

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION AND COMPLIANCE DIVISION
Energy BranchRESOLUTION E-3025
March 25, 1987R E S O L U T I O NORDER AUTHORIZING PACIFIC POWER AND LIGHT COMPANY (PP&L) TO
MODIFY AND EXTEND THE AVAILABILITY OF SCHEDULE NO. PA-21 -
EXPERIMENTAL SEASONAL CREDIT.

By Advice Letter 197-E, filed January 30, 1987, Pacific Power and Light Company (Pacific) requests authorization to modify and extend the availability of Schedule No. PA-21 - Experimental Seasonal Credit. The facts are as follows:

1. Schedule PA-21 contains a credit of 2.633 cents per kilowatt-hour applicable to 1987 and 1988 consumption which is over and above the base period seasonal use.
2. Pacific's experience with the 1986 version of Schedule PA-21 was encouraging. Early analyses indicate that almost 300 customers received a credit on approximately 3,256,000 kilowatt-hours.
3. This proposed tariff contains two modifications based on customer input during the recent General Rate Case hearings. First, consumption levels were high in 1985 due to low rainfall. Many customers felt they could not exceed their 1985 consumption levels in 1986 because of this. As a result, this proposal specifies that either 1985 or 1986 can be employed as the base quantity, whichever is lower.
4. Secondly, it has been noted that agricultural pumping customers would benefit from having earlier notice of the Experimental Seasonal Credit's availability. As a result, Pacific is filing this proposal earlier in the year as well as offering the Experimental Seasonal Credit for two years, 1987 and 1988.
5. The proposed Seasonal Credit will produce an effective rate for additional consumption which is approximately one-half of the currently effective Schedule No. PA-20 - Agricultural Pumping Service, Net Rate Energy Charge and should provide a significant price incentive to agricultural pumping customers for additional use. The amount of the Seasonal Credit will be determined in November and will be used to reduce the regular November billing.

6. Staff has reviewed Pacific's request to modify and extend the availability of this Schedule PA-21 and recommends the continuation of this experimental program.

7. This recommendation is based on two factors:

1. First, this program provides an opportunity for agricultural customers to add incremental usage at rates that are above Pacific's marginal energy cost and adequately recover the relatively small capacity costs incurred by summer time use.

Summer usage does impose distribution capacity costs and Staff is mindful that this discounted energy rate results in a very low contribution toward distribution-related capacity charges. All base usage, however, contributes significantly towards these fixed costs, since the discounted rate only covers incremental usage.

In the next general rate case decision, Staff hopes to see the imposition of higher demand charges, more in line with marginal demand cost, so that the utility would not have to institute a credit mechanism to bring its energy rates closer to marginal energy cost.

2. Second, since Pacific is a winter-peaking utility, Staff does not perceive the potential incremental consumption from this program as harmful to the utility's system reliability. In fact, not only would this incremental usage not add to generation and transmission capacity requirements, but additional summer usage actually provides a more constant annual system load factor.

8. The Staff of the Evaluation and Compliance Division has reviewed Pacific's request and recommends its approval.

9. No protests have been received in this matter.

10. Except as noted above, this filing will not increase any rate or charge, cause the withdrawal of service, or conflict with other schedules or rules.

THEREFORE:

1. Pacific Power and Light Company is authorized under Section 532 of the Public Utilities Code and Section A of General Order 96-A, to place Advice Letter 197-E and accompanying tariff sheets into effect today.

2. Pacific Power and Light Company is authorized to modify and extend the availability of Schedule PA-21, Experimental Seasonal Credit.

3. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 25, 1987. The following Commissioners approved it:



Executive Director

Commissioner John B. Ohanian,
present but not participating.

STANLEY W. HULETT
President
DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
Commissioners