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Decision No. 85532

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
SOUTHERN CALIFORNIA EDISON COMPANY)
for authority to increase rates)
charged by it for electric service.)
_____)

Application No. 54946
(Filed June 7, 1974)

ORDER DENYING REHEARING

By motion filed on November 4, 1975, Southern California Edison Company (Edison) requested that the Commission grant a partial general rate increase as an initial phase of these proceedings, based upon the Commission staff's recommendations, to be effective on or before January 1, 1976.

At the hearing held November 14, 1975, the opportunity was afforded to the appearances in this proceeding to make statements regarding Edison's November 4, 1975 motion. At the request of several of the parties, briefs were submitted on the issues of both the amount and apportionment of any partial increase to the various customer groups served by Edison.

After statements and briefs were received from a number of the parties to this proceeding, the Commission issued Decision No. 85294 on December 30, 1975. In Decision No. 85294, the Commission granted Edison the authority for an \$80 million partial increase based upon the staff's estimated 1976 test year results of operations, to provide for the 12.25 percent return on equity as previously set forth in Decision No. 61919. The Commission apportioned the partial increase to Edison's customers on a uniform cents per kilowatt hour basis, with the exception of generally exempting the lifeline portion of domestic customers (i.e., 0 to 300 kilowatt hours per month) from the increase. The increase granted was to be effective December 31, 1975.

On January 8, 1976, California Manufacturers Association (CMA) filed a petition for rehearing of Decision No. 85294, requesting that the Commission stay and suspend the order in Decision No. 85294 pending rehearing, or in the alternative, stay and suspend the order and substitute therefor an order apportioning the increase to all of Edison's customers on a uniform percentage of revenue basis. In its petition, CMA takes issue with both the granting of partial relief and the general exemption of domestic usage below 300 kilowatt hours per month from the increase. However, our review of CMA's arguments does not persuade us that good cause for rehearing, suspension or a stay has been shown.

The grant of partial relief in Decision No. 85294 was based upon the Commission staff's estimates of revenues, expenses and rate base and was granted so that pending a final decision in this matter, Edison would earn the return on equity previously envisioned in Decision No. 81919, issued September 25, 1973. CMA argues that the partial increase was not justified on the basis of the record and should not have been granted absent a showing of either some financial emergency, or the agreement of the parties. We have previously found that the absence of an emergency condition does not require the denial of requested rate relief where the record will support a finding that the increase is justified (Pacific Gas and Electric Company, Decision No. 82517, issued February 20, 1974). Section 454 of the Public Utilities Code requires that rates set by the Commission in the exercise of its ratemaking powers be justified and reasonable. We note that the figures contained in the staff estimate adopted for the purpose of the partial increase are the most conservative contained in the record in this proceeding. We further note that with respect to Edison's motion, material issues were not raised concerning the sufficiency of the staff's estimates in particular for use

as the basis for providing partial rate relief, but to the very concept of providing such relief in the absence of a finding of financial emergency. Having again reviewed the record, we are convinced that the record does, at a minimum, support the partial relief granted, and that the rates established in Decision No. 85294 are justified and reasonable for the resolution of the initial phase of this matter.

In apportioning the partial increase which was granted on a uniform cents per kilowatt hour basis with the general exception of domestic customers in the 0 to 300 kilowatt hour per month energy block, we specifically recognized that final apportionment of the rate increase to various customer groups would not be appropriate until the record was complete with respect to the issue of rate design, and also recognized the provisions of Assembly Bill 167, the lifeline bill, were to take effect on January 1, 1976, just one day after the effective date of the order in Decision No. 85294. Although a very small increase was apportioned to very low level usage within the 0 to 300 kilowatt hour per month energy block, apportionment of more than this minimal amount would not, in our view, have been appropriate.

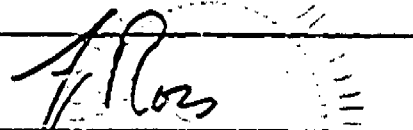
IT IS THEREFORE ORDERED that rehearing, suspension or stay of the order in Decision No. 85294 is hereby denied.


The effective date of this order is the date hereof.

Dated at San Francisco, California, this 2nd day of MARCH, 1976.



President





Commissioners

I abstain
William Lyons, Jr.

I abstain
Vernon L. Sturgeon