L/ldk

Decision 92-10-029 October 6, 1992

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) for Authority to Increase its Authorized Level of Base Rate Revenue Under the Electric Revenue Adjustment Mechanism for Service Rendered beginning January 1, 1992 and to Reflect this Increase in Rates.	Application 90-12-018 (Filed December 7, 1990)
And Related Matters.	I.89-12-025 (Filed December 18, 1989)
	I.91-02-079 (Filed February 21, 1991)

ORDER DENYING REHEARING OF DECISION 92-06-020

Western Mobilehome Association (WMA) has filed an application for rehearing of Decision 92-06-020, the second phase decision in the test-year 1992 general rate case (GRC) of Southern California Edison Company (Edison). WMA is an association of mobilehome park owners who are customers of Edison with master-meter accounts under Schedule DMS-2. Under Schedule DMS-2, master-meter customers pay the rates applicable under Schedule D, Edison's basic residential rate schedule, and receive a baseline allowance and a DMS-2 discount for each occupied submetered mobilehome space.

WMA has alleged that Decision 92-06-020 is discriminatory and inconsistent with past Commission decisions, in permitting Edison to continue the Base Rate Energy Charge

(BREC)[1] and in authorizing Edison to implement the new Minimum Average Rate (MAR) provision as a method of ensuring that all customers pay an average rate at least equal to the cost of fuel, purchased power, and the Commission reimbursement fee. WMA also alleges that the Commission's direction that Edison address an attrition mechanism in its next GRC is not supported by the record.

Public Utilities Code section 739.5 governs this master-meter discount issue and provides, in part, that gas or electric service provided by a master-meter customer to users who are tenants in a mobilehome park must be provided at the same rate that the user would pay if the service was provided directly by a utility. The statute permits a master-meter discount by directing the Commission to require the corporation furnishing the service to the master-meter customer, "to provide uniform rates for master-meter service at a level which will provide a sufficient differential to cover the reasonable average costs to master-meter customers of providing submetered service, except that these costs shall not exceed the average cost that the corporation would have incurred in providing comparable services directly to the users of the service." (Pub. Util. Code §739.5(a).)

The BREC and MAR provisions are, in effect, minimum charge mechanisms which ensure that other customers will not absorb costs which should be borne by DMS-2 customers or other Domestic customers in the event certain DMS-2 customers impose a negative contribution to base rate revenues or pay less than the average cost of energy. Under such circumstances, the BREC and the MAR would operate to reduce the DMS-2 discount to such master-meter customers.

---

1 The BREC is a provision of Edison's tariff that permits it to receive a minimum amount of base rate revenue from all customers.

WMA has raised this issue before with respect to the Minimum Average Rate Limiter (MARL) we authorized in the Pacific Gas and Electric Company (PG&E) GRC. (Re Pacific Gas and Electric Company (1989) 34 Cal.P.U.C.2d 199 (D.89-12-057).) As we stated in Re Pacific Gas and Electric Company, supra, we authorized the MARL, a mechanism similar to the MAR, as a means of ensuring that "master-meter customers, like other customers ... bear at least the costs of the energy required to serve them, and any discounts that result in rates lower than the ECAC [2] and WACOG [3] rates are clearly too high." (34 Cal.P.U.C.2d at 352.) Moreover, in the Re Pacific Gas and Electric Company case we noted that master-meter accounts are "skewed" and that some master-meter customers are subsidized by other customers. (Id., at 352.) Our reasoning for previously rejecting similar WMA arguments holds true in this case as well:

> Section 739.5 effectively limits the costs that are the basis for the discount by providing that "these costs shall not exceed the average cost that the corporation would have incurred in providing comparable service directly to users of the service." For purposes of this discussion, the utility's product can be divided into two services, providing energy and arranging for the customer's access to the utility's system. The master-meter customer who submeters its tenants replaces the utility in providing access to the utility's system, and the utility's cost of providing this comparable service sets the limit for the discount.
>
> It is immediately obvious that the master-meter customer does not provide energy services. If the discount results in a rate that does not equal the utility's cost of providing these energy services, elementary

---

2 Energy Cost Adjustment Clause.

3 Weighted Average Cost of Gas.

> arithmetic shows that costs underlying the discount exceed the utility's average cost of providing customer access. (Id.)

WMA has failed to demonstrate error in our determination that minimum charge provisions, such as the BREC and MAR, are appropriate to ensure that cross-subsidization does not occur or is minimized. Its allegation is without merit.

WMA has also alleged that our decision to have Edison address an attrition mechanism in its next GRC is not supported by the record. WMA's allegation itself is not supported by any citation to law or factual error, and is without merit. (Commission Rules of Practice and Procedure, rule 86.1.) In any event, as we stated in Decision 92-06-020, the information required for the development of an attrition formula for this DMS-2 cost of service study is not yet available. WMA's allegation is without merit.

No further discussion is required of WMA's allegations of error. Accordingly, upon reviewing each and every allegation of error raised by WMA we conclude that sufficient grounds for rehearing of Decision 92-06-020 have not been shown.

Therefore, IT IS ORDERED:

That the application for rehearing of Decision 92-06-020 filed by Western Mobilehome Association is denied.

This order is effective today.

Dated October 6, 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

pb