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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3412
May 24, 1995

R E S O L U T I O N

RESOLUTION E-3412. SOUTHERN CALIFORNIA EDISON COMPANY REQUESTS A DEVIATION FROM THE TERMS AND CONDITIONS OF THE APPLICABILITY SECTION OF SCHEDULE TOU-8-CR-1, INCREMENTAL SALES.
BY ADVICE LETTER 1080-E DATED DECEMBER 19, 1994.

SUMMARY

1. Southern California Edison Company (Edison) requests authority to deviate from the terms and conditions of the Applicability Section of Schedule TOU-8-CR-1, Incremental Sales, commonly referred to as the Incremental Sales Rate (ISR). Specifically, this filing requests that Productivity California Inc. (PRO CAL) may use the recorded billing history from its existing location within Edison's service territory to establish Base Period usage under the ISR at a new location within Edison's service territory. PRO CAL otherwise meets all of the terms and conditions required for taking service under the ISR.
2. No protest has been received by the Commission Advisory and Compliance Division for Advice Letter (AL) 1080-E.
3. This Resolution grants the request.

BACKGROUND

1. PRO CAL manufactures a variety of plastic products, including plastic potting containers for California's agricultural industry. Their products are made primarily from scrap plastic, and, in a typical year, PRO CAL diverts approximately 300 truckloads of scrap from landfills, 50% of which are located in Southern California. They employ 60 people.
2. In order to stay competitive, PRO CAL must expand its operations, but cannot do so at its present location. In fact, last April, PRO CAL had to add a temporary overflow facility which is leased on a month-to-month basis pending PRO CAL's relocation. PRO CAL has explored several alternative locations and narrowed their choices to South Gate, California, which is in Edison's service territory, and Mesquite, Nevada.

3. PRO CAL's operations at the new location will be essentially the same as the old location except that they will expand their operations to meet a growing market. PRO CAL would like to stay in California. However, electricity represents a significant portion of PRO CAL's cost of goods sold -- 20% in 1993 -- and electricity rates in Mesquite are significantly lower. This makes the Mesquite site much more attractive.

4. The ISR is the only Edison rate sufficient to induce PRO CAL to stay in California. However, under Edison's tariffs and practices, PRO CAL will become an applicant for service at their new location with no billing history. Thus, PRO CAL is not eligible for the ISR because the Applicability Section of the ISR requires that a customer have at least 12 months of billing history. PRO CAL otherwise meets all of the qualifications for taking service under the ISR.

5. Under the ISR, the billing history is used to establish Base Period Usage, which captures the customer's pre-ISR level of usage. Base Period Usage is billed at the customer's Otherwise Applicable Tariff, Schedules TOU-8 or I-6, while all other usage is billed at ISR rate levels derived from Edison's avoided cost pricing plus Commission-approved adders. The customer pays for Base Period Usage regardless of whether it is used.

6. With this deviation, Edison will use PRO CAL's billing history from their existing location within Edison's service territory to establish Base Period Usage at their new location within Edison's service territory. Accordingly, PRO CAL's load at their existing location will continue to be billed at the Otherwise Applicable Tariff, and their new load will be treated as Incremental Usage priced at ISR rate levels. Thus, Edison ratepayers benefit by retaining the revenues from Base Period Usage, and there is a positive contribution to fixed costs from the revenues associated with PRO CAL's Incremental Usage.

7. PRO CAL has indicated that they elected to pursue the South Gate site principally due to the expected savings from the ISR, and that without the offer of the ISR, they would have moved out of Edison's service territory and Edison would have lost PRO CAL's existing load as well as their new load. This would adversely impact all of Edison's ratepayers. PRO CAL understands that its eligibility for the ISR requires the approval of the California Public Utilities Commission ("Commission").

8. PRO CAL has prepared and signed an affidavit in support of the statements contained in this Advice Letter (A/L) filing. In addition, PRO CAL has signed Edison's standard ISR Agreement which is already filed with and approved by the Commission. Edison will sign PRO CAL's ISR Agreement only after this A/L is approved by the Commission. (Section IV of the ISR Agreement provides that service under the ISR does not begin until both parties sign the Agreement.) Because both the affidavit and the ISR Agreement contain customer-specific information, these documents are being provided under separate cover to the

Commission with a request that the documents be kept confidential as provided under Section 583 of the California Public Utilities Code.

NOTICE

1. Edison served notice of AL 1080-E by mailing copies to other utilities, government agencies, and all parties that requested such information.

PROTESTS

1. The Commission Advisory and Compliance Division (CACD) has received no protest to AL 1080-E.

DISCUSSION

1. PRO CAL is currently an Edison customer.

FINDINGS

1. Southern California Edison Company filed Advice Letter 1080-E on December 19, 1994 requesting authorization to deviate from the terms and conditions of the Applicability Section of Schedule TOU-8-CR-1, Incremental Sales, on behalf of its customer, Productivity California Inc., (PRO CAL).

2. In order to stay competitive, PRO CAL must expand its current operations to another site.

3. PRO CAL's alternative locations are South Gate, California and Mesquite, Nevada.

4. The cost of electricity is approximately 20% of PRO CAL's cost of goods sold.

5.

6. PRO CAL will not be eligible for the ISR if PRO CAL moves to the South Gate site until it has at least 12 months of billing history.

THEREFORE, IT IS ORDERED that:

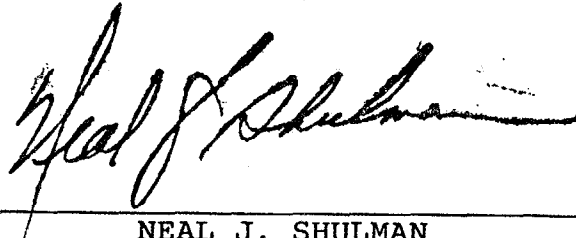
1. Southern California Edison Company's request for authorization to deviate from the terms and conditions of the Applicability Section of Schedule TOU-8-CR-1, Incremental Sales, on behalf of its customer, Productivity California Inc., is authorized.

This Resolution is effective today.

May 24, 1995

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on May 24, 1995.

The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
Commissioners