Decision No. 92868 APR 7 1981 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 Decrease Its Electric Rates and Charges to Reflect Expenses Associated With Its Load Management Program.	Application No. 60231 (Filed January 29, 1981)

OPINION

San Diego Gas & Electric Company (SDG&E) seeks authority to decrease its electric rates and charges applicable throughout its service territory by an estimated \$3.86 million in order to reflect costs associated with its ongoing Load Management Program. The rates proposed in this application are estimated to recover program costs through December 31, 1981, and amortize the balancing account overcollection as of December 31, 1980. SDG&E further requests that the rate decrease proposed herein be granted ex parte.

Background

On July 8, 1979, the California Energy Commission promulgated certain load management standards applicable to California utilities pursuant to Section 25403.5 of the Public Resources Code. These mandatory standards were enacted to establish certain utility programs to reshape utility load duration curves.

SDG&E filed A.59350 on December 21, 1979, seeking authority to increase its electric rates and charges to offset the costs of its accelerated implementation of the mandated programs, and to establish a balancing account to ensure dollar-for-dollar matching of program revenues and expenditures. On March 6 and 7, 1980, hearings were held on the application and on July 15, 1980, D.92024 was issued establishing the following load management adjustment rate billing factors:

Residential Lifeline	0.055¢/kWh
Residential Nonlifeline	0.076¢/kWh
Other Classes	0.065¢/kWh

The above rates became effective July 19, 1980 and have been in effect since that date.

D.92024 ordered SDG&E to file a revised load management adjustment rate 60 days before March 31, 1981 to reflect (1) over- or under-collections in the balancing account and (2) anticipated reasonable expenses for the year 1981. This application is SDG&E's response to that order.

SDG&E's Request

Attachment A to SDG&E's application contains a summary of estimated 1981 load management expenditures. The total expenditures by program are as follows:

Summary of 1981 Estimated Expenditures
(Dollars in Thousands)

Project	Total
1. Residential Peak Load Cycling	$2,019
2. Swimming Pool Filter Pump	152
3. Large Commercial	339
4. Small Commercial	705
Total	$3,215

Attachment B contains an analysis of 1980 load management expenditures.

Attachment C shows the proposed changes to SDG&E's tariff schedules.

Attachment D provides a statement of presently effective rates.

Attachment E shows the calculation of the proposed revised load management adjustment rate. The revised rate proposed by SDG&E in its application reflects an annual revenue reduction of $3.86 million and is based on (1) a balancing account amount of $829,600 overcollection recorded as of December 31, 1980, (2) a 12 months' 1981 program expenditure level of $3,215,000, and (3) 12 months' 1981 estimated affected sales of 9,604.28 M[2]kWh.

Following the availability of later information, SDG&E in its letter dated February 23, 1981 states that it estimates (1) the balancing account as of March 31, 1981 at $1,882,273 overcollection, (2) load management expenditures for the 9-month period beginning April 1, 1981 at $2,561,000, and (3) affected sales for the 9-month period at 7,116.22 M^2kWh. SDG&E further states it has no objection to this updated information being used to calculate the adopted revised load management adjustment rate.

<u>Discussion</u>

We believe the updated information furnished by SDG&E should be used to calculate the revised load management adjustment rate since overcollections in the balancing account will be reduced and revenues authorized in rates will better match expenditures. The calculation of the revised rate based on the later information is as follows:

Determination of Adopted
Load Management Adjustment Rate
(Dollars in Thousands)

1.	Estimated Expenditures for Load Management for 9-month Period Beginning April 1, 1981	$ 2,561.0
2.	Provision for Franchise Fees and Uncollectibles (1. x 1.18%)	30.2
3.	Gross Revenue Required to Offset Load Management Expenditures (1. + 2.)	2,591.2
4.	Estimated Affected Sales	7,116.22 M^2kWh
5.	Revised LMA Offset Rate (3. ÷ 4.)	0.036 ¢/kWh
6.	Previous LMA Offset Rate	0.065 ¢/kWh
7.	Increased Cost/kWh (5. - 6.)	(0.029) ¢/kWh
8.	Estimated Balance in Load Management Cost Balance Account as of March 31, 1981	(1,882.3)
9.	Provision for Franchise Fees and Uncollectibles (8. x 1.18%)	(22.2)
10.	Gross Revenue Required to Offset the Load Management Cost Balance Account Balance (8. + 9.)	(1,904.5)
11.	Revised Balancing Rate (10. ÷ 4.)	(0.027) ¢/kWh
12.	Previous Balancing Rate	-
13.	Change in LMA Rate (7. + 11. - 12.)	(0.056) ¢/kWh

Based on the above, the revenue reduction is estimated at $4.0 million for the calendar year.

Process
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Rates

In its application, SDG&E proposes that the decrease be spread to the affected customer classes on a uniform cents per kilowatt-hour basis. Within residential sales, SDG&E proposes unequal decreases to lifeline and nonlifeline rates in order to maintain the same percentage relationship between total average lifeline and total average nonlifeline rates.

We will adopt SDG&E's proposal to spread the decrease to the affected customer classes on a uniform cents per kilowatt-hour basis. However, for residential sales the overcollection in the balancing account will be amortized using the same percentage relationship of lifeline and nonlifeline rates as in D.92024.1/ However, the component of the residential load management rate applicable to future sales will be a uniform cents per kilowatt-hour since this reflects our policy in D.92664 dated February 4, 1981 covering SDG&E's solar financing program.

1/ D.92024 dated July 15, 1980 established the load management rates which we are now reducing.

Balancing Account

Since load management expenses are a subject of discussion in SDG&E's pending general rate case (A.59788) and appropriate base rates for 1982 load management expense will be considered in that proceeding, we will terminate the load management rate authorized by this decision concurrently with our decision in A.59788. The then existing status of the balancing account in either its over- or under-collection position will be taken into account in setting base rates for the 1982 test year. If the final status of the balancing account is not available at the time of setting base rates for the 1982 test year, we will take it into account in a subsequent proceeding.

Ex Parte Order

SDG&E requests that this rate decrease be granted on an ex parte basis. No party has objected to our granting SDG&E's request.

We agree. An ex parte order is appropriate because (1) any issues related to the reasonableness of the expenses and estimates shown in the application can be addressed in SDG&E's pending general rate case since 1982 load management expenses are scheduled to be discussed, (2) ex parte treatment would allow the reduced rates to become effective sooner, (3) potentially repetitive hearings on this subject will be avoided, and (4) the balancing account will adequately protect all parties.

Findings of Fact

1. By A.60231 SDG&E requests a reduction in its load management adjustment rate to yield an estimated annualized revenue reduction of $3.86 million. This reduction is based on (1) a balancing account amount of $829,000 overcollection recorded as of December 31, 1980, (2) 12 months' load management expenditures of $3,215,000, and (3) 12 months' estimated affected 1981 sales of 9,604.28 M^2kWh.

2. By letter dated February 23, 1981, SDG&E states that based on later information, it estimates (1) a balancing account as of March 31, 1981 of $1,882,273 overcollection, (2) 9 months' load management expenditures are $2,561,000, and (3) the corresponding 9 months' estimated affected 1981 sales are 7,116.22 M^2kWh.

3. It is reasonable to use the later information furnished by SDG&E to calculate the adopted revised load management adjustment rate. On this basis, the revised load management adjustment rate is 0.009¢ per kWh and the estimated revenue reduction for the calendar year is $4.0 million.

4. The rate reduction should be spread among all customer classes on a uniform cents per kilowatt-hour basis. Within the residential class, the same percentage relationship will be maintained between lifeline and nonlifeline rates for amortizing the overcollection in the balancing account. However, the component of the residential load management rate applicable to future sales will be a uniform cents per kilowatt-hour.

5. SDG&E should show, in its pending 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 to offset unspent allowances for these programs.

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

7. Ex parte relief is reasonable since load management expenditures will be reviewed in SDG&E's pending general rate case and all parties are adequately protected by the balancing account.

8. In order to provide for timely implementation of the rate reduction, the order that follows should be effective the date of signature.

9. The reduction in rates and charges authorized by this decision is 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.

Conclusions of Law

1. SDG&E's showing is sufficient to support the finding that the decrease is justified without evidentiary hearings.

2. SDG&E should be authorized to establish the revised load management adjustment rate set forth in the following order.

O R D E R

IT IS ORDERED that San Diego Gas & Electric Company is authorized to establish and file with this Commission, in conformity with the provisions of General Order No. 96-A, revised tariff schedules reflecting a load management adjustment rate of 0.009 cents per kilowatt-hour for all classes of service, ~~where applicable. The revised schedules shall apply only to service rendered on or after the effective date thereof.~~

The effective date of this order is the date hereof.

Dated APR 7 1981, at San Francisco, California.

John E. Bryson
President
Richard D. Gravelle
Leonard M. Grimes, Jr.
Victor Calvo
Priscilla C. Grew
Commissioners

except residential. Within the residential class the lifeline rate will be 0.013 cents per kilowatt-hour and the nonlifeline rate will be 0.004 cents per kilowatt-hour. The revised schedules shall apply only to service rendered on or after the effective date thereof.

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