

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3377
April 20, 1994

R E S O L U T I O N

RESOLUTION E-3377. SOUTHERN CALIFORNIA EDISON COMPANY REQUESTS AN INCREASE IN BASELINE ALLOCATIONS OF ITS SERVICE REGIONS 15 AND 16 AS A RESULT OF PROPER APPLICATION OF THE METHOD FOR BASELINE ALLOWANCES.

BY ADVICE LETTERS 1020-E AND 1020-E-A, DATED OCTOBER 26, 1993 AND FEBRUARY 7, 1994.

SUMMARY

1. Southern California Edison Company (Edison) requests authority to revise its Preliminary Statement, Part H, Baseline Service, to increase baseline allocations for its service regions 15 (Coachella Valley Area) and 16 (Mammoth Lakes Area).
2. No protest has been received by the Commission Advisory and Compliance Division for Advice Letter (AL) 1020-E.
3. This Resolution grants the request.

BACKGROUND

1. Baseline allocations for Edison were first authorized in Decision (D.) 84-12-068 of its 1985 general rate case (A. 83-12-068).
2. The purpose of baseline quantities is to ensure that residential customers are provided a minimum necessary amount of energy at the lowest possible cost.
3. The baseline quantity designated for each Edison customer depends on:
 - (a) the season (winter, summer),
 - (b) whether the customer has permanent electric space heating, and
 - (c) the baseline territory, or the climate, in which the customer lives.

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4. Edison proposes to increase the baseline allocations for Basic and All Electric customers. PU Code section 739(d) defines allowable ranges of electricity consumption within which the Commission is required to establish baseline allowances for Basic Electric and All Electric customers as follows:

- o Baseline quantity allocations for each territory under Basic Electric category must be set between 50 and 60 percent of the average electric use per household in that territory year-round.
- o Baseline quantities under All Electric category, i.e., those customers who use permanently installed electric heating as the primary heat source for their homes, must be set between 50 and 60 percent of the average electric use per household of electric space heating customers in that territory during summer and between 60 and 70 percent of the average electric use per household of electric space heating customers in that territory during winter.

5. D.92-06-020, page 60, mimeo, approved baseline allowances for Basic customers at 55%, the middle of the permissible range of 50 to 60% of average residential use, and baseline allowances for All-Electric customers at the maximum allowable levels of 70% of average residential use in the winter and 60% in summer. The baseline allowances were determined by using the same methods adopted in D.87-12-066, Edison's 1988 rate case. The adopted method included the seasonal residents into the calculation of baseline allowances in those areas.

6. Seasonal [second home] residents' pattern of energy consumption is irregular and low throughout the year. This behavior lowers the average annual electric use per household in the areas with a large proportion of second homes.

7. In response to concerns expressed by primary home owners [permanent customers], Edison engaged in a review of its method of determining baseline allocations for the two regions. DRA also participated in a research and analysis of the bill frequency distributions in various climate regions. DRA found region or zone (region) 15 distribution to be significantly different from urban areas and that when a block of seasonal customers with average usage, and with a percentage size from demographic data, is removed from the bill frequency distribution, the result is a baseline allowance for permanent residents like the one Edison is proposing. For region 16, DRA could not discern the usage pattern of permanent residents among the frequency distribution that is dominated by bills that are typical of second homes.

NOTICE

1. Edison served notice of AL 1020-E by mailing copies to other utilities, government agencies, and all parties that requested such information.

PROTESTS

1. The Commission Advisory and Compliance Division (CACD) has received no protest to AL 1020-E.

DISCUSSION

1. Edison, in a study concerning the type and usage patterns of residents which was completed in the summer of 1993, determined that there is a substantial number of seasonal customers in regions 15 and 16. Edison has estimated that in those areas non-primary [seasonal] accounts amount to about 28% of total. In other areas studied, e.g., regions 10, 13, 14, and 17, the data show seasonal accounts to be about 5% of the total, which is significantly lower than found in regions 15 and 16.

2. The difference in baseline allowances for other climate regions because of the insignificant number of seasonal accounts in these other regions is likely to be negligible. Moreover, the effect of the baseline allowance increases on customer rates outside regions 15 and 16 is negligible due to the small number of permanent customers in region 15 and 16. The total annual revenue requirement deficiency would be approximately \$600,000.

3. Edison, consequently, proposes a refinement of the method for deriving the baseline allocations for regions 15 and 16, which excludes seasonal residents from the method authorized in the past.

4. The new method will change the baseline allocations, in summer and winter, for Schedule D [Domestic Service] and DM [Multifamily Accomodation - Residential Hotel - Qualifying RV Park], as follows:

SCHEDULE D

[kWh PER DAY ALLOCATIONS]

	<u>Baseline Region 15</u>		<u>Baseline Region 16</u>	
	<u>Present</u>	<u>Proposed</u>	<u>Present</u>	<u>Proposed</u>
Summer:				
Basic	39.3	42.7	8.3	9.0
All-Electric	39.3	42.7	13.4	14.6
Winter:				
Basic	9.5	9.5	9.6	10.3
All-Electric	24.6	27.4	32.6	32.6

SCHEDULE DM

[kWh PER DAY ALLOCATIONS]

	Baseline Region 15		Baseline Region 16	
	Present	Proposed	Present	Proposed
Summer:				
Basic	18.3	22.8	6.6	7.1
All-Electric	18.3	22.8	10.6	11.4
Winter:				
Basic	5.3	6.0	6.6	7.5
All-Electric	13.7	17.2	22.4	22.4

5. In the case of full-time All-Electric customers who heat their homes by burning wood, the removal of the seasonal All-Electric customers from the data of zone 16 results in a reduction of the baseline allowances for the non-seasonal [full time] All-Electric customers during winter months. To remedy the negative impact of wood burning customers, Edison proposes that the current winter baseline allowance for All-Electric customers remain unchanged.

6. Seasonal residents would not be harmed from this change because the Edison study states that their usage historically has been lower than their existing baseline allocations.

7. The Division of Ratepayer Advocates conducted an independent study of consumption patterns in the two regions during the summer of 1993 and supports AL 1020-E.

8. Raising the baseline allowances for residential customers in regions 15 and 16 increases costs to other ratepayers. The effect would be an increase of one cent per month for a typical customer using 500 kwh per month. Edison contends, however, that the rate design procedure for baseline allowances is corrected and refined rather than creating an inequity or discriminatory rate. The basis for the modification is that the permanent residents in regions 15 and 16 are currently paying a higher bill for their energy services than they should because there are a significant percentage of seasonal residents which lowers the baseline allowance. CACD is of the opinion that the new procedure is reasonable and should be adopted.

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FINDINGS

1. Baseline quantities provide the residential customers with a minimum necessary quantity of electricity at the lowest possible cost.
2. Presence of a large seasonal residential customer group in an area lowers the average annual electric use per household in that territory. Separating out the seasonal residents from the calculation of baseline quantities increases the allocations of year around users.
3. Edison's proposed exclusion of seasonal residential customers from the calculation of baseline allocations for regions 15 and 16 will benefit the Basic and All-Electric customers in those regions.
4. DRA has performed an independent study of the consumption patterns of customers in regions 15 and 16 and the results of its studies support Edison's request in Advice Letter 1020-E.
5. The difference in baseline allowances for other climate regions due to seasonal accounts is likely to be negligible.
6. The effect of the baseline allowance increases on customer rates outside regions 15 and 16 is negligible.

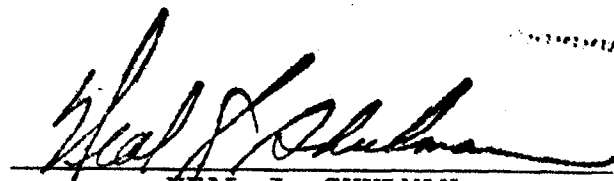
THEREFORE, IT IS ORDERED that:

1. Southern California Edison Company request for authorization to revise its Preliminary Statement, Part H, Baseline Service, to increase the baseline allocations for baseline regions 15 and 16 of its service territory is granted.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 20, 1994.

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