

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND
COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3274
JUNE 3, 1992

R E S O L U T I O N

RESOLUTION E-3274. PACIFIC POWER AND LIGHT COMPANY
REQUESTS AUTHORITY TO TARIFF AN IRRIGATION PROGRAM KNOWN
AS AGRICULTURAL PUMPING ENERGY SERVICE.

BY ADVICE LETTER 242-E, FILED ON APRIL 1, 1992.

SUMMARY

1. Pacific Power and Light Company (PP&L) requests authorization to tariff "Schedule PA-150 EXPERIMENTAL AGRICULTURAL PUMPING ENERGY SERVICE OPTIONAL FOR QUALIFYING CUSTOMERS". This tariff makes available to utility irrigation customers an opportunity to implement energy efficiency programs through water management and irrigation system efficiency applications.
2. This Resolution grants the request.

BACKGROUND

1. By Decision (D.) 90-03-078, dated April 27, 1990, the Commission allowed PP&L to discontinue the Electric Revenue Adjustment Mechanism (ERAM) in its tariffs. To ensure that elimination of the ERAM would not result in diminished energy efficiency efforts, the Commission directed PP&L to file a proposal linking corporate earnings to investments in energy efficiency programs. PP&L responded by filing Advice Letter No. 228-E on June 28, 1990.
2. On July 19, 1990, PP&L petitioned the Commission to consolidate Advice Letter No. 228-E with Application No. 90-01-055, PP&L's 1991 General Rate Case (GRC) application. D.90-12-022 of December 6, 1990, granted the request.
3. D.90-12-022, also adopts a stipulation (Attachment A to the decision) between the utility and the Division of Ratepayer Advocates (DRA) which addressed PP&L's Demand Side Management (DSM) programs and their compliance with D.90-03-078.
4. On April 1, 1992, PP&L filed Advice Letter No. 242-E, a tariff for an irrigation energy management program known as Schedule PA-150 Experimental Agricultural Pumping Energy Services.

NOTICE:

1. Public notice of this filing has been made by publication in the Commission's calendar on April 3, 1992, and by mailing copies to adjacent utilities.

PROTESTS

1. No protests to this Advice Letter were received by the Commission Advisory and Compliance Division.

DISCUSSION

1. The stipulation sets forth the details of an agreement between PP&L and DRA which adopted three tiers of DSM expenditures; (1) a shareholder incentive mechanism allowing rate base treatment of certain resource programs (Amortization Related programs), (2) recovery of authorized expenditures plus 5% (Modified Expensed), and (3) expensed programs. The Experimental Agricultural Pumping Energy Services is both an Amortization Related and Modified Expensed program.

2. The Experimental Agricultural Pumping Energy Services program is intended to provide energy efficiency measures for the irrigation customers while acquiring cost effective demand side resources for PP&L.

3. The Experimental Agricultural Pumping Energy Services program makes available to PP&L's irrigation customers two ways for reducing their water consumption; (1) water management (determining and applying only the necessary and required amount of water) and (2) irrigation system efficiencies (improvements and upgrading of existing irrigation systems). The program will arrange for participation in the program and funding of approved activities upon their completion. The participant will refund with interest the funds expended by PP&L. The interest on advances less than the funding limit, established as outlined below, will be at the "prime rate" as published by the Morgan Guaranty Trust Company of New York, New York at the beginning of the quarter in which the Energy Services Contract is signed. For advances which exceed the funding limit the interest rate on the excess will be three percentage points above this "prime rate". This program will be funded out of PP&L's demand side management program, and amounts recovered will be credited to that account.

4. For this program, PP&L will use funding limits established by the estimated annual reduction in energy consumption (kWh), and the expected life of the measure as follows:

| Expected Life | Funding limit per kWh |
|---------------|-----------------------|
| 10 years | \$0.3650 per kWh |
| 15 years | \$0.5135 per kWh |
| 20 years | \$0.6381 per kWh |
| 25 years | \$0.8295 per kWh. |

5. PP&L will recover its investment, with interest, by annual payments for 15 years or the average life of the energy conservation measures, whichever is less. At a customer's request PP&L will arrange for the annual payment to be paid in other payment patterns up to twelve monthly payments.

6. The energy savings target for the three year period, 1991-1993, for this program is 500 MWh per year. The minimum requirement, on an average basis, is 168 MWh per year.

FINDINGS

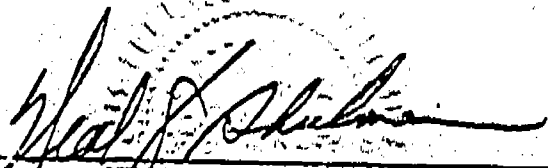
1. PP&L filed Advice Letter 242-E requesting permission to tariff its Experimental Agricultural Pumping Energy Services program, as stipulated in Attachment A of D.90-12-022.
2. The Experimental Agricultural Pumping Energy Services program is eligible for shareholder incentives as described in the stipulation and this resolution, and therefore is subject to performance targets and minimum performance requirements.
3. The program outlined in the Advice Letter and stipulation supports the Commission's goal of promoting demand side management.
4. According to Attachment A of D.90-12-022, PP&L is required to report expenditures and performance activity associated with this program consistent with the Demand-Side Management Reporting Requirements Manual. PP&L shall file an Annual Summary of Demand Side Management programs, due March 31 of each year.

June 3, 1992

THEREFORE, IT IS ORDERED that:

1. Pacific Power and Light Company's proposed Experimental Agricultural Pumping Energy Services program is approved.
2. Advice Letter 242-E shall be marked to show that it was approved by Commission Resolution E-3274.
3. Pacific Power and Light Company shall file an Annual Summary of Demand Side Management programs, on March 31 of each year.
4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 3, 1992. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
JOHN B. OHANIAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners