

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION E-3336  
September 1, 1993

R E S O L U T I O N

RESOLUTION E-3336. SOUTHERN CALIFORNIA EDISON COMPANY  
PROPOSED TREATMENT OF UNSPENT DEMAND-SIDE MANAGEMENT  
FUNDS FROM 1992.

BY ADVICE LETTER NO. 1010-E, filed on July 26, 1992.

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SUMMARY

1. In this advice letter, Southern California Edison Company (Edison) submits proposed treatment of unspent demand-side management (DSM) funds from 1992. Edison (1) intends to carry over accrual funds from its 1992 programs into 1993; (2) requests approval to allocate certain unspent Measurement and Evaluation (M&E) funds from 1992 to the 1993 M&E funding category; and (3) plans to earmark a portion of the carry over funds for two new DSM programs.

2. This resolution approves the proposed treatment of unspent DSM funds from 1992.

BACKGROUND

1. The total authorized funding available for 1992 DSM programs was \$143.561 million.<sup>1</sup> Total DSM expenditures for the 1992 program year amounted to \$92.907 million, leaving total unspent DSM funds from 1992 at \$50.654 million.

2. The 1992 unspent funds total includes some residual funds carried over from 1991. Under direction provided in Finding No. 6 of Resolution E-3244, Edison was to have reported on the 1992 carry over amount by August 15, 1992.

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1 This amount is comprised of \$140.861 million authorized in General Rate Case Decision 91-12-076, \$1.8 million transferred from Research Development and Demonstration program funding to DSM for Edison's Customer Technology Application Center (CTAC) as directed in Resolution E-3295, and \$900,000 of DSM funds carried over from 1991, as approved in Resolution E-3295.

3. \$21.339 million of the unspent 1992 DSM funds corresponds to program accrual amounts which were committed in 1992, but not yet paid out by year end.
4. D.91-12-076 adopts the fund-shifting guidelines established in D.87-12-066, and adds an additional guideline that Edison should not be allowed to shift funds into/or among fuel-substitution, load building and load retention programs.
5. D.93-05-063 adopted ex post M&E protocols and requires the utilities to make efforts to reprioritize M&E activities within current budgets.
6. Edison's test year 1988 GRC decision, D.87-12-066, established guidelines governing the shifting of Edison's DSM funds and affords Edison flexibility to shift up to \$2.5 million within programs per GRC without an Advice Filing. Edison is required to file an Advice Letter to move funds beyond this \$2.5 million cumulative ceiling within programs and to move funds between incentive categories.
7. On July 26, 1993, Edison filed advice letter 1010-E regarding proposed treatment of unspent DSM funds from 1992.
8. On August 11, 1993, Edison sent a letter to the Energy Branch Chief, describing some of the reasons funds were not expended in 1992 and how ratepayers will benefit by their carry over.

#### NOTICE

The original Advice Letter was noticed in accordance with section III of General Order 96-A by publication in the Commission Calendar and distribution to SCE's advice filing service list.

#### PROTESTS

No protests have been received by the CACD in this advice filing.

#### DISCUSSION

1. In its August 11, 1993 letter, Edison described how the economic downturn in Southern California has affected Edison's DSM programs, especially New Construction programs. Edison states that reduced demand for new construction and other programs in 1992 left a significant amount of authorized funding unspent. Edison believes that carry over of these unspent funds offers a great opportunity to capture cost-effective energy savings using new approaches.
2. Edison states in its Advice Filing that the residual 1991 funds that it requests the authority to carry over into 1993 were not reported by August 15, 1992 as required by Resolution

E-3244, because Edison did not receive authority to carry over the funds to 1992 until January 8, 1993 (see Resolution E-3295).

3. Edison intends to carry over \$21.339 million in 1992 program accruals to 1993. These funds are earmarked for specific programs and will be disbursed in 1993. This accounting treatment was addressed in Advice Letter 934-E-A, Appendix C, which was approved in Resolution E-3288.

4. Edison has requested authority to allocate \$3.315 of unspent 1992 M&E funds to the 1993 M&E funding category in order to begin reprioritizing M&E activities, consistent with D.93-05-063.

5. Edison intends to earmark the remaining \$26.0 million for two new DSM programs, whose details will be submitted in separate Advice Filings. The first program is designed to test a new delivery mechanism for energy efficiency (submitted July 30, 1993 as Advice Letter 1011-E). The second deals with refrigerator recycling and has not yet been submitted. Any funds earmarked for these new programs that are not expended specifically for these programs by year-end 1994 will be returned to ratepayers.

6. Guidelines governing shifting of funds among DSM programs are intended to ensure that the fund-shifting does not result in lost opportunities or an inequitable distribution of DSM resources across the utility's service area. Under the guidelines adopted by D.91-12-076, interpreted with the terminology clarifications found reasonable in Resolution E-3288, Edison is afforded flexibility to move up to \$2.5 million, cumulative over the GRC cycle, within program areas without obtaining Commission approval. Edison is required to file an Advice Letter with the Commission in order to move funds between program areas and to move more than cumulative \$2.5 million within program areas. Any shifting of funds among program areas must be accompanied by an Advice Letter, and shifting of funds into or among fuel-substitution, load building or load retention programs is prohibited.

#### FINDINGS

1. Edison filed Advice Letter 1010-E on July 26, 1993 to request Commission authorization to carry over unspent 1992 DSM funds to 1993 as well as proposed treatment of those funds.

2. Edison's proposed carry over of DSM funds is intended to improve the utility's ability to capture demand-side resources in its service territory. The requested carry over of DSM funds should be authorized.

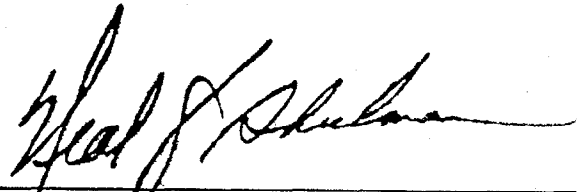
3. Finding No. 2 above does not constitute approval of the proposed programs. Each proposed program, and its use of these carry over funds, will be evaluated on its merits in separate Advice Filings.

4. The data in the table attached to Advice Letter 1010-E but not specifically referred to above is acknowledged.

**THEREFORE, IT IS ORDERED that:**

1. Southern California Edison Company is authorized to carry over Demand-Side Management funds as proposed in Advice Letter 1010-E.
2. In order to utilize the carry over funds approved in this Resolution, Edison shall file separate Advice Filings describing in detail the proposed new programs.
3. Advice Letter 1010-E shall be marked to show that it was approved by Commission Resolution E-3336.
4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities commission at its regular meeting on September 1, 1993. The following Commissioners approved it:



NEAL J. SHULMAN  
Executive Director

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