

RETURN TO ENERGY BRANCH  
ROOM 3102

E-4

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION E-3084  
March 9, 1988

R E S O L U T I O N

SOUTHERN CALIFORNIA EDISON COMPANY. ORDER AUTHORIZING CHANGES OF MONTHLY DISTRIBUTION PERCENTAGE FACTORS FOR THE ELECTRIC REVENUE ADJUSTMENT MECHANISM AND THE PALO VERDE PHASE-IN PROCEDURE OF THE PRELIMINARY STATEMENT. (Advice No. 776-E. filed December 30, 1987.)

SUMMARY

Southern California Edison Company (Edison) requests to change the appropriate Monthly Distribution Percentages (MDP) which are set forth in the Factors for Rate Change table of the Electric Revenue Adjustment Mechanism (ERAM) and the Palo Verde Phase-In Procedure. These percentages are based on seasonal revenue estimates necessary to avoid large monthly over- or under-collections in the ERAM Balancing Account. There is no increase or decrease of any rate or charge. The request is granted.

DISCUSSION

1. By Advice No. 776-E, filed December 30, 1987, the Southern California Edison Company (Edison) requests authorization to change the appropriate Monthly Distribution Percentages (MDP) which are set forth (1) in the Factors for Rate Change table in Section 4.a of the Electric Revenue Adjustment Mechanism (ERAM), Part J of the Preliminary Statement, and (2) in Section 4 of the Palo Verde Phase-In Procedure, Part L of the Preliminary Statement.
2. The ERAM for Edison was originally authorized by Decision No. 82-12-055, rendered in Edison's 1983 Test Year General Rate Case. The purpose of the ERAM is to adjust revenues which are not subject to balancing account treatment (where the costs associated with such revenues do not vary with changes in sales), for changes due to fluctuations in sales from those utilized to develop the authorized base rate levels which are set forth on each rate schedule.
3. The ERAM provision reflects in rates the difference between the Authorized Level of Base Rate Revenue and the recorded level of base rate revenue. The ERAM provision operates on a monthly basis whereby monthly allocations of the authorized level of base rate revenue are compared with the monthly level of recorded base rate revenue. The purpose is to track recorded base rate revenue each month to avoid large monthly over- or under-collections in the ERAM Balancing Account.

4. Under present ERAM tariffs, the Authorized Level of Base Rate Revenue is allocated to each month through MDPs which are based on historical kWh sales. With the advent of seasonalized rates adopted in Decision No. 87-12-066, rendered in Edison's 1988 General Rate Case (Application No. 86-12-047), MDPs based on the percentage of total sales billed each month would result in monthly authorized revenue significantly greater than monthly recorded based revenue during the winter months, and monthly authorized revenue significantly less than monthly recorded base revenue during the summer months.

5. Edison's proposed Monthly Distribution Percentage rates are as follows:

<u>Month</u>	<u>Factors for Rate Change</u> <u>January 1, 1988</u>
January, 1988	3.26%
February	6.85
March	7.06
April	6.81
May	6.99
June	7.93
July	10.38
August	10.69
September	11.20
October	9.55
November	7.56
December	7.31
January, 1989	4.29
February	<u>0.12</u>
Total	100.00% *

\*Note: The MDPs are distributed over a 14-month period to account for billing lag. As an example, when a rate change is effective January 1, bills sent out in January include approximately 43 percent of revenue that is attributable to service rendered in December. Approximately 2 percent of February's revenue is attributable to service rendered in December. Distributing MDPs over a 14-month period allows for the full recovery of the Authorized Level of Base Rate Revenue.

6. Other major utilities in California use a method developed by Commission Staff which uses MDPs on a percentage of sales basis. Edison was authorized (by Resolution No. F-609, dated May 15, 1985) to use its recommended methodology for the practical implementation of ERAM. The Commission concurred that both Edison's and Staff's methods yield fair and consistent results and Edison's method was accepted for Edison in lieu of the Staff method. The other electric utilities were allowed to reserve the right to request a method change in the future if such a change can be justified by them.

7. Edison requests that these changes become effective January 1, 1988, under Section 491 of the Public Utilities Code, on less than statutory notice in order to coincide with the effective date of Edison's General Rate Case filing (Advice No. 775-E) authorized by Decision No. 87-12-066.

8. No protests to Advice No. 776-E have been received.

#### FINDINGS

1. Edison's request to change the appropriate Monthly Distribution Percentages which are set forth in the Factors for Rate Change table of the Electric Revenue Adjustment Mechanism and in the Palo Verde Phase-In Procedure is reasonable.

2. This filing will not increase or decrease any rate or charge, cause the withdrawal of service, nor conflict with other schedules or rules.

THEREFORE, it is ordered that:

1. Southern California Edison Company is authorized to change the appropriate Monthly Distribution Percentages which are set forth (1) in the Factors for Rate Change table in Section 4.a of the Electric Revenue Adjustment Mechanism (ERAM), Part J of the Preliminary Statement, and (2) in Section 4 of the Palo Verde Phase-In Procedure, Part L of the Preliminary Statement.

2. The effective date of the authorized Monthly Distribution Percentages shall be January 1, 1988.

3. Advice No. 776-E shall be marked to show that it was approved by Commission Resolution E-3084.

4. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 9, 1988. The following Commissioners approved it:

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



Executive Director