

Decision 82 05 043 MAY - 4 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SOUTHERN CALIFORNIA GAS COMPANY for )  
 Authority to Implement a Residential )  
 Conservation Service (RCS) Program )  
 and to Increase Rates to Recover the )  
 First Year's Cost of the Program, and )  
 to Include the RCS Program Costs in )  
 the Conservation Cost Adjustment )  
 Procedure. )

Application 60446  
 (Filed April 14, 1981)

In the Matter of the Application of )  
 SOUTHERN CALIFORNIA GAS COMPANY for )  
 Authority to Implement a Zero Interest )  
 Weatherization Financing and Credits )  
 Program and to Increase Rates to )  
 Recover the First Year's Cost of the )  
 Program, and to Include the )  
 Weatherization Program Costs in the )  
 Conservation Cost Adjustment Procedure. )

Application 60447  
 (Filed April 14, 1981)

ORDER DENYING REHEARING  
AND MODIFYING DECISION  
(D.) 82-02-135

A document entitled "Application For Rehearing of D.82-02-135 and Request For Stay By Action In Santa Monica" (Action) has been filed in our Docket Office. Southern California Gas Company (SoCal) has filed a petition for modification.

With respect to the former filing, by law we may only grant rehearing in response to an application by a party to this proceeding or by a shareholder, a bondholder or someone otherwise "pecuniarily interested" in SoCal (Section 1731, Public Utilities Code; City of Los Angeles v. Public Utilities Comm., 15 C.3d 680, 707; Consumers Lobby Against Monopolies v. Public Utilities Comm., 25 C.3d 891.

Action's application shows on its face that Action has no standing to request rehearing of D.82-02-135. It is not a party

to this proceeding, having never filed an appearance or participated in the hearing pursuant to Rule 54 of our Rules of Practice and Procedure (Title 20, California Administrative Code). Moreover, Action does not purport to be a stockholder or bondholder of SoCal. Although it does purport to be pecuniarily interested in SoCal Gas, that interest only relates to Action's securing reasonable gas rates based upon reasonable rather than excessive costs. We do not construe this as being a pecuniary interest within the meaning of Section 1731. Every customer shares an interest in reasonable rates based on reasonable costs but the Legislature did not intend to grant to every customer the standing to apply for rehearing on that account.

Action also requests a stay of D.82-02-135 pending rehearing. We find no statutory constraint against Action's filing a request for a stay. However, upon consideration of its request, we are of the opinion that good cause for staying D.82-02-135 has not been shown.

SoCal's petition for modification questions the accuracy, the clarity or the reasonableness of a number of our conclusions in D.82-02-135. We have carefully considered each and every request in that petition and are of the opinion that D.82-02-135 should be modified to conform to our intentions and to clarify the manner in which we expect SoCal to carry out its RCS program and WFCP. However, only a few of these modifications require discussion.

For example, upon further consideration we are of the opinion that the record in this proceeding is not adequate to establish that the installation of thermal windows or the replacement of inefficient space heating appliances will prove to be cost effective in a sufficient number of instances to make it reasonable to include them in the loan and credit program nor that the cost of that program will be significantly affected

thereby. Therefore, by this order, we modify D.82-02-135 to delete these two items from the program and invite SoCal to provide any further data it may have on this issue at the time of the next review.

In addition, we have reconsidered the question of providing security in the form of a trust deed for loans in excess of \$5,000. It is reasonable to conclude that loans of this size will apply to multi-unit dwellings and we are aware that participation by owners of rental units is an important goal in this program. To the extent that requiring a lien secured by a deed of trust with rights of foreclosure may discourage participation by some owners, that requirement should be adopted only if there are overwhelming benefits. We are also concerned, however, with the cost of this program to SoCal's ratepayers and one of these costs will be bad debts on WFCP loans. SoCal and its ratepayers are entitled to expect full and timely payment for loans and to the extent that security in the form requested by SoCal will help keep its bad debt costs to a reasonable level, they should be given serious consideration. Although it is a close decision, we conclude that the possible benefits from requiring such security for large loans outweigh the possible disadvantages. On this point, we emphasize that landlords are eligible for the credit option within WFCP and so are able to obtain weatherization assistance without encumbering their property.

Therefore, good cause appearing,

IT IS ORDERED that

1. D.82-02-135 is modified as follows:
  - (a) The last sentence of the second paragraph on page iii shall read in full as follows:

"Additional savings should occur if local governments, community groups or private firms offer to provide RCS audits at lower cost than the utility."

(b) The last full paragraph on page 102 is modified to read as follows:

"We believe that it is likewise appropriate for SoCal to enter into contracts with outside groups, whether they be government agencies, community groups or private firms, to provide RCS audits. Such contracts are desirable under the circumstances permitted by the CEC's Cal Plan or as otherwise approved by the CEC, but only where they result in no greater expenditure than SoCal would have incurred to achieve the same estimated conservation through its own RCS and WFCP efforts. Thus SoCal should take an active role in seeking out and utilizing local government and community resources. Circumstances under which these resources should be used include:

- a. Where local governments and community groups have direct access to a portion of the population (linguistic, cultural, community) not easily reached by the utility.
- b. Where local governments and community groups can provide services at a level of training and expertise comparable with utility capability.

Moreover, we expect SoCal to be prudent in its expenditures on such activities."

(c) In Ordering Paragraph 5 on page 123, Mimeo., the rate "\$.00538" is deleted and replaced with the rate "\$.00553."

(d) In Ordering Paragraph 7 on page 124, Mimeo., the rate \$\$0.00188" is deleted and replaced with the rate, "\$.00194."

(e) A new Ordering Paragraph 16 is added to read in full as follows:

"SoCal Gas may request Commission assistance in procuring Department of Energy review or waiver of any pertinent National Energy Conservation Policy Act prohibitions applicable to WCFP. The Commission will assist SoCal Gas in this effort."

(f) On page 127, Mimeo., the period at the end of Ordering Paragraph 15 is deleted and the following language is added:

", both by itself and in conjunction with WFCP; notice of such hearings shall be given to companies or persons, such as lenders, contractors or suppliers, who may desire to participate on the issue of any anticompetitive

effects. Such notice may be given through organizations or associations of such persons."

(g) In Ordering Paragraph 5, the first sentence on page 124, Mimeo., is modified to read,

"This amount may be reduced for monies SoCal can demonstrate were spent prior to the date of this order for programs (such as LCFP) superseded by WFCP up to the amounts previously budgeted for those programs."

(h) On page 124, Ordering Paragraph 7 is modified to insert, between the next to last and the last sentences, the following:

"SoCal shall contribute to the balancing account \$1,861,000 in revenues from base rates (the amount previously authorized for recovery in 1982 rates) for RCS programs now included in the balancing account. This amount may be reduced for monies SoCal can demonstrate were spent prior to the date of this order for RCS programs up to the amount originally budgeted for those programs."

(i) On page 118, Ordering Paragraph 1(c)(1) is deleted, Ordering Paragraph 1c(2) is modified to read:

"WFCP loans shall be available to all owners of single family residences including mobile homes and multi-family residences; credits shall be available to all SoCal residential customers, including renters,"

and a new Ordering Paragraph 1c(5)(e) is added to read:

"(e) For structures of more than one dwelling unit, the loan ceiling shall be the product of the number of dwelling units times the particular loan ceiling, except that for attic insulation, the loan ceiling shall be the product of the number of dwelling units located directly under an attic times \$750."

(j) On page 118, Ordering Paragraph 1c(3) is modified to read:

"To qualify for a loan an applicant must as a minimum have been a SoCal customer for twelve months immediately preceding the date of his application with no shutoffs for 10 months prior to applying for a WFCP loan and the applicant must not be in arrears regarding an existing loan with SoCal. As SoCal monitors the program bad debt costs and payments in arrears, it may propose such changes in its credit policy as it believes are necessary to maintain a reasonable level of bad debt."

(k) On page 121, the following sentence is added to Ordering Paragraph 1c(19):

"Homeowners who have received loans under the LCFP shall not be excluded from participation in financing available under WFCP for additional measures, provided that the existing loan is not in arrears."

(l) On page 121, Ordering Paragraph 1c(22) is modified to read:

"All work financed under the WFCP shall be covered by contractor and/or manufacturer repair or replacement warranties equalling or exceeding those required by the state RCS plan, including a three-year manufacturer's warranty for free repair or replacement of materials and devices financed under the WFCP program, but including labor costs only for the first year as provided in the state RCS plan. In the cases where SoCal itself is the contractor, SoCal shall provide the appropriate warranties."

(m) On pages 117 and 118, Ordering Paragraphs 1b(5) and 1b(7) are deleted.

(n) On page 109, Finding of Fact 32 is modified to read:

"If an energy audit demonstrates their cost-effectiveness, the following conservation measures will also be eligible for WFCP

financing and credits: wall insulation; floor insulation; clock thermostats; pipe insulation; and IID retrofit. It is reasonable for SoCal to provide to the Commission at the next review any further data it may have as to the cost-effectiveness of thermal windows and furnace replacements."

(o) On page 82a, the following items are deleted from the table of "Weatherization Measures and Utility Credit Values":

"Replacement of inefficient space heating appliances, 221, 77"

"Thermal Windows 134, 134"

(p) On page 80, footnote 11 is deleted in full.

(q) On page 119, Ordering Paragraph 1c(8) is modified to read:

"SoCal shall record a lien, in connection with an WFCP loan in excess of \$5,000, in the form of a deed of trust with right of foreclosure in the event of default of payment."

(r) On page 126, Ordering Paragraph 10 is modified to read:

"In conformance with this decision SoCal shall file detailed monthly reports enumerating the costs and results associated with the 1982 RCS and WFCP programs, serving a notice on all appearances in these proceedings that such reports are available upon request."

(s) On page 127 Ordering Paragraph 12 is modified to read:

"On October 31, 1982, SoCal shall file an advice letter in accordance with General Order 96-A to convert WFCP loans from an optional program of measure installations to a mandatory one along the lines adopted for PG&E's ZIP in D.93891. Credits may continue to be offered for individual measures."

(t) On page 6, the second sentence in the first full paragraph is modified to read:

"The return on equity portion of the affiliate's capital structure will be limited to SoCal's last authorized rate of return on equity (14.6%)."

2. Action's application for rehearing is dismissed pursuant to provisions of Section 1731 of the Public Utilities Code.

3. Action's petition for stay of D.82-02-103 is denied.

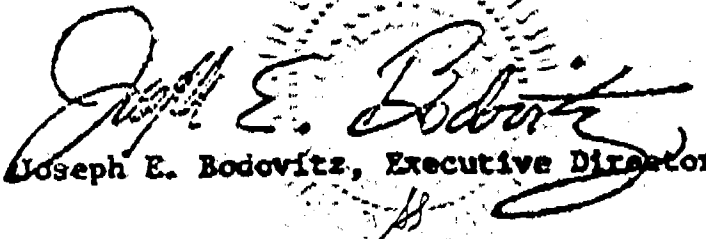
4. Except as provided herein, rehearing and modification of D.82-02-103 is denied.

This order is effective today.

Dated MAY 4 1982 1982, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
LEONARD M. GRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. CREW  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Bodovitz, Executive Director



Decision 82 05 043 May 4, 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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SOUTHERN CALIFORNIA GAS COMPANY for )  
Authority to Implement a Residential )  
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to this proceeding, having never filed an appearance or participated in the hearing pursuant to Rule 54 of our Rules of Practice and Procedure (Title 20, California Administrative Code). Moreover, Action does not purport to be a stockholder or bondholder of SoCal. Although it does purport to be pecuniarily interested in SoCal Gas, that interest only relates to Action's securing reasonable gas rates based upon reasonable rather than excessive costs. We do not construe this as being a pecuniary interest within the meaning of Section 1731. Every customer shares an interest in reasonable rates based on reasonable costs but the Legislature did not intend to grant to every customer the standing to apply for rehearing on that account.

*SS*  
~~Although we cannot grant rehearing of D.82-02-135, we invite Action to appear and participate in the further hearings we plan to hold on SoCal's program report.~~

Action also requests a stay of D.82-02-135 pending rehearing. We find no statutory constraint against Action's filing a request for a stay. However, upon consideration of its request, we are of the opinion that good cause for staying D.82-02-135 has not been shown.

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"We believe that it is likewise appropriate for SoCal to enter into contracts with outside groups, whether they be government agencies, community groups or private firms, to provide RCS audits. We note that the CEC's Cal Plan encourages such contracts when they provide '...direct access to a portion of the population (linguistic, cultural, community) not easily reached by the utility...' (Part XI, B, 3a). Such access, of course, is important to the success of SoCal's RCS and WFCP activities. It will be SoCal's responsibility to carefully evaluate any advantages and disadvantages in contracting out RCS audit work, including but not limited to comparable costs. SoCal's ratepayers, who bear the burden of the program through their gas rates, must be assured that the RCS audit program is efficiently and effectively carried out."

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"The return on equity portion of the affiliate's capital structure will be limited to SoCal's last authorized rate of return on equity (14.6%)."

2. Action's application for rehearing is dismissed pursuant to provisions of Section 1731 of the Public Utilities Code.
3. Action's petition for stay of D.82-02-103 is denied.
4. Except as provided herein, rehearing and modification of D.82-02-103 is denied.

This order is effective today.

Dated MAY - 4 1982 1982, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRANVILLE  
LEONARD M. GIBBS, JR.  
VICTOR CALVO  
PRISCILLA C. CREW  
Commissioner