

Alcohol

Decision 96-10-068 October 25, 1996

ORIGINAL

Application of PACIFIC GAS AND ELECTRIC COMPANY (U 39 M) for authority, among other things, to increase its rates and charges for electric and gas service.

Application 60153
(Filed December 23, 1980)

Application of PACIFIC GAS AND ELECTRIC COMPANY (U 39 E) for authority, among other things, to increase its rates and charges for electric service.

Application 58545
(Filed December 26, 1978)

Application of PACIFIC GAS AND ELECTRIC COMPANY (U 39 G) for authority, among other things, to increase its rates and charges for gas service.

Application 58546
(Filed December 26, 1978)

1. Summary of Decision

Three pleadings aimed at suspending operational and rate base attrition mechanisms for Pacific Gas and Electric Company (PG&E) are dismissed. PG&E's authority to exercise the mechanisms lapsed in its test year 1996 general rate case.

The three captioned proceedings comprise PG&E's test year 1980 and test year 1982 general rate cases. On May 3, 1993, the Division of Ratepayer Advocates (DRA), the California Large Energy Consumers Association (CLECA), the Federal Executive Agencies (FEA), and Toward Utility Rate Normalization (TURN) filed a joint petition to modify Decision (D.) 93887 (Petition) in order to suspend the operational and rate base attrition mechanisms then in place for PG&E. The parties did not seek suspension of the

financial attrition mechanism, under which PG&E files annual cost of capital applications. PG&E filed a timely response, and Southern California Edison Company (Edison) and San Diego Gas & Electric Company filed timely protests to the Petition.

In the Petition and later motions, the petitioners contend that the attrition mechanism has outlived the circumstances which warranted its adoption, and that PG&E's electric rates are too high. PG&E and the Southern California utilities argue that attrition adjustments are necessary as part of the three-year rate case cycle, that suspending the attrition mechanism would preclude the opportunity to earn a fair rate of return, and that the Petition is procedurally defective.

The Commission's Investigation (I.) 90-08-006 into electric and gas incentive mechanisms was open at the time the Petition was filed. On December 17, 1993, the Commission placed on its regular agenda a proposed decision which would have addressed attrition mechanisms for all energy utilities under Commission ratemaking jurisdiction. However, the proposed decision was withdrawn, and I.90-08-006 was later closed by D.95-02-076. The Commission has taken no action regarding the Petition.

On July 14, 1994, eight parties--DRA, CLECA, FEA, TURN, Department of General Services, Agricultural Energy Consumers Association, California Farm Bureau Federation, and Industrial Users--filed a joint motion for the Commission to act on the Petition and suspend PG&E's attrition adjustments. PG&E and Edison filed timely oppositions to the motion. On September 2, 1994, DRA, acting on behalf of the same eight parties, filed a motion for consolidation of PG&E's 1995 attrition advice filing with the instant general rate cases. PG&E filed a timely response to the motion for consolidation.

PG&E filed Application (A.) 94-12-005, its test year 1996 general rate case, in December 1994. In that proceeding, PG&E did not seek and the Commission did not grant authority to continue

PG&E's operational and rate base attrition mechanisms following the test year.¹

3. Discussion

We will dismiss the three attrition-related pleadings because PG&E has voluntarily let its operational and rate base attrition mechanisms lapse, beginning with test year 1996.

As well, incentives and ratemaking mechanisms are under active Commission review in other proceedings. In April 1994 we opened Rulemaking 94-04-031 and I.94-04-032, known as the electric restructuring proceeding, which explicitly addresses electric ratemaking mechanisms.² The restructuring proceeding incorporates elements of various electric and gas performance-based ratemaking (PBR) applications filed by the utilities.³

The test year 1980 and 1982 general rate cases, which were reopened by the instant pleadings, can be closed.

Finding of Fact

In A.94-12-005, PG&E did not seek and the Commission did not grant authority to continue PG&E's operational and rate base attrition mechanisms, beginning with test year 1996.

Conclusion of Law

The Petition and related motions should be dismissed.

1 D.95-12-055, discussion at mimeo. p. 4, Finding of Fact 1 at mimeo. p. 103.

2 See the June 21, 1996, Assigned Commissioner's Ruling, which provides procedural guidance for a ratesetting working group.

3 See D.95-02-076 for short descriptions of active PBR proceedings, effective February 1995. The decision also refers consideration of the Annual Energy Rate mechanism to the electric restructuring proceeding.

O R D E R

IT IS ORDERED that:

1. The May 3, 1993 joint petition of the Division of Ratepayer Advocates (DRA), the California Large Energy Consumers Association, the Federal Executive Agencies, and Toward Utility Rate Normalization to modify Decision 93387 is dismissed.

2. The July 14, 1994 joint motion of eight parties to suspend the attrition adjustment for Pacific Gas and Electric Company (PG&E) is dismissed.

3. The September 2, 1994 motion of DRA for consolidation of PG&E's 1995 attrition advice filing is dismissed.

4. These proceedings are closed.

This order becomes effective 30 days from today.

Dated October 25, 1996, at Sacramento, California.

P. GREGORY CONLON

President

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

Commissioners

Commissioner Daniel Wm. Fessler,
being necessarily absent, did
not participate.