

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-3474
NOVEMBER 26, 1996

R E S O L U T I O N

RESOLUTION E-3474. SOUTHERN CALIFORNIA EDISON COMPANY.
REQUEST TO CLOSE INTERRUPTIBLE RATE SCHEDULES TO NEW
CUSTOMERS.

BY ADVICE LETTERS 1163-E AND 1163-E-A, FILED ON APRIL
29, 1996 AND JUNE 14, 1996 RESPECTIVELY.

SUMMARY

1. On November 6, 1996, by Resolution E-3463, the Commission conditionally approved Southern California Edison Company's [Edison] request, by Advice Letter [AL] 1163-E-A filed on June 14, 1996, to close interruptible rate schedules to new customers.
2. In that qualified approval, the Commission ordered Edison to serve its AL 1163-E-A to all the parties in its 1995 General Rate Case Application [A.] 93-12-025 that had not been already served.
3. The newly served parties had ten days to protest AL 1163-E-A. Edison was to respond to those protests within three days of their receipt. The Commission was to review the protests and decide on Edison's request based on the merits of those protests. If there were no protests, AL 1163-E-A would have become effective one day after the protest period ended.
4. On November 15, 1996, City of Anaheim [Anaheim], Crossborder, Inc. [Crossborder], and M.Cubed, filed protests. Edison responded timely to Crossborder and M.Cubed.
5. This Resolution rejects the protests on the grounds discussed below.

BACKGROUND

1. On April 29, 1996, by AL 1163-E, and subsequently by AL 1163-E-A dated June 14, 1996, Edison requested authority to close five interruptible rate schedules to new customers. Exceptions were made for new and existing customers who brought new load to

Edison's territory. Existing customers would retain the interruptible rate schedules.

2. By Resolution E-3463, the Commission conditionally granted Edison's request to close the interruptible schedules because it conformed with the events that had transpired since Decision [D.] 96-04-050 [Phase 2 of 1995 General Rate Case]. Those events culminated in Assembly Bill 1890 [Stats. 1996, Ch.854] that restructured the regulation of electric utilities in California.

3. The Commission, in Resolution E-3463, decided that the parties in General Rate Case [GRC] A.93-12-025 not served with AL 1163-E-A should have an opportunity to protest. Edison was ordered to serve those parties by overnight mail. If there were no protests from those parties, AL 1163-E-A would become effective the day after the protest period ended, namely, by November 17, 1996. The Commission ordered Edison to respond to protests, if any, within three days of their receipt so that the merits of those protests can be decided at the Commission's regularly scheduled meeting on November 26, 1996.

NOTICE

1. By overnight mail, Edison served AL 1163-E-A to those parties in A.93-12-025 that were not previously served.

PROTESTS

1. Crossborder, Anaheim, and M.Cubed filed protests with the Commission on November 15, 1996. Anaheim was served AL 1163-E and AL 1163-E-A when they were first filed on April 29, 1996 and June 14, 1996, respectively.

DISCUSSION

Protest of M.Cubed

1. M.Cubed asserts that Assembly Bill (AB) 1890 created enough reasons to maintain Edison's interruptible rate schedules. Specifically, Section 368 of that legislation requires that

...rates for each customer class, rate schedule, contract, or tariff option (shall be set) at levels equal to the level as shown on electric rate schedules as of June 10, 1996.

According to M.Cubed, if interruptible rates were closed to new customers, then the latter would be required to pay higher rates than were available to them on June 10, 1996, thus violating Section 368.

2. M.Cubed also states that during the transition period unavailability of interruptible rates would encourage customers

to find ways to bypass the Competition Transition Charge (CTC) thus placing a greater burden on the remaining customers to pay for the stranded assets.

3. Edison responds that AB 1890 does not preclude the closing of optional rate schedules to new customers. As for the bypass, Edison states that the issue has no merit because the Commission, in D.95-12-063, has determined that the customers of record as of December 20, 1995 are responsible for their share of the CTC.

4. Energy Division's view is that issues raised by M.Cubed have already been addressed and disposed of in Resolution E-3463.

Protest of Crossborder

5. Crossborder cites the newly enacted AB 3153 which amends Section 743.1 of the Public Utilities Code, directing the Commission to continue the availability of interruptible rates:

743.1. (a) Electrical corporations shall continue the availability to qualified heavy industrial customers of optional interruptible or curtailable service...

(b) The commission shall direct each public utility corporation to continue its efforts to reduce the rates charged heavy industrial customers to a level competitive with other states, and to do so without shifting costs to other customers classes. The commission shall continue the availability of optional interruptible or curtailable service at least until March 31, 2002. In no event shall the level of the pricing incentive for interruptible or curtailable service be altered from the levels in effect on June 10, 1996, until March 31, 2002.

Crossborder notes that the statute does not limit the availability of interruptible rates only to the existing interruptible customers. It argues that a customer does not have to take service under a certain rate option for that option to be available to him. The statute, according to Crossborder, directs the Commission to require of each utility to continue its efforts to reduce the rates charged to heavy industrial customers through the availability of interruptible rate options. The closure of such rates would, instead, reduce Edison's efforts.

6. Edison's response to the protest is that the Commission in Resolution E-3463 (p.6, para.7) decided that AB 3153 applies to existing interruptible customers.

7. Crossborder also brings out the issue of rate freeze orders associated with AB 1890 and the sufficiency of Edison's capacity reserve margin.

8. Edison's response is that it is proposing to close interruptible rate schedules to new customers, not eliminate the schedules for existing interruptible customers. In Edison's view, this is consistent with AB 1890, which mandates freezing rates at June 10, 1996 levels for existing customers but does not preclude the closing of optional rate schedules to new customers. Edison asserts that its capacity reserved margin will be 20 percent or more through the year 2005.

9. Energy Division maintains that the protest items by Crossborder have already been raised by other parties, addressed, and disposed of in Resolution E-3463.

Protest of Anaheim

10. Anaheim was previously served with AL 1163-A and AL 1163-E-A. Anaheim had an opportunity to protest the original advice letter and its supplement within 20 days of their filing. Several months have lapsed since the advice letters were filed. Resolution E-3463 limited protests to those parties not previously served AL 1163-E and 1163-E-A. Anaheim's protest cannot be considered timely. Anaheim's protest should be denied.

11. The Energy Division recommends that AL 1163-E-A become effective immediately. The protests of Crossborder and M.Cubed should be denied because they do not raise issues not already discussed in Resolution E-3463.

FINDINGS

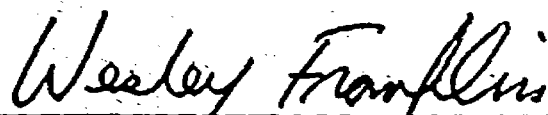
1. Edison's AL 1163-E-A was conditionally approved on November 6, 1996.
2. Edison was ordered in Resolution E-3463 to serve its AL 1163-E-A to all the parties in its GRC A.93-12-025 that were not previously served.
3. The parties newly served had 10 days to protest AL 1163-E-A.
4. City of Anaheim, Crossborder, Inc., and M.Cubed protested AL 1163-E-A.
5. The Crossborder and M.Cubed did not raise any issues that were not already discussed in Resolution E-3463. Anaheim's protest was not timely.
6. The protests should be denied and AL 1163-E-A should be made effective immediately.

November 26, 1996

THEREFORE, IT IS ORDERED that:

1. Southern California Edison Company's request in Advice Letter 1163-E-A to close interruptible rate schedules to new customers is granted.
2. Protests by Crossborder, Inc., M.Cubed, and City of Anaheim are denied.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 26, 1996. The following Commissioners approved it:



WESLEY FRANKLIN
Executive Director

P. GREGORY CONLON
President
DANIEL Wm. FESSLER
JESSIE J. KNIGHT, Jr.
JOSIAH L. NEEPER
Commissioners

Commissioner Henry M. Duque being necessarily absent, did not participate.