

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3186
May 4, 1990

R E S O L U T I O N

RESOLUTION E-3186. PACIFIC GAS & ELECTRIC COMPANY AUTHORIZED TO REVISE GAS AND ELECTRIC RATES IN ORDER TO COMPENSATE FOR REDUCED BASELINE QUANTITIES IN ACCORDANCE WITH THE PROVISIONS OF PRIOR COMMISSION ORDERS AND REVISE ELECTRIC RATE ZONE DESIGNATION IN ONE AREA TO COINCIDE WITH RECORDED DATA.

ADVISE LETTERS 1581-G/1291-E AND 1581-G-A, FILED MARCH 16, 1990 AND APRIL 19, 1990 RESPECTIVELY.

SUMMARY

1. By Advice Letter 1581-G/1291-E, filed March 16, 1990, Pacific Gas & Electric Company (PG&E) requests authorization to file reduced baseline quantities for both gas and electric residential customers in accordance with the phase-in program established by Decision (D)86-12-091 and further ordered in D.89-12-057.
2. In addition, this filing seeks to revise rates for gas and electric residential customers in order to compensate for these reduced baseline quantities.
3. This filing also requests authorization to re-designate PG&E's baseline territory code for residential electric customers in Lake County from Territory X to Territory P as requested by the Lake County Board of Supervisors.
4. On April 19, 1990, PG&E filed Supplemental Advice Letter 1581-G-A, to revise the gas baseline quantities and rates based on revised residential class revenue requirements contained in D.90-04-021, dated April 11, 1990 in PG&E's Annual Cost Allocation Proceeding (ACAP), A.89-08-024. This filing supercedes and replaces the original Advice Letter 1581-G portion of the joint Advice Letter 1581-G/1291-E.
5. This resolution grants PG&E's requests.

BACKGROUND

1. D.86-12-091, dated December 22, 1986 stated that on May 1 of each year PG&E should phase in revised baseline quantities for its residential customers.

2. On June 28, 1988 Governor Deukmejian signed into law Senate Bill (SB) 987, which declared a legislative finding that rates for gas service in excess of the baseline quantity are too high and cause extremely high residential bills during cold weather.

3. In addition, D.89-12-057 dated December 20, 1989 stated that the current differential between Tier I and Tier II electric rates should be reduced by 25 percent effective May 1, 1990. The practice of adjusting gas and electric baseline quantities each May should continue until the phase-in of the new target quantities is reached.

4. By these orders, the Commission attempts to phase-in revised baseline quantities in order to reduce the rate shock to customers in the transition from winter to summer lifeline quantities. Baseline revisions are required to bring PG&E's residential baseline quantities into closer compliance with Section 739 of the Public Utilities Code.

NOTICE

1. Public notification of this filing has been made by placing on the Commission's calendar for March 23, 1990 and by mailing copies of the advice letter to other utilities, governmental agencies and to all interested parties who requested such notification.

2. To conserve mailing costs, workpapers and other attachments were not mailed to those listed above. However, such attachments are available upon request.

PROTESTS

1. No protests were received in this matter

DISCUSSION

1. Upon recommendations from the Commission Advisory and Compliance Division (CACD), the utility revised rates in order to compensate for the reduced baseline quantities. The rate changes are designed to be revenue neutral, that is, no change in revenues will result from the rate changes when combined with the changes in baseline quantities.

2. With the exception of the revised rates to create revenue neutrality and the territory re-designation in Lake County, this filing is similar in nature to Advice Letter 1529-G/1242-E as filed by PG&E and approved by Commission Resolution E-3145 on April 26, 1989.

3. The revised baseline quantities as filed vary in accordance with the different climatic zones and between summer and winter allowances for both gas and electric service. The

primary difference is a reduction in the daily baseline allowances for the winter months.

4. Gas baseline quantities provided by the supplemental filing are based on the residential class revenue requirement contained in D.90-04-021, dated April 11, 1990, in PG&E's current 1990 ACAP. The rate differential between Tier I and Tier II has been reduced by approximately 20%.

5. For gas rate schedules, the baseline allowance revisions are shown in Attachment A to this Resolution.

6. To compensate for these baseline revisions and in order to remain "revenue neutral" (i.e. increase in revenue from any specific class of customer due to revised baseline quantities will be offset by reduced rates to that class of customer, thereby creating no loss or gain in annual revenue for the utility), the Tier I (baseline) rates have been increased by approximately 9.0% while the Tier II (Over Baseline) rates have been decreased by 4.7%. The revisions to the gas rates is shown in Attachment B to this resolution.

7. For electric rate schedules, the baseline allowance revisions for Basic Service and for All-Electric Service are shown in Attachments C to this resolution.

8. To compensate for these baseline revisions and in order to remain "revenue neutral", the Tier I (Baseline) rates have been increased by approximately 5.4% while the Tier II (Over Baseline) rates have been decreased by 5.1%. The revisions to the electric rates (\$/kWh) are shown in Attachment D to this Resolution.

9. The re-designation of of baseline territory code for PG&E's residential electric customers in Lake County from Territory X to Territory P is made at the request of the Lake County Board of Supervisors. Analysis of 30 years of climatic data shows that Territory P is the most appropriate baseline designation for Lake County. A comparison of the two climatic zones shows that the revision will give Lake County electric customers greater baseline allowances in both summer and winter.

Daily Baseline Allowances (kWh)

	<u>Zone P</u>	<u>Zone X</u>
Basic Service Summer	13.1	10.5
Winter	11.7	11.3
All-Electric Summer	19.9	13.4
Winter	37.2	28.2

10. PG&E has requested that the Lake County re-designation take effect concurrently with the establishment of the new baseline rates and quantities so that Lake County residential

customers can benefit from greater baseline quantities during the 1990 summer cooling season.

11. The CACD has reviewed this filing along with accompanying workpapers and has made typical bill comparisons. Based on the revised baseline quantities, some customers, primarily in the low-usage range, will see slight increases in their bills, while others will see small decreases. This is because reduced baseline quantities and the rate reduction offset each other for residential customers as a whole, but individual customer bills (depending upon consumption) are affected differently.

12. The utility states and CACD concurs that this filing will not cause the withdrawal of service, or conflict with other schedules or rules. The only effect on rates will be a minimal bill impact as noted above.

13 Due to other rate changes that are scheduled to take place May 1, 1990, as well as the transfer from winter to summer baseline quantities, the utility requests five working days after the effective date of this order in which to implement the changes authorized by this resolution.

FINDINGS

1. On page 26 of D.86-12-091, the Commission noted that the phasing-in of revised baseline quantities helps to minimize rate shock, during the transition period of April-May between winter and summer baseline quantities. This filing complies with that provision and brings PG&E's residential baseline quantities into closer compliance with Section 739 of the Public Utilities Code.

2. The rate revisions presented with this filing are just and reasonable and they are designed to offset any increased revenue effect to customers bills that might occur due to the revised baseline quantities.

3. The utility's request for five working days after the effective date of this resolution in order to place these revisions in effect is reasonable and should be granted.

4. Any over or under collections that may occur between May 1, 1990 and the effective date of these revisions will accrue (with interest) in the Electric Revenue Adjustment Mechanism (ERAM) and the Gas Fixed Cost Adjustment (GFCA) balancing accounts and will be addressed at the next appropriate rate proceeding.

5. The proposed baseline territory code re-designation for electric customers in Lake County is just and reasonable and should be adopted.

6. The proposed gas rate revisions are based on the rates contained in D.90-04-021, date April 11, 1990 in PG&E's ACAP and are therefore just and reasonable.

7. PG&E should maintain records of both gas and electric sales to verify that the effect of the rate reduction fully offsets the increased revenue caused by the revised baseline quantities in order to be revenue neutral. Any over or under collections should flow into the appropriate ERAM and/or GFCA balancing accounts to be addressed at the next appropriate rate proceeding.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas & Electric Company is authorized under the provisions of Decisions 86-12-091 and 89-12-057 and under Sections 454, 491 and 739 of the Public Utilities Code to place the electric portion (1291-E) of joint Advice Letter 1581-G/1291-E and accompanying tariff sheets into effect. Supplemental Advice Letter 1581-G-A shall also be placed into effect.

2. The effective date of these affected tariff sheets shall be May 11, 1990, five working days after the effective date of this resolution.

3. The gas portion (1581-G) of joint Advice Letter 1581-G/1291-E and accompanying tariff sheets are superceded and withdrawn.

4. Any over or undercollections realized by PG&E during the period between May 1, 1990 and the effective date of this filing shall accrue (with interest) in the appropriate Electric Revenue Adjustment Mechanism (ERAM) and Gas Fixed Cost Account (GFCA) Balancing Accounts and shall be addressed at the next appropriate rate proceeding.

5. PG&E shall maintain records of both gas and electric sales to determine the effect of revenue neutrality and any over and/or undercollections shall be placed in the appropriate ERAM and/or GFCA balancing accounts to be addressed at the next appropriate rate proceeding.

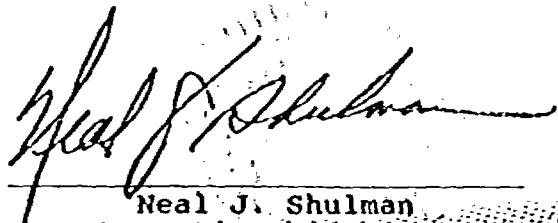
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6. Advice Letter 1581-G-A and the electric portion (1291-E) of joint Advice Letter 1581-G/1291-E, as well as all accompanying tariff sheets shall be marked to show that they were approved for filing by Commission Resolution E-3186.

7. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on May 4, 1990. The following Commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners


Neal J. Shulman
Executive Director

GAS BASELINE REVISIONS

<u>Schedules(s)</u>	<u>Climatic Zones</u>	<u>(Quantities in Therms)</u>		<u>Percentage Change</u>
		<u>Reduction in Daily Baseline</u>	<u>Monthly Equivalent</u>	
<u>Summer Months</u>				
G-1, GS, GT, GL-1, GSL, GTL	P, S, W & X	No Change	-----	-----
	All Others	(0.1)	(3.0)	(9.1%)
GM	P & S	No Change	-----	-----
	R	0.1	3.0	9.1%
	V & Y	(0.2)	(6.1)	(22.2%)
	All Others	(0.1)	(3.4)	(9.1%)
<u>Winter Months</u>				
G-1, GS, GT, GL-1, GSL, GTL	T	(0.1)	(3.0)	(5.0%)
	All Others	(0.2)	(6.1)	(6.9%)
GM	T	(0.2)	(6.1)	(10.0%)
	W	(0.3)	(9.3)	(15.0%)
	All Others	(0.4)	(12.2)	(20.0%)

Note; () = decrease in baseline amount

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Attachment B

REVISED GAS RATES (\$/therm)

<u>Rate Schedule</u>	<u>Old Rate</u>	<u>New Rate</u>	<u>Increase or (Decrease)</u>	<u>Percent</u>
G-1, GM, GS, GT				
Baseline	0.44826	0.48950	0.04124	9.2%
Over Baseline	0.84849	0.80968	(0.03881)	(4.6%)
GL-1, GSL, GTL				
Baseline	0.38102	0.41486	0.03384	8.9%
Over Baseline	0.72122	0.68701	(0.03421)	(4.7%)

ELECTRIC BASELINE REVISIONS

Basic Service

<u>Schedules(s)</u>	<u>Climatic Zones</u>	<u>(Quantities in kWh)</u>		<u>Percentage Change</u>	
		<u>Reduction in Daily Baseline</u>	<u>Monthly Equivalent</u>		
<u>Summer Months</u>					
E-1, ES, ET, E-7, EL-1, ESL. ETL, EL-7	P & S	0.5	15.2	3.8%	
	Q & T	0.1	3.0	1.3%	
	R	1.0	30.4	6.8%	
	V	(0.1)	(3.0)	(1.1%)	
	W	0.7	21.3	4.3%	
	X	0.2	6.1	1.9%	
	Y	0.4	12.2	4.7%	
	Z	(0.3)	(9.1)	(4.5%)	
	EM	P & S	No Change	-----	-----
	Q & T	(1.2)	(36.5)	(18.2%)	
	R	(0.1)	(3.0)	(3.3%)	
	V & Z	(0.2)	(6.1)	(3.6%)	
	W	(0.8)	(24.4)	(7.2%)	
	X	0.1	3.0	1.6%	
	Y	0.8	24.4	13.5%	
<u>Winter Months</u>					
E-1, ES, ET, E-7, EL-1, ESL. ETL, EL-7	P	(1.4)	(42.6)	(9.4%)	
	Q, X & W	0.4	12.2	3.5%	
	R	0.1	3.0	0.8%	
	S & V	No Change	-----	-----	
	T	0.3	9.1	3.4%	
	Y	(1.1)	(33.4)	(9.4%)	
	Z	0.6	18.2	6.0%	
	EM	P & Y	(0.7)	(21.3)	(9.1%)
		Q & X	0.2	6.1	2.9%
	R	(0.4)	(12.2)	(5.5%)	
	S & W	0.1	3.0	1.7%	
	T	(1.4)	(42.6)	(18.2%)	
	V	(0.3)	(9.1)	(4.5%)	
	Z	(0.2)	(6.1)	(3.0%)	

Note: () = decrease in baseline quantities.

ELECTRIC BASELINE REVISIONS
All-Electric Service

Schedules(s)	Climatic Zones	(Quantities in kWh)		Percentage Change
		Reduction in Daily Baseline	Monthly Equivalent	
<u>Summer Months</u>				
E-1, ES, ET, E-7, EL-1, ESL, ETL, EL-7	P & S	(0.1)	(3.0)	(0.5%)
	Q & T	(2.0)	(60.8)	(13.6%)
	R	0.6	18.2	2.8%
	V	(1.5)	(45.6)	(8.7%)
	W	0.4	12.2	1.6%
	X	0.1	3.0	0.7%
	Y	0.3	9.3	2.0%
	Z	(2.4)	(73.2)	(13.6%)
EM	P & S	(0.8)	(24.3)	(5.4%)
	Q & T	(1.9)	(57.8)	(17.1%)
	R	0.6	18.2	3.9%
	V	(2.3)	(69.9)	(19.0%)
	W	(2.7)	(82.1)	(12.7%)
	X	1.5	45.6	14.7%
	Y	(3.4)	(103.4)	(30.6%)
	Z	(3.3)	(100.3)	(27.3%)
<u>Winter Months</u>				
E-1, ES, ET, E-7, EL-1, ESL, ETL, EL-7	P & Y	(2.3)	(69.9)	(6.2%)
	Q & X	(2.8)	(85.1)	(9.9%)
	R & T	(0.6)	(18.2)	(2.0%)
	S	(1.3)	(39.5)	(3.8%)
	V	(3.1)	(94.2)	(11.2%)
	W	(0.3)	(9.1)	(1.0%)
	Z	(2.0)	(60.8)	(5.6%)
	EM	P & Y	(7.1)	(215.8)
Q & R		(0.6)	(18.2)	(3.1%)
S		(2.3)	(69.9)	(10.8%)
T		(2.4)	(73.0)	(12.1%)
V		(2.7)	(82.1)	(14.5%)
W		(3.2)	(97.3)	(12.5%)
X		(0.5)	(15.2)	(2.6%)
Z		1.2	36.5	4.6%

Note: () = decrease in baseline quantities.

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Attachment D

REVISED ELECTRIC RATES (\$/kWh)

<u>Rate Schedule</u>	<u>Old Rate</u>	<u>New Rate</u>	<u>Increase or (Decrease)</u>	<u>Percent</u>
E-1, EM, GE, ET				
Baseline	0.08882	0.09374	0.00492	5.5%
Over Baseline	0.13524	0.12842	(0.00682)	(5.0%)
EL-1, ESL, ETL				
Baseline	0.07506	0.07924	0.00418	5.6%
Over Baseline	0.11451	0.10872	(0.00579)	(5.1%)
E-7, EL-7				
<u>Summer</u>				
Peak	0.28296	0.27844	(0.00452)	(1.6%)
Off-Peak	0.09199	0.08743	(0.00456)	(5.0%)
Baseline Credit	0.03691	0.02506	(0.01185)	(32.1%)
<u>Winter</u>				
Peak	0.11288	0.10774	(0.00514)	(4.5%)
Off-Peak	0.08034	0.07525	(0.00509)	(6.3%)
Baseline Credit	0.03691	0.02506	(0.01185)	(32.1%)