

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3151
June 7, 1989

R E S O L U T I O N

RESOLUTION E-3151. SAN DIEGO GAS & ELECTRIC COMPANY (SDG&E) AUTHORIZED TO REVISE GAS AND ELECTRIC RATES IN ORDER TO COMPENSATE FOR REDUCED BASELINE QUANTITIES IN ACCORDANCE WITH THE PROVISIONS OF PRIOR COMMISSION ORDER. ADVICE LETTERS 675-G/767-E, 675-G-A/767-E AND 675-G-B/767-E, FILED APRIL 26, 1989, APRIL 27, 1989, AND MAY 15, 1989, RESPECTIVELY.

SUMMARY

1. By Advice Letter 675-G/767-E filed April 26, 1989 and Supplementary Advice Letters 675-G-A/767-E and 675-G-B/767-E, filed April 27, 1989 and May 15, 1989, respectively, SDG&E requests authorization to revise rates for residential and commercial customers in order to compensate for reduced baseline quantities as filed by Advice Letter 674-G and 766-E, in accordance with a phase-in program established by Decision (D.) 88-10-062 and further ordered in D. 88-12-085.
2. This Resolution grants SDG&E's request.

BACKGROUND

1. On June 28, 1988 Governor Deukmejian signed into law Senate Bill (SB) 987, which declared a legislative finding that rates for gas service in excess of the baseline quantity are too high and cause extremely high residential bills during cold weather.
2. D. 88-10-062 was a direct result of SB 987 and utilized the greater flexibility granted to the Commission by SB 987 in that the pricing of baseline service could be adjusted to assure residential customers that they would not be economically worse off relative to other customers due to reductions in the amount of energy available at the baseline rates.
3. In D. 88-10-062, the Commission decided to phase in revised baseline quantities in order to reduce the rate shock to customers in the transition from winter to summer lifeline

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quantities. D. 88-12-085 further stated that a continued phase-in of both gas and electric baseline allowances would be required to meet the requirements of Public Utilities Code Section 739. Therefore, the CPUC ordered a continued phase-in over a three year period commencing May 1, 1989. The "phase-in" filings should be made effective on May 1 of each year.

4. The electric and gas baseline quantities are based on class revenue requirements as defined in Section 739 of the Public Utilities Code. The revised quantities as filed by the revised Advice Letters are based on revenue requirements effective January 1, 1989.

DISCUSSION

1. Upon recommendations from the Advisory Branch of the Commission Advisory and Compliance Division (CACD), the utility agreed to reduce rates in order to compensate for the reduced baseline quantities. The rate changes are designed to be revenue neutral, that is, no change in revenues will result from the rate changes when combined with the change in Baseline Quantities.

2. This filing is similar in nature to Advice Letters 1529-G/1242-E, filed by Pacific Gas & Electric Company (PG&E) and approved by Resolution E-3145 on April 26, 1989. However, in order to facilitate the filing of the revised baseline quantities, SDG&E bifurcated its request into two separate filings. Advice Letter 674-G/766-E was a compliance filing revising the baseline quantities. Advice Letter 675-G/767-E is filed to reduce rates in order to obtain "revenue neutrality".

3. Advice Letter 675-G-A/767-E was subsequently filed in order to include a revision to Gas Rate Schedule GTC, Natural Gas Transmission Service for Core Customers, and to Sheet 4 of the Gas Department Preliminary Statement. They require revision as a result of the changes to Schedules GR, GM, GS and GT, and Sheet 3 of the Preliminary Statement included in Advice Letter 675-G/767-E. These items were inadvertently left out of the original filing. No changes were made to the Electric portion of the filing as a result of this supplemental filing.

4. Upon further discussion with the Staff of the Advisory Branch of CACD, the Utility subsequently filed Advice Letter 675-G-B/767-E on May 15, 1989, to further reduce the non-baseline

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gas rates in Schedules GR, GM, GS and GT, and the applicable rates in Schedule GTC. Once again, no changes were made to the electric portion of the filing.

5. The revised baseline quantities as filed by Supplemental Advice Letter 674-G-B/766-E, vary between summer and winter allowances for both gas and electric services and between all-electric homes and basic usage, as well as by climate zones, for electric services. The primary difference is a reduction in the daily lifeline allowances for both summer and winter months for gas service and for all-electric home service.

6. The CACD has reviewed Advice Letter 674-G-B/766-E and has concluded that this filing is in compliance with D.88-12-085. Therefore it went into effect on May 1, 1989, as ordered by the decision.

7. The amount of rate reduction proposed by Advice Letter 675-G-B/767-E is as follows:

<u>Gas Rates</u>				
(cents per therm)				
<u>Rate Schedule</u>	<u>Old Rate</u>	<u>New Rate</u>	<u>Reduction</u>	<u>Percent</u>
GR, GM, GS & GT				
Baseline	46.716	46.716	---	No Change---
Non-Baseline	87.329	83.699	3.630	4.2%
GTC				
Baseline	25.015	25.015	---	No Change---
Non-Baseline	65.628	61.998	3.630	4.2%
<u>Electric Rates</u>				
(cents per kwh)				
<u>Rate Schedule</u>	<u>Old Rate</u>	<u>New Rate</u>	<u>Reduction</u>	<u>Percent</u>
DR, DM, DS & DT				
Baseline	8.148	8.148	---	No Change---
Non-Baseline	12.609	12.535	0.074	0.6%
D-SMF				
Baseline	7.192	6.991	0.201	2.8%
Non-Baseline	11.129	10.755	0.374	3.4%

Electric Rates

(cents per kwh)

Rate Schedule

Old
Rate

New
Rate

Reduction Percent

DR-TOU

Summer

On-Peak 34.392 34.399 0.007inc. 0.0%

Off-Peak 9.950 9.877 0.073 0.7%

Winter

On-Peak 10.733 10.660 0.073 0.7%

Off-Peak 9.950 9.877 0.073 0.7%

D-ATOU

Baseline

On-Peak 11.438 11.438 --No Change--

Off-Peak 5.080 5.080 --No Change--

ECAC & AER 1.278 1.278 --No Change--

Non-Baseline

On-Peak 14.030 13.898 0.132 0.9%

Off-Peak 4.100 4.117 0.017inc. 0.4%

ECAC & AER 5.739 5.665 0.074 1.3%

D-UTOU

Baseline

On-Peak 7.507 7.507 --No Change--

Off-Peak 3.114 3.114 --No Change--

ECAC & AER 1.278 1.278 --No Change--

Non-Baseline

On-Peak 7.856 7.850 0.006 0.1%

Off-Peak 1.058 1.092 0.034inc. 3.2%

ECAC & AER 5.739 5.665 0.074 1.3%

8. The CACD has also reviewed Advice Letter 675-G/767-E, together with the supplemental 675-G-A/767-E and 675-G-B/767-E filings and has made typical bill comparisons. Based on the revised baseline quantities, some customers, primarily in the low-usage range, will still see slight increases in their bills, while others will see small decreases. This is because while the reduced baseline quantities and the rate reduction offset each other for residential customers as a whole, individual customers bills (depending upon consumption) are affected differently.

9. The revised baseline quantities have already gone into effect as of May 1, 1989 and as a result, the customers are

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already in position to start receiving higher bills due to the baseline revision. The rate reductions incorporated in this filing and supplemental filing are needed to help reduce these higher bills. CACD recommends that they be made effective as soon as possible.

10. Some overcollection of revenues may occur between the May 1, 1989 effective date of the revised baseline quantities and the effective date of the reduced rates made by these filings. All such overcollections should accrue (with interest) in the respective Electrical Revenue Adjustment Mechanism (ERAM) and Gas Fixed Costs Account (GFCA) Balancing Accounts and will be addressed at the next appropriate rate proceeding.

11. The utility alleges and the CACD concurs that this filing will not cause the withdrawal of service, nor conflict with any other schedules or rules.

12. Public notification of these filings has been made by the standard method of mailing copies of the filings to other utilities, governmental agencies and to all parties requesting such notification.

13. In addition to the above notification, SDG&E also sent a notice to all customers as a bill insert in the April billing cycle informing them of the revised baseline quantities.

14. The CACD has received no protests in this matter.

FINDINGS

1. The rate reductions presented with these filings are just and reasonable because they will help to alleviate any revenue impact that will occur due to the revised baseline quantities previously ordered.

2. The revised baseline quantities have been in effect since May 1, 1989 and thus the rate reductions proposed herein should also be made effective on the same date as soon as possible.

3. Any overcollections that occur due to the revised baseline quantities between the May 1 effective date of the revised quantities and the effective date of these reduced rates will accrue (with interest) into the ERAM and GFCA balancing

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accounts and will be addressed at the next appropriate rate proceeding.

4. Within six months of this order the utility and the CACD should review the "revenue neutral" impact created by the rate reduction vs the reduced baseline rates in order to determine the effectiveness of the reduced rates in obtaining a position of revenue neutrality. Any further adjustments to rates that are required will be made at that time through the advice letter procedure.

5. Supplemental Advice Letter 675-G-B/767-E supercedes and replaces Advice Letters 675-G/767-E and 675-G-A/767-E and thus the tariff sheets filed by the previous two filings should be withdrawn without filing.

THEREFORE, IT IS ORDERED that:

1. San Diego Gas & Electric Company is authorized under the provisions of Sections 455, 490, 491 and 739 of the Public Utilities Code and under the provisions of Decision 88-12-085 to place the revised rate schedules presented in Advice Letter 675-G-B/767-E into effect on the date hereof.

2. Advice Letters 675-G/767-E and 675-G-A/767-E and accompanying tariff sheets are hereby withdrawn.

3. Any overcollections realized by SDG&E during the period between May 1, 1989 and the effective date of this resolution due to the revised baseline quantities will accrue (with interest) in the appropriate ERAM and GFCA Balancing Accounts and will be addressed at the next appropriate rate proceeding.

4. Within six (6) months of the effective date of this resolution, SDG&E shall file with the Energy Branch of the CACD a report as to the increased revenue realized from the revised baseline quantities as opposed to the revenue reduction created by these rate reductions.

5. Supplemental Advice Letter 675-G-B/767-E and accompanying tariff sheets shall all be marked to show that they were accepted for filing by Commission Resolution E-3151. Advice Letter 675-G/767-E and Supplemental Advice Letter 675-G-A/767-E and accompanying tariff sheets are hereby withdrawn and shall be

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returned marked "Rejected".

6. This resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 7, 1989. The following Commissioners approved it:

G. MITCHELL WILK
President
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners



Executive Director

Commissioner Frederick R. Duda,
being necessarily absent, did
not participate.