

Decision 00-01-007 January 6, 2000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of San Diego Gas & Electric Company for Authority to Increase its Rates and Charges for Electric, Gas, and Steam Service, effective January 1, 1994.

Application 91-11-024
(Filed November 15, 1991;
Petition filed October 5, 1999)

Application of San Diego Gas & Electric Company: (1) for authority to decrease its electric rates effective June 1, 1996; and (2) for a Commission Order Finding SDG&E's Nuclear and Certain Natural Gas Operations and Expenses Reasonable for the Applicable Record Period (U 902 E).

Application 95-10-006
(Filed October 17, 1995;
Petition filed October 5, 1999)

O P I N I O N

San Diego Gas & Electric Company (SDG&E or Petitioner) seeks to modify Decision (D.) 96-06-033, with respect to the December 31, 1999 deadline for executing Flexible Contracts Option agreements under SDG&E's Electric Rule 4.D. Specifically, Petitioner asks us to extend this deadline until we issue a decision in the ongoing Post Transition Ratemaking (PTR) proceeding (Application (A.) 99-01-016 et al.), or in SDG&E's Rate Design Window (RDW) A.91-11-034, which the company filed on November 1, 1999.

Discussion

D.96-06-033 adopted a settlement agreement concerning SDG&E's 1996 Energy Cost Adjustment Clause (ECAC) application, A.95-10-006, and SDG&E's Rate Design Window application, A.91-11-034. Among other things, the settlement agreement granted SDG&E the authority to offer flexible contracting

options "as tools to obtain or attract new customers, and retain or prevent customer flight from SDG&E's service territory" (D.96-06-033 on pp. 5-6). At issue in this petition is the settlement provision which states that this contracting option " . . . will be discontinued effective December 31, 1999 unless the Commission grants specific approval to continue the option" (D.96-06-033 at p. 15).

Anticipating the deadline, SDG&E requested a two-year extension of this authority in the PTR proceeding. Parties including SDG&E anticipated a decision in this case by November 1999. However, final decision will not be issued until early 2000. SDG&E is concerned that its authority to enter into flexible customer contracts will lapse, since it has reach agreements with customers under the provisions of Rule 4.D and is currently negotiating with others. Following discussions with the Energy Division, SDG&E filed this petition to modify D.96-06-033.

The Utility Consumers Action Network supports SDG&E. The Alliance for Retail Markets (ARM)¹ objects. ARM asserts that the continuation of the option is anti-competitive and outmoded. SDG&E responded to ARM's objections contending that they are without merit. SDG&E points out that the tariff rule in question is being litigated in other proceedings where ARM's arguments may be considered in detail, and that SDG&E's request simply maintains the status quo.

This petition is not the place to contest the legality or effectiveness of the Flexible Contract Option. ARM's position should be raised in the hearing

¹ ARM includes NewEnergy, Inc., Enron Corp., Utility.com, GreenMountain.com Company, and Shell Energy Services.

process where the issue can be joined in the context of a full record. All SDG&E seeks is a continuation of the status quo until we can decide the matter on a complete record. ARM's objection is overruled.

We have approved a similar request from Southern California Edison Company (Edison). On January 13, 1999, Edison filed a petition to modify and extend the availability of certain flexible pricing options authorized in its general rate case (D.96-08-025). In D.99-09-065, the Commission extended the availability of certain pricing options until March 31, 2000 or, if Edison so requests in its December 1999 post transition filing, until the Commission issues a decision in that proceeding.

We have two forums (the RDW and PTR) in which to assess SDG&E's proposal to continue offering the flexible pricing options beyond the sunset period. Granting the petition will allow SDG&E to offer these customer options until we have an opportunity for further review.

SDG&E's request is reasonable. We will grant this petition to modify D.96-06-033 by extending SDG&E's authority to offer flexible customer contracts under Rule 4.D until we issue a decision addressing Rule 4.D in the PTR or in SDG&E's 1999 RDW application, whichever occurs first.

Comments on Draft Decision

The draft decision of the ALJ in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311(g) and Rule 77.1 of the Rules and Practice and Procedure. No comments were filed.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company (SDG&E) is authorized to offer Flexible Contracts Option agreements under its Electric Rule 4.D until this Commission issues a decision addressing Rule 4.D in the Post Transition Ratemaking proceeding or SDG&E's Rate Design Window application, A.99-11-034, whichever comes first.

2. This proceeding is closed.

This order is effective today.

Dated January 6, 2000, at San Francisco, California.

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
CARL W. WOOD
Commissioners

I abstain.

/s/ LORETTA M. LYNCH
Commissioner