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ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC POWER & LIGHT COMPANY Under Section 454 of the Public Utilities Code of the State of California for authority to increase rates for electric service.	Application 60560 (Filed May 18, 1981; amended September 17, 1981)

(See Decisions 82-05-042 and 82-11-052 for appearances.)

SECOND INTERIM OPINION ON RATES

By this decision the Commission settles a longstanding dispute over how Pacific Power & Light Company's (Pacific's) California portion of revenues, expenses, and rate base should be allocated from Pacific's total five-state operation. The allocation adopted is based on the Commission staff's (staff) proposed relative use method of allocation. The relative use method will be used pending any change in procedures which may result from the Commission's suggestion that the six states involved[1] work cooperatively to establish revised procedures. Using the relative use method for allocation will result in additional annual revenues to Pacific of $1,650,000 or 4.5% over interim revenues authorized by Decision (D.) 82-05-042 dated May 4, 1982. Coupled with the 24.5% or $7,175,000 granted by D.82-05-042 the total increase granted in this application is $8,825,000 or 30.1%.

Proceeding Background

On January 17, 1979 Pacific filed Application (A.) 58605 requesting a general rate increase. During hearings on that application, Toward Utility Rate Normalization (TURN) advocated a revised jurisdictional allocation procedure based on a variation of the procedure used by Pacific and the staff. On February 13, 1980,

[1] The five states currently served by Pacific are California, Montana, Oregon, Washington, and Wyoming. Idaho will be added to the system shortly.

the Commission issued D.91326 granting Pacific partial rate relief and ordering further hearings to consider, among other things, the jurisdictional allocation procedure. During the further hearings held in May 1980 TURN proposed an entirely new allocation method. On November 18, 1980, the Commission issued D.92411 which granted Pacific further rate increases and adopted Pacific's allocation procedure for the purposes of deciding A.58605.[2] In that decision the Commission found that the growth share method had merit but did not adopt it primarily because the Commission believed it would be unfair to the other states involved. The Commission hoped it could pursue revision of the allocation procedures through a cooperative effort with the other states. Nothing definite came of that effort and on May 8, 1981 Pacific filed the present application for another general rate increase and based its request on Pacific's integrated system allocation method.

At the hearings held on this application Pacific supported its method, TURN advocated the growth share method again, and the staff presented a variation of Pacific's method called the relative use method and a long-run incremental cost (LRIC) method. By D.82-05-042 dated May 4, 1982, the Commission granted Pacific a rate increase but limited it to the amount that was not in dispute depending on which allocation procedure was used. The Commission commented on the failure to achieve a multistate consensus on allocation procedures, left the matter open for further hearings, and invited other states and interested parties to participate in another effort to develop agreement on allocations. Because the possibility of using an LRIC approach to allocation had been introduced at the initial hearings, the Commission ordered Pacific to prepare an LRIC allocation study.

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[2] D.92411 contained a complete discussion of the various allocation methods proposed to that time.

Representatives of other commissions and our staff met on August 2, 1982 to discuss jurisdictional allocation procedures; that was the only effort made by the parties to attempt agreement on an allocation method. As provided for in D.82-05-042, further hearings, limited to allocation procedures, were held from October 18-21, 1982; briefs were mailed November 12: and oral arguments were made November 22. On November 17, the assigned administrative law judge (ALJ), in an effort to assist the parties in focusing their oral arguments. informed the parties by letter that based on the record and the briefs and pending a change in his thinking as a result of the oral argument, he had decided to recommend to the Commission that it adopt the staff's relative use method for this application and that the Commission should urge the parties and representatives of the other five states, including Idaho, to try again to work out revised allocation procedures acceptable to all six states. The matter is now ready for final decision.

Pacific's Showing

James T. Watson, Pacific's controller, recommended that any decision to modify allocation procedures be based on a consensus of all states served by Pacific. Watson presented the LRIC allocation study ordered by the Commission but testified that there were so many different ways to calculate LRIC that any use of LRIC should only be made after all states had had a chance to make recommendations and comments. He testified that if the growth share method were adopted, it should not be applied retroactively but should be forward-looking so that costs would be allocated to states based on their growth from a common and agreed-upon starting point. Watson illustrated the point of how growth share could be a detriment to a state if that state might have a large new single load for Pacific to serve. He used the proposed operation of Cal Nickle Co. near Crescent City, California as an example. If that operation is established, the growth share method would require Cal Nickle Co. to pay about $19.8 million for power in the first year of operation compared to $7.4 million under Pacific's allocation method.

Comments by Other Commissions

The other five state commissions involved offered comments during the further hearings either by letter or direct presentations and participation. Oregon, Montana, and Washington, communicating directly with the Commission or through staff, variously noted that the allocation procedures might be improved but that it should be done through a cooperative effort and not unilaterally. All states offered to participate in further meetings to try and work out procedures satisfactory to the states.

Idaho presented the testimony of Don Reading, its director of Policy and Administration. Reading testified that a public utility should be allowed to earn 100% of its total company revenue requirement based on a fair allocation to each jurisdiction and do so at rates which promote conservation. Reading stated that the present method is not a fair allocation because it relies so heavily on contribution to system peak demands. He believes an allocation procedure should somehow reflect the system benefits of individual state conservation programs to the states sponsoring such programs. Reading claims an LRIC allocation is basically an energy surrogate and is relatively insensitive to demand which must have some place in the allocation picture. Reading commented that it became clear at the August 2, 1982 meeting of state representatives that the LRIC method was completely unacceptable at this time. This, he stated, stems from the inability of the six states to achieve any consistency in implementing LRIC because of the many ways it can be done.

Reading stated that the relative use method is generally responsive to all the criteria used by him to measure the fairness and effectiveness of an allocation procedure. His reluctance to adopt it unilaterally though is because it will send "shock waves through the system by its demand for total, immediate, and unilateral implementation." He criticized the relative use method, however, as not being as effective at accounting for growth from period to period as the growth share method. He stated that growth share is the best method for rewarding states that engage in programs to control growth, hold down costs, and promote efficient usage. He added that Pacific has not had to be forced into aggressive conservation programs and has been engaged in such programs throughout its territory for more than four years. Therefore, he believes California should have no fear that its conservation dollars mostly benefit other states. Reading believes that one possibility would be to start the growth share method in 1982 so that all states would move into the future on an equal footing knowing the ground rules.

In closing his presentation, Reading stated that Idaho is not siding with any particular method at the present time. He emphasized that whatever method is adopted, Idaho should not be considered a new load because Idaho has helped to lessen the total costs of Pacific over the years thereby reducing costs to other states.

Alex J. Eliopulos, chief counsel, hearing officer, and administrative secretary for the Wyoming Public Service Commission, testified and participated for Wyoming. Eliopulos voiced Wyoming's concern that other states not unilaterally adopt new allocation procedures but that the states confer and agree on a universally acceptable and equitable allocation procedure. Wyoming would be the state most affected by the currently proposed changes in allocation procedures. Eliopolus pointed out "that Wyoming is undergoing heavy mineral development and large power construction, principally to sustain the amenable lifestyles in other states and to provide energy so that those persons espousing energy conservation and efficient facility use will have something to conserve and be efficient about." He believes Wyoming is caught in an energy boom that will subside; then consuming states other than Wyoming will once again resume higher growth rates. Eliopulos expressed concern that any severe shifting of costs as a result of changed allocations would stifle the effort of Wyoming to furnish the vital necessities needed by other states to survive the current energy crisis. Wyoming believes that allocation procedures should be appropriate for the short- and long-term, consider all elements affecting service, not result in unusual impacts, be flexible enough to allow for reasonable changes, rely on legally supportable data, allow states to meet their public interest obligations, and serve national purposes. Eliopulos believes the present allocation procedures meet all those criteria.

Staff's Presentation

The staff called three witnesses. Marshall Enderby, research program specialist, presented an LRIC method for jurisdictional cost allocation. He concluded that the LRIC method is a reasonable means of allocating costs and has certain clear advantages over other methods because it promotes economic efficiency. Enderby believes allocations should be based on two principles, economic efficiency and administrative simplicity. He stated that, economically speaking, costs should be allocated to those customers causing the costs regardless of political territory. Existing costs should be ignored with allocations based on planned future additions to the utility's rate base. This will signal to customers the opportunity cost to society of increased consumption and the cost of replacing used-up resources. Enderby believes the LRIC method promotes economic efficiency because it leads to an optimal allocation of common costs by setting revenues to be collected from each state equal to marginal costs. Administratively, LRIC studies should be done by the utility or some other single entity; but first, claims Enderby, all states should agree to accept the results of the study and who should perform it, otherwise disagreements could arise concerning details of the study.

Sung Bin Han, who had testified in earlier hearings for the staff, presented the relative use method of allocation for the staff. Han's exhibit was an expansion of the relative use method previously offered by the staff. He explained the rationale behind the method and produced results of operations for the California jurisdiction based on the method. Han stated that the relative use method, which is an adaptation of the integrated system method supported by Pacific, reflects both peak demand and sales volumes, whereas Pacific's method relies solely on peak demand. Thus, according to Han, his method results in a better measure of the relative use in each jurisdiction and thereby allocates the costs for the system more fairly. Han conceded that his specific results produced for this application could undergo improvement by making certain refinements to his calculations: however, he concluded that, for the purpose of this proceeding, his results are a fair allocation for both Pacific and the California ratepayers.

The third witness for the staff, Ramesh Joshi, gave testimony on how the staff used the LRIC method to allocate generation and transmission costs.

Table 1 is from staff's Exhibit 62. It summarizes the results of operations for Pacific under the various allocation procedures and reflects the general revenue, expense, and rate base decisions we made for the interim results of operations in D.82-05-042. It should not be used, however, to make direct comparisons of the revenue requirement between the growth share method and the other methods shown. This is because, under the growth share method, certain special sales revenues are not included in Pacific's results of operations for ratemaking purposes nor are related expenses. As will be noted on Table 3 special sales revenues total $2,391,000 and are included in the first four columns of Table 1 but not in the growth share method column. Adding $2,391,000 to the $34,100,000 revenue requirement for the growth share method would provide an approximate comparison of the difference in revenue requirement for the various allocation procedures. For example, under the relative use method, which we will adopt in this decision, additional revenue of $1,650,000 is required compared to the growth share method calculated as follows:

$38,141,000 - ($34,100,000 + $2,391,000)

TABLE 1

Pacific Power & Light Company

California

Results of Operations
Test Year 1982
($000)

Item	Pacific's Method	Relative Use Method	LRIC Method 3.73%*	LRIC Method 3.65%**	Growth Share Method
Revenues	$ 38,726	$ 38,141	$ 38,693	$ 37,969	$34,100
Expenses					
Production	11,208	11,041	11,327	11,096	9,303
Transmission	1,245	1,223	1,238	1,221	1,137
Distribution	1,812	1,812	1,812	1,812	1,812
Customer Acct.	766	765	766	765	761
Customer Services	341	341	341	341	341
Admin. and General	2,870	2,859	2,866	2,858	2,717
Subtotal	18,242	18,041	18,350	18,093	16,071
Book Depreciation	4,108	4,070	4,088	4,062	3,621
Taxes - Other	1,482	1,480	1,480	1,479	1,499
State Tax	736	699	724	679	660
Federal Income Tax	865	705	807	557	270
Total Oper. Exp.	25,433	24,995	25,449	24,870	22,121
Net Operating Revenue	13,293	13,146	13,244	13,099	11,979
Rate Base	110,027	108,825	109,633	108,438	99,181
Rate of Return	12.08%	12.08%	12.08%	12.08%	12.08%

* Based on 12-month average peak.

** Based on 2-month (Dec.-Jan.) peak.

Other Presentations

The only other presentation was made by Thomas Ducey of Crescent City who has appeared before in these proceedings. Ducey testified in support of the growth share method.

Discussion

The four days of further hearings in this proceeding, which were held for the limited purpose of taking additional evidence on jurisdictional allocations, produced little in the way of new facts on which the Commission can base a decision. Other than a clarification of the staff's relative use method and an exposition of how selective-type LRIC studies might be used for allocating, the only significant information gathered was a reinforcement of the opposition of the other states to any unilateral action on allocations by California. We will adopt the relative use method for this application and, pending final agreement among the states, for any future Pacific rate increase applications. We believe, at this time, it is the best method because it is a reasonable interim approach that will accomplish two things. It will give some recognition to the problem of disparity of growth among the states and, more importantly, give a strong signal of California's desire for a revised allocation procedure that will reflect that disparity of growth on a continuing and fair basis.

In adopting the relative use method we, of course, have to reject the other methods. Our reasons for rejecting the integrated system and state facilities methods have been documented in previous decisions in this and Pacific's last major rate case. We will not adopt the growth share method because to do so, after hearing the negative comments of other state commissions, would only jeopardize the chances of coming to a consensus on allocation procedures. The LRIC method, as this record amply shows, is not only unsupported by the majority of participants but also is not developed to a satisfactory level of consistency and clarity of application for acceptable results.

The relative use method was first proposed by staff witness Han in earlier hearings on this application. In the last series of hearings the philosophy behind the method and its mechanical application became more clearly defined. Its primary strengths appear to be threefold. First, it changes the allocation of fixed generation and transmission costs from a winter peak demand basis to a combination of demand and energy use, thereby providing some reflection of the fact that facilities are used to both provide energy and meet peak demand. Second, it is not a radical break with the past; it affects only one of the dozens of allocation factors used under the present system. Third, its application is easy to administer since almost no additional work or studies above those for the integrated system method are required.

Cross-examination of witness Han did bring out some shortcomings in staff's presentation which were not so much a matter of philosophy but more of application. These can be worked out by Pacific, the staff, and other parties if the method is used again in a future Pacific rate proceeding. That will probably happen because it appears that progress will be slow toward a resolution on allocations with the other states if past action is any indication. Pacific offers to fund an independent effort toward developing a revised procedure and we expect our staff to take the lead in moving forward to a consensus. We appreciate the participation of the other states and invite them to continue.

Adopted Results of Operations and Rate Design

Table 2 shows the adopted results of operations at the rates which will be authorized by this decision. All of the decisions on matters of revenues, expenses, rate base, income taxes, and rate of return made in D.82-05-042 and D.82-07-116 have been factored into the results on Table 2 at both present and authorized rates.

TABLE 2

Pacific Power & Light Company

Adopted Results of Operations
Test Year 1982
($000)

	Present Rates	Authorized Rates
Revenues	$ 29,316	$ 38,141
Expenses		
Production	11,208	11,041
Transmission	1,245	1,223
Distribution	1,812	1,812
Customer Acct.	748	765
Customer Services	341	341
Admin. and General	2,761	2,859
Subtotal	18,115	18,041
Book Depreciation	4,108	4,070
Taxes - Other	1,482	1,480
State Tax	0	699
Federal Income Tax	(497)	705
Total Oper. Expenses	23,208	24,995
Net Operating Revenue	6,108	13,146
Rate Base	109,652	108,825
Rate of Return	5.57%	12.08%

(Red Figure)

Table 3 shows the rates required to produce the revenue requirement authorized. The rate design follows the general pattern discussed and adopted in D.82-05-042.

TABLE 3

Pacific Power & Light Company

Rates Under Adopted Revenues
Authorized Rates
1982

Class	Sales kWh '000	Revenue $000 Present Rates*	Revenue $000 Auth. Rates	¢/kWh	Increase Percent	Increase ¢/kWh
Lifeline	201,863	$ 5,660	$ 7,564	3.747	33.6	0.94
Nonlifeline	167,294	7,133	9,402	5.620	31.8	1.36
Residential Total	369,157	12,793	16,966	4.596	32.6	1.13
Com. & Ind.						
Large Accts.	63,328	1,722	2,373	3.747	37.8	1.03
Irrigation	94,258	2,510	3,532	3.747	40.7	1.08
USBR	24,539	274	365	1.487	33.2	0.37
Other Com. & Ind.	215,542	9,092	11,907	5.524	31.0	1.31
Streetlighting	4,291	221	294	6.852	33.2	1.70
Total	771,115	26,612	35,437	4.596	33.2	1.15
Temp. Service Charge		27	27			
Ret. Check Charge		2	2			
Total		26,641	35,466			
Other Oper. Rev.		284	284			
Special Sales		2,391	2,391			
Total		29,316	38,141			

* Prior to Interim Decision 82-05-042 dated May 4, 1982.

Attrition Allowance

In D.82-05-042 we invited Pacific to file a 1983 attrition allowance patterned after those authorized for Pacific Gas and Electric Company and San Diego Gas & Electric Company in D.93887 and D.93892. We take note that Pacific filed Advice Letter 172 on November 30, 1982 requesting additional revenues of $8,500,000, a 24.5% increase. Because of the size of the revenue increase requested and the fact that during earlier hearings there was considerable opposition to an attrition allowance, hearings on the request may be required. We will hold this application open for the sole purpose of possible hearings on the attrition allowance request. If necessary, the assigned ALJ for this application can consolidate the advice letter with this application by an ALJ ruling.

Findings of Fact

1. D.82-05-042, issued by the Commission on May 4, 1982, ordered further hearings on the method to be used to allocate Pacific's total operations to the California operations under the jurisdiction of this Commission.

2. Four days of public hearings were held for the purpose described in Finding of Fact 1 at which all interested parties had an opportunity to be heard.

3. The relative use method proposed by the Commission staff is reasonable to use in this proceeding for purposes of jurisdictional allocation to California.

4. The results of operations shown on Table 2 are reasonable for the test year 1982 and will produce a revenue requirement for Pacific of $38,141,000.

5. The rate design shown on Table 3 is reasonable and will produce the additional revenue requirement of $1,650,000 for the test year 1982.

6. Pacific has filed an advice letter requesting an attrition allowance for 1983 which may require a hearing; this application should be held open for that purpose.

7. The increase in rates and charges authorized by this decision is justified and is reasonable; the present rates and charges, insofar as they differ from those prescribed by this decision, are, for the future, unjust and unreasonable.

8. Because the rate year for which the increases authorized by this decision is almost over there is an immediate need for rate relief.

Conclusion of Law

Based on the foregoing findings of fact and under Public Utilities Code § 454 the Commission may grant Pacific authority to increase rates as provided for in the following order to enable Pacific to earn additional annual revenues of $1,650,000.

SECOND INTERIM ORDER

IT IS ORDERED that:

1. After the effective date of this order Pacific Power & Light Company is authorized to file revised rate schedules reflecting the rates and rate increases set forth in Appendix A to this decision and concurrently withdraw and cancel its presently effective schedules. Such filing shall comply with General Order 96-A.

2. The effective date of the revised schedules authorized by Ordering Paragraph 1 shall be 4 days after the date of filing. The revised schedules shall apply only to service rendered on and after the effective date of the revised schedules.

3. This application is continued to a date to be set for the sole purpose of possible hearings on an attrition allowance for 1983.

4. In all other respects Application 60560 is denied.

This order is effective today.

Dated DEC 15 1982, at San Francisco, California.

I dissent in part.

/s/ JOHN E. BRYSON
Commissioner

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, Executive Director

APPENDIX A
Page 1

Schedule No. A-32

GENERAL SERVICE

APPLICABILITY

Applicable to single-phase or three-phase alternating current electric service, at such voltage as the Utility may have available at the customer's premises, for all purposes except those for which specific schedules are provided. Deliveries at more than one point, or more than one voltage and phase classification, will be separately metered and billed. A written agreement shall be required for application of this schedule to service furnished for intermittent or highly fluctuating loads. Not applicable to service for use in parallel with, in supplement to, or in standby for customer's electric generation or other energy sources.

TERRITORY

Within the entire territory served in California by the Utility.

NET MONTHLY RATE

The Net Monthly Rate shall be the sum of the Basic, Demand, Energy, and Reactive Power Charges; plus Delivery and Metering Adjustments.

Basic Charge:

If Load Size Is:	The Monthly Basic Charge Is: Single Phase	Three Phase
20 kw* or less	$5	$8
Over 20 kw*	$5 plus $1 per kw* for each kw* in excess of 20 kw*	$8 plus $1 per kw* for each kw in excess of 20 kw*

*Note: Kw load size, for determination of the Basic Charge, shall be the average of the two greatest non-zero monthly demands established during the 12-month period which includes and ends with the current billing month.

Demand Charge:

No charge for the first 100 kw of Billing Demand.
$.62 per kw for each kw of of Billing Demand in excess of 100 kw.

Energy Charge:

6.308¢ per kwh for the first 6,000 kwh plus 75 kwh per kw for each kw of Billing Demand in excess of 20 kw. I
4.478¢ per kwh for all additional kwh. I

APPENDIX A
Page 2

Schedule No. A-36

LARGE GENERAL SERVICE - Optional
100 KW AND OVER

APPLICABILITY

Applicable to electric service loads which have not registered 500 kw or more, more than once in any consecutive 18-month period. Deliveries at more than one point, or more than one voltage and phase classification, will be separately metered and billed. A written agreement shall be required for application of this schedule to service furnished for intermittent or highly fluctuating loads. Not applicable to service for use in parallel with, in supplement to, or in standby for customer's electric generation or other energy sources.

TERRITORY

Within the entire territory served in California by the Utility.

NET MONTHLY RATE

The Net Monthly Rate shall be the sum of the Basic, Demand, Energy, and Reactive Power Charges; plus Delivery and Metering Adjustments.

Basic Charge:

If Load Size Is:	The Monthly Basic Charge Is:
100 kw* or less	$215
101 kw* - 300 kw*	$ 58 plus $1.57 per kw*
Over 300 kw*	$184 plus $1.15 per kw*

*Note: Kw load size, for determination of the Basic Charge, shall be the average of the two greatest non-zero monthly demands established during the 12-month period which includes and ends with the current billing month.

Demand Charge:

$1.50 per kw for each kw of Billing Demand.

Energy Charge:

3.166¢ per kwh for all kwh. I

Minimum Charge:

Monthly Minimum Charge shall be the Basic Charge plus the Demand Charge for the current month. A higher minimum may be required under contract to cover special conditions.

Schedule No. AT-48

LARGE GENERAL SERVICE - METERED TIME OF USE
500 KW AND OVER

Energy Charge:
2.928¢ per kwh for all kwh I

Minimum Charge:
The Monthly Minimum Charge shall be the Basic Charge. A higher minimum may be required under contract to cover special conditions.

Reactive Power Charge:
The maximum 15-minute integrated reactive demand in kilovolt-amperes occurring during the month in excess of 40% of the maximum measured 15-minute integrated demand in kilowatts occurring during the month will be billed, in addition to the above charges, at 60¢ per kva of such excess reactive demand.

DELIVERY AND METERING VOLTAGE ADJUSTMENTS

The above monthly charges are applicable without adjustment for voltage when delivery and metering are at Company's standard secondary distribution voltage.

Metering: For so long as metering voltage is at Company's available primary distribution voltage of 11 kv or greater, the above charges will be reduced by 1.5%.

Delivery: For so long as delivery voltage is at Company's available primary distribution voltage of 11 kv or greater, the total of the above charges will be reduced by 15¢ per kw of load size used for the determination of the Basic Charge billed in the month. A High Voltage Charge of $35 per month will be added where such deliveries are metered at the delivery voltage.

When a new delivery or an increase in capacity for an existing delivery is, at request of customer, made by means of Company-owned transformers at a voltage other than a locally standard distribution voltage, the above charges for any month will be increased by 15¢ per kw of load size used for the determination of the Basic Charge billed in the month.

Schedule No. AWH-31

COMMERCIAL WATER HEATING SERVICE

NO NEW SERVICE

APPLICABILITY

Applicable to nonresidential customers for separately metered water heating service taken through one meter and only when used in conjunction with other nonresidential service. This schedule is not applicable to water heating for space heating, stock watering, or winter seasonal purposes or to resale, standby, or breakdown service.

TERRITORY

Within the entire territory served in California by the Utility.

NET MONTHLY RATE

The Net Monthly Rate shall be the sum of the Basic and Energy Charges.

Basic Charge:	Per Month
For single-phase service	$5.00
For three-phase service	$8.00

Energy Charge:

3.048¢ per kwh for all kwh I

Minimum Monthly Charge:

The minimum monthly charge shall be the Basic Charge, plus $1.65 per kw for each kw in excess of 10 kw of total capacity of all heating units which may be operated at one time.

SPECIAL CONDITIONS

1. Customer shall install a separate circuit completely enclosed from meter to heaters and associated equipment in metallic conduit or in armored or other cable acceptable to Utility, to which circuit only water heating and associated equipment may be connected. This circuit shall operate at a voltage and phase specified by the Utility. The meter for this circuit shall be located adjacent to the meter of the associated nonresidential service.

2. Except as noted below, the total installed capacity of water heaters served under this schedule shall not exceed the greater of 60 kw or one-fifth of the total installed electric loads of the associated nonresidential electric service.

Schedule No. D

RESIDENTIAL SERVICE

APPLICABILITY

Applicable to single-phase alternating current electric service for residential purposes in single-family dwellings and as specified under Special Conditions of this Schedule, to multiple dwelling units in which each of the single-family dwellings receive service directly from the Utility through separate meters. The rates specified herein will be designated for each service in accordance with the energy uses qualified and elected by the Customer. The Basic Residential Use lifeline allowance will apply unless lifeline allowances available for electric space heating and/or electric water heating are qualified and elected.

TERRITORY

Within the entire territory served in California by the Utility.

NET MONTHLY RATE

The Net Monthly Rate shall be the sum of the Basic Charge and Energy Charges.

RATES

Energy Charge:	Per Month		
	Lifeline Rates	Nonlifeline Rates	
All kwh per kwh	3.745¢	5.631¢	I

Minimum Charge:

$2.00

SPECIAL CONDITIONS

1. No motor load shall exceed a total of 7-1/2 horsepower connected at one time.

2. All electric space heaters larger than 1,650 watts rated capacity shall be designed and connected for operation at 240 volts, and each space heating unit having a rated capacity of two (2) kilowatts or larger shall be thermostatically controlled by automatic devices of a type which will cause a minimum of radio interference. Space heaters served under this schedule shall be of types and characteristics approved by the Utility. Individual heaters shall not exceed a capacity of five (5) kilowatts.

Schedule No. LS-51

HIGH-PRESSURE SODIUM-VAPOR
STREET AND HIGHWAY LIGHTING SERVICE
UTILITY-OWNED SYSTEM

APPLICABILITY

To service furnished, by means of Utility-owned installations, for the dusk-to-dawn illumination of public streets, highways, alleys and parks by means of high-pressure sodium-vapor street lights installed on distribution-type wood poles and served by overhead circuits. The type and kind of fixtures and supports will be in accordance with Utility's specifications. Service includes installation, maintenance, energy, lamp and glassware renewals.

AVAILABLE

Within the entire territory in California served by Utility.

NET MONTHLY RATE

Nominal Lumen Rating	Rate per Lamp	
5,800	$ 6.28	I
22,000	10.77	|
50,000	20.17	I

SPECIAL PROVISIONS

1. Utility will replace individually burned out or broken lamps as soon as practicable during regular business hours after notification by the customer.

2. Utility may require customer participation in the cost of installing circuit to render street lighting service when the length of such circuit from a source of suitable voltage on Utility's system to the point of connection with the proposed street light or street lighting system is in excess of 300 feet.

3. Utility may not be required to furnish service hereunder to other than municipal customers.

4. The customer may request temporary suspension of power for lighting by written notice. During such periods, the monthly rate will be reduced by Utility's estimated average monthly relamping and energy costs for the luminaire. Utility will not be required to reestablish such service under this rate schedule if service has been permanently discontinued by the customer.

5. Utility may not be required to install or maintain street lights employing fixtures or supports or at locations unacceptable to Utility.

TERM OF CONTRACT:

Not less than one year.

Schedule No. LS-52

SPECIAL STREET AND HIGHWAY LIGHTING SERVICE

UTILITY-OWNED SYSTEM

APPLICABILITY

To service furnished, by means of Utility-owned installations, for the dusk-to-dawn illumination of public streets, highways, alleys, and parks under conditions and for street lights of sizes and types not specified on other schedules of this tariff. Utility may not be required to furnish service hereunder to other than municipal customers.

TERRITORY

Within the entire territory in California served by Utility.

NET MONTHLY RATE

A flat rate equal to one-twelfth of Utility's estimated annual cost for operation, maintenance, fixed charges, and depreciation applicable to the street lighting system, including energy costs as follows:

For dusk-to-dawn operation at the rate of 4.365¢ per kwhr I

TERM OF CONTRACT

Not less than five years for service from an overhead, or ten years from an underground, system by written contract.

CONVERSION OF LIGHTS

Incandescent or mercury-vapor lights used to furnish service hereunder are subject to conversion to high-pressure sodium-vapor lights by not less than sixty (60) days' written notice given by Utility to the customer. Contingent on the availability of adequate manpower and materials, service hereunder will be converted to high-pressure, sodium-vapor street-lighting service, in accordance with the following schedule:

All incandescent; 21,000-lumen and 55,000-lumen street lights by July 20, 1982.

All 7,000-lumen mercury-vapor street lights by July 20, 1985.

Schedule No. LS-53

SPECIAL STREET AND HIGHWAY LIGHTING SERVICE

CUSTOMER-OWNED SYSTEM

APPLICABILITY

To service furnished by means of customer-owned installations, for the dusk-to-dawn illumination of public streets, highways, alleys, and parks under conditions and for street lights of sizes and types not specified on other schedules of this tariff. Utility may not be required to furnish service hereunder to other than municipal customers.

TERRITORY

Within the entire territory in California served by Utility.

NET MONTHLY RATE

(a) Where Utility operates and maintains the system, a flat rate equal to one-twelfth the estimated annual cost for energy, operation, and maintenance with energy at the rate of 4.365¢ per kwhr. I

(b) Where the customer operates and maintains the system, a flat rate equal to one-twelfth the estimated annual energy cost at 4.365¢ per kwhr. I

TERM OF CONTRACT

Not less than five years under option (a) or one year under option (b).

SPECIAL CONDITIONS

1. Under option (a), Utility will replace individually burned out or broken lamps as soon as practicable during normal business hours after notification by customer.

2. Utility may not be required to maintain street lights employing fixtures or at locations unacceptable to Utility.

3. In the event the customer installs a series system, the customer shall also provide, install, and maintain the necessary series transformers.

Schedule No. LS-57

STREET AND HIGHWAY LIGHTING SERVICE
UTILITY-OWNED SYSTEM
NO NEW SERVICE

APPLICABILITY

Applicable to lighting for public streets, roads, highways, and other public outdoor lighting service.

TERRITORY

Within the entire territory in California served by the Utility.

I. NET MONTHLY RATE FOR LIGHTS OWNED, OPERATED AND MAINTAINED BY UTILITY AND INSTALLED PRIOR TO APRIL 4, 1977

A. Overhead System

Street lights on distribution type wood poles:						
Incandescent Lamps						
Nominal Lumen Rating	600	1000	2500	4000	6000	
Rate per Lamp	$3.05	$3.61	$5.85	$5.13	$10.51	I
Mercury Vapor Lamps						
Nominal Lumen Rating				7000	21000	
Rate per Lamp - horizontal				$6.87	$12.29	I
Rate per Lamp - vertical				$6.33	$11.94	I
Street lights on metal poles:						
Mercury Vapor Lamps						
Nominal Lumen Rating				7000	21000	
Rate per Lamp						
Horizontal				$9.08	--	I
Horizontal					$15.03	I

B. Underground System

Street lights on metal poles:			
Mercury Vapor Lamps			
Nominal Lumen Rating	7000	21000	
Rate per Lamp			
Horizontal	—	$18.55	I
Vertical	—	$16.60	I

Schedule No. LS-57 (Continued)

STREET AND HIGHWAY LIGHTING SERVICE
UTILITY-OWNED SYSTEM
NO NEW SERVICE

II. NET MONTHLY RATE FOR OVERHEAD SYSTEM, MERCURY-VAPOR STREET LIGHTS OWNED, OPERATED, AND MAINTAINED BY UTILITY AND INSTALLED AFTER APRIL 4, 1977

Street lights on distribution type wood poles:

Nominal Lumen Rating	7000	21000	55000	
Rate per Lamp	$7.60	$12.88	$27.00	I

CONVERSION OF UTILITY-OWNED LIGHTS

Utility-owned incandescent or mercury-vapor lights used to furnish service hereunder are subject to conversion to high-pressure sodium-vapor lights by not less than sixty (60) days' written notice given by Utility to the customer. Contingent on the availability of adequate manpower and materials, service hereunder will be converted to high-pressure, sodium-vapor streetlighting service, in accordance with the following schedule:

All incandescent; 21,000-lumen and 55,000-lumen street lights by July 20, 1982.

All 7,000-lumen mercury-vapor street lights by July 20, 1985.

SPECIAL CONDITIONS

1. The rates are based on dusk-to-dawn burning.
2. The Utility will replace individually burned out or broken lamps as soon as practicable during normal business hours after notification by the customer.
3. The Utility may require special five-year contracts to cover unusual operating and maintenance conditions due to a minimum number of lamps in service, the distance from service centers or undue hazard to equipment.

Schedule No. LS-58

STREET AND HIGHWAY LIGHTING SERVICE

CUSTOMER-OWNED SYSTEM

NO NEW SERVICE

APPLICABILITY

Applicable to lighting for public streets, roads, highways, and other public outdoor lighting service.

TERRITORY

Within the entire territory in California served by the Utility.

NET MONTHLY RATE PER LIGHT

Class A: Customer owns, installs, operates, and maintains entire required installation. Utility delivers energy at one point only as near as practical to the customer's installation.

Class B: Customer owns and installs entire required installation. Utility delivers energy at one point only as near as practical to the customer's installation. Utility operates and maintains entire required installation except for the painting, repair, and replacement of poles and circuits.

NOMINAL LUMEN RATING	CLASS A	CLASS B	
	INCANDESCENT		
1,000	$ 1.93	$ 3.15	I
2,500	3.81	5.08	|
4,000	6.22	7.54	|
6,000	8.51	9.88	I
	MERCURY VAPOR		
7,000	$ 3.97	$ 4.71	I
21,000	8.98	9.77	|
55,000	21.52	22.59	I
	FLUORESCENT		
21,400	$ 8.51	$10.46	I

Schedule No. OL-15

OUTDOOR AREA LIGHTING SERVICE

APPLICABILITY

To all customers for lighting outdoor areas other than public streets, roads, and highways. Lighting service will be furnished from dusk to dawn by Utility-owned luminaires which may be served by secondary voltage circuits from Utility's existing overhead distribution system. Luminaires will be mounted on Utility's wood poles and served in accordance with Utility's specifications as to equipment and installation.

TERRITORY

Within the entire territory served in California by the Utility.

NET MONTHLY RATE

Type of Luminaire	Nominal Lamp Rating	Per Luminaire Per Month	
Mercury Vapor	* 7,000 lumens	$ 8.17	I
" "	*21,000 "	15.56	|
" "	*55,000 "	32.25	I
High Pressure Sodium	5,800 "	$10.83	I
" " "	22,000 "	15.97	|
" " "	50,000 "	25.51	I

*No new installations

Pole Charge:

Above rates include installation of one wood pole, if required. A monthly charge of $1.00 per pole will be made for each additional pole required in excess of the number of luminaires installed.

SPECIAL CONDITIONS

1. A written contract for an initial term of three years will be required by Utility.
2. Maintenance will be performed during regular working hours as soon as practicable after customer has notified Utility of service failure.
3. The Utility's dusk-to-dawn service is based on a burning schedule of approximately 4,000 hours per year.

Schedule No. OL-42

AIRWAY AND ATHLETIC FIELD LIGHTING SERVICE

APPLICABILITY

Applicable to service for airway beacons, the lighting of airfields, the lighting of publicly owned and operated outdoor athletic fields, and for incidental use therewith.

TERRITORY

Within the entire territory served in California by the Utility.

NET MONTHLY RATE

The Net Monthly Rate shall be the sum of the Basic and Energy Charges.

	Per Month
Basic Charge:	
For single-phase service	\$5.00
For three-phase service	\$8.00

Energy Charge:

6.064¢ per kwh for all kwh I

Minimum Charge:

The minimum monthly charge shall be the Basic Charge, but in no event will the annual billing be less than \$1.20 per kw or \$1.20 per horsepower of connected load.

SPECIAL CONDITIONS

1. Delivery to be made at one central point. The customer shall install and maintain the distribution system.
2. Extensions to supply service under this schedule will be made in accordance with the established rule of the Utility governing extensions.

CONTINUING SERVICE

Except as specifically provided otherwise, the rates of this tariff are based on continuing service at each service location. Disconnect and reconnect transactions shall not operate to relieve a seasonal customer from minimum monthly charges.

Schedule No. PA-20

AGRICULTURAL PUMPING SERVICE

APPLICABILITY

This schedule is applicable to customers desiring seasonal service for irrigation and soil drainage pumping installations only. Service furnished under this schedule will be metered and billed separately at each point of delivery.

TERRITORY

In all territory served by the Company in the State of California.

MONTHLY CHARGE

The monthly billing shall be the sum of the applicable Demand, Energy Charges, and Reactive Power Charges. The Annual Charge will be included in the bill for the November billing month.

Meter Readings from March 26 through November 28:

Energy Charge:
3.591¢ per kwh for the first 14,000 kwh
2.661¢ per kwh for all additional kwh

Meter Readings from November 29 through March 25:

Demand Charge:
$1.00 per kw of monthly Billing Demand

Energy Charge:
5.341¢ per kwh for the first 100 kwh monthly per kw of monthly Billing Demand I
3.531¢ per kwh for all additional kwh I

ANNUAL CHARGE (collected in November Billing Period)

If Load Size is:	Annual Charge is:
Single-phase service, any size:	$10 per kw* but not less than a Basic Charge of $36

* Note: Kw load size, for determination of the Annual Charge, shall be the average of the two greatest non-zero monthly Billing Demands established during the 12-month period which includes and ends with the current billing month.

(END OF APPENDIX A)

D. 82-12-071
A. 60560

COMMISSION PRESIDENT, JOHN E. BRYSON, dissenting in part.

I am not persuaded that the advantages of the relative use allocation methodology are sufficiently great to outweigh the important principle that states should apply a common methodology for allocation of costs to multi-state utility operations. While the Commission deserves credit for seeking over the two years in advance of the decision to build support from other states for a methodology change and while the relative use methodology entails only a modest change from the existing common methodology, I nonetheless conclude that the costs of unilateral action outweigh the benefits.

The existing allocation methodology was developed with the extensive involvement of the California Commission little more than a decade ago through NARUC. Change will invariable be slow when all states must concur, but, given the importance of a common position we should depart from this NARUC methodology -- which is extensively used throughout California, the West and nationally -- only for more compelling reasons than exist here.

While the step taken here is moderate, it establishes a precedent for unilateral action. There are many cost allocation methods each with its own elaborate and arguably persuasive rationale. The obvious temptation, if unilateral action were to be widely taken, would be for each jurisdiction to find most persuasive a methodology which results in the lowest share of costs for that jurisdiction. A series of such decisions would ultimately defeat the common interest in a mutually valuable electric supply system.

Unilateral action also presents two larger risks. The first is a risk to state utility regulation. Utilities are entitled to the opportunity to be made whole for the reasonable costs of providing reliable services. If states through failure to employ common allocation methodologies deny them that opportunity, significant impetus will be given to further federal preemption of the the states. The U.S. Department of Energy, for example, is currently proposing eliminating state regulation in favor of wider regional approaches. There are important values in federalism and in state regulation which should not be jeopardized through failure to act in voluntary cooperation.

Second, in the area of electricity and energy particularly, California should not encourage a pattern of unilateral action. We are a current beneficiary and a further potential beneficiary of the great energy resources of the northwest states which make up PP&L's service territory. The change adopted today is not a large one, but our smaller neighboring states are very sensitive to any perceived high-handedness by their giant neighbor state to the South. The people of California have much too much to lose through exciting the latent parochialism of each state to warrant the risks involved in today's action.

JOHN E. BRYSON, PRESIDENT

DATE: December 15, 1982
San Francisco, California