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A.82-03-26 et al ALJ/jv

Decision 84 04 012

APR 4 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND)
ELECTRIC COMPANY for Approval)
of Certain Standard Offers)
Pursuant to Decision 82-01-103 in)
Order Instituting Rulemaking)
No. 2.)

Application 82-03-26
(Filed March 8, 1982)

Application 82-03-37
(Filed March 8, 1982)

Application 82-03-62
(Filed March 16, 1982)

Application 82-03-67
(Filed March 18, 1982)

And Related Matters.

Application 82-03-78
(Filed March 22, 1982)

Application 82-04-21
(Filed April 8, 1982)

OIR 2
(Petition for Modification
filed September 10, 1982)

(See Decisions 82-12-120 and 83-10-093 for appearances.)

FOURTH OPINION

This order represents the fourth opinion in Applications (A.) A.82-03-26, A.82-03-37 and A.82-03-78. Three decisions have been issued to date: Decision (D.) D.82-12-120 issued on December 30, 1982, D.83-10-093, issued on October 19, 1983 and D.84-03-092, issued on March 21, 1984.

In D.84-03-092, this Commission identified the two remaining issues in this proceeding as follows:

"We believe that further deliberation by the Commission as to the appropriate forum and procedures for the other data we have included in ECAC is required. We therefore hold this issue over for a final Commission order in the near future." (D.84-03-092, mimeo p. 81)

"We leave to a further Commission order the procedures for evaluating and taking into consideration the results of the line loss studies directed by D.82-12-120 and D.83-10-093 for both energy and capacity." (D.84-03-092, mimeo p. 36)

This order addresses the first of these issues, namely, the appropriate filing and review procedures for utilities' energy price revisions, data used to calculate those prices and data relating to marginal fuel cost. The second issue will be addressed in a further Commission order, pending Commission review of PG&E's current line loss study and parties' comments to that study.

Background

Decision D.82-12-120 set forth a specific procedure for revising incremental energy rates (IERS) and energy prices. Specifically, the utilities were directed to file IER revisions in ECAC proceedings after new power plants come on line. Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (Edison) were directed to file prospective energy prices quarterly, 30 days prior to the date the prices take effect, and San Diego Gas

and Electric (SDG&E) three times a year in parallel with its ECAC proceedings. All filings were to include a clear, comprehensive description of how the prices were derived in order to permit public comment. Absent Commission action, the prices became effective on the scheduled effective date. In the event of an objection by staff or interested parties, a motion to adjust the price could be filed to the Commission.

In D.83-10-093, the procedure outlined above was modified to address the following concerns:

"...with the issuance of this decision..., this matter will be closed and therefore will not offer a forum in which such filings can be made. Under these circumstances it is not only necessary for us to identify the data to be filed and the frequency of filing, but the proper proceeding in which to file it. Further, the QF, in order to review this data, should have notice of the proceedings which it should follow. Any service list available in OIR 2 or even this proceeding could be easily outdated by the time such filings are made. Further, we should adopt a procedure which will be in effect for a significant period of time beyond the date of this decision."
(D.83-10-093 p. 24)

To address these concerns, we directed the utilities to file all their energy-related data (including IERs) and energy price revisions in each annual ECAC reasonableness review proceeding. In-between the annual ECAC proceedings the utilities were to file revisions of those prices, captioned with the annual ECAC proceedings the utilities were to file revisions of those prices, captioned with the annual ECAC proceeding, every three months thereafter until the next annual ECAC, at which time the procedure began again.

In our recent Decision D.84-03-092, we acknowledged the following impracticalities with that revised procedure:

"Specifically, we are concerned about the data to be filed and reviewed in the utilities' ECAC proceedings...."

With respect to data related to incremental heat rates, currently referred to as incremental energy rates (IERS), it appears that ECAC is an inappropriate forum to consider such data. To begin with, an in-dept review of resources and the computer program for determining IERS occurs only in the general rate case. The only computer presentation of costs in ECAC is on a current hydro year basis, not an average year basis. Further, forecasted IERS have never been presented in ECAC."

"Thus, while the relation of IERS to QF energy prices first led us to include data related to IERS in ECAC, on reconsideration it is apparent that ECAC is not structured for consideration or review of such data. We will return consideration of IERS based on existing operational resources to the general rate case. IERS associated with resource additional will be considered in either an offset or rate case proceeding most appropriate in time with regard to commercial operation of the facility." (D.84-03--92 p. 80-81)

Discussion

For reasons similar to those recited above in D.84-03-092, we believe that it is impractical to continue with the filing and review procedure adopted in D.83-10-93 for quarterly energy price revisions. It appears that the examination of these revisions and data in ECAC reasonableness review proceedings will be a serious burden. QF energy prices are also to be revised every three months. If other priority matters in ECAC proceedings should cause a delay in considering QF prices, revisions could be significantly delayed.

At the same time, we recognize that the filing procedure adopted for PG&E and Edison in D.82-12-120 did not adequately ensure that all interested parties would receive timely notice of the utilities' proposed and final energy prices each quarter. We believe, however, that this procedure, with certain modifications, can provide a more effective and less burdensome means of reviewing energy price revisions than the procedure adopted in D.83-10-093.

By this order, it is therefore our intention to return to the basic procedure adopted in D.82-12-120 for PG&E and Edison and apply this procedure, with the modifications enumerated below, to all three utilities (PG&E, Edison, and SDG&E).

Specifically, in D.82-12-120, as stated above, the utilities were to file their proposed energy prices 30 days in advance of their effective date. By this decision, we will add to that procedure the requirement that the utilities send copies of these filings to the parties of record in this proceeding (A.82-03-26, et. al.) and A.82-04-44, et. al., and any person or entity who requests in writing to the utility to be placed on the mailing list for these filings. To continue to receive copies of the filings, any party, person, or entity on the mailing list must submit a written renewal of its position on the mailing list by December 31 of each year. Each utility will also be required to follow the same procedure in notifying all parties or persons on the mailing list of its finalized energy prices.

With these modifications, the procedure adopted in D.82-12-120 for PG&E's and Edison's energy price revisions is reestablished and applied to PG&E, Edison, and SDG&E. While a different procedure was adopted for SDG&E in D.82-12-120, the basis for that difference, as explained in D.83-10-093 and D.84-03-092, no longer exists, and the same procedures should now apply to all three utilities.

With these modifications, the procedure adopted in D.82-12-120 for PG&E and Edison is reaffirmed for PG&E, SCE and SDG&E in this order.

This matter did not appear on the public agenda as required by the Government Code, however, to establish some certainty about the notification of price changes which was promised quickly in D.84-03-092, action on an emergency basis under Public Utilities Code Section 306(b) is justified.

Finding of Fact

1. This order is the fourth decision in A.82-03-26, A.82-03-37, A.82-03-78. The order is necessary to consider one of the remaining two issues not addressed in D.82-12-120, D.83-10-093 and D.84-03-092.

2. Examination of energy price revisions in ECAC reasonableness review proceedings would be a procedural burden, and could cause an untimely delay in consideration of these revisions.

3. The procedure established for PG&E and Edison in D.82-12-120 for the filing and review of quarterly energy price revisions is reasonable for PG&E, Edison and SDG&E if modified to adequately ensure that all interested parties receive notice of the utilities' proposed and final energy price revisions.

4. It is reasonable to require PG&E, Edison and SDG&E to send copies of proposed energy prices, 30 days in advance, to all parties of record in A.82-03-026 et. al. and A.92-04-044 et. al., and to any other party who requests such notification in writing.

5. It is reasonable to require that each party or person on the mailing list described in Finding 4 submit a written renewal to the utilities of its position on the mailing list by December 31 of each year.

Conclusion of Law

Order Paragraphs 4 and 5 of Decision 83-10-093 should be modified in accordance with the findings and discussion in this decision.

IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison) and San Diego Gas and Electric Company (SDG&E) shall modify their filing and notification procedures with respect to energy price revisions consistent with this decision and the ordering paragraphs contained herein.

2. Ordering Paragraphs 4 and 5 of D.83-10-093 shall be modified as follows:

a. On page 112-113, mimeo of D.83-10-093, Ordering Paragraphs 4.b. and 4.c. are deleted, and replaced with the following language:

"b. Except as otherwise provided in Ordering Paragraph 4.a. of this decision, each utility shall file prospective energy prices data used to calculate those prices, and data relating to marginal fuel and fuel costs quarterly, 30 days prior to the date the prices take effect, as follows:

- (1) An original and twelve copies shall be filed with the Commission Docket Office, and
- (2) Copies of this filing shall be mailed to all parties of record in A.82-03-026 et. al. and A.82-04-044 et. al., and
- (3) Copies of this filing shall be mailed to any party who requests in writing to the utility to be placed on the utilities' mailing list. Each party, person or entity who wished to remain on the mailing list must submit a written renewal of its position on the list to the utility by December 31 of each year.
- (4) Gas prices used for avoided energy costs shall be tentative and finalized using the price in effect on the effective date of the price change.

c. Absent Commission action, the prices filed as described in Ordering Paragraph 4.b. of this decision shall take effect on the scheduled effective date. Copies of the final energy prices, data used to calculate those prices and data relating to marginal fuel and fuel costs shall automatically be sent to interested parties pursuant to Ordering Paragraphs 4.b.(1), 4.b.(2) and 4.b.(3).

b. On page 113, mimeo, of D.83-10-093 Ordering Paragraph 4.e. is modified as follows:

"e. All required data and price revisions, except as otherwise provided in Ordering Paragraphs 4.a., 4.b., and 4.c. of this decision, shall be filed in each utility's general rate case."

c. Ordering Paragraph 5.a. of D.83-10-093 on page 113 is deleted.

Attachment A to this order incorporates the changes of D.84-03-092 and this order with regard to Ordering Paragraphs 4 and 5 of Decision 83-10-093 (p. 112-114, memo).

This order is effective today.

Dated APR 4 1984 , San Francisco, California

I abstain because of financial interest in potential small power producers.

PRISCILLA C. GREW
Commissioner

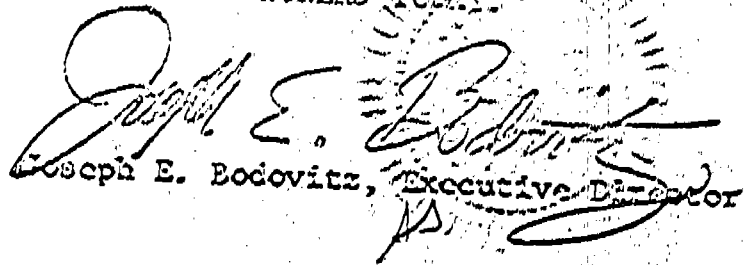
LEONARD M. GRIMES, JR.
President

VICTOR CALVO

DONALD VIAL
Commissioners

Commissioner William T. Bagley being necessarily absent, did not participate.

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


Joseph E. Bodovitz, Executive Director

ATTACHMENT A

Ordering Paragraphs 4 and 5 of Decision 83-10-093,
As Modified:

4. The filing, revision, and verification of prices and data by the utilities shall be undertaken as follows:

- a. Revisions to a utility's capacity tables shall be filed in its general rate case. To meet the June 30, 1984 deadline required by FERC regulation Section 202.302(b), such revisions shall be filed in PG&E's and SDG&E's current general rate cases and in Edison's 1984 general rate case. IER's based on existing operational resources shall also be filed and considered in each utility's general rate case. IERs associated with resource additions will be filed and considered in either an offset or rate case proceeding most appropriate in time with regard to commercial operation of the facility.
- b. Except as otherwise provided in Ordering Paragraph 4.a. of this decision, each utility shall file prospective energy prices, data used to calculate those prices, and data relating to marginal fuel and fuel costs, quarterly, 30 days prior to the date the prices take effect, as follows:
 - (1) An original and twelve copies shall be filed with the Commission Docket Office, and
 - (2) Copies of this filing shall be mailed to all parties of record in A.82-03-026 et. al. and A.82-04-044 et. al., and
 - (3) Copies of this filing shall be mailed to any party who requests in writing to the utility to be placed on the utility's mailing list. Each party, person or entity who wished to remain on the mailing list must submit a written renewal of its position on the list to the utility by December 31 of each year.

- c. Absent Commission action, the prices filed as described in Ordering Paragraph 4.b. of this decision shall take effect on the scheduled effective date. Copies of the final energy prices, data used to calculate those prices and data relating to marginal fuel and fuel costs shall automatically be sent to interested parties pursuant to Ordering Paragraphs 4.b.(1), 4.b.(2) and 4.b.(3).
- d. The line loss studies of Edison and SDG&E shall be filed no later than June 1, 1984, with service on all parties to this proceeding.
- e. All required data and price revisions, except as otherwise provided in Ordering Paragraphs 4.a., 4.b., and 4.c. of this decision, shall be filed in each utility's general rate case.
- f. Edison shall file revisions to its methodology for computing firm capacity prices in its 1984 general rate case.

5. The following shall apply to the data to be filed by the utilities:

- a. The line loss studies of Edison and SDG&E shall include analyses of how to identify remote QFs and how to reflect a different loss rate.
- b. Each utility shall have the option of basing its system avoided operating (running) costs on cents per kWh (¢/kWh) in real terms or on current year values with escalation and deflation factors corresponding to the applicable 10-year period.
- c. A utility shall not be required to make the filing mandated by Ordering Paragraphs 1(c) and (e) of D.82-01-103 in \$/kW/month, if the information is filed in \$/kW/year from which the monthly figure can be derived.
- d. The utilities shall continue to notify the staff if duplication in data filings, especially filings already required by this Commission or another agency, can be eliminated.

- e. The utilities' data filings shall be kept by the utilities in a central location accessible to all QFs. The utilities' standard offers shall state that this data, to the extent specified by the QF, will be provided to the QF upon request.
- f. Ordering Paragraph 1 of Decision 82-09-066 shall apply to the presentation of price and methodological revisions by the utilities related to QF power purchases.

- a. On page 112-113, mimeo of D.83-10-093, Ordering Paragraphs 4.b. and 4.c. are deleted, and replaced with the following language:
- "b. Except as otherwise provided in Ordering Paragraph 4.a. of this decision, each utility shall file prospective energy prices data used to calculate those prices, and data relating to marginal fuel and fuel costs quarterly, 30 days prior to the date the prices take effect, as follows:
- (1) An original and twelve copies shall be filed with the Commission Docket Office, and
 - (2) Copies of this filing shall be mailed to all parties of record in A.82-03-026 et. al. and A.82-04-044 et. al., and
 - (3) Copies of this filing shall be mailed to any party who requests in writing to the utility to be placed on the utilities' mailing list. Each party, person or entity who wished to remain on the mailing list must submit a written renewal of its position on the list to the utility by December 31 of each year.
- c. Absent Commission action, the prices filed as described in Ordering Paragraph 4.b. of this decision shall take effect on the scheduled effective date. Copies of the final energy prices, data used to calculate those prices and data relating to marginal fuel and fuel costs shall automatically be sent to interested parties pursuant to Ordering Paragraphs 4.b.(1), 4.b.(2) and 4.b.(3).
- b. On page 113, mimeo, of D.83-10-093 Ordering Paragraph 4.e. is modified as follows:
- "e. All required data and price revisions, except as otherwise provided in Ordering Paragraphs 4.a., 4.b., and 4.c. of this decision, shall be filed in each utility's general rate case."