

Decision 98-06-019 June 4, 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.

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

And Related Matters.

Application 96-12-011
Application 96-12-019

ORDER**ORIGINAL****Summary**

This order denies the petition to modify Decision (D.) 97-08-056 filed by New Energy Ventures (NEV) seeking changes to the method adopted by the Commission for calculating the Power Exchange (PX) credit on utility bills. This order also grants the petition to modify D.97-08-056 filed by The Utility Reform Network (TURN) and Utility Consumers Action Network (UCAN) regarding the allocation of costs related to the California Alternative Rates for Energy (CARE) program.

NEV's Petition to Modify D.97-08-056

In a petition to modify filed January 20, 1998, NEV asks the Commission to modify that portion of D.97-08-056 that addresses the appropriate calculation of the PX credit and Competition Transition Charge (CTC) for customers with "real-time" metering capabilities. The PX credit and CTC must be calculated and included on electric customers' bills after the introduction of direct access in order for customers to determine whether they should buy electricity from non-utility providers. D.97-08-056 adopted a method whereby the electric utility would average the PX price in order to determine the appropriate PX credit and CTC for a customer's bill. NEV argues that this method is anticompetitive for customers with real-time meters because the average PX price will, by definition, be higher than the actual PX price for half of the customers, based on their actual load profiles, and lower than the actual PX price for the other half.

Those customers for whom the actual PX price is less than the costs of serving their loads will not find it economic to participate in direct access programs by choosing a carrier other than the incumbent utility.

Numerous parties filed comments in support of NEV, including many large customers. Those who filed comments supporting NEV's petition to modify are the Association of California Water Agencies, Rand Corporation, MZA Grid Services, Building Owners and Managers Association of Greater Los Angeles, La Salle Partners Management Services, Inc., LG&E Energy Marketing, Inc., Northern California Grocers Association, Catholic Healthcare West, Times Mirror Company, Western Growers Association, Montgomery Ward & Company, Incorporated, and the Wine Institute.¹ These entities argue that they are unable to participate in the direct access program even though they have invested in real-time meters because of the method by which the PX credit must be calculated pursuant to D.97-08-056. Southern California Edison Company (Edison) also filed in support of NEV's petition to modify, commenting that support for NEV's position is presented in detail in testimony and comments presented by Edison earlier in this proceeding. Pacific Gas and Electric Company (PG&E) also supports the petition as consistent with its original proposal.

PG&E Energy Services opposes NEV's proposal, arguing that the Commission's policy is sound and that energy service providers have relied on the Commission's past decisions on this matter in marketing their products. A joint response was filed by the California Energy Commission, Office of Ratepayer Advocates, Enron, Environmental Defense Fund (EDF), and Onsite Energy Corporation (Onsite).²

D.97-08-056 adopted a method for calculating the PX credit following substantial debate on the matter in testimony, briefs and comments on the ALJ's proposed decision.

¹ These entities are not parties to the proceeding and did not move to intervene. We identify their support for the petition and have included their pleadings in the correspondence file of the proceeding.

² EDF and Onsite are not parties to the proceeding.

Subsequently, PG&E and Edison filed applications for rehearing of our findings on this matter, applications which we rejected in D.97-09-125. We again addressed this matter in response to petitions to modify D.97-08-056 filed by PG&E, Edison and others. We denied those petitions to modify in D.97-11-026. We have therefore addressed this matter on three other occasions since August 1997. NEV raises legitimate concerns about the existing policy. Alternatives, however, raise other concerns which are no less troubling, as we have stated in previous orders. We therefore reiterate our policy and deny NEV's petition to modify D.97-08-056.

The Petition to Modify D.97-08-056 filed by TURN and UCAN

On January 9, 1998, TURN and UCAN filed a petition to modify D.97-08-056 to clarify the cost allocation method to be used for CARE program costs. The petition to modify observes that the order states an intent to maintain the existing allocation for these costs, that is, the equal-cents-per-kilowatt-hour (kWh) method. TURN and UCAN believe, however, that the relevant Conclusion of Law could be interpreted to change the allocation to the system average percent method. PG&E supports the petition to modify, stating its associated advice letters have so far interpreted the order to require the equal-cents-per-kWh method for CARE costs.

TURN and UCAN are correct that we did not intend to change the allocation method for CARE costs. We will clarify our order accordingly.

Findings of Fact

1. The subject of NEV's petition to modify has been adequately addressed in several Commission orders.
2. D.97-08-056 did not intend to change the allocation method applied to CARE program costs.

Conclusions of Law

1. The Commission should deny NEV's petition to modify D.97-08-056, filed January 20, 1998.
2. The Commission should grant the petition to modify D.97-08-056 filed by TURN and UCAN on January 9, 1998.

IT IS ORDERED that:

1. The petition to modify Decision (D.) 97-08-056 filed on January 20, 1998 by New Energy Ventures is denied.
2. The petition to modify D.97-08-056 filed on January 9, 1998 by The Utility Reform Network and Utility Consumers Action Network is granted to the extent set forth herein.
3. Finding of Fact 39 of D.97-08-056 is modified to state:

"PG&E's method of allocating most public purpose program costs according to system average percentages and allocating CARE program costs on an equal-cents-per-kWh basis reflects the current cost allocation."
4. Conclusion of Law 23 of D.97-08-056 is modified to state:

"The utilities should be required to allocate CARE program costs using the equal-cents-per-kWh method and the costs of other public purpose programs using the system average percent method."

This order is effective today.

Dated June 4, 1998, at San Francisco, California.

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