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Decision 92-08-033 August 11, 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

OPINION

Summary

The Commission grants a petition for modification of Decision (D.) 89-01-040¹ filed by Southern California Edison Company (Edison). The Commission's schedule for processing Edison's Energy Cost Adjustment Clause (ECAC) proceedings is modified to provide better coordination with Edison's general rate cases (GRCs).

Background

D.89-01-040 adopted extensive modifications to the rate case plan (RCP) for energy utility GRCs and to the schedules for processing energy cost offset proceedings. One purpose of the modifications was coordination of each energy utility's offset proceedings with its GRCs and with the offset proceedings of other utilities.

The RCP provides that rate design issues will be considered in a separate decision in each of the major electric utility's triennial GRCs. For Edison, the rate design changes become effective on the first Sunday in June. But Edison is also required to file an ECAC application on May 30 of each year. Every third year, when the GRC rate design phase is decided, these scheduling requirements may prevent Edison from incorporating recently adopted rate design changes into its ECAC filings.

¹ 30 CPUC 2d 576 (1989).

Edison filed the instant petition for modification of D.89-01-040 to remedy this situation through a revision to its ECAC schedule. For those years when the GRC rate design decision is pending or just recently issued, Edison seeks authority to delay filing proposed rates and distributing revenue allocation and rate design testimony so that it can reflect the most current GRC decision in the ECAC application. Edison states that issues related to present rate revenues, revenue allocation, and rate design have not historically been major issues in its ECAC proceedings.

Edison specifically requests that Appendix D, Table 2, of D.89-01-040 be modified by adding a footnote reference adjacent to "May 30" in the Edison column to read as follows:

"In years where the Commission's final decision on electric rate design in Edison's GRCs is implemented, Edison may delay filing the proposed rate levels portion of its application and serving the revenue allocation (including marginal cost revenue responsibility) and rate design portions of its prepared testimony until thirty days after the Commission issues the GRC final decision. Service dates for other parties' revenue allocation and rate design prepared testimony are to be scheduled by the ALJ at the first prehearing conference on 9-Jun."

Edison further requests that Appendix D, Page D-6, of D.89-01-040 be modified by adding a footnote reference at the end of Paragraphs "1" and "2" under the heading "Day 0". This footnote would read as follows:

"In years where the Commission's final decision on electric rate design in Edison's GRCs is implemented, Edison may delay filing the proposed rate levels portion of its application and serving revenue allocation and rate design portions of its prepared testimony until 30 days after the Commission issues the GRC final decision."

DRA believes that Edison's request is reasonable and should be approved. However, DRA requests that the decision explicitly provide that DRA and interested parties will be granted extensions in the time allowed to prepare their testimony which correspond to the time extension granted to Edison. DRA also questions the use of a petition for modification of D.89-01-040 as the procedural vehicle for the requested schedule change. DRA notes that the Commission's Executive Director is authorized to approve deviations from the adopted schedules (D.89-01-040, Ordering Paragraph 9). DRA believes that it is appropriate for the Commission to reaffirm the use of this informal procedure for individual schedule modifications.

Discussion

Once every three years, Edison is effectively required to file an ECAC application which incorporates dated and possibly superseded rate design principles. We find that little purpose is served in requiring it to do so. A modest delay in filing the proposed rates portion of the ECAC application and in the distribution of prepared rate design testimony will allow Edison to incorporate newly adopted rate design principles and rate levels from its GRC without unduly affecting the schedule for completing the ECAC proceeding. Edison's proposal is noncontroversial and will be adopted. To avoid adding a lengthy footnote to the ECAC schedule summary table we will change the format of Edison's specific proposal and make other minor editorial changes. The adopted revisions to Appendix D of D.89-01-040 are reflected in the appendix to this decision.

We note that the scope of Edison's proposal includes revenue allocation as well as rate design issues. This appears to be based on an assumption that the rate design phase of Edison's GRC proceedings includes revenue allocation issues. Such an assumption is not supported by D.89-01-040 or the actual terms of the RCP. For example, on Day 0, the utility files its application

including "final exhibits except electric rate design" (RCP, page B 10). Similarly, the RCP provides (at page B 11) that on Day 77, "[e]xcept for electric rate design, staff shall submit all exhibits, prepared testimony, and evidence including marginal cost and revenue allocation...." A similar requirement is imposed (at page B 12, Day 122) on parties other than staff and applicant. The RCP clearly specifies that revenue allocation is a Phase 1 issue.

It is true that Edison's recent GRC (Application (A.) 90-12-018, et al.) was litigated with revenue allocation (including marginal cost revenue responsibility) included along with rate design as a Phase 2 issue. However, that was a result of an Edison proposal for a deviation from the RCP which was granted by the Executive Director.² Edison has not proposed any change in the plan and schedule for GRCs by this petition. While we do not preclude case-by-case deviations from the RCP subject to approval by the Executive Director, neither will we indirectly approve the permanent transfer of revenue allocation matters to the rate design phase of Edison's GRCs at this time. Thus, in adopting Edison's proposal for revising the ECAC schedule, we will delete its proposed references to revenue allocation. If, for future GRCs, Edison again seeks and obtains authority to transfer revenue allocation issues to the rate design phase, it can also submit an appropriate request to the Executive Director to delay revenue allocation matters in the relevant ECAC proceedings according to the same schedule adopted for rate design.

DRA's request for an explicit provision that DRA and interested parties be granted corresponding extensions in the time allowed to prepare their testimony is unnecessary. Edison proposes that the service dates for DRA's and intervenors' testimony be scheduled by the Administrative Law Judge (ALJ) at the first

² Executive Director's letter to Edison dated July 12, 1990.

prehearing conference, which is scheduled for June 9. We find this proposal adequately protects the procedural rights of the parties. We expect ALJs to allow reasonable extensions of the time for DRA and other parties to distribute their testimony whether the extensions are "corresponding adjustments" or otherwise. However, the precise determination of such procedural schedule adjustments is better left to determination by the ALJ at the prehearing conference.

Turning to DRA's recommendation that schedule changes such as those proposed by Edison should require only a request to the Executive Director, we note that for Edison's current ECAC (A.92-05-047) the Executive Director has already approved such a modification.³ While it is appropriate for the Executive Director to approve schedule deviations on a case-by-case basis in accordance with Ordering Paragraph 9 of D.89-01-040, it is also appropriate that permanent schedule changes such as those proposed by Edison and adopted in this decision be considered formally.

Findings of Fact

1. Once every three years, when the rate design phase of Edison's GRCs is decided, Edison is, in effect, required to file an ECAC application which incorporates rate design principles which are dated and which have possibly been superseded by recent Commission action.

2. A modest delay in filing the proposed rates portion of the ECAC application and in the distribution of prepared rate design testimony will allow Edison to incorporate newly adopted rate design principles and rate levels from its GRC without unduly affecting the ECAC schedule.

3 Executive Director's letter to Edison dated May 14, 1992.

3. The assumption that the rate design phase of Edison's GRC proceedings includes revenue allocation issues is not supported by D.89-01-040 or the actual terms of the RCP.

4. Edison's proposal that the service dates for DRA and intervenor testimony be determined by the ALJ at the at the first ECAC prehearing conference adequately protects the procedural rights of the parties.

5. The requested changes to D.89-01-040 are minor in nature.
Conclusion of Law

Edison's petition for modification of D.89-01-040 should be granted as set forth in the following order.

O R D E R

IT IS ORDERED that:

1. Appendix D, Table 2, of Decision (D.) 89-01-040, as modified by D.92-02-051, is further modified by adding Footnote "g/", reference to which is inserted adjacent to "30-May", "29-Jul", and "08-Aug" in the "SCE" column. Footnote "g/" shall read as follows:

"See detailed 'Annual ECAC Review Schedule' for exception."

2. Appendix D, Page D-6 of D.89-01-040 is modified by adding a footnote with references at the end of Paragraphs "1" and "2" under the heading "Day 0." The footnote shall read as follows:

"In years when the Commission's final decision on electric rate design in Edison's GRCs is implemented, Edison may delay filing the proposed rate levels portion of its application and serving the rate design portion of its prepared testimony until 30 days after the Commission issues the final GRC rate design decision."

3. Appendix D, Page D-7 of D.89-01-040 is modified by adding the following sentence at the end of the paragraph which appears under the heading "Day 60":

"In years when the Commission's final decision on electric rate design in Edison's GRCs is implemented, the service date for staff's prepared testimony on rate design in Edison's ECAC proceeding will be determined by the ALJ at the first prehearing conference which, for Edison, is scheduled for June 9."

4. Appendix D, Page D-8 of D.89-01-040 is modified by adding the following sentence at the end of the paragraph which appears under the heading "Day 70":

"In years when the Commission's final decision on electric rate design in Edison's GRCs is implemented, the service date for intervenors' prepared testimony on rate design in Edison's ECAC proceeding will be determined by the ALJ at the first prehearing conference which, for Edison, is scheduled for June 9."

This order becomes effective 30 days from today.

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

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

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

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

- 7 -

NEAL J. SCHULMAN, Executive Director
NS

APPENDIX TO DECISION 92-08-033

REVISIONS TO APPENDIX D OF DECISION 89-01-040,
AS MODIFIED BY D.92-02-051

Revised Pages

D-2
D-6
D-7
D-8

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 g/	29-Sep
10	First Prehearing Conference (PHC).	11-Apr	08-Sep	09-Jun	07-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 g/	28-Nov
70	Intervenor's testimony due.	10-Jun	07-Nov	08-Aug g/	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 ORA 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	23-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 0.83-02-076 are mandatory.
 e/ Does not reflect Day -60.
 f/ Revenue allocation and adopted rates may be considered in a subsequent decision.
 g/ See detailed "Annual ECAC Review Schedule" for exception.

Note:

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

ANNUAL ECAC REVIEW SCHEDULE

Day -60

Record period ends.

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 ECAC 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 ECAC proceeding. A copy shall also be filed with the Commission's Reporting Branch. **

* 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 rationale why the assumptions were used. Each work paper should be properly indexed, cross-referenced, and legible.

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

** In years when the Commission's final decision on electric rate design in Edison's GRCs is implemented, Edison may delay filing the proposed rate levels portion of its application and serving the rate design portion of its prepared testimony until 30-days after the Commission issues the final GRC rate design decision.

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 ECAC review as requested.

Day 10

First prehearing conference

Day 14

Formal data requests to utility due.

Day to be determined by CACD arbitrator

IER workshops held. Workshops should occur early in the proceeding to allow the parties sufficient time to investigate modelling issues and develop a base case set of assumptions. Any party using a production simulation model shall run a base case set of assumptions on its preferred model and make the result available to all parties. The arbitrator as a result of the workshops shall provide in a timely fashion a final report to the presiding ALJ that describes: (1) base case resource plan assumptions, (2) base case modelling conventions, and (3) the parties' explanation of differences in model results.

Day 28

Formal data responses from utility due

Day 60

Staff report with workpapers 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. In years when the Commission's final decision on electric rate design in Edison's GRCs is implemented, the service date for staff's prepared testimony on rate design in Edison's ECAC proceeding will be determined by the ALJ at the first prehearing conference which, for Edison, is scheduled for June 9.

Day 70

Intervenors' testimony with supporting workpapers filed. In years when the Commission's final decision on electric rate design in Edison's GRCs is implemented, the service date for intervenors' prepared testimony on rate design in Edison's ECAC proceeding will be determined by the ALJ at the first prehearing conference which, for Edison, is scheduled for June 9.

Day 78

Second prehearing conference held to identify issues, establish position of parties, identify areas for stipulation, set schedule of witnesses and other related matters.

Day 88 to 106

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 shall be allowed other than the recorded changes in fuel mix, fuel prices and the balance in the balancing accounts. If time permits, the last two days of hearings will be set aside for limited rebuttal testimony.

Day 120

Briefs due.

Day 127

Reply briefs due. (Optional)

Day 134

ALJ ruling on resource mix issued.

Day 141

Incremental Energy Rate (IER) exhibits filed by all parties. These exhibits are to address only the changes in IER calculations and revenue requirements resulting from the ALJ's resource mix ruling. No other changes in input assumptions or model