PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION E-3456
JUNE 6, 1996

RESOLUTION

RESOLUTION E-3456. PACIFIC POWER AND LIGHT COMPANY REQUESTS AUTHORITY TO CANCEL SCHEDULE PA-150, AGRICULTURAL PUMPING ENERGY SERVICES.

BY ADVICE LETTER 271-E, FILED ON FEBRUARY 29, 1996.

SUMMARY

1. Pacific Power and Light Company (PP&L) wants to cancel Schedule PA-150, Agricultural Pumping Energy Services (APES Program), a Demand Side Management (DSM) program. The Program has achieved significant participation over the four years the program has been in place and is now experiencing a decline in participation and declining cost effectiveness.

2. Under the APES Program, PP&L provides conservation payments for both the design and construction of Energy Conservation Measures, and also provides for evaluation studies and inspections related to such measures. Upon completion, PP&L bills the customer an energy service charge that covers PP&L costs plus interest.

3. There were no protests to Advice Letter 271-E.

4. This Resolution grants PP&L's request to cancel Schedule PA-150.

BACKGROUND

1. The APES Program was adopted as an experimental program by Resolution E-3274, June 3, 1992, to reduce energy requirements of irrigation systems by promoting energy efficient design and installing energy conservation measures. The Program offers an Irrigation System Analysis and utility financing of cost-effective energy efficiency measures. The APES Program is optional to qualifying customers-seasonal irrigation and soil drain irrigation pumping only.

2. APES Program was modified by Advice Letter 258-E, effective June 9, 1994, to add a free Irrigation System Check and to offer the program to customers under the U.S. Bureau of Reclamation Contract. In addition, Advice Letter 258-E removed the experimental designation.

3. Decision 90-12-022 set performance target for the APES Program of energy savings of 500 MWh per year with a minimum performance requirement of 168 MWh per year.

4. The utility financed APES Program (Plan A) exceeded the performance target in its first year and exceeded the minimum requirement every year except 1995. Additional energy savings came from customers that participated in the grower education parts of the program, but chose to arrange their own financing (Plan B). The energy savings from the program are:

Year	Plan A	Plan B
1992	710 MWh	3172 MWh
1993	234 MWh	2631 MWh
1994	664 MWh	584 MWh
1995	149 MWh	1156 MWh

5. PP&L believes the program has reached a saturation point with twenty-eight percent of the qualifying customers having participated in the APES Program. Participation has dropped to only 46 customers in 1995. Prior years participation was 132 (1992), 170 (1993), and 129 (1994). PP&L estimates that only 125 MWh of energy savings will be achieved in 1996.

6. PP&L states it has found seventy percent of potential participants are smaller customers and not in a position to participate in the APES Program. PP&L states it has achieved fifty-two percent of the customers in the over 250 MWh category. The remaining customers are split between those who would never sign up for the Program, and those who are too busy throughout the Summer and won't take time to do the program, which must be done in the summertime. In addition, PP&L states the response to the free system check has been declining. In 1993, the response rate for the system check was fifteen percent, In 1994 it was thirteen percent, and in 1995 it dropped to three percent.

7. PP&L performed a Benefit/Cost analysis for the advice letter. The Total Resource Cost Test (Schultz and Schwartz, Standard Practice Manual: Economic Analysis of Demand-Side Management Programs, CPUC/CEC, Revised 1988) showed negative net benefits of continuing the APES Program. The Commission generally requires a positive result a Total Resource Cost Test to approve a DSM program.

NOTICE

1. Notice of Advice Letter 271-E was made by publication in the Commission's Calendar, and by mailing copies of the filing to adjacent utilities and interested parties.

PROTESTS

1. No protests were filed.

DISCUSSION

1. By Advice Letter 271-E, PP&L is requesting cancellation of a DSM program for irrigation customers. The APES Program was established with program performance minimums. If the Program is no longer meeting minimum requirements, then cancellation is appropriate.

2. D. 90-12-022 set energy savings of 168 MWh per year as a minimum requirement for the program. The utility financed portion of the APES Program produced 149 MWh of savings in 1995 and total savings for 1996 are projected at 125 MWh. The projected savings do not meet the minimum requirement established for the Program.

4. The benefits of a DSM program can be evaluated using a Total Resource Cost Test. PP&L's performed this test and the APES Program failed to show positive net benefits for 1996 and future years.

5. CACD recommends approval of Advice Letter 271-E cancelling the APES Program. The APES Program is not projected to meet the minimum required savings established when the Program was approved and no longer provides net benefits.

FINDINGS

1. PP&L filed Advice Letter 271-E on February 29, 1996 requesting the cancelation of its APES Program.

2. Participation in the APES Program is declining and in 1996 the program is not projected to obtain the minimum required savings established when the Program was authorized.

3. A total resource cost test shows the APES Program will not produce positive net benefits for 1996 and future years.

4. PP&L Advice Letter 271-E should be approved.

THEREFORE, IT IS ORDERED that:

1. Pacific Power and Light Company's Advice Letter 271-E and the tariff sheets attached are approved.

2. This resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 6, 1996. The following Commissioners approved it:

Wesley Franklin

WESLEY FRANKLIN
Executive Director

P. GREGORY CONLON
President
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

Commissioner Daniel Wm. Fessler,
being necessarily absent,
did not participate.