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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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RESOLUTION: E-2017

EVALUATION & COMPLIANCE DIVISION
BRANCH: Energy
DATE: November 21, 1984

R E S O L U T I O N

CP NATIONAL COMPANY (CPN) AUTHORIZATION TO IMPLEMENT A NEW TARIFF SCHEDULE NO. T-171 - GENERAL POWER SERVICE TO COGENERATORS - TIME METERED FOR ALL CUSTOMERS HAVING FACILITIES TO COGENERATE POWER

By Advice Letter C-243-E, filed June 28, 1984, CPN requests authority to implement a new tariff schedule applicable for all customers who have the facilities to cogenerate power and can also create a maximum demand in excess of 500 kilowatts on CPN's system during times of non-cogeneration. The new provisions are set forth on Cal. P.U.C. Sheets C-1665-E to C-1668-E, inclusive. The facts are as follows:

1. CPN provides electric service in the general areas of Chester, Westwood and Susanville in northern California. CPN purchases all of its power from Pacific Gas & Electric Co. (PG&E) and generates none of its own. Therefore CPN's cogeneration customers will receive PG&E's avoided cost for cogenerated power.

2. The establishment of this new Schedule T-171 is an attempt to provide incentives for five large customers with cogeneration facilities to continue to purchase their power requirements from CPN. The total sales to these five customers (three large lumber mills, an Army Depot, and a Community College) constitute approximately 30% of CPN's total annual connected load.

3. Initially, these new Schedule T-171 rates will be identical to the current Schedule T-170 rates, General Power Service - Time Metered. Thereafter, whenever the Commission authorizes a rate change for PG&E or CPN time-metered rates, the T-171 rates will be based upon PG&E's current avoided cost of purchased power except that the rates will not be set higher than CP National's current T-170 average rate, and will not be set lower than the current minimum allowable average rate for CP National's time-metered customers, as specified in the proposed T-171 Tariff Schedule.

4. CPN estimates that the new rates will enable the utility to retain a large portion of this existing co-generation load and thereby reduce the potential loss in revenue margin to CPN of approximately $500,000 annually or less (about 2.5% of total revenues), which will be borne by CPN's other electric customers. This is based on an assumption that the co-generators will sell all of their capacity and energy production to PG&E and purchase all of their power requirements from CP National. In the absence of the Schedule T-171 rate offering CPN could easily lose up to $1,000,000 in revenue margin, which would have to be made up by CPN's other customers, assuming the co-generators elected to produce their own power requirements.

5. Copies of this filing have been sent to other utilities, governmental agencies, and to all interested parties who requested them. The Commission staff has received no protests to this filing.

6. The staff of the Energy Branch has reviewed this filing and a revenue analysis provided by the utility and finds that the sales and revenue estimates are reasonable, and approval is recommended.

THEREFORE:

1. CP National is authorized under Public Utilities Code Section 454 and under the provisions of General Order 96-A to place the above advice letter and tariff sheets into effect today.

2. The above tariff sheets and advice letter shall be marked to show that they were authorized for filing by Commission Resolution E-2017. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on November 21, 1984. The following Commissioners approved it:

Executive Director