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Sent: 2/26/2011 5:03:29 PM
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Cc: [Redacted]
Bcc:
Subject: RE: Official Request for info on gas EE contracts

PG&E's response is attached. I'm available by cell at 415-271-0459 if there are questions.

--Jan

From: Chia, Dan
Sent: Friday, February 25, 2011 5:39 PM
To: 'Barsuglia, Heidi Dejong'; [Redacted]
Cc: Randolph, Edward F.; Fitch, Julie A.; Clinton, Jeanne; Baker, Simon
Subject: request for info on gas EE contracts

To Utility EE contacts: CPUC staff had a mid-afternoon call with representatives from LAO, DOF, and budget committee staff to discuss the gas EE program and fine tune the LIEE budget assumptions in preparation for Monday's conference committee hearing.

To give us the best information to work from, we have parsed out the following five (5) questions, and offer a start on what this answer might look like. We are hoping to focus on giving the answer just to Question 2, and also be prepared to answer Questions 4 and 5 if pressed. We would like to stay clear of Question 3 if at all possible.

Could you look these over, provide your answers (ideally presented by utility and also rolled up across the 3 utilities), and share any additional thoughts you might have?

Please respond to me but copy all those above.

Many thanks.

1) the number of encumbered contracts for which payments are expected during the period July 1, 2011- June 30, 2012

2) the estimated value of payments (i.e., encumbrances) expected to be made on those encumbered contracts during that time?

3) whether utilities have access to any other funds that could be used instead of gas PPP funds to make some/all of these payment obligations?

4) what portion of the contracts (and obligated payment amounts indicated in #2) could be terminated without violating terms of the contracts (i.e. if there are regulatory out, subject to funds availability, etc. type clauses)?

5) then what would be the net value of impaired or otherwise obligated payments that would have to be made from gas PPP funds during the 2011-12 fiscal year?

Draft Answers: CPUC staff believes from what we heard earlier today that the (incomplete) answer is as follows. **Utilities are requested to have complete answers, as feasible, ASAP:**

1) [utilities to report the numbers of such contracts, per ground work you've been doing]

2) The estimated value of encumbered contracts with obligatory payments for the period March 1, 2011 - June 30, 2012 across the 3 gas utilities is \$227 million, for a 16 month period. Thus for the 12-month fiscal year, we estimate 3/4 of \$227 million, or \$170 million might be assumed payable in FY 2011-12. Thus with \$176M (the adjusted 2011 figure from the Gas PPP ALs) in expected collections for the coming year, and \$170 million in estimated payment obligations for FY 2011-12, avoiding contract impairment would allow \$6 million to be redirected to the General Fund.

3) Since these funds would be spent for gas-saving programs, there are no other gas funds on hand or authorized to use to pay for these contractual obligations should gas PPP funds not be available. The CPUC could undertake a new proceeding or phase of the 2010-12 EE proceeding to explore this possibility. Such a proceeding could take between 6-12 months depending upon complexity, staff availability, and stakeholder engagement. In the meantime, no other gas funds are available to substitute for gas PPP payment obligations.

4) [utilities to estimate the \$ amount of encumbered contract payment obligations that could be avoided by exercising "regulatory out" or "subject to funds available" clauses, per ground work you've been doing]

5) [utilities to report the estimated net \$ amount of final payment obligations after removing contract obligations that have "regulatory out" clauses, per ground work you've been doing]

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