

414

OPEN MEETING



214

MEMORANDUM

Arizona Corporation Commission

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TO: THE COMMISSION

FROM: Utilities Division

JUN 21 2001

AZ CORP COMMISSION
DOCUMENT CONTROL

DATE: June 21, 2001

DOCKETED BY	<i>sd</i>
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RE: ARIZONA PUBLIC SERVICE COMPANY - APPLICATION FOR APPROVAL OF A REVISED TARIFF, SCHEDULE NO. 5, GUIDELINES FOR ELECTRIC CURTAILMENT (DOCKET NO. E-01345A-01-0469)

On June 11, 2001, Arizona Public Service Company ("APS" or "Company") filed an application for approval of a revised tariff, Schedule No. 5, Guidelines for Electric Curtailment. On June 19, 2001, APS filed an amended revised tariff Schedule No. 5 ("proposed tariff") and the Company's most recent Electric Load Curtailment Plan Update ("ELCPU") for 2001. The ELCPU was filed in accordance with A.A.C. R14-2-208(E) which requires each utility to file a procedural curtailment plan with the Commission. APS has also provided Commission Staff with a confidential version of this plan. The proposed tariff will replace the current tariff on file with the Commission that became effective on April 9, 1993. Changes under the proposed tariff are made in order to modernize APS' curtailment tariff so that the tariff reflects the Company's most recent curtailment guidelines identified in APS' ELCPU

APS' most recent ELCPU and proposed tariff address ways in which APS will execute the curtailment of electric load if conditions create a fuel shortage, bulk power supply shortage or a transmission emergency. The proposed tariff outlines guidelines for voluntary curtailment, public appeal, involuntary curtailment, contractually interruptible load, sudden shortages of power, automatic load shedding, the curtailment of firm wholesale customers and identifies operating procedures that apply prior to load curtailment. The proposed tariff also lists the definitions of its customers classified by type of curtailable load. These categories of customers in the proposed tariff are Essential Loads, Critical Loads, Major Use Customers/Others (With Notice) and Others (With or Without Notice).

The first category of customers are Essential Loads. Under the proposed tariff, Essential Loads are those loads necessary to serve facilities used to protect the health and safety of the public. Customers in this category include 911 centers, hospitals, national defense installations, sewage facilities, domestic water facilities and police and fire stations which do not have independent back-up generation and require APS' electric service for the operation of essential emergency equipment. In the event of an involuntary curtailment, circuits which serve Essential Loads will not be interrupted unless an area must be dropped to maintain stability of the electric system.

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The second category of customers are Critical Loads. Under the proposed tariff, customers in this category are non-residential customers who in the event of a one hundred percent (100%) curtailment of service would experience excessive damage to equipment or materials being processed, or where such an interruption would create grave hazard to employees or the public. In the event of an involuntary curtailment, customers in this category will not be interrupted unless an area needs to be dropped to maintain the stability of the electric system or adequate on site generation is available to cover the customer's essential load. Customers who have only a portion of load that is critical but with sufficient notice can accept one hundred percent (100%) curtailment will be considered to be in the category of Major Use Customers/Others with Notice.

The third category of customers are Major Use Customers/Others (With Notice). Under the proposed tariff, this category applies to customers with large loads over 1,000 kW, customers with a substantial number of employees or customers with other special circumstances that make it appropriate to schedule curtailments in a manner different from typical customers in this category. Customers in this category may require a certain amount of time to shut down their operations in an efficient manner or may only be able to curtail a portion of their total load safely. In the event of an involuntary curtailment, customers classified in this category will be interrupted on a rotating basis upon receiving sufficient notice from APS. Sufficient notice will allow the customer to curtail in a safe and efficient manner and is determined by APS after consultation with the customer.

The fourth category of customers are all Others (With or Without Notice). Under the proposed tariff, this category of customers refers to all others not defined as Essential, Critical, or Major Use Customers/Others (With Notice). In the event of an involuntary curtailment, these customers will be interrupted on a rotating basis with or without notice. The public will be given notice via an advisory message procedure or emergency bulletin procedure. APS has indicated that the company will disseminate all public information via the Department of Public Safety's ("DPS") media alert system. APS will also notify county emergency personnel or similar local authorities of existing and developing situations involving the curtailment or interruption of APS customers.

Under the proposed tariff, APS has identified operating procedures that APS will implement in the event that APS anticipates a fuel shortage, supply interruption or transmission emergency. These procedures include: reschedule maintenance of transmission components and generating units, utilize spinning reserves, start all stand-by units, contact other utilities and agencies for emergency assistance, invoke all emergency and short-term contracts with other utilities and/or agencies, discontinue all non-firm wholesale sales, cease entering into new wholesale sales, reduce system voltage when practical, reduce APS' non-essential electricity usage where practical and disseminate information to the public which identifies ways that customers can assist APS in an emergency outage. These procedures will provide APS with many ways to reduce electric usage prior to the execution of involuntary customer load curtailment.

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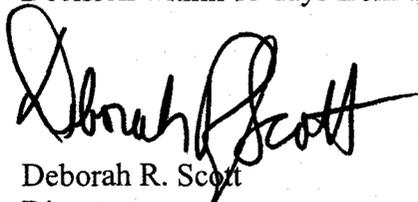
Page 3

In accordance with the proposed tariff, prior to the implementation of the involuntary curtailment procedures, APS shall invoke its contractual interruption provisions which will include the interruption of non-firm wholesale customers as appropriate. APS may request firm wholesale customers to curtail amounts proportionate to the curtailment being effected on APS' system. In the event that APS is unable to obtain cooperation from its firm wholesale customers, APS may seek regulatory authority that would require the customer to accept a reduction in electricity deliveries.

Staff recommends approval of the revised Schedule No. 5 because it aligns APS' curtailment tariff with the most recent curtailment plan filed with the Commission and provides a framework for APS to implement its curtailment procedures.

Staff further recommends that APS file a detailed curtailment report which identifies the number of customers affected, the time frames of the outages, the outages boundaries and the number of MW curtailed. The report is to be filed with the Commission through the Compliance Section of the Utilities Division the next business day after a curtailment has occurred.

In addition, Staff recommends that APS file tariff pages consistent with the terms of this Decision within 15 days from the effective date of the Decision.



Deborah R. Scott
Director
Utilities Division

DRS:EAA:lhm\CCK

ORIGINATOR: Erinn Andreasen

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 WILLIAM A. MUNDELL

Chairman

3 JIM IRVIN

Commissioner

4 MARC SPITZER

Commissioner

5 IN THE MATTER OF ARIZONA)
6 PUBLIC SERVICE COMPANY-)
7 APPLICATION FOR APPROVAL OF A)
8 REVISED TARIFF, SCHEDULE NO. 5,)
GUIDELINES FOR ELECTRIC)
CURTAILMENT)

DOCKET NO. E-01345A-01-0469

DECISION NO. _____

ORDER

9 Open Meeting
June 26 and 27, 2001
10 Phoenix, Arizona

11 BY THE COMMISSION:

12 FINDINGS OF FACT

13 1. Arizona Public Service Company ("APS" or "Company") is certificated to provide
14 electric service as a public service corporation in the State of Arizona.

15 2. On June 11, 2001, APS filed an application for approval of a revised tariff, Schedule
16 No. 5, Guidelines for Electric Curtailment. On June 19, 2001, APS filed an amended revised tariff
17 Schedule No. 5 ("proposed tariff") and the Company's most recent Electric Load Curtailment Plan
18 Update ("ELCPU") for 2001. The ELCPU was filed in accordance with A.A.C. R14-2-208(E)
19 which requires each utility to file a procedural curtailment plan with the Commission. APS has
20 also provided Commission Staff with a confidential version of this plan. The proposed tariff will
21 replace the current tariff on file with the Commission that became effective on April 9, 1993.
22 Changes under the proposed tariff are made in order to modernize APS' curtailment tariff so that
23 the tariff reflects the Company's most recent curtailment guidelines identified in APS' ELCPU.

24 3. APS' most recent ELCPU and proposed tariff address ways in which APS will
25 execute the curtailment of electric load if conditions create a fuel shortage, bulk power supply
26 shortage or a transmission emergency. The proposed tariff outlines guidelines for voluntary
27 curtailment, public appeal, involuntary curtailment, contractually interruptible load, sudden
28 shortages of power, automatic load shedding, the curtailment of firm wholesale customers and

1 identifies operating procedures that apply prior to load curtailment. The proposed tariff also lists
2 the definitions of its customers classified by type of curtailable load. These categories of
3 customers in the proposed tariff are Essential Loads, Critical Loads, Major Use Customers/Others
4 (With Notice) and Others (With or Without Notice).

5 4. The first category of customers are Essential Loads. Under the proposed tariff,
6 Essential Loads are those loads necessary to serve facilities used to protect the health and safety of
7 the public. Customers in this category include 911 centers, hospitals, national defense
8 installations, sewage facilities, domestic water facilities and police and fire stations which do not
9 have independent back-up generation and require APS' electric service for the operation of
10 essential emergency equipment. In the event of an involuntary curtailment, circuits which serve
11 Essential Loads will not be interrupted unless an area must be dropped to maintain stability of the
12 electric system.

13 5. The second category of customers are Critical Loads. Under the proposed tariff,
14 customers in this category are non-residential customers who in the event of a one hundred percent
15 (100%) curtailment of service would experience excessive damage to equipment or materials being
16 processed, or where such an interruption would create grave hazard to employees or the public. In
17 the event of an involuntary curtailment, customers in this category will not be interrupted unless an
18 area needs to be dropped to maintain the stability of the electric system or adequate on site
19 generation is available to cover the customer's essential load. Customers who have only a portion
20 of load that is critical but with sufficient notice can accept one hundred percent (100%) curtailment
21 will be considered to be in the category of Major Use Customers/ Others with Notice.

22 6. The third category of customers are Major Use Customers/Others (With Notice).
23 Under the proposed tariff, this category applies to customers with large loads over 1,000 kW,
24 customers with a substantial number of employees or customers with other special circumstances
25 that make it appropriate to schedule curtailments in a manner different from typical customers in
26 this category. Customers in this category may require a certain amount of time to shut down their
27 operations in an efficient manner or may only be able to curtail a portion of their total load safely.
28 In the event of an involuntary curtailment, customers classified in this category will be interrupted

1 on a rotating basis upon receiving sufficient notice from APS. Sufficient notice will allow the
2 customer to curtail in a safe and efficient manner and is determined by APS after consultation with
3 the customer.

4 6. The fourth category of customers are all Others (With or Without Notice). Under
5 the proposed tariff, this category of customers refers to all others not defined as Essential, Critical,
6 or Major Use Customers/Others (With Notice). In the event of an involuntary curtailment, these
7 customers will be interrupted on a rotating basis with or without notice. The public will be given
8 notice via an advisory message procedure or emergency bulletin procedure. APS has indicated
9 that the company will disseminate all public information via the Department of Public Safety's
10 ("DPS") media alert system. APS will also notify county emergency personnel or similar local
11 authorities of existing and developing situations involving the curtailment or interruption of APS
12 customers.

13 7. Under the proposed tariff, APS has identified operating procedures that APS will
14 implement in the event that APS anticipates a fuel shortage, supply interruption or transmission
15 emergency. These procedures include: reschedule maintenance of transmission components and
16 generating units, utilize spinning reserves, start all stand-by units, contact other utilities and
17 agencies for emergency assistance, invoke all emergency and short-term contracts with other
18 utilities and/or agencies, discontinue all non-firm wholesale sales, cease entering into new
19 wholesale sales, reduce system voltage when practical, reduce APS' non-essential electricity usage
20 where practical and disseminate information to the public which identifies ways that customers can
21 assist APS in an emergency outage. These procedures will provide APS with many ways to reduce
22 electric usage prior to the execution of involuntary customer load curtailment.

23 8. In accordance with the proposed tariff, prior to the implementation of the involuntary
24 curtailment procedures, APS shall invoke its contractual interruption provisions which will include
25 the interruption of non-firm wholesale customers as appropriate. APS may request firm wholesale
26 customers to curtail amounts proportionate to the curtailment being effected on APS' system. In

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1 the event that APS is unable to obtain cooperation from its firm wholesale customers, APS may
2 seek regulatory authority that would require the customer to accept a reduction in electricity
3 deliveries.

4 9. Staff recommends approval of the revised Schedule No. 5 because it aligns APS'
5 curtailment tariff with the most recent curtailment plan filed with the Commission and provides a
6 framework for APS to implement its curtailment procedures.

7 10. Staff further recommends that APS file a detailed curtailment report which identifies
8 the number of customers affected, the time frames of the outages, the outages boundaries and the
9 number of MW curtailed. The report is to be filed with the Commission through the Compliance
10 Section of the Utilities Division the next business day after a curtailment has occurred.

11 11. In addition, Staff recommends that APS file tariff pages consistent with the terms of
12 this Decision within 15 days from the effective date of the Decision.

13 CONCLUSIONS OF LAW

14 1. APS is an Arizona public service corporation within the meaning of Article XV,
15 Section 2, of the Arizona Constitution.

16 2. The Commission has jurisdiction over APS and over the subject matter of the
17 application.

18 3. Approval of the proposed tariff does not constitute a rate increase as contemplated by
19 A.R.S. Section 40-250.

20 4. The Commission, having reviewed the application and Staff's Memorandum dated
21 June 21, 2001, concludes that it is in the public interest to approve the tariff.

22 ORDER

23 THEREFORE, IT IS ORDERED that the proposed tariff be and hereby is approved.

24 IT IS FURTHER ORDERED that APS file a report as described in Finding of Fact No. 10.

25 IT IS FURTHER ORDERED that APS shall file tariff pages consistent with the terms of
26 this Decision within 15 days from the effective date of the Decision.

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1 IT IS FURTHER ORDERED that approval of the agreement at this time does not
2 guarantee any future ratemaking treatment of APS' tariff.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

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BY ORDER OF THE ARIZONA CORPORATION COMMISSION

CHAIRMAN COMMISSIONER COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this _____ day of _____, 2001.

BRIAN C. McNEIL
Executive Secretary

DISSENT: _____

DRS:EAA:lm

1 SERVICE LIST FOR: Arizona Public Service Company
DOCKET NO. E-01345A-01-0469

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