

SEP. 13 1997

Decision 97-09-023 September 3, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Its Rates and Charges for Electric and Gas Service.

(Electric and Gas) (U 39 M)

ORIGINAL

Application 91-11-036
(Filed November 26, 1991)

Order Instituting Investigation into the rates, charges, and practices of the Pacific Gas and Electric Company.

Investigation 92-02-002
(Filed February 5, 1992)

Investigation into the reasonableness of expenses related to the out-of-service status of Pacific Gas and Electric Company's Geysers Unit 15 and the need to reduce electric rates related to this non-functioning electric generating facility.

Investigation 90-02-043
(Filed February 23, 1990)

Application of Pacific Gas and Electric Company for authority to adjust its electric rates effective November 1, 1990; and for Commission order finding that PG&E's gas and electric operations during the reasonableness review period from January 1, 1989 to December 31, 1989, were prudent.

Application 90-04-003
(Filed April 2, 1990)

O P I N I O N

Summary

Consolidation of the captioned proceedings is vacated. Application (A.) 90-04-003, Investigation (I.) 90-02-043, and I.92-02-002 are closed. A.91-11-036 remains open until an application for rehearing of Decision (D.) 97-02-020 is resolved. D.92-12-057 is modified by vacating Ordering Paragraph 28 thereof.

Background

A.91-11-036 initiated the test year 1993 general rate case (GRC) for Pacific Gas and Electric Company (PG&E). In keeping with its practice for GRCs, the Commission issued I.92-02-002 on February 5, 1992 so that it would have a procedural forum to fully act on any recommendations beyond the confines of the relief requested in A.91-11-036. Ordering Paragraph 2 of I.92-02-002 consolidated the investigation with A.91-11-036. In addition, an Administrative Law Judges' Ruling issued on January 17, 1992 consolidated I.90-02-043 and A.90-04-003 with this GRC proceeding to address issues related to PG&E's Geysers Unit 15 plant.¹

Phase 1 issues in this consolidated GRC were resolved by D.92-12-057 and by D.93-05-011. Phase 2 issues were resolved by D.93-06-087. In addition, various applications for rehearing, petitions for modification, and requests for intervenor compensation have been resolved in a series of decisions issued since D.92-12-057 was issued. However, the proceeding has remained open for consideration of rate design window filings.

By ruling dated July 11, 1997 the Administrative Law Judge noted that the Commission is endeavoring to close proceedings such as these pursuant to Senate Bill 960 (Stats. 1996, Ch. 856), and it appeared that these proceedings should be closed once an application of The Utility Reform Network (TURN) for rehearing of D.97-02-020 is resolved.² The ruling further noted that, because TURN's application for rehearing involves only A.91-11-036, it might be appropriate to vacate earlier consolidation orders so that the other proceedings can be closed even if closure of A.91-11-036 is deferred.

The ruling provided an opportunity for parties to submit comments identifying any unresolved issues that would warrant keeping any of the proceedings open, and

¹ At one time, A.91-08-049 was consolidated with these proceedings. D. 94-03-029 vacated consolidation of A.91-08-049 with these proceedings; dismissed A.91-08-049; and ordered that A.91-11-036, A.90-04-003, I.90-02-043, and I.92-02-002 would remain consolidated.

² Section 1 of Senate Bill (SB) 960 establishes a legislative policy that provides for resolution of proceedings within 18 months.

provided notice that, in the absence of such comments, a recommended order or orders providing for the closure of these proceedings would be submitted to the Commission for its consideration. The ruling further provided:

"One issue that appears to warrant consideration is whether D.92-12-057 should be modified to vacate or revise Ordering Paragraph 28 thereof. Ordering Paragraph 28 requires PG&E to file cost-effectiveness reports in this docket six months prior to the start of certain retrofit projects to reduce oxides of nitrogen (NOx). This requirement applies to gas as well as electric plant investments.

"By D.95-12-055 dated December 20, 1995, the Commission resolved revenue requirement issues in Phase I of PG&E's test year 1996 GRC. With respect to NOx retrofit projects, D.95-12-055 ordered PG&E to close the Air Quality Adjustment Clause (AQAC) balancing account that had been authorized by D.92-12-057 and to treat air quality retrofit investment costs as any other capital cost. (D.92-12-055, Ordering Paragraph 15.) D.95-12-055 did not directly address the compliance filing requirement in Ordering Paragraph 28 of D.92-12-057 even though the requirement was adopted in response to concerns about the then-proposed AQAC. (47 CPUC 2d 143, at 270-273.) PG&E has continued to submit such filings from time to time. [Fn. omitted.]

"Under these circumstances, and in light of electric industry restructuring and PG&E's plans for plant divestiture, it is not clear that the need remains for cost-effectiveness showings required by Ordering Paragraph 28 of D.92-12-057, particularly for electric plant retrofits. In any event, even if the requirement for cost-effectiveness reports is retained, it appears that in lieu of a requirement for compliance filings in this docket, PG&E should simply be required to serve such reports on known interested parties and the Commission's Energy Division without filing them." (*Administrative Law Judge's Ruling*, July 11, 1997, p. 3-4.)

Discussion

The July 11, 1997 ruling of the Administrative Law Judge provided notice that consolidation of these proceedings might be vacated, that one or more of these proceedings might be closed, and that Ordering Paragraph 28 of D.92-12-057 might be vacated or revised. The ruling further provided for the filing of comments on each of these issues. No comments have been received. We conclude there is no opposition to the proposals set forth in the ruling.

With the exception of A.91-11-036, which is the subject of a pending application for rehearing of D.97-02-020, no reason remains for keeping these dockets open. We will vacate earlier consolidation orders and close A.90-04-003, I.90-02-043, and I.92-02-002. Closure of A.91-11-036 can be addressed when we consider TURN's application for rehearing of D.97-07-020.

In view of our order in D.95-12-055 closing PG&E's AQAC balancing account, the original reason for requiring NOx retrofit project cost-effectiveness filings has been eliminated. We will therefore rescind the requirement. We note that, on January 22, 1996, PG&E filed an application for rehearing of D.95-12-055, seeking among other things to reinstate the AQAC balancing account. If the Commission issues a decision reinstating the AQAC balancing account, the need for cost-effectiveness reports can be addressed at that time.

Findings of Fact

1. The Commission is endeavoring to close proceedings such as these pursuant to SB 960.
2. With the exception of TURN's application for rehearing of D.97-02-020, there are no known unresolved issues in these consolidated proceedings.
3. There is no opposition to the proposals to vacate consolidation of these proceedings; to close A.90-04-003, I.90-02-043, and I.92-02-002; and to vacate Ordering Paragraph 28 of D.92-12-057.
4. In view of the decision to eliminate the AQAC balancing account, the original purpose of NOx retrofit cost-effectiveness compliance filings is moot. If, upon rehearing of D.95-12-055, the Commission reinstates the AQAC, it can address the need for cost-effectiveness reports at that time.

Conclusions of Law

1. Consolidation of these proceedings should be vacated and, except for A.91-11-036, the proceedings should be closed.
2. The requirement that PG&E submit cost-effectiveness analyses for NOx retrofit projects should be rescinded.

O R D E R

IT IS ORDERED that:

1. Consolidation of Application (A.) 90-04-003, A.91-11-036, Investigation (I.) 90-02-043, and I.92-02-002 is vacated.
2. A.90-04-003, I.90-02-043, and I.92-02-002 are closed.
3. A.91-11-036 shall remain open until the Commission issues its decision on the application of The Utility Reform Network for rehearing of Decision (D.) 97-02-020.
4. Ordering Paragraph 28 of D.92-12-057 is vacated.

This order is effective today.

Dated September 3, 1997, at San Francisco, California.

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