PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3338
October 20, 1993

R E S O L U T I O N

RESOLUTION E-3338. PACIFIC GAS AND ELECTRIC COMPANY REQUEST TO REVISE ITS COST-OF-OWNERSHIP CHARGES.

BY ADVICE LETTERS 1434-E AND 1769-G, FILED ON MAY 4, 1993.

SUMMARY

1. Pacific Gas and Electric Company (PG&E) requests authority to revise the special facility cost-of-ownership charges contained in its electric and natural gas tariffs. Special facilities are facilities installed as an accommodation to a specific customer that exceed the standard facilities usually installed to provide service. The revision would increase one charge and reduce seven of PG&E's eight other cost-of-ownership charges. A late filed protest and two letters in support of the late filed protest were received.

2. This Resolution approves Advice Letters 1434-E and 1769-G.

BACKGROUND

1. Special facilities are facilities installed as an accommodation to a specific customer that exceed the standard facilities usually installed to provide service. An example of a special facility would be a second electric service from a separate distribution circuit to provide extra service reliability. Cost-of-ownership charges compensate the utility for the costs of owning, maintaining and replacing special facilities. These charges allow PG&E to recover its expenses from the customer responsible for the special facilities and relieves other ratepayers of this burden. The imposition of cost-of-ownership charges was approved by Commission Decision (D.) 86-12-014 (23 CPUC 2nd 2) on Complaint (C.) 84-10-037. The methodology for establishing these rates, resulting from workshops held under the auspices of the Commission, are set forth in Appendix B of that Decision.

2. As a consequence of C.84-10-037, a cost-of-ownership filing was made by Advice Letter 1114-E and allowed to go into effect on July 6, 1986. Modifications to the approved methodology were requested by Advice Letters 1328-E-A and 1620-G-A and allowed to go into effect on January 21, 1991.

NOTICE:

1. Public notice of this filing has been made by publication in the Commission's calendar on May 11, 1993 and by mailing copies to interested parties specified by General Order 96A.

PROTESTS

1. R.M. Hairston Company (Hairston) made a late filed protest, which was received by the Commission Advisory and Compliance Division (CACD) on May 27, 1993. Hairston objected to the one requested increase, claiming that it did not reflect PG&E's announced rate freeze. Bay Area Rapid Transit District (BART) submitted a letter dated June 7, 1993 in support of Hairston's protest. Cogeneration Service Bureau (CSB) submitted a letter dated June 7, 1993 in support of Hairston's protest. By letter dated July 8, 1993, CSB withdrew its support of Hairston's protest without stating any reason.

DISCUSSION

1. PG&E's special facilities are segregated into transmission and distribution facilities and are further subdivided into utility or customer financed. PG&E's expenses from special facilities derive from its operation and maintenance expenses, taxes, and, where applicable, depreciation, interest and return on investment as established D. 86-12-014 and Advice Letters 1328-E-A and 1620-G-A. When the utility's expenses change as a result of Commission decisions, the utility modifies its cost of ownership charges accordingly. PG&E has used the inflation factors for labor and non-labor escalation rates as adopted in PG&E's 1993 General Rate Case in computing the proposed cost-of-ownership charges.

2. The result of these changes would be to increase the Electric Transmission customer-financed rate. The remaining three electric factors (Transmission utility-financed, Distribution customer-financed, Distribution utility-financed) and four natural gas factors (Transmission utility-financed, Transmission customer-financed, Distribution utility-financed and Distribution customer-financed) would decrease. According to PG&E, there would be an overall decrease in revenues as a result of the revisions. The current and proposed rates follow:

PACIFIC GAS AND ELECTRIC COMPANY
COST-OF-OWNERSHIP CHARGES

	Current Rate (%)	Proposed Rate (%)
GAS		
Transmission		
Customer-Financed	0.61	0.60
Utility-Financed	1.62	1.41
Distribution		
Customer-Financed	0.83	0.82
Utility-Financed	1.99	1.84
ELECTRIC		
Transmission		
Customer-Financed	0.38	0.42
Utility-Financed	1.45	1.35
Distribution		
Customer-Financed	0.68	0.54
Utility-Financed	1.80	1.53

3. PG&E has requested that these Advice Letters become effective on the first of the month following approval to avoid billing allocation problems. CACD supports this request.

The Hairston Protest.

4. The Hairston protest was filed on May 27, 1993, over 20 days after the May 4, 1993 date on which PG&E's Advice Letters were filed. General Order 96-A, Section III H. PROTEST, states in part:

> A protest must be made by letter or telegram and received not later than 20 days after the date of the tariff filing. ... The utility shall respond in writing to such protest within 5 business days after its receipt. ...

A late filed protest need not be responded to by a utility nor given consideration by the Commission. However the Commission and its staff are not precluded from considering matters contained in a late filed protest. Hairston's protest only served the purpose of bringing to the attention of the Commission language which was already before the Commission in another proceeding. It did not raise any new issues. CACD recommends that the subject of Hairston's protest should be considered.

5. The Hairston protest cited PG&E's widely publicized April 13, 1993 news media announcement that it was freezing existing rates for the rest of 1993 and 1994. Hairston indicated that the proposed increase to the Electric Transmission customer-financed rate was inconsistent with the rate freeze. In response to the Hairston protest PG&E claimed that cost-of-ownership charges are not rates and are therefore outside the scope of the announced rate freeze.

6. In PG&E's 1991 Special Facilities Charge (SFC)1 filing, the utility stated: "As PG&E has stated previously, the goal of the SFC rate calculation is to determine what portion of PG&E's revenue requirement should be allocated to SFC customers and not paid for by other customers in their utility service rates. The estimated SFC revenues are included in other operating revenues and deducted from the revenue requirement to be recovered throught (sic) utility rates."

7. PG&E's tariff Rule 1, Definitions, includes a definition of the term "Rate Schedule" which is "One or more tariff sheet(s) setting forth the charges and conditions for a particular class or type of service in a given area or location. A rate schedule includes all the working on the applicable tariff sheet(s), such as Schedule number, title, class of service, applicability, territory, rates, conditions, and references to rules."

8. Despite its nomenclature as a "charge", the SFC is a fee collected by PG&E on a regular basis. The charge is grounded in the components of the utility's rates. To CACD, PG&E's response to Hairston's protest appears to be disingenuous and matter a matter of semantics. The increase in the SFC should be evaluated as a rate increase.

9. Beyond its claim that the SFC is not a rate, PG&E also comments on the rate freeze. The utility indicates that if filed for a conditional withdrawal of its rate design proposal in the rate design phase of the GRC and requested that rates be frozen. Then it indicates that an Administrative Law Judge's (ALJ) ruling denied PG&E's request and, consequently, unless the Commission overturns the ALJ ruling, there will be a rate change in the near future. The ALJ's ruling dismisses PG&E's petition but also indicates that PG&E had not shown why it could not have adduced evidence pertaining to a rate freeze previously. The ruling did not require PG&E to repudiate its announced rate freeze. PG&E is still publicly on record as a rate freeze proponent. An increase in a cost of ownership charge is a rate increase. Such an increase would appear to be inconsistent with PG&E's public

position for frozen rates. Hairston's position is that PG&E's adopted rate freeze policy is applicable in this situation. CACD concurs with the Hairston sentiment but notes that there is no formal action by the Commission to freeze rates, and therefore PG&E may pursue the dichotomy of a publicly announced position and an opposite filing before the Commission.

FINDINGS

1. PG&E has computed the Special Facility Charges in accordance with the methodology accepted by the Commission and as used in previous filings.

2. PG&E has publicly announced that it was freezing its existing rates on April 13, 1993 and would not ask for any rate increases in 1993 and 1994.

3. PG&E has not been ordered to repudiate its rate freeze position, but its rate freeze request has not been granted.

4. The increase for the one item, Electric Transmission - Customer Financed, is not in conformance with the voluntarily assumed action of PG&E.

5. PG&E's request for these Advice Letters to become effective on the first of the month following their approval, to avoid billing complications, is reasonable.

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company's Advice Letter 1434-E and 1769-G and associated tariff sheets shall be effective November 1, 1993.

2. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on October 20, 1993. The following Commissioners approved it:

NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
JESSIE J. KNIGHT Jr.
Commissioners