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ORIGINAL

Decision No. 89916 JAN 30 1979

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PACIFIC GAS AND ELECTRIC )  
 COMPANY for Authority to Reduce its )  
 Electric Rates and Charges under the )  
 Energy Cost Adjustment Clause Included )  
 in its Electric Tariff. )  
 (Electric)

Application No. 58468  
(Filed November 16, 1978)

INTERIM OPINION

By this application Pacific Gas and Electric Company (PG&E) proposes to reduce effective January 1, 1979, its electric rates and charges under the Energy Cost Adjustment Clause (ECAC). PG&E states that the proposed rates will decrease its electric revenues by about 6.6 percent or \$143.55 million for the year 1979. The proposed reduction reflects current lower energy costs as calculated under the ECAC procedure and recoveries to date under the balancing rate. Since previous ECAC rate adjustments excluded increases in lifeline rates, PG&E proposes that lifeline usage be excluded from this proposed decrease.

The application states that:

"The reduction proposed herein is a result of the hydroelectric energy available on PGandE's system. This increased hydro availability is, in turn, a consequence of the fact that the drought conditions which prevailed in Northern California in 1975-76 and 1976-77 ended and were succeeded in 1977-78 by a period of record precipitation. For the twelve-month record period ending October 31, 1978, PGandE hydroelectric production plus Northern California purchased hydro was 113 percent of normal. In addition, greater than normal precipitation was experienced in the Pacific Northwest and is expected to provide additional hydro energy from that

area. As available hydroelectric power increases, PGandE is not required to burn as much high-cost fossil fuels nor to continue relying on high-cost purchases of power from other sources."

The proposed net decrease of \$143.55 million results from a uniform nonlifeline ECAC decrease per kilowatt-hour of \$0.00308. The effect of the proposed decrease on classes of service is as follows:

<u>Class of Service</u>	<u>Revenue Decreases</u>	
	<u>MS</u>	<u>Percent</u>
Residential	\$ 29,880	4.5%
Small Light and Power	13,983	6.0
Medium Light and Power	39,369	7.1
Large Light and Power	44,478	8.8
Public Authority	1,746	6.4
Agricultural	11,501	7.6
Street Lighting	1,404	4.6
Railway	758	9.9
Interdepartmental	<u>431</u>	<u>7.1</u>
Total	\$143,550	6.6%

The Commission staff has reviewed the application and agrees that there should be a reduction in rates but that the reduction should be \$5.2 million greater than that proposed by PG&E..

Notice that the application was filed was served in compliance with Rule 24 of the Commission's Rules of Practice and Procedure. No parties other than the Commission staff have submitted comments concerning the application.

Subject to further review upon consideration of evidence to be submitted at a public hearing by the Commission staff, the Commission finds that:

1. The uniform nonlifeline ECAC decrease per kilowatt-hour of \$0.00308 is reasonable.

2. The authorized decrease amounts to 6.6 percent or \$143.55 million for the year 1979.

3. The Commission staff has recommended a reduction of \$5.2 million greater than that proposed by PG&E.

4. The changes in electric rates and charges authorized by this 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.

The Commission concludes that:

1. An interim ECAC rate reduction as set forth in the ensuing order should be ordered.

2. A public hearing should be held for the taking of evidence with respect to the Commission staff recommendation of an additional \$5.2 million rate reduction.

3. The effective date of this order should be the date hereof because there is an immediate need for a rate reduction.

INTERIM ORDER

IT IS ORDERED that:

1. Pacific Gas and Electric Company shall file with this Commission within five days after the effective date of this order, in conformity with the provision of General Order No. 96-A, revised tariff schedules with rates, charges, and conditions modified as follows:

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The Energy Cost Adjustment Clause rates are reduced from \$0.02030 to \$0.01722 per kilowatt-hour for all nonlifeline usage.

The revised tariff schedule shall be effective on the date of filing.

2. A public hearing shall be scheduled on this application at a date to be set.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 30<sup>th</sup> day of JANUARY, 1979.

Richard P. Howell  
President  
Leonard M. Grimes, Jr.  
Walter T. DeWick  
John E. Long

Commissioners

Commissioner Leonard M. Grimes, Jr.,

Present but not participating.