

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION E-3546
OCTOBER 7, 1999**

RESOLUTION

Resolution E-3546. Pacific Gas and Electric Company requests approval to revise residential time-of-use rate schedules to include new charges and rates for meters. Approved with modifications.

By Advice Letter 1728-E, filed on January 2, 1998.

SUMMARY

By Advice Letter 1728-E, Pacific Gas and Electric Company (PG&E) requests approval to revise residential time-of-use (TOU) service rate schedules E-7, E-A7, EL-7, and EL-A7 to include new charges and rates for TOU meters. This Resolution approves PG&E's proposed meter installation charge and rate but denies its proposed meter processing charge.

BACKGROUND

By Advice Letter 1557-E, PG&E closed voluntary TOU rate schedules E-7, E-A7, EL-7, EL-A7, A-6, and E-19 to new customers as of January 1, 1996 because the Commission had eliminated ratepayer funding for the installation of TOU meters.

On July 22, 1996, PG&E filed Advice Letter 1592-E requesting that the closed TOU schedules be temporarily reopened for customers with an installed TOU meter.

In response to Advice Letter 1592-E, the Commission issued Resolution E-3465 (dated September 4, 1996). In that resolution the Commission found that although it was appropriate for PG&E to close these rate schedules to customers who required the purchase or installation of a TOU meter, PG&E should not have closed them to customers who had a TOU meter previously installed. Consequently, the Commission directed PG&E to re-open the rate schedules to customers with an installed TOU meter on a permanent basis, effective January 1, 1996, and refund excess charges. The schedules were to remain closed to all other customers until cost-based tariffs could be implemented.

In Phase 2 of PG&E's 1996 General Rate Case (GRC), PG&E requested to close residential

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TOU Schedules E-7, EL-7, E-A7, and EL-A7 and replace them with new tariff schedules E-10, E-11, E-12, EL-10, EL-11, and EL-12.

The Commission, in Decision (D.) 97-12-044, determined that the closure of rate schedules E-7, EL-7, E-A7, and EL-A7 would violate the rate freeze.¹ The Commission authorized PG&E to file new tariffs to establish its proposed residential TOU schedules E-10, E-11, E-12, EL 10, EL-11, and EL 12, but recognized that PG&E may not wish to implement them while E-7, EL-7, E-A7, and EL-A7 remain open. The Commission also ordered PG&E to file tariffs that establish new residential TOU rate schedules that include an option for customers to acquire meters.

In compliance with D.97-12-044, PG&E filed Advice Letter 1728-E on January 2, 1998, requesting approval to revise residential TOU rate schedules E-7, E-A7, EL-7, and EL-A7 to include new charges and rates for TOU meters.²

NOTICE

Advice Letter 1728-E was served on other utilities and government agencies, and to all interested parties who requested such notification, in accordance with the requirements of General Order 96-A.

PROTESTS

The Energy Division received a timely protest to Advice Letter 1728-E from the Office of Ratepayer Advocates (ORA). ORA protests the advice letter on the basis that it is inconsistent with D.97-12-044 because it imposes new requirements that considerably alter the terms of service for customers who might wish to take service under rate schedules E-7, E-A7, EL-7, and EL-A7. ORA recommends that PG&E comply with D.97-12-044 by simply re-opening these rate schedules to new customers without requiring them to pay the TOU meter charges.

DISCUSSION

Under PG&E's advice letter proposal, residential customers requesting TOU service at a site that does not have an existing TOU meter installed would pay a one-time \$277 meter installation charge and a reduced monthly meter rate. Customers who request either a reactivation of an installed TOU meter, or a different TOU rate option, would pay a one-time \$90 meter processing charge and the existing monthly meter rate. The meter installation related costs are called Rate

1 Public Utilities (PU) Code Section 368 mandated that electric rates be frozen at June 10, 1996 levels until the earlier of March 31, 2002 or the date uneconomic costs are fully recovered.

2 PG&E has elected not to file new residential TOU schedules E-10, E-11, E-12, EL-10, EL-11, EL-12.

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W on Schedules E-7 and EL-7, and are called Rate V on Schedules E-A7 and EL-A7. The meter processing related costs are called Rate X on Schedules E-7 and EL-7, and are called Rate Z on Schedules E-A7 and EL-A7. This Resolution approves the addition of Rate W and Rate V but does not allow the processing charge component of Rate X and Rate Z.

Rate W and Rate V would apply to customers who need TOU meter equipment installed. As of June 10, 1996, these customers were not allowed to take service on the TOU rate schedules because they did not have an installed meter. By adding a charge that enables customers to acquire meters, additional customers will now be able to take service on these schedules. The creation of this new option is consistent with Section 378 of the PU Code that allows the Commission to authorize new optional rates that accurately reflect the loads, location, conditions of service, and cost of service of customer classes and subclasses. Accordingly, Rate W and Rate V should be approved.

Rate X and Rate Z, on the other hand, would apply to customers who already have a TOU meter installed, or a meter that may be reprogrammed to accommodate TOU billing, but are not taking service on a TOU rate schedule. These customers were eligible to take service on the TOU schedules as of June 10, 1996 without an additional charge. As clarified in D.97-12-044, rate schedules in effect on June 10, 1996 should remain available to all customers during the rate freeze period. The Commission stated that minor changes can be made to rate schedules without violating the rate freeze but substantially altering the terms and conditions of service would be contrary to the purpose of the rate freeze. Imposing a new \$90 meter processing fee on residential customers who were previously eligible for service without any charge, substantially alters the terms and conditions in effect on June 10, 1996 and thus would be in violation of the rate freeze. Accordingly, the processing charge component of Rate X and Rate Z should be denied.

In protest to Advice Letter 1728-E, ORA argues that PG&E should re-open the residential TOU rate schedules to new customers without requiring them to pay the TOU meter charges. PG&E cannot reopen the schedules to all new customers because this would be a substantial modification to the terms of service in effect on June 10, 1996 and thus would violate the rate freeze. Since this Resolution requires that PG&E keep the TOU rate schedules open to those customers with an existing TOU meter without an additional charge, ORA's protest is partially granted.

Although this Resolution approves the addition of Rate W and Rate V which would enable new customers to take service on the residential TOU rate schedules, PG&E is proposing in Phase 2 of its 1999 GRC to merge these rate schedules into a new seasonally-based schedule. The effect would be that customers would only be able to retain TOU pricing for the generation portion of their total electric bill. Because the outcome of PG&E's proposal in Phase 2 will not be known for some time, PG&E should modify the residential TOU rate schedules to include a notice to new customers of the possible impact of its pending proposal.

Furthermore, PG&E's previous residential TOU rate schedules stated that as of January 1, 1996, only customers whose service currently has "an existing and appropriate TOU meter installed"

could take service on these schedules. PG&E continues to use the term "appropriate" in the applicability sections of the revised TOU rate schedules submitted with Advice Letter 1728-E. This term should be removed because it is vague and ambiguous. The rate schedules should be applicable to all customers who previously have "an existing TOU meter programmable for this rate schedule." Those customers who do not have "an existing TOU meter programmable for this rate schedule" will pay the new Rate W if on Schedule E-7 and EL-7, or pay Rate V if on Schedule E-A7 and EL-A7.

COMMENTS

The draft resolution of the Energy Division in this matter was mailed to the parties in accordance with Public Utilities Code Section 311(g). Comments were filed on September 21, 1999 by PG&E.

In its comments, PG&E requests that the Commission delay the effective date of the Resolution until December 15, 1999, and modify the Resolution's deletion of the word "appropriate". PG&E requests additional time to make the necessary modifications to its billing system because resources are limited, reprogramming has been complicated by industry restructuring related billing system changes, and the reprogramming would have been obsolete if done in advance. To satisfy the Energy Division's concern about the vagueness and ambiguity of the word "appropriate" and to maintain the concept that TOU meters must be designed to be programmable for the TOU rate that the customer requests, PG&E suggests substituting the words "an existing time-of-use meter programmable for this rate schedule" for the words "an existing and appropriate TOU meter".

The Energy Division finds these suggested modifications reasonable and has revised the Discussion, Findings, and Ordering Paragraphs of this Resolution accordingly.

FINDINGS

1. By Advice Letter 1728-E, PG&E requests Commission approval to revise residential TOU service rate schedules E-7, E-A7, EL-7, and EL-A7 to include new charges and rates for TOU meters.
2. ORA protested Advice Letter 1728-E on the basis that it is inconsistent with D.97-12-044 because it imposes new requirements that considerably alter the terms of service for customers who might wish to take service under the residential TOU rate schedules.
3. ORA recommends that PG&E comply with D.97-12-044 by simply re-opening these rate schedules to new customers without requiring them to pay the TOU meter charges.
4. PG&E's proposed Rate W and Rate V are new options that allow customers to acquire

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TOU meters. They are consistent with Section 378 of the PU Code and should be approved.

5. Consistent with the Commission's conclusions in D.97-12-044, rate schedules in effect on June 10, 1996 should remain available to all customers during the rate freeze period.

6. The processing charge component of PG&E's proposed Rate X and Rate Z should be denied because it would substantially alter the terms and conditions in effect on June 10, 1996 and thus would be in violation of the rate freeze.

7. Because this Resolution requires that PG&E keep the TOU rate schedules open to those customers with an existing TOU meter without an additional charge, ORA's protest is partially granted.

8. PG&E should modify the residential TOU rate schedules to include notice of the possible impact of its proposal in Phase 2 of its 1999 GRC.

9. PG&E should remove the term "appropriate" in the applicability sections of the revised TOU rate schedules submitted with Advice Letter 1728-E because it is vague and ambiguous.

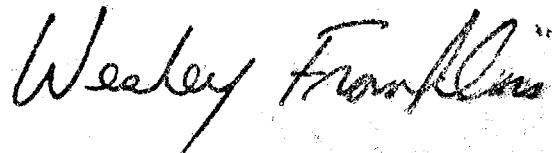
10. To maintain PG&E's concept that TOU meters must be designed to be programmable for the TOU rate that the customer requests, the words "appropriate time-of-use meter" in the applicability sections of the revised TOU rate schedules should be replaced with the words "existing time-of-use meter programmable for this rate schedule".

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THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company's Advice Letter 1728-E is approved subject to the following modifications:
 - a. The processing charge component of Rate X on Schedules E-7 and EL-7 and the processing charge component of Rate Z on Schedules E-A7 and EL-A7 shall be removed.
 - b. A notice of the possible impact of PG&E's proposal in Phase 2 of its 1999 GRC shall be added to all of the residential TOU rate schedules.
 - c. The words "appropriate time-of-use meter" in the applicability sections of all the residential TOU rate schedules shall be replaced with the words "existing time-of-use meter programmable for this rate schedule".
2. Pacific Gas and Electric Company shall file a supplemental advice letter within ten days, revising the associated tariff sheets. If approved by the Energy Division, the advice letter will be effective on December 15, 1999.
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 7, 1999. The following Commissioners voting favorably thereon;



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
JOEL Z. HYATT
CARL W. WOOD
Commissioners