

WORKSHEET 020-00-00.1A

Decision 84-12-064 December 28, 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 84-09-050
(Filed September 27, 1984)

(See D.84-12-066 in A.84-09-022 for appearances.)

U N I O N

On September 27, 1984, San Diego Gas & Electric Company (SDG&E) filed an application for authority to decrease its gas rates under the Consolidated Adjustment Mechanism (CAM) tariff clause. The application was filed for hearing with Southern California Edison Company (SCE) on August 31 and November 1, 2, and 5 through 7, 1984. SDG&E originally sought a reduction of \$66.4 million.

The Commission reached a substantial agreement on how to calculate the revenue requirement. The rate SDG&E pays SoCal is calculated based on G-61 rate established for SoCal. Today we have adopted a new G-61 rate which will be used for the calculation of the SDG&E revenue requirement, using the SDG&E sales estimate. The following table illustrates the development of the revenue requirement which is a decrease of \$53,220,000 for the 12 months beginning November 1, 1984:

WORKSHEET 020-00-00.1A

WORKSHEET 020-00-00.1A

WORKSHEET 020-00-00.1A

The revenue reduction is attributed in part to the following elements:

- 1. G-61 rate decrease \$20,948,000
- 2. Attrition increase 6,486,000
- 3. Balancing account decrease 14,442,000

Rate Design

With the revenue requirement determined, rate design is the next major subject area. SDG&E proposes the following:

- 1. Baseline rates reduced to 85% of SAR.
- 2. Industrial and Commercial customers be given a 5% discount during the summer.
- 3. Any remaining decrease be allocated to the GN-5 electric generation sales.

The staff opposes the summer discount for industrial and commercial customers in favor of reducing at No. 6 fuel oil alternate rates including GN-5 to the price of No. 6 fuel oil at the present time.

We will maintain the rate design policy established today. This entails spreading the decrease to residential, commercial, and industrial customers as follows: residential on a long term basis. Within the industrial class, the GN-5 rate constant. The decrease for residential customers other than GN-5 on the residential rate. The following modifications:

- 1. Oil referenced rates will be comparable rates of Soc. revenue will be spread or made residential and residential customers.
- 2. The ceiling for the G-61 rate will be equal to the system average rate.
- 3. The floor for the residential average rate will be equal to the system average rate.

SAN DIEGO GAS & ELECTRIC COMPANY

GAS DEPARTMENT

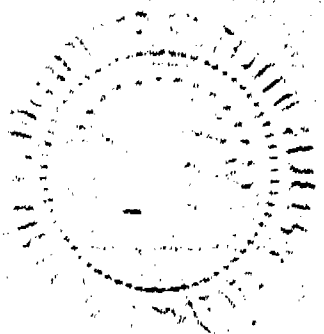
12 MONTHS BEGINNING NOV 1, 1984

SUMMARY OF RATES AND REVENUES (1)

Line No	Classification	(A) Units (000's)	(B) Sales (Mth)	(C) Present Rates (\$/unit)	(D) Present Revenue (M\$)	(E) Adopted Rates (\$/unit)	(F) Adopted Revenue (M\$)	(G) Increase (%)
Residential								
1	Tier I (baseline)	233780.23	50572	118227.34	44407	103814.79	-12.19	
2	Tier II	86112.30	94139	81065.26	8950	77070.51	-4.93	
3	Subtotal	319892.53	623	199292.60	56546	180885.30	-9.24	
Other Retail								
5	GN-1 Customer Months	325.8	1.70	553.86	1170	553.86		
6	GN-1 Commodity	88989.60	77484	68952.70	65284	58095.97	-15.75	
7	GN-1 Total	88989.60		69506.56		58649.85		
8	GN-2	4218.70	77484	12566.90	63284	10588.22	-15.75	
9	GN-3		61686	16232.67	53588	14102.68	-13.13	
10	GN-4		61686	6890.76	53588	5986.15	-13.13	
11	GN-3b		56385	811.94	48538	699.67	-13.83	
12			52916	1008.58	46994	895.71	-11.19	
13			5003	65.94	46994	61.94	-6.07	
14			34243	1886.46	47654	1657.31	-12.15	
15	6C		1686	11500.31	53588	9990.57	-13.13	
16			5003	32444.66	46994	30475.80	-6.07	
17			2633	43944.96	48466	40466.37	-7.92	
18	6L			40.10		40.10	.00	
19	Subtotal 6-90			151068.41		131489.66	-12.96	
20	Total			63691	350367.01	315786	312574.96	-10.84
21	GN-5 Sales		5003	251033.43	46994	235799.82	-6.07	
22	Schedule 6-910		15.00	1909.50	15.00	1909.50	.00	
23	Miscellaneous			545.80		545.80	.00	
24	Gross Revenue	1051858.20	5408	603849.74	52348	550630.08	-8.81	
25	GS & GT Adjustments			-1590.40		-1590.40		
26	Net Revenue	1051858.20	57257	602259.34	52197	549039.68	-8.84	

(1) Excludes San Diego franchise fee differential
 (2) Sales adjusted to compensate for 6-90 discounts
 (3) Present rates are those in effect on Aug 22, 1984

ALJ/jt



CORRECTION

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

OFFICE OF THE PUBLIC UTILITIES COMMISSION

Decision 84-12-064 December 28, 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 84-09-050
(Filed September 27, 1984)

(See D.84-12-066 in A.84-09-022 for appearances.)

O P I N I O N

On September 20, 1984 San Diego Gas & Electric Company (SDG&E) filed this application for authority to decrease its gas rates under its Consolidated Adjustment Mechanism (CAM) tariff clause. This application was consolidated for hearing with Southern California Gas Company (SoCal) Application 84-09-022. Hearings were held on these applications October 29 through 31 and November 1, 2, and 5 through 9, 1984. This application originally sought a reduction of \$55.4 million and was changed to a reduction of \$66.4 million.

The staff and SDG&E are in substantial agreement on how to calculate the revenue requirement. The rate SDG&E pays SoCal is calculated based on G-61 rate established for SoCal. Today we have adopted a new G-61 rate which will be used for the calculation of the SDG&E revenue requirement, using the SDG&E sales estimate. The following table illustrates the development of the revenue requirement which is a decrease of \$53,220,000 for the 12 months beginning November 1, 1984:

TABLE 1 - DEVELOPMENT OF REVENUE REQUIREMENT

REVENUE REQUIREMENT
\$53,220,000

SAN DIEGO GAS & ELECTRIC COMPANY

GAS DEPARTMENT

12 MONTHS BEGINNING NOV. 1, 1984

CAN. REVENUE REQUIREMENT WITH 1985 ATTRITION

Line No.	Description	Amount
I. PGA Revenue Requirement		
1	A. Capacity Charge	23879
2	B. Commodity Charge (1057211 Mth @ .38067 \$/th)	402449
3	C. LNG Withdrawal	1985
4	D. LNG Injection	-1249
5	E. Subtotal	427024
6	F. Balancing Account Amortization	-1347
7	G. Subtotal	425677
8	H. Franchise Fee Uncol. Acct. Expense on Retail Sales	4764
9	I. PGA Revenue Requirement	430441
II. SAN Revenue Requirement		
10	A. Base Cost Amount	114425
11	B. Balancing Account Amortization	3755
12	C. Subtotal	118180
13	D. San Diego Franchise Fee Differential (SDFFD)	-460
14	E. SAN Revenue Requirement	117720
15	III. CAPS Revenue Requirement	878
16	IV. CAN Revenue Requirement (L9+L14+L15)	549039
17	V. Revenue at Present Rates	602259
18	VI. Increase (L16-L17)	-53220

Based on the PGA revenue requirement, the PGA rates are:

GN-5 = .40469 \$/therm

Retail = .41335 \$/therm

The revenue reduction is attributed in part to the following elements:

1. G-61 rate decrease	\$20,948,000
2. Attrition increase	6,486,000
3. Balancing account decrease	14,442,000

Rate Design

With the revenue requirement determined, rate design is the next major subject area. SDG&E proposes the following:

1. Baseline rates reduced to 85% of SAR.
2. Industrial and Commercial customers be given a 5¢ discount during the summer.
3. Any remaining decrease be allocated to the GN-5 electric generation sales.

The staff opposes the summer discount for industrial and commercial customers in favor of reducing at No. 6 fuel oil alternate rates including GN-5 to the price of No. 6 fuel oil at the present time.

We will maintain generally the rate design policy established today in the SoCal decision. This entails spreading the decrease to the residential, commercial, and industrial customers as a whole on a equal cents-per-therm basis. Within the industrial class we will initially hold the GN-5 rate constant. The decrease will be spread to the industrial customers other than GN-5 on the equal cents-per-therm basis with the following modifications:

1. The SDG&E No. 2 and No. 6 fuel oil referenced rates will be equal to the actual comparable rates of SoCal. Excess or deficient revenue will be spread or made up from the UEG, commercial and residential customers.
2. The ceiling for the UEG rate will be equal to the system average rate.
3. The floor for the residential average rate will be equal to the system average rate.

These modifications recognize that alternate fuel oil customers in both the SDG&E and SoCal territories face the same fuel oil market. Since the cost of gas for SDG&E will be slightly higher for SDG&E than for SoCal, the UEG, commercial and residential customers will be required to make up the difference. We place a cap on the UEG rate so that the SDG&E electric customers are not unduly burdened, and SDG&E residential gas customers are not unduly benefitted.

We agree with the staff that SDG&E's proposed summer discount is too major a change to be adopted at this time. We feel that all such proposals should be explored in the spring CAM at the same time the staff's long-term rate design proposal is heard.

The table below develops the adopted rates and compares them with present rates.

Table content is extremely faint and largely illegible. It appears to be a comparison of rates between different categories or time periods.

SAN DIEGO GAS & ELECTRIC COMPANY

GAS DEPARTMENT

12 MONTHS BEGINNING NOV 1, 1984

SUMMARY OF RATES AND REVENUES (1)

Line No	Classification	Non-thera: Units (000's)	Present Sales(2) (Mth)	Present Rates(3) (\$/unit)	Present Revenue (M\$)	Adopted Rates (\$/unit)	Adopted Revenue (M\$)	Increase (%)
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Residential								
1	Tier I (baseline)		233780.23	.50572	118227.34	.44407	103814.79	-12.19
2	Tier II		86112.30	.94139	81065.26	.895	77070.51	-4.93
3	Subtotal		319892.53	.623	199292.60	.56546	180885.30	-9.24
Other Retail								
5	GN-1 Customer Months	325.8		1.70	553.86	1.70	553.86	
6	GN-1 Commodity		88989.60	.77484	68952.70	.65284	58095.97	-15.75
7	GN-1 Total		88989.60		69506.56		58649.83	
8	GN-2		16218.70	.77484	12566.90	.65284	10588.22	-15.75
9	GN-3		26315.00	.61686	16232.67	.53586	14102.68	-13.13
10	GN-4		11170.70	.61686	6890.76	.53586	5986.15	-13.13
11	GN-3b-4a Blk 1		1440.00	.56385	811.94	.48588	699.67	-13.83
12	Blk 2		1906.00	.52916	1008.58	.46994	895.71	-11.19
13	Blk 3		131.80	.5003	65.94	.46994	61.94	-6.07
14	Average		3477.80	.54243	1886.46	.47654	1657.31	-12.25
15	GC6 (Co-Gen) P-3		18643.30	.61686	11500.31	.53586	9990.57	-13.13
16	P-5		64850.40	.5003	32444.66	.46994	30475.80	-6.07
17	Average		83493.70	.52633	43944.96	.48466	40466.37	-7.92
18	GL-1 (LNG)				40.10		40.10	.00
19	Subtotal		229665.50		151068.41		131489.66	-12.96
20	6-90 Adjustaent		534.37					
20	Total Retail		550092.40	.63691	350367.02	.56786	312374.96	-10.84
21	GN-5 Sales		501765.80	.5003	251033.43	.46994	235799.82	-6.07
22	Schedule 6-910	127.3		15.00	1909.50	15.00	1909.50	.00
23	Miscellaneous				545.80		545.80	.00
24	Gross Revenue		1051858.20	.57408	603849.74	.52348	550630.08	-8.81
25	GS & GT Adjustaents				-1590.40		-1590.40	
26	Net Revenue		1051858.20	.57257	602259.34	.52197	549039.68	-8.84

- (1) Excludes San Diego franchise fee differential
- (2) Sales adjusted to compensate for 6-90 discounts
- (3) Present rates are those in effect on Aug 22, 1984

AGUC 18 NOV 1984

Findings of Fact

1. By this application SDG&E seeks authority to decrease its rates and charges from those presently in effect.
2. The SDG&E estimate for sales is reasonable.
3. The annual revenue requirement calculated with the method used by staff is reasonable.
4. The revenue requirement decrease which includes the attrition allowance effect is \$53,220,000.
5. The residential, commercial, and industrial rate schedules rate reduction as calculated herein is reasonable.

Conclusions of Law

1. The application to reduce rates should be granted to the extent discussed here.
2. The rates authorized here are for the future just and reasonable.

O R D E R

IT IS ORDERED that on or after the effective date of this order, San Diego Gas & Electric Company is authorized to file revised tariff schedules reflecting rates shown in Table 2. The new rates shall be effective on the date of filing but in no event before January 1, 1985. The new rates shall apply only to service rendered on or after their effective date.

This order is effective today.

Dated December 28, 1984, at San Francisco, California.

DATE	COMMISSIONER	DATE	COMMISSIONER	DATE	COMMISSIONER
12-28-84	VIAL	12-28-84	CALVO	12-28-84	GREW
12-28-84	BAGLEY	12-28-84	DUDA	12-28-84	

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

DONALD VIAL
 President
 VICTOR CALVO
 PRISCILLA C. GREW
 WILLIAM T. BAGLEY
 FREDERICK R. DUDA
 Commissioners

Joseph E. Bodovitz
 Joseph E. Bodovitz, Executive Director