

Pacific Gas and Electric Company's NTP&S Informational Report

Pursuant to Decision (D.) 11-05-018, Pacific Gas and Electric Company (PG&E) is authorized to provide non-tariffed products and services (NTP&S) already approved for use by the other California investor owned utilities (IOUs) starting thirty (30) days after PG&E provides an information-only report regarding the categories it plans to offer. This is PG&E's first such report.

This report includes the following categories from the other IOUs' NTP&S catalogs:

NTP&S category	Reference utility
Other consulting services	SDG&E
Operations services for other utilities, energy service providers, municipalities and others	SCG
Geographical Information Systems (GIS) services	SCE
Billing and Customer Communication Center services for Non-ESPs	SCE
Energy efficiency engineering, consulting and technical services	SCE
Licensing of utility software	SCE
Licensing of utility held patents	SCE
Use of communications and computing systems	SCE

In compliance with D.11-05-018, the following three items are covered for each category:

1. The underutilized or excess capacity used for the non-tariffed product and service;
2. The steps that will be taken by PG&E to ensure that the project will not affect the quality or cost of the utility service;
3. Proof that the expanded non-tariffed product and service will not distort non-utility markets or be anti-competitive.¹

Table 1 (attached) provides a description of projects under consideration for each added NTP&S category including an estimate of potential costs and revenues² in the coming year, the IOU advice letter providing for that item, a description of the utility assets that may be used for projects under each category and PG&E's plans to ensure that quality or cost of tariffed services will not be affected.

Attachments A - H provide market analysis using Michael Porter's Five Forces Model of Competition³ (Five Forces) and discuss how PG&E's offerings within each category will not give rise to anti-competitive concerns.

¹ D. 11-05-018, pg. 25.

² PG&E provides this estimate in accordance with D.11-05-018, FN 15.

³ For analysis of the competitive landscape PG&E uses Michael Porter's Five Forces Model of Competition. Where applicable, PG&E draws from SCE's Advice Letter 1286-E / 1286-E-A which utilizes this same framework.

Table 1
Description of the NTP&S Categories to be added to PG&E's Catalog

Product or service category	Description of projects within the category currently under consideration	Regulatory advice letter filing reference	Item 1: Utility assets to be used for NTP&S	Item 2: Steps taken by PG&E to ensure project will not affect quality or cost of tariffed services	Item 3: Proof expanded NTP&S will not distort markets or be anticompetitive
Other consulting services	<ul style="list-style-type: none"> • Miscellaneous revenues from unused capacity and using experience and expertise for consulting engineering services, electric and gas distribution /transmission system and safety training. <p>Initial Annual Cost forecast: \$0 - \$20,000</p> <p>Initial Annual Revenue forecast: \$0 - \$30,000</p>	SDG&E 1077-E/ 1081-G	<p>The assets utilized for <i>Consulting Services</i> may include:</p> <ul style="list-style-type: none"> • Human assets • Computer databases and software applications • Engineering observation and testing equipment • Training materials and classes • Miscellaneous office equipment 	To ensure that providing <i>Other Consulting Services</i> does not affect the cost, quality, or reliability of utility services, PG&E will have appropriate policies, procedures and systems in place. These policies and procedures will include but not be limited to: (1) review of present and future use of the personnel, materials and equipment to ensure that the intended third party use will not constrain utility use of the asset and (2) contractual arrangements that allow PG&E to terminate the agreement in the event of utility obligations.	See Attachment A
Operations services for other utilities, energy service providers, municipalities and others	<ul style="list-style-type: none"> • Materials management and procurement services • Consulting and training services • Collections activities for third-party utility • Line item billing service <p>Initial Annual Cost forecast:</p>	SCG_AL2669; as modified by SCG_AL2669 -B	<p>The assets utilized for <i>Operations Services</i> may include:</p> <ul style="list-style-type: none"> • Human assets • Call center resources, including office supplies and infrastructure • Fleet vehicles for meter reading services and consulting • Training materials and classes 	To ensure that providing <i>Operations Services for Other Utilities, Energy Service Providers, and Municipalities</i> does not affect the cost, quality, or reliability of utility services, PG&E will have appropriate policies, procedures and systems in place. These policies and procedures will include but not be limited to: (1) review of present and future use of the personnel and equipment to ensure that the intended third party use will not constrain utility use of the asset and (2) contractual arrangements that allow PG&E to terminate the agreement in the	See Attachment B

	<p>\$0 - \$100,000</p> <p>Initial Annual Revenue forecast: \$0 - \$300,000</p>		<ul style="list-style-type: none"> Miscellaneous office equipment Computer databases and software applications 	event of utility obligations.	
Geographical Information Systems (GIS) services	<ul style="list-style-type: none"> Mapping Services Specialized geographical database analysis and development <p>Initial Annual Cost forecast: \$0 - \$10,000</p> <p>Initial Annual Revenue forecast: \$0 - \$20,000</p>	SCE 1286-E-A	<p>The assets utilized for <i>GIS Services</i> may include:</p> <ul style="list-style-type: none"> Human assets, Computer databases and software applications, and Miscellaneous office equipment. 	To ensure that providing <i>Geographical Information Services</i> does not affect the cost, quality, or reliability of utility services PG&E will have appropriate policies, procedures and systems in place. These policies and procedures will include but not be limited to: 1) contractual arrangements that allow PG&E to terminate the agreement in the event of utility obligations and include an appropriate indemnity regarding use of the maps; (2) each map issued to outside parties will have a stamp stating that the maps are for planning purposes as to an approximate replication of electrical systems and approximate location in the field.	See Attachment C
Billing and Customer Communication Center services for Non-ESPs	<ul style="list-style-type: none"> Customer Communications Center Services for clients' customer calls. <p>Initial Annual Cost forecast: \$0 - \$30,000</p> <p>Initial Annual Revenue forecast: \$0 - \$50,000</p>	SCE 1286-E-A	<p>The assets utilized for <i>Billing and Customer Communication Center Services for Non-ESPs</i> may include:</p> <ul style="list-style-type: none"> Human assets Inbound telephone lines Call center resources, including office supplies, infrastructure, tools and systems Miscellaneous office equipment. Computer databases and software applications 	To ensure that providing <i>Billing and Customer Communication Center Services for Non-ESPs</i> does not affect the cost, quality, or reliability of utility services PG&E will have appropriate policies, procedures and systems in place. These policies and procedures will include, but not be limited to: (1) review of present and future use of the personnel, resources and equipment to ensure that the intended third party use will not constrain utility use of the asset and (2) contractual arrangements that allow PG&E to terminate the agreement in the event of utility obligations.	See Attachment D
Energy efficiency engineering, consulting and technical	<ul style="list-style-type: none"> End-use consulting; Facilities engineering, analysis, and commissioning 	SCE 1286-E-A	<p>The assets utilized for the <i>Energy Efficiency Engineering, Consulting and Technical Services</i> may include:</p>	Providing services to third parties under the <i>Energy Efficiency Engineering, Consulting and Technical Services</i> category will involve the compatible secondary use of utility personnel and energy efficiency testing equipment.	See Attachment E

services	<p>Initial Annual Cost forecast: \$0 - \$50,000</p> <p>Initial Annual Revenue forecast: \$0 - \$80,000</p>		<ul style="list-style-type: none"> • Refrigeration testing lab • Human assets • Miscellaneous office equipment • Software applications 	<p>These secondary compatible uses include consulting, sub-metering, lighting surveys, building energy simulations, and facilities engineering, analysis and commissioning.</p> <p>Providing <i>Energy Efficiency Engineering, Consulting and Technical Services</i> to third parties will not affect the cost, quality, or reliability of utility services. PG&E will have appropriate policies, procedures and systems in place to ensure that providing energy efficiency services to third parties does not adversely affect the cost, quality, or reliability of utility service. These policies and procedures will include but not be limited to: (1) review of present and future use of the energy efficiency personnel and equipment to ensure that the intended third party use will not constrain utility use of the asset and (2) contractual arrangements that allow PG&E to terminate the agreement in the event of utility obligations.</p>	
Licensing of utility software	<ul style="list-style-type: none"> • Utility developed software • Software licensed to the utility <p>Initial Annual Cost forecast: \$0 - \$50,000</p> <p>Initial Annual Revenue forecast: \$0 - \$200,000</p>	SCE 1286-E-A	<p>The assets utilized for <i>Licensing Utility Software</i> may include:</p> <ul style="list-style-type: none"> • Utility software and Licenses • Internet domain page • Intellectual Property • Computer hardware • Customer service system • Human assets 	<p>Providing licenses to third parties under the <i>Use of Utility Software</i> category involves the compatible secondary use of intellectual property.</p> <p>PG&E will have appropriate policies, procedures and systems in place to ensure that the secondary uses of utility software do not adversely affect the cost, quality, or reliability of utility service. These policies and procedures will include but not be limited to review of present and future use of the software by appropriate departments to ensure that the intended secondary use will not constrain utility use of the asset.</p>	See Attachment F
Licensing of utility held	<ul style="list-style-type: none"> • Licensing of utility developed and owned 	SCE 1286-E-A	<p>The assets utilized for the <i>Licensing of Utility Held</i></p>	<p>Providing patents to third parties under the <i>Use of Utility Held Patents</i> category involves the</p>	See Attachment G

	<p>Initial Annual Cost forecast: \$0-\$20,000</p> <p>Initial Annual Revenue forecast: \$0-\$100,000</p>		<ul style="list-style-type: none"> • Utility-held patents • Human assets • Intellectual Property 	<p>property.</p> <p>PG&E will have appropriate policies, procedures and systems in place to ensure that the secondary uses of utility owned patents do not adversely affect the cost, quality, or reliability of utility service. These policies and procedures will include but not be limited to review of present and future use of the patents by appropriate departments to ensure that the intended secondary use will not constrain utility use of the asset.</p>	
Use of communications and computing systems	<ul style="list-style-type: none"> • Communications and computing capacity, • Fiber optic and other communications cable • Marketing of third parties' right of ways, poles, towers and other facilities for communication-related purposes; and • Infrastructure-related telecommunication services • Infrastructure-related computing services • Communication and Computing service center services <p>Initial Annual Cost forecast: \$0 - \$50,000</p> <p>Initial Annual Revenue forecast: \$0 - \$200,000</p>	SCE 1286-E-A	<p>The assets utilized for the <i>Secondary Use of Communications and Computing Systems</i> may include:</p> <ul style="list-style-type: none"> • Fiber optic cables and other communication transmission systems • Communications rooms and towers • Mainframe & Distributed Computing Hardware and Software • Transmission and distribution towers, poles, facilities and conduit • Vehicles • Miscellaneous office equipment • Software applications • Information Technology Control Center • Human assets 	<p>Under the <i>Use of Communications and Computing Systems</i> category, PG&E may provide a variety of communications and computing related services including, fiber optic capacity; installation, maintenance and support of communications and computing equipment and capacity; and infrastructure-related telecommunication services.</p> <p>PG&E will have extensive policies, processes and systems in place to ensure that the offering of these services to third parties does not adversely impact the cost, quality or reliability of tariffed utility products and services. Third party communication equipment will be installed on or in: PG&E distribution towers and structures; distribution right of ways; and distribution, administrative, and general facilities. The third party's cable or equipment will be installed such that it does not impede provision of utility service. PG&E personnel will review designs; provide some installation, construction, and maintenance services; obtain permits and easements; procure and manage material and contractors; and bill for services rendered. In order to limit the impact on utility services, contractors may be utilized to install</p>	See Attachment H

	\$0 - \$200,000			services, contractors may be utilized to install third party fiber optic cable and equipment. All third party work will be done as a lower priority to electric utility work. Contractual arrangements will allow PG&E to terminate the agreement in the event of utility obligations.	
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Attachment A

Other Consulting Services

PG&E's offering of *Other Consulting Services* complies with all applicable laws and regulations. In addition, it is consistent with the Commission's policies regarding anti-competitive practices as explained below. The relevant markets for PG&E's *Consulting services* may be engineering and business management consulting services related to electric and gas system design and operations.

Five Forces Analysis

1. Rivalry among Current Firms and Market Overview

The market for consulting services is large and highly competitive. There are many large and small firms competing in the market including engineering firms, management, and energy consulting firms. PG&E is not competing with other firms for market share in the consulting market but rather is only offering limited consulting related to its experience and expertise in engineering, design, and operational experience related to gas and electric systems operations.

2. Threat of New Entrants

Consulting is a dynamic business and new firms come and go in this industry. Barriers to entry are minimal. Little capital is usually necessary to conduct consulting services. The threat of new entrants into this market is high and PG&E's involvement in the market does not change this threat. New firms can enter the consulting services market easily.

3. Threat of Substitute Products

There are several substitute firms available to customers for consulting services. PG&E's involvement in this market does not alter the threat of substitutes.

4. Bargaining Power of Customers

Customers have high bargaining power and can choose among various consulting services providers, including other utilities like Sempra and SCE. Since PG&E is not the only provider of these types of services the customer has the ability to choose and bargain among other suppliers. Since PG&E is a relatively small player in this market, its involvement does not alter the bargaining power of customers.

5. Bargaining Power of Suppliers

Suppliers in this market include engineering, management, and energy consulting firms. The supplier market is very competitive. Since PG&E is a relatively small player in this market, its involvement does not alter the bargaining power of suppliers.

Further Anti-competitiveness Analysis

Below is a further explanation of how PG&E's offerings under this category will not be anti-competitive.

- PG&E's consulting services will be offered to a variety of entities and will be provided through bi-lateral agreements. These entities have options in choosing suitable providers and will not be obligated to choose PG&E as their source for consulting services.
- Pricing for consulting services would not involve collusion with other firms, and rates will be set at market value. Therefore, prices for these services should not distort the market.
- The consulting services offered by PG&E will not be marketed or bundled with other services that must be purchased together.

Attachment B
**Operations Services for Other Utilities, Energy Service Providers,
Municipalities and Others**

PG&E's offering of *Operations Services for Other Utilities, Energy Service Providers, Municipalities, and Others* complies with all applicable laws and regulations. In addition, it is consistent with the Commission's policies regarding anti-competitive practices as explained below. The relevant markets for PG&E's *Operations Services for Other Utilities, Energy Service Providers, Municipalities and Others* are materials management and procurement, consulting and training services, collections activities for third parties, and billing service providers.

Five Forces Analysis

1. Rivalry among Current Firms and Market Overview

There are currently a large number of firms that provide operations services including e-procurement, billing and other business-to-business and business-to-consumer transactions. The market for operations services is rapidly changing as computing and communications technology change. As technology changes firms within this market will continue to compete vigorously against one another in this rapidly evolving industry. PG&E's offering of these operations services may provide potential cost savings to buyers and improved efficiency in the market.

2. Threat of New Entrants

The Internet significantly reduces the barriers to entry in business-to-business procurement and business-to-consumer services. Many firms offer materials management and procurement services and there are many banks and bill service providers that offer collections and billing services. Due to PG&E's limited ability to offer operations services, its involvement in the market will not materially alter the threat of new entrants.

3. Threat of Substitute Products

There are many direct substitutes for these operations services including a customer performing the services themselves and different ways on how the transactions are performed. PG&E's involvement in this market does not alter the threat of substitute products.

4. Bargaining Power of Customers

The bargaining power of business-to-consumer customers is fairly high. There are many options for customers that seek similar operations services, and PG&E must remain competitive on price. The bargaining power of customers is high because (1) most customers are large businesses with significant leverage; (2) there are a large number of firms providing operations services; and (3) most customers are able to perform their own operations services if they choose. Since PG&E is a relatively

small player in this market, its involvement will not alter the bargaining power of customers.

5. Bargaining Power of Suppliers

The primary inputs to operations services are computers, communication systems, internet service, and various categories of labor. These inputs all compete in generally competitive markets and suppliers do not have significant bargaining power. PG&E's involvement in the operations market will not alter the bargaining power of suppliers, nor will its involvement in offering operations services alter the market for those vendors' suppliers.

Further Anti-competitiveness Analysis

Below is a further explanation of how PG&E's offerings under this category will not be anti-competitive.

- PG&E will offer these operations services through bi-lateral agreements. Potential parties to a bi-lateral agreement with PG&E for operations services are free to purchase and negotiate for similar services from other providers. The parties that choose PG&E to provide operations services also have many choices of similarly situated providers and are not obligated to choose PG&E as their operations services provider.
- PG&E will set the price for these services based on what the market of potential purchasers will pay. The pricing structure of these services will not affect the market for similarly situated services.
- These services will not be marketed or bundled in any way that distorts the market for such services.
- PG&E customers will be free to accept or decline these services at any point during their offering.

Attachment C

Geographical Information Systems (GIS) Services

PG&E's offering of Geographic Information Systems (GIS) Services complies with all applicable laws and regulations. In addition, it is consistent with the Commission's policies regarding anti-competitive practices as explained below. The relevant market for PG&E's Geographic Information Systems (GIS) Services is GIS service providers.

Five Forces Analysis

SCE's market analysis⁴ is an appropriate representation of current market conditions and variables that would influence PG&E services offered within this category. PG&E has the following additional points:

1. Rivalry Among Current Firms and Market Overview

The market for GIS Service providers is fairly diverse and a potential buyer can find many GIS Service providers who can offer similar services. PG&E's GIS services offered would be limited to its available capacity, resources, and expertise.

2. Threat of New Entrants

The threat of new entrants is low. There is an initial capital investment to procure the software application(s) and expertise to offer GIS services. However, much GIS information is often found in the public domain such as Google Maps, United States Geological Services, United States Census Bureau, and local cities and counties as examples.

3. Threat of Substitute Products

While there is no substitute for GIS services, there are many substitutes for providing customers with the end product of performing GIS services. The end product is typically data depicted in a geographically accurate manner that can be queried in many different ways. The end product can be substituted with paper maps, adobe acrobat files of a map, and/or a spreadsheet with the data separated by data headings.

4. Bargaining Power of Customers

The bargaining power of potential purchasers of GIS services is high. Comparing pricing, services offered, and capabilities of different GIS service providers is fairly easy.

5. Bargaining Power of Suppliers

The bargaining power of suppliers of GIS services is fairly low due to the number of similarly situated providers. There are companies that simply offer GIS Services and there are companies that provide GIS services as well as host the GIS data for a customer. Another factor is the relative ease in which potential customers can compare prices, services offered, and capabilities of each provider.

⁴ Advice letter 1286-E / 1286-E-A, Attachment BB, pages BB-2 to BB-3

Further Anti-competitiveness Analysis

Below is a further explanation of how PG&E's offerings under this category will not be anti-competitive.

- PG&E will offer its GIS services through bi-lateral agreements. Buyers of GIS services are free to purchase similar services from other providers.
- PG&E will set the price for these GIS services based on what the market of potential purchasers will pay. The pricing structure of PG&E GIS services will not affect the market for similar services.
- PG&E's GIS services will be offered on an as-needed basis and purchasers will not be required to buy other services.

Attachment D

Billing and Customer Communication Center Services for Non-ESPs

PG&E's offering of *Billing and Customer Communication Center Services for Non-ESPs* complies with all applicable laws and regulations. In addition, it is consistent with the Commission's policies regarding anti-competitive practices as explained below. The relevant markets for PG&E's *Billing and Customer Communication Center Services for Non-ESPs* are call center service providers and billing services providers.

Five Forces Analysis

SCE's market analysis⁵ is an appropriate representation of current market conditions and variables that would influence PG&E services offered within this category. PG&E adds the following additional point:

Rivalry among Current Firms and Market Overview

There are many firms that offer billing and customer communication center services including internationally-based providers. The market for customer communication center services is very robust and the firms who offer these services compete for customers based on highly quantitative metrics. The same holds true for billing service providers. PG&E would be offering billing and customer communication center services limited to its experience, expertise, and available resources.

Further Anti-competitiveness Analysis

Below is a further explanation of how PG&E's offerings under this category will not be anti-competitive.

- PG&E will offer these services through bi-lateral agreements. Buyers of these services are free to purchase similar services from other providers. The entities that choose to utilize PG&E's offering of these services have many choices in similarly situated providers and are not obligated to choose PG&E.
- PG&E will set the price for these services based on what the market of potential purchasers will pay. The pricing structure of these services will not affect the market for similarly situated services.
- These services will be offered on an as-needed basis and buyers will not be required to buy other services from PG&E.

⁵ Advice letter 1286-E / 1286-E-A, Attachment S, pages S-6 to S-8.

Attachment E

Energy Efficiency Engineering, Consulting and Technical Services

PG&E's offering of *Energy Efficiency Engineering, Consulting and Technical Services* complies with all applicable laws and regulations. In addition, it is consistent with the Commission's policies regarding anti-competitive practices as explained below. The markets for PG&E's *Energy Efficiency Engineering, Consulting and Technical Services* are energy efficiency engineering, consulting and testing services.

Five Forces Analysis

SCE's market analysis⁶ is an appropriate representation of current market conditions and variables that would influence PG&E services offered within this category. There are no additional points that PG&E would make to the Five Forces analysis done by SCE in its Energy Efficiency Services category.

Further Anti-Competitiveness Analysis

Below is a further explanation of how PG&E's offerings under this category will not be anti-competitive.

- Pricing for consulting services would not involve collusion with other firms, and rates will be set at market value. Therefore, prices for these services will not distort the market.
- There are many large and small firms competing in the market on both a national and regional scale. PG&E's services will be offered to a variety of entities and will be provided through bi-lateral agreements. These entities have options in choosing suitable providers and will not be obligated to choose PG&E as their source for consulting services.
- PG&E's energy efficiency engineering, consulting and technical services will not be bundled with other unrelated services. These services will be offered on an as-needed basis and purchasers will not be required to buy other services.

⁶ Advice letter 1286-E / 1286-E-A, Attachment R, pages R-2 to R-3.

Attachment F

Licensing of Utility Software

PG&E's offering of *Use of Utility Software* complies with all applicable laws and regulations. In addition, it is consistent with the Commission's policies regarding anti-competitive practices as explained below. The relevant markets for PG&E's *Use of Utility Software* are the software application and application service provider markets.

Five Forces Analysis

SCE's market analysis⁷ is an appropriate representation of current market conditions and variables that would influence PG&E services offered within this category. PG&E adds the following additional point:

Rivalry among Current Firms and Market Overview

The software application market is very competitive with a large number of providers who may bundle a software application with hardware and/or implementation and maintenance services. Additionally, the application service provider market is also very competitive marketplace that offers computer-based services to customers over a network. Through application service providers, the complexities and costs of software can be cut down. As of 2003, estimates of the size of the ASP market in the United States range from \$1.5 to \$4 billion dollars. PG&E would only be licensing software it has developed itself or paid a vendor to develop on its behalf and those software applications would be related to the ongoing design, operations, and maintenance of its utility assets. Therefore, PG&E's licensing of utility software is not anticipated to have an impact on the rivalry among firms in the software application and application service provider markets.

Further Anti-Competitiveness Analysis

Below is a further explanation of how PG&E's offerings under this category will not be anti-competitive.

- PG&E will set prices for software licensing based on what the market of potential licensees will pay. The software market is a truly competitive market with no individual firm capable of influencing prices.
- Licensees of PG&E's software will be free to purchase other solutions in similar offerings from other providers. PG&E's software licensing is an additional solution in the market and it is optional for licensees to enter into an agreement with PG&E.
- PG&E's software licensing will be offered on an as-needed basis and licensees will not be required to buy other services from PG&E.

⁷ Advice letter 1286-E / 1286-E-A, Attachment K, pages K-2 to K-3.

Attachment G

Licensing of Utility Held Patents

PG&E's offering of *Use of Utility Held Patents* complies with all applicable laws and regulations. In addition, it is consistent with the Commission's policies regarding anti-competitive practices as explained below. It is difficult to define the relevant market for PG&E's *Use of Utility Held Patents* since patents can be used in a wide variety of industries and applications.

Five Forces Analysis

SCE's market analysis⁸ is an appropriate representation of current market conditions and variables that would influence PG&E services offered within this category. PG&E has no additions to the Five Forces analysis done by SCE in its Utility Patent category.

Further Anti-Competitiveness Analysis

Below is a further explanation of how PG&E's offerings under this category will not be anti-competitive.

- PG&E will set prices for patent licensing based on what the market of potential licensees will pay.
- PG&E's licensable patents were and will be developed by PG&E for its purposes. Therefore, PG&E's involvement in the market will be very limited.
- PG&E's patent licensing will be offered on an as-needed basis and licensees will not be required to license patents from PG&E.
- By definition (because of the patent) there are not direct substitutes for the patented item. However, there may be numerous substitutes that are similar enough to be an attractive substitute.

⁸ Advice letter 1286-E / 1286-E-A, Attachment L, pages L-2 to L-3.

Attachment H

Use of Communications and Computing Systems

PG&E's offering of *Use of Communications and Computing Systems* complies with all applicable laws and regulations. In addition, it is consistent with the Commission's policies regarding anti-competitive practices as explained below. The relevant market for PG&E's *Use of Communications and Computing Systems* is the telecommunications services market.

Five Forces Analysis

SCE's market analysis⁹ is an appropriate representation of current market conditions and variables that would influence PG&E services offered within this category. PG&E adds the following additional point:

1. Rivalry among Current Firms and Market Overview

There is a robust market for communications and computing systems providers. Players in this market can range from competitive local exchange carriers, incumbent local exchange carriers, internet service providers, broadband service providers, distributed antenna system providers, application service providers, and wireless telecommunications providers among others. The demand for bandwidth for mobile data services, mobile computing, cloud computing, and other applications creates a strong rivalry and overlap among current firms. PG&E's offering of the use of its communications and computing systems simply helps to meet the growing demand for diverse pathways for a carrier or provider's telecommunications network or computing system.

Further Anti-Competitiveness Analysis

Below is a further explanation of how PG&E's offerings under this category will not be anti-competitive.

- The telecommunications and computing systems markets in California are very competitive. PG&E will enhance competition through the lease of in-place assets, allowing market participants to build out their networks and/or to build diversity into their networks.
- PG&E will lease its available assets to companies based on what the market is willing to pay. PG&E will offer these services through bi-lateral agreements. Buyers of these services are free to purchase similar services from other providers.
- The pricing structure of these services will not affect the market for similarly situated services.
- PG&E's communications and computing systems will be offered on an as-needed basis and companies will not be required to buy the services.

⁹ Advice letter 1286-E / 1286-E-A, Attachment J, pages J-5 to J-7.