

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

**RESOLUTION E-3524
FEBRUARY 19, 1998**

RESOLUTION

RESOLUTION E-3524. ALL ENERGY UTILITIES. ORDER REQUIRING ENERGY UTILITIES TO CONTINUE USE OF EXISTING INCOME LIMITS FOR THE CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) AND FOR THE LOW-INCOME WEATHERIZATION PROGRAM AND AUTHORIZING THE DIRECTOR OF THE ENERGY DIVISION TO APPROVE REVISED INCOME LEVELS.

SUMMARY

1. The California Alternate Rates for Energy (CARE) program offers eligible ratepayers a 15% discount on their energy bills. The energy utilities' Low-Income Weatherization (LIW) Program income criteria are the same as ULTS and CARE with certain exceptions, as of 1992.
2. This Resolution continues the CARE and LIW Standards authorized by Resolution E-3481 and authorizes the Director of the Energy Division to direct all electric and gas utilities on May 1st of each year beginning in 1998 to file revised tariffs reflecting the revised income levels to become effective as of June 1st of each year beginning in 1998.

BACKGROUND

1. The income limitation for the CARE program has been computed based upon data obtained from "Review of the U.S. Economy" published by DRI/McGraw-Hill. The statistic that is used is the final figure for the "Consumer Price Index All Urban Consumers" for the previous year.
2. A resolution has been prepared each year resetting the income limitations and ordering electric and gas utilities to file tariffs reflecting revised income eligibility levels. Revised eligibility levels have become effective on dates early in March. The uncertainty about the date that new income levels will become effective has created problems for electric and gas utilities who have to prepare for any changes in income eligibility.

DISCUSSION

1. Since the "Review of the U.S. Economy," with the necessary index data, is not available until late January and because it requires at least four weeks to process a resolution to be placed before the Commission, the earliest dates that the Energy Division and, its predecessor organization, Commission Advisory and Compliance Division, staff has been able to process changes has been in early March.
2. "Review of the U.S. Economy" is the standard source of economic data used by Commission staff. The publication is used Commission wide as a source of basic economic and statistical data.
3. The process of setting income limitations is not controversial. The process of determining the change in the income limitation is a simple computation described in the attached Appendix A. There has been no history of protests, objections, or comments upon the income levels as recommended by Commission staff. Users of the income limitation information are interested in the timely and predictable availability of the income limitations because they have to notify their customers and their service representatives about any changes in income limitations.
4. A simplification of the process of setting the income limitations would make the process more timely and reliable as well as less labor intensive for Commission staff. Under the revised process of setting the income limitations, the effective date of the new income levels would be June 1 of each year. The new income levels would be communicated by an annual letter which would provide notifications of the changes in eligibility levels and direct electric and gas utilities to file revised tariffs effective June 1 of each year reflecting the new income levels. This letter would be issued by the Director of the Energy Division by May 1 of each year. It is reasonable to delegate this ministerial duty. If anyone wished to object to the revised eligibility levels, they could protest the advice letters when they are filed.
5. It is possible that sometime in the future, the "Review of the U.S. Economy" may no longer be published. If the statistic derived from that publication were no longer available, an alternative would have to be found. It is reasonable that the Director of the Energy Division be delegated authority to select an alternative source in the event that the "Review of the U.S. Economy" becomes unavailable.
6. Similar authority was given to the Director of the Telecommunications Division for administering the Universal Lifeline Telephone Service in Resolution T-16010 dated June 11, 1997.

FINDINGS

1. The process of setting the income levels for CARE and LIW programs is not controversial.
2. The reliable and timely availability of income eligibility information is important to the electric and gas utilities who provide services under the CARE and LIW programs.
3. It is reasonable to delegate to the Director of the Energy Division, the ministerial duty of informing electric and gas utilities and any others who may be required to file tariffs in conformity with the new income levels and this resolution.

THEREFORE, IT IS ORDERED THAT:

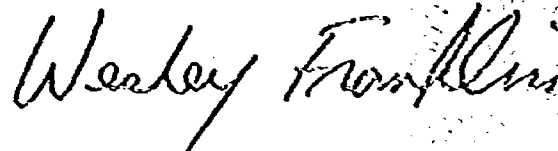
1. The Energy Division shall compute revised income levels for California, using the method described in the attached Appendix A. The Director of the Energy Division shall make that information available to all electric and gas utilities and any other users of the information by May 1 of each year by letter, beginning in the year 1998.
2. By May 1 of each year, beginning in 1998, the Director of the Energy Division shall direct all electric and gas utilities who provide CARE and LIW to file revised tariffs, reflecting the revised income levels, to become effective as of June 1 of each year.
3. Beginning in 1998, all electric and gas utilities providing service under CARE and LIW shall file tariffs reflecting new income eligibility levels in accordance with the instructions provided in the letter from the Director of the Energy Division. Tariffs shall become effective on June 1 of each year.
4. In the event that "Review of the U.S. Economy" is no longer published or becomes otherwise unavailable, the Director of the Energy Division shall designate another reliable source to be used consistently as the source for the CPI-U statistic used to compute the eligibility income levels.
5. The current income levels for CARE and LIW shall stay in effect until May 31, 1998.

Resolution E-3524
All Electric/Gas/KPC*

February 19, 1998

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on February 19, 1998. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

Richard A. Bilas, President
P. Gregory Conlon
Jessie J. Knight, Jr.
Henry M. Duque
Josiah L. Neeper
Commissioners

APPENDIX A

Illustrative Only

Method for Computing Revised Income
Eligibility Levels - CARE/LIW

	a	b	c	d
HOUSEHOLD MEMBERS	FACTOR	OLD LEVEL	RAW	ROUNDED
1 or 2	1.029	16,500	16978.5	17000
3	1.029	19,400	19962.6	20000
4	1.029	23,300	23975.7	24000
EACH ADDL.	1.029	3,900	4013.1	4000

NOTE: The incremental difference between "1 or 2" and 3 (\$3,000) will always be less than the amount for each additional household member (\$4,000).

Rules for computing income levels:

1. The prior periods income levels are multiplied by a factor of one plus the inflation factor derived from the "Review of the U.S. Economy" (Col. $a \times b = c$). The "Review of the U.S. Economy" is usually available in January of each year. The inflation factor to be used is the "final". CPI-U for the prior year.
2. All income level amounts are rounded to the nearest \$100. If the raw number end rounds to 50, it should be rounded to the next higher \$100. Examples: $16949.9 = 17,000$, $16949.1 = 16900$.
3. The percentage increase factor is to three digits to the right of the decimal.
Examples: $2.9\% = .029$, $8.5\% = 0.085$
4. The "each addl." should be checked to the rounded difference between 3 and 4 household members. If rounding differs, the "each addl." should be set to the difference between 3 and 4 household members.