

Decision No. 39085

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY LTD., a corporation, under General Order No. 96, Paragraph X, for an Order of the Railroad Commission of the State of California, authorizing Applicant to furnish electric public utility service at rates or under conditions other than the rates and conditions contained in its Tariff Schedules

Zone A, PCM-1 - C.R.C. Sheet No. 1277-E,
 Zone B, PCM-1 - C.R.C. Sheet No. 1278-E,
 Zone C, PCM-1 - C.R.C. Sheet No. 1279-E,
 and special contracts containing fuel oil clause.

ORIGINAL

Application No. 25613

FIRST SUPPLEMENTAL OPINION AND ORDER

Southern California Edison Company Ltd. in this supplemental application, filed May 15, 1946, asks the Commission for a modification of its original order¹ herein which authorized Edison to defer making increased charges for electric energy in accordance with fuel oil price adjustment clauses² contained in its filed tariff Schedule PCM-1³ and in a number of special service contracts. Such increases would have been required as a result of the increase in the price of fuel oil authorized by the United States Office of Price Administration on March 24, 1943, made effective April 1, 1943, in the amount of 25 cents per barrel resulting in a posted price of \$1.10 per barrel delivered at the company's steam plants.

On March 25, 1946, Edison made effective revisions of its Schedule PCM-1⁴ which removed the cost differentials between Zones A, B, and C and revised the fuel

¹Decision No. 36373, May 25, 1943.

²Schedule PCM-1 in effect April, 1943 contained the following clauses. Similar clauses were incorporated in the contracts referred to.

"This schedule in any billing month is subject to an additional charge of 3¢ per 1000 Kwh for each one cent that the average cost of fuel, expressed in cents per barrel of equivalent fuel oil, is above \$0.75 per barrel at the steam plants of the Company for the calendar month next preceding the month in which the meter is read."

³C.R.C. Revised Sheets Nos. 1277-E, 1278-E, and 1279-E.

⁴C.R.C. Revised Sheets Nos. 2140-E, 2144-E, 2148-E.

oil price adjustment clause⁵ to obtain more consistency with the theory underlying the use of such adjustment provisions, and to achieve harmony with the practices of other utilities throughout the state.

As a result of further action by the Office of Price Administration, the price of fuel oil was again raised 15 cents per barrel, effective March 20, 1946.

Edison now proposes to increase such of its schedule and contract rates as are subject to fuel oil price adjustment to reflect this increase of 40 cents per barrel in the price of fuel oil.

Edison asserts that notice in proper form of intention to invoke the applicable provisions of its tariffs and contracts has been given to the Office of Price Administration, such notice having been received May 10, 1946.

The increase in rates, according to Edison, will probably result in increased annual revenues of \$273,000⁶ and will offset to some extent the estimated increase in fuel costs amounting to \$850,000 for 1946 resulting from the total increase in the price of fuel oil of 40 cents per barrel since 1943.

⁵The revised clause reads as follows:

"The total bill after applying power factor discount will be increased at the rate of 0.15 mills (\$0.00015) per KWH for each 5.0 cent (\$0.05) that the market price of industrial fuel oil (P.S. No. 400) as regularly quoted by Standard Oil Company of California f.o.b. cars at its El Segundo Refinery was above 85 cents (\$0.85) per barrel on a date thirty (30) days prior to the closing meter reading for that billing month."

⁶Table Exhibit B shows details as follows:

<u>Rate Schedule</u>	<u>No. of Customers</u>	<u>Estimated Sales KWH.</u>	<u>Estimated Revenue</u>	<u>Estimated Increase in Revenue</u>
<u>PCM-1 Schedule by Zones:</u>				
Zone A	100	258,092,000	\$1,898,000	\$192,000
Zone B	15	29,400,000	219,000	23,000
Zone C	2	2,508,000	27,000	3,000
Subtotal	117	290,000,000	\$2,144,000	\$218,000
Douglas Agreement	1	32,000,000	262,000	15,000
Kaiser Agreement	1	98,000,000	610,000	32,000
Procter Gamble Agreement	1	21,000,000	123,000	8,000
Total	120	441,000,000	\$3,139,000	\$273,000

There would appear to be no reason why Edison should not now adjust its schedules and contracts, and charges thereunder, in accordance with the fuel oil price adjustment clauses contained in those schedules and contracts. The increased cost of fuel for electric generation would thereby be reflected in accordance with the intent of the schedules and contracts. Customers are free to transfer to other regular schedules, not subject to fuel oil price adjustment, on which the bulk of Edison's power business is served at any time such transfer appears advantageous. Pacific Gas and Electric Company and San Diego Gas and Electric Company have recently taken steps to make effective similar adjustments.⁷

No protest has been received by the Commission from any interested party or from the United States Office of Price Administration.

Edison Company, by Advice No. 194, dated May 14, 1946, concurrently with this application, has made a tariff filing in accordance with the provisions of General Order No. 96. Acceptance of this filing by the Commission will incorporate in Edison's tariff schedules the changes necessary to reflect the revisions in rates contemplated in this application in so far as filed schedules are concerned.

The Commission, having considered this application, being of the opinion that the requests contained therein should be granted and that the modifications of tariff schedules and special contracts therein discussed are justified, that a public hearing is unnecessary and good cause appearing,

IT IS HEREBY ORDERED as follows:

1. The Order in Decision No. 36373 is null and void concurrent herewith.
2. Southern California Edison Company Ltd. shall revise the rates charged under the terms of its effective special electric service contracts containing fuel oil price adjustment clauses in accordance with the provisions of said clauses effective on meter readings taken on and after June 15, 1946.
3. Southern California Edison Company Ltd. is hereby authorized to

⁷ Decision No. 38932, May 7, 1946, and Pacific Gas and Electric Company, Advice No. 24-E, filed April 4, 1946, effective May 10, 1946. San Diego Gas and Electric Company, Advice No. 105, filed April 12, 1946, effective May 21, 1946.

make effective on June 15, 1946 revisions of its tariff schedules forwarded to the Commission under Advice No. 194 and set forth on C.R.C. Sheets Nos. 2219-E to 2225-E, inclusive.

4. The effective date of this Order is the date hereof.

Dated at San Francisco California, this 11th day of June, 1946.

Harold Cudde

Justus F. Casner

Frank H. Powell

Harold P. Kula

Commissioners