MAILED: 06/16/08

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION G-3417
June 12, 2008

R E S O L U T I O N

Resolution G-3417. Pacific Gas and Electric Company requests authorization to establish a new category of nontariffed service entitled Mover Service Program. This request is approved with conditions specified herein.

By Advice 2891-G/3169-E dated December 4, 2007

SUMMARY

Pacific Gas and Electric Company (PG&E) filed Advice 2891-G/3169-E on December 4, 2007, asking authority to establish a new category of nontariffed product and service (NTP&S) called "Mover Service" (MS) in accordance with the Commission's Affiliate Transaction Rule VII. This Resolution grants authority to PG&E for this new service, given the conditions specified below. These conditions are designed primarily for consumer protection and to limit potential liability for PG&E and its ratepayers. These goals are in concert with Commission policy. Specifically, the utility must follow the guidelines below when it offers this service to its ratepayers:

A. The script followed by the Customer Service Representative (CSR) must make it clear that the mover services are unrelated to the utility's business with the customer; that the customer does not have to entertain the offerings of the referral service; that the company does not recommend or endorse any of the services or products referred to by this service; and that PG&E does not assume any liability for the use of any of these mover services.
B. This script may be constructed in two parts, one for the CSR and one for the chosen vendor. Both will be reviewed and approved by the

Energy Division before the MS is offered, and the Division as well as the Commission's Public Advisor will be notified of any material changes made in the script.

C. The utility will keep a log of customer complaints regarding this service, and will forward this log to the Energy Division twice a year.
D. The utility will ensure that the vendor chosen to refer customers to these service companies will enforce several criteria (see below) to include mover service companies on its referral list, and that companies who satisfy these criteria and wish to be on the list will not be excluded.
E. All liability for this program will be borne by the vendor and utility shareholders. Ratepayers will be protected from any liability.
F. Costs for the MS program, as for other NTP&S projects, will be tracked separately by memorandum account, and net revenues will be shared with ratepayers subject to the sharing mechanism for Other Operating Revenues (OOR) adopted in D.99-04-021.
G. The customer information shared by the utility with its vendor will be limited to name, address, move date, and unique customer identifier.

Within 30 days of the effective date of this Resolution the utility shall provide to the Energy Division:

- The script to be used by the utility and the chosen vendor. The script should include all of the specific characteristics described above.
- The "tax-adjusted sharing methodology" referred to by PG&E on pages 4 and 8 of their advice letter.

The Energy Division staff will review this submission and will advise the utility within 10 days of any deficiencies it finds. If the staff finds none, the utility is authorized to begin offering the MS at that time.

BACKGROUND

It is Commission policy to encourage the use of excess and unused utility capacity to benefit ratepayers, shareholders, and the California economy. To this end, the Commission issued Rule VII of its Affiliate Transaction Rules in D.97-12-088. Rule VII requires that whenever a utility plans to offer a new category of NTP&S, it is to submit its plan to the Commission in an advice letter seeking authorization.[1] The advice letter should satisfy the Commission that the entry of the utility into this new market is not anti-competitive, is not cross-subsidized by the ratepayers, and does not negatively affect utility service or in some other way harm ratepayers.[2] Rule VII specifies several conditions which must be met by the utility in Sections C, D and E before authorization can be granted. The MS program planned by PG&E is a new category of NTP&S and thus requires an advice letter. Further, all advice letters seeking to offer a new NTP&S are categorized as Tier 3 under General Order 96-B, and as such require approval through Resolution.

Rule VII of the Affiliate Transactions Rules contains several conditions and requirements imposed on the utility offering NTP&S. Rules VII.C.4, VII.D, and VII.E.1 specify these conditions:

Rule VII.C.4

[1] See Rule VII.E of the Affiliate Transactions Rules, D.06-12-029.

[2] For instance, the Commission said in R.97-04-011/I.97-04-012, the rulemaking that resulted in these rules, "It is in the public interest to establish rules which ensure utility affiliates do not gain unfair advantage over other market players, and to ensure utility ratepayers are not somehow subsidizing unregulated activities." (p. 6, *mimeo*)

a. The nontariffed product or service utilizes a portion of a utility asset or capacity;

b. such asset or capacity has been acquired for the purpose of and is necessary and useful in providing tariffed utility services;

c. the involved portion of such asset or capacity may be used to offer the product or service on a nontariffed basis without adversely affecting the cost, quality or reliability of tariffed utility products and services;

d. the products and services can be marketed with minimal or no incremental capital, minimal or no new forms of liability or business risk being incurred by utility ratepayers, and no undue diversion of utility management attention; and

e. the utility's offering of such nontariffed product or service does not violate any law, regulation, or Commission policy regarding anticompetitive practices.

Rule VII.D requires the following cost and reporting standards be imposed before a NTP&S can be offered:

1. A mechanism or accounting standard for allocating costs to each new product or service to prevent cross-subsidization between services a utility would continue to provide on a tariffed basis and those it would provide on a nontariffed basis;

2. A reasonable mechanism for treatment of benefits and revenues derived from offering such products and services, except that in the event the Commission has already approved a performance-based ratemaking mechanism for the utility and the utility seeks a different sharing mechanism, the utility should petition to modify the performance-based ratemaking decision if it wishes to alter the sharing mechanism, or clearly justify why this procedure is inappropriate, rather than doing so by application or other vehicle.

3. Periodic reporting requirements regarding pertinent information related to nontariffed products and services; and

4. Periodic auditing of the costs allocated to and the revenues derived from nontariffed products and services.

Rule VII.E. requires the utility file with the Commission to offer a new category of NTP&S, and *Rule VII.E.1* lists what the utility must include in this filing.

The advice letter shall:

a. demonstrate compliance with these rules;

b. address the amount of utility assets dedicated to the non-utility venture, in order to ensure that a given product or service does not threaten the provision of utility service, and show that the new product or service will not result in a degradation of cost, quality, or reliability of tariffed goods and services;

c. address the potential impact of the new product or service on competition in the relevant market, including but not limited to the degree in which the relevant market is already competitive in nature and the degree to which the new category of products or services is projected to affect that market.

d. be served on the service list of Rulemaking 97-04-011/Investigation 97-04-012, as well as any other party appropriately designated by the rules governing the Commission's advice letter process.

NOTICE

Copies of the Draft Resolution were served on the filing utility and the protestant to this advice letter.

PROTESTS AND REPLY

The advice letter was protested by Hercules Municipal Utility (Hercules) on December 21, 2007. PG&E replied to the protest on January 2, 2008 (*Reply to Hercules Municipal Utility Protest to PG&E's Advice 2891-G/3169-E…)*.

DISCUSSION

PG&E asks authority from the Commission to offer a service to its new or transferred residential gas and electric customers which it describes as a "one stop" call for moving services. When a residential customer contacts the utility to transfer to or initiate service with the utility, the customer service representative (CSR) will complete the utility transaction and then offer to transfer the customer to a vendor who will then offer to establish a connection to companies offering such services as "telephone, internet, cable or satellite television, home security, trash removal" and other such services that may be of interest to recent arrivals to the area. The vendor will be selected by the utility "based on the skill and ability to provide a diverse selection of products and services" along with a track record that satisfies the utility. The vendor will pay PG&E for its referrals, and this additional OOR will be shared with ratepayers in accordance with D.99-04-021 which splits OOR revenues net of appropriate costs 50/50 with shareholders.

PG&E's Call Center will be used to refer customers to this service, along with its personnel, overhead, and equipment. While no utility assets will be fully dedicated to the MS program, the utility anticipates that it will need to add additional personnel as the workload increases (due to the additional time necessary to make this offer), and when this happens the additional costs will be

borne by shareholders. (*Advice 2891-G/3169-E,* p. 6) This service is therefore a use of excess capacity and utility assets as contemplated in Rule VII.C.

Customer protections. PG&E argues that utility service is unlikely to be harmed, and utility costs are unlikely to be increased under this program. However, these assurances do not address all aspects of customer protection, an area of great concern to this Commission. To make sure that customers are not confused or exploited by this process given the protean nature of this market, the CSR should complete the hook-up or transfer of utility service through use of a uniform script with the following characteristics:

- The script should make it clear to the customer that the transaction with the utility is "now complete" before the new mover service is offered;
- the customer does not have to entertain the offerings of the referral service;
- the utility does not recommend or endorse any of the services or products referred to by this service;
- the CSR will end the call if the customer indicates no interest in the MS referral;
- the script must say that the utility accepts no liability for the products and services offered by the mover service providers;
- there will be no "hard sell" as the CSR will stick to the script and there will be no commission or other financial incentives offered to the CSR.

PG&E should provide the Energy Division with the script to be used by the utility for approval before offering this service. The script may be constructed in two parts – one to be read by the CSR and the other to be read by the chosen vendor. If the utility or vendor change the script in any material way, PG&E should notify the Energy Division and the Commission's Public Advisor in writing immediately.

As a protection for utility service, the contractual agreement the utility executes with the vendor will provide "flexibility and control over the quality" of the customer service, with the ability to terminate the program if service is unacceptable. (*Id.,* p. 2)

During major emergencies and Level 4 emergencies, the utility will suspend offering this service to free up its Call Center lines. The Call Center will be monitored by the utility to ensure the MS program is not affecting the level and quality of utility service. (*Id.,* p. 3)

PG&E states that "credit information will not be transferred to the vendor." (*Id.*, p. 4) We want to stress that a customer's credit standing should not affect whether that customer is offered this service.

Both the Protestant and the Energy Division staff have identified the potential of liability risk to the utility should there be conflict between the customer and either the third party mover service provider or the vendor. The utility states that it "will ensure indemnity and limited liability clauses are included in any contract it enters with the selected vendor…" (*Reply to Hercules Municipal Utility Protest…"* Attachment 1, p. 2) It further states that PG&E shareholders will be responsible for all risk associated with the MS program. (*Advice 2891-G/3169-E,* p. 6)

The utility will continue to provide periodic reports and audits to the Commission that assess the impacts of this and other NTP&S programs. (*Advice 2891-G/3169-E*, p. 8). In addition, customer satisfaction with this service should be reviewed regularly, through surveys and similar methods. Finally, the utility should keep a log of complaints filed in reference to this referral program.

Starting June 30, 2008, every June 30 and December 31 the utility shall provide this log to the Energy Division.

Because access to customer information can provide a competitive advantage to the provider of the mover service, it is important to ensure that the mover service list offered by the vendor be as inclusive as possible. PG&E states that the vendor is not and will not be an affiliate of the company, and "[n]one of PG&E's affiliates will participate as service providers for the Mover Service program." (*Id.,* p. 9) This will be a condition for offering this NTP&S. Involvement by any utility affiliate will end the utility's participation in the MS Program.

In Response 3 to a data request by the ED (the response was dated February 27, 2008), the company says that it is unaware of the existence of a similar business providing mover service referrals in its service territory. PG&E asserts that the proposed MS "program will not have any adverse impact on a potential mover service vendor nor on the service provider markets." PG&E has investigated the use of this service by "over 20 utilities" in other states. Through its analysis of these other markets it estimates that 10% of its new and transfer customers will use the MS program. This low rate of penetration suggests to the company that most of the available market will remain for future potential entrants. (*Id.*)

To allay these concerns regarding unwarranted competitive advantage, PG&E states: "PG&E will help ensure that the vendor for this program will offer customer choice for available moving-related services and products….Any vendor PG&E selects will need to be able to support multiple providers across PG&E's service territory. The vendor will be expected to accept requests from

any third-party provider of services that meets minimum criteria to ensure customer satisfaction and quality assurance." (*Reply to Hercules Municipal Utility Protest,* Attachment 1, pp. 6-7)

PG&E has listed the following general criteria for including mover service providers:

> "1. Service provider must offer a quality product or service with competitive prices and features.
> 2. Services offered must be focused on customer needs during the move process.
> 3. Since customers participating in this program are in the process of relocating, the service must be easy to set up by phone or internet prior to moving into the new home.
> 4. The service provider must be able to provide products or services in PG&E's customer service territory.
> 5. The service provider must have the ability to accept orders via electronic means, or provide the vendor with system access to do so on its behalf.
> 6. The service provider must ensure that orders are processed accurately and expeditiously.
> 7. The service provider must be willing to agree on a process to address customer issues or complaints in order to ensure a quality customer experience." (*Id.)*

PG&E should include the conditions and qualifications listed above in the contract it signs with the vendor.

Transfer of customer information. The utility asks for a limited waiver of Rule IV.1 of the Affiliate Transactions Rules. This Rule states:

> *Rule IV.A Customer Information*
> A utility shall provide customer information to its affiliates and unaffiliated entities on a strictly non-discriminatory basis, and only with prior affirmative customer written consent.

PG&E seeks a limited waiver of this rule to allow the customer to give verbal approval to the CSR to transfer information to the vendor. The company proposes to use the following structure when transferring customer data to the vendor:

1) "Customer load/usage and billing information will never be provided to the mover-service vendor;

2) Only the minimum information required to fulfill the customer's referral will be provided to the vendor, including: name, address, move date and a unique customer identifier;

3) Information will be provided only to the mover-service vendor; and

4) Customer information will never be provided to the mover-service vendor if the customer declines interest in the Mover Service." (*Id.,* p. 5)

Thus the company states it will limit the customer information it transfers to the vendor to name, address, move date, and unique customer identifier. It will not transfer credit information to the vendor. It argues that to require the company to receive written approval for this transfer from the customer "would be unreasonably burdensome and hinder timely service and enhanced customer convenience."

The purpose of the Rule is twofold: First, it is to make sure that customer information disclosed to utility affiliates is also made available to the competitors of the affiliates in order to prevent the transfer of market power from the utility to the affiliates. Second, it is to safeguard customer privacy. Since utility affiliates will not be involved in any way in the MS program, the first purpose of the Rule is moot here.

We grant the limited waiver of rule IV.1 for the specific purpose of offering the new MS program service. Authorization to transfer customer name, address, move date, and a unique customer identifier number may be given verbally, either over the phone or in person, by the customer for the limited purpose of participating in the MS program.

Sharing mechanism for revenues and costs. The utility asks to be allowed to track the costs and revenues for the MS program in a new balancing account. If costs exceed revenues received, the losses will be borne by the shareholders. (*Advice 2891-G/3169-E,* p. 6)

The revenues generated from the MS program will be subject to the sharing mechanism for OOR adopted in D.99-04-021. This decision shares half of net profits between shareholders and ratepayers. "The net revenue will be subject to a *tax adjusted* sharing mechanism." (*Id.,* p. 8, emphasis added) The tax adjustment is not specified in the advice letter. PG&E points out that D.99-04-021 requires adjustments to the authorized revenue requirements in the Transition Revenue Account (TRA); however, the TRA has been discontinued. Accordingly, the utility proposes to establish NTP&S Balancing Accounts on its electric and gas Preliminary Statements. These new balancing accounts would be used to track costs and revenues for the MS program and other NTP&S programs. "The amount shared with customers will be transferred to the Distribution Recovery Adjustment Mechanism (DRAM) and the Core Fixed Cost Account (CFCA) for a rate reduction through the Annual Electric True-up and Annual Gas True-up advice letters." (*Id.,* p. 4) We agree that these new balancing accounts should be established. The costs and revenues for each NTP&S project should be tracked separately in these accounts.

Finally, it is important that the mechanism used to divide the net revenues from this program between shareholder and ratepayer be fair and clearly understood. To this end, the utility should provide to the Energy Division an explanation of the "tax-adjusted sharing methodology" mentioned in footnote #2 on page 4 and on page 8 of the advice letter, within 30 days of the effective date of this Resolution.

Discussion of Protest. This advice letter was protested by Hercules on December 21, 2007. A "*Reply to Hercules Municipal Utility Protest to PG&E's Advice 2891-G/3169-E…*" was submitted by PG&E on January 2, 2008. From their website, Hercules was established in 2001 to provide electric service to retail customers in the city of Hercules, California.

In its protest, Hercules asks 11 questions regarding further details on how the program will work, what information will be transferred, how the vendor will be chosen, how the vendor contract will be constructed, how risk will be handled, and how the vendor will choose its mover service suppliers. In PG&E's *Reply* the utility argues that the protest should be dismissed because it lacks grounds required by Commission General Order 96.B, Energy Industry Rule 7.4.2. (*Grounds for Protest).* Nevertheless, PG&E provides answers to each of the 11 questions, so this issue is moot and the protest is not rejected on these grounds.

Several of the 11 questions can be answered by a careful reading of the advice letter, while some cannot. For example, Question 8 asks why confidential information must be provided by the utility to the vendor, rather than the vendor ascertaining this information from the transferred customer. Further, Hercules asks whether confidential information in addition to the customer's name,

address, move date and identifying number might be asked in the future, and Hercules asks specifically about credit information. The utility says that "does not intend" to provide the vendor with any other confidential customer information; it states that customer credit will not be transferred. If the utility finds that it must provide more confidential information to the vendor than it has specified in its advice letter, it should ask for this authorization through an amendment to the advice letter. The protest is granted on this issue.

Question 10 asks how the utility will ensure that the MS program will not expose it to additional "forms of liability or business risk…" PG&E states that it "will ensure that indemnity and limited liability clauses are included in any contract it enters" with the vendor, and that additional risk or losses incurred by the program will be borne by shareholders. As an added level of caution, PG&E should provide a copy of the contract it plans to execute with the vendor to the Energy Division when it is formulated. The protest is granted on this issue.

Question 11 points out that market power will be transferred to the vendor and that this market power has the potential for abuse, especially if the list of mover service providers is limited by the vendor in some systematic way that results in anticompetitive behavior. In its *Reply*, PG&E states that it "will help ensure that the vendor for this program will offer customer choice for available moving-related services and products." As discussed above, the utility will impose several criteria on the process the vendor uses to choose mover services providers it will provide to the utility customer. As these criteria were specified by the utility in response to the protest, the protest is granted on this issue.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

Comments were filed by PG&E on June 2, 2008. (Comments on Draft Resolution G-3417) First, the utility asks that it be required to notify the Commission staff of any *material* changes in the CSR script, rather than for all changes. PG&E argues that "[c]all center scripts serve as guidelines for CSRs and may be changed to help ensure customer understanding." (Comments, p. 2) However, in its Advice 2891-G/3169-E the utility says:

> In order to separate tariffed utility service from the Mover Service, PG&E's Customer Service Representatives (CSRs) will follow specific procedures that clearly define when the customer will be transferred to a mover-service vendor for the Mover Service. PG&E's CSR will use a standard script to ensure the Mover Service program offer is delivered to customers in a uniform manner. *Advice 2891-G/3169-E,* p. 2.

Once established, these "specific procedures" regarding the completion of the customer hookup and the transfer to the mover service vendor should not change without notifying the Commission staff immediately. While we do not agree that the CSR script is simply a "guideline," we do agree that it would be

burdensome to require informing the staff of wording changes for the purpose of clarification or ease of delivery. As such, we will adopt the change that the staff should be informed immediately of any material changes to the script.

Next, PG&E asks that the Commission's "Public Advisor be tasked as the primary reviewing party" for the CSR script. We do not adopt this, but will require the utility to inform both the Energy Division staff and the Public Advisor of such changes.

PG&E seeks the flexibility to allow some of the items required for the list by the Resolution (see p. 7, above) be provided by the selected Mover Service provider. We will allow this flexibility, but both parts of this "two-part" script must be provided to the Public Advisor and Energy Division staff as required in this Resolution, and material changes to either script must be noticed to the staff.

The utility asks that it not be required to state that the utility accepts no liability for the products and services offered under this program, arguing that this is a PG&E protection element rather than a consumer protection element. We agree that this is not a consumer protection element, but it is a ratepayer protection element and will retain the requirement.

PG&E asks that it be allowed to provide the contract with the Mover Service provider to the staff on a confidential basis. The utility may do this.

PG&E asks to be required to provide the "complaint log" to the staff every six months for the first year, and annually thereafter. Since this is a new and untested service, it's important to monitor this program closely for the first few years. Once the program is established, the utility may request relief from this semi-annual requirement through advice letter.

FINDINGS

1. Pacific Gas and Electric Company (PG&E) filed Advice 2891-G/3169-E on December 4, 2007, asking authority to establish a new category of nontariffed product and service (NTP&S) called "Mover Service" (MS) in accordance with the Commission's Affiliate Transaction Rule VII.

2. Rule VII requires that whenever a utility plans to offer a new category of NTP&S, it is to submit its plan to the Commission in an advice letter asking authorization.

3. Pursuant to the requirements of Rule VII.C.4, D and E.1, the advice letter should satisfy the Commission that the entry of the utility into this new market is not anti-competitive, is not cross-subsidized by the ratepayers, and does not negatively affect utility service.

4. The advice letter was protested by Hercules Municipal Utility (Hercules) on December 21, 2007. A *Reply to Hercules Municipal Utility Protest to PG&E's Advice 2891-G/3169-E…* was submitted by PG&E on January 2, 2008.

5. The CSR taking information from the new or transferring customer will use a script that is specifically written to make it clear that the transaction with the utility is completed before the MS is offered, and that satisfies the conditions imposed on this script in the Discussion section.

6. The script will make it clear to the customer that the utility does not endorse or recommend any mover service offered by the vendor, and that the customer does not have to entertain the offerings of the referral service.

7. The script will explicitly state that PG&E does not assume any liability for the use of any of these mover services.

8. The script may be constructed into two parts – one to be read by the CSR and the other to be read by the chosen vendor when talking to the customer.

9. The script to be used by the CSR should be reviewed and approved by the Energy Division staff before the MS will be offered.

10. The CSR will not be given any incentive to influence the customer to accept transfer to the vendor. There will be no "hard sell" by the CSR.

11. The two-part script should be forwarded to the Energy Division for review and approval within 30 days of the effective date of this resolution. If no deficiencies are identified by the staff within 10 days of submission, the utility is authorized to begin offering the MS at that time.

12. If the utility or the vendor change the script in any material way, PG&E should notify the Energy Division and the Commission's Public Advisor in writing immediately.

13. The contract with the vendor should afford the utility sufficient flexibility and safeguards to allow the utility to terminate the contract if the vendor is unable to satisfy the several requirements of this program.

14. During major emergencies and Level 4 emergencies, the utility will suspend offering this service to free up its Call Center lines. The Call Center will be monitored by the utility to ensure the MS program is not affecting the level and quality of utility service.

15. The utility should keep a log of customer complaints regarding this MS program, and this log should be forwarded to the Energy Division twice a year, starting June 30, 2008 and December 31, 2008.

16. The utility anticipates that it will need to add additional personnel as the workload increases, and when this happens the additional costs will be borne by shareholders.

17. Customers' credit information will not be transferred to the vendor.

18. A customer's credit standing should not affect whether that customer is referred to this service.

19. The utility will ensure indemnity and limited liability clauses are included in any contract it enters with the selected vendor.

20. PG&E should provide a copy of the contract it plans to execute with the vendor to the Energy Division when it is formulated.

21. PG&E shareholders and the vendor will bear all risk associated with the MS program. Under no circumstances will ratepayers bear risk as a result of this program.

22. The vendor is not and will not be an affiliate of PG&E, and none of the utility's affiliates will participate as service providers for the MS program.

23. PG&E will not endorse or otherwise market any of the products or services offered by third parties through this program.

24. PG&E is not the only large utility with continual access to a large list of new customers, e.g. telephone and water utilities maintain such lists.

25. Since the vendor will be in an advantageous position due to access to customer information from the utility, it is important that the vendor's list of service providers be as inclusive as reasonable. This inclusiveness will protect against any exercise of market power by the vendor in this new and potentially protean market.

26. PG&E commits to help ensure that the vendor will provide a broad and robust customer choice of mover service providers. The utility will make sure the vendor meets the conditions listed in the Discussion section. The utility should include this list of mover service provider conditions in its contract with the vendor.

27. The customer information transferred to the vendor will be limited to name, address, date of move, and a unique identifier number.

28. PG&E should be allowed to transfer customer name, address, move date, and a unique customer identifier number to the vendor after receiving

verbal authorization from the customer for the limited purpose of participating in the MS program.

29. A limited waiver of Rule IV.1 of the Affiliate Transactions Rules for the sole purpose of operating the MS program, as requested by the utility, should be granted.

30. The conditions imposed on the utility here are designed to enhance consumer protections, expand choice and convenience for ratepayers, protect ratepayers from potential liability, prevent the abuse of market power by the utility, and enhance competition in this new market. These goals are in concert with Commission policy.

31. Neither PG&E nor the vendor will charge the customer a fee for this referral service. The vendor will charge the third party mover service provider for its referral, and some of this will go to the utility and thus will be shared with ratepayers.

32. The revenues generated from the MS program will be subject to the sharing mechanism for OOR adopted in D.99-04-021. This decision shares half of net profits between shareholders and ratepayers.

33. The utility will track the costs and revenues for the MS program in new NTP&S Balancing Accounts.

34. If costs exceed revenues received, the losses will be borne by the shareholders.

35. The net revenue will be subject to a tax adjusted sharing mechanism.

36. The amount shared with customers will be transferred to the Distribution Recovery Adjustment Mechanism (DRAM) and the Core Fixed Cost Account (CFCA) for a rate reduction through the Annual Electric True-up and Annual Gas True-up advice letters.

THEREFORE IT IS ORDERED THAT:

1. This advice letter is granted, given the conditions and restrictions specified herein.

2. Within 30 days of the effective date of this resolution, PG&E shall provide the Energy Division each of the following:

    - The two-part script to be used by the utility and the chosen vendor. The two-part script shall include the various conditions and safeguards listed and described herein.
    - The "tax-adjusted sharing methodology" referred to by PG&E on pages 4 and 8 of their advice letter.

3. If the utility or the vendor change the script in any material way, PG&E shall notify the Energy Division and the Commission's Public Advisor in writing immediately.

4. A limited waiver of Rule IV.1 of the Affiliate Transactions Rules for the sole purpose of operating the MS program, as requested by the utility, is granted.

5. During major emergencies and Level 4 emergencies, the utility will suspend offering this service to free up its Call Center lines. The Call Center will be monitored by the utility to ensure the MS program is not affecting the level and quality of utility service.

6. The utility shall keep a log of complaints filed in reference to this referral program. Starting June 30, 2008, every June 30 and December 31 the utility shall provide this log to the Energy Division.

7. PG&E shall provide a copy of the contract it plans to execute with the vendor to the Energy Division when it is formulated.

8. The protest of Hercules Municipal Utility is granted on the issues specified herein.

9. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on June 12, 2008; the following Commissioners voting favorably thereon:

/s/ Paul Clanon
Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners