

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3287
September 2, 1992

R E S O L U T I O N

RESOLUTION E-3287. SAN DIEGO GAS & ELECTRIC COMPANY'S REQUEST TO RECOVER \$8,430,422 PLUS INTEREST FOR PURCHASED POWER COSTS WITH TUCSON ELECTRIC PURSUANT TO UNITED STATES DISTRICT COURT MEMORANDUM AND ORDER IN CASE NO. C-89-3551 MHP (SDG&E vs CPUC) DATED APRIL 28, 1992.

BY ADVICE LETTER 851-E, FILED ON JULY 10, 1992.

SUMMARY

1. San Diego Gas & Electric Company (SDG&E) requests authority to (1) adjust its Energy Cost Adjustment Clause (ECAC) balancing account to restore to the utility \$8,430,422, plus interest, previously disallowed by the Commission in Decision (D) 89-02-074 by memorandum and order of the United States District Court (District Court) in Case No. C-89-3551 MHP (SDG&E vs CPUC) [C-89-3551]; and (2) to adjust the ECAC balancing rate to amortize this sum by April 30, 1993.
2. This resolution grants the request effective today.

BACKGROUND

1. In D 89-02-074 the Commission disallowed as unreasonable certain costs associated with purchased power by SDG&E from Tucson Electric Power Company (TEP). SDG&E filed C-89-3551 and on May 28, 1992 received a memorandum and judgement that became final and non-appealable on July 1, 1992. This judgement allowed SDG&E to recover the disallowed costs of \$8,430,422, plus normal ECAC interest as of May 31, 1992.
2. On May 26, 1992, the Commission's General Counsel, Peter Arth, Jr., issued a letter to SDG&E outlining the Commission's agreement with SDG&E to implement the judgement and the Commission did not appeal before July 1, 1992. On July 10, 1992 SDG&E filed this advice letter under the requirements of General Order 96-A seeking Commission authority to adjust its ECAC balancing account and balancing rate to recover the previously disallowed costs.

NOTICE

1. Public notice of this advice letter has been made by publication in the Commission's Calendar on July 15, 1992, and by mailing copies to other parties as required by General Order 96-A.

PROTESTS

1. No protests were filed on this advice letter.

DISCUSSION

1. The District Court Ordered, Adjudged and Decreed: (d)efendants, their agents, and anyone acting on their behalf are hereby enjoined from enforcing defendants' order in Decision 89-02-074, disallowing, as reasonable operating expenses, SDG&E's costs (with interest) under its contract with TEP, and are ordered to permit SDG&E to restore to it ECAC account as of May 31, 1992, and to recover from its ratepayers pursuant to defendants' practices and procedures, the amount of \$8,430,422, such amount to bear interest at the contemporary ECAC rate ... compounded monthly from June 1, 1992 until the date of recovery from SDG&E's ratepayers.

2. The Commission Advisory and Compliance Division (CACD) has reviewed this advice letter and recommends that it be approved today. CACD reviewed the calculation of the ECAC balancing rate and finds it to be reasonable. A balancing rate is derived by estimating expected sales for the amortization period and developing a rate expected to yield the revenues necessary to amortize the balance in the ECAC account over that period of time. Any forecast error causing an over- or undercollection is corrected by subsequent amortization of the remaining ECAC account balance.

3. CACD believes that allowing SDG&E to record the money into the ECAC balancing account and authorizing the new ECAC balancing rate is in compliance with the District Court Order following the Commission's regular practices and procedures.

FINDINGS

1. SDG&E is authorized by the District Court to seek recovery \$8,430,422 of costs previously disallowed by D. 89-02-074.

2. The adjustment to the ECAC balancing account and the proposed balancing rate change are reasonable.

THEREFORE, IT IS ORDERED that:

1. San Diego Gas & Electric Company is authorized to record \$8,430,422, plus interest into its Energy Cost Adjustment Clause account.

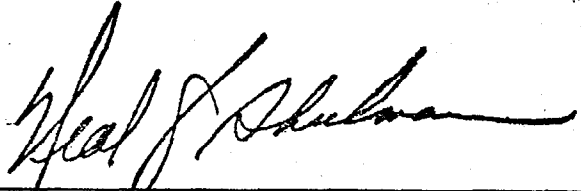
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2. San Diego Gas & Electric Company is authorized to change its Energy Cost Adjustment Account balancing rate as filed from 2.874 cents/kwhr to 2.963 cents/kwhr.

3. Advice Letter 851-E and the attached tariff schedules shall be marked to show that they were approved by Resolution E-3287.

This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 2, 1992. The following Commissioners approved it:



Neal J. Shulman
Executive Director

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
NORMAN D. SHUMWAY
Commissioners

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