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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3161
JULY 19, 1989

R E S O L U T I O N

RESOLUTION E-3161, SOUTHERN CALIFORNIA EDISON COMPANY (EDISON) AUTHORIZED TO REVISE PART J, ELECTRIC REVENUE ADJUSTMENT MECHANISM (ERAM) TO APPROPRIATELY REFLECT FRANCHISE FEES AND UNCOLLECTIBLE ACCOUNTS EXPENSE (FF&U).

BY ADVICE LETTER 838-E, FILED JUNE 5, 1989.

SUMMARY

1. By Advice Letter 838-E filed June 5, 1989, Southern California Edison Company (Edison) requests Commission approval to revise Part J, Electric Revenue Adjustment Mechanism (ERAM), in its Preliminary Statement in order to correct the ERAM procedure to appropriately reflect Franchise Fees and Uncollectible Accounts expense (FF&U).
2. This Resolution authorizes the request.

BACKGROUND

1. Edison requests authorization to revise Part J, ERAM, in its Preliminary Statement in order to correct the ERAM procedure to appropriately reflect FF&U. Under Paragraph 5 of Edison's currently effective ERAM procedure, the Electric Revenue Adjustment Billing Factor (ERABF) is determined by increasing the balance in the ERAM Balancing Account to reflect FF&U. This is inappropriate because the balance in the ERAM Balancing Account already contains FF&U. Therefore, increasing the balance in the ERAM Balancing Account by FF&U results in the ERABF reflecting the FF&U component twice. The revenues from the ERABF, on the other hand, are currently reduced by the FF&U component before

they are credited to the ERAM account. Accordingly, these revenues should be credited directly to the ERAM account without any reduction for FF&U.

PROTESTS

1. No protests to this advice letter have been received by CACD.

DISCUSSION

1. Edison is requesting the following changes to Paragraph 5 of the ERAM procedure:

Paragraph 5 currently reads:

"5. Electric Revenue Adjustment Billing Factor (ERABF). The ERABF shall be determined by dividing the estimated balance in the Electric Revenue Adjustment Account as of the Revision Date (calculated in accordance with the procedure set forth in Paragraph 4), increased to provide for Franchise Fees and Uncollectible Accounts, by the sales subject to the ERAM estimated to be sold during the applicable Forecast Period. The result shall be expressed in cents per kilowatthour."

Paragraph 5 should read:

"5. Electric Revenue Adjustment Billing Factor (ERABF). The ERABF shall be determined by dividing the estimated balance in the Electric Revenue Adjustment Account as of the Revision Date (calculated in accordance with the procedure set forth in Paragraph 4), by the sales subject to the ERAM estimated to be sold during the applicable Forecast Period. The result shall be expressed in cents per kilowatthour."

2. Based on the change to Paragraph 5 described above, it is also appropriate to modify Paragraph 4.f. By way of background, under Paragraph 4.f. of Edison's currently effective ERAM procedure, entries to the ERAM Balancing Account are, in general, equal to: the Authorized Level of Base Rate Revenue, less (i) the recorded level of base rate revenue and (ii) the amount of revenue billed under the ERABF, reduced to provide for FF&U. The ERABF is designed to recover the balance in the ERAM Balancing Account. Reducing ERABF revenue by FF&U is inappropriate because

the ERABF calculation has been revised to exclude the adjustment for FF&U in order to be consistent with the changes set forth in Paragraph 5. Edison is requesting that the following changes be made to Paragraph 4.f of the ERAM procedure:

Paragraph 4.f currently reads:

"4.f. Less: The amount of revenue billed during the month under the ERABF, reduced to provide for Franchise Fees and Uncollectible Accounts."

Paragraph 4.f should read:

"4.f. Less: The amount of revenue billed during the month under the ERABF (including a component for Franchise Fees and Uncollectible Accounts."

3. The Commission Advisory and Compliance Division (CACD) has reviewed this filing and finds that it is appropriate to revise Part J, ERAM, in Edison's Preliminary Statement in order to avoid double counting of the FF&U expense.

4. Except as noted above, this filing will not increase or decrease any rate or charge, cause the withdrawal of service, nor conflict with any schedules or rules.

5. Edison requests that in order to simplify its accounting purposes, this filing become effective August 1, 1989.

6. Public notification has been made by supplying copies of this filing to other utilities and parties requesting notification of advice filings.

FINDINGS

1. Edison's request to revise Part J, ERAM, in its Preliminary Statement in order to correct the ERAM procedure to appropriately reflect the FF&U expense, as discussed above, is reasonable in order to avoid double counting of the FF&U expense.

2. The revenues from the ERABF should be credited directly to the ERAM account without any reduction for FF&U.

3. 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.

THEREFORE, IT IS ORDERED that,

1. Southern California Edison Company is authorized to revise Part J, ERAM, in it's Preliminary Statement in order to appropriately reflect Franchise Fees and Uncollectible Accounts Expense.
2. Advice Letter 838-E, and accompanying tariff sheets, shall be marked to show that they were approved by Commission Resolution E-3161, to become effective August 1, 1989.
3. This Resolution is effective today.

I certify that Resolution E-3161 was adopted by the Public Utilities Commission at its regular meeting of July 19, 1989. The following Commissioners approved it:

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



Executive Director

Commissioner Patricia M. Eckert,
being necessarily absent, did
not participate.