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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION E-3088
DATE: August 10, 1988

R E S O L U T I O N

RESOLUTION E-3088. SAN DIEGO GAS AND ELECTRIC COMPANY (SDG&E), ELECTRIC DEPARTMENT. ORDER AUTHORIZING SDG&E TO IMPLEMENT AN EXPERIMENTAL RESIDENTIAL TIME-OF-USE TARIFF. BY ADVICE LETTER 735-E, FILED MARCH 23, 1988 AND SUPPLEMENT, FILED JUNE 3, 1988, IN COMPLIANCE WITH DECISION 87-08-046.

SUMMARY

1. By Advice Letter 735-E, filed March 23, 1988 and Advice Letter 735-E-A (Supplement), filed June 3, 1988, SDG&E requested authorization to implement an Experimental Residential Time-of-Use (TOU) tariff which is to be used in a pilot program by SDG&E in 1988. This filing is made pursuant to Commission Decision (D.) 87-08-046.
2. SDG&E's request is authorized by this Resolution.

BACKGROUND

1. In 1985, SDG&E conducted a Residential Value of Service Survey on its residential customers to evaluate customer perception (both satisfaction and value ranking) of existing services and to identify customer interest in possible new services. Results of this survey indicated that among the 40 new and existing services identified, the availability of residential TOU rates ranked number one among the respondents.
2. Based on results of the Value of Service Survey and the potential for a "low-cost" meter, SDG&E began evaluating the potential of a residential TOU program directed at providing residential customers with a rate option in 1987. This concept was presented to the California Energy Commission (CEC) as an alternative to the PEAKSHIFT Program during hearings on SDG&E's petition to terminate PEAKSHIFT. The PEAKSHIFT Program involved the placement of a centrally controllable switch on the customer's air conditioner which could be actuated by the utility during peak demand periods to shed load from the system.

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3. The CEC accepted this proposal and recommended in Order No. 87-0429-01 that SDG&E implement a program in 1987. The CPUC subsequently ordered SDG&E in D. 87-08-046 to implement a residential TOU program as recommended by the CEC. Neither the CEC recommendation or the CPUC's order addressed the issue of the cost-effectiveness of this program.
4. SDG&E's primary objective in implementing a residential TOU program is to provide an optional rate structure to customers with high electricity consumption. Such an option will enable participants to lower their monthly electric bill. A secondary objective is to cause an increase in load factor by shifting demand and consumption from on-peak to off-peak and potentially increasing off-peak consumption.
5. On page 4 of D.87-08-046, the Commission directed SDG&E to prepare an appropriate advice letter filing in consultation with the Commission Advisory and Compliance (CACD) Division to implement the CEC order and recommendations. Furthermore, Ordering Paragraph 3 states: "SDG&E shall prepare an appropriate advice letter filing in consultation with the Energy Branch of the E&C Division to implement the residential peakshift order of the California Energy Commission."

PROTESTS

1. A protest was submitted to Advice Letter 735-E by Utility Consumer Action Network (UCAN) on April 12, 1988. UCAN's specific concern was that SDG&E's rate design for a residential TOU rate was inaccurate. Moreover, UCAN claimed that since this rate does not differentiate between baseline and non-baseline usage, it is not revenue neutral and will effectively provide a rate decrease to virtually all large users regardless of usage by time periods. In Advice Letter 735-E, SDG&E's Schedule DR-TOU contains a single off-peak rate to be in effect regardless of season or baseline usage.
2. SDG&E met with the Commission Staff on April 15, 1988 to discuss matters of this protest. At this meeting, it was decided that the Energy Rate Design Branch of the Division of Ratepayer Advocates (DRA) would re-design the rate structure to include baseline credit for on-peak and off-peak time periods and, at the same time, satisfy UCAN's request. SDG&E agreed to file a supplement to its initial filing which would incorporate DRA's design.
3. Additionally, SDG&E met with the CEC's Energy Efficiency and Local Assistance Division in order to modify the rate design. SDG&E submits that the DRA revised rate design in the supplemental filing meets the spirit of the compromise resulting from discussions among the parties.

DISCUSSION

1. The experimental tariff filed by the supplemental advice letter is similar to the tariff originally filed by Advice 735-E except for the following differences:

- a) Separate energy charges are now shown for summer and winter billing periods;
- b) A baseline credit, equal to a \$0.07965 deduction per Kwh of baseline quantity (applied to total use) is now applicable to both the On-Peak and Off-Peak time periods;
- c) A statement has been added which specifies when the summer and winter seasons commence;
- d) Special Conditions 1, 2 and 3 were added dealing with baseline which are similar to special conditions contained in SDG&E's presently effective Residential Schedule DR. Special Condition 2 sets forth the specific quantities of electricity that would be entitled to the baseline credit contained on Sheet 1 of 5; and,
- e) Special Condition 9. (previously Special Condition 6. in Advice 735-E), Limitation on Availability. SDG&E proposed to include a statement which stated that SDG&E may expand participation in this optional rate at its discretion.

2. The tariff has been identified as experimental since it will be limited to an initial participation of 150 customers during 1988. If the pilot program proves to be successful, the experimental tariff may be opened to additional participation at SDG&E's sole option, as mentioned in Special Condition 9.

3. This filing is being made in compliance with Decision 87-08-046; however, in the course of developing and implementing experimental residential time-of-use rates, SDG&E states that it may in the future submit additional experimental residential TOU rate schedules reflecting alternative rate design options.

4. SDG&E is aware that the experimental tariff being filed reflects a \$4.80 customer charge. On July 8, 1988 the Commission issued Decision 88-07-023 eliminating the customer charge. Therefore, SDG&E should take appropriate action to delete the customer charge and reinstate the \$5.00 minimum charge and make other related changes as needed to comply with Decision 88-07-023.

5. Upon review of the supplemental filing, UCAN submitted an additional (though not timely) protest, stating that it still believes that the revised TOU schedule does little to shift peak

load usage by residential customers. Additionally, UCAN believes that those customers who most need to shift their consumption will forsake the R-TOU rates. Those who already have low on-peak consumption will take advantage of the opportunity presented by the new rates, since they will receive a price advantage on their off-peak consumption.

6. The Commission Advisory and Compliance Division (CACD) Staff has reviewed the supplemental advice filing, and based on the UCAN comments is concerned about granting discretion to expand the program at SDG&E's sole option. Therefore, CACD recommends that the experimental schedule be limited to 150 customers, and the option to expand be deleted. Authority to expand the program would then require further Commission authorization. SDG&E argues that the expansion provision should be retained for flexibility and because it was a part of the discussions with DRA.

7. Although there are weaknesses in the rate design, the filing complies with Decision 87-08-046. Recognizing that the proposed Residential TOU rate is part of an experimental program by SDG&E, the CACD recommends approval of Schedule DR-TOU as filed in Supplemental Advice Letter 735-E-A.

FINDINGS

1. This filing of Advice Letter 735-E-A (Supplemental) is in accordance with the intent of CPUC Decision 87-08-046 (page 4) dated August 26, 1987, in Application 86-12-053.

2. This experimental tariff will be used by SDG&E in a pilot program which will be conducted during 1988. SDG&E will be required to report to the CPUC on the results of this experimental TOU schedule, at the conclusion of each regular summer and winter season.

3. SDG&E shall revise the filed tariff schedules to remove the monthly \$4.80 customer charge and reinstate the \$5.00 minimum charge as ordered by Commission Decision 88-07-023, dated July 8, 1988.

4. The discretion SDG&E seeks to expand the program at its sole option is too broad. The program should be limited for now, to the 150 participants.

5. This filing is for the purpose of providing a new service not heretofore offered or furnished. It will not increase any existing rate or charge, cause the withdrawal of service nor conflict with other schedules or rules.

6. Public notification of this filing has been made by mailing copies to other utilities, governmental agencies and to all interested parties who requested such notification.

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THEREFORE; IT IS ORDERED THAT:

1. San Diego Gas and Electric is authorized under Decision 87-08-046 and General Order 96-A to file rate Schedule DR-TOU as requested by Advice Letter 735-E-A, Supplement, modified according to Ordering Paragraph No. 2 below.
2. San Diego Gas and Electric shall modify Schedule DR-TOU, as filed, by submitting revised tariff sheets to include a \$5.00 monthly minimum charge, in accordance with Commission Decision 88-07-023.
3. SDG&E shall also revise the filed tariff schedules to remove the last sentence, regarding expansion of the program, from Special Condition No. 9.
4. San Diego Gas and Electric shall keep adequate records of the pilot program for schedule DR-TOU and submit reports to the Commission Advisory and Compliance Division on a regular basis no later than 60-days after the conclusion of each regular winter and summer season.
5. Advice Letter 735-E, as Supplemented, and revised tariff sheets shall be marked to show that they were authorized by Resolution E-3088 and became effective five (5) days after the effective date of this order.
5. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 10, 1988. The following Commissioners approved it:

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



Executive Director