

Decision 83 10 057 OCT 19 1983

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own )  
motion to consider cost-effective )  
programs to reduce use of oil and )  
natural gas for Southern California )  
Edison Company's electric generation. )

OII 82-04-02  
(Filed April 28, 1982)

ORDER MODIFYING  
DECISION (D.) 83-08-048 AND  
DENYING REHEARING THEREOF

Pacific Gas & Electric Co. (PG&E) has filed an application for rehearing of D.83-08-048. We have carefully considered each and every allegation of error and are of the opinion that good cause for granting rehearing has not been shown. However, D.83-08-048 should be modified to more clearly establish the basis for our conclusion that 140 basis points is a reasonable cap on PG&E's earnings fluctuations due to unforecasted changes in fuel expenses. Therefore, good cause appearing,

IT IS ORDERED that:

1. D.83-08-048 is modified to add the following text to the discussion of PG&E's earnings cap which begins on page 9, mimeo and extends to page 10:

"In doing so we are not unmindful of PG&E's rebuttal testimony. Unfortunately this evidence gave no further insight into how PG&E arrived at its 125 basis points recommendation. To the extent it showed the staff's 160 basis point figure is dependent on which recorded years are used, it supports our conclusion that a lower figure may be appropriate. However, we note that inserting 1982 recorded data into staff's earnings variability comparison further supports the staff's position.

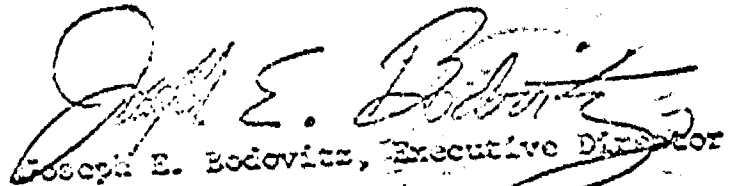
We do agree with PG&E on one point. Setting a fair and reasonable cap on earnings fluctuations is a difficult decision which involves judgement. In our judgement a figure of 140 basis points applied to PG&E's jurisdictional rate base is reasonable given its greater risk vis-a-vis Edison."

2. Rehearing of D.83-08-048 as modified herein is denied.  
This order is effective today.  
Dated OCT 19 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.  
President

VICTOR CALVO  
FRISCILLA 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