

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3050
September 10, 1987.

R E S O L U T I O N

RESOLUTION E-3050, SIERRA PACIFIC POWER COMPANY (SIERRA) REQUEST FOR AUTHORIZATION TO OFFER INTERRUPTIBLE IRRIGATION SCHEDULE PA, APPLICABLE TO CALIFORNIA AGRICULTURAL CUSTOMERS CURRENTLY SERVED UNDER SCHEDULE A-1, SMALL GENERAL SERVICE, BY ADVICE LETTER 199-E FILED AUGUST 3, 1987.

SUMMARY

Sierra Pacific Power Company's Schedule PA, Interruptible Irrigation Service will be offered to California agricultural customers currently served under Schedule A-1. Schedule PA provides a rate comparable to that offered to Sierra's Nevada agricultural customers, eliminating the existing irrigation rate disparity between adjacent customers along the California-Nevada state line within Sierra's service territory.

BACKGROUND

1. The Nevada Legislature has enacted a special electric rate for agricultural pumping customers significantly lower than the rate paid by agricultural customers in California. The Nevada authorized rate is 3.7¢ per kwh (kilowatt hour). California agricultural customers currently pay 8.308¢ per kwh. This disparity causes a financial hardship to those California customers who pump water from the same aquifer as their neighbors in Nevada.

2. Sierra Pacific Power Company was authorized to delete an agricultural pumping rate schedule for California by Decision No. 93771 dated November 13, 1981 (p.46,47, and 60 mimeo), and to transfer its few agricultural customers to commercial rate schedules. At that time, marginal energy

costs were higher than average costs, and, pumping under commercial rates was more economical than under agricultural rates.

3. Currently marginal costs are lower than average costs, so an agricultural pumping rate reflecting economies of scale is feasible again. Other California electric utilities now have agricultural rates set lower than commercial rates.

DISCUSSION

1. Sierra Pacific Power Company proposes to reduce the current rate for agricultural pumping customers from 8.308¢ per kwh to 3.710¢ per kwh. Schedule No. PA, Interruptible Irrigation Service will be applicable to all service for agricultural irrigation for the billing period March 1 through November 30. For the billing period December 1 through the end of February, agricultural pumping customers will be billed under Schedule No. A-1, Small General Service at the 8.308¢ per kwh rate.

2. Sierra states that the rate impact upon other California customers caused by the implementation of Schedule PA will be minimal. There are approximately eight customers in Mono and Alpine counties who can elect service under this rate schedule.

3. The annual load for agricultural pumping, 12 months ended, April 1987, was less than 120,000 kwh. The proposed reduction in rates will create an annual revenue difference of approximately \$5600. Current annual California revenues are \$35,300,000 for Sierra Pacific Power Company.

4. A sample contract form entitled "Agreement for Schedule PA Electric Service" accompanies Advice Letter 199-E. The conditions set forth outline the applicable billing periods, the separate metering requirements, and the agreement to reduce electric load when asked to do so by the utility. The minimum term of agreement is set for one year from the date of execution. Either party may terminate the agreement at any time after the end of this minimum term upon thirty (30) day's written notification.

5. In the event the customer fails to reduce energy load when requested to do so by the utility, the billing rate shall revert to the Schedule A-1 rate, or 8.308¢ per kwh.

6. The Energy Branch staff of the Evaluation and Compliance Division has reviewed this advice letter filing and has no objections to Sierra's proposal, except that the \$3.00 per month customer charge from schedule A-1 should be applicable to proposed Schedule PA; the optional character of the service should be indicated in the title and by striking the word "all" from the Applicability statement; and the non-performance disincentive should be reviewed with the staff for potential further modification.

7. No protests have been received.

FINDINGS

1. A rate disparity exists between Sierra Pacific Power Company's agricultural pumping customers in California and Nevada. A rate reduction from 8.308¢ per kwh to 3.710¢ per kwh will allow California agricultural pumping customers equity with their Nevada neighbors.

2. A \$5600 annual reduction of revenues will occur with the addition of Schedule PA. The rate impact on other California customers will be minimal.

3. Schedule PA will be effective from March 1 through November 30 only for agricultural pumping customers. From December 1 through the end of February, these customers will pay the rate under Schedule No. A-1. This optional schedule should be modified as suggested by the Energy Branch staff.


THEREFORE:

1. We will permit the proposed tariff Schedule No. PA, Optional Interruptible Irrigation Service as described above to be effective as of August 26, 1987.

2. This advice letter and modified tariff sheets shall be marked to show that they were accepted for filing by Commission Resolution E-3050.

I certify that this Resolution was adopted by the Public Utilities Commission at its regularly scheduled meeting August 26, 1987. The following Commissioners approved it:

STANLEY W. HULETT*
President
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners


Executive Director

Commissioner Donald Vial, being necessarily absent, did not participate.