

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION E-3045
August 26, 1987

R E S O L U T I O N

PACIFIC GAS AND ELECTRIC COMPANY (PG&E). ORDER AUTHORIZING PG&E TO FILE TWO NEW AGREEMENT FORMS APPLICABLE TO PRIMARY AND SECONDARY SCHOOLS THAT DESIRE TO HAVE MULTIPLE ELECTRIC SERVICES AT A SINGLE SITE BILLED CONJUNCTIVELY. (Advice Letter No. 1156-E, Filed May 21, 1987.)

SUMMARY

1. By Advice Letter No. 1156-E, filed May 21, 1987, PG&E seeks Commission authorization to file two new forms entitled "Agreement for Experimental Conjunctive Electric Billing for Elementary and Secondary Schools (Allocation Option)" (Form No. 79-728) and "Agreement for Experimental Conjunctive Electric Billing for Elementary and Secondary Schools (Existing Metering Option)" (Form No. 79-727).
2. This advice letter is pursuant to Ordering Paragraph 14 of Decision 86-12-091 in Electric Cost Adjustment Clause (ECAC) Application 86-04-12. Ordering Paragraph 14 of this decision directed PG&E to offer conjunctive billing to schools with multiple services at a single site.

BACKGROUND

3. In Application 86-04-12, the Schools Committee to Reduce Utility Bills (SCRUB) presented testimony that (1) coincident peak demands for schools are very low compared to those of commercial and industrial customers, (2) marginal customer cost is the only component of school's marginal costs that is comparable to that of commercial and industrial customers, and (3) rate design within existing classes can compound the revenue allocation inequity to schools because rate design does not necessarily mirror the pattern of marginal costs.

4. To correct these inequities, SCRUB made the following recommendations:

- (a) A special rate class should be established that takes into account the cost of service actually attributable to schools.
- (b) Each school district should be treated as a single customer with consolidated billing for all meters within a district or, in the alternative, a consolidated billing for all meters at a single site.

5. In D.86-12-091, the Commission did not adopt SCRUB's recommendation that a special rate should be created for school districts on the grounds that their usage patterns differ from the class average. Time-of-Use rates within a customer class will distinguish between customers with varying load patterns. Additionally, the Commission did not adopt SCRUB's recommendation that entire school districts with multiple sites be offered a consolidated billing for electric service.

6. However, the Commission did direct PG&E to offer single school sites taking service at multiple delivery points to have its total usage combined for billing. Ordering Paragraph 14 of D.86-12-091 directed PG&E to file an advice letter to establish charges for conjunctive billing.

PROTESTS

7. Protests were received regarding Advice Letter No. 1156-E from the University of California (UC) and the California State University (CSU). The basis of these protests were exclusion of post-secondary schools from conjunctive billing. Both UC and CSU argue that D.86-12-091 made no distinction between primary, secondary, or post-secondary schools. CSU further argues that budget constraints that impinge on the allocation of funds for utilities in the K-12 segment are similar in nature to the ones that impact the state university campuses.

8. PG&E, however, believes that the Commission did not intend to include post-secondary schools in its conjunctive billing directives. Finding of Fact 92 states: "Individual school districts and school sites have multiple meters on different rate schedules." In addition, the discussion on pages 79-82 frequently uses the term "school districts". Because universities are not part of "school districts", it would therefore appear that the Commission intended for the provision to apply only to elementary and secondary schools. Furthermore, all evidence concerning schools presented in General Rate Case/ECAC testimony was based on elementary and secondary school sites and districts. This testimony included

the number of affected schools, energy usage of schools, cost of service for schools, and the occurrence of peak demands of schools; no data concerning universities was considered.

DISCUSSION

9. PG&E has filed two new agreement forms for Commission approval. The agreements were filed pursuant to Ordering Paragraph 14 of D.86-12-091, which instructed PG&E to offer conjunctive billing to schools with multiple services at a single site and to advise file a letter setting forth charges for such service. The agreements have been developed jointly by PG&E and SCRUB.

10. Initially, PG&E and SCRUB developed a conjunctive billing option based on the cost of allocated facilities necessary to provide service at multiple sites. Such an option is described in D.86-12-091 (page 81). The result is the "Allocated Facility Costs" agreement. This agreement would offer schools the option of combined billing for multiple services with coincident demand calculation. Under the agreement, the school would pay a monthly charge based on the allocated cost of PG&E facilities necessary for coincident demand billing. The allocated costs would be determined by calculating historical costs of the facilities specific to each school's site.

11. In developing the facility cost agreement, it became apparent that the use of such an agreement for all schools in the PG&E territory would create an extreme administrative burden both for PG&E and for the schools. To determine the cost of allocated facilities, PG&E would be required to perform lengthy research to estimate the facility costs at each school and each school administration would be required to review the complex estimations. Thus, PG&E and SCRUB agreed that an alternative means of satisfying the intent of D.86-12-091 would be desirable. The facility cost agreement would be offered on a test basis to a limited number of schools while the following simpler option would be offered as a further experiment to assist schools in coping with multiple electric services without going through the lengthy facility cost process.

12. Under the second agreement, the meter readings from all accounts at a site would be combined and billed under one rate schedule. The schedule would be selected by the school from among any schedules for which the combined use qualifies. To make the option cost effective for the schools, metering will not be changed unless the combined rate schedule requires a new meter on the principal service. In no case would meters be changed on the non-principal service. Maximum demand would be calculated as the sum of the demand recorded at each meter. For services without demand metering, demand would be estimated based on the load factor of use at the demand meter, with the exception that demand would be ignored for small services with

a monthly usage of less than 600 kWh. Similarly, if the customer selects a time-of-use rate option, services without time-of-use metering would be assumed to have the same time-of-use pattern as the use at the time-of-use meter. In addition to paying demand and energy charges based on the selected schedule, the school would pay the customer charge for the selected schedule plus the sum of the customer charges for each non-principal service based on the rate schedule under which service was provided prior to the agreement. In addition, the schools would pay a monthly charge of \$25 to cover the cost of hand billing the account.

13. Both PG&E and SCRUB believe that the agreements should be restricted to secondary and primary schools. All testimony in the rate case proceedings concerning this issue was based on research concerning secondary and primary schools and the reasons for creating the option may not apply to other customer classes. Additionally, restricting the option to this class of customers would allow PG&E to evaluate conjunctive billing without risking large revenue effects.

14. The Public Staff Division (PSD) has reviewed this advice filing and recommends its approval as an experiment. The PSD also recommends that PG&E be required to submit testimony concerning the following issues of this experiment in its next general rate case:

- (a) The appropriateness of continuing conjunctive billing for schools
- (b) The appropriateness of offering conjunctive billing to other types of customers (pursuant to D.86-12-091)

15. The Evaluation and Compliance Division (E&C) has also reviewed this filing and recommends its approval. The E&C Division agrees with PG&E's and SCRUB's position that post-secondary schools be excluded at this time. Since conjunctive billing is being pursued as an experiment, limiting participation to primary and secondary schools will simplify its review for reasonableness.

16. If UC and CSU are unsatisfied with the directives of D.86-12-091, they should file a Petition of Modification to that decision with the Commission.

FINDINGS

17. PG&E and SCRUB have mutually agreed on two forms applicable to primary and secondary school districts that wish to have multiple electric services at a single site billed conjunctively.

18. Form No. 79-727 and Form No. 79-728 are submitted in compliance with D.86-12-091.
19. Conjunctive billing should be limited to primary and secondary schools as an experiment to determine its reasonableness.
20. PG&E should submit testimony regarding the results of this experiment in its next general rate case.
21. In accordance with Section III, Paragraph G, of General Order 96-A, PG&E has provided copies of this advice letter to all required parties.
22. We find that the rates, charges and conditions of service authorized in this Resolution are just and reasonable; therefore,

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized, as requested by Advice Letter No. 1156-E, to file two new forms entitled "Agreement for Experimental Conjunctive Electric Billing for Elementary and Secondary Schools (Existing Metering Option)" (Form No. 79-727) and "Agreement for Experimental Conjunctive Electric Billing for Elementary and Secondary Schools (Allocation Option)" (Form No. 79-728).
2. In the event that any party files a Petition for Modification of Decision 86-12-091 for the purpose of extending conjunctive billing to institutes of higher education and is successful in such modification, PG&E shall revise Form No. 79-727 and Form No 97-728 accordingly by advice letter filing within 30-days of the effective date of the revised order.
3. Pacific Gas and Electric Company shall submit testimony regarding the effectiveness of conjunctive billing. The testimony should include, but not limited to, revenue effects, evidence showing whether or not conjunctive billing should be continued for schools, and address the appropriateness of making the option available to other types of customers.
4. Advice Letter No. 1156-E and accompanying tariff sheets shall be marked to that they were authorized by Resolution E-3045 and became effective on August 26, 1987.

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I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 26, 1987. The following Commissioners approved it:



Executive Director

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