

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION G-2918
August 8, 1990

R E S O L U T I O N

RESOLUTION G-2918. SAN DIEGO GAS & ELECTRIC COMPANY REQUEST TO REVISE STEAM TARIFFS TO ADJUST THE STEAM ENERGY COST ADJUSTMENT CLAUSE AND THE STEAM REVENUE ADJUSTMENT MECHANISM RESULTING IN AN ANNUAL REVENUE INCREASE TO THE UTILITY'S STEAM DEPARTMENT OF \$99,419 OR 6.7% BASED ON RECORDED STEAM SALES.

ADVICE LETTER 165-H, FILED MAY 21, 1990.

SUMMARY

1. By Advice Letter 165-H, San Diego Gas & Electric Company (SDG&E) seeks to revise the Steam Energy Cost Adjustment Clause (ECAC) adjustment rates and the Steam Revenue Adjustment Mechanism (SRAM) balancing rates. These are set forth in the Statement of Rates of the Preliminary Statement of the utility's Steam Department. The utility also seeks to revise Special Condition 4 of both Rate Schedules 1 and 2 of SDG&E's Steam Tariffs to reflect the proposed ECAC adjustment rates.
2. This resolution grants SDG&E's request.

BACKGROUND

1. The ECAC for Steam Service, Preliminary Statement, Section 7, was initially filed by Advice Letter 95-H on January 28, 1977 to make the tariffs of the Steam Department consistent with the tariffs of the Electric Department. Advice Letter 95-H was authorized for filing by Resolution G-2044, on March 1, 1977. The Steam ECAC is designed to offset the fluctuating cost of fuel required to produce steam.
2. The SRAM, Preliminary Statement Section 8, was initially filed by Advice Letter 129-H in compliance with Decision (D.)83-12-065, Ordering Paragraph 1. Effective January 1, 1984, a balancing account and a method of implementing rate revisions was established to offset fluctuations in the Steam Department Base Rate Revenues.
3. The current SRAM rates and ECAC adjustment rates have been in effect since January 9, 1990. They were filed by Advice Letter 164-H-A, in compliance with Resolution G-2901, Ordering Paragraph 2, dated December 18, 1989. The rate revisions filed by Advice Letter 164-H-A were authorized by Resolution E-3173, dated January 9, 1990.

NOTICE

1. Public notification of this filing has been made in the Commission Calendar for May 29, 1990 and by mailing copies of the filing to other utilities, governmental agencies and to all interested parties who expressly requested such notification. Each of SDG&E's steam customers was mailed a copy of this Advice Letter. None of the above parties were mailed workpapers supporting this filing.

PROTESTS

1. Pickwick Hotel (Pickwick), one of SDG&E's steam customers filed a letter of protest on June 11, 1990. Pickwick contends that a series of steam rate increases over the past few years had no relation to the cost of living and that the age and deficiency of SDG&E's steam system caused many steam customers to convert to alternate method of heating. As more customers leave the system, the remaining customers bear a disproportionate share of the utility's fixed costs. Pickwick requests that as a condition for receiving this rate increase, SDG&E be required to offer long term, low cost financing to assist its customers in converting to alternate sources of heating.

2. On June 29, 1990, SDG&E responded to Pickwick's protest. SDG&E states that there has been a 21% net increase in the commodity charge for SDG&E's Steam Schedule 1 since January 1, 1987. Since that time, the steam rates increased twice and decreased twice with a net increase in commodity charge of \$0.939 per 1,000 lbs. of steam. During that same time, the monthly Customer Charge increased from \$15.00 to \$30.00 per customer. All revisions in general rate cases and attrition proceedings are tied directly to SDG&E's cost of operation.

3. SDG&E also states that it tried to assist Pickwick in obtaining financing in order to help Pickwick qualify to lease any necessary boiler equipment. SDG&E worked with Pickwick to try to obtain a low interest loan through the State of California under the State's Energy Efficiency Improvement Loan Program, but Pickwick did not have adequate collateral to qualify for either SDG&E's leasing program or the State Loan Program.

4. The Commission Advisory and Compliance Division (CACD) has reviewed the protest by Pickwick and SDG&E's response and concluded that Pickwick raised no issues that were not addressed in SDG&E steam rate case proceedings, nor has Pickwick cited any errors in this advice letter filing. The protest is without merit.

DISCUSSION

1. According to the Preliminary Statement, Section 7, of SDG&E's Steam Tariffs, the ECAC adjustment rates consist of an Offset Rate and a Balancing Rate. Using the formulae contained in the ECAC provisions of the Preliminary Statement, Advice Letter 165-H proposes to revise the Steam Rates (shown in \$/1,000 lbs. of steam) as follows:

<u>Schedule 1</u>				
	<u>Present</u>	<u>Proposed</u>	<u>Difference</u>	
	<u>Rate</u>	<u>Rate</u>	<u>Amt.</u>	<u>%</u>
Offset Rate	\$11.536	\$12.187	\$ 0.651	5.6%
Balancing Rate	<u>4.557</u>	<u>2.711</u>	(1.846)	(40.5%)
Net Rate	\$16.093	\$14.898	\$(1.195)	(7.4%)

<u>Schedule 2</u>				
	<u>Present</u>	<u>Proposed</u>	<u>Difference</u>	
	<u>Rate</u>	<u>Rate</u>	<u>Amt.</u>	<u>%</u>
Offset Rate	\$11.651	\$12.308	\$ 0.657	5.6%
Balancing Rate	<u>4.603</u>	<u>2.739</u>	(1.864)	(40.5%)
Net Rate	\$16.254	\$15.047	\$(1.207)	(7.4%)

The net result of these rate revisions is an annual revenue reduction in the ECAC rates of \$60,124 or 7.4% based on recorded steam sales for the twelve month period ending April 30, 1990.

2. According to the Preliminary Statement, Section 8, of SDG&E's Steam Tariffs, the SRAM adjustment rates consist of a Base Rate and a Balancing Rate. The Base Rate is not changed by this filing. Using the formulae contained in the SRAM provisions of the Preliminary Statement Advice Letter 165-H proposes to revise the SRAM Rates (shown in \$/1,000 lbs. of steam) as follows:

<u>SRAM Balancing Rate</u>				
	<u>Present</u>	<u>Proposed</u>	<u>Difference</u>	
	<u>Rate</u>	<u>Rate</u>	<u>Amt.</u>	<u>%</u>
Schedule 1	\$(16.564)	\$(13.393)	\$3.171	19.1%
Schedule 2	\$(16.730)	\$(13.527)	\$3.203	19.1%

This rate revision will result in an annual increase in SRAM balancing rates of \$159,543 or 19.1% based and recorded steam sales for the twelve month period ending April 30, 1990.

3. The combination of the ECAC and the SRAM rate revisions produces an increase in the effective rate from \$29.535 to \$31.511 per 1,000 pounds of steam for Schedule 1 customers and from \$29.830 to \$31.826 per 1,000 pounds of steam for Schedule 2 customers. These rate revisions will result in an annual revenue increase for SDG&E Steam Department of \$99,419 or 6.7% based on recorded steam sales for the twelve month period ending April 30, 1990. The Summary of Revenue Changes and the Summary of Rate Changes are shown as Attachments A and B, respectively.

4. CACD has reviewed this filing and has determined that the rate revisions are in accordance with the Preliminary Statement of SDG&E's filed Steam Tariffs.

5. The utility requested an effective date of July 1, 1990. However, adequate review time and the requirement of a resolution to authorize this rate increase have delayed presenting this matter to the Commission before this time. Therefore, this Resolution and these rates should be effective immediately.

FINDINGS

1. The rate revisions proposed by Advice Letter 165-H are in accordance with the ECAC and the SRAM provision of the Preliminary Statement of SDG&E's filed Steam Tariffs and therefore are just and reasonable.

2. Any under-collection occurring due to the delay in implementation of these rate revision until this date will flow into the respective balancing accounts.

3. The protest filed by Pickwick has cited no errors in the Advice Letter and did not raised any issues not previously covered in prior SDG&E steam rate revisions. Therefore the protest is without merit and Advice Letter 165-H should be approved as filed.

August 8, 1990

THEREFORE, IT IS ORDERED that:

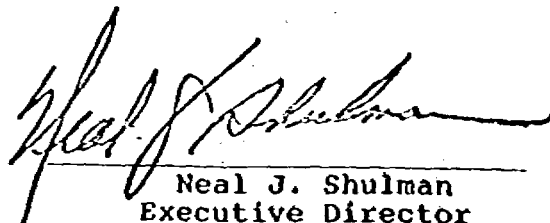
1. San Diego Gas & Electric Company is authorized under Section 454 of the Public Utilities Code and its filed Steam Tariff schedules to place the rate revisions contained in Advice Letter 165-H into effect immediately.

2. Advice Letter 165-H and all accompanying tariff sheets shall be marked to show that they were approved for filing by Resolution G-2918.

3. This resolution is effective today.

I hereby certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on August 8, 1990. The following Commissioners approved it:

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


Neal J. Shulman
Executive Director

ATTACHMENT A

SUMMARY OF REVENUE CHANGES

	Revenue at <u>Present Rates</u>	Revenue at <u>Proposed Rates</u>	<u>Change</u>	
			<u>Amt.</u>	<u>%</u>
<u>SRAM Base</u>				
<u>Customer Charges</u>				
Schedule 1	\$ 7,560	\$ 7,560		
Schedule 2	364	364		
Sub-Total	<u>7,924</u>	<u>7,924</u>		
<u>Energy Charges</u>				
Schedule 1	\$ 1,470,294	\$ 1,470,294		
Schedule 2	39,398	39,398		
Sub-Total	<u>1,509,692</u>	<u>1,509,692</u>	---	---
<u>SRAM Balancing</u>				
Schedule 1	\$ (811,636)	\$ (656,257)		
Schedule 2	(21,749)	(17,585)		
Sub-Total	<u>(833,385)</u>	<u>(673,842)</u>	\$159,543	19.1
<u>ECAC Offset</u>				
Schedule 1	\$ 565,264	\$ 597,163		
Schedule 2	15,146	16,000		
Sub-Total	<u>580,410</u>	<u>613,163</u>	\$ 32,753	5.6
<u>ECAC Balancing</u>				
Schedule 1	\$ 223,293	\$ 132,839		
Schedule 2	5,984	3,561		
Sub-Total	<u>229,277</u>	<u>136,400</u>	\$(92,877)	(40.5)
<u>Total Rates</u>				
Schedule 1	\$ 1,454,775	\$ 1,551,599		
Schedule 2	39,143	41,738		
TOTAL	<u>\$ 1,493,918</u>	<u>\$ 1,593,337</u>	\$ 99,419	6.7

ATTACHMENT B
SUMMARY OF RATE CHANGES

	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Change</u>	
			<u>Amt</u>	<u>%</u>
<u>Base Rates</u>				
<u>Customer Charges</u>				
Schedule 1	\$ 30.00	\$ 30.00		
Schedule 2	30.30	30.30		
<u>Energy Charges</u>				
Schedule 1 (per Mlb)	\$ 30.006	\$ 30.006		
Schedule 2 (per Mlb)	30.306	30.306		
<u>SRAM Balancing Rates</u>				
<u>Energy Charges</u>				
Schedule 1 (per Mlb)	\$ (16.564)	\$ (13.393)	\$ 3.171	19.1
Schedule 2 (per Mlb)	(16.730)	(13.527)	3.203	19.1
<u>ECAC Offset Rates</u>				
<u>Energy Charges</u>				
Schedule 1 (per Mlb)	\$ 11.536	\$ 12.187	\$ 0.651	5.6
Schedule 2 (per Mlb)	11.651	12.308	0.657	5.6
<u>ECAC Balancing Rates</u>				
<u>Energy Charges</u>				
Schedule 1 (per Mlb)	\$ 4.557	\$ 2.711	\$(1.846)	(40.5)
Schedule 2 (per Mlb)	4.603	2.739	(1.864)	(40.5)
<u>Total Rates</u>				
<u>Customer Charges</u>				
Schedule 1	\$ 30.00	\$ 30.00		
Schedule 2	30.30	30.30		
<u>Energy Charges</u>				
Schedule 1 (per Mlb)	\$ 29.535	\$ 31.511	\$ 1.976	6.7
Schedule 2 (per Mlb)	29.830	31.826	1.996	6.7