

Decision 89-09-009 September 7, 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to
revise the time schedules for the
Rate Case Plan and fuel offset
proceedings.

)
) R.87-11-012
) (Filed November 13, 1987)
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)

OPINION

Summary

This decision denies Pacific Gas and Electric Company's (PG&E) petition to replace mandatory annual cost allocation proceeding (ACAP) trigger filings with permissive trigger filings and grants Southwest Gas Corporation's (Southwest) request to file for a 1991 attrition allowance.

Background

By Decision (D.) 89-01-040 in Order Instituting Rulemaking (R.) 87-11-012, the schedule and rules by which general rate case and energy offset proceedings are conducted for energy utilities were revised. PG&E and Southwest filed petitions requesting certain modifications to the schedule and procedures adopted in D.89-01-040. Their petitions are discussed below.

PG&E's Petition for Modification

On March 3, 1989 PG&E filed a petition for modification of D.89-01-040 stating that the requirement for mandatory Energy Cost Adjustment Clause and ACAP trigger filings conflicts with the ACAP trigger filing procedural mechanism adopted in D.86-12-010.

PG&E interprets the stipulation adopted in D.86-12-010¹ to provide for permissive ACAP trigger filings and requests that D.89-01-040 be modified to reflect permissive filings. Accordingly, PG&E argues that the Commission cannot change a portion of the negotiated stipulation without having provided an opportunity in the scheduling proceeding for the stipulating parties to be heard. Southern California Gas Company Gas filed a response which concurs with PG&E's petition.

DRA, a party to both the stipulation and scheduling proceeding, filed a protest to PG&E's petition. DRA concurs with PG&E that ACAPs were permissive under the stipulation and are mandatory in D.89-01-040, but argues that PG&E has lost its opportunity to claim legal error by failing to file a timely Application for Rehearing of D.89-01-040.

Additionally, DRA notes the entire purpose for trigger filings is to avoid rate shock and volatility. To have trigger filings as options would allow the utilities rather than the Commission to determine how this policy will be implemented. Finally, it is appropriate to have a consistent approach to trigger filings for both electric and gas utilities.

DRA does not believe that mandatory trigger filings does a disservice to the spirit, purpose, or operation of the stipulation. If a utility desires to defer a trigger filing, DRA suggests that a request which demonstrates the need for relief be filed with the Commission.

D.89-01-040 was signed on January 27, 1989 and mailed on January 31, 1989. PG&E was a party to this proceeding and had the

1 D.86-12-010 adopted a stipulation among PG&E and other gas utilities, Division of Ratepayer Advocates (DRA), and Toward Utility Rate Normalization (TURN) which provides the procedural mechanism for the processing of gas offset proceedings for two years.

opportunity to file an Application for Rehearing within 30 days after the date on which the decision was mailed. Furthermore, the stipulation has a sunset date of two years which will occur in May 1990. Finally, DRA's comments on the ALJ's proposed decision in R.87-11-012 urged the establishment of mandatory trigger filings.

We agree with DRA that PG&E has missed its opportunity to claim legal error. Additionally, we recognize the ambiguity in the language for trigger filings which is contained in the stipulation. In adopting D.89-01-040 we interpreted the following excerpt from page 6 of the stipulation to require mandatory trigger filings:

"The utilities shall only file a CAM application if a filing would produce a change in the average total core rate of at least 4% from the average of the authorized core rates."
(Emphasis added.)

By this decision we reaffirm the requirement that ACAP trigger filings are mandatory, and we deny PG&E's petition.

Southwest's Petition for Modification

On April 7, 1989 Southwest filed a petition which seeks a modification of D.89-01-040 to allow Southwest the option of filing for an attrition allowance in its San Bernardino and Placer County service areas for the year 1991. In support of its petition Southwest states:

1. On January 27, 1989 the Commission issued D.89-01-040 which established a three-year schedule for energy utility general rate applications.
2. Its next general rate application is scheduled for test year 1992.
3. D.88-12-081 in Southwest's Application (A.) 88-02-003 approved a general rate increase for test year 1989 and attrition year 1990. The record in A.88-02-003 did not contain evidence with regard to 1991.
4. There is a one-year gap from its last attrition year (1990) to its next test year (1992).

DRA filed a response to Southwest's petition stating that it has no objection to granting the relief requested as long as the attrition allowance is based on the same factors as the 1990 attrition allowance granted Southwest in D.88-12-081.

We will grant Southwest's petition to modify D.89-01-040. Southwest will be allowed to make a 1991 attrition year filing based on the factors adopted in D.88-12-081 for attrition year 1990.

Findings of Fact

1. On March 3, 1989 PG&E filed a petition to modify D.89-01-040 to replace mandatory ACAP trigger filings with permissive trigger filings.

2. D.86-12-010 adopted a stipulation among PG&E and other gas utilities, DRA, and TURN which provides the procedural mechanism for the processing of gas offset proceedings for two years.

3. The stipulation adopted in D.86-12-010 states: "The utilities shall only file a CAM application if a filing would produce a change in the average total core rate of at least 4% from the average of the authorized core rates." (Emphasis added.)

4. An Application for Rehearing of D.89-01-040 was not filed within 30 days from the mailing of the decision.

5. On April 7, 1989 Southwest filed a petition for modification of D.89-01-040 to allow Southwest the option of filing for a 1991 attrition allowance in its San Bernardino and Placer County service areas. ✓

6. D.89-01-040 established a three-year schedule for energy utility general rate applications and 1992 as Southwest's next test year.

7. D.88-12-081 authorized Southwest a general rate increase for test year 1989 and an attrition allowance for 1990, but did not address an attrition allowance for 1991.

Conclusions of Law

1. PG&E's Petition for Modification of D.89-01-040 should be denied.
2. Southwest should be allowed the option of filing for a 1991 attrition allowance.

ORDER

IT IS ORDERED that:

1. Pacific Gas and Electric Company's Petition for Modification of Decision (D.) 89-01-040 is denied.
2. D.89-01-040 is modified to include the following ordering paragraph: "Southwest Gas Corporation is authorized to request an attrition allowance for 1991."

This order becomes effective 30 days from today.

Dated SEP 7 1989, at San Francisco, California.

G. MITCHELL WELK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. CHANAN
PATRICIA M. ECKERT
Commissioners

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

Wesley Franklin

WESLEY FRANKLIN, Acting Executive Director

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