

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY
AND COMPLIANCE DIVISION
Energy Branch

RESOLUTION E-3379
June 8, 1994

R E S O L U T I O N

RESOLUTION E-3379. SOUTHERN CALIFORNIA EDISON COMPANY
PROPOSED TREATMENT OF UNSPENT DEMAND-SIDE MANAGEMENT
FUNDS FROM 1993 AND REVISED INCENTIVE TARGETS FOR ITS
1994 DEMAND-SIDE MANAGEMENT SHARED SAVINGS PROGRAMS.

BY ADVICE LETTER NO. 1043-E and 1043-E-A filed on March
10, 1994 and March 15, 1994 respectively.

SUMMARY

1. In the original and supplemental advice letters, Southern California Edison Company (Edison) submits its proposed treatment of \$30.286 million in unspent Demand-Side Management (DSM) funds from 1993 and revises shareholder incentive targets for its 1994 DSM programs. Edison (1) intends to carry over accrual funds from its 1993 programs into 1994; (2) requests approval to allocate unspent Measurement, Forecasting, and Regulatory Reporting (MFRR) funds from 1993 to the 1994 MFRR funding category; (3) requests approval to carry over unspent 1993 funds which were allocated for DSM bidding for the same use; (4) notifies the Commission of its intent to earmark certain carryover funds for administrative costs for the Home Energy Loan Program; (5) requests approval to allocate unspent 1993 funds to (a) augment funding for its 1994 Nonresidential Energy Efficiency Incentive (NEEI) Program, (b) cover administrative costs for the 1995 program year for ENvestSCE, (c) fulfill Edison's commitment to the Super Efficient Refrigerator Program (SERP) trust account, and (d) fund the Coalition Tariff Charge Program within the Load Management area; and (6) will return the remaining funds to ratepayers.

2. One protest was filed by SESCO, Inc. on this Advice Letter requesting that \$5 million of the carryover funds be allocated to the residential DSM bidding pilot. The protest is denied.

3. This resolution approves the proposed treatment of unspent DSM funds from 1993.

BACKGROUND

1. The total authorized funding available for 1993 DSM programs was \$145.018 million.¹ Resolution E-3336 authorized Edison to carry over \$50.654 million in unspent DSM funds from 1992. \$24.0 million was earmarked for use in years subsequent to 1993, leaving \$26.654 million available for use in 1993. The total funds available for use, after adjusting for 1993 authorized attrition, were \$172.457 million. Total DSM expenditures for the 1993 program year amounted to \$139.844 million, resulting in unspent DSM funds as of December 31, 1993 of \$32.613 million.

2. Of the \$32.613 million of unspent DSM funds from 1993, \$2.327 million relates to Refrigerator Recycling and ENvestSCE. Resolutions authorizing these activities allow unspent funds for these activities to be carried over into 1994 without additional authorization. Therefore, the unspent DSM funds from 1993 addressed in these advice letters equals \$30.286.

3. \$2.898 million of the unspent 1993 DSM funds correspond to program accrual amounts which were committed in 1993, but not yet paid out by year end.

4. In Decision (D.) 92-09-080, Edison was instructed to fund and operate two nonresidential DSM bidding pilots. Edison was to fund the pilots within the authorized funding level for the NEEI program in the following manner: \$7.5 million for program years 1993 through 1995; and \$2.1 million for program years 1996 through 2002. Contract negotiations have not proceeded as quickly as anticipated when the funding was authorized, therefore the distribution of the funds will be delayed. By this carryover of the unspent 1993 DSM funds, Edison intends to establish the funding pool available to winning bidders without seeking funding increases different than those set forth in D.92-09-080.

5. Edison seeks to augment its 1994 NEEI program funding by \$6.0 million in order to respond to increased customer participation in this program. Edison has revised its program goals and earning targets to correspond to this increased funding level.

6. Edison seeks approval to carry over \$4.569 million of unspent 1993 MFRR funds to the 1994 MFRR funding category. This allocation will allow Edison to complete projects initiated but not completed in 1993 and to meet measurement requirements not anticipated in the 1992 General Rate Case (GRC).

¹ This amount does not reflect the difference between forecast attrition rates used in Resolution E-3330 and the authorized attrition rates pursuant to Decision 93-04-062.

7. Edison requests that \$3.5 million be allocated to fund 1995 administrative costs for the ENvestSCE pilot. If this request is approved, Edison will withdraw its request for this cost from the 1995 GRC.

8. In D.91-12-076, the Commission approved funding for Edison's participation in the SERP program which included a \$2.0 million commitment for 1993. A trust was created in December of 1993 by the SERP Coalition to hold accumulated funds contributed by each coalition member. Edison did not pay its commitment by year end, making that amount part of the carryover. This allocation does not represent an increase in overall SERP funding.

9. Edison has requested that \$0.5 million of the carryover funds be allocated to the Load Management area to fund the Coalition Tariff Charge Program. Additional funds are required because of the transition to the I-6 rate as the basis for the incentive payments.

10. By this advice letter, Edison informs the Commission of its intent to earmark \$0.725 million to cover administrative costs associated with the Home Energy Loan Program (HELP) filed with the Commission in Application (A.) 94-03-042.

11. The remaining \$2.594 million will be returned to ratepayers.

12. 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.

13. On March 10, 1994, Edison filed advice letter 1043-E regarding proposed treatment of unspent DSM funds from 1993. On March 15, 1994, Edison filed supplemental advice letter 1043-E-A correcting and updating certain information contained in the original advice letter.

NOTICE

The original and supplemental Advice Letters were 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

1. The Commission Advisory and Compliance Division (CACD) received one protest from SESCO, Inc. (SESCO) on March 31, 1994. Edison responded to SESCO's protest on April 8, 1994.

2. In its protest, SESCO recommends that at least \$5.0 million of the carryover funds be allocated to the joint Edison/Southern California Gas Company (SoCal) residential DSM bidding pilot. SESCO states that this treatment of carryover funds is

appropriate because it believes the bidders who seek to implement residential weatherization under the joint bidding pilot will exhaust the funds Edison has allocated before funds allocated by SoCal run out.

3. On April 8, 1994, Edison responded to SESCO's protest on both procedural and substantive grounds. Procedurally, Edison argues that SESCO's request to add \$5 million to the pilot bidding program is untimely because the forum for addressing this matter was during the hearings establishing the pilot. Moreover, Edison states that even if it was proper to address SESCO's concern through the Advice Letter process, the appropriate Advice Letter to protest would have been 1015-E, filed October 1, 1993. Substantively, Edison argues that its program plans result in cost-effective energy savings which will have to be curtailed if funds are redirected to the bidding pilot.

DISCUSSION

1. As part of its carryover request, Edison intends to carry over \$2.898 million in 1993 program accruals to 1994. These funds are earmarked for specific programs and will be disbursed in 1994. This accounting treatment was addressed in Advice Letter 934-E-A, Appendix C, which was approved in Resolution E-3288. CACD recommends its approval.

2. Edison is required by D.92-09-080 to fund the nonresidential DSM bidding pilots for three years at a level of \$7.5 million per year and \$2.1 million per year for seven years. In carrying over \$7.5 million in unspent funds which was expected to be used for the DSM bidding pilots in 1993, Edison is establishing a pool of funds in order to fully fund the DSM bidding pilots without seeking additional funding in later years. Edison's funding request in its 1995 GRC (A.93-12-025) is consistent in that it requests \$7.5 million only for 1995, and then reduces the funding request to \$2.1 million in subsequent years. This request does not modify funding for the pilots from the authorized level, and CACD recommends its approval.

3. Edison has requested the ability to carry over \$6.0 million to increase its 1994 NEEI funding level. This request is consistent with the fund-shifting ability afforded all other utilities. CACD recommends approval of this request as well as the required revisions to the 1994 program goals and earnings targets.

4. Edison's request to allocate \$4.569 million of unspent 1993 MFRR funds to the 1994 MFRR funding category in order to complete projects initiated in 1993 and to meet measurement requirements not anticipated in the 1992 GRC is consistent with the fund-shifting treatment afforded all other utilities as well as Commission direction in D.93-05-063, and CACD recommends its approval.

5. Edison has requested that \$3.5 million of the available carryover funds be allocated to fund 1995 administrative costs for the ENvestSCE pilot. This request will allow Edison to remove its funding request for this activity from its 1995 GRC request. Except for administrative costs, funding for ENvestSCE was authorized through 1995. Authorizing these funds to be set aside for 1995 provides full funding of the pilot without the need for it to be addressed in another proceeding. CACD recommends its approval.

6. Edison's request to carry over \$2.0 million for the SERP program does not increase Edison's funding of this program beyond the level authorized in the 1992 GRC but simply allows Edison to follow through on the commitment this Commission has previously authorized. CACD recommends the request be approved.

7. Edison's request to allocate \$0.5 million to the Load Management program serve to fully fund the outstanding commitments to its program, within the authorized 1992 GRC level. CACD recommends approval.

8. Edison has earmarked \$0.725 million for administrative costs for the HELP program which is currently before the Commission. CACD recommends that Edison be allowed to carryover these funds for this activity, but does not prejudge the outcome of that proceeding. If Edison does not receive authority to implement the HELP program, CACD recommends these funds be returned to ratepayers.

9. CACD agrees that the remaining unspent 1993 DSM funds, totalling \$2.594 million, should be returned to ratepayers.

10. With respect to the protest by SESCO, CACD has carefully considered the protest and Edison's response. CACD does not agree that SESCO's protest is untimely; the protest related to disposition of carryover funds which were clearly the subject of this advice letter. CACD also does not agree with Edison's response on substantive grounds. However, CACD believes that existing Commission decisions already require Edison to fully fund the residential bidding pilot, within existing resource budgets, so a specific allocation of funds to this bidding pilot is unnecessary. CACD believes that the existing Commission guidance on this issue clearly addresses the concern SESCO raises. D.92-09-080 states "We authorize SCE [Edison] to pay for electric savings achieved by winning bidders working for SoCal, under SoCal's residential bidding pilot. This funding should come out of existing authorizations for DSM resource programs." (p.54) Based on this decision, CACD believes that Edison is already authorized to pay for electric savings under this pilot, even if it exceeds \$2.1 million, within the budget for resource programs. Therefore, CACD sees no reason to specifically allocate additional funds for the residential pilot when such funds are already available to Edison for the pilot, if necessary. For this reason, CACD recommends that SESCO's protest be denied.

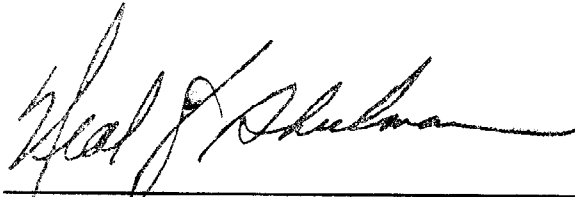
FINDINGS

1. Edison filed Advice Letters 1043-E and 1043-E-A on March 10, 1994 and March 15, 1994 respectively, to request Commission authorization to carry over unspent 1993 DSM funds to 1994 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. The remaining unspent 1993 funds should be returned to ratepayers.
4. Edison's revised incentive target forecasts should be adopted by the Commission for the remainder of the 1994 program year.
5. The data in the tables attached to Advice Letters 1043-E and 1043-E-A not specifically referred to above is acknowledged.
6. Edison should withdraw its request for funding for 1995 administrative costs for the ENvestSCE pilot from its 1995 GRC request (A.93-12-025).
7. The protest by SESCO should be denied.

THEREFORE, IT IS ORDERED that:

1. Southern California Edison Company is authorized to carry over Demand-Side Management funds as proposed in Advice Letters 1043-E and 1043-E-A.
2. Southern California Edison Company shall withdraw its request for funding for 1995 administrative costs associated with the ENvestSCE pilot from its 1995 General Rate Case Request, Application 93-12-025.
3. Advice Letters 1043-E 1043-E-A shall be marked to show that they were approved by Commission Resolution E-3379.
4. The protest of SESCO, Inc. is denied.
5. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities commission at its regular meeting on June 8, 1994. 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