

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3466
September 4, 1996

R E S O L U T I O N

RESOLUTION E-3466. PACIFIC GAS AND ELECTRIC COMPANY
REQUESTS EXTENSION OF SUBSTATION MAINTENANCE SERVICES
MARKET TEST PERIOD FOR AN ADDITIONAL SIX MONTHS FROM THE
EXPIRATION DATE OF SEPTEMBER 11, 1996 TO MARCH 11, 1997.

THIS ADVICE LETTER IS APPROVED WITH MODIFICATIONS.

BY ADVICE LETTER 1593-E, FILED ON JULY 23, 1996.

SUMMARY

1. Pacific Gas and Electric Company [PG&E] requests approval to extend the duration of its market test for Substation Maintenance Services [SMS] for an additional six months from the currently scheduled expiration date of September 11, 1996 to March 11, 1997.
2. No protests were received for Advice Letter [AL] 1593-E.
3. This Resolution grants the request with modifications.

BACKGROUND

1. On October 31, 1994, PG&E filed AL 1485-E, requesting authority to offer SMS as a one-year market test.
2. SMS is a package of inspection, testing, maintenance, and repair services offered by PG&E to all eligible customers on a non-discriminatory basis who receive electric service at 50 KV or higher and have their own substation, provided that their substations meet applicable safety and code requirements.
3. On August 11, 1995, the Commission issued Resolution E-3404 authorizing PG&E to offer SMS as a market test for a one-year duration with some modifications. On September 11, 1995, PG&E submitted AL 1485-E-A implementing changes to SMS ordered in Resolution E-3404. AL 1485-E-A became effective on September 11, 1995. PG&E's authorization to provide SMS to customers will terminate on September 11, 1996.
4. The Commission ordered PG&E to establish a tracking account and to prepare semi-annual reports showing fully-allocated

revenues and costs. The first of such reports was due 30 days after the completion of the first six months of the program and the next is due upon completion of the market test. The Commission further stated that should PG&E decide to continue offering SMS beyond the market test, it may seek authorization to do so by filing an application.

5. PG&E states that a great deal of test data has been collected thus far and more will be collected through the end of the market test. Therefore, PG&E needs more time to analyze the data to decide whether to offer SMS on a permanent basis and prepare the formal application for that purpose.

6. PG&E reiterates that it will fulfill all reporting requirements specified by the Commission in Resolution E-3404.

NOTICE

1. PG&E served notice of AL 1593-E by mailing copies to other utilities, government agencies, and all parties that requested such information. AL 1593-E was noticed in the Commission Calendar.

PROTESTS

1. There were no protests for AL 1593-E.

DISCUSSION

1. Extending the SMS market test period for six months should allow PG&E to offer the service continuously during the period and to analyze the results of the market test. Furthermore, PG&E could use the time to determine whether to file an application requesting authorization to offer SMS on a permanent basis or to discontinue the operations.

2. Continuity of service is a critical element of customer service. Without an extension, there could be a hiatus between the end of the pilot program and the establishment of a permanent SMS.

3. The Commission Advisory and Compliance Division [CACD] has reviewed PG&E's AL 1593-E and recommends its approval with the condition that if PG&E decides to file an application to transfer the program to an unregulated subsidiary, it should do so on or before March 11, 1997. Under this condition, the test period should stay open until the Commission issues a decision on PG&E's application. The SMS test period should terminate as of March 11, 1997 if PG&E does not file an application by that date.

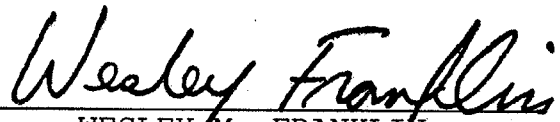
FINDINGS

1. PG&E filed Advice Letter 1593-E on July 23, 1996 requesting extension of the Substation Maintenance Services market test for a further six months to March 11, 1996.
2. The six months extension is necessary to complete the market tests and prepare an application to transfer the program to an unregulated subsidiary.
3. PG&E should file an application to provide SMS service through an unregulated subsidiary on a permanent basis by March 11, 1996 to avoid a lapse in service. Under this condition, the market test program will stay open until the Commission issues a decision on the application. If PG&E fails to apply by March 11, 1997, the program will terminate at that date.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company's request to extend the market test period for its Substation Maintenance Service (SMS) for six months is approved.
2. If Pacific Gas and Electric Company decides to provide continuous SMS on a permanent basis, it shall file an application to transfer the program to an unregulated subsidiary not later than March 11, 1997. The program date will stay open until the Commission issues a decision on that application. If PG&E fails to apply by March 11, 1997, the program will terminate at that date.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 4, 1996. The following Commissioners approved it:


WESLEY M. FRANKLIN
Executive Director

DANIEL Wm. FESSLER
JESSIE J. KNIGHT Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

President P. Gregory Conlon, being necessarily absent, did not participate.