



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

FILED

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Application of Pacific Gas and Electric Company)
(U 39 E) 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)
(U 39 E))

Application No. 11-02-011

NOT CONSOLIDATED

Application of Southern California Edison)
Company (U 338-E) 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 No. 11-04-001

NOT CONSOLIDATED

Application of San Diego Gas & Electric)
Company (U 902-E) 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 No. 11-06-003

NOT CONSOLIDATED

JOINT MOTION OF PACIFIC GAS AND ELECTRIC COMPANY(U 39 E), SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), AND SAN DIEGO GAS AND ELECTRIC COMPANY (U 902-E) FOR CLARIFICATION OF RULING REGARDING CONSOLIDATED MRTU REVIEW PROCEEDING AND TO STAY DEADLINES FOR FILING JOINT APPLICATION AND CONDUCTING JOINT WORKSHOP

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Dated: **September 9, 2011**

Pursuant to Rule 11.1 of the Commission’s Rules of Practice and Procedure, Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), and San Diego Gas and Electric Company (SDG&E) (collectively, Joint Utilities) respectfully submit this motion for clarification of the Commission’s August 12, 2011 ruling (Ruling) directing the Joint Utilities to file a joint application presenting their Market Redesign and Technology Upgrade (MRTU) implementation costs for the 2010 record period for review, and also explaining how each utility identified and followed “best practices” in researching, developing and implementing their respective MRTU systems.

I. THE JOINT UTILITIES SEEK CLARIFICATION FROM THE COMMISSION REGARDING ITS RECENT RULING PROVIDING FOR A JOINT MRTU APPLICATION AND JOINT WORKSHOP

The Joint Utilities respectfully seek clarification of the following points regarding the Commission’s Ruling:

- **The Joint Utilities’ MRTU implementation costs for the 2010 record period and up through the date of any final decision in the joint proceeding will be reviewed under the applicable incremental and verifiable standard set forth in Decision (D.) 09-12-021.**

The Joint Utilities request that the Commission confirm that, despite its current interest in evaluating utility “best practices” related to MRTU implementation efforts going forward, the Joint Utilities’ MRTU-related costs for the 2010 record period and up through the date of any final decision in the joint proceeding (including costs incurred during the 2011 record period and possibly the 2012 record period) will be reviewed under the current incremental and verifiable standard set forth in D.09-12-021. This standard is cited in the Commission’s Ruling¹ and was

¹ Ruling, p. 4 (citing D.09-12-021). As the Commission’s Ruling notes, this standard does not reflect a “traditional” reasonableness review, but instead focuses on whether the IOUs’ MRTU expenses are not already included in rates (i.e., incremental) and incurred to implement MRTU (i.e., verifiable).

used to review the Joint Utilities' MRTU-related costs included in their respective ERRA Review filings covering costs incurred through 2009. For example, the recently-issued proposed decision (PD) on SCE's 2010 ERRA Review Application (A.) 10-04-002 states that SCE's 2007-2009 MRTU-related costs were incremental and reasonably incurred and recommends that SCE be allowed to recover these costs in rates subject to confirmation of their verifiability in an independent audit.² Similarly, the Commission has either approved or is prepared to approve PG&E's and SDG&E's MRTU-related costs included in their respective 2010 ERRA Review filings, A.10-02-012 and A.10-06-001, on the grounds that these costs were also incremental and reasonably incurred.³ The clarification requested will provide assurance that the Commission's intent is to avoid the retroactive application of a new standard and adhere to the established incremental and verifiable standard for purposes of reviewing MRTU-related costs incurred during 2010 and through the date any new standard would apply.

- **In the joint application, the Joint Utilities will be permitted to demonstrate how they each identified and followed "best practices" to research, develop and implement their respective MRTU systems given their unique circumstances prior to MRTU.**

The Joint Utilities also request the Commission to clarify that they will each be permitted to demonstrate in their joint application how they individually identified and followed "best practices" given the unique circumstances that each utility faced prior to MRTU. As the Commission's Ruling notes, the Joint Utilities each took a different approach to implementing MRTU and, accordingly, incurred different costs in the process.⁴ This is neither unusual nor unexpected. Indeed, the Commission acknowledged in D.10-07-049 that although the Joint Utilities' MRTU efforts are driven by common directives, tariff structures and technical

² The PD in A.10-04-001 states that it cannot "for certain" determine that SCE's costs are verifiable and recommends that the Commission's Division of Water and Audits (DWA) perform an independent audit of SCE's 2007-2009 MRTU costs. PD at p. 38.

³ See D.11-07-039, pp. 20-25 (Finding PG&E's MRTU costs to be incremental and verifiable, subject to an independent audit by the DWA); see also PD in A.10-06-001 (Approving SDG&E's MRTU costs subject to an independent audit by the DWA).

⁴ Ruling, p. 4.

requirements, the way in which each utility approaches these requirements can be wholly different when considering each utility’s particular circumstances, such as resource portfolios, customer demands, reliability issues and information systems in place prior to MRTU.⁵ The Joint Utilities should be permitted to explain how these unique circumstances guided their implementation of “best practices” when preparing for MRTU.

- **The Commission’s evaluation will be used to define and integrate “lessons learned” into the Joint Utilities’ future MRTU implementation efforts.**

Finally, the Joint Utilities request that the Commission clarify that its evaluation of “best practices” for each of the Joint Utilities will be used to develop “lessons learned” that can be integrated into their respective future MRTU implementation efforts. The clarification requested is consistent with the Commission’s statement in its Ruling that its evaluation of “best practices” is not intended to affect MRTU costs that already have been reviewed and approved in last year’s ERRA Review filings. Such a clarification also will make it clear that the Commission does not intend to revisit the foundations of a traditional reasonableness review—to focus on facts known to the utility at the time in which decisions were made and actions taken.⁶ Any other approach would result in the unfair retroactive application of a standard of review or best practices the Joint Utilities had no way of knowing would be applied at the time MRTU costs were incurred.

II. THE JOINT UTILITIES REQUEST THAT THE COMMISSION STAY THE DEADLINES FOR FILING A JOINT APPLICATION AND CONDUCTING A JOINT WORKSHOP PENDING A RULING ON THIS MOTION

Clarification of the above points will enable the Joint Utilities to better understand the distinction between the Commission’s review of MRTU costs for the 2010 record period and its evaluation of overall “best practices” among the three utilities. To ensure there is sufficient time to properly prepare their testimony while awaiting such clarification, the Joint Utilities request

⁵ See D.10-07-049, pp. 49-50.

⁶ *Id.*, p. 13.

that the Commission stay the 60-day deadline for filing the joint application as well as the 90-day deadline for holding the jointly-organized workshop until it issues its ruling on this motion.

Respectfully submitted,

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