

Decision No. 86983

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own)
 motion into the establishing by regu-)
 lation or order necessary or desirable)
 requirements to implement the HOME)
 INSULATION ASSISTANCE & FINANCING)
 PROVISIONS of newly enacted Public)
 Utilities Code Sections 2781 through)
 2788, inclusive, as they apply to)
 electrical corporations and gas)
 corporations under the jurisdiction)
 of the Commission.)

Case No. 10032

ORDER AMENDING INVESTIGATION

By order issued January 13, 1976, we instituted Case No. 10032 to investigate the matter of establishing any necessary or desirable regulations or orders for the purposes of implementing the Home Insulation Assistance & Financing provisions of Public Utilities Code Sections 2781 through 2788, inclusive, as they apply to electrical and gas corporations under the jurisdiction of the Commission. This order named Southern California Edison Company, Southern California Gas Company, San Diego Gas & Electric Company, and Pacific Gas and Electric Company as respondents to Case No. 10032, and ordered each of them to file with the Commission recommendations regarding the implementation of Public Utilities Code Sections 2781 through 2788. We invited similar comments in response to these utility recommendations from other named respondents and any interested parties.

We now wish to amend Case No. 10032 so that the respondents and interested parties will address residential insulation program alternatives which are more comprehensive and are probably more effective than the Home Insulation Assistance and Financing provisions of Public Utilities Code Sections 2781-2788.

Our intent to establish an aggressive home insulation program was stated in a letter from Commissioner Robert Batinovich to major gas corporations responding to this investigation^{1/}. As indicated in that letter, the Commission is anxious to receive residential insulation program alternatives which could achieve the level of energy conservation stated in the Federal Energy Administration's (FEA) proposed natural gas utility program entitled "Conservation Investments by Gas Utilities Be Considered a Gas Supply Option". This proposal advocates the purchase and installation of insulation by gas corporations in existing residences within their service areas which lack adequate ceiling insulation, and the subsequent recovery of insulation program expenditures pursuant to Commission rate procedures.

As stated in our order instituting Case No. 10032, it is the Commission's desire to continue and expand the present insulation programs of all respondent electrical and gas corporations in a cost effective manner; and good cause appearing,

IT IS ORDERED that respondents Southern California Edison Company, Southern California Gas Company, San Diego Gas & Electric Company, and Pacific Gas & Electric Company shall file with the Commission, no later than 30 days from the date herein, their respective proposals, including supporting exhibits and prepared testimony, for a residential ceiling insulation retrofit program with financing provisions similar to the attached FEA program proposal. Each responsive proposal should include the following financing alternatives:

- (1) The utility absorbing all costs associated with the program.
- (2) The utility absorbing a significant portion and the customer paying the balance as a surcharge for service.

^{1/} Attached as Appendix A.

The comparative cost of accounting for (rate base or operating expenses) and the recommended procedures for recovering expenditures and necessary rate and tariff changes should be developed for each utility financing alternative. Data should also be presented on billing costs to the customer for space heating energy with and without adequate ceiling insulation.

IT IS FURTHER ORDERED that all other respondents and any interested parties may file with the Commission, no later than 50 days from the date herein, comments on proposals from the above-named respondents and/or alternative program proposals.

IT IS FURTHER ORDERED that any document filed with the Commission by any respondent gas or electric utility or by any other party also be mailed by said respondent or other party to each utility listed in Appendix A attached to the order instituting investigation in Case No. 10032.

A prehearing conference will be held in San Francisco on March 7, 1977 and further public hearings in this investigation will be held before Examiner John C. Gilman on March 30, 31 and April 1, 1977. Further hearings will be scheduled if necessary.

The State Energy Resources Conservation and Development Commission, publicly owned utilities, and other interested parties are invited to participate herein in order to develop as complete a record as possible.

C. 10032 ns

The Acting Executive Director is hereby directed to cause certified copies of this order to be served by mail upon all respondents listed in Appendix A and upon persons and entities set forth in Appendix B attached to the order instituting investigation in Case No. 10032.

Dated at San Francisco, California, this 15th day of FEBRUARY, 1977.

Robert Butmanich
President
William J. Gussow Jr.
Norm
Richard D. Swale
Commissioners

Commissioner Vernon L. Sturgeon, being necessarily absent, did not participate in the disposition of this proceeding.



ADDRESS ALL COMMUNICATIONS
TO THE COMMISSION
CALIFORNIA STATE BUILDING
SAN FRANCISCO, CALIFORNIA 94108
TELEPHONE: (415) 997-2526

Public Utilities Commission
STATE OF CALIFORNIA

January 25, 1977

FILE NO. C-10032

Mr. Richard A. Peterson *
Chairman of the Board
Pacific Gas and Electric Company
77 Beale Street
San Francisco, California 94106

Dear Mr. Peterson:

You have been for some time aware of the Commission's policy that conservation ranks at least equally with supply as the primary commitment and obligation of a public utility. The Commission has also been keenly interested in developing programs for adequate ceiling insulation in all existing residential structures within five years through the use of utility incentives.

We are pleased that the Federal Energy Administration is now considering the adoption of programs to establish conservation as a source of supplemental supply, and that their studies show that legal problems are no obstacle to implementation by utilities through incentive programs. We contemplate adopting a program which will achieve the FEA goal: that substantially all uninsulated homes and apartments which are suitable for retrofit insulation will be insulated, and that the utilities serve as a financing mechanism to accomplish this objective. We wish to explore alternative means of achieving this goal, including but not limited to the specific FEA proposal for rate base financing. In order to implement this new ceiling insulation program this Fall, we are seeking your cooperation in preparing new studies in Case No. 10032.

It is our goal to schedule and complete hearings so that a decision may be reached by August 1, 1977. It is requested that your company prepare exhibits and

Mr. Richard A. Peterson
January 25, 1977
Page 2

testimony covering the following alternatives for the Commission's consideration:

- (1) the utility absorbing all costs associated with the program;
- (2) the utility absorbing a significant portion and the customer paying the balance as a surcharge for service.

The comparative cost of accounting for (rate base or operating expenses) and the recommended procedures for recovering expenditures and necessary rate and tariff changes should be developed for each alternative.

You should have your representatives discuss your plans for the hearings with our staff as soon as possible.

Very truly yours,



ROBERT BATNOVICH, President

cc: Federal Energy Administration
Energy Resources Conservation
and Development Commission
All Other Gas & Electric Utilities
Interested Parties

*The attached letter was sent to the following:

Mr. Robert E. Morris
Chairman of the Board
San Diego Gas &
Electric Company
101 Ash Street
San Diego, CA 92112

Mr. H. A. Proctor
Chairman of the Board
Southern California Gas Company
P.O. Box 3249, Terminal Annex
Los Angeles, California 90051

Mr. Richard A. Peterson
Chairman of the Board
Pacific Gas and Electric Company
77 Beale Street
San Francisco, California 94106