

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

<p>Order Instituting Rulemaking on the Commission's Proposed Policies Governing Restructuring California's Electric Services Industry and Reforming Regulation.</p>	<p>Rulemaking 94-04-031 (Filed April 20, 1994)</p>
<p>Order Instituting Investigation on the Commission's Proposed Policies Governing Restructuring California's Electric Services Industry and Reforming Regulation.</p>	<p>Investigation 94-04-032 (Filed April 20, 1994)</p>
<p>Application of Pacific Gas and Electric Company to Identify and Separate Components of Electric Rates, Effective January 1, 1998. (U-39 E)</p>	<p>Application 96-12-009 (Filed December 6, 1996)</p>
<p>Application of San Diego Gas & Electric Company (U 902-M) for Authority to Unbundle Rates and Products.</p>	<p>Application 96-12-011 (Filed December 6, 1996)</p>
<p>In the Matter of the Application of Southern California Edison Company (U 388-E) Proposing the Functional Separation of Cost Components for Energy, Transmission, and Ancillary Services, Distribution, Public Benefit Programs and Nuclear Decommissioning To Be Effective January 1, 1998 in Conformance with D.95-12-036 as Modified By D.96-01-009, the June 21, 1996 Ruling of Assigned Commissioner Duque, D.96-10-074 and Assembly Bill 1890.</p>	<p>Application 96-12-019 (Filed December 6, 1996)</p>
<p>Application of PacifiCorp (U901E) for Approval of PacifiCorp's Transition Plan.</p>	<p>Application 97-05-011 (Filed May 5, 1997)</p>
<p>Application of Sierra Pacific Power Company for Approval of Its Transition Plan.</p>	<p>Application 97-06-046 (Filed June 27, 1997)</p>

Application of Kirkwood Gas & Electric Company (U906E) for Compliance with the Requirements of AB 1890.

Application 97-07-005
(Filed July 3, 1997)

Southern California Water Company, for certain exemptions to California Public Utilities Commission Decisions 97-05-039, 97-05-040, and related Order Instituting Rulemaking (OIR) 94-04-031, and Order Instituting Investigation (OII) 94-04-032.

Application 97-08-064
(Filed August 22, 1997)

**COORDINATING COMMISSIONER'S RULING REQUESTING
COMMENTS ON DRAFT DECISION MODIFYING VARIOUS DECISIONS**

Since the Commission announced its policy on restructuring the electric utility industry in Decision (D.) 95-12-063, as modified by D.96-01-009, the Commission, the Federal Energy Regulatory Commission (FERC), the Legislature, and the stakeholders in this effort have been working toward beginning the transition to a more competitive market on January 1, 1998. As that date approaches, only a few steps remain to be taken to achieve that goal. I congratulate all participants for the enormous amount of effort that has been invested in this undertaking. The Legislature completed its work when it passed Assembly Bill 1890 and subsequent refinements. The Commission has to a large extent followed the schedule it set in the Roadmap decisions (D.96-03-022 and D.96-12-088), and it will issue all remaining necessary decisions this month. FERC has granted conditional authority for the Independent System Operator (ISO) to begin operations and for the Power Exchange (PX) to charge market-based rates (*Pacific Gas and Electric Co.*, 81 FERC ¶ 61,122 (1997) "FERC October 30 Order").

Although the necessary work is nearly done, on December 22, 1997, the ISO and PX Governing Boards announced that operation of the two corporations will not begin on January 1, 1998. The Chief Executive Officers (CEOs) of the ISO and the PX cannot provide a certification required by FERC. The October 30 FERC Order requires the CEOs of the ISO, the PX, Pacific Gas and Electric Company, Southern California Edison

Company, and San Diego Gas & Electric Company to each certify that “all of the necessary features are in place to ensure reliable grid operations when the ISO and PX commence operations, and that sufficient pre-operational testing will be performed.” (*Id.*, mimeo. at p. 2.) Since the Commission has been informed that the initial start-up will be delayed, the Commission should at this time identify any actions it must take to accommodate the fact that the operation of the ISO and the PX will be delayed past January 1.

At the request of the Commission, conveyed at the meeting of November 5, members of the Commission staff have considered this issue, and have concluded that the primary action the Commission might have to take if the ISO or PX were delayed would be to preserve the regulatory status quo in certain respects. That preservation would be accomplished by modifying certain decisions that require actions to be taken on January 1, 1998. The attached draft decision proposes these modifications, and this ruling seeks interested parties’ comments on this draft decision.

As described in the draft decision, many of the restructuring initiatives that are scheduled for January 1, 1998, could go forward even if the ISO or PX operations have not commenced. The focus of the proposed modifications is intended to be narrow, modifying only the requirements that would be directly affected if the ISO or PX were unable to go forward on schedule.

Parties are invited to file comments on the draft and to propose additional modifications that they believe would be appropriate since the operation of the ISO and PX will be delayed past January 1, 1998. The issue of whether operation of the ISO or PX or the commencement of direct access should be delayed is not the subject of the draft decision and that issue is therefore not to be addressed in these comments. Comments must be filed by noon on December 29, 1997. Service of the comments must be designed to ensure that at least one copy is delivered to the Commission by noon on December 29; hand delivery, express mail, and electronic mail are acceptable means of service. This copy should be addressed to Administrative Law Judge Angela Minkin, Room 5021, State Building, 505 Van Ness Avenue, San Francisco CA 94102, or electronically to ang@cpuc.ca.gov. In addition, the electric utilities are directed to post

their comments on their web sites on December 29, 1997 and to maintain them on their sites for seven days. Other parties are also encouraged to post their comments on their web sites, so that their views on the draft decision may be made known widely and immediately.

I will ask my colleagues to consider this matter at our next Commission meeting, scheduled for December 30, 1997.

THEREFORE IT IS RULED that parties may file comments on the attached draft decision and on the list of decisions proposed to be modified contained in this ruling and to propose additional modifications that they believe would be appropriate because the operation of the ISO and the PX will be delayed past January 1, 1998. Comments shall comply with Rules 2 through 5 and 7 of the Commission's Rules of Practice and Procedure and shall be filed by noon on December 29; hand delivery, express mail, and electronic mail are acceptable means of service. This copy should be addressed to Administrative Law Judge Angela Minkin, Room 5021, State Building, 505 Van Ness Avenue, San Francisco CA 94102, or electronically to ang@cpuc.ca.gov. In addition, the electric utilities are directed to post their comments on their web sites on December 29, 1997 and to maintain them on the sites for seven days.

Dated December 23, 1997, at San Francisco, California.

P. Gregory Conlon
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Coordinating Commissioner's Ruling Requesting Comments on Draft Decision Modifying Various Decisions on all parties of record in this proceeding or their attorneys of record.

Dated December 23, 1997, at San Francisco, California.

William A. Vicini

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.