From: Hall, Thomas A.
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Cc:
Bcc:
Subject: DRA and TURN Request Reconsideration of $68 Million in Ratepayer-Funded Bonuses for Energy Efficiency

OR IMMEDIATE RELEASE

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DRA and TURN Request Reconsideration of $68 Million in Ratepayer-Funded Bonuses for Energy Efficiency

SAN FRANCISCO, January 27, 2011 – The Division of Ratepayer Advocates (DRA), an independent consumer advocacy division of the California Public Utilities Commission (CPUC), and The Utility Reform Network, a non-profit consumer advocacy group, on Wednesday submitted an application for rehearing on the CPUC's recent decision to award shareholders of California's investor-owned energy utilities $68 million in ratepayer-funded energy efficiency bonuses, because the decision was not based upon verified results as a previous CPUC decision had required.

In December 2010, the CPUC voted 3-2 to award Pacific Gas and Electric Company (PG&E), Southern California Edison Company (Edison), San Diego Gas and Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) a combined $68 million in shareholder incentives for the utilities' 2006-08 energy efficiency programs. These bonuses came in addition to $143.7 million in incentives already paid to utilities for the same underperforming programs.

The CPUC's own evaluation found that none of the utilities met the standard that would trigger incentives; in fact, PG&E, Edison, and SDG&E underperformed enough to trigger shareholder penalties. The CPUC analysis showed that the portfolios of SDG&E and SoCalGas actually cost ratepayers more money than the benefits they delivered, which is inconsistent with the CPUC's obligation to oversee cost-effective energy efficiency portfolios. Despite this analysis and advocacy efforts from DRA and TURN, the CPUC awarded the additional bonuses and allowed the utilities' shareholders to keep the previously awarded incentive payments.

"A CPUC administrative law judge concluded that the utilities had not met program goals and yet a majority of Commissioners voted to hand over the money" said TURN executive director Mark Toney. "CPUC laxity is turning these programs into a gravy train for the utility companies. Ratepayers should not be on the hook for unearned shareholder profits."

The CPUC originally intended shareholder bonuses as a means to put energy efficiency on an equal footing with utility investment in fossil fuel procurement in order to persuade utilities to invest in energy efficiency instead of building new power plants. Despite the objectives of the bonus program, DRA and TURN analysis finds that the utilities have failed to develop and implement energy efficiency programs that produce long-term energy savings that can be used to offset the need to build more power plants.

"The utilities had specific CPUC-assigned energy efficiency goals to meet in order to earn bonuses and failed to reach them; ratepayers shouldn't be asked to spend another $68 million for something they didn't get," said DRA acting director Joe Como. "The CPUC needs to drastically reform the energy efficiency program to ensure that ratepayer investment is yielding real results."

You can find the application for rehearing filed by DRA and TURN on DRA's website.

For more information on DRA, please visit www.dra.ca.gov.

For more information on TURN, please visit www.turn.org.

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