

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY  
AND COMPLIANCE DIVISION  
Energy Branch

RESOLUTION E-3378  
May 4, 1994

**R E S O L U T I O N**

RESOLUTION E-3378. SOUTHERN CALIFORNIA EDISON COMPANY SUBMITS REVISED INCENTIVE TARGETS FOR ITS 1994 DEMAND-SIDE MANAGEMENT SHARED SAVINGS PROGRAMS, PERFORMANCE GOALS FOR PERFORMANCE ADDER PROGRAMS, AND REQUESTS AUTHORIZATION TO SHIFT DEMAND-SIDE MANAGEMENT FUNDS.

BY ADVICE LETTER NO. 1015-E-A filed on March 1, 1994.

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**SUMMARY**

1. In this supplemental advice letter Southern California Edison Company (Edison) submits revised shareholder incentive targets and performance goals for its 1994 Demand-Side Management (DSM) programs in compliance with Resolution E-3345 and seeks authorization to shift funds within the shared savings incentive category as follows:

- 1) shift \$0.469 million out of the Commercial Energy Efficiency Incentives Program,
- 2) shift \$0.311 million into the Industrial Energy Efficiency Incentives Program, and
- 3) shift \$0.158 million into the Agricultural Energy Efficiency Incentives Program.

2. This resolution authorizes the movement of DSM funds as requested by the utility and approves the incentive targets and performance goals set forth in the advice letter.

**BACKGROUND**

1. Edison's test year (TY) 1988 General Rate Case (GRC) decision, D.87-12-066, established guidelines governing the shifting of Edison's DSM funds. The decision gave Edison the ability to shift up to \$2.5 million within programs per three-year GRC cycle without an Advice Letter filing. The guidelines required Edison to file an Advice Letter to move funds beyond this \$2.5 million cumulative ceiling within programs. With the requested shifts, Edison exceeds the authorized limit for this GRC cycle, and therefore must seek authorization to make this fund shift.

2. D.91-12-076 provides for review of the S-curve calibration by requiring Edison to submit an Advice Letter each year which forecasts expected program accomplishments. In Resolution E-3345, which addressed Advice Letter 1015-E, the Commission required Edison to file updated program goals based on measurement studies submitted in late 1993.

3. On March 1, 1994, Edison filed Advice Letter 1015-E-A to provide updated information in order to calibrate the S-curve mechanism for its 1994 shared savings programs and seek authorization for various proposed movements of DSM funds.

#### NOTICE

The Advice Letter Supplement 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

No protests have been received by the Commission Advisory and Compliance Division (CACD) for this Advice Letter filing.

#### DISCUSSION

1. 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 maximize Edison's ability to acquire energy-efficient DSM resources. Edison asserts that its 1994 proposed program refinements reflect its commitment to respond to customers' changing needs and to address evolving market conditions by incorporating cost adjustments and market segment strategies into the programs. CACD recommends approval of Edison's requested fund-shifting.

2. The S-curve mechanism is an algebraic function which may be set by changing key parameters. D.91-12-076 orders Edison to set a unique S-curve for each program. An S-curve is set for each shared savings program by imputing forecasts of expected Utility Administrative Costs, Utility Incentive Costs, Participant Costs, resource benefits and participation rates associated with the program to which the S-curve applies.

3. The incentive target forecasts submitted with this Advice Letter were developed using updated information as ordered in Resolution E-3345. The Advice Letter also includes survey goals for Edison's performance adder programs. In Resolution E-3345, CACD recommended that Edison's Supplemental Advice Letter filing (1) describe how the completed load impact studies were used to update the target incentive forecasts, (2) update all tables included in the October 1, 1993 filing for assumptions which were affected by recent Commission decisions and/or resolutions, (3) include complete documentation of Miscellaneous Measures calculations per Table C-9 of the protocols adopted in D.93-05-063, (4) include a table which identifies shareholder earnings

under different levels of performance for each shared savings program, and (5) minimum performance levels for performance adder programs.

4. CACD's review of Edison's advice filing indicates that Edison has complied with the requirements set forth in Resolution E-3345 and relevant Commission decisions. CACD recommends that the targets set forth in Advice Letter 1015-E-A be adopted for program year 1994.

#### FINDINGS

1. Edison filed Advice Letter 1015-E-A on March 1, 1994 to request Commission authorization to shift DSM funds, Commission adoption of incentive targets for its 1994 DSM programs receiving shared savings treatment, and adoption of performance goals for 1994 DSM programs receiving performance adder treatment.

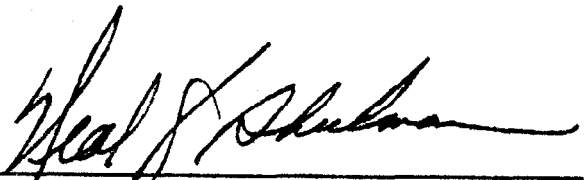
2. Edison's proposed shifts of DSM funds are consistent with fund-shifting rules adopted in D.91-12-076, and are intended to improve the utility's ability to capture demand-side resources in its service territory. The requested movement of DSM funds should be authorized.

3. Edison's incentive target forecasts for programs receiving shared-savings treatment and performance goals for performance adder programs should be adopted by the Commission for program year 1994.

**THEREFORE, IT IS ORDERED that:**

1. Southern California Edison Company is authorized to shift demand-side management funds as proposed in Advice Letter 1015-E-A.
2. Southern California Edison Company's 1994 incentive target forecasts for programs receiving shared-savings treatment and performance goals for performance adder programs, set forth in Table A and B to Advice Letter 1015-E-A, are adopted.
3. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities commission at its regular meeting on May 4, 1994. The following Commissioners approved it:




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NEAL J. SHULMAN  
Executive Director

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

Commissioner JESSIE J. KNIGHT JR. being necessarily absent did not participate.