

Decision No. 87307

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application)
of SIERRA PACIFIC POWER COMPANY)
for authority to implement its)
Energy Cost Adjustment Clause)
(ECAC).)

Application No. 56911
(Filed December 3, 1976)

Douglas C. Fletcher, Attorney at Law, for Sierra Pacific Power Company, applicant.
Betty B. Cutten, for Alpine Springs County Water District, interested party.
Mary Carlos, Attorney at Law, Mahendra Jhala, and John Bilci, for the Commission staff.

O P I N I O N

By this application, Sierra Pacific Power Company (Sierra Pacific) requests authority to increase its rates to offset its increased cost of fuel and purchased energy through the initial implementation of its Energy Cost Adjustment Clause (ECAC).

Background

Sierra Pacific is engaged in public utility electric operations in California and Nevada, and is also engaged in public utility gas and water operations in Nevada. Its principal California operations are in the Lake Tahoe area.

By Resolution No. E-1601, issued October 19, 1976, Sierra Pacific was ordered to file its ECAC. In response thereto Sierra Pacific filed Advice Letter No. 117-E on October 29, 1976, and Advice Letter No. 117-E, Supplement on November 5, 1976, to conform to the ordering paragraph in Resolution No. E-1601. These filings became effective on November 3, 1976. Resolution No. E-1601 further

ordered Sierra Pacific, within 30 days after the effective date of the ECAC tariff filing, to file an application for initial implementation of ECAC. The subject application is in response to the resolution.

A duly noticed public hearing was held in South Lake Tahoe on March 11, 1977 before Examiner John J. Doran.

Sierra Pacific's Proposal

Sierra Pacific, by its application, requests authority to increase its Energy Cost Adjustment Billing Factor (ECABF) to 1.165¢/kwh for all sales from the present 1.084¢ rate applicable to all sales or .081¢/kwh. This results in a \$284,000 or 2.2 percent annual increase in revenues to offset similar increases in the cost of fuel and purchased energy.

Sierra Pacific's Position

Sierra Pacific's present 1.084¢ ECABF was established on July 1, 1976. It states that the cost of energy has increased since that time and seeks to offset such increased costs by this application. Based upon the 12 months ended September 30, 1976 record period and fuel and purchased energy costs at the end of the record period, Sierra Pacific, through its witness and Exhibits 1 and 2, developed a requirement for a 1.221¢/kwh offset rate to recover current fuel and purchased energy costs above the .734¢/kwh included in base rates for fuel and purchased energy. The offset rate is then reduced by the .075¢/kwh negative balancing rate. The proposed negative balancing rate is in accordance with the ECAC requirement to amortize over a 12-month period \$235,290 in overcollections and \$6,240 in interest on such overcollections as of September 30, 1976. The resultant adjustment rate or ECABF of 1.157¢/kwh is the algebraic sum of the offset rate and balancing rate, each multiplied by 1.01 to adjust for franchise and uncollectible accounts expense. This results in an ECABF increase

of .073¢/kwh. Sierra Pacific further requests that the proposed increase rate be applied to all sales and become effective on April 1, 1977. Sierra Pacific also requests that the ECAC revision dates be established as April 1 and October 1 of each year.

The increase is proposed to be applicable to all sales instead of only to nonlifeline sales because the proposal will result in lifeline rates still being lower than those in effect on January 1, 1976.

Commission Staff

The Commission staff accounting witness developed in Exhibit 4 the results of his examination of the recorded data contained in Sierra Pacific's application and related accounting and financial records. The examination included a verification of the recorded data used in the ECAC computations and balancing account procedures together with recomputations to correct errors.

The staff engineering witness developed in Exhibit 3 an offset rate of 1.221¢/kwh, a negative balancing rate of .079¢/kwh, and after allowance for franchise and uncollectible accounts an ECABF of 1.153¢/kwh, all including the effects of the accountant's adjustment. The staff witness recommends a \$242,000 or .069¢/kwh rate increase applicable to all sales. The staff developed a \$188,725 ECAC balance, an \$88,432 FCA balance, and a combined overcollection balance of \$277,157 including interest as of September 30, 1976.

The staff recommended changes in the Preliminary Statement of Sierra Pacific's tariffs as follows:

1. On page 1, Item E, the revision dates should be April 1 and October 1. Also delete Footnote 1.
2. On page 2, Item F, delete the last sentence and Footnote 2.
3. On page 5, delete Item L and Footnote 3. Change Item M to Item L. Delete the fuel collection balance adjustment factor or FCA factor because the FCA and ECAC amounts are amortized together.
4. Change the effective periods in new Item L to read "July 1, 1976 to March 31, 1977" and "On and after April 1, 1977" together with a new rate of 1.153¢ for both lifeline and nonlifeline sales.

Sierra Pacific stated it would not object to using the staff's recommendations. Such recommendations are found to be reasonable and are adopted.

A director of the Alpine Springs County Water District testified that the district requested relief from the increase because it could not absorb the increase out of its current income. The district did not object to the utility's recovering its costs. Sierra Pacific's Exhibit 1 shows that its proposed increase to this customer class would be 1.79 percent over current rates compared to a proposed 2.02 percent increase on total sales, but the increased rates would be less than the rates in effect on January 1, 1976. On balance, it appears that the ECAC proposal is not unfair to this customer as compared to other customers.

Findings

1. As of September 30, 1976, Sierra Pacific's ECAC balance is \$188,725, its FCA balance is \$88,432, and its combined over-collection balance is \$277,157 including interest.

2. Sierra Pacific should be authorized a .069¢/kwh ECABF increase to 1.153¢/kwh applicable to all sales to offset the increased cost of fuel and purchased energy. This increases the annual revenue by \$242,000 or 1.9 percent.

3. Sierra Pacific's ECAC should be revised to provide for the revision dates of April 1 and October 1.

4. The ECAC should be revised to eliminate the fuel collection balance adjustment because it has been included in the energy cost adjustment account.

5. The changes in rates and charges authorized by this decision are reasonable; the present rates and charges, insofar as they differ from those set forth in this decision, are for the future unjust and unreasonable.

6. The effective date of this order should be the date on which it is signed because there is immediate need for rate relief. Sierra Pacific is now incurring the increased costs of fuel and purchased energy which are being offset by the rate increase being authorized herein.

O R D E R

IT IS ORDERED that:

1. Sierra Pacific Power Company is authorized to file revised rate schedules to increase its Energy Cost Adjustment Billing Factor to 1.153¢/kwh applicable to all sales.

2. Sierra Pacific Power Company shall revise its Energy Cost Adjustment Clause tariff to provide for revision dates of April 1 and October 1.

3. Sierra Pacific Power Company shall revise its Energy Cost Adjustment Clause tariff to eliminate the fuel collection balance adjustment. Such adjustment is to be included in the energy cost adjustment account.

4. Sierra Pacific Power Company is authorized to file with this Commission on or after the effective date of this order, in conformity with the provisions of General Order No. 96-A, revised tariff schedules substantially as specified herein.

The effective date of the revised schedules shall be the date of filing.

The effective date of this order is the date hereof.

Dated at SAN FRANCISCO, California, this 10th day of MAY, 1977.

Robert Bateman
President
William J. ...
George L. ...
Charles R. ...
Commissioners