

Decision 84 03 056

MAR 21 1984

~~ORIGINAL~~

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SOUTHERN CALIFORNIA EDISON COMPANY
for (1) Authority to increase rates
effective January 1, 1984, by:
Increasing its Energy Cost Adjustment
Billing Factors, decreasing its
Electric Revenue Adjustment Billing
Factor, reducing its base rates; and
(2) Authority to reduce rates
coincident with the implementation
of the Major Additions Adjustment
Clause rates by reducing its Energy
Cost Adjustment Clause rates to
reflect the fuel and energy cost
savings attributable to San Onofre
Nuclear Generating Station Unit No. 3.

Application 83-11-31
(Filed November 10, 1983)

Carol B. Henningson and Stephen E. Pickett,
Attorneys at Law, for Southern California
Edison Company, applicant.

Messrs. Brobeck, Phleger & Harrison, by
Gordon E. Davis, William H. Booth, and
Richard C. Harper, Attorneys at Law,
for California Manufacturers Association,
and Harry K. Winters, for the
University of California Regents,
interested parties.

Freda Abbott, Attorney at Law, and J. P.
O'Donnell, for the Commission staff.

FINAL DECISION

On November 10, 1983, Southern California Edison Company
(Edison) filed Application 83-11-31 requesting authority to increase
rates effective for electric service rendered on and after January 1,
1984, the scheduled Energy Cost Adjustment Clause (ECAC) revision
date. The net increase requested in this application was
approximately \$160 million on an annualized basis.

This net increase was composed of the following: A \$226.2
million annualized increase to the ECAC billing factors, a \$59.1

million annualized decrease to the Electric Revenue Adjustment Billing Factors, certain adjustments to the adopted revenue level established by the Electric Revenue Adjustment Mechanism (ERAM) procedure, and a \$7.2 million annualized decrease to base rates to reflect the change in recovery of nuclear fuel disposal costs from base rates to ECAC.

In addition to the foregoing, Edison requested authority to modify the ECAC procedure to permit it to reduce the ECAC billing factors and annual energy rate (AER) to reflect the fuel savings if San Onofre Nuclear Unit No. 3 (SONGS 3) is reflected in rates prior to the next scheduled ECAC revision on June 1, 1984. Since that date is difficult to predict, Edison included in its filing a table showing a range of fuel savings estimated for SONGS 3 depending on the date it is reflected in rates through the Major Additions Adjustment Clause (MAAC).

Edison prepared this filing in October 1983 using an average balancing rate based upon a projected ECAC overcollection balance of \$386 million as of the January 1, 1984 revision date. Edison proposed to amortize this balance over a 12-month period. However, Edison's recorded overcollection balance (as of January 1, 1984) was \$484 million for a difference of \$98 million. A hearing was held in this matter on January 17, 1984 in San Francisco before Administrative Law Judge Power. During this hearing staff counsel stated that an updating to Edison's showing to recognize this increased recorded overcollection balance, as well as changes in the ERAM balancing accounts, would require Edison to reduce its rate increase request from \$160 million to approximately \$15 million on an annualized basis. A similar update to the staff's showing would indicate Edison should receive a \$36 million rate decrease, in lieu of a \$48 million rate increase, on an annualized basis.

In view of this updated information, to which Edison's counsel had previously referred, Edison announced at the hearing that it was withdrawing its request for rate relief in this proceeding.

Edison also referred to the fact that it did not reasonably expect to receive a decision in this proceeding until February 1984, which was only three months before its next scheduled ECAC filing (June 1, 1984 revision date).¹ In view of the upcoming filing Edison also opted to withdraw its requested ERAM, base rate, and rate design changes and to incorporate these requests in its February 6, 1984 filing (A.84-02-11, June 1, 1984 revision date).

With respect to Edison's request for modification of the ECAC procedure, it is appropriate to revise the annual energy rate if SONGS 3 is reflected in rates prior to Edison's next scheduled annual energy rate change in June. Staff agrees such a revision is appropriate.

At the hearing Edison's counsel stated that Edison does not agree completely with staff's assumptions and methodology in developing the fuel savings attributable to SONGS 3; however, staff's figures are so close to Edison's proposed AER revisions that Edison agrees to the use of staff's proposed AER revisions when SONGS 3 is reflected in rates. Specifically, this means Edison agrees to the AER adjustment set forth in Table 3 of page 7 of the staff report on the fuel offset treatment of San Onofre Nuclear Generation Station Unit No. 3. A copy of this table is attached to this decision as Appendix A.

This agreement is for use of staff's table if SONGS 3 is reflected in rates prior to June 1, 1984. No party objected to using the staff's table for this purpose. Staff counsel cautioned that staff does not recommend that staff's method for calculating the AER adjustment for SONGS 3 be adopted as a precedent by the Commission in this proceeding. We agree with staff counsel.

¹ On February 6, 1984, Edison filed A.84-02-11 seeking to increase rates by \$157 million on an annualized basis effective for electric service rendered on and after the June 1, 1984 revision date. Hearings are scheduled to commence in A.84-02-11 on March 26, 1984.

Accordingly, this application is dismissed with the understanding that staff's calculation of the AER rate change offered in this proceeding will be used in conjunction with other rate changes reflecting commercial operation of SONGS 3. Staff's calculation of fuel savings (Appendix A) will also be used in conjunction with other rate changes reflecting commercial operation of SONGS 3, pursuant to the stipulations recited in this proceeding, which were officially noticed in the MAAC proceeding on March 6, 1984 at Edison's request (RT 4200-4204).

Findings of Fact

1. By this application Edison requested authority to increase its rates by about \$160 million.
2. The net increase was composed of the following:
 - \$226.2 million increase in ECAC billing factors
 - \$59.1 million decrease to ERAM billing factors
 - \$7.2 million decrease to base rates to reflect changes in the recovery of nuclear fuel disposal costs.
3. Later balancing account data suggests that the ECAC rate increase would be substantially reduced.
4. Edison requested authority to adjust ECAC billing factors and the AER to reflect fuel savings if SONGS 3 becomes reflected in rates prior to its next scheduled ECAC revision on June 1, 1984.
5. Edison stipulates to staff's calculation of the AER rate change and fuel savings for SONGS 3 set forth in Appendix A.

Conclusions of Law

1. Edison's request to withdraw its application is reasonable.
2. Staff's calculation of the appropriate AER rate change for SONGS 3 is reasonable and adopted for the limited purposes specified in this decision.

FINAL ORDER

IT IS ORDERED that this application is dismissed.

This order becomes effective 30 days from today.

Dated MAR 21 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO

PRISCILLA C. GREW

DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

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

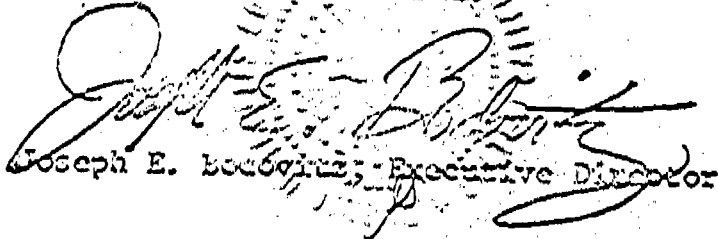

Joseph E. Bogowitz, Executive Director

TABLE 3(R)
SONGS III AER Adjustment at Date
of Commercial Operation \$(000)
FOB Calculation

Comm. Oper. : Date	Energy : Cost Saved	10% : :	Sales 1/ : (Gwh)	AER Adj. 2/ : \$/kwh	ECAC Adj. 2/ : \$/kwh 3/
Jan 1984	\$ 82,866	8,287	21,709	0.00036	0.00322
Feb	64,421	6,442	17,158	0.00035	0.00316
Mar	48,575	4,858	12,859	0.00035	0.00318
April	32,399	3,240	8,476	0.00036	0.00322
May	16,936	1,694	4,308	0.00037	0.00331

June 1, 1984 Next AER Review Date

Example: Assume SONGS III is in commercial operation any-time during March 1984. Then the AER adjustment would be a reduction of 4.858 million dollars, or .00035/\$KWh until the June 1, 1984 AER revision date. The decrease would be spread uniformly to all kwh sales.

- 1/ Anticipated remaining sales to June 1, 1984
1 Gwh = 10⁶ kwh
- 2/ Adjusted for California jurisdictional.
- 3/ Information only. FOB recommends AER adjustment only.

TABLE 3-A(R)
SONGS III AER Adjustment at Date
of Commercial Operation \$(000)
SCE Calculation
(May added by FOB)

Comm. Oper. : Date	Fuel Saved : :	10% : :	Sales 1/ : (Gwh)	AER Adj. 2/ : \$/kwh	ECAC Adj. 2/ : \$/kwh 3/
Jan 1984	\$ 74,420	\$ 7,442	21,709	.00032	.00289
Feb	57,815	5,781	17,158	.00032	.00284
Mar	43,552	4,355	12,859	.00032	.00285
April	28,990	2,899	8,476	.00032	.00288
May	15,044	1,504	4,308	.00033	.00294

- 1/ SCE Workpaper Sheet 2
- 2/ Adjusted for California jurisdictional.
- 3/ Information only. FOB recommends AER adjustment only.

(END OF APPENDIX A)