

FG

Decision No. 91126 DEC 18 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application
of Southern California Edison
Company to modify Decisions
89783, 89850 and 89991, re
extension of operation of Edison's
Conservation Load Management
Adjustment Clause (CLMAC).

Application No. 59261
(Filed October 31, 1979)

O P I N I O N

By this application, Southern California Edison Company (Edison) requests the Commission to modify Decisions Nos. 89783, 89850, and 89991 to extend operation of Edison's Conservation Load Management Adjustment Clause (CLMAC), set forth in Part J of its Preliminary Statement, until such clause collects \$2 million. The current CLMAC billing factor of 0.003¢/kWh, which Edison proposes to continue until approximately July 1980, produces revenue from other than lifeline retail sales at the annual rate of approximately \$1.4 million. The amount requested over and above the \$1 million previously authorized by the above-mentioned decisions is needed to offset additional increases in expenditures associated with advanced energy conservation metering equipment known as "Energy Economizers." This amount represents less than one-tenth of one percent of Edison's total revenues and will not increase Edison's rate of return.

Notice to the public of the filing of the application was provided by applicant in the manner required by Rule 24 of the Commission's Rules of Practice and Procedure. Copies of a document entitled "Notice of Filing Petition to Modify Decision Nos. 89783, 89850, and 89991" were mailed to 475 persons and entities, including

the State of California, affected cities and counties, certain federal agencies, and many other persons and corporations whom applicant believes to be interested. Said petition constitutes the entire text of the instant application. Notice to the public was also provided by publication in several newspapers of general circulation in applicant's service area. One letter was received from the City of Buena Park (City), opposing the application on the grounds that there should be a public hearing on the matter to cover the reasons for the proposed increase and allow input from other parties, regardless of the need for such an increase. City was contacted by the staff to determine the nature of any showing City might present at such hearing and was advised it would present no affirmative showing opposing the application.

By Application No. 58481, filed November 21, 1978, Edison requested authority to increase base rates applicable to other than lifeline service by 0.003¢/kWh, effective December 1, 1978. The purpose of such request was to reflect in base rates costs associated with the development, purchase and testing of "Energy Economizers", which are visual metering devices capable of providing residential and small commercial consumers a display of accumulated monthly electric charges. Such devices are also capable of presenting monthly bills to customers and of being programmed to cycle appliance loads within the residence or business. The devices are being developed for Edison by Energy Conservation Systems, Inc. (ECS).

By Decision No. 89783, issued December 19, 1978, as corrected by Decision No. 89850, Edison was granted authority to increase its 1979 rates for all non-lifeline sales by 0.003¢/kWh, subject to refund, by adding a CLMAC billing factor to its rates and charges for service to produce approximately \$1,000,000 of additional revenue anticipated to be used in connection with the Energy Economizer experiments.

Decision No. 89783 was subsequently modified by Decision No. 89991, issued February 14, 1979, which decision added the following conclusion:

- "4. The increase should be made subject to refund so that if Edison actually expends less than \$1 million for the stated purposes, or if Edison collects more than \$1 million, the difference can be refunded to Edison's ratepayers."

A. 59261 FG

The present application, to extend the operation of the CLMAC until such clause collects a total of \$2 million, is made in furtherance of the purposes stated by Edison in its Application No. 58481, which were to accelerate the engineering, design, production, installation, experimental rate application and evaluation of the effectiveness of Energy Economizers. At the time of the filing of Application No. 58481, Edison had estimated that \$1,000,000 would be sufficient to accomplish those objectives. Based upon representations by management personnel of ECS and upon other information available to it since the filing of Application No. 58481, Edison estimates that expenditures of at least an additional \$1 million are necessary to further the purposes and to achieve the objectives stated in that original application and approved by the Commission in Decision No. 89783. These expenditures would be used, generally, to finance certain design changes indicated by field tests, to broaden manufacturing capabilities for the Energy Economizer and to secure fiscal continuity of ECS, the company which is developing the Energy Economizers. Such further expenditures would improve and enhance chances of realization of benefits contemplated to be derived from expenditures or advances previously made by Edison. The additional expenditures would be made under contractual arrangements, by loan (under similar terms and conditions to those previously utilized)^{1/} or for services or purchases of equipment.

It is planned that any additional advances made to ECS would, when received by ECS, be placed in a note proceeds account (Account) at a California bank selected by Edison. No funds could be withdrawn from the Account without the approval of Edison, and then only to transfer the funds into an ECS segregated operating account on a short-term basis, based on an ECS operating budget.

^{1/} With respect to an existing \$500,000 loan, for example, Edison has entered into a loan and security agreement with ECS which provides Edison with a number of safeguards including the ultimate assumption of virtually all assets of ECS in the event of default.

The activities to be funded by these proposed revenues involve the development, testing and marketing of innovative technology. Because the ratepayers will bear certain risks, as part of the cost of service, Edison proposes that any and all monetary benefits that accrue from agreements with ECS be flowed through to the benefit of its ratepayers. Edison also proposes to refund to the ratepayers any amounts collected through operation of the CLMAC which are not offset by actual expenditures incurred for the stated purposes.

Edison requests that this application be granted without hearing for the following reasons:

1. Achievement of the purposes and objectives described in Edison's present and prior applications require additional immediate expenditures for continuation of advanced engineering and design of the Energy Economizers.
2. Present authorization for offset revenues under CLMAC terminate December 31, 1979.
3. The showing by Edison in the application is sufficient to support a finding by the Commission that such request is justified without the need for evidentiary hearing.

Findings

1. The modifications to Decisions Nos. 89783, 89850, and 89991 requested by Edison are justified.
2. The expenditure by Edison of an additional \$1,000,000 of revenues collected from the ratepayers to finance certain design changes to the Energy Economizer is in the best interest of the ratepayers.
3. Loan arrangements between Edison and ECS described in the application are found to be prudent.
4. Any monetary benefits resulting from agreements between Edison and ECS should accrue to the benefit of the ratepayers.
5. Based upon the information from our staff contact with the City of Buena Park, there is no prospect of evidence being introduced other than by applicant. Therefore, a public hearing is not necessary.

Conclusions

1. Edison should be authorized to continue the present CLMAC charge of 0.003¢/kWh applied to all non-lifeline sales, except for Catalina Island sales, until such time as \$2,000,000 has been collected provided no such collections are billed for energy consumed after July 31, 1980.

2. Edison should be authorized to spend not more than \$2,000,000 collected by the CLMAC provision to finance design changes to the Energy Economizer, broaden manufacturing capability for Energy Economizer systems and to secure financial continuity of ECS.

3. All monetary benefits resulting from agreements with ECS, payments by ECS of loans made to it by Edison and any revenues collected by operation of CLMAC and not expended as authorized by this decision should be returned to the ratepayers by transfer of such monies to the Energy Cost Adjustment account or such other disposition as may be prescribed by this Commission.

4. Relief granted in response to the instant application should provide continuity of the 0.003¢/kWh billing factor authorized by Decision No. 89783.

5. Edison should be ordered to report the actual expenditure of the revenues authorized by this or previous decisions.

O R D E R

IT IS ORDERED that Southern California Edison Company:

1. Modify Part J of its Preliminary Statement to show that the Conservation Load Management Adjustment Billing Factor is applicable through June 30, 1980. The tariff filing shall be in compliance with General Order No. 96-A and shall become effective five days after filing but shall in no event be effective earlier than January 1, 1980.
2. Shall report to this Commission, not later than October 1, 1980, the total amount of revenue collected by operation of the Conservation Load Management Adjustment Clause and the actual expenditures or disposition of such revenue.
3. Shall report to this Commission not later than October 1, 1980, and annually thereafter, the monetary benefits resulting from agreements with ECS and the status of loans made to ECS utilizing ratepayer funds.

The effective date of this order is the date hereof.

Dated DEC 18 1978, at San Francisco, California.

John E. Coyne
President
William L. Steyer
Robert C. Howell
Clayton D. Murphy
Arnold J. Stein
Commissioners