

RETURN TO ENERGY BRANCH
ROOM 3102

E-5

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3123
January 11, 1989

R E S O L U T I O N

RESOLUTION E-3123. SOUTHERN CALIFORNIA EDISON COMPANY (EDISON). ORDER AUTHORIZING EDISON TO REVISE THE PRELIMINARY STATEMENT SECTION OF ITS TARIFFS EFFECTIVE JANUARY 20, 1989, TO REFLECT AN INCREASE TO THE AUTHORIZED LEVEL OF BASE RATE REVENUE UNDER THE ELECTRIC REVENUE ADJUSTMENT MECHANISM (ERAM) OF \$20,190,600.

BY ADVICE LETTER 810-E, FILED NOVEMBER 16, 1988.

SUMMARY

1. Edison requests authorization to revise the Preliminary Statement Section of its tariffs effective for service rendered on and after January 20, 1989, to reflect an increase to the Authorized Level of Base Rate Revenue under the ERAM of \$20,190,600. This is in compliance with the Palo Verde Phase-In Procedure adopted in Decision (D.) 86-10-023. Edison requests no increase in customer rates at this time.
2. This resolution approves the request.

DISCUSSION

1. Edison requests authorization to revise its Preliminary Statement effective on and after January 20, 1989, to reflect an increase to the Authorized Level of Base Rate Revenue under the ERAM of \$20,190,600. It includes Franchise Fees and Uncollectible Accounts Expense of 0.944 percent as adopted by the Commission in

D. 87-12-066 in Edison's Test Year 1988 General Rate Case.

2. This filing is made to reflect in the Preliminary Statement the increase in the non-deferred investment-related revenue requirement which results from the January 20, 1989, reduction in the Annualized Deferred Debit Revenue Requirement from \$80.0 million to \$60.0 million. The Deferred Debit change is made in accordance with the Palo Verde Phase-In Procedure adopted by the Commission in D. 86-10-023, dated October 1, 1986.

3. The Palo Verde Phase-In Procedure completely phases into rates, over a ten-year period, the investment-related revenue requirement for the adopted plant investment associated with each Palo Verde Unit. Under the Palo Verde Phase-In Procedure, \$200 million of Edison's California Public Utilities Commission jurisdictional investment-related revenue requirement for each of the three Palo Verde Units is deferred in steps over four years commencing on the Commercial Operating Date of each Palo Verde Unit. Other non-deferred investment related revenue requirements are reflected in rates on a current basis.

4. The schedule for the deferral of the investment-related revenue requirement for Palo Verde Unit 3 is set forth below:

<u>Effective Date</u>	<u>Annualized Deferred Debit Revenue Requirement Amount (Millions)</u>
01/20/88	\$80.0
01/20/89	\$60.0
01/20/90	\$40.0
01/20/91	\$20.0

5. Based upon Edison's current sales forecast and resultant estimate of present Base Rate Revenue, it appears that Edison will recover approximately \$22 million above its presently Authorized Level of Base Rate Revenues. Therefore, Edison is not requesting a rate increase in this Advice Letter filing since the forecasted \$22 million overcollection of present rate revenue essentially offsets the \$20 million increase in the Authorized Base Rate Revenue Requirement.

6. The Commission Advisory and Compliance Division (CACD) has reviewed this filing and recommends its approval because it complies with D. 86-10-023.

January 11, 1988.

2. Since Edison forecasts a revenue overcollection of approximately \$22 million, based on its present authorized Base Rate Revenues, it is reasonable not to increase rates at this time.

THEREFORE, IT IS ORDERED that:

1. Southern California Edison Company, as requested by Advice Letter 810-E, is authorized in accordance with D. 86-10-023 to revise its tariffs effective for service rendered on and after January 20, 1989, to reflect an increase to the Authorized Level of Base Rate Revenue under the ERAM of \$20,190,600.
2. Advice Letter 810-E and accompanying tariff sheets shall be marked to show that they were authorized by Resolution E-3123.
3. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 11, 1989. The following Commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
JOHN B. OHANIAN
Commissioners



Executive Director