

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION E-3465*
SEPTEMBER 4, 1996

R E S O L U T I O N

RESOLUTION E-3465. PACIFIC GAS AND ELECTRIC COMPANY REQUESTS APPROVAL OF CHANGES TO ITS TIME-OF-USE RATE SCHEDULES TO OPEN THEM TO VOLUNTARY CUSTOMERS WITH INSTALLED METERS. GRANTED WITH CONDITIONS.

BY ADVICE LETTER 1592-E, FILED ON JULY 22, 1996.

SUMMARY

1. Advice Letter 1592-E seeks to temporarily reopen to certain customers Pacific Gas and Electric Company (PG&E) time-of-use (TOU) rate schedules closed by Advice Letter (AL) 1577-E, filed December 28, 1995.
2. Commission Advisory and Compliance Division (CACD) believes the TOU rate schedules were closed without Commission authorization, and customers denied service should not pay higher rates because of PG&E's error.
3. No protests were received on AL 1592-E.
4. This Resolution grants PG&E's request to reopen the TOU rate schedules to voluntary customers with installed TOU meters, orders PG&E to reopen the TOU rate schedules on a permanent basis, and orders PG&E to refund to customers the difference between the rate they paid and the rate they would have paid if they had been served under the TOU rate schedules.

BACKGROUND

1. Decision (D) 95-12-055, in PG&E's general rate case Application 94-12-005 and Investigation 95-02-015, denied PG&E ratepayer funding for the installation of TOU meters for voluntary customers of TOU rate schedules. The decision specifically allowed PG&E to make TOU meters available at cost, if properly tariffed.

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2. PG&E filed Advice Letter 1557-E on December 28, 1995. One part of AL 1557-E closed to new voluntary customers, as of January 1, 1996, electric rate schedules E-7 - Residential Time-of-Use Service, E-A7 - Experimental Residential Alternate Peak Time-of-Use Service, EL-7 - Residential CARE Program Time-of-Use Service, EL-A7 - Experimental Residential CARE Program Alternate Peak Time-of-Use Service, A-6 - Small General Time-of-Use Service, and E-19 - Medium General Demand-Metered Time-of-Use Service (for voluntary service for customers whose maximum demands are less than 500 kilowatts).
3. In AL 1557-E, PG&E stated it was closing the TOU rate schedules because in D.95-12-055 the Commission denied funding for voluntary TOU programs. AL 1557-E also stated that PG&E would submit new voluntary TOU schedules to allow for the purchase and installation of TOU meters for customers who wish to take TOU service.
4. Since January 1, 1996, CACD has received numerous calls from customers denied service under TOU rate schedules. Some of the customers denied service under TOU schedules have purchased or rented property with installed TOU meters. Others are customers who previously have received service on Schedule E-20 (using an installed TOU meter), but because of reductions in load no longer qualify for that schedule. They would like to obtain service on Schedule E-19, but have been told that schedule is closed to new voluntary customers.
5. CACD has communicated with PG&E on several occasions and requested they reopen the closed TOU schedules to customers with installed TOU meters. CACD has also encouraged PG&E to file a cost based tariff for the installation of TOU meters.
6. On June 11, 1996, PG&E filed AL 1584-E requesting schedule E-19 be opened to customers transferring from schedule E-20, and that Schedule A-6 be opened to 48 participants in a Demand-Side Management program, involving TOU rates, who signed contracts before January 1, 1996. AL 1584-E became effective July 21, 1996.
7. On July 22, 1996, PG&E filed AL 1592-E requesting the closed TOU schedules be reopened for customers with an installed TOU meter until December 31, 1996. It specifically stated PG&E will not provide retroactive changes to customers who were previously denied TOU rates. PG&E also stated it would inform customers with an existing TOU meter who are not currently on a TOU rate schedule that TOU rate schedules are now open.
8. In AL 1592-E, PG&E stated shareholders would pay the direct costs of initiating service from an installed TOU meter since these costs were not reflected in TOU rates.
9. PG&E has estimated that approximately 32,000 residential customers and 11,000 general service customers have TOU meters and are not on a TOU rate schedule.

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NOTICE

1. Notice of Advice Letter 1592-E was made by publication in the Commission's calendar on August 7, 1996, and by mailing copies of the filing to adjacent utilities and interested parties.

PROTESTS

1. No protests were received.

DISCUSSION

1. AL 1592-E raises the following issues:

a) was closing TOU rate schedules to new voluntary customers with an installed TOU meter an appropriate response to D. 95-12-055,

b) should TOU rate schedules be opened temporarily or permanently, and

c) should PG&E give refunds to customers who requested TOU service and paid higher rates because TOU rate schedules were closed.

2. D.95-12-055 eliminated funding for the purchase and installation of TOU meters for customers requesting voluntary service under a TOU rate schedule. PG&E was faced with two choices, charge for the installation of TOU meters, or close TOU rate schedules to voluntary customers requiring the installation of a meter. PG&E chose to close the TOU rate schedules to new voluntary customers, while it develops a cost based tariff for TOU meter purchase and installation.

3. By closing the TOU rate schedules to new voluntary customers, PG&E prevented customers with installed TOU meters from taking advantage of TOU rates. Serving these customers under TOU rate schedules would not incur meter purchase or installation costs and therefore, CACD believes that PG&E has no Commission authorization to deny these customers service under TOU rate schedules.

4. PG&E should not have closed the TOU rate schedules to all voluntary customers, only those customers requiring the purchase or installation of a TOU meter, as discussed in D.95-12-055. Consequently, PG&E should open its TOU rate schedules to customers with an installed meter.

5. PG&E claims the cost to initiate service under a TOU schedule exceeds the cost of initiating service under a non-TOU meter. PG&E offers to have shareholders pay this difference in cost until December 31, 1996. Because ratepayer funding was denied for the purchase or installation of TOU meters and not for starting service to customers with installed TOU meters, this argument is invalid. Service initiation costs are paid by ratepayers and that funding is unchanged by D.95-12-055. PG&E

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can choose to have shareholders fund these activities, but it cannot make service initiation contingent on shareholder funding. PG&E has no valid basis to limit the reopening of the TOU rate schedules to 1996.

6. When PG&E denied TOU service to customers with installed TOU meters, some of those customers denied TOU service were overcharged. They were billed and they paid charges in excess to those that should have been assessed. PG&E should refund to these customers the difference between the rates actually paid and the rates they would have paid under the applicable TOU rate schedule.

7. The following refund plan should be used to return excess charges to customers:

- a) PG&E shall notify, by October 31, 1996, all customers with an installed TOU meter who are not currently taking TOU service of the option of taking service under TOU rate schedules.
- b) Customers will be eligible for a refund if they have an installed TOU meter, are not currently receiving service under a TOU rate schedule, and request service under Rate Schedule E-7, E-A7, EL-7, EL-A7, A-6, or E-19 by December 31, 1996. Customers who otherwise qualify, but who initiated voluntary TOU service on schedule E-19 after July 21, 1996 (the effective date of AL 1584-E) and before today are also eligible for refunds.
- c) The refund period for each customer shall be from January 1, 1996 until they receive service under a TOU rate schedule. Customers are only eligible for refunds during the months they received non-TOU service at a facility with an installed TOU meter.
- d) PG&E will attempt to determine the usage pattern (peak/off-peak) of each customer eligible for a refund for the months they are eligible for a refund. If this information is available from the customer's TOU meter, that information should be used. If a customer's usage pattern is not available, PG&E will use the Peak/Off-Peak usage pattern of all like customers receiving service under the requested TOU rate schedule. PG&E will then calculate the charges that would have been owed if the customer had been on the requested TOU rate schedule during each eligible month and had followed the usage pattern for like customers on that rate schedule.
- e) If the amount calculated under the TOU rate schedule is less than the amount the customer was charged for a month, then PG&E will refund the difference between the amount charged and the charges as calculated using the TOU rate schedule. If the amount calculated is equal to or greater than the amount actually charged for the

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month, then no refund is owed for that month. Refunds shall be credited to the customer's account.

- f) All refunds shall be paid by February 28, 1997.
- g) The administrative cost of the refund program shall not be recovered from ratepayers.

FINDINGS

1. D.95-12-055 denied PG&E funding for TOU meter purchase and installation.
2. D.95-12-055 did not order TOU rate schedules closed to customers who do not require the purchase or installation of a TOU meter.
3. PG&E filed AL 1557-E closing to voluntary new customers, as of January 1, 1996, rate schedules E-7, E-A7, EL-7, EL-A7, A-6 and E-19.
4. The funding for the cost of beginning TOU service for a customer with an installed TOU meter was not changed by D.95-12-055.
5. It was appropriate for PG&E to close TOU rate schedules to voluntary customers who require the installation of a TOU meter, until cost based tariffs are in place for this service.
6. PG&E was not authorized to close Rate Schedules E-7, E-A7, EL-7, EL-A7, A-6 and E-19 to voluntary new customers that did not require the purchase or installation of a TOU meter.
7. Rate schedules E-7, E-A7, EL-7, EL-A7, A-6 and E-19 should be open to voluntary new customers that do not require the purchase or installation of a TOU meter.
8. Some customers with installed TOU meters paid higher rates than would have been assessed if the TOU rate schedules had been open to voluntary new customers.
9. PG&E should refund to customers the excess charges collected because the TOU rate schedules were closed.
10. The Refund plan discussed in the body of this resolution is reasonable.

THEREFORE, IT IS ORDERED that:

1. Advice Letter 1592-E is authorized with the conditions contained in ordering paragraphs 2 and 3.
2. Within 10 days PG&E shall file tariff sheets to open rate schedules E-7, E-A7, EL-7, EL-A7, A-6 and E-19 to voluntary new customers with installed TOU meters with no expiration date. The effective date of these tariffs shall be January 1, 1996.
3. PG&E shall refund excess charges to eligible customers in accordance with the refund plan, described in the Discussion section of this Resolution, in consultation with CACD.
4. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 4, 1996. The following Commissioners approved it:


WESLEY FRANKLIN
Executive Director

DANIEL Wm. FESSLER
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

President P. Gregory Conlon, being necessarily absent, did not participate.