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January 29, 1999

**ADVICE 1341-E-A**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Proposed Treatment of 1998 Unspent Energy Efficiency  
Funds And Related Commitments

Southern California Edison Company (SCE) hereby transmits for filing its proposed treatment of unspent and uncommitted Energy Efficiency Public Purpose Programs Charge (EE-PPPC) funds associated with Program Year 1998 (PY98).

In compliance with Resolution E-3579, this supplemental advice filing revises and replaces Advice 1341-E in its entirety.

**PURPOSE**

SCE seeks authorization to administer PY98 EE-PPPC funds and related commitments beyond 1998. Specifically, this advice filing seeks authorization to: (1) administer PY98 EE-PPPC activities that are not completed by December 31, 1998; (2) administer PY98 EE-PPPC multi-year commitments beyond 1998; and (3) conduct activities in 1999 that are related to the transition and transfer of PY98 EE-PPPC funds.

This advice filing is in compliance with the Assigned Commissioner's Ruling dated September 23, 1998. SCE's request is consistent with the California Board For Energy Efficiency's (CBEE) recommendations on the continuation of interim administration of PY98 activities in 1999.<sup>1/</sup>

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<sup>1/</sup> Preliminary Proposed Revisions of the California Board For Energy Efficiency to the Transition Plan and Milestones, dated September 4, 1998, pp. 3-5.

## **BACKGROUND**

In Decision No. 97-02-014, dated February 5, 1997, the California Public Utilities Commission (Commission) outlined its plans to create a new administrative structure for the future stewardship of energy efficiency programs in California. The Commission also stated the need to continue utility oversight of these activities until a new administrative structure is implemented.<sup>2/</sup> The September 23, 1998 Assigned Commissioner's Ruling<sup>3/</sup> extended the current utility interim administrative structure through December 31, 1999 unless an alternative system of administration is implemented sooner. In light of the continued interim administration period, the Commission has recognized the need for the current Interim Administrators (IAs) to continue support of PY98 program activities beyond 1998. Therefore, the Commission has requested that the current IAs submit their recommendations on activities and funding associated with PY98.

## **1998 EE-PPPC FUNDS**

SCE's 1998 EE-PPPC authorized budget is \$76.370 million.<sup>4/</sup> Based on SCE's current estimation, approximately \$49.150 million has been expended or committed to program participants. However, this estimate does not factor in participant cancellations which may occur. Due to this uncertainty, SCE does not include an estimate of 1998 year-end expenditures and commitments in this filing. Instead, consistent with existing practice for carryover of energy efficiency funds, SCE proposes to file an advice letter at the end of the first quarter of 1999 to report any PY98 unspent balance and recommend to the CPUC the appropriate disposition of any unspent funds beyond those which are required to fulfill PY98 obligations.

## **CONTINUED ADMINISTRATION OF PY98 ACTIVITIES AND MULTI-YEAR PROGRAMS**

SCE seeks authorization to continue administration of those PY98 EE-PPPC activities that will not be completed by December 31, 1998. SCE requests:

- I. The Commission authorize the interim administrators to conduct administrative activities related to 1998 programs that are not completed by December 13, 1998 during 1999 with funding from the authorized 1998 budgets. These activities include:
  - Close-out accounting of 1998 programs;

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<sup>2/</sup> D.97-02-014 dated February 5, 1997, Ordering Paragraph No. 1. p. 90.

<sup>3/</sup> Assigned Commissioner's Ruling, dated October 1, 1998, p. 2.

<sup>4/</sup> Resolution E-3555, dated July 23, 1998, Ordering Paragraph No. 2.

- Reporting of 1998 programs, including the preparation and submittal of the 1998 annual summary report;
  - Internal verification of administrator performance awards and submittal of an awards claim for independent verification by the CBEE and approval by the Commission; and
  - Shut down of any programs that are not to be operated in 1999.
- II. The Commission authorize the interim administrators to conduct activities related to the administration of multi-year commitments for 1998 programs in 1999. SCE requests that these activities be funded first with carryover of unexpended 1998 program funds, and second with 1999 funds if unexpended 1998 funds are insufficient.
- III. The Commission authorize the interim administrators to conduct activities in 1999 that are associated with the transition and transfer of programs and related assets and liabilities to the new program administrators. SCE requests that these activities be funded first with carryover of unexpended 1998 program funds, and second with 1999 funds if unexpended 1998 funds are insufficient.

### **ASSETS AND LIABILITIES TRANSFER ACTIVITIES**

SCE seeks authorization to conduct activities in 1999 associated with the transfer of energy efficiency assets and liabilities to future administrators. SCE will first attempt to utilize PY98 unspent funds. If those funds are not sufficient, SCE will use 1999 program funds.

### **1998 PERFORMANCE AWARD RECOVERY**

SCE proposes to file an advice letter on April 1, 1999, seeking recovery of the performance award associated with PY98 program activity. SCE's ability to recover the performance award immediately following the end of the program year is an important element of the PY98 earnings mechanism. SCE does not believe the Annual Earnings Assessment Proceeding (AEAP) is the appropriate vehicle to seek recovery of the PY98 performance award. The AEAP was intended for a much different shareholder earnings mechanism that relied on a set of extensive measurement protocols.<sup>5</sup> Conversely, a unique characteristic of the PY98 earnings mechanism is the ability to rely on a one-time independent verification of the IA's performance award claim without the need for an extended recovery period. To this end, SCE proposes to file an advice letter on

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<sup>5</sup> The current 1999 AEAP schedule would not allow for PY98 earnings recovery until March 2000. Assigned Commissioner's Ruling, dated July 7, 1998, Table 1.

April 1, 1999 that includes its verified claim associated with SCE's PY98 performance award.

**EFFECTIVE DATE**

This advice filing is made in compliance with Resolution E-3579, therefore, no resolution is required. Per Resolution E-3579, this advice filing is effective December 17, 1998.

**NOTICE**

Anyone wishing to protest this advice filing may do so by sending a letter no later than 20 days after the date of this advice filing. Protests should be mailed to:

IMC Program Manager  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue, Room 4002  
San Francisco, California 94102  
Facsimile: (415) 703-2200

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above), and Donald A. Fellows, Manager of Revenue and Tariffs, Southern California Edison Company, 2244 Walnut Grove Avenue, Rosemead, California 91770, Facsimile (626) 302-4829. There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section III, Paragraph G, of General Order No. 96-A, SCE is mailing copies of this advice filing to the interested parties shown on the attached service list as well as the Special Public Purpose Service List and R.98-07-037. Address change requests should be directed to Emelyn Lawler at (626) 302-3985.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing open for public inspection at SCE's corporate headquarters.

**Southern California Edison Company**

/s/

Donald A. Fellows, Jr.

DAF:jhm:1341ea.doc

cc: CPUC, SF - Attn: Elena Schmid, ORA  
CPUC, SF - Attn: Phyllis White, Energy Division