

ORIGINAL

Decision No. 88698 APR 11 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of
SAN DIEGO GAS & ELECTRIC COMPANY
for authority to increase its
electric rates and charges in
accordance with the energy cost
adjustment clause ("ECAC") in its
electric tariff schedules and for
authority to revise the ECAC
tariff to provide for inclusion
of certain wheeling charges.

Application 57780
(Filed December 30, 1977)

Jeffery Lee Guttero, Attorney at Law,
for applicant.

John W. Witt, City Attorney, by William
S. Shaffran, Deputy City Attorney,
and Chett T. Chew, for City of San
Diego, interested party.

Patrick J. Power, Attorney at Law, for
the Commission staff.

INTERIM OPINION

San Diego Gas & Electric Company (SDG&E) seeks authority
to increase effective March 1, 1978 its electric rates and charges
under the Energy Cost Adjustment Clause (ECAC) included in its
electric tariff schedules and authority to revise the ECAC tariff
to provide for the inclusion of wheeling charges in the calculation
of the ECAC rate adjustment. SDG&E states that the proposed rates
would increase its electric revenues by an estimated 7.51 percentage
or \$15.7 million for the six-month period beginning March 1, 1978.
The increase is intended to offset SDG&E's energy costs as

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calculated under the ECAC procedure and to amortize the amount in the Energy Cost Adjustment Account (ECAA) as of November 30, 1977 representing SDG&E's actual energy costs which have not yet been recovered through rates charged its customers.

SDG&E proposes to allocate the increase to nonlifeline service only by the uniform application of a 0.512 cents per kwh increase. This will increase the ECAC rate to 3.428 cents per kwh for nonlifeline sales. SDG&E proposes no increase in lifeline rates as its average system electric rate including this increase will not exceed its average system electric rate effective January 1, 1976 by 25 percent.

The primary elements contributing to the increase in the ECAC rate are the increase in percent of electric requirements being generated using diesel or residual oil as opposed to being met by purchased power or generated using nuclear fuel or natural gas; the increase in the average price of purchased power and some of the generation fuels; and the large undercollection position in the ECAA. SDG&E alleges that the offset rate adjustment requested in this application will simply offset further increases in energy costs and will reduce the undercollection balance in its ECAA and that any delay in receiving such relief would have a substantial negative cash flow impact on SDG&E.

Public hearings in this application were held before Administrative Law Judge Main on March 8 and 9, 1978 in Chula Vista and March 10, 1978 in San Diego. The matter was submitted on the latter date subject to potentially six late-filed exhibits scheduled to be received before April 1, 1978.

SDG&E presented calculations which developed the proposed ECAC rate of 3.428 cents per kwh for nonlifeline sales. This was done in accordance with the procedure set forth in an ECAC expanded as proposed by SDG&E to encompass wheeling charges. SDG&E showed that the ECAC balance was \$22,608,900 (undercollection) as of November 30, 1977. The rate request is based on the record period, 12 months ended November 30, 1977.

The Commission staff investigation was conducted by the Utilities and Finance Divisions. The Utilities Division's investigation included review of SDG&E's work papers, additional data on fuel oil prices through November 1977, circumstances surrounding fuel oil sale losses, SDG&E's proposal for revising preliminary statement, and other related matters. The staff of the Finance

Division audited the recorded data used in the calculation of the ECAC billing factor.

The exceptions taken by the staff account for up to .060 cents of the 0.512 cents increase in the nonlifeline ECAC billing factor from 2.916 cents to 3.428 cents per kwh which SDG&E has requested. Thus, an increase in that billing factor to at least

3.368 cents per kWh is supported by the staff and shown by the record not to be reasonably subject to dispute.

As a result of the staff's exceptions and related recommendations, there are basically three major contested issues:

- (1) Should the Salt River wheeling charges paid to Edison by SDG&E be recovered in ECAC?
- (2) Should the November 1977 fuel oil sale loss of \$914,025 be included in the ECAC?
- (3) What income tax treatment should be accorded the 1976 and 1977 fuel oil sale losses when compared with the tax treatment of earlier fuel oil sale gains?

The third issue above has by far the largest dollar effect and is the subject of exhibits to be late-filed in this proceeding in a sequence which can extend through March 1978.

ECAC rate relief should not be held up in its entirety pending resolution of these issues. The estimated effect of an increase to a 3.368 cents per kWh ECAC billing factor for nonlifeline sales on the various classes of customers is as follows:

Class of Service	Revenue Increase	
	for 6 Months Beginning March 1, 1978	Percent Increase
	(In Thousands)	
Domestic Service	\$2,840.3	3.6
General Service-Regular	5,669.3	7.9
General Service-Large	4,545.7	9.6
General Power	379.2	8.0
Agricultural Power	314.3	8.6
Street Lighting	144.0	5.4
Total	13,892.8	6.6

Findings

1. Partial ECAC rate relief by increasing the nonlifeline ECAC billing factor to 3.368 cents per kwh is shown by the record not subject to dispute and is reasonable and should be made effective without delay. An increase in street lighting rates resulting from the ECAC nonlifeline rate of 3.368 cents per kwh is as shown in Appendix A to this decision.

2. An interim ECAC billing factor of not less than 3.368 cents per kwh for nonlifeline consumption including street lighting is reasonable for the period March 1, 1978 to September 1, 1978.

3. The authorized interim rates would increase electric department revenues by an estimated 6.6 percent or \$13.9 million for the six-month period.

4. It is reasonable to spread the total increase to nonlifeline usage. ✓

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

6. The effective date of this order should be the date hereof because there is an immediate need for rate relief.

INTERIM ORDER

IT IS ORDERED that:

1. San Diego Gas & Electric Company is authorized to file and place into effect after the effective date of this order, in conformity with the provisions of General Order No. 96-Series, revised tariff schedules to provide for an Energy Cost Adjustment Clause Billing Factor rate of 3.368 cents per kwh for nonlifeline electric usage and a corresponding increase in street lighting rates as shown in Appendix A.

2. No increase in rates is authorized for lifeline electric usage.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 11th
day of APRIL, 1978.

Robert B. Quinn
President
William J. Snow
Vernon L. Sturges
Richard W. Green
Paul J. Smith
Commissioners

APPENDIX A

San Diego Gas & Electric Company
Energy Cost Adjustment Clause:

Increase in
Street Lighting Adjustment Amount Per Month
Related to ECAC Adjustment Rate of \$0.03368

Type and Nominal Rating of Lamp	Increase In Adjustment Amount Per Month Related to \$0.03368/Kwhr		
	All Night	Midnight	1:00a.m.
Incandescent			
1,000 lumens	\$ 0.09	\$ 0.05	\$ 0.06
2,500 lumens	0.29	0.15	0.17
4,000 lumens	0.45	0.23	0.27
6,000 lumens	0.61	0.33	0.38
10,000 lumens	0.94	0.50	0.58
Mercury Vapor			
100 watts	\$ 0.18		
175 watts	0.30		
250 watts	0.42		
400 watts	0.72		
700 watts	1.23		
1,000 watts	1.73		
Sodium Vapor, High Pressure			
100 watts	\$ 0.22		
150 watts	0.26		
250 watts	0.48		
400 watts	0.73		
1,000 watts	1.77		