

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION AND COMPLIANCE DIVISION
ENERGY BRANCH

RESOLUTION E-3039
July 8, 1987

R E S O L U T I O N

PACIFIC GAS AND ELECTRIC COMPANY (PG&E). ORDER AUTHORIZING PG&E TO SHIFT BUDGETED FUNDS FROM ITS LOAD ANALYSIS PROJECTS TO LOAD MANAGEMENT AND TIME-OF-USE PROJECTS. (Advice Letter No. 1150-E, Filed May 6, 1987)

SUMMARY

1. By Advice Letter No. 1150-E, filed May 6, 1987, PG&E requests Commission authorization to transfer \$1.3 million of funds budgeted for Load Analysis projects to the Company's Load Management and Time-of-Use projects
2. This Resolution authorizes PG&E to shift \$1.3 million of Load Analysis funds to Load Management and Time-of-Use projects as requested, and to transfer up to \$445 thousand to the California Institute for Energy Efficiency to fund end-use energy research.

BACKGROUND

3. Load Analysis projects are those in which PG&E collects and evaluates data which is used to identify demand-side consumption patterns. Over time, changes in consumption patterns reflect trends and activities in demand-side management. The data collected to evaluate consumption trends is important for monitoring the impacts over-time of demand-side management programs.
4. PG&E's Load Analysis projects consist of five groups: (1) End-Use Metering, (2) Metering of Small Power Producers, (3) Class Load Research, (4) Substation Metering, and (5) Energy End-Use Data Collection.
5. Decision 86-12-095 in Application 85-12-050 (PG&E's General Rate Case) authorized a current (1987) funding level of 6.5 million annually for PG&E's Load Analysis projects at the recommendation of the California Energy Commission (CEC). The CEC also recommended that PG&E be significantly limited in its

discretion to shift Load Analysis funds to other projects. The decision, however, authorized PG&E to request shifts of Load Analysis funds by advice letter filings.

6. By Advice Letter No. 1150-E, filed May 6, 1987, PG&E requests authorization to transfer \$1,310,000 of budgeted funds from Load Analysis projects to Load Management and Time-of-Use projects. Attachment 1 contains details of PG&E's requested transfer of funding.

PROTESTS

7. The Public Staff Division (PSD) protested this advice filing, stating that only six months have elapsed since the Commission set the funding levels for this program, and the PSD does not believe that PG&E has shown any compelling reason for the requested modification in funding. Second, PG&E has not indicated that the Energy Commission approves the requested transfer.

8. PG&E responds that it has discussed this advice letter with the CEC staff and has been assured that the CEC will concur with the advice letter. In addition, PG&E has discussed the advice letter with the PSD, and has assurances that if the CEC concurs with the advice letter, then PSD's concerns are satisfied.

9. Concurrence from the CEC was received in a letter to PG&E, dated June 19, 1987. In the letter, the CEC stated that the draft plan for data collection submitted by PG&E indicates a satisfactory program for 1987. However, due to the biennial or even longer cycle for certain activities contained in the plan, the existence of surplus funds for 1987 should not be construed to mean CEC satisfaction with reduced expenditures for 1988 and 1989. Satisfaction of CEC requirements for these years can only be determined with PG&E's submittal of a formal plan pursuant to the Data Collection and Analysis Program and its full review by the CEC.

10. At this time, we believe all interested parties are satisfied that the reallocation of funds for 1987, as requested by PG&E, is reasonable.

DISCUSSION

11. During the 1987 General Rate Case proceedings (A.85-12-050), the CEC recommended that the funding level for all Load Analysis projects be set at \$6.5 million. According to the CEC, this recommendation was based on the belief that:

- a) Data collection is essential to continued improvements in the demand forecasting process;
- b) The demand forecast is a critical element in the resource planning; and
- c) The CEC is in the best position to identify the data needed.

12. PG&E agrees with the CEC on the importance of the data collection and analysis included in system load analysis. Data collection is not only important for meaningful demand forecasting, but also contributes to successful rate design. Although, as stated in D.82-12-095, the CEC may be "...in the best position to identify the kinds of data resources needed to provide the data needed...", PG&E believes that it is in the best position to evaluate the resources needed to provide the data and the level of funds necessary for the Load Analysis projects.

13. As shown in Attachment 1, PG&E plans to shift the Load Analysis funds into Residential, Commercial, Industrial and Agricultural Time-of-Use projects, Agricultural Interruptible program, and Meter Systems Evaluation projects. The \$806,200 increase for Time-of-Use projects is necessary to fund meter reading and equipment maintenance expenses associated with the adopted increase in the number of Time-of-Use meter installations in D.86-12-095. Additional funds are allocated to Agricultural Interruptible service to ensure compliance with Assembly Bill 2882 and to handle marketing which was deferred from 1986. Meter Systems Evaluation requires additional funding to provide for laboratory and field equipment testing of new technologies and additional efforts on California Inter-Utility Time-of-Use Meter Committee (CAL-TOU), the Domestic Automation Corporation meter development, and coordination with the Electric Power Research Institute (EPRI) on hardware evaluations.

14. In addition, PG&E intends to fund energy end-use research sponsored by the California Institute for Energy Efficiency (CIEE), a research arm of Lawrence Berkeley Laboratory and the University of California. Specifically, PG&E will provide up to \$445,000 from the Load Analysis funds with funds being made available from other areas of the company.

15. The CEC in its concurrence letter cautioned that PG&E presumes that the \$445,000 "earmarked for CIEE" is appropriately included in the Energy End-Use portion of Load Analysis. According to the CEC, such research purposes were not contemplated during the General Rate Case hearings on Load Analysis nor CEC testimony in support of specific funding recommendations. The CEC believes that D.86-12-095 suggests such CIEE funding should come from the Research, Development and Demonstration budget, not the Load Analysis budget. PG&E's

budgeting decisions and the advice letter process for 1987 appears to have taken surplus funds from Energy End-Use available for other purposes, such as CIEE. The CEC currently believes Load Analysis as a source for CIEE contributions is unwise for 1988 and 1989.

16. In conclusion, PG&E believes that it can both reduce overall costs and fully meet the CEC's and CPUC's load analysis requirements with a total 1987 Load Analysis budget of \$5,235,700 as shown in Attachment 1.

17. PG&E has filed this advice letter in accordance with Section III.G of General Order 96-A, and has provided copies to all interested parties of record.

FINDINGS

18. We find that the request to transfer Load Analysis funds to other areas of Load Management, to Time-of-Use projects, and to outside research for 1987, as authorized in this Resolution, is just and reasonable; therefore,

IT IS ORDERED that:

1. Pacific Gas and Electric Company is authorized by Public Utilities Code Section 701 to transfer \$1,310,300 in 1987 from its Load Analysis projects to Time-of-Use projects and to Load Management projects.

2. Pacific Gas and Electric Company is authorized to transfer up to \$445,000 in 1987 from the Energy End-Use Data Collection group of its Load Analysis budget to fund end-use energy research being carried out by the California Institute for Energy Efficiency.

3. The distribution of these transfers shall be as set forth in Attachment 1 herein.

4. Any of the \$1,755,300 reallocated herein, and not used for these projects shall be refunded to the ratepayers in the next General Rate Case, with interest computed at the average three month commercial paper rate as published in the Federal Reserve Bulletin, consistent with the provisions of Decision 86-12-095.

5. Advice Letter No. 1150-E shall be marked to show that it was authorized by Resolution E-3039 to become effective on July 8, 1987.

Resolution E-3039

July 8, 1987

Page 5

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 8, 1987. The following Commissioners approved it:

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners



Executive Director

TABLE 1
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<u>LOAD ANALYSIS</u>	<u>ADOPTED</u>	<u>BUDGET</u>	<u>REALLOCATED</u>
End-Use Metering	1,739.0	1,501.2	-237.8
Metering of Small Power Producers	64.0	48.6	-15.4
Class Load Research	1,708.0	931.0	-777.0
Substation Metering	157.0	0.0	-157.0
Energy End-Use Data Collection	<u>2,878.0</u>	<u>2,754.9*</u>	<u>-123.1</u>
SUBTOTAL LOAD ANALYSIS	6,546.0	5235.7	-1,310.3
<u>LOAD MANAGEMENT</u>			
Residential/CIA Time-of-Use	4,627.0	5,433.2	+806.2
Agricultural Interruptible	96.0	258.0	+162.0
Meter Systems Evaluation	<u>151.0</u>	<u>469.4</u>	<u>+318.4</u>
SUBTOTAL LOAD MANAGEMENT			+1,286.6**

* - Includes \$445,000 now earmarked for the California Institute for Energy Efficiency.

** - The remaining \$23,000 will be shifted to other load management programs.