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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

E-4 ID #2367
RESOLUTION E-3836
July 10, 2003



R E S O L U T I O N

Resolution E-3836. Sierra Pacific Power Company (Sierra) submits tariff revisions to reinstate an Energy Cost Adjustment Clause (ECAC) "Offset" Balancing Account Mechanism. Denied without prejudice.

By Advice Letter 294-E Filed on January 8, 2003 and AL 294-E-A filed on February 6, 2003

SUMMARY

This Resolution denies without prejudice Sierra's proposed tariff revisions to reinstate an Energy Cost Adjustment Clause (ECAC) "Offset" Balancing Account Mechanism. This mechanism had been suspended since June 1, 1996, pursuant to Decision (D.) 96-05-059. Revising the ECAC policy via advice letter process raises procedural concerns; this issue shall be resolved in Sierra's GRC.

BACKGROUND

Prior to June 1, 1996, the Commission authorized Sierra to use a balancing account to track fuel and purchased power costs.

Pursuant to D.96-05-059 in Application (A.) 94-08-043 which addressed the proposed merger between Sierra and Washington Water and Power, the balancing account rates were set to zero, effectively terminating the ECAC mechanism.

Sierra filed advice letter (AL) 294-E on January 8, 2003 requesting authority to reinstate its ECAC mechanism. On February 6, Sierra filed supplemental AL 294-E-A to make two changes: 1) to add language stating that the offset rates contained in the ECAC section are subject to a final decision in Phase II of A.01-06-041, Sierra's pending general rate case (GRC); and 2) to add language

specifying that all of Sierra's rate stabilization revenues will be included in the ECAC calculations.



NOTICE

Notice of Advice Letter 294-E was made by publication in the Commission's Daily Calendar. Sierra Pacific states that a copy of the Advice Letter was mailed and distributed in accordance with Section III-G of General Order 96-A.

PROTESTS

Sierra's AL 294-E was not protested.

DISCUSSION

In Sierra's GRC, the Commission shall determine the treatment of Sierra's fuel costs, and the reasonableness of an ECAC mechanism. Sierra's ECAC was suspended in a formal Commission proceeding; reinstatement should only be done through a similar formal process. The advice letter process is not an appropriate procedural mechanism to reinstate Sierra's ECAC.

As these issues will be resolved in Sierra's GRC, this Resolution denies Sierra's request without prejudice.

COMMENTS

Public Utilities Code (PU) section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. The draft resolution was mailed to parties for comment pursuant to PU Code section 311(g)(1) on June 10, 2003. No parties submitted comments on the draft resolution.

FINDINGS

1. On January 8, 2003 Sierra filed AL 294-E proposing to reinstate the ECAC mechanism. Sierra filed supplemental Al 294-E-A on February 6.
2. No protests were received.

3. The Commission shall address Sierra's proposal to reinstate the ECAC mechanism in its GRC A.01-06-043.
4. The Commission should not reinstate Sierra's ECAC through an advice letter process.

THEREFORE IT IS ORDERED THAT:

1. Sierra Pacific Power Company Advice Letter 294-E requesting Commission authorization for proposed tariff revisions to implement an Energy Cost Adjustment Clause (ECAC) "Offset" Balancing Account Mechanism is denied without prejudice.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on July 10, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director