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March 8, 1999

Docket Clerk
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

RE: A.97-11-004/A.97-11-011/A.97-12-012

Dear Docket Clerk:

Enclosed for filing with the Commission are the original and five copies of the **RESPONSE OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO APPLICATION FOR REHEARING OF RESOLUTION E-3582 OF PACIFIC GAS AND ELECTRIC COMPANY** in the above-referenced proceeding.

We request that a copy of this document be file-stamped and returned for our records. A self-addressed, stamped envelope is enclosed for your convenience.

Your courtesy in this matter is appreciated.

Very truly yours,

James M. Lehrer

JML:dst:LW990670023.doc

Enclosures

cc: All Parties of Record
(U 338-E)

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

Application of Pacific Gas & Electric Company)	
To Identify Cost Savings for Revenue Cycle)	
Services Provided by Other Entities and to)	
Propose Credits for End-use Customers in)	Application 97-11-004
Such Circumstances for Implementation No)	(Filed November 3, 1997)
Later Than January 1, 1999)	
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Application of Southern California Edison)	
Company To Identify Cost Savings for Revenue)	
Cycle Services Provided by Other Entities and)	
to Propose Net Avoided Cost Credits for)	Application 97-11-011
End-Use Customers in Such Circumstances for)	(Filed November 3, 1997)
Implementation on January 1, 1999)	
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Application of San Diego Gas & Electric)	
Company To Identify Cost Savings for Revenue)	
Cycle Services Provided by Other Entities and)	
to Propose Credits for End-Use Customers in)	Application 97-12-012
Such Circumstances for Implementation No)	(Filed December 4, 1997)
Later Than January 1, 1999)	
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**RESPONSE OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO
APPLICATION FOR REHEARING OF RESOLUTION E-3582 OF PACIFIC GAS
AND ELECTRIC COMPANY**

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Dated: March 08, 1999

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

Application of Pacific Gas & Electric Company To Identify Cost Savings for Revenue Cycle Services Provided by Other Entities and to Propose Credits for End-use Customers in Such Circumstances for Implementation No Later Than January 1, 1999))	Application 97-11-004 (Filed November 3, 1997)
Application of Southern California Edison Company To Identify Cost Savings for Revenue Cycle Services Provided by Other Entities and to Propose Net Avoided Cost Credits for End-Use Customers in Such Circumstances for Implementation on January 1, 1999))	Application 97-11-011 (Filed November 3, 1997)
Application of San Diego Gas & Electric Company To Identify Cost Savings for Revenue Cycle Services Provided by Other Entities and to Propose Credits for End-Use Customers in Such Circumstances for Implementation No Later Than January 1, 1999))	Application 97-12-012 (Filed December 4, 1997)

**RESPONSE OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
TO APPLICATION FOR REHEARING OF RESOLUTION E-3582 OF
PACIFIC GAS AND ELECTRIC COMPANY**

Pursuant to Rule 86.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), Southern California Edison (SCE) hereby responds to Pacific Gas and Electric Company's (PG&E) Application for Rehearing of Resolution E-3582 (Resolution). SCE supports PG&E's Application for Rehearing and requests, in the event the Commission modifies the Resolution in accordance with PG&E's Application, that such modification apply to SCE as well.

The Resolution addresses fees proposed by the Utility Distribution Companies (UDCs) to recover recurring costs they would incur in connection with Electric Service Providers (ESP) consolidated billing. One of the issues that arose in connection with ESP consolidated billing had to do with the method by which the UDCs electronically transmit billing data to the ESPs. Currently, the UDCs transmit such data to ESPs using Value Added Networks (VANs), a means of exchanging data which provides various security, tracking, auditing and archiving features, but which also causes the UDCs to incur additional costs in the form of VAN charges.

The Office of Ratepayer Advocates (ORA) urged the UDCs to switch from VANs to the internet for the transmission of billing data to the ESPs, primarily on the ground that such a change would – allegedly -- enable the UDCs to avoid (and thus not pass through to ESPs) the VAN charges, thus reducing the per-transaction cost of Electronic Data Interchange (EDI).

This was one of several issues discussed at a workshop convened on October 16, 1998. Generally, the UDCs were not opposed, in principle, to internet-based transmission of billing data to ESPs. However, as PG&E correctly points out,^{1/} there was no evidence on the record to support the merits of internet – as opposed to VAN – data exchange as asserted by ORA. This issue is now placed in higher relief, because the Resolution not only states the finding that “migration to the internet would significantly reduce the cost of EDI transactions,”^{2/} it arguably prohibits the UDCs from charging for VAN services after six months.^{3/}

^{1/} PG&E’s Application for Rehearing, pp. 3-4, and 6-7.

^{2/} Resolution, Finding No. 31, at p. 25.

^{3/} *Id.*, pp. 29-30. SCE agrees with PG&E’s observation (at p. 5, footnote 5 of their Application for Rehearing) that the Resolution could be interpreted not as prohibiting the UDCs from charging for VAN services after 6 months, but rather, as permitting VAN charges to apply to ESPs that continue to use VAN-based billing. Similarly, SCE concurs in PG&E’s request for clarification of this point.

The UDCs concerns regarding the absence of record support for migration from VAN-to internet-based EDI were expressed both at the workshop and in comments on the December 21, 1998 draft Resolution (pointing out, among other things, an absence of proof regarding the necessary security for financial data in the context of internet-based EDI). Notwithstanding the fact that a gradual move to internet-based EDI is probably appropriate,^{4/} this requirement and its related findings should subject to rehearing because there is no record support for them. Indeed, as PG&E notes, the Commission itself agreed that no such evidence had been presented:

PG&E rightfully notes that “in this proceeding, there has been no evaluation whatsoever of the relative merits associated with Internet, as opposed to VAN billing, let alone a technological and economic evaluation of the requisite commercial security measures for Internet billing. Thus, the Energy Division is without basis when it concludes that ‘use of the Internet would significantly reduce the per-transaction costs for EDI [Electronic Data Interchange]’ and that Internet billing reflects ‘long-term cost-effectiveness’.”^{5/}

SCE agrees with PG&E that, absent record support, the finding that migration to the internet would significantly reduce the cost of EDI transactions, and the related ordering language in the Resolution, if allowed to stand, represents legal error on its face. The record simply does not address the relative merits of internet - versus VAN-based EDI.

^{4/} Each UDC may migrate to internet-based EDI for transmission of billing data to ESPs at different times, depending on system requirements and other factors. Evidence on their respective plans for this migration should be taken before a limitation is imposed on their ability to recover VAN-based costs.

^{5/} *Id.*, p. 18, cited in PG&E’s Application for Rehearing, at p. 4.

The legal citations in PG&E's Application for Rehearing^{6/} fully address the legal error in question, and in the interest of brevity. SCE states that it concurs in those points and authorities, and will not repeat them at length herein.

For the foregoing reasons, SCE concurs in PG&E's request for a rehearing in this matter with respect to the issue of migration from VAN-based to internet based transmission of UDC billing data to ESPs.

Respectfully submitted,

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^{6/} PG&E's Application for Rehearing, pp. 7-9.

CERTIFICATE OF SERVICE

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of RESPONSE OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO APPLICATION FOR REHEARING OF RESOLUTION E-3582 OF PACIFIC GAS AND ELECTRIC COMPANY on all parties identified on the attached service list. Service was effected by means indicated below:

- Placing the copies in properly addressed sealed envelopes and depositing such envelopes in the United States mail with first-class postage prepaid (Via First Class Mail);
- Placing the copies in sealed envelopes and causing such envelopes to be delivered by hand to the offices of each addressee (Via Courier);
- Transmitting the copies via facsimile, modem, or other electronic means (Via Electronic Means).

Executed this **8th day of March, 1999**, at Rosemead, California.

Paula K. Arriola
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