

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA U-6***

Copy for:

Orig. and Copy
to Executive Director

Director

Numerical File

Alphabetical File

Accounting Officer

RESOLUTION NO. E-1979

UTILITIES DIVISION

BRANCH/SECTION: Energy

Conservation

DATE: August 17, 1983

R E S O L U T I O N

SUBJECT: PACIFIC GAS AND ELECTRIC COMPANY (PG&E) AUTHORIZATION TO REALLOCATE CONSERVATION AND LOAD MANAGEMENT FUNDS PURSUANT TO ADVICE LETTER 958-E

By Advice Letter 958-E, filed June 29, 1983, PG&E requests authority to reallocate a net of \$8,609,000 in budget variance of more than \$2.5 million for six load management and two conservation programs. The facts are as follows:

1. Load Management and Conservation fundings for 1982 and 1983 were established by D.93887 at \$85,057,000 and \$96,644,000 respectively; the total being \$181,701,000 for the two years.
2. In addition to the funding established by D.93887, PG&E carried \$1,135,000 forward from its 1981 conservation budget to its 1982 conservation budget. The carryover in effect increased the two year budget from \$181,701,000 to \$182,836,000, although the carryover was committed to the 1981-1982 winter high bill awareness advertising campaign and expended early in 1982.
3. PG&E was given management discretion by D.93887 to reallocate funds among individual programs within these specific limits: (a) no funds are to be reallocated from one to the other of the four major categories of Load Management, Residential Conservation, nonresidential Commercial, Industrial and Agricultural (CIA) Conservation, and Conservation Evaluation, and (b) any budget adjustment in excess of \$2.5 million shall be by advice letter.
4. By Advice Letter 958-E, PG&E requests authority to make certain reallocations and budget adjustments which are in excess of \$2.5 million primarily for the following reasons:
 - The Peak Load Reduction Program increase of \$1,929,000 as requested by PG&E plus the reallocated A&S expense amount of \$1,804,000 for a total requested increase of \$3,733,000 is not approved. The necessary program funding for 1982-1983 can be met within the present authorization of \$15,283,000 plus PG&E's \$2,500,000 discretionary reallocation limit to reach the two year goal of 38,000 switch installations. Funding for the purchase of 4,000 switches for 1984 should be resolved in A.82-12-48.

- Residential Time-of-Use program including an increase of \$3,042,000 for increased meter installations due to anticipated increased customer participation and \$543,000 for allocated A&S expense for a total of \$3,585,000 is not approved since the Commission should be adequately informed from the results of the present test program which should result in up to 21,000 installations.
- Group Load Curtailment Program is decreased by \$5,053,000 because of less obtainable electric demand reduction during peak demand, as well as reduced program costs resulting from using an outside contractor to run the program. With the allocation of A&S expense of \$430,000 the net decrease is \$4,623,000.
- Commercial Air Conditioning Load Deferral Program is decreased by \$2,524,000 resulting from retrofitting existing customers with alternative hardware resulting in reduced costs. This is consistent with D.93557 to expand the program at a slower pace. However by adding \$189,000 for allocated A&S expense, the total variance becomes \$2,335,000 and therefore does not need Commission approval.
- Cooperative Electricity Management Program is reduced by \$7,989,000 since participating communities are expected to drop from 30 to 18. In addition, innovative marketing techniques and simplified metering systems have reduced costs. With the addition of \$347,000 of allocated A&S expense the net reduction becomes \$7,642,000.
- Administrative and support expense of \$6,595,000 is largely an accounting transaction of removing this expense from each program and placing it in one account. However, at the request of the staff this procedure is being reversed and therefore variance authorization is not required. The above amount is \$519,000 less than authorized by D.93887.

- Class Load Research Program is reduced by \$3,422,000 due to using the more traditional metering technique rather than solid state meters resulting in lower costs and higher reliability. Change of plans has caused program delays which will result in fewer meters being installed. With the addition of \$188,000 for allocated A&S expense the net reduction becomes \$3,234,000.
 - CIA Energy Management Program is reduced by \$5,156,000 due to program revisions resulting in less manpower to achieve the same program goals.
 - CIA Energy Management Incentives are increased \$7,063,000 due to an expanded incentive program including street lighting, low temperature dishwashers and refrigerator strip curtains/glass doors.
5. PG&E has agreed both in this filing as well in the current rate proceeding A.82-12-48 that by October 1, 1983, it will provide the Commission staff with an estimate of year-end 1983 Conservation and Load Management expenditures, to be comprised of two parts: (1) data on actual expenditures and encumbrances through the first 8 months of 1983, and (2) an estimate of expenditures and encumbrances for the remaining 4 months of 1983. Since October 1, 1983 is a Saturday, the next business day Monday, October 3, 1983 should be the submittal date. This information is to be presented by program as identified in A.82-12-48 and which is consistent with present accounting procedures.
6. PG&E has agreed that 1982 and 1983 authorized, but unexpended or unencumbered Load Management and Conservation Funds, plus accrued interest, may be credited against 1984 Load Management and Conservation funding which will be established in PG&E's current rate proceeding (A.82-12-48). Interest will be based on one-half of each year's beginning plus end-of-year fund balance as recorded for year 1982 and estimated for year 1983, at the annual average short-term 90 days commercial paper interest rate, which for calendar year 1982 was 11.89%.

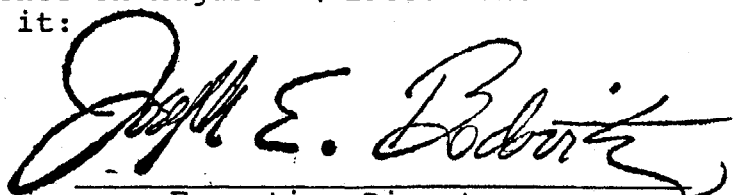
7. Interest accrual procedures will also be as established in the A.82-12-48 proceeding.
8. The staffs of the Conservation and Rate Design and Economics Branches have reviewed this filing and recommend approval as modified by this resolution.
9. We find that these changes are just and reasonable and in conformance with PG&E's tariffs, and will not increase any rates or charges to PG&E's customers.

THEREFORE:

1. PACIFIC GAS AND ELECTRIC COMPANY is granted authority to implement the years 1982 and 1983 Load Management and Conservation budgets included in Attachment A of this resolution.
2. Any remaining underexpenditures with respect to the year 1982 and 1983 budgets authorized by D.93887 will be carried over to be included in the 1984 budget which is to be adopted in the current rate proceeding (A.82-12-48).
3. The carryovers to 1984 with interest, will be credited against energy conservation and load management programs, and thus reduce PG&E's overall revenue requirement for 1984.
4. PG&E shall by October 3, 1983 provide the Commission's Energy Conservation Branch with an estimate of conservation and load management expenditures, to be comprised of two parts: (1) data on actual expenditures and encumbrances through the first 8 months of 1983, and (2) an estimate of expenditures and encumbrances for the remaining 4 months of 1983. Within two weeks of receiving these amounts, the Energy Conservation Branch shall provide its estimate of the year 1984 carryover including accrued interest, as a late filed exhibit in A.82-12-48.
5. The budgets authorized and issues resolved by this resolution are for years 1982 and 1983 only and are not to be construed as prejudging issues in the current A.82-12-48 for years 1984 and 1985.

I certify that this resolution was adopted by the Public Utilities Commission at its regular conference on August 17, 1983. The following Commissioners approved it:

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY


Executive Director

Summary of Program Variances
Under Consideration for the Period 1982 and 1983

<u>Program</u>	<u>Authorized 1982-83 Budgets</u> (a) (Thousands of Dollars)	<u>Adopted Expenditures</u> (b)	<u>Variance</u> (c)=(b)-(a)
<u>Load Management and Research</u>			
Peak Load Reduction	\$15,283	\$15,283 ^{2/}	-
Residential Time-of-Use	8,770	8,770 ^{3/}	-
Group Load Curtailment	8,420	3,797	(4,623)
Commercial A/C Load Def.	5,215	2,880	(2,335)
Cooperative Electricity Management	12,226	4,584	(7,642)
Administrative & Support	-	-	-
Class Load Research	6,354	3,120	(3,234)
All Other Programs <u>1/</u>	28,789	24,492	(4,297)
Load Management Subtotal	85,057	62,926	(22,131)
<u>Conservation Programs</u>			
CIA Energy Management	36,060	30,904	(5,156)
CIA Energy Management Incentives	24,704	31,767	7,063
All Other CIA Programs <u>1/</u>	11,399	9,789	(1,610)
CIA Subtotal	72,163	72,460	297
Residential Conservation ^{1/}	23,416	23,640	224
Program Evaluation ^{1/}	2,200	1,679	(521)
Conservation Subtotal	97,779	97,779	-
Load Management and Conservation Total	\$182,836	\$160,705	(\$22,131) ^{4/}

1/ No single program in this grouping has a variance of greater than + \$2.5 million, therefore no Commission authorization for budget change is requested.

2/ The proposed expansion of the Peak Load Reduction program for 1983 in the amount of \$3,733,000 is not adopted herein.

3/ PG&E proposed expansion of time-of-use programs for 1983 in the amount of \$3,585,000 is not adopted herein.

4/ Programs included where variance from budget exceeds \$2.5 million total (\$22,131,000) less footnote 1/ programs of (\$6,204,000) or (\$15,927,000).