

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) For Authority to, Among Other Things, Increase its Authorized Revenues For Electric Service in 2003, And To Reflect That Increase in Rates.

Application 02-05-004
(Filed May 3, 2002)

Investigation on the Commission's Own Motion into the Rates, Operations, Practices, Service,. Facilities of Southern California Edison Company

Investigation 01-06-002
(Filed June 6, 2002)

**ASSIGNED COMMISSIONER'S RULING
ON JANUARY 21 ENERGY DIVISION BRIEFING PAPER
REGARDING NEED FOR ADDITIONAL TESTIMONY**

On August 8, 2002, I issued a Scoping Memo that described the policy, rate, and organizational issues that will be examined in the Southern California Edison General Rate Case. The Commission's Energy Division has assessed the testimony submitted in the SCE general rate case thus far, and has prepared a briefing paper that discusses two areas that require further investigation and analysis: Integrated Resource Planning and Customer Service.

By this ruling, I am providing parties with a copy of the briefing paper. I direct SCE to file supplemental testimony on these issues with its depreciation rebuttal testimony, due February 3, 2003. Parties are also encouraged to file

supplemental testimony on February 3. This request for additional testimony will not otherwise alter the procedural schedule adopted in the Scoping Memo.

IT IS RULED that testimony regarding the Energy Division briefing paper attached to this ruling may be submitted in writing with rebuttal testimony due on February 3, 2003.

Dated January 22, 2003, at San Francisco, California

/s/ CARL WOOD
Carl Wood
Assigned Commissioner

**Energy Division Assessment
Integrated Resource Planning and Customer Service Options
SCE GRC A.02-05-004 and I.02-06-002**

Issue Areas Where The SCE GRC Record Could Be Expanded

- How should the Commission position SCE to resume the Integrated Resource Planning (IRP) function?
- How could the Commission quantify the benefits of opening additional SCE local business offices (LBOs)?
- What should the Commission do to promote customer satisfaction?

I. Certain IRP Issues Are Not Addressed in Other Commission Proceedings

A. Positioning SCE To Re-establish Integrated Resource Planning

- In April 2003, SCE is expected to file a long-term procurement plan to describe planning efforts to procure new and diverse resources for reliability, cost savings, and environmental purposes. This plan will be filed in the Procurement OIR (R.01-10-024).
- The GRC proceeding will go beyond the scope of identifying new procurement sources. The GRC will conduct a comprehensive examination of how SCE will undertake IRP.
 - How should SCE set IRP objectives and priorities?
 - What criteria should the CPUC use to evaluate the results of IRP?
 - What organizational structure must be put in place, and what are the costs?
- SCE has not developed an integrated resource plan in seven years. The last fully integrated resource plan was developed in preparation for SCE's 1995 GRC. SCE discontinued IRP and dismantled the resource planning group. SCE's 2003 GRC testimony states that SCE has started recruitment efforts to staff its new IRP business unit.
 - Are the staffing levels proposed by SCE sufficient to implement the range of IRP activities discussed here and in the Scoping Memo?

- What are the additional costs to staff this range of IRP activities?
- To position SCE to resume the IRP functions, the Commission needs to examine the structure of SCE's Business Units, paying particular attention to how the units will coordinate IRP functions, such as resource identification, evaluation, and selection.

B. Focus Should Be Turned Toward Integration of SCE's Business Units

- Under SCE's current organizational structure, decisions regarding capital investment occur in individual "silos" within the company. SCE proposes to create a new business unit to perform IRP.
- SCE's organizational structure should ensure SCE's business units work together to maintain reliability and minimize costs to ratepayers. Organizational structure should enhance, not impede, resource prioritization and technical solutions.
- IRP needs to be managed at a high level, so that IRP, not the business units, is the decision-maker on how resources will be prioritized. The Commission should ask SCE to discuss more fully how IRP will influence the business units.
 - How will business unit integration occur within the company?
 - How will SCE set priorities and make decisions?
 - What additional costs will SCE incur as a result of the IRP activities discussed here and in the Scoping Memo?

II. Parties Need to Augment The GRC Record on Performance of Local Business Offices (LBOs) and Authorized Payment Agencies (APAs)

A. The Scoping Memo Asked Parties to Discuss Specific Customer Service Issues

- Specific issues included the accessibility of the local business offices, and the use and design of the customer satisfaction surveys.
- ORA was the only party to address APAs and LBOs. In its testimony, ORA focused on in-person payments, and noted that it preferred APAs to LBOs on the simple matter of cost-per-transaction.
- ORA provided several guidelines for APA operations, and recommended that SCE provide its customers with the ability to pay in person conveniently.

B. Are customers receiving a uniform level of service at all locations?

- Does the current APA and LBO system give customers access to the services and information they need?
- SCE and the parties should evaluate the quality of service provided by the various customer service locations (APAs and LBOs).

C. Are SCE customers receiving adequate service from existing Local Business Offices and Authorized Payment Agencies?

- SCE has reduced the number of full service local business offices (LBOs) from over 80 a decade ago, to only 10 today.
 - SCE has followed the industry-wide trend of closing LBOs in favor of smaller in-person payment centers (Authorized Payment Agencies, or APAs).
 - In 1995, SCE found that approximately 95% of LBO transactions were for payments, and it appears that SCE concluded that closing the business offices would not harm customer service.
 - SCE did not perform any market research to determine how customers felt about the LBO closures.
- The GRC proceeding should develop a better understanding of the role of LBOs in providing quality service to SCE customers.

- Do the APAs provide adequate service to customers? In particular, do the APAs provide a reasonable amount of customer outreach?
 - Are SCE's quality assurance programs for the APAs sufficient to maintain customer service standards? Are all Authorized Payment Agencies "fully authorized" or accredited on a regular schedule?
 - Are consumers aware of public purpose programs (such as low income and energy efficiency programs)?

III. Parties should discuss the validity, and use, of PBR customer satisfaction studies

A. Do the existing PBR customer satisfaction surveys evaluate customer satisfaction in a useful way?

- Does the current survey design provide real insight into what SCE customers want or need? Does the survey accurately determine customer satisfaction?
- Currently, the survey used by SCE to determine if the PBR standards have been met is only conducted in English and Spanish, and interviews only those customers who recently contacted the utility. Should the survey take a broader sample of customers?

B. Does the customer satisfaction PBR, as it is currently designed, create the necessary incentives to promote quality of service?

- Is the existing customer satisfaction index used in the PBR process a useful tool for promoting and improving SCE customer satisfaction? Is the index target set at a reasonable level?
- Should the index be changed, or should the survey be redesigned?
- How does the design of the PBR survey affect the outcome of the customer satisfaction PBR?
- Should the Commission consider alternate methods (or modifying the existing method) for promoting customer satisfaction?

