

Decision 83 C3 C21 MAR 2 1983

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Rulemaking on the Commission's)
Own Motion to Adopt Evaluation)
Guidelines for Research, Develop-)
ment and Demonstration (RD&D))
Projects for Rate-making Purposes)

OII No. 82-08-01

ORDER MODIFYING DECISION
82-12-005 AND DENYING REHEARING

A petition for rehearing of Decision 82-12-005 has been filed by Southern California Edison Company.

We have carefully considered each allegation of error in the petition and are of the opinion that good cause for rehearing has not been shown. However, Decision 82-12-005 should be modified to provide additional discussion in support of the cost recovery practice adopted for tangible plant. Therefore,

IT IS HEREBY ORDERED that D.82-12-005 is modified as follows:

The following language is added to the last paragraph at page 14:

"Edison recommended that the 'used and useful' concept should not be applied to RD&D tangible plant but that the Commission provide for recovery of RD&D plant in a manner consistent with the FERC Uniform System of Accounts. The utility contends that the benefit which is provided to ratepayers by virtue of RD&D projects is knowledge, which may be provided at any stage of an RD&D project, no matter what direct service ratepayers may be receiving from the project and that a project may be successful, in that a wealth of information may be generated, but the project may never be

"used and useful" as that term has traditionally been utilized. PG&E, in its comments, agreed that capitalization of all tangible plant is not appropriate, as much RD&D plant never becomes "used and useful" but proposed a flexible approach for cost-recovery rather than strict conformance with the FERC Uniform System of Accounts.

We will adopt the staff proposal. RD&D expenditures shall be capitalized and recovered through depreciation and return on investment when such plant becomes used and useful. Exceptions shall be handled on a case-by-case basis. The handling of exceptions in this manner should remedy the potential problems raised by Edison."

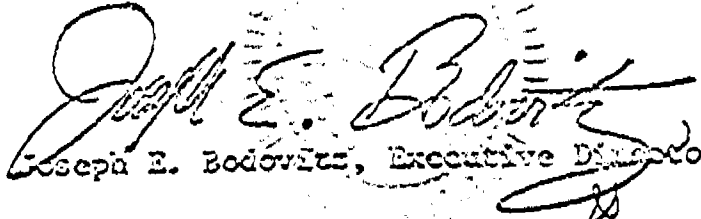
IT IS FURTHER ORDERED that rehearing of Decision 82-12-005, as modified herein, is denied.

The effective date of this order is today.

Dated MAR 2 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
Commissioners

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


Joseph E. Bodovitz, Executive Director