

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-2089
May 7, 1986

RESOLUTION

FURTHER CONSIDERATION OF PACIFIC GAS AND ELECTRIC COMPANY (PG&E) ADVICE LETTER NO. 1098-E FOR THE WITHDRAWING OF EXISTING ELECTRIC RATE SCHEDULES NOS. AS-18 AND AS-23 TO BE CONSISTENT WITH THE REQUIREMENTS OF SENATE BILL 1148

BACKGROUND

By Advice Letter 1098-E, filed December 27, 1985 Pacific Gas and Electric Company (PG&E) requested authorization to revise Schedule A-21 - Medium General Time-of-Use Service, Schedule A-22 - Large General Time-of-Use Service, and to implement four new time of use schedules to be consistent with the requirements of Senate Bill 1148.

Advice Letter 1098-E was filed in compliance with Section 743 of the California Public Utilities Code; that statute was established by Senate Bill 1148 and was signed into law on October 1, 1985. Section 743 requires every electrical corporation in California that serves a steel producer, frozen food processor, or other "heavy-industry" customer (as defined by the electrical corporation) to file special rates applicable to those customers on or before January 2, 1986. Section 216 of the Public Utilities Code defines an electrical corporation as a "public utility". This Commission is required to approve tariffs in compliance with the legislation by July 1, 1986.

In accordance with Senate Bill 1148 PG&E requested that the tariffs in the above advice letter filing be made effective on or before July 1, 1986. However, PG&E desired approval of the filing at least 60 days before the effective date in order to develop billing and customer-service procedures, to inform its representatives and eligible customers, and to purchase and install the equipment necessary to implement these tariffs in an orderly fashion. Moreover, because the agricultural growing season typically begins before July, PG&E requested that consideration be given to approving proposed Schedules PA-4A and

PA-4B - Small and Large Agricultural Time-of-Use Service, by April 1, 1986.

INITIAL POSITION OF PARTIES

This matter was presented to the Commission for consideration in Resolution E-2080 at the meeting of April 16, 1986. In that Resolution the Commission considered the recommendations of the Public Staff Division (PSD), which included modifying the tariff schedules as filed with the original advice letter, so that they would comply with the requirements of Public Utilities Code Section 743. PG&E, after discussions with staff, stipulated agreement with the modifications.

In addition, the PSD had recommended that current PG&E Schedules AS-18 and AS-23 be withdrawn simultaneously with the introduction of the new schedules as stated under Section 743 Paragraph (h) of the Public Utilities Code.

PRIOR COMMISSION ACTION

On April 16, 1986, in Resolution E-2080, the Commission approved the new modified rate schedules as proposed, but held for further consideration the request to withdraw schedules AS-18 and AS-23, which is now the subject of this Resolution. The Commission's action was prompted by the receipt of numerous protests to the PSD rate modifications, from several large industrial customers.

PROTESTS AND DISCUSSION

Copies of PSD's "Comments of the Public Staff Division on Pacific Gas and Electric Company Advice Letter No 1098-E" were served on all parties to PG&E's general rate case, the service list attached to the original advice letter filing, and to parties who had submitted protests or comments on Advice Letter No. 1098-E.

Following the distribution of the PSD advice letter revision the Commission received additional protests from steel producers and heavy industrial customers including; Levin Metals Corporation, Schnitzer Steel Corporation, U.S. Steel-POSCO Industries, and Homestake Mining Company. Generally the protestors stated that the proposed new rates will either increase their present energy costs or will present difficult or impossible operating conditions when attempting to use off-peak rates.

The PSD has been requested by the staff of the Energy Branch, of the Evaluation and Compliance (E&C) Division, to respond to these protests.

On May 6, 1986 the Evaluation and Compliance Division received the "Comments of the Public Staff Division on PG&E's Advice Letter 1098-E." These comments were not mailed to the above named protestants. In its comments PSD stated that: SB 1148 expressly provides for the withdrawal of these below-cost rates at such time as the Commission adopts heavy-industry rates in compliance with the bill. The Commission has adopted such rates, and has found that Schedules A-21 and A-22 "have been revised to be consistent with Senate Bill 1148" (Finding 4, Resolution E-2080, April 16, 1986).

PSD also stated that: The steel producers would only see a rate increase because their current, subsidized rate schedules AS-18 and AS-23 would be eliminated.

PSD noted that, in PG&E's current Energy Cost Adjustment Clause proceeding, PSD proposes reductions for the large industrial class substantially above the system average decrease. PSD believes that its testimony responds to specific concerns raised by certain protestants in the most appropriate proceeding and notes that a decision is expected around August 1, 1986.

FINDINGS

1. Public notification of this filing has been made by mailing copies to other utilities, governmental agencies, and to all interested parties who requested such notification. The Commission staff has received a number of protests in this matter.
2. It is the intent of Senate Bill 1148 that the electrical system savings in the long run shall accrue to the industrial customers served under this rate. However, to the extent that there is any revenue shortfall resulting from the implementation of these schedules, that is greater than the corresponding reduction in expenses occurring as customers shift their load, the revenue shortfall shall not be spread to other classes of customers in subsequent ECAC, ERAM, AER or other general rate adjustment proceedings.
3. Schedules A-21, Medium General Time-of-Use Service and A-22, Large General Time-of-Use Service have been revised to be consistent with Senate Bill 1148. Schedules A-6, Small Time-of-Use Service; A-11, Medium Time-of-Use Service; PA-4A Small Agricultural Time-of-Use Service; and PA-4B, Large Agricultural Time-of-Use Service were developed to be consistent with Senate Bill 1148.
4. The tariffs filed under Advice Letter 1098-E were found to comply with the intent of Senate Bill 1148 and Section 743 of the Public Utilities Code, and were approved by Resolution E-2080, dated April 16, 1986 to become effective May 1, 1986.

5. Consideration of the withdrawal of "Steel Producer" Schedules AS-18 and AS-23, as required by Senate Bill 1148 and Public Utilities Code Section 743 was deferred to allow Public Staff Division and Pacific Gas and Electric Company an opportunity to respond to the protests from these parties.

6. It is clearly the intent of Senate Bill 1148 and Public Utilities Code Section 743 that existing Schedules AS-18 and AS-23 be withdrawn after new rates are made effective to supersede these schedules. The new rates are now in effect as part of PG&E's Schedules A-21 and A-22.

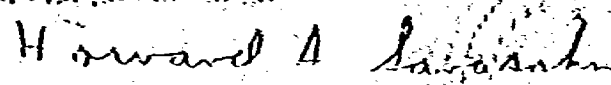
7. On May 6, 1986 the PSD forwarded comments to the Evaluation and Compliance Division in response to recent protests received regarding Advice Letter 1098-E. These comments conclude that Schedules A-21 and A-22 have been revised to be consistent with Senate Bill 1148 and that the steel producers will see a rate increase because their current, subsidized rate schedules will be eliminated.

THEREFORE:

1. Existing steel producers Schedules AS-18 and AS-23 shall be authorized to be withdrawn by this Resolution effective 30 days from its adoption and shall be superseded by the adopted tariffs which were approved by Resolution E-2080.

2. PG&E shall file with this Commission within 30 days of the effective date of this Resolution, notice of withdrawal of Schedules AS-18 and AS-23. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 7, 1986. The following Commissioners approved it:


Acting Executive Director

DONALD VIAL
President
VICTOR CALVO
PRISCILLA C. GREW
FREDERICK R. DUDA
Commissioners