

Decision No. 89068 JUL 11 1978

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of CP National Corporation, a California corporation, for authority to increase its rates for electric service in its Needles District.

Application No. 57820  
(Filed January 20, 1978;  
amended May 31, 1978)

Investigation on the Commission's own motion into all aspects of electric service, supply, and requirements of areas served by the NEEDLES DISTRICT and the LASSEN and WEAVERVILLE DIVISIONS of CALIFORNIA-PACIFIC UTILITIES COMPANY, a California corporation.

OII No. 14  
(Filed April 19, 1978)

Orrick, Herrington, Rowley & Sutcliffe, by  
Robert Gloistein, Attorney at Law, for CP  
National Corporation, applicant in A-57820  
and respondent in OII 14.  
Richard L. Jensen, for Southern California Edison  
Company; and Robert E. Ham, for California  
Energy Commission, interested parties.  
Sara S. Myers, Attorney at Law, and Teddy Christensen,  
for the Commission staff.

#### INTERIM OPINION

On April 19, 1978 this Commission issued an Order Instituting Investigation, OII No. 14, into service, billing procedures, and purchase power contracts in the Needles District and the Lassen and Weaverville Divisions of California-Pacific Utilities Company, now known as CP National Corporation (CP National). The name change occurred by the filing of an amendment to their articles of incorporation with the Secretary of State on May 8, 1978. OII No. 14 also required an investigation into the appropriateness of lifeline quantities for air conditioning for the Needles District.

On May 31, 1978 and June 1, 1978, hearings were held before Commissioner Claire T. Dedrick and Administrative Law Judge John R. Gillanders in Needles in the matter of CP National's Application No. 57820 for authority to increase rates for electric service in its Needles District and in the matter of OII No. 14. The hearings were held to receive CP National's direct showing on its application, to receive public testimony, and to gather facts needed to determine reasonable lifeline quantities for air conditioning.

The hearings were attended by approximately 150 members of the community on the first day and approximately 50 members of the community on the second day. Testimony was received from 13 CP National customers and a statement was received from Mayor O'Dell. Public testimony included statements on annual and summer monthly consumption, bills, and air conditioning thermostat settings. The public testimony received and a survey of the public attendees indicated that they felt the maximum allowable comfort level thermostat setting for air conditioning would be 80° Fahrenheit.

CP National presented evidence on the average use for air conditioning based on a survey of 50 Needles District customers. The results of the survey indicate that the average monthly usage for the six summer months in 1977 in Needles was 919 kilowatt-hours per month for the months of May through October. CP National's recommendation for a lifeline air conditioning allowance is 450 kilowatt-hours per month for the months of May through October. This recommendation is based on the following:

1. A concern about high nonlifeline rates (i.e., the greater the lifeline air conditioning allowance the higher the proposed nonlifeline rate will have to be).
2. A concern about the revenue effect on CP National. CP National proposes that conservation reflected in nonlifeline sales as a result of higher nonlifeline rates would lead to revenue instability.
3. A concern that a higher lifeline allowance offers less incentive to customers to conserve energy.

4. The sample used by CP National included many houses with a floor area of greater than 1,000 square feet in contrast with the staff's recommendation based on space cooling for a house with 1,000 square feet of floor area.

The first three concerns of CP National present a dichotomy. Higher nonlifeline rates could create revenue instability through conservation. On the other hand, CP National also contends that the higher the lifeline allowance the less incentive for customers to conserve energy. Their fourth concern is pertinent and it would have been useful if the company had included the average square footage of each of the 50 customers' dwellings surveyed.

The Commission's staff also presented evidence concerning the appropriate lifeline quantity for air conditioning in the Needles District. The staff's recommendation was based upon the space cooling needs for a house with a floor area of 1,000 square feet, R-19 insulation in the ceiling, R-11 insulation in the walls, and four occupants. The staff also based its recommendation on an air conditioning thermostat setting of 78° Fahrenheit consistent with Electric Rule No. 14-1, Prohibitions and Curtailment Provisions, and adjusted its results for evaporative cooler usage. The staff's recommended lifeline quantities for air conditioning are 550 kwh per month for the months of May and October and 650 kwh per month for the months of June through September.

The staff further recommended that the \$97,000 annual revenue shortfall due to the implementation of its recommended lifeline quantities for air conditioning be reflected in the Purchase Power Cost Equalizing Adjustment Account (balancing account). In addition, the staff also recommended that any changes in Nevada Power Company's Fuel Cost Adjustment to CP National be deferred and reflected in the balancing account for the year 1978. The staff recommended that the total revenue shortfall, which would result in the balancing account to be undercollected by an estimated annual amount of \$444,000, be offset by the prospective annual savings of \$537,000 due to the implementation of the preliminary Federal Energy Regulatory Commission's order in

Docket No. ER 76-875 which is now pending final order. The staff also supplied an exhibit summarizing the results of 26 electric meter tests of customers within the Needles District. All meters tested were within the allowable accuracy range specified in CP National's Tariff Rule No. 17.

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A CP National witness testified that the company is willing to reflect in the balancing account the revenue shortfall due to implementation of lifeline quantities for air conditioning. At present, CP National has an informal agreement with the Commission's staff to defer any changes in Nevada Power Company's Fuel Cost Adjustment rate.

Findings

1. The 85° Fahrenheit thermostat setting for space cooling noted in Commission Decision No. 88651 dated April 4, 1978 is not adequate for customers in the Needles District of CP National.

2. A 78° Fahrenheit thermostat setting for space cooling is adequate for CP National customers in the Needles District, and is consistent with Electric Tariff Rule No. 14.1.

3. Lifeline quantities for air conditioning of 550 kwh per month for the months of May and October and 650 kwh per month for the months of June through September are necessary to supply the minimum energy needs of the average residential user for adequate space cooling to 78° Fahrenheit in the Needles District.

4. Electric meters in the Needles District appear to be within the accuracy specified in Electric Tariff Rule No. 17.

Conclusions

1. The Needles Division is currently in the summer cooling season and immediate rate relief for lifeline quantities for air conditioning is required. The order entered herein should be effective on the date of issuance.

2. The proper lifeline quantities are 550 kwh per month for the months of May and October and 650 kwh per month for the months of June through September.

INTERIM ORDER

IT IS ORDERED that:

1. CP National Corporation (CP National) shall file with the Commission, within ten days after the effective date of this order, changes in its tariff to provide lifeline quantities for air conditioning of 550 kwh per month for the months of May and October and 650 kwh per month for the months of June through September. The rate charged for these lifeline quantities shall be the same as charged for the basic lifeline allowance. The allowances shall be applicable to all residential customers within the Needles District. Such filing shall comply with General Order No. 96-A.

2. The revenue shortfall due to the implementation of lifeline quantities for air conditioning shall be reflected in CP National's Purchase Power Cost Equalizing Adjustment Account.

3. CP National shall continue to defer Nevada Power Company's monthly Fuel Cost Adjustments through 1978.

The effective date of this order is the date hereof.

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

Roland Bateman  
President

Robert D. Shaefer  
Clair T. Deibel  
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.