

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3261
March 31, 1992

R E S O L U T I O N

RESOLUTION E-3261. PACIFIC POWER AND LIGHT REQUESTS
AUTHORITY TO TARIFF A RESIDENTIAL RETROFIT
WEATHERIZATION PROGRAM KNOWN AS HOME COMFORT.

BY SUPPLEMENTAL ADVICE LETTER 240-E-A, FILED ON
MARCH 2, 1992.

SUMMARY

1. In this advice letter, Pacific Power and Light (PP&L) requests permission to tariff a residential retrofit weatherization program. The tariff makes available the installation of energy conservation measures by providing funding and contractor coordination services.
2. This Resolution approves the request.

BACKGROUND

1. On April 27, 1990 in Decision (D).90-03-078, The Commission allowed Pacific Power and Light to eliminate the Electric Revenue Adjustment Mechanism (ERAM) from its tariffs. In order to ensure that eliminating ERAM would not result in a decline in PP&L's energy efficiency efforts, the Commission directed PP&L to file a proposal linking corporate earnings to investments in energy efficiency programs. PP&L responded by filing Advice Letter No. 228-E on June 28, 1990.
2. On July 19, 1990, PP&L petitioned the Commission to consolidate Advice Letter No. 228-E with Application No. 90-01-055, the Company's 1991 general rate case (GRC) application. D.90-12-022 granted the consolidation.
3. D.90-12-022 also adopted a stipulation, included as Attachment A to the decision, between the company and the Division of Ratepayer Advocates (DRA) which addressed PP&L's Demand-Side Management (DSM) programs and their compliance with D.90-03-078.

4. On February 5, 1992, PP&L filed Advice Letter No. 240-E, a proposal to tariff a residential retrofit weatherization program known as Home Comfort. This program is included in the stipulation.

5. On March 2, 1992, PP&L filed supplemental Advice Letter No. 240-E-A to correct the tariff schedule reference from Schedule A-130 in Advice Letter No. 240-E to Schedule D-130.

NOTICE

1. The advice letter was noticed by publication in the Commission calendar and was served on the parties on PP&L's advice letter mailing list, in accordance with Section III of General Order 96-A.

PROTESTS

1. No protests have been received by the Commission Advisory and Compliance Division (CACD) in this advice letter.

DISCUSSION

1. The stipulation set forth the details of an agreement between PP&L and DRA which adopted three tiers of DSM expenditures: (1) a shareholder incentive mechanism allowing rate base treatment of certain resource programs (Amortization-Related programs) (2) recovery of authorized expenditures plus 5% (Modified-Expensed) and (3) expensed programs. The Home Comfort program is both an Amortization-Related and Modified-Expensed program.

2. The Home Comfort program is intended to provide energy efficiency measures for the customer while acquiring cost effective demand side resources for PP&L.

3. The Home Comfort program makes available advanced Home Diagnoses and Instant Savings Measures to existing residential customers with installed electric heating systems, and may arrange for and fund the installation of Conservation Measures.

4. There will be a service charge of \$29.95 for the Home Diagnosis, and \$40.00 for the Instant Savings Measures unless the customer chooses to install all of the conservation measures identified in the Home Diagnosis.

5. The program also provides an Energy Service Charge payment mechanism which allows the owner to pay the cost of the conservation measures installed, with interest in equal monthly payments over one of three payment schedules. For measure costs which do not exceed the Measure Funding Limit, customers may choose:

- 0% interest, 5 year payment term
- 3.75% interest, 10 year payment term
- 6.00% interest, 20 year payment term

6. As stipulated in Attachment A to D.90-12-022, programs that employ the Energy Service Charge have a minimum performance target of 33% of the units proposed by the Company in the GRC. For Home Comfort the performance target is an average of 134 homes per year over the three year period 1991-1993. The minimum requirement on an average annualized basis is 45 homes.

7. Failure to meet the minimum requirement will result in an after the fact 50% reduction to the rate of return on the 1991-1993 expenditures for the program and a corresponding reduction in earnings over the remaining life cycle of the program.

8. Program performance will be evaluated at the end of the 1991-1993 period.

9. The stipulation requires that the Home Comfort program expenditures and activities must be reported in accordance with the Demand-Side Management Reporting Requirements Manual. The CACD recommends that the results of this program, as well as PP&L's other Amortization-Related and Modified-Expensed programs, be reported in the Annual Summary of Demand-Side Management Programs due March 31 of each year.

FINDINGS

1. PP&L filed supplemental Advice Letter No. 240-E-A requesting permission to tariff its Home Comfort program, as stipulated in Attachment A of D.90-12-022.

2. The Home Comfort program is eligible for shareholder incentives as described in the stipulation and this resolution, and therefore is subject to performance targets and minimum performance requirements.

3. The program outlined in the Advice Letter and stipulation supports the Commission's goal of promoting demand-side management.

4. According to Attachment A of D.90-12-022, PP&L is required to report expenditures and performance activity associated with this program consistent with the Demand-Side Management Reporting Requirements Manual. PP&L shall file an Annual Summary of Demand-Side Management programs, due March 31 of each year.

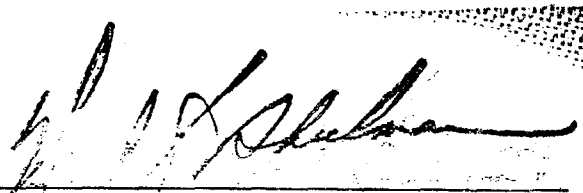
March 31, 1992

THEREFORE, IT IS ORDERED that:

- (1) Pacific Power and Light's proposed Home Comfort program is approved.
- (2) Supplemental Advice Letter 240-E-A shall be marked to show that it was approved by Commission Resolution E-3261.
- (3) PP&L shall file an Annual Summary of Demand-Side Management programs, due March 31 of each year.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 31 1992. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
JOHN B. O'HANLAN
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
Commissioners