

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION E-3519
JANUARY 21, 1998**

RESOLUTION

RESOLUTION E-3519. SAN DIEGO GAS & ELECTRIC COMPANY REQUESTS AUTHORIZATION TO REVISE THE RATES IN SCHEDULE EV-TOU AND EV-TOU-2, DOMESTIC TIME-OF-USE FOR ELECTRIC VEHICLE CHARGING AND DOMESTIC TIME-OF-USE FOR HOUSEHOLDS WITH ELECTRIC VEHICLES, TO BE REVENUE NEUTRAL AND CONSISTENT WITH THE REVENUE REQUIREMENT AND MARGINAL ENERGY COSTS ADOPTED IN THE 1996 ENERGY COST ADJUSTMENT CLAUSE DECISION.

BY ADVICE LETTER 995-E FILED ON AUGUST 30, 1996.

SUMMARY

1. By Advice Letter 995-E, San Diego Gas & Electric Company (SDG&E) requests authorization to revise the rates in Schedules EV-TOU and EV-TOU-2, Domestic Time-of-Use for Electric Vehicle Charging and Domestic Time-of-Use for Households with Electric Vehicles, to be revenue neutral and consistent with the revenue requirement and marginal energy costs adopted in the 1996 Energy Cost Adjustment Clause (ECAC) decision.
2. No protests were filed.
3. Due to the rate freeze mandated by Assembly Bill (AB) 1890, this Resolution denies Advice Letter 995-E as filed.

BACKGROUND

1. In D.95-11-035, issued on November 21, 1995 in the Low Emission Vehicle (LEV) Order Instituting Investigation (OII), the Commission approved Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison), and SDG&E's requests for continued and expanded LEV programs. The Commission adopted the utilities' proposed EV time-of-use schedules, and required them to file an Advice Letter by September 1, 1996 demonstrating whether or not tariffs have proven to be revenue-neutral and proposing changes necessary to ensure revenue-neutrality as of January 1, 1997.

2. On December 26, 1995, in compliance D.95-11-035, SDG&E filed an advice letter to implement their proposed Schedules EV-TOU and EV-TOU-2, Domestic Time-of-Use for Electric Vehicle Charging and Domestic Time-of-Use for Households with Electric Vehicles, respectively. These tariffs were effective January 1, 1996.
3. On June 6, 1996, the Commission issued D.96-06-033 adopting the Settlement Agreement in SDG&E's 1996 ECAC and Rate Design Window proceedings.
4. SDG&E filed an advice letter on June 7, 1996 to update and revise certain electric tariffs pursuant to D.96-06-033. This advice letter was effective June 10, 1996. Schedules EV-TOU and EV-TOU-2 were not updated by this advice letter since they were not in existence when the ECAC/Rate Design Window applications were filed.
5. On August 30, 1996, SDG&E filed Advice Letter 995-E to revise the rates on Schedules EV-TOU and EV-TOU-2 to be consistent with the adopted revenue requirement and marginal energy costs from D.96-06-033, and to demonstrate that these updated rates are designed to be revenue-neutral in compliance with D.95-11-035. Advice Letter 995-E has not been acted upon by the Commission due to pending interpretations on the implementation of the AB 1890 requirements.
6. On September 23, 1996, AB 1890 became effective. Public Utilities (PU) Code Section 368, enacted as part of AB 1890, mandated that electric rates be frozen at June 10, 1996 levels until March 31, 2002.
7. The Commission briefly addressed some rate freeze issues in D.96-12-077, issued on December 20, 1996, when it approved the cost recovery plans filed by PG&E, Edison and SDG&E in compliance with PU Code Section 368.
8. PG&E's rate design proposals in Phase II of its 1996 General Rate Case (GRC) presented the Commission with a much more specific and concrete opportunity to consider the rate freeze in more detail. In D.97-12-044, issued on December 3, 1997, the Commission analyzed some general types of rate design proposals in light of the provisions of AB 1890.
9. In D.96-12-077, the Commission stated that under PU Code Section 368, the freeze applies only to rates, suggesting that other terms and conditions of a schedule could be modified without violating the rate freeze. In D.97-12-044, the Commission clarified that minor changes can be made to rate schedules without violating the rate freeze but substantially altering the terms of service would be completely contrary to the purpose of the rate freeze. The Commission concluded that modifications to the terms and conditions of existing schedules must be evaluated to determine whether they result in substantial changes to the terms, quality, or value of service.

NOTICE

1. Advice Letter 995-E was served on other utilities, government agencies, and to all interested parties who requested such notification, in accordance with the requirements of General Order 96-A.

PROTESTS

1. No protests were received by the Energy Division.

DISCUSSION

1. SDG&E filed Advice Letter 995-E to revise the rates on Schedules EV-TOU and EV-TOU-2 to be consistent with the adopted revenue requirement and marginal energy costs from D.96-06-033, and to demonstrate that these updated rates are designed to be revenue-neutral in compliance with D.95-11-035.
2. Although it is true that D.95-11-035 required SDG&E to file an advice letter demonstrating whether or not these EV tariffs have proven to be revenue-neutral, and to propose changes necessary to ensure revenue-neutrality as of January 1, 1997, the decision was issued prior to the rate freeze mandated by AB 1890.
3. PU Code Section 368 mandates that rates be frozen at the levels in effect on June 10, 1996. Notwithstanding its recent interpretations of AB 1890 in D.97-12-044, the Commission may not grant SDG&E's request in Advice Letter 995-E because it changes the rate levels that were in effect on June 10, 1996.
4. SDG&E should propose any necessary EV rate design changes which result in rate changes after the rate freeze period ends.

FINDINGS

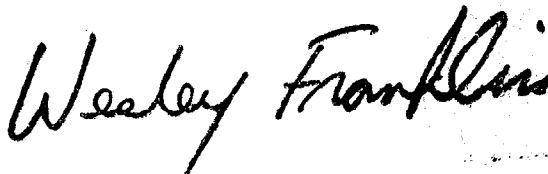
1. By Advice Letter 995-E, SDG&E requests authorization to update the rates in Schedules EV-TOU and EV-TOU-2, Domestic Time-of-Use for Electric Vehicle Charging and Domestic Time-of-Use for Households with Electric Vehicles, to be consistent with the adopted revenue requirement and marginal energy costs from D.96-06-033, and to demonstrate that these updated rates are designed to be revenue-neutral in compliance with D.95-11-035.
2. No protests to Advice Letter 995-E were received.
3. The Commission should not grant SDG&E's request in Advice Letter 995-E because it changes the rate levels that were in effect on June 10, 1996 in violation of the rate freeze mandated by AB 1890.

January 21, 1998

THEREFORE, IT IS ORDERED that:

1. San Diego Gas & Electric is not authorized to update the rates in Schedule EV-TOU and Schedule EV-TOU-2, Domestic Time-of-Use for Electric Vehicle Charging and Domestic Time-of-Use for Households with Electric Vehicles, as requested in Advice Letter 995-E.
2. Advice Letter 995-E shall be marked to show that it was denied by Commission Resolution E-3519.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 21, 1998. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

- P. Gregory Conlon, President
Jessie J. Knight, Jr.
Henry M. Duque
Josiah L. Neeper
Richard A. Bilas
Commissioners