



RULE 25

Sheet 1

DIRECT ACCESS RULES

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RULE 25

DIRECT ACCESS RULES

The following terms and conditions apply to both UDC customers and electric energy service providers who participate in Direct Access. Direct Access shall refer to any end-use UDC customer electing to procure its electricity, and any other CPUC-authorized energy services, directly from energy service providers (ESPs) as defined in Rule 1. ESPs who serve small customer service accounts, as defined in Rule 1, shall be registered with the State of California and meet any certification requirements established by the appropriate State agencies.

Pursuant to D.05-12-041, customers receiving Direct Access Service may be automatically enrolled in a Community Choice Aggregation Program, as described in Rule 27.

Effective March 11, 2010, the right to transfer to Direct Access service is closed to residential customers. However, a residential customer previously classified as DA-eligible that submitted a Six Month Notice to Transfer to Direct Access Service form (Form 143-02760) prior to March 11, 2010, retains a one-time right to transfer to DA service pursuant to D.10-03-022 and the conditions set forth in Rule 25.1, Section B.

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A. Customer Service Elections

All UDC customers will acquire their electric power needs under three options. The Hourly EECC Rate Option and Direct Access options stated below are effective on the date that the Commission or its delegate declares to be the start of Direct Access.

1. Utility Energy Services - Average EECC Pricing (Default UDC Services)

This service preserves traditional UDC electric services, where the UDC performs all energy services for the end-use customers. All customers who have not chosen to use direct access remain on default UDC services. Customers may choose to return to default UDC services after having elected direct access.

2. Non-Utility Energy Services (Direct Access)

This service election allows customers to purchase electric power and, at the customer's election, additional energy services from non-UDC entities known as ESPs.

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RULE 25

DIRECT ACCESS RULES

A. Customer Service Elections (Continued)

2. Non-Utility Energy Services (Direct Access) (Continued)

Direct Access customers who are not defined as Small Customers, as defined in Section B, General Terms, will be required to have in place Interval Metering, as defined below, at no expense to the UDC. Pursuant to D. 97-05-039, these customers will be eligible to choose either the UDC or ESP to provide meter services. After 1998, the CPUC will extend meter service elections to remaining customers. Meter service options are described in Sections G and H.

Direct Access customers, who have individual service accounts with a maximum demand between 20 and 50 kW for at least nine of the preceding 12 months, and an annual maximum demand below 80 kW, will be exempt from the Interval Metering requirements at least until March 31, 2002.

Pursuant to D.10-03-022, Direct Access customers who have individual service accounts with a maximum demand over fifty (50) kW in four (4) out of the last twelve (12) months or have a maximum load for any one of those twelve (12) months of eighty (80) kW or more, but less than two hundred (200) kW in ten (10) or more consecutive months in the last twelve (12) months may elect Direct Access service using load profiles until such time as SDG&E completes its deployment of Automated Metering Infrastructure (AMI) meters and is able to provide the required interval data. Until such time, at the option of the customer, Interval Metering, as defined below, may be installed by either SDG&E or an ESP at the customer's expense.

Direct Access customers who have individual service accounts with a maximum demand of two hundred (200) kW or greater for three (3) consecutive months are required to have an Interval Meter.

B. General Terms

1. Definitions

The definitions of principal terms used in this rule are found either herein or in Rule 1, Definitions. Unless otherwise stated, all references to "customer" in this rule will refer to UDC customers who have elected Direct Access. Unless otherwise stated, all references to "small commercial customers" in this rule will be defined in Rule 1, Definitions. Unless otherwise stated, all references to "service account" shall refer to individual customer meters.

The descriptive headings of the various sections of this Agreement have been inserted for convenience of reference only and shall in no way define, modify or restrict any of the terms and provisions thereof.

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RULE 25

DIRECT ACCESS RULES

B. General Terms (Continued)

2. General Obligations of the UDC

a. Non Discrimination

The UDC shall discharge its responsibilities under this tariff in a neutral manner as to providers of all commodities and services which are subject to customer choice. Unless otherwise authorized by the CPUC, the FERC, or the affiliate transactions rules, a UDC shall not:

- (1) Represent that its affiliates or customers of its affiliates will receive any different treatment with regard to the provision of UDC services than other, unaffiliated service providers as a result of affiliation with the UDC; or
- (2) Provide its affiliates, or customers of its affiliates, any preference (including but not limited to terms and conditions, information, pricing or timing) over non-affiliated suppliers or their customers in the provision of UDC services.

b. Requests for UDC Services

A UDC shall process requests for similar UDC services, such as DASRs, in the same manner and within the same period of time for its affiliates and for all other market participants and their respective customers.

c. Timeliness and Due Diligence

Consistent with state law and CPUC decisions, the UDC shall exercise due diligence in meeting its obligations and deadlines under this tariff so as to facilitate customer choice as quickly as possible.

d. Transmission and Distribution Service

Subject to the terms of the Service Agreement, applicable tariffs and applicable FERC rules and ESP's and customer's compliance with their terms, the UDC will provide transmission and distribution services under applicable tariffs and contracts for delivery of electric power to Direct Access customers.

3. General Obligations of ESPs

a. Timeliness and Due Diligence

ESPs shall exercise due diligence in meeting their obligations and deadlines under this tariff so as to facilitate customer choice as quickly as possible. ESPs shall make all payments owed to the UDC under this tariff in a timely manner subject to applicable payment dispute provisions.

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DIRECT ACCESS RULES

B. General Terms (Continued)

3. General Obligations of ESPs (Continued)

b. Arrangements with ESP Customers

ESP's shall be solely responsible for having appropriate contractual or other arrangements with their customers necessary to implement direct access consistent with all applicable laws, CPUC requirements and this tariff. The UDC shall not be responsible for monitoring, reviewing or enforcing such contracts or arrangements.

c. Scheduling Coordinator

As a requirement of this tariff, ESP's providing electric power shall have one or more Scheduling Coordinators, with no more than one Scheduling Coordinator per service account, for the purpose of reporting all of the ESP's end-use meter readings to the ISO. ESP's shall disclose the identity of these Scheduling Coordinators to the UDC. The UDC shall not be responsible for enforcing requirements applicable to the performance of the Scheduling Coordinators.

4. Transfer of Cost Obligations Between ESPs and Customers

Nothing in this tariff is intended to prevent ESP's and customers from agreeing to reallocate between them any costs for Direct Access services which are designated in this tariff to be paid by either of them.

5. Responsibility for Electric Purchases

ESP's will be responsible for the purchase of their Direct Access customers' electric power needs and the delivery of such purchases to designated receipt points as set forth on the schedules given to the Scheduling Coordinators (SC).

6. UDC Not Liable for ESP Services

To the extent the customer takes service from an ESP, the UDC has no obligations to the customer with respect to the services provided by the ESP. The customer must look to the ESP to carry out the responsibilities associated with that service.

7. ESP Not Liable for UDC Services

To the extent the customer takes service from the UDC, an ESP has no obligations to the customer with respect to the services provided by the UDC. The customer must look to the UDC to carry out the responsibilities associated with that service.

(Continued)



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DIRECT ACCESS RULES

B. General Terms (Continued)

8. Load Aggregation for Procuring Electric Power

Customers or ESPs may aggregate individually metered electric loads for procuring electric power only. Load aggregation will not be used to compute UDC charges or for tariff applicability. The right of customers to physically aggregate by combining multiple accounts into a single metered account as permitted under CPUC-approved tariffs is not restricted by this section.

9. Split Loads Not Allowed

Customers requesting Direct Access services may not partition the electric loads of a service account among electric service options or providers. The entire load of a service account must be nominated to only one of the electric service options or providers available to customers.

10. Small Customers

All Small Customers, as defined in Rule 1, Definitions, except for agricultural and lighting customers, are eligible for a 10% reduction in rates effective January 1, 1998. Service accounts of small customers, as defined in Rule 1, are eligible for statistical load profiling effective January 1, 1998. Small customer service accounts will not be eligible for meter services provided by non-UDC parties until January 1, 1999.

For new customers without a history of electric use, the UDC will estimate new meter loads using existing criteria and use these estimates to evaluate the customer's eligibility for unbundled meter services and statistical load profiles.

11. Interval Metering

"Interval Metering" shall refer to the purchase, installation and maintenance of a meter device capable of recording minimum data required. Minimum data requirements include (a) hourly data required for the Direct Access settlement process; or (b) data required to bill UDC distribution tariffs, including any communication systems needed to allow the customer access to meter reading usage data.

12. Statistical Load Profiles

The UDC will provide statistical load profiles, in place of Interval Metering, to permit the UDC or ESP to compute the bills for all Direct Access customers who have service accounts that do not require, or are exempt from, Interval Metering as specified above. Except for calculation of CTCs, statistical load profiles will not apply to service accounts where Interval Metering is in place and used for billing. Statistical load profiles will be applied as authorized by the CPUC.

(Continued)



RULE 25

DIRECT ACCESS RULES

B. General Terms (Continued)

13. Master Metered Customers

Individual master metered customers who provide sub-metered tenant billings, may participate in Direct Access as a single account. A master metered customer may not partition the electric loads of a single master meter among several electric service options or providers. The entire load of a single master meter must receive service under one electric service option and provider.

14. Service Fees and Other Charges

- a. For services for which the CPUC determines there are insufficient providers to ensure customer choice ("Non-Discretionary Services"), service fees shall be established by the UDC based on incremental cost and shall be approved by the CPUC. Once approved, these fees will be included in the appropriate UDC rate schedule.
- b. During the interim period between the start of Direct Access and a CPUC decision approving specific fees for Non-Discretionary Services, the UDC will charge the net incremental costs associated with providing Non-Discretionary services to a memorandum account pending the CPUC's decision regarding service fees. Should the Commission approve such fees, the UDC may seek to collect such fees as a Direct Access implementation charge under Section 376 of the Public Utilities Code.
- c. For services for which there are sufficient providers to ensure customer choice ("Discretionary Services"), service fees shall be established by the UDC via an advice letter effective thirty (30) days following filing of the advice letter and included in the appropriate UDC rate schedule.
- d. The UDC may charge interim fees for the metering and billing services described in this Rule based on the incremental costs associated with providing these services as set forth in the appropriate UDC rate schedule. During the interim period between November 1, 1997 and a CPUC decision regarding such fees, the UDC will track the fees and costs associated with providing these billing and metering services in a one-way memorandum account. If the service fees are approved by the CPUC, and such fees are lower than those included in the appropriate rate schedule, the fees previously charged will be reconciled against the approved fees and subject to refund.
- e. Service charges approved by the CPUC such as service connection fees, special meter readings etc., and which are contained within or authorized by other tariffs are not affected by this Rule.
- f. Fees for Direct Access services are described in Schedule DA.

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DIRECT ACCESS RULES

B. General Terms (Continued)

14. Service Fees and Other Charges (Continued)

g. The UDC can recover the costs of Direct Access service only once (i.e., any cost recovered under one cost recovery mechanism-- fees, charges, direct access implementation rates or existing rates-- should not also be recovered through another mechanism).

15. CTC Obligations

As a condition of receiving Direct Access service, Direct Access customers will be responsible to pay for all Competition Transition Charges (CTC) and other non-bypassable charges authorized by the CPUC for the UDC to recover from customers in accordance with state law. Direct Access customers are required to confirm this responsibility in writing provided to the ESP, unless the customer is exempt from the requirement to provide such a confirmation in writing pursuant to Public Utilities Code Section 370.

Where the customer disputes its obligations to pay CTC for a particular account, the customer may condition its agreement on resolution of the dispute, provided that the customer has formally requested the CPUC to grant such relief. However, the existence of such a dispute does not relieve the customer from the obligation of paying CTC while the dispute is pending. The UDC will continue to bill the customer (either directly or indirectly through its ESP, depending on the billing option selected) for such charges. The customer must pay all charges, but may pay any amounts in disputes in accordance with Rule 10, pending resolution of the dispute.

16. Franchise Fees And Other Charges

Direct Access customers continue to be responsible to pay all applicable fees, surcharges and taxes as authorized by law. The UDC will bill ESPs for franchise fees as set forth in Public Utilities Code Sections 6350 to 6354, and for fees as set forth in Public Utilities Code Sections 401 to 410. The ESP and UDC will each be responsible for calculating other fees, taxes, and surcharges for their respective services. The billing party will be responsible for billing these charges.

17. Liability In Connection With ESP Services

a. In this Section, "damages" shall include all losses, harm, costs, and detriment, both direct and consequential, suffered by the customer.

b. The UDC shall not be liable to the customer and ESP for any damages caused by the UDC's conduct in compliance with, or as permitted by, the UDC's electric rules and tariffs, the ESP/UDC Agreement and associated legal and regulatory requirements related to DA Service.

c. The UDC shall not be liable to the customer for any damages caused to the customer by any failure by ESP to comply with the UDC's electric rules and tariffs, the ESP/UDC Agreement and associated legal and regulatory requirements related to DA Service.

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DIRECT ACCESS RULES

B. General Terms (Continued)

17. Liability In Connection With ESP Services (Continued)

- d. The CPUC shall have initial jurisdiction to interpret, add, delete or modify any provision of this tariff or the ESP-UDC Service Agreement, and to resolve disputes regarding the UDC's performance of its obligations under the UDC's electric rules and tariffs, the ESP-UDC Service Agreement and requirements related to Direct Access service, including any disputes regarding delays in the implementation of Direct Access.
- e. The UDC shall not be liable to the customer for any damages caused by ESP's failure to perform any commitment to the customer, including, but not limited to the obligation to provide Electric Supply services to the customer. The ESP shall not be liable to the customer for any damages caused by the UDC's failure to perform any commitment to the customer.
- f. An ESP is not the UDC's agent for any purpose. The UDC shall not be liable to the customer for any damages resulting from any acts, omissions, or representations made by ESP in connection with soliciting customers for DA Service or performing any of its functions in rendering DA Service.
- g. A UDC is not the ESP's agent for any purpose. The ESP shall not be liable to the customer for any damages resulting from any acts, omissions, or representations made by the UDC in connection with soliciting customers for DA Service or performing any of its functions in rendering DA Service.

C. Customer Inquiries and Data Accessibility

1. Customer Inquiries

For customers requesting information on Direct Access, the UDC will make available the following information:

- a. Customer information packets, explaining the customer's choices for electric services, and the procedures and forms needed to implement these services.
- b. A list of CPUC-registered ESPs eligible to serve small customers as well as a list of all ESPs with service agreements to do business in the UDC's service territory. The UDC will endeavor to update its lists periodically, but the UDC is under no obligation to assure the accuracy of these lists.

New customers will receive general information concerning their choices for electric services by contacting the UDC.

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DIRECT ACCESS RULES

C. Customer Inquiries and Data Accessibility (Continued)

2. Customer Request To Initiate Service

For customers initiating a request for electric service from the UDC, the UDC shall inform customers of their ability to choose their electric provider and that the information described in Section C.1. is available. The UDC shall also inform customers of the toll-free number of the Electric Education Call Center so long as it remains in operation.

3. Access to Customer Usage Data

The UDC will provide customer-specific usage data to parties specified by the customer, subject to the following provisions:

- a. Except as provided in Section E, DASRs, the inquiring party must have written authorization from the customer to release such information to the inquiring party only. At the customer's request, this authorization may also indicate if customer information may be released to other parties as specified by the customer.
- b. Subject to customer authorization, the UDC will provide a maximum of the most recent 12 months of customer usage data or the amount of data for that specific service account in a format approved by the CPUC. Customer information will be released to the customer or its authorized agent up to two times per year per service account at no cost to the requesting party. During the period when the commencement of the ISO and PX operations are delayed, this type of information will be provided one additional time and free of charge to the customer or their authorized agent. Thereafter, the UDC will have the ability to assess a processing charge only if approved by the CPUC.
- c. As a one-time requirement at the initiation of Direct Access, the UDC will make available a database containing a 12-month history of customer-specific usage information with geographic and SIC information, but with customer identities removed. The UDC will have the ability to assess a charge only if approved by the CPUC.
- d. By electing to take Direct Access service from an ESP, the customer consents to the release to the ESP metering information required for billing, settlement and other functions required for the ESP to meet its requirements and 12 months of historical usage data.

4. Customer Inquiries Concerning Billing-Related Issues

Customer inquiries concerning the UDC's charges or services should be directed to the UDC. Customer inquiries concerning the ESP's charges or services should be directed to the ESP.

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RULE 25

DIRECT ACCESS RULES

C. Customer Inquiries and Data Accessibility (Continued)

5. Customer Inquiries Related To Emergency Situations And Outages

- a. The UDC will be responsible for responding to all inquiries related to distribution service, emergency system conditions, outages and safety situations. Customers contacting the ESP with such inquiries should be referred directly to the UDC. ESPs performing ESP Consolidated Billing must show the UDC's phone number on their bills for use in emergencies.
- b. It may be necessary for the UDC to shed or curtail customer load at the request of the ISO, or as otherwise provided by Commission tariffs. In such cases, the UDC will give both the affected customer and ESP as much notice as reasonably possible.
- c. The UDC will notify the customer and ESP of planned distribution system outages for maintenance work prior to commencement of such outages if feasible.
- d. The UDC will be responsible for implementing Commission-approved load curtailment programs, including providing notification to participating "non-firm" customers who are the Direct Access customers of the ESP.
- e. The ESP will be responsible for notifying its Scheduling Coordinator of any notice received from the UDC under Section C.4. Customer Inquiries Concerning Billing-Related Issues.

D. ESP Service Establishment

The ESP must satisfy the following requirements before an ESP can provide Direct Access services in the UDC's service territory:

- 1. All ESPs must submit an executed standard Energy Service Provider Agreement (UDC-ESP Service Agreement) in the form attached hereto.
- 2. The ESP must warrant to the UDC that the ESP has registered with the CPUC if it intends to serve small customers and has selected an Independent Verification Agent (IVA) for all transactions for which independent verification is required by law.
- 3. The ESP must satisfy UDC credit-worthiness requirements as specified in Section P, Credit Requirements.
- 4. The ESP must satisfy applicable CPUC Electronic Data Exchange requirements, including:
 - a. ESP must complete all necessary electronic interfaces for the ESP and UDC to communicate for DASRs, general communications and if providing Metering and Data Management Agent (MDMA) services, to satisfy meter reading communications including communicating to and from MDMA Servers for sharing of meter reading and usage data.

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RULE 25

DIRECT ACCESS RULES

D. ESP Service Establishment (Continued)

- 4. The ESP must satisfy applicable CPUC Electronic Data Exchange requirements, including: (Continued)
 - b. The ESP must have the capability to exchange data with the UDC via the Internet. Alternative arrangements may be allowed if mutual agreement is made between the UDC and ESP.
 - c. The ESP must have the capability to perform Electronic Data Interchange (EDI), and enter into appropriate agreements related thereto, if the ESP will be offering either UDC or ESP Consolidated Billing services.
- 5. If the ESP will be offering Consolidated ESP Billing services, Meter Services or MDMA Services, the ESP must demonstrate the ability to perform the functions required by this Rule. The UDC will continue to provide those services until compliance testing has been completed. The ESP's failure to complete such compliance testing shall not affect its ability to provide electric power to customers.

E. Direct Access Service Request (DASR)

- 1. Direct Access Service Requests (DASRs), Form 143-02059 (11/97), must be submitted electronically (unless the UDC has also approved of some alternative means of submittal) to the UDC by the customer's authorized ESP, or the customer if it is acting as its own ESP. The DASR process described herein is used for customer Direct Access elections, customer-initiated returns to default UDC service and ESP-initiated termination of a customer agreement. ESPs must execute the UDC-ESP Service Agreement before submitting DASRs.
- 2. A separate DASR must be submitted for each service account. Upon request, the UDC will provide timely updates on the status of the DASR processing to the submitting ESP and customer.
- 3. DASRs must identify the service account participating in Direct Access, including its billing and meter service elections. A DASR that does not contain this information is materially incomplete.
- 4. DASR forms will be available through electronic means (e.g., the UDC's website).
- 5. An ESP who is providing meter services must satisfy and specify in the DASR process for each service account, the meter and data communications provisions that are contained on the DASR and related forms.

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RULE 25

DIRECT ACCESS RULES

E. Direct Access Service Request (DASR) (Continued)

6. For Small Customers, a DASR shall not be submitted to the UDC by the ESP until after midnight of the third business day after the verification required under Section 366.5 has been completed, or until after midnight of the fifth business day after the mailing or provisioning of the Section 394.5 notice, whichever is later. It is the responsibility of the ESP to ensure that the requests of Small Customers to cancel service pursuant to Public Utilities Code Section 395 are honored.

If a customer cancels an agreement pursuant to Public Utilities Code Section 395, a DASR shall not be submitted for that customer. If a DASR has already been submitted, the submitting party shall, within 24 hours, direct the UDC to cancel the DASR.

7. The UDC will provide an acknowledgment of its receipt of the DASR to the ESP within two (2) working days of its receipt. The UDC will exercise best efforts to provide, within three (3) working days thereafter (and no later than five (5) working days), the ESP and the customer with a DASR status notification informing them as to whether the DASR has been accepted, rejected or deemed pending for further information. As of July 1998, the UDC will provide this DASR status notification within three (3) working days. If accepted, the switch date determined in accordance with paragraphs 12 or 13 of this section, will be sent to the ESP, the former ESP if applicable, and the customer. If a DASR is rejected, the UDC will provide the reasons for the rejection. If a DASR is held pending further information, it shall be rejected if the DASR is not completed within eleven (11) working days following the status notification.

8. In accordance with the provisions of Rule 3, the UDC has the right to deny the ESP's request for service if the information provided by the applicant is false, incomplete, or inaccurate in any material respect.

9. The UDC will begin accepting requests for Direct Access no later than November 9, 1997.

10. If a submitted DASR complies with the DASR requirements, the DASR will be accepted and scheduled for Direct Access implementation.

11. For a specific service account to qualify for priority queues in the processing of Direct Access requests if backlogs are experienced by the UDC, the ESP must warrant to the UDC that at least 50% of its electric power to that customer will come from a state-certified renewable energy resource supplier meeting the requirements of PU Code Section 365(b)(2). In other cases, DASRs shall be handled on a first-come, first-served basis. Each request shall be time-stamped by the UDC. The UDC has no responsibility for verifying the customer's or ESP's compliance with Section 365(b)(2).

12. If more than one DASR is received for a service account within a single DASR processing period (16th of the month until the 15th of the following month), only the first valid DASR received will be processed in that period. All subsequent DASRs will be rejected.

13. Accepted DASRs that do not require a meter change and that are received by the UDC on or before the 15th of the month will be switched over no later than the next month's scheduled meter reading date for that service account.

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RULE 25

DIRECT ACCESS RULES

E. Direct Access Service Request (DASR) (Continued)

- 14. Accepted DASRs that require a meter change by the UDC will be switched over to Direct Access on the date of installation. The UDC will endeavor to complete the meter change request within 15 days after acceptance of the DASR in the absence of a meter installation backlog. The UDC will provide notice of any current meter service backlog or the next available installation date.
- 15. Accepted DASRs that require a meter change by an ESP will be switched over to Direct Access on the date the meter is installed.
- 16. A maximum of twelve (12) months of customer usage data, or the amount available for that customer, will be sent from the UDC, or existing ESP currently serving that customer, to the new ESP no later than five (5) days before the scheduled switch date.
- 17. In the event that the ISO governing board declares an emergency and institutes a moratorium of UDC processing of Direct Access requests, the UDC will comply with such requests and inform ESPs or customers of the details of emergency plans.
- 18. The UDC, ESP and customer, on mutual agreement, may agree to a different service change date for the service changes requested in a DASR.
- 19. A DASR is submitted pursuant to the terms and conditions of the ESP/UDC Agreement and this Rule, and will also be used to define the Direct Access services that the ESP is providing the customer.
- 20. Customers returning to UDC bundled service will follow the same process and timing as DASRs to establish Direct Access service.
 - a. ESPs requesting to return a Direct Access customer to UDC bundled service will submit a DASR and be responsible for the continued provision of the customer's electric supply service, metering and billing services until the service change date. In this case, the ESP will also be responsible for paying any Commission-approved DASR charge.
 - b. Customer's requesting return to UDC bundled service may do so either by contacting their ESP or directly contacting the UDC. In this latter case, the customer will be responsible for paying any Commission-approved DASR charge.
- 21. The UDC will have the ability to assess a charge for accepted DASRs only, and only if such a fee is approved by the CPUC. This charge will be billed to the ESP unless the customer is requesting to return to UDC service where the charge will be billed to the customer.

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RULE 25

DIRECT ACCESS RULES

E. Direct Access Service Request (DASR) (Continued)

- 22. Following the removal of system limitations, a customer moving to new premises may retain or start Direct Access immediately, and in any event no later than two days after a DASR has been submitted, provided that the applicable metering requirements have been met. Due to current system limitations, a customer moving to new premises who wants to retain or start Direct Access must have the ESP submit a DASR to the UDC for the new premises no less than 10 business days before the customer's scheduled start date at the new premises. This DASR will need a special "new customer" notation. If the DASR is received after that date or without the notation of "new customer" the customer will receive the UDC's bundled service until the DASR is processed under the procedures set forth in Section E (13), DASRs.
- 23. Billing options (including designation of a billing agent) and metering options are requested through a submission of a DASR and cannot be changed more frequently than once per billing cycle.
- 24. The UDC will not hold the ESP responsible for any customer unpaid billing charges prior to the customer's switch to Direct Access. Unpaid billing charges will not delay the processing of DASRs and will remain the customer's responsibility to pay the UDC. The UDC will follow current CPUC credit rules in the event of customer non-payment, which includes the disconnection of service.

F. Independent Verification

A request for a change in ESPs representing Small Customers shall not be submitted to the UDC by the ESP until after midnight of the third business day after the verification required under Section 366.5 has been completed, or until after midnight of the fifth business day after the mailing or provisioning of the Section 394.5 notice, whichever is later. These provisions are not repeated herein.

The UDC may not accept a request from a Small Customer to return to the UDC's provisioning of electric service unless the provisions of PU Code Sections 366.5 and 394.5 have been satisfied.

G. Metering Services

1. Definitions

a. Meter Services

Meter services have been proposed to be grouped into three packages for initial DA implementation. These three packages are:

- Meter Ownership
- Meter Services (Installation, maintenance, and testing)
- Meter Data Management Agent (MDMA) Services

These packages are subject to CPUC approval. These package services may be provided by the UDC or an ESP, and the parties may subcontract these services to third parties. An ESP may also subcontract with the UDC for the provision of any component service of any package, and the UDC may provide such service.

(Continued)



RULE 25

DIRECT ACCESS RULES

G. Metering Services (Continued)

1. Definitions (continued)

b. Interval Meter

Interval meter is defined as a meter capable of reading and storing electric consumption data at specified time intervals of no greater than one hour as required for DA settlement and data required to bill applicable UDC tariffs. For customers on demand-based rate schedules which require data to be based on 15-minute increments, data must be measured in 15-minute intervals for purposes of calculating demand revenues. Utilities, ESPs or customers may own or lease interval meters used for billing purposes for direct access services, but shall (if leasing meters) continue to be responsible for the obligations of a meter owner under this Section G. Potential and current transformers shall be considered part of the distribution system and shall remain the responsibility of the UDC.

c. Eligible Customers

Customers who have individual service accounts and do not qualify for statistical load profiling must have interval meters prior to receipt of direct access service. ESPs may provide, install, read and service interval meters for any customer other than a Small Customer pursuant to CPUC regulations. For Small Customers, meter services will be unbundled on January 1, 1999, as approved by the CPUC, and all meter services will continue to be provided by the UDCs until that date.

d. Meter Conformity

All meters and meter services must conform to the standards set forth in the Direct Access Standards for Metering and Meter Data ("DASMMMD") as approved by the CPUC. To the extent a customer taking DA Service under this tariff elects or is required to return to bundled UDC Service, such customer may continue to use the same meter provided it conforms to the DASMMMD and is compatible with current UDC meter reading systems.

2. Meter Specifications

The ESP or UDC, acting as the meter service provider (MSP) will be responsible for ensuring that all the interval meters comply with the DASMMMD. No interval data meter will be set if the meter does not meet the standards set forth in the DASMMMD. Interval meters installed prior to April 16, 1999, which only meet the interim standards adopted in D.97-12-048, shall be retired from service no later than June 30, 2002.

Either party may test its own meters or those owned by its customers for conformance to the meter performance standards set forth in the DASMMMD. Either party may request the other party to test its meter. The requesting party will receive notification of the test date, and written test results from the other party. The requesting party will also have the right to witness the testing. If the meter is found to be within the standards set forth in the DASMMMD, the requesting party shall pay the other party for all expenses related to the test.

(Continued)



RULE 25

DIRECT ACCESS RULES

G. Metering Services (Continued)

2. Meter Specifications (Continued)

If a manufacturer's sealed meter has not previously been set, and the meter was tested within the last year and found to comply with the DASMMMD, the meter shall be deemed in compliance with such standards without additional testing. Subsequent to initial installations each meter must be tested for accuracy prior to being used again. All parties will be subject to the testing standards set forth in the DASMMMD. Records on testing shall be provided within five (5) working days of a request to either party.

3. Installation

When the MSP installs a meter for a direct access customer, the meter installer must be CPUC certified to perform meter installation. The MSP will install all interval meters in compliance with the DASMMMD. Within three (3) working days of installation, the MSP will provide the non-MSP (i.e., the ESP or the UDC as the case may be) with the results of the initial meter calibration test, the ending reading for the meter which was removed (if applicable), the starting reading for the new meter, and information on meter identification, voltage, meter constants and other parameters required under the DASMMMD. The UDC's must receive a copy of the MDCR (Meter and Data Communications Request) worksheet at least five (5) working days prior to the meter set. Joint meets will be required for the existing UDC's interval data recorder (IDR) meters if the ESP is unable to obtain the final meter reading.

When the UDC has reason to believe an ESP installation does not satisfy the standards set forth in the DASMMMD, the UDC retains the right to perform on-site inspections subsequent to initial meter installations. The ESP shall be charged the costs of these subsequent inspections only to the extent approved by the CPUC and only if the inspections uncover any material noncompliance with the standards set forth in the DASMMMD.

The customer may elect to have the ESP or UDC remove an existing meter at the customer's premises. Except as provided in Section G.1.d. above, the UDC will not require removal of a meter meeting the standards set forth in the DASMMMD as a condition of a customer's return to bundled UDC service. The UDC and ESP will coordinate the removal and installation of the new meter.

The MSP shall return any meter it removes to the owner in the same condition that the meter was in prior to removal within five (5) working days, or such other time as may be mutually agreed upon.

Where telephone lines are required for the utility to read the meter, installation of such lines is the responsibility of the customer. Such installation must be completed before the utility can schedule the meter installation work.

Prior to the initiation of a Commission program to certify meter installers, the ESP acting as a MSP may utilize meter installers that are agreeable both to the UDC and the ESP. In case of such an agreement, the ESP and the UDC shall notify the Commission of their agreement and the qualifications of the agreed upon meter installers.

(Continued)

17C10

Advice Ltr. No. 2160-E

Decision No. 10-03-022

Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

Date Filed Apr 2, 2010

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Resolution No. _____



RULE 25

DIRECT ACCESS RULES

G. Metering Services (Continued)

4. Meter Calibration and Testing

Either party may test its own meters or those owned by its customers for conformance to the DASMMMD. Either party may request the other party to test its meter. The party whose meter has been requested to be tested by the other party may require a \$50 deposit prior to such testing. The requesting party has the right to witness the testing. The requesting party will receive notification of the test date and written test results from the other party. If the meter is found to be within the standards set forth in the DASMMMD, the requesting party shall pay the other party for all expenses related to the test.

The MSP shall be responsible for ensuring that all interval meters are calibrated in accordance with the DASMMMD. Records of calibrations will be provided to the appropriate parties within five (5) working days of a request to the other party.

5. Testing of Meter Functions

The MSP will ensure that all meters used for billing purposes are functioning in conformance with the DASMMMD.

Records of meter function tests will be provided to the appropriate parties within five (5) working days of the request.

6. Regular Meter Maintenance And Testing

The MSP, for all meters used for billing purposes, is responsible for the routine maintenance of the meter, including, but not limited to, testing and record keeping, in accordance with the DASMMMD.

7. MDMA Services

Meter Data and Management Agent (MDMA) services will be performed in accordance with the DASMMMD and will be the responsibility of the party so indicated in the customer's DASR. MDMA obligations include but are not limited to the following:

- a. Meter data for DA Customers shall be read, validated, edited, and transferred pursuant to the DASMMMD.
- b. Regardless of whether ESP or UDC perform MDMA services both UDC and ESP shall have access to the MDMA server.
- c. The MDMA shall provide Scheduling Coordinators (or their designated agents) reasonable and timely access to Meter Data as required to allow the proper performance of billing, settlement, scheduling, forecasting and other functions.
- d. The MDMA is required to keep the most recent 12 months of Customer consumption data for each DA Customer. Such data must be retained for a period of 36 months. Such data must be released on request to the customer or, if authorized by the customer, to any ESP or to the UDC.

(Continued)



RULE 25

DIRECT ACCESS RULES

G. Metering Services (Continued)

7. MDMA Services (Continued)

- e. Within five days after installation of the meter, the MDMA must confirm that the meter and meter reading system is working properly and that the billing data gathered is valid.
- f. The MDMA is required to comply with pertinent electrical provisions of Cal OSHA and the UDC's safety requirements as they apply to the reading of electric meters.

8. Failure to Comply With DASMMMD For Meters or Meter Services

- a. Failure is defined as the circumstance wherein the apparent absence of appropriate usage data or testing, conducted by either party or a third party, reveals non-conformance with any applicable DASMMMD standard governing meters or meter and MDMA services.
- b. Upon the occurrence of undisputed failure, the party responsible for the non-complying meter or MDMA service must make corrections within three (3) calendar days.
- c. Failure to make corrections within three (3) calendar days will result in the following sequential series of actions and penalties:
 - (1) Whichever party is not the party responsible for the non-conformance may cure the defect at the other party's expense.
 - (2) Upon a demonstrated pattern of non-conformance as defined below and failure to timely cure, the party not responsible for the non-conformance may give written notice of such non-conformance, and, after five (5) days, provide all meters and meter services required by the customer as determined by the DASR or as required to receive UDC bundled service.
 - (3) Demonstrated pattern of non-conformance by an ESP is defined as more than one percent (1%) of the service accounts served by an ESP, or five (5) accounts, whichever is greater, are found to be non-conforming and are not cured during the first six months of Direct Access participation; more than one half of one percent (0.5%), or three (3) accounts, whichever is greater, are found to be non-conforming and are not cured during any six consecutive months thereafter.
- d. A UDC may refuse to enter into a new ESP-UDC Service Agreement with any ESP which has a demonstrated pattern of non-compliance and has failed to cure as provided in Section G.8.c. above for a period of no more than six (6) months from the date of such a determination as defined herein. This provision shall not apply where the alleged demonstrated pattern of non-compliance and failure to cure is disputed and such dispute is pending before any agency or entity with jurisdiction to resolve the dispute.

(Continued)



RULE 25

DIRECT ACCESS RULES

G. Metering Services (Continued)

8. Failure to Comply With DASMMMD For Meters or Meter Services (Continued)

e. Whenever the ESP or the UDC becomes aware of any non-conforming meters or errors in the provision of meter services affecting billing, it shall promptly notify the customer and one another. Bills found to be in error due to non-conforming meters or errors in meter services may be corrected as follows:

(1) If either the UDC or the ESP is providing consolidated billing, either of them may adjust their charges pursuant to CPUC-approved rules, if any, if any non-conforming meters or erroneous meter service affects such charges. In such circumstances the party providing the consolidating billing service shall cooperate with the other party to correct billing errors. The UDC will notify the affected Scheduling Coordinator.

(2) If the customer is being billed under separate UDC/ESP billing, the ESP and UDC shall be separately responsible for correcting billing errors in accordance with applicable CPUC rules.

9. Charges for Metering Services

a. The UDC may charge the customer or the ESP for the provision of metering services only to the extent such charges are authorized by the CPUC. The installation of interval metering shall be at the customer's expense.

H. UDC Meter Service Options & Obligations

1. For Direct Access customers who acquire Interval Metering, the customer may elect from the UDC three grouped meter service options as described in Section G.1.a. The three groupings are-- the UDC will own the meter; the UDC will perform the meter installation, maintenance, and testing; and, the UDC will perform the meter reading services. The scope and costs of these groupings listed in Section G.1.a. will vary by UDC and will be approved by the CPUC, and will be provided in a separate schedule (Schedule DA). The UDCs shall offer at a minimum a tariffed service for each grouping listed in G.1.a.

2. As an alternative to (1), ESPs may subcontract to the UDCs for any combination of the following unbundled meter services:

- a. Meters supplied by the UDC.
- b. Meter installations, testing, and maintenance.
- c. Meter Data Management Agent (MDMA) Services

These unbundled meter services may vary by UDC and all services will be approved by the CPUC.

3. If the UDC installs the meter, the meter will be installed according to the implementation schedule for Valid DASRs as set forth in Section E, Direct Access Service Requests.

(Continued)



RULE 25

Sheet 21

DIRECT ACCESS RULES

H. UDC Meter Service Options & Obligations (Continued)

- 4. The UDC reserves the right to extend its normal installation period due to meter and installation personnel availability. Under these circumstances, the UDC shall apprise the customer of the specific reasons for the delay and the anticipated schedule for installation. The UDC shall work with the customer to find mutually agreed upon alternatives to provide metering and to expedite meter installations, if necessary. Such alternatives may **include**, but not be limited to, allowing the customer to have the meter installed by a non-UDC supplier.
- 5. If the UDC provides meter maintenance services only, the UDC will be responsible for the accuracy, calibration, and other maintenance needs for the meter. UDC standards for meter maintenance will conform to the existing rules on such activities for all UDC customers. Under this specific itemized service, the UDC will not be responsible for replacing a non-UDC meter. Upon request and for a fee, the UDC may replace a faulty meter.
- 6. The MDMA shall read interval meters on the utility's scheduled meter reading date, or on such other date as may be mutually determined by the MDMA and the utility. At the customer's request the customer or the customer's ESP may elect a different meter reading date. The utility may provide this service at its option on a first-come, first served basis (by geographic area as appropriate), subject to existing resource, capacity, and other system constraints which may exist in the geographic area where the customer is located. The utility may assess a charge for this election only to the extent approved by the CPUC.
- 7. Upon the customer's request, the UDC will make available to the customer, or the customer's ESP, the data obtained from the meter in a timely manner, as agreed to between the customer and the UDC.
- 8. ESPs must provide the UDC with a notice (by any means acceptable to the UDC) to change their meter service election. Election changes will occur through the DASR process as specified in Section E.

I. General Terms and Conditions for Direct Access Meters and Metering Services

- 1. As set forth in Section H, customers with loads in excess of 20 kW must have interval meters to receive direct access services. Customers with individual service accounts between 20 and 50 kW for at least nine of the preceding 12 months, and an annual maximum demand of 80 kW, will be exempt from the requirement of an interval meter as a condition for receipt of direct access at least until March 31, 2002.

Pursuant to D.10-03-022, customers with loads that are equal to or exceed fifty (50) kW in four (4) or more of the last twelve (12) months or have a maximum load equal to or greater than eighty (80) kW in one or more months in the last twelve (12) months, but less than two hundred (200) kW in ten (10) or more consecutive months in the last twelve (12) months may elect Direct Access service using load profiles until such time as SDG&E completes its deployment of Automated Metering Infrastructure (AMI) meters and is able to provide the required interval data. Until such time, at the option of the customer, Interval Metering, as defined above, may be installed by either SDG&E or an ESP at the customer's expense.

(Continued)



RULE 25

DIRECT ACCESS RULES

I. General Terms and Conditions for Direct Access Meters and Metering Services (Continued)

1. (Continued)

Direct Access customers who have individual service accounts with a maximum demand of two hundred (200) kW or greater for three (3) consecutive months are required to have an Interval Meter.

2. The UDCs will require that an ESP or ESP's meter operator install a unique meter number on each meter. This meter number is required to insure proper meter identification for billing and field personnel. The UDCs will supply each ESP with a set of unique meter numbers to be installed on the ESP/customer/third party meter. This requirement may be superseded once a statewide numbering system is developed.

J. Meter Reading Data Obligations

1. Requirements for Accuracy of all Direct Access Meters as set forth in the DASMMD

- a. Usage data will be accurate unless otherwise indicated. Data known to be inaccurate or missing will be estimated and flagged as estimated.
- b. The MDMA will provide an infrastructure that supports retrieval of all data currently available to a MDMA client within a two-hour window.

2. Requirements for Timeliness of Validated Meter Reading Data are set forth in the DASMMD

3. Retention and Format For Meter Reading Data

- a. Meter reading data will remain posted on the MDMA server for 3 days and will be recoverable for at least 3 years.
- b. Meter reading data posted to the MDMA server will be stored in the MDMA data exchange format as approved by the CPUC.

K. Billing Service Options and Obligations

1. Introduction

An ESP has the right to select from four billing service options: (1) Consolidated UDC Billing, (2) Partial Consolidated ESP Billing, (3) Full Consolidated ESP Billing (requires the UDC's approval and consent), or (4) Separate UDC/ESP Bills. In the absence of an ESP's election of one of the four billing service options described below, option (4), Separate UDC/ESP Bills, will be the default billing service option.

In addition, this section states the UDC and ESP obligations for billing information and legal and safety notices in Section K.6; billing adjustment for meter and billing errors in Section K.7.; and unauthorized energy use in Section K.8.

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RULE 25

DIRECT ACCESS RULES

K. Billing Service Options and Obligations (Continued)

2. Consolidated UDC Billing

a. Description

The customer's authorized ESP will send its bill to the UDC. The UDC will in turn send a consolidated bill, containing both the UDC and ESP charges, to the customer.

b. UDC Obligations

(1) The UDC will calculate the UDC charges and send the bill either by mail or electronic means to the customer. The UDC will include ESP charges on the bill. The UDC is not responsible for computing or determining the accuracy of the ESP charges on the bill.

(2) The UDC bill will include a summary of ESP charges and may provide any billing-related details of ESP charges, including the ESP's telephone number. The ESP bill may be printed with the UDC bill, or electronically transmitted exactly as provided by the ESP.

(3) The UDC will process customer payments and transfer amounts paid toward ESP charges to the ESP when the payments are received as specified in Section M., Late and Partial Payments and Unpaid Bills.

c. ESP Obligations

(1) The ESP may offer consolidated billing services to Direct Access customers they serve once that billing service arrangement has been selected in the UDC-ESP Service Agreement.

(2) The ESP will submit the necessary billing information to facilitate billing services under this billing option according to the UDC's billing schedule and by service account.

(3) The ESP will provide the UDC with a summary of ESP charges by electronic transmittal or other means acceptable to the UDC. The ESP may provide billing-related details of ESP charges on a separate page which will be included in the consolidated bill if transmitted with the summary charge. ESP charges which are not transmitted as required will not be included in the consolidated bill.

d. Timing Requirements

(1) Bills under this option will be rendered once a month. Nothing contained in this Section shall limit the UDC's ability to render bills more frequently consistent with the UDC's existing practices. However, ESP charges will only need to be calculated based on monthly billing periods.

(Continued)



RULE 25

DIRECT ACCESS RULES

K. Billing Service Options and Obligations (Continued)

2. Consolidated UDC Billing (Continued)

d. Timing Requirements (Continued)

- (2) Except as provided in paragraph (d)(1) above, the UDC will require that ESP and UDC charges be based on the same billing period data to avoid any confusion concerning these charges.
- (3) ESP charges must be received by the UDC the day following the UDC's scheduled meter reading date according to the provisions in Section J., Meter Reading Data Obligations. If billing charges have not been received from the ESP by this date, the UDC will render the bill for UDC charges only, without ESP charges. The ESP must wait until the next billing cycle, or send a separate bill to the customer for ESP charges.

3. Partial Consolidated ESP Billing

a. Description

The UDC will calculate and send its bill to the ESP. The ESP will send a consolidated bill to the customer. The ESP will be obligated to provide to the customer detailed UDC charges to the extent that the ESP receives such detail from the UDC. The ESP is not responsible for the accuracy of UDC charges.

b. UDC Obligations

- (1) The UDC will calculate all UDC charges once a month and convey these charges to the ESP to be included on the ESP consolidated bill or otherwise provided to the customer pursuant to section (c)(5), below.
- (2) The UDC will provide the ESP with a summary of UDC charges by electronic transmittal or other means which enables the ESP to prepare the customer's bill in a timely manner, although the ESP may bill the customer on any interval agreeable to the customer. The UDC may provide billing-related details of UDC charges on a separate page which will be provided to the customer. UDC charges which are not transmitted to the ESP as required will not be included in the consolidated bill.
- (3) UDC charges will be calculated based on existing UDC billing cycles regardless of which party provides the meter reading. UDC charges will be conveyed to the ESP electronically or by other means acceptable to the ESP and UDC.

c. ESP Obligations

- (1) The ESP may offer consolidated billing services to Direct Access customers they serve once a billing service arrangement has been signed and included in the UDC-ESP Service Agreement.

(Continued)



RULE 25

DIRECT ACCESS RULES

K. Billing Service Options and Obligations (Continued)

3. Partial Consolidated ESP Billing (Continued)

c. ESP Obligations (Continued)

- (2) The ESP bill will include a summary of UDC charges and may provide any billing-related details of UDC charges, either on the consolidated bill or pursuant to section (5), below. The UDC bill may be printed separately with the ESP bill or electronically transmitted.
- (3) The ESP will prepare the bill and include both ESP and, subject to section (5) below, UDC charges. In addition, the ESP will process customer payments and handle its own collections responsibilities. Under this billing option, ESPs must pay all undisputed UDC charges due to the UDC regardless of whether the customer has paid the ESP. The ESP must include all UDC charges on the ESP consolidated bill.
- (4) The ESP has no obligations regarding the accuracy of UDC charges calculated by the UDC or for related disputes. Disputed charges will be handled according to CPUC procedures.
- (5) Subject to the limitations of this section and with the written consent of the customer, the ESP may offer customers customized billing cycles or payment plans which permit the customer to pay the ESP for UDC charges in different amounts for any given billing period than the UDC charges to the ESP for that period. Such plans will not, however, affect in any manner the obligation of the ESP to pay the UDC charges to the UDC as billed by the UDC. Further, such plans must ensure that the charges as billed by the UDC are provided to the customer as soon as practicable and that the customer's payment of UDC charges is adjusted such that over a reasonable time, which shall not exceed one year, the customer pays no more than the UDC charges as billed by the UDC. Upon request, the ESP shall identify to the UDC any service accounts with such customized billing arrangements and provide a summary description of the arrangement as it pertains to the UDC charges.

d. Timing Requirements

- (1) ESPs may render bills more or less frequently than once a month. However, the UDC will continue to bill the ESP each billing cycle period for the amounts due by the customer for that billing month, provided that with the ESP's approval, the UDC may bill the ESP more frequently consistent with the UDC's existing practices.

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RULE 25

DIRECT ACCESS RULES

K. Billing Service Options and Obligations (Continued)

3. Partial Consolidated ESP Billing (Continued)

d. Timing Requirements (Continued)

(2) The UDC will convey the billing information by service account to the ESP the day following the UDC's schedule meter reading date according to provisions in Section J., Metering Reading Data Obligations. Meter reading data will be required on the same schedule as existing UDC billing cycles. If the UDC fails to provide the UDC charges to the ESP by this date, the ESP may render the bill without the UDC charges included, and the UDC will either wait until the next billing period or send a separate bill to the customer for those charges.

(3) The ESP is not required to estimate UDC charges if charges are not received nor to delay the ESP billing.

4. Full Consolidated ESP Billing

a. Description

Subject to the UDC's approval and consent, the ESP will read the meter, calculate both the UDC and ESP charges and bill the customer. The ESP will detail the UDC charges in conformance with the UDC specifications. The ESP is responsible for the accuracy of the UDC charges. This option is applicable for all customer accounts for which the ESP reads the meter.

b. UDC Obligations

The UDC will approve and consent to the provision of this Full ESP Consolidated billing for any ESP which demonstrates the capability to replicate UDC charges, to the satisfaction of the UDC. The UDC will provide the ESP with the billing factors and procedures necessary for the ESP to calculate the UDC charges. The UDC charges will be calculated based on the ESP's meter reading and billing schedules.

c. ESP Obligations

(1) The ESP may perform Full ESP Billing services for Direct Access customers they serve once the billing service arrangement has been signed and included in the UDC-ESP Service Agreement.

(2) The ESP will calculate the UDC charges in accordance with approved tariffs and UDC specifications. The ESP bill will include a summary of UDC charges including any billing-related details of UDC charges and CTCs. The UDC bill may be printed separately with the ESP bill or electronically transmitted to the customer. The ESP will furnish the UDC a report detailing the UDC portion of the ESP's bill in paper or electronic form.

(Continued)



RULE 25

Sheet 27

DIRECT ACCESS RULES

K. Billing Service Options and Obligations (Continued)

4. Full Consolidated ESP Billing (Continued)

c. ESP Obligations (Continued)

(3) The ESP will prepare the bill and include both ESP and UDC charges, process customer payments, and handle its own collection responsibilities. Under this option the ESP must pay all undisputed UDC charges to the UDC regardless of whether the customer has paid the ESP. The ESP must include all UDC charges on the ESP Full Service bill.

d. Timing Requirements

(1) ESPs may render bills more or less frequently than once a month. However, the amounts due the UDC will be remitted monthly.

(2) The ESP will convey the amounts due by service account to the UDC according to provisions in Section J., Meter Reading Data Obligations. The ESP's meter reading schedule may result in a change in the UDC's billing schedule. If necessary, a pro rated bill may be required to conform the customer's payments to the new schedule.

(3) The ESP is responsible for correctly calculating UDC charges. If underpayments are the result of ESP errors, the ESP is responsible for paying applicable late charges on the underpayment amounts.

5. Separate UDC/ESP Bills

a. Description

The UDC and the ESP will separately send their bills directly to the customer.

b. UDC Obligations

(1) The UDC will calculate UDC charges, prepare the UDC bill, and send the UDC bill to the customer by electronic or other means. The billing method is the sole responsibility of the UDC and its customers.

(2) The UDC does not have any obligations regarding the accuracy of ESP charges or related payment disputes. Accurate and timely meter reading data must be shared between the ESP and UDC.

c. ESP Obligations

(1) The ESP will calculate the ESP charges, prepare the ESP bill, and send the ESP bill to the customer by electronic or other means. The billing method is completely independent of the billing method selected by the UDC.

(2) The ESP has no obligations regarding accuracy of UDC charges or related payment disputes. Accurate and timely meter reading data must be shared between the ESP and the UDC.

(Continued)



RULE 25

DIRECT ACCESS RULES

K. Billing Service Options and Obligations (Continued)

5. Separate UDC/ESP Bills (Continued)

d. Timing

Meter reading data is required by the UDC on the scheduled meter reading date which conforms to existing UDC billing cycles under this billing option.

6. Billing Information and Inserts

a. Identify UDC and ESP Charges

The UDC bill, at a minimum, will identify UDC charges as specified by the CPUC or its codes. If the customer elects the consolidated UDC billing option, the UDC bill will identify, at a minimum, two sets of charges: one for UDC services and another for ESP energy services. The UDC will provide bills and notices both electronically or manually, depending upon the UDC's agreement with the ESP.

b. Required Legal and Safety Notices

All UDC customers, including Direct Access customers, will receive mandated legal and safety notices, and the UDC will be responsible for the creation of these notices. If the ESP is providing consolidated billing services, the UDC will make available these notices to the ESP for distribution to the customer or, at the ESP's request, in electronic format to the ESP for production and communication to electronically-billed customers. Among the mandated notices that the UDC shall make available to the ESP is the same language regarding customer rights stated on the back of the utility's Bill Form (Form 110-432). These rights include Disputed Bills, Late Payment Charge, and Rates & Rules.

c. UDC Obligations under Consolidated UDC Billing

The UDC will design, print and insert these notices in mailed consolidated UDC bills. The UDC may also enclose UDC-related bill inserts in consolidated UDC billing as permitted by CPUC regulations.

d. ESP Obligations under Consolidated UDC Billing

The ESP may include any information directly related to the calculation or understanding of ESP charges directly in the bill but may not include any text on the separate detail page which is not specifically related to the charges or their explanation.

e. UDC Obligations under Consolidated ESP Billing

The UDC will design, print and deliver mandated safety and legal notices to the ESP in standard size if the ESP renders bills by mail. If the ESP renders bills electronically, the UDC will either provide the printed version or electronically transmit these notices to the ESP for communication to electronically-billed customers at the ESP's option.

(Continued)

28C1

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Decision No. 98-12-080

Issued by
William L. Reed
Vice President
Chief Regulatory Officer

Date Filed Mar 1, 1999

Effective Apr 10, 1999

Resolution No. _____

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RULE 25

DIRECT ACCESS RULES

K. Billing Service Options and Obligations (Continued)

6. Billing Information and Inserts (Continued)

f. ESP Obligations under Consolidated ESP Billing

The ESP will be required to inform their billing customers of any mandated legal and safety notices when billed by mail. At its discretion, the ESP may request the UDC to provide a separate mailing of such notices at a cost, specified in Schedule DA. For electronically-billed customers, the ESP may transmit such notices by mail or electronically at its option.

g. UDC Obligations under Separate UDC/ESP Bills

The UDC will continue to mail mandated safety and legal notices in the billing envelope and may use the billing envelope as it does in current practice for providing information to all UDC customers, including Direct Access customers, equally.

h. ESP Obligations under Separate UDC/ESP Bills

The ESP has no obligation for UDC-mandated safety and legal notices under this option.

7. Billing Adjustments for Meter Error and Billing Error

a. Adjustment of Bills for Meter Error

Meter error is the incorrect registration of the customer's electrical usage resulting from a malfunctioning or defective meter. Meter error can result from a fast meter, a slow meter, or a non-registering meter. Meter error is defined in Rule 18, Meter Tests and Adjustment of Bills.

(1) Consolidated UDC Bill

If the UDC is providing Consolidated UDC Billing for a Direct Access Service Account affected by meter error, the UDC will adjust the bill for the Service Account, calculated as provided in Rule 18, to the extent those charges were affected by the meter error.

(2) Consolidated ESP Bill

(a) If an ESP is providing Consolidated ESP Billing for a Direct Access Service Account affected by meter error, the UDC will transmit adjusted UDC Charges, calculated as provided in the Rule 18, to the ESP. The customer will be solely responsible for obtaining refunds of ESP electric power overcharges attributable to a fast meter from its current and prior ESPs, as appropriate.

(Continued)

D



RULE 25

DIRECT ACCESS RULES

K. Billing Service Options and Obligations (Continued)

7. Billing Adjustments for Meter Error and Billing Error (continued)

a. Adjustment of Bills for Meter Error (continued)

(2) Consolidated ESP Bill (continued)

(b) Within fifteen (15) days after UDC transmits the adjusted charges for a slow or non-registering meter, the ESP may either:

Pay utility the adjusted charges in accordance with the ESP Service Agreement, and assume responsibility for issuing a bill reflecting the adjusted charges to, and collecting the adjusted charges from, the DA Customer, or

Submit a DASR to the UDC to change the affected DA Service Account to the separate UDC/ESP Billing option. After approval of the DASR requesting such change, the UDC will have the responsibility for issuing an adjusted bill to the Customer and collecting amounts owing from the Customer in accordance with this rule and the UDC's Rule 18.

(3) Separate UDC/ESP Billing

The UDC will adjust its bill for meter error pursuant to Rule 18 for UDC charges. The customer will be solely responsible for obtaining refunds of both current and prior ESP electric power overcharges attributable to a fast meter from its current and prior ESPs, as appropriate.

b. Adjustment of Bills for Billing Error

(1) Billing error is defined in Rule 18, Meter Tests and Adjustment of Bills.

(1) A customer shall not be entitled to a credit adjustment for a billing error involving the failure of the ESP and/or the customer to notify the UDC of changes in the customer's connected load, equipment or operation, or failure of the ESP or customer to take advantage of any noticed rate option or condition of service for which the customer becomes eligible subsequent to the date of application for Direct Access service.

(3) The UDC will adjust its bills under the Separate UDC/ESP or Consolidated UDC Billing options for billing error pursuant to Rule 18. The UDC will adjust its bill to the ESP under the Consolidated ESP Billing option for billing error pursuant to Rule 18 for UDC Charges. Within fifteen (15) days of the adjusted bill's transmittal by the UDC, the ESP may either assume responsibility for the adjusted charges or submit a DASR to change the affected Service Account to the separate billing option.

(Continued)



RULE 25

DIRECT ACCESS RULES

L. Payment and Collection Terms

1. Under Consolidated UDC Billing

- a. The UDC will prefer but not require electronic payment services for electronically-billed ESPs. The UDC will accept cash, check or electronic payments under this billing option. The UDC is required under D.97-05-039 to pay the ESP the amounts paid to the UDC for ESP charges only after the payment is received. Payments will be transferred to the ESP specifying the amount paid by each specific service account or group of service accounts if the customer is Summary Billed.
- b. Upon receipt of the UDC's payment, the ESP is responsible for promptly and accurately posting the payment to the customer's service account. The ESP will also be responsible for any follow-up inquiries either with the UDC or customer if there is question concerning the posting of that payment amount.
- c. The UDC must remit payments to the ESP only for the amounts paid by the Direct Access customer for payment of ESP charges. Payments are due on or before the later of:
 - (1) 17 days after the bill was rendered to the customer, or
 - (2) The next business day after the payment is received from the customer.
- d. The UDC will not forward any amounts owed to the ESP that have not been received from the customer. The UDC will process payments, post UDC charges paid to customer service accounts, and transfer funds owed the ESP to the ESP. On the billing statement for the following month, the UDC will debit to the ESP any amounts resulting from returned payments and assess returned payment charges (i.e., a charge for each returned payment) to the appropriate customers.
- e. The ESP has no payment obligations for customer payments under consolidated UDC billing services. However, the ESP must remit payment for any charges, approved by the CPUC, for services provided them by the UDC within the terms of service as specified in the UDC-ESP Service Agreement with the UDC. Sundry charges will be considered past due 30 days after the date the bill is rendered. The ESP is required to settle any disputes of ESP charges with the customer.
- f. The customer is obligated to pay the UDC for all UDC and ESP charges consistent with existing tariffs.
- g. The customer must notify the UDC of any disputed UDC charges; otherwise, any outstanding balance will be handled as a late payment. Customer disputes of ESP charges must be directed to the ESP, and customer disputes of UDC charges must be directed to the UDC.

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RULE 25

DIRECT ACCESS RULES

L. Payment and Collection Terms (Continued)

3. Under Separate UDC/ESP Bills

- a. The UDC is responsible for payment of miscellaneous charges imposed by the ESP, as per their service agreement with the UDC for Direct Access services, but the UDC has no payment obligations with respect to customer charges.
- b. The UDC has no payment or collection obligations to the ESP for customer payments of ESP charges. However, the UDC must remit, within 30 days, payment of any charges due the ESP for services provided by the ESP in accordance with the service agreement. A late payment penalty may be assessed on past due charges.
- c. The ESP has no payment or collection obligations to the UDC for customer payments of UDC charges. However, the ESP must remit, within 30 days, payment of any charges, approved by the CPUC, due the UDC for services provided by the UDC. If authorized by the CPUC, a late payment penalty may be assessed on past due charges.
- d. The customer must remit payment in full to the UDC for UDC charges due within the terms of sale as provided for in CPUC rules.
- e. If the customer disputes any UDC charges, it shall nevertheless pay the amount billed; provided, however, that the customer may, at its election, pay that portion of the charges that the customer disputes to the CPUC in accordance with Rule 10. If the customer disputes any ESP charges, the provisions of its agreement with the ESP shall control. However, no registered ESP may discontinue service to a small customer for a disputed amount if that small customer has filed a complaint with the CPUC, and that small customer has paid the disputed amount into an escrow account.

M. Late or Partial Payments and Unpaid Bills

1. Under Consolidated UDC Billing

- a. The UDC is responsible for collecting the unpaid balance of all charges from customers, sending notices informing customers of unpaid balances, and taking the appropriate actions to recover the unpaid amounts owed the ESP.
- b. Partial payments by customers will be allocated on a pro rata basis to the UDC charges for which delinquency may result in disconnection, and then any balance will be prorated between the ESP and other UDC charges.
- c. Undisputed overdue balances owed the UDC will be considered late and subject to UDC late payment procedures.
- d. CPUC rules will apply to late or non-payment of UDC charges by the customer.

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RULE 25

DIRECT ACCESS RULES

M. Late or Partial Payments and Unpaid Bills

2. Under Consolidated ESP Billing

- a. The ESP is responsible for collecting both unpaid ESP and UDC charges, sending notices informing customers of unpaid ESP and UDC balances, and taking appropriate actions to recover the amounts owed. The UDC will not assume any collection obligations under this billing option.
- b. The UDC will hold the ESP liable for any late payments or unpaid bills. Unpaid, undisputed overdue balances owed the UDC will be considered late and subject to late payment fees and procedures and the provisions of Section N, Involuntary Service Changes.
- c. The UDC will apply the same terms applicable to commercial accounts under default UDC services to service accounts utilizing consolidated ESP billing services. The UDC will notify the ESP if payment of UDC charges has not been received within 17 days of the date delivered to the ESP.

3. Under Separate UDC/ESP Billing

- a. The UDC and the ESP are responsible for collecting their respective unpaid balances, sending notices to customers informing them of the unpaid balance, and taking appropriate actions to recover their respective unpaid balances. Customer disputes with ESP charges must be directed to the ESP, and customer disputes with UDC charges must be directed to the UDC. Late fees and fees for collections may be charged by the UDC as approved by the CPUC.
- b. Late payment of UDC charges by customers will be handled in accordance with applicable CPUC rules.

N. Involuntary Service Changes

1. Service Changes

The customer may have service of electricity, billing, or metering from an ESP changed involuntarily in the following circumstances:

- a. The ESP Has Been Decertified by the CPUC or receives a CPUC order that otherwise prohibits the ESP from serving that customer;
- b. The ESP has materially failed to meet its obligations under the terms of the Service Agreement (including applicable tariffs) so as to constitute an event of default and the UDC exercises a contractual right to terminate the agreement;

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RULE 25

DIRECT ACCESS RULES

N. Involuntary Service Changes (Continued)

1. Service Changes (Continued)

- c. The ESP has materially failed to meet its obligations under the terms of the Service Agreement (including applicable tariffs) so as to constitute an event of default and the UDC exercises a contractual right to change billing options;
- d. The ESP has materially failed to meet its obligations under the terms of the Service Agreement (including applicable tariffs) so as to constitute an event of default and the UDC exercises a contractual right to change metering options;
- e. The ESP ceases to perform by failing to provide schedules through a Scheduling Coordinator wherever such schedules are required.
- f. The customer fails to meet its direct access requirements and obligations under the utility's rules and tariffs.
- g. Notices of involuntary service changes or termination in Direct Access will be sent to the ESP, the MDMA if different from the ESP and to each customer under contract as described in this Section N, and to the CPUC.

2. Change of Service Election In Exigent Circumstances

In the event the UDC finds that an ESP or the customer has materially failed to meet its obligations under this tariff or the UDC-ESP Service Agreement such that the UDC seeks to invoke its remedies under this Section N. (other than a termination of ESP consolidated billing under Section N.4. or metering under Section N.5., and the failure constitutes an emergency (i.e. the failure poses a substantial threat to the reliability of the electric system or to public health and safety or the failure poses a substantial threat of irreparable economic or other harm to the UDC or the customer), or the failure relates to ESP's unauthorized energy use, then the UDC may initiate a change, or, in some cases, terminate a customer's service election, or an ESP's ability to provide certain services under Direct Access.

In such case, the UDC shall initiate the change or termination by preparing a DASR, but the change or termination may be made immediately notwithstanding the applicable DASR processing times set forth in this tariff. The UDC shall provide such notice and/or opportunity to cure the problem to the ESP and/or the affected customer as is reasonable under the circumstances of this section, if any is reasonable. The ESP or the affected customer shall have the right to seek an order from the CPUC restoring the customer's service election and/or the ESPs ability to provide services. Unless expressly ordered by the CPUC, these provisions do not disconnect electric service provided to the customer.

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RULE 25

DIRECT ACCESS RULES

N. Involuntary Service Changes (Continued)

3. Change of Service Election absent Exigent Circumstances

In the event the UDC finds that an ESP has materially failed to meet its obligations under this tariff or the UDC-ESP Service Agreement such that the UDC seeks to invoke its remedies under this Section N. (other than a termination of consolidated ESP billing under Section N.4. or metering under Section N.5. but the failure does not constitute an emergency (as defined in Section N.2.) or involve ESP's unauthorized energy use, the UDC shall notify the ESP and the affected customer of such finding in writing stating specifically:

- a. The nature of the alleged non-performance;
- b. The actions necessary to cure it;
- c. The consequences of failure to cure it and the remedy the UDC proposes to invoke in the event of a failure to cure; and
- d. The name, address and telephone number of a contact person at the UDC authorized to discuss resolution of the problem.

The ESP shall have 30 days from receipt of such notice to cure the alleged non-performance or reach an agreement regarding it with the UDC. If the problem is not cured or an agreement is not reached following this 30 day period, the UDC may initiate the DASR process set forth in this tariff to accomplish the remedy set forth in the notice; provided that the UDC shall suspend the exercise of such remedy if, before the end of the cure period, the ESP has filed an application with the CPUC requesting an order from the CPUC that the ESP is entitled to continue the Service Agreement and the UDC is not entitled to exercise the remedy it has identified in its notice. The status of the ESP shall not change pending the CPUC's review of the UDC's request provided that an emergency, as described in Section N.2. does not arise. Unless expressly ordered by the CPUC, these provisions do not disconnect electric service provided to the customer. The UDC's action to defer the exercise of its remedies in accordance with this section does not constitute a waiver of any rights.

4. Termination of Consolidated ESP Billing

Consolidated ESP billing services will be terminated under the following circumstances. (Among other things, this section describes the notice and opportunity to cure provisions applicable to defaults that permit a remedy of terminating ESP consolidated billing):

- a. If the UDC finds that the information provided by the ESP in the UDC-ESP Service Agreement is materially false, incomplete, or inaccurate; the ESP attempts to avoid payment of CPUC-authorized UDC charges; or the ESP files for bankruptcy, fails to have a bankruptcy proceeding filed against it dismissed within sixty (60) calendar days, admits insolvency, makes a general assignment for the benefit of creditors, or is unable to pay its debts as they mature, or has a trustee or receiver appointed over all or a substantial portion of its assets, customers will be notified that consolidated ESP billing services will be terminated, and will be switched to separate UDC billing as promptly as possible.

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RULE 25

DIRECT ACCESS RULES

N. Involuntary Service Changes (Continued)

4. Termination of Consolidated ESP Billing (Continued)

- b. If the ESP does not pay the UDC (or dispute payment pursuant to the procedures set forth herein) the full amount of all UDC charges by the applicable past due date, the UDC shall notify the ESP of the past due amount within two (2) days of the applicable past due date. If the full amount has not been received by the UDC (or properly disputed) within seven (7) days of the applicable past due date, the ESP's customers and the ESP will be notified on approximately the 24th day following the date the bill was rendered to the ESP that consolidated ESP billing services will be terminated, and that they will be switched to separate UDC billing on the first regular scheduled meter reading date for each customer approximately 30 days after the bill was rendered.
- c. If the ESP fails to comply within 15 calendar days of the transmittal of a written notice from the UDC of any additional or increased credit requirements as set forth in Section P, the ESP's customers and the ESP will be notified on approximately the 24th day following the date of transmittal that consolidated ESP billing services will be terminated, and that they will be switched to separate UDC billing on the first regular scheduled meter reading date for each customer.
- e. Upon termination of consolidated ESP billing pursuant to this Section N, the UDC may deliver a separate bill for all UDC charges which were not previously billed by the ESP. The ESP or the affected customer shall have the right to seek an order from the CPUC restoring the ESP's eligibility to engage in consolidated ESP billing.
- f. At any time not less than 6 months after termination of consolidated ESP billing pursuant to this Section N, the ESP's eligibility to engage in consolidated billing services shall be reinstated upon a reasonable showing by the ESP that the problems causing revocation of its consolidated billing right have been cured, including payment of any late charges and re-establishment of compliance with credit requirements under Section P.

5. Termination of ESP Metering Services

The UDC will terminate an ESP's eligibility to provide metering services in the UDC's service territory if the ESP fails to comply with industry-accepted standards approved for the UDC by the CPUC for metering services. The UDC shall provide the ESP with 15 days written notice prior to such termination. ESP failure to comply is defined in Section G., Metering Services. The ESP or the affected customer shall have the right to seek an order from the CPUC restoring the ESP's eligibility to provide metering services.

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RULE 25

Sheet 40

DIRECT ACCESS RULES

O. Service Disconnections and Reconnections (Continued)

2. Consolidated ESP Billing

- a. The UDC will not disconnect electric service to the customer for either the non-payment of ESP charges by the customer, or the non-payment of UDC charges by the ESP. In the event of non-payment of ESP charges by the customer, the ESP may submit a DASR requesting transfer of the service account to bundled UDC service according to Section E.
- b. If an ESP fails to pay in full the charges that the UDC has transmitted to it (consisting of the UDC charges) by the applicable past due date, the provisions of Section N.4.b. of this rule shall govern.
- c. In accordance with CPUC rules, the UDC has the right to disconnect electric service to the customer for the non-payment of prior UDC closing bills or any past due charges by the customer, and evidences of safety violations, energy theft, or fraud, by the customer. If a customer has been disconnected, and is not reconnected within two days, the UDC will promptly notify the ESP. To the extent authorized by the CPUC, a service charge will be imposed on the customer if a field call is performed to disconnect electric service.
- d. The UDC will reconnect electric service for a CPUC-authorized service fee when the criteria for reconnection, as specified in Rule 11, Discontinuance of Service, have been met.

3. Separate UDC/ESP Bills

- a. In accordance with CPUC rules, the UDC may disconnect electric service to the customer for the non-payment of UDC charges by the customer, but the UDC will not disconnect electric service to the customer for the non-payment of ESP charges. If a customer has been disconnected, and is not reconnected within two days, the UDC will promptly notify the ESP. In the event of non-payment of ESP charges by the customer, the ESP may submit a DASR requesting transfer of the service account to bundled UDC service according to Section E. In the event of non-payment of UDC charges, and to the extent authorized by the CPUC, a service charge will be imposed on the customer if a field call is performed to disconnect electric service.
- b. The UDC will reconnect electric service for a service fee when the criteria for reconnection, as specified in Rule 11, Discontinuance of Service, have been met.

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RULE 25

DIRECT ACCESS RULES

P. Credit Requirements

1. Under Consolidated UDC Billing

If the UDC performs consolidated billing services, the UDC may require the ESP to establish its creditworthiness through evaluations, deposits, or other security in the manner described in Section P.2., to cover CPUC-approved charges incurred as a result of Direct Access participation. That is, the creditworthiness only applies to the UDC charges that are billed directly to the ESP.

2. Under Consolidated ESP Billing

If the ESP performs consolidated billing services, the UDC will require the ESP to establish its creditworthiness to cover CPUC-approved charges incurred as a result of Direct Access participation. The ESP may establish its creditworthiness through any one of the following. Upon the establishment of such creditworthiness, the UDC upon request will refund, in accordance with CPUC requirements, the customer's security deposits then being held to secure payment of those energy services being assumed by the ESP.

a. Credit Evaluation

An ESP with a demonstrable current credit rating of Baa2 or higher from Moody's or BBB or higher from Standard and Poor's, Fitch or Duff & Phelps, is deemed to be creditworthy unless the UDC determines that a material change in the ESP's creditworthiness has occurred. The UDC requires ESPs to complete a credit application including financial information reasonably necessary to establish credit. The creditworthiness evaluation may be conducted by an outside credit analysis agency, determined by the UDC, with final credit approval granted by the UDC. This evaluation will be completed within 10 business days. Credit reports will remain strictly confidential between the credit analysis agency and the UDC. A credit application processing fee, as approved by the CPUC may be charged to offset the cost of determining the ESP's creditworthiness.

b. Security Deposits

The ESP may submit and maintain a cost-based security deposit in lieu of submitting to or being qualified under a creditworthiness evaluation. The amount of the security deposit required to establish credit will be twice the estimated maximum monthly bill for UDC charges, where such estimate is based on the last 12 months of historical usage. The initial value of the security deposit will be estimated by the ESP to cover its expected customer base and will be adjusted as necessary from time to time to meet the security requirements based on changes in the ESP's customer base.

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RULE 25

DIRECT ACCESS RULES

P. Credit Requirements (Continued)

2. Under Consolidated ESP Billing (Continued)

b. Security Deposits (Continued)

Security deposits may be in the form of (1) cash deposits, with interest earned at the 3-month commercial paper rate, (2) letters of credit, defined as irrevocable and renewable issued by a major financial institution acceptable to the UDC, (3) surety bonds, defined as renewable and issued by a major insurance company acceptable to the UDC, or (4) guarantees, with guarantors with a credit rating of Baa2 or higher from Moody's or BBB or higher from Standard and Poor's, Fitch or Duff & Phelps, unless the UDC determines that a material change in the guarantor's creditworthiness has occurred, or, in other cases, through the credit evaluation process described above. Security deposits must be posted with the UDC prior to the ESP's participation in Direct Access. Security deposits posted with the UDC which are in excess of outstanding unpaid bills owed to the UDC will be returned to the ESP within approximately 60 days after the ESP has terminated consolidated ESP billing services in the UDC's service territory. While the ESP is conducting Consolidated ESP billing, deposits cannot be used as payment for past due bills in order to avoid or delay the switch to separate UDC/ESP billing resulting from the ESP's non-payment of bills owed to the UDC.

c. Security Deposit Payment Timetable

ESPs are obligated to post security deposits with the UDC prior to the ESP's participation in Direct Access. Such a deposit shall not be required until three days before the ESP's customers begin receiving direct access service. If the deposit in the required amount as specified in Section P.2.b. has not been received from the ESP, the UDC will continue to bill the customer under the same conditions prior to the scheduled change of service. The UDC will issue a notice to both the ESP and the customer, informing both parties that the ESP will not provide consolidated billing services for that customer until the security deposit has been received by the UDC.

d. Interest on Cash Deposit

The UDC will pay interest on cash deposits, except as provided below, calculated on a daily basis, and compounded at the end of each calendar month, from the date fully paid to the date of refund by check or credit to the ESP's account. The interest rate applicable in each calendar month shall be set forth in Rule 7, Deposits; except that when a refund is made within the first fifteen days of a calendar month the interest rate applicable in the previous month shall be applied for the elapsed portion of the month in which the refund is made.

No interest will be paid if the ESP's right to continue providing ESP Consolidated Billing services is temporarily or permanently discontinued for nonpayment of bills. No interest will be paid for periods covered by bills paid after becoming past due.

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RULE 25

DIRECT ACCESS RULES

P. Credit Requirements (Continued)

2. Under Consolidated ESP Billing (continued)

e. Ongoing Maintenance of Credit

To assure continued validity of established unsecured credit, the ESP shall promptly notify the UDC of any material change in its credit rating or financial condition. ESP shall also furnish evidence of an acceptable credit rating or financial condition, as set forth above, to the UDC upon request. In the event the UDC determines that the ESP's, or the ESP's guarantor's, creditworthiness has materially changed, as set forth above, and the ESP does not rectify or provide a security deposit commensurate with the change in creditworthiness, then the UDC may revert to Separate Billing.

f. Re-establishment of Credit

An ESP whose Consolidated Billing service option has been terminated, revoked or suspended under this section may reestablish its credit worthiness by the provision of a security deposit, or by any other manner described in this Section P following a six-month period.

3. Under Separate UDC/ESP Bills

If the ESP performs separate billing services, the UDC may require the ESP to establish its creditworthiness through evaluations, deposits, or other security in the manner described in Section P (2), to cover CPUC-approved charges incurred as a result of Direct Access participation. That is, the creditworthiness only applies to the UDC charges that are billed directly to the ESP.

4. Additional Documents

The ESP shall execute and deliver all documents and instruments (including, without limitation, security agreements and UDC financing statements) reasonably required from time to time to implement the provisions set forth above and to perfect any security interest granted to UDC.

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