

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Copy for:

Orig. and Copy

to Executive Director

\_\_\_\_\_  
Director\_\_\_\_\_  
Numerical File\_\_\_\_\_  
Alphabetical File\_\_\_\_\_  
Accounting Officer

RESOLUTION: E-2022

EVALUATION &amp; COMPLIANCE DIVISION

BRANCH: Energy

DATE: December 19, 1984

R E S O L U T I O N

**AUTHORIZATION FOR PACIFIC POWER AND LIGHT COMPANY (PP&L) TO INCREASE ITS ELECTRIC RATES TO COMPENSATE FOR OPERATIONAL AND FINANCIAL ATTRITION (\$1,516,000) AND TO ADJUST FOR ITS ERAM (\$1,404,000) RESULTING IN AN ANNUAL REVENUE INCREASE OF \$2,920,000 or 6.2% OF TOTAL ELECTRIC REVENUES**

By Advice Letter 183-E, filed October 15, 1984 PP&L requests authorization to increase its annual electric revenues as set forth on Cal. P.U.C. Sheets 1257-E through 1275-E, inclusive. The facts are as follows:

1. The requested increase is to compensate for the operational and financial attrition in the calendar year 1985 and to adjust PP&L's ERAM.
2. In compliance with Decision No. 84-07-150, dated July 18, 1984 in Applications 83-05-052 and 83-07-017, the above mentioned advice filing sets forth the change in revenue requirement associated with PP&L's 1985 operating attrition and ERAM adjustment.
3. The requested rate increase would result in an annual revenue increase of \$2,920,000 or 6.2%.
4. PP&L's last authorized rate of return for Test Year 1984 as set forth in Decision 84-07-150 issued July 18, 1984 was 12.02%. Its recorded rate of return was 9.42% for the 12 months ended June 30, 1984 based on PP&L's current California jurisdictional Rate Base. This \$2,920,000 increase in revenues will not be sufficient to raise PP&L's projected rate of return above that last authorized.
5. Decision No. 84-07-150 authorized PP&L to calculate an attrition adjustment for 1985 based on the staff's proposed methodology with costs escalated from 1983 dollars to 1985 using the Fall 1984 Data Resources, Inc., forecast. The resulting total requested attrition adjustment is \$1,516,000 or 3.2%. The derivation of the attrition adjustment and the various components are shown as Attachment A to this resolution.
6. Additionally, this filing includes PP&L's first revision associated with Electric Revenue Adjustment Mechanism (ERAM) authorized in Decision No. 84-07-150. Beginning with service rendered on July 18, 1984 PP&L has recorded the difference between authorized and actual sales for service rendered in each month to an ERAM balancing account. Interest has been

Page 2

accrued on the average balance in this account at the current three-month commercial paper rate. PP&L estimates the balance as associated with the ERAM will be \$702,751 at December 31, 1984. The ERAM adjustment of .2¢ per kilowatt-hour was determined by dividing the estimated balance of \$702,751 by the authorized sales for January through June 1985 of 351,840,000 kWh. These figures represent the six-month ERAM impact which results in an annual revenue increase of \$1,404,000 as requested by the utility on a rounded basis. Derivation of these components is shown as Attachment B to this resolution.

7. The proposed rate revisions will increase residential an average of 6.20% with baseline rates being increased 0.329 cents per kilowatt-hour. Commercial rates will increase an average of 6.63% with a rate adjustment of 0.589 cents per kilowatt-hour.

8. A comparison of the present and proposed rates for electric service is shown on the next page:

	Present Rates	Proposed Rates	Increase	
			Amount	Percent
<u>Residential * D-1</u>				
Tier I (Baseline)/kWh	\$ 0.05303	\$0.05632	\$0.00329	6.20%
Tier II (Excess)/kWh	0.08067	0.08572	0.00505	6.26
<u>Commercial ** A-25</u>				
All usage per kWh	\$ 0.08882	\$0.09471	\$0.00589	6.63%

\* Present rates used are those rates in effect on July 18, 1984.

\*\* Present rates used are those rates in effect on October 28, 1984.

9. The following table shows typical residential and commercial bills at various levels of present and proposed rates:

Monthly Usage in kWh	Present Rates	Proposed Rates	Increase	
			Amount	Percent
<u>Residential-Summer (D-1)</u>				
200	\$ 10.63	\$ 11.29	\$ 0.66	6.21%
300	15.95	16.93	0.98	6.14
400	21.26	22.58	1.32	6.21
520	30.40	32.29	1.89	6.22
600	36.87	39.16	2.29	6.21
700	44.94	47.74	2.80	6.23
800	53.02	56.32	3.30	6.22
900	61.10	64.91	3.81	6.23
1,000	69.18	73.49	4.31	6.23
<u>Residential-Winter (D-1)</u>				
200	\$ 10.63	\$ 11.29	\$ 0.66	6.21%
300	15.95	16.93	0.98	6.14
400	21.26	22.58	1.32	6.21
520	27.64	29.35	1.71	6.19
600	34.10	36.22	2.12	6.22
700	42.18	44.80	2.62	6.21
800	50.26	53.38	3.12	6.21
900	58.34	61.97	3.63	6.22
1,000	66.42	70.55	4.13	6.22
<u>Commercial- A-25</u>				
500	\$ 49.47	\$ 52.42	\$ 2.95	5.96%
1,000	93.94	99.83	5.89	6.27
2,000	182.88	194.66	11.78	6.44
3,000	271.32	289.49	18.17	6.70
4,000	360.76	384.32	23.56	6.53
5,000	449.70	479.15	29.45	6.55

10. In accordance with the provisions of Decision No. 84-07-150, PP&L requests an effective date of January 1, 1985.
11. Public notification of this filing has been made by mailing copies of this advice letter to other utilities, governmental agencies, and to all interested parties of record in Applications 83-05-052 and 83-07-017. The Commission staff has received no protests in this matter.
12. We find that this filing is just and reasonable and is in conformance with the Attrition Rate Adjustment mechanism adopted by Commission Decision 84-07-150.

**THEREFORE:**

1. Pacific Power and Light Company is authorized under Sections 451 and 454 of the Public Utilities Code and under provisions of Decision 84-07-150 to place the above tariff sheets into effect on January 1, 1985.
2. The above advice letter and tariff sheets shall be marked to show they were approved for filing by Commission Resolution E-2022. This Resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular scheduled meeting on December 20, 1984. The following Commissioners approved it:

---

Executive Director

CA  
10  
15  
84

TABLE 1  
Pacific Power & Light Company  
1985 Revenue Requirement  
(CPUC Jurisdiction)  
Total Base Rate Revenues 1984 & 1985  
(thousands of dollars)

<u>Line No.</u>		<u>Base Rates (1)</u>	<u>Other Revenues (2)</u>	<u>Total Base Rates (3)</u>
1	Authorized 1984	\$46,327	\$4,580	\$50,907
2	1985 at Present Rates	47,005	3,767	50,772
3	Attrition	<u>1,516</u>	<u>-</u>	<u>1,516</u>
4	1985 Revenue Requirement	\$48,521	\$3,767	\$52,288

CA  
10  
15  
84

TABLE 2  
Pacific Power & Light Company  
1985 Attrition Elements  
(thousands of dollars)

<u>Line No.</u>	<u>Description</u> (1)	<u>Amount</u> (2)
1	Revenue Attrition	\$ 135
2	Variable Attrition	915
3	Capital Related Attrition	466
4	Total	<u>\$1,516</u>

CA  
10  
15  
84

TABLE 3  
Pacific Power & Light Company  
Variable Attrition  
Calculation Detail

Variable Attrition - 1985 \$000's

labor =  $5855 \times .039$   
= 228

Non labor =  $(6014 \div 1.0488 \times 1.0706) - 6014$   
=  $(5734 \times 1.0706) - 6014$   
= 6139 - 6014  
= 125

Detail O&M Items = 12,384 - 11,841  
= 543

Uncollectibles and Franchise Tax =  $1516 \times .0124$   
= 19

Total 1985 Variable Attrition =  
= 228 + 125 + 543 + 19  
= 915

**TABLE 4**  
**ESTIMATED EFFECT OF PROPOSED RATES**  
**ON**  
**REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS IN CALIFORNIA**  
**DISTRIBUTED BY CLASSES OF BUSINESSES**  
**12 MONTHS ENDED DECEMBER 31, 1985**

Line No.	Acct. No.	Description	Revenues (\$100's)		Increase		Line No.
			Present Rates(a)	Proposed Rates	Amount (\$100's)	Percent	
	(1)	(2)	(3)	(4)	(5)	(6)	
1	440	Residential Sales (b)	\$ 22,573	\$ 23,308	\$ 735	3.3%	1
2	442	Commercial and Industrial Sales	24,218	24,995	777	3.3	2
3	444	Public Street and Highway Lighting	214	218	4	1.9	3
4		Total Sales to Ultimate Consumers	\$ 47,005	\$ 48,521	\$ 1,516	3.2%	4

(a) Rates effective July 18, 1984.  
(b) Includes Employee Discount.



TABLE 5  
DETERMINATION OF PRESENT AND PROPOSED REVENUES  
FROM  
ELECTRIC SALES TO ULTIMATE CONSUMERS IN CALIFORNIA  
FOR THE FUTURE TEST PERIOD  
12 MONTHS ENDED DECEMBER 31, 1985

CA  
10  
15  
84

Line NO.	Acct. No.	Description	Historical Period - 12/82			Future Test Period - 12/85			Line No.
			KWH (000)	Revenues (\$000)		KWH (000)	Revenues (\$000)		
				Present Rates(a)	Proposed Rates		Present Rates(a)	Proposed Rates	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		
						(6)x[(4)/(3)]	(6)x[(5)/(3)]		
	440	<u>Residential Sales</u>							
1		Residential(b)	345,943 (c)	\$ 22,296	\$ 23,022	350,245	\$ 22,573	\$ 23,308	1
	442	<u>Commercial and Industrial Sales</u>							
2		Large Accounts > 500 KW	60,678	3,437	3,549	62,112	3,518	3,633	2
3		Irrigation	85,949	3,994	4,124	97,286	4,521	4,668	3
4		Other Commercial & Industrial	177,472	14,517	14,979	197,795	16,179	16,694	4
5		Total Commercial & Industrial Sales	324,099	21,948	22,652	357,193	24,218	24,995	5
	444	<u>Public Street and Highway Lighting</u>							
6		Street Lighting Services	2,377	265	270	1,918	214	218	6
7		Total Sales to Ultimate Consumers	672,419	\$ 44,509	\$ 45,944	707,356	\$ 47,005	\$ 48,521	7
8		Increase - Amount (\$000)			\$ 1,435		\$ 1,516		8
9		Increase - Percentage			3.2%		3.2%		9

Notes: (a) Rates effective July 18, 1984.  
(b) Includes revenue effect of employee discount.  
(c) Includes temperature adjustment of (7,059) MWh.

Sheet 1 of 5

Resolution E-2020  
Attachment B  
2020

REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS IN CALIFORNIA  
DISTRIBUTED BY RATE SCHEDULES  
12 MONTHS ENDED DECEMBER 31, 1982

Line No.	Acct. No.	Description	Schedule Number		Average No. of Customers	KWH (000)	Revenues (\$000)		Increase			Line No.
			Present	Proposed			Present Rates (a)	Proposed Rates	Amount (\$000)	Percent	c/KWH	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) (8)-(7)	(10) (9)/(7)	(11)		
	<b>440</b>	<b>Residential Sales</b>										
1		Residential Service (b)	D,DS-8,DM-9	D,DS-8,DM-9	27,067	345,943	\$ 22,340	\$ 23,067	\$ 727	3.3%	0.210 ¢	1
	<b>442</b>	<b>Commercial &amp; Industrial</b>										
2		Small General Service < 20 KW	A-25	A-25	5,200	51,763	4,930	5,091	161	3.3	0.311	2
3		General Service < 100 KW	A-32	A-32/A-36	467	33,227	2,873	2,966	93	3.3	0.280	3
4		General Service - 100 KW & Over	A-36	A-36/A-32	332	85,749	5,916	6,110	194	3.3	0.226	4
5		Large General Service - 500 KW & Over	AT-48	AT-48	25	60,678	3,437	3,549	112	3.3	0.184	5
6		Partial Requirements Service	AT-47	AT-47	0	0	0	0	0	0.0	0.000	6
7		Commercial Water Heating	MWH-31	MWH-31	153	1,436	90	93	3	3.3	0.204	7
8		Outdoor Area Lighting Service	OL-15	OL-15	2,855	3,965	581	589	8	1.5	0.213	8
9		Private Street & Hwy. Lighting	LS-58	LS-58	36	995	89	91	2	2.4	0.213	9
10		Alley & Athletic Lighting	OL-42	OL-42	32	337	33	34	1	2.2	0.213	10
11		Agricultural Pumping Service	PA-20	PA-20	535	61,537	3,479	3,592	113	3.3	0.184	11
12		Agricultural Pumping Service USER	-	-	273	24,412	515	532	17	3.3	0.069	12
13		Contracts - Other than Government	-	-	3	0	5	5	0	0.0	0.000	13
14		<b>Total Commercial &amp; Industrial</b>			<b>9,911</b>	<b>324,099</b>	<b>21,948</b>	<b>22,652</b>	<b>704</b>	<b>3.3</b>	<b>0.217</b>	<b>14</b>
	<b>444</b>	<b>Public Street &amp; Highway Lighting</b>										
15		Street Lighting Service	LS-51	LS-51	20	209	39	39	*	1.1	0.213	15
16		Street Lighting Service	LS-52	LS-52	2	23	5	5	*	1.1	0.213	16
17		Street Lighting Service	LS-53	LS-53	34	840	69	71	2	2.6	0.213	17
18		Street Lighting Service	LS-57	LS-57	46	1,305	152	155	3	1.8	0.213	18
19		<b>Total Public Street Lighting Service</b>			<b>102</b>	<b>2,377</b>	<b>265</b>	<b>270</b>	<b>5</b>	<b>1.9</b>	<b>0.213</b>	<b>19</b>
20		<b>Total Sales to Ultimate Consumers</b>			<b>37,060</b>	<b>672,419</b>	<b>44,553</b>	<b>45,989</b>	<b>1,436</b>	<b>3.2</b>	<b>0.213</b>	<b>20</b>
21		Less: Employee Discount					-44	-45	-1			21
22		<b>Total</b>					<b>\$ 44,509</b>	<b>\$ 45,944</b>	<b>\$ 1,435</b>	<b>3.2%</b>	<b>0.213 ¢</b>	<b>22</b>

Notes: (a) Rates effective July 18, 1984.  
(b) Includes temperature adjustment of (7,059) MWH.  
\* Amount less than \$1,000.

TABLE 6

Resolution E-2020-  
Attachment B  
Sheet 2 of 5

2020

CA  
10  
15  
84

TABLE 7

Pacific Power & Light Company  
Calculation of Electric Revenue Adjustment Billing Factor

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>
1	Revision date: January 1, 1985	
2	Amortization Period: January 1, 1985 - June 30, 1985	
3	Projected Electric Revenue Adjustment Account Balance as of January 1, 1985 (dollars)	702,751
4	Forecast Amortization Period Sales	351,840
5	Electric Revenue Adjustment Mechanism Rate	
	\$ <u>702,751</u> -	.20¢/kWh
	351,840,000	

TABLE 8  
PACIFIC POWER AND LIGHT COMPANY  
PROJECTED OPERATION OF THE ELECTRIC REVENUE ADJUSTMENT ACCOUNT  
(IN EVEN DOLLARS)

LINE NO.	MONTH	BEGINNING BALANCE	AUTHORIZED REVENUE	ACTUAL REVENUE	REVENUE DIFFERENTIAL	PRELIMINARY BALANCE	AVERAGE BALANCE	INTEREST ON AVE. BALANCE	FINDING BALANCE
1	JULY 1984 ACTUAL	0	1,924,812	1,979,916	(55,104)	(55,104)	(55,104)	(253)	(55,357)
2	AUGUST 1984 ACTUAL	(55,357)	4,169,430	4,300,033	(130,603)	(185,960)	(213,639)	(1,106)	(187,066)
3	SEPTEMBER 1984 ACTUAL	(187,066)	3,520,852	2,946,235	574,617	387,551	294,018	752	388,303
4	OCTOBER 1984 ESTIMATED	388,303	3,335,544	2,888,568	446,976	835,279	1,029,431	5,018	840,377
5	NOVEMBER 1984 ESTIMATED	840,377	3,798,814	4,137,353	(338,539)	501,838	922,027	5,593	507,431
6	DECEMBER 1984 ESTIMATED	507,431	4,262,084	4,071,786	190,298	697,729	951,445	5,022	702,751

Table 9  
**ESTIMATED NET ANNUALIZED EFFECT OF ERAM  
 ON  
 PROPOSED REVENUES FROM ELECTRIC SALES TO ULTIMATE CONSUMERS IN CALIFORNIA  
 FOR THE FUTURE TEST PERIOD  
 12 MONTHS ENDED DECEMBER 31, 1985**

Line NO.	Acct. No.	Description	KWH (000)	Proposed Attrition Rates (\$000)			Proposed Attrition Rates (\$000) With ERAM			Increase		Line No.
				Base Rates(a)	ERAM	Effective Rates (4)+(5)	Base Rates(a)	ERAM	Effective Rates (7)+(8)	Amount (\$000) (9)-(6)	Percent (10)/(6)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
	440	<u>Residential Sales</u>										
1		Residential(b)	350,245	\$ 23,308	\$ 0	\$ 23,308	\$ 23,308	\$ 688	\$ 23,996	\$ 688	2.9 %	1
	442	<u>Commercial and Industrial Sales</u>										
2		Large Accounts > 500 KW	62,112	3,633	0	3,633	3,633	107	3,740	107	2.9	2
3		Irrigation	97,286	4,668	0	4,668	4,668	138	4,806	138	2.9	3
4		Other Commercial & Industrial	197,795	16,694	0	16,694	16,694	482	17,176	482	2.9	4
5		Total Commercial & Industrial Sales	357,193	24,995	0	24,995	24,995	727	25,722	727	2.9	5
	444	<u>Public Street and Highway Lighting</u>										
6		Street Lighting Services	1,918	218	0	218	218	4	222	4	1.8	6
7		Total Sales to Ultimate Consumers	709,356	\$ 48,521	\$ 0	\$ 48,521	\$ 48,521	\$ 1,419	\$ 49,940	\$1,419	2.9%	7

Notes: (a) Proposed Attrition Rates.  
 (b) Includes revenue effect of Employee Discount.