

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy BranchRESOLUTION E-3354
December 17, 1993R E S O L U T I O N

RESOLUTION E-3354. SOUTHERN CALIFORNIA EDISON COMPANY REQUEST FOR AUTHORIZATION TO SHIFT 1993 DEMAND-SIDE MANAGEMENT FUNDS FROM THE NONRESIDENTIAL ENERGY EFFICIENCY INCENTIVE PROGRAM TO THE RESIDENTIAL APPLIANCE EFFICIENCY INCENTIVE PROGRAM AND TO REVISE SHAREHOLDER INCENTIVE TARGETS.

BY ADVICE LETTER NO. 1024-E, filed on November 5, 1993

SUMMARY

1. In this advice letter, Southern California Edison Company (Edison) requests authority to shift \$3.880 million of funds available for 1993 demand-side management (DSM) programs from the Nonresidential Energy Efficiency Incentive (NEEI) program to its Residential Appliance Efficiency Incentive (RAEI) program.
2. Edison requests the ability to revise the 1993 incentive targets for the RAEI program approved by the California Public Utilities Commission (Commission) in Resolution E-3343.
3. This resolution authorizes Edison to shift funds as requested and to revise the 1993 incentive targets.

BACKGROUND

1. Edison is requesting authority to shift \$3.880 million of previously authorized 1993 DSM funds out of the NEEI program into the RAEI program. Edison states it is requesting this shift because the RAEI program is experiencing a higher than expected level of customer participation in 1993 and anticipates running out of program funds. Conversely, the NEEI program has had lower than expected participation and is forecast to have a notable amount of unspent funds by year end. Both programs fall within Edison's Shared Savings category for shareholder earnings.
2. The nonresidential funds being shifted are carryover funds from 1992 which were not a part of setting the 1993 program targets that were adopted in Commission Resolutions E-3330 and E-3343. Therefore, Edison does not request a revision of the incentive targets for its 1993 NEEI program. However, the 1993 program targets for the RAEI program have been updated to

include the effect of the fund shift. Attachment A to Advice Letter 1024-E illustrates the revisions to Edison's 1993 incentive targets.

3. Edison's test year 1992 General Rate Case (GRC) decision, Decision (D.) 91-12-076, 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. Under the adopted fund shifting guidelines, Edison is required to file an Advice Letter requesting approval to move funds beyond the \$2.5 million cumulative ceiling within programs and to move funds between incentive categories. D.91-12-076 also adopted an additional guideline that Edison should not be allowed to shift funds into/or among fuel-substitution, load building and load retention programs.

4. On November 5, 1993, Edison filed Advice Letter 1024-E.

NOTICE

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

PROTESTS

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

DISCUSSION

1. According to Edison, the RAEI program has been successful in achieving a high level of participation. The result of this unexpectedly high participation rate is that Edison now anticipates the currently authorized level of funding for the RAEI program will be insufficient to operate the program through year end. Edison also reports that the NEEI program is forecasting lower than expected participation, leading to an excess of funds. Edison's fund shifting request will allow for consistent program operation on a continuing basis through the end of this year.

2. The shifting of DSM funds proposed by Edison is consistent with fund-shifting guidelines set forth in D.91-12-076. Overall, the proposed fund-shifting is intended to allocate DSM funds in ways that will maximize Edison's ability to acquire energy-efficient DSM resources. Edison asserts that it must move these funds to meet the needs of its customers and tailor its programs to current market conditions. CACD review of Edison's proposed movement of funds supports this assertion.

3. Attachment 1 to the Advice Letter includes Schedule 1: 1993 DSM Fund Shifting, detailing 1993 funding levels including the requested movement of funds. Table A provides revised incentive targets for the 1993 RAEI program. Edison states it has not

revised the targets for the NEEI program, the source of funds being shifted, because the funds are 1992 carryover funds which were not used in setting the authorized 1993 incentive targets. CACD agrees with Edison's treatment of its incentive targets and recommends its approval.

FINDINGS

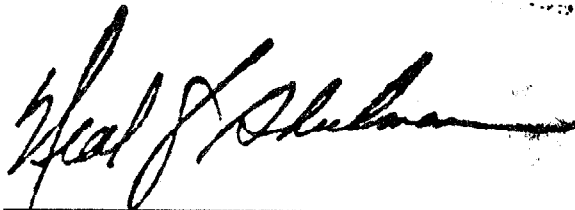
1. Edison filed Advice Letter 1024-E on November 5, 1993 to request Commission authorization to shift DSM funds and to revise incentive targets for its 1993 DSM programs receiving shared savings treatment.
2. Edison's proposed shifts of DSM funds are consistent with fund-shifting rules adopted in D.91-12-076, and are intended to improve the utility's ability to capture demand-side resources in its service territory. The requested movement of DSM funds should be authorized.
3. Edison's incentive target forecasts are reasonable and should be adopted.

December 17, 1993

THEREFORE, IT IS ORDERED that:

1. Southern California Edison Company is authorized to shift \$3.880 million of Demand-Side Management funds out of the Nonresidential Energy Efficiency Incentive program into the Residential Appliance Efficiency Incentive program as proposed in Advice Letter 1024-E.
2. The target incentive forecasts proposed by Southern California Edison Company in Table A of Advice Letter 1024-E are adopted.
3. Advice Letter 1024-E shall be marked to show that it was approved by Commission Resolution E-3354.
4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities commission at its regular meeting on December 17, 1993. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
PATRICIA M. ECKERT
NORMAN D. SHUMWAY
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
Commissioners