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Room 3108

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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3009
November 14, 1986

RESOLUTION

ORDER AUTHORIZING SAN DIEGO GAS AND ELECTRIC COMPANY
(SDG&E) TO IMPLEMENT A NEW TARIFF SCHEDULE ENTITLED
D-SMF - SUBMETERED MULTI-FAMILY SERVICE COGENERATION
OR SMALL POWER PRODUCTION ASSIST.

By Advice Letter No. 666-E, filed April 7, 1986, San Diego Gas and Electric Company (SDG&E) requests authorization to implement a new tariff schedule titled D-SMF - Submetered Multi-Family Service Cogeneration or Small Power Production Assist. The facts are as follows:

1. SDG&E has filed this advice letter in response to recommendations of the Administrative Law Judge (ALJ) presiding over a prehearing conference in Case 85-07-001 (customer complaint proceeding instituted by Interfaith Housing).
2. The ALJ's recommendations were that SDG&E should design a tariff in conjunction with the complaining customer and the Commission Staff that would provide for electric service to the customer. In that proceeding, the customer sought to receive submetered service for a new multi-family residential dwelling in violation of Commission decisions and SDG&E's Electric Department Rule 19, Supply to Separate Premises and Resale.
3. Additionally, the customer sought to install on-site generation to serve a portion of the tenants' electrical requirements. Such generation was not contemplated in developing any of the residential tariffs currently in effect.
4. Accordingly, in order to provide electric service to the customer, an appropriate residential tariff providing such service is proposed.
5. Under the proposed Schedule D-SMF, electric service will be provided to all customer-owned submetered multi-family accommodations, including mobilehomes, which also receive a portion or all of their electric requirements from a cogeneration or small power production source, with a rated generation capacity of less than 100 kw, which meets the Federal Energy Regulatory Commission's criteria for a Qualifying Facility (QF).

6. Under the provisions of Schedule D-SMF, the customer will be subject to all applicable standby tariffs for QF cogeneration or small power production facilities.

7. Where Schedule D-SMF is applicable, a portion or all of the electrical requirements of the single-family accommodations will be supplied by on-site generation. Such generation will be the primary source of meeting on-site loads. SDG&E will merely be providing supplementary or back-up power.

8. Accordingly, generation from the QF which is used to meet tenant's primary need should apply towards the total baseline allowance quantity of the single-family accommodations. Special Condition 5. of the proposed tariff schedule accomplishes this. Special Condition 5. will prevent the customer from purchasing energy from SDG&E, which is not used to meet baseline need, at baseline rates. This will also prevent the customer from billing tenants at the non-baseline rate while purchasing from SDG&E at baseline rates.

9. In addition, where a utility ordinarily provides submetered service, it provides a discount to cover the costs to the customer of providing submetered service. Where Schedule D-SMF is applicable, a significant portion of the tenants' requirements will be supplied not by the utility, but by the customer. Hence, the submetering facilitates the customer's on-site generation efforts in addition to facilitating service by the utility. The proposed Schedule D-SMF recognizes this dual benefit by prorating the discount for submetering based on the proportion of total electrical requirements of the tenants met by the on-site generation and by the utility.

10. Proposed tariff Schedule D-SMF is designed to return the same revenue, except for the proposed service charge, as SDG&E's current Schedule DS - Submeter Multi-Family Service and Schedule DT- Submeter Multi-Family Service Mobilehome Park based on adopted 1986 Test Year sales for these schedules in the Commission's Decision 85-12-108, dated December 20, 1985, in SDG&E's 1986 General Rate Case Application 84-12-015. The proposed service charge was added to Schedule D-SMF in order to cover the additional cost of time-of-use demand metering which is not required for electric service under SDG&E's present Schedules DS and DT.

11. In accordance with the ALJ's instructions issued in Case No. 85-07-001, in which a decision has not been rendered, SDG&E has worked with the Commission Staff and Interfaith Housing in designing Schedule D-SMF to be acceptable to all participants.

12. Prior to SDG&E's submittal of proposed Schedule D-SMF by its draft advice letter dated November 27, 1985, a meeting regarding proposed Schedule D-SMF was held on January 9, 1986 between the

Commission Staff, Interfaith Housing and SDG&E. SDG&E agreed to redesign its proposed Schedule D-SMF to include provisions for a demand charge applicable only during the on-peak time period instead of all time-of-use periods as was proposed in SDG&E's November 27, 1985 draft advice letter. SDG&E is hopeful that the redesigned proposed Schedule D-SMF submitted by this filing will be acceptable to all participants in Case 85-07-001.

13. In the preparation of Schedule D-SMF, SDG&E and Commission staff agreed that one customer, Rancho La Vista, would not be required to take service under Schedule D-SMF for five years. Rancho La Vista was in the process of constructing a cogeneration facility with the intent of staying on its current tariff schedule and the experimental power tariff schedule for cogeneration. Rancho La Vista would lose most of the submeter discount, which was anticipated in making the economic decision to install cogeneration, if required to be on Schedule D-SMF. The five-year period should permit Rancho La Vista to recover all or most of its investment. Therefore, Rancho La Vista shall have a "grandfather" exemption from being required to take service under Schedule D-SMF for a period not to exceed five years from the time Schedule D-SMF is in effect.

14. A letter of protest was filed on April 25, 1986 by Biddle and Hamilton and on April 30, 1986 a letter of protest was filed by Catalyst Energy Systems Corporation (Catalyst). The two protest letters raised only policy questions concerning the proper treatment of multi-residential customers which will use on-site generation to meet load requirements of their tenants, the very same questions which SDG&E confronted in evaluating the propriety of a new service such as that contemplated by Schedule D-SMF. Neither protest disputes the factual basis for the terms and conditions of proposed Schedule D-SMF.

15. SDG&E's response to the protest letters provided additional elaboration in view of the protestors' apparent lack of understanding of the fundamental policy issues which Schedule D-SMF is designed to resolve. SDG&E further stated that the proposed Schedule D-SMF is an effort to balance the policy objectives of promoting QF development with the need to protect SDG&E's ratepayers from bearing inappropriate additional costs as a result of that development. Commission Staff concurs with SDG&E's response to the protestants.

16. This filing will not increase any rate or charge, conflict with other schedules or rules, nor cause the withdrawal of service.

17. The Staff of the Energy Branch of the Evaluation and Compliance Division have reviewed this advice letter and concur with SDG&E's request for implementation of Schedule D-SMF - Submetered Multi-Family Service Cogeneration or Small Power Production Assist. As recommended by Staff, this new Schedule shall be closed to new customers on or after January 1, 1988 unless specifically authorized to be continued by further order of this Commission. Special Condition 16. Sunset., sets forth the terms of this condition.

THEREFORE:

1. San Diego Gas and Electric Company is authorized by Section 454 of the Public Utilities Code and by Section X.A. of General Order 96-A to implement Advice Letter 666-E and the accompanying tariff sheets into effect today.
2. Schedule D-SMF shall be closed to new customers on January 1, 1988 unless San Diego Gas and Electric Company requests its continuance and it is specifically authorized to be continued by further order of this Commission.
3. Rancho La Vista shall have a "grandfather" exemption from being required to take service under Schedule D-SMF for a period not to exceed five years from the time Schedule D-SMF is in effect.
4. Advice Letter No. 666-E shall be marked to show that it was approved for filing by Commission Resolution E-3009. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 14, 1986. The following Commissioners approved it:

DONALD VIAL
President
VICTOR CALVO
FREDERICK R. DUDA
STANLEY W. HULETT
Commissioners



Executive Director