

Decision 88 03 007 MAR 09 1988

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas & Electric Company for adoption of authorized rate of return for 1988 pursuant to Attrition Rate Adjustment Mechanism (U39M).

Application 87-08-006  
(Filed August 4, 1987)

In the Matter of the Application of San Diego Gas & Electric Company, for Authority to Revise its Rate of Return in Accordance with the Existing Attrition Rate Adjustments (ARA) Mechanism and to Utilize the Revised Rate of Return in its 1988 Attrition Filing (U902-M).

Application 87-07-050  
(Filed July 31, 1987)

In the Matter of the Application of Southern California Gas Company (U904G) to Implement its Attrition Allowance and to Establish a Return on Equity for 1988.

Application 87-07-048  
(Filed July 31, 1987)

In the Matter of Application of Southwest Gas Corporation for a Review and Revision of its Required Return on Equity, and for Authority to Utilize the Revised Return on Equity in a 1988 Operational Attrition Filing (U905G).

Application 87-08-025  
(Filed August 14, 1987)

In the Matter of the Application of SIERRA PACIFIC POWER COMPANY to Authorize a Return on Equity for Calendar Year 1988 (U903E).

Application 87-09-013  
(Filed September 8, 1987)

(See Decision 87-12-068 for appearances.)

OPINION ON PETITION FOR MODIFICATION OF D.87-12-068

On January 20, 1988 Pacific Gas and Electric Company (PG&E) filed a petition for modification of Decision (D.) 87-12-068. PG&E points out that there is an error in the agricultural demand charges for Schedules AG-5B, AG-5C, and AG-6B. PG&E states that the maximum demand charges for these schedules were erroneously left at their previous levels.

PG&E notes that D.87-12-068 specifically developed rates by applying the rate design adopted in D.87-12-033, the Phase 2 decision in PG&E's 1987 ERAM/AER case, to the net revenue requirement of \$157.6 million produced by PG&E's 1987 ERAM/AER revenue requirement in D.87-11-019 and its 1988 electric attrition proceeding. In D.87-12-033, the Commission explicitly stated that the rate principles set forth therein should be used to translate this net revenue requirement change into rates (p.1). Also, with respect to agricultural rates, D.87-12-033 specifically addresses how agricultural rate components should be adjusted. The Commission stated:

"Energy and time related demand charges for agricultural customers are increased by equal percentages within each schedule. The maximum demand charge for agricultural customers is increased by the same percentage as the agricultural class' average rate." (P. 31.)

According to PG&E, this passage means that the demand charge for agricultural customers should have increased in D.87-12-068. Yet the adopted rates that appear in Appendix C, page 6, of D.87-12-068 do not show increases in the maximum demand charges for Schedules AG-5B, AG-5C, and AG-6B. PG&E contends that if the Commission's direction at page 31 of D.87-12-033 were followed, the summer maximum demand charge for all three schedules would be \$4.75 per customer month. The winter demand charge for all three schedules would be \$3.20 per customer month. The

previous summer maximum demand charge was \$4.50 and the winter demand charge for all three schedules was \$3.00. Simultaneously, the energy and time-related demand charges would be reduced to collect the residual revenue requirement.

The Commission Advisory and Compliance Division has reviewed PG&E's request and takes no exception.

Accordingly, we will adopt the corrections noted by PG&E. The necessary corrections to reflect the requirements of D.87-12-033 for Schedules AG-5B, AG-5C, and AG-6B are shown in Appendix A attached.

Further, PG&E requests that the decision should be modified to reflect the new minimum bills under Schedules AG-5A, AG-5B, AG-5C, AG-6A, and AG-6B which result from the new average rate levels in the decision. This issue was not addressed in D.87-12-068 or D.87-12-033. It is a relatively minor issue and PG&E may raise it in its next ECAC/AER proceeding. Accordingly, we will not, at this time, adopt PG&E's proposal to change minimum bills for these schedules.

#### Findings of Fact

1. There is an error in the maximum demand charges for Schedules AG-5B, AG-5C, and AG-6B as set forth in Appendix C, page 6 of D.87-12-068.
2. Minimum bills for AG-5A, AG-5B, AG-5C, AG-6A, and AG-6B were not addressed in PG&E's ECAC/AER rate design proceeding.

#### Conclusions of Law

1. Corrected maximum demand charges for Schedules AG-5B, AG-5C, and AG-6B, as set forth in Appendix A attached, should be adopted.
2. Minimum bills for AG-5A, AG-5B, AG-5C, AG-6A, and AG-6B may be addressed in PG&E's next ECAC/AER proceeding.

ORDER

IT IS ORDERED that Pacific Gas and Electric Company file tariff sheets 10 days after the effective date of this decision to reflect the corrected rate schedules set forth in Appendix A attached. The filing shall be made in accordance with General Order 96-A.

This order is effective today.

Dated MAR 09 1988, at San Francisco, California.

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

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

*Victor Weissert*  
Victor Weissert, Executive Director

- APPENDIX A  
 CORRECTED ADOPTED RATES FOR  
 PACIFIC GAS & ELECTRIC COMPANY  
 Effective 1/1/88

Based on Capped EPMC Revenue Allocation  
 Adopted in Decision 87-12-033 (A.87-04-035)

Rate Component	PRESENT RATES		ADOPTED RATES	
	SUMMER	WINTER	SUMMER	WINTER
(\$/KWH, \$/KW, \$/CUSTOMER MONTH)				
<b>AG-5-B</b>				
On-Peak Energy	\$ .04035		\$ .04121	
On-Peak Demand	\$2.20		\$2.25	
Partial-Peak Energy		\$ .03325		\$ .03403
Off-Peak Energy	\$ .03228	\$ .02937	\$ .03303	\$ .03006
Maximum Demand	\$4.50	\$3.00	\$4.75	\$3.20
Customer Charge	\$7.50	\$7.50	\$7.50	\$7.50
Meter Charge	\$6.00	\$6.00	\$6.00	\$6.00
<b>AG-5-C</b>				
On-Peak Energy	\$ .04035		\$ .04131	
On-Peak Demand	\$2.20		\$2.25	
Partial-Peak Energy	\$ .03949	\$ .03325	\$ .04041	\$ .03403
Off-Peak Energy	\$ .02962	\$ .02937	\$ .03031	\$ .03006
Maximum Demand	\$4.50	\$3.00	\$4.75	\$3.20
Customer Charge	\$7.50	\$7.50	\$7.50	\$7.50
Meter Charge	\$6.00	\$6.00	\$6.00	\$6.00
<b>AG-6-B</b>				
Energy Charge	\$ .03779	\$ .03091	\$ .04004	\$ .03275
Demand Charge	\$4.50	\$3.00	\$4.75	\$3.20
Customer Charge	\$7.50	\$7.50	\$7.50	\$7.50
<b>PA-1</b>				
Energy Charge	\$ .07635	\$ .07635	\$ .08084	\$ .08084
Demand Charge	\$ .60	\$ .60	\$ .64	\$ .64
<b>PA-2</b>				
On-Peak Energy	\$ .12701	\$ .10346	\$ .13448	\$ .10953
Partial-Peak Energy	\$ .07617	\$ .07617	\$ .08065	\$ .08065
Off-Peak Energy	\$ .06552	\$ .06552	\$ .06937	\$ .06937
Demand Charge	\$ .80	\$ .80	\$ .85	\$ .85
Meter Charge	\$10.00	\$10.00	\$10.00	\$10.00

corrected