July 31, 2001

Advice 2334-G /2147-E
(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Request for Approval to Shift Pre-1998 DSM Funds to Augment Existing DSM Programs

Purpose

Pacific Gas and Electric Company (PG&E) hereby requests approval to shift $6.0 million of Pre-1998 Demand Side Management (DSM) funds to existing 2001 residential and nonresidential Energy Efficiency programs. Because of the phenomenal success of the Energy Efficiency programs during the energy crisis this shift will permit PG&E to continue successful residential rebate programs that otherwise will be closed as funding is exhausted, and will provide funding for projects presently on the waiting list for the Small Standard Performance Contract (SPC) program. PG&E also requests approval to shift any unspent portion of these transferred funds to other residential programs for which existing funding may run out.

In order for customers to continue to participate in these programs during 2001, PG&E respectfully requests that the Commission expedite the review process and shorten the protest period for this advice letter.

Background

Decision (D.) 01-01-060 authorized PG&E to implement its Program Year (PY) 2001 Energy Efficiency programs, which emphasize peak demand savings and maximum energy savings. As part of the effort to address the current statewide energy crisis, the redesigned and simplified PY 2001 programs were deployed as rapidly as possible.

PG&E is now operating its programs in furtherance of these goals. The programs have been so successful that several programs are expected to exhaust funding before the fall. The SPC program was closed to new applicants on May 23, 2001 and a waiting list was established. Although many of the residential rebate programs are new in 2001, they have had exceptional success and will exhaust current budgets by September 2001. In order to continue these successful programs, PG&E is requesting that some of the unspent, uncommitted funding in the Pre-1998 DSM balancing account be applied to specific existing programs.

In 1997, during the transition to the Assembly Bill (AB) 1890 public goods charge accounting for energy efficiency programs, the Commission determined that post-1997 public goods funds could not be used to pay commitments arising from pre-1998 DSM programs. Prior to AB 1890, commitments fulfilled during a particular year were paid from funds collected during that year. In D. 97-09-017, the Commission addressed this problem by authorizing the utilities to keep unspent pre-1998 DSM funds in a separate balancing account from which utilities could pay pre-1998 commitments. Since that time, PG&E has reported to the Commission, every month, the status of the balancing accounts and the level of unpaid commitments, in accordance with Ordering Paragraph (OP) 4 of Decision 97-09-017, as modified by OP 16 of Decision 97-12-103.

PG&E currently has $6.0 million in unspent and uncommitted pre-1998 DSM funds. This total takes into account funds required by the Commission to be spent on the Summer 2000 Energy Efficiency Initiative and the 2001 low-income energy efficiency program, per Decision 01-05-033. This advice letter proposes that $6 million of these funds be spent on existing successful programs that are achieving significant energy and demand reductions and have or will shortly run out of funds. A description of the programs and proposed fund transfers follows.

Residential Rebate Programs

PG&E requests that $5.0 million of the pre-1998 DSM funds be used to augment the present Lighting and Appliance Programs.

PG&E's residential incentive programs were significantly redesigned for 2001 and have been exceptionally successful. Recently, the Commission directed Senate Bill (SB) X1-5 funding to five of these programs: Lighting, Appliances, Residential Contractor Program, High Efficiency Cooling, and Home Improvement. Even with this additional money, the Lighting and Appliance Programs are expected to exhaust funding by the end of October. A transfer of funds from the pre-1998 DSM balancing account will allow these programs to provide additional energy and demand savings of approximately 3.9 mW and 38,600 mWh, as well as gas savings of 5,700 therms.

Standard Performance Contract Program

PG&E requests that $1.0 million of the pre-1998 DSM funds be used to augment the present Small SPC program and fully fund the projects presently on the waiting list.

PG&E's Small SPC program has a PY 2001 budget of $1.0 million. As of May 23, 2001, the program was fully subscribed and closed to new applications.

The requested additional funding for the applicants on the waiting list would provide an additional estimated 1.3 mW of load reduction and energy savings of 5,113 mWh and 78,400 therms of natural gas. This additional funding will ensure that viable projects that customers are prepared to implement will provide energy savings in 2001.

Fund Shifting Flexibility

In D. 01-01-060, utilities were granted flexibility to shift funds between programs within a program area during the course of the year. This flexibility allowed utilities to expand efforts in certain programs to maximize energy savings. PG&E requests the flexibility to shift any of the pre-1998 funding to other programs within the program area (residential program area or nonresidential program area) in order to maximize energy savings, to respond to shifts in the marketplace over the remainder of the year, and to ensure that none of this funding is unspent in 2001.

Protests

PG&E requests that the protest period for this filing be shortened from 20 days to 10 days pursuant to General Order 96-A, Section XV-Exceptions. Anyone wishing to protest this filing may do so by sending a letter by **August 10, 2001**, which is 10 days from the date of this filing. Protests should be mailed to:

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

Copies should also be mailed to the attention of the Director, Energy Division, Room 4005 and Jerry Royer, Energy Division, at the address shown above. It is also requested that a copy of the protest be sent via postal mail and facsimile to Pacific Gas and Electric Company on the same date it is mailed or delivered to the Commission at the address shown below.

Pacific Gas and Electric Company
Attention: Les Guliasi
Director, Regulatory Relations
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177
Facsimile: (415) 973-7226

Effective Date

PG&E respectfully requests that this filing be approved and become effective on **August 30, 2001**, to ensure that the programs will be able to capture the maximum demand reduction in 2001.

Notice

In accordance with Section III, Paragraph G, of General Order 96-A, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for Application 99-09-049. Address changes should be directed to Nelia Avendano at (415) 973-3529. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President - Regulatory Relations

cc: Service list - A. 99-09-049