

ORIGINALDecision 83 09 025 SEP 7 1983

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
SOUTHERN CALIFORNIA EDISON COMPANY)	
for an <u>Ex Parte</u> Order for Authority)	Application 83-08-42
to Modify Energy Cost Adjustment)	(Filed August 15, 1983)
Clause Rates Coincident with the)	
Implementation of Major Addition)	
Adjustment Clause Rates.)	

INTERIM OPINION

By this application, Southern California Edison Company (Edison), requests an ex parte order authorizing certain adjustments to its Energy Cost Adjustment Clause (ECAC) rates applicable throughout its service territory. The purpose of this application is to request authority to make adjustments to Edison's ECAC rates coincident with the implementation of Major Additions Adjustment Clause (MAAC) rate pending before this Commission in Application (A.) 82-02-40 to reflect changes in energy costs associated with San Onofre Nuclear Generating Station Unit No. 2 (SONGS 2). The requested adjustments are to:

- a. Reduce the Energy Cost Adjustment Clause Billing Factor (ECABF) from those set forth in late-filed Exhibit 60 in pending ECAC A.83-03-36 as follows:
 1. Lifeline domestic service from 1.198 to 0.931 cents per kilowatt-hour (kWh);
 2. Nonlifeline domestic service from 4.011 to 3.569 cents per kWh; and
 3. Average rate for other than domestic service from 3.293 to 2.948 cents per kWh.

- b. Reduce the Annual Energy Rate (AER) from that set forth in late-filed Exhibit 60 in pending A.83-03-36 from 0.430 cents per kWh to 0.393 cents per kWh; and
- c. Make certain changes to the rate levels set forth on those rate schedules applicable to steel producers (Steel Producers Rate Schedules), as required under Public Utilities Code § 742.

Edison states that in pending ECAC A.83-03-36, filed March 10, 1983, it had requested, among other things, authority to modify its ECABF and the AER coincident with the implementation of MAAC rates. This requested approach was consistent with the approach the Commission has taken with San Diego Gas & Electric Company as set forth in Decision (D.) 82-12-056. Hearings were completed in A.83-03-36 on May 20, 1983, but a final decision has not yet been rendered.¹ As of the date of this application, a decision has not yet been rendered in Edison's pending MAAC A.82-02-40 relative to the costs associated with owning, operating, and maintaining SONGS 2.

In view of the fact that the MAAC application is pending before the Commission and the capital and operating costs, exclusive of the energy costs associated with SONGS 2, will be reflected in rates through MAAC, Edison is making this filing so that the Commission may consider modifications to the ECAC and AER rates to reflect energy cost savings associated with SONGS 2 operation, in accordance with Edison's request in A.83-03-36.

For purposes of developing the energy cost savings associated with SONGS 2, Edison has used the assumptions and forecasts set forth in late-filed Exhibit 60 presented in ECAC A.83-03-36. That Exhibit 60 contains the ECABF and AER set forth by Edison in that application.

¹ Interim D.83-08-056 in A.83-03-36 was issued on August 17, 1983.

The sole changes to that exhibit reflected in this application are changes due to the assumption made in this filing that MAAC rates reflecting SONGS 2 will be implemented on September 1, 1983. This assumption results in the following changes to the forecast from those set forth in Exhibit 60 in A.83-03-36:

- a. Sales forecast - resale sales decreased slightly due to the City of Anaheim and the City of Riverside ownership of SONGS 2.
- b. Fuel mix - nuclear generation from SONGS 2 displaces gas generation and economy energy.
- c. Nuclear fuel price - includes nuclear fuel costs associated with SONGS 2.

Edison is requesting ex parte consideration in this application for the following reasons: (1) the ECABF and AER set forth in this application directly result from the operating date criteria already established by the Commission in D.82-09-111, and (2) the request for revision of the ECABF and AER coincidental with the implementation of MAAC rates is consistent with Edison's proposal in A.83-03-36.

Revenue Impact of Energy Cost
Savings Associated with
SONGS 2 Operation

Edison is requesting that rate levels be decreased from those proposed in late-filed Exhibit 60 in A.83-03-36 to reflect changes in energy costs as a result of SONGS 2 being reflected in rates on September 1, 1983. The revised rates are estimated to produce an annualized revenue decrease of approximately \$206.9 million effective September 1, 1983 from those rate levels set forth in late-filed Exhibit 60. The decrease in annualized revenues estimated by revenue class from those rate levels set forth in pending A.83-03-36 are as follows:

<u>Revenue Class</u>	<u>Sales (GWh)</u>	<u>Revenue Change</u>		<u>Total</u>	
		<u>ECABF</u>	<u>AER</u>	<u>\$M²</u>	<u>1</u>
<u>Residential</u>					
Lifeline	9,401	(25.1)	(3.5)	(28.6)	(5.1)
Nonlifeline	7,602	(33.5)	(2.8)	(36.3)	(5.5)
Total	17,003	(58.6)	(6.3)	(64.9)	(5.3)
Agricultural	912	(3.2)	(0.3)	(3.5)	(5.3)
Commercial	16,386	(56.5)	(6.1)	(62.6)	(4.9)
Industrial	15,430	(53.2)	(5.7)	(58.9)	(5.3)
Other Public Authority	4,442	(15.4)	(1.6)	(17.0)	(4.7)
Total	54,173	(186.9)	(20.0)	(206.9)	(5.1)

(Red Figure)

Subsequent to the filing of this application, the Commission issued interim D.83-08-056 dated August 17, 1983 ordering rate reductions of \$147.0 million in A.83-03-36 et al. It is therefore necessary to revise Edison's figure to reflect the rate levels authorized in D.83-08-056.

Discussion

In order to pass through to ratepayers the benefits of energy cost savings resulting from the operation of SONGS 2 at the same time that MAAC rates in A.82-02-40 are implemented, it is necessary to authorize the rate reductions proposed in this application at the same time MAAC rates are authorized. For the purposes of this interim ex parte order we will adopt as reasonable Edison's proposed reduction of \$186.8 million in the ECABF and the \$20.1 million reduction in the AER or a total reduction of \$206.9 million in revenue requirement for a 12-month period beginning September 1, 1983. (The ECABF and AER totals have been adjusted to reflect the D.83-08-056 authorized rates.)

Table 1 shows the adopted revised calculation of the average energy cost adjustment rate for a May 1, 1983 revision date based on SONGS 2 being reflected in rates as of September 1, 1983. The adjusted average energy cost adjustment rate is 2.660¢/kWh.

Table 2 shows the adopted revised calculation of the AER for a May 1, 1983 revision date based on SONGS 2 being reflected in rates as of September 1, 1983. The adjusted AER is 0.390¢/kWh.

Table 1

Southern California Edison Company

Revised Calculation of the Average Energy Cost Adjustment Rate
 For a May 1, 1983 Revision Date Based on SONGS 2
Being Reflected in Rates as of September 1, 1983

<u>Month</u>	<u>Total Fuel Savings (SM)</u>	<u>CPUC Jurisdiction Fuel Savings (SM)</u>
September 1983	18,852	17,568
October	18,652	17,367
November	16,911	15,783
December	17,482	16,402
January 1984	18,339	17,231
February	15,718	14,765
March	16,075	15,207
April	<u>15,315</u>	<u>14,398</u>
Total	137,344	128,721
Less: 10% Recovered in the Annual Energy Rate		<u>12,872</u>
Subtotal		115,849
Plus: Franchise Fees and Uncollectible Accounts Expense		<u>1,185</u>
Subtotal		117,034
Adjusted Sales ^{1/}		35,620 M ² kWh
Rate Adjustment for Fuel Savings		0.329¢/kWh
Average Energy Cost Adjustment Rate ^{2/}		2.989¢/kWh
Adjusted Average Energy Cost Adjustment Rate		2.660¢/kWh

^{1/} Forecast sales from September 1, 1983 to April 30, 1984, adjusted 16 M² kWh for Schedule No. DE Discount.

^{2/} Average Energy Cost Adjustment Rate as adopted in D.83-08-056.

Table 2

Southern California Edison Company

Revised Calculation of the Annual Energy Rate
For a May 1, 1983 Revision Date Based on SONGS 2
Being Reflected in Rates as of September 1, 1983

<u>Month</u>	<u>Total Fuel Savings (\$M)</u>	<u>CPUC Jurisdiction Fuel Savings (\$M)</u>
September 1983	18,852	17,568
October	18,652	17,367
November	16,911	15,783
December	17,482	16,402
January 1984	18,339	17,231
February	15,718	14,765
March	16,075	15,207
April	<u>15,315</u>	<u>14,398</u>
Total	137,344	128,721
Less: 90% Recovered in the Average Energy Cost Adjustment Rate		<u>115,849</u>
Subtotal		12,872
Plus: Franchise Fees and Uncollectible Accounts Expense		<u>132</u>
Subtotal		13,004
Adjusted Sales ^{1/}		35,620 M ² kWh
Rate Adjustment for Fuel Savings		0.037¢/kWh
Annual Energy Rate ^{2/}		0.427¢/kWh
Adjusted Annual Energy Rate		0.390¢/kWh

^{1/} Forecast sales from September 1, 1983 to
April 30, 1984, adjusted 16 M² kWh for
Schedule No. DE Discount.

^{2/} Annual Energy Rate as adopted in D.83-08-056.

Rate Design

Table 3 shows the net annual revenue change from present ECAC rates for the twelve-month period commencing September 1, 1983. The table shows the reduction in ECABF revenues of \$186.8 million and AER revenues of \$20.1 million we are adopting for the purpose of this interim order.

Table 3

Southern California Edison Company

CPUC Jurisdictionalized
Net Annualized Revenue Change from Present ECAC Rates
Twelve-Month Period Commencing September 1, 1983

<u>Revenue Class</u>	<u>Sales</u> <u>(GWh)</u>	<u>Revenue Change</u> ^{1/}		<u>Total</u> <u>SM²</u>	<u>%</u>
		<u>ECABF</u> <u>SM²</u>	<u>AER</u> <u>SM²</u>		
<u>Residential</u>					
Lifeline	9,401	(25.0)	(3.5)	(28.5)	(5.1)
Nonlifeline	<u>7,602</u>	<u>(33.6)</u>	<u>(2.8)</u>	<u>(36.4)</u>	<u>(5.5)</u>
Total	17,003	(58.6)	(6.3)	(64.9)	(5.3)
Agricultural	912	(3.2)	(0.3)	(3.5)	(5.3)
Commercial	16,386	(56.5)	(6.1)	(62.6)	(4.9)
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Other Public Authority	<u>4,442</u>	<u>(15.3)</u>	<u>(1.7)</u>	<u>(17.0)</u>	<u>(4.7)</u>
Total	54,173	(186.8)	(20.1)	(206.9)	(5.1)

^{1/} Calculated from adopted ECAC D.83-08-056
ECABF and AER.

The AER is applied to all sales on a uniform cents per kWh basis. The ECABF is spread on a uniform cents per kWh basis among all customer classes. Within the domestic class the residential lifeline rate is maintained at 80% of the system average total rate, excluding the Steel Surcharge Adjustment Billing Factor. Within the time of use schedules, the ECABF is spread to maintain existing differential and ratios.

Findings of Fact

1. By A.83-08-42 Edison requests authority to reduce its ECABF revenues by \$186.8 million and its AER revenues by \$20.1 million.
2. Edison requests authority to modify its ECABF and AER coincident with the implementation of MAAC rates.
3. In order to permit ratepayers to receive the benefit of energy cost savings resulting from the operation of SONGS 2 at the same time base rates are increased under MAAC, it is reasonable to issue an ex parte interim order authorizing the requested rate reductions.
4. For the purposes of this interim order, it is reasonable to adopt Edison's computation of the revised Average Energy Cost Adjustment Rate and the revised AER.

5. The adopted rate design conforms to our current policy on rate design and is reasonable.

Conclusions of Law

1. For the purposes of this interim order a reduction in ECABF revenues of \$186.8 million and AER revenues of \$20.1 million is justified and reasonable.

2. The revenue decrease should be spread among the customer classes on an equal cents per kWh basis and in conformance with the rate design parameters contained in D.82-12-055.

3. The change in rates and charges authorized by this decision is just and reasonable for the period commencing coincident with the implementation of the MAAC rates and present rates, to the extent that they are inconsistent with the changes set forth in this decision, are unfair and unreasonable.

4. The effective date of this order should be the date on which it is signed to enable Edison to adjust ECABF and AER rates coincident with the date that MAAC rates become effective.

INTERIM ORDER

IT IS ORDERED that:

1. Southern California Edison Company (Edison) is authorized and directed to file with this Commission, on or after the effective date of this order, revised tariff schedules for electric rates in accordance with this decision and shall comply with General Order 96-A. Such tariff schedules shall become effective on the date of filing but not earlier than the date when the Major Additions Adjustment Clause rates relating to SONGS 2 goes into effect and shall apply to services rendered on or after the effective date of the tariff schedules.

2. This order is an interim order and any rates authorized in this decision are subject to change after hearings.

This order is effective today.

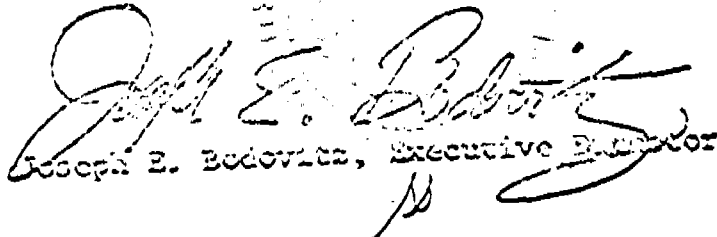
Dated SEP 7 1983, at San Francisco, California.

Commissioner William T. Bagley being necessarily absent, did not participate.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
FRANCISMA C. CREW
DONALD VIAL
Commissioners

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


Joseph E. Bodovick, Executive Director

The AER is applied to all sales on a uniform cents per kWh basis. The ECABF is spread on a uniform cents per kWh basis among all customer classes. Within the domestic class the residential lifeline rate is maintained at 80% of the system average total rate, excluding the Steel Surcharge Adjustment Billing Factor. Within the time of use schedules, the ECABF is spread to maintain existing differential and ratios.

The system average rate is derived as follows:

<u>Rate Component</u>	<u>Sales (GWh)</u>	<u>Annual Revenue* (\$M)</u>	<u>Average Rate (¢/kWh)</u>
Base		2,476,627	
ECAC		1,440,384	
AER		211,182	
CLMAC		14,620	
ERAM		21,660	
Total	54,173	4,164,473	7.687

* Based on the projected 12-month period commencing September 1, 1983.

Findings of Fact

1. By A.83-08-42 Edison requests authority to reduce its ECABF revenues by \$186.8 million and its AER revenues by \$20.1 million.
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3. In order to permit ratepayers to receive the benefit of energy cost savings resulting from the operation of SONGS 2 at the same time base rates are increased under MAAC, it is reasonable to issue an ex parte interim order authorizing the requested rate reductions.
4. For the purposes of this interim order, it is reasonable to adopt Edison's computation of the revised Average Energy Cost Adjustment Rate and the revised AER.