

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION E-3105
AUGUST 24, 1988

RESOLUTION E-3105. FILINGS BY ENERGY UTILITIES
IN RESPONSE TO OUR DECISIONS IN INVESTIGATION
I.86-11-019 ARE TO BE IMPLEMENTED, SUBJECT TO
REVIEW AND ADJUSTMENT THROUGH BALANCING ACCOUNTS.

SUMMARY

1. I.86-11-019 instituted an investigation into the methods to be used to establish the adjustments in rates and rules resulting from the Federal Tax Reform Act (TRA) of 1986 and the related Senate Bill (SB) 572 (Garamendi, 1987). Subsequently, D.87-09-026, D.87-12-028, D.88-01-061, D.88-01-064, D.88-04-065 and D.88-07-020 (Decisions) were issued in this Investigation.
2. These Decisions ordered the regulated utilities to file amended rates and rules to implement both the TRA and the SB.
3. The energy (electric and gas) utilities have filed these tariffs, and in most instances these revisions result in a decrease in rates or charges.
4. Those instances where the revisions do not result in a rate reduction are where the utilities have also incorporated increases to recover undercollections in balancing accounts as a part of their submittals.
5. The Commission Advisory and Compliance Division (CACD) reviews of these numerous tariff revisions are to be conducted in a timely manner. However, additional time is required.

6. This Resolution allows the rates requested in the advice letters listed in Appendix A to go into effect. However, until the CACD has completed its review, the rates are subject to refund with interest and supplemental tariff sheets with this explicit provision are ordered.

DISCUSSION

1. The TRA and SB, as enacted, have resulted in reduced income tax requirements for the regulated utilities. This reduced income tax requirement decreases the revenue requirement for the utilities.

2. The regulated energy utilities have made Advice Letter filings to implement the listed Decisions. These filings are listed in the attached Appendix A.

3. In most instances these revisions have resulted in reduced rates or charges by the affected utilities.

4. However, some of the filings are for rate increases. The rate increases are caused by requested recovery of balancing account undercollections. The recovery of the undercollections more than offsets the decreases due to the TRA and SB, resulting in net rate increases. The undercollected balancing accounts are associated with the Electric Revenue Adjustment Mechanism (ERAM), the Supply Adjustment Mechanism (SAM), and the Gas Adjustment Clause (GAC).

5. Pursuant to Ordering Paragraph 14 of D.88-01-061, the utilities' rates are subject to refund and adjustment with interest to account for changes and possible changes to the revenue requirements authorized therein. This includes those changes made as a result of the advice letter filings, memorandum accounts, and balancing account entries mentioned in the other ordering paragraphs of the decision. Therefore, in order to allow sufficient time for CACD review, the advice letter filings should be accepted subject to later adjustment to the extent that they are subsequently determined not to be in compliance with, or to contain adjustments not authorized by, D.88-01-061. The adjustments should be with interest. Supplemental tariff sheets with an explicit statement on adjustment and/or refund will express this provision. The language to be filed in the supplemental sheets is as follows:

"These rates remain subject to further adjustment and/or refund, with interest, pending Commission review of compliance with Commission Decision No. 88-01-061, pursuant to Ordering Paragraph 14 thereof."

6. The rate reductions should be promptly implemented to provide their benefits to utility customers. The requested rate increases should be put into effect to avoid continued balancing account undercollections.

FINDINGS

1. The regulated energy utilities have made filings in response to our Decisions in I.86-11-019.

2. Most of these filings propose rate decreases.

3. The filings which have not resulted in rate decreases are submittals in which the utilities have also incorporated increases to recover undercollections in balancing accounts.

4. More time is needed for CACD review of these submittals.

5. The requested rates should be authorized to promptly implement decreases caused by the TRA and SB, and to prevent further undercollections of the balancing accounts.

6. The rates should be subject to later adjustment with interest, to the extent they do not comply with or contain adjustments not authorized by our Decisions, until the Commission finally approves them. Supplemental sheets expressing this intent, as stated above, will make this provision explicit.

THEREFORE, IT IS ORDERED that:

1. The filings from the regulated utilities listed in Appendix A are accepted subject to subsequent review and adjustment as discussed herein. Supplemental sheets with the adjustment and/or refund provision stated above shall be filed within 20 days of the effective date of this resolution. They and the resulting tariffs shall be marked to show that they were accepted by this Commission by Resolution E-3105.

2. Any over- or undercollections shall be adjusted through either the Electric Revenue Adjustment Mechanism (ERAM), Supply Adjustment Mechanism (SAM) or the Gas Adjustment Clause (GAC) balancing accounts as appropriate.
3. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 24, 1988. The following Commissioners approved it:

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



Executive Director

APPENDIX A

NAME of UTILITY	ADVICE NUMBER	SUBJECT	DATE FILED	RESOLUTION or DECISION	DATE EFFECT.
CFE	1500	Decrease in annual SAN rates. (TRA)	03/28/88		TED
PG&E	1198E	Revise base revenue amount in PRAN of Preliam. Stant. to comply with D.88-01-061. (TRA)	03/28/88	D.88-01-061	TED
PG&E	1201E	Revise special facilities charges in Rule 2 per D.88-01-061. (TRA)	01/27/88	D.88-01-061	
PS&E	1210E	Correct base rate revenue amount in the PRAN in compliance with D.88-01-061. (TRA)	07/01/88	D.88-01-061	TED
PG&E	1457G	Adjust PG&E's Gas Adjustment Clause balancing account to comply with D.88-01-061. (TRA)	03/28/88	D.88-01-061	
PG&E	1459G	Revise special facilities charges in Rule 2 per D.88-01-061. (TRA)	01/27/88	D.88-01-061	
PG&E	1472G	Correct base rate revenue amount in the GAC in compliance with D.88-01-061. (TRA)	07/01/88	D.88-01-061	TED
SCB	81G	Establish proper level of expense for rate-making purposes for public utilities due to changes in tax reform act. (TRA)	03/28/88	D.88-01-061	TED
SCB	782E	Rule No. 2. Monthly charge for customer-financed added facilities decreased from 0.5% to 0.3% due to tax reform act. (TRA)	03/28/88	D.88-01-061	TED
SCB	783E	Preliam. Stant. Part J. - Adjust balance in PRAN account and to reflect the effects of tax reform act. (TRA)	03/28/88	D.88-01-061	TED
SDG&E	637G	Revise special facilities charges for Rule 2 in order to reflect impact of new tax laws. (TRA)	01/27/88	D.88-01-061	01/27/88
SDG&E	749E	Revise special facilities charges for Rule 2 in order to reflect impact of new tax laws. (TRA)	01/27/88	D.88-01-061	01/27/88
SOCAL GAS	1761	Adjust revenue requirements per D.88-01-061 due to the effect from the tax reform act. (TRA)	03/28/88	D.88-01-061	TED
SPPCO.	201E	CIAC Changes to Rules 15, 15.1 and 15.2 Adop's method 5. (TRA)	01/22/88	D.88-01-026	
SPPCO.	202E	Revenue requirements due to the effect of the tax reform act per D.88-01-061. (TRA)	03/28/88	D.88-01-061	