

**RETURN TO ENERGY BRANCH
ROOM 3102**

E-6 *

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**EVALUATION & COMPLIANCE DIVISION
Energy Branch**

**RESOLUTION E-3038
June 15, 1987.**

R E S O L U T I O N

RESOLUTION E-3038, PACIFIC POWER AND LIGHT COMPANY (PP&L) REQUEST FOR AUTHORIZATION TO OFFER AN AGRICULTURAL PUMPING SERVICE EXPERIMENTAL TEN PERCENT SEASONAL REBATE SCHEDULE NO. PA-22. APPLICABLE TO CALIFORNIA AGRICULTURAL PUMPING CUSTOMERS SERVED ON SCHEDULE PA-20. ADVICE LETTER 202-E FILED MAY 20, 1987.

SUMMARY

PP&L Schedule PA-22 is a one time program offering a ten percent rebate on seasonal billings to California agricultural pumping customers served under Schedule PA-20 from April through November, 1987. It is offered in hopes of providing customers sufficient economic incentive for retention or expansion of electric sales.

The rebate shall be absorbed by PP&L and will not be applied to other California customers within PP&L's service territory.

BACKGROUND

1. Proposed Schedule PA-22, named Agricultural Pumping Service Experimental Ten Percent Seasonal Rebate, is an experimental program initiated in response to agricultural pumping customers' expressed concerns over the present economic plight of the agricultural sector within PP&L's California service territory.
2. PP&L states that "if the price for agricultural pumping service cannot be decreased, [the customers] will need to switch to diesel powered pumps, resort to other forms of irrigation, reduce their plantings, practice dry land farming or not farm at all. In addition, a relatively warm

Spring in our Northern California service area has resulted in an early cutting of alfalfa hay, a major crop in our service area. Second and even third cuttings of alfalfa will be possible with additional irrigation." The rebate will allow customers to maximize their 1987 agricultural season.

3. Upon receipt of customers' November 1987 payments, including all arrearages through November 1987, PP&L will calculate a ten percent rebate based upon billings issued for the eight month agricultural pumping season, April through November, 1987.
4. Eligibility requires timely 1987 monthly payments, full payment for annual load size charges due in November, and clearing any outstanding balances. Upon receipt of full payments and consideration of other applicable schedules and discounts, PP&L will issue a rebate by January 31, 1988.
5. This is an experimental schedule to determine if an effective ten percent price reduction will provide sufficient economic incentive for retention or expansion of electric sales. PP&L states that "increased sales and customer retention attributable to the proposed rebate will provide a contribution to fixed costs."
6. PP&L stresses that they are not seeking to recover the revenue effect of the proposed rebate from their other California customers. The program will expire without further action by the Company or the Commission as of January 31, 1988.

DISCUSSION

1. The Commission has received numerous letters of support from California agricultural customers who would benefit from PP&L's proposed rebate schedule.
2. The staff of the Evaluation and Compliance Division has reviewed this advice letter filing and has no objection to PP&L's proposal.
3. The Public Staff Division also has no objection to PP&L's proposal.
4. No protests have been received.

FINDINGS

1. PP&L's Agricultural Pumping Service Experimental Ten Percent Seasonal Rebate Schedule No. PA-22 is a one time program offering a ten percent rebate on seasonal billings to California agricultural pumping customers served on Schedule PA-20.
2. Program eligibility requires customers to pay their monthly 1987 billings within 19 days from the date of mailing its bill for services, including the annual load size charge due in November, and to pay any outstanding balances from prior to 1987.
3. Upon receipt of customers' November 1987 payments, including all arrearages through November 1987, PP&L will calculate a ten percent rebate based upon billings issued for the eight month agricultural pumping season, April through November, 1987. The rebate will be calculated after consideration of Agricultural Pumping Service Experimental Seasonal Credit, Schedule No. PA-21, and any other applicable discounts. PP&L should maintain clear and accurate accounting records of all rebates provided to customers.
4. All rebate checks will be issued by January 31, 1988, and this experimental program shall expire without further action by PP&L or this Commission as of January 31, 1988.

THEREFORE:

1. We will permit the proposed tariff Schedule No. PA-22 allowing the ten percent rebate as described above to be effective as of June 15, 1987. We will approve a retroactive calculation for the rebate from April 1987 through November 1987.
2. Pacific Power and Light Company shall establish a memorandum account to record the revenue loss associated with the 10% rebates for the sales under this discounted schedule. Pacific Power and Light Company shall not be allowed to recover from other California customers the effect of the proposed rebates under this experimental schedule.

3. This advice letter and tariff sheets shall be marked to show that they were accepted for filing by Commission Resolution E-3038.

I certify that this Resolution was adopted by the Public Utilities Commission at its regularly scheduled meeting June 15, 1987. The following Commissioners approved it:



Executive Director

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

Commissioner Donald Vial, being necessarily absent, did not participate.