

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND  
COMPLIANCE DIVISION  
Energy Branch

RESOLUTION E-3190  
May 4, 1990

R E S O L U T I O N

RESOLUTION E-3190. SAN DIEGO GAS & ELECTRIC COMPANY  
REQUESTS AUTHORITY TO TRUE-UP ITS REFUND OF REVENUE  
OVER-COLLECTED FOLLOWING THE TAX REFORM ACT OF 1986.

BY ADVICE LETTER 785-E, FILED ON MARCH 8, 1990.

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SUMMARY

1. By Advice Letter 785-E, San Diego Gas & Electric Company (SDG&E) requests authority to true-up the 1987 and 1988 revenue requirement reduction resulting from the Tax Reform Act of 1986 and the California Bank and Corporation Fairness, Simplification, and Conformity Act of 1987. SDG&E proposes that the remaining over-collection of \$3,040,070 in electric revenue, \$548,300 in gas revenue, and \$15,300 in steam revenue be recorded in the Electrical Revenue Adjustment Mechanism (ERAM) balancing account.

2. This Resolution authorizes SDG&E to record the over-collection of electric revenue in the ERAM account, orders SDG&E to record the over-collection of steam revenue in the Steam Revenue Adjustment Mechanism balancing account, and orders the refund of over-collected gas revenue in SDG&E's Annual Cost Allocation Proceeding (ACAP).

BACKGROUND

1. The Tax Reform Act of 1986 and its counterpart, the California Bank and Corporation Fairness, Simplification, and Conformity Act of 1987, lowered corporate tax rates. The Commission investigated the rate-making effect of these acts in Order Instituting Investigation 86-11-019. The Commission subsequently issued Decision (D.) 88-01-061 which ordered that the "impact of the revenue requirement adjustment, including interest, shall be recorded in the GAC/CAM[1] balancing account for gas utilities and in the ERAM and other appropriate balancing account for electric utilities."

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1 Gas Adjustment Clause/Consolidated Adjustment Mechanism

2. SDG&E petitioned the Commission for authority to return the over-collected money in the form of a one-time refund to its ratepayers. The Commission approved the refund in D.88-04-065. Time constraints prevented the Commission Advisory and Compliance Division (CACD) from reviewing SDG&E's calculated refund in time for its planned June 1988 disbursement. SDG&E was allowed to make the refund based on its estimate of the amount over-collected, with a true-up to follow later.

3. D.89-09-028 in SDG&E's Energy Cost Adjustment Clause proceeding ordered SDG&E to file an Advice Letter to reflect the true-up of the revenue over-collection, including interest.

#### NOTICE

1. Public notice of this filing was made by mailing copies of the advice letter to other utilities, governmental agencies and to all interested parties who requested such notification. Notice of the advice letter filing was published in the Commission calendar on March 14, 1990.

#### PROTESTS

1. No protests have been received by CACD.

#### DISCUSSION

1. SDG&E filed workpapers with this Advice Letter showing the calculation of the remaining over-collection and interest. CACD has reviewed the workpapers and found them to be correct.

2. The ERAM balancing account records SDG&E's electric department base rate revenues.

3. SDG&E has provided no reason why money over-collected from gas and steam ratepayers should be credited to electric customers through the ERAM.

4. CACD recommends that the revenue over-collected from steam customers be recorded in the Steam Revenue Adjustment Mechanism balancing account, which is comparable to the ERAM account.

5. The Commission's investigation into unbundled natural gas services (I.86-06-005) led to the abolishment of the GAC/CAM accounts. Under the gas industry restructuring, costs are allocated between core and non-core customers through the utility's ACAP.

6. CACD recommends that the revenue over-collected from gas customers be distributed equitably between SDG&E's core and non-core gas customers in SDG&E's ACAP (Application 90-03-049).

FINDINGS

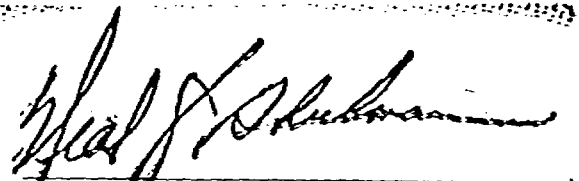
1. In D.88-01-061 the Commission ordered energy utilities to record over-collections as a result of the Tax Reform Act of 1986 and its California counterpart to be entered into the appropriate balancing accounts.
2. SDG&E was authorized to issue a one-time refund of its estimated over-collection in June 1988.
3. SDG&E requests authority to refund the remaining over-collection from its electric, gas, and steam customers through the ERAM account.
4. The ERAM account is the appropriate place to record over-collections from electric customers.
5. Over-collections from gas and steam customers should be returned to gas and steam ratepayers.
6. Because a single gas rate adjustment account no longer exists, gas revenues should be refunded through SDG&E's ACAP.

THEREFORE, IT IS ORDERED that:

1. San Diego Gas & Electric Company shall make the correct entries to refund the remainder of the over-collection resulting from the Tax Reform Act of 1986 and the California Bank and Corporation Tax Fairness, Simplification, and Conformity Act of 1987 to electric and steam customers through its Electric Rate Adjustment Mechanism and Steam Rate Adjustment Mechanism.
2. San Diego Gas & Electric Company shall submit a supplemental advice letter within 14 days that correctly describes the electric and steam refunds. The supplemental advice letter shall be effective the same day as this Resolution.
3. The remainder of the tax over-collection from gas customers shall be allocated in San Diego Gas & Electric Company's Annual Cost Allocation Proceeding (Application 90-03-049). San Diego Gas & Electric Company shall make an appropriate filing in that proceeding to reflect the refund.
4. This Resolution is effective today.

I hereby 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

  
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Neal J. Shulman  
Executive Director