PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION E-3361
January 7, 1994

R E S O L U T I O N

RESOLUTION E-3361. SOUTHERN CALIFORNIA EDISON REQUEST TO PROVIDE SCHEDULE I-6 BILL LIMITER TREATMENT FOR AIR PRODUCTS AND CHEMICALS, INCORPORATED.

BY ADVICE LETTER 1025-E, FILED ON NOVEMBER 8, 1993.

SUMMARY

1. This Resolution allows Edison's customer, Air Products and Chemicals (Air Products) to relocate its production facilities within Edison's service territory without losing its eligibility for bill limiter treatment on Edison's interruptible (I-6) rate schedule. Air Products qualified for the bill limiter treatment when it was transferred to Edison's I-6 rate schedule as part of Edison's last GRC. The bill limiter limits Air Product's electric bill, and without continued eligibility for bill limiter treatment at its new production site, Air Products may have chosen to relocate its facility outside of Edison's service territory. This would have resulted in Edison losing a large customer and its contribution to Edison's margin.

2. No protests were received for this Advice Letter.

3. This Resolution approves Edison's request.

BACKGROUND

1. In Edison's last General Rate Case (GRC) decision (D.92-06-020), the Commission directed Edison to close its I-3 and I-5 interruptible rate schedules in 1992 and to transfer all customers on these schedules to Edison's I-6 interruptible rate schedule in 1993. In order to mitigate any adverse rate impacts, the Commission applied a bill limiter that limits the amount of rate increase that the transferred customers would receive. This bill limiter remains in effect until January 1, 1996.[1]

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1 See Public Utilities Code Section 743.1

2. Air Products was one of the customers transferred in 1993 to the I-6 rate schedule and thereby eligible for the protection of the I-6 bill limiter. In 1992, Air Products chose to relocate its production facilities to Santa Fe Springs, CA within Edison's service territory. Prior to choosing this site, Air Products considered locating outside of Edison's service territory. One concern of Air Products' decision to stay within Edison's service territory was the ability of Air Products to continue to receive I-6 bill limiter treatment at its new facility. Edison therefore agreed to request the Commission to transfer Air Products' I-6 bill limiter treatment to its new production facility.

3. Edison believes that Air Products should continue to receive I-6 bill limiter treatment because 1) Air Products' equipment at its new location was previously served by Edison at Air Product's old location; 2) Air Products might otherwise have relocated outside the Edison service territory and 3) retaining Air Products as a customer provides significant benefits to Edison ratepayers.

4. In order to allow Air Products to continue to receive I-6 bill limiter treatment, Edison requests a deviation from Edison's approved tariffs.

NOTICE

Public notice of Advice Letter 1025-E was made by publication in the Commission calendar and by Edison mailing copies to all interested parties as required under General Order 96-A, Section III.-G.

PROTESTS

1. No protests were received for this Advice Letter filing.

DISCUSSION

1. Edison's request allows Air Products to continue to receive the same rate treatment that it previously did despite Air Products relocating its production facilities to a different location within Edison's service territory. Edison's revenues from Air Products should not change as Air Products was already eligible for I-6 bill limiter treatment. Additionally, failure to extend bill limiter treatment to Air Products' new facility could have resulted in Air Products relocating outside of Edison's service territory. This would have resulted in a loss of a major Edison customer and a loss of Air Products' contribution to Edison's margin. For these reasons it is reasonable to allow Air Products to continue to receive I-6 bill limiter treatment at its new location.

2. After 1996, with the end of the I-6 bill limiter, Air Products' contribution to Edison's margin could increase above current levels depending upon future rate treatment of Air Products' load and Air Products' usage patterns.

FINDINGS

1. Air Products was eligible to receive I-6 bill limiter treatment at its old production site since Air Products was transferred to the I-6 rate schedule as a result of Edison's 1992 GRC decision.

2. In 1992, Air Products chose to relocate its production facilities, including considering relocating outside of the Edison service territory.

3. One concern of Air Product's decision to stay within Edison's service territory was the ability of Air Products to continue to receive I-6 bill limiter treatment at its new facility. Edison therefore agreed to request the Commission to extend the I-6 bill limiter treatment to Air Product's new facility.

4. Edison believes that Air Products should continue to receive I-6 bill limiter treatment because 1) Air Product's equipment at its new location was previously served by Edison at Air Product's old location; 2) Air Products might otherwise have relocated outside the Edison service territory and 3) retaining Air Products as a customer provides significant benefits to Edison ratepayers.

5. Since Air Products was already eligible for I-6 bill limiter treatment, and since Edison's failure to offer I-6 bill limiter treatment to Air Products could have resulted in Air Products relocating outside of Edison's service territory. thereby resulting in a lost contribution to Edison's margin, it is reasonable to allow Air Products to continue to receive I-6 bill limiter treatment at its new location.

6. After 1996, with the end of the I-6 bill limiter, Air Products' contribution to Edison's margin could increase above current levels depending upon future rate treatment of Air Products' load and Air Products' usage patterns.

THEREFORE, IT IS ORDERED that:

1. Southern California Edison Company's (Edison) request to allow Air Products and Chemicals, Incorporated to continue to be eligible for the bill limiter provisions of interruptible rate schedule I-6 is approved.

2. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 7, 1994. The following Commissioners approved it:

Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
Commissioners