

Decision 87 10 020

ORIGINAL OCT 16 1987

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 revise its Energy)
 Cost Adjustment Clause (ECAC) Rate,)
 to revise its Annual Energy Rate)
 (AER), and to revise its Electric)
 Base Rates effective November 1,)
 1986 in Accordance with the)
 Electrical Revenue Adjustment)
 Mechanism (ERAM). (U 902-E))

Application 86-07-008
(Filed July 3, 1986)

In the Matter of the Application of)
 SAN DIEGO GAS & ELECTRIC COMPANY)
 for Authority to Decrease its)
 Electric Major Additions Adjustment)
 Billing Factor (MAABF) Rate)
 Associated with Specified Major)
 Additions for San Onofre Nuclear)
 Generating Station Units 2 & 3 and)
 Authority to Implement the Proposed)
 Decrease on an Ex Parte Basis.)
 (U 902-E))

Application 86-10-088
(Filed October 27, 1986)

OPINION

On February 27, 1987, San Diego Gas & Electric Company (SDG&E) filed a petition to modify portions of Decision (D.) 87-01-051 to expressly set forth certain findings of fact and conclusions of law regarding the reasonableness of SDG&E's record period operations and expenses. SDG&E states that the proceeding included a reasonableness review of its operations and expenses during the period May 1, 1985 through April 30, 1986. Hearings were held and neither the Public Staff Division (PSD) nor any other party took exception to any of SDG&E's actions during the record period, with three exceptions:

1. PSD proposed two audit adjustments to the balancing account balance for recorded expenses involving net interest adjustments

and the costs of an SDG&E representative at the Springerville plant site which the Commission adopted.

2. PSD deferred its recommendations for adjustments for purchased power expenses associated with the Southwest Powerlink (SWPL) to the SWPL rehearing scheduled in D.86-06-026. SDG&E agreed with this.
3. PSD deferred its recommendations for adjustments for uranium fuel expenses to hearings in Order Instituting Investigation (I.) 85-05-002. SDG&E agreed with this.

SDG&E asks that the Commission modify D.87-01-051 to add findings of fact and conclusions of law to reflect these deferrals and to reflect the reasonableness of the remaining expenses for the record period to which no party took exception.

On August 21, 1987, PSD filed a petition to modify D.87-01-051 which noted that its report in this proceeding recommended two additional items for deferral until the 1987 ECAC/AER reasonableness review. PSD states that these items were not discussed any further, nor were they opposed but notes that no mention of these two items was made in the decision. Both deferrals were requested for consistency with the same issues in Southern California Edison proceedings which had been delayed.

1. The extended outage for SONGS 1 refueling, including the cost of replacing nuclear generation with other resources due to the length of the outage and any additional work necessitated by it.
2. Review of nonstandard cogeneration contracts for prudence of the negotiated contractual terms.

PSD also notes that Ordering Paragraph 5 of D.87-01-051 should be corrected to read: "SDG&E is authorized to account for its fuel oil inventory on a Last-In, First-Out basis."

There has been no opposition to either request for modification and upon reading the decision, we note that findings and conclusions on the deferred issues and on the reasonableness of the remainder of the record period are missing. We will therefore modify D.87-01-051 to add appropriate findings and conclusions.

Findings of Fact

1. SDG&E and PSD have filed petitions for modification of D.87-01-051.
2. The decision as issued is silent on the issues deferred for later examination and on the reasonableness of the remaining expenses for the record period.
3. No objection to the proposed modifications has been filed.

Conclusion of Law

D.87-01-051 should be modified as set forth below.

ORDER

IT IS ORDERED that the petitions of San Diego Gas & Electric Company (SDG&E) and Public Staff Division (PSD) for modification are granted and D.87-01-051 is modified by the addition of the following findings of fact:

"39. PSD recommended, and SDG&E concurred in the deferral of any record period reasonableness issues concerning purchased power expenses associated with Southwest Powerlink (SWPL) to the SWPL rehearing granted in D.86-06-026.

"40. PSD recommended, and SDG&E concurred in the deferral of any record period reasonableness issues concerning uranium fuel expenses to hearing in I.85-05-002.

"41. PSD recommended, and no party objected to examining the extended outage for SONGS 1 refueling in SDG&E's 1987 ECAC proceeding.

"42. PSD recommended, and no party objected to examination of nonstandard cogeneration contracts in SDG&E's 1987 ECAC proceeding pending resolution of the review of Southern California Edison's nonstandard contracts.

"43. With the exceptions noted above, no party took exception to the reasonableness of SDG&E's actions during the May 1, 1985 through April 30, 1986 record period."

IT IS FURTHER ORDERED that D.87-01-051 is modified to add the following conclusion of law:

"17. With the exception of the deferred issues set forth below, SDG&E's energy operations and expenses during the May 1, 1985 through April 30, 1986 record period were reasonable."

IT IS FURTHER ORDERED that D.87-01-051 is modified to add the following ordering paragraph:

"11. The following reasonableness issues for the record period are deferred to other proceedings as follows:

SWPL - to the SWPL rehearing granted in D.86-06-026;

Uranium fuel - to I.85-05-002;

SONGS 1 refueling outage - to 1987 SDG&E ECAC proceeding;

Nonstandard Cogeneration Contracts - to 1987 ECAC proceeding."

IT IS FURTHER ORDERED that Ordering Paragraph 5 of D.87-01-051 is corrected to read "SDG&E is authorized to account for its fuel oil inventory on a Last-In, First-Out basis."

A.86-07-008, A.86-10-088 ALJ/MCC/jt *

In all other respects, D.87-01-051 remains in full force and effect.

This order is effective today.

Dated October 16, 1987, at San Francisco, California.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
Commissioners

Commissioner John B. Ohanian,
being necessarily absent, did
not participate.

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


Victor Weisser, Executive Director
AG

"42. PSD recommended, and no party objected to examination of nonstandard cogeneration contracts in SDG&E's 1987 ECAC proceeding pending resolution of the review of Southern California Edison's nonstandard contracts.

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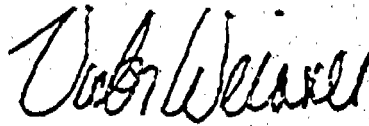
Dated OCT 16 1987 at San Francisco, California.

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President

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FREDERICK R. DUDA
G. MITCHELL WILK
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