis will tend to be less stable.

26. SCE's proposed consolidated billing service fees are inconsistent with our decision to recover billing cost offsets from ESPs rather than netting them out of the RCS credits. One key factor in that decision was to allow fees for these services to vary by ESP when appropriate.

27. SCE's proposed fees significantly exceed those proposed by PG&E. Substantial cost differences between two similarly sized California utilities suggests room for efficiency improvements in the higher cost operation.

28. It is reasonable to adopt the same service fees for SCE as those adopted for PG&E.

29. PG&E's proposed per service account fee for partial consolidated billing includes the cost of certain exception services which would not apply to all service accounts. Specifically, the fees reflect costs associated with reverting billing option to dual, deposit application to unpaid balance, and sending a notification letter to the customer. Such costs should be borne by the accounts to which they apply. They should therefore be removed from PG&E's and SCE's adopted monthly per service account fee.

30. PG&E's proposed one-time fee for set-up in EDI is a direct access issue, may not be unique to ESP consolidated billing, and therefore is not adopted.

31. Some parties present at the October 16 workshop expressed their lack of support for the UDCs' use of the more costly VAN transmission for EDI transactions. Migration to the internet would significantly reduce the cost of EDI transactions.

32. SDG&E in AL 1129-E proposes exception fees for an array of services provided when the performance of an ESP imposes extra costs on SDG&E. Charging ESPs at cost for extra assistance and/or performance that is less than optimal provides appropriate pricing signals. SDG&E's proposed fees are based on reasonable cost assumptions.

33. Fees for exception services send appropriate pricing signals and should apply statewide at the earliest possible date.

34. Some of SDG&E's proposed exception fees, specifically those for field investigations, delayed meter data, and required meter change, are not related to ESP consolidated billing or the cost offsets on the record in the RCS proceeding for PG&E and SCE. These fees are therefore not adopted.

35. PG&E and SCE did not file fees for exception services.

36. Full consolidated billing has the potential to benefit end-use customers. However, even after discussions at the October 16 workshop, participants could not agree as to what the essential elements of full consolidated ESP billing are or how to appropriately design fees for this alternative.

37. The present lack of clarity in the course of full consolidated billing is not a sufficient reason to reduce options available to ESPs.

38. Any UDC practice that thwarts the efforts of ESPs to pursue full consolidated billing constitutes a direct violation of Commission Orders.

39. The market participants are capable of determining by practice the essential elements of full consolidated billing.

40. The terms applicable to full consolidated billing should rightfully be made by contract between the UDC and the ESP. ESPs are encouraged to bring to the attention of the

Commission any UDC effort to impose unreasonable standards for full consolidated billing.

41. As long as assistance from the UDC for full consolidated billing is received at the discretion of the ESP, an hourly labor rate for billing set-up and ongoing support, and non-labor costs for billing set-up and ongoing support at cost are reasonable.

42. D.98-09-070 specifically limited the UDCs' Advice Letter filings to ESP service fees related to partial and full consolidated ESP billing.

43. To the extent substantive comments are adopted herein, protestants protests are granted. In all other respects, protests are denied.

THEREFORE IT IS ORDERED THAT:

1. PG&E's Advice Letter 1811-E, as supplemented by AL 1811-E-A, is approved subject to the following modifications:

   - For full consolidated billing, the hourly labor rates proposed by PG&E are adopted for billing set-up and ongoing support. Non-labor costs for such support services may also be recovered from the ESPs. These hourly labor rates and non-labor rates at cost shall apply at the discretion of the ESP requesting such assistance.

   - The annual ESP creditworthiness check is denied because credit worthiness evaluation is a direct access issue and the magnitude of the proposed fee is not justified.

   - Partial consolidated billing per service account fees for reverting billing option to dual, deposit application to unpaid balance, and sending notification letter to the customer are denied.

   - The one-time fee per service account for set-up in electronic data interchange is denied.

   - The exception fees shown in Table 2 attached to this Resolution are adopted for PG&E.

   - The returned meter fees are denied because D.98-09-070 specifically limited the utilities' proposed ESP charges to service fees for partial and full ESP consolidated billing.

   - The fees shown in Tables 1 and 2 attached to this Resolution are adopted for PG&E. Any fees not shown in Tables 1 and 2 are denied.

2. SCE's Advice Letter 1338-E, as supplemented by AL 1338-E-A, is approved subject to the following modifications:

    - For full consolidated billing, the hourly labor rate and non-labor rate at cost as shown on Table 1 attached to this Resolution are adopted for billing set-up and ongoing support. These rates shall apply at the discretion of the ESP requesting such assistance.

    - The one-time credit establishment and the on-going monthly credit worthiness check charges are denied. Credit worthiness evaluation is a direct access issue and the magnitude of these proposed charges is not justified.

    - For partial consolidated billing, the same fees adopted for PG&E shall be adopted for SCE.

    - The exception fees shown in Table 2 attached to this Resolution are adopted for SCE.

    - The returned meter fees are denied because D.98-09-070 specifically limited the utilities' proposed ESP charges to service fees for partial and full ESP consolidated billing.

    - The fees shown in Tables 1 and 2 attached to this Resolution are adopted for SCE. Any fees not shown in Tables 1 and 2 are denied.

3. SDG&E's Advice Letter 1129-E is approved subject to the following modifications:

    - For full consolidated billing, the hourly labor rate for assistance with rates and system support shown for comparison purposes by SDG&E in Table 2 of AL 1129-E is adopted. Non-labor costs for support services may also be recovered from ESPs. These hourly rates and non-labor rates at cost shall apply at the discretion of the ESP requesting such assistance.

    - For partial consolidated billing, the monthly charges per service account and the monthly charge per ESP, with the exception of the charges for credit checks of ESPs, as shown in Table 2 of SDG&E's AL 1129-E are adopted.

- The charges shown in Table 2 of SDG&E's AL 1129-E for the per event credit worthiness check and the ongoing credit check of ESPs are denied. Credit worthiness evaluation is a direct access issue and the magnitude of these proposed charges is not justified.

- The exception fees shown in Table 2 attached to this Resolution are adopted. These adopted fees are among those proposed by SDG&E in AL 1129-E (Table 1). However, SDG&E's proposed exception fees for field investigations, delayed meter data charges, and required meter change are not related to ESP consolidated billing, and are therefore denied.

- The fees shown in Tables 1 and 2 attached to this Resolution are adopted for SDG&E. Any fees not shown in these tables are denied.

4. PG&E, SCE, and SDG&E shall, within ten days of the effective date of this Resolution, file tariffs implementing: a) the ESP consolidated billing service fees adopted by this Order and shown in Table 1 attached to this Resolution and, b) the exception fees adopted by this Order and shown in Table 2 attached to this Resolution.

5. All tariffs filed pursuant to this Order shall become effective on filing, subject to Energy Division finding that they are in compliance with this Resolution.

6. Beginning on the effective date of the tariffs ordered by this Resolution, PG&E, SCE and SDG&E shall remove all costs associated with activities relating to ESP consolidated billing from their applications which request recovery of costs pursuant to PU Code Section 376.

7. Beginning on the effective date of the tariffs ordered by this Resolution, PG&E, SCE and SDG&E shall remove all costs associated with activities relating to ESP consolidated billing for exception services from their applications which request recovery of costs pursuant to PU Code Section 376.

8. Parties to applicable subgroups of the Direct Access Tariff Working Group shall expedite implementation of migration to the Internet for EDI transactions due to its long-term cost-effectiveness. Within six months of the effective date of this Resolution, the charges

related to Value Added Network (VAN) transmission included in adopted service fees shall no longer be mandatory upon ESPs for EDI transactions. The UDCs may eliminate VAN charges by filing advice letters if the timing of the 1999 RAP proceedings cannot accommodate this sunset date for mandatory VAN transmission charges.

9. PG&E, SCE and SDG&E shall address in their 1999 RAP applications, improvements in consolidated billing service fees, including:

   - Fees that reflect efficiency improvements in UDC activities supporting ESP consolidated billing,
   - Fees that reflect lower cost alternatives for ESPs,
   - Fee designs that accurately reflect cost causation,
   - Fees that recover only ESP consolidated (not dual or UDC consolidated) billing costs,
   - Fees that exclude all costs associated with exception services, and
   - Fees based on services comparable to those provided by the UDC to larger customers.

10. To the extent substantive comments are adopted herein, protestants protests are granted. In all other respects, protests are denied.

11. This Resolution is effective today.

I certify that the foregoing Resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the state of California held on January 20, 1999; the following Commissioners voting favorably thereon:

Wesley Franklin

WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

Table 1
Service Fees for Energy Service Providers
Adopted by Resolution E-3582

Partial Consolidated Billing	SCE	PG&E	SDG&E
Monthly Charge per Service Account			
VAN Transmission of Data	$0.12	$0.12	$0.13
Process ESP Payments (footnote 2)	-	-	0.072
Revert Billing Option to Dual (footnote 1)	-	-	-
Deposit Application to Unpaid balance (footnote 1)	-	-	-
Send Notification Letter to Customer (footnote 1)	-	-	-
TOTALS:	$ 0.12	$0.12	$0.20
Monthly Charge per ESP			
EDI Bank Processing Charge	$1.80	$1.80	$3.78
EDI (VAN) Fee for Payment (footnote 2)	2.20	2.20	-
Daily Check for Payment (see footnote 1)	59.00	59.00	110.00
TOTALS:	$63.00	$63.00	$113.78
Full Consolidated Billing			
Hourly Labor Rate to Assist ESPs with Rates and Systems	$85.00	$85.00	$90.00
Billing Set Up and Ongoing Support (non-labor)	cost	cost	cost

Notes:
1) This is an exception cost and should not be charged as a Monthly fee on all Accounts.
2) SDG&E maintains that this cost is more appropriately charged as a per account fee and included in Monthly Charge per Service Account - Process ESP Payments. Because of lack of compatibility between PG&E and SDG&E, we allow this variation.

Table 2
Adopted Exception Fees for SDG&E, PG&E and SCE

<u>Account Analysis (remarks and examples below from SDG&E's AL 1129-E)</u>	
Retrieval of account information	$5/account
Routine Account Analysis	$10/account
Complex Account Analysis	$45/hour
Resend File/Report	$15/report
Investigate EDI Payments (Duplicate Payments)	$85/occurrence
Refund account credits due to overpayment (EDI)	$5/account
<u>Involuntary Billing Change</u>	
Billing/Accounts Switch	$8/account

SDG&E proposes these service as exception fees since the ESP has previously received the data. SDG&E will provide these services based on resource availability.
Examples: <u>Retrieval of account information.</u> Provides service to ESPs who request SDG&E to investigate and provide specific information on various accounts, such as new account numbers, new meter numbers, amount of bill, billing periods, PX credit, date issued, cycle and reads. This charge is only valid when information has already been provided to the ESP.
<u>Routine Account Analysis</u>. Charged when ESP requests SDG&E to analyze account information and provide assistance to the ESP to understand how SDG&E bills the PX credit, rebates and meter data. In these cases the specific information has already been provided to the ESP and the ESP is asking SDG&E to perform the analysis instead of using their internal resources.
<u>Complex Account Analysis</u>. Unique inquiries which require extensive investigation.
<u>Resend File/Report</u>. Charged when ESPs request that reports or files be resent after the initial submittal.

Table 3
Comparison of PG&E Proposed Service Fees and Adopted Fees
Resolution E-3582, January 20, 1999, PG&E AL 1811-E/E-A

	PG&E Proposed	Adopted Res. E-3582
Partial Consolidated Billing		
Annual Charge per ESP		
ESP Credit Worthiness Check	$ 500	$ -
Monthly Charge per ESP		
ESP Credit Worthiness Check	$ -	$ -
Set up Charge per Service Account		
Set-up in EDI (One time charge)	$ 1.35	$ -
Monthly Charge per Service Account		
VAN Transmission of Data	$ 0.120	$ 0.120
Process ESP Payments	-	-
Collections	-	-
Revert Billing Option to Dual	0.004	-
Deposit Application to Unpaid Balance	0.004	-
Send Notification Letter to Customer	0.003	-
	$ 0.13	$ 0.12
Monthly Charge per ESP		
EDI Bank Processing Charge	$ 1.80	$ 1.80
EDI (VAN) Fee for Payment	2.20	2.20
Daily Check for Payment	59.00	59.00
	$ 63.00	$ 63.00
Full Consolidated Billing		$85/hour for labor. Non-labor at cost. ESP only incurs costs when it requests assistance from UDC.
Annual Charge per ESP		
ESP Credit Worthiness Check	$ 500	
Monthly Charge per ESP		
ESP Credit Worthiness Check	$ -	
Infrastructure Charge - Pro Rata Share per ESP		
Infrastructure Charge	$ -	
Start-up Fee per ESP		
Assistance with SCE Rates	$ -	
Assistance with Systems Support	-	
	$ -	
Monthly Charge per Service Account		
Send Invoice to ESP	$ -	
Process ESP Payments	$ -	
Collections	$ -	
Receive Bill Calculation Inquiries	$ -	
Receive Bill Component Data	$ -	
Perform On-going Compliance Monitoring	$ -	
of ESP Bill Calculations	$ -	
Perform Systems Support for ESP Exception	$ -	
Processing and Compliance Monitoring	$ -	
Advise ESPs of Changes in Rates	$ -	
Perform Periodic ESP Billing Compliance Audit	$ -	
Retrieve Usage Data from MDMA Server	$ -	
Rounding	$ -	
	$ -	
Returned Meter Fee		
Single-phase, non transformer rated kWh meter	$ 3.93	$ -
Three-phase, non transformer rated kWh meter	$ 7.49	$ -
TOU self-contained single phase meter	$ 8.85	$ -
TOU self-contained three phase meter	$ 8.69	$ -
TOU 3-phase, transformer rated meter	$ 9.45	$ -
Interval meter, recorder/modem	$ 45.14	$ -

Table 4

Comparison of SCE Proposed Service Fees and Adopted Fees

Resolution E-3582: January 20, 1999, SCE AL 1338-E/E-A

	SCE	Adopted
Partial Consolidated Billing	Proposed	Res. E-3582
Per Event Charge per ESP		
ESP Credit Worthiness Check	$ 335	$ -
Monthly Charge per ESP		
ESP Credit Worthiness Check	$ 62.80	$ -
Set up Charge per Service Account		
Set-up in EDI (One time charge)		
Monthly Charge per Service Account		
VAN Transmission of Data	$ 0.301	$ 0.120
Process ESP Payments	0.285	-
Collections	0.112	-
Revert Billing Option to Dual		
Deposit Application to Unpaid Balance		
Send Notification Letter to Customer		
	$ 0.70	$ 0.12
Monthly Charge per ESP		
EDI Bank Processing Charge		$ 1.80
EDI (VAN) Fee for Payment		2.20
Daily Check for Payment		59.00
		$ 63.00
Full Consolidated Billing		$85/hour for labor.
Per Event Charge per ESP		Non-labor at cost
ESP Credit Worthiness Check	$ 335	ESP only incurs costs when it requests assistance from UDC.
Monthly Charge per ESP		
ESP Credit Worthiness Check	$ 62.80	
Infrastructure Charge - Pro Rata Share per ESP		
Infrastructure Charge	$ 5,300,000	
Start-up Fee per ESP		
Assistance with SCE Rates	$ 37,500	
Assistance with Systems Support	37,500	
	$ 75,000	
Monthly Charge per Service Account		
Send Invoice to ESP	$ 0.041	
Process ESP Payments	0.285	
Collections	0.112	
Receive Bill Calculation Inquiries	1.991	
Receive Bill Component Data	0.302	
Perform On-going Compliance Monitoring of ESP Bill Calculations	2.212	
Perform Systems Support for ESP Exception Processing and Compliance Monitoring	2.506	
Advise ESPs of Changes in Rates	0.221	
Perform Periodic ESP Billing Compliance Audit	0.015	
Retrieve Usage Data from MDMA Server	0.156	
Rounding	0.030	
	$ 7.90	
Returned Meter Fee		
Single-phase, non transformer rated kWh meter	$ 3.64	$ -
Three-phase, non transformer rated kWh meter	$ 15.86	$ -
TOU self-contained single phase meter	$ 17.76	$ -
TOU self-contained three phase meter	$ 17.76	$ -
TOU 3-phase, transformer rated meter	$ 17.76	$ -
Interval meter, recorder/modem	$ 49.76	$ -

Table 5
Comparison of SDG&E Service Fees and Adopted Fees
Resolution E-3582, January 20, 1999, SDG&E AL 1129-E

	SDG&E 1/	Adopted
Partial Consolidated Billing		Res. E-3582
Annual Charge per ESP		
ESP Credit Worthiness Check	91.80	$ -
Monthly Charge per ESP		
ESP Credit Worthiness Check	$ 18.00	$ -
Set up Charge per Service Account		
Set-up in EDI (One time charge)	$ -	$ -
Monthly Charge per Service Account		
VAN Transmission of Data	$ 0.130	$ 0.130
Process ESP Payments	0.072	0.07
Collections	-	-
Revert Billing Option to Dual	-	-
Deposit Application to Unpaid Balance	-	-
Send Notification Letter to Customer	-	-
	$ 0.20	$ 0.20
Monthly Charge per ESP		
EDI Bank Processing Charge	$ 3.78	$ 3.78
EDI (VAN) Fee for Payment	-	-
Daily Check for Payment	110.00	110.00
	$ 113.78	$ 113.78
Full Consolidated Billing	$90/hour	$90/hour for labor. Non-labor at cost. ESP only incurs costs when it requests assistance from UDC.
Returned Meter Fee	-	-

1/ SDG&E does not propose these service fees in Advice Letter 1129-E. The values were provided by SDG&E in AL 1129-E for comparison purposes only.

Table 6
Comparison of Exception Fees Proposed by SDG&E and Adopted Fees for SDG&E, PG&E and SCE

	SDG&E Proposed	Adopted for SDG&E, PG&E, and SCE by Res. E-3582
Account Analysis		
Retrieval of account information	$5/account	$5/account
Routine Account Analysis	$10/account	$10/account
Complex Account Analysis	$45/hour	$45/hour
Resend File/Report	$15/report	$15/report
Field Investigations	$50/meter	-
Investigate EDI Payments (Duplicate Payments)	$85/occurrence	$85/occurence
Refund account credits due to overpayment (EDI)	$5/account	$5/account
Delayed Meter Data Charges		
Late/Unacceptable Read	$15/meter, plus $0.30/day/$1000 of UDC charges	-
Estimate Billing Data	$25/account	-
Involuntary Billing Change		
Billing/Accounts Switch	$8/account	$8/account
Meter Change (if required)		
Single Phase Residential	$57/meter	-
Single Phase Small Commercial	$67/meter	-
Polyphase - All Classes	$80/meter	-