
October 7, 1998

ADVICE 1338-E
(U 338-E)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Establishment of Schedule ESP-NDSF, Energy Service
Provider-Non Discretionary Service Fees

In compliance with Decision No. 98-09-070 (D.98-09-070), dated September 17, 1998, in Application 97-11-011 (A.97-11-011), Southern California Edison Company (SCE) hereby transmits for filing the following changes in its tariff schedules. The new tariff sheets are listed on Attachment A and are attached hereto.

PURPOSE

This advice filing establishes Schedule ESP-NDSF, Energy Service Provider-Non Discretionary Service Fees in compliance with D.98-09-070.

BACKGROUND

On May 6, 1997, the California Public Utilities Commission (Commission) issued Decision No. 97-05-039 (D.97-05-039) in R.94-04-031/I.94-04-032, which allowed Energy Service Providers (ESPs) to provide billing, metering, and related services (referred to as "Revenue Cycle Services (RCS)") to Direct Access customers. Ordering Paragraph No. 5 of D.97-05-039 ordered SCE, Pacific Gas and Electric Company (PG&E), and San Diego Gas & Electric Company (referred to as "UDCs") to file applications to determine the net cost savings resulting when these RCS are provided by an ESP. Accordingly, on November 3, 1997, SCE filed A.97-11-011, to identify cost savings and to propose net avoided cost credits for RCS in response to the direction provided in D.97-05-039.

On March 9, 1998, SCE filed its Amended Application, in compliance with an Assigned Commissioner's Ruling to set forth the: 1) methodology and results of SCE's study of net avoided costs for RCS provided by other entities; and 2) proposed

net avoided cost credits for RCS for end-use customers for implementation on January 1, 1999.

The Commission then issued D.98-09-070 which ruled on the UDCs' applications. Among other things, D.98-09-070 adopted credits for meter services, meter ownership, meter reading, and billing services. Section III.B.2—*Billing Offsets to Credits to Account for Implementation Costs* discusses SCE's and PG&E's proposals to offset credits for billing by amounts associated with the incremental costs of unbundling billing services. The Commission did not adopt the billing offsets proposed by SCE and PG&E. However, as set forth in Ordering Paragraph No. 2 of D.98-09-070, the Commission ordered the UDCs to file an advice letter proposing service fees for billing services to ESPs to recover these costs.

Pursuant to the direction provided in D.98-09-070, this advice filing establishes Schedule ESP-NDSF, Energy Service Provider-Non Discretionary Service Fees, which contains proposed non-discretionary billing service fees.

Because no specific fees were adopted in D.98-09-070, the Commission ordered the Energy Division to conduct a workshop to discuss the proposed billing service fees. After the workshop, the Energy Division will prepare a resolution recommending fees which it determines are reasonable.

There are two aspects of SCE's proposed fee structure that should be described for the benefit of the parties attending the workshop. The first fee of \$74,780 per ESP, included in the attached Schedule ESP-NDSF, relates to the cost of "start-up" activities for Full Consolidated ESP Billing. These activities include programming and data exchange costs as well as providing assistance to the ESPs to assure that bills under various SCE rate schedules are correctly calculated. The costs of these activities -- reflected in the start-up fee -- are for the labor costs of an Application Developer and a Rate Specialist assigned to each ESP electing to perform Full Consolidated Billing. SCE has proposed these costs as an upfront per ESP charge; however, SCE is willing to explore other ways of recovering these costs -- such as a per month fee -- provided the adopted recovery process assures SCE of recovery of its costs to implement this ESP-elected option.

Another -- more significant -- cost item which is not included in Schedule ESP-NDSF is the "Infrastructure and System Development" cost. Currently, SCE estimates these costs to be approximately \$5.5 million. This preliminary estimate includes infrastructure development costs of approximately \$750,000, relating to the business development and test support function; and system development costs of approximately \$4.6 million, relating to the development and testing of automated systems for such activities as auditing, collection, account maintenance, and

revenue reporting. One approach to recovering these infrastructure and system development costs is:

The first ESP shall be charged the total infrastructure charge amount. The second ESP shall be charged an amount equal to the total infrastructure charge amount divided by two, and this amount will be refunded to the first ESP. When a third ESP requests service, it will be charged an amount equal to the total infrastructure charge amount, divided by three, and this amount will be refunded to the previous ESPs in equal proportions, and so on, so that such costs are shared equally by the ESPs.

Another issue which has an impact on these costs is whether ESPs desire to perform Full Consolidated Billing for all rate schedules. The current Rule 22 does not address partial certification for Full Consolidated Billing. However, if Rule 22 were modified to allow for Full Consolidated Billing "certification" by rate schedule, these costs could be reduced for ESPs only desiring to bill for a limited number of rate schedules.

SCE is prepared to discuss these issues in more detail in the upcoming workshop and will reflect these infrastructure and system development costs in its supplemental tariffs to be filed following the workshop.

This advice filing will not increase or decrease any rate or charge, cause withdrawal of service, or conflict with any schedule or rules.

EFFECTIVE DATE

In accordance with D.97-05-039, SCE requests that this advice filing become effective on January 1, 1999.

NOTICE

Anyone wishing to protest this advice filing may do so by sending a letter no later than 20 days after the date of this advice filing. Protests should be mailed to:

IMC Program Manager
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, California 94102
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above), and Donald A. Fellows, Manager of Revenue and Tariffs, Southern California Edison Company, 2244 Walnut Grove Avenue, Rosemead, California 91770, Facsimile (626) 302-4829. There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section III, Paragraph G, of General Order No. 96-A, SCE is mailing copies of this advice filing to the interested parties shown on the attached service list, including A.97-11-011. Address change requests should be directed to Emelyn Lawler at (626) 302-3985.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing open for public inspection at SCE's corporate headquarters.

Southern California Edison Company

/S/

Donald A. Fellows, Jr.

DAF:dan:1338e.doc
Enclosures

cc: CPUC, SF - Attn: Elena Schmid, ORA
CPUC, SF - Attn: Kathryn Auriemma, Energy Division
CPUC, SF - Attn: Don Lafrenz, Energy Division



Schedule ESP-NDSF
Energy Service Provider-Non Discretionary
Service Fees

Sheet 1

APPLICABILITY

Applicable to Energy Service Providers (ESPs) participating in Direct Access who elect to provide Full Consolidated ESP Billing services or Partial Consolidated ESP Billing services, as set forth in Rule 22, for Direct Access Customers.

TERRITORY

Within the entire territory served.

RATES

All provisions of Rule 22 shall apply and the following applicable services fees will be charged:

BILLING SERVICES FEES

The following service fees will be charged to the ESP for activities performed by SCE to support such ESP in implementing and providing Consolidated Billing Services.

Credit Establishment:

Charge, per ESP.....\$335.00

Partial Consolidated ESP Billing:

Charge, per Service Account, per month.....\$0.87

Full Consolidated ESP Billing:

Start-Up Charge, per ESP.....\$74,780.00

Charge, per Service Account, per month.....\$7.55

Delivery of Bill Inserts to ESP:

This will be charged on time and material basis, per each delivery.

(Continued)



Schedule ESP-NDSF
Energy Service Provider-Non Discretionary
Service Fees
(Continued)

Sheet 2

SPECIAL CONDITIONS

1. Billing Service Fees

- (a) Credit Establishment Fee. The one-time credit establishment fee charged to the ESP, when such ESP provides either Partial or Full Consolidated ESP Billing services is to recover the costs incurred by SCE for performing an initial credit check of the ESP to determine credit worthiness of the ESP, as defined in Rule 22, and for obtaining deposits to adequately secure SCE.
- (b) Partial Consolidated ESP Billing. The monthly service fee charged to the ESP, when such ESP provides Partial Consolidated ESP Billing services is to recover the costs incurred by SCE for performing payment and credit related activities associated with such billing services.
- (c) Full Consolidated ESP Billing.
 - (1) The monthly service fee charged to the ESP, when such ESP provides Full Consolidated ESP Billing services is to recover the costs incurred by SCE for performing payment, credit, and compliance monitoring related activities associated with such billing services.
 - (2) Start-Up Charge. A start-up charge shall be charged to each ESP to recover the costs incurred by SCE for assisting ESPs in the qualification testing process and for providing technical support for receiving and running billing related data through the qualification process. Upon requesting to provide Full Consolidated ESP Billing, the ESP is required to pay 50 percent of the start-up charge, revise their Energy Service Provider Service Agreement (Form 14-652) and sign a letter of intent. The remaining 50 percent will be paid by the ESP to SCE upon successful completion of the qualification process. Full Consolidated ESP Billing shall not begin until such payments are received by SCE.