

FEB 21 1992

Decision 92-02-051 February 20, 1992

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)

ORIGINAL

OPINIONSummary

We grant Pacific Gas and Electric Company's (PG&E) petition for modification of Decision (D.) 89-01-040.<sup>1</sup> The Commission's schedule for processing Energy Cost Adjustment Clause (ECAC) proceedings is modified by providing that the effective date for PG&E's annual ECAC proceeding rate adjustments is shifted from November 1 to January 1 of each year.

Background

In D.89-01-040 the Commission adopted extensive modifications to the rate case plan (RCP) for energy utility general rate cases and to the schedules for processing energy cost offset proceedings. One important new feature of the modifications was coordination of each energy utility's offset filings with its general rate cases and with the offset filings of other utilities. A key objective in this coordinated approach was to even out workload during the year.

For PG&E, the schedule adopted for ECAC filings is as follows:

PG&E ECAC Schedule<sup>2</sup>

Application Filed  
Decision Signed  
Rates Effective/Forecast Period Begins

April 1  
October 27  
November 1

1 30 CPUC 2d 576.

2 Abstracted from D.89-01-040, Appendix D, Table 2.

Even though the schedule adopted in D.89-01-040 assumes that PG&E's ECAC rates will be adjusted on November 1 of each year, coincident with the beginning of its designated 12-month forecast period, that assumption has not been realized in practice. Instead, pursuant to PG&E's requests, the ECAC rate changes have been deferred by two months to January 1 and consolidated with other January 1 rate changes.

In PG&E's 1989-90 ECAC (Application (A.) 89-04-001), pursuant to a PG&E motion, revenue allocation and rate design issues and resulting rate changes were consolidated with and heard in PG&E's Test Year 1990 general rate case proceeding (A.88-12-005, et al.) In D.89-12-015, issued in A.89-04-001, the Commission noted that the motion was "appropriately" granted in a joint administrative law judge ruling. (D.89-12-015, p. 4.)

In A.90-04-003 (PG&E's 1990-91 ECAC), PG&E requested that the combined ECAC, Annual Energy Rate (AER), Electric Revenue Adjustment Mechanism (ERAM), and Low Income Rate Assistance (LIRA) revenue changes requested in that application be consolidated with the company's 1991 attrition and cost of capital filings. The Commission authorized the requested consolidation and two-month deferral of rate changes in D.90-10-062, stating:

"The RCP established staggered ECAC revision dates for the various electric utilities in order to balance the Commission's workload over the course of the year and to ease the burden of issuing year-end decisions. There are no major energy utility general rate cases before the Commission requiring year-end decision in 1990, and it is possible to adjust the schedule for PG&E for this year's proceeding by adopting revenue requirements and QF payment factors to become effective on the November 1 revision date, while deferring implementation of rate adjustments until January 1, 1991. This will allow PG&E to implement a single set of rate revisions on January 1 which reflect ECAC revenue requirements as well as adjustments resulting from other proceedings, instead of

two sets of revisions occurring two months apart." (D.90-10-062, pp. 8-9.)

However, the Commission went on to comment on this pattern in a footnote:

"This is the second PG&E ECAC proceeding to be processed since the RCP was revised by D.89-01-040. In last year's proceeding (A.89-04-001) the ECAC/AER/ERAM revenue changes were consolidated with the 1989 general rate case revisions (A.88-12-005), with a single set of rate changes effective January 1, 1990."

"Even though circumstances have allowed us to depart from the RCP's provision for both November 1 (ECAC/AER/ERAM) and January 1 (attrition/cost-of-capital/general rate case) rate revisions in both of these ECAC proceedings, such departures may sometimes interfere with the overall functioning of the RCP for all energy utilities. In the future it may be necessary to deny such requests for departures. If PG&E intends to regularly request such deferral and consolidation of ECAC-related rate revisions, it should seek modification of the RCP itself." (D.90-10-062, Footnote 3.)

Summary of the Petition and  
Response of Division of Ratepayer Advocates

On January 23, 1991, PG&E filed the instant petition for modification of D.89-01-040 in response to Footnote 3 of D.90-10-062. PG&E observes that the adopted procedural schedules result in two rate increases in two months for its electric customers. PG&E believes that a consolidated increase would be more acceptable to and in the best interests of, its customers, and would not create any additional burden on Commission resources. PG&E proposes that ECAC-related rate adjustments be made effective January 1 rather than November 1. It proposes no other change in the ECAC schedule, including the April 1 filing date and the schedule for hearings, briefs, and decision.

Although the AER has been suspended by D.90-08-006, PG&E assumes for purposes of this petition that the AER will be in place. PG&E does not request that D.89-01-040's provision for automatic suspension of the AER be invoked as a result of the proposed two-month deferral. Instead, it proposes a balancing account mechanism for increases in the AER, applicable during November and December only.

Division of Ratepayer Advocates (DRA) filed a reply to PG&E's petition.<sup>3</sup> DRA does not object to modifying the rate change date as proposed by PG&E, but it believes that the forecast period should correspond to the calendar year in which the rates are in effect.

DRA states that it appreciates the benefits listed by PG&E, but it is concerned that having forecast periods and revenue periods which do not align will result in undercollection of revenues in respective balancing accounts. Assuming general inflation in years to come, these balancing accounts will be perpetually out of balance, and ratepayers will be responsible for associated interest payments.

By retaining April 1 as the filing date and shifting the forecast period two months, PG&E will have to forecast an additional two months into the future. DRA does not believe this presents any significant difficulty.

PG&E filed a response to DRA's reply. PG&E concedes that DRA's recommendation for a calendar year forecast period makes sense, and does not oppose the recommendation.

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3 DRA acknowledges that its reply was filed after the date set forth in Rule 8.3 of the Rules of Practice and Procedure, but believes that no party is harmed by the delay. We note that no party has objected to our accepting DRA's reply. We will treat DRA's acknowledgement as a motion for leave to file late, and grant the motion.

Discussion

In effect, PG&E merely seeks permanent approval to use the procedures that have been adopted in its last two ECACs. Since PG&E does not oppose DRA's proposal to shift the forecast period by two months, the proposal is noncontroversial.

We concur with PG&E that customers have benefited from having a single rate change on January 1 of each year rather than facing two changes in a two-month period, and that they would continue to do so under the proposal. The proposal presents us with an opportunity to further the goal of rate stability.

Consideration of revenue allocation issues and consolidation of revenue requirement and rate adjustments from multiple proceedings in a single proceeding also presents an opportunity for greater procedural efficiency for all parties interested in these issues. Developing only one set of rates and tariffs would help to minimize the burden on Commission resources.

We believe that any loss of forecasting accuracy which results from a two-month shift of the forecast period will be offset by the advantages we expect will be gained. We conclude that the proposal should be granted, along with DRA's recommendation for a two-month shift of the forecast period. It will benefit ratepayers through rate stability and it is consistent with our objective to even out workload during the year. Additionally, DRA's recommendation obviates the need for PG&E's proposed balancing account for AER increases.

Even though PG&E's petition refers to a separate revenue allocation decision (Petition, p. 5), neither PG&E nor DRA has proposed a schedule (for hearings, briefs, proposed decision, and final decision) for such a decision. Lacking such a proposal, we are reluctant to adopt a specific schedule or to make an explicit requirement to create a separate revenue allocation phase of the ECAC proceeding. Although such an approach was used in the two most recent PG&E ECACs (A.91-04-003 and A.90-04-003), it was not

used in the previous proceeding. As already noted, in A.89-04-001 revenue allocation issues were removed from the ECAC and considered in PG&E's then-current general rate case. Based on our experience in these three PG&E ECACs, we believe it is preferable to leave the resolution of the appropriate proceeding and the schedule for revenue allocation to the discretion of the presiding officer(s). For purposes of implementing the proposal in PG&E's petition, it is sufficient to indicate that the decision which is scheduled to be signed on October 27 (D.89-01-040, Appendix D, Table 2 and p. D-9) may exclude consideration of revenue allocation and adopted rates.

Adoption of DRA's recommendation raises a minor transitional issue. The forecast period for PG&E's recent ECAC proceeding (A.91-04-003) is November 1, 1991 to October 31, 1992. PG&E's next ECAC application is scheduled to be filed on April 1, 1992. We will provide that the April 1, 1992 filing will have a 14-month forecast period which begins on November 1, 1992 and ends on December 31, 1993. Thereafter, PG&E's ECAC forecast period will be on a calendar year basis.

The specific modifications of D.89-01-040 which we adopt by this order are incorporated in the appendix to this decision. The appendix also incorporates modifications which the Commission has adopted in two other decisions. In D.90-09-089 we replaced the gas utilities' annual cost allocation proceedings (ACAPs) with biennial proceedings (BCAPs). In D.91-12-049 we ordered Southwest Gas Corporation to file BCAPs for its Southern California Division.

With gas industry restructuring and other energy market changes that impact the processing of these matters, it is reasonable to expect that from time to time we will need to make additional revisions to the plan and schedules adopted by D.89-01-040. Accordingly, we will keep this docket open to provide an appropriate procedural vehicle for consideration of any future modifications to D.89-01-040.

Findings of Fact

1. Strict adherence to the schedules adopted in D.89-01-040 would result in two rate changes in two months for PG&E's electric customers.

2. PG&E believes that consolidation of rate adjustments is more acceptable to, and in the best interests of, its customers.

3. PG&E's proposal will promote rate stability.

4. Both before and after the adoption of changes to ECAC schedules in D.89-01-040, the Commission has consolidated PG&E's ECAC-related rate changes with other rate changes in numerous decisions, including D.86-12-091, D.87-11-019, D.88-12-040, D.89-12-015, and D.90-10-062.

5. Consideration of revenue allocation issues and consolidation of revenue requirement and rate adjustments from multiple proceedings in a single proceeding will promote greater procedural efficiency.

6. PG&E proposes only that ECAC-related rate adjustments be consolidated with non-ECAC rate changes and made effective January 1 rather than November 1. It proposes no other change in the ECAC schedule.

7. PG&E does not request that the automatic suspension of the AER provided in D.89-01-040 be invoked as a result of the proposed two-month deferral of the revised AER.

8. DRA believes that the forecast period should correspond to the calendar year in which the rates are in effect to avoid undercollection of revenues in balancing accounts and associated interest payments.

9. PG&E does not oppose DRA's recommendation to shift the beginning of its ECAC forecast period from November 1 to January 1 of each year.

10. The proposed revision will not adversely affect coordination of PG&E's ECAC filings with its general rate cases or with the offset filings of other utilities because the schedule for

filing of the application, hearings, briefs, and issuance of the basic forecast decision remains unchanged.

11. The adopted revisions are consistent with our objective to evenly distribute workload over the course of the year.

12. Neither PG&E nor DRA has proposed a schedule for a separate revenue allocation decision. In the absence of such a proposal, it is preferable to leave the resolution of the appropriate proceeding and the schedule for revenue allocation to the discretion of the presiding officer(s).

13. The requested changes to D.89-01-040 are minor in nature.

#### Conclusions of Law

1. PG&E's request is a proper subject for a petition for modification filed under Rule 43 of the Rules of Practice and Procedure.

2. PG&E's petition for modification of D.89-01-040 should be granted, along with DRA's recommendation that PG&E's forecast period be shifted to a calendar-year basis.

3. D.89-01-040 should be modified to show that the PG&E ECAC decision which is scheduled to be signed on October 27 may exclude revenue allocation and adopted rates.

4. The forecast period for PG&E's next ECAC application, which is scheduled to be filed on April 1, 1992, should be the 14-month period from November 1, 1992 to December 31, 1993; thereafter the forecast period will be on a calendar year basis.

5. This decision should be made effective on the date signed to allow PG&E, DRA, and other parties time to begin planning for PG&E's next ECAC filing.

#### O R D E R

IT IS ORDERED that:

1. Appendix D, Table 2, of Decision (D.) 89-01-040 is modified as follows:



- a. Footnote "f/" is added to read "Revenue allocation and adopted rates may be considered in a subsequent decision." Reference to Footnote f/ is inserted adjacent to "27-Oct" in the PG&E column.
  - b. The date "01-Nov" in the PG&E column for the event "Rates effective/Forecast period begins." is changed to "01-Jan".
2. Appendix D, Page D-9 of D.89-01-040 is modified as follows:
- a. The sentence "For PG&E, revenue allocation and adopted rates may be considered in a subsequent decision." is inserted following "Decision signed by Commission." under the heading "Day 194-209".
  - b. The sentence "For PG&E, rates become effective January 1." is inserted following "Rates become effective." under the heading "Day 209-216".
3. The forecast period for PG&E's next ECAC application, which is scheduled to be filed on April 1, 1992, is the 14-month period from November 1, 1992 to December 31, 1993.
4. This proceeding remains open.  
This order is effective today.  
Dated February 20, 1992, at San Francisco, California.

DANIEL Wm. FESSLER  
President  
JOHN B. OHANIAN  
NORMAN D. SHUMWAY  
Commissioners

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

  
NEAL J. SHULMAN, Executive Director  
PB

Commissioner Patricia M. Eckert,  
being necessarily absent, did  
not participate.

APPENDIX TO DECISION 92-02-051  
REVISIONS TO APPENDIX D OF DECISION 89-01-040

Revised Pages

D-2  
D-3  
D-9  
D-11  
D-12

TABLE 2  
SUMMARY OF ECAC SCHEDULE

Day Schedule	Event	PG&E Date	SPPCo Date	SCE Date	SOG&E Date
.....	.....	.....	.....	.....	.....
-60	Record period ends.	e/ 31-Dec	30-Jun	31-Mar	31-Jul
-60	Informal meetings to discuss draft data request begin.	31-Jan	30-Jun	31-Mar	31-Jul
-45	Informal meetings end.	15-Feb	15-Jul	15-Apr	15-Aug
-45	Informal (Master) data request to utilities due.	15-Feb	15-Jul	15-Apr	15-Aug
-21	a/ Staff audit begins.	11-Mar	08-Aug	09-May	08-Sep
-7	a/ Staff audit completed.	25-Mar	22-Aug	23-May	22-Sep
0	Application filed with workpapers.	01-Apr	29-Aug	30-May	29-Sep
10	First Prehearing Conference (PHC).	11-Apr	08-Sep	09-Jun	09-Oct
14	Formal staff data requests to utility due.	15-Apr	12-Sep	13-Jun	13-Oct
b/	b/ IER Workshops.	b/	b/	b/	b/
28	Utility responses to formal data requests due.	29-Apr	26-Sep	27-Jun	27-Oct
60	Staff report mailed w/ workpapers.	31-May	28-Oct	29-Jul	28-Nov
70	Intervenor's testimony due.	10-Jun	07-Nov	08-Aug	08-Dec
78	c/ Second Prehearing Conference.	18-Jun	15-Nov	16-Aug	16-Dec
88	Hearings begin.	28-Jun	25-Nov	26-Aug	26-Dec
106	Hearings end.	16-Jul	13-Dec	13-Sep	13-Jan
120	Briefs due.	30-Jul	27-Dec	27-Sep	27-Jan
127	Reply briefs due (Optional).	06-Aug	03-Jan	04-Oct	03-Feb
134	ALJ ruling on resource mix issued.	13-Aug	10-Jan	11-Oct	10-Feb
141	IER exhibits filed by all parties.	20-Aug	17-Jan	18-Oct	17-Feb
146	IER hearings begin.	25-Aug	22-Jan	23-Oct	22-Feb
147	IER hearings end.	26-Aug	23-Jan	24-Oct	23-Feb
164	Draft ALJ decision issued.	12-Sep	09-Feb	10-Nov	12-Mar
184	Comments on ALJ draft due.	02-Oct	01-Mar	30-Nov	01-Apr
189	Reply to comments on ALJ draft due.	07-Oct	06-Mar	05-Dec	06-Apr
194-209	Decision signed.	27-Oct f/	26-Mar	25-Dec	26-Apr
	Rates effective/forecast period begins.	01 Jan	01-Apr	01-Jan	01-May
293	d/ Trigger filing.	19-Jan	18-Jun	19-Mar	19-Jul
323	Trigger DRA report.	18-Feb	18-Jul	18-Apr	18-Aug
328	Trigger PHC	23-Feb	23-Jul	23-Apr	23-Aug
333	Trigger hearings begin.	28-Feb	28-Jul	28-Apr	28-Aug
337	Trigger hearings end.	04-Mar	01-Aug	02-May	01-Sep
351	Draft ALJ Trigger decision issued.	18-Mar	15-Aug	16-May	15-Sep
371	Comments on ALJ Trigger decision due.	07-Apr	04-Sep	05-Jun	05-Oct
376	Reply to comments on ALJ Trigger dec. due.	12-Apr	09-Sep	10-Jun	10-Oct
390	Trigger decision signed.	26-Apr	23-Sep	24-Jun	24-Oct
	Trigger filing rates take effect.	01-May	01-Oct	01-Jul	01-Nov

a/ The staff audit for the forecast and the record periods will be combined whenever possible.

b/ To be decided by CACD Arbitrator.

c/ Additional PHC to identify issues, positions of parties, areas for stipulation, schedules of witnesses, etc.

d/ Trigger filings based on the conditions in D.83-02-076 are mandatory.

e/ Does not reflect Day -60.

f/ Revenue allocation and adopted rates may be considered in a subsequent decision.

**Notes:**

If the above dates fall on Saturday, Sunday, or holiday, the next working day will be observed.

TABLE 3

## SUMMARY OF BCAP SCHEDULE

Day Schedule	Event	PG&E Date	SoCal Date	SoG&E Date
.....	.....	.....	.....	.....
-60	Informal meetings to discuss draft data request begin.	16-Jun	15-Jan	15-Jan
-45	Informal meetings end.	01-Jul	30-Jan	30-Jan
-45	Informal (Master) data requests to utility due.	01-Jul	30-Jan	30-Jan
-21	Staff audit begins.	25-Jul	23-Feb	23-Feb
-7	Staff audit completed.	08-Aug	08-Mar	08-Mar
0	Application filed with workpapers.	15-Aug	15-Mar	15-Mar a/
14	Formal staff data requests to utility due.	29-Aug	29-Mar	29-Mar
19	Prehearing conference (PHC).	03-Sep	03-Apr	03-Apr
28	Utility responses to formal data requests due.	12-Sep	12-Apr	12-Apr
60	Staff report mailed w/ workpapers.	14-Oct	14-May	14-May
70	Intervenors' testimony due.	24-Oct	24-May	24-May
80	Hearings begin.	03-Nov	03-Jun	03-Jun
98	Hearings end.	21-Nov	21-Jun	21-Jun
112 b/	Briefs due.	12-Dec	05-Jul	05-Jul
119 b/	Reply briefs due (Optional).	19-Dec	12-Jul	12-Jul
149 c/	Draft ALJ decision issued.	25-Jan	11-Aug	11-Aug
169 c/	Comments on ALJ draft due.	14-Feb	31-Aug	31-Aug
174 c/	Reply to comments on ALJ draft due.	19-Feb	05-Sep	05-Sep
180-194 c/	Decision signed.	11-Mar	25-Sep	25-Sep
279 d/ e/	Rates Effective/forecast period begins.	01-Apr	01-Oct	01-Oct
309 d/	Trigger filing.	21-Jun	19-Dec	19-Dec
314 d/	Trigger ORA report.	21-Jul	18-Jan	18-Jan
319 d/	Trigger PHC.	26-Jul	23-Jan	23-Jan
323 d/	Trigger hearing begins.	31-Jul	28-Jan	28-Jan
337 d/	Trigger hearing ends.	04-Aug	01-Feb	01-Feb
357 d/	Draft ALJ Trigger decision issued.	18-Aug	15-Feb	15-Feb
362 d/	Comments on ALJ Trigger decision due.	07-Sep	07-Mar	07-Mar
376 d/	Reply to comments on ALJ Trigger dec. due.	12-Sep	12-Mar	12-Mar
.....	Trigger decision signed.	26-Sep	26-Mar	26-Mar
.....	Trigger filing rates take effect.	01-Oct	01-Apr	01-Apr
.....	.....	.....	.....	.....

a/ SOG&E's BCAP application shall be filed not later than two weeks after receipt of SoCal's final BCAP application workpapers. This may require other events in SOG&E's BCAP schedule to be delayed.

b/ Add 7 days for PG&E schedule.

c/ Add 14 days for PG&E schedule.

d/ Add 31 days for PG&E schedule.

e/ Trigger filings based on the conditions in D.86-12-010 are mandatory.

## Notes:

1. If the above dates fall on Saturday, Sunday, or holiday, the next working day will be observed.
2. In accordance with D.91-12-049, Southwest Gas shall file a BCAP application for its Southern California Division no later than 30 days after PG&E files a BCAP application. Southwest Gas Company's BCAP will be processed on a schedule which allows the Commission to render a decision concurrently with a decision in PG&E's BCAP.

conventions are permitted from those presented in the earlier exhibits and hearings (Days 88-106).

Day 146 to 147

IER hearings held. These hearings are limited to consideration of the final IER numbers advocated by each party and the impact of the resource mix adopted by the ALJ in the ruling of day 134.

Day 164

ALJ draft decision issued

Day 184

Comments due on ALJ draft decision

Day 189

Reply comments due

Day 194-209

Decision signed by Commission. For PG&E, revenue allocation and adopted rates may be considered in a subsequent decision.

Day 209-216

Rates become effective. For PG&E, rates become effective January 1.

Day 293

If the conditions set forth in D.83-02-076 are met, a trigger filing shall be made. Such filing is mandatory unless a timely petition for relief from this requirement, specifying the reasons for requesting exemption, has been made and granted by the Commission.

Day 323

Staff report with workpapers on trigger filing mailed to all

BCAP REVIEW SCHEDULE

Day -60 to -45

Informal conferences to discuss draft data requests may be held with the applicant, staff and any interested parties.

Day -45

Informal (Master) data requests to utility due.

Day -21 to -7

Initial staff audit conducted. The utility shall make available to the staff any and all records, accounts, receipts, contracts, and other information applicable to the BCAP review as requested.

Day 0

1. The application required by the Commission's Rules of Practice and Procedure shall be filed and served. Three additional copies of the application with supporting workpapers\* including responses to all outstanding master data requests shall be sent directly to the assigned project manager.
2. Two copies of all exhibits, prepared testimony, and other evidence prepared by the applicant shall be submitted to the presiding ALJ and copies served on all parties to the utility's last formal BCAP proceeding. A copy shall also be filed with the Commission's Reporting Branch.

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\* Workpapers must be arranged in orderly sequence, numbered, dated and initialed by the preparer. List all assumptions necessary for the derivation of each individual estimate and explain the rational why the assumptions were used. Each work paper should be properly indexed, cross-referenced, and legible.

A computer printout must be accompanied by a detailed description of the program. The recorded data used should be identified and the various assumptions of variables used should be clearly stated.

3. Staff engineer's field investigation begins. The utility shall make available to the staff all records pertaining to power plant operations and maintenance, purchased power transactions, power pooling, gas gathering facilities, dispatch center and other information applicable to the BCAP review as requested.
4. BCAP applications shall include gas rate design and revenue allocation criteria for general rate case and attrition base requirement changes.
5. SDG&E's BCAP application shall be filed not later than two weeks after receipt of SoCal's final BCAP application workpapers. This may require other events in SDG&E's BCAP schedule to be delayed.

Day 14

Formal data requests to utility due

Day 19

Prehearing conference

Day 28

Formal data responses from utility due

Day 60

Staff report with work papers mailed to all parties.  
Updated data restricted to changes in fuel mix, fuel prices and the balance in the balancing account provided by the utility to all participants.

Day 70

Intervenors' testimony with supporting work papers filed.

Day 80 to 98

Public hearings held. Unless directed otherwise by the assigned ALJ no bulk or major updating amendments or recorded data to amend the final exhibits, prepared testimony, or other evidence