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Decision 90 09 068 SEP 25 1990

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for authority among other things, to increase its rates and charges for electric and gas service.

(Electric and Gas) (U 39 M)

And Related Matter.

**ORIGINAL**

Application 88-12-005  
(Filed December 5, 1988)

I.89-03-033  
(Filed March 22, 1989)

(See Decision 89-09-093 for appearances.)

INTERIM OPINION

Summary of Decision

Pacific Gas and Electric Company's Pétition for Modification of Decision No. 89-12-057 on Schedule S - Standby Service (Petition), filed June 29, 1990, is granted. Pacific Gas and Electric Company (PG&E) requests that Special Condition 3 of Schedule S be revised to remove two unintended discounts allowed by the tariff language approved in Decision (D.) 89-12-057. The request is granted because the revised language is consistent with Commission intentions and with previous treatment of the affected customers.

Background

PG&E's request is made in its general rate case for test year 1990. That proceeding was litigated during 1989, culminating in D.89-12-057, which authorized electric and gas rates effective January 1, 1990.

Included in D.89-12-057 are electric standby rates and tariff language as set forth at Appendix I, Page 20. PG&E offers service under Schedule S - Standby Service to customers who are

regularly supplied with electric energy from nonutility sources. Standby rates include, among other charges, standby demand charges, in dollars per kilowatt per meter per month. Standby demand charges are equal to the maximum demand charges for regular service under Schedules E-19 and E-20. In addition to standby charges, when a standby customer takes service from PG&E, demand and energy charges are applied from the customer's regular rate schedule.

Special Condition 3 of Schedule S specifies how standby and regular service charges are calculated. The authorized tariff language at issue in the Petition was requested by PG&E, in order to prevent standby customers from avoiding all noncoincident capacity costs through application of the average rate limiter. The rate limiter was also adopted in D.89-12-057.

PG&E filed the Petition on June 29, 1990. Notice of the filing appeared in the Commission's Daily Calendar of July 3, 1990. On August 2, 1990 the Commission's Division of Ratepayer Advocates (DRA) filed the only response to the Petition.

Position of PG&E

PG&E believes approval of the Petition would remove two unintended discounts allowed for certain standby customers under the current Schedule S. A single modification of the tariff language in Special Condition 3 would remove both discounts. Specifically, PG&E proposes to replace the sentence,

"The maximum demand used to determine the regular service charges for any month will be reduced by the customer's standby demand on the utility that month."

with the sentence,

"If the customer imposes a standby demand in any month, then the regular service maximum demand charge amount will be reduced by the applicable standby contract capacity charge multiplied by 85 percent of the standby demand."

PG&E believes this revision to the tariff language will more accurately reflect the intent of D.89-12-057 by avoiding unintended discounts provided by the existing language.

PG&E has attached to the Petition example calculations which show how the unintended discounts occur and how the proposed revision will result in customer charges consistent with charges in effect before January 1, 1990. The first unintended discount is 15 percent off of the maximum demand charges that standby customers pay in months when they use standby power. The second discount is a voltage discount on the maximum demand charges that six standby customers pay when they use standby power. These six customers pay special facilities charges for the portion of their transformer costs corresponding to their standby contract capacity. As a result of the existing tariff language, they pay for standby contract capacity at the "high side" voltage level. They pay for regular service at the "low side" voltage level.

PG&E argues that when the Commission approved the average rate limiter in D.89-12-057, there was no intent to introduce the new discounts described above. No party proposed or endorsed the tariff language for purposes of creating the discounts. Those consequences of PG&E's own language are unintentional.

#### Position of DRA

DRA recommends the Petition be denied, alleging that PG&E has provided no evidence that the Commission either did or did not intend the discount. Therefore, PG&E has failed to make a case for the requested revision. DRA does not request a hearing in this matter.

#### Discussion

We agree with PG&E that there was no intent in D.89-12-057 to create the two standby rate discounts. PG&E's example calculations show clearly that the revised tariff language would produce customer bills consistent with billing procedures in

effect prior to January 1, 1990. No party to the general rate case suggested that the discounts should be created.

We note that the proposed revision would not create net revenue for PG&E. All affected revenues flow into PG&E's Electric Revenue Adjustment Mechanism balancing account, making shareholders indifferent to charges assigned to particular customers.

For these reasons we will grant the Petition.

Findings of Fact

1. To remove two discounts now allowed for certain standby customers, PG&E has petitioned to modify the tariff language in Special Condition 3 of Schedule S - Standby Service.

2. The first discount is 15 percent off of the maximum demand charges that standby customers pay in months when they use standby power.

3. The second discount is a voltage discount on the maximum demand charges certain special facilities customers pay when they use standby power.

4. The discounts were unintended when the tariff language of Special Condition 3 was approved in D.89-12-057.

5. Approval of PG&E's requested modification would produce charges consistent with Commission intentions and with previous treatment of the affected customers.

6. PG&E's request is justified.

Conclusion of Law

The Petition should be granted.

INTERIM ORDER

Therefore, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized to file, on or after the effective date of this order, revised electric tariff schedules which modify the second full paragraph in Special Condition 3 of Schedule S - Standby Service to read:

"If the customer imposes a standby demand in any month, then the regular service maximum demand charge amount will be reduced by the applicable standby contract capacity charge multiplied by 85 percent of the standby demand."

2. The revised tariff schedules shall become effective 5 days after filing and shall be marked to show they were approved for filing by this decision.

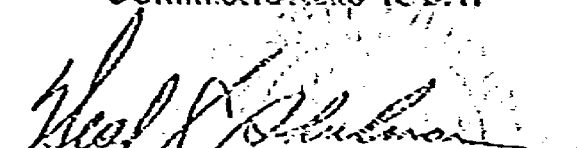
This order is effective today.

Dated SEP 25 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

  
NEAL J. SULMAN, Executive Director