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Decision 92-03-025 March 11, 1992

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  
 November 1, 1990; and for Commission  
 Order Finding that PG&E's Gas and  
 Electric Operations during the  
 Reasonableness Review Period from  
 January 1, 1989, to December 31,  
 1989, were Prudent.

**ORIGINAL**  
 Application 90-04-003  
 (Filed April 2, 1990)  
 (Petition for Modification  
 filed August 22, 1991)

OPINION

Decision (D.) 91-07-009 addressed the reasonableness of Pacific Gas and Electric Company's (PG&E) electric system operations and expenses for the 1989 record period. In that decision, among other things, the Commission reviewed a settlement between PG&E and the Sacramento Municipal Utilities District (SMUD) which resolved a PG&E claim against SMUD for the return of certain excess capacity payments. The Commission found that PG&E received \$15 million worth of excess capacity from SMUD in 1985, but that under the terms of the settlement, PG&E would collect about half that amount from its ratepayers for that excess capacity. Adopting a recommendation of the Division of Ratepayer Advocates (DRA), the Commission determined that it was reasonable for PG&E to recover the \$7.3 million payment in rates through a debit to the Energy Cost Adjustment Clause (ECAC) balancing account. (D.91-07-009, Conclusion of Law 2.)

By petition for modification of D.91-07-009 filed August 22, 1991, PG&E requests authority to debit its ECAC balancing account by the full amount of the expense that it has booked to a SMUD capacity subaccount. PG&E states that the \$7.3 million amount found reasonable "reflected the DRA audit of the

SMUD capacity subaccount through January 1990 only." PG&E notes that interest has continued accruing since DRA's audit.

Specifically, PG&E requests that Conclusion of Law 2 of D.91-07-009 be modified to read as follows:

"In connection with the settlement of a dispute with SMUD for the return of excess capacity payments, it is reasonable for PG&E to recover the full amount in the capacity subaccount, including accrued interest as of the effective date of this decision, by debiting the ECAC balancing account."

We will grant PG&E's petition. The change is minor in nature and is therefore a proper matter for a petition for modification. Allowance of recovery of interest expense is consistent with established treatment of ECAC debits and credits, as reflected in the Preliminary Statement of PG&E's electric tariffs.

Findings of Fact

1. Notice of the filing of PG&E's petition for modification of D.91-07-009 appeared in the Daily Calendar dated August 29, 1991.

2. No protests to PG&E's petition were filed.

3. The amount booked to the SMUD excess capacity subaccount, including interest accrued through January 1990, was \$7.3 million; however, interest continued to accrue after that date.

4. PG&E requests that it be permitted to debit to the ECAC balancing account the interest accrued in the SMUD excess capacity subaccount since January 1990.

5. Inclusion of interest as requested by PG&E is consistent with treatment of interest in the ECAC balancing account as described in its Preliminary Statement B.6.1, which provides for the application of the three-month commercial paper rate to debits and credits in the account.

6. PG&E's requested modification of D.91-07-009 is minor in nature.

Conclusions of Law

1. The proposed modification is reasonable and should be adopted.
2. The modification adopted by the order is noncontroversial and should be made effective on the date signed.

ORDER

IT IS ORDERED that Conclusion of Law 2 of Decision 91-07-009 is modified to read as follows:

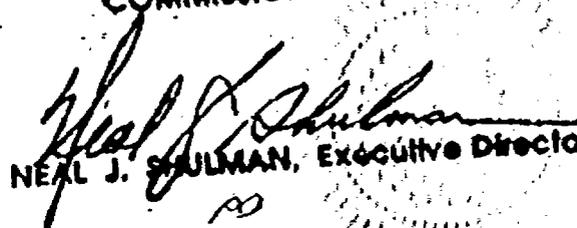
"In connection with the settlement of a dispute with SMUD for the return of excess capacity payments, it is reasonable for PG&E to recover the full amount in the capacity subaccount, including accrued interest as of the effective date of this decision, by debiting the ECAC balancing account."

This order is effective today.

Dated March 11, 1992, at San Francisco, California.

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

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

  
NEAL J. SHULMAN, Executive Director