

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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\_\_\_\_ to Executive Director

RESOLUTION: E-2060B

EVALUATION & COMPLIANCE DIVISION

BRANCH: Energy

DATE: September 18, 1985

\_\_\_\_ Director

\_\_\_\_ Numerical File

\_\_\_\_ Alphabetical File

\_\_\_\_ Accounting Officer

R E S O L U T I O N

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SEP 20 1985

Energy Branch

ORDER AUTHORIZING CP NATIONAL (CPN) PARTIAL RATE  
INCREASE OF ITS PRESENT ENERGY RATES BY 5.61% OF  
THE 14.07% REQUESTED

By Advice Letter C-249-E filed August 7, 1985 CP National requests authorization to increase its energy rates. The facts are as follows:

1. By this advice letter filing CPN proposes to increase the present energy rates a total of \$1,889,493 or 14.07%.
2. The increased changes in rates are in conformance with the guidelines established under Section F. in the Preliminary Statement of CPN's filed tariffs.
3. The requested increase is intended to offset an accumulated undercollection in its Purchased Power Balancing Account as of May 31, 1985 and adjust its energy rate which has risen over ten percent since March 1985 in Pacific Gas and Electric Company's fuel cost adjustment charged to CPN.
4. In order to moderate the level of increase in energy rates to CPN's customers, it is proposed that the accumulated undercollection be amortized over an 18-month period.
5. The requested rate increase has been applied to each rate schedule on an equal percentage basis. Residential rate design has been developed with the recommendations of the Commission Staff in a manner consistent with that previously developed for CPN's Advice Letter C-247-E-Supplemental and authorized by Resolution E-2035 dated April 17, 1985.
6. CPN's current rates are not covering the utility's purchased power costs. The requested 14.07% is merely an offset to reduce increased purchase power costs and to amortize the current \$2,056,472 undercollection in the balancing account.

7. Public notification of this filing has been made by mailing copies to other utilities, governmental agencies and to all interested parties who requested such information. On August 13, 1985 the Lassen County Board of Supervisors passed a resolution protesting this offset rate increase and requested that the Commission set this matter for public hearing in Susanville. On August 26, 1985 the Public Staff Division (PSD) filed a protest to CPN's Advice Letter C-249-E. PSD found CPN's calculation to be substantially in compliance with Commission policy; however, combined with the recent 28% increase granted by Resolution E-2035 dated April 17, 1985 the requested increase would result in CPN's average rate increasing by 45.9% within a five month period.

8. PSD recognized a concern that CPN's current rates are not covering the utility's purchased power costs. A delay in rate relief would add to the apparent undercollection in CPN's balancing account, resulting in a larger increase in the future.

9. Therefore, PSD recommended partial rate relief as follows:

- a) The energy rate should be adjusted to reflect PG&E's current rates; and
- b) The energy rate should also include an adjustment to cover the interest on the existing undercollection.

10. PSD thus recommended that the full amount of CPN's requested increase should not be granted at this time; however, PSD has calculated that a 5.61% increase over current rates will keep the undercollection from growing.

11. PSD believes that, for any further rate relief, CPN should file a general rate case, so that the Commission and CPN's ratepayers can be assured that these extraordinary rate increases have truly resulted from matters beyond the company's control. CPN's last general rate case decision was issued in December 1982 by Decision No. 82-12-063.

12. The Commission has received petitions bearing the signatures of 3,100 residents from the community of Susanville, California protesting CPN's 14.07% increase. On Thursday, August 29, 1985 a meeting was held in Susanville by the Commission Staff and representatives of the utility to allow the residents of Susanville to voice their opposition to CPN's proposed increase. The Staff of the PSD presented its protest together with the alternate recommendation. The residents of Susanville are opposed to PSD's recommended 5.61% increase or any increase at this time.

13. CPN is not adverse to accepting the 5.61% rate increase now and filing an application for a general rate relief in the next 60 to 90 days.

14. The Staff of the Energy Branch of the Evaluation and Compliance Division has reviewed CPN's Advice Letter filing and recommends the following:

- 1) That CPN be granted a partial rate increase of 5.61% at this time to prevent further growth of the balancing account; and
- 2) That CPN be informed that it should file a general rate case application if it desires additional rate relief.

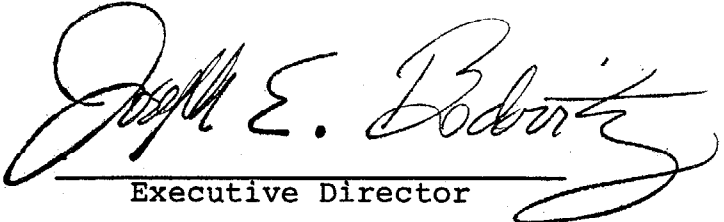
THEREFORE:

1. It is ordered that CP National be granted a partial rate increase of 5.61% of its present energy rates. CP National is further ordered to file revised tariff schedules to reflect this 5.61% rate increase within 5 days from the date of this Resolution.

2. The above Advice Letter C-249-E and revised tariff sheets shall be marked to show that they are accepted for filing within 5 days from the date of Resolution E-2060B. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular scheduled meeting on September 18, 1985. The following Commissioners approved it:

DONALD VIAL  
President  
VICTOR CALVO  
WILLIAM T BAGLEY  
FREDERICK R. DUDA  
Commissioners

  
Executive Director