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ORIGINALDecision 93315

JUL 22 1981

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 in)
Accordance with the Energy Cost)
Adjustment Clause in its Electric)
Tariff Schedules, as modified by)
Decision 92496 in OII 56 dated)
December 5, 1980.)

Application 60504
(Filed May 1, 1981)

O P I N I O N

By its original application, San Diego Gas & Electric Company (SDG&E) requested a \$9.4 million annual reduction in electric revenues effective July 1, 1981. At the time of filing, the application included estimated balancing account figures for the months of April, May, and June 1981. As a result of the availability of recorded information for the months of April and May, SDG&E subsequently revised its request to reflect a \$14.4 million decrease in electric revenues for the 12 months commencing July 1, 1981.

SDG&E, the Commission staff, and the City of San Diego (San Diego) joined in the request that the instant application be handled on an ex parte basis. We agree that such treatment is appropriate.

In Decision (D.) 92930 (Application (A.) 60161) dated April 21, 1981, the Commission set SDG&E's Energy Cost Adjustment Clause (ECAC) rates at the following levels:

Domestic Lifeline	4.752¢/kWh
Domestic Nonlifeline	6.819¢/kWh
All Other Schedules	6.453¢/kWh

These rates have resulted in an estimated \$16.5 million over-collection in the balancing account as of July 1, 1981. The primary element that has contributed to the ECAC balancing account overcollection has been the change in resource mix whereby the availability of cheaper natural gas has displaced the need for more expensive fuel oil in SDG&E's generation mix. SDG&E recommends use of a negative balancing rate of 0.522¢/kWh to amortize the \$16.5 million overcollection over a four-month period.

SDG&E proposes to follow the rate design adopted by the Commission in D.92930. SDG&E's proposal is that each class of service and each rate schedule within the nondomestic classes should receive a uniform-cents-per-kilowatt-hour decrease and that the resulting revenue reduction for the domestic class be assigned to the domestic nonlifeline rate. This results in a decrease of 0.149¢/kWh to nondomestic sales, a decrease of 0.391¢/kWh to domestic nonlifeline sales, and no change to the domestic lifeline rate.

The estimated effect of the decrease on classes of customers is as follows:

<u>Class of Service</u>	<u>Revenue Decrease for 12 months Commencing July 1, 1981</u>
Domestic Service	M ² \$ 5.5
General Service - Regular	4.8
General Service - Large	3.5
General Power	.15
Agricultural Power	.3
Street Lighting	<u>.15</u>
Total	M ² \$ 14.4

The proposed ECAC rates are as follows:

Lifeline ECAC Adjustment Rates

Schedules DR & DM	c/kWh	4.752
Schedule DSL ^{1/}	c/kWh	4.277
Schedule DTL ^{1/}	c/kWh	3.564

Nonlifeline ECAC Adjustment Rates

Domestic Schedules	c/kWh	6.428
Nondomestic Schedules	c/kWh	6.304

^{1/} Adjusted for Schedules DS and DT
Lifeline Discount.

As a result of these proposed rate revisions, the estimated decrease in electric rates resulting from this application would be \$4.9 million for the four-month period July 1 through October 31, 1981, or \$14.4 million for the 12 months commencing July 1, 1981. We find SDG&E's proposed adjustments to the ECAC rates to be reasonable, and we will authorize them.

To the extent this decision adopts SDG&E's fuel expense projections and allows ECAC recovery of certain losses associated with fuel oil sales, our ex parte treatment of this application is in no way intended to foreclose future review of these issues. These issues, among others, are properly the subject of review during SDG&E's annual reasonableness review in November.

Findings of Fact

1. SDG&E's ECAC billing factors were last adjusted in D.92930 to reflect energy-related costs incurred during the period ending March 1, 1981.

2. As of July 1, 1981, overcollections in the balancing account totaled \$16.5 million.

3. Amortization of the balancing account over a four-month period is consistent with D.92496 and will benefit SDG&E's ratepayers.

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4. The adopted decreases in SDG&E's billing factors for the forecast period beginning with July 1, 1981 were developed through the implementation of projected estimates shown to be justified and reasonable under the circumstances.

5. The adopted decreases in SDG&E's billing factors, if in effect for a full 12-month period, will result in an annual reduction in electric revenues of \$14.4 million.

Conclusions of Law

1. SDG&E should be authorized to establish the revised ECAC billing factors set forth in the following order; such rates are fair, just, and reasonable.

2. The following order should be effective on the date of signature since the adopted rates more accurately reflect the energy-related expenses incurred, or which are estimated to be incurred, by SDG&E.

O R D E R

IT IS ORDERED that:

1. The following Energy Cost Adjustment Clause (ECAC) billing factor rates may be assessed by San Diego Gas & Electric Company upon filing revised tariffs with the Commission within five days after the effective date of this order. Such filing shall be in conformance with General Order 96-A, and the revised tariffs shall be effective immediately upon filing.

Domestic Lifeline	4.752¢/kWh
Domestic Nonlifeline	6.428¢/kWh
Nondomestic	6.304¢/kWh

2. The ECAC balancing account in question in this proceeding is subject to further review with respect to the reasonableness of recorded expenditures.

This order is effective today.

Dated JUL 22 1981, at San Francisco, California.

John E. Goyan
President
William D. Hoyle
James W. Smith
Robert C. Smith
George C. Smith
Commissioners