

ALJ/jt

Decision 83 06 657 JUN 29 1983**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC COMPANY for authority to decrease its electric and increase its gas rates and charges effective January 1, 1983, in accordance with the Conservation Financing Adjustment (CFA) authorized in Applications Nos. 59537 and 60701, for operation of a Zero-Interest Program (ZIP) of Conservation Financing.

(Electric and Gas)

Application 82-09-17
(Filed September 14, 1982;
amended November 19, 1982)

Application of PACIFIC GAS AND ELECTRIC COMPANY to increase rates for electric and gas service for the costs of the Residential Conservation Service (RCS) Program authorized in Application No. 60700.

(Electric and Gas)

Application 82-09-18
(Filed September 14, 1982;
amended November 19, 1982)

ORDER OF MODIFICATION

Decision (D.) 83-04-015 dated April 6, 1983 ordered Pacific Gas and Electric Company (PG&E) to continue to offer its Zero Interest Program (ZIP), including a direct weatherization component, as authorized in D.92653 and D.93891 and modified by D.92978, D.93497, D.82-03-048, and D.82-11-019.

Southwest Gas Corporation (Southwest) and CP National Corporation (CPN) are resale customers of PG&E. Both have conservation programs. Southwest's programs include Residential Conservation Service (RCS) and other programs with costs recovered in

rates through a Conservation Financing Adjustment (CFA). In the past, resale customers have been exempted from the conservation program related portion of the resale rate when the resale customer had similar programs for which their customers are charged.

On May 6, 1983 Southwest filed a petition for modification of D.83-04-015 alleging that the omission of CFA rates in Ordering Paragraph 7 will require Southwest's customer to pay the CFA part of PG&E's resale rate even though paying for an equivalent program in Southwest's approved rates, and that Southwest will have to appear in a PG&E rate case to confirm that its conservation programs include a CFA.

On May 5, 1983 PG&E filed an Application for Rehearing of D.83-04-015. PG&E states that the direct weatherization component of the 1983 ZIP potentially exposes it to additional federal and state tax liability should it be required to capitalize these costs and not be allowed to expense them for tax purposes. PG&E asserts that a potential exposure to additional taxes was recognized in Order Instituting Investigation 82-05-01 where the proceeds of the disposition of certain Utah coal properties were considered. In D.82-12-121 dated December 30, 1982 in that proceeding we authorized PG&E to recover its tax payment dollar for dollar subject to the condition that it represent its ratepayers' interests in good faith.

A review of the record discloses that the request is reasonable and consistent with prior decisions and should be granted. A rehearing is not necessary.

We have also considered Southwest's request and are of the opinion that good cause has been shown and it should be granted.

IT IS ORDERED that:

1. Finding of Fact 31 is amended to read as follows:
 31. Because it offers equivalent conservation programs to its ratepayers, it is reasonable to exempt CPN from paying CFA and RCS rates as a gas

resale customer; similarly, because Southwest offers equivalent conservation programs to its ratepayers, it is reasonable to exempt Southwest from paying CFA and RCS rates as a gas resale customer.

2. Ordering Paragraph 7 is amended to read as follows:

7. CPN, as a gas resale customer, is not required to contribute to CFA or RCS rates, and Southwest, as a gas resale customer, is not required to contribute to CFA or RCS rates.

3. Ordering Paragraph 14 is added to read as follows:

14. For federal and state tax purposes, should PG&E be unable to expense the cost of providing and installing conservation measures for low income homeowners as a part of its direct weatherization component of ZIP, it is authorized to recover such deficiencies through the advice letter process.

This order is effective today.

Dated JUN 29 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO

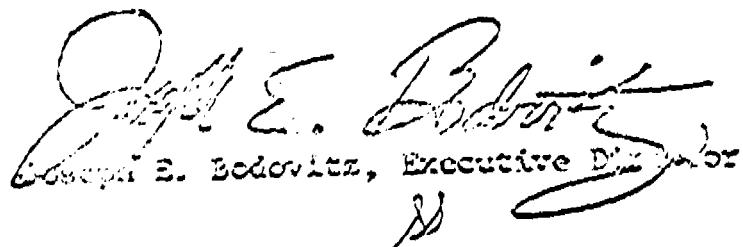
PRISCILLA C. GREW

DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

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


Joseph E. Bodovitz, Executive Director
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