

Decision **PROPOSED DECISION OF ALJ BARNETT** (Mailed 5/21/2002)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
for Verification, Consolidation, and Approval of
Costs and Revenues in the Transition Revenue
Account.

Application 98-07-003
(Post PX Direct Access
Credits)
(Filed July 1, 1998)

**SOUTHERN CALIFORNIA EDISON COMPANY'S HISTORICAL
PROCUREMENT CHARGE PROPOSAL**

(See Appendix A for a list of appearances.)

TABLE OF CONTENTS

Title	Page
OPINION AUTHORIZING THE PROPOSAL OF SOUTHERN CALIFORNIA EDISON COMPANY TO ESTABLISH A HISTORICAL PROCUREMENT CHARGE.....	2
I. Introduction and Summary.....	2
II. Background.....	3
A. Rate Freeze	3
B. The Avoided Cost Credit	4
III. History of the DA Credit	4
A. Zero Minimum Bill Provision	4
B. Escalation of PX Prices	5
C. Going Forward Procurement Surcharges.....	6
IV. SCE’S Procurement Related Liabilities.....	6
A. Equivalence of Impact on SCE’s Liabilities.....	7
B. The Settlement Agreement	10
C. Securitization	15
V. HPC Proposal.....	16
A. Calculation of HPC	16
B. Modification to the Energy Credit.....	18
C. Overcollection.....	20
VI. Comments on Proposed Decision	22
Findings of Fact.....	22
Conclusions of Law	23
ORDER	24

APPENDIX A – List of Appearances

**OPINION AUTHORIZING THE PROPOSAL OF
SOUTHERN CALIFORNIA EDISON COMPANY TO
ESTABLISH A HISTORICAL PROCUREMENT CHARGE**

I. Introduction and Summary

On October 2, 2001, this Commission and Southern California Edison Company (SCE) reached a Settlement Agreement in Federal District Court Case No. 00-12056-RSWL (Mcx) that allows SCE to recover its past procurement cost undercollections as measured by the starting balance in SCE's Procurement Related Obligation Account (PROACT). That balance was \$3.577 billion as of August 31, 2001. The Settlement Agreement was approved by the Federal District Court on October 5, 2001. SCE asserts that direct access (DA) and bundled service customers made equivalent contributions to the unrecovered procurement costs, because the credit that direct access (DA) customers received under past ratemaking was a perfect parallel to what bundled service customers were charged for procurement related costs. Under the current ratemaking framework; however, the surcharges adopted in 2001 are reflected in the generation rate component and DA customers' bills are credited with the entire generation rate component. SCE assert that this approach means that only bundled service customers are contributing to the recovery of the PROACT balance. SCE proposes to establish a Historical Procurement Charge (HPC), and to adjust the credit that DA customers receive so that DA and bundled service customers make equivalent contributions to the recovery of SCE's past procurement cost undercollections.

The California Large Energy Consumer Association (CLECA) and other parties assert that DA customers did not contribute to the undercollection in the same manner as bundled customers nor did many DA customers benefit from

the undercollection. The Utility Reform Network (TURN), and others, support SCE.¹ Public hearings were held before Administrative Law Judge Barnett and the matter was submitted.

We conclude that SCE should be authorized to establish a HPC and apply it to DA customers by reducing the DA customers' generation credit by 2.5¢/kWh.

II. Background

Since April 1998, SCE has offered service to two distinct types of customers. Bundled service customers receive the full range of electric services from SCE, which include energy procurement and delivery. SCE customers could also choose, under the DA option, to purchase energy from an energy service provider (ESP). SCE continues to deliver electricity to both DA and bundled service customers.

A. Rate Freeze

Total rates were frozen at levels in effect on June 10, 1996 for all customers. Bundled service customers paid these frozen rates for the duration of the transition period (January 1, 1998 through March 31, 2002 or a Commission-authorized earlier end date). These frozen tariff rates included a generation rate component. The generation rate component was unbundled into the market

¹ Parties filing briefs include: the Alliance for Retail Energy Markets (AReM), the California Energy Commission (CEC), California Industrial Users (CIU), CLECA, the California Manufacturers & Technology Association (CMTA), California Retailers Association (CRA), the Energy Producers and Users Coalition (EPUC); the Kroger Co. and Tricon Global Restaurants, Inc., New West Energy Corporation (New West), San Diego Gas & Electric Company (SDG&E), Sempra Energy Solutions (Sempra), 7-Eleven, Inc. (7-Eleven), TURN, and SCE.

price and a competition transition charge (CTC) component. The CTC was calculated residually as the difference between the fixed generation rate component and the market price, where the market price was based on SCE's cost of procuring power from the Power Exchange (PX) and the California Independent System Operator (ISO). All customers paid the CTC and the CTC revenues were used to pay for SCE's stranded generation costs, also known as transition costs.

B. The Avoided Cost Credit

SCE calculated a market price for billing purposes utilizing the cost and quantities of power purchased from the PX. This PX price was used to determine the contribution to the recovery of CTC (when compared to the generation rate component of frozen rates) and also represented SCE's avoided cost of procuring energy. The PX component of the generation rate was either applied to recover the cost of purchasing power for bundled service customers or given as a credit to DA customers. The credit reflected the fact that DA customers had chosen to procure their energy through an ESP rather than SCE. So long as the market price, or DA credit, remained below the generation component of the customer's frozen rate, the DA customer continued to make a contribution to CTC in exactly the same manner as a similarly situated bundled service customer.

III. History of the DA Credit

A. Zero Minimum Bill Provision

Because the DA credit was based on the market price from the PX, it was possible that the credit would exceed either the generation rate component or the entire bill. If the PX credit exceeded the generation rate component, there was a negative CTC, i.e., no contribution to recovery of stranded costs. If the PX credit exceeded the entire amount of the bill, meaning that the PX credit was

greater than the sum of the generation, distribution, transmission, public purpose, and the other rate components, there would be a negative bill. In other words, the DA customer would receive a credit for the entire utility bill. This is also known as a “credit” bill.

Prior to June 1999, under the adopted tariffs, DA customers receiving the PX credit could experience, at a minimum, a monthly bill of \$0. In D.99-06-058, the Commission approved a stipulation between SCE, Western Power Trading Forum, and Enron and eliminated the zero minimum bill provision. The elimination of the zero-minimum bill provision allowed DA customers to receive the entire PX credit even if it resulted in a negative (credit) bill. Prior to market dysfunctions in mid 2000, PX credits in excess of total monthly charges were generally carried over to succeeding months and were netted against positive bills.

B. Escalation of PX Prices

The rise of market energy prices in the summer of 2000 resulted in numerous occurrences of negative CTC entries. As PX credits in excess of total bundled services charges became the norm, DA customers enjoyed consistent credits for the entire bill. On January 5, 2001, SCE stopped making payments to DA customers utilizing ESP consolidated billing for credit bills resulting from the application of the DA credit. Prior to that time, SCE generally paid these DA customers for their credit bills upon request by the customer, or with the closing of an account. SCE states that the payment of these credit bills as well as the need to finance the costs of procuring energy for bundled service customers contributed to the deterioration of its cash and credit position. The credit bills for DA customers utilizing UDC consolidated or dual billing were carried forward

and were netted out against any positive bills even after SCE became non-creditworthy.

C. Going Forward Procurement Surcharges

On May 27, 2001, the Commission issued D.01-05-064, which adopted new rate levels for SCE customers, adding roughly 4¢/kWh to the frozen generation rate component. The new surcharge was comprised of the then existing 1¢/kWh emergency procurement surcharge (EPS) plus an additional 3¢/kWh authorized in D.01-03-082: the 3¢ surcharge did not apply to DA customers. The Commission did not state whether the EPS was applicable to DA customers. SCE had billed the 1¢/kWh surcharge to DA customers, but stopped after D.01-03-082 was issued. SCE began billing the new rates on June 3, 2001. At this point SCE's method was to credit DA customers with the generation rate of their otherwise applicable tariff (OAT). This approach resulted in DA customers avoiding surcharges adopted by the Commission in year 2001 on a prospective basis.

IV. SCE'S Procurement Related Liabilities

SCE asserts that it is clear that DA customers have contributed to SCE's procurement-related liabilities in the same manner as bundled service customers. Until the June rates were implemented, DA customers were receiving a credit based on SCE's weighted-average energy cost. To the extent this energy cost continued to exceed the generation rate component of frozen rates, SCE continued to incur a liability to fund both energy purchases for bundled service customers and energy credits for DA customers. With the subsequent drop in market energy and gas prices, SCE has received positive revenues from bundled service customers toward reducing its procurement-related obligations, while DA customers have contributed nothing to the recovery of the liabilities to which

they contributed.² SCE states that the proposed HPC is designed to rectify this inequity.

A. Equivalence of Impact on SCE's Liabilities

SCE explained its position with an example: Consider a bundled service customer with 1000 kWh usage during a particular billing cycle and an average rate of 10¢/kWh, resulting in a total bill of \$100. If \$40 of this total amount is for recovery of non-generation transmission and distribution costs (T&D) then the customer contributed \$60 to recovery of SCE's procurement costs and uneconomic or stranded generation costs. As long as the price of power procured for this customer was less than 6¢/kWh, the customer contributed positively to SCE's recovery of its transition costs. When the price of energy rose above 6¢/kWh the customer did not contribute anything to recovery of transition costs and in addition, SCE started accumulating its procurement-related liabilities. For instance, if SCE had to procure energy for this customer at 14¢/kWh, the customer contributed \$80 $[(14¢/\text{kWh} - 6¢/\text{kWh}) \times 1000 \text{ kWh}]$ to SCE's procurement-related liabilities for the billing cycle. In other words, from the customer's original bill of \$100, \$40 went to pay non-generation costs leaving only \$60 to cover generation costs. Because SCE incurred \$140 for the cost of procuring energy for this customer, SCE was left responsible for \$80 in procurement-related liabilities for this bundled customer.

SCE continued: Now consider a similarly situated DA customer. This customer's bill was first calculated just as for a bundled service customer (\$100),

² Under D.99-06-058, SCE is still liable to pay credits to DA customers should energy costs rise sufficiently.

and then the customer was credited for the cost of procured energy. When the cost of power was 3¢/kWh, the DA customer would have received a credit of \$30, leaving a net bill of \$70. If the cost of power were 14¢/kWh as in the previous example, the DA customer would have received a credit of \$140, resulting in a credit bill, or payment from SCE of \$40. Adding in the \$40 of non-generation costs incurred, SCE would be responsible for a total liability of \$80, exactly the same impact as the bundled service customer. SCE borrowed to pay these liabilities as long as it was creditworthy. Starting January 5, 2001, SCE could not borrow money and stopped making such payments. What SCE was not able to pay became a procurement-related liability to the ESPs performing consolidated billing. DA customers with dual or UDC consolidated billing continued to net their negative (credit) bills against subsequent positive bills from SCE even after SCE became non-creditworthy.

CLECA argues that SCE has failed to establish the responsibility of current direct access customers for recovery of a portion of its procurement undercollection amount. It says payment of direct access credits in excess of the generation rate component of frozen tariff rates occurred only because in 1999 SCE voluntarily entered into a stipulation with representatives of the ESPs to change the manner of calculating the direct access credit. The stipulation permitted the direct access credit to float with the PX price, going above the frozen rate level if necessary. No customer group asked for that stipulation and none signed it. It was strictly an arrangement between SCE and the ESPs, one in which SCE agreed to remove the “zero minimum bill” provision from its tariff in exchange for the ESPs’ dropping their demand to see the input data used by SCE to establish the monthly credit.

CLECA also contends that direct access customers generally received no benefit from the application of this billing methodology. It points out that among the SCE large commercial and industrial direct access customers in December 2000, the vast bulk of the accounts were using the ESP consolidated billing option. Under this arrangement, SCE sent its bill for transmission and distribution services directly to the ESP and looked entirely to the ESP for payment. When the amount of the direct access credit exceeded the frozen tariff rate, SCE provided a net credit. Until January 5, 2001, SCE would write a check for the accumulated credit balance to the ESP. CLECA believes that under this billing option, the net credit went to the ESP; it did not go to the customer. A review of the testimony of the witness sponsored by CLECA does not support this conclusion.

The witness for CLECA testified that DA customers did not benefit from the higher DA credits. She said “I am somewhat familiar with DA contacts, and I am generally familiar with the nature of some of the pricing arrangements agreed to by DA customers during the relevant period. In many of these cases, the customer was quite careful to protect itself against the possibility that energy prices might increase and that the sum of the charges under a DA transaction might exceed the otherwise applicable frozen tariff rate. They did so by choosing pricing that involved a small discount from the otherwise applicable frozen tariff rate (OAT minus), rather than a discount from the PX prices.” She said the effect of “OAT minus” pricing effectively shifted the risk of increasing market prices for power away from the customer and on to the ESP. The ESP was committed to supply power to the customer at the customer’s frozen tariff rate less a percentage discount, typically in the 1% to 3% range. Because the pricing under the contract was not tied to PX prices, the customer was insulated from the

possibility that a sudden natural gas price increase or other factors might drive up the PX prices to levels that exceeded its frozen OAT rate. As between the DA customer and the ESP, the DA credit was irrelevant; the pricing was strictly OAT minus a discount, and any DA credits actually paid were kept by the ESP. She said “under the ESP consolidated billing feature, the ESP assumed all of the customer’s payment obligations to SCE, and SCE rendered the bill to the ESP and looked to that entity for payment.” She concluded, therefore, “if SCE is seeking to recover procurement costs in excess of the average generation costs embedded in the frozen rates, it should look to the parties to whom it paid or will pay the PX or DA credit. If DA customers did not receive these credits directly from SCE, there is no reason to require customers to pay the HPC.”

CLECA’s presentation is not persuasive. Rather than supporting the proposition that DA customers did not benefit from the DA credit, it proves the contrary. The DA customer entered into an agreement by which the ESP priced its electricity at a discount to the applicable frozen tariff rates. In exchange, the DA customer gave its right to receive the DA credit to the ESP. The DA customer bartered its DA credit for a fixed electric rate. It could not be any clearer that the DA customer benefited from the DA credit.³

B. The Settlement Agreement

The Settlement Agreement between SCE and the Commission, approved by the Federal District Court on October 5, 2001, specifically identified

³ We have addressed the DA customer benefit issue because CLECA raised it and many parties support CLECA’s position. However, we wish to emphasize that in setting rates, past benefit is only one consideration of many. Taken to its logical conclusion, no customer who first took service from SCE after August 2001 (e.g., residential customers) would have to pay the PROACT portion of their electric bill.

SCE's procurement related liabilities. The unpaid credit bills which resulted from market energy prices in excess of SCE's generation rate are reflected in Schedule 1.1 of the Settlement Agreement as a procurement related liability to the DA customers' ESPs. The amounts SCE borrowed to pay the credit bills prior to January 5, 2001 or to purchase energy for current DA customers while they received bundled service are reflected in other line items of Schedule 1.1. The Settlement Agreement specifically identifies a starting balance for the PROACT that SCE is entitled to recover. The PROACT balance of \$3.577 billion as of August 31, 2001 was verified by the Commission's Energy Division on November 2, 2001.

The pertinent portions of the Settlement Agreement and Stipulated Judgment which pertain to this proceeding are:

A. Settlement Agreement

**ARTICLE 2
RATE STABILIZATION AND COST RECOVERY**

Section 2.1 Procurement Related Obligations Account (PROACT).

- (a) The CPUC will establish the Procurement Related Obligations Account (PROACT) by order. The opening balance thereof will be the excess of SCE's Procurement Related Liabilities as of August 31, 2001 over SCE's cash and cash equivalents on hand as of such date, *less* the sum of \$300 million. . . . The Parties estimate that the balance of the PROACT as of the date hereof is approximately \$3.3 billion.

- (b) SCE will apply all accrued Surplus⁴ to the PROACT on a monthly basis or such periodic basis as may be established by the CPUC, . . .

. . .

- (d) During the Recovery Period from and after September 1, 2001, all Surplus shall be applied to the PROACT. . . .

Section 2.2 Recovery of Procurement Related Obligations. The Parties hereby agree that during the Recovery Period SCE shall recover in retail electric rates its Procurement Related Obligations recorded in the PROACT. The Parties acknowledge that they each currently project that the maintenance of Settlement Rates will likely result in sufficient Surplus for SCE to recover substantially all of its unrecovered Procurement Related Obligations prior to the end of 2003. . . . (Emphasis added.)

Section 2.9 Intended Effects. The CPUC shall adopt such decisions or orders as it deems necessary to implement and carry out the provisions of this Agreement, it being understood that this Agreement and the Stipulated Judgment contemplated hereby shall be binding and irrevocable upon the Parties, notwithstanding such future decisions and orders of the CPUC. It is the intent of the Parties that SCE actually recover Procurement Related Obligations recorded in the PROACT, without offset, as rapidly as possible during the Rate Repayment Period consistent with the terms hereof, and in any event during the Recovery Period. (Emphasis added.)

⁴ “*Surplus*” means the difference, positive, or negative, if any, of SCE’s revenues from retail electric rates (including surcharges) during the Recovery Period over SCE’s Recoverable Costs for the same period. (Emphasis added.)

B. The Stipulated Judgment

...

3. As a party to the Agreement, the Commission (as distinct from the individual Defendants) joins in and agrees to be bound by all of the terms of this stipulated judgment. The CPUC agrees to waive any defense it may have to the Court's jurisdiction based upon the Eleventh Amendment, or other defense, for purposes of this case only.

...

E. Future Effect

1. The Agreement that is incorporated herein provides for SCE to recover certain costs in retail rates over time. An essential element of this stipulated judgment is to provide certainty that SCE will be able to recover such costs in accordance with the Agreement. SCE and the CPUC contemplate that third parties will rely on such certainty in extending credit to SCE. Accordingly, enforcement of this stipulated judgment and the Agreement are essential in order to restore SCE's creditworthiness, which is in the interest both of SCE and of the CPUC. (Emphasis added.)
2. The parties and their respective successors and assigns agree to be bound by the terms of this stipulated judgment and agree not to contest its validity in any subsequent proceeding. Defendants recognize that market prices may fluctuate, that state or federal law may be modified, and that other circumstances may change, and nevertheless intend that this stipulated judgment be binding and enforceable in the future in accordance with its terms. (Emphasis added.)

3. The Court enters this stipulated judgment and Agreement as its judgment, and retains jurisdiction to enforce the judgment in the future, as may be necessary.

Kroger and Sempra contend that the HPC proposal should be denied because the Settlement Agreement does not refer to or authorize the HPC. 7-Eleven states that the PROACT is only to be recovered from retail, or bundled customers. Those contentions have no merit. The PROACT balance includes SCE's liabilities and undercollections caused by the DA credit. The Settlement Agreement authorizes the recovery of the PROACT balance from retail customers through retail rates. DA customers are retail customers and pay retail rates. The HPC is merely the method of paying the PROACT balance for these customers. It results from the Settlement Agreement.

Kroger claims that the HPC violates Public Utilities Code Section 368(a), which prohibits the post rate-freeze recovery of undercollections incurred during the rate-freeze period. This claim is irrelevant. The Settlement Agreement between SCE and the Commission mooted any argument that SCE's undercollections should not be recovered through retail rates. The Settlement Agreement specifically permits SCE to recover the PROACT balance from customers through retail rates. As we said, DA customers are retail customers and pay retail rates.

Kroger also contends that the HPC would constitute retroactive ratemaking because SCE seeks to adjust DA customers' rates to make up for past unreasonable rates. EPUC claims that the PROACT is defective because it was created only after SCE incurred its undercollections. Both arguments are irrelevant. This proceeding is to implement a settlement approved by the federal court. We are not here to rehash past positions.

C. Securitization

Some parties have suggested that the PROACT balance be securitized and recovered over a longer time period. It is not clear whether these parties are seeking the securitization of the entire PROACT balance or only the DA customers' share of it. The Settlement Agreement does make an allowance for the Commission to approve securitization of all or a part of the PROACT balance "in order to reduce the retail rate impact" (Settlement Agreement, Section 2.2 (c)). In any case, to reduce the associated financing costs and assure the repayment of bonds necessary for securitizing the PROACT balance, SCE believes that some form of legislation will be required. Given the lead time required for passage of legislation and issuance of bonds, the administrative costs of issuing the bonds, and the short expected time for recovery of the PROACT balance from bundled service customers, SCE does not support the securitization option for DA customers. In addition, as described below, even with the HPC deducted from the current DA credit, DA customers will continue to receive a credit of about 8.5¢/kWh.

If it is determined that direct access customers are to be held liable for repayment of a portion of the undercollection amount, CLECA recommends securitization of the entire \$3.577 billion (or the amount remaining unrecovered at the time of this decision). It says securitization has several advantages over the SCE proposal. First, it is contemplated in the Settlement Agreement. Second, it would provide immediate funds to pay off SCE's creditors and would restore the utility to financial health at an earlier date. Third, if the period were five years, it would permit an immediate rate reduction of perhaps 1.25¢ to 1.5¢ per kWh for all customers, bundled and direct access.

In our opinion, securitization is not a reasonable option, the parties suggesting it propose terms as long as five years. This is contrary to the Settlement Agreement's standard to collect the PROACT "as rapidly as possible." (Section 2.9.) Two years, as proposed by SCE is a reasonable period. It is consistent with the expected recovery of the bundled customers' portion of the PROACT balance.

V. HPC Proposal

A. Calculation of HPC

SCE proposes to establish an HPC for use in determination of the DA credit, based on the starting PROACT balance as verified by the Commission's Energy Division. SCE says, as described above, DA customers contributed to, and are responsible for, the PROACT balance in the same manner as are bundled service customers. Currently (since June 3, 2001) only bundled service customers are making payments towards the recovery of PROACT balance. The proposed HPC will recover the DA customers' share of SCE's procurement related obligations over a two-year period. This is consistent with the expected end of the recovery period for the balance of the PROACT from bundled service customers.

To calculate the HPC, the PROACT balance is first amortized, with interest, over two years. This annual revenue requirement for the HPC is then allocated to individual rate groups based on each group's contribution to SCE's procurement related liabilities. For most of the period from June 2000 to September of 2001, SCE's procurement costs, and the DA credit, exceeded revenues recovered through the generation component of retail rates. The net effects of this for both bundled service and DA customers were negative CTC contributions (as reflected in the negative Transition Revenue Account, or TRA,

balance) and increased liabilities for SCE. The contribution of each rate group to these negative monthly TRA balances are summed over 2000 and 2001 for each of SCE's 13 rate groups. The ratio of each rate group's total to SCE's system total is used to allocate the annual revenue requirement of the amortized PROACT balance among rate groups. Each rate group's allocation of the total HPC revenue requirement is then divided by the 2002 sales forecast for that rate group to calculate the HPC. These allocation factors and resulting rates are shown in Table 1 below.

Table 1
Historical Procurement Charge

Rate Group	2002 Forecast (GWh)	Rate Group HPC Allocator	PROACT Revenue Requirement (000's)	Allocated PROACT Revenue (000's)	Interim HPC (c/kWh)
Domestic	24,456.2	30.04%		\$582.1	2.380
GS-1	4,166.0	5.19%		100.5	2.412
TC-1	173.9	0.25%		4.8	2.740
GS-2	21,996.2	29.64%		574.5	2.612
TOU-GS	523.9	0.68%		13.1	2.509
LSMP	26,860.0	35.75%		\$692.9	2.580
TOU-8-Sec	8,955.8	11.91%		230.8	2.577
TOU-8-Pri	6,997.8	8.73%		169.2	2.418
TOU-8-Sub	7,931.9	9.45%		183.1	2.308
Large Power	23,885.5	30.09%		\$583.2	2.441
PA-1	621.7	0.64%		12.4	2.001
PA-2	592.4	0.65%		12.6	2.123
AG-TOU	884.9	1.16%		22.5	2.542
TOU-PA-5	718.0	0.87%		16.9	2.359
Ag. & Pump	2,817.0	3.33%		\$64.4	2.288
Street Lights	561.3	0.79%		15.4	2.738
System	78,580.0	100.00%	\$1,937.9	\$1,937.9	2.466

B. Modification to the Energy Credit

DA customers are currently credited the generation rate component of their OAT. This credit includes all surcharges adopted by the Commission since January 2001, in excess of 4¢/kWh. As a result, DA customers make no contribution to either going-forward power procurement costs (which includes the cost of both past and future DWR power purchases) or SCE's procurement related obligations, unlike bundled service customers who are currently fulfilling their obligation. SCE proposes to modify the currently effective credit calculation by subtracting the HPC from the generation rate of the DA customers' OAT before it is credited to them. The HPC would have the effect of lowering the credit paid to DA customers and contributing to the recovery of the PROACT balance.⁵ This lower credit is consistent with SCE's current weighted average energy cost, as evidenced by the surplus being contributed by the bundled service customers toward the recovery of the PROACT balance and still represents a system average DA credit of about 8.5¢/kWh. Upon authorization, SCE would modify its tariffs to include the HPC, by rate schedule.

Given that SCE has actually paid \$148 million of such credits and owes, by its own calculation, another \$243 million, CLECA submits that SCE should not be permitted to collect an average of 2.466¢ per kWh for 24 months from direct access load that is roughly 14% of SCE's total load. The charge, as proposed by SCE, is expected to generate more than \$540 million over the 24-month period, \$150 million more than SCE asserts it will provide in credits

⁵ Under the settlement, total revenues minus authorized costs ("Surplus") are booked to the PROACT account. Since the HPC reduces the DA credit, it will increase the revenues and the amount booked to the PROACT, expediting recovery of the balance.

and \$394 million more than it has paid to date. It appears to CLECA that direct access customers are being asked to pay more than their fair share.

CLECA argues that there is likely to be a serious mismatch between a customer's serving ESP during the high cost period and its serving ESP today. SCE's proposal places a very significant burden on current direct access customers to recover costs SCE incurred to provide credits to ESPs in the past. The customer may or may not have a contract with the same ESP who provided the service and received the credit in 2000, and it may or may not have completely different pricing and other contractual terms that make impossible any adjustment of the benefit and burden. It is unlikely that the ESP and the customer will have contracted to apportion this new cost element.

Finally, CLECA questions whether SCE should be permitted to recover these costs from anyone. It was SCE's decision to agree to take the market risk that the ESPs had acquired through their contracts with customers. Customers should not have to make SCE whole for that decision. It was the ESPs with whom SCE agreed to credit the excess over the frozen rates, it was the ESPs to whom SCE paid the credits, and it was the ESPs who benefited from the credits, not SCE's direct access customers. SCE should be directed to look to the ESPs for recovery.

CLECA's position is without merit. The amount SCE will collect from DA customers depends upon the amount of energy used by DA customers. The more they use the more the PROACT balance will be paid down during the two-year period. DA customers who return to bundled service will pay the bundled rate. The revenue retained by SCE's proposed modification to the energy credit is not meant to equal the amount SCE paid and is obligated to pay for negative credits. Should DA current use be less than prior use, the total amount DA

customers will be charged will be less than the negative credits paid by SCE. The proposed HPC applies to meter usage going forward. It does not reflect customer use in the past.

The formula is discussed above, in Section V. The other points made by the parties are irrelevant. The “mismatch” between customers served today and those served during the high cost period is not pertinent. Current customers pay current rates. The PROACT balance was fixed in the Settlement Agreement and is to be recovered through “retail rates.” It is too late to argue that those costs should not be recovered from anyone.

C. Overcollection

The PROACT balance of approximately \$3.8 billion is recovered through two revenue streams. The first is from bundled customers who currently pay the frozen rates plus a 4¢/kWh surcharge. The “Surplus” as defined in the Settlement Agreement is applied to reduce the PROACT balance. Bundled customers have been contributing to the PROACT balance since September 2001 in the amount of approximately \$250 million per month. The second is from DA customers. These customers have been paying nothing toward the PROACT balance and will not pay anything until this proceeding is concluded.

Under SCE’s proposal, DA customers will pay a share of the PROACT balance commensurate with the proportion of SCE’s total system load that is served through direct transactions. For example, if 15% of SCE’s system load is served under DA contracts, then DA customers will pay approximately 15% of the PROACT balance. If 5% is served, then DA customers will pay 5% of the PROACT balance.

Under SCE's current method for crediting DA customers, these customers only pay for transmission, distribution, and other non-generation costs. Therefore, the amounts paid by these customers exactly offset the costs associated with serving these customers and they do not contribute any surplus to the recovery of the PROACT balance. Under SCE's HPC proposal, these customers will not be credited with the entire generation rate component of their OAT. This results in HPC revenues being credited to the PROACT.

The HPC will be effective for the full 24-month period. The amount recovered through the HPC after the PROACT balance is recovered will be credited to the procurement cost account for bundled service customers. It is necessary for DA customers to pay their share of PROACT for two complete years out of fairness to bundled customers, regardless of when SCE recovers its PROACT balance. Otherwise, because of the delay in implementing the HPC, should the PROACT balance be recovered in less than the two-year HPC period, bundled customers would have paid a disproportionate share of the PROACT. Should the PROACT balance be recovered in less than the two-year HPC period, the excess amounts paid by DA customers will be credited to bundled customers.

Should the frozen rates contemplated in the Settlement Agreement be removed prior to the expiration of the two-year HPC period and there is no longer a generation credit to be given to DA customers, then SCE would convert the reduction to the credit to a charge on the DA customer's bill. For example, rather than reduce the generation credit from 11¢/kWh to 8.5¢/kWh, SCE would add 2.5¢/kWh to the DA customer's transmission and distribution bill. After the PROACT balance is recovered, and until the two-year HPC period is completed, the 2.5¢/kWh charge would be credited to the bundled customers.

VI. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(d) and Rule 77.1 of the Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____.

Findings of Fact

1. SCE has credited DA customers with the generation rate of their OAT since June 3, 2001. This has resulted in DA customers avoiding surcharges adopted by the Commission in year 2001 on a prospective basis and DA customers making no contribution to SCE's Procurement Related Obligations, unlike bundled service customers who are currently paying these obligations.

2. As a result of the DA credit method, DA customers have contributed to SCE's Procurement Related Liabilities in the same manner as bundled service customers.

3. Since September 1, 2001, SCE has received positive revenues from bundled service customers toward reducing the PROACT balance, while DA customers have contributed nothing to the recovery of the liabilities to which they contributed.

4. SCE's HPC rectifies this inequity by making DA customers pay a fair amount of SCE's past procurement costs.

5. SCE reached a Settlement Agreement with the Commission in Federal District Court Case No. 00-12056-RSWL (Mcx) that allows SCE to recover its past procurement cost undercollections as measured by the starting balance in the PROACT.

6. The Settlement Agreement specifically identifies a starting balance for the PROACT that SCE is entitled to recover. The Commission approved the

PROACT balance of \$3.578 billion as of August 31, 2001 in Resolution E-3765.

With interest, the balance is approximately \$3.8 billion.

7. Section 2.2 of the Settlement Agreement states that “SCE shall recover in retail electric rates its Procurement Related Obligations recorded in the PROACT.”

8. HPC will recover the DA customers’ share of SCE’s Procurement Related Obligations through current and future rates by applying the HPC to the electricity use of DA customers in SCE’s territory over a two-year period beginning 10 days after the effective date of this decision.

9. SCE will modify the currently effective DA credit calculation by subtracting the HPC as adopted from the generation rate of the DA customers’ OAT before it is credited to them. The HPC will have the effect of reducing future DA credits.

10. The HPC must be effective for the full 24-month period. The amount recovered through the HPC after the PROACT balance is recovered will be credited to the procurement cost account for bundled service customers. It is necessary for DA customers to pay their share of PROACT for two complete years out of fairness to bundled customers, regardless of when SCE recovers its PROACT balance.

Conclusions of Law

1. The Settlement Agreement between SCE and the Commission approved by the Federal District Court is binding on the Commission.

2. The Settlement Agreement provides that the PROACT balance shall be recovered “in retail electric rates.” This requirement cannot be modified.

3. Direct access customers of SCE pay retail electric rates and are obligated to pay a portion of the PROACT balance as described in this decision.

4. The DA credit methodologies that SCE implemented from January 19, 2001 through the present are reasonable on the basis that they: (1) establish the equivalence of contribution to SCE's past procurement related liabilities of DA and bundled service customers, and (2) are consistent with the calculation of Procurement Related Liabilities as set forth in Schedule 1.1 of the Settlement Agreement, which has been approved by the Commission in Resolution E-3765.

5. The HPC as described in Exhibits 101 and 102, and shown in Table V-I of Exhibit 102 (Table 1 of this opinion) is reasonable and is adopted.

O R D E R

IT IS ORDERED that:

1. Southern California Edison Company (SCE) shall begin charging direct access customers the Historic Procurement Charge (HPC) authorized by this Order 10 days from today's date. The HPC shall be in effect for two years from the date SCE begins charging the HPC.

2. Within five days of today's date SCE shall file an advice letter to implement this Order. The advice letter shall be effective 10 days from today's date subject to Energy Division determining that it is in compliance with this Order. Specifically the advice letter shall:

- a. Update tariffs to modify Schedule PE and Schedule DA to show the HPC in this Order that are applicable to direct access customers in each rate schedule;
- b. Provide sample bills for direct access customers in each rate group for which a specific HPC is assessed, and;
- c. Establish the HPC Refund Account. If SCE fully recovers Commission approved procurement related obligations that are currently being booked in the PROACT account less than

two years from the date SCE begins charging the HPC, SCE shall record by customer group in the HPC Refund Account, revenues associated with the HPC authorized by this Order. SCE shall begin recording revenues in the HPC Refund Account beginning on the day after SCE's fully recovers the procurement related obligations. SCE shall stop recording revenues in the HPC Refund Account two years from date on which SCE begins charging direct access customers the HPC. SCE shall credit interest on balances in the HPC Refund Account in the same manner as it credits interest in its Electric Deferred Refund Account. If SCE has not fully recovered its procurement related obligations two years from the date on which it begins charging the HPC, SCE shall eliminate the HPC Refund Account without recording any revenues in that account.

3. SCE shall file an advice letter 30 days after it stops recording revenues in the HPC Refund Account established pursuant to this Order. This advice letter shall set forth a plan to return revenues accumulated in the HPC Refund Account to SCE's bundled service customers. The plan to return revenues recorded in the HPC Refund Account shall be the same as the plan SCE uses to refund revenues accumulated in its Electric Deferred Refund Account, as authorized by Decision (D.) 96-12-025 and Resolution E-3525, except that (a) SCE will carry out the HPC refund plan one time only, (b) the HPC refund plan shall apply to all bundled service customers, and (c) SCE shall allocate the HPC refund such that revenues recorded in the HPC Refund Account for a specific customer group are returned to bundled service customers in the same customer group. This advice letter shall become effective upon approval by the Commission. SCE shall include workpapers with this advice letter that show the monthly entries to the HPC Refund Account for each customer group, and how these entries were calculated. After the Commission has authorized SCE to return the balance in the HPC

Refund Account to bundled service customers, SCE shall eliminate the HPC Refund Account.

4. Should the PROACT balance be recovered in less than the two-year HPC period, the excess amounts paid by DA customers shall be credited to bundled customers, in the manner set forth in the order.

5. Should the frozen rates contemplated in the Settlement Agreement be removed prior to the expiration of the two-year HPC period and there is no longer a generation credit to be given to DA customers, SCE shall convert the reduction to the credit to a charge on the DA customer's bill.

6. This proceeding is closed.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A
******* SERVICE LIST *******
Last Update on 25-FEB-2002 by: DYK
A9807003 LIST

******* APPEARANCES *******

James H. Butz
AIR PRODUCTS AND CHEMICALS, INC.
7201 HAMILTON BLVD.
ALLENTOWN PA 18195
(610) 481-4239
butzjh@apci.com

Christine H. Jun
Attorney At Law
ALCANTAR & KAHL LLP
120 MONTGOMERY STREET, STE 2200
SAN FRANCISCO CA 94104
(415) 421-4143
chj@a-klaw.com
For: Energy Producers & Users Coalition

Michael Alcantar
Attorney At Law
ALCANTAR & KAHL LLP
1300 SW FIFTH AVENUE, SUITE 1750
PORTLAND OR 97201
(503) 402-9900
mpa@a-klaw.com
For: Cogeneration Association of California (CAC)

Evelyn Kahl
Attorney At Law
ALCANTAR & KAHL, LLP
120 MONTGOMERY STREET, SUITE 2200
SAN FRANCISCO CA 94104
(415) 421-4143
ek@a-klaw.com
For: Energy Producers and Users Coalition

Edward G. Poole
Attorney At Law
ANDERSON & POOLE
601 CALIFORNIA STREET, SUITE 1300
SAN FRANCISCO CA 94108-2818
(415) 956-6413
epoole@adplaw.com
For: California Independent Petroleum Assoc. (CIPA)

Merilyn Ferrara
ARIZONA PUBLIC SERVICE
400 N 5TH ST.
PHOENIX AZ 85004
(602) 250-3161
mFerrara@apsc.com

Barbara R. Barkovich
BARKOVICH AND YAP, INC.
31 EUCALYPTUS LANE
SAN RAFAEL CA 94901
(415) 457-5537
brbarkovich@earthlink.net
For: Barkovich & Yap, Inc.

Reed V. Schmidt
BARTLE WELLS ASSOCIATES
1889 ALCATRAZ AVENUE
BERKELEY CA 94703
(510) 653-3399
rschmidt@bartlewells.com
For: California City-County Street Light Assoc.

Marco Gomez
Attorney At Law
BAY AREA RAPID TRANSIT DISTRICT
800 MADISON STREET, 5TH FLOOR
OAKLAND CA 94607
(510) 464-6058
mgomez1@bart.gov

Scott Blaising, Attorney At Law
BRAUN & ASSOCIATES, P.C.
8980 MOONEY ROAD
ELK GROVE CA 95624
(916) 682-9702
blaising@braunlegal.com
For: City of Cerritos

Chris Williamson
BREITBURN ENERGY COMPANY, LLC
515 S. FLOWER STREET, SUITE 4800
LOS ANGELES CA 90071
(213) 225-5900
cwilliamson@breitburn.com
For: BreitBurn Energy Company, LLC

Maurice Brubaker
BRUBAKER & ASSOCIATES, INC.
1215 FERN RIDGE PARKWAY, SUITE 208
ST. LOUIS MO 63141
(314) 275-7007
mbrubaker@consultbai.com
For: Brubaker & Associates, Inc.

Karen N. Mills
Atty At Law
CA FARM BUREAU FEDERATION
2300 RIVER PLAZA DRIVE
SACRAMENTO CA 95833
(916) 561-5655

APPENDIX A
******* SERVICE LIST *******
Last Update on 25-FEB-2002 by: DYK
A9807003 LIST

kmills@cbbf.com

Fernando De Leon
Attorney At Law
CALIFORNIA ENERGY COMMISSION
1516 9TH STREET, MS-14
SACRAMENTO CA 95814-5512
(916) 654-4873
fdeleon@energy.state.ca.us
For: California Energy Commission

Ann Trowbridge
Attorney At Law
DOWNEY BRAND SEYMOUR & ROHWER
555 CAPITOL MALL, 10TH FLOOR
SACRAMENTO CA 95624
(916) 441-0131
atrowbridge@dbsr.com
For: Real Energy, Inc./Sutter Health

Ronald Liebert
Attorney At Law
CALIFORNIA FARM BUREAU FEDERATION
2300 RIVER PLAZA DRIVE
SACRAMENTO CA 95833
(916) 561-5657
rliebert@cbbf.com
For: California Farm Bureau Federation

Dan L. Carroll
Attorney At Law
DOWNEY BRAND SEYMOUR & ROHWER, LLP
555 CAPITOL MALL, 10TH FLOOR
SACRAMENTO CA 95814
(916) 441-0131
dcarroll@dbsr.com
For: California Industrial Users

John A. Barthrop
General Counsel
COMMONWEALTH ENERGY CORP.
15901 RED HILL AVE., SUITE 100
TUSTIN CA 92780
(714) 259-2586
jbarthrop@electric.com

Philip A. Stohr
DAN L. CARROLL
Attorney At Law
DOWNEY, BRAND, SEYMOUR & ROHWER
555 CAPITOL MALL, 10TH FLOOR
SACRAMENTO CA 95814-4686
(916) 441-0131
pstohr@dbsr.com
For: California Industrial Users

Edward Wheless
COUNTY SANITATION DISTRICTS OF L.A.
PO BOX 4998
WHITTIER CA 90607
(562) 699-7411
ewheless@lacsdc.org

Michael G. Nelson
Attorney At Law
ELECTRICAMERICA
15901 REDHILL AVENUE, SUITE 100
TUSTIN CA 92780
(800) 962-4655
For: Commonwealth Energy Corporation

Edward W. O'Neill
Attorney At Law
DAVIS WRIGHT TREMAINE, LLP
ONE EMBARCADERO CENTER, SUITE 600
SAN FRANCISCO CA 94111-3834
(415) 276-6500
edwardoneill@dwt.com
For: CALPINE CORPORATION

Lynn M. Haug
Attorney At Law
ELLISON & SCHNEIDER
2015 H STREET
SACRAMENTO CA 95814-3109
(916) 447-2166
lmh@eslawfirm.com
For: Dept. of General Services

Norman J. Furuta
Attorney At Law
DEPARTMENT OF THE NAVY
2001 JUNIPERO SERRA BLVD., SUITE 600
DALY CITY CA 94014-1976
(650) 746-7312
FurutaNJ@efawest.navfac.navy.mil
For: Federal Executive Agencies

Andrew Brown
Attorney At Law
ELLISON, SCHNEIDER & HARRIS, LLP
2015 H STREET
SACRAMENTO CA 95814
(916) 447-2166
abb@eslawfirm.com

APPENDIX A
******* SERVICE LIST *******
Last Update on 25-FEB-2002 by: DYK
A9807003 LIST

For: DEPARTMENT OF GENERAL SERVICES

James D. Squeri
Attorney At Law
GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP
505 SANSOME STREET, SUITE 900
SAN FRANCISCO CA 94102
(415) 392-7900
jsqueri@gmsr.com
For: California Retailers Association

Michael B. Day
JEANNE BENNETT
Attorney At Law
GOODIN MACBRIDE SQUERI RITCHIE & DAY LLP
505 SANSOME STREET, SUITE 900
SAN FRANCISCO CA 94111-3133
(415) 392-7900
mday@gmsr.com
For: Enron Energy Service, Inc., Enron North America Corp.

Brian T. Cragg
Attorney At Law
GOODIN, MACBRIDE, SQUERI, RITCHIE & DAY
505 SANSOME STREET, NINTH FLOOR
SAN FRANCISCO CA 94111
(415) 392-7900
bcragg@gmsr.com
For: County Sanitation Districts of Los Angeles

Anne C. Selting
Attorney At Law
GRUENEICH RESOURCE ADVOCATES
582 MARKET STREET, SUITE 1020
SAN FRANCISCO CA 94104
(415) 834-2300
aselting@gralegal.com
For: University of California/ California State Universities

Clyde Murley
GRUENEICH RESOURCE ADVOCATES
582 MARKET STREET, SUITE 1020
SAN FRANCISCO CA 94104
(415) 834-2300
cmurley@gralegal.com

Jody S. London
Attorney At Law
GRUENEICH RESOURCE ADVOCATES
582 MARKET STREET, SUITE 1020
SAN FRANCISCO CA 94104
(415) 834-2300
jlondon@gralegal.com

Norman A. Pedersen
LAWRENCE G. WATKINS, JR.
Attorney At Law
HANNA AND MORTON LLP
444 SOUTH FLOWER ST., SUITE 2050
LOS ANGELES CA 90071-2922
(213) 430-2510
npedersen@hanmor.com
For: Commonwealth Energy Corp. (Fred Bloom)

Lon W. House
4901 FLYING C ROAD
CAMERON PARK CA 95682-9615
(530) 676-8956
lwhouse@el-dorado.ca.us
For: ACWA-USA

Daniel W. Douglass
Attorney At Law
LAW OFFICES OF DANIEL W. DOUGLASS
5959 TOPANGA CANYON BLVD., STE 244
WOODLAND HILLS CA 91367
(818) 596-2201
douglass@energyattorney.com
For: Alliance for Retail Energy Markets/Western Power Trading Forum

William H. Booth
Attorney At Law
LAW OFFICES OF WILLIAM H. BOOTH
1500 NEWELL AVENUE, 5TH FLOOR
WALNUT CREEK CA 94596
(925) 296-2460
wbooth@booth-law.com
For: California Large Energy Consumers Association

John W. Leslie
Attorney At Law
LUCE FORWARD HAMILTON & SCRIPPS, LLP
600 WEST BROADWAY, SUITE 2600
SAN DIEGO CA 92101-3391
(619) 699-2536
jleslie@luce.com

Lisa Urick
Attorney At Law
MANATT, PHELPS & PHILLIPS
11355 WEST OLYMPIC BLVD.
LOS ANGELES CA 90064
(310) 312-4185
lurick@manatt.com

APPENDIX A
******* SERVICE LIST *******
Last Update on 25-FEB-2002 by: DYK
A9807003 LIST

For: Kern Oil & Refining Co./Paramount Petroleum Co./Los Angeles Unified School

Lisa Urick
Attorney At Law
MANATT, PHELPS & PHILLIPS
11355 WEST OLYMPIC BLVD.
LOS ANGELES CA 90064
(310) 312-4185
lurick@manatt.com
For: Paramount Petroleum Co.

C. Susie Berlin
Attorney At Law
MC CARTHY & BERLIN, LLP
2105 HAMILTON AVENUE, SUITE 140
SAN JOSE CA 95125
(408) 558-0950
sberlin@mccarthylaw.com
For: City of San Marcos

Todd W. Blischke
Attorney At Law
MCCORMICK, KIDMAN & BEHRENS
695 TOWN CENTER DRIVE
COSTA MESA CA 92626
(714) 755-3100
tblischke@mkblawyers.com
For: Laguna Irrigation District

Keith E. McCullough
Attorney At Law
MCCORMICK, KIDMAN & BEHRENS
695 TOWN CENTER DRIVE, SUITE 400
COSTA MESA CA 92626
(714) 755-3100
kmccullough@mkblawyers.com
For: Laguna Irrigation District

David J. Byers
Attorney At Law
MCCRACKEN, BYERS & HAESLOOP
1528 SO. EL CAMINO REAL, SUITE 306
SAN MATEO CA 94402
(650) 377-4890
btenney@landuselaw.com
For: California City-County Street Light Association

Kevin R. Mcspadden
Attorney At Law
MILBANK TWEED HADLEY & MCCLOY
601 SOUTH FIGUEROA, 30TH FLOOR
LOS ANGELES CA 90017

MOCK ENERGY SERVICES
18101 VON KARMAN AVE STE 1940
IRVINE CA 92612
(949) 863-0600
rclark@coral-energy.com
For: Coral Energy Services

Christopher J. Mayer
MODESTO IRRIGATION DISTRICT
PO BOX 4060
MODESTO CA 95352-4060
(209) 526-7430
chrism@mid.org
For: Modesto Irrigation District

Peter W. Hanschen
Attorney At Law
MORRISON & FOERSTER LLP
425 MARKET STREET
SAN FRANCISCO CA 94105
(415) 268-7214
phanschen@mofo.com
For: Agriculture Energy Consumers Association

Kay Davoodi
NAVY RATE INTERVENTION
1314 HARWOOD STREET SE
WASHINGTON NAVY YARD DC 20374-5018
(202) 685-3319
DavoodiKR@efaches.navfac.navy.mil
For: Navy Rate Intervention

Charles Miessner
NEW WEST ENERGY
PO BOX 61868
PHOENIX AZ 85082
(602) 629-7405
cmiessner@newwestenergy.com
For: New West Energy

William T. Bagley
JOSE E. GUZMAN, JR.
Attorney At Law
NOSSAMAN GUTHNER KNOX & ELLIOTT
50 CALIFORNIA STREET, 34TH FLOOR
SAN FRANCISCO CA 94111-4799
(415) 398-3600
jguzman@nossaman.com
For: Poseidon Resources Corporation

APPENDIX A
******* SERVICE LIST *******
Last Update on 25-FEB-2002 by: DYK
A9807003 LIST

(213) 892-4563
kmcspadding@milbank.com

Martin Mattes
Attorney At Law
NOSSAMAN GUTHNER KNOX & ELLIOTT, LLP
50 CALIFORNIA STREET, 34TH FLOOR
SAN FRANCISCO CA 94111-4799
(415) 438-7273
mmattes@nossaman.com
For: Jack in the Box, Inc.

Daniel J. Gerdali
Attorney At Law
NOSSAMAN, GUTHNER, KNOW & ELLIOTT, LLP
50 CALIFORNIA STREET, 34TH FLOOR
SAN FRANCISCO CA 94111
(415) 398-3600
dgerdali@nossaman.com
For: Jack-in-the-Box and Cargill Incorporated

Carl K. Oshiro
Attorney At Law
100 FIRST STREET, SUITE 2540
SAN FRANCISCO CA 94105
(415) 927-0158
oshirock@pacbell.net
For: California Small Business Roundtable and California Small
Business Association

Adam Chodorow
PACIFIC GAS & ELECTRIC COMPANY
77 BEALE STREET, B30-A
SAN FRANCISCO CA 94105
(415) 973-6673
asc5@pge.com
For: PG&E

Mark R. Huffman
Attorney At Law
PACIFIC GAS AND ELECTRIC COMPANY
77 BEALE STREET, ROOM 3133-B30A
SAN FRANCISCO CA 94105
(415) 973-3842
mrh2@pge.com
For: PG&E

Peter Ouborg
Attorney At Law
PACIFIC GAS AND ELECTRIC COMPANY
PO BOX 7442, B30A
SAN FRANCISCO CA 94120

Julio Ramos
Legal Division
RM. 5130
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-4742
jur@cpuc.ca.gov
For: ORA

Jeffrey M. Parrott
MARK W. WARD
Attorney At Law
SAN DIEGO GAS & ELECTRIC COMPANY
HQ-13
101 ASH STREET
SAN DIEGO CA 92101
(619) 699-5063
jparrott@sempira.com

Paul A. Szymanski
Attorney At Law
SEMPRA ENERGY
101 ASH STREET
SAN DIEGO CA 92129
(619) 699-5078
pszymanski@sempira.com
For: SDG&E

Sharon L. Cohen, Attorney At Law
SEMPRA ENERGY
101 ASH STREET, HQ12
SAN DIEGO CA 92101
(619) 696-4355
scohen@sempira.com
For: Sempira Energy Solutions

Robert B. Gex
ANDREW D. MASTIN
Attorney At Law
SKJERVEN, MORRILL, MACPHERSON, FRANKLIN & FRI
THREE EMBARCADERO CENTER, SUITE 2800
SAN FRANCISCO CA 94111
(415) 217-6144
bgex@skjerven.com
For: SF Bary Area Rapid Transit District

Beth A. Fox
Attorney At Law
SOUTHERN CALIFORNIA EDISON COMPANY

APPENDIX A
******* SERVICE LIST *******
Last Update on 25-FEB-2002 by: DYK
A9807003 LIST

(415) 973-2286
pxo2@pge.com
For: PG&E

James P. Shotwell
Attorney At Law
SOUTHERN CALIFORNIA EDISON COMPANY
2244 WALNUT GROVE AVE., ROOM 337
ROSEMEAD CA 91770-0001
(626) 302-4531
shotwejp@sce.com

Jennifer Tsao
Attorney At Law
SOUTHERN CALIFORNIA EDISON COMPANY
2244 WALNUT GROVE AVENUE
ROSEMEAD CA 91770
(626) 302-6819
jennifer.tsao@sce.com
For: SCE

William A. Mogel
ANGELA N. O'ROURKE
SQUIRE, SANDERS & DEMPSEY L.L.P.
ONE MARITIME PLAZA, SUITE 300
SAN FRANCISCO CA 94111
(415) 954-0200
wmogel@ssd.com
For: 7-ELEVEN, INC.

Angela N. O'Rourke
WILLIAM MOGEL
SQUIRE, SANDERS & DEMPSEY, LLP
ONE MARITIME PLAZA, SUITE 300
SAN FRANCISCO CA 94111
(415) 954-0200
aorourke@ssd.com
For: 7-Eleven, Inc.

Steven P. Rusch
STOCKER RESOURCES, INC.
5640 S. FAIRFAX
LOS ANGELES CA 90056
(323) 298-2223
srusch@stockerresources.com
For: Stocker Resources

Keith R. Mccrea
Attorney At Law
SUTHERLAND, ASBILL & BRENNAN LLP
1275 PENNSYLVANIA AVENUE, NW
WASHINGTON DC 20004-2415

2244 WALNUT GROVE AVENUE, RM. 535
ROSEMEAD CA 91770
(626) 302-6897
beth.fox@sce.com
For: SOUTHERN CALIFORNIA EDISON COMPANY

Michel Peter Florio
ROBERT FINKELSTEIN
Attorney At Law
THE UTILITY REFORM NETWORK
711 VAN NESS AVE., SUITE 350
SAN FRANCISCO CA 94102
(415) 929-8876
mflorio@turn.org
For: TURN

Robert Finkelstein
Attorney At Law
THE UTILITY REFORM NETWORK
711 VAN NESS AVE., SUITE 350
SAN FRANCISCO CA 94102
(415) 929-8876
bfinkelstein@turn.org
For: TURN

Bill Julian
Attorney At Law
UTILITIES & COMMERCE
STATE CAPITOL, ROOM 2117
SACRAMENTO CA 95814
(916) 492-9194
BJulian2@aol.com

Michael Shames
Attorney At Law
UTILITY CONSUMERS' ACTION NETWORK
3100 FIFTH AVENUE, SUITE B
SAN DIEGO CA 92103
(619) 696-6966
mshames@ucan.org
For: UCAN

Andrew M. Gilford
Attorney At Law
WESTON, BENSHOOF, ET AL
333 SOUTH HOPE STREET, 16TH FLOOR
LOS ANGELES CA 90071
(213) 576-1000
agilford@wbcounsel.com
For: The Kroyer Co. / Tricon Global Restaurants, Inc.

***** **STATE EMPLOYEE** *****

Robert A. Barnett

APPENDIX A
******* SERVICE LIST *******
Last Update on 25-FEB-2002 by: DYK
A9807003 LIST

(202) 383-0100
kmccrea@sablaw.com
For: CMTA

Christopher J. Blunt
Office of Ratepayer Advocates
RM. 4209
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-1779
cjb@cpuc.ca.gov
For: ORA

Anthony Fest
Office of Ratepayer Advocates
RM. 4205
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-5790
adf@cpuc.ca.gov

Donald J. Lafrenz
Energy Division
AREA 4-A
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-1063
dlf@cpuc.ca.gov

John Larrea
Legal Division
770 L STREET, SUITE 1050
Sacramento CA 95814
(916) 327-1418
jgl@cpuc.ca.gov

Salvador Peinado, Jr.
Energy Division
AREA 4-A
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-2868
spj@cpuc.ca.gov

William H. Rayburn
Energy Division
505 VAN NESS AVE, AREA 4-A
San Francisco CA 94102
(415) 703-1966
hal@cpuc.ca.gov

Administrative Law Judge Division
RM. 5008
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-1504
rab@cpuc.ca.gov

Maria Vanko
Energy Division
AREA 4-A
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-2818
mv1@cpuc.ca.gov

Ourania M. Vlahos
Legal Division
RM. 5037
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-2387
omv@cpuc.ca.gov

Helen W. Yee
Legal Division
RM. 5031
505 VAN NESS AVE
San Francisco CA 94102
(415) 703-2474
yee@cpuc.ca.gov

******* INFORMATION ONLY *******

Jerry Lahr
Program Manager
ABAG POWER
101 EIGHT STREET
OAKLAND CA 94607-4756
(510) 464-7900
jerry1@abag.ca.gov

Marc D. Joseph
Attorney At Law
ADAMS BROADWELL JOSEPH & CARDOZO
651 GATEWAY BOULEVARD, SUITE 900
SOUTH SAN FRANCISCO CA 94080
(650) 589-1660
mdjoseph@adamsbroadwell.com

Mona Patel
BROWN & WOOD LLP
555 CALIFORNIA STREET, 50TH FLOOR
SAN FRANCISCO CA 94104
(415) 772-1265

APPENDIX A
******* SERVICE LIST *******
Last Update on 25-FEB-2002 by: DYK
A9807003 LIST

Maria E. Stevens
Executive Division
RM. 500
320 WEST 4TH STREET SUITE 500
Los Angeles CA 90013
(213) 576-7012
mer@cpuc.ca.gov

Derk Pippin
CALIFORNIA ENERGY MARKETS
9 ROSCOE STREET
SAN FRANCISCO CA 94110-5921
(415) 824-3222
derkp@newsdata.com

Jason Mihos
CALIFORNIA ENERGY MARKETS
9 ROSCOE
SAN FRANCISCO CA 94110
(415) 824-3222
jasonm@newsdata.com

Lulu Weinzimer
CALIFORNIA ENERGY MARKETS
9 ROSCOE STREET
SAN FRANCISCO CA 94110
(415) 824-3222
luluw@newsdata.com

Karen Cann
3100 ZINFANDEL DRIVE, SUITE 600
RANCHO CORDOVA CA 95670-6026
(916) 631-4055
kcann@navigantconsulting.com

Kevin Duggan
CAPSTONE TURBINE CORPORATION
21211 NORDHOFF STREET
CHATSWORTH CA 91311
(818) 734-5455
kduggan@capstoneturbine.com

Chris S. King
Vice President
CELLNET DATA SYSTEMS, INC.
125 SHOREWAY ROAD
SAN CARLOS CA 94070
chrisk@cellnet.com

Andrew J. Skaff, Attorney At Law
ENERGY LAW GROUP, LLP
1999 HARRISON ST., SUITE 2700
OAKLAND CA 94612
(510) 874-4370

mpatel@sidley.com

Steve Macaulay
CALIFORNIA DEPARTMENT OF WATER RESOURCES
3310 EL CAMINO AVENUE, SUITE 120
SACRAMENTO CA 95821
(916) 653-6055

Carolyn Kehrein
ENERGY MANAGEMENT SERVICES
1505 DUNLAP COURT
DIXON CA 95620-4208
(707) 678-9506
cmkehrein@ems-ca.com
For: Energy Users Forum

Kevin Simonsen
ENERGY MANAGEMENT SERVICES
848 EAST THIRD STREET
DURANGO CO 81301
(970) 259-1748
kjsimonsen@ems-ca.com
For: EMS

Dian M. Grueneih, J.D.
GRUENEICH RESOURCE ADVOCATES
582 MARKET STREET, SUITE 102
SAN FRANCISCO CA 94104
(415) 834-2300
dgrueneich@gralegal.com
For: University of California and California State University

Ralph Smith, LARKIN & ASSOCIATES, INC.
15728 FARMINGTON ROAD
LIVONIA MI 48154
(734) 522-3420
ad046@detroit.freenet.org
For: Larkin & Associates, Inc.

Gregory Klatt, Attorney At Law
LAW OFFICES OF DANIEL W. DOUGLASS
212 SAN ANTONIO ROAD
ARCADIA CA 91007
(626) 991-9455
klatt@energyattorney.com
For: Western Power Trading Forum / Alliance for Retail Energy Markets

Christopher A. Hilen, Attorney At Law
LEBOEUF LAMB GREENE & MACRAE LLP
ONE EMBARCADERO CENTER, STE 400
SAN FRANCISCO CA 94111
(415) 951-1100
chilen@llgm.com

APPENDIX A
******* SERVICE LIST *******
Last Update on 25-FEB-2002 by: DYK
A9807003 LIST

askaff@energy-law-group.com

Diane I. Fellman, Attorney At Law
ENERGY LAW GROUP, LLP
1999 HARRISON STREET, SUITE 2700
OAKLAND CA 94612
(415) 703-6000
difellman@energy-law-group.com

Richard Mccann
M.CUBED
2655 PORTAGE BAY ROAD, SUITE 3
DAVIS CA 95616
(530) 757-6363
rmccann@cal.net

Randall W. Keen
MANATT, PHELPS & PHILLIPS, LLP
11355 WEST OLYMPIC BLVD.
LOS ANGELES CA 90064
(310) 312-4000
rkeen@manatt.com

Andrew Ulmer
Attorney At Law
MBV LAW, LLP
855 FRONT STREET
SAN FRANCISCO CA 94111
(415) 781-4400
andrew@mbvlaw.com

Gordon P. Erspamer
Attorney At Law
MORRISON & FOERSTER
101 YGNACIO VALLEY ROAD, SUITE 450
WALNUT CREEK CA 94596-8130
(925) 295-3300
gerspamer@mofo.com
For: AES NewEnergy, Inc.

Seth D. Hilton
MORRISON & FOERSTER LLP
101 YGNACIO VALLEY ROAD
WALNUT CREEK CA 94596
(925) 295-3300
shilton@mofo.com

Brian F. Chase
MORRISON & FORESTER LLP
425 MARKET ST.
SAN FRANCISCO CA 94105-2482
(415) 268-6207
bchase@mofo.com

Karen Lindh
LINDH & ASSOCIATES
7909 WALERGA ROAD, ROOM 112, PMB 119
ANTELOPE CA 95843
(916) 729-1562
karen@klindh.com
For: Industrial customers

Robert B. Weisenmiller
Phd
MRW & ASSOCIATES, INC.
1999 HARRISON STREET, STE 1440
OAKLAND CA 94612-3517
(510) 834-1999
rbw@mrwassoc.com

Sara Steck Myers, Attorney At Law
122 28TH AVENUE
SAN FRANCISCO CA 94121
(415) 387-1904
ssmyers@worldnet.att.net

Max Mayer
NAVIGANT CONSULTING, INC.
3100 ZINFANDEL DRIVE, SUITE 600
RANCHO CORDOVA CA 95670-6026
(916) 631-3200
mmayer@navigantconsulting.com

Janie Mollon
NEW WEST ENERGY COMPANY
PO BOX 61868
PHOENIX AZ 85082-1868
(602) 629-7758
jsmollon@newwestenergy.com

Kris Cheh
O'MELVENY & MYERS LLP
400 SOUTH HOPE STREET
LOS ANGELES CA 90071
(213) 430-6463
kcheh@omm.com

Valerie Winn
PACIFIC GAS & ELECTRIC COMPANY
PO BOX 770000, B9A
SAN FRANCISCO CA 94177-0001
(415) 973-3839
vjw3@pge.com

Don Wolven
RESOURCE MANAGEMENT INTERNATIONAL, INC.
3100 ZINFANDEL DRIVE, SUITE 600

APPENDIX A
******* SERVICE LIST *******
Last Update on 25-FEB-2002 by: DYK
A9807003 LIST

Jill H. Feldman
MORRISON & FORESTER LLP
425 MARKET STREET
SAN FRANCISCO CA 94105
(415) 268-6474
jfeldman@mofo.com

RANCHO CORDOVA CA 95670
(916) 852-1300

Rob Roth
SACRAMENTO MUNICIPAL UTILITY DISTRICT
6201 S STREET MS 75
SACRAMENTO CA 95817
(916) 732-6131
rroth@smud.org

James E. Hay
SEMPRA ENERGY
101 ASH STREET
SAN DIEGO CA 92112
(619) 696-2141
jhay@sempra.com
For: San Diego Gas & Electric

Michael Rochman, Managing Director
SPURR
1430 WILLOW PASS ROAD, SUITE 240
CONCORD CA 94520
(925) 743-1292
rochmanm@spurr.org

Judy Peck
Admin. State Regulatory Relations
SEMPRA ENERGY
601 VAN NESS AVENUE, SUITE 2060
SAN FRANCISCO CA 94102
(415) 202-9986
jpeck@sempra.com
For: Sempra Energy

Charles C. Read
Attorney At Law
STEPTOE & JOHNSON, LLP
1330 CONNECTICUT AVENUE, N.W.
WASHINGTON DC 20036
(202) 429-6244
cread@steptoe.com

Lynn G. Van Wagenen
SEMPRA ENERGY
101 ASH STREET
SAN DIEGO CA 92101
(619) 696-4055
lvanwagenen@sempra.com
For: San Diego Gas & Electric

William Blattner
Adminstrator State Reg. Relations
SEMPRA ENERGY
601 VAN NESS AVENUE, SUITE 2060
SAN FRANCISCO CA 94102
WBLATTNER@SEMPRA.com

Malcolm M. Mccay
SEMPRA ENERGY REGULATORY AFFAIRS
101 ASH STREET
SAN DIEGO CA 92101
(619) 696-4272
mmccay@sempra.com

Bruce Foster
Regulatory Affairs
SOUTHERN CALIFORNIA EDISON COMPANY
601 VAN NESS AVENUE, SUITE 2040
SAN FRANCISCO CA 94102

APPENDIX A
******* SERVICE LIST *******
Last Update on 25-FEB-2002 by: DYK
A9807003 LIST

(415) 775-1856
fosterbc@sce.com

(END OF APPENDIX A)