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October 15, 1998

**ADVICE 1341-E**  
**(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

In compliance with the Assigned Commissioner's Ruling, dated September 23, 1998, 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).

**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>

**BACKGROUND**

In Decision No. 97-02-014, dated February 5, 1997, the California Public Utilities Commission (CPUC or Commission) outlined its plans to create a new administrative structure for the future stewardship of energy efficiency programs

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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.

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> A recent 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**

SCE seeks authorization to continue administration of those PY98 EE-PPPC activities that will not be completed by December 31, 1998. These activities include: (1) close-out of 1998 programs; (2) reporting of 1998 program results, including the preparation and submittal of the 1999 annual summary report; and (3) internal verification of administrator performance awards and submittal of an awards claim for independent verification by the CBEE and approval by the Commission. Consistent with the CPUC's originally adopted schedule, SCE expected the transition to a new administrative structure to be completed by December 31, 1998. Therefore, SCE did not budget for the reporting of 1998 activities. However, SCE will attempt to utilize any unspent PY98 funds to complete this task. If sufficient funds are not available to complete this reporting task, 1999 program funds will be used.

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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.

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

SCE seeks authorization to continue administration of multi-year programs associated with PY98 EE-PPPC activities. Multi-year programs consist of standard performance contracting, new construction, and new construction-showcasing activities. Additionally, the CBEE proposes that Third Party Initiatives (TPIs) either be extended through 1999 without additional funding or to extend the term of the contract with additional funding from program year 1999 (PY99). SCE may propose additional funding for the TPIs in its November 13, 1998 advice filing which will include the required administrative funding support. However, if SCE does not request PY99 funding for these TPIs, then the TPIs will be classified as PY98 multi-year activities.

As mentioned above, SCE believed the transition would occur by the end of 1998. It was expected that future administrators would budget for continued administrative support of these PY98 multi-year programs. Since SCE will continue administration of these PY98 activities beyond 1998, SCE will attempt to fund these multi-year activities utilizing unspent 1998 funds. If PY98 unspent funds are not sufficient to support these activities, SCE will use 1999 program funds.

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

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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.

**EFFECTIVE DATE**

This advice filing is made in compliance with Assigned Commissioner's Ruling. A Resolution is required for approval of this advice filing. It is requested that this advice filing become effective on the 40<sup>th</sup> calendar day after the date filed, which is November 24, 1998, or the date ordered by the Commission Resolution.

**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.

Pursuant to Ordering Paragraph 5 of Decision No. 98-05-018, the advice filing and any comment, protest, or reply, shall also be available in electronic format for posting on the CBEE web page, as appropriate.

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**

Donald A. Fellows, Jr.

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Enclosures

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