

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy BranchRESOLUTION E-3311
March 24, 1993R E S O L U T I O N

RESOLUTION E-3311. Southern California Edison Company requests Commission authorization to extend into 1993 and 1994 two DSM programs authorized for 1992 and to transfer funds in support of these programs.

BY ADVICE LETTER 984-E, FILED ON JANUARY 19, 1993.

SUMMARY

1. In this advice letter Southern California Edison Company (Edison) requests Commission authorization to conduct its Regional Recovery/Design For Excellence (RDFE) and Regional Recovery/Customer Retention (RCR) programs in 1993 and 1994. Edison requests to transfer funds in support of these programs as follows:

1. Move \$500,000 from the Emerging Technologies program to the RCR program in years 1993 and 1994.
 2. Move \$703,800 from the standard 1994 Design For Excellence (DFE) program to the 1994 RDFE program.
2. This Resolution approves the utility's request.¹

BACKGROUND

1. Edison received Commission authorization for its DSM programs in Decision (D.) 91-12-076. This decision also adopts funding rules and shareholder incentive/penalty mechanisms to be applied to each of the utility's three incentive categories. The decision allows Edison to finance load retention, load building and fuel substitution programs with ratepayer funds, but orders that Edison must not shift funds into or among these programs.

2. D.92-02-075 indicates that load building and load retention programs lack resource value, but that these programs may be

¹ Funds are expressed in 1992 dollars. Actual program funds will be escalated as appropriate according to attrition rates authorized by the Commission.

conducted by utilities provided that they demonstrate that the program achieves other policy goals.²

3. Public Utilities Code 740.4 requires the Commission to authorize public utilities to engage in programs that encourage economic development and allows for geographic rate differentials when they are intended to provide incentives for businesses located within the boundaries of enterprise zones or economic incentive areas.

4. From April 29 to May 2, 1992 certain sections of Los Angeles were affected by civil disturbances. Property damage resultant from these disturbances was of such a magnitude as to attract Federal and State emergency funds as well as aid from local, State and national organizations. On September 18, 1992, Governor Pete Wilson signed Legislative Bill No. AB-38X which established a "Revitalization Zone" which provides special tax structures in riot-affected areas in order to promote economic development.

5. On September 3, Edison filed Advice Letter No. 963-E requesting Commission authorization to conduct the RCR and RDFE programs for the remainder of 1992 and presenting workpapers outlining plans to continue these programs through 1996. On November 6, 1992 the Commission approved Resolution E-3291, which authorized Edison to conduct the programs in 1992, acknowledged the five-year plan, and instructed Edison to file an Advice Letter in 1993 seeking Commission approval to conduct the programs in 1993 and 1994.

NOTICE

Advice Letter No. 984-E was noticed in accordance with Section III.G. of General Order 96-A by publication in the Commission Calendar and distribution to Edison's advice letter service list.

PROTESTS

The Commission Advisory and Compliance Division (CACD) has received no protests to this Advice Letter.

DISCUSSION

1. DSM programs are an important means by which the Commission is pursuing its long term goal of ensuring least-cost and environmentally-sensitive energy service to customers of California's investor-owned utilities (IOUs). Many DSM professionals maintain that DSM programs may also act as an economic stimulus by increasing industrial/commercial efficiency and lowering energy bills.

² D.92-02-075 Adopted Rules and Policy Statements for Demand-Side Management Programs, Rule 12

2. The RCR program seeks to promote regional industry. Program activities include strategic research of industrial clusters, promotion of highly efficient manufacturing processes, and facilitation of industrial expansion and retention efforts. The RDFE program is similar to Edison's standard DFE program in that it promotes acquisition of energy-efficiency measures. The RDFE differs in that it offers higher customer incentives. Edison purports that these higher incentives are necessary to overcome the financial constraints faced by those rebuilding in the wake of the riots. These programs complement the two-pronged efforts of relief organizations working in the Los Angeles area by seeking to assist people directly impacted by the riots and removing likely causes of the riots by revitalizing the regional economy.

3. The analysis of Edison Advice Letter No. 963-E raised several concerns regarding the RCR and RDFE programs. In summary, these concerns were:

1. By offering higher customer incentives in certain areas within the utility's service territory, the programs result in a form of rate-discrimination.
2. Approval of the programs could result in a form of load building and/or fuel substitution, both by promoting electric equipment over natural gas equipment and/or by devoting program efforts primarily towards businesses thinking of relocating into the Revitalization Zones (from outside of Edison territory.) The latter case, while consistent with program goals of economic revitalization, could frustrate the primary justification for the higher customer incentive rates--that of aiding customers impaired by the riots--if funds were to be exhausted on relocated businesses rather than those that experienced material losses during the disturbances.

4. Resolution E-3291 addressed these issues as follows:

1. Provided that Edison restricts program activities to the Revitalization Zones, its proposal to offer higher customer incentives through the RDFE program is consistent with the provisions contained in PU Code 740.4.
2. a. In Advice Letter No. 963-E Edison provides a plan by which it will target first those customers who were directly impacted by the riots. Edison also developed program parameters, such as the period in which program funds will remain committed to those wishing to participate, that will provide these customers ample opportunity to take advantage of the program.

b. The Resolution instructs Edison to be prepared to demonstrate that the program was not conducted with a predominately load building and/or fuel substituting

nature in a potential Energy Cost Adjustment Clause (ECAC) reasonableness review.

5. Shareholder incentives are not an issue in approval of these programs because Edison proposes to fund the programs on an expense-basis only.

6. The programs and associated funding schemes for which Edison seeks approval for 1993 and 1994 in this Advice Letter are identical to the same programs which the Commission authorized for 1992 in Resolution E-3291.

7. Funding for the proposed programs comes from currently authorized DSM funds. Therefore, approval of these programs will not result in any rate or charge beyond that currently authorized.

FINDINGS

1. Edison filed Advice Letter No. 984-E to request Commission authorization to conduct its RCR and RDFE programs in 1993 and 1994.

2. Resolution E-3291 authorized Edison to conduct the RCR and RDFE programs in 1992, acknowledged Edison's plans to conduct these programs in future years, and indicated that Edison must be prepared to assuage certain related Commission concerns in future ECAC proceedings.

3. The RCR and RDFE programs Edison proposes for 1993 and 1994 in this Advice Letter are identical to the same programs authorized in Resolution E-3291. Therefore, it is reasonable to allow Edison to conduct these programs as requested, subject to the same constraints established in Resolution E-3291.

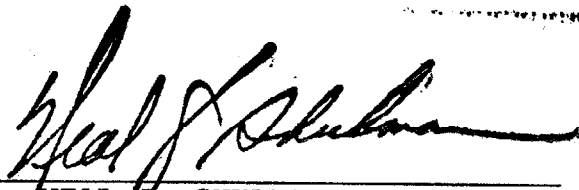
4. Approval of the proposed programs will not result in any rate or charge beyond that currently authorized.

March 24, 1993

THEREFORE, IT IS ORDERED that:

1. The Regional Recovery/Design For Excellence and Regional Recovery/Customer Retention programs proposed by Southern California Edison Company are approved.
2. Advice Letter No. 984-E shall be marked to show that it was approved by Resolution E-3311.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 24, 1993. The following Commissioners approved it:



NEAL S. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
Commissioners