

RETURN TO ENERGY BRANCH  
ROOM 3102

E-3

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION E-3097  
July 8, 1988

R E S O L U T I O N

RESOLUTION E-3097. SOUTHERN CALIFORNIA EDISON COMPANY (EDISON) AUTHORIZED TO MODIFY APPLICATION AND CONTRACT FOR ADDED FACILITIES. ADVICE LETTER NO. 791-E, FILED MAY 16, 1988.

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SUMMARY

Southern California Edison Company (Edison) requests authorization to modify its Application and Contract for Added Facilities, to provide for one-time payments for added facilities. In addition, for older facilities being converted to customer use, charges would be based on reproduction cost new less depreciation. This resolution grants the request.

DISCUSSION

1. By Advice Letter No. 791-E, filed May 16, 1988, Edison requests authorization to modify its Application and Contract for Added Facilities (the "Contract"), Form No. CSD-240 to implement Section H.2.e of Rule No. 2 which states:

"Where the Company determines the collection of continuing monthly ownership charges is not practicable, the applicant will be required to make an equivalent one-time payment in lieu of the monthly charges."

2. This Company option was authorized by the Commission through Advice Letter No. 607-E, effective March 16, 1983, the main purpose of which was to establish a Customer-Financed Added Facilities option within Rule No. 2, Section H. However, Edison did not see a need for implementation of the one-time payment option at that time and, therefore, did not file contract revisions.

3. An example of added facilities is where the customer requests an additional service from a separate circuit to improve reliability. Edison now believes that the one-time payment option for such facilities may be in the best interest of Edison's other ratepayers. This option eliminates administrative costs for Monthly Charges, which may be high compared with the Monthly Charge itself.

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4. The Added Facilities Contract was originally designed for newly-installed facilities and is adequate for that purpose since for new facilities the "Historical Cost" and "Reconstruction Cost New Less Depreciation" are the same value. However, rates approved by the Commission in Edison's 1988 General Rate Case encourage large power customers who are segregated by service voltage level to request a rental of their transformer to obtain lower power rates. As a result, customer requests have increased significantly for Edison to allocate existing lower voltage facilities as Added Facilities.
5. Edison maintains that the "Historical Cost" basis is not adequate to develop facilities charges on older plant. Therefore, the Contract is modified to be on a "Reconstruction Cost New Less Depreciation" basis, rather than a "Historical Cost" basis. This enables Edison to reflect the current value of the facility so that it is not giving away value that belongs to all ratepayers to benefit individual customers. The method of calculation follows that approved by Commission Decision 86-12-014 and shown in Pacific Gas & Electric Company's Advice Letter 1114-E, Paragraph 1.c.
6. No cost information is required or developed for this Advice Filing.
7. Except as noted above, this filing will not increase or decrease any rate or charge, cause the withdrawal of service, nor conflict with other schedules or rules.
8. Public notification of this filing has been made by mailing copies of the advice letter to other utilities, governmental agencies, and to all interested parties who requested it.
9. No protests were received regarding this advice letter.

#### FINDINGS

1. Edison's request to modify its Application and Contract for Added Facilities, Form No. CSD-240 to implement Section H.2.e of Rule No. 2, as discussed above, is reasonable.
2. Except as noted above, this filing will not increase or decrease any rate or charge, cause the withdrawal of service, nor conflict with other schedules or rules.

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THEREFORE, it is ordered that:

1. Southern California Edison Company is authorized under Sections 489 and 532 of the Public Utilities Code and under the provisions of General Order No. 96-A, Section X, Paragraph A, to place the advice letter with attached modified copy of Form No. CSD-240 into effect today.
2. Advice letter 791-E shall be marked to show that it was authorized by Resolution E-3097.
3. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 8, 1988. The following Commissioners approved it.



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Executive Director