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Decision 98-03-050 March 26, 1998

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company to Identify and Separate Components of Electric Rates, Effective January 1, 1998 (U 39-E).

Application 96-12-009
(Filed December 6, 1996)

ORIGINAL
Application 96-12-011

(Filed December 6, 1996)

Application 96-12-019
(Filed December 6, 1996)

And Related Matters.

O P I N I O N

Summary

This decision responds to petitions to modify Decision (D.) 97-08-056 filed by Western Mobilehome Parkowners Association (WMA) and Pacific Gas and Electric Company (PG&E). We grant the petitions with minor modifications.

PG&E's Petition to Modify

PG&E's petition to modify seeks two changes to D.97-08-056. First, PG&E seeks a modification that increases the amount allocated to nuclear decommissioning costs and reduces by an equal amount the generation revenue requirement. PG&E explains that the request makes Commission policy for PG&E consistent with its policy for Southern California Edison Company (Edison) and San Diego Gas & Electric Company (SDG&E), both of which were permitted to include nuclear shutdown operation and maintenance (O&M) expenses in the nuclear decommissioning component of rates. No party objects to this modification and we adopt it. Specifically, we authorize PG&E to include \$2.133 million in O&M expenses for the shutdown of Humboldt Unit 3 in the nuclear decommissioning function of its revenue requirement. The modification increases the nuclear decommissioning total from \$32.707 million to \$34.84 million and reduces the remaining generation revenue requirement from \$3,293,190,255 to \$3,291,057,255.

PG&E also seeks a modification of the way it is required to calculate the average Power Exchange (PX) cost for purposes of calculating the Competition Transition Charge (CTC). PG&E states that it is unable to comply with the precise requirements of D.97-08-056 because its billing system cannot accommodate that change and the other changes required in anticipation of direct access prior to early 1999. In the interim, PG&E proposes an averaging method that is simpler than the one required in D.97-08-056.

Enron Capital & Trade Resources (Enron) opposes PG&E's proposal to change the method of calculating the average PX price. It observes that PG&E's excuse for being unable to comply with the order is that it had planned to implement a different rule and argues that this is not a reasonable justification for delaying implementation of a Commission rule.

PG&E makes a reasonable case supporting its interim proposal for averaging the PX cost. While we agree with Enron that a utility should not be excused from compliance with a Commission order on the basis that it planned for its own proposal to be adopted, we also understand that PG&E had relatively little time to plan for implementing the proposal we ultimately adopted in the final period of our deliberative process. We will not, however, give PG&E an open-ended date for implementing the original method, as it appears to suggest by requesting that we revisit this matter in mid-1998. We adopt PG&E's proposal on an interim basis and order PG&E to implement the original requirement no later than January 1, 1999.

WMA's Petition to Modify

WMA proposes a modification to D.97-08-056 to clarify that the 10% rate reduction required by AB 1890 is to be applied to master-metered/submetered customer bills before the application of the discount authorized by Section 739.5 is deducted from the customer's bill. WMA comments that the utilities have applied the 10% discount after the application of the Section 739.5 discount. It believes the utilities' method of implementing the 10% discount is contrary to the intent of AB 1890 and detrimental to master-metered/submetered customers.

PG&E and Edison support WMA's proposed modification. Edison would clarify that the adopted language should not assume that the submetered customer is a customer of the utility and recognize that only the master-metered customer receives the discount (which would presumably be passed along to the end user). Edison and PG&E state they require several months to implement the tariff change.

We adopt WMA's proposed modification to D.97-08-056 with the clarification proposed by Edison and direct the utilities to modify their tariffs to implement the change in billing within 90 days.

Findings of Fact

1. PG&E's proposal to adjust the nuclear decommissioning function to reflect Humboldt 3 shutdown O&M costs is generally consistent with the cost allocation adopted for similar costs of Edison and SDG&E and with the cost allocation principles adopted in D.97-08-056.

2. The PX cost averaging method proposed by PG&E as an interim measure does not unduly compromise the Commission's intent to establish a method of calculating the CTC which promotes competition and is consistent with AB 1890.

3. WMA's proposal to require the utilities to apply the 10% rate reduction to master-metered customers' bills before the application of the Section 739.5 discount has been applied is reasonable and consistent with the Commission's policy and AB 1890.

Conclusions of Law

1. The Commission should grant PG&E's petition to modify D.97-08-056 filed on November 19, 1997 to the extent set forth herein.

2. The Commission should grant WMA's petition to modify D.97-08-056 filed on November 25, 1997 to the extent set forth herein.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company's (PG&E) petition to modify Decision (D.) 97-08-056 is granted to the extent set forth herein.

2. D.97-08-056 is modified to increase PG&E's nuclear decommissioning function from \$32.707 million to \$34.84 million and to reduce the remaining generation revenue equipment from \$3,293,190,255 to \$3,291,057,255.

3. D.97-08-056 is modified to add the following passage at slip op., page 40, between the second and third sentences of the last full paragraph: "We are taking this approach to make the PX cost as accurate as possible. However, should PG&E be unable to implement this approach by the time direct access is initiated, PG&E may use a fixed 30-day averaging period for customers regardless of their respective billing periods. If PG&E uses this simpler approach at the time direct access is introduced, it may do so only until January 1, 1999 by which time it shall comply with the method otherwise adopted in this order."

4. The petition to modify D.97-08-056 filed on November 25, 1997 by Western Mobilehome Parkowners Association is granted to the extent set forth herein.

5. D.97-08-056 is modified to include the following sentence as the first full sentence at the top of page 51: "In the case of master-metered residential customers, the 10% reduction shall be applied before any submetering differential (discount or credit) is deducted from the bill."

6. These consolidated proceedings shall remain open to consider the petition to modify D.97-08-056 filed on January 9, 1998 by The Utility Reform Network and Utility Consumers Action Network.

This order is effective today.

Dated March 26, 1998, at San Francisco, California.

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