

- Pursuant to D.99-09-028, the assigned commissioner will issue a Ruling with a draft of protocols, which will be posted on the CPUC internet site as well as mailed to the service list, and upon which interested parties may comment. The Commission will adopt the protocols by means of a resolution, upon which all parties will have a further opportunity to comment.

3. Post Transition Period Ratemaking

PG&E A.99-01-016, Edison A.99-01-034, SDG&E A.99-01-019

- ALJ Minkin, Commissioner Duque
- Phase II hearings were held in August.
- Methods for setting and designing rates and cost accounting after the rate freeze ends
- Methods for cost allocation and rate design integral to ending the rate freeze
- Methods for ratemaking for the post-transition period including energy procurement costs

4. Annual Transition Cost Proceeding (ATCP)

□ **1998 ATCP- PG&E A.98-09-003, Edison A.98-09-008, SDG&E A.98-09-009**

- ALJ Minkin, Commissioner Duque
- Review entries recorded in the TCBA and clarify existing regulatory principles that drive TCBA entries
- Resolve audit findings in both the Headroom and TCBA audit reports
- Parties have filed settlement agreements in PG&E and SDG&E's applications.
- Parties have filed a stipulation in Edison's application.
- Opening briefs have been filed.

□ **1999 ATCP- PG&E A.99-09-006, Edison A.99-09-013, SDG&E A.99-09-011**

- ALJ Patrick, Commissioner Neeper
- The review period for these filings is July 1, 1998 to June 30, 1999.

5. Revenue Cycle Services, Direct Access Service Fees

PG&E A.99-03-013, Edison A.99-03-024, SDG&E,A.99-03-019

PG&E A.99-6-033, Edison A.99-06-040, SDG&E,A.99-06-041

- ALJ Hale, Commissioner Neeper/Commissioner Hyatt
- Geographic deaveraging of unbundled metering and billing credits and other distribution services in the post-rate freeze period
- Unbundling of revenue cycle (i.e., metering and billing) services and price them at long-run marginal cost
- Components of LRMC's, and factors influencing form of pricing including market penetration, timeframe, technological change and competitiveness
- Supplemental testimonies were filed on September 30, 1999
- The Direct Access Service Fees applications address the cost of providing metering and billing services, fees, possible credits and waivers.
- By a Ruling on October 13, 1999, the Revenue Cycle Services and the Direct Access Service Fees proceedings were consolidated and a schedule was set for filing testimony and evidentiary hearings.

6. Transition Cost Recovery of Non-Nuclear Capital Additions

1997/1998 Capital Additions - SCE A.99-04-024

- ALJ Bytof, Commissioner Bilas
- SCE's request in A.99-04-024 transition cost recovery for \$84 million in 1997/1998 capital additions
- Hearings are scheduled for November 15-19 in Edison's application. Parties' testimony is due October 18.

7. Hydroelectric Auction, PG&E

A.99-09-053

- ALJ Hale, Commissioner Hyatt
- On September 30, 1999, PG&E filed an application to auction its hydroelectric generation facilities and assets pursuant to PU Code Section 376 (b) and 851.
- PG&E proposes an open auction open to all market participants, including its affiliate PG&E Generating Company.
- PG&E's testimony and its proponent's Environmental Assessment (PEA) is expected in 30 days.

8. Market Valuation

PG&E A.98-05-022, SCE A.98-05-014

- ALJ Patrick, Commissioner Duque
- Proposed Decision, to be considered at the November 4 Agenda, was mailed to the parties on September 13, 1999. Comments were received on October 4. The Proposed Decision would require PG&E to file an application to value remaining generation and generation related assets Pursuant to Section 216 (h) and 377 of the PU Code.
- A PD on the November 4, 1999 agenda requires Edison to file by December 1, 1999 an application to value its remaining generation and generation-related assets.

9. Edison PBR Mid-Term Review

A.99-03-020

- ALJ Biren, Commissioner Bilas
- Evaluate reports and studies associated with various components of the SCE PBR, and formulate recommendations
- Determine additional issues which may be arising with regard to the operation of the PBR
- Workshops were held June 15 through June 17 to review SCE's reports and studies associated with the various component of its PBR mechanism.
- The Energy Division issued a workshop report on July 16, 1999.
- Parties filed comments on the Energy Division's workshop report.

10. 1999 Revenue Adjustment Proceeding

PG&E A.99-08-023, SCE A.99-08-022, and SDG&E A.99-08-026 (consolidated)

- ALJ Barnett, Commissioner Neeper
- D.99-06-058 ordered the utilities to include in their 1999 RAP applications, a PX credit calculation that reflects the long run marginal costs of customer account managers, customer

service representatives, self-provision of ancillary services, and financing costs for purchasing power from the PX.

- After the PHC, which was held on October 12, 1999, a Scoping Memo was issued on October 19, 1999, which set the scope of the proceeding and bifurcated the schedule of the proceeding.
- Non PX-credit issues: A PHC is set for November 18, 1999
- PX-credit issues: Parties testimony due on December 20, 1999

COMING ATTRACTIONS

1. Direct Access

R.94-04-031/I.94-04-032

- ALJ Wong, Commissioner Neeper
- Rule 22 Working Group working toward a uniform statewide tariff to standardize the business relationships between ESPs and UDCs across all service territories
- Data Quality and Integrity Working Group Report was issued on April 6, 1999, which recommends practical and cost-effective monitoring mechanisms, audit processes and other elements needed to ensure Data Quality and Integrity. Proposed Decision expected in third quarter.
- Comments on provision of metering services and the state of competition in the provision of metering services were filed in April 1999

2. Public Purpose Programs

□ **R.98-07-037**

- ALJ Gottstein, Commissioner Neeper
- Promote the development of cost-effective energy efficiency programs which are supported by the competitive market with decreasing need for public funding
- Establish statewide consistency in utility administration of low-income energy assistance programs
- Develop needs assessment and pilot programs for low-income energy assistance

□ **Year 2000 Low-Income Programs**

PG&E A.99-07-50, Edison A.99-07-011, SDG&E A.99-09-057

- ALJ Gottstein, Commissioner Neeper
- Applications from the utilities to competitively bid out their Low-Income Energy Efficiency programs were filed
- A PHC was held on August 24, 1999.

□ **Year 2000 Energy Efficiency Plans**

Edison A.99-09-049, PG&E A.99-09-049, SDG&E A.99-07-004

- ALJ Bytof, Commissioner Neeper
- In compliance with D.99-08-021, utilities filed applications for approval of their program years (PY) 2000 and 2001 energy efficiency programs
- A PHC was held on October 13, 1999.
- A second PHC is scheduled for Nov 2, 1999.

- **Annual Earning Assessment Proceedings**
SDG&E A.99-05-002, PG&E A.99-05-007, Edison A.99-05-008
 - ALJ Stalder, Commissioner Neeper
 - Policy and procedural issues for future program years 1999 through 2001 (Phase I).
 - Accomplishments for years 1994, 1997, and 1998 and Low Income Weatherization Programs (Phase II)
 - Briefs and Reply briefs were filed in Phase I
 - Reply testimony was filed in Phase II

3. Short-Run Avoided Cost (SRAC) PU Code Section 390

- AB 1890 established that the price QFs receive as energy payments would be modified from the current short-run avoided cost basis, to the PX clearing price, once certain conditions are met. As the main requirement, the law requires that the PUC must first issue an “ order determining that the PX is functioning properly for the purposes of determining the short-run avoided cost energy payments to be made to nonutility power generators.”
- The Assigned Commissioner will issue an ACR soliciting comments on the scope of the proceeding.

4. PG&E Distribution PBR

A.98-11-023

- ALJ Barnett, Commissioner Duque
- Type and design of the PBR Indexing Mechanism, including applicability to various customer groups, revenue sharing mechanism, cost of capital adjustment, and term
- Choice of quality of service performance indicators and design of reward/penalty structure
- Measures necessary to implement, monitor and evaluate the PBR programs
- The procedural schedule was suspended. A new schedule will be established during a PHC to be convened in approximately two weeks after the Proposed Decision has been issued in A97-12-020 (Phase I).
- On September 15, 1999, PG&E filed a Motion for Interim Relief as of January 1, 2000.

5. Rate Design Issues

□ **PG&E General Rate Case, Phase II**

A.99-03-014

- ALJ Gottstein, Commissioner Bilas
- Post rate freeze marginal cost, revenue allocation, rate design, and customized rate options proposals
- Wires bypass charge for customers who depart the distribution system
- Schedule permitting service to large industrial customers at specific marginal cost
- Discounted business development rates to attract new business or retain existing business
- Area-specific marginal distribution costs used to develop marginal cost proposals
- Consolidation of rates schedules
- Elimination of bill and rate limiter provisions

- Continuation of employee discount
- Treatment of line extension costs
- Streetlight rates
- Move from volumetric pricing to fixed pricing for large customers
- Restriction of the applicability of power factor billing adjustments
- Continuation of Time of Use or voluntary Hourly Pricing Option generation rates
- Structure of standby charge
- Consistency with methodologies in revenue cycle services proceeding
- Power Exchange template consolidation
- The procedural schedule was suspended by an ACR on September 9, 1999 until PHC
- On September 13, 1999, a workshop was held to discuss and establish criteria for the computer models to be used in the proceeding
- On September 15, 1999, a PHC was held to consider the modeling criteria alternatives developed at the 9/13 workshop and to establish procedures to be followed in the proceeding
- A PHC was held on October 20, 1999
- **1999 SDG&E Rate Design and Cost Allocation Proceedings**
 - D.99-06-058 in the 19998 RAP proceeding ordered SDG&E to file an application proposing changes to its rate design and cost allocation by July 26, 1999. SDG&E was granted an extension until November 1, 1999.
- **Edison Rate Design and Cost Allocation**
 - A rate design and cost allocation filing is expected in December 1999.

**6. Distributed Generation, New Rulemaking
OIR 99-10-025**

- Commissioner Bilas
- Develop rules and policies regarding distributed generation
- Continue collaboration with the California Energy Commission (CEC) and the Electricity Oversight Board (EOB)
- Workshops on interconnection rules
- Other issues will be resolved through written testimony and formal hearings.

RECENT ACCOMPLISHMENTS

1. PX Forwards, Price Responsive Load Program

- **Price Responsiveness Program Advice Letters (ALs), PG&E AL 1865-E, SCE AL 1371-E, SDG&E AL 1146-E**
 - Resolution E-3619 approved with modifications PG&E's request for an experimental price Responsive Program for voluntary curtailments so that customers can respond to price signals which are muted during the rate freeze and mitigate potential price spikes. Customers would be paid an incentive payment to curtail.
 - Resolution E-3624 denied SCE's request to establish an experimental program that would give customers an incentive payment for voluntary curtailments.
 - Resolution E-3612 denied SDG&E's request to modify certain tariffs related to curtailments

- **PX Forwards Advice Letter PG&E AL 1866-E, SCE AL 1377-E, SDG&E AL 1167-E**
 - Resolution E-3618 and Resolution E-3620 approved with modifications SCE's and PG&E's, and SDG&E's requests to recover through their PX tariffs the cost of power purchased through the PX's new Block-Forward Market (BFM).
 - **SCE Application for Authority to Establish a Pilot Program for Reselling Bilateral Forward Purchases in the PX and ISO, A.99-03-062**
 - ALJ Hale, Commissioner Bilas
 - D.99-07-018 dismissed without prejudice Edison's request to procure power from entities other than the PX.
- 2. Revenue Sharing Mechanism for Other Operating Revenues**
Edison A. 97-06-021
- ALJ Econome, Commissioner Bilas
 - D. 99-09-070 adopted conditionally the settlement between SCE and ORA
- 3. PG&E Outage OII**
I.98-12-013
- In D. 99-09-028, the Commission clarified that it has exclusive jurisdiction over safety matters on PG&E's system and concurrent jurisdiction with the ISO over PG&E's system reliability. The Commission also set forth a procedure for establishing coordinated investigative efforts with the ISO with respect to developing outage investigation protocols.
- 4. Market Valuation**
Edison A.98-05-014
- D.99-06-078 addressed, for the purpose of transition cost recovery, Edison's proposed categorization of retained lands at its divested gas power plants. Market valuation of Edison's fuel-oil facilities and inventories are deferred until the end of the year 1999.
- 5. Transition Cost Recovery of Non-Nuclear Capital Additions**
1997/1998 Capital Additions - PG&E A.98-07-058, SDG&E A.98-08-012
- D.99-06-085 adopted the Joint recommendation of SDG&E and ORA in A.98-08-012 which would allow transition cost recovery for \$22 million of SDG&E's 1997/1998 capital additions and also adopted the Settlement Agreement of PG&E, ORA and TURN in A.98-07-058 which would allow transition cost recovery for \$113 million of PG&E's 1997/1998 capital additions.
- 6. Distribution OIR**
R.98-12-015
- ALJ Wong, Commissioner Duque
 - D.99-10-065 set forth a procedural roadmap and bifurcated the issues into two separate approaches:
 - First Track: A new OIR to establish rules and facilitate implementation of distributed generation

- Second Track: Energy Division and the Division of Strategic Planning are directed to study and report on the need for regulatory or market structure reforms in distribution services and competitive electricity markets

7. Post Transition Period Ratemaking

PG&E A.99-01-016, Edison A.99-01-034, SDG&E A.99-01-019

- D.99-10-057 addressed several ratemaking and accounting issues related to the post-transition period.

8. 1996 Capital Additions - SCE A.97-10-024

- ALJ Bytof, Commissioner Bilas
- D.99-03-055 in SCE's A.97-10-024 allowed transition cost recovery for \$85 million in 1996 capital additions and reopened the proceeding to consider transition cost recovery for an additional \$12.5 million. D.99-10-060 approved a settlement reached by the parties and authorized transition cost recovery of \$11.56 million of 1996 capital additions.