

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3445
March 13, 1996

R E S O L U T I O N

RESOLUTION E-3445. SAN DIEGO GAS & ELECTRIC COMPANY. REQUEST APPROVAL OF SPECIAL CONTRACT WITH UNITED STATES SECTION INTERNATIONAL BOUNDARY AND WATER COMMISSION (USIBWC). THE CONTRACT PROVIDES FOR THE CONSTRUCTION OF SPECIAL FACILITIES FOR THE USIBWC UNDER THE PROVISIONS OF SDG&E'S ELECTRIC RULE 2 WITH CREDITS AGAINST THE SPECIAL FACILITIES PAYMENTS DETERMINED AT 20% OF THE BASE RATE REVENUES THAT SDG&E COLLECTS FROM THE USIBWC.

BY ADVICE LETTER 971-E, FILED ON December 13, 1995.

SUMMARY

1. San Diego Gas & Electric Company (SDG&E) seeks approval of a special contract for the construction of special facilities for the USIBWC. SDG&E entered into this contract under the provisions of General Order (GO) 96-A, Section X.B, which permits utilities to "furnish services at free or reduced rates or under conditions otherwise departing from its filed tariff schedules to the United States and to its departments..." Section X.B of GO 96-A allows the Commission to determine the reasonableness of such contracts. SDG&E requests such a finding of reasonableness in AL 971-E. A finding of reasonableness is not required for this contract, but SDG&E requests such a finding.
2. The contract terms bridge the gap between SDG&E's Rule 2 and Rule 15 which govern the construction and payments for special facilities. We find this a reasonable set of terms.
3. There are no protests to advice letter 971-E.
4. This Resolution approves SDG&E's Special Contract 275 with USIBWC.

BACKGROUND

1. The USIBWC is a Federal branch of the U.S. Department of State and is responsible for water and flood control projects along the United States and Mexico border. The USIBWC is building an International Waste Water Treatment Plant which will be located in San Ysidro, California, about 600 feet north of the United States - Mexico border. The plant will treat domestic

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and industrial sewage from Mexico at a rate of about 25 million gallons per day.

2. The USIBWC has requested 6 MWS of capacity on a 12. kV primary circuit for the first phase of this project. The USIBWC anticipates that this load will grow over time. It is unclear however, to what extent the load will grow and the timing of that growth.

3. USIBWC is requesting service for a load that is non-standard in that it will cause an "in rush" or "flicker" problem on SDG&E's system which will cause SDG&E to install a dedicated circuit from its nearest substation. The cost of the dedicated circuit will be collected from the USIBWC under terms of payment covered in Section I of SDG&E's electric Rule 2. SDG&E will be deviating from normal Rule 2 provisions in that it will be crediting 20% of the base rate revenue that is received from the USIBWC against the Rule 2 payments. Practically, SDG&E will be giving the USIBWC a credit equal in value to what they otherwise might have received had the installation been standard, had SDG&E been able to produce an accurate estimate of revenues, and SDG&E had been able to apply electric Rules 15 and 16. It is this deviation from Rule 2 that SDG&E is allowed under the provisions of GO 96-A, Section X.B, that prompts SDG&E's request for a finding of reasonableness.

NOTICE

1. Public notice of this advice letter was made by publication in the Commission calendar, and by SDG&E's mailing copies to other utilities, governmental agencies, and all interested parties who requested notification.

PROTESTS

1. No protests to Advice Letter 971-E have been filed.

DISCUSSION

1. The contract represents a compromise between Rule 15 and Rule 2 provisions for the construction of new facilities to serve a customer load. Under the provisions of Rule 15 the facilities would be provided to USIBWC at no cost if the expected load were sufficient to offset construction costs. Rule 2 requires that the customer pay for non-standard and special facilities. The USIBWC and SDG&E differ in their estimates of load growth and the timing of that growth.

2. SDG&E's estimate of the revenues these facilities will generate does not cover the construction costs. Additionally, these facilities are non-standard. For these reasons Rule 15 is not applicable. However, given that there is some uncertainty regarding the growth of USIBWC's load, SDG&E is amenable to

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deviating from Rule 2 provisions to the extent it will credit 20% of rate base revenues to the Rule 2 payments for USIBWC.

3. SDG&E has the authority to negotiate terms that deviate from its tariffs in providing service to governmental agencies under GO 96-A, Section X.B. In its contract with the USIBWC, SDG&E has negotiated terms that essentially blend the terms of two existing tariffs.

4. We find the contract reasonable and will approve the deviation from Rule 2 as incorporated in Special Contract 275.

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FINDINGS

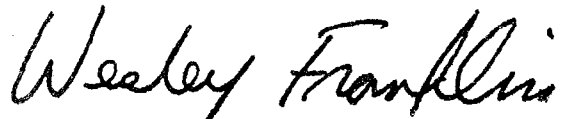
1. SDG&E filed Advice Letter 971-E on December 13, 1995, requesting approval of Special Contract 275 with the USIBWC.
2. SDG&E has the authority, under GO 96-A, Section X.B, to provide service to governmental agencies that deviate from its filed tariffs.
3. The USIBWC is building an International Waste Water Treatment Plant in San Ysidro, California about 600 feet north of the United States - Mexico border. The plant will treat Mexican domestic/industrial sewage.
4. Special Contract 275 deviates from SDG&E's electric Rule 2 in that it will credit USIBWC with 20% of the base rate revenues against its Rule 2 payments.
5. Under Rule 15 USIBWC would not pay for the installation of facilities to serve its load.
6. No protests were filed.

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THEREFORE, IT IS ORDERED that:

1. San Diego Gas & Electric Company's (SDG&E's) Special Contract 275 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 March 13, 1996. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEPPER
Commissioners