

Decision **DRAFT DECISION OF ALJ BARNETT** (Mailed 10/5/2001)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of San Diego Gas & Electric Company For Authority to Make Various Electric Rate Design Changes, Close Certain Rates, and Revise Cost Allocation Among Customer Classes Effective August 1, 2001 (U 902-E).

Application 00-11-007
(Filed November 1, 2000)

O P I N I O N

This decision makes minor changes to San Diego Gas & Electric's rate design. There is no change to any electric customer rate class. All changes are revenue neutral within each class.

San Diego Gas & Electric Company (SDG&E) submits this rate design window (RDW) application in accordance with the schedule adopted in Decision (D.) 89-01-040, as amended by D.95-09-020. In this RDW application, SDG&E seeks authority to make various electric rate design changes, implement hourly billing, and modify specific tariff language, effective August 1, 2001.

SDG&E proposed to implement mandatory hourly billing as directed by the Commission in D.00-06-034.

After this application was submitted, the Commission issued D.01-05-032 in Application (A.) 00-07-055, and Senate Bill 5 of the First Extraordinary Session

of 2000-2001 (SBX1 5) was enacted, as was AB X1 29.¹ Those items dealt with real-time meters and may affect the relief requested by SDG&E in this application. Consequently, the Presiding Administrative Law Judge invited parties to comment on the effect, or lack of effect, of those items on the relief requested. By way of background, SDG&E's year 2000 RDW application sought (among other relief) Commission authority to switch large customers to mandatory hourly pricing (as required by Ordering Paragraph 21 of D.00-06-034) on a phased schedule, beginning with customers with demand of 4500kW or above.

SDG&E was the only party that responded. It believes that D.01-05-037, SBX1 5, AB X1 29 and other recent legislation and Commission decisions have made SDG&E's RDW mandatory hourly billing proposal moot because:

(1) SDG&E's commodity rates for small and large customers are frozen; (2) SDG&E does not receive hourly commodity prices from the Department of Water Resources (DWR); and (3) the Commission has already addressed (and continues to review) hourly billing and related issues in other state-wide proceedings. Accordingly, SDG&E argues, it is unnecessary and potentially confusing to rule on parallel issues in SDG&E's RDW.

Finally, as a practical matter, SDG&E says it cannot implement hourly billing at this time because the Legislature has frozen the commodity rates for all SDG&E customers at 6.5 cents per kilowatt-hour (kWh) and SDG&E is not

¹ D.01-05-032 authorized SDG&E to install real-time electric meters for customers with peak demands of 100 kW or greater; SB X1 5 appropriated funds to reduce peak load energy usage; ABX1 29 ordered mandatory time-of-use (TOU) or real time pricing (RTP) metering for customers with 200kW peak demand or greater.

receiving the hourly commodity prices necessary for hourly billing. Until SDG&E's commodity rates are unfrozen, and the DWR begins providing commodity costs in hourly increments, SDG&E cannot implement meaningful hourly billing.

Based on SDG&E's uncontradicted statements regarding hourly billing, and in accord with SDG&E's request, we will disregard SDG&E's mandatory hourly billing initiative.

SDG&E also proposes to modify the Dynamic Load Profiles it uses to calculate Schedule PX (Price exchange) rates for large customers by excluding the load profiles of Direct Access (DA) customers. Bundled customers using over 50kW should have a separate DLP. However, because the PX is now out of operation and DWR does not provide hourly prices, it is unnecessary to consider these proposals.

SDG&E proposes rate design changes to residential TOU schedules including canceling one of the two options and making minor changes to medium and large commercial/industrial electric rate schedules. It proposes a separate treatment for revenues recorded in the schedule AV memorandum account.

SDG&E proposes no change to any electric customer rate class. All proposed changes are revenue neutral within each class.

**EFFECT ON PRESENT AND PROPOSED ELECTRIC REVENUES
BY CUSTOMER CLASS**

<u>Line No.</u>	<u>Customer Class</u>	<u>Present Distribution Revenues (\$000's)</u>	<u>Proposed Distribution Revenues (\$000s)</u>	<u>Percentage Change (0%)</u>
1.	Residential	264,885	264,885	0.00
2.	Small Commercial	82,930	82,930	0.00
3.	Medium & Large Comm'l/Industrial	174,924	174,924	0.00
4.	Agricultural	5,609	5,609	0.00
5.	Lighting	5,571	5,571	0.00
6.	System Total	533,919	533,919	0.00

A prehearing conference was held February 16, 2001 at which time all parties agreed to SDG&E's proposals subject to SDG&E's submission of proposed findings of fact. Those findings have been reviewed by the parties; no objections have been made. We have reviewed the proposed findings and adopt them as reasonable. There are no protests. A public hearing is not necessary.

Comments on Draft Decision

The draft decision of the ALJ in this matter was mailed to the parties in accordance with Pub. Util. Code § 311(g)(1) and Rule 77.7 of the Rules of Practice and Procedure. Comments were filed on _____, and reply comments were filed on _____.

Findings of Fact

1. Both SDG&E and ORA premised their support of mandatory hourly pricing on the assumption that the California PX would continue to provide SDG&E with energy prices that vary from hour to hour.

2. The PX ceased operations on February 1, 2001.
3. The California DWR has procured electricity for SDG&E since February 7, 2001.
4. As of April 13, 2001, the DWR has provided no price differentiation in the bills it sends to SDG&E.
5. SDG&E requests authority to modify how it creates samples for its dynamic load profiles which are used to allocate the hourly costs of energy from the PX. Since the PX is out of operation and the DWR is not providing hourly prices, it is unnecessary to consider SDG&E's sampling proposals in this proceeding.
6. The decision in SDG&E's last RDW proceeding (D.00-12-058) ordered SDG&E to establish a memo account to record the revenues it collects from billing the Distribution Energy Rates for Primary and Secondary level service during the semi-peak and off-peak periods on Schedules A-VI and A-V2. The decision ordered SDG&E to propose a method for returning these funds to all large commercial/industrial customers.
7. SDG&E proposes to return these funds through a six-month rate reduction to medium and large commercial/industrial customers' distribution energy charges equal to the revenues SDG&E has collected from the semi-peak and off-peak distribution energy rates in Schedule A-VI and A-V2. SDG&E asked that this rate reduction be authorized in this proceeding and implemented via an Advice Letter filing 90 days after a decision is issued. This is reasonable.
8. No party objected to SDG&E's proposal for returning these funds to customers. The changes in rates as shown in attached Table IV-1 (Appendix A) are reasonable and should be adopted.

9. SDG&E also requests relatively minor rate design changes to its residential TOU tariffs, Schedules DR-TOU and DR-TOU-2. The rate design changes consist of setting the distribution energy charges of both residential TOU tariffs equal to Schedule DR non-baseline rates, and to provide the Schedule DR baseline allowance benefits through a separate Baseline Adjustment rate element. These rate design changes will eliminate the disparity between Schedule DR and residential TOU distribution rates, including the baseline allowance benefits. The proposed changes eliminate the need for SDG&E to offer both residential TOU tariffs. This proposal is reasonable.

10. SDG&E proposes to eliminate the redundant TOU option by: a) canceling Schedule DR-TOU on the effective date of a decision in this proceeding; b) transferring any customer taking service under Schedule DR-TOU to Schedule DR-TOU-2; and c) renaming “Schedule DR-TOU-2” to simply “Schedule DR-TOU.” This proposal is reasonable.

11. SDG&E has asked that the rate changes set forth in the attached Tables II-C and II-D (Appendix B) become effective 30 days after the effective date of a decision in this proceeding. No party has opposed this recommendation. It will be adopted.

Conclusions of Law

1. Given the absence of hourly pricing data, SDG&E’s recommendation to eliminate mandatory hourly billing for consideration in this proceeding is reasonable and should be adopted.

2. SDG&E’s proposal to change the way it creates samples for dynamic load profiles is tied to receiving hourly energy prices. Since the PX has ceased operation and the DWR is not providing hourly pricing detail at this time,

SDG&E's recommendation to abandon its proposal to change how it creates dynamic load profile samples is reasonable and should be adopted.

3. SDG&E's proposal to return funds in a memo account (which has recorded the revenues the company has collected as a result of billing the semi-peak and off-peak distribution energy rates on Schedules A-VI and A-V2) via a six-month rate reduction to medium and large commercial/industrial customers' distribution rates is reasonable and should be adopted.

4. SDG&E's proposal to change the rate design of its residential TOU schedules DR-TOU and DR-TOU-2 by setting the distribution energy charges of both tariffs equal to Schedule DR non-baseline rate is reasonable and should be adopted. SDG&E's proposal to provide the Schedule DR baseline allowance benefits through a separate Baseline Adjustment rate element is reasonable and should be adopted.

5. SDG&E's proposals to a) cancel Schedule DR-TOU on the effective date of a decision in this proceeding; b) transfer customers taking service under Schedule DR-TOU to Schedule DR-TOU-2; and c) rename "Schedule DR-TOU-2" to "Schedule DR-TOU" are reasonable and should be adopted.

O R D E R

IT IS ORDERED that:

1. San Diego Gas & Electric Company (SDG&E) is authorized to establish the rates set forth in Appendix A & B. Tariffs shall be filed on not less than five days notice to the commission and to the public.

2. SDG&E shall implement Conclusions of Law 3, 4, and 5 as set forth herein.

3. This proceeding is closed.

This order is effective today.

Dated _____, at San Francisco, California.

See Formal File for Appendices A and B