

L/WK/sas

Decision 84 11 076

NOV 7 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 SAN DIEGO GAS & ELECTRIC COMPANY)
 for Authority to Decrease its Gas)
 Rates and Charges Pursuant to its)
 Filed Consolidated Adjustment)
 Mechanism (CAM).)

Application 84-03-057
 (Filed March 19, 1984)

ORDER MODIFYING
DECISION (D.) 84-08-123
AND DENYING REHEARING THEREOF

Toward Utility Rate Normalization (TURN) has filed an application for rehearing of D.84-08-123. A response to TURN's application, asking that rehearing be denied, has been filed by San Diego Gas and Electric Company (SDG&E). We have carefully considered each and every allegation of error and argument in these filings and are of the opinion that good cause for granting rehearing has not been shown. However, D.84-08-123 should be modified to provide that SDG&E's baseline gas rate is set at 85% of the System Average Rate (SAR) as calculated by using the method adopted by us in D.84-08-116 for Pacific Gas and Electric Company's SAR. The Tier II Residential Rate will be modified as necessary to produce the same revenue yield as was adopted in D.84-08-123. These modifications can be made on the existing record.

Therefore, good cause appearing,
 IT IS ORDERED that:

1. D.84-08-123 is modified as follows: Pages 5, 6, 7 and 8 are deleted in full and replaced with revised pages of the same numbers, attached hereto as Appendices A, B, C and D.
2. Rehearing of D.84-08-123 as modified herein is denied.

3. SDG&E shall file revised tariff schedules reflecting rates shown on Table 2 of Appendix B. The new rates shall apply to service rendered on or after August 22, 1984, the date upon which the rates originally adopted in D.84-08-123 went into effect. Appropriate adjustments to residential bills to reflect the rates adopted herein shall be made in the next available billing cycle and shall be shown as, "Adjustment ordered by CPUC Decision 84 11 076

This order is effective today.

Dated NOV 7 1984 at San Francisco, California.

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. Bodovitz, Executive Director

APPENDIX A

If the entire decrease is allocated only to baseline, the resulting baseline rate is 50.73 cents/therm which is still more than 87% of SAR. To reduce it to the 85% of SAR, specified as the general upper limit in Code Section 739(c), will require us to increase another rate or other rates. Under ordinary circumstances we would be reluctant to increase any rate in a proceeding where the adopted revenues are a reduction from those previously adopted. However Code Section 739 permits us to exceed the 85% of SAR limit for baseline rates only if we can find that this is necessary "...to insure that revenue requirements from customer classes are met or to prevent increases in rates for low priority gas customers which may cause substantial switching to other forms of energy by those customers..."

The record in this proceeding does not support either of these findings. Therefore, the adopted rates on Table 2 include a baseline rate of 85% of SAR, as calculated by the method adopted by us in D.84-08-116, and a Tier II Residential rate which offsets the reduced revenues from baseline sales. We have concluded that, as noted previously, the low priority rates are already near their highest limit in terms of the alternate fuel price. Furthermore, the commercial average commodity rates are already considerably in excess of the SAR (133.3%, see Table 3). Therefore, we shall not assign any increase to these rates as a means of offsetting the revenue loss resulting from lowering the baseline rate to 85% of SAR.

SAN DIEGO GAS & ELECTRIC COMPANY

GAS DEPARTMENT

12 MONTHS BEGINNING MAY 1, 1984

SUMMARY OF RATES AND REVENUES (1)

Line No	Classification	Non-therm:		Present		Adopted		Increase
		Units	Sales(2)	Rates(3)	Revenue	Rates	Revenue	
		(000's)	(Mth)	(\$/unit)	(M\$)	(\$/unit)	(M\$)	(%)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	<u>Residential</u>							
1	Tier I (baseline)		224321.20	.57896	129873.00	.49393	110798.97	-14.69
2	Tier II		77140.80	.94139	72619.58	.97567	75263.96	3.64
3	Subtotal		301462.00	.6717	202492.58	.6172	186062.93	-8.11
4	<u>Other Retail</u>							
5	GN-1 Customer Months	346.2		1.70	588.54	1.70	588.54	
6	GN-1 Commodity		88037.00	.77484	68214.59	.77484	68214.59	
7	GN-1 Total		88037.00		68803.13		68803.13	.00
8	GN-2		13077.00	.77484	10132.58	.77484	10132.58	.00
9	GN-3		27284.60	.61686	16830.78	.61686	16830.78	.00
10	GN-4		12644.40	.61686	7799.82	.61686	7799.82	.00
11	GN-36-46 Blk 1		939.70	.56385	529.85	.56385	529.85	.00
12	" Blk 2		758.00	.52916	401.10	.52916	401.10	.00
13	" Blk 3		1936.30	.5003	968.73	.5003	968.73	.00
14	" Average		3634.00	.52275	1899.68	.52275	1899.68	.00
15	GCS (Co-Gen) P-3		7733.00	.61686	4770.18	.61686	4770.18	.00
16	" P-5		6087.00	.5003	3045.33	.5003	3045.33	.00
17	" Average		13820.00	.56552	7815.50	.56552	7815.50	.00
18	SL-1 (LNG)				39.30		39.30	.00
19	Subtotal		158497.00		113320.80		113320.80	.00
20	Total Retail		459959.00	.68661	315813.38	.65089	299383.74	-5.20
21	GN-5 Sales		404398.00	.5003	202320.32	.5003	202320.32	.00
22	Schedule G-91	127.3		15.00	1909.50	15.00	1909.50	.00
23	Miscellaneous				545.80		545.80	.00
24	Gross Revenue		864357.00	.60228	520589.00	.58328	504159.36	-3.16
25	Adjustments (GS, GT & G-90)		516.00		-1590.40		-1590.40	
26	Net Revenue		864873.00	.60009	518998.60	.58109	502568.96	-3.17

(1) Excludes San Diego franchise fee differential

(2) Sales adjusted to compensate for G-90 discounts

(3) Present rates are those in effect on May 16, 1984

841006-1

APPENDIX C

The last table is included to show the progress of bringing baseline closer to 85% of the system average rate since the general rate cases went into effect in January 1984. We show on this table the rate structures adopted for January 1984, May 1984 and the adopted structure. The elements compared in each column reflect what we consider to be the most enlightening relationships:

1. Baseline to SAR
2. Baseline to Residential Tier II
3. Residential Average Rate to SAR
4. Commercial Average Commodity Rate to SAR

TABLE 3

	<u>January 1984</u>		<u>May 1984</u>		<u>Adopted</u>	
	<u>c/th</u>	%	<u>c/th</u>	%	<u>c/th</u>	%
Baseline Compared to SAR	62.426	103.5	57.896	96.0	49.393	85.0
Baseline to Res. Tier II	94.139	66.3	94.139	61.5	97.567	50.6
Residential Avg. Rate SAR	67.426	112.0	67.462	112.0	61.72	106.2
Commercial Avg. Commodity to SAR	77.484	128.5	77.484	128.5	77.484	133.3
System Avg. Rate	60.310		60.310		58.109	

Findings of Fact

1. By this application, SDG&E seeks authority to decrease its rates and charges from those presently in effect.
2. The revenue requirement decrease is \$16,429,000 from rates in effect May 15, 1984.
3. The present low priority industrial rates (all rates except Residential and GN-1 and 2) will not cause further fuel switching to reduce its present contribution to margin.
4. Allocating all of the revenue requirement decrease to the baseline rate is reasonable but will not reduce that rate to 85% of the SAR. Therefore an increase in another rate will be necessary to achieve a further reduction in the baseline rate.
5. Average commercial commodity rates are already 128.5% of the SAR and will be 133.3% even if they are not increased in this proceeding. This is a higher percentage than the average of any other class.
6. It is reasonable to increase the Tier II Residential Rate to offset the revenue loss resulting from decreasing the baseline rate to 85% of SAR as required by Code Section 739.

Conclusions of Law:

1. Code Section 739 requires that the baseline rate not exceed 85% of SAR except where we find this is necessary to insure that SDG&E's revenue requirements from customer classes are met or to avoid substantial fuel switching by low priority customers. The record does not support either finding.
2. The application to reduce rates should be granted to the extent discussed herein.
3. The rates shown in Table 2 are just and reasonable for the reasons discussed herein.