

Decision SS 03 078 MAR 23 1988

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)

OPINION

Summary

This decision denies California Farm Bureau Federation's (Farm Bureau) request to extend the time that certain Pacific Gas and Electric Company (PG&E) time-of-use (TOU) rate schedules remain in effect.

Discussion

On January 6, 1988 Farm Bureau filed a petition requesting that the PA-TOU rate schedules for agricultural customers, scheduled to terminate prior to May 1, 1988, remain in effect until November 1, 1988. The Farm Bureau requests an extension of the termination date of the PA-TOU schedules for the following reasons:

1. Customers on PA-TOU schedules will be required to take service under AG-1, a non-time-differentiated schedule, or AG-TOU schedules.
2. There is insufficient time to examine the demand rate relationship between AG-1 and the AG-TOU rate schedules. Farm Bureau believes that the disparity between the demand charges for these schedules limits the number of agricultural customers that can economically select a TOU rate option.
3. Customers forced to switch to the non-time-differentiated AG-1 rate will move their load from off-peak to on-peak hours.

In response to Farm Bureau's request PG&E states that retention of the PA-TOU schedules will prevent the agricultural class from moving closer to its equal percent of marginal cost revenue responsibility and will continue the large subsidy currently received by the agricultural class. In support of its position PG&E argues that Decision (D.) 87-12-068 shows a marginal cost revenue responsibility for the agricultural class of \$220.8 million, compared to the adopted allocated revenues of \$186.7 million.

D.87-04-028 adopted new agricultural rate schedules in order to align agricultural rates closer with their cost responsibility. However, in that decision we recognized that immediate implementation of the new schedules would adversely impact agricultural customers. To provide agricultural customers with time to adjust to these changes the PA-TOU rate schedules were allowed to remain in effect for 12 months. The concerns Farm Bureau raises over the termination of PA-TOU rate schedules have not gone unnoticed. It was precisely these concerns that led us to provide a 12 month transition period to the new agricultural rate schedules.

We believe that agricultural TOU customers have had adequate time to adjust to the new rate schedules adopted in D.87-04-028, and we are not persuaded by Farm Bureau's petition to lengthen the transition period.

Findings of Fact

1. On January 6, 1988 Farm Bureau filed a petition requesting that the PA-TOU rate schedules for agricultural customers, scheduled to terminate prior to May 1, 1988, remain in effect until November 1, 1988.

2. D.87-12-068 shows a marginal cost revenue responsibility for the agricultural class of \$220.8 million, compared to the adopted allocated revenues of \$186.7 million.

3. D.87-04-028 adopted AG-1 and AG-TOU agricultural rate schedules in order to align agricultural rates closer with their cost responsibility.

4. D.87-04-028 provided agricultural customers with a 12-month transition period from PA-TOU rate schedules to AG-1 and AG-TOU rate schedules.

Conclusions of Law

1. Agricultural customers on PA-TOU rate schedules have had adequate time to adjust to the new rate schedules adopted in D.87-04-028.

2. Farm Bureau's petition to extend the effective date of PA-TOU rate schedules should be denied.

ORDER

IT IS ORDERED that California Farm Bureau Federation's petition to extend the effective date of Pacific Gas and Electric Company's PA-TOU rate schedules is denied.

This order becomes effective 30 days from today.

Dated March 23, 1988, at San Francisco, California.

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

Commissioner G. Mitchell Wilk,
being necessarily absent, did
not participate.

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



Victor Wenzel, Executive Director