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Decision 98-03-062 March 26, 1998

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SOUTHERN CALIFORNIA WATER COMPANY (U 133 E) for an order authorizing it to increase rates for electric service in its Bear Valley Electric District.

Application 95-09-016
(Filed September 11, 1995)

**OPINION ON PETITION FOR MODIFICATION
OF DECISION (D.) 96-05-033**

In D.96-05-033, the Commission adopted a settlement agreement between Southern California Water Company (SoCalWater) and the then Division of Ratepayer Advocates (ORA). Under the settlement, SoCalWater was to refund a December 1995, overcollection of \$3,386,002¹ in its purchased power balancing account for its Bear Valley Electric (Bear Valley) District as follows: (1) SoCalWater was to apply \$1,758,790 of the overcollection to reduce energy charges for all existing customers, and (2) SoCalWater was to refund directly to the customers of record \$1,627,212 received by SoCalWater as supplier refunds. Of this amount, SoCalWater has refunded \$845,400 and requests that it be allowed to apply the remaining \$781,812 to reduce energy charges for all customers.

SoCalWater states that the refunds relate to Southern California Edison Company's Federal Energy Regulatory Commission (FERC) Docket 82-427, which covers the period from June 2, 1982 to October 9, 1983; and FERC Docket 79-150, which covers the period from August 1979 to October 31, 1979. According to SoCalWater, one of the difficulties in making refunds to customers of record is the identification of customer usage and location of those prior customers. SoCalWater contends that this is especially difficult in a service area such as Bear Valley which is a resort area where the

¹ The overcollection as of December 1997 is reduced to \$440,238.

turnover is high, and where many customers live outside of the service area and only maintain a vacation home inside of the service area. SoCalWater believes that identifying and locating customers from 15 to 18 years ago would be a time consuming and costly procedure. Therefore, SoCalWater would prefer to not incur these costs, but rather to pass on more of the refund to its customers. Further, SoCalWater states that unlike other supplier refunds that were refunded directly to customers of record, the supplier refunds from FERC Docket 82-427 and FERC Docket 79-150 were included in the development of the negative amortization rate approved through SoCalWater Advice Letter 141-E, effective November 1, 1991, which was extended through Advice Letter 155-E, and D.96-05-033. For these reasons, SoCalWater requests that the supplier refunds related to these early time periods be refunded to its current customers through negative amortization in the presently authorized rates. Accordingly, SoCalWater requests that D.96-05-033 be modified to reduce the amount of refunds to customers of record in these prior periods from \$1,627,212 to \$845,400; and this difference be flowed through to existing customers through the current amortization in the energy charges.

We agree with SoCalWater's proposal. It does not make sense to incur the expense of identifying and locating Bear Valley Electric customers from 15 to 18 years ago, particularly since this is a resort community. The remaining \$781,812 of supplier refunds should be credited to the balancing account to reduce energy charges for all customers. This refund procedure complies with Public Utilities Code Section 453.5.²

Findings of Fact

1. SoCalWater has difficulty making direct customer refunds of \$781,812 related to power supplier refunds for periods going back to 1979 and 1983.

² Section 453.5 provides that whenever the Commission orders rate refunds, it shall require the public utilities to pay refunds to all current utility customers, and, when practicable, the prior customers, on an equitable pro rata basis. Otherwise, such refunds escheat to the General Fund. (Code Civ. Proc., § 1519.5; see generally, *Assembly v. Public Utilities Commission* (1995) 12 Cal. 4th 87.)

2. Identifying and locating these customers from 1979 and 1983 could be a time consuming and costly procedure.

Conclusions of Law

1. In the circumstances, it is reasonable to credit these remaining supplier refunds that cannot be readily made to customers of record, to the balancing account to reduce energy charges for all customers.

2. This refund procedure complies with Section 453.5.

O R D E R

IT IS ORDERED that Southern California Water Company Decision (D.) 96-05-033 is modified to reduce the amount of refunds to be paid to customers of record from the periods covered by Federal Energy Regulatory Commission Dockets 82-42 and 79-150 from \$1,627,212 to \$845,400; and the difference of \$781,812 shall be flowed through to existing customers in reduced energy charges.

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. NEPPER
Commissioners