

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC
COMPANY To Establish Performance-Based
Rate Making For Electric and Gas Utility
Distribution Service Effective January 1, 2001.

(U 39 M)

Application 98-11-023
(Filed November 13, 1998)

SCOPING MEMO AND ASSIGNED COMMISSIONER'S RULING

Following a prehearing conference (PH C) on January 5, 1999, **IT IS RULED** that:

1. Scope of the Proceeding

The issues for this proceeding are generally consistent with those laid out on pages 4 and 5 of Pacific Gas and Electric Company's (PG&E) application, with certain exceptions as set forth below. Alternate proposals will be permitted. Because the schedule does not allow for a decision to be issued before year end 1999, requests for interim relief are acceptable.

Specifically, the following issue is not within the scope of this proceeding:

Whether the net present value of lost margins associated with bypass of the distribution system by members of the Large Customer Group shall be recoverable by PG&E from departing customers or, alternatively, reallocated to remaining distribution customers;

Cost allocation issues raised by this issue are more appropriately addressed in Phase II of the General Rate Case (GRC) where rate design issues are normally considered. In any event, considering this issue in PG&E's PBR

application is premature, given the Commission's rulemaking on distribution issues (Rulemaking 98-12-015).

In addition I understand that some issues surrounding establishment of performance measures have litigated in Phase I of the GRC. To the extent such measures are adopted in the GRC, they will not be relitigated here; issues concerning the value to be applied to any measure, and the appropriate "deadband" and "liveband" are within the scope. PG&E should file an amended application no later than February 26, 1999, consistent with the scope set forth above.

2. Motion to Limit the Scope of the Proceeding

On December 23, 1998, the Agricultural Energy Consumers Association (AECA) filed a motion to limit the scope of the proceeding. AECA urges that PG&E's application be dismissed because of the underlying assumptions made by PG&E regarding competition in distribution services. Laguna Irrigation District and Fresno Irrigation District join in AECA's motion. In the event the Commission does not dismiss the application, AECA requests that the Commission strike PG&E's proposed "wires bypass charge." As I have limited the scope on this proceeding to exclude consideration of a wire bypass charge and have ordered PG&E to file an amended application consistent with that scope, AECA's motion to strike is moot. AECA's motion to dismiss is denied.

3. PHC

A second PHC will be held on April 30, 1998 at 10:00 a.m.

4. Schedule

A. If the PG&E general rate case decision issues before May 14, 1999:

June 7, 1999 The Office of Ratepayer Advocates (ORA)
testimony served

June 28, 1999 Intervenor testimony served

July 12, 1999 All parties serve rebuttal testimony

August 9, 1999 Hearings begin

B. If the general rate case decision issues after May 13, 1999 and before June 19, 1999:

June 21, 1999 ORA testimony served

July 12, 1999 Intervenor testimony served

July 26, 1999 All parties serve rebuttal testimony

August 9, 1999 Hearings begin

C. Hearings will conclude on or before October 1, 1999

D. Opening Briefs served 30 days after the last day of hearing

E. Reply Briefs served 20 days after Opening Briefs

F. Projected Submission Date December 24, 1999

G. Decision expected in April, but no later than 18 months after November 13, 1999

5. All Hearings are in the Commission Courtroom

505 Van Ness Avenue, San Francisco

6. Category of Proceeding

This application is a ratesetting proceeding as described in Rule 5(c).

7. Assignment of Principal Hearing Officer

Administrative Law Judge (ALJ) Robert Barnett will act as principal hearing officer.

8. Service List

The Service List in this proceeding is limited to those who have filed appearances. Remember to serve both the ALJ and Assigned Commissioner. Serve two copies of prepared testimony on the ALJ

9. Other Matters

- a. Only parties who serve prepared testimony will be allowed to present testimony.
- b. At the PHC on April 30, 1999 all parties must state the extent of their participation.
- c. If any party, including applicant, requests special rate treatment it should be prepared to present testimony on which customer or rate classification should bear the burden of the special treatment.

Dated January 26, 1999, at San Francisco, California.

Henry M. Duque
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Scoping Memo and Assigned Commissioner's Ruling on all parties of record in this proceeding or their attorneys of record.

Dated January 26, 1999, at San Francisco, California.

Janet V. Alvarez

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074 or TDD# (415) 703-2032 five working days in advance of the event.