

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION E-3087
March 23, 1988

R E S O L U T I O N

PACIFIC GAS AND ELECTRIC COMPANY, ELECTRIC DEPARTMENT.
ORDER AUTHORIZING PACIFIC GAS AND ELECTRIC COMPANY TO
OFFER TWO EXPERIMENTAL RATE SCHEDULES FOR LARGE WATER
PUMPING CUSTOMERS IN COMPLIANCE WITH DECISION 87-04-028.

(Advice Letter 1185-E, Filed December 30, 1987 and
Supplement, Filed March 14, 1988).

SUMMARY

1. By Advice Letter 1185-E, filed December 31, 1987 and Supplement, filed March 14, 1988, Pacific Gas and Electric Company (PG&E) submitted two experimental rate schedules, E-24 and E-25, for large water pumping accounts in compliance with Decision (D.) 87-04-028 in Application 86-04-021. These rates introduce split-week (E-24) and shorter-peak (E-25) options for large non-agricultural water pumping customers. Schedules E-24 and E-25 are similar to options offered to agricultural customers under Schedules AG-R and AG-V also adopted in D.87-04-028.
2. PG&E is authorized to offer service under Schedules E-24 and E-25 as filed by Advice Letter 1185-E and Supplement.

BACKGROUND

3. Ordering Paragraph 6 of D.87-04-028 directed PG&E to develop experimental split-week and shorter on-peak Time-of-Use (TOU) rate options for large water agency accounts. A split-week TOU option allows customers to choose either Monday and Tuesday or Thursday and Friday as off-peak days. The Shorter on-peak TOU rate option reduces the on-peak period from 6-hours to 4-hours with correspondingly higher on-peak rates. PG&E was directed to design these rate options to be revenue neutral with respect to the Large Light and Power Class.

PROTESTS

4. This filing was protested by the Association of California Water Agencies (ACWA). In its protest, ACWA made three

requests: (a) To be served with workpapers which demonstrate the revenue neutrality of Schedules E-24 and E-25, (b) a longer experimentation period in which to test the effectiveness of these schedules, and (c) a shorter on-peak period for Schedule E-25.

5. ACWA opposed PG&E's proposed expiration date of December 31, 1989 for E-24 and E-25. ACWA believes that two seasons of data will be inadequate to determine the effectiveness of these schedules. ACWA recommends extending the expiration date to December 31, 1999 to "permit recovery of capital and operating costs associated with complying with price signals contained in E-24/E-25". Without a longer effective period, ACWA believes fewer pumpers will be willing to commit to the rates' long-run price signals.

6. ACWA also believes that the 4-hour on-peak period of Schedule E-25 is too long and recommends that it be shortened to 2-hours. The 2-hour on-peak period is similar to a popular water pumping rate option offered by San Diego Gas and Electric. ACWA contends that so long as E-25 is cost-based there should be no objection to a shorter, 2-hour on-peak period with appropriately higher on-peak charges.

7. PG&E responded to ACWA's protest on February 1, 1988. Concerning ACWA's proposal to extend the expiration date, PG&E responded that it recognizes that customers may need a number of years to amortize capital costs through bill savings, however, PG&E does not believe that 11 years are necessary to amortize costs. PG&E believes a more reasonable expiration date would be at the conclusion of its 1990 General Rate Case cycle, on December 31, 1992.

8. Concerning ACWA's third request to shorten the on-peak period, PG&E believes that this request should be denied. PG&E responded that it used the same shorter, 4-hour, on-peak option as agricultural Schedule AG-V. PG&E sees no reason why the 4-hour option adopted for agricultural pumping customers should be modified for non-agricultural customers.

DISCUSSION

9. Experimental schedules E-24 and E-25 closely resemble agricultural Schedules AG-R (split-week) and AG-V (shorter-peak). The split week option, Schedule E-24, allows customers to choose either Monday and Tuesday or Thursday and Friday as off-peak days. The number of on-peak hours is reduced from 30 to 18 hours per week. The shorter-peak option, Schedule E-25, allows customers to choose four, rather than six, on-peak hours per day, or 20-hours per week. The new schedules are designed to be revenue neutral with respect to Schedule E-20 for Large

Light and Power customers. As a result, the on-peak rates on E-24 and E-25 are somewhat higher than on Schedule E-20, due to the smaller number of on-peak hours.

10. These new rates are limited to accounts that are otherwise eligible for E-20 and who fall under Standard Industrial Classification (SIC) codes 4941 (water supply) and 4952 (sewerage systems). In addition, these schedules offer only firm service and apply to customers with less than 70 percent of the water pumped on their account going directly to agricultural purposes. PG&E estimates that approximately 100 customers are currently eligible for Schedules E-24 and E-25.

11. The CACD staff has reviewed D.87-04-028, Advice Letter 1185-E and Supplement, ACWA's protest and PG&E's response to the protest and recommends approval of this filing.

12. The CACD staff has spoken with ACWA regarding the work-papers it requested to demonstrate revenue neutrality. ACWA reports that it has reviewed the work-papers and is satisfied that PG&E correctly designed these rates to be revenue neutral.

13. Concerning ACWA's request for a longer experimentation period in which to test the effectiveness of E-24 and E-25, the CACD believes that PG&E's extension through 1992 as proposed in its Supplement to Advice Letter 1185-E is adequate.

14. The CACD staff agrees with PG&E that the shorter-peak option should not be reduced to 2-hours from 4-hours. CACD believes the intent of D.87-04-028 was to offer large water pumping customers rate options similar to options offered to agricultural customers. CACD has seen no evidence to indicate that non-agricultural customers should receive shorter on-peak periods than agricultural customers.

15. This filing will not increase any rate or charge, cause withdrawal of service, or conflict with any other rate schedule or rule.

16. PG&E requested that this filing become effective on May 1, 1988 to allow sufficient time to satisfy necessary billing and metering requirements.

FINDINGS

1. We find that the rates, charges and conditions of service as proposed by this agreement are just and reasonable;

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized under Decision 87-04-028 and General Order 96-A to file rate

Schedules E-24 and E-25 as requested by Advice Letter 1185-E and Supplement.

2. Advice Letter 1185-E, as Supplemented, and accompanying tariff sheets shall be marked to show that they were authorized by Resolution E-3087 and became effective on and after May 1, 1988.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 23, 1988. The following Commissioners approved it:

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners



Executive Director