

### **Findings of Facts**

In September 2007, the California Public Utilities Commission (Commission) adopted D.07-09-043 pursuant to its authority to regulate investor-owned utilities (California Constitution Article 12, Section 6)

- This Commission decision established an incentive bonus mechanism for the four investor-owned utilities to encourage them to effectively administer the state's over \$2 billion energy efficiency (EE) programs.
- The Commission decision also specifically required the Commission to review and verify investor-owned utilities energy savings before disseminating incentive payments – this verification process is also consistent with the Commission's established policy to independently verify utility EE performance before awarding incentives payments (D.05-01-055).

### **Proposed new PU Code Section**

If the California Public Utilities Commission (Commission) awards energy efficiency (EE) incentives payments to the investor-owned utilities for achieving EE savings pursuant to D.07-09-043 and subsequent decisions, the Commission shall adhere to the following guidelines:

1. Commission is prohibited from awarding EE incentive payments before an independent verification of savings by a non-financially interested party is completed and made public.
2. Incentive payments shall only be awarded based on achieving EE goals (as outlined in D.07-09-043), not as a means of providing regular earnings.
3. Incentive payments shall be based on long-term cumulative goals (as outlined in D.07-10-032).
4. Overpayments to the investor-owned utilities must be returned to ratepayers.