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Decision 82 12 057 December 13, 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA EDISON COMPANY for Authority to Decrease its Energy Cost Adjustment Billing Factors Calculated in Accordance with the Rate Design Parameters proposed in Application 61138, to Increase its Annual Energy Rate to Reflect Certain Changes Proposed to be Made in Application 61138, and to Maintain its Presently Effective Catalina Energy Cost Balance Adjustment Billing Factor.	Application 82-11-04 (Filed November 19, 1982)

John R. Bury, David N. Barry, Richard K. Durant, Carol B. Henningson, by Carol B. Henningson, Attorney at Law, for Southern California Edison Company, applicant.

Downey, Brand, Seymour & Rohwer, by Philip A. Stohr, Attorney at Law, for California Industrial Energy Consumers; Brobeck, Phleger & Harrison, by Gordon E. Davis, William H. Booth, and Richard C. Harper, Attorneys at Law, for California Manufacturers Association; and Robert M. Loch and Thomas D. Clarke, by Robert W. Jacoby, Attorney at Law, for Southern California Gas Company, interested parties.

Timothy E. Treacy, Attorney at Law, for the Commission staff.

OPINION

Introduction

Application (A.) 82-11-04 is the Southern California Edison Company's (Edison) Energy Cost Adjustment Clause (ECAC) application for a January 1, 1983 revision date. In A.82-11-04 Edison requests authority to revise its ECAC billing factors and its Annual Energy Rate (AER) for a net annualized decrease of $264.6 million.

Public hearing before Administrative Law Judge R. Wu was held on December 2, 1982. Edison presented four witnesses to support its application. Staff offered two witnesses. The California Manufacturers Association (CMA), General Motors (GM), and California Industrial Energy Consumers participated through cross-examination. A.82-11-04 was submitted on December 2, 1982, after oral argument from the parties.

This opinion is issued concurrently with Edison's general rate case decision for a 1983 test year. By coordinating the general and ECAC rate adjustments, we are stabilizing the total rate level. The public and specifically Edison's customers will be better informed on the actual revenue increase that is authorized to Edison today.

Discussion

A. Revenue Requirement

Edison and the staff disagreed on two energy forecast assumptions: the cost of gas in the forecast period and the commercial operating date for San Onofre Nuclear Generating Station 2 (SONGS 2).

Edison plans to purchase about 90% of the gas it needs for electric generation from the Southern California Gas Company (SoCal).

Edison estimated the GN-5 price from SoCal to be $\$5.70/M^2$Btu based upon the rate design proposal made by the Commission staff in SoCal's pending A.82-09-12. Staff has relied upon the current GN-5 price. Staff does recognize that the GN-5 price will be revised and recommends that any price change be incorporated into this ECAC decision.

Today, we also act upon SoCal's A.82-09-12 and set a new GN-5 price of $\$5.50/M^2$Btu. We will use this newly adopted price to calculate Edison's cost of gas in the forecast period.

In its application, Edison assumed that SONGS 2 would commence firm or commercial operation on December 31, 1982. Edison estimated that SONGS 2 would generate 1,913 million kilowatthours in the forecast period.

Staff does not dispute Edison's production estimate for SONGS 2 but asserts that the commercial operating date may be delayed beyond December 31, 1982. Any energy produced at SONGS 2 before the commercial operating date is considered prerelease energy. All prerelease energy is valued at Edison's avoided cost under Decision (D.) 82-09-12. Staff has valued the 1,913 million kilowatts estimated production from SONGS 2 at Edison's avoided cost for the entire forecast period.

Edison at hearing conceded that the commercial operating date of SONGS 2 will be delayed beyond December 31, 1982. Edison's witness also stated that SONGS 1 did not return to service on December 1, 1982 as estimated in the application. These two delays affect the estimated nuclear production in the forecast period and increase the company's ECAC revenue requirement. Edison's witness testified that the SONGS 1 and 2 delays would increase its ECAC revenue requirement by \$62.8 million.

We prefer to use the most recent information available to us. Therefore, we will adopt Edison's estimate made at hearing that its ECAC revenue requirement has increased by $62.8 million. This amount will be subtracted from the estimated overcollection on the revision date of $308.8 million in the ECAC balancing account.

In summary, we will adjust Edison's requested ECAC rate in three areas. First, we will use a GN-5 rate of \$5.50/M^2Btu for gas purchased from SoCal. Second, we will adjust the balancing account by $62.8 million to reflect delays in the projected operation of SONGS 1 and 2. Finally, we will recognize updated data which show an overcollected balance of $308.8 million rather than $295 million.

The calculated average ECAC rate is shown on Table 1.

TABLE 1

Average Fuel and Purchased Power Rate	
Fuel and purchased power costs subject to ECAC (including franchise fees and uncollectibles). January 1, 1983 - April 30, 1983	$670,255,000
M^2kWh sales (adjusted for employee discounts) January 1, 1983 - April 30, 1983	16,986
Average Fuel and Purchased Power Rate	3.946¢/kWh
Average Balancing Rate	
Estimated ECAC balance on January 1, 1983	308,800,000
Estimated Revenue Impact of SONGS 1 and 2 Delays	62,800,000
Difference	246,000,000
Franchise Fees and Uncollectibles	2,517,000
M^2kWh sales (adjusted for employee discounts) January 1, 1983 - December 31, 1983	54,113
Average Balancing Rate	(.459¢/kWh)
Average Energy Cost Adjustment Rate	3.487¢/kWh

The revenue impact on an annualized basis of this decision is as follows:

Present average ECAC rate	4.017¢/kWh
Adopted average ECAC rate	3.487¢/kWh
Difference	.530¢/kWh
Annual sales beginning January 1, 1983	54,113 M^2kWh
ECAC Revenue Decrease	$286.8 million

B. Rate Design

We will abide by our long-standing policy of applying the rate design principles developed in Edison's general rate cases to the ECAC billing factors. Based upon the general rate case decision issued today in A.61138, the ECAC revenue decrease is allocated as follows:

Domestic	
Lifeline	1.601¢/kWh
Nonlifeline	4.553¢/KWh
Other than domestic	3.756¢/KWh
TOU-8	
On peak	5.396¢/kWh
Mid peak	4.092¢/kWh
Off peak	3.006¢/KWh
TOU-PA-1	
On peak	5.508¢/kWh
Off peak	2.770¢/kWh
TOU-GS	
On peak	8.556¢/kWh
Off peak	2.556¢/kWh

Findings of Fact

1. By A.82-11-04, Edison requests authority to reduce its ECAC billing factors.

2. A GN-5 price of \$5.50/M^2Btu is appropriate to calculate Edison's cost of gas supplied by SoCal.

3. Edison's filing did not include updated balancing account data for the month of October 1982.

4. Since the filing of A.82-11-04, Edison has revised its estimates of nuclear production from SONGS 1 and 2; the revised estimates increase Edison's ECAC revenue requirement in the forecast period by \$62.8 million.

5. Recognition of updated recorded data and other recent information allows us to more closely match ECAC revenues and expenses.

6. An average ECAC rate of 3.487¢/kWh as calculated in Table 1 is based on the most recent information and should be used in the forecast period.

Conclusions of Law

1. The decrease in sales and charges authorized by this decision is just and reasonable; the present rates and charges insofar as they differ from those ordered in this decision, are for the future unjust and unreasonable.

2. The rate design principles adopted in A.61138 should be applied in this ECAC decision.

3. Because the revision date of January 1, 1982 is imminent, this order should take effect on the date of issuance.

O R D E R

IT IS ORDERED that Southern California Edison Company shall file with this Commission revised tariff schedules reflecting the following energy cost adjustment billing factors:

Domestic	
Lifeline	1.601¢/kWh
Nonlifeline	4.553¢/kWh
Other than domestic	3.756¢/kWh
TOU-8	
On peak	5.396¢/kWh
Mid peak	4.092¢/kWh
Off peak	3.006¢/kWh
TOU-PA-1	
On peak	5.508¢/kWh
Off peak	2.770¢/kWh
TOU-GS	
On peak	8.556¢/kWh
Off peak	2.556¢/kWh

This order is effective today.

Dated December 13, 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. GREW
Commissioners

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

Joseph E. Bodovitz

Joseph E. Bodovitz, Executive Director