



Experimental Schedule GSN
ENvestSCE EQUIPMENT SERVICE

Sheet 1

APPLICABILITY

Applicable to general service customers in both the public and private sectors interested in participating in a demonstration program for investment in energy efficient equipment with minimum project investment of \$250,000 for private sector projects and \$100,000 for public sector projects. This schedule is not applicable to any customer site participating in the Company's Demand-Side Management Bidding Pilots. This schedule will be closed to new customers as of December 31, 1995 and will expire when the last contract executed under this program has terminated.

TERRITORY

Within the entire territory served.

RATES

Monthly Service/Loan Payment Charge

The Monthly Service/Loan Payment Charge under this schedule is calculated using the following formula:

Monthly Service Charge

or =
$$\frac{\text{Investment Base} + (\text{Investment Base} \times \text{Payment Rate})}{\text{Term of Contract months}}$$

Loan Payment Charge

SPECIAL CONDITIONS

1. Adjustment Mechanism

The purpose of the pricing formula is to return to the Company the Commission authorized rate of return on the Company's investment in the Envest^{SCE} portfolio, taken as a whole. Should the Company collect any funds in excess of the amount necessary to provide such return, such excess shall be returned to general ratepayers through the Envest^{SCE} Pilot Program Adjustment Mechanism. Some portion of the Commission authorized return may be allocated to the Investment Base with the remainder included in the Payment Rate, as those terms are defined in Special Conditions 2 and 3 below.

(Continued)

(To be inserted by utility)
Advice 1011-E
Decision _____

Issued by
John R. Fielder
Senior Vice President

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Sheet 2

(Continued)

SPECIAL CONDITIONS

2. The Investment Base will be either (a) or (b) based on mutual agreement between the Company and customer:
 - a. The Company's actual direct costs of design, engineering, construction, materials and all other direct costs incurred by the Company, or paid to others in performing the services and installing and placing into service the equipment provided for in the Customer Contract ("actual costs"). Actual costs shall be limited to direct costs incurred by the Company or paid to others in respect to the foregoing, and shall not include any Company overhead allocations, direct or indirect, or any allocated administrative and general expenses. At the Company's election, the Investment Base may also include (i) a contingency amount not to exceed 40 percent of actual costs to cover potential future credit losses, unrecoverable warranty claim expense, and other contingent or uncertain future costs; (ii) a portion of the Commission authorized return; and (iii) such overheads as have been authorized by the Commission in connection with the Company's other DSM programs.
 - b. The Company's estimated direct costs of design, engineering, construction, materials and all other direct costs to be incurred by the Company, or paid to others in performing the services and installing and placing into service the equipment provided for in the Customer Contract, such estimate to be made by the Company in good faith at the time of contract ("estimated costs"). Estimated costs shall be limited to estimated direct costs to be incurred by the Company or paid to others in respect to the foregoing, and shall not include any Company overhead allocations, direct or indirect, or any allocated administrative and general expenses. At the Company's election, the Investment Base may also include (i) a contingency amount not to exceed 40 percent of estimated costs to cover potential future credit losses, unrecoverable warranty claim expense, and other contingent or uncertain future costs; (ii) a portion of the Commission authorized return; (iii) a contingency amount not to exceed 30 percent of estimated costs to cover potential cost underestimation risk; and (iv) such overheads as have been authorized by the Commission in connection with the Company's other DSM programs. For any particular Customer Contract, the Company's estimate of costs shall be deemed conclusively to have been in good faith if estimated costs are within 30 percent of actual costs, calculated as per Special Condition 2(a). If estimated costs are not within 30 percent of actual costs, there shall be no presumption with respect to the question of good faith.

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Sheet 3

(Continued)

SPECIAL CONDITIONS

2. Investment Base will be either (a) or (b): (Continued)

Under either (a) or (b), the Investment Base will be reduced by any general ratepayer co-investment support for which the transaction qualifies. To be eligible for general ratepayer co-investment support, a transaction must meet the following criteria:

- (i) A simple payback period of three years or longer;
- (ii) Total Resource Cost ratio of at least 1.0; and
- (iii) Minimum "actual costs" or "estimated costs", as the case may be, of \$250,000 for private sector projects and \$100,000 for public sector projects.

General ratepayer co-investment support will be limited to the amount necessary to cause the customer's Monthly Service Charge or Loan Payment Charge at the inception of the contract term to be 20 percent less than the anticipated monthly energy savings, calculated at current energy rates. In no event will general ratepayer co-investment support exceed 20 percent of "actual costs" or "estimated costs", as the case may be, or \$1 million per customer, whichever is less.

Under either (a) or (b), the Investment Base shall be not less than the "actual costs" or "estimated costs", as the case may be, less any general ratepayer co-investment support for which the transaction qualifies.

3. Payment Rate:

- a. The Payment Rate for the Monthly Service Charge is a percentage that provides for the levelized recovery of: a periodic allocation of the Investment Base; the portion of the Commission authorized return not included in the Investment Base; income and ad valorem taxes; and insurance. The Payment Rate may be adjusted annually to reflect changes in the Commission authorized rate of return, changes in income and ad valorem tax rates, and to reflect historic and anticipated portfolio performance of credit losses and unrecoverable warranty claim expense. In no event, however, shall any annual Payment Rate adjustment result in a Payment Rate percentage that provides for the levelized recovery of (i) more than 3 percent of the Investment Base in addition to the items listed in the first sentence of this paragraph; and (ii) incremental changes to the Commission authorized return based on the then effective Commission authorized rate of return.

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Sheet 4

(Continued)

SPECIAL CONDITIONS

3. Payment Rate: (Continued)

- b. The Payment Rate for the Loan Payment Charge is a percentage that provides for the levelized recovery of: a periodic allocation of the Investment Base; the portion of the Commission authorized return not included in the Investment Base; and income taxes. The Payment Rate may be adjusted annually to reflect changes in the Commission authorized rate of return, charges in income and ad valorem tax rates and to reflect historic and anticipated portfolio performance of credit losses and unrecoverable warranty claim expense. In no event, however, shall any annual Payment Rate adjustment result in a Payment Rate percentage that provides for the levelized recovery of (i) more than 3 percent of the Investment Base in addition to the items listed in the first sentence of this paragraph; and (ii) incremental changes to the Commission authorized return based on the then effective Commission authorized rate of return.

4. Fixed Rate Option:

The Monthly Service Charge and the Loan Payment Charge are subject to annual adjustments which will be based on adjustment of the Payment Rate and the remaining term of the contract. For customers who wish to be insulated from this variability, a fixed rate option may be provided for a payment rate premium not to exceed 3 percent of the Investment Base not including any Commission authorized return included therein. This premium is to compensate the Company for otherwise recoverable increases in its Commission authorized rate of return and increases in costs.

5. Customer Contract:

A contract is required for service under this schedule.

(To be inserted by utility)

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