ALJ/ems/hh *

Decision No. 92024 JUL 15 1980 ORIGINAL

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 to Recover Expenses Associated With Its Load Management Program and For Approval of Certain Tariff Provisions.	Application No. 59350 (Filed December 28, 1979)

Jeffrey Lee Guttero and Stephen A. Edwards, Attorneys at Law for applicant.
John W. Witt, City Attorney, by William S. Shaffran, Deputy City Attorney, for the City of San Diego, interested party.
Freda Abbott, Attorney at Law, for the Commission staff.

OPINION

San Diego Gas & Electric Company (SDG&E) requests authority to increase its electric rates to produce a revenue increase of $3.92 million[1/] for the calendar year 1980, to offset, on a dollar-for-dollar basis, expenses incurred for its 1980 accelerated Load Management Program. This increase constitutes less than one percent of SDG&E's Electric Department annual revenues.

1/ Original request of $4.09 million for 1980 was reduced to reflect (1) deferral of the Supplementary Commercial Peak Load Cycling Program and (2) reduction in labor expense for Swimming Pool Filter Pump Program.

SDG&E also requests implementation of a Load Management Balancing Account along with tariff provisions for the determination of an adjustment factor to allow recovery of load management program expenditures in future years. The balancing account is to be effective January 1, 1980.

The following tabulation sets forth SDG&E's amended request along with the staff's recommendations:

Anticipated 1980 Expenditures for Compliance with Load Management Standards

Program	SDG&E	Staff	SDG&E Exceeds Staff
	(Dollars in Thousands)		
1. Residential Peak Load Cycling	$2,680	$2,250	$ 430
2. Nonresidential			
a) Large Commercial	315	315	0
b) Small Commercial	276	276	0
3. Swimming Pool Pump Filter	522	435	87
4. Tariff	20	20	0
	3,813	3,296	517
Additional Program Recommended by Staff			
5. Summer Peak Reduction	0	450	(450)
	$3,813	$3,746	$ 67
Revenue Requirement	$3.92 million	$3.85 million	

Summary of Decision

SDG&E is authorized to increase its revenues by approximately $3.92 million, or less than one percent, to pay for programs designed to cut electricity demand during peak use periods. The objective of these programs is to cut demand for electric power during peak periods in order to reduce the need to build costly new power plants.

The rate increase will allow SDG&E to set up new programs:

(1) $2.25 million to install devices that turn off air conditioners and water heaters for short periods of time during peak use hours.

(2) $315,000 for on-site energy audits for large commercial customers. After the audit, SDG&E would tell companies how to reduce energy use.

(3) $276,000 for an educational program to show small commercial customers how to reduce energy use.

(4) $522,000 to implement an on-site audit program to encourage pool owners to run their filtering pumps only when the demand for electricity is low.

(5) $20,000 for special studies on marginal cost-based rate design, which is a new electric rate structure aimed at encouraging conservation.

(6) $450,000 for a program to encourage cut back of electricity consumption during peak hours this summer.

<u>Summary of Decision</u> (Cont'd.)

The increase will allow SDG&E to recover no more than its costs and is not an increase to its authorized rate of return. All customer classes will have the same average increase of .065 cents per kilowatt-hour; however, for residential usage, the load management adjustment billing factor will reflect the present differential between lifeline and nonlife line rates. Accordingly, the billing factors for residential lifeline and nonlifeline consumption will be .055 and .076 cents per kilowatt-hour, respectively. The additional expenditures required to offset the costs of these load management programs will increase a typical residential customer bill for 500 kilowatt-hours by 33 cents per month.

Duly noticed public hearings were held before Administrative Law Judge B. Patrick at San Diego on March 6 and 7, 1980, and the matter was submitted on the second day of hearing after oral argument. Testimony was presented by five witnesses for SDG&E and two witnesses for the Commission staff.

Background

On July 8, 1979, the State of California Energy Resources Conservation and Development Commission (CEC) promulgated certain Load Management Standards (standards) applicable to California utilities pursuant to Section 25403.5 of the Public Resources Code. These standards were enacted to establish cost-effective utility programs to reshape utility load duration curves and to require the utilities to submit a plan for implementation of certain load management programs to the CEC for approval. Utilities are not required to implement any program required by CEC until the costs and the method of recovering the costs are approved by the utility's rate-approving body which in this case is the PUC.

The standards also provide for recovery of program expenses in Section 1621(k) as follows:

> "(k) Recovery of Program Costs. In its rate applications, each utility shall seek to recover the full costs associated with conducting each program required by this article from the class of customers which the program most directly affects." (Emphasis added.)

The CEC, by its order dated March 3, 1980 in Docket No. 80-CON-1, approved the following SDG&E programs:

1. Residential Peak Load Cycling
2. Nonresidential - Large Commercial
3. Swimming Pool Pump Filter

SDG&E is required to submit the Nonresidential - Small Commercial Plan to the CEC by July 8, 1980, for approval, and has already submitted a draft of its plan to the CEC and the Commission.

The Tariff Program, which relates to Marginal Cost-Based Rate Designs, does not require specific CEC approval.

Need For Program Acceleration

The need to accelerate load management activities was recognized in the fall of 1979 by this Commission, the CEC, and the Governor's Energy Conservation Task Force. Acceleration is necessary to reduce summer peak demands during the 1980-83 period - the most critical years for capacity shortages in California. Substantial short-run benefits to customers will result during these years from more efficient use of existing resources and from the lessened necessity to purchase power from outside the state at high costs. In the long run, accelerated load management programs will, through more immediate demand reductions, make it possible for utilities to defer the construction of expensive new power plants.

A joint PUC-CEC letter was sent to California Electric Utilities in November 1979 to formalize earlier staff requests for accelerated programs. A report by the Task Force in January 1980 recommended the acceleration of programs directed by the Load Management Standards. SDG&E's response was to initiate accelerated load management programs in 1980 and to request, by this application, recovery of the additional costs in 1980 of its efforts.

Issues

Bearing in mind the CEC order, the issues in this proceeding are:

(1) Appropriate level of expenditures for the load management programs, items 1 through 4 shown on the preceding tabulation. Expenditures for item 2(b) Nonresidential - Small Commercial Program - $276,000, will be subject to approval of the program by the CEC.

(2) Need for Commission staff-proposed Summer Peak Reduction Program for 1980 - item 5.

(3) Rates to recover program expenditures.

(4) Need for Load Management Balancing Account.

(5) Treatment of $114,000 already allowed in rates for prior swimming pool program.

Position of City of San Diego

William S. Shaffran, deputy city attorney, stated that the city of San Diego (City) supports conservation but does not favor this type of piecemeal approach outside of SDG&E's general rate cases. Consequently City is opposed to the granting of offset rate relief because the ratepayers are not given a true insight into what they have to pay for, since there may be money available to transfer from other research and development or conservation programs now included in SDG&E's rates that are possibly not being carried out. Also, City opposes the request for a balancing account because it in effect guarantees SDG&E can spend whatever it wants to. City believes that the $114,000 allowed in SDG&E's rates by D.90405 dated June 5, 1979 should be applied to the new swimming pool program to reduce the cost and should not be shifted to another conservation program. Lastly, City points out that there is no evidence in the record that the staff's proposed Summer Peak Load Reduction Program will in any way assist SDG&E's ratepayers. Based on the record in this proceeding, City sees no reason why SDG&E's ratepayers should pay approximately half a million dollars in rates just because Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (Edison) may have a margin problem.

We share the City's concern with respect to the balancing account and, accordingly, will provide that SDG&E account for 1980 expenditures on both conservation and load management programs authorized by this decision and programs associated with funds authorized by its last general rate case decision.

Residential Peak Load Cycling Program

Under this CEC-approved program, SDG&E is required to install remote load switches in residences which contain central air conditioners. These radio control switches will allow SDG&E to cycle air conditioning loads during summer peak load periods and thereby reduce system load.

For 1980, SDG&E and staff estimate expenditures of $2,680,000 and $2,250,000, respectively. The staff estimate reflects a reduction of $430,000 which staff believes can be achieved by more customer contacts per day and reduction in the amount allowed for contingency. It should be emphasized that this program is only a test program. When the results of the program test are available further analysis will be done to determine whether the program is truly cost-effective and whether it should be continued.

After careful review of the evidence and testimony, we agree with staff and will adopt $2,250,000 as a reasonable level for 1980 expenditures.

Nonresidential - Large Commercial Program

This is a CEC-approved program for energy conservation surveys of large commercial customers with demands of equal to or over 500 kilowatts. The goal is to conduct surveys of 100 percent of the utility's customers within 36 months after plan approval and by advising customers as to conservation measures, strive to achieve, by 1985, a 20 percent improvement in energy efficiency.

Staff has reviewed SDG&E's estimates and concludes that the total estimated cost of $315,000 for implementing this program during 1980 is reasonable. Based on all the evidence submitted at the hearing, we agree.

Nonresidential - Small Commercial Customer Program

Under this CEC-approved program, SDG&E is required within 24 months after plan-approval, to contact 100 percent of its small commercial customers with demands less than 500 kilowatts, individually or through trade and community organizations. SDG&E is required to develop plans and conduct programs to achieve, by 1985, a 20 percent improvement in energy efficiency.

Staff has reviewed SDG&E's preliminary plan and estimates and concludes that the total estimated cost of $276,000 for implementing this program in 1980 is reasonable. Based on the evidence submitted at the hearing, we conclude that for 1980, $276,000 is a reasonable level of expenditure for this program.

Swimming Pool Pump Filter Program

Under this CEC-approved program, SDG&E's goal is to have contacted 100 percent of the identified pool owners in SDG&E's service area by the end of 1980 to encourage off-peak operation of pool filter pumps and reduced hours of operation. All pools are to be audited by the end of 1983 by field visits. During these visits, auditors will install trippers in existing pool time clocks so that the operation of pool filter pumps will be limited to off-peak hours.

Prior to the establishment of CEC's load management standards, SDG&E audited 5,000 pools in 1979 and planned to audit 7,000 pools during 1980. However, to accommodate PUC-CEC requests to accelerate this program, SDG&E has a new goal of auditing 14,000 pools in 1980.

SDG&E reduced its original estimate by $47,000 when it determined that gas servicemen already employed by it will be assigned to the pool program as workload in other areas allows. SDG&E's amended estimate and staff's estimate for 1980 are $522,000 and $435,000, respectively. The difference is due to reductions by staff of $64,000 for advertising and $23,000 for auditor expenses.

Advertising expenditures are requested by SDG&E to reach the 40 percent of pool owners who have not yet been identified, and SDG&E believes that the level of expenditure requested is necessary in order to achieve this objective. Staff contends that the amount requested for media advertising is excessive since SDG&E was able in 1979 to reach 60 percent of the estimated 50,000 pool owners in its service territory.

James A. Hunter, manager/director of SDG&E's Marketing Systems, who has the responsibility for coordination of SDG&E's marketing, conservation, load management, and solar systems, testified that based on 1979 experience, the swimming pool program was found to be extremely cost-effective in reducing or shifting load off peak.

We are aware of this program as highly effective in reducing peak load demand. We also note that the swimming pool program has proven cost-effective and will take this into account in deciding appropriate levels of expenditure for 1980. Since we agree with SDG&E that there is a need to reach the unidentified 40 percent of pool owners and impress upon them the need to get their pools off peak, we will not adopt staff's proposed $64,000 reduction in media advertising. However, we will expect staff to monitor the results of this program carefully and make appropriate adjustments to 1981 expenditures.

With respect to staff's reduction of $23,000 for auditors' expenses, the evidence indicates that staff's allowance for inflation is not in keeping with most recent experience and we will not adopt this adjustment.

We now turn to SDG&E's request that the $114,000 presently allowed in rates for its prior swimming pool program be transferred to the new Residential Conservation Service (RCS) program mandated by the National Energy Conservation Policy Act. SDG&E's witness Hunter testified that SDG&E had budgeted $261,000 for the RCS program in 1980 for which no allowance was made in the present rates. Staff witness Lawrence D. Chow supported SDG&E's request and pointed out that the RCS program is a mandated program which must be implemented even at the expense of other conservation programs unless new funds are available. After careful consideration, we will adopt staff's recommendation and authorize the $114,000 already included in 1980 rates to be used for the RCS program.

Unspent Funds for Programs Allowed in Rates

We note City's objection to piecemeal treatment of these expenditures outside of a general rate case and City's concern that there may be funds available from other programs included in SDG&E's rates which are not being carried out. While we are not in favor of piecemeal treatment of SDG&E's expenses for conservation and load management programs outside of a general rate case, we should point out that with the exception of the staff-recommended Summer Peak Load Reduction Program for $450,000, SDG&E asks only for offset rate relief for programs which were not required by CEC at the time of its last general rate case. We further note that staff witness Chow testified he reviewed funding previously authorized for conservation and load management programs and found no duplication. However, SDG&E failed to introduce any evidence to show how actual expenditures in 1979 for conservation and load management programs compared with the amounts already allowed in rates.

The balancing account can only be authorized prospectively and San Diego must account for future expenditures relating to the programs authorized herein within the balancing account. Further, SDG&E will be required to include in its report covering 1980 expenditures an analysis of amounts expended on these programs prior to the establishment of the balancing account and an analysis of all other conservation expenditures for the year 1980. SDG&E will not be authorized to divert funds from other conservation programs to offset the costs of these programs.

Tariff Program

This is a CEC-approved program which covers development of marginal cost-based rates. The program does involve additional work, over and above that normally undertaken by the utilities. We conclude that the requested amount of $20,000 for 1980 is reasonable.

Summer Peak Awareness Program

This is an additional program recommended by staff, and not by part of the CEC Load Management Standards. In recommending this program, staff witness John Quinley, supervising engineer in the Electric Branch of the Utilities Division, testified as follows:

> "There is a great need for an accelerated Summer Peak Reduction Communications (public awareness) Program by SDG&E during the summer 1980. This program has three purposes. The first is to provide peak load reductions on SDG&E's system during the early part of the summer when the San Diego area is relatively cool in order to assist other California utilities to meet their peak period demands. The second is to assist SDG&E in meeting its peak loads which normally occur in September. The third involves radio and television ads for use in the event of Stage I or II alerts in any part of the state in order to obtain immediate load reductions, followed by newspaper ads explaining the need for the alert."

By D.91751 dated May 6, 1980 in OII 43, this Commission ordered all electric utilities, including SDG&E, to place into effect a statewide reserve-sharing plan and a statewide load reduction plan, and to expand their conservation plans for 1980. Included in the above order is the requirement that for the summer of 1980 the utilities will implement a two-part program to reduce system loads during peak afternoon hours. The first part is a public information program identifying peak hours and measures customers can take to reduce peak loads throughout the duration of this plan. The second part is a three-stage program of extra efforts to be undertaken by the utilities during critical periods to reduce load.

The summer peak reduction communications (public awareness) program, described by witness Quinley, is part of SDG&E's program for compliance with the order in D.91751. Since no provision was made for utilities to recover expenditures for compliance with the order, we will adopt the staff recommendation in this proceeding and authorize expenditures up to $450,000 for a 1980 summer peak awareness program.

Balancing Account

SDG&E requests a balancing account effective January 1, 1980 along with tariff provisions for the determination of an adjustment factor to allow recovery of load management program expenditures in future years.

In opposing the granting of a balancing account, City points out that a balancing account in this type of situation guarantees that SDG&E can spend whatever it wants to. We note City's concern; however, in fairness to SDG&E and the ratepayers, there should be some mechanism whereby SDG&E is compensated for its expenditures, no more or no less than actual program costs. Accordingly, we will approve SDG&E's request subject to the condition that SDG&E must justify all expenditures for reasonableness. Both SDG&E and staff should note that the balancing account must be terminated when new final rates become effective following SDG&E's next general rate case.

A balancing account cannot be established retroactively since it would constitute retroactive ratemaking. However, since SDG&E is incurring expenditures for these load management programs, the balancing account should be established the date the following order is effective. No expenses incurred prior to the effective date of this order shall be included in the balancing account.

Load Management Adjustment Rate

SDG&E's witness Hitt testified that the company's most critical problem is chronic internal cash-flow shortage. He further testified that SDG&E cannot afford to fund new programs when it is having difficulty generating the cash for day-to-day operations. In view of SDG&E's cash-flow situation, we believe SDG&E should be allowed to recover 1980 expenditures over the months remaining in the calendar year.

We believe all customer classes should share equally in the cost of load management programs since the objective is to reduce peak system loads and, thereby, the need to construct expensive new power plants. In the future all customers will experience savings through lower rates because of reduced need for investment in new plant by the utility. Therefore, load management expenditures should be recovered on a uniform cents-per-kilowatt-hour basis. However, in order to maintain the present differential between lifeline and nonlifeline rates within the residential class, we will provide for a lower lifeline and a higher nonlifeline load management adjustment factor. The authorized factors for the residential class should provide a revenue increase which will assign to the residential class the same cents-per-kilowatt-hour increase as authorized for all other customer classes.

New final rates following SDG&E's next general rate case will not become effective until January 1, 1982. Therefore, it will be necessary to provide for a revised load management adjustment rate for 1981, which will take into account over- or undercollections in 1980, and changes in program expenditures for 1981. Accordingly, we expect SDG&E to file an application at least 60 days before March 31, 1981, reflecting a revision to the load management adjustment rate. The revised rate will remain in effect until new rates are authorized following a decision in SDG&E's next general rate case, at which time the balancing account will be terminated by amortizing the balance and the load management adjustment rate will be eliminated.

Findings of Fact

1. SDG&E should be granted offset rate relief to recover mandatory load management program expenses not covered in its present rates.

2. SDG&E should be granted offset rate relief for a 1980 Summer Peak Awareness Program in order that it may comply with the Commission's order in D.91751 dated May 6, 1980.

3. Reasonable levels of expenditure for the load management programs for the year 1980 are:

Residential Peak Load Cycling	$2,250,000
Nonresidential	
a. Large Commercial	315,000
b. Small Commercial	276,000
Swimming Pool Pump Filter	522,000
Tariff	20,000
Summer Peak Awareness	450,000
Total	$3,833,000

4. The objective of these load management programs is to reduce system peak loads and thereby reduce the need to construct expensive new power plants. Since these objectives benefit all customer classes, costs of the programs should be shared on a uniform cents per kilowatt-hour basis for all classes.

5. In order to maintain the present relationship between lifeline and nonlifeline residential customer rates, separate load management factors for lifeline and nonlifeline usage should be applied, which in effect should assign to the residential class the same cents per kilowatt-hour increase as authorized for all other customer classes.

6. SDG&E should be authorized to establish a load management balancing account, effective the date of this order, to record expenditures on and after that date. Such an account will protect the ratepayer by ensuring that authorized funds are spent on the programs and will allow full reimbursement to the company for reasonable expenditures made after the effective date of this order.

7. The load management adjustment rate should be calculated as shown in Appendix A and be revised on March 31, 1981 to reflect (1) over- or under-collections in the balancing account and (2) anticipated reasonable expenses for the year 1981.

8. The revenue requirement to recover the authorized expenditures for 1980 is $3.92 million and the load management adjustment factors to recover these revenues during the calendar year are:

Residential Lifeline	.055 cents per kilowatt-hour
Residential Nonlifeline	.076 cents per kilowatt-hour
Other Classes	.065 cents per kilowatt-hour

9. The authorized load management adjustment rate should terminate on March 31, 1981 if SDG&E does not file an application for a revised rate 60 days before this date, together with a report covering 1980 expenditures and estimated program costs for 1981.

10. The load management adjustment rate and balancing account should terminate when new final rates are authorized following SDG&E's next general rate case.

11. SDG&E should be authorized to transfer the $114,000, already included in 1980 rates for the prior swimming pool program, to the RCS program.

12. SDG&E should be placed on notice that unspent amounts, which have been allowed in rates for conservation and load management programs in its last general rate case and in this decision, will be offset by a corresponding reduction in any rate relief allowed in its next general rate case.

Conclusions of Law

1. The application should be granted to the extent provided by the following order.

2. The following order should be effective the date of signature because SDG&E is now incurring the expenditures which the revised rates are to cover.

O R D E R

IT IS ORDERED that:

1. After the effective date of this order, San Diego Gas & Electric Company (SDG&E) is authorized to file the revised preliminary statement attached to this order as Appendix A. Such filing shall comply with General Order No. 96-A.

2. Within five days after the effective date of this order, SDG&E is authorized to file revised tariffs to reflect the load management adjustment factors listed in Finding 8 herein on all jurisdictional sales (except Escondido Mutual Water Company contract). The revised tariffs shall be filed in conformance with General Order No. 96-A, to be effective three days after filing. Based on 1980 estimated sales, these factors will permit recovery of $3.92 million in revenues for the remainder of the calendar year.

3. SDG&E is authorized to establish a load management balancing account effective the date of this order to record expenditures after that date. This balancing account will terminate when new final rates, which will not become effective until January 1, 1982, are authorized following SDG&E's next general rate case.

4. SDG&E is authorized to transfer the $114,000 allowed in 1980 rates for the prior swimming pool program to the Residential Conservation Service Program which is not covered by present rates.

5. SDG&E shall show, in its next general rate case proceeding, amounts spent for conservation and load management programs in relation to amounts allowed in ratemaking for these programs. Appropriate reductions will be made in any future rate relief following its next general rate case to offset unspent allowances for these programs.

6. SDG&E shall include in its report covering 1980 expenditures an analysis of the amounts expended on these programs prior to the establishment of the balancing account and an analysis of all other conservation expenditures for 1980.

7. SDG&E is not authorized to divert funds from other conservation programs to offset the costs of these programs.

The effective date of this order is the date hereof.

Dated JUL 15 1980, at San Francisco, California.

John E. Bryson
President

Vernon L. Sturgeon

Richard D. Gravelle

Claire T. Dedrick

Leonard M. Grimes Jr.

Commissioners

San Diego Gas & Electric Company

Proposed changes to San Diego Gas & Electric Company's Electric Department Preliminary Statement are shown below.

PRELIMINARY STATEMENT

10. Load Management Adjustment (LMA)

(a) Applicability

The base rates shown in Schedules A, A-5, A-5 TOU, A-6, A-PG, DR, DM, DS, DT, D-PG, D-UTOU, LS-1, LS-2, LS-3, OL-1, DWL, P, PA, PA-PG, and PDC and contracts subject to the jurisdiction of the California Public Utilities Commission, excluding the contract with Escondido Mutual Water Company, shall include the LMA rate set forth below.

(b) Revision of LMA Rate

The LMA rate shall be revised effective March 31, 1981 pursuant to further authorization by the Commission in accordance with the procedure for Determination of Revised Load Management Adjustment Rate, detailed below, or shall terminate March 31, 1981, if the utility has not filed a revised LMA rate in accordance with paragraph 10(f). The LMA rate, as determined herein, shall be the algebraic sum of an offset rate and a balancing rate and shall be carried to the nearest $0.00001 per kilowatt-hour.

(c) Adjustment to Offset Any Over/Undercollection of Load Management Costs

The March 31, 1981 revision of the LMA rate shall include an adjustment to offset any over/undercollection of Load Management costs. The LMA rate to become effective for service on and after the March 31, 1981 revision shall include a balancing rate which is the amount per unit

(c) Adjustment to Offset Any Over/Undercollection of Load Management Costs (Cont'd.)

of sales necessary to amortize the accumulated balance in the Load Management Cost Balance Account. The balancing rate shall be determined by dividing (1) the balance in the Load Management Cost Balance Account at the end of the latest available month at the time of the computation being made under the provisions hereof, adjusted for the effects of franchise and uncollectible accounts expense, by (2) the estimated sales for the remaining months up to December 31, 1981.

(d) Load Management Cost Balance Account

The utility shall maintain a Load Management Cost Balance Account commencing the date of this order. Entries shall be made to this account at the end of each month as follows:

(1) A debit entry if positive (credit entry, if negative) equal to:

a. The actual Load Management costs recorded in CPUC Accounts 188 and 908 during the month, less,

b. The amount of revenue billed during the month under the LMA offset rate (not including the balancing rate or any adjustment for franchise and uncollectible accounts expense) authorized by the Commission.

(2) A credit (if positive) or debit (if negative) entry equal to the amount of revenue billed or credited to bills respectively during the month under the LMA balancing rate (not including the adjustment for franchise and uncollectible account expense).

(d) Load Management Cost Balance Account (Cont'd.)

(3) A debit entry equal to interest on the average of the balance in this account at the beginning of the month and the balance in this account after entries (1) through (2) above, if the average balance is a debit (credit entry, if the average balance is a credit). The interest rate to be applied each month will be the rate specified in the Energy Cost Adjustment Account, Section 9(h).

(e) Determination of Revised Load Management Adjustment Rate

(1)	Estimated Expenditures for Load Management 1/	M$	
(2)	Provision for Franchise Fees and Uncollectibles, (1) x % 2/	M$	
(3)	Gross Revenue Required to Offset Load Management Expenditures, (1) + (2)	M$	
(4)	Estimated Affected Sales 1/		M^2kWh
(5)	Revised LMA Offset Rate, (3) ÷ (4)		¢/kWh
(6)	Previous LMA Offset Rate		¢/kWh
(7)	Change in LMA Offset Rate (5) - (6)		¢/kWh
(8)	Balance in Load Management Cost Balance Account as of ________ ___, _____ (Date)	M$	
(9)	Provision for Franchise Fees and Uncollectibles, (8) x % 2/	M$	
(10)	Gross Revenue Required to Offset the Load Management Cost Balance Account Balance, (8) + (9)	M$	
(11)	Revised Balancing Rate, (10) ÷ (4)		¢/kWh
(12)	Previous Balancing Rate		¢/kWh
(13)	Change in LMA rate, (7) + (11) - (12)		¢/kWh
(14)	Total LMA Rate, (5) + (11)		¢/kWh

(e) Determination of Revised Load Management Adjustment Rate (Cont'd.)

NOTE: 1/ Estimated sales are adjusted to reflect the ten percent lifeline discount on Schedule DS and the twenty-five percent lifeline discount on Schedule DT.

2/ The LMA rate, as determined above, shall reflect an adjustment factor for the effects of franchise and uncollectible accounts expense. The factor shall be set at whatever rate was authorized by the Commission for the recovery of franchise fees and uncollectible accounts expense in their most recent general rate decision for the utility prior to the time the utility files its revised LMA rate with the Commission.

(f) Time of Application for Revised LMA Rate and Related Reports

The utility shall apply for a revised LMA rate to the California Public Utilities Commission at least sixty days prior to the March 31, 1981 target revision date. The application shall be accompanied by an advice letter which shows the derivation of the LMA rate to be applied.

(g) Effective LMA Rate

Effective ____________, the LMA rate applicable for the schedules and contracts referenced in Section 10(a), above, is as follows:

Residential Lifeline	$0.00055 per kWh
Residential Nonlifeline	0.00076 per kWh
Other Classes	0.00065 per kWh