

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

IN THE MATTER OF THE GENERIC HEARINGS)
CONCERNING THE RATE STRUCTURE OF ALL)
ELECTRIC UTILITIES OPERATING UNDER THE)
JURISDICTION OF THE PUBLIC UTILITIES)
COMMISSION OF THE STATE OF COLORADO.)

CASE NO. 5693
ORDER OF THE COMMISSION
GRANTING REQUEST FOR
EXEMPTION

March 15, 1983

STATEMENT AND FINDINGS OF FACT

BY THE COMMISSION:

On February 27, 1983, Las Animas Municipal Light and Power (hereinafter Las Animas) filed a "Request for Exemption" wherein it seeks an order from the Commission exempting it from the provisions of the Commission's order in Decision No. C79-1111, commonly known as the "generic decision", dated July 27, 1979, as amended by Decision No. C80-413, dated April 6, 1980, which require the filing of (1) time-of-day rates; (2) demand-energy rates for all-electric service; and (3) solar energy and heat storage rates.

In support of its request for exemption Las Animas states as follows:

"1. Las Animas is a municipally-owned electric utility that is subject, in part, to the jurisdiction of this Commission. As of December 31, 1982, Las Animas served 1,931 customers, 494 of which are jurisdictional customers. During 1982 the total sales for Las Animas were 20,269,027 kwh. Of this total 9,627,868 kwh were sales to jurisdictional customers.²

2. Las Animas is primarily a distribution utility. It purchases power and energy from Southern Colorado Power Company (hereinafter, "Southern Colorado Power" or "SoCoPo") and the Arkansas River Power Authority (hereinafter "ARPA"). The rates charged to Las Animas by Southern Colorado Power and ARPA do not vary by time-of-day. Power purchased from ARPA is at a substantially lower rate than base-load power purchased from Southern Colorado Power.

3. Although Las Animas has generating capability, that capability is seldom used. Las Animas owns generating units with a total capacity of 5.7 mw, but its generation is used only to meet system emergencies.

TIME-OF-DAY RATES

4. Las Animas provides service to a customer population which is primarily residential, rural residential and small commercial. Ft. Lyons Veterans Administration Hospital (hereinafter "Ft. Lyons") is the only customer on the entire Las Animas system (both jurisdictional and non-jurisdictional) that has a load requirement of 500 kw or more and would otherwise qualify for time-of-day rates pursuant to the Commission's decisions

² 57.7% of the power sold to jurisdictional customers was sold to a single customer, Ft. Lyons Veterans Administration Hospital.

in Case No. 5693. Based on Las Animas' knowledge of customer requirements in its service area, Las Animas is not aware of any prospects for additional loads in excess of 500 kw. Ft. Lyons had a maximum monthly demand during 1982 of 1.2 megawatts.³

5. The Commission indicated in Decision No. C79-1111 at page 114 that one important purpose for implementing time-of-day rates is to encourage a shift in demand in order to delay or minimize future additions of generating plant. Adoption of time-of-day rates for Ft. Lyons would not further this purpose. The inherent nature of day-to-day hospital operations indicates that hospitals have little control over their usage patterns and would be unable to shift demand regardless of lower price incentives.

6. Implementation of time-of-day rates for this single customer, Ft. Lyons, where rates charged to Las Animas for purchased power do not vary by time-of-day, will only cause additional expense without producing substantial benefits to the Las Animas system.

DEMAND-ENERGY RATES

7. The Generic case decisions require utilities to file, on or before July 1, 1983, mandatory demand-energy rates for all new residential and commercial customers receiving all-electric service. Decision No. C79-1111 also requires the filing of demand-energy rates, to be made available on an optional basis, for certain categories of customers.

8. The predominant heating source in the Las Animas service area is natural gas. There have been no jurisdictional all-electric residences or commercial buildings connected to the Las Animas system since 1978 and Las Animas is not aware of any proposed all-electric facilities that are under construction or under consideration at this time. Accordingly, Las Animas should not be required to file mandatory demand-energy rates.

9. Las Animas has 2 existing jurisdictional all-electric residential customers and 1 existing jurisdictional all-electric commercial customer. In 1982, there were also 14 existing jurisdictional residential customers that had a minimum annual usage of 15,000 kwh.

10. Because of the small number of existing customers that have the option to elect demand-energy rates and the voluntary nature of such rates, design and implementation of demand-energy rate schedules for existing customers and the accompanying educational commitment would be unduly costly and administratively burdensome without producing appreciable benefits for the Las Animas system.⁴

SOLAR ENERGY AND HEAT STORAGE RATES

11. The Commission, in Decision No. C79-1111, has required utilities to file solar energy and heat storage rate schedules for all existing customers (to be voluntarily elected) and all new customers (mandatory). Las Animas has only one existing solar energy and heat storage customer, a residential customer that has a solar energy system with an all electric back-up. Las Animas is not aware of any proposed facilities that are under

³ Las Animas notes that pursuant to the Commission's cautious approach to implementing time-of-day rates, the Commission adopted a 4 megawatt minimum to determine which Public Service Company customers would qualify for time-of-day rates in Re: Public Service Company, I&S Docket No. 1425, Phase II, Decision No. C81-1282 (July 21, 1981).

⁴ These costs would include metering costs, planning and implementation costs, administrative costs and educational costs.

construction or even under consideration to which solar energy and heat storage rates would apply. The costs and administrative burden that would be caused by design and implementation of a solar energy and heat storage rate schedule would substantially outweigh any benefits to the Las Animas system.

CONCLUSION

12. In Decision No. C79-1111 at 129-130, this Commission has recognized that subjecting municipally-owned utilities to the requirements of Decision No. C79-1111 may result in inequities and fewer benefits to the municipal systems than is the case with other utilities. In the case of Las Animas, the very small number of customers subject to the requirements of Decision No. C79-1111 and the costs associated with the implementation and application of the requirements to such a small number weigh heavily in favor of exempting Las Animas from these requirements of Decision No. C79-1111."

CONCLUSIONS ON FINDINGS OF FACT

In view of the undisputed contentions set forth by Las Animas above, the Commission states and finds that its request for exemption should be granted.

An appropriate order will be entered.

ORDER

THE COMMISSION ORDERS THAT:

1. Las Animas Municipal Light and Power be, and hereby is exempted from the requirements of Decision No. C79-1111, dated July 27, 1979, as amended by Decision No. C80-431, dated April 6, 1980 pertaining to: (1) time-of-day rates; (2) demand-energy rates; and (3) solar energy and heat storage rates.

2. This Order shall be effective forthwith.

DONE IN OPEN MEETING the 15th day of March, 1983.

(S E A L)



ATTEST: A TRUE COPY

Harry A. Galligan, Jr.
Harry A. Galligan, Jr.
Executive Secretary

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

EDYTHE S. MILLER

DANIEL E. MUSE

CLARENCE RAYMOND CLARK, III

Commissioners