

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC COMPANY (U 39-E), for Approval of 2006-2008 Demand Response Programs and Budgets.	Application 05-06-006 (Filed June 1, 2005)
Southern California Edison Company's (U 338-E) Application for Approval of Demand Response Programs for 2006-2008 and Cost Recovery Mechanism.	Application 05-06-008 (Filed June 1, 2005)
Application of San Diego Gas & Electric Company (U 902-E) for Approval of Demand Response Programs and Budgets for Years 2006 through 2008.	Application 05-06-017 (Filed June 2, 2005)

ASSIGNED COMMISSIONER'S SCOPING MEMO AND RULING

This scoping memo and ruling follows a prehearing conference (PHC) conducted by Administrative Law Judge (ALJ) Kim Malcolm in these proceedings on October 21, 2005. It schedules dates for hearings, addresses the scope of hearings, bifurcates the proceedings, and addresses other procedural matters.

Scope of Issues

Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) filed these applications in June 2005 seeking approval of program plans and budgets for their 2006-2008 demand response programs, and in compliance with

Decision 05-01-056. In these proceedings, the Commission will consider which programs should be funded and at what funding levels. Its findings may require analysis of each program's effectiveness, relative costs and benefits, and related issues. An ALJ ruling issued in these proceedings on July 27, 2005 discussed the relevance of cost-benefit models in reviewing the utilities' applications and required the applicant utilities to submit supplemental testimony addressing the cost-effectiveness of proposed programs. The utilities served that supplemental testimony on August 26, 2005.

At the PHC, the parties discussed whether and in what forums the Commission should consider (1) demand response program goals, (2) cost-benefit models for evaluating demand response programs, and (3) measurement of program elements toward program goals. The conversation considered the significance of a draft decision issued on October 19, 2005 by ALJ Michelle Cooke in a related docket, Rulemaking (R.) 02-06-001, which sets forth a process for considering cost-benefit models and measurement of demand response program elements. Testimony served in these consolidated proceedings addresses all three to some extent.

I concur with the ALJ's stated intent to bifurcate these proceedings so that the Commission would first consider programmatic issues and consider the viability of Commission program goals at a later date. Resolution of funding levels for various demand response programs should not be delayed by the consideration of broader program goals and evaluation methods. Moreover, the Commission can most effectively consider program goals after deciding appropriate ways to measure progress toward those goals and the Commission should therefore delay consideration of program goals until after ALJ Cooke has resolved related measurement issues.

I also concur with the ALJ's statement at the PHC that she would not limit the presentation of testimony addressing cost-benefit methods and measurement of program goals in Phase 1 of these proceedings. The Commission should apply whatever analytical tools are available in Phase 1 even though the Commission may not have adopted final or refined analytical models. The consideration of relative costs and benefits in Phase 1 may not be precise, but it would provide some needed assessment of program proposals in the context of interim funding decisions. Any party who nevertheless believes specific portions of testimony should be stricken or deferred should file a motion as soon as possible prior to hearings.

Bridge Funding for Existing Programs

SDG&E has filed a motion seeking bridge funding for existing programs until April 2006 when it expects to have received a Commission order adopting funding for the 2006-2008 period. SCE has filed a similar motion in R.02-06-001 and, at the PHC, PG&E stated its intent to file a similar motion in that docket. ALJ Cooke's October 19 draft decision in R.02-06-001 would provide bridge funding for all three utilities. Assuming the Commission adopts this element of the proposed decision, the matter would not need to be considered in these proceedings. If the Commission does not adopt ALJ Cooke's recommendation, we will consider the matter here.

Proceeding Schedule

The ALJ issued a ruling on July 27, 2005 in these proceedings that set forth a schedule that has been subsequently modified. Parties have served testimony according to that ruling although hearing dates were postponed. This ruling schedules evidentiary hearings for November 29 – December 5, 2005. Parties

should serve an order of witnesses and estimates of cross on other parties and the ALJ no later than November 18.

The parties stated that they are working to settle at least some of the issues in these proceedings and will keep the ALJ informed of progress in that regard.

The assigned ALJ may modify this schedule as necessary for the efficient and effective management of these proceedings and will issue a schedule for Phase 2 at a later time.

Pursuant to Pub. Util. Code § 1701.5,¹ this scoping memo clarifies that all issues in both phases of these proceedings are likely to be resolved within 18 months of this scoping memo.

Applicable Ex Parte Rules, Category of Proceeding, and Presiding Officer

The *ex parte* rules as set forth in Rule 7(c) of the Commission's Rules of Practice and Procedure and § 1701.3(c) apply in this proceeding, which rules generally require prior notice to parties of a scheduled meeting with a decision-maker, and the filing of an *ex parte* notice after the meeting.

The Commission preliminarily determined that these consolidated applications are ratesetting proceedings, which this ruling confirms.

President Michael R. Peevey is the Assigned Commissioner in these proceedings and ALJ Kim Malcolm is the principal hearing officer.

IT IS RULED that:

1. The scope and schedule for Phase 1 in these proceedings are as set forth herein.

¹ All section references are to the Public Utilities Code unless otherwise indicated.

2. The Commission will conduct evidentiary hearings in these proceedings at 10 a.m. on November 29, 2005 in the Commission Courtroom, State Office Building, 505 Van Ness Avenue (at McAllister), San Francisco, California.

Dated October 27, 2005, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner

