

Decision 87 11 047

NOV 25 1987

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and)
 Electric Company for authority to)
 adjust its electric rates effective)
 August 1, 1986.)
 (Electric) (U 39 M))

Application 86-04-012
(Filed April 4, 1986)

ORDER AFTER LIMITED REHEARING

Decision (D.) 87-05-076 granted Toward Utility Rate Normalization's (TURN) application for rehearing of D.86-08-083 for the limited purpose of correcting the allocation of line transformer costs.

On July 2, 1987, in compliance with D.87-05-076, Public Staff Division (PSD) filed its recalculation of marginal costs correcting the allocation of line transformer costs. TURN was the only party to comment on PSD's revised marginal costs. As a result of TURN's comments, TURN and PSD prepared a joint filing that sets forth contested and uncontested corrections to the marginal demand and customer costs adopted in D.86-08-083.

The two parties disagree on which classes D.87-05-076 intended transformer costs to be treated as demand-related. PSD believes the decision intended transformer costs to be treated as demand-related only in the residential and small light and power classes. TURN believes the decision intended transformer costs to be treated demand-related for all classes. Accordingly, the two parties agree on marginal costs to be used for the residential and small light and power classes, but disagree for the other two classes. Both parties have also agreed to incorporate transformer costs into the data used in the regression analysis for estimating demand costs.

By letter dated August 20, 1987 TURN has agreed to the use of the PSD figures as shown in the joint exhibit as the

official marginal costs resulting from the limited rehearing. We will adopt the attached tables which reflect PSD's correction of the marginal distribution and marginal customer costs shown in D.86-08-083.

Findings of Fact

1. D.87-05-076 granted a limited rehearing for the purpose of correcting the allocation of transformer costs used in D.86-08-083.

2. For the purposes of the limited rehearing, PSD and TURN agree on the corrections to D.86-08-083.

Conclusion of Law

The attached tables reflecting PSD's correction to the marginal distribution and marginal customer costs shown in D.86-08-083 should be adopted.

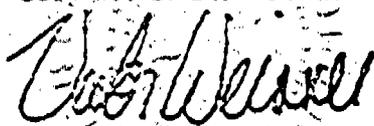
IT IS ORDERED that the marginal distribution and marginal customer costs shown in D.86-08-083 are corrected as set forth in the attached tables.

This order is effective today.

Dated NOV 25 1987, at San Francisco, California.

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

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


Victor Weissert, Executive Director

ps

MARGINAL DISTRIBUTION COSTS
\$/kW/Year

	<u>Primary</u>	<u>Secondary</u>	
		<u>Residential Small L&P</u>	<u>All Other Classes</u>
Long-Term Investments			
1. Capacity Additions	\$380.88	\$182.95	\$173.65
Overheads			
2. General Plant	382.40	183.68	174.35
3. Annualized Cost	44.59	21.42	20.33
Short-Run Costs			
4. O&M Expenses	8.04	7.88	7.88
5. With A&G Loading	9.91	9.32	9.32
Subtotal (3 + 5)	54.50	30.74	29.65
Working Capital Allowance			
7. Materials Supplies	1.69	.81	.77
8. O&M Allowance	.22	.21	.21
9. Revenue Allowance	.22	.12	.12
TOTAL	\$ 54.72	\$ 30.86	\$ 29.77

MARGINAL CUSTOMER COSTS
\$/Customer/Year

<u>Residential</u>	<u>Small Light & Power</u>	<u>Medium Light & Power</u>	<u>Large Light & Power</u>	<u>Agri.</u>
\$60.15	\$62.98	\$767.80	\$4,624.32	\$90.39