

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the)	
Commission's Proposed Policies)	
Governing Restructuring California's)	R. 94-04-031
Electric Services Industry and)	
Reforming Regulation)	
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Order Instituting Investigation on)	
the Commission's Proposed Policies)	
Governing Restructuring California's)	I. 94-04-032
Electric Services Industry and)	
Reforming Regulation)	
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**REPLY OF JOINT PARTIES TO RESPONSES TO JOINT PROPOSAL OF
SPURR/REMAC, SDG&E, SCE, PG&E, ITRON, CELLNET, AND CCUE TO
PROVIDE BUNDLED CUSTOMERS WITH INTERVAL METER
INFORMATION**

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Commission should approve without further delay the Joint Proposal which is a practical and implementable solution to the stated needs of SPURR/REMAC and other customer groups. It should not be derailed by narrow non-customer interests who would like the Commission and the parties to devote resources to the much more contentious, complex, and time-consuming issue of unbundling third party metering from direct access commodity service.

BACKGROUND TO JOINT PROPOSAL

The Joint Proposal is intended to replace an earlier petition for modification filed on May 4, 1998 by SPURR/REMAC. In that petition for modification, SPURR/REMAC asked the Commission to modify Decision 97-05-039 which unbundled metering services for direct access customers only. SPURR/REMAC proposed that *bundled* utility customers should also be able to acquire interval, direct access compatible metering from meter service providers other than the utility without the need to select electric service from a direct access provider. SPURR/REMAC's proposal was aimed at increasing the options available to bundled customers for obtaining access to their detailed hourly energy usage information, at reasonable cost, and in a way that would be compatible with direct access.

The utilities filed responses to the SPURR/REMAC petition agreeing with SPURR/REMAC's objectives and offering options short of full-blown unbundling of metering services for bundled utility customers. The utilities' objection to unbundling metering from direct access was founded in part on the significant costs and disruption associated with the system, business process, and regulatory implementation of such unbundling at this time bearing in mind the enormous demands which are now being made on utility systems and processes to implement direct access. The utilities also pointed out that unbundling of metering services from direct access raised a host of complex issues which would need to be carefully considered and addressed, including the utilities' obvious concern about meter accuracy for purposes of collecting revenues for their services.⁴

⁴ ORA's refusal to acknowledge that implementation problems could exist should not be regarded as a serious attempt to address those issues. For example, systems and

THE JOINT PROPOSAL

Both before and following the SPURR/REMAC petition, the utilities, metering service providers, and labor interests met with SPURR/REMAC to try and flesh out the details of the options that the utilities proposed in their responses to the petition. The goal was to meet the specific needs of SPURR/REMAC in a timely, inexpensive manner. The result of these discussions was the Joint Proposal.

Under the Joint Proposal, the utilities would each be required to make one or more of three defined metering options available. These are (1) replacement of a bundled customer's existing meter with an interval meter of the customer's choice provided the meter is compatible with the utility's meter reading systems. The meter would be installed by the utility at the customer's expense. (2) The existing or similar utility meter would remain in place retrofitted with a device which would allow the customer to access hourly data. Such devices would include radio frequency modules, telephone based modules, or pulse initiators. (3) The utility offers a "dual socket" adapter to the existing utility meter which allows the customer to install a second meter of its choice to access hourly data.⁵

The Joint Proposal meets the information needs of customers, and the implementation needs of the utilities: customers have options to obtain hourly usage information; metering can be selected which will be direct access ready; the proposal can be implemented without disrupting existing utility meter reading systems, and related systems and business processes.

procedures necessary to track and coordinate third party meter installation and ownership are not necessary when utilities install meters for bundled utility customers who choose virtual direct access. New systems and processes would be needed if a third party installed meters for bundled utility customers. Similarly, the processes for installing meters for direct access customers (where third party metering is part of direct access service and done through an ESP) do not cover the consumer protection and other issues involved with direct marketing of metering services to bundled customers. The Commission has acknowledged these complexities. See D. 97-12-048 at 7.

⁵ ORA claims that this third option has been rejected by the Commission. While the Commission may have rejected a requirement that customers maintain two meters on site as a pre-condition for direct access, (see D. 97-05-039, mimeo at 12), the Joint Parties are unaware of any prohibition on dual metering when requested by a customer.

I. THE JOINT PARTIES ACCEPT THE CONDITIONS SUGGESTED BY THE THE FARM BUREAU

The Farm Bureau, representing agricultural customers, suggested two changes to the Joint Proposal, both of which the Joint Parties accept. The Joint Parties are pleased to report to the Commission that as a result the Farm Bureau has authorized the Joint Parties to state that the Farm Bureau supports the Joint Proposal.

First, the Farm Bureau suggests that to increase choice, the utilities should be required to offer customers at least two of the three options. The utilities agree to this proposal and each of them already planed to offer both the retrofit and dual socket options. In addition, SDG&E and Edison also plan to offer the meter ownership option (option 1). PG&E is expecting to offer the meter ownership option at some point in the future.

Second, the Farm Bureau proposes that under option 2, if the customer's meter is not compatible with any retrofit technology, the utility should work with the customer to facilitate installation of an interval meter. All utilities agree to this enhancement.

II. THE ATTEMPT BY A FEW PARTIES TO PROVOKE A CONTENTIOUS PROCEEDING ON UNBUNDLING METERING FROM DIRECT ACCESS COMMODITY IS PREMATURE AND WOULD THWART THE JOINT PARTIES' CUSTOMER RESPONSIVE PROPOSAL

Respondents ORA and the "MSP/ESP Group" raise numerous objections to the Joint Proposal which should be disregarded by the Commission. The key point completely missed by these respondents is that the Joint Proposal increases options for bundled customers in an implementable, low cost way. The Joint Proposal is intended to meet the express needs of customers. That it does so is manifest from the support of SPURR/REMAC and the Farm Bureau. No customer or customer group has objected to the proposal. To the contrary, the Joint Proposal resolves the concerns that caused SPURR/REMAC to file the petition in a non-contentious way. Thus, the original Petitioner is satisfied, other customer groups are satisfied, and the utilities that must implement the process are satisfied.

That other parties now would like to implement other changes unrelated to the original petition is no reason for the Commission to reject the Joint Proposal and deprive SPURR/REMAC of a timely solution to the concerns it has raised. The Joint Proposal increases options for bundled utility customers to access their usage data; it does not purport to unbundle metering from the provision of direct access as a few would prefer. The Commission could consider such a step at a later date when ongoing direct access implementation has stabilized. At that point, if one of the parties who challenge the Joint Proposal want to raise the issue, they should do so in their own petition rather than hijacking SPURR/REMAC's petition to meet their own ends. For these reasons, discussed more fully below, the Commission should approve the Joint Proposal.

A. The Joint Proposal Responds To Customer Information Needs Without The Costly And Disruptive Step Of Full Unbundling

Some of the respondents criticize the Joint Proposal for being anticompetitive in that it does not allow MSPs to install meters for bundled utility customers. This criticism misses the point of the Joint Proposal. The Joint Proposal is tailored to meet a specific bundled customer need as expressed by SPURR/REMAC and others, namely to give bundled customers options to access their usage data without having to leave bundled utility service. The proposal provides additional options for a full utility customer to acquire the means by which to obtain meter information from the utility or a third party. The utilities have worked with the other Joint Parties to offer choices that fit SPURR/REMAC's criteria, i.e., reasonable cost and direct access compatibility. Those criteria have been met as evidenced by SPURR/REMAC's and Farm Bureau's support of the proposal. On the utility side, the key attraction of the Joint Proposal is that it can be implemented without placing additional demands on already heavily-burdened utility systems and business processes.

The Joint Proposal is *not* a proposal to unbundle metering services from supply of commodity services, something not permitted under current Commission rules. The Joint Parties are well aware of that and have not tried to characterize or justify their proposal as such. ORA and the few parties who oppose the petition are simply criticizing the wrong

proposal. The Joint Parties are not aware of any current proposal before the Commission to commence competitive meter installation for bundled service customers separately from the provision of direct access.

That proposal is not on the table today. The Joint Proposal is practical and designed to address a specific problem for bundled utility customers. For that reason it should be adopted immediately. The Joint Parties agree that the way to meet bundled customer usage information needs quickly and efficiently is to implement the Joint Proposal and to avoid embarking on a contentious and lengthy policy and regulatory debate on unbundling meter services from commodity supply.

B. The Joint Proposal Will Boost Competition In Electric Supply By Allowing Customers To Make Informed Decisions On Choosing Direct Access

Contrary to the claim of a few parties that the Joint Proposal will stifle competition, competition in electric supply will increase upon implementation of the Joint Proposal. The main reason that customers such as those represented by SPURR/REMAC and the Farm Bureau want access to their hourly information is to permit informed decisions on their choice of electric service provider. Customers have expressed frustration at the “chicken and egg” problem of first having to select direct access to purchase an interval meter of their choice.⁶ Customers are reluctant to switch to direct access today because they lack usage information which would enable them to analyze whether they will achieve any savings under direct access. With the options under the Joint Proposal available customers will have additional means to acquire either an interval meter of their choice or a retrofit device to assist their choice of competitive energy supplier.

Under the Joint Proposal, customers will be able to acquire direct access compatible metering in advance of direct access and thus will not need a meter once they choose direct access. The few opponents to the Joint Proposal argue that this will deprive

⁶ The utilities would point out, however, that a bundled customer can ask to have an interval meter installed today. Such a meter would be selected, owned, and installed by the utility at the customer’s expense.

MSPs of the opportunity to install a direct access meter once the customer switches since the meter or retrofit device will already have been installed by the utility.⁷ The opponents are wrong. First, the part of the Joint Proposal that the opponents challenge is not a change from the existing rules. If those parties are unhappy with the current rules, they should propose an alternative in their own petition, not frustrate SPURR/REMAC from achieving a solution to its concerns.

Second, the Joint Proposal creates competition in metering services in a variety of ways not acknowledged by the opponents. Vendors of interval meters and retrofit devices will benefit, as will meter reading companies (since the interval meter data must be read and provided to the customer). The market for these services will be enlarged. The only markets not being enlarged under the Joint Proposal are installation, maintenance and meter reading for bundled service customers, all functions currently performed for the customer by the utilities. Even these functions can pass to third parties if the customer subsequently chooses direct access, a choice made more likely by the Joint Proposal.

III. ORA’S PROCEDURAL OBJECTIONS ARE MERITLESS

ORA argues that the Joint Proposal should not supersede the original SPURR/REMAC petition, but rather should amend it, and that the Joint Proposal was not

⁷ Contrary to the MSP/ESP Group’s assertion, the Joint Proposal does not set up a double standard between bundled utility versus direct access meters and installations. First, the standards adopted for direct access meter installation are the local UDCs standards, i.e. the same standards that apply to bundled utility installations. D.97-12-048. Second, if the customer wishes, under the Joint Proposal the utility will install a direct access compatible meter or retrofit device. Thus both installation standards and meter standards are consistent with direct access.

The MSP/ESP Group also claims that the Joint Proposal will produce a “revenue windfall” for the utilities. The basis for this argument is obscure, but the Joint Parties can set the record straight by confirming that the utilities will provide the services under the Joint Proposal at incremental cost. Since existing utility processes will be unchanged (a fundamental premise of the Joint Proposal), there will be no cost savings which would justify any credit.

timely filed. Both these contentions reflect that ORA fails to understand that the Joint Proposal presents what SPURR/REMAC, the original petitioner, and several other parties believe to be an acceptable and implementable resolution of the issues raised in the original petition. If ORA has another agenda it wishes to pursue, it should not hold up a resolution of SPURR/REMAC's concerns by wasteful procedural tactics. In any event, ORA's technical objections are meritless.

First, ORA believes that SPURR/REMAC cannot file, in conjunction with other parties, a revised proposal to address its concerns which supersedes its original proposal. It claims that doing so violates its due process rights, which it claims to be the "opportunity to address the issues raised in the original petition" (ORA Response at 3). This argument has no support whatsoever. Nothing in the Commission's Rules of Practice and Procedure prevents a party from withdrawing a discretionary filing, such as SPURR/REMAC's original petition. Neither has ORA cited any basis to support its claim that due process rights attach to any petition filed before the Commission; ORA's generalized grievance does not mention any specific harm it has incurred by the withdrawal of the original petition. Furthermore, ORA's position simply makes no sense because it would suggest that a party who has filed such a petition should not work with other parties to present a mutually acceptable resolution of it since its original request would be litigated anyway. ORA's argument should be discarded.

Second, ORA claims that the Joint Petition was not timely filed under Rule 47(d) of the Commission's Rules of Practice and Procedure. This argument ignores the fact that, as indicated in the Joint Proposal, the parties to the Joint Proposal obtained leave from the ALJ to file the Joint Petition on the date it was submitted. Rule 47(f) permits the ALJ to set a date other than the normal date for responding to a petition for modification. In addition, Rule 47(d), which provides the one-year rule, also provides a notable exception for cases in which proposals could not have been filed within one year. In this case, the original SPURR/REMAC petition was filed shortly before the one year period expired, and the efforts to resolve the petition, done with the permission of the ALJ, required additional time to develop a comprehensive resolution of the issues raised

in the original petition. Therefore the Joint Proposal was *per se* timely. Moreover, the ORA has not alleged any harm due to the timing of the Joint Proposal.

The Joint Petition, which revises and supersedes SPURR/REMAC's original petition, is an efficient means for all parties to address and resolve narrowly the issues of mutual concern. The Commission should encourage the type of cooperative resolution of petitions as represented by the Joint Proposal. Therefore it should dismiss ORA's objections, and address the Joint Proposal on its merits.

CONCLUSION

The Commission should approve without further delay the Joint Parties' Proposal which represents a solution to the stated needs of customers to have additional options to access their hourly usage information while remaining bundled customers of the utilities. The Proposal is supported by customer groups and is implementable by the utilities. It is opposed by narrow self-serving interests who would rather start a long, contentious, debate on whether to unbundle metering from commodity service. At this time, such a debate will not solve SPURR/REMAC's problem or otherwise serve the needs of bundled customers.

Respectfully submitted,

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