



RULE 23

Sheet 1

COMPETITION TRANSITION CHARGE RESPONSIBILITY

The Competition Transition Charge (CTC) shall apply to all bundled service existing and future retail electric customers of the Utility, all Direct Access customers, all Community Choice Aggregation (CCA) customers, and all Departing Load customers subject to the specific exemptions described herein. The CTC is designed to recover retail transition costs incurred as a result of the shift to a more competitive market structure adopted in D.95-12-063, as modified by D.96-01-009, and as codified by the California Legislature in Assembly Bill ("AB") 1890 as signed into law September 23, 1996.

A. Applicability

The Utility's transition costs shall be recovered from all existing Utility bundled service customers, future Utility bundled service customers, direct access customers, CCA customers, and departing load customers who take or took retail service from the Utility on or after December 20, 1995, and remain in the service territory in which the Utility provided service as of December 20, 1995, except as specifically provided for in State of California Public Utilities Code (PU Code) is clarified by Decisions 97-06-060, 97-12-039 and 98-12-067. Remaining issues may be addressed in dispute resolution procedures for bundled service customers (Rule 10), direct access customers (Rule 25), CCA customers (Rule 27), and departing load customers as set forth in this Rule.

B. Definitions

1. Departing Load

Departing Load is that portion of a Utility electric customer's load, subject to changes occurring in the normal course of business as verified by metered data, for which the customer, on or after December 20, 1995: (1) discontinues or reduces its purchases of electric supply and delivery services from the Utility; (2) purchases or consumes electricity supplied and delivered by sources other than the Utility to replace such Utility purchases; and (3) remains physically located at the same location or within the Utility's service area as it existed on December 20, 1995. Reductions in load qualifies as Departing Load only to the extent that such load is subsequently served with electricity from a source other than the Utility and is not residential load served by a solar electrical generating facility (See Sections 372(e) and 2827 of the PU Code) with a capacity of not more than 10 kilowatts.

The definition of Departing Load specifically does not include: (1) a customer's load that moves to a new location outside the Utility's service area as it existed on December 20, 1995; (2) a customer's load that is no longer served with electricity from any source; or (3) a new customer that, after January 1, 1998, locates new load in the Utility's service territory, provided such customer does not purchase electricity from the Utility and does not use the Utility's transmission or distribution system to supply electricity to its load.

When a Utility retail customer that purchases electricity from the Utility on or after December 20, 1995, subsequently replaces such Utility purchases with purchases from an entity that supplies such retail customer using the Utility's transmission and/or distribution system (other than under the Commission-approved Direct Transaction), that load is classified as Departing Load for the portion of its requirements that are purchased through such an alternative supplier.

2. Direct Access (Direct Transaction)

A contract between any one or more electric generators, marketers, or brokers of electric power and one or more retail customers providing for the purchase and sale of electric power or any ancillary services.

(Continued)



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B. Definitions (Continued)

3. Utility Customer

Someone who takes bundled services including all energy requirements from the Utility.

C. CTC Calculation

1. AB 1890 codifies principles and procedures for implementing a CTC, including the kinds of customers which will be exempt from the CTC. The Commission will determine the ultimate magnitude of the CTC, the appropriate mechanism for collection of the CTC, and the method of payment for customers as part of future Commission orders.

2. As provided herein, the charges of the Utility's rate schedules, contracts, or tariff options will contain a CTC component. The CTC shall be applied to each customer based on the amount of the customer's electricity consumption (i.e., all generation-related billing determinants used to determine a customer's bill), which is subject to changes occurring in the normal course of business as described in PU Code Section 371, whether such consumption is served by the Utility or an alternate supplier of electricity. Pursuant to Section 371 of the PU Code, changes occurring in the normal course of business are those resulting from changes in business cycles, termination of operations, departure from the Utility service territory, weather, reduced production, modifications to production equipment or operations, changes in production or manufacturing processes, fuel switching, including installation of fuel cells, enhancement or increased efficiency of equipment or performance of existing self-cogeneration equipment, replacement of existing cogeneration equipment with new power generation equipment of similar size as described elsewhere in this Rule, installation of demand-side management equipment or facilities, energy conservation efforts, or other similar factors. Further, the CTC cannot be avoided through the formation of a local publicly-owned electric corporation on or after December 20, 1995, or by annexation of any portion of the Utility's service territory by an existing local publicly-owned electric utility.

The billed CTC will be based on metered consumption. In cases where there is Departing Load, third party metering will be allowed subject to verification procedures sufficient to assure reliability of such consumption and/or information. Meter reliability would be pursuant to Utility's Rule 18 and the Direct Access Standards for Metering and Meter Data (DASMMD). Each party will be responsible for its own costs associated with the agreed upon verification process. If reliable metered consumption information is not made available to the Utility, the Utility will estimate the consumption based on that customer's historical load pursuant to this Rule at the time the customer discontinues or reduces its purchases from the Utility.

The billed CTC will be determined on a residual basis. The billed CTC for a billing period is the difference between Generation Revenue (which is determined by multiplying the Generation for the applicable rate schedule by the customer's consumption billing determinants) and the Electric Energy Commodity Cost (EECC) to serve the customer. The EECC for the billing period is calculated based on the procedures adopted by the Commission in its Consolidated Ratesetting Decision. However, certain consumption, as defined in Sections 369 through 374 of the PU Code and detailed as follows will not be included in the billed CTC calculation:

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C. CTC Calculation

2. (Continued)

- a. The billed CTC Calculation shall not include consumption resulting from new customer load or incremental load of an existing customer where such consumption is served through a Direct Transaction and such transaction does not otherwise require the use of the Utility's transmission or distribution facilities.
- b. Consumption served by nonmobile self-cogeneration or cogeneration capacity existing as of December 20, 1995, per Section 372(a)(1) of the PU Code:

The billed CTC calculation shall not include consumption served by:

- (1) nonmobile on-site or over-the-fence self-cogeneration capacity or cogeneration capacity that was operational on or before December 20, 1995; or
- (2) increases in the capacity of such facilities constructed by an entity owning or operating the facility resulting from:
 - (a) the replacement of existing cogeneration equipment with new power generation equipment of a size which does not exceed 120 percent of the installed capacity existing as of December 20, 1995; or,
 - (b) the installation of new or additional generation equipment or facilities such that the total capacity does not exceed 120 percent of the installed capacity as of December 20, 1995.

However, as all standby service is subject to CTC, the standby service for the first 20% of additional departing load is subject to CTC and subject to the provisions of Rate Schedule S.

Such consumption must be served on-site or served through an over-the-fence transaction between affiliated parties as defined in Section 372(a)(1) of the PU Code as allowed under PU Code Section 218, as this Section existed on December 20, 1995 regardless of the date by which such over-the-fence arrangement was made. Pursuant to Section 372(a)(1) of the PU Code, "affiliated" means any person or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with another specified entity.

Consumption served through unaffiliated transactions entered into on or before December 20, 1995 will not be included in the billed CTC calculation. However, the billed CTC calculation prior to June 30, 2000 shall include consumption served by over-the-fence arrangements entered into after December 20, 1995 between unaffiliated parties.

- c. Consumption served by nonmobile self-cogeneration or cogeneration capacity committed to construction as of December 20, 1995, per Section 372(a)(2) of the PU Code:

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C. CTC Calculation

2. (Continued)

c. (Continued)

The billed CTC calculation shall not include consumption served by:

- (1) on-site or over-the-fence nonmobile self-cogeneration or cogeneration projects that were committed to construction as of December 20, 1995, and are substantially operational as of January 1, 1998; or
- (2) increases in the capacity of such facilities constructed by an entity owning or operating the facility resulting from:
 - (a) the replacement of existing cogeneration equipment with new power generation equipment of a size which does not exceed 120 percent of the installed capacity existing as of January 1, 1998; or,
 - (b) the installation of new or additional generation equipment or facilities such that the total installed capacity does not exceed 120 percent of the installed capacity as of January 1, 1998.

However, as all standby service is subject to CTC, the standby service for the first 20% of additional departing load is subject to CTC and subject to the provisions of Rate Schedule S.

Such consumption must be served on-site or served through an over-the-fence arrangement between affiliated parties as defined in Section 372(a)(1) of the PU Code and as allowed under PU Code Section 218, as this Section existed on December 20, 1995. Pursuant to Section 372(a)(1) of the PU Code, "affiliated" means any person or entity that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with another specified entity. Consumption served through unaffiliated transactions entered into on or before December 20, 1995 will not be included in the billed CTC calculation. However, the billed CTC calculation prior to June 30, 2000 shall include consumption served by over-the-fence arrangements entered into after December 20, 1995 between unaffiliated parties.

d. After June 30, 2000, consumption served by an on-site or over-the-fence nonmobile self-cogeneration or cogeneration facility is not subject to the billed CTC calculation, per Section 372(a)(4) of the PU Code.

e. Consumption served by emergency generation equipment, per Section 372(a)(3) of the PU Code:

The billed CTC calculation shall not include consumption served by existing, new, or portable emergency generation equipment used during periods when the Utility's service is unavailable, provided such equipment is not operated in parallel with the Utility's power grid except on a momentary basis.

f. Consumption served by nonmobile self-cogeneration or cogeneration facilities that became operational after December 20, 1995, per Sections 372(c)(1) and (2) of the PU Code.

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COMPETITION TRANSITION CHARGE RESPONSIBILITY

C. CTC Calculation (Continued)

2. f. (Continued)

Pursuant to the PU Code, prior to June 30, 2000, at the Utility's discretion, the Utility and other interested parties may file applications to exempt load served onsite, or under an over-the-fence arrangement between unaffiliated parties, by a nonmobile self-cogeneration or cogeneration facility. This shall apply to those facilities that became operational after December 20, 1995, or over the fence arrangements between unaffiliated parties entered into, after December 20, 1995.

g. Existing Self-Cogeneration Deferral ("SCD") Agreements, per Section 372(b)(2) of the PU Code:

The billed CTC for the consumption that would have been served by a self-cogeneration or cogeneration facility, were it not deferred under the SCD Agreement, will be adjusted to reflect the level of Generation revenue that is embedded in such customer's SCD discounted rate. If the Agreement expires or is terminated and the customer: (i) engages in a Direct Transaction; or (ii) constructs a self-cogeneration or cogeneration facility of approximately the same capacity as the facility deferred; or (iii) takes bundled electric service from the Utility, such customer will continue to be billed under the above provision.

h. SCD Agreements under negotiation as of December 20, 1995, per Section 372(b)(1) of the PU Code:

When the Utility executes a SCD Agreement with customers where negotiations with the Utility for such Agreement were in progress on or before December 20, 1995, and the Utility and the customer executed a letter of intent or similar documentation, such customers shall have their CTC determined as described in the Section above, provided that upon conclusion of the negotiations the final Agreement is consistent with the letter of intent and the Commission approves the Agreement.

i. Irrigation districts, per Section 374(a)(1) of the PU Code:

In accordance with the PU Code, 110 megawatts of irrigation district load shall be allocated to the service territories of the three largest electrical utilities under the jurisdiction of the Commission based upon the ratio of the number of irrigation districts in the service territory of each Utility to the total number of irrigation districts in the service territories of all three utilities. The amount of load allocated to each Utility will be phased in over a five-year period beginning January 1, 1997, such that one-fifth of the allocation is allocated in each of the five years. Any unused allocation shall be carried over and added to the next year's allocation.

The load allocated to each Utility will be further allocated among the irrigation districts within the Utility's service territory with load between 8 and 40 megawatts. Such load shall be served by distribution facilities owned by or leased to the district. Further, load allocated as provided above shall be located within the boundaries of the affected irrigation district or within the boundaries specified in the service territory boundary agreement between the Utility and such irrigation district as it existed on December 20, 1995. In addition, at least 50 percent of each year's allocation shall be applied to pumping load used for agricultural purposes.

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COMPETITION TRANSITION CHARGE RESPONSIBILITY

C. CTC Calculation (Continued)

2. i. (Continued)

The CTC shall not apply to such allocated loads. However, the above provisions shall no longer apply after March 31, 2002.

In the event the Commission authorizes a nonbypassable CTC prior to the implementation of an Independent System Operator and Power Exchange, Sections (b) through (g) above shall apply.

j. Loads Not Subject to CTC

The definition of Departing Load specifically does not include, and CTC responsibility will not attach to: (1) a customer's load that moves to a new location that is outside of the Utility's service territory as it existed on December 20, 1995; (2) a customer's load that is no longer served with electricity from any source; or (3) a customer's load that is served by a generator that is eligible for service under Schedule NEM; or (4) after January 1, 1998, an existing customer locating incremental load or a new customer locating new load in the Utility's service territory, where that new or incremental load is being met through a direct transaction and the transaction does not otherwise require the use of transmission or distribution facilities owned by the Utility. The standards for determining whether a transaction "does not otherwise require the use of the Utility's transmission or distribution facilities" as set forth in Section D.3.e., CTC Responsibility of New Consumers, below.

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D. CTC For Departing Load Customers

1. Departing Load Customers are obligated to make ongoing CTC payments to the Utility in accordance with the following procedure.

a. Customer Notice to Utility

Customers shall notify the Utility in writing or by reasonable means through a designated Utility representative authorized to receive such notification of their intention to take steps that will qualify their load as Departing Load at least 30 days in advance of discontinuation or reduction of electric service from the Utility. The customer shall specify in its notice the following:

- (1) Date of the departure or reduction of load (Date of Departure);
- (2) Description of the load that will depart or be reduced;
- (3) The Utility account number assigned to the departing load;
- (4) The customer's preferred method of selecting billing determinants for its Reference Period Load Profile, as described herein, together with a specification of whether the customer would prefer to be billed for CTC payments based on current metering information, subject to the metering provisions described below; and,
- (5) Identification of any exemptions that the customer believes are applicable to the load pursuant to Section 369, 372, or 374 of the PU Code and as delineated in this Rule.

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RULE 23

COMPETITION TRANSITION CHARGE RESPONSIBILITY

D. CTC For Departing Load Customers (Continued)

1. (Continued)

b. The Failure to Provide Notice

If a customer does not provide notice of departure, such action will constitute a violation of this tariff and breach of the customer's obligation to the Utility. Upon discovery of such violation and breach by a Departing Load customer, the Utility will provide notice of the violation and breach to the customer. This notice provides 20 days in which the customer has the opportunity to cure the breach as defined in this Rule.

2. Public Utilities Code Exemptions:

a. Customers Claiming An Exemption Upon Departure

A customer asserting an exemption per any applicable section of the PU Code (as summarized in Paragraph 3(D) above) should identify the nature of its prospective supply arrangement, and state which Code section it asserts is applicable. Over-the-fence supply arrangements should be identified as to whether the supplier is an "affiliated" or "unrelated" corporate entity, as specified in Section 372(a) of the Public Utilities Code. Loads that are prospectively to be served by a qualifying California irrigation district, per Sections 374(a)(1) or 374(a)(2) should identify the district that is to provide their service, and the number of kilowatts (customer's average billing demand for the last 12 months, per instructions issued by the California Energy Commission on December 24, 1996) of the district's assigned allocation that is to be applied to the customer's load.

b. Customers Claiming An Exemption After Departure

A customer who has already qualified its load as departing load and executed a Departing Load Competition Transition Charge Agreement may later assert an exemption per any applicable section of the PU Code (as summarized in Paragraph 3(D)). In order to do so, the customer should submit, in writing or by reasonable means through a designated Utility account representative authorized to receive such notification, a notice of assertion of CTC exemption which shall provide the same information required by Paragraph 4(B)(1) for a customer who claims a CTC exemption upon departure. By no later than 20 days after receipt from a customer of the notice of assertion of CTC exemption, the Utility shall mail or otherwise provide the customer with a confirmation or denial of the customer's CTC exemption claim. If the Utility fails to respond, or if the customer is not satisfied with the Utility's response, within 14 days of receiving the Utility's response (or if the Utility did not respond within 35 days of the submission by the customer of a notice of assertion of CTC exemption) the customer shall notify the Utility in writing or by reasonable means through a designated Utility account representative authorized to receive such notification that the customer wishes to pursue informal dispute resolution.

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7C1

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RULE 23

COMPETITION TRANSITION CHARGE RESPONSIBILITY

D. CTC For Departing Load Customers (Continued)

2. Public Utilities Code Exemptions (Continued)

b. Customers Claiming An Exemption After Departure (Continued)

If the customer makes a timely request for informal dispute resolution, the Utility and the customer shall promptly seek assistance in reaching informal dispute resolution of any dispute over the applicability of the claimed exemption from the Commission's Energy Division, or shall seek mediation of any such dispute from the Commission's Administrative Law Judge Division. If the dispute is not resolved within 60 days of the customer's request to pursue informal dispute resolution, the customer may file a Complaint at the Commission within the next 20 days (the Utility and the customer may also agree to extend this 20 day period, in order to allow for further negotiations or other resolution techniques). The Complaint shall state the facts supporting the customer's claimed CTC exemption. While the complaint is pending, the customer shall continue to be responsible for making the monthly CTC and other nonbypassable charge payments described in Paragraph 4(E) on a timely basis, with such payments subject to future refund or other adjustment as appropriate if the Commission determines the exemption to apply. If the Utility agrees with the claim of exemption, or if the Commission determines the exemption to apply, then the Utility and the customer shall execute an Amendment to Departing Load CTC Agreement approved by the Commission. An exemption obtained after departure shall become effective thirty (30) days after receipt by the Utility of the notice of assertion of CTC exemption, except in those situations where the notice of assertion of CTC exemption is received by the Utility more than 30 days before the exemption may legally be provided to the customer, in which case the exemption shall become effective on the date the exemption may legally be provided to the customer.

3. Departing Load CTC Statement

a. Utility Response to Customer Notice

By no later than 20 days after receipt from a customer of notice, the Utility shall mail or otherwise provide the customer with a Departing Load CTC Statement together with any applicable confirmation of the customer's CTC exemption claim.

The Departing Load CTC Statement prepared by the Utility will state the customer's reference period billing, applicable rate schedule and service voltage, and will identify the customer's "Reference Period Annual Bill" amount. The Utility will also either confirm or state a reason for rejecting any claim that the customer has made for exemption pursuant to Section 372 or 374 of the PU Code, and will identify any applicable remaining future payment obligations related to other nonbypassable charges.

The customer's Reference Period Annual Bill will be calculated by multiplying the customer's applicable reference period billing determinants by those rates that are currently applicable for bundled service under the customer's applicable rate schedule and service voltage options.

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RULE 23

COMPETITION TRANSITION CHARGE RESPONSIBILITY

D. CTC For Departing Load Customers (Continued)

3. Departing Load CTC Statement (Continued)

a. Utility Response to Customer Notice (Continued)

If the Customer has switched between applicable rate schedules or service voltages during the 36 month period prior to the Date of Departure, the Departing Load CTC Statement will be based on the customer's final applicable rate schedule and service voltage. Where a customer provides reliable third party metered consumption data, the rate schedules used for CTC purposes shall be consistent with that metered information.

The Departing Load CTC Statement will either confirm or state a reason for rejecting any claim that the customer has made for exemption, pursuant to Section 372 or 374 of the Public Utilities Code. Where the Utility finds that a departing load is indeed eligible for exemption, the Departing Load CTC Statement will identify any remaining future payment obligations related to nonbypassable charges other than the CTC, together with any applicable post-2001 CTC responsibility.

b. Utility Delayed Response to Departing Load CTC Statement

If the Utility fails to provide the customer with a Departing Load CTC Statement containing all of the information specified in Section a. above within 20 days of the Utility's receipt of the notice from the customer, including the Utility's determination of the applicability of any exemptions asserted per Section 372 or 374 of the PU Code, then the customer's obligation to pay the Departing Load CTC shall not commence until the later of the Date of Departure or 30 days from the customer's receipt of the Utility's Departing Load CTC Statement.

c. Estimation of Departing Load Customer's Monthly Consumption

The Departing Load Customer's monthly consumption estimation will be based upon the customer's load at the time it terminates service with the Utility using one of the three following options:

- (1) The customer's demand and energy usage over the 12-month period prior to the customer's submission of notice; or,
- (2) The customer's average 12-month demand and energy usage, with such average to be as measured over the prior 36 months of usage. This method shall be used in lieu of (1) above if there is greater than a 25% difference in the results of applying (1) and (2).

In the event that the 12-month average usage is different from the 36-month average by an amount greater than 25 percent, the 36-month average will be used unless there is substantial evidence to demonstrate that the more recent usage is the result of a persisting change in the customer's electric usage, and that the 12-month average will be more indicative of the customer's future electric requirements.

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RULE 23

COMPETITION TRANSITION CHARGE RESPONSIBILITY

CTC For Departing Load Customers (Continued)

3. Departing Load CTC Statement (Continued)

e. CTC Responsibility of New Consumers (Continued)

General: Any party claiming that transition charges do not apply under this provision shall demonstrate through a physical test that such direct transaction can start and fully operate on an ongoing basis, without any of the parties involved in the direct transaction being connected to the utility's Transmission and/or Distribution (T&D) facilities, (i.e., the new or incremental customer load is able to be "islanded" to demonstrate that the direct transaction does not require the use of the utility's T&D systems. Once this standard is met, connection to the system is allowed without invalidating the CTC exemption). Any disagreements involving new or incremental load served by a direct transaction are subject to the dispute resolution process as set forth in Section D.6. of this Rule.

Standby Relationships:

- (1) For customers interconnected with the Utility's T&D facilities for standby service, the Utility shall deem that new or incremental load can be served through a direct transaction while isolated from the power grid when a physical test of the generator providing electric power to the load demonstrates the following:
 - (a) The generator is a synchronous generator with black start capabilities, i.e., the synchronous generator starts without being connected to the Utility's T&D facilities, and,
 - (b) The ongoing physical flow of power for the direct transaction can be provided with no connection to the Utility's T&D facilities.
- (2) A physical test for customers interconnected with the Utility's T&D facilities for standby service will be performed within three (3) weeks of an exemption being claimed by an owner/operator. The owner/operator shall permit the utility to inspect the installation and operation of the generator. Failure of the physical test or failure to permit the initial test on the date scheduled by the utility, or on a mutually agreeable alternative date, will result in the loss of the CTC exemption from the date that the exemption was claimed and received, billing for the exempted Departing Load for the period in which the exemption was received, and continued billing for the Departing Load until a physical test is successfully completed. If a physical test is failed, the customer claiming that transition costs do not apply may request another opportunity to demonstrate that it can pass the physical test which the utility shall schedule within three (3) weeks of the request or at a mutually agreeable date. A customer which fails a physical test twice within a two (2) month period is not entitled to request another physical test for twelve months from the date of the latter of the failed tests.

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COMPETITION TRANSITION CHARGE RESPONSIBILITY

D. CTC For Departing Load Customers (Continued)

3. Departing Load CTC Statement (Continued)

e. CTC Responsibility of New Customers (Continued)

(2) Standby Relationships (Continued)

To provide for ongoing compliance with D.98-12-067, the utility may conduct subsequent physical tests no more frequently than once every 18 months. Customers otherwise exempt from CTC after June 30, 2000 pursuant to Public Utilities Code Section 372 are under no obligation to undergo a subsequent physical test. The results of a subsequent physical test shall not affect a customer's CTC exemption status determined pursuant to the results of any prior physical test conducted not less than 18 months before the subsequent test.

(3) The physical test shall be conducted as follows:

- (a) The generator will be turned off and will then be restarted and brought back to the power level consistent with the associated load while completely isolated from the utility's T&D facilities; and,
- (b) Several representative resistive and inductive loads of the direct transaction will be cycled off and on to demonstrate the isolated generator is stable through normal cycling of resistive and inductive loads.
- (b) The isolated generator will operate at least one (1) hour while under full and partial loads.

4. Departing Load CTC Agreement

Departing Load Customers shall execute a filed form Departing Load CTC Agreement with the utility at least five days before the Date of Departure. The utility shall provide the Departing Load CTC Agreement, suitable for execution, to the customer with the Departing Load CTC Statement. Whether a Departing Load Customer signs the agreement or not, such customer will be deemed to have agreed to the terms of the Departing Load CTC Agreement by taking retail service on or after December 20, 1995.

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COMPETITION TRANSITION CHARGE RESPONSIBILITY

D. CTC For Departing Load Customers (Continued)

5. Customer Obligation to Make Departing Load CTC Payments

During the period between the Date of Departure and December 31, 2001, or until such time as the CTC For Departing Load Customer procedures are terminated by the Commission, the utility will issue monthly bills in accordance with the provision of this tariff and the Departing Load CTC Statement. These ongoing monthly payments shall be based on either the Reference Period Load Profile described in customer's Departing Load CTC Statement or on current meter information provided pursuant to this Rule (as elected by the customer and specified in its Departing Load CTC Agreement), and assessed at the same CTC Rate that is applicable to current utility customers under the then-current form of the electric rate schedule(s) identified in the Departing Load CTC Statement. Customers shall pay to the utility, the monthly charge within 20 days of receipt of the bill. Failure to pay two consecutive monthly CTC payments constitutes a violation of this tariff and breach of the customer's obligation to the utility. Opportunity to cure this breach is described elsewhere in this Rule.

On March 31, 2002, or at such time as determined by the Commission, the Departing Load Customer monthly CTC Payment obligation, as described above, will cease and be replaced by the option to meet post 2001 CTC obligations by making either a final lump sum payment amount or making other post 2001 periodic payment arrangements as determined by a future Commission proceeding addressing post 2001 responsibility.

6. Dispute Resolution

If a customer believes that its Departing Load CTC Statement does not comply with the terms and conditions provided for in this section, the customer must notify the utility of the basis for this disagreement in writing, within 20 days after receipt of the Departing Load CTC Statement provided by the utility. If the utility does not accept the customer's position, it will respond in writing within five days after receipt of such notice. If the customer is not satisfied with the utility's response, within 14 days of receiving the utility's response the customer shall notify the utility in writing or by reasonable means through a designated utility account representative authorized to receive such notification that the customer wishes to pursue informal dispute resolution. If the customer makes a timely request for informal dispute resolution, the utility and the customer shall promptly seek assistance in reaching informal dispute resolution from the Commission's Energy Division, or shall seek mediation of the dispute from the Commission's Administrative Law Judge Division. If the dispute is not resolved within 60 days of the customer's request to pursue informal dispute resolution, the customer may file a complaint with the Commission within the next 20 days. (the utility and the customer may also agree to extend this 20 day period, in order to allow for further negotiations or other resolution techniques.) In such events, the customer shall continue to be responsible for making the monthly CTC and other nonbypassable charge payments described herein on a timely basis, with such payments subject to future refund or other adjustment as appropriate if the Commission establishes that different information should have been used as the basis for the customer's Departing Load CTC Statement. Failure to file a complaint with the Commission within the specified period shall constitute agreement with and acceptance of such Departing Load CTC Statement.

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COMPETITION TRANSITION CHARGE RESPONSIBILITY

D. CTC For Departing Load Customers (Continued)

7. Opportunity to Cure

If a customer fails to provide notice, or fails to make two Departing Load CTC Payments within the period specified in Section 5. above, then the utility shall send the customer a notice specifying the customer's failure to comply with this tariff and providing the customer with not less than 30 days from the date of the notice within which to take action curing the customer's breach of their obligation to the utility.

a. Failure to Provide Notice:

If the breach was a failure to provide notice, to cure the breach the customer must provide the notice required, pay any amount which would have been assessed had the customer provided the utility with a timely notice, and pay a Deposit equal to four times the monthly CTC Payment.

b. Failure to Make Payments:

If the breach was a failure to pay two consecutive monthly CTC Payments, to cure the breach the customer must pay all such delinquent monthly CTC Payments plus a Deposit equal to four times the monthly CTC Payment.

8. Return of Deposit

The utility will apply the Deposit to outstanding Departing Load CTC at the end of the transition period and refund any remaining balance. Interest shall be paid on any amounts credited as consistent with Rule 7.C.

9. Demand for Lump Sum Payment

If the customer does not cure the breach and pay the Deposit as described in Section 6 above, then the utility may issue a Demand for Lump Sum Payment of Default for Departing Load CTC responsibility. Such default Lump Sum CTC Payment shall be an amount equal to one and a quarter (1.25) times the customer's Reference Period Annual Bill plus one half of one percent (0.5%) of the customer's Reference Period Annual Bill multiplied by the number of months remaining between the date of the customer's first missed payment (or date of unnoticed departure) and December 31, 2001. The customer shall pay the Lump Sum CTC Payment as calculated in accordance with this Section within 30 days of receipt of the Demand for Lump Sum CTC Payment. Any Deposit will be applied to the lump sum prior to the Demand for Lump Sum CTC Payment.

10. Enforceability

Failure to make Departing Load CTC Payments or provide notice as specified herein constitutes a breach of the customer's continuing legal obligations to the utility and a breach and violation of this tariff. After the customer has been given the opportunity to cure as specified in this Rule, and after expiration of the 30 day period specified in this Rule, the utility may enforce this obligation by making a Demand for Lump Sum CTC Payment as described in Section 8. above. If this Demand is not honored within 30 days of receipt of the Demand for Lump Sum CTC Payment, the utility may enforce this obligation by filing suit to enforce this tariff in any court of competent jurisdiction.