

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**ID# 11077
RESOLUTION E-4482
March 8, 2012**

R E S O L U T I O N

Resolution E--4482 Southern California Edison Company (SCE)

PROPOSED OUTCOME: Approval (1) for modified Absolving Service Agreement; (2) extending existing Tariff Rule 9 and Rule 16 Deviations for the Qualifying Facility, formerly owned by O.L.S.-Energy Camarillo, now owned and operated for the California State University Channel Islands (CSUCI) by the Site Authority, a governmental entity formed by CSUCI; and (3) modifications to the List of Contracts and Deviations to reflect the above deviations

ESTIMATED COST: None

By Advice Letter 2565-E, filed on March 25, 2011

SUMMARY

This is a Tier 3 Advice Letter (AL) without protests. The AL requires a Resolution because per G.O. 96-B, Sections 5.1 and 8.2.3, and Energy Industry Rules 5.3 and 7, Commission authorization to deviate from tariff is required. This AL deals with a Service Agreement between Southern California Edison Company (SCE) and California State University Channel Islands (CSUCI). The requested deviations involve serving CSUCI over non-SCE owned facilities and a special metering/billing arrangement for CSUCI.

This Resolution approves SCE's requests.

BACKGROUND

On November 30, 2007, SCE requested approval by Advice Letter (AL) 2189-E of:

- 1) an amended Qualifying Facility (QF) power purchase agreement between O.L.S. Energy-Camarillo and SCE;
- 2) an Absolving Service Agreement between CSUCI and SCE;
- 3) Rule 9 and Rule 16 deviations to accommodate CSUCI's special metering/billing arrangement; and
- 4) modification of SCE's List of Contracts and Deviations to reflect the rule deviations identified in (3) above.

At the time of the original request for deviations, O.L.S.-Energy Camarillo (O.L.S.) owned and operated the 33.4 megawatts (MW) co-generation facility located on the CSUCI campus, as well as the 66 kilovolts (kV) electrical facilities that connect the generator to SCE and through which power is provided to CSUCI. SCE entered into a PPA with O.L.S. for the purchase of electrical power from O.L.S., which was approved by the Commission in Decision (D.) 93-04-006, issued on April 7, 1993. O.L.S. also provided up to 1.5 MW to the CSUCI campus load.

The original request for deviations resulted from circumstances at CSUCI which could not be accommodated through then existing arrangements between O.L.S., CSUCI and SCE. CSUCI was projecting at that time that its load, due in part to increased enrollment, would increase beyond the 1.5 MW supplied by O.L.S. An agreement could not be reached between O.L.S. and CSUCI for O.L.S. to provide power to CSUCI beyond 1.5 MW, due in part to O.L.S.' existing QF PPA with SCE. CSUCI had provided SCE an unconfirmed estimate of \$2.8 million to segregate its campus load such that the load served directly by O.L.S. would not exceed the 1.5 MW, and instead requested that SCE provide an alternative to then existing arrangement for accounting of the origin of power which would avoid such an investment on the part of CSUCI. SCE subsequently proposed a metering solution which required an additional meter to be installed between O.L.S.' 66 kV point of delivery and the CSUCI campus load. A single-line drawing of the metering arrangement is provided in Appendix G. Power measured on the newly added meter (M4) would be subtracted from the power recorded on meter M1 when power is exported to SCE, while taking into account the 1.5 MW of O.L.S.' contractual obligation to provide power to CSUCI.

In response to a Data Request SCE informed that the CSUCI emergency service from the Camen substation, as shown on the single-line drawing, has been removed subsequent to filing of AL-2565-E.

The first agreement, entered into by CSUCI and SCE, entitled "Absolving Service Agreement (CSU Channel Islands)" was a modified version of the Commission approved Absolving Service Agreement (Form CSD 436), which is typically used when SCE provides a customer electric service through electrical facilities owned by a third party (in this case O.L.S.). The material provisions of this agreement provided that:

- CSUCI would be provided service through the O.L.S.-owned facilities.
- O.L.S. may provide electric service to CSUCI for up to 1.5 MW.
- Electric Service as measured by meter M4 at or above 1.5 MW would be deemed as provided by SCE and supplied through O.L.S' facilities.

The second agreement was a third amendment to the aforementioned QF PPA between O.L.S. and SCE, entitled "Amendment No. 3 to The Amended and Restated Power Purchase Agreement between Southern California Edison and O.L.S. Energy-Camarillo." The revisions impacted payment for purchased power from O.L.S. as follows:

- SCE would pay O.L.S. for the net power received by SCE as measured by meter M1 during intervals when power delivered to CSUCI as measured by meter M4 is less than or equal to 1.5 MW.
- SCE would pay O.L.S. for the net power received by SCE as measured by meter M1 plus power measured by meter M4 minus 1.5 MW during intervals when power delivered to CSUCI as shown by M4 exceeded 1.5 MW.
- O.L.S. would pay SCE \$100 for each report that details the recorded interval data for meters M1 and M4.

Commission approval for deviations to Rule 9 and Rule 16 were required to allow multiple meters to be used to render CSUCI its bill based on the above agreements. A deviation to Section B of Rule 9 which specifies that "the readings of two or more meters will not be combined" was required because the above conditions did not qualify for any of the exceptions listed in Rule 9. Also, a deviation to Section B.2 of Rule 16, which limits customers to one meter, was required since the above conditions do not otherwise qualify for one of the listed exceptions.

The Commission issued Resolution 4175-E, approving the deviations requested by SCE in Advice 2189-E effective June 26, 2008.

SCE'S PROPOSAL

On October 1, 2010 CSUCI initiated the transfer of ownership of the O.L.S. co-generation QF to a designated Site Authority for CSUCI. The Site Authority will operate the co-generation QF, and CSUCI intends to continue the existing PPA arrangement with SCE through the Site Authority. CSUCI and SCE have agreed that the most cost effective and expeditious manner to affect the smooth transfer of ownership of the co-generation QF and administration of the PPA, and continuation of retail service to CSUCI is to simply extend the original tariff rule deviations and agreements approved by Resolution 4175-E, as modified to reflect the change in ownership of the co-generation QF. The modified Absolving Service Agreement would end on or before April 12, 2018.

Because the special metering arrangement described above remains unchanged from 2006, previously approved rule deviations continue to be required and SCE requests approval for continuing these deviations through this Advice Letter. A deviation to Section B of Rule 9 which specifies that "the readings of two or more meters will not be combined" is required because the above conditions require the combining of meter readings, but do not qualify for any of the exceptions listed in Rule 9. Also, a deviation to Section B.2 of Rule 16 which limits customers to one meter is required since the above conditions require additional metering, but do not otherwise qualify for one of the exceptions listed in Rule 16.

SCE also requests modification of the existing List of Contracts and Deviations to indicate that the aforementioned deviations are now made for CSUCI.

The CSUCI Site Authority acquired the contractual obligations of the QF PPA with SCE.

NOTICE

Notice of this request was made by publication in the Commission's Daily Calendar. Southern California Edison states that a copy of the request was mailed and distributed in accordance with General Order 96-B.

PROTESTS

No protests were received.

DISCUSSION

Approval of continued deviations from Rule 9 and Rule 16 is in the public interest

SCE's AL 2565-E merely requests extension of the deviations from Rule 9 and Rule 16 regarding metering which originally were required because of a possible violation of Rule 18, prohibiting resale of electricity by third parties. The Site Authority, a public entity, was formed by CSUCI pursuant to Articles 1-4, Chapter 5, Division 7, Title 1 of the Government Code of the State of California.

The arrangement providing service from SCE to CSUCI over the now Site Authority owned 66 kV system has not materially changed and still uses more than one meter to charge for electricity delivered from SCE. This metering arrangement was approved by Resolution E- 4175 temporarily until CSUCI could find an alternate solution no later than December 31, 2012.

Avoiding the high cost of rearranging the CSUCI campus electrical system to eliminate the necessity for deviations from Rule 9 and Rule 16 is still in the public interest. Rule 8.2.3 allows energy corporations to provide service deviating from their tariff (other than resale service) to a government agency.

The additional metering and billing cost are still borne by CSUCI.

Approval of the Absolving Service Agreement (CSUCI) is reasonable

Even though Resolution E-4175 based approval of the Absolving Service Agreement partially on its temporary nature, it is still reasonable to approve this modified Agreement because the third party-owned 66 kV service facilities have not materially changed and the agreement remains with CSUCI, albeit with the Site Authority being named as the owner of the third party service facilities.

At the time of expiration of this agreement in 2018, the cost for probable replacement by SCE-owned facilities may not be an extra hardship for CSUCI.

The modified Absolving Service Agreement is based on filed Form CSD 436, governing electric service provided over third party facilities.

Approval of Modification of list of contracts and deviations is ministerial

The revision of SCE's list of contracts and deviations based on the changes proposed in the AL 2565-E is a ministerial action upon the approval of the above tariff rule deviations.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to Public utilities code Section 311(g) (2) the otherwise applicable 30-day period for public review and comment is waived.

FINDINGS

1. The Site Authority formed by CSUCI is a public entity and owner/operator of a formerly O.L.S.-Energy Camarillo owned QF and service facilities for CSUCI on the CSUCI campus.
2. The owner of the QF has a contract to provide power to SCE.
3. The QF also provides power up to 1.5 MW to CSUCI under a long term contract.
4. Because the service facilities on the campus are now owned by the Site Authority (third party), SCE requires an Absolving Service Agreement with CSUCI to reflect this change in ownership, in order to serve CSUCI with power above the 1.5 MW provided by the QF or when the QF is non-operational.
5. To continue avoiding the high cost to CSUCI for constructing SCE owned service facilities separate from the Site Authority (third party) owned service facilities, an existing metering solution which deviates from Tariff Rule 9 and Rule 16 is sought for re-approval.
6. The tariff deviations were first approved by the Commission in Resolution E-4175 up to December 31, 2011. The metering solution uses more than one meter to determine the electricity purchased from SCE.
7. Southern California Edison's AL seeks temporary deviation from tariff Rules 9 and 16 up to April 12, 2018 in order to eliminate a potential Rule 18 violation (Resale of electricity by The Site Authority to CSUCI at times when the QF is not providing all of the contracted 1.5 MW or the CSUCI requires more than 1.5 MW).
8. Service to a government agency under terms deviating from a tariff is permitted under General Order 96-B Section 8.2.3.
9. CSUCI is a part of the government of the state of California. The Site Authority was formed by the CSUCI as a public entity under the Government Code.
10. The Absolving Service Agreement is reasonable based on the discussion section of this resolution.

11. The deviation from tariff Rules 9 and 16 until no later than April, 2018 is reasonable based on the discussion section of this resolution.
12. The modification to SCE's list of contracts and deviations is reasonable and consistent with the requested relief in Advice Letter 2565-E.

THEREFORE IT IS ORDERED THAT:

1. The request of Southern California Edison in Advice Letter 2565-E to approve the Absolving Service Agreement between Southern California Edison and California State University Channel Island, deviations of the Southern California Edison's Tariff Rule 9 and Rule 16, and modification to Southern California Edison's List of Contracts and Deviations is granted on a temporary basis not to extend beyond April 12, 2018.
2. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on March 8, 2012; the following Commissioners voting favorably thereon:

Paul Clanon
Executive Director

Appendix G: Existing Metering Diagram for O.L.S./CSUCI to be continued under Site Authority/CSUCI. (Note that the Emergency Power service from the Camen Substation has been disconnected subsequent to filing of AL 2565-E).

APPENDIX G

METERING DIAGRAM FOR OLS / CSUCI

