

Decision 00-12-061 December 21, 2000

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
for Authority, Among Other Things, to Increase
Rates and Charges for Electric and Gas Service
Effective on January 1, 2001 and on
January 1, 2002. (U 39 M)

Application 00-07-043
(Filed July 27, 2000)

INTERIM OPINION

Pacific Gas and Electric Company (PG&E) requests authority, in this attrition rate adjustment (ARA) proceeding, to increase its base revenue requirement for Electric Distribution and Customer Services to its California retail customers and for Humboldt Nuclear SAFSTOR activities, effective January 1, 2001. Specifically, for the year 2001, PG&E proposes a gross base revenue requirement increase of \$188.708 million for Electric Distribution from the Electric Distribution revenue requirement in effect on January 1, 2000. In addition, PG&E is requesting that the nuclear decommissioning revenue requirement be increased by \$0.418 million for 2001 to reflect the ARA allowance for Humboldt Power Plant Nuclear SAFSTOR expense. The requested total electric revenue ARA is \$189.126 million.

Pursuant to historical practice, the latest escalation rates are used to determine the revenue requirement increase. PG&E has adjusted the rate base starting point used in the attrition mechanism to reflect the \$2 million reduction to distribution rate base agreed to by PG&E and the Office of Ratepayer

Advocates (ORA) as a result of the ORA's audit of PG&E's System Applications and Products percentage system (SAP) business system.

There will be no immediate change in electric rates as a result of this proposed ARA increase.

In Decision (D.) 00-02-046, we denied PG&E's request for an ARA adjustment for 2000¹ and granted “. . . an attrition adjustment for Attrition Year 2001 because we find the forecasted activity levels, labor cost escalations and capital investment forecast reasonable.”² Ordering Paragraph 15 of D.00-02-046 approves implementation of the Company's 2001 ARA request subject to modification:

PG&E's request for authority to implement Attrition Rate Adjustments for 2001 is granted, subject to modification to take into account the results of the 1999 capital audit and to recognize the amounts recorded in VMBA.³

Decision 00-02-046 required PG&E to file an ARA application as opposed to the traditional advice letter filing. This Application (A.) 00-07-043, is in response to that requirement.

In D.00-02-046 we authorized an attrition filing to be effective January 1, 2001. By that authorization we did not guarantee that rates would increase, only that if an attrition increase was warranted it should be effective January 1, 2001. On September 19, 2000, a prehearing conference in this application was held. It was immediately apparent from the protests that the

¹ D.00-02-046, Ordering Paragraph 14, p. 545.

² D.00-02-046, p. 54.

³ D.00-02-046, Ordering Paragraph 15, page 545.

issues raised could not be resolved in time for an order to be effective January 1, 2001. As a result the Assigned Commissioner issued a Ruling which determined, among other things, that the issues included:

- a. Review of PG&E's Attrition Rate Adjustment mechanism and calculations. PG&E's request, made in Advice Letter 2040-E, for implementation of the 2001 electric attrition rate adjustment will be considered in this proceeding.
- b. If an attrition increase is approved, whether it should be based on two years (2000 and 2001) or one year (2001) of cost increase.
- c. Energy Division's financial audit.
- d. Consultant's engineering audit on 1999 capital spending.
- e. Review of vegetation management expenditures (for 1999 and 2000) as ordered in Ordering Paragraph 15 of D.00-02-046 (GRC). PG&E's request, made in Advice Letter 2016-E, for approval to transfer the year-end 1999 balance of Vegetation Management Balancing Account (VMBA) to the Transition Revenue Account will be considered in this proceeding.

The Ruling said:

"Due to the timing of this application, a final order will not be issued before the end of 2000. We will consider an interim order that would allow the final decision in this proceeding to be effective as of the effective date of the interim order."

This Interim Order is a result of that Ruling.

Comments on Draft Decision

The draft decision of Administrative Law Judge Barnett 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 by PG&E, the Office of Ratepayer Advocates, and Aglet Consumer Alliance and The Utility Reform Network (Aglet and TURN), and reply comments were filed by

Aglet and TURN, and by PG&E. The comments address ratemaking mechanisms and TRA accounting issues. We have made no change in response to those comments. This interim decision only provides that attrition relief, if granted in our final decision, will be effective on the date of this interim decision. In our final decision we will address any adjustments to TRA and other accounts that may be necessary.

Findings of Fact

1. A decision on the merits of this application cannot be rendered to be effective January 1, 2001.
2. To comply with D.00-02-046 an Interim Order is needed so that attrition relief if granted, will be effective on January 1, 2001.

Conclusion of Law

An Interim Order should be issued to allow the final decision in this proceeding to be effective as of the effective date of the Interim Order.

INTERIM ORDER

IT IS ORDERED that the final decision in this proceeding shall be effective as of the effective date of this Interim Order.

This order is effective today.

Dated December 21, 2000, at San Francisco, California.

LORETTA M. LYNCH
President
HENRY M. DUQUE
JOSIAH L. NEEPER
CARL W. WOOD
Commissioners

I dissent.

/s/ RICHARD A. BILAS
Commissioner