

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3194
Date June 20, 1990

R E S O L U T I O N

RESOLUTION E-3194. PACIFIC GAS AND ELECTRIC COMPANY
REQUESTS AUTHORITY TO ESTABLISH ACCOUNTING PROCEDURES
FOR ITS PROPOSED CUSTOMER ENERGY EFFICIENCY PROGRAMS.

BY ADVICE LETTER 1589-G/1295-E FILED ON MAY 11, 1990

SUMMARY

1. Pacific Gas and Electric Company (PG&E), by Advice Letters 1589-G and 1295-E, filed May 11, 1990, requested authority to implement accounting procedures for its proposed Customer Energy Efficiency (CEE) programs.
2. This Resolution partially approves and partially denies the request.

BACKGROUND

1. On April 25, 1990 PG&E filed Application (A.) 90-04-41 seeking authority to expand its CEE programs, requesting approval of an incentive mechanism whereby benefits of the CEE programs would be shared between PG&E's ratepayers and shareholders, and incentives given to PG&E for implementing Customer Equity and Service programs.
2. On May 2, 1990 PG&E filed a motion in A.90-04-041 seeking to establish accounting procedures, on an expedited basis, to record the costs associated with the CEE programs for future recovery prior to obtaining the Commission's approval of the application.
3. These Advice Letters (A.L.'s) seek expedited Commission approval to establish a tracking account to record costs associated with the CEE program prior to Commission action on the Application. The request is identical with that in the Motion above. PG&E has stated it would withdraw the Motion if these A.L.'s are approved.

NOTICES

1. Public notification of these filings has been made in the Commission calendar for May 16, 1990 and by mailing copies of the filing to other utilities, governmental agencies and to all interested parties who requested such notification.

PROTESTS

1. No protest to these Advice Letters have been received.

DISCUSSION

1. The maximum potential benefits of CEE programs, for electrical usage, occurs during the summer months. To achieve this maximum potential benefit for 1990 it is necessary that PG&E be prepared to implement programs as early as possible.

2. Consumer Energy Efficiency (CEE) programs require varying amounts of planning time before they are implemented. Delaying planning for these types of programs while waiting for Commission action on Application (A.)90-04-041 will likely result in either limited benefits from the programs, or none at all, in 1990.

3. While PG&E is at risk, and remains at risk, in expending funds and implementing CEE programs which are not approved in the Commission's decision on A.90-04-041, it is unreasonable to place PG&E at risk for expenditures for the programs or activities which may be subsequently approved in such a decision. Authorizing PG&E to implement a tracking account for the expenditures for CEE programs approved subsequently will not prejudice the merits of any of PG&E's proposals in A.90-04-041.

4. However, while it is reasonable for PG&E to record expenditures for its CEE program in order to permit the Commission to consider future recovery of such costs, including incentive payments, PG&E remains fully at risk for recovery of such costs and authorization of any incentive payments pending a Commission decision in A.90-04-041.

5. PG&E should be granted authority to record for possible later recovery the expenditures for activities which are subject to approval in the Commission decision on A.90-04-041.

6. PG&E should not be granted authority to receive or retain incentive payments for future benefits from subsequently approved CEE programs at this time and by this Resolution, but should request such authorization in connection with A90-04-041.

FINDINGS

1. PG&E is at risk of being unable to recover expenses for expenditures for proposed CEE programs which may be subsequently approved by the Commission.
2. PG&E has filed an Application to record certain expenses as reasonable costs of operations for future recovery for implementing CEE programs.
3. It is unreasonable to require PG&E to implement an effective CEE program in 1990, and yet deny PG&E an opportunity to recover any costs for CEE programs which are later deemed reasonable in the Commission's decision on A.90-04-041.
4. PG&E should remain at risk for the recovery of expenditures for planning and implementation of CEE programs proposed in A.90-04-041 and for recovery of any incentive payments resulting from such CEE program benefits subject a Commission decision in A.90-04-041.

June 20, 1990

THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company's request to establish a tracking account to record expenses incurred in the planning and implementation of the proposed Customer Energy Efficiency programs set forth in A.90-04-041 is granted.

2. Advice Letters 1589-G and 1295-E and all attached tariff sheets shall be marked to show that they have been rejected by Resolution E-3194, and returned to Pacific Gas and Electric Company.

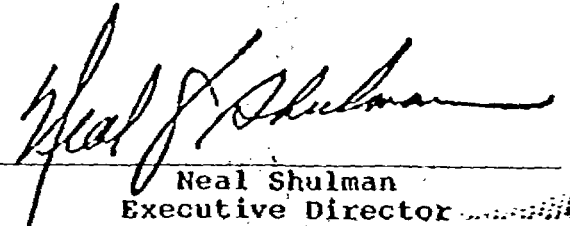
3. Pacific Gas and Electric Company shall submit an Advice Letter implementing a tracking account and appropriate accounting treatment for recording expenses incurred for the planning and implementation of Customer Energy Efficiency programs proposed in A.90-04-041 which are subsequently approved.

4. The Advice Letter and attached tariff sheets directed to be filed, shall be effective upon receipt.

5. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 20, 1990. The following Commissioners approved it:

FREDERICK R. DUDA
STANLEY W. HULETT
PATRICIA M. ECKERT
Commissioners


Neal Shulman
Executive Director

I abstain.

/s/ JOHN B. OHANIAN
Commissioner

President G. Mitchell Wilk,
being necessarily absent, did
not participate.