

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION E-3435  
December 18, 1995

**R E S O L U T I O N**

RESOLUTION E-3435. SAN DIEGO GAS AND ELECTRIC COMPANY REQUESTS AUTHORITY TO REVISE APPLICABILITY SECTION OF SCHEDULE AY-TOU.

BY ADVICE LETTER NO. 946-E FILED ON MAY 15, 1995.

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**SUMMARY**

1. In this advice letter San Diego Gas and Electric Company (SDG&E) requests authority to revise the applicability of Schedule AY-TOU-General Service-Large-Time Metered-Optional (Schedule AY-TOU) to remove an unintended incentive for customers to switch from Schedule AL-TOU (a seasonal rate) to AY-TOU (a non-seasonal rate) and then back again to Schedule AL-TOU. This switching could result in a loss of revenue to SDG&E and could eventually cause rates to other customers to increase in order to compensate for any revenue shortfall.
2. No protests were received to this filing.
3. This resolution authorizes SDG&E's request in Advice Letter 946-E to modify the applicability language of its tariff and by doing so eliminate the unintended incentive for customers to switch between tariffs on a seasonal basis.

**BACKGROUND**

1. Before 1990, all new SDG&E commercial and industrial customers with demands that were expected to exceed 20 kW were required to take service on Schedule AL-TOU which had time-of-use rates and seasonal price differences. In application 90-09-061, SDG&E proposed that it be authorized to offer these commercial and industrial customers service on a tariff that was simpler and did not have rates that varied seasonally. The purpose on SDG&E's request was to accommodate those customers that had a difficulty with the seasonal swings in their bills with this new non-seasonal rate design. SDG&E's proposal was approved by the Commission effective September 12, 1990, as Schedule AY-TOU.
2. SDG&E currently has approximately 550 customers on Schedule AY-TOU and has recently become aware of the potential for some of these and other TOU customers to take advantage of this rate option in an unintended fashion. A very limited number of customers seem to initially be requesting service on Schedule AY-TOU during May, and then 17 months later they request to be switched to Schedule AL-TOU. Nineteen months later these same customers would then request to once again be billed on Schedule AY-TOU. This would result in lower bills over the 36-month

period for most of the eligible customers. Since SDG&E's intent was to bring in the same revenue from either Schedule AL-TOU or Schedule AY-TOU, on a 12-month basis, this switching scheme could have an unintended result of shifting as much as \$26 million over the 36-month period to other customers.

3. In Advice Letter 946-E, SDG&E is proposing to eliminate the potential "gaming" that appears to be emerging by including new language in Schedule AY-TOU:

"Applicability

This schedule is optionally available to all metered non-residential customers who request service on the schedule and whose maximum demand in any time period is less than or equal to 500 kW. Once a customer had decided to take service on this tariff they will not be allowed to change to service under another tariff except on an interval of exactly 12 months, regardless of any other tariff provisions. A customer that has taken service on this schedule and then changes to service on another schedule may only return to this schedule on an interval of exactly 12 months."

4. SDG&E filed Advice Letter 946-E on May 15, 1995.

NOTICE

The original Advice Letter was noticed in accordance with section III of General Order 96-A by publication in the Commission Calendar and distribution to San Diego's advice filing service list.

PROTESTS

No protests have been received by the Commission Advisory and Compliance Division (CACD) for this Advice Letter filing.

DISCUSSION

1. SDG&E believes that with this change, rates designed to recover costs on a non-seasonal basis will properly recoup those costs from customers consistent with the way they consume energy without the unintended incentive to switch schedules in order to avoid high seasonal charges.

2. Adoption of the change requested in this advice letter will achieve the intended goal of preventing the "gaming" of the TOU schedules.

3. The requested change will prevent shifting costs to other customers.

4. CACD recommends that SDG&E be allowed to modify their tariff as requested in this advice letter.

FINDINGS

1. SDG&E filed Advice Letter 946-E on May 15, 1995, to request authority to revise the applicability of Schedule AY-TOU-General Service-Large-Time Metered-Optional (Schedule AY-TOU).
2. In application 90-09-061, SDG&E proposed that it be authorized to offer commercial and industrial customers service on a tariff that was simpler and did not have rates that varied seasonally. The purpose on SDG&E's request was to accommodate those customers that had a difficulty with the seasonal swings in their bills with this new non-seasonal rate design. SDG&E's proposal was approved by the Commission effective September 12, 1990.
3. An unintended consequence of the new tariff was that customers could switch back and forth between the seasonal and non-seasonal tariffs and by using this scheme achieve the result of shifting as much as \$26 million, over a 36-month period, to other customers.
4. The change in tariff language proposed by this advice letter would maintain the intended option of non-seasonal rates while at the same time prevent the potential "gaming" of the tariffs.

**THEREFORE, IT IS ORDERED that:**

1. San Diego Gas and Electric is authorized to revise the Applicability Section Schedule AY-TOU-General Service-Large-Time Metered-Optional as requested in Advice Letter 946-E.
2. Advice Letter 946-E and the accompanying tariff sheets shall be marked to show that they were approved by Commission Resolution E-3435.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities commission at its regular meeting on December 18, 1995. The following Commissioners approved it:

  
WESLEY M. FRANKLIN  
Executive Director

DANIEL Wm. FESSLER  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, Jr.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners