

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3413
June 8, 1995

R E S O L U T I O N

RESOLUTION E-3413. SOUTHERN CALIFORNIA EDISON COMPANY REQUESTS A DEVIATION FROM ITS TARIFF SCHEDULE S, STANDBY, FOR NORTH AMERICAN CHEMICAL CORPORATION. BY ADVICE LETTER 1087-E DATED FEBRUARY 16, 1995.

SUMMARY

1. Southern California Edison Company (Edison) requests authority to deviate from its Schedule S, Standby, for North American Chemical Corporation (NACC) reducing NACC's Standby charge from \$3.40 to \$1.65 per kW per meter per month. This reduction reflects the fact that unlike all other standby customers taking service at a primary voltage level, NACC already pays for all the distribution facilities beyond Edison's distribution substation through a means other than the Standby charge.
2. No protest has been received by the Commission Advisory and Compliance Division for Advice Letter (AL) 1087-E.
3. This Resolution grants the request.

BACKGROUND

1. NACC is located on a parcel of land, several square miles in area, in the vicinity of Inyo and Kern Counties near Trona, California. It owns and operates two mining plants on the property: the West End Plant and the Argus/Trona Plant. NACC also owns and operates cogeneration facilities providing these two plants their primary source of electricity. The West End Plant is located in the vicinity of Edison's Searles 115/33 kV distribution substation ("Searles Substation") and has a 17 MW cogeneration facility. Edison serves approximately 8 MW of load on a standby basis. The Argus/Trona Plant is located approximately 5 miles from Searles Substation and has a 57 MW cogeneration facility. Edison serves approximately 6 MW of load on a standby basis. NACC receives standby service for the West End Plant at Searles Substation and owns all the distribution facilities between Searles Substation and the plant. NACC receives standby service for the Argus/Trona Plant at the plant site via Edison's Hackman 33 kV distribution line which

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originates at Searles Substation. Standby service to both plants is metered and delivered at 33 kV. The Hackman distribution line also serves approximately 3 MW of other Edison customer load near Trona. NACC pays Edison for ownership costs on the Hackman 33 kV distribution line since it is part of the interconnection facilities necessary to interface with NACC's cogeneration facility at the Argus/Trona Plant.

2. In 1993, NACC expressed concerns to Edison that the standby service charges are excessive and inquired about ways to reduce their standby service costs. At that time, NACC requested subtransmission standby service metered and delivered at 115 kV. This would significantly reduce their monthly Standby Charge. However, the cost to NACC for Edison to provide subtransmission service dilutes NACC's savings to the point where they considered this to be an unsatisfactory solution. The cost to provide this service is high because in order to meter and deliver power to NACC at 115 kV, Edison would have to: (1) install additional facilities and significantly rearrange facilities at Searles Substation; and (2) install additional distribution facilities in the area to separately serve Edison's other customers.

3. NACC is uniquely situated in the manner in which it receives standby service. Standby customers taking service at primary voltages, such as NACC, are generally required to provide Edison space at no cost for Edison to own, operate, and maintain a "customer substation" on the customer's property. Thus, Edison typically owns, operates, and maintains the distribution facilities between its distribution substation and the customer's point of service. In such case, all costs of the distribution facilities between Edison's distribution substation and the Edison-owned "customer substation" located on that customer's property are allocated to all primary service ratepayers. These costs are then recovered through the Standby Charge for primary service. NACC, however, as discussed above, either directly owns or pays Edison for all distribution facilities between Searles Substation and NACC's electrical load. Thus, for NACC, the charge for primary voltage standby service is excessive. Edison's records indicate that NACC is the only standby customer taking service metered and delivered at a voltage between 2 kV and 50 kV and paying Standby charges designed to recover the cost of facilities which they already own or for which they pay facilities charges.

4. For these reasons, Edison and NACC believe it is reasonable to reduce NACC's primary voltage Standby charge. Thus, Edison proposes to adjust NACC's Standby charge downward from \$3.40 to \$1.65 per kW per meter per month. This lower charge was determined by first subtracting \$2.00, which reflects the distribution line charge, from the current charge. This discount was derived by separating Edison's marginal primary distribution cost between the 115/33 kV substation and 33 kV distribution line components. The Standby Charge was then adjusted upward \$0.25 to reflect the benefits derived by NACC from the second 115 kV line which Edison built into Searles

Substation at ratepayer expense. The revised Standby charge would reduce NACC's monthly bill by \$25,000 approximately.

NOTICE

1. Edison served notice of AL 1087-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 1087-E.

DISCUSSION

1. Two issues are at stake in this resolution. First, there is the issue of whether NACC is paying twice for distribution facilities. The second issue is whether NACC would be unduly advantaged by having its standby charge reduced from \$3.40 to \$1.65 per kW per meter per month.

2. NACC owns the distribution line that feeds the West End Plant and pays an added facilities charge for the Hackman line that feeds the Argus/Trona Plant. The standby charge that NACC is currently paying includes a cost for providing distribution services. Thus, NACC is, in effect, paying twice for distribution services.

3. Edison has calculated the net effect of this double charge on NACC to be \$1.75 per kW per meter per month. CACD has reviewed these calculations and finds them reasonable.

4. Even though CACD finds that the recalculation of NACC's Standby charge is reasonable, CACD is concerned that other similarly situated customers may seek the same relief. One of the purposes of a tariff is to avoid undue discrimination. It is CACD's understanding that NACC's situation is unique among Edison's standby customers. Thus, CACD does not expect that other standby customers would seek similar treatment.

FINDINGS

1. Southern California Edison Company filed Advice Letter 1087-E on February 16, 1995 requesting a deviation from its Schedule S, Standby, for North American Chemical Corporation (NACC) reducing NACC's Standby charge from \$3.40 to \$1.65 per kW per meter per month.

2. NACC owns and operates two mining plants on its property: the West End Plant and the Argus/Trona Plant.

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3. NACC owns and operates cogeneration facilities providing these two plants their primary source of electricity.
4. NACC receives standby service for the West End Plant at Searles Substation and owns all the distribution facilities between Searles Substation and the plant.
5. NACC receives standby service for the Argus/Trona Plant at the plant site via Edison's Hackman 33 kV distribution line which originates at Searles Substation. NACC pays Edison for ownership costs on the Hackman 33 kV distribution line since it is part of the interconnection facilities necessary to interface with NACC's cogeneration facility at the Argus/Trona Plant.
6. Edison has calculated the net effect of this double charge on NACC to be \$1.75 per kW per meter per month. CACD has reviewed these calculations and finds them reasonable.
7. Advice Letter 1087-E was not protested.
8. NACC's situation as a customer receiving Standby service is unique.

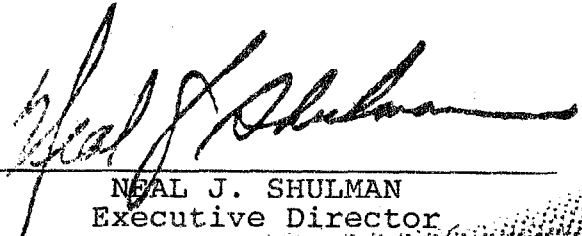
THEREFORE, IT IS ORDERED that:

Southern California Edison Company request for authorization to deviate from its Schedule S, Standby, for North Amercian Chemical Corporation (NACC) reducing NACC's Standby Charge from \$3.40 to \$1.65 per kW per meter per month is authorized.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 8, 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