

ORIGINAL

Decision 84 02 064 FEB 16 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Coachella Valley Association
of Governments,

Complainant,

vs.

Southern California Edison
Company,

Defendant.

Case 83-05-10
(Filed May 23, 1983)

Gary Wiedle, for complainant.
Carol B. Henningson, Attorney at Law,
for defendant.

O P I N I O N

Complainant Coachella Valley Association of Governments (CVAG) seeks an order requiring defendant Southern California Edison Company (Edison) to: (1) grant an expanded lifeline allowance from 650 to 1,500 kilowatt-hours (kWh) per month for air conditioning for the Coachella Valley region served by Edison for the period May 1, 1983 to October 31, 1983, and from May 1, 1984 to October 31, 1984; (2) prepare studies which would show actual residential air-conditioning usage in the Palm Springs service district on a month-by-month basis and to show the correlation of average residential usages to seasonal residential usages; (3) prepare studies for its next general rate case to show the effect of seasonal residents upon average usage for the purposes of establishing new baseline quantities; and (4) formally correct

all of the prior data submitted in Order Instituting Investigation (OII) 77, our investigation into the adequacy of summer lifeline gas and electricity allowances provided by investor-owned utilities throughout the State and in Edison's general rate increase applications. CVAG also requests that this Commission limit the scope of its consideration of air-conditioning lifeline allowances to the extremely hot climate areas such as Coachella Valley.

A duly noticed hearing was held before Administrative Law Judge N. R. Johnson in Los Angeles on August 2, 3, and 4, 1983, and the matter was submitted subject to the receipt of concurrent opening briefs due September 12, 1983 and concurrent reply briefs due October 11, 1983. Testimony was presented on behalf of CVAG by one of its former employees, Pamela Summers, and by its executive director, Gary Wiedle, and on behalf of Edison by its manager of tariffs, Warren E. Ferguson.

I - BACKGROUND

CVAG is a general purpose council of governments that is formed as a joint powers agreement among the cities of Coachella, Desert Hot Springs, Indian Wells, Indio, Palm Desert, Palm Springs, Rancho Mirage, Cathedral City, and La Quinta and Riverside County. Indio and Coachella are located in the Lower Coachella Valley and are served electricity by the Imperial Irrigation District (IID). The other seven cities are located in the Upper Coachella Valley and are served electricity by Edison. CVAG is governed by an Executive Committee composed of the mayor of each of the member agency cities and the five members of the Board of Supervisors of Riverside County.

The California State Legislature at its 1975-1976 regular session, by passage of Assembly Bill (AB) 167, enacted the Miller-Warren Energy Lifeline Act adding Section 739^{1/} to the Public Utilities Code mandating lifeline energy rates for all California gas and electric utilities. On October 7, 1975 this Commission issued its OII in Case (C.) 9988 to determine the lifeline quantities of electricity and volumes of gas, including the rate structure required to provide the minimum lifeline quantities of energy necessary for the average customer for the end uses specified in the lifeline act (Section 739). Lifeline quantities of energy were initially established in C.9988 by Interim Decision (D.) 86087 dated July 13, 1976 (80 CPUC 182). In keeping with the Legislature's intent, the basic lifeline allowances were determined as:

"...the smallest quantity of electricity and volume of gas that would, for the specified end utility service uses, be required to maintain a family of four people living in a five-room, 1,000-square-foot, well-insulated single family dwelling in a modest but reasonably comfortable standard of living."
(80 CPUC at 189-190.)

With respect to the lifeline allowances initially established by Interim D.86087, supra, the Commission recognized the need for a continuing review of such lifeline designations by noting (at page 202) that:

"The quantities and volumes designated herein, and the procedures established, are the results of our judgment and may, after being tested by experience, require their modification. The Commission will, therefore, be receptive to modification as experience and social and economic factors indicate."

^{1/} Unless as otherwise specified, all sections mentioned hereafter refer to the Public Utilities Code.

On April 4, 1978, the Commission issued D.88651 (83 CPUC 589) as final Phase II of C.9988. Issues deferred by Interim D.86087 for subsequent consideration in final Phase II of C.9988 were considered and disposed of by D.88651.

Two of the additional findings set forth in D.88651 are as follows:

- "3. The inclusion of additional end uses other than those named in the Miller-Warren Lifeline Act should be limited to those end uses needed to supply the minimum energy needs of the average residential user and to life-support devices."

* * *

- "5. Air conditioning falls within the end use criterion set forth above, and lifeline quantities for electric air conditioning should be established in separate utility rate proceedings."

In accordance with Finding 5 above, D.89711 dated December 12, 1978 in Edison's Application (A.) 57602 for a general rate increase established two air-conditioning lifeline zones. The air-conditioning allowance for Cooling Zone H was 280 kWh per month and for Cooling Zone V was 500 kWh per month applicable for the period May 1 through October 31.

On July 2, 1980 this Commission issued OII 77 into the adequacy of summer lifeline gas and electricity allowances for Pacific Gas and Electric Company (PG&E) in the coastal and mountainous areas of its service territory. D.92572 dated January 6, 1981 reallocated PG&E's space heating lifeline allowances in the coastal and mountainous areas of its service territory to reflect space heating requirements in the May-through-October summer season and held OII 77 open pending a

determination of how to proceed with the examination of lifeline allowances to be designated for summer space heating and air-conditioning in certain service territories. Second Interim D.92872 dated April 7, 1981 in OII 77 ordered in part as follows:

"1. The next phase of the investigation will cover lifeline quantities for air conditioning particularly to establish consistent allowances among electric utilities.

"2. The respondent utilities shall make an analysis of residential usage for air conditioning and total energy sales on an annual, seasonal, and monthly basis for the various areas within their respective service areas. These analyses shall encompass present climatological zones and include recommendations and alternatives for the appropriate monthly level of lifeline allowance for air conditioning in the zones as presently designated." (Mimeo. page 2.)

Edison was included as one of the respondent utilities.

The third interim decision, D.93317 dated July 22, 1981, in OII 77 made the following Finding of Fact:

"3. The cooling degree-day data indicate that the Palm Springs and Blythe districts have greater cooling needs than presently reflected in Edison's lifeline allowances." (Mimeo. page 4.)

and the following Conclusions of Law:

"1. Current lifeline air-conditioning allowances do not accurately or equitably reflect the air-conditioning needs of customers in certain portions of PG&E's and Edison's service territories with warm climates.

"2. Based upon preliminary review of climatological information and comparison of 'cooling degree-day' data, the lifeline air-conditioning allowances for customers in certain portions of PG&E's and Edison's service territories should be increased on an interim basis."
(Mimeo. page 4.)

"3. Edison's customers residing in Death Valley and the Palm Springs and Blythe customer districts should receive an air-conditioning allowance of 650 kWh per month." (Mimeo. page 5.)

The above air-conditioning lifeline allowances have been continued unchanged since that date.

In the Fourth Interim Opinion and Order, D.82-01-08 dated January 5, 1982, in OII 77 we stated in part:

"One of the principal goals of expanding OII 77 to include all the investor-owned utilities in the state was to establish uniform lifeline allowances among utilities. It soon became apparent that to accomplish this ambitious goal would require significant time and the preparation of complex and comprehensive analyses by the respondents, staff, and interested parties.

"Rather than delay all action in OII 77 until such studies were completed and presented in evidence, the Commission decided to act, on an interim basis, to provide some relief during the summer cooling season of 1981 to certain customers of PG&E and Edison whose authorized lifeline air-conditioning allowances were either nonexistent or clearly insufficient. Based upon preliminary review of climatic information and comparison of 'cooling degree' data, D.93317, dated July 22, 1981, modified the lifeline air-conditioning allowances provided by PG&E and Edison." (Mimeo. pages 1 and 2.)

* * *

"The avowed purpose of beginning the current phase of OII 77 is to establish uniform lifeline air-conditioning allowances among the respondent utilities. However, in response to the limited availability of credible climatic data, most parties who participated in this round of hearings concluded that the present air-conditioning allowances are adequate and should not be changed at this time." (Mimeo. page 3.)

* * *

"Edison, SDG&E, SoCal, and the Farm Bureau all concur with the staff proposal to establish a technical committee charged with the responsibility of recommending standardized air-conditioning territories and allowances on a statewide basis." (Mimeo. page 6.)

* * *

"In contrast to all the other parties who concluded that there is insufficient information upon which to base changes in the current allocation of lifeline air-conditioning allowances, CVAG contends that ample evidence exists to support adoption of its proposal. CVAG contends that the unique climatic conditions and energy needs of the Low Desert Area (Coachella Valley) warrant the following Commission action:

- "1. Establishment of the Low Desert Area, with its extreme climatic conditions, as a separate zone; and
- "2. Establishment of a lifeline allowance of 1,500 kW from May through October to provide minimum air-conditioning needs in the Low Desert Area." (Mimeo. page 6.)

* * *

"We acknowledge the excellent presentation of CVAG in support of its petition. We are not unmindful of the harsh reality that air-conditioning is a critical necessity for many residents of the Low Desert Area. We are also aware that many such residents have already undertaken the most extreme measures to limit their energy consumption to the bare minimum and simply cannot reduce their bills through further conservation. However, we are also very conscious that the primary goal of this phase of OII 77 is to establish a uniform system of allocating lifeline allowances on a statewide basis. If we were to grant the petition of CVAG, we would merely carve out another exception and move further from our goal of standardized lifeline allowances." (Mimeo. page 7.)

* * *

"Staff, the committee and the parties in this proceeding should assist us in determining on a consistent statewide basis the minimum energy needs of the average residential user for cooling and in determining consistent differentials in such energy use caused by geographic, climatic and seasonal factors. We recognize that data inadequacies make this task difficult. But we wish to make whatever improvements are feasible for the upcoming cooling season. Therefore we direct the Executive Director to form the advisory committee as soon as possible and to produce a staff report on these issues in February 1982 for consideration by the committee as its first task. This report and the committee's initial deliberations should consider the base temperature for determining minimum energy needs for cooling, the identification of climatic regions and 'hot spots',

and steps for making lifeline cooling allowances consistent statewide."
(Mimeo. pages 8 and 9.)

* * *

"We will deny CVAG's petition without prejudice and direct the Executive Director to assure CVAG participation on the advisory committee to assure that the Low Desert Area is considered in analyses of cooling energy needs."
(Mimeo. page 9.)

* * *

"Findings of Fact

- "1. The purpose of this phase of OII 77 is to establish consistent statewide lifeline allowances for energy used for cooling.
- "2. Currently there is insufficient climatic information available to enable the Commission to establish consistent lifeline cooling allowances and territories.
- "3. An advisory committee, coordinated by staff and consisting of utility representatives and interested parties, would be well equipped to gather and analyze available climatic and energy-use data, to consider staff reports, and to make recommendations on consistent lifeline cooling allowances and regions.

"Conclusions of Law

- "1. Consistent lifeline cooling allowances and regions should be established on a statewide basis.
- "2. To assist the Commission in establishing consistent allowances and regions, an advisory committee coordinated by staff and consisting of gas and electric utility representatives and interested

parties should be formed by the Executive Director to make appropriate recommendations for implementation effective May 1, 1982 and for further consideration in OII 77." (Mimeo. page 10.)

Section 739 was amended in 1982 by AB 2443. The amendment changed the previously designated lifeline allowances for specific end uses for residential customers to baseline quantities to be computed as a percent-of-average-residential usage. Section 739 provided for the implementation of the baseline quantities for gas and electric utilities in an order resulting from the first general rate proceeding for that corporation decided on or after January 1, 1983 with an effective date of not earlier than January 1, 1984. Section 739(d) further provided in part:

"Pending that effective date, the lifeline allowances existing on December 31, 1982, shall continue in effect."

As a result of the above modification to Section 739, no further hearings were scheduled on OII 77 and the establishment of baseline quantities for the individual utilities was delegated to the individual utility general rate increase matters. Edison's next general rate proceeding will be for the test year 1985 and baseline quantity allowances will become effective in that proceeding.

CVAG participated in the oral argument before the Commission en banc in A.59351 in 1980, was a party of record and active participant in Edison's A.61138 for a general rate increase in 1982, and was a party of record and active participant in the hearings in OII 77.

II - POSITION OF CVAG

Evidence presented on behalf of CVAG asserted that:

1. CVAG was formed to provide for the regional needs of a peak population of 200,000 residents as determined by a demographic study performed by CVAG.
2. The permanent population of the Coachella Valley was approximately 150,000 residents and the seasonal population is about 50,000 to 60,000 residents.
3. Edison provided erroneous information to the Commission on the residential summer usage of the Coachella Valley residents by dividing the kWh consumed during the summer months by the peak number of customers rather than by the substantially fewer number of customers who remained in the area during the hotter months.
4. By the use of total rather than seasonal number of customers in its furnished data, Edison has not made a proper analysis of residential usage patterns for air-conditioning.
5. Edison provided estimated residential air-conditioning kWh usage by certain weather stations in Customer Service Districts using a computer simulation model with a program that was approximately 20 years old and was originally used as a marketing tool to establish costs of different kinds of equipment.
6. D.93317 indicated that the then current lifeline air-conditioning allowances did not accurately or equitably reflect the air-conditioning needs of customers in certain portions of PG&E's and Edison's service territory with warm climates.

7. The air-conditioning lifeline allowance for Coachella Valley residents was increased from 500 kWh to 650 kWh a month for the six summer months as an interim measure based on a preliminary review of climatological information and a comparison of cooling degree data. Since the date of the decision, July 22, 1981, Edison has made no subsequent adjustments to this amount.
8. The residents of Coachella Valley are currently suffering from inadequate lifeline relief and, because of the technicalities of Section 739, will be precluded from relief until May 1, 1985.
9. Edison's method of computing average residential usage for Coachella Valley residents will place these residents at a significant disadvantage to other residential users in the computation of baseline quantities.
10. In the course of the OII 77 advisory committee meetings, Mr. Ferguson, Edison's manager of traffic, provided a Coachella Valley lifeline allowance figure of 775 kWh a month or 4,650 kWh for the summer cooling season.
11. By not providing adequate air-conditioning lifeline allowances to Coachella Valley residents Edison is discriminating against them in violation of Section 453.
12. CVAG was led to believe that the air-conditioning lifeline allowance for Coachella Valley would be further increased when the final decision in OII 77 issued.
13. CVAG advised the OII 77 advisory committee that the proper approach to air-conditioning lifeline allowances was to address the hot climate areas rather than the utilities as a whole.

14. Some of the areas of highest heating lifeline allowance, such as Lake Arrowhead, have the highest incidence of summer residents.
15. Coachella Valley is the sole winter resort region within Edison's service territory.
16. The lower Coachella Valley consisting of the incorporated cities of Indio and Coachella, the unincorporated communities of Thermal and Mecca, and the sparsely populated surrounding county area is served by IID.
17. A seasonal resident as defined by CVAG is one who resides in more than one residential habitat for a continuous period of time in the course of a year.
18. The cooling requirement for an 80 degree thermostat setting is 2.2 times as great as for an 85 degree thermostat setting.
19. The 650 kWh lifeline allowance for Coachella Valley was based on an 85 degree setting. It would be increased to 1,300 kWh if the Commission staff-recommended 80 degree thermostat setting were used.

In its opening and closing briefs, CVAG argues that:

1. Edison is in violation of Section 453 by subjecting Coachella Valley residents to disadvantage by its failure to act in the affirmative in prior rate proceedings before the Commission in proposing an adequate allocation of lifeline rates for these residents.
2. During the process of the OII 77 proceedings, Edison officials submitted incomplete, inadequate, and misleading technical information which does not reflect the true need for a lifeline allocation in a hot climate area and, therefore, the record should be corrected for further reference.

3. Until the new baseline provisions of Section 739 become effective the old lifeline policy remains in effect and the reforms which would have been considered as a result of the OII 77 process should be implemented for the lifeline seasons of 1983 and 1984.
4. The air-conditioning lifeline allowance for Coachella Valley should be increased from 650 kWh per month to 1,500 kWh per month starting May 1, 1983.
5. This Commission should direct Edison to immediately take steps to gather information which would show the true nature of seasonal and permanent year-round residential electrical consumption in the hot climate desert area so that lifeline allocation can be thoroughly considered in the 1984 general rate proceeding.
6. Section 728 binds the Commission to alter the lifeline allocations for Coachella Valley inasmuch as the OII 77 proceedings brought information to light which verifies that the lifeline rate for air-conditioning is in fact unjust in the Coachella Valley.
7. The continuation in effect of the current lifeline allocations as provided by Section 739 assumes the current application of reasonable rates and to the extent the current rates are not reasonable the Commission is obligated to intervene and readjust those rates as provided by the Public Utilities Code.

8. The passage of AB 2443 allowed the Commission to hold off any action on adjusting lifeline allocation on the premise that AB 2443 established a new policy that would go into effect in January 1983 and in the case of Edison, not affect lifeline rates until test year 1985.
9. The interim air-conditioning lifeline allowance of 650 kWh per month established in D.93317 has subjected 60,557 Coachella Valley residential electric consumers to a disadvantage and, therefore, Edison has violated Section 453.
10. Section 739 provides that "lifeline allowances existing on December 31, 1982 shall continue in effect". CVAG argues that such language is inserted into the statutes to guarantee the provision of lifeline rates at least at a certain level until future adjustments are made under the terms of a new policy as embodied in AB 2443 and an increased allocation would not be a violation of the language, but simply a provision that lifeline shall continue at a higher and more justifiable rate.

III - POSITION OF EDISON

Testimony presented on behalf of Edison indicated that:

1. Lifeline allowances are based on the requirements for a 1,000-square-foot home with four occupants, with an 85-degree design temperature for cooling rather than on actual residential usages.

2. Edison provided the specific data ordered by Ordering Paragraph 2 of the second interim decision (D.92872) in OII 77.
3. The data supplied by Edison were for Edison's Palm Springs and Blythe customer service districts rather than for Coachella Valley and were provided on a monthly basis.
4. The amount of cooling degree days for Palm Springs and Blythe was substantially greater than for the other areas included in the Zone V area forming the basis for Edison's recommendation that the air-conditioning lifeline allowance be increased from 500 kWh to 650 kWh per month for Blythe and Palm Springs, and be reduced from 500 kWh to 440 kWh per month for the balance of Zone V. The Commission adopted the recommended increase but not the recommended decrease.
5. The fundamental 20-year old computer program originally intended as a marketing tool has been constantly updated and modified for present day use.
6. The intent of further hearings on OII 77 was to develop uniform air-conditioning allowances on a statewide basis and the probable effect on the Coachella Valley allowances was highly speculative.
7. Section 739 provides for Edison to implement baseline allowances as of January 1, 1985.
8. Baseline quantities are geared to average residential usage as contrasted to lifeline quantities which are geared to typical usages of specific end uses.

9. Staff computed air-conditioning allowances at 85 degrees as that was the current Commission standard, at 82 degrees as that was the advisory committee-recommended standard, and at 80 degrees as that was the staff-recommended standard.
10. No evidence was developed justifying an air-conditioning lifeline allowance for Coachella Valley of 1,500 kWh a month for the summer season.
11. It would be very difficult and expensive to factor out seasonal customers in Coachella Valley and such action would result in data of doubtful benefits.
12. It does not seem like an extremely beneficial use of resources to continue to pursue what lifeline allowances are when the State is moving in an entirely different direction.
13. Edison data filings in connection with lifeline proceedings are not incorrect.
14. The usages in Palm Springs and Blythe districts are higher than the system usages in all 12 months of the year.
15. Edison collects frequency distribution data by the four summer and winter climatic zones.
16. None of the data being collected for the implementation of the baseline allowances attempts to make any distinction between seasonal residents or permanent residents.
17. The net effect of eliminating every customer who used less than 300 kWh a month was to raise the average residential consumption by 50 kWh a month.

18. The Commission did not necessarily imply that by setting the 650 kWh/month air-conditioning lifeline allowance on an interim basis, it was insufficient.
19. Edison's recommendations subsequent to its recommendation to increase the Palm Springs and Blythe allowance 150 kWh/month dealt with the generic issue of air-conditioning rather than specifically with Blythe and Palm Springs.
20. Edison's data did not fully support the 650 kWh a month air-conditioning lifeline allowance it recommended.
21. The electric space heating lifeline allowance for the coldest climate region (Zone 2) is 1,420 kWh a month.
22. The areas on Edison's system that are receiving air-conditioning allowances are also receiving space heating allowances.
23. On the average, there are 189 days a year where the temperature in Palm Springs exceeds 90 degrees.
24. Section 739 provides that the Commission shall take into account climatic and seasonal variations in consumption. Edison has interpreted this to relate to different summer and winter allowances and different climatic zones.
25. The frequency distribution data to be used for the development of baseline quantities in the next general rate increase will be compiled by months for each of the four heating zones and for each of the four cooling zones.
26. At the present time Edison's domestic lifeline usage approximates 57% of the total domestic usage and, consequently, Edison contemplates at this time having total baseline equal 57% of the total domestic usage.

27. You get a minimum of twice the cooling Btus per kWh as heating Btus per kWh.

In its briefs, Edison argues that:

1. Section 739 as amended precludes the Commission from changing in any manner lifeline allowances in effect on December 31, 1982, until such time as baseline quantities are established in the course of a utility's general rate case proceeding and, in any event, baseline quantities cannot become effective until January 1, 1984.
2. Current lifeline air-conditioning kWh allowances applicable to residents in CVAG's area were established by D.93317 effective July 22, 1981 and are mandated to continue in effect until baseline quantities are established.
3. In the case of Pacific Tel & Tel Co. v Public Utilities Commission (1965) 62 C 2d 634, the court found that Section 728 expressly precluded retroactive rate adjustments.
4. CVAG's evidence in this proceeding consisted solely of reiteration of evidence presented in OII 77, which was the very proceeding in which the current allowances for the CVAG area were established.
5. No evidence was presented in this proceeding of any violation of law or Commission order by Edison.
6. Lifeline allowances have been based on usage in a 1,000-square-foot home with adequate insulation and four occupants whereas baseline allowances are based on average usage.

7. Edison believes that the Commission issued its decision on an interim basis because it intended to review air-conditioning allowances on a statewide basis and since it took no further action in OII 77, Edison believes that the Commission intended no further action be taken.
8. Since Edison has presented no data on baseline quantities (other than medical allowances) CVAG cannot have been adversely affected by any action of Edison with respect to baseline quantities.
9. CVAG's request that additional lifeline allowances be granted climatic Zone S retroactive to May 1, 1983 cannot be granted because it would constitute retroactive ratemaking in violation of the law.
10. CVAG's request that Edison be required to prepare studies which show actual residential air-conditioning usage in the Palm Springs service district on a month-by-month basis and show correlation of average residential usages to seasonal residential usages should not be granted because seasonal and average usages are not relevant to lifeline allowances and there is no practical way of making such an identification short of costly individual contacts with customers, assuming one can even agree upon a definition of seasonal residents.
11. CVAG's request that Edison be required to prepare studies for its next general rate case to show the effect of seasonal residents upon average usage for purposes of establishing the new baseline quantities should not be granted

because there are numerous practical problems with identifying seasonal residents, and the development of baseline quantities should be a subject in Edison's next general rate case and not in this complaint.

12. The Commission should not limit the scope of its consideration of air-conditioning lifeline allowances to extremely hot climatic areas as this would be contrary to the Commission's stated policy.
13. CVAG's request that Edison be required to formally correct all prior data submitted to the Commission in OII 77 and its general rate case should not be granted because (a) CVAG has not established that such data was incorrect, and (b) any correction of data would be of limited use because one would be applying current data regarding seasonal residents to past data which would be erroneous.
14. The true basis of CVAG's grievance is that it is dissatisfied with prior Commission action upon its claims which is not the same as claiming Edison has done anything wrong.

IV - DISCUSSION

Issues

The issues to be addressed in the resolution of this matter are as follows:

1. Proper application of the Public Utilities (PU) Code sections.
2. Additional lifeline allowances retroactive to May 1, 1983.

3. Edison studies be required to show, on a month-by-month basis for Palm Springs, the correlation of average residential usages to seasonal residential usages.
4. Commission limit the scope of consideration of air-conditioning lifeline allowances to hot climatic zones.
5. Edison be required to correct erroneous data submitted to the Commission in OII 77 and Edison's general rate cases.

PU Code Sections

CVAG quotes from various sections of the PU Code in support of its basic position that additional air-conditioning lifeline allowances should be granted the Edison customers residing in Coachella Valley effective May 1, 1983.

Firstly, CVAG notes that Section 453 prohibits subjecting any corporation or person to prejudice or disadvantage, and maintains that Edison has violated this section by its failure to act affirmatively in proposing an adequate allocation of air-conditioning lifeline allowance. The record clearly shows that Edison recommended an increase in lifeline allowances for the Blythe and Palm Springs service districts from 500 to 650 kWh a month in spite of its belief that the record did not fully support such an increase. Under these circumstances it is obvious that Edison does not believe its Coachella Valley residential customers were subjected to prejudice or disadvantage. We agree. Consequently, no violation of Section 453 exists.

Secondly, CVAG notes that Section 728 states in part:

"...whenever the Commission, after a hearing, finds that the rates or classifications, demanded, observed, charged, or collected by any public utility for or in connection with any service product, or commodity, or the rules, practices or contracts affecting such rates or classifications are insufficient, unlawful, unjust, unreasonable, discriminatory, or preferential, the Commission shall determine and fix, by order, the just, reasonable, or sufficient rates, classifications, rules, practices, or contracts to be thereafter observed and in force."

CVAG maintains that the lifeline allocation during the summer cooling season for the residents of the Coachella Valley area are indeed insufficient and unreasonable and the Commission is bound by the PU Code to alter those rates inasmuch as the OII 77 proceedings brought information to light which verifies that the lifeline rate for air-conditioning is in fact unjust in the Coachella Valley "hot climate" area. CVAG's contention is invalid in this instance because after hearings on the matter and full consideration of CVAG's evidence, we found only that an increase from 500 kWh a month to 650 kWh was warranted based on the evidence before us at that time.

And, thirdly, CVAG refers to Section 729, which reads:

"The commission may, upon a hearing, investigate a single rate, classification, rule, contract, or practice, or any number thereof, or the entire schedule or schedules of rates, classifications, rules, contracts, and practices, or any thereof, of any public utility, and may establish new rates, classifications, rules, contracts, or practices or schedule or schedules in lieu thereof."

In this matter we did institute an investigation of a specific portion of the residential rates, i.e., the lifeline allowance for residential air-conditioning loads, and modified the tariffs as the evidence indicated they should be modified. Obviously we were acting fully in accord with the provisions of Section 729.

Additional Lifeline Allowances

CVAG contends now as at the hearings in OII 77 that the evidence and testimony fully support the allocation of 1,500 kWh a month as a lifeline allowance from May 1 through October 31 for the Edison Coachella Valley residential customers. As noted on pages 5, 6, 7, 8, and 9 of this decision, we concluded that Edison customers residing in Death Valley and in the Palm Springs and Blythe customer service districts should receive an air-conditioning allowance of 650 kWh a month. Furthermore, we acknowledged CVAG's evidentiary presentation in support of additional allowances for Edison customers residing in the low desert area, but we were not persuaded that the requested 1,500 kWh a month allowance was necessary. We also denied the petition for this increased allowance on the additional basis that granting the petition would move us further from our goal of standardized lifeline allowances.

At this point it should be emphasized that the passage of AB 2443 modified Section 739 so that lifeline allowances based on specific end uses were to be replaced with baseline allowances based on percentages of average residential usages to be determined in connection with individual utility general rate increase proceedings. Consequently, further consideration of lifeline allowances at this point would be an idle exercise producing no usable results.

Furthermore, modified Section 739 not only abolished the lifeline allowances contemplated in OII 77, but mandated that lifeline allowances in effect on December 31, 1982 be continued in effect until replaced by baseline allowances developed in the utility's first general rate increase proceeding subsequent to January 1, 1983.

Edison Residential
Seasonal Usage Studies

CVAG requests that Edison be required to prepare studies showing the correlation of average residential usages to seasonal residential usages for residential air-conditioning usage in the Palm Springs service district on a month-by-month basis and the effect of seasonal residents upon average usage for the purpose of establishing new baseline quantities.

AB 2443 has eliminated specific end uses in the computation of baseline quantities rendering immaterial any studies dealing specifically with average residential usages related to air-conditioning equipment. Section 739 now prescribes that baseline quantities of gas and electricity be based on a percentage of the average residential usage but establishes no guidelines for the development of average residential usage. However, Section 739(a) does state in part that "the Commission shall also take into account differentials in energy use by climatic zone and season". It is true, as alleged by CVAG, that many of the Edison customers in the Palm Springs district own more than one home and leave the area during the hot summer months with the thermostat on the air-conditioning equipment set high enough to preclude living in the house but low enough to protect the furniture.

Obviously the average electric consumption of such residential customers is less than for those residing in the area throughout the year and the inclusion of these data in computations of average residential monthly usage would tend to reduce the average monthly consumption.

We are not persuaded, however, that seasonal occupancy of domestic premises by a segment of population of a community is unique to Palm Springs. For example, communities located in areas that suffer severe winters might very well have many seasonal residents who leave in the winter with the thermostats for heating equipment set at low temperatures to protect the property. Also, college and military communities are generally considered to have numerous seasonal residents. Furthermore, the effect of conservation measures on average consumption would be essentially the same as the effect of seasonal residents on average consumption. However, a systemwide study showing the effect of seasonal residency upon average usage for Sher Bill purposes will be of use to all California ratepayers. Therefore, we will order Edison to conduct this study within 120 days of the effective date of this order and submit it to the Commission for consideration in the context of this statewide issue.

It should be noted that while baseline quantities are not tied to any specific end uses it is axiomatic that those areas that have high demands for seasonal loads, i.e. space heating and cooling, will have high consumptions during those seasons with a resultant high average residential usage and a

high baseline allowance. The record clearly shows that the Palm Springs and Blythe service district average residential consumptions are higher than system averages for each of the 12 months of the year. Consequently, the baseline quantities for this area may well be higher than the system average not only for the summer months when air-conditioning is used but also in the winter months when it is not. ✓

California Public Utilities
Commission Limit Scope of
Consideration

CVAG requests that this Commission limit the scope of its consideration of air-conditioning lifeline allowances to the extreme hot climatic areas such as the Coachella Valley. Section 1(e) of AB 2443 specifically provides as follows:

"(e) In order for the Miller-Warren Energy Lifeline Act to continue as an incentive to conserve energy, no end uses shall be specifically included in the baseline program established by Section 739 of the Public Utilities Code as amended by this act except for those specified in subdivision (b) thereof."

and subdivision (b) of Section 739 relates only to medical uses of life support equipment.

Consequently, we are precluded from consideration of air-conditioning lifeline allowances on any basis.

Edison Correct Errors

CVAG requests that Edison be required to formally correct all of the prior data submitted to the Commission in OII 77 and the general rate cases because of alleged incorrect data in relation to seasonal residents. Data submitted by Edison in connection with OII 77 and prior general rate cases need not be corrected since these matters are now closed. ✓

V - FINDINGS AND CONCLUSIONS

Findings of Fact

1. Edison has not subjected its residential customers in the Coachella Valley to any prejudice or disadvantage in violation of Section 453.

2. This Commission was not bound by Sections 728 and 729 to raise the lifeline allowances for air-conditioning for Edison's Coachella Valley residential consumers beyond the 650 kWh ordered by D.93317 as the record does not support any such further increase.

3. On September 30, 1982, AB 2443 was signed into law.
4. AB 2443 modified Section 739 to continue the lifeline program established by the Miller-Warren Energy Lifeline Act as an energy baseline program.
5. AB 2443 provides that no end uses, exclusive of life-support equipment, are to be specifically included in the baseline program.
6. Further consideration of lifeline allowances at this point would be an idle exercise producing no useful results.
7. Section 739, as revised by AB 2443, provides that lifeline allowances in effect on December 31, 1982 will be continued in effect until superseded by baseline quantities developed in the individual utility's first general rate case proceeding subsequent to January 1, 1983.
8. Seasonal occupancy of domestic premises by a segment of population of a community is not a situation unique to Palm Springs.
9. An Edison systemwide study showing the effects of seasonal residency upon average usage for Sher Bill purposes will be of use to Edison's ratepayers as well as to all California ratepayers. Therefore, we will order Edison to conduct this study within 120 days of the effective date of this order and submit it to the Commission for consideration in the context of this statewide issue.

10. Edison customers in the Palm Springs and Blythe service districts may well have higher than system average baseline allowances every month of the year.

11. Section 739 as modified by AB 2443 precludes us from the further consideration of lifeline allowances envisioned when OII 77 was instituted.

12. Data Edison submitted to this Commission in connection with OII 77 and rate case proceedings do not require correction because these proceedings are now closed.

Conclusions of Law

1. Further consideration of lifeline allowances is precluded by Section 739, as revised by AB 2443, which provides that no end uses, except life-support equipment, shall be specifically included in the baseline program.

2. The relief requested should be denied.

O R D E R

IT IS ORDERED that:

1. Within 120 days of the effective date of this order Southern California Edison Company (Edison) shall conduct a study to determine the effects of seasonal customer residency on average residential usage within its system, and shall submit this study to the Commission for its further consideration. Edison shall serve a copy of this study on Coachella Valley Association of Governments.

2. In all other respects the relief requested in Case 83-05-10 is denied.

This order becomes effective 30 days from today.

Dated FEB 16 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

PRISCILLA C. CREW

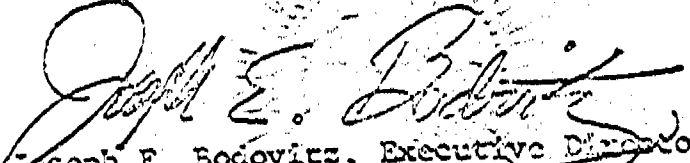
DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

Commissioner Victor Calzo,
being necessarily absent, did
not participate.

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director

Obviously the average electric consumption of such residential customers is less than for those residing in the area throughout the year and the inclusion of these data in computations of average residential monthly usage would tend to reduce the average monthly consumption.

We are not persuaded, however, that seasonal occupancy of domestic premises by a segment of population of a community is unique to Palm Springs. For example, communities located in areas that suffer severe winters might very well have many seasonal residents who leave in the winter with the thermostats for heating equipment set at low temperatures to protect the property. Also, college and military communities are generally considered to have numerous seasonal residents. Furthermore, the effect of conservation measures on average consumption would be essentially the same as the effect of seasonal residents on average consumption. However, a systemwide study showing the effect of seasonal residency upon average usage for Sher Bill purposes will be of use to all parties in the current Edison general rate proceeding, A.83-12-53, for analysis of the changeover from lifeline to baseline pursuant to Section 739. Therefore, we will order the study be performed and entered into the record of that proceeding.

It should be noted that while baseline quantities are not tied to any specific end uses it is axiomatic that those areas that have high demands for seasonal loads, i.e. space heating and cooling, will have high consumptions during those seasons with a resultant high average residential usage and a

3. On September 30, 1982, AB 2443 was signed into law.

4. AB 2443 modified Section 739 to continue the lifeline program established by the Miller-Warren Energy Lifeline Act as an energy baseline program.

5. AB 2443 provides that no end uses, exclusive of life-support equipment, are to be specifically included in the baseline program.

6. Further consideration of lifeline allowances at this point would be an idle exercise producing no useful results.

7. Section 739, as revised by AB 2443, provides that lifeline allowances in effect on December 31, 1982 will be continued in effect until superseded by baseline quantities developed in the individual utility's first general rate case proceeding subsequent to January 1, 1983.

8. Seasonal occupancy of domestic premises by a segment of population of a community is not a situation unique to Palm Springs.

9. A systemwide study showing the effects of seasonal residency upon average usage for Sher Bill purposes will be of use in the Edison general rate proceeding, for an analysis of the changeover from lifeline to baseline pursuant to Section 739.

10. Edison customers in the Palm Springs and Blythe service districts may well have higher than system average baseline allowances every month of the year. ✓

11. Section 739 as modified by AB 2443 precludes us from the further consideration of lifeline allowances envisioned when OII 77 was instituted.

12. Data Edison submitted to this Commission in connection with OII 77 and rate case proceedings do not require correction because these proceedings are now closed.

Conclusions of Law

1. Further consideration of lifeline allowances is precluded by Section 739, as revised by AB 2443, which provides that no end uses, except life-support equipment, shall be specifically included in the baseline program.

2. The relief requested should be denied.

O R D E R

IT IS ORDERED that:

1. The study to determine the systemwide effects of seasonal customer residency on average residential usage shall be performed and entered into the record of Edison's general rate proceeding, A.83-12-53, for purposes of Sher Bill implementation. A copy of this decision shall be served on all parties of record in A.83-12-53. ✓