

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION E-3270
MAY 8, 1992

R E S O L U T I O N

RESOLUTION E-3270. SOUTHERN CALIFORNIA EDISON
REQUEST FOR DEVIATION FROM TARIFF CONDITIONS AND
UTILITY RULES FOR TAMCO STEEL, INC.

BY ADVICE LETTER 933-E, FILED ON MARCH 3, 1992.

SUMMARY

1. Southern California Edison Company (Edison) requests a deviation from Rule 9 (Reading of Separate Meters not Combined) and Special Condition 22 (Spot Pricing Amendment) of rate schedule I-5-A for Tamco Steel Inc.
2. This Resolution grants the request.

BACKGROUND

1. Tamco Steel Inc. operates an electric arc furnace in Etiwanda, CA. Tamco's operation consists of a 50 MW arc furnace, served by Edison from a 66/33 kV substation, and an additional 6 MW of support equipment for the arc furnace served by Edison from a separate 66/12 kV substation.
2. Edison is proposing to combine the electric loads of both the 50 MW arc furnace and the 6 MW of support equipment into a single account for billing purposes. This requires a deviation from Edison's rules, which require that "For the purpose of billing, each meter upon the customer's premises will be considered separately, and...will not be combined" (Rule 9, Section B). The need for the arc furnace to receive service under two different substations (and hence two different bills) is due to the extreme voltage fluctuations caused by the operation of the arc furnace. It would be prohibitively expensive for Tamco to purchase equipment that would allow it to combine the steady load of its support equipment with the fluctuating load of its arc furnace.
3. After combining the loads of Tamco into a single account, Edison is proposing to bill Tamco's entire 56 MW load under the Spot Pricing Amendment (SPA) provision of Edison's interruptible I-5-A rate schedule.
4. SPA was authorized by the Commission in Decision 87-07-006 as an experimental program with Tamco as the only customer

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receiving service under this program. In D.89-06-021 the Commission allowed Edison to offer the SPA program to all of its interruptible customers. The purpose of SPA was to offer customers with an inverted load profile (e.g., more mid- and off-peak energy usage than on-peak usage) an incentive rate to increase on-peak usage. In order to be eligible for the program, customers had to have had an inverted load profile for 12 of the preceding 24 months (Special Condition 22 of rate schedule I-5-A).

5. At the time of its SPA application, Tamco had an inverted load profile as it only operated during the off- and mid-peak time periods. Tamco did not operate during on-peak hours because it would not have been economical to do so. Subsequent to receiving service under the SPA agreement Tamco received a lower on-peak energy rate and began operating during on-peak periods.

6. The SPA rate that Tamco receives applies only to energy used directly by the 50 MW arc furnace. The usage of the additional 6 MW of support equipment is directly tied to the operation of the arc furnace and would not have occurred without the SPA agreement. Therefore Edison is proposing to exempt Tamco from Special Condition 22 so that it can continue to receive the SPA rate for its entire load.

NOTICE

1. Notice of this Advice Letter filing was made by publication in the Commission's daily calendar and by filing copies with interested parties.

DISCUSSION

1. It would be prohibitively expensive for Tamco to combine its electric load and receive service from a single substation because of the extreme fluctuations of load caused by operation of the arc furnace. Therefore, it is reasonable to allow Edison to combine Tamco's two different bills into a single account.

2. The increased usage of the 6 MW of support equipment associated with the arc furnace is a direct result of the arc furnace's operation attributed to the lower rates offered Tamco under the SPA program. Absent the SPA program, it is probable that neither the 50 MW load of the arc furnace, nor the 6 MW load of the support equipment would have occurred. Therefore Tamco can continue to receive its entire electric load under its existing SPA program.

3. At the time of Edison's advice letter filing, there had been no decision in Edison's 1992 test year General Rate Case (Application 90-12-018) as to whether or not the SPA program will be extended into 1992 and beyond. However, Edison chose to make this advice letter filing so that if the SPA program is extended into 1992 Tamco can receive combined billing for the entire summer season.

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PROTESTS

1. CACD received no protests against this Advice Letter.

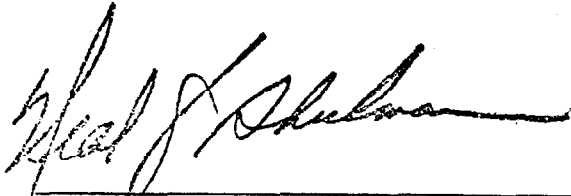
FINDINGS

1. Because of the extreme fluctuations of load of Tamco's arc furnace, it would be prohibitively expensive for Tamco to combine its electric load and receive service from a single substation. Therefore, it is reasonable to allow Edison to combine Tamco's two different bills into a single account by granting a deviation from Rule 9.
2. Tamco can receive pricing under the SPA program for its entire 56 MW of load.

THEREFORE, IT IS ORDERED that:

1. Southern California Edison Company's request to allow Tamco Steel Inc. to deviate from Rule 9 (Reading of Separate Meters not Combined) and Special Condition 22 (Spot Pricing Amendment) of rate schedule I-5-A as requested by Advice Letter 933-E is hereby approved.
2. Advice Letter 933-E shall be marked to show that it was approved by Commission Resolution E-3270.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 8, 1992. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL WM. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners