

Decision 98-12-013 December 3, 1998

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Revenue Adjustment Proceeding (RAP) Application of San Diego Gas and Electric Company (U 902-E) for Approval of 1) Consolidated Changes in 1999 Authorized Revenue and Revised Rate Components; 2) The CTC Rate Component and Associate Headroom Calculations; 3) RGTCOMA Balances; 4) PX Credit Computations; 5) Disposition of Various Balancing/Memorandum Accounts; and 6) Electric Revenue Allocation and Rate Design Changes.

Application 98-07-006
(Filed July 1, 1998)

ORIGINAL

Application of Pacific Gas and Electric Company for Verification, Consolidation and Approval of Costs and Revenues in the Transition Revenue Account.

Application 98-07-003
(Filed July 1, 1998)

Application of Southern California Edison Company (U-338-E) to: 1) Consolidate Authorized Rates and Revenue Requirements; 2) Verify Residual Competition Transition Charge Revenues; 3) Review and Dispose of Amounts in Various Balancing and Memorandum Accounts; 4) Verify Regulatory Balances Transferred to the Transition Cost Balancing Account on January 1, 1998; and 5) Propose Rate Recovery for Santa Catalina Island Diesel Fuel Costs.

Application 98-07-026
(Filed July 1, 1998)

INTERIM ORDER

Summary

This decision grants, with modifications, the request of San Diego Gas & Electric Company (SDG&E) to establish a "Transition Revenue Account" (TRA) similar to those currently authorized for Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (Edison). The purpose of the TRA would be to facilitate the calculation of revenues to be transferred to the Transition Cost Balancing Account (TCBA).

Background

Decision (D.) 97-10-057 adopted a TRA for PG&E, recognizing that PG&E required some type of accounting mechanism to calculate revenues to be transferred to the TCBA, also referred to as "headroom." We also authorized Edison to propose a TRA by way of advice letter. Subsequently, SDG&E filed an advice letter for the implementation of a TRA. In Resolution E-3538, we rejected SDG&E's proposal because D.97-10-057 specifically stated that SDG&E did not seek a TRA and was therefore not authorized to create one by way of advice letter. The resolution directed SDG&E to propose a TRA in this application, which it has done. On September 22, 1998, SDG&E then filed a motion seeking an interim order which would permit it to establish a TRA. No party has protested the motion. ORA's protest to this application supports the TRA and suggests the Commission expedite authorization, observing that the account is nearly identical to those authorized for PG&E and Edison.

Discussion

The TRA has been authorized for PG&E and Edison to provide for an accounting of revenues and costs during the transition period. We have previously discussed the mechanics and purposes of the account in other

decisions and in Resolution E-3510. SDG&E's proposed TRA is substantially similar to PG&E's and Edison's.¹

SDG&E's request is appropriate and uncontested. Some minor modifications, however, are necessary to ensure that SDG&E's proposed tariffs are clear.

1. Section F.3.b of Preliminary Statement currently reads:

"b. A credit entry equal to the amount of total recorded revenue from the sale of electricity during the month."

This section should be modified to read:

"b. A credit entry equal to the amount of total recorded revenue from the sale or delivery of electricity during the month."

This modification is necessary to clarify that revenues from bundled service customers as well as direct access customers are included in the calculation of the TRA. Attachment I to this order shows this modification.

2. Section F.3.i is also modified to show appropriate accounting entry to TRA when a credit balance is transferred to TCBA.
3. Section F.3.j is also modified to correctly show the treatment of any negative headroom in the TRA.

Findings of Fact

1. The TRA mechanisms adopted for Edison and PG&E facilitate the calculation of headroom revenues to be entered into the TCBA.
2. SDG&E's proposed TRA is substantially similar to those adopted for PG&E and Edison.

¹ The Energy Division is in the process of finalizing PG&E's and Edison's TRA Advice Letters through Proposed Resolution E-3527.

Conclusion of Law

The Commission should grant, with modifications, SDG&E's request for authority to establish a TRA to facilitate the calculation of headroom revenues to be entered into the TCBA.

IT IS ORDERED that the "Motion for an Interim Order Authorizing SDG&E to Establish a Transition Revenue Account," filed on September 22, 1998, in this proceeding by San Diego Gas & Electric Company (SDG&E) is granted with modifications herein. The draft tariff presented in SDG&E's testimony in this proceeding as Appendix III - 2 and appended to SDG&E's September 22, 1998 motion is modified in Attachment I to this order.

This order is effective today.

Dated December 3, 1998, at San Francisco, California.

RICHARD A. BILAS

President

P. GREGORY CONLON

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEPPER

Commissioners

ATTACHMENT I

F. TRANSITION REVENUE ACCOUNT (TRA)

1. Purpose: The purpose of the Transition Revenue Account (TRA) is to match the amount of total billed revenues against the amount of unbundled revenues and Commission-approved obligations. This matching process facilitates determination of billed Competition Transition Charge (CTC) revenues, which will be transferred to the Transition Cost Balancing Account (TCBA). Unbundled rate revenue consists of transmission, distribution, public purpose programs, nuclear decommissioning, and the Fixed Transition Amount (FTA). Commission-approved obligations consist of Independent System Operator (ISO) charges, and Power Exchange (PX) charges. The TRA will be in effect until the end of the rate freeze.
2. Applicability: This TRA provision applies to all bills for service under all rate schedules and contracts for electric service subject to the jurisdiction of the Commission, except for those specifically excluded by the Commission.
3. Accounting Procedure: The utility shall maintain the TRA by making entries to this account at the end of each month as follows:
 - a. A debit entry equal to the recorded revenue for the period from residential and small commercial customers from the FTA charge;
 - b. A credit entry equal to the amount of total recorded revenue from the sale or delivery of electricity during the month;
 - c. A debit entry equal to the monthly revenue associated with the adopted Transmission rate;
 - d. A debit entry equal to the monthly revenue associated with the adopted Distribution rate;
 - e. A debit entry equal to the monthly revenue associated with the adopted Public Purpose Programs rate;
 - f. A debit entry equal to the monthly revenue associated with the adopted Nuclear Decommissioning rate;
 - g. A debit entry equal to the amount recorded for ISO charges for transmission support/system reliability, exclusive of charges in item c;
 - h. A debit entry equal to the monthly revenue associated with the monthly PX price;
 - i. A debit entry, as appropriate, to transfer the balance in this account to the TCBA;
 - j. In any month where the headroom is negative, the revenue shortfall will be carried forward to the next month. The shortfall amount will receive the 3-month commercial paper rate. The first month that headroom is above zero, the headroom revenue will first be applied to this shortfall amount.

(END OF ATTACHMENT I)

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