

Decision 82 03 051 MAR 16 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's )  
own motion into the establishing of )  
priorities among the types of )  
categories of customers of every )  
electrical corporation and every )  
gas corporation in the State of )  
California and among the uses of )  
electricity or gas by such customers. )

Case 9884  
(Filed March 11, 1975)

SUPPLEMENTAL OPINION

In this proceeding, we have established a priority system to be used when electric utilities find it necessary to curtail electric service to their customers. The major electric utilities subject to our regulation have filed action plans which provide the manner in which electric service is to be curtailed in the event of system-wide capacity or energy shortages.

Public hearings were held in June 1981 in this proceeding to review the utilities' action plans and to determine whether a special summertime emergency conservation and curtailment program should be established. In addition Southern California Edison Company (Edison) was directed to present evidence concerning the manner in which interruptions are to be accomplished under its Tariff Schedule TOU-8-I in times of statewide energy shortages.

Evidence on this issue was presented by Edison; Pacific Gas and Electric Company (PG&E); Amerson Steel and Wire Division; Air Products and Chemicals, Inc.; Blue Diamond Materials Division of Sully-Miller Contracting Company; Conrock Company; and the Commission staff (Exhibits 250, 255, 242, 243, 244, 245, and 246, respectively).

Background

Edison's Tariff Schedule TOU-8-I (TOU-8-I) is applicable to customers served under its Schedule TOU-8, General Service Large (TOU-8). TOU-8-I is available only under contract. The schedule provides lower rates than TOU-8 when the customer elects to provide Edison with a customer-controlled or an Edison-(company) controlled interruptible load. As material in this proceeding, TOU-8-I provides under the heading "Special Conditions":

- "2. Company-controlled Interruptible Load: Such interruptible load is that increment of the customer's maximum demand, occurring during any Period of Interruption that is in excess of the customer's Firm Service requirements, and which the customer agrees shall be disconnected from the Company's lines upon notice by the Company. Such interruptible load shall be specified by the customer, and initial load and subsequent changes shall be approved by the Company.
- "3. Customer-controlled Interruptible Load: Such interruptible load is that increment of the customer's maximum demand, occurring during any Period of Interruption that is in excess of the customer's Firm Service requirements, and which the customer agrees shall be disconnected by the customer from the Company's lines upon notice by the Company. Such interruptible load shall be specified by the customer, and initial load and subsequent changes shall be approved by the Company.
- "4. Notice of Interruption: The Company will give the customer not less than ten minutes notice before interruption of the Company-controlled Interruptible Load and will give the customer not less than 30 minutes notice before interruption of the Customer-controlled Interruptible Load is to be required. The Company will notify the customer at the end of the Period of Interruption under this schedule.
- "5. Period of Interruption: Any Period of Interruption under this schedule will occur during the on-peak and mid-peak periods specified in Schedule No. TOU-8 when, in the Company's sole judgment, the next-to-last available major combustion turbine generator otherwise would be required

to be operated and as specified in Special Condition No. 8."

Under the utility action plans filed in this proceeding, all industrial electric customers (with the exception of Edison's TOU-8-I customers) are subject to curtailment under Stage II or Stage III capacity shortage conditions. The Chief of our Energy Conservation Branch, Utilities Division, urges that customers served under Edison's TOU-8-I should be subject to curtailment in the event of a statewide capacity shortage in the same manner as large industrial customers served under other schedules. Edison was directed by the assigned administrative law judge (ALJ) to furnish evidence with respect to its TOU-8-I curtailment provisions in view of the position taken by our staff.

Staff Position and Evidence

It is the position of our Utilities Division that Edison's TOU-8-I customers should interrupt their loads when needed to preserve the integrity of the California electric utilities' systems.

Evidence in support of this position was presented by the chief of the Utilities Division's Conservation Branch. The witness recommended that all interruptible customers be interrupted whenever

a Stage II emergency condition occurs as defined in the currently filed Electrical Emergency Plan,<sup>1/</sup> and that as much advance notice as possible be given to these customers prior to actual interruption for planning and scheduling purposes.

The witness testified substantially as follows:

In his opinion, the Electrical Emergency Plan for the summer of 1981 and future summers adopted by D.93046 issued May 19, 1981 in Case (C) 9884 is nearly perfect in achieving electrical supply (reserve) sharing by the five participating utilities; Los Angeles Department of Water and Power (LADWP), PG&E, Sacramento Municipal Utilities District (SMUD), San Diego Gas & Electric Company (SDG&E) and Edison. His only remaining concern is the question of proper and consistent treatment of interruptible customers to achieve improved reserve margins when such margins fall to a very low and possibly unstable level.

Only Edison and PG&E have interruptible load available for curtailment in a Stage II situation; SMUD, LADWP, and SDG&E have no interruptible customers. PG&E's tariffs provide for curtailment of its interruptible customers when a statewide Stage II alert is called. The witness stated that PG&E has four customers on Schedule A-18A, one customer on Schedule A-23 and two contract customers which are interruptible. The combined load of these customers averages 62.2 megawatts (MW). In addition, PG&E's special contract with the State Department of Water Resources (DWR) will yield 130 MW or more to PG&E when DWR is called upon to interrupt its interruptible pumping loads. Edison has 12 customers subject to its TOU-8-I with an aggregate load of 102.2 MW. In addition, DWR when called upon to

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<sup>1/</sup> A Stage II appeal would occur whenever any electric utility's reserve margin drops to 3% of its peak demand and no further assistance can be obtained from other utilities to raise that margin.

interrupt its interruptible pumping load can yield 120 MW or more to Edison. Thus, the total available reserve improvement during any Stage II emergency from interruptibles is approximately 415 MW if all customers cooperate.

The average load subject to interruption in issue in this proceeding is approximately 165 MW, 102.2 MW for Edison, and 62.2 MW for PG&E, as DWR by order of its Executive Director has agreed to interrupt its interruptible pumping loads of about 250 MW whenever requested to do so by the California Utility Power Systems Coordinator.

It is the view of the witness that Edison's 12 interruptible customers under TOU-8-I saved an aggregate of \$2,596,382 in rates during 1981 below the charges applicable under TOU-8; therefore, those customers have been sufficiently compensated so that they should not oppose curtailment under the rare occasion of a statewide Stage II alert. (There was only one Stage II alert in 1980 and none in 1981.)

Evidence of Edison and Other Parties

Edison's Exhibit 273 shows the number and duration of interruptions of Edison's TOU-8-I customers during 1980:

TABLE 1  
INTERRUPTIBLE LOAD PERFORMANCE FOR 1980  
UNDER TOU-8-I

	<u>Interruption Time</u>		<u>MW Curtailed</u>	<u>Interruptible Load Under Contract</u>
	<u>Start</u>	<u>Duration</u>		
March 6, 1980	0934	1 hr. 23 min.	62.2	75.9
July 30, 1980	1424	2 hr. 19 min.	56.9	91.9
Sept. 29, 1980	1402	2 hr. 58 min.	47.4	95.2
Oct. 28, 1980	1324	1 hr. 53 min.	45.2	97.3

It is Edison's position that no material benefits would accrue to the statewide electric utility network (California Power Pool agencies) if its TOU-8-I customers are curtailed at a Stage II situation; such curtailment may adversely affect Edison's customers

contracting for service under TOU-8-I causing some of them to cancel their participation in that tariff. This, in turn, would cause Edison to lose interruptible customers which can be interrupted whenever Edison experiences capacity shortages below the level that would trigger a statewide Stage II alert.

Several of Edison's customers served under TOU-8-I presented testimony in opposition to curtailment under a statewide Stage II alert. That testimony indicated that careful analyses of the costs and benefits of participation in TOU-8-I were made before the customers decided to use that tariff. The analyses assumed that the number and duration of possible future curtailments would not exceed those experienced by Edison in the recent past. The benefits of reduced rates were balanced against such levels of curtailments. The witnesses testified that possible shortages experienced on systems other than Edison's which could trigger an interruption of their electric service were not included in their analyses. If such curtailments were frequent or of long duration, the perceived benefits of reduced rates under TOU-8-I would be lost, which would cause the customers to cancel their participation in TOU-8-I.

Edison presented data to show that material benefits accrue to it by the ability to interrupt customers served under TOU-8-I when Edison experiences a temporary capacity shortage on its own system. Firm capacity in the form of spinning reserve would have to be provided in the same amount as the interruptible capacity lost under TOU-8-I if present TOU-8-I customers cancel their participation in that tariff.

PG&E presented testimony concerning its curtailment policies under its interruptible tariffs. PG&E declined to provide on a public record the identities of customers receiving service under its interruptible tariffs nor the customers' load available for interruption. The report referred to below indicates that PG&E

has a total effective interruptible contractual capacity of 114 MW under its Schedules A-18A and A-18B and 18 MW under its Schedule A-23.

As it appeared that the difference in the interruption policies of Edison and PG&E could be resolved after discussion, the ALJ directed Edison and PG&E to discuss their interruptible tariff policies and to report the results of those discussions to the Commission. A joint report was filed October 1, 1981.

That report states that a major issue raised at the hearing was whether there would be reciprocal benefits among the state's CPUC jurisdictional utilities if Stage II were adopted as the trigger for interrupting interruptible customers as recommended by the Commission staff; and that overriding concern expressed by Edison is, if the Stage II trigger is adopted, whether customers presently on TOU-8-I will continue their interruptible status or revert to firm load service.

The report reaches the following conclusions:

Edison and PG&E, under policies established by the State Legislature and directives of the Commission, have each developed interruptible tariffs which reduce peak load demand. These tariff schedules have operational benefits to each utility. As the respective tariffs are now constituted, they reasonably share the risks and benefits of interruptible service between the utility and its interruptible customers.

For reasons unique to each utility and its interruptible customers, there are differences between each utility's tariffs. These differences would not be resolved by the adoption of a mandatory Stage II trigger for interruption.

Under the utilities' load sharing plan, each utility has agreed to sell power to the deficient utility until the reserves of both the deficient utility and the selling utility have been reduced to 1.5%, i.e. a Stage III level. Both utilities believe the load-sharing plan provides the maximum degree of assistance during capacity shortages that could reasonably be expected. Accordingly, Edison and PG&E believe that a mandated Stage II trigger is unnecessary.

In addition, while perfection of the State Plan is an admirable goal, the reduction of peak load by retaining interruptible customers is essential. Edison's interruptible customers testified in these proceedings that the imposition of additional risk of interruption would force these customers to leave interruptible service. This result would be directly opposed to the policies established by the State Legislature and this Commission. On this basis, the imposition of a Stage II trigger in lieu of or in addition to Edison's present trigger is unacceptable and should be rejected.

#### Discussion

Our staff initiated this phase of C.9884 because it believed that it is unfair to PG&E's interruptible customers and to industrial customers of other utilities for such customers to be subject to service interruptions when a statewide Stage II capacity shortage exists, while Edison's TOU-8-I customers are not simultaneously interrupted.

We have considered the evidence and arguments presented by Edison, Edison's interruptible customers, PG&E, and our staff on the issue of interrupting Edison's TOU-8-I customers at the Stage II level of the statewide plan.



We are concerned that, in following the recommendations of our staff, we may well perfect the Electrical Emergency Plan, yet, in doing so we will lose certain of the larger interruptible customers of Edison who have contracted with Edison under the existing TOU-8-I tariff provisions. This would deny interruptible capacity benefits to Edison as well.

We also share the staff's concern that appropriate relationships be developed between interruptible tariffs and the curtailment plan. We encourage the expansion of interruptible tariffs for all classes of customers in order to provide a variety of service options and degrees of reliability at different rates. Edison and PG&E should develop plans for expansion of such service options, including special conditions which appropriately relate the tariff and the curtailment plan. Such tariff proposals should be reviewed with the staff and processed by advice letter filings.

In the event the utility and our staff cannot reach agreement, either party may again address this issue in a formal proceeding before this Commission. We conclude that the reasons advanced by Edison and its customers for not interrupting existing TOU-8-I customers outweigh the need for total uniformity and that Edison's policy will not result in undue preference to its existing interruptible customers or undue prejudice to PG&E's interruptible customers.

In the circumstances, Edison will not be required to change its policy concerning interruptions at Stage II levels for its existing customers receiving service under TOU-8-I.

Findings of Fact

1. Edison's policy concerning interruption of its existing customers receiving service under TOU-8-I is reasonable.

2. Failure of Edison to interrupt its existing customers receiving service under TOU-8-I when a statewide Stage II alert is called will not result in undue preference to its customers or undue prejudice to PG&E's customers receiving service under PG&E interruptible schedules.

Conclusion of Law

Edison should not be required to amend its current TOU-8-I to provide for interruption of service to its customers when a statewide Stage II alert is called.

SUPPLEMENTAL ORDER

IT IS ORDERED that Southern California Edison Company is not required to amend its Schedule TOU-8-I to provide for

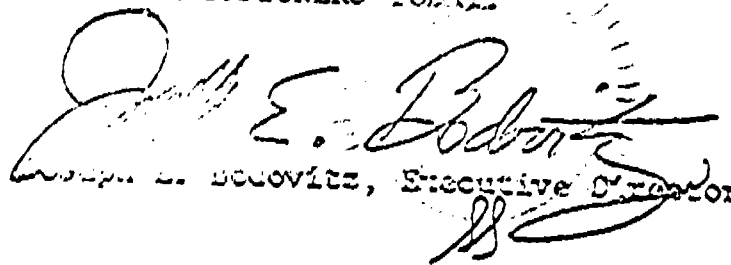
interruption of service of existing customers when a statewide Stage II alert is declared under the statewide Electrical Emergency Plan.

This order becomes effective 60 days from today.

Dated MAR 16 1982, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
LEONARD M. CRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. CREW  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph L. Scovitz, Executive Director