

SEP 24 1997

ORIGINAL

Decision 97-09-101 September 24, 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to	)	
revise the time schedules for the	)	Rulemaking 87-11-012
Rate Case Plan and fuel offset pro-	)	(Filed November 13, 1987)
ceedings.	)	
	)	

O P I N I O N

Background

On March 14, 1997, Pacific Gas and Electric Company (PG&E) filed a petition requesting a variance to the Rate Case Plan (RCP) set forth in Decision 89-01-040. The petition seeks Commission authority to allow PG&E to file its electric marginal costs in Phase II of its 1999 General Rate Case (GRC). According to the RCP, PG&E is normally required to file electric marginal costs in the Notice of Intent for the 1999 GRC, which would be filed in August 1997, followed by the formal application in December 1997. PG&E seeks Commission authority to postpone filing electric marginal costs until Phase II of the GRC, scheduled to be filed in March 1998.<sup>1</sup>

PG&E notes that under the rate freeze mandated by Assembly Bill 1890, electric rates will not change as a result of new marginal costs until March 31, 2002, or until uneconomic generation-related costs are recovered, whichever occurs first. (Public Utilities Code § 368(a).) In addition, the Power Exchange (PX), which will begin by January 1, 1998, will determine a

<sup>1</sup> PG&E also requested by letter dated May 30, 1997, an extension of time from the filing date of the petition in the event that the petition is denied, to allow sufficient time to make the marginal cost filing. An extension of 90 days from the date of decision denying the petition was granted by letter to PG&E dated June 5, 1997, from the Executive Director of the Commission.

significant portion of rates, since utilities must thereafter purchase all power requirements from the PX.

PG&E acknowledges that new distribution marginal costs will be needed to determine whether potential of its system is uneconomic, but believes they are not needed in Phase I.

Finally, PG&E states that because of the demands of electric restructuring on its staff and other parties' staffs between now and the beginning of 1998, their efforts are better utilized there. Requiring marginal costs to be filed in Phase I would compromise that effort.

Responses to the petition were filed by the Office of Ratepayer Advocates (ORA) and the California Large Energy Consumers Association (CLECA). Both were allowed to file late responses.

ORA supports PG&E's request, essentially for the same reasons stated by PG&E, i.e., lack of earlier need for marginal costs and better use of parties' resources in the electric restructuring arena.

Similarly, CLECA supports the petition because it believes that marginal costs need not be developed in Phase I, and that parties' resources can be more effectively used in electric restructuring. CLECA further recommends that because of the rate freeze, marginal costs should be deferred beyond Phase II, until near the end of the rate freeze.

The Utility Reform Network (TURN) did not file comments but was asked by PG&E to "weigh in on the subject." TURN responds that it finds PG&E's request to be generally reasonable, but not critical enough to warrant a formal response. TURN notes that without litigating marginal costs there is some risk that they would be inaccurate during the period between issuance of the Phase I and Phase II decisions. However, it believes that risk to be small enough that it does not warrant litigating marginal costs in Phase I.

Discussion

There is general support for the petition with all respondents agreeing that their resources can be more effectively used in the arena of electric restructuring during the period when marginal costs would normally be litigated. CLECA's proposal to defer the revision of marginal costs beyond Phase 2 is not proposed by the petition, and will not be decided here.

No party has requested a hearing, and a hearing on this petition is not necessary.

We conclude that it is reasonable to authorize PG&E to defer filing its revised electric marginal costs to Phase II of its 1999 GRC.

Findings of Fact

1. PG&E requests Commission authority to defer consideration of electric marginal costs from Phase I to Phase II of its 1999 GRC.
2. ORA, CLECA, and TURN support the petition.
3. There is no request for a hearing in this matter.

Conclusions of Law

1. A hearing is not necessary.
2. PG&E should be authorized to file electric marginal costs in Phase II of its 1999 GRC.

O R D E R

IT IS ORDERED that Pacific Gas and Electric Company is authorized to defer filing marginal electric costs to Phase II of its 1999 General Rate Case,

This order is effective today.

Dated September 24, 1997, at San Francisco, California.

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

President P. Gregory Conlon,  
being necessarily absent,  
did not participate.