DRA

Division of Ratepayer Advocates
California Public Utilities Commission

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CPUC Energy Division
Tariff Files, Room 4005
505 Van Ness Avenue
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Subject: **Conditional Protest to PG&E's Advice Letter 3189-G/3803-E**

Dear Mr. Gatchalian:

I. BACKGROUND

On February 10, 2011, Pacific Gas and Electric Company (PG&E) filed Advice Letters 3189-G/3803-E requesting authorization to transfer $3.9 million in unspent Temporary Energy Assistance for Families Fund (TEAF)[1] funds to its own private charitable program, called Relief for Energy Assistance through Community Help (REACH). PG&E requests authorization similar to that provided in the Commission's 2009 Resolution E-4251, where the Commission granted a one-time only approval for the Sempra utilities (i.e., San Diego Gas & Electric Company and Southern California Gas Company) to use certain over-collections from balancing accounts to assist low-income ratepayers with bill payments during a crisis.

Prior to PG&E's filing of the instant Advice Letters, PG&E and the Division of Ratepayer Advocates (DRA) were having discussions on how to alleviate customers' difficulties with paying their bills during these hard times, particularly low income customers, seniors and the disabled. PG&E notes that as of November, 2010, 12.4% of California's population are unemployed. DRA applauds PG&E's recognition that the difficult economic times merit the use of TEAF funds with REACH funds to help prevent disconnection. DRA conditionally protests PG&E's Advice Letters; however, DRA would support the Commission's approval of PG&E's Advice Letters with the important modifications discussed below.

[1] TEAF was created in the recent disconnection Rulemaking R.10-02-005. Funds from TEAF have come from CARE funding.

II. DRA'S RECOMMENDATIONS

DRA agrees that the Commission should issue a resolution similar to Resolution E-4251, not because Resolution E-4251 was precedential (in fact the Commission made a point to state the Resolution should not serve as precedent), but because Resolution E-4251 helped the low-income families in a moment of high unemployment rates. Since Resolution E-4251 was issued, 1) the economy has worsened and California's unemployment has risen by approximately 2% and 2) the Commission instituted Order Instituting Rulemaking (R.) 10-02-005 providing more direction to utilities in order to reduce service disconnections. Therefore, with the specific modifications discussed more fully below, the Commission should approve the Advice Letter.

<u>There Must Be A Full 1-1 Matching Of The $3.9 Million Ratepayer Dollars Requested And The Funds Must Be Fully Distributed Within Twelve Months</u>

PG&E requests Commission authorization to utilize within 12 months up to $3.9 million of unspent TEAF funds, to match REACH funds on a one-for-one basis. DRA submits that the total $3.9 million of TEAF funds should be matched one-to-one by $3.9 million of REACH funds so there is $7.8 million for low-income assistance. However, PG&E's proposal lacks specificity regarding when it will distribute these amounts to customers, despite its emphasis on the *current* state of the economy. Indeed, the current state of the economy coupled with continuing service disconnections, warrant immediate customer assistance. So, while PG&E requests to draw funds from the TEAF program in 12 months, it must also spend the entire $7.8 million in the REACH/TEAF program in 12 months. DRA submits that this modification is necessary given the continuing downturn in the economy and that ratepayers are experiencing hardship now.

<u>PG&E Should Include In Its Reporting The Difference In Disconnections For Customers Receiving The Funds</u>

While DRA appreciates PG&E volunteering to provide accountability through submitting an annual report to the Commission, there must be more accountability for ratepayer funds. The utilities are now submitting reports on service disconnections, which are an essential part of accountability. DRA submits that for each customer receiving REACH funds during this 12-month period, PG&E must report on a quarterly basis *before and after* comparison of the number of times these customers were disconnected. This type of reporting is critical to ensure accountability, because it allows the Commission and other stakeholders to monitor whether PG&E's REACH/TEAF program has the intended effect of reducing disconnections for the recipient households. Furthermore, this will allow the Commission to ensure that funds are distributed within the year timeframe recommended by DRA.

Ratepayer Funding Contributing To REACH Should Only Be Used In Light Of The Continuing Economic Crisis

Finally, assuming the Commission will issue a resolution approving PG&E's Advice Letters, DRA requests the Commission underscore that this authorization is not precedential. The Commission in Resolution E-4251 was very clear on this point.

DRA would like to reiterate and emphasize a point made several times by Resolution E-4251:

> **That these funds (or any similar ratepayer funds) are authorized on a one time only basis, and the authorization of these funds is not intended to set any future precedent for this or any other similar program.**[2]

These particular ratepayer funds of $3.9 million were not spent in the TEAF program, which had been designed to decrease disconnections of utility services to low-income families during this time period of high unemployment. Only emergencies justify such a situation, which is currently the case. The Commission should use the language of Resolution E-4251 to clarify this point.

III. CONCLUSION

In conclusion, DRA respectfully requests that the Commission adopt PG&E's request, with the modifications provided by DRA.

Sincerely,

/s/ LINDA SERIZAWA

Linda Serizawa, Program Manager
Division of Ratepayer Advocates

cc: Service List R.10-02-005

[2] Resolution E-4251, p. 14.