

Decision 87 11 060 NOV 25 1987

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 the SOUTHERN CALIFORNIA EDISON)
 COMPANY (U-338-E) for (1) Authority)
 to Change Its Rates Effective)
 June 1, 1986, by Increasing Its)
 Energy Cost Adjustment Billing)
 Factors, Increasing Its Annual)
 Energy Rate, Increasing Its Electric)
 Revenue Adjustment Billing Factor;)
 (2) Authority, at Some Future Date,)
 to Reduce Its Energy Cost Adjustment)
 Clause Rates to Reflect Fuel and)
 Energy Cost Savings Attributable to)
 Palo Verde Nuclear Generating)
 Station Unit 2 Coincident With)
 Implementation of the Major)
 Additions Adjustment Clause Rates;)
 (3) Authority to Implement Other)
 Modifications to Its Energy Cost)
 Adjustment Clause as More)
 Specifically Set Forth in This)
 Application; and (4) Review of the)
 Reasonableness of Edison's)
 Operations During the Period From)
 December 1, 1984, Through)
 November 30, 1985.)

Application 86-02-011
(Filed February 5, 1986)

ORDER MODIFYING DECISION 87-07-081 TO CORRECT ERRORS

Southern California Edison Company (Edison) requests modification of Decision (D.) 87-07-081 in Application (A.) 86-02-011 under Rule 43 of the Commission's Rules of Practice and Procedure.

In D.87-07-081 the Commission affirmed the rationale adopted in D.85-08-044 for ratemaking treatment of fuel oil inventory carrying costs where the actual fuel oil inventory level was greater than adopted in a forecast proceeding. D.85-08-044 allowed Pacific Gas and Electric Company (PG&E) to recover the

Energy Cost Adjustment Clause (ECAC) percentage (91%) of its fuel oil carrying costs in excess of the adopted level.

Edison fuel oil inventory exceeded the authorized level during a portion of the 1985 record period which was under review in A.86-02-011. In D.87-07-081 the Commission stated that:

"Thus, we will allow Edison recovery of 90% of the carrying costs for fuel oil in excess of the adopted level and allow Edison to retain 10% of the difference between the actual and adopted level of carrying charges when the inventory level falls below the adopted level."

Edison contends that in computing Edison's share of carrying costs for fuel oil inventory above the adopted level the Commission intended to use the Annual Energy Review (AER)/ECAC percentage split rather than fixed percentages of 10 and 90. Since the AER/ECAC percentage split for Edison varied during the 1985 record period, Edison requests that the decision be modified to reflect, rather than a fixed percentage, the AER/ECAC percentage split in effect for each month's calculation of the difference between the actual and the adopted level of carrying charges.

We agree with Edison that its share of carrying costs for fuel oil inventory above the adopted level should be based on the AER/ECAC percentage split in effect, rather than fixed percentages of 10 and 90. Therefore, Finding of Fact 13a on page 28 of D.87-07-081 should be deleted and replaced with the following:

13a. Edison's retention of a portion (measured by the AER percentage in effect) of the difference between the adopted carrying costs of fuel oil inventory and the lower actual carrying cost of fuel oil inventory is consistent with the Commission's policy regarding treatment of carrying costs for inventories below the authorized fuel oil inventory level.

Consistent with the above modification, the discussion on page 8 of D.87-07-081 should be changed as follows:

"Thus, we will allow Edison recovery of the ECAC percentage in effect 90% of the carrying costs for fuel oil in excess of the adopted level and allow Edison to retain the AER percentage in effect 10% of the difference between the actual and adopted level of carrying charges when the inventory falls below the adopted level."

We also note that in order to correct a typographical error, Conclusion of Law 13 should be modified as follows:

"13. Edison should not be allowed to recovery under the EEDA program for the four projects conducted by Mono."

Findings of Fact

1. D.87-07-081 needs to be corrected to reflect the Commission's original intent.

2. The corrections require modification of D.87-07-081.

Conclusion of Law

Correction and modifications of D.87-07-081 should be ordered to the extent provided in this decision.

IT IS ORDERED that D.87-07-081 shall be modified as follows:

1. Finding of Fact 13a on page 28 of D.87-07-081 shall be deleted and replaced with the following:

"13a. Edison's retention of a portion (measured by the AER percentage in effect) of the difference between the adopted carrying costs of fuel oil inventory and the lower actual carrying cost of fuel oil inventory is consistent with the Commission's policy regarding treatment of carrying costs for inventories below the authorized fuel oil inventory level."

2. The discussion on page 8 of D.87-07-081 shall be changed as follows:

"Thus, we will allow Edison recovery of the ECAC percentage in effect of the carrying costs for fuel oil in excess of the adopted level and allow Edison to retain the AER percentage in effect of the difference between the actual and adopted level of carrying charges when the inventory falls below the adopted level."

3. Conclusion of Law No. 13 shall be modified as follows:

"13. Edison should not be allowed recovery under the EEDA program for the four projects conducted by Mono."


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 Weisser, Executive Director

Consistent with the above modification, the discussion on page 8 of D.87-07-081 should be changed as follows:

"Thus, we will allow Edison recovery of the ECAC percentage in effect 98% of the carrying costs for fuel oil in excess of the adopted level and allow Edison to retain the AER percentage in effect ±0% of the difference between the actual and adopted level of carrying charges when the inventory falls below the adopted level."

We also note that in order to correct a typographical error, Conclusion of Law 13 should be modified as follows:

"13. Edison should not be allowed to recovery under the EEDA program for the four projects conducted by Mono."

Findings of Fact

1. Inadvertent errors in D.87-07-081 need to be corrected to reflect the Commission's original intent.
2. Corrections of inadvertent errors require modification of D.87-07-081.

Conclusion of Law

Correction and modifications of D.87-07-081 should be ordered to the extent provided in this decision.

IT IS ORDERED that D.87-07-081 shall be modified as follows:

1. Finding of Fact 13a on page 28 of D.87-07-081 shall be deleted and replaced with the following:

"13a. Edison's retention of a portion (measured by the AER percentage in effect) of the difference between the adopted carrying costs of fuel oil inventory and the lower actual carrying cost of fuel oil inventory is consistent with the Commission's policy regarding treatment of carrying costs for inventories below the authorized fuel oil inventory level."