

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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to Executive Director

RESOLUTION: E-2071

EVALUATION &amp; COMPLIANCE DIVISION

BRANCH: Energy

DATE: December 20, 1985

Director

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Accounting Officer

R E S O L U T I O N

ORDER AUTHORIZING PACIFIC POWER AND LIGHT COMPANY (PP&L)  
TO INCREASE ITS ELECTRIC REVENUE ADJUSTMENT MECHANISM  
(ERAM) \$1,847,439 OR 3.2%

By Advice Letter 190-E, filed November 19, 1985, Pacific Power and Light Company (PP&L) requests authorization to increase its electric rates for its California service area by adjusting its Electric Revenue Adjustment Mechanism (ERAM) as set forth on Cal. P.U.C. Sheets 1358-E through 1387-E, inclusive. The facts are as follows:

1. This filing sets forth PP&L's third revision associated with ERAM which was authorized in Decision 84-07-150, dated July 18, 1984, in Applications 83-05-052 and 83-07-017. PP&L's second revision associated with ERAM was authorized by Commission Resolution E-2046, dated July 1, 1985.
2. 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 accrued on the average balance in this account at the current three-month commercial paper rate. PP&L estimates the undercollection balance associated with ERAM will be \$1,847,439 at December 31, 1985.
3. The ERAM adjustment of 0.563¢ per Killowatt-hour has been determined by dividing the estimated balance of \$1,847,439 by the estimated sales for January through July 1986 of 328,427,000 kWh. Attachment A details the calculation of the proposed ERAM adjustment and details revenues by customer class based on rates, including the present ERAM and proposed ERAM.
4. The proposed rate revision will increase residential rates an average of 3.2% with baseline rates being increased 0.197 cents per Killowatt-hour. Commercial rates will increase an average of 3.2% with a rate adjustment of 0.344 cents per Killowatt-hour.
5. A comparison of the present and proposed rates for electric service per kWh is shown below:

	Present	Proposed	Increase	
	Rates	Rates	Amount	Percent

Residential \*D-1

Tier I (Baseline)/kWh	\$0.05737	\$0.05934	\$0.00197	3.4%
Tier II(Excess)/kWh	0.08744	0.09038	0.00294	3.4

Commercial \*A-25

All Usage Per kWh	\$0.09666	\$0.10010	\$0.00344	3.6%
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\* Present rates used are those rates in effect on July 1, 1985.

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

	Present	Proposed	INCREASE	
Monthly Usage in kWh	Rates	Rates	Amount	Percent

Residential-Summer (D-1)

200	\$11.50	\$11.84	\$ 0.34	2.96%
300	17.25	17.77	0.52	3.01
400	23.00	23.69	0.69	3.00
520	32.90	33.90	1.00	3.04
600	39.91	41.12	1.21	3.03
700	48.66	50.15	1.49	3.06
800	57.42	59.17	1.75	3.05
900	66.17	68.20	2.03	3.06
1,000	74.93	77.22	2.29	3.06

Residential-Winter (D-1)

200	\$11.50	\$11.84	\$ 0.34	2.96%
300	17.25	17.77	0.52	3.01
400	23.00	23.69	0.69	3.00
520	29.89	30.79	0.09	3.01
600	36.90	38.02	1.12	3.04
700	45.66	47.04	1.38	3.02
800	54.41	56.07	1.66	3.06
900	63.17	65.09	1.92	3.04
1,000	71.92	74.12	2.20	3.06

Commercial-A-25

500	\$ 53.39	\$ 55.05	\$ 1.66	3.11%
1,000	101.78	105.10	3.32	3.26
2,000	198.56	205.20	6.64	3.34
3,000	295.34	305.30	9.96	3.37
4,000	392.12	405.40	13.28	3.39
5,000	488.90	505.50	16.60	3.40
10,000	972.80	1,006.00	33.20	3.41

- \*
6. In accordance with the provisions of Decision 84-07-150, PP&L is requesting an effective date of January 1, 1986.
  7. The ERAM rate adjustment should be consolidated with the adjustment in the attrition allowance in Application 82-12-48 et al which shall become effective on or after January 1, 1986.
  8. The authorized sales and revenue figures supporting the proposed ERAM rate and the methodology used in its calculation have been reviewed by the Advisory, Evaluation and Research Branch (AER) of the Evaluation and Compliance Division and found this filing to be in compliance with Decision 84-07-150 (ERAM).
  9. 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 Application 83-05-052 and 83-07-017. The Commission Staff has received no protests in this matter.

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, 1986.
2. It is further ordered that the ERAM rate adjustment be consolidated with the adjustment in the attrition allowance in Application 82-12-48 et al which shall become effective on or after January 1, 1986.
3. The above advice letter and its accompanying tariff sheets shall be marked to show that they are effective on or after January 1, 1986, in accordance with Ordering Paragraph #2, above.

I certify that this resolution was adopted by the Public Utilities Commission at its regular scheduled meeting on December 20, 1985. ]  
The following Commissioners approved it:

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

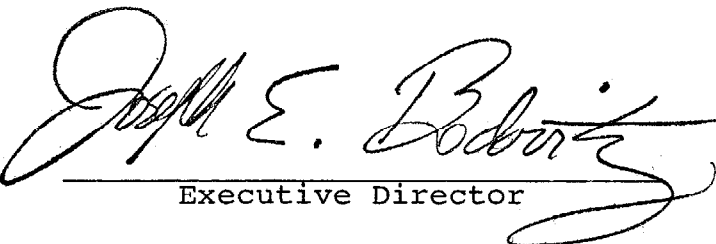
  
Executive Director

TABLE 1  
Pacific Power & Light Company  
Calculation of Electric Revenue Adjustment Billing Factor

Line No.	Description	Amount
1	Revision Date: January 1, 1986	
2	Amortization Period: January 1, 1986 - June 30, 1986	
3	Projected Electric Revenue Adjustment Account Balance as of January 1, 1985 (Dollars)	1,847,439
4	Forecast Amortization Period Sales	328,427
5	Electric Revenue Adjustment Mechanism Rate	.563¢/kwh
	\$ 1,847,439	=
	328,427,000	

Table 2

CALIFORNIA ERAM

CA  
11  
20  
85

	ACTUAL												ESTIMATED												
	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	
AUTHORIZED GENERAL REVENUE																									
ANNUAL AUTHORIZED REVENUE	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	47,843,000	
MONTHLY FACTOR	0.009	0.0083	0.078	0.077	0.082	0.087	0.092	0.090	0.076	0.072	0.082	0.092	0.009	0.0083	0.078	0.077	0.082	0.087	0.092	0.090	0.076	0.072	0.082	0.092	
PORTION OF CALENDAR MONTH AT NEW RATES	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
MONTHLY AUTHORIZED GENERAL REV	4,250,027	3,970,969	3,731,754	3,683,911	3,923,126	4,162,341	4,401,556	4,305,870	3,636,068	3,444,696	3,923,126	4,401,556	4,250,027	3,970,969	3,731,754	3,683,911	3,923,126	4,162,341	4,401,556	4,305,870	3,636,068	3,444,696	3,923,126	4,401,556	
ACTUAL GENERAL REVENUES																									
ACTUAL CALENDAR MONTH KWH SALES (INCLUDING UNBILLED)	63,219,587	50,084,781	53,223,454	46,057,102	65,508,513	62,133,413	73,614,585	57,586,527	43,405,585	45,519,040	50,348,000	61,588,000	63,219,587	50,084,781	53,223,454	46,057,102	65,508,513	62,133,413	73,614,585	57,586,527	43,405,585	45,519,040	50,348,000	61,588,000	
PORTION OF CALENDAR MONTH ON NEW RATES	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
NEW AVERAGE KWH RATE				0.066418	0.061863	0.059924	0.056247	0.063803	0.068513	0.069558	0.087182	0.068583				0.066418	0.061863	0.059924	0.056247	0.063803	0.068513	0.069558	0.087182	0.068583	
ACTUAL REVENUES	4,229,209	3,588,056	3,625,558	3,059,037	4,052,553	3,723,283	4,140,600	3,674,193	2,973,847	3,166,213	4,389,437	4,336,241	4,229,209	3,588,056	3,625,558	3,059,037	4,052,553	3,723,283	4,140,600	3,674,193	2,973,847	3,166,213	4,389,437	4,336,241	
ADJUSTMENT FOR RATE CHANGE	113,488	(112,116)	(1,372)										113,488	(112,116)	(1,372)										
ADJUSTED ACTUAL REVENUES	4,342,697	3,475,940	3,624,186	3,059,037	4,052,553	3,723,283	4,140,600	3,674,193	2,973,847	3,166,213	4,389,437	4,336,241	4,342,697	3,475,940	3,624,186	3,059,037	4,052,553	3,723,283	4,140,600	3,674,193	2,973,847	3,166,213	4,389,437	4,336,241	
AUTHORIZED VS ACTUAL REVENUE	(84,670)	495,029	107,568	624,874	(129,427)	439,058	260,956	631,677	662,221	278,483	(466,311)	65,315	(84,670)	495,029	107,568	624,874	(129,427)	439,058	260,956	631,677	662,221	278,483	(466,311)	65,315	
ACTUAL ERAM REVENUES																									
ACTUAL CALENDAR MONTH SALES (INCLUDING UNBILLED)	63,219,587	50,084,781	53,223,454	46,057,102	65,508,513	62,133,413	73,614,585	57,586,527	43,405,585	45,519,040	50,348,000	61,588,000	63,219,587	50,084,781	53,223,454	46,057,102	65,508,513	62,133,413	73,614,585	57,586,527	43,405,585	45,519,040	50,348,000	61,588,000	
PORTION OF CALENDAR MONTH ON NEW RATES	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
NEW AVERAGE RATE	0.002000	0.002000	0.002000	0.002000	0.002000	0.002000	0.003340	0.003340	0.003340	0.003340	0.003340	0.003340	0.002000	0.002000	0.002000	0.002000	0.002000	0.002000	0.003340	0.003340	0.003340	0.003340	0.003340	0.003340	
ERAM SURCHARGE	(126,439)	(100,170)	(106,447)	(92,114)	(131,017)	(124,267)	(245,873)	(192,339)	(144,975)	(152,034)	(168,162)	(205,691)	(126,439)	(100,170)	(106,447)	(92,114)	(131,017)	(124,267)	(245,873)	(192,339)	(144,975)	(152,034)	(168,162)	(205,691)	
ERAM BALANCE AT END OF MONTH	429,369	827,794	833,117	1,371,427	1,118,350	1,440,945	1,464,050	1,912,491	2,440,317	2,580,402	1,961,661	1,835,528	429,369	827,794	833,117	1,371,427	1,118,350	1,440,945	1,464,050	1,912,491	2,440,317	2,580,402	1,961,661	1,835,528	
AVERAGE ERAM BALANCE	534,924	630,365	832,557	1,105,647	1,248,572	1,283,550	1,456,509	1,692,822	2,181,694	2,517,178	2,278,898	1,905,716	534,924	630,365	832,557	1,105,647	1,248,572	1,283,550	1,456,509	1,692,822	2,181,694	2,517,178	2,278,898	1,905,716	
INTEREST ON AVG BALANCE	3,566	4,202	5,550	7,367	7,604	8,022	9,103	10,580	13,636	15,732	14,243	11,911	3,566	4,202	5,550	7,367	7,604	8,022	9,103	10,580	13,636	15,732	14,243	11,911	
COMMERCIAL PAPER RATE	8.00%	8.00%	8.00%	8.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	8.00%	8.00%	8.00%	8.00%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	
CURRENT MONTH ERAM EFFECT	(81,104)	499,231	113,118	632,241	(121,623)	447,080	276,059	642,257	675,857	294,215	(452,068)	77,216	(81,104)	499,231	113,118	632,241	(121,623)	447,080	276,059	642,257	675,857	294,215	(452,068)	77,216	
MONTHLY CHANGE IN BALANCING ACCOUNT	(267,543)	399,661	6,671	546,127	(252,640)	322,813	24,186	449,918	536,882	142,181	(620,230)	(128,465)	(267,543)	399,661	6,671	546,127	(252,640)	322,813	24,186	449,918	536,882	142,181	(620,230)	(128,465)	
CUMULATIVE BALANCE WITH INTEREST	432,935	831,996	838,667	1,376,794	1,126,154	1,448,967	1,475,153	1,923,071	2,453,953	2,596,134	1,975,964	1,847,439	432,935	831,996	838,667	1,376,794	1,126,154	1,448,967	1,475,153	1,923,071	2,453,953	2,596,134	1,975,964	1,847,439	

TABLE 3  
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, 1986

Line No.	Acct. No.	Description	KWH (000)	Present Rates (\$000) With Present ERAM			Present Rates (\$000) With Proposed ERAM			Annual Effective Increase		Line No.
				Base Rates(a)	Present ERAM	Effective Rates (4)+(5)	Base Rates(a)	Proposed ERAM	Effective Rates (7)+(8)	Amount (\$000) (9)-(6)	Percent (10)/(6)	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
						(4)+(5)			(7)+(8)	(9)-(6)	(10)/(6)	
	440	Residential Sales										
1		Residential(b)	350,245	\$ 23,300	\$ 1,151	\$ 24,459	\$ 23,300	\$ 1,940	\$ 25,240	\$ 789	3.2%	1
	442	Commercial and Industrial Sales										
2		Large Accounts > 500 KW	62,112	3,633	179	3,812	3,633	302	3,935	123	3.2	2
3		Irrigation	97,286	4,660	230	4,890	4,660	307	5,055	157	3.2	3
4		Other Commercial & Industrial	197,795	16,694	803	17,497	16,694	1,353	18,047	550	3.1	4
5		Total Commercial & Industrial Sales	357,193	24,995	1,212	26,207	24,995	2,042	27,037	830	3.2	5
	444	Public Street and Highway Lighting										
6		Street Lighting Services	1,918	218	6	224	218	10	228	4	1.8	6
7		Total Sales to Ultimate Consumers	709,356	\$ 48,521	\$ 2,369	\$ 50,890	\$ 48,521	\$ 3,992	\$ 52,513	\$1,623	3.2%	7

Notes: (a) Ordered rates effective January 1, 1985.  
(b) Includes revenue effect of Employee Discount.