

Decision No. 91076 NOV 30 1979

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. 59119
(Filed September 4, 1979)

Patrick T. Kinney, Attorney-at Law, for
Sierra Pacific Power Company.
Rufus G. Thayer, Attorney at Law, and Julian E.
Ajello, for the Commission staff.

OPINION AND ORDER

Applicant, Sierra Pacific Power Company (Sierra Pacific), a Nevada corporation,^{1/} requests authority under applicable Public Utilities Code (Code) sections to increase its Energy Cost Adjustment Billing Factors (ECABFs) from the present 2.030¢ per kilowatt hour (kWh) to 2.143¢/kWh for lifeline sales and from 2.842¢/kWh to 2.955¢/kWh for nonlifeline sales. If authorized, the increased rates would produce about \$459,800 in additional revenue on an annual basis, a 2.3 percent increase in overall revenues.

Applicant was ordered by the Commission to file its Energy Cost Adjustment Clause (ECAC) by Resolution No. E-1601, dated October 19, 1976; and by Decisions Nos. 87307 and 88469, dated May 10, 1977, and February 7, 1978, respectively, implemented its clause for rates to offset its increased cost of fuel and purchased energy. Applicant's ECAC adjustment periods begin on

^{1/} Applicant is engaged in public utility electric operations in California and Nevada and also public utility gas and water operations in Nevada.

April 1 and October 1 each year. The last ECAC adjustment was effective April 10, 1979, by Decision No. 90152 in Application No. 58716.

Public hearing in this application was held before Administrative Law Judge Albert C. Porter at South Lake Tahoe on November 15, 1979, on which date the matter was submitted.

Applicant maintains that its existing rates are insufficient to meet its increased costs for fuel and/or purchased power and that the increases requested will not increase its net operating income. Two exhibits in support of applicant's request were presented by its witness John Nunn, senior rate analyst. Mr. Nunn used the period 12 months ended July 31, 1979, as a base to estimate the effect of the increases in energy costs. His estimate is that there will be an underrecovery of energy costs for California operations for the year beginning October 1, 1979 of \$459,800. Coupling this with California sales of 406,151 megawatt hours produces a requirement of an additional 0.113¢/kWh to be added to the current ECABFs. Mr. Nunn proposes that the 0.113¢ be applied equally to all customer sales including lifeline. (Code Section 739(c)^{2/} would not preclude such a proposal because the system average increase over January 1, 1976 had reached 33.6 percent as of April 1, 1979.) The effect of applicant's proposal is shown on Table A and is based on estimated sales and revenues for the calendar year 1980 (Exhibit 2).

2/ Code Section 739(c):

"The commission shall require that every electrical and gas corporation file a schedule of rates and charges providing lifeline rates. The lifeline rates shall be not greater than the rates in effect on January 1, 1976. The commission shall authorize no increase in the lifeline rates until the average system rate in cents per kilowatt-hour or cents per therm has increased 25 percent or more over the January 1, 1976, level."

TABLE A

	Rate in ¢/kWh*		Percent Increase
	Estimated for Calendar Year 1980	With 0.113¢ Added	
Residential:			
Lifeline	3.622	3.735	3.1
Nonlifeline	5.747	5.860	2.0
Total	5.060	5.173	2.2
Other:			
Small General	5.342	5.455	2.1
Medium General	4.442	4.555	2.5
Large General	4.202	4.315	2.7
Agriculture	5.776	5.889	2.0
Average System	4.992	5.105	2.3
For Residential, Percent of:			
Lifeline Below System	27.4	26.8	-
Nonlifeline Above Lifeline	58.7	56.9	-
Total Over System	1.4	1.3	-

*Includes all charges.

Appendix A contains comparisons of typical residential and commercial bills under present and proposed rates (Exhibit 1).

Associate Utilities Engineer Theo Kemos testified for the Commission staff and supported applicant's requested increase and proposed rate spread. Mr. Kemos testified that the uniform ECAC increase to all customers is consistent with present Commission policy as stated in the recent Southern California Edison Company ECAC adjustment, Decision No. 90967 dated October 23, 1979, (Nimec. p.20a), "...we will adopt the policy that the burden of future ECAC rate increases be borne by all classes of customers on a uniform ¢/kWh basis. Within the domestic class, the burden should be principally on nonlifeline rates." He stated that in Decision No. 90967 the Commission adopted a domestic rate design which set nonlifeline rates 50 percent above

lifeline and that a uniform ECAC increase for Sierra Pacific would result in a differential based on staff calculations of 57.5 percent above lifeline rates; such a differential would be sufficient to encourage conservation of nonlifeline domestic usage and is consistent with Commission policy.

The recommendations of applicant and staff appear to be reasonable and we will adopt them. Because the ECAC period covered by this decision was to have begun October 1, 1979, and this decision will be effective well after that date, we will make this order effective the date signed.

Findings of Fact

1. By this application Sierra Pacific requests an increase in its ECABFs of 0.113¢/kWh for all quantities billed. The approximate revenue increase on an annual basis to Sierra Pacific would be \$459,800.

2. A duly noticed hearing in this application was held at which all interested parties had an opportunity to be heard.

3. Sierra Pacific's energy costs used to determine the increases to be authorized by this decision are reasonable.

4. The uniform cents per kWh increase proposed by Sierra Pacific is consistent with current Commission policy.

5. The differential that will exist between nonlifeline and lifeline domestic quantities used will encourage residential customers to conserve energy usage.

6. Sierra Pacific should be authorized to increase its ECABFs for all sales by 0.113¢/kWh.

7. As a result of the increase noted in Finding No. 6, the estimated additional annual revenue for Sierra Pacific will be \$459,800.

8. The increase noted in Finding No. 6 is reasonable and can foster conservation of energy.

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9. 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.

10. There is an immediate need for the rate relief authorized herein. Sierra Pacific is already incurring the costs which will be offset by the rate increase authorized.

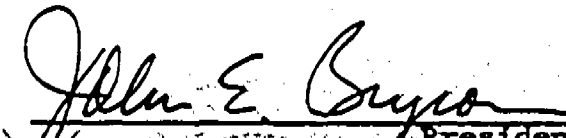
Conclusions of Law

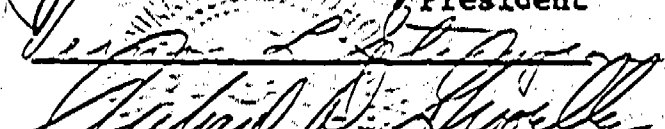
1. Sierra Pacific should be authorized to place into effect the ECABFs found to be reasonable in the findings set forth above.

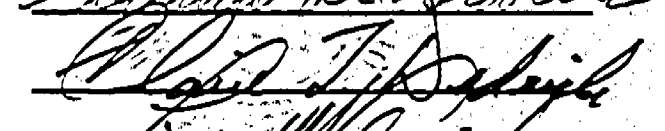
2. The effective date of this order should be the date hereof because there is an immediate need for rate relief.

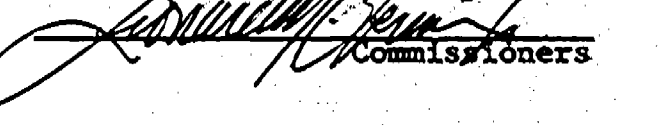
IT IS ORDERED that Sierra Pacific Power Company shall file with this Commission within five days after the effective date of this order, in conformity with the provisions of General Order No. 96-A, revised tariff schedules with rates, charges, and conditions modified so that the Energy Cost Adjustment Clause rates are increased by 0.113¢ per kilowatt hour for all sales. The revised tariff schedules shall be effective the date filed.

The effective date of this order is the date hereof.
Dated NOV 30 1979, at San Francisco, California.



President






Commissioners

APPENDIX A
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TYPICAL BILL COMPARISON
RESIDENTIAL

Line No.	Rates Effective 7-1-79	Proposed ECAC Rates	Increase		Line No.
			Amount	Percent Over: (Under)	
1					1
2					2
3					3
4					4
5					5
6					6
7					7
8					8
9					9
10					10
11					11
12					12
13					13
14					14
15					15
16					16
17					17
18					18
19					19
20					20
21					21
22					22
23					23
24					24
25					25
26					26
27					27
28					28
29					29
30					30
31					31
32					32
33					33
34					34
35					35
36					36
37					37
38					38
39					39

Note: Basic lifeline = 240 kWh
With water heating add 250 kWh
With space heating add 1,420 kWh

APPENDIX A
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TYPICAL BILL COMPARISON
COMMERCIAL

Line No.	Rates Effective 7-1-79	Proposed ECAC Rates	Increase		Line No.	
			Amount	Percent Over (Under)		
1	Commercial				1	
2	Rate Schedule A-1				2	
3	1,000 kWh-Base Rate	\$25.33	\$25.33	\$ -	-	3
4	ECAC	<u>28.42</u>	<u>29.55</u>	<u>1.13</u>	<u>4.0</u>	4
5	Total	<u>53.75</u>	<u>54.88</u>	<u>1.13</u>	<u>2.1</u>	5
6					6	
7	2,000 kWh-Base Rate	48.36	48.36	-	-	7
8	ECAC	<u>56.84</u>	<u>59.10</u>	<u>2.26</u>	<u>4.0</u>	8
9	Total	<u>105.20</u>	<u>107.46</u>	<u>2.26</u>	<u>2.1</u>	9
10					10	
11	3,000 kWh-Base Rate	71.39	71.39	-	-	11
12	ECAC	<u>85.26</u>	<u>88.65</u>	<u>3.39</u>	<u>4.0</u>	12
13	Total	<u>156.65</u>	<u>160.04</u>	<u>3.39</u>	<u>2.2</u>	13
14					14	
15	Rate Schedule A-2				15	
16	45,000 kWh, 90 kW				16	
17	Base Rate	535.05	535.05	-	-	17
18	ECAC	<u>1,278.90</u>	<u>1,329.75</u>	<u>50.85</u>	<u>4.0</u>	18
19	Total	<u>1,813.95</u>	<u>1,864.80</u>	<u>50.85</u>	<u>2.8</u>	19
20					20	
21	55,000 kWh, 100 kW				21	
22	Base Rate	621.95	621.95	-	-	22
23	ECAC	<u>1,563.10</u>	<u>1,625.25</u>	<u>62.15</u>	<u>4.0</u>	23
24	Total	<u>2,185.05</u>	<u>2,247.20</u>	<u>62.15</u>	<u>2.8</u>	24
25					25	
26	65,000 kWh, 110 kW				26	
27	Base Rate	708.85	708.85	-	-	27
28	ECAC	<u>1,847.30</u>	<u>1,920.75</u>	<u>73.45</u>	<u>4.0</u>	28
29	Total	<u>\$2,556.15</u>	<u>\$2,629.60</u>	<u>\$73.45</u>	<u>2.9</u>	29
30					30	
31	ECAC Adjustment (Mills)					
32	Non-Lifeline Sales	28.42	29.55			