

ALJ/ANG/jva

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Decision 98-08-018 August 6, 1998

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Proposed Policies Governing Restructuring California's Electric Services Industry and Reforming Regulation.

Rulemaking 94-04-031
(Filed April 20, 1994)

Order Instituting Investigation on the Commission's Proposed Policies Governing Restructuring California's Electric Services Industry and Reforming Regulation.

Investigation 94-04-032
(Filed April 20, 1994)

**INTERIM OPINION
ADDRESSING PACIFIC GAS AND ELECTRIC COMPANY'S
PETITION TO MODIFY DECISION 96-12-025**

Summary

This decision modifies Decision (D.) 96-12-025 in the manner requested by Pacific Gas and Electric Company (PG&E) in its Petition to Modify D.96-12-025, filed on June 3, 1998, as clarified in an amended petition filed on July 17. We allow PG&E to change the authorized calculation methodology PG&E may use to provide its customers a refund of the 1998 Electric Deferred Refund Account (EDRA) balance in order to allow customers to receive refunds in October 1998 without further delays.

Background

In D.96-12-025, issued on December 9, 1996, we stated:

"PG&E, SCB, and SDG&E shall return refunds and disallowances, including appropriate interest, to customers through an annual refund based on each customer's average monthly energy usage for each calendar-year period, and which shall be returned in

accordance with a refund plan filed by advice letter on or before January 31 of the succeeding year." (*Id.*, Ordering Paragraph 4, mimeo., at 10-11.)

On June 3, 1998, PG&E filed its third petition to modify the decision and, as clarified in the amended petition of July 17, requested authority to file its annual EDRA advice letter on or about August 31, 1998, so that credits could accrue to customers' bills during the billing cycle beginning October 1, 1998. No party responded to PG&E's petition.

PG&E's Petition

In D.97-02-052, we granted PG&E's request to calculate the 1997 refund based on each customer's average monthly usage for the 12-month period from March 1996 through February 1997, rather than for the calendar-year period, as required by D.96-12-025. We denied PG&E's request that it be permitted to base future EDRA refunds on each customer's average monthly energy usage for the 12-month period from March through February of the next year. In D.98-01-056, we authorized PG&E to refund amounts accumulated in its EDRA account, beginning with the first bills of February 1998, based on customer usage from February 1997 through January 1998 and modified D.96-12-025 to require PG&E to calculate the refund using the class average refund methodology so that those customers with higher cost responsibilities, on an aggregate basis, enjoy a proportionally greater share of the refund.

PG&E accrued approximately \$38 million in its EDRA account by the end of April, 1998, including interest. This amount consists primarily of disallowances from the 1995 Energy Cost Adjustment Clause (ECAC) reasonableness review, as required by D.98-04-026, accrued interest, and a small residual balance from the last EDRA refund plan submitted in Advice Letter 1729-E. PG&E explains that it would be more efficient to begin these refunds during the relatively quiet fall period before the onset of the winter storm season.

In addition, at the April 9, 1998 Commission meeting, Commissioner Conlon expressed interest in ensuring that these refunds are made prior to 1999.

Another proceeding that may impact the EDRA amounts is the pending 1996 ECAC reasonableness review in Application (A.) 97-04-001. In that proceeding, PG&E and the Office of Ratepayer Advocates have stipulated to disallowances of approximately \$2.7 million, with another \$2.4 million at issue. A proposed decision is anticipated for summer of 1998. If a final decision is issued in A.97-04-001, or any other proceeding ordering a refund or disallowance, prior to September 1, 1998, PG&E would include the result in the 1998 EDRA advice letter. PG&E proposes to include disallowances ordered in decisions issued after this date in the 1999 EDRA advice filing, to be filed on or before January 31, 2000.

Discussion

In D.98-01-056, we stated that we expect the requirements of D.96-12-025 and D.97-02-052 to be met in future years and that PG&E would base the annual EDRA refund on customer usage data accumulated for the last calendar year. Because these refunds will credit customers' bills sooner rather than later, we will allow this change for this EDRA cycle. We will modify D.96-12-025 to allow PG&E to submit its plans for refunds of EDRA balances accumulated as of September 30, 1998, by advice letter filed no later than August 31, 1998, with the refund calculated based on each customer's average monthly usage for the 12-month period from October 1997 through September 1998.¹

¹ By amended petition filed on July 17, PG&E clarified that the requested usage period is the 12 billing periods commencing in October 1997 and continuing through September 1998.

Findings of Fact

1. In order to allow the EDRA refunds to be returned to customers as quickly as possible, PG&E should be allowed to refund the EDRA amounts accrued as of September 30, 1998 beginning with the October 1998 billing cycle and based on customer usage from October 1997 through September 1998.

2. If a final decision is issued in A.97-04-001 prior to September 1, 1998, PG&E should include the result in the August 31, 1998 EDRA advice letter. If a decision is issued after this date, PG&E should include the disallowance in the 1999 EDRA advice filing, to be filed on or before January 31, 2000.

Conclusions of Law

1. It is reasonable to modify D.96-12-025 to allow PG&E to calculate its refund of the EDRA balance accrued as of September 30, 1998 based on each customer's average monthly energy usage for the 12-month period from October 1997 through September 1998.

2. This order should be effective today, so that the EDRA refunds can be implemented in an expeditious manner.

INTERIM ORDER

IT IS ORDERED that

1. Pacific Gas and Electric Company's Petition to Modify Decision (D.) 96-12-025, filed on June 3, 1998, as clarified by an amended petition filed July 17, 1998, is granted.

2. Ordering Paragraph 4 of D.96-12-025 is modified to read:

"PG&E, SCE, and SDG&E shall return refunds and disallowances, including appropriate interest, to customers through an annual refund based on each customer's average monthly energy usage for each calendar-year period, and which shall be returned in accordance with a refund plan filed by advice letter on or before

January 31 of the succeeding year. PG&E shall calculate the EDRA refund according to class average, by first allocating the total annual amount to be refunded to each customer class in proportion to revenues billed for each customer class for the calendar-year period and then within each customer class, calculating individual refunds based on each customer's average monthly energy usage for the same period. For good cause shown, PG&E shall calculate its 1998 refund of the EDRA balance by first allocating the total 1998 EDRA amount to be refunded to each customer class in proportion to revenues billed for each customer class during the period February 1997 through January 1998, and then within each customer class, calculate individual refunds based on each customer's average monthly energy usage for the period February 1997 through January 1998. For good cause shown, PG&E shall submit its refund plan for additional 1998 EDRA amounts by advice letter no later than August 31, 1998 and shall calculate its refund of the EDRA balance accrued as of September 30, 1998, by first allocating the total 1998 EDRA amount to be refunded to each customer class in proportion to revenues billed for each customer class during the period October 1997 through September 1998, and then within each customer class, calculate individual refunds based on each customer's average monthly energy usage for the period October 1997 through September 1998."

This order is effective today.

Dated August 6, 1998, at San Francisco, California.

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