

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy Branch

RESOLUTION EC-38
November 5, 1986

RESOLUTION

PACIFIC GAS AND ELECTRIC COMPANY (PG&E), REQUEST FOR AUTHORITY TO TRANSFER ONE MILLION DOLLARS (\$1,000,000) OF FUNDS FROM THE NONRESIDENTIAL CONSERVATION PROGRAMS TO THE RESIDENTIAL NATURAL GAS HOME PROGRAM.

BACKGROUND

1. By Advice Letter 1378-G, filed September 30, 1986, PG&E requests authority to transfer \$1 million from its nonresidential conservation program budget to the Natural Gas Home program budget. The Natural Gas Home program is a component of Builder Conservation, one of the residential conservation programs authorized by Decision 83-12-068 issued December 22, 1983 in Application 82-12-048. Ordering Paragraph 10 in conjunction with Finding of the Fact No. 105 in D.83-12-068 specifies that the transfer of funds between nonresidential and residential conservation programs shall be made subject to an advice letter filing and further authorization by the Commission.
2. PG&E budgeted \$1.5 million for the Builder Conservation program in 1986. Of that amount approximately 85 percent, or \$1.2 million, was allotted to the Natural Gas Home portion of the program. Fifty percent of the Natural Gas Home budget has been allocated for incentive payments to residential builders for installing energy efficient gas space heaters, water heaters, clothes dryers, and cooking ranges in new homes. PG&E pays qualifying builders \$200 for each new home equipped with those four natural gas appliances. The additional first cost to the builder to install the gas appliances instead of similar electric appliances is estimated to be \$225 to \$275 per home. PG&E has set a target of qualifying 18 percent of the new homes in its service territory for the Natural Gas Home program.
3. PG&E currently administers seven nonresidential conservation programs. Three of these programs, Commercial-Industrial Energy Management Services (CIEMS), Agricultural Energy Management, and Master Meter Conversion, are referred to as energy management programs in that PG&E directly attributes energy and demand savings to them in its reports to the CPUC. Incentives are offered to PG&E customers for the installation of energy saving hardware under each of the energy management programs.
4. In addition to incentives, energy audits and other informational services are offered at no charge to the requesting customers under the CIEMS and Agricultural Energy Management programs. The four remaining nonresidential programs, Program

Evaluation, Technical Support, Communications and Seminars, and General Customer Conservation Inquiries, are research and support oriented.

POSITION OF PG&E

1. PG&E has advised the Commission that its 1986 Natural Gas Home budget was nearly exhausted by the end of the third quarter due to an unexpected increase in new residential construction during the year. Without supplemental funds, the program will have to be terminated before the end of the year.

2. PG&E does not expect that it will spend or encumber its entire 1986 nonresidential conservation budget. Therefore it proposes to shift \$1 million from that budget into the Natural Gas Home program.

DISCUSSION

1. Early termination of the popular Natural Gas Home program should be avoided. In such an event, the door would inevitably be closed to a significant number of potential residential program participants. PG&E, and most likely the Commission, would have to respond to complaints from those who had expected to be eligible for the program if it is abruptly and prematurely terminated. The \$1 million in nonresidential conservation program funds is available and PG&E should be allowed to transfer that amount to the Natural Gas Home program.

2. The Energy Branch staff of the Evaluation and Compliance Division (staff) is concerned however, about which nonresidential programs will be affected by the movement of funds. In 1985 PG&E overcommitted its energy management program budget by \$2.4 million. At the same time it carried over into 1986 \$2 million of 1985 nonresidential conservation research and support funds. Similar trends appear to be continuing in 1986.

3. Through the first six months of this year, PG&E committed 57 percent of its energy management incentive dollars. This indicates that energy management program outlays are slightly ahead of schedule for 1986. On the other hand, based on PG&E's submittals to the Commission, it appears that it will not fully commit the funds allocated to nonresidential energy conservation research and support programs this year.

PROTESTS

1. Public notification of this filing has been made to other utilities and to all interested parties who requested such notification. No protests have been received.

FINDINGS

1. The staff recommends that supplemental funds for the residential Natural Gas Home program should be taken from nonresidential energy conservation research and support programs, and funds should not be moved from any nonresidential energy management program.

THEREFORE:

1. PG&E is authorized to transfer \$1 million from its nonresidential conservation research and support program budget to the residential Natural Gas Home program.

2. The funds to be transferred are to come from one or more of the budgets of the following nonresidential energy conservation research and support oriented programs: (a) Program Evaluation, (b) Technical Support, (c) Communications and Seminars, or, (d) General Customer Conservation Inquiries.

3. The above advice letter shall be marked to show that it was authorized for filing by Commission Resolution EC-38. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular conference on November 5, 1986. The following Commissioners approved it:



Executive Director

I dissent.

DONALD VIAL, Commissioner

VICTOR CALVO
FREDERICK R. DUDA
STANLEY W. HULETT

Commissioners