

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3031
April 22, 1987

R E S O L U T I O N

ORDER AUTHORIZING SAN DIEGO GAS AND ELECTRIC COMPANY (SDG&E)
TO REVISE THE ELECTRIC AUTHORIZED BASE RATE REVENUE TO OFFSET
SDG&E'S PORTION OF THE 1987 PROJECTED EXPENDITURES FOR THE
HEBER BINARY PROJECT

By Advice Letter 698-E filed February 27, 1987, and Advice Letter 698-E Supplement-A filed February 27, 1987, San Diego Gas and Electric Company (SDG&E) requests authorization to revise the Electric Authorized Base Rate Revenue to offset SDG&E's portion of the 1987 projected expenditures for the Heber Binary Project. The facts are as follows:

1. This filing is being made pursuant to Ordering Paragraph 4 of Decision 91271, dated January 29, 1980 in Application 59280, Decision 93892, dated December 30, 1981, in Application 59788 and Decision 85-12-108.
2. The purpose of this advice letter is to revise the Authorized Base Rate Revenue to offset SDG&E's portion of the 1987 projected expenditures for the Heber Binary Project. SDG&E proposes to change the Authorized Base Rate Revenue, but not change rates at this time, as was previously authorized by Resolution E-2088, dated June 4, 1986, in order to minimize the number of rate changes this year.
3. The calculation of the net increase in SDG&E's electric base rate revenue requirement related to the Heber Binary Project is shown in Attachment A to this Resolution. Justification for the projected 1987 expenditures for the Heber Binary Project are set forth in Attachment B to this Resolution.
4. Implementation of SDG&E's 1987 Heber Binary Project adjustment necessitates the revision of the Authorized Base Rate Revenue amount set forth in Section 13.(b)(2) of SDG&E's Electric Department Preliminary Statement. As of May 1, 1987 the Electric Authorized Base Rate Revenue amount for SDG&E will be \$625,098,061. The development of this amount is as follows:

Electric Authorized Base Rate Revenue amount for SDG&E will be \$625,098,061. The development of this amount is as follows:

- | | |
|---|---------------|
| 1. 1987 Authorized Base Rate Revenue effective February 3, 1987 | \$622,982,261 |
| 2. Proposed 1987 Heber Binary Project Adjustment | \$ 2,115,800 |
| 3. 1987 Authorized Base Rate Revenue effective May 1, 1987 | \$625,098,061 |

5. The Staff of the Evaluation and Compliance Division have reviewed this filing and recommends its approval.

6. Public notification of this filing has been made by mailing copies to other utilities, governmental agencies and to all interested parties who requested such notification.

7. No protests have been received in this matter.

THEREFORE:

1. San Diego Gas and Electric Company is authorized by Section 454 of the Public Utilities Code and Section X.A. of General Order 96-A to place 698-E Supplemental-A and the accompanying tariff sheets into effect on May 1, 1987.

2. The above advice letters and tariff sheets shall be marked to show that they were accepted for filing by Commission Resolution E-3031. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 22, 1987. The following Commissioners approved it:



Executive Director

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. CHANIAN
Commissioners

San Diego Gas & Electric Company
Heber Binary Project
Development of Additional Revenue Requirement

	<u>UNITS</u>	<u>AMOUNT</u>
1. Estimated Expenses in 1987 (Attachment B, Page 2 of 2)	M\$	5,871.1
2. Heber Balancing Account Undercollection as of January 1, 1987 (Attachment B, Page 2 of 2)	M\$	5,875.7
3. Underspending of 1986 R&D Expenses	M\$	-0-
4. Expenses Reflected in Rates as of January 1, 1987 (including Heber Balancing Account Amortizations)	M\$	10,370.2
5. Proposed Net Increase in Revenue Requirement (Line 1 + Line 2 - Line 3 - Line 4)	M\$	1,376.6
6. Proposed Net Increase in Revenue Requirement Adjusted for Franchise Fees and Uncollectibles (Line 5 x 1.0126)	M\$	1,393.9
7. Proposed Net Increase in Revenue Requirement Adjusted for San Diego City Franchise Fee Differential (Line 6 x 1.00929)	M\$	1,406.8
8. Proposed Net Increase in Revenue Requirement Adjusted for recovery from May - December 1987 (Line 7 ÷ .6649)	M\$	2,115.8

NET BALANCING ACCOUNT
 717,000
 171,0910)

	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	APPROVED REVENUE	MONTHLY ERAM FACTORS	SUBJECT REVENUE	TOTAL MONTHLY EXPENSE	COVER COLL-OR UNDER COLL-OR COLLECTED	PREV. MONTHS BALANCE	INTEREST BASE	INTEREST RATE	INTEREST REVENUE (EXPENSE)	ACCOUNT BALANCE
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
DEC. 85 BAL.										725,983.59
JAN. 86	0	8.012	0	139,278	139,278	785,981	655,623	7.251	5,526	930,789.00
FEB. 86	0	8.402	0	170,976	170,976	930,789	1,016,276	7.712	8,530	1,108,294
MAR. 86	0	8.101	0	850,424	850,424	1,108,291	1,437,506	7.831	9,110	1,225,659
APR. 86	0	7.922	0	1,207,450	1,207,450	1,775,850	2,378,593	7.202	14,278	2,597,566
MAY 86	0	7.701	0	342,669	342,669	2,997,583	3,169,921	6.601	17,129	3,357,554
JUN. 86	10,370,200	8.051	751,321	507,529	(243,792)	3,357,624	3,235,739	6.622	17,651	3,131,743
JUL. 86	10,370,200	8.032	832,727	2,044,500	1,211,781	3,131,743	3,733,636	6.712	20,920	4,364,424
AUG. 86	10,370,200	8.351	655,912	759,362	(107,550)	4,364,424	4,330,649	6.332	22,844	4,319,718
SEP. 86	10,370,200	8.651	879,059	593,168	(304,891)	4,319,718	4,167,272	5.922	20,559	4,035,165
OCT. 86	10,370,200	8.572	888,726	2,602,539	1,713,813	4,435,385	4,832,272	5.892	23,157	5,272,355
NOV. 86	10,370,200	8.402	871,097	545,040	(326,057)	5,272,355	5,609,327	5.682	26,551	5,472,849
DEC. 86	10,370,200	8.732	905,318	1,281,041	375,723	5,472,849	5,660,711	5.762	27,171	5,075,763
TOTAL			6,013,160	10,870,984	4,872,824					

NOTE THAT THE AUTHORIZED BASE RATE REVENUE WAS EFFECTIVE JUNE 4, 1986.
 THEREFORE, COLUMN (13) IS 27/30 OF COLUMN (11)(12).

*The December 1986 ending balance of a \$5.9 million undercollection is due to \$5.2 million for claims settlements and a Fluor overhead adjustment, \$.8 million for higher electrical and hydrocarbon costs, \$.2 million for retention payments, \$.2 million for interest on undercollected monthly balances, and \$.2 million for miscellaneous construction and O&M costs, partially offset by unanticipated DOE contributions in 1986 for \$.7 million.

HEBER BINARY PROJECT

1987 EXPENDITURES

In 1982, a detailed definitive estimate of total project costs was prepared. This estimate was used during proceedings which led to CPUC Decision 83-05-047. The decision documented CPUC approval of the Geothermal Sales Contract for the Project and established a ceiling for SDG&E's share of total Project costs ranging from \$89.7 million based on a plant availability factor of 50% to \$94.2 million based on a plant availability factor of 77.1%.

The Definitive Estimate was updated in 1984, 1985, and 1986. The January 1987 trend is based on the 1986 Project Estimate Update. However, the trend assumes achieving full brine flow 4 months later than the 5/8/87 date projected in the 1986 Estimate Update. In addition, the trend incorporates several more months of actual heat costs and more recent future heat cost projections.

The updated estimates and the January, 1987 trend are as follows:

	1982 Def. Est.	1984 Estimate	1985 Estimate	1986 Estimate	Jan 1987 Trend
Total Project Costs x (000):					
O & M	\$ 11,920	\$ 12,643	\$ 15,198	\$ 18,827	\$ 20,819
Other Non-Heat	108,866	116,125	122,107	127,943(1)	128,516(1)
Heat	67,800	55,179	44,969	28,756	31,169
Total (2)	\$188,586	\$183,947	\$182,274	\$175,526	\$180,504
SDG&E'S share of Total (2)	\$ 95,900	\$ 84,459	\$ 92,740	\$ 85,824	\$90,264
Schedule assumption:					
Full Brine Flow	1/86	5/86	5/86	5/87	9/87
End of Demonstration	3/88	5/88	5/88	5/88	9/88

(1) Includes Construction claim settlements

(2) Includes administrative and general, employee benefits, ad valorem taxes

For additional information on project costs, parties are referred to the semi-annual Project status reports submitted to the CPUC.

The total non-heat cost estimate increased from the 1986 GRC workpapers due to a projected delay in achieving full brine flow (from May, 1986 to September, 1987). However, the overall project cost projection has gone down from when the 1986 workpapers were submitted to the present. The 1986 GRC workpapers assumed that SDG&E would pay a 31.3% participation share of the non-heat costs and a 82.5% ownership share of the heat costs.

Projected 1987 non-heat costs are as follows:

	Total Project Costs	1987 Non-Heat Costs x (000)		
		Total 1987 (1)	Net Total 1987 (2)	SDG&E Share 1987
1986 GRC Workpapers	\$183,947	\$7,092	-	\$2,219(3)
1987 Trend	180,504	8,579	7,352	5,871(4) =====

- (1) Includes A&G, Employee Benefits and Ad Valorem Taxes
- (2) Excludes A&G, Employee Benefits and Ad Valorem Taxes
- (3) Based on 31.3% share of total
- (4) Based on 89.2% share of net total minus contributions from CEC and DWR. This represents the estimated expenditures in 1987 used in calculating the additional Revenue Requirement.