

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-2884  
July 19, 1989

R E S O L U T I O N

RESOLUTION G-2884. PACIFIC GAS & ELECTRIC COMPANY  
AUTHORIZED TO INCREASE ITS RATES FOR STEAM SERVICE  
BY \$998,000 OR APPROXIMATELY 21 PERCENT.

ADVICE LETTER 91-H, FILED JUNE 8, 1989.

SUMMARY

1. Pacific Gas & Electric Company (PG&E) requests authority to increase its rates for steam service by approximately 21 percent. The increase results from an increase in the cost of natural gas, a decrease in the forecast steam sales, and an undercollection in the Fuel Cost Adjustment (FCA) balancing account. The last rate increase for Steam Service became effective on August 10, 1988.
2. This resolution grants PG&E's request.

BACKGROUND

1. PG&E provides steam service to approximately 200 customers in portions of the City and County of San Francisco.
2. The last increase for steam service was approved by Commission Resolution G-2795 on August 10, 1988.
3. Since the last increase for steam service, the cost of the natural gas used to generate steam, has increased from the recorded \$0.30151 per therm used in the last steam rate adjustment to \$0.34427 per therm, based on the new Annual Cost Allocation Proceeding (ACAP) rate filed by Advice Letter 1547-G and made effective on June 1, 1989.
4. Forecast sales for steam service for the 12 month period, beginning July 1, 1989, are 744.6 million pounds of steam. This is a decrease from the forecast of 800.7 million pounds of steam used in Resolution G-2795.

July 19, 1989

5. The lower forecast sales is due to the fact that recorded sales for the 12 month period ending June 30, 1989 failed to meet the forecast sales for that period and thus indicated a lower estimate of recorded sales. The new estimate is based on the prior year's recorded sales plus the anticipated line losses of 115 million pounds of steam as authorized by Paragraph 4 of the Preliminary Statement, Part B of the filed steam tariffs.

6. In February, 1988, the FCA was undercollected by \$210,650. Due to the reduced sales, the prior increase approved in August, 1988 failed to amortize this undercollection and in fact, this undercollection had grown to \$558,643 by April, 1989.

#### NOTICE

Public notification of this filing has been made by mailing copies of the filing to other utilities, governmental agencies and to all parties who requested such notification, and by publication in the Commission Calendar. In addition, PG&E notified the steam customers by letter mailed June 26, 1989.

#### PROTESTS

1. The Commission Advisory and Compliance Division (CACD) has received one protest from a steam customer. The protestant objected to the amount of the increase, but made no specific allegation of error.

#### DISCUSSION

1. In Resolution G-2795, dated August 10, 1988, PG&E was authorized to recover the existing undercollection in the FCA balancing account over a 24 month period. However, increased fuel costs and reduced sales have caused the undercollection to grow. As a result, the FCA billing factor should be further increased.

2. Based on forecast-period steam sales, fuel use for the 12-month period commencing July 1, 1989, and retaining a 24-month

July 19, 1989

FCA amortization period, the utility proposes to increase steam rates as follows:

	<u>1988/89</u>	<u>1989/90</u>	<u>% increase</u>
Base Rates, per 1,000 lbs. (includes \$0.014 CPUC reimbursement fee)	\$5.423	\$5.423	-----
FCA Billing Factor, 1,000 lbs.	<u>2.232</u>	<u>3.816</u>	<u>70.9%</u>
Total	\$7.655	\$9.239	20.7%

3. The monthly customer charge of \$7.00 per meter per month remains unchanged by this filing.

4. The net effect of this rate revision is a \$998,000 increase in total annual revenue for the Steam Department from \$4,836,000 to \$5,843,000, or approximately 21 percent, as detailed on Attachment A to this resolution.

5. Section 2 of the Preliminary Statement Part B of the Steam Tariffs authorizes the rate revision for FCA to take place on April 1 and October 1 of each year. However, because PG&E's 1988 Annual Cost Allocation Proceeding gas rate change was not issued until May 26, 1989, this filing was delayed.

6. The utility requested that this rate revision become effective as soon as possible because the forecast period, upon which these calculations are based, commenced on July 1, 1989.

7. The CACD has reviewed this filing and the protest and believes that PG&E's request correctly reflects the higher fuel costs and the increased undercollections in the FCA balancing account and therefore is reasonable.

#### FINDINGS

1. The requested rate increase for steam tariffs is just and reasonable because it allows the utility to recover increased fuel costs and reduces the outstanding undercollection in the Fuel Cost Adjustment balancing account.

2. The effective date of this rate increase should be the date of this resolution because the forecast period, upon which these rate calculations are based, began on July 1, 1989.

July 19, 1989

THEREFORE IT IS ORDERED that:

1. Pacific Gas & Electric Company is authorized under the provisions of Section 454 of the Public Utilities Code to revise its steam tariff rates to reflect the increased Fuel Cost Adjustment component as filed by Advice letter 91-H.
2. The effective date of the revised tariff schedules shall be the effective date of this resolution.
3. Advice Letter 91-H and accompanying tariff sheets shall be marked to show that they were approved for filing by Resolution G-2884.
4. The effective date of this resolution is the date hereof.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on July 19, 1989. The following Commissioners approved it:

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

  
Executive Director

Commissioner Patricia M. Eckert,  
being necessarily absent, did  
not participate.

CALCULATION OF INCREASED FUEL EXPENSE  
AND FUEL COST ADJUSTMENT BILLING FACTOR

1. Calculation of Increased Fuel Expenses

a. Total Cost of Fossil Fuel	\$4,378,413
b. Cost of Fossil Fuel in Base	\$2,334,431
c. Cost to be Allocated (1a - 1b)	\$1,043,982

2. Calculation of Fuel Cost Adjustment Billing Factors

a. Forecast Period Sales	429.6 Million Lbs
b. Cost to be Allocated (1c)	\$1,043,982
c. Offset Rate (2b/2a/1000)	\$2.929 /Mlb.
d. Steam Cost Adjustment Account Balance as of April 30, 1989	\$558,643
e. Balancing Rate (2d/2a/1000)	\$1.657 /Mlb.
f. Fuel Cost Adjustment Billing Factor (2c + 2e)	\$3.616 /Mlb.
g. Change From Previous Factor (3.816 - 2.232)	\$1.564 /Mlb.
h. Change in Annual Revenues Due to Revised Factors	\$198,000