PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-3552
SEPTEMBER 3, 1998

RESOLUTION

RESOLUTION E-3552. SAN DIEGO GAS & ELECTRIC COMPANY (SDG&E) REQUESTS A RATE OF $0.02400 PER KWH FOR THE MONTH OF APRIL 1998 AS THE MONTHLY AVERAGE POWER EXCHANGE (PX) PRICE. APPROVED.

BY ADVICE LETTER 1089-E, FILED ON APRIL 1, 1998.

SUMMARY

1. On April 1, 1998, SDG&E filed Advice Letter 1089-E requesting a rate of $0.02400 per kWh as the monthly average PX price for the month of April for each of its eight customer classes.

2. A timely protest was filed by the Office of Ratepayers Advocate (ORA) on April 21, 1998.

3. ORA protests the exclusion of the Distribution Loss Factors (DLFs) from SDG&E's advice letter.

4. This resolution adopts SDG&E's use of $0.02400 per kWh as the monthly average PX price for the month of April as detailed in Advice Letter 1089-E.

BACKGROUND

1. SDG&E filed Advice Letter 1089-E on April 1, 1998, requesting a rate of $0.02400 per kWh as the monthly average PX price for the month of April for each of its eight customer classes.

2. Decision (D.) 97-11-026 authorized SDG&E, on an interim basis, to calculate Monthly Average PX Prices based on the most up-to-date data available on the last day of each calendar month.

3. The $0.02400 market rate forecast was established in D.97-06-060 to estimate transition costs for 1998.

NOTICE

1. In accordance with Section III, Paragraph G, of General Order No. 96-A, SDG&E mailed copies of this advice letter to other utilities and interested parties. Public notice of this filing has been made by publication in the Commission's calendar.

PROTESTS

1. ORA filed a timely protest on April 21, 1998, stating that the average DLF adopted in Commission rate cases should be used for April, 1998.

2. Unfortunately, ORA did not mail copies of their protest to SDG&E. SDG&E did not receive a copy of ORA's protest until July 13, 1998. SDG&E then filed a response on July 15, 1998, restating that "...no adjustment would be made for the month of April for DLFs..."[1] and that it had assumed the $0.02400 per kWh would be the end-result. SDG&E further points out that using $0.02400 per kWh was very comparable and that "of the 18 different Monthly PX prices that SDG&E calculated, seven were above the estimate amount, and 11 were below the estimated amount."[2] Finally, if "SDG&E were to be required to re-bill its customers, some classes would receive a slightly higher PX credit and some classes would receive a slightly lower credit."[3]

DISCUSSION

1. D.97-11-026 authorized SDG&E, on an interim basis, to calculate Monthly Average PX Prices based on the most up-to-date data available on the last day of each calendar month. Under this methodology, Monthly Average PX Prices for SDG&E's customers would be based on:

   - PX price data available for the preceding month.
   - Uplift adjustments which will take into account ancillary services, congestion fees, ongoing ISO/PX administration charges, and other miscellaneous ISO/PX charges
   - Hourly Distribution Loss Factors (DLFs)

[1] SDG&E reply, p.1
[2] SDG&E reply, p.2
[3] SDG&E reply, p.2

2. ORA protested SDG&E's exclusion of DLFs from its April PX price. ORA argued that "although there is an understandable difficulty in computing an appropriate market price for April 1998 for purposes of Advice Letter 1091-B [sic], since complete information is not yet available for ISO/PX uplift adjustments, average DLF are adopted in CPUC rate cases and should be used for April 1998."[4]

3. SDG&E states in Advice Letter 1089-E that

> "...no adjustment would be made for the month of April for DLFs, or other ISO/PX charges ultimately to be included in future determinations of SDG&E's Monthly Average PX Prices. In SDG&E's approved interim methodology, April 1998 market clearing prices, DLFs, load profiles, and miscellaneous ISO/PX charges would be used in the determination of Monthly-Average PX Prices applicable in May 1998."

SDG&E further points out that the "Monthly Average PX Prices proposed for April 1998 were merely assumptions that enabled SDG&E to implement its lagged PX pricing approach."[5] SDG&E's intention in adopting $0.02400 per kWh for April, 1998, was that it would include all PX price components, including energy costs, DLF adjustments, load profile adjustments and uncollectible adjustments.

4. In its reply to ORA's protest, SDG&E points out that it "...is certainly pleased that its initial PX price assumption happened to be as accurate as it was."[6] Requiring SDG&E to re-bill its customers for "...this very minor, one-time, market start-up related issue"[7] would be an unnecessary expense. The costs to re-bill its customers would far outweigh the benefits from correcting the accounts.

5. The Energy Division agrees with SDG&E. The April, 1998, Monthly Average PX Price of $0.02400 per kWh includes all PX price components (ie. energy costs and DLF, load profile and uncollectible adjustments). Energy Division recommends denying ORA's protest and accepting SDG&E's Advice Letter 1089-E as filed.

FINDINGS

1. SDG&E filed Advice Letter 1089-E on April 1, 1998 requesting a rate of $0.02400 per kWh as the monthly average PX price for the month of April for each of its eight customer classes.

2. A timely protest was filed by ORA.

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[4] ORA protest, p.1
[5] SDG&E reply, p.2
[6] SDG&E reply, p.2
[7] SDG&E reply, p.2

3. ORA protested the exclusion of the DLFs from SDG&E's advice letter.

4. SDG&E filed a response on July 15, 1998. SDG&E's late response was accepted without harm. SDG&E's requested rate of $0.02400 per kWh represents an aggregate of all market price components including energy costs, and DLF, load profile & uncollectible adjustments.

5. ORA's protest is denied.

6. SDG&E's Advice Letter 1089-E should be approved as filed.

THEREFORE, IT IS ORDERED THAT:

1. SDG&E's Advice Letter 1089-E is approved.

2. ORA's protest is denied.

3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 3, 1998, the following Commissioners voting favorably thereon:

Wesley Franklin

WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners