

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
ENERGY DIVISION
ENERGY BRANCH

RESOLUTION E-3469
OCTOBER 25, 1996

R E S O L U T I O N

RESOLUTION E-3469. PACIFIC GAS AND ELECTRIC COMPANY
REQUESTS APPROVAL TO CHARGE VOLUNTARY CUSTOMERS
INITIATING SERVICE ON TIME-OF-USE RATE SCHEDULES FOR THE
INSTALLATION OF TIME-OF-USE METERS. GRANTED.

BY ADVICE LETTER 1595-E, FILED ON AUGUST 14, 1996.

SUMMARY

1. By Advice Letter (AL) 1595-E, Pacific Gas and Electric Company (PG&E) seeks to establish meter installation and meter processing charges for customers voluntarily initiating service under commercial or agricultural time-of-use (TOU) rate schedules. AL 1595-E is in response to Decision (D.) 95-12-055 which denied funding for TOU meter purchase and installation and invited PG&E to establish cost based charges for meter installation.
2. Protests were received from the California Farm Federation (Farm) and Office of Ratepayer Advocates (ORA).
3. This Resolution grants AL 1595-E.

BACKGROUND

1. D.95-12-055, in PG&E's general rate case Application 94-12-005 and Investigation (I.) 95-02-015, denied PG&E ratepayer funding for the installation of TOU meters for voluntary customers of TOU rate schedules. The funding was denied because of concerns that electric restructuring could necessitate the installation of real time pricing meters and make TOU meters obsolete (TOU meters are more expensive than regular meters). The decision specifically allowed PG&E to make TOU meters available at cost, if properly tarified.
2. Public Utility (PU) Code Section 744(c) orders the Commission to establish a TOU agricultural rate not less than the cost of furnishing the service.
3. In AL 1557-E, effective January 1, 1996, PG&E closed its commercial and residential TOU rate schedules to voluntary new

customers. By AL 1584-E, effective July 21, 1996, and AL 1592-E, approved by Resolution E-3465 on September 4, 1996, PG&E reopened its commercial and residential TOU rate schedules to voluntary new customers with installed TOU meters.

3. PG&E filed AL 1595-E, on August 14, 1996, requesting to open PG&E's voluntary commercial and agricultural TOU rate schedules to voluntary new customers without installed TOU meters. The affected schedules are:

- A-6--Small General Time-of-Use Service,
- E-19--Medium General Demand-Metered Time-of-Use Service,
- AG-R--Split-Week Time-of-Use Agricultural Power,
- AG-V--Short-Peak Time-of-Use Agricultural Power,
- AG-4--Time-of-Use Agricultural Power, and
- AG-5--Large Time-of-Use Agricultural Power.

Under the proposed tariffs new customers without an installed TOU meter would pay a meter installation charge (\$441-443). New customers with an installed TOU meter would pay a meter processing charge (\$85-87). Customers paying the meter installation charge or the meter processing charge would pay reduced monthly meter or customer charges.

4. The proposed meter installation charge includes meter purchase and installation, including Contribution in Aid of Construction (CIAC) tax rate, processing, administrative, marketing and customer education costs. The CIAC tax rate is 34 percent and increases the meter installation charge by almost \$100.

5. The proposed meter processing charge includes meter reactivation, processing, administrative, marketing, and customer education and support costs.

NOTICE

1. Notice of AL 1595-E was made by publication in the Commission's calendar on August 14, 1996, and by mailing copies of the filing to adjacent utilities and interested parties.

PROTESTS

1. A protest was filed by Farm on August 27, 1996. Farm objects to imposing meter installation and meter processing charges on agricultural TOU customers. Farm states that imposing meter installation and processing charges would effectively eliminate TOU options in contravention of PU Code Section 744(c). It recommends delaying consideration of the meter charges until the Direct Access Working Group, in the Electric Restructuring proceeding (Rulemaking (R.) 94-04-031/I.94-04-032), has made a recommendation of who should own and install meters. In addition, Farm believes that if PG&E retains responsibility for meters, the issue should be considered in a performance-based ratemaking proceeding.

2. On September 10, 1996, PG&E replied to Farm's protest. PG&E states that its shareholders have been funding agricultural meter installation costs since January 1, 1996. Continued

shareholder funding is unacceptable to PG&E. PG&E also states that it was authorized in D.95-12-055 to implement cost based TOU meter installation charges. PG&E does not believe that charging cost based rates for meter installation and processing would violate PU Code Section 744(c)

3. The ORA issued a late filed protest on September 19, 1996. ORA recommends the advice letter be amended to provide for customer ownership of the meter. ORA states customer ownership of the meter would remove the CIAC tax rate and the corporate overhead allocated to the cost of meters.

DISCUSSION

1. D. 95-12-055 authorized PG&E to make meters available to customers who wish to take advantage of TOU rates by offering the meters at cost in approved tariffs.

2. In Advice Letter 1595-E, PG&E seeks to exercise that authorization by requesting approval of cost based tariff rates for meter installation and processing.

3. Farm protested AL 1595-E, claiming it contravenes PU Code Section 744(c). The PU Code does not order that PG&E should pay the cost of installing meters for agricultural customers. Agricultural customers still have the option to obtain TOU service, but they must pay the cost of initiating that service as required in the statute.

4. Farm recommends delaying the proposed rates until the Electric Restructuring proceeding has resolved the issue of meter ownership. It would be unfair to PG&E shareholders to require it to fund agricultural meters until the issue is resolved. To comply with PU Code Section 744(c) PG&E must keep an agricultural TOU rate schedule open to voluntary customers. To comply with D.95-12-055, PG&E can only recover the cost of meter purchase and installation from the customer. The protest of Farm is denied.

5. ORA protested AL 1595-E, recommending it be revised to permit customer ownership of the meter. Its proposal would require the customer purchase the meter from PG&E and have the meter maintained by PG&E. The anticipated result would be to reduce the meter installation charge by about \$100.

6. While an attractive idea the ORA recommendation requires further review. Several questions remain unanswered. For example, what rules would be needed to prevent the meter's owner from making adjustments in its settings. The Direct Access Working Group, in the Electric Restructuring proceeding, is charged with reviewing this issue. An advice letter is not the proper proceeding to resolve the meter ownership issue. We see no compelling reason to delay PG&E's request pending the Commission's review in the Electric Restructuring proceeding. Granting PG&E's request at this time will provide customers a choice they do not have now, a TOU meter. Customers can also

wait until the issue of ownership is resolved if they are troubled by the CIAC choice. ORA's protest is denied.

FINDINGS

1. D.95-12-055 authorized PG&E to offer cost based TOU meter purchase and installation rates.
2. In AL 1595-E, PG&E requests approval of cost based TOU meter installation and processing charges.
3. Farm's protest claims the advice letter contravenes PU Code Section 744(c).
4. The proposed tariffs are in compliance with PU Code Section 744(c).
5. ORA's protest requests the tariffs be amended to allow for customers to own meters.
6. The issue of meter ownership is being considered in the Electric Restructuring proceeding R.94-04-031/I.94-04-032 by the Direct Access Working Group and the issue is beyond the scope of this advice letter.

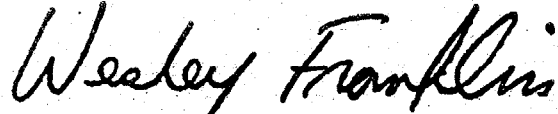
THEREFORE, IT IS ORDERED that:

1. Advice Letter 1595-E is authorized.
2. The protests by the California Farm Federation and the Office of Ratepayer Advocates are denied.

October 25, 1996

3. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on October 25, 1996. The following Commissioners approved it:



WESLEY FRANKLIN
Executive Director

P. GREGORY CONLON
President
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

Commissioner Daniel Wm. Fessler
being necessarily absent, did not
participate.