

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION*

RESOLUTION E-3558
SEPTEMBER 3, 1998

RESOLUTION

RESOLUTION E-3558. SAN DIEGO GAS & ELECTRIC COMPANY REQUESTS APPROVAL TO TRANSFER CANCELLED DEMAND SIDE MANAGEMENT CONTRACT INCENTIVE FUNDS TO ITS ELECTRIC REVENUE ADJUSTMENT MECHANISM.

BY ADVICE LETTER 1046-E, FILED ON SEPTEMBER 26, 1997.

SUMMARY

San Diego Gas & Electric Company (SDG&E) requests authorization to transfer to its Electric Revenue Adjustment Mechanism (ERAM) \$11,977, plus accrued interest, related to the cancellation of Demand Side Management (DSM) contracts during 1997.

SDG&E has no existing authority to transfer cancelled DSM contracts incentive funds to its ERAM. We eliminated SDG&E's ERAM as of December 31, 1997.

This resolution grants SDG&E authority to transfer \$11,997, plus accrued interest to its Transition Cost Balancing Account (TCBA).

No protests were filed.

BACKGROUND

Decision (D.)88-09-063 authorized a penalty-reward mechanism for Demand Side Management programs. Appendix B of that decision provided that "...deviation from the compliance guidelines...must be by mutual agreement between SDG&E and staff."

In D.90-08-068, (slip opinion, p. 362), we stated: "...there is broad and unanimous support for these proposals, and this reflects the bargaining and balancing that occurred in the collaborative process and in the settlement discussions on the applications." In that decision the Commission adopted the settlement agreements of SDG&E, PG&E, SoCalGas and Edison that among other things instituted mechanisms to reward or penalize shareholders based on the results achieved in the utility's DSM energy efficiency programs, page. (slip opinion, p. 361)

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D.92-12-019 approved earnings caps for 1990 and 1991. SDG&E could then earn, through rewards for energy savings, up to the earnings cap for any given year 1990 through 1992. No earnings cap was established for 1989.

As a contract terminates, SDG&E must go back to the year in which a reward was earned to determine whether or not the earned reward was actually received. Not all rewards earned were received due to imposition of earnings caps in 1990 and 1991. If a reward was earned, but not received due to the earnings cap, the reduction related to the contract is taken from the excess earnings above the cap. This arrangement was the result of the collaborative process.

In the past, SDG&E was required to return to customers incentive rewards received by shareholders that are attributable to DSM program contracts that cancel. In lieu of returning these rewards directly to customers, SDG&E proposed to transfer the \$11,997 plus accrued interest, to the ERAM balancing account. The balance in the ERAM Balancing Account as of December 31, 1997, would then be transferred to the Interim Transition Cost Balancing Account (ITCBA) for future disposition by the Commission. SDG&E cites D.97-10-057 Ordering Paragraph 17, stating: "SDG&E is authorized to create such an account (memorandum account) for the purpose of tracking PBR sharing, rewards and penalties which would be added to or subtracted from total billed revenues in calculating revenues available to offset uneconomic generation costs."

In D.97-11-074, (slip opinion, p. 163), we stated: "Balances in PG&E's, Edison's, and SDG&E's ECAC and ERAM accounts should be transferred to the ITCBAS's or the TCBA, if established, as of December 31, 1997, as part of the "closing" of those accounts. The ITCBA, in turn, should be closed out to the TCBA established for each utility."

SDG&E explains that it completed the cancellation process for all jobs with signed contracts (dated 1989, 1990, 1991, and 1992) whereby SDG&E received a reward for jobs that subsequently cancelled. Therefore, this filing will be the last DSM cancelled contracts Advice Letter to be filed.

NOTICE

Notice of Advice letter 1046-E was made by publication in the Commission's calendar and by mailing copies to interested parties in accordance with Section III of General Order 96-A.

PROTESTS

No protests were filed.

DISCUSSION

SDG&E requested Commission approval of a transfer of DSM cancelled contract funds to its ERAM balancing account. The ERAM was eliminated as of December 31, 1997.

D.97-11-074 authorized transfer of the ERAM balance to the ITCBA then to the TCBA.

SDG&E has no existing authority to transfer cancelled DSM contract incentive funds to its ERAM.

It is reasonable to grant SDG&E authority to transfer DSM cancelled contract funds to its TCBA for future disposition by the Commission.

FINDINGS

1. SDG&E filed Advice Letter 1046-E on September 26, 1997 requesting Commission approval of a transfer of DSM cancelled contract funds to its ERAM balancing account.
2. Advice Letter 1046-E informed the Commission of its intent to transfer cancelled DSM contract funds from its ERAM to its ITCBA for further disposition by the Commission.
3. In D.97-11-074 we authorized transfer of ERAM balances in SDG&E's ERAM account to the TCBA.
4. We eliminated the ERAM as of December 31, 1997.
5. It is reasonable for SDG&E to transfer cancelled DSM contract incentive funds to its TCBA for further disposition by the Commission.

THEREFORE IT IS ORDERED THAT:

1. Advice Letter 1046-E is approved.
2. Advice Letter 1046-E shall be marked to show that it was approved by Commission Resolution E-3558.
3. This resolution is effective today.

September 3, 1998

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the state of California held on September 3, 1998, the following Commissioners voting favorably thereon:

Wesley Franklin

WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners