PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3125
December 9, 1988

R E S O L U T I O N

RESOLUTION NO. E-3125. SAN DIEGO GAS & ELECTRIC COMPANY (SDG&E). ORDER AUTHORIZING ACCEPTANCE OF A SPECIAL CONTRACT FOR ELECTRIC SERVICE BETWEEN SDG&E AND NATIONAL STEEL AND SHIPBUILDING COMPANY (NASSCO) UNDER CONDITIONS WHICH DEVIATE FROM FILED TARIFF SCHEDULES.

ADVICE LETTER 754-E, FILED NOVEMBER 17, 1988.

SUMMARY

1. SDG&E has requested authority for an electric service contract with NASSCO, designated Special Contract 265 (SC265). NASSCO is presently taking service under a Time of Use (TOU) Schedule and has received an offer for electric service from a non-Utility. SC265 would allow NASSCO to receive electric service with five slight modifications to existing tariffs.

2. SDG&E is authorized by this resolution to enter into this agreement.

BACKGROUND

1. NASSCO is a large industrial customer presently served under Schedule AL-TOU or A-6 TOU. Schedule I-2 is an interruptible rate for customers receiving service under Schedules AL-TOU or A-6 TOU. The schedule is available only under contract and contains a variable service billing determinant that reduces billing charges based on guaranteed interruptible load and number of interruptions during a monthly billing period.

2. Schedule A-E1 is an Experimental General Service rate schedule that applies to large industrial users. It provides customers capable of reducing their contribution to SDG&E's annual peak, with a price option, based on Time-of-Use (TOU) to reduce bills.

3. SDG&E's Rule 12 provides that when two or more rate schedules are applicable to a specific customer, that customer may request to change rate schedules, but not more often than once during any 12 month period.

DISCUSSION

1. The five deviations from SDG&E's tariffs are as follows:

a. Under SC265, NASSCO can terminate the contract if it cannot obtain adequate back-up generation.

b. Under SC265, NASSCO can deviate from Rule 12 and change rates more than once during the first year of the contract.

c. The contract also deviates from the filed tariffs by extending Schedule A-El past its currently effective termination date of January 1, 1992, through 1994.

d. NASSCO would receive a lesser discount rate under SC265 than under Schedule I-2 because of its reduced interruptible load during lunch and off-shift periods.

e. While SDG&E's tariffs require customers to pay for on-site interruption signalling devices, under SC265, SDG&E will pay for the signalling devices and recover its outlay as a credit against the customer's discount payments.

2. As required by GO 96A, Section IX, the provisions of the contract state that this contract is subject to the jurisdiction of the California Public Utilities Commission (CPUC) and shall be subject to CPUC approval. However, in the event that the CPUC takes any action to modify any provision of this contract, the contract shall terminate within ninety (90) days after such action unless both parties accept such modifications. If the contract terminates pursuant to this provision, service shall be provided under SDG&E's applicable tariff schedules.

3. This filing has been reviewed by the Energy Branch of the Commission Advisory and Compliance Division (CACD). CACD believes that this Special Contract is reasonable because it provides service to NASSCO at a special incentive rate in order to attempt to entice the customer to remain on the utility system as a firm customer rather than switch to cogeneration.

4. Public notification of this filing has been made by mailing copies of the filing to other utilities, governmental agencies and to all interested parties who requested such notification. No protests have been received by CACD.

5. The utility alleges, and the CACD concurs, that this filing will not increase any rate or charge, cause the withdrawal of service, nor conflict with other schedules or rules except as specified in the filing. The utility also contends, and CACD further concurs, that no cost information is required for this filing other than that provided in the contract, and thus none has been prepared.

6. SDG&E is ready to serve and NASSCO is prepared to commence receiving service. Since the deviations requested by SDG&E are minor, and prompt authorization of this filing would be desirable, the utility has filed this special contract via the advice letter route rather than the Expedited Application Docket. The Utility believes that the administrative burden on both itself and the Commission (especially at this time of year) would be considerably reduced by this method.

7. Decision 88-03-008, dated March 9, 1988, in I.86-10-001 was issued to revise electric utility ratemaking mechanisms in response to changing conditions in the electric industry. Conclusions of Law Nos. 1, 2 & 3 of D88-03-008 state:

"1. All special contracts should be reviewed under the Expedited Application Docket (EAD).
2. The EAD should be expanded to include review of special contracts for incremental sales.
3. Special contracts not conforming to the guidelines may still be approved if the utility can demonstrate that the contract is fair to other ratepayers."

While this filing does not warrant the time and effort of an Expedited Application Docket, all future special contract filings should be submitted under the EAD procedure.

8. The utility requests that this filing become effective on regular notice, which is 40 days after the date of filing, namely December 27, 1988.

FINDINGS

1. SDG&E's proposed special contract with NASSCO is just and reasonable to both parties and provides service to the customer without creating a burden on other ratepayers.

2. Acceptance of this special contract does not constitute a precedent for bypassing D88-03-008. SDG&E should henceforth submit all special contracts that conform to the guidelines under the EAD procedure.

THEREFORE, IT IS ORDERED that:

1. San Diego Gas & Electric Company is authorized under the provisions of Section X.A. of General Order 96-A and Section 532 of the Public Utilities Code to enter into Special Contract 265 with National Steel and Shipbuilding Company as presented by Advice Letter 754-E.

2. Cal. P.U.C. Sheets 6242-E through 6244-E, inclusive, which accompany Advice Letter 754-E and which revise the List of Contracts and Deviations to include Special Contract 265 are also accepted for filing and shall be marked to show that they were approved by Commission Resolution E-3125.

3. Hereafter, San Diego Gas & Electric Company shall seek authorization of special contracts under the Expedited Application Docket procedure as outlined in Decision 88-03-008.

4. The effective date of Advice Letter 754-E, accompanying tariff sheets, and Special Contract 265 shall be 40 days after the date of filing, namely December 27, 1988. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 9, 1988. The following Commissioners approved it:

Victor Weisser
Executive Director

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