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SEP 14 1990

Decision 90-09-061 September 12, 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SAN DIEGO GAS & ELECTRIC COMPANY for Authority to Decrease its Rates and Charges for Electric, and to Increase its Rates and Charges for Gas and Steam Service. (U 902-M)	)	Application 87-12-003 (Filed December 1, 1987)

O P I N I O N

Summary

The Commission denies San Diego Gas & Electric Company's (SDG&E) proposal to reopen electric rate Schedule A-E1, keeps open Schedule A-E2 for further review in SDG&E's next general rate case, and grants in part SDG&E's proposal to offer a nonseasonally differentiated time-of-use (AY-TOU) tariff for commercial and industrial customers.

Also, the Commission adopts a number of minor tariff changes sought by SDG&E that were not opposed by the parties.

Background

In Decision (D.) 89-01-040 the Commission established a new proceeding to consider rate design issues for the major electric utilities--the rate design window. On November 27, 1989 SDG&E filed its rate design window application to introduce new rate schedules, reopen closed tariffs, change rates, and alter tariff sheet language.

On December 27, 1989 the Division of Ratepayer Advocates (DRA) filed a response to the SDG&E application which recommended rejection of the major SDG&E proposals. DRA either endorsed or did not oppose a number of minor tariff changes sought by SDG&E.

Subsequent negotiations between DRA and SDG&E resulted in a joint report from SDG&E and DRA which describes the consensus

SDG&E and DRA reached on the resolution of a major issue (a new time-of-use (TOU) schedule for residential ratepayers) and numerous secondary issues. This was received as Exhibit 301.

Two issues now remain to be decided:

1. SDG&E's proposal to reopen Schedule A-E1 to new customers.

2. SDG&E's proposal to offer a Schedule AY-TOU tariff for commercial and industrial customers.

A hearing was held in San Diego on March 9, 1990. Testimony was presented by DRA, SDG&E, R&W Consultants, and University Cogeneration, Inc. (University Cogen). Statements were made by Golden Gourmet Mushrooms, the San Diego Unified School District, Onsite Energy, General Atomics, and General Dynamics.

Concurrent briefs were filed on March 23, 1990 by DRA, SDG&E, R&W Consultants, Windfield Industries, and University Cogen.

Proposed Reopening of Schedule A-E1 and Eliminating Termination Dates for Schedules A-E1 and A-E2

Background

Schedule A-E1 became effective July 1, 1986. Its purpose is to provide nonresidential customers an incentive to curtail load during SDG&E's system peak demand. D.88-12-085 closed Schedule A-E1 to new customers and ordered SDG&E to file a successor, Schedule A-E2, which implemented rates more reflective of the marginal costs adopted in that decision. D.88-12-085 also provided for the termination of Schedules A-E1 and A-E2 on January 1, 1992, and January 1, 1993, respectively.

SDG&E requests that Schedule A-E1 be reopened to new customers, and retained with Schedule A-E2 as optionally available schedules. Also, SDG&E requests elimination of the termination dates for Schedules A-E1 and A-E2.

Position of SDG&E

According to SDG&E new load research information available since D.88-12-085 demonstrates that customers on Schedule A-E1 do respond to that schedule's strong on-peak price signal and reduce load. As a direct result of Schedule A-E1, SDG&E has approximately 16,400 kW of cost-effective load shedding capability. Therefore, Schedule A-E1 is a significant demand side management (DSM) tool that should be expanded, not eliminated. Customer growth on Schedule A-E1 was significant prior to its closure. In addition, the cost-effectiveness of Schedule A-E1 supports reopening this schedule. As noted in SDG&E's 1989 Annual Summary of DSM Activities filed with the Commission on April 11, 1989, Schedule A-E1 is cost-effective under the total resource cost test (TRC).

SDG&E disagrees with DRA claims that cost-effectiveness under resource planning criteria is not an appropriate test of cost causation under rate design theory. On the contrary, where, as in this case, the objective of the schedule is to afford a DSM capability, cost-effectiveness is an appropriate benchmark. If the DRA approach is followed and the latest marginal cost estimates and design theory adopted by the Commission are the exclusive cost-justification test, it will be virtually impossible for SDG&E to develop and maintain a significant pool of customers on A-E rates. As a result, the load-shedding capability of this rate structure will never be realized.

SDG&E points out that in Exhibit 64 of its general rate case Application (A.) 87-12-003, DRA recommended three criteria which should be reviewed in determining whether to continue A-E schedules: (1) customer acceptance, (2) ability to translate marginal costs into rates, and (3) cost-effectiveness. DRA's witness acknowledged these criteria still exist, but it appears that DRA did not evaluate customer acceptance nor cost-effectiveness thoroughly prior to making its recommendations in

this proceeding. In contrast, SDG&E did evaluate these criteria and these criteria support its proposals.

In summary, SDG&E believes it is much more consistent with the Commission's current policies to preserve the load-shedding capability of Schedule A-E1 and, because it is cost-effective to do so, to retain and reopen Schedule A-E1 as an optional rate for SDG&E's commercial and industrial customers.

Position of DRA

DRA argues that the only information that SDG&E provides to support its proposed reopening is that Schedule A-E1 customers are actually curtailing load during the on-peak period and that one of the Commission's conservation tests, the TRC, purportedly shows a small benefit. There is no reason to believe this would not be the case under Schedule A-E2.

According to DRA, it is not surprising that customers are curtailing load in response to SDG&E's signals. The cost of not curtailing is more than $8/kWh. It is partly this over-priced on-peak charge of $8/kWh that allows the Schedule A-E1 customers to avoid cost-based demand charges and semi-peak energy charges. This lack of a cost-based underpinning to Schedule A-E1 makes it impossible to determine whether customers are on Schedule A-E1 to avoid the demand charges of other schedules.

DRA concludes that some customers are avoiding paying their fair share of SDG&E costs via service on Schedule A-E1. Indeed SDG&E's Annual Summary of DSM Activities (March 1989) stated that customers moving from A-E1 to A-E2 would lose 58 percent of their savings. Customers responding to SDG&E's load curtailment signals under A-E2 will still save money. However, based on the SDG&E analysis, the savings will be reduced by 58 percent. It is this extra amount of savings accruing to some customers under the out-of-date rate components of A-E1 that SDG&E wishes to continue and expand to the detriment of all other customers who, under the

Electric Revenue Adjustment Mechanism have to make up the lost revenue.

DRA argues that SDG&E's defense of Schedule A-E1 based on TRC results has several weaknesses:

1. TRC tests are not a reflection of cost causation. Many rate schedules can be shown to have positive TRC results. However, this in no way proves that they are cost based, the cardinal rule for all rates.

2. SDG&E omitted any discussion of TRC tests for A-E2. DRA believes such a test would prove an even greater positive benefit.

3. In the same document where SDG&E shows a positive value for TRC also shown is a negative value for the Ratepayer Impact Measure.

4. A 1.044 result is not robust and can easily turn negative if any one variable is slightly altered.

And, since the Commission has replaced Schedule A-E1 with A-E2, DRA urges the Commission to eliminate Schedule A-E1 on January 1, 1992 as previously decided.

Position of San Diego County Mineral Products Industry

The Mineral Products Industry (MPI) companies purchase electric power from SDG&E under Rate Schedules AD, A-E1 or AL-TOU for producing crushed stone, sized aggregate, hot-mix asphaltic concrete, and transit-mixed concrete.

MPI's witness testified that most MPI facilities are able to completely close down operations in response to a signal from SDG&E to shed load. The amount of demand which can be shed under Schedule A-E1 is at least 90 percent of the highest facility demand. Shutting down involves idling both plant equipment and the work force. At larger facilities, plant equipment worth over $5,000,000 and a work force of as many as 20 people may be idled.

Supporting labor and trucking adds additional equipment and work force down-time. These shutdown costs assure that there is no "windfall profit" from being on the Schedule A-E1 rate.

According to MPI's witness, new facilities representing several megawatts of power demand are scheduled to come on-line within the next year. Based on the experience of others in the industry, these new facilities would be willing to explore Schedule A-E1. Currently, members of the MPI Group perceive the "risk" and "rewards" under Schedule A-E1 to be balanced fairly.

MPI believes that there is no dispute that Schedule A-E1 is working as a DSM tool. DRA is on record that SDG&E needs more capacity. Load management programs such as Schedule A-E1 help defer the need for that capacity. DRA's opposition to Schedule A-E1 is based on the theoretical grounds of cost-based rates, instead of the practical considerations of cost-effective DSM programs.

Position of
Winfield Industries

Winfield Industries (Winfield) is a manufacturer of products for the collection, segregation, and containment of hospital wastes.

Winfield argues that SDG&E has historically had one of the highest commercial rate structures in the nation. When Winfield switched to Schedule A-E1 rates in 1988, the drop in energy costs had an immediate effect on its overhead cost structure which translated into bringing its manufacturing costs in line with others in the industry. As a result Winfield has enjoyed significant growth over the last 18 months, all of this growth has been in non-peak hours (i.e., nights and weekends). All other rate structures offered by SDG&E do not offer a comparable rate to Schedule A-E1. Since the Schedule A-E1 rate structure provides SDG&E with a large base from which to draw emergency power when needed and the participants are in favor of the long-term

continuation of Schedule A-E1 rate structure, Winfield urges the Commission to continue Schedule A-E1.

Position of Golden Gourmet Mushrooms

Golden Gourmet Mushrooms employs 45 people and has plans for a million dollar expansion program which relies on the assumption that Schedule A-E1 will be available. When Golden Gourmet Mushrooms receives a signal from SDG&E to shed load, it does so immediately, but it has to run a standby generator since the mushrooms need up to 23 hours of light each day and the environment has to be controlled. It can afford to run its standby generator only because of the favorable A-E1 rate.

Section 311 Comments

On June 29, 1990, the Administrative Law Judge's (ALJ) proposed decision on this matter was filed with the Docket Office and mailed to all parties of record pursuant to Rule 77 of the Commission's Rules of Practice and Procedure.

Comments and reply comments on the ALJ's proposed decision were filed by SDG&E and DRA. Having reviewed the comments, we conclude that the ALJ's proposed decision should be changed to reflect termination of Schedule A-E1 on January 1, 1992, and the applicability of non-seasonal TOU rates should be limited to customers having usage below 500 kW. The reasons for these changes are discussed below.

Discussion

D.88-12-085 closed Schedule A-E1 to new customers and introduced Schedule A-E2 as the cost-based replacement. Schedule A-E2 is similar to Schedule A-E1 but it has design modifications which reduce customer savings by more than 50 percent.

SDG&E needs peak capacity in the near term. The objective of A-E schedules is to recruit new large commercial and industrial customers capable of shedding load on request.

Participation in Schedule A-E2 has been disappointing. SDG&E claims that Schedule A-E1 is a valuable DSM tool and should be reopened.

DRA opposes the reopening Schedule A-E1 on the grounds that its cost-effectiveness as a DSM tool is questionable, and, more importantly, Schedule A-E1 rates are not cost justified. DRA's concern appears to be that some Schedule A-E1 customers are undeservedly profiting at ratepayer expense.

SDG&E views A-E schedules as a resource planning alternative which should be expanded through the use of rates that are attractive to the participants. On the other hand, DRA believes that A-E schedules may be considered resource planning alternatives so long as the rates are strictly cost based. Accordingly, DRA points to Schedule A-E2 as the cost-based successor to Schedule A-E1.

We agree with DRA that Schedule A-E1 should be closed on January 1, 1992 as decided in D.88-12-085. The customers on this schedule have received adequate notice, and more importantly, we believe that a rate schedule that is not cost-based should not remain open any longer than necessary.

When Schedule A-E1 is closed, customers on this schedule will have the option of transferring to Schedule A-E2. While savings are reduced by 58%, and this could be a hardship, we do not believe that these customers should continue to receive such a concession at the expense of the other customers. Further, we are not persuaded that the 16.4 megawatts of load shedding capability that is made available by customers on Schedule A-E1 justifies the added cost of continuing this schedule. We expect many of these customers to shift to Schedule A-E2, and the load shedding capability provided by such customers would be available at a more reasonable cost. Accordingly, SDG&E's request to allow Schedule A-E1 to remain open beyond January 1, 1992, is denied.

Regarding Schedule A-E2, since SDG&E's general rate case has been deferred and this schedule is the successor to Schedule A-E1, it should remain open, and should be reviewed in SDG&E's next general rate case proceeding. D.88-12-085 should be modified to reflect this change.

SDG&E's Proposal to Introduce a Nonseasonally Differentiated Schedule for Large Customers

Background

SDG&E proposes a new nonseasonal rate option for commercial and industrial customers currently taking service under Schedule AL-TOU which is seasonally differentiated both for demand and energy charges.

Position of SDG&E

According to SDG&E, numerous commercial and industrial customers have indicated that seasonal differentiation in Schedule AL-TOU causes them undue difficulty in forecasting operating expenses and managing energy consumption. In order to address these customer concerns, while retaining the important price signals present in TOU rates, SDG&E proposes Schedule AY-TOU which would implement demand and energy rates that are the same throughout the year.

SDG&E recognizes that the seasonal differentiation present in Schedule AL-TOU rate structure reflects seasonal cost differences. Moreover, as a general principle, SDG&E endorses the need for rates to reflect cost causation and to be unbundled insofar as is practical. However, SDG&E also recognizes that customer acceptance and customer understanding are two other important criteria against which rates must also be evaluated. Significant numbers of SDG&E's customers have requested an alternative to Schedule AL-TOU which offers reduced complexity and thereby simplifies energy management and planning. SDG&E believes, based on customer feedback, that some customers are deterred from

responding to TOU price signals because of the added complexity of seasonality. Since the rate structure is simply too cumbersome for them to work with, they ignore it entirely in managing their operations.

SDG&E believes that an appropriate way to address customer concerns is to implement an optional, nonseasonal TOU; i.e., Schedule AY-TOU. This schedule would continue to send a strong on-peak price signal while making it easier for customers to forecast energy costs and to educate their operating personnel about how to maximize savings.

SDG&E argues that in this instance DRA's concern over cost causation is largely theoretical since SDG&E has demonstrated that its Schedule AY-TOU proposal is virtually revenue-neutral (i.e., it would result in less than $1 million in lost revenues). Moreover, to further mitigate any shift in cost responsibility, SDG&E has proposed to apply to Schedule AY-TOU a customer limitation of 10 percent of its TOU customers below 500 kW and 10 percent of its customers above 500 kW. This customer limitation will preserve the seasonal price signal for the majority of SDG&E's commercial and industrial customers (who will remain served under Schedule AL-TOU), while providing a nonseasonal rate option for those customers who have the greatest need and desire for simplicity.

SDG&E further argues that it is significant that DRA acknowledges the need for a simpler rate for customers in the 20 kW - 500 kW range. SDG&E believes that the Commission's rate design policy and SDG&E's customers both will be far better served with a more moderate approach under which a limited number of customers will have the Schedule AY-TOU rate option, thus providing an acceptable measure of simplification to customers while retaining important TOU price signals.

Position of DRA

DRA does not oppose an optional simpler TOU schedule for smaller commercial and industrial customers under 500 kW load.

However, DRA opposes the SDG&E proposal for larger customers. DRA argues that larger customers have the sophistication to respond to price signals both seasonally differentiated and differentiated by TOU. Because their consumption decisions have such a significant impact on the utilities own resource use and planning, it is appropriate that the most accurate and detailed price signals be used in setting their rates. The technology exists to actually break price signals into even smaller increments of time but there is a penalty in terms of rate complexity. DRA believes the rate components under SDG&E's current Schedules AL-TOU and A-6 TOU correctly balance accuracy of price signals and rate complexity.

DRA argues that the statements made by some of SDG&E's larger customers supporting a less accurate rate, for reasons related to their inability to make decisions based on rate signals, lack credibility. These customers, principally General Atomics and General Dynamics, enumerated the sophisticated products they manufacture or research and develop - research in high temperature gas-cooled nuclear reactors, operation of the most powerful and largest computing facility in the world, a fusion research facility, Tomahawk cruise missiles and widebody jetliners. They should also have the sophistication and resources to implement a seasonal rate structure.

Futhermore, DRA contends that granting a simpler rate structure to these customers is not in their own or other ratepayer interests. The SDG&E proposal would levelize the current seasonality in energy and demand charges (using a weighted average of demand and energy rates). This will only, over the long run, send a price signal that is too weak in summer and too strong in winter. The result is customers will overconsume in summer and

underconsume in winter. This in turn changes SDG&E's resource planning from a more efficient to a less efficient result. The consequence is overbuilding capacity for summer peaks and underutilization of that capacity in the winter. SDG&E's resource use drops to a lower load factor and all customers pay higher rates.

Position of University Cogen

University Cogen argues that if the Commission adopts Schedule AY-TOU, that optional rate should include an average and an on-peak rate limiter, as proposed by University Cogen. (Exhibit 305, at pp. 5-6.)

University Cogen points out that rate limiters are included in TOU schedules to ensure that customers who rely on SDG&E's electric service for short durations are not assessed excessive electric rates out of proportion to the actual demands placed on SDG&E by these customers. Rate limiters set a maximum charge per kWh that may be assessed to a customer. An average rate limiter applies to all customers, and an on-peak rate limiter applies only to those customers taking service in connection with Schedules S or S-I, namely standby customers. Without rate limiters, standby customers and all other customers that use SDG&E's electric service on an intermittent basis would be charged excessive rates for the electricity purchased from SDG&E. Recognizing this, the Commission included rate limiters in Schedules AL-TOU and A-6 TOU, the current TOU schedules for large commercial and industrial customers. Thus, both SDG&E and DRA have indicated support to University Cogen's proposal that rate limiters be included in Schedule AY-TOU.

Position of MPI

According to MPI, several companies in the MPI organization are unsophisticated energy users, not equipped to deal with the complexities of Schedule AL-TOU as it now exists, including the seasonal differentiated demand and energy rates.

This position is shared by others giving testimony on the complex structure of Schedule AL-TOU.

MPI points out that the proposed Schedule AY-TOU was developed by SDG&E in response to several customer requests for a rate which would be easier to understand. MPI believes that these customers deserve a simplified, yet still cost-based rate schedule, such as AY-TOU. The important aspects of TOU rates, including cost difference for on-peak, semi-peak, and off-peak power, are maintained. The concept of a separate demand charge is also present. At worst, Schedule AY-TOU represents a very small step backward in unbundled rate design, and a very large step forward in getting customers to accept and understand TOU rates.

MPI argues that DRA appears to believe exclusively in a theoretical approach to rate design, without seeking advice from those who would have to pay those rates. The Commission should set a middle ground between theory and practice.

Discussion

The issue is whether SDG&E should have an optional rate schedule for large customers who find it difficult to administer seasonally differentiated TOU rates. We conclude that SDG&E's request should be granted in part for the reasons set forth below.

There is no dispute that an ideal rate should be seasonally differentiated. However, SDG&E's large customers have expressed considerable frustration with the administrative problems caused by seasonally differentiated rates.

We agree with DRA that SDG&E's large customers have the capability to administer seasonal TOU rates. Electric energy does cost more in the summer than in winter, and it is Commission policy that electric rates should reflect real costs. Also, the Commission believes that rates should provide the customer with a true economic signal. The introduction of a level TOU rate throughout the year, even with a premium, defeats this objective.

Therefore, we deny SDG&E's request for a levelized TOU rate for its large customers.

On the other hand, we agree that smaller customers may have difficulty in administering seasonally differentiated TOU rates. Accordingly, we will allow SDG&E to offer a levelized TOU rate to its customers with usage less than 500 kW. The levelized rate should contain a premium of 0.765% or .05748 c/kWh. The adopted Schedule AY-TOU, which provides such levelized rates, is attached as Appendix A.

Regarding University Cogen's recommendation for rate limiters to be included in the Schedule AY-TOU, since there is no opposition to the request, and we have this feature in Schedules AL-TOU and A-6 TOU, we will adopt this recommendation.

Other Issues

In its rate design window filing, SDG&E proposes several tariff language changes and implementation of new rate design options. DRA does not oppose the tariff language changes which SDG&E recommends. In addition, DRA and SDG&E reached a compromise on SDG&E's residential TOU rate design option proposal. No other party opposes either the tariff language changes or the compromise TOU rate design. They are listed below and are described in greater detail in Exhibit 301, jointly sponsored by DRA and SDG&E:

- New residential TOU rate options.
- Schedule D-ATOU and D-UTOU to be closed.
- Three-phase service restricted in Schedule DR.
- Stand-by-service with Schedule AD.
- Applicability of Schedules AL-TOU and A.
- Elimination of Schedule R-TOU-1 and R-TOU-2.
- Nonstandard seasonal changeover dates for Schedules AL-TOU and A-6 TOU.

- Voltage discount on Schedules A-E2, R-TOU-3, and R-TOU-4.
- Schedule DWL.

Discussion

We adopt the joint proposals of SDG&E and DRA set forth above.

During the course of the hearing, the City of San Diego expressed concern that the last minute agreement reached between DRA and SDG&E (Exhibit 301) precluded other parties from effectively analyzing it since the exhibit was not timely served on all parties. While we appreciate that the rate window proceeding is a fast-paced proceeding, and we encourage settlements, we expect DRA and the utilities to keep all parties informed as a simple matter of due process. In this instance, it may have been possible for DRA and SDG&E to have sent out an interim report covering areas where agreement had been reached without waiting until all items were resolved. We remind DRA and SDG&E that they must timely serve all exhibits on all appearances.

Lastly, DRA requested that the Commission clarify the criteria for acceptance of rate design proposals under the rate window filing. We agree with DRA that these proceedings should not turn into a mini rate case. However, the Commission in the Rate Case Plan decision stated:

"General Rate Cases

"Our key objectives in reviewing the rate case plan are:

"1. Reduce the complexity of processing general rate decisions at year-end.

"2. Provide a mechanism to address electric rate design more often than every three years."

* * *

"...Marginal cost and revenue allocation issues would continue to be addressed in the general rate case decision....Additionally, the

> electric annual rate design windows should eliminate the consideration of rate design issues in ECAC proceedings and minimize the number of rate design advice letter filings." (D.89-01-040, p. 6.)

In this proceeding, SDG&E requested several minor changes to its existing tariff schedules and requested authority to implement three significant rate design options. DRA requested that the three rate design options be rejected because SDG&E's proposals amount to relitigation of matters already decided in the general rate case. The ALJ ruled that all the proposals of SDG&E should be addressed at the hearing.

We affirm the ALJ's ruling. The Rate Case Plan decision provides the flexibility necessary to consider modifications to rate design based on experience gained with new rate schedules adopted in a general rate case. As discussed in D.89-01-040, there has to be a proceeding where rate design issues can be considered outside the general rate case or the ECAC proceeding. Electric rate design has to be responsive to changing circumstances in the real world and needed changes should not be deferred to a general rate case which would occur in three or more years time. At the same time, we do not intend that the rate design window proceeding evolve into a mini general rate case proceeding or that it be forum to relitigate positions that were not adopted in the general rate case. Accordingly, we will review the appropriateness of rate design proposals for inclusion in the rate design window proceeding on a case by case basis by ALJ ruling.

Findings of Fact

1. Schedule A-E1 is not cost-based and there is no justification to continue this schedule beyond January 1, 1992.

2. Since Schedule A-E2 is the cost-based successor to Schedule A-E1, and SDG&E's general rate case has been deferred, this schedule should remain open until it reviewed in SDG&E's next

general rate case proceeding. D.88-12-085 should be modified to reflect this change.

3. Since electric energy does cost more in the summer than in the winter, levelized TOU rates do not provide the correct economic signal to customers.

4. Seasonally differentiated TOU rates provide a more accurate economic signal to customers. Large customers are sufficiently sophisticated to administer seasonally differentiated TOU rates.

5. The new AY-TOU optional schedule should be made available to all SDG&E customers with usage less than 500 kW since these customers may have difficulty administering seasonally differentiated rates.

6. Without rate limiters, standby customers and all other customers that use the AY-TOU schedule on an intermittent basis would be charged excessive rates. Thus, rate limiters should be included in Schedule AY-TOU.

7. Other than the issues related to the A-E schedules and the proposed AY-TOU schedule, there is no opposition to the several tariff language changes and implementation of the new rate design options proposed by SDG&E.

Conclusions of Law

1. SDG&E's general rate case decision D.88-12-085 should be modified to defer the termination of Schedule A-E2. Termination of this schedule should be considered in SDG&E's next general rate case proceeding.

2. SDG&E should be authorized to file the optional nonseasonal Schedule AY-TOU schedule for all customers with usage below 500 kW, including the rate limiters recommended by University Cogen, as shown in Appendix A.

3. SDG&E should be authorized to file new tariff sheets to reflect the tariff language changes and rate design options set forth in Exhibit 301 which is jointly sponsored by DRA and SDG&E.

O R D E R

IT IS ORDERED that:

1. Schedule A-E1 shall be terminated as decided in Decision (D.) 88-12-085.

2. Schedule A-E2 shall remain open. It will be reviewed in San Diego Gas and Electric Company's (SDG&E) next general rate case proceeding. D.88-12-085 is modified accordingly.

3. SDG&E may offer optional Schedule AY-TOU to all customers with usage less than 500 kW, as set forth in Appendix A to this decision.

4. SDG&E shall file revised tariff schedules as authorized by this decision.

5. The revised tariff schedules shall be filed on or after the effective date of this order and at least 7 days prior to their effective date.

6. The revised tariff schedules shall comply with General Order 96-A and shall apply to service rendered on or after their effective date.

7. This proceeding remains open for consideration of other matters.

This order is effective today.

Dated September 12, 1990, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
PATRICIA M. ECKERT
Commissioners

Commissioner John B. Ohanian, being necessarily absent, did not participate.

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

J. [illegible], Executive Director

SAN DIEGO GAS AND ELECTRIC COMPANY - ELECTRIC DEPARTMENT

ELECTRIC RATE WINDOW PROCEEDING

SCHEDULE AY-TOU RATES

DESCRIPTION	UNITS	ADOPTED RATE
Service Charge	$/Month	20.00
On-Peak Rate Limiter	$/Kwh	0.46
Average Rate Limiter	$/Kwh	0.21
Non-Coincident Demand		
Secondary	$/KW	3.27
Primary	$/KW	2.60
Transmission	$/KW	1.09
On-Peak Demand		
Secondary	$/KW	9.07
Primary	$/KW	9.07
Transmission	$/KW	5.19
On-Peak Energy		
Secondary	$/Kwh	0.07925
Primary	$/Kwh	0.07421
Transmision	$/Kwh	0.07167
Semi-Peak Energy		
Secondary	$/Kwh	0.04880
Primary	$/Kwh	0.04579
Transmission	$/Kwh	0.04414
Off-Peak Energy		
Secondary	$/Kwh	0.03962
Primary	$/Kwh	0.03651
Transmission	$/Kwh	0.03532

(END OF APPENDIX A)