



Rule No. 38

Sheet 2

COMMERCIAL/INDUSTRIAL EQUIPMENT INCENTIVE PROGRAM

(Continued)

B. Program Description (Continued)

2. Objectives of the Program (Continued)

- e. Demonstrate that innovative nonresidential gas equipment is a viable and environmentally beneficial alternative to traditional gas and electric technologies.

C. Customer Selection

All of the Utility's existing and new nonresidential customers are eligible to participate in the Program. Qualifying customers, subject to the availability of funds, may apply for and receive one shareholder-funded equipment incentive per building per year. The minimum term of obligation for a customer receiving a shareholder-funded equipment incentive is to operate the equipment as specified in the contract. The Utility has the option of seeking Commission approval for contracts of five or more years before making such commitments.

1. Application to the Program

The customer shall be required to complete an application after the Utility's representative determines the project meets all of the pre-approval screening criteria (see C.2.a. below). The Utility's representative will submit the application and other information to the Utility for evaluation.

2. Application Evaluation Process

An application will be completed after the Utility's representative evaluates whether the customer's project satisfies the following pre-approval screening criteria:

a. Pre-Approval Screening Criteria

The Utility's representative will assess the following specific information for each project to ensure the project meets the requirements for funding under the program:

1. the type of equipment being considered and whether its purpose is energy efficiency, fuel substitution, etc.;
2. the size or capacity of the equipment;
3. the total cost of the feasibility study and/or total cost to purchase and install the equipment;
4. the customer's estimated payback period and acceptable payback period;

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO. 2917  
DECISION NO. 00-04-060

ISSUED BY  
**William L. Reed**  
Vice President  
Chief Regulatory Officer

(TO BE INSERTED BY CAL. PUC)  
DATE FILED May 19, 2000  
EFFECTIVE Jun 1, 2000  
RESOLUTION NO. \_\_\_\_\_

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COMMERCIAL/INDUSTRIAL EQUIPMENT INCENTIVE PROGRAM

(Continued)

C. Customer Selection (Continued)

2. Application Evaluation Process (Continued)

c. Reviewing the Application (Continued)

2. Determining the Level of Incentive

The level or amount of incentive must be consistent with the following:

- a. Feasibility Studies: up to 50% of the study cost, up to a maximum of \$20,000 per study.
- b. Equipment Incentives: up to 50% of the installed equipment cost, up to a maximum of \$100,000 per project or, in the case of air conditioning, up to \$300 per ton for high-efficiency gas cooling equipment.

d. Approving or Denying the Application

The appropriate Approval Teams will meet as needed to approve funding requests received by the Utility in the prior month. Within 90 days of the meeting where an application is presented for consideration, the Utility's representative will receive confirmation of the Approval Team's decision, and the amount of funding, if any. The Utility's representative will inform the customer of the Approval Team's decision, and if appropriate, the Utility's representative will prepare a contract (Form No. 6700-1, Equipment Incentive Program Agreement--Shareholder-Funded, "Agreement-1" or Form No. 6700-2, Feasibility Study Program Agreement--Shareholder-Funded, "Agreement-2") and an affidavit when applicable (Rule 38 Affidavit, Form No. 6700-1B, "Affidavit") for the customer's signature. In the Affidavit, the customer must attest, under penalty of perjury, that the incentive was a material factor in the decision to utilize the energy equipment identified in Agreement-1.

(Continued)

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Sheet 5

COMMERCIAL/INDUSTRIAL EQUIPMENT INCENTIVE PROGRAM

(Continued)

D. Verifying Contract Performance

Customer's equipment incentive is premised upon the customer installing and using the gas equipment as disclosed to the Utility. Customer could be subject to additional charges if the equipment is not installed and utilized as per Agreement-1 and Rule 38 Special Conditions Metering and Gas Usage, Form No. 6700-1A, when applicable. To verify contract performance, Utility may require some or all of the following:

1. proof of equipment purchase, delivery and installation;
2. Utility's visual verification of the installation and operation of equipment;
3. separate metering of affected gas equipment;
4. establishment of a facility-wide baseload gas consumption, normally based on the previous 24-month period; and
5. additional information as necessary to complete Utility's annual program report to the Commission.

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