



## **DRA**

*Division of Ratepayer Advocates  
California Public Utilities Commission*

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May 24, 2010

CPUC Energy Division  
Tariff Files, Room 4005  
505 Van Ness Avenue,  
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**Subject:** Division of Ratepayer Advocates' Protest to Pacific Gas and Electric Company (PG&E) Advice Letter 3118-G/3667-E

### **BACKGROUND**

The Division of Ratepayer Advocates (DRA) submits the following protest in response to Advice Letter (AL) 3118-G/3667-E, submitted by PG&E on May 14, 2010. PG&E seeks Commission approval of its On-Bill Financing Program and updates to its Emerging Technologies program budget. PG&E proposes an "interim off-bill solution beginning July 1, 2010, that will provide customers who obtain an OBF [on-bill financing] loan a separate bill for their OBF charges."<sup>1</sup> PG&E's AL also seeks an \$8 million increase to its Emerging Technology program budget, which will be incorporated into a detailed program budget that PG&E will file in its supplemental energy efficiency compliance advice letter.<sup>2</sup> DRA's protest does not address the requested increase to the Emerging Technologies program budget, but focuses solely on the proposed interim off-bill financing program.

### **RECOMMENDATION**

DRA recommends that the Commission deny PG&E's request for an interim off-bill financing program. The Commission should instead require PG&E to focus its efforts on a workable On-Bill Financing program as soon as possible, but no later than August 2011.

DRA is concerned that by devising an off-bill financing program as an interim step to the On-Bill Financing program required by Decision (D.) 09-09-047, PG&E will be diverting

<sup>1</sup> AL, pp .2-3.

<sup>2</sup> AL, p. 1.

resources and incurring additional costs that could be better used to develop a true On-Bill Financing program. On-Bill Financing allows customers to pay for significant energy efficient upgrades that they would otherwise not be able to implement, while at the same time reducing risk to non-participating ratepayers by allowing repayment via utility bills. Ratepayers should not be required to pay for the redundant development of both the interim infrastructure needed for off-bill financing, as well as the ultimate infrastructure needed for the On-Bill Financing program. Moreover, it is also unclear whether and how ratepayers will be protected in situations where customers default on their off-bill financing commitment. PG&E's proposal to disconnect customers who fail to pay their off-bill financing obligation may be inconsistent with policy developments on disconnections in Rulemaking (R.)10-02-005.

The program implementation plan appended to the AL has no detail about the proposed implementation for the eventual On-Bill Financing Program. While DRA supports focus on implementation of an on-bill solution (as opposed to wasting time and resources on developing a short-term interim off-bill solution), DRA believes that either solution should require PG&E to more fully develop a detailed implementation plan for On-Bill Financing with regular milestones that can be assessed by Energy Division that the OBF program will meet an on-time start date.<sup>3</sup>

Finally, the AL would limit the amount of funds available to non-municipal customers to 25% of the available \$18.5 million in the revolving loan fund pool, unless there is insufficient interest among municipal customers. DRA disagrees with this proposed cap, which artificially constrains the ability of small businesses to participate. This appears contrary to the Commission's intent in D.09-09-047. The eligibility of non-municipal ratepayers for funds should not be limited by a cap, as long as they meet criteria designed to reduce the risk of default. Such criteria are lacking from the AL.

## CONCLUSION

The Commission should consider DRA recommendations in approving Advice Letter 3118-G/3667-E. Please contact Cheryl Cox at (415) 703-3027 or [cxc@cpuc.ca.gov](mailto:cxc@cpuc.ca.gov) if you have any questions about this protest.

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<sup>3</sup> Given that PG&E has claimed for more than five years now that it needs to make improvements to its IT system to be able to implement On-Bill Financing, the Commission should ensure that there is a well-developed plan in place so that PG&E's targeted date of Q3 2011 will not be missed with claims of continued technical problems.

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Sincerely,

/s/ Linda Serizawa

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