

October __, 2010

Paul Clanon, Executive Director
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Request for Extension of Time to Implement Mandatory Time-of-Use for Small and Medium Agricultural customers and Optional Residential Peak Day Pricing under D.10-02-032

Dear Mr. Clanon:

Pacific Gas and Electric Company (PG&E) requests an extension of time to implement a) mandatory time-of-use (TOU) rates for small and medium agricultural customers, b) optional Peak Day Pricing rates that include TOU rates for residential customers. [Decision (D.) 10-02-032, Ordering Paragraph (OP) 2, bullets 2 and 3, state that these two rates shall be effective by February 1, 2011. For the reasons below, PG&E requests authorization to move the implementation date for these two rates from February 1, 2011 to November 1, 2011. PG&E also requests authority to continue its currently effective residential critical peak pricing rate, SmartRate™, in effect until October 31, 2011.

PG&E makes this request for several reasons. OP 18 of D.10-02-032 directs PG&E to file a Tier 2 advice letter 30 days after it has completed the proposed incremental Customer Service On-Line activities (now called “My Account”). Energy Division is then to verify that the new Peak Day Pricing functionalities that PG&E has implemented on its website appropriately suit ratepayer needs. OP 18 continues “The anticipated February 1, 2011 and November 1, 2011 Peak Day Pricing default processes shall not begin until affected customers have had access to the verified Peak Day Pricing-related customer service on-line tools for at least 45 days”.

As stated in testimony, D.10-02-032 has required significant effort on PG&E's part to implement major Information Technology changes and upgrades. In addition to the work on My Account, PG&E has modified its billing systems to be able to support accurate billing of customers participating in PDP. Further, PG&E is also in the midst of a major upgrade its customer information system (“CC&B”) to version 2.3 to support incremental functionality considered in D.10-02-032. PG&E successfully completed the necessary modifications to its billing systems to accurately bill its large commercial and industrial customers on PDP, as evidenced by the proper billing of those customers who were transitioned to PDP in May 2010. Furthermore PG&E has implemented the TOU/PDP rates and software functionality required for the additional defaults scheduled in February 2010, as per D.10-020-032, with only testing activities still in process. PG&E is also on plan and schedule to complete its upgrade of CC&B to version 2.3 in February 2011. While PG&E has completed or is on track to complete most of the overall IT functionality required in D.10-02-032, despite PG&E's best efforts, My Account will not be ready to launch in time for the February 1, 2011 default date. Therefore PG&E will not be in a position to initiate the new rates for customer classes that would depend on My Account for the necessary tools.

These classes are the small and medium agricultural and residential classes. For this reason, PG&E requests that mandatory small and medium agricultural TOU and optional residential Peak Day Pricing not go into effect until November 2011. The requested change will also allow the small and medium agricultural customers community to focus on the introduction of mandatory TOU after the 2011 growing season, instead of trying to implement a new mandatory time-varying rate during the peak growing season of the summer.

OP 2 also states that default Peak Day Pricing for large agricultural customers will begin by February 1, 2011. The website tools for these customers will be available through the InterAct website in time for the February 2011 implementation date. Therefore PG&E is not requesting a deferral of the OP 2 implementation date for this customer class.

With deferred implementation of the optional residential Peak Day Pricing rate until November 2011, PG&E also requests that the existing residential critical peak pricing rate, SmartRate, remain available through October 31, 2011 so existing SmartRate customers can continue to receive critical peak pricing signals in summer 2011.

We also request that customer transition periods to Peak Day Pricing and TOU rates change from a rolling schedule to no more than twice per year -- specifically in March and November -- starting in November 2011. Based on customer feedback and internal assessment, this modified approach will result in significant advantages in terms of operational efficiency, outreach effectiveness and, most importantly, customer satisfaction.

Operationally, a semi-annual default schedule reduces the iterations for our systems and staff to create, validate, load and execute on eligible customer data on the front end. By aggregating defaulting customers into fewer buckets, it also enables us to better forecast the volumes of defaulting customers: Instead of having to predict how many customers we think will meet default criteria each month, our semi-annual default list will mostly contain records of those we know for a fact have met that criteria.

Marketing and Outreach is enhanced by a simpler default schedule. First, it allows for greater definition in outreach materials: We can point to specific points in time that transitions may occur (which was a useful distinction for customers facing the transition to Digital TV last year). Second, it allows us to seed the principles and benefits of time varying pricing with more customers prior to their transition dates, which we feel will make it more likely for them to accept and affirm their transitions to PDP/TOU. Lastly, it provides the opportunity to optimize our media buying (for example, we could emphasize mass media around specific timeframes for maximum awareness and impact.)

Therefore, PG&E requests that you expeditiously grant an extension to November 1, 2011 for PG&E to implement mandatory TOU for the small and medium agricultural customers and optional residential Peak Day Pricing rates under OP 2. PG&E further requests that you authorize SmartRate to continue to October 31, 2011.

Very truly yours,

Brian Cherry

Cc: [who should we cc at the Commission?]
Service List in A.09-02-022