



**FILED**

06-23-11  
01:10 PM

RAB/DMG/SWM/SCR/jt2 6/23/2011

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

Application of Pacific Gas and Electric Company (U39E) for Review of Entries to the Energy Resource Recovery Account (ERRA) and Renewables Portfolio Standard Cost Memorandum Account (RPSMA), and Compliance Review of Fuel Procurement for Utility Retained Generation, Administration of Power Purchase Contracts, and Least Cost Dispatch of Electric Generation Resources for the Record Period of January 1, through December 31, 2009 and for Adoption of Electric Revenue Requirements and Rates Associated with the Market Redesign and Technology Upgrade (MRTU) Initiative (U39E).

Application 10-02-012  
(Filed February 12, 2010)

NOT CONSOLIDATED

Application of Southern California Edison Company (U338E) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2009 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for Recovery of \$29.947 Million Recorded in Four Memorandum Accounts.

Application 10-04-002  
(Filed April 1, 2010)

NOT CONSOLIDATED

Application of San Diego Gas & Electric Company (U902E) for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities, and (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account, Incurred During the Record Period January 1, 2009 through December 31, 2009, and (iii) the Entries Recorded in Related Regulatory Accounts.

Application 10-06-001  
(Filed June 1, 2010)

NOT CONSOLIDATED

---

---

Application of Pacific Gas and Electric Company (U39E) for Review of Entries to the Energy Resource Recovery Account (ERRA) and Renewables Portfolio Standard Cost Memorandum Account (RPSMA), and Compliance Review of Fuel Procurement for Utility Retained Generation, Administration of Power Purchase Contracts, and Least Cost Dispatch of Electric Generation Resources for the Record Period of January 1, through December 31, 2010 and for Adoption of Electric Revenue Requirements and Rates Associated with the Market Redesign and Technology Upgrade (MRTU) Initiative.

---

Application 11-02-011  
(Filed February 15, 2011)

NOT CONSOLIDATED

Application of Southern California Edison Company (U338E) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2010 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for Recovery of \$25.613 Million Recorded in Three Memorandum Accounts.

---

Application 11-04-001  
(Filed April 1, 2011)

NOT CONSOLIDATED

Application of San Diego Gas & Electric Company (U902E) for Approval of: (i) Contract Administration, Least Cost Dispatch and Power Procurement Activities in 2010, (ii) Costs Related to those Activities Recorded to the Energy Resource Recovery Account and Transition Cost Balancing Account in 2010 and (iii) Costs Recorded in Related Regulatory Accounts in 2010.

---

Application 11-06-003  
(Filed June 1, 2011)

NOT CONSOLIDATED

**RULING DENYING DIVISION OF RATEPAYER ADVOCATES' REQUEST TO BIFURCATE AND CONSOLIDATE MRTU ISSUES INTO A SEPARATE PROCEEDING FOR 2009, AND GRANTING THE MOTION FOR 2010**

**1. Summary**

On May 18, 2011, Pursuant to Rule 11.1 of the California Public Utilities Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) filed *Motion of the Division of Ratepayer Advocates to Bifurcate the MRTU Implementation Cost Recovery Portions of Energy Resource Recovery Account (ERRA) Compliance Proceedings and Consolidate Those Portions into a Single and Separate Proceeding* (Motion). DRA's motion to bifurcate the Market Redesign Technology Upgrade issue from Applications (A.) 10-02-012, A.10-04-002, and A.10-06-001 is denied, as ruled herein.<sup>1</sup> For A.11-02-011, A.11-04-001 and A.11-06-003 the motion is granted.

**2. Request**

The Division of Ratepayer Advocates (DRA) requests that the issue of Market Redesign and Technology Upgrade<sup>2</sup> (MRTU) be removed from the

---

<sup>1</sup> DRA has simultaneously filed this motion in the following dockets: PG&E 2010 Compliance (A.10-02-012, filed February 12, 2010), SCE 2010 Compliance (A.10-04-002, filed April 1, 2010), SDG&E 2010 Compliance (A.10-06-001, filed June 1, 2010), PG&E 2011 Compliance (A.11-02-011, filed February 15, 2011), and SCE 2011 Compliance (A.11-04-001, filed April 1, 2011). SDG&E's 2011 Compliance application (A.11-06-003) was filed June 1, 2011.

<sup>2</sup> The California Independent System Operator's (CAISO) MRTU is an initiative to upgrade the efficiency of energy dispatch and improve the current wholesale electricity market system through new market features and advanced computer software technology. The CAISO is charged with managing California's electricity grid and is regulated by the Federal Energy Regulatory Commission (FERC). The MRTU is intended to: 1) enhance wholesale market efficiencies through use of a more accurate grid model; 2) provide more transparent prices for the generation and delivery of energy; 3) enhance electric reliability by coordinating with the Commission's Resource Adequacy program; and 4) prevent market manipulation by market participants. [http://www.cpuc.ca.gov/PUC/energy/wholesale/01a\\_cawholesale/MRTU/](http://www.cpuc.ca.gov/PUC/energy/wholesale/01a_cawholesale/MRTU/)

individual energy utility Energy Resource Recovery Account (ERRA) compliance applications and consolidated into one new application. DRA believes that bifurcation and consolidation of these requests for recovery of funds from the MRTU memorandum account, to be heard before one Administrative Law Judge (ALJ), will allow for a consistent, efficient, and global view of Pacific Gas and Electric Company's (PG&E), Southern California Edison Company's (SCE) and San Diego Gas & Electric Company's (SDG&E) MRTU implementation costs.<sup>3</sup>

DRA posits that even though the Commission authorized the three utilities to apply for recovery of the MRTU costs in each utility's annual ERRA application, these costs warrant a more thorough review than that normally performed in an ERRA compliance application. In support of this position, DRA references Decision (D.) 09-12-021, in which the Commission states that the scope of its review of PG&E's MRTU costs is not necessarily a traditional reasonableness review, but rather a determination of whether the MRTU-related costs can be verified and are incremental. DRA also notes that the MRTU requests by each of the three utilities vary widely.

Since the same CAISO directive, FERC tariffs, and technical requirements drive MRTU implementation costs for all three utilities, DRA believes that a consolidated review will allow the Commission to perform a consistent review and comparison of the different approaches to compliance of each utility as well as the different circumstances, such as resource portfolios, customer demands, reliability issues, and information system, that are considered in the calculation of each utility's MRTU costs. In support of its proposal, DRA references other

---

<sup>3</sup> For the remainder of this Ruling, we will address the combined utilities of SDG&E, PG&E, and SCE as "the three utilities".

consolidated proceedings in which similar types of costs are addressed, including Resource Adequacy, Demand Response, Energy Efficiency, and Low Income Energy Efficiency proceedings.<sup>4</sup>

### **3. Utilities' Positions**

Each responding utility opposes the DRA motion. SCE notes that the Commission rejected a similar proposal regarding SCE's 2008 record year in D.10-07-049. The three utilities also note that DRA has already made the same request for bifurcation in each ERRA proceeding for the 2009 record period. While the proceedings are in different stages, DRA's request has not been granted in any of the proceedings, and MRTU costs and investments are being litigated in each proceeding. Thus, the utilities question whether granting the motion now would lead to the efficiencies that DRA envisions, if one result is revisiting the 2009 record year. Finally, the three utilities respond that DRA has not offered any new factual information that would now justify a decision to bifurcate and consolidate the MRTU review into a separate proceeding.

### **4. Conclusion**

As the assigned ALJs for the various proceedings affected by DRA's motion, we collectively rule on the motion at this time. We deny DRA's motion to bifurcate MRTU-related expenses and capital for the 2009 record period ERRA proceedings. Although DRA makes a valid point regarding the similarity of issues regarding MRTU for the three utilities in question, consideration of the 2007-2009 MRTU-related expenses and capital is already in the advanced stages

---

<sup>4</sup> For example, ALJ Ruling, July 02, 2008 in A.08-06-001, A.08-06-002 and A.08-06-003 (Demand Response); D.07-10-032, followed by A.08-06-004 (Energy Efficiency); A.08-05-022 (Low Income Energy Efficiency).

of each proceeding. Further, DRA has already had sufficient opportunity to review and litigate MRTU issues in these proceedings; to bifurcate the proceedings now would cause significant delay.

For the 2010 record period ERRAs proceedings, ALJ Roscow is the assigned ALJ for each of these recently filed ERRA applications. For these proceedings (as well as the recently-filed SDG&E 2010 ERRA application [A.11-06-003], not included in DRA's motion), the motion is granted. As these proceedings are in their early stages, there is an opportunity to consider MRTU issues as a whole without disruption to the overall ERRA proceedings. ALJ Roscow will issue a separate Ruling to provide further detail on consolidation of these proceedings for the purpose of considering MRTU costs.

**IT IS RULED that:**

1. The Division of Ratepayer Advocates' May 18, 2011 motion to bifurcate the Market Redesign and Technology Upgrade issue from the Energy Resource Recovery Account compliance Application (A.) 10-02-012, A.10-04-002, and A.10-06-001 of Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company, respectively, is denied.
2. The Division of Ratepayer Advocates' motion to bifurcate the Market Redesign and Technology Upgrade issue from the Energy Resource Recovery Account compliance Applications 11-02-011 and 11-04-001 of Pacific Gas and Electric Company and Southern California Edison Company, respectively, is

granted. These proceedings and Application 11-06-003 for San Diego Gas & Electric Company will be consolidated for the purposes of considering the Market Redesign and Technology Upgrade issue, as set forth in a subsequent Ruling.

Dated June 23, 2011, at San Francisco, California.

/s/ MICHELLE COOKE for

Robert A. Barnett  
Administrative Law Judge

/s/ DAVID M. GAMSON

David M. Gamson  
Administrative Law Judge

/s/ SEANEEN M. WILSON

Seaneen M. Wilson  
Administrative Law Judge

/s/ STEPHEN C. ROSCOW

Stephen C. Roscow  
Administrative Law Judge