

Decision 11-11-010 November 10, 2011

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of its 2012- 2014 California Alternate Rates for Energy (CARE) and Energy Savings Assistance Programs and Budgets.

Application 11-05-017
(Filed May 16, 2011)

And Related Matters.

Application 11-05-018
Application 11-05-019
Application 11-05-020

DECISION ADOPTING BRIDGE FUNDING TO JUNE 30, 2012 FOR LARGE INVESTOR-OWNED UTILITIES' ENERGY SAVINGS ASSISTANCE PROGRAM AND CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAMS

1. Summary

This decision authorizes the large investor-owned utilities (IOUs), Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (SoCalGas), to expend an amount not to exceed 50% of their respective 2011 budget level, from January 1, 2012 until June 30, 2012 to continue their Energy Savings Assistance Program (formerly known as the Low Income Energy Efficiency Program) and California Alternate Rates for Energy Program until the Commission adopts a final decision on the IOUs' Energy Savings Assistance Program and California Alternate Rates for Energy Program budget applications for 2012-2014.

This decision also authorizes \$6.06 million in additional bridge funding for SoCalGas, for the bridge funding period.

2. Background

In Decision (D.) 08-11-031, we approved the budgets for Pacific Gas and Electric Company (PG&E), Southern California Edison Company, San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company, (collectively, the IOUs) for their respective Energy Savings Assistance (ESA) and California Alternate Rates for Energy (CARE) Programs for the 2009-2011 program cycle. For 2011, the IOUs were authorized to spend approximately \$318,786,772 in ratepayer funds for the ESA Program and \$901,669,537 in ratepayer funds for the CARE Program.

On May 16, 2011, the IOUs filed the above-captioned applications, Applications (A.) 11-05-017, A.11-05-018, A.11-05-19 and A.11-05-020 (Consolidated Proceeding).¹ In these applications, the IOUs seek approximately \$997,640,000 in ratepayer funds for the ESA Program and \$3,739,716,752 in ratepayer funds for the CARE Program and related activities for 2012-2014 budget cycle.

Two prehearing conferences (PHCs) for the Consolidated Proceeding were held on August 8, 2011 and September 6, 2011. During the two PHCs and in the filed statements, the IOUs and other parties uniformly supported bridge funding in order to continue the current ESA and CARE Programs while the Commission considers issues raised by the applications in the Consolidated Proceeding. The parties also agreed that to avoid confusion and disruptions to the programs, a

¹ Because the four applications (A.11-05-017, A.11-05-018, A.11-05-19 and A.11-05-020) are related, ALJ consolidated the applications in a ruling on July 21, 2011.

bridge funding decision should be issued by November 2011 to cover the period beyond December 31, 2011 to at least June 30, 2012.

On September 26, 2011, assigned Commissioner Timothy A. Simon and assigned Administrative Law Judge (ALJ) Kimberly Kim issued a Joint Scoping Ruling (Scoping Ruling) establishing the scope and schedule for the Consolidated Proceeding. The Scoping Ruling set workshops to explore issues, anticipated today's decision (a bridge funding decision), and projected the final resolution of the Consolidated Proceeding to occur in April 2012.

3.1. Bridge Funding

The parties agree that bridge funding is needed to ensure that no hiatus occurs when the IOUs' authorized budgets for ESA and CARE Programs expire at the end of 2011. These programs are expected to continue into 2012 and beyond. It is therefore in the public interest, during the transition, to provide a smooth transition for refinements to these programs, maintain contractual agreements, retain skilled workers, complete existing projects and continue to bring the benefits of the IOUs' ESA and CARE Programs to businesses and residents of California.

The Commission has adopted bridge funding for similar programs in the past. D.03-01-038, Ordering Paragraph 3 stated:

To prevent service disruption, we authorize the IOUs whose programs will expire at the end of 2002 to continue those programs through March 31, 2003, using Public Goods Charge collections from that period, in the amounts set forth in the body of this decision. The IOUs may only use these funds for their 2002 programs authorized in D.02-03-056 and D.02-05-046. If the Commission issues a decision on 2003 program applications prior to that time, this "bridge funding" shall expire upon issuance of that decision.

Likewise, to achieve continuity and to ensure a smooth transition to the 2012-2014 ESA and CARE Programs, we must adopt a similar bridge funding decision before the end of 2011. This bridge funding decision will also enable the IOUs to timely incorporate the ESA, CARE, Family Energy Rate Assistance (FERA) and Cool Center Program budgets into their respective annual authorized ratemaking procedures² and gas Public Purpose Program (PPP) Advice Letter filings.³ Moreover, with this bridge funding decision in place, the Commission and the parties would have the necessary time to explore, debate and deliberate on the outstanding issues before reaching a final decision on 2012-2014 ESA and CARE Programs budgets in spring 2012.

Due to timing as well as the limited purpose of this bridge funding decision, we choose not to consider each bridge funding programmatic issue and budget item in detail. We believe this simplification will create the least amount of disruption to the ESA and CARE Programs during the transition from the 2009-2011 cycle to the 2012-2014 cycle and will allow more efficient use of Energy Division's limited staff resources. We therefore authorize bridge funding as discussed below.

Specifically, this decision authorizes each of the IOUs to establish a gas and electric revenue requirement effective January 1, 2012 based on 2011 ESA and CARE Program budgets authorized by D.08-11-031, for recovery in rates effective January 1, 2012. Any under/over collection that results from

² SDG&E Advice Letter: Electric PPP Rates (AL 2199-E filed 10/1/10).

³ D.04-08-010 requires the update of gas PPP surcharge rates be filed with the Commission no later than October 31st for rates effective January 1, 2012, or related utility-specific ratemaking requirements. By ruling dated September 26, 2011, the IOUs were given permission to file those Advices Letters by November 15, 2011.

authorized program spending level increases or decreases as a result of a final decision in the Consolidated Proceeding in 2012 will be addressed in each of the IOUs' gas PPP Surcharge, electric PPP mechanisms, and/or currently authorized ratemaking procedures, or as soon as practicable following the issuance of a final decision in the Consolidated Proceeding. Likewise, any incremental change to the ESA and CARE, including Cool Center Program, budget spending levels that result from the final decision in the Consolidated Proceeding in Spring of 2012, can be implemented in rates prospectively through each IOU's respective 2013 electric and gas PPP Advice Letter filings, or related utility-specific authorized filing for rates effective January 1, 2013, or as soon as practicable.

3.2. Bridge Funding Period

We recognize that until the terms of the 2012-2014 ESA and CARE programs and budgets are finalized, the IOUs cannot implement new contracts or programs. The IOUs are concerned that a lengthy bridge funding period will jeopardize their ability to maximize program capacity to meet the Commission's annual goals.

While recognizing these concerns, on balance we find it in the public interest to avoid a hiatus in these programs through bridge funding and to take the time necessary to ensure there will be well thought-out ESA and CARE Programs that are consistent with our Strategic Plan. Therefore, a six months of bridge funding from January 1, 2012 to June 30, 2012, seems justified to ensure continuity of the ESA and CARE Programs, afford a reasonable time for deliberation of the issues, and set an end date to the bridge funding.

3.3. Funding Approach

As parties have indicated in their comments, 50% of each of the IOU's 2011 annual budget level for the six months period, from January 1, 2012 to

June 30, 2012 seems reasonable and straightforward method to seamlessly continue existing programs at the current levels. Exception is made for SoCalGas as discussed below.

Overall for 2011, D.08-11-031 authorized the IOUs to spend approximately \$318,786,772 in ratepayer funds for the ESA Program and \$901,669,537 in ratepayer funds for the CARE Program. Based on each IOU's own individual 2011 authorized budget level, each IOU therefore should establish 50% of their 2011 annual budget as their budget for the bridge funding period from January 1, 2012 to June 30, 2012.

An exception is made for SoCalGas that has demonstrated a need for bridge funding in excess of the 50% its 2011 level. The bridge funding for SoCalGas based on 2011 level for the ESA program would have been \$39.12 million (\$6.52 million x 6 months). SoCalGas in its reply comment requests an additional \$6.06 million for its ESA program during the bridge funding period. This request is based on SoCalGas' projected funding need and forecast that SoCalGas will not have any unspent funds from the previous program cycle. SoCalGas' monthly reports to the Commission to date generally support this projection.

Since SoCalGas' average expenditure amount per treated home in 2011 ESA program was approximately \$700, and SoCalGas' unit goal for the bridge period would equal 64,553, SoCalGas projects that it will require a total budget of \$45.19 million (64,553 x \$700) to meet its home treated ESA program goal during the bridge period and that the bridge period funding based on 2011 level which would total \$39.12 million (\$6.52 million x 6 months) will be far less than the budget they require based on the known factors. Therefore, SoCalGas seeks authorization of the requested additional ESA funding necessary for the

six month bridge funding period, equivalent to the difference between \$45.19 million and \$39.12 million, or \$6.06 million. We find that to ensure that SoCalGas is enabled to implement and have adequate ESA funding for its low-income assistance programs during the bridge funding period, this request for additional funding is reasonable based upon the projection provided and therefore is so approved.

3.4. Adopted Bridge Funding Budgets

In Table 1 below, we detail the IOUs' bridge funding budgets authorized by this decision. The authorized funding levels reflect the corresponding 50% of each of the IOUs' authorized 2011 program budgets:

Table 1
Bridge Funding Budgets beginning January 1, 2012- June 30, 2012
Budget Summary

Utility	ESA	CARE	Total
PG&E	\$78,394,519	\$244,614,218	\$323,008,737
SCE	\$31,706,930	\$108,442,500	\$140,149,430
*SoCalGas	*\$39,128,134	\$71,244,819	*\$110,372,953
SDG&E	\$10,163,803	\$26,532,227	\$36,696,030
Total	\$159,393,386	\$450,833,763	\$610,227,149

*SoCalGas's bridge funding budget is augmented, and SoCalGas is authorized an additional \$6.06 million for its ESA program, as discussed in Section 3.3

3.5. Advice Letters

Each IOU is directed to file a Tier 1 Advice Letter within 10 days of the effective date of this decision. The Advice Letter must include the allocation of the authorized bridge funding budgets for both the ESA and CARE Programs, including the CHANGES Pilot and cooling center budgets (if not already reflected), as well as a new memorandum account showing the difference between the revenue requirement adopted in this decision and that requested in the applications beginning January 1, 2012, discussed in Section 3.6 of this decision.

The memorandum account should only reflect the difference between the revenue requirements based on the average monthly ESA program and CARE program administration costs, at 2011 authorized budget levels, with the corresponding revenue requirement based on the proposed average monthly ESA program and CARE program administration costs, as shown in their proposed 2012 budget requested in the applications. Memorandum account need not reflect the difference in the CARE subsidy costs.

Consistent with Tier 1 procedures under General Order 96B, the Advice Letters shall be effective on the date filed, subject to Energy Division determining that they are in compliance with this directive.

3.6. Revenue Requirements

In this decision, we do not change the overall revenue requirements for the IOUs' ESA and CARE Programs adopted in the 2009-2011 program cycle. For ratemaking purposes, each of the IOU shall use its 2011 CARE, ESA, and Cool Center authorized funding levels in order to develop rates effective January 1, 2012.⁴ An under/over collection that results from authorized program spending level increases or decreases as a result of the final decision in the Consolidated Proceeding in 2012, shall be addressed in each of the IOUs' gas PPP Surcharge, electric PPP mechanisms, and/or currently authorized ratemaking procedures, or as soon as practicable following the issuance of a final decision on the Consolidated Proceeding.

⁴ If applicable, PG&E and SDG&E may include an adjustment to their gas and electric expense allocations in their gas PPP surcharge Advice Letter filing and annual electric ratemaking filing.

It is reasonable to anticipate that the final decision in the Consolidated Proceeding may contain higher revenue requirements than what we adopt today. In order to allow for the possibility of making any such increased revenue requirements effective January 1, 2012, we direct the IOUs to track in a new memorandum account the difference between the revenue requirement adopted in this decision and that requested in the applications beginning January 1, 2012. A final decision on the revenue requirement will be made before June 30, 2012.

4. Categorization and Assignment of Proceeding

This proceeding is categorized as ratesetting. The assigned Commissioner is Timothy Alan Simon and the assigned ALJ is Kimberly H. Kim.

5. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Pub. Util. Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Timely comments were filed by Energy Efficiency Council (EEC), The Association Of California Community And Energy Services (ACCES), The East Los Angeles Community Union (TELACU), The Maravilla Foundation, Natural Resources Defense Council (NRDC), SDG&E and SoCalGas, SCE and PG&E.

All comments generally support the bridge funding decision.

EEC comment recommends that the Commission decision confirm that there be no hiatus in program delivery to customers in this dire economic time and that program delivery should continue at the current levels to avoid any employee layoffs. This decision, as reflected by the continued and authorized bridge funding at the 2011 levels as well as the additional funding authorized for SoCalGas, affirms the Commission's clear expectation that program delivery continue at the current and expected levels during the bridge funding period.

EEC's comment concerning Natural Gas Appliance Testing (NGAT) funding shortfall is not addressed in this decision as it is out side of scope of this proceeding.

ACCES, TELACU and The Maravilla Foundation filed jointly and jointly recommended approval of a six month budget from January to June 2012, rather than a month to month budget during the bridge funding period. SCE's comment and SDG&E's reply comment⁵ echo that recommendation. That is a reasonable recommendation and may add flexibility for the IOUs' program planning and implementation during the bridge period. Therefore, the IOUs are authorized a total six month budget, based on simplified bridge budget calculation of each IOU's 50% of the 2011 budget level for the bridge period, as reflected in this decision.

SDG&E, SoCalGas and SCE propose that the memorandum account should only reflect the difference between the revenue requirements based on the average monthly ESA program and CARE program administration costs, at 2011 authorized budget levels, with the corresponding revenue requirement based on the average monthly budget requested in the applications that is adopted by the Commission. In addition, these utilities propose such memorandum account need not reflect the difference in the CARE subsidy costs.

⁵ SDG&E and SoCalGas originally proposed in their comment that instead of the average monthly 2011 CARE budget levels as basis for calculating the authorized monthly CARE budget for the bridge funding period, that the Commission refers to the average monthly CARE budget to be based on the authorized CARE administration costs for 2011 and a forecast of expected CARE subsidy costs determined by using a reasonable estimate of gas prices and electricity costs, CARE penetration rates, and residential gas transportation and electric distribution rates. This issue is mooted by their subsequent reply comment requesting six months budget.

We agree and therefore clarify the memorandum account requirement for all IOUs to consistently require reporting as proposed by SDG&E, SoCalGas and SCE.

As SCE proposes and we agree, IOUs should continue using the CARE Balancing Account for CARE subsidy costs incurred during the bridge fund period.

SDG&E and SoCalGas comment that the continuation of CHANGES pilot funding be expressly authorized during the bridge funding period. By adoption of proposed resolution CSID-005 today, the Commission authorizes and directs the IOUs' the continued funding of the pilot during the bridge funding period.

SCE's requested approval of Cool Center funding for the six months of bridge funding period for total of \$396,000 is authorized for the bridge period. SCE is authorized to address the cooling centers as a separate program in their Advice Letters. Requested approval is reasonable and so approved.

We decline PGE's request seeking exemption from memorandum account requirement during the bridge funding period.

This decision authorizes bridge funding for continued administration of ESA and CARE programs, including cooling centers and the CHANGES pilot program for the bridge fund periods. This decision does not authorize CARE subsidy.

SoCalGas' reply comment requesting additional \$6.06 million in bridge funding is reasonable, and this decision reflects that additional bridge funding.

Findings of Fact

1. A proposed final decision in the Consolidated Proceeding, approving the IOUs' 2012-2014 ESA and CARE Programs and budgets, is projected to be before the Commission's vote in spring 2012.

2. Bridge funding is needed to continue the current ESA and CARE Programs while the Commission considers the issues raised in the Consolidated Proceeding.

3. Bridge funding is needed to ensure that no hiatus occurs when budgets authorized for the 2009-2011 ESA and CARE Programs expire at the end of 2011.

4. Due to timing as well as the limited purpose of this bridge funding decision, individual bridge funding programmatic issue and budget item is not addressed in this decision which is purposefully simplified to cause the least amount of disruption to the ESA and CARE Programs during the transition from the 2009-2011 cycle to the 2012-2014 cycle.

5. For 2011, D.08-11-031 authorized the IOUs to spend approximately \$318,786,772 in ratepayer funds for the ESA Program and \$901,669,537 in ratepayer funds for the CARE Program.

Conclusions of Law

1. There is a need for continued funding of the IOUs' ESA and CARE Programs from January 1, 2012-June 30, 2012.

2. It is in the public interest to provide a smooth transition for refinements to the ESA and CARE Programs, maintain contractual agreements, retain skilled workers, complete existing projects, and continue to bring the benefits of those programs to businesses and residents of California.

3. It is in the public interest to authorize six months of bridge funding from January 1, 2012 to June 30, 2012, to continue the ESA and CARE Programs, while also affording a reasonable time for deliberation of the issues in the Consolidated Proceeding, and setting an end date to the bridge funding.

4. To avoid confusion and disruptions to the IOUs' ESA and CARE Programs and to ensure continuity of the IOUs' ESA and CARE Programs beyond

December 31, 2011 to a least June 30, 2012, a bridge funding decision should be issued by November 2011.

5. Our approval of this bridge funding of the ESA and CARE Programs is not equivalent to approval of the 2012-2014 ESA and CARE Programs themselves, and should not be construed as a guarantee of continued funding in the 2012-2014 ESA and CARE Programs or as a decision on the merits of any aspect of the ESA and CARE Programs for 2012-2014 budget cycle.

6. It is reasonable to allow the IOUs to contract with new third parties who will limit bridge period activity to only those activities previously authorized by the Commission for 2009-2011.

7. For this bridge funding period, budget totaling 50% of the IOUs' 2011 annual budget levels seems reasonable and straightforward method to seamlessly continue existing programs at the current levels during the six months of bridge funding period.

8. For SoCalGas, it is reasonable and necessary to authorize \$6.06 million in additional bridge funding beyond the 50% of the 2011 budget level for the six months of bridge funding period.

O R D E R

IT IS ORDERED that:

1. Bridge funding is authorized for the large investor-owned utilities, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (IOUs) as illustrated in the below table 1 for the IOUs' Energy Savings Assistance (ESA) and California for Alternate Rates for Energy (CARE) Programs, from January 1, 2012

till June 30, 2012, in the Consolidated Proceeding, Applications (A.) 11-05-017, A.11-05-018, A.11-05-019, and A.11-05-020 (Consolidated Proceeding):

Table 1
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SDG&E	\$10,163,803	\$26,532,227	\$36,696,030
Total	\$159,393,386	\$450,833,763	\$610,227,149

*SoCalGas's bridge funding budget is augmented, and SoCalGas is authorized an additional \$6.06 million for its ESA program, for this bridge period, in addition to \$39,128,134 shown in Table 1 above.

2. Each investor-owned utility shall file a Tier 1 Advice Letter within 10 days of the effective date of this decision. The Advice Letter must include the allocation of the authorized average monthly budgets for both the Energy Savings Assistance and California for Alternate Rates for Energy Programs, including the CHANGES pilot and any cooling center budgets (if not already reflected).

3. The bridge funding period begins January 1, 2012, regardless of whether the Advice Letters have been determined to be in compliance. The bridge funding period ends on June 30, 2012.

4. During the bridge funding period, starting January 1, 2012, the investor-owned utilities shall track in a new memo account the difference between the revenue requirement adopted in this decision and that requested in the applications.

5. The investor-owned utilities shall continue using the CARE Balancing Account for CARE subsidy costs incurred during the bridge fund period.

6. Southern California Edison's Cool Center funding for the six months of bridge funding period for total of \$396,000 is authorized for the bridge period.

Southern California Edison is also authorized to address the cooling centers as a separate program in their Advice Letters.

7. As of December 31, 2011 and the close of all 2011 transactions, the account balance and all other unspent, uncommitted funds for Energy Savings Assistance and California for Alternate Rates for Energy Programs from the 2009-2011 budget cycle shall be reported in a supplemental filing to Applications (A.) 11-05-017, A.11-05-018, A.11-05-19 and A.11-05-020 for final disposition.

8. Applications (A.) 11-05-017, A.11-05-018, A.11-05-19 and A.11-05-020 remain open.

This order is effective today.

Dated November 10, 2011, at San Francisco, California.

MICHAEL R. PEEVEY
President
TIMOTHY ALAN SIMON
MICHEL PETER FLORIO
CATHERINE J.K. SANDOVAL
MARK J. FERRON
Commissioners