

Decision 97-02-052 February 19, 1997

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the)
Commission's Proposed Policies)
Governing Restructuring California's)
Electric Services Industry and)
Reforming Regulation.)

R.94-04-031
(Filed April 20, 1994)

Order Instituting Investigation on)
the Commission's Proposed Policies)
Governing Restructuring)
California's Electric Services)
Industry and Reforming Regulation.)

I.94-04-032
(Filed April 20, 1994)

O P I N I O N

Summary

This decision grants, in part, Pacific Gas and Electric Company's (PG&E) Second Petition to Modify Decision (D.) 96-12-025, filed on January 22, 1997.¹ At PG&E's request, we change the authorized calculation methodology PG&E may use to provide its customers a refund of the 1996 Electric Deferred Refund Account (EDRA) balance in order to allow customers to receive their refund in March 1997 without further delays. We find this modification is necessary due to PG&E's failure to file its first advice letter in compliance with D.96-12-025, thereby necessitating a second filing that is too late to provide for expeditious refunds without a modification to the calculation methodology. PG&E's pleading shows it can meet the existing requirements of D.96-12-025 in future years; therefore, we do not grant PG&E's request to adopt its proposed methodology for future EDRA refunds.

¹ This decision does not address the issues contained in PG&E's Petition to Modify D.96-12-025 filed on December 20, 1996.

Background

In D.96-12-025, issued on December 9, 1996, we stated:

"In conformance with PU Code § 453.5, it is reasonable to establish electric deferred refund accounts to record credits for electric disallowances ordered by this Commission, electric and UEG gas settled amounts resulting from reasonableness disputes, and fuel-related cost refunds made to the utilities based on regulatory agency decisions, plus interest charges at conventional balancing account interest rates." (Id. Conclusion of Law 2, slip op. at 10.)

"PG&E, SCE, and SDG&E shall return refunds and disallowances, including appropriate interest, to customers through an annual refund based on each customer's average monthly energy usage for each calendar-year period, and which shall be returned in accordance with a refund plan filed by advice letter on or before January 31 of the succeeding year." (Id. Ordering Paragraph 4, slip op. at 11.)

On January 10, 1997, PG&E filed Advice Letter 1644-E, which proposed to refund approximately \$25 million of its EDRA balance beginning February 1, 1997, based on each customer's average monthly electric energy usage for the calendar year 1996. On January 15, 1997, the Commission's Energy Division informed PG&E that its advice letter was not in compliance with D.96-12-025 as it did not include the approximately \$50 million related to Canadian gas cost disallowances for the period 1988 through 1990.

In response to the Energy Division's January 15 letter, PG&E on January 22, 1997 filed Advice Letter 1644-E-A, which supersedes Advice Letter 1644-E. In its filing, PG&E proposes to refund \$73.232 million beginning March 1, 1997 and requests that refunds be based on each customer's average monthly energy usage for the 12-month period from March 1996 to February 1997 rather than the calendar year specified in D.96-12-025 because its

computer system is capable of keeping only 13 months of customer-usage data in its on-line billing system.

On January 22, 1997, PG&E simultaneously filed its petition to modify D.96-12-025 to change the usage period consistent with its advice letter request. PG&E's petition also requests that its proposed methodology for making the EDRA refund in 1997 be adopted as the methodology for any future refunds to be made under the EDRA mechanism in order to ensure that PG&E will be able to make EDRA refunds or billing credits by the spring of each year, as discussed in D.96-12-025. PG&E requests its petition be processed on an expedited basis in order to allow the Commission to act on its request at the February 19, 1997 Commission conference.

By Assigned Commissioner's Ruling (ACR) dated January 27, 1997, PG&E's request for a shortened response time to its second petition to modify was granted; responses to PG&E's petition were due by February 10 and PG&E's reply to the responses was due by February 14, 1997.² The ACR found good cause exists to shorten the time period for responses and replies so that the Commission can expeditiously act on this matter. As discussed in the ACR, we found in D.96-12-026 that PG&E has repeatedly tried to delay customer refunds of resulting from our disallowance in D.94-03-050 of Canadian gas costs imprudently incurred by PG&E during the period April 1, 1988 through December 31, 1990, and we reiterated our intent, already expressed in D.96-09-042, that "this disallowance be returned to customers in as expeditious a manner as possible." (See D.96-12-026, issued December 9, 1996, slip op. at 3.)

² The ruling also shortens the time for PG&E's reply to any protests to Advice Letter 1644-E-A to February 14, 1997.

Discussion

PG&E asserts that it cannot provide the 1997 EDRA refund to its customers in a timely manner without a modification to the calculation methodology of D.96-12-025 because of the limitations of its billing system capabilities. PG&E describes this computer limitation as allowing no more than the prior 13 months of customer usage for calculation purposes if it is to refund in the following billing cycle. PG&E's Advice Letter 1644-E, filed on January 10, 1997 did not comply with D.96-12-025, thereby precluding PG&E from implementing a refund beginning February 1, 1997 based on each customer's average monthly electric energy usage for the calendar year 1996.

The modification to the calculation methodology requested by PG&E in its second petition is reasonable for 1997 in order to ensure that the full EDRA refund is made in as expeditious a manner as possible. PG&E requests a usage calculation period of March 1996 through February 1997.

PG&E does not present sufficient justification to support its request to change the calculation methodology of D.96-12-025 for future periods. Its pleading shows that it can meet the existing requirements of D.96-12-025 in future years with its current billing system and that decision is quite clear that the advice letter filed to implement a refund plan shall be filed on or before January 31 of the succeeding year. (D.96-12-025, mimeo. at 11; emphasis added.)

Finding of Fact

It is reasonable to modify D.96-12-025 to allow PG&E to calculate its refund of the EDRA balance at December 31, 1996 based on each customer's average monthly energy usage for the 12-month period from March 1996 through February 1997.

Conclusion of Law

Ordering Paragraph 4 of D.96-12-025 should be modified to read:

"4. PG&E, SCE, and SDG&E shall return refunds and disallowances, including appropriate interest, to customers through an annual refund based on each customer's average monthly energy usage for each calendar-year period, and which shall be returned in accordance with a refund plan filed by advice letter on or before January 31 of the succeeding year. For good cause shown, PG&E shall calculate its 1997 refund of the EDRA balance based on each customer's average monthly energy usage for the 12-month period from March 1996 through February 1997.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric's second petition to modify Decision (D.) 96-12-025 is granted in part, as set forth in this decision.
2. Ordering Paragraph 4 of D.96-12-025 is modified to read:
PG&E, SCE, and SDG&E shall return refunds and disallowances, including appropriate interest, to customers through an annual refund based on each customer's average monthly energy usage for each calendar-year period, and which shall be returned in accordance with a refund plan filed by advice letter on or before January 31 of the succeeding year. For good cause shown, PG&E shall calculate its 1997 refund of the EDRA balance based on each customer's average

monthly energy usage for the 12-month period
from March 1996 through February 1997.

This order is effective today.

Dated February 19, 1997, at San Francisco, California.

P. GREGORY CONLON
President
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
Commissioners