BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U 338-E) for Approval of its 2009-2011 Energy Efficiency Program Plans and Associated Public Goods Charge (PGC) and Procurement Funding Requests.	Application 08-07-021 (Filed July 21, 2008)
And Related Matters	Application 08-07-022 Application 08-07-023 Application 08-07-031 (Filed July 21, 2008)

MOTION OF PACIFIC GAS AND ELECTRIC COMPANY, SAN DIEGO GAS AND ELECTRIC COMPANY (U902M), AND SOUTHERN CALIFORNIA GAS COMPANY (U904G) REGARDING SENATE BILL 69

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Dated: June __, 2011

Pursuant to Rule 11.1 of the Commission's Rules of Practice and Procedure, Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Gas Company (collectively, the "Investor Owned Utilities" – "IOUs") hereby submit this motion, which if granted, would provide the IOUs with the tools and certainty required to respond to California Senate Bill 69 ("SB 69") in the event that is adopted. If adopted, SB 69 would allow the State to transfer of up to $155 million from the Gas Consumption Surcharge Fund to the General Fund. Through this motion, the IOUs seek immediate Commission approval to utilize unspent energy efficiency funds from prior program cycles to replace funds transferred pursuant to SB 69 should it be adopted.

Immediate Commission action on this motion is needed, absent which, the IOUs will have to significantly and immediately curtail activities across their energy efficiency portfolios in anticipation of the adoption of SB 69.[1] Customers, vendors, third party implementers, state agencies and local governments will be turned away from efficiency programs, and energy efficiency jobs will be lost. Any significant curtailment or shutdown as a result of the adoption of SB 69 would also effectively halt the current momentum of energy efficiency, would create mistrust and cynicism for energy efficiency programs with customers and the industry, and would essentially remove energy efficiency from the top of the California's loading order. In addition, savings toward California's ambitious greenhouse gas reduction goals will be lost and the market will take time to recover from such a dramatic reduction in our commitment to energy efficiency. For these reasons, the IOUs submit this motion seeking immediate Commission action in advance of SB 69 adoption.

I. THE COMMISSION SHOULD IMMEDIATELY GRANT THE FOLLOWING REQUEST TO AVOID A DRAMATIC REDUCTION IN THE IOU'S ENERGY EFFICIENCY PROGRAMS UPON ADOPTION OF SB 69

In the event SB 69 is adopted, the IOUs would be deprived of the use of $155 million of Gas Consumption Surcharge Funds (the "EE Funding Reduction") to fund their energy efficiency portfolios. Therefore, to avoid dramatic reductions in energy efficiency programs that will be required in anticipation of the passing of SB 69, the Commission should immediately

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[1] The total energy efficiency portfolio for each of PG&E and SDG&E will be impacted because there are not separate gas and electric programs per se. Portfolio expenditures are recorded to the electric and gas balancing accounts consistent with the methodology adopted by the Commission to align portfolio cost recovery with projected net benefits from electric and gas measures in the portfolio. Therefore, expenses, including incentives related to electric and gas measures are not, necessarily tied to an "electric program" and a "gas program". (see D.09-09-047 at pp.317-319). SoCalGas' entire portfolio will also be impacted as they only fund gas energy efficiency programs.

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grant the IOUs authority to utilize unspent, uncommitted funds from prior cycles, including interest, to offset the impact of the EE Funding Reduction to the program budgets approved in D.09-09-047.[2] Such Commission action will allow for continuation of the planned and Commission approved energy efficiency portfolios for fiscal year 2011-2012. These unspent, uncommitted funds were previously collected through rates for gas and electric energy efficiency programs. Further, the Commission has past precedent in approving requests for use of prior year funds to augment IOU gas and electric portfolio budgets.[3]

1. Mechanics of SB 69 and Requested Relief

Upon approval of a California State Budget incorporating SB 69, each affected IOU will record an entry to its Energy Efficiency Balancing Account equal to its respective portion of the $155 million EE Funding Reduction.[4] Each IOU's portion is as follows: PG&E 41% (or maximum $63.55 million), SDG&E 10% (or maximum $15.5 million) and SoCalGas 49% (or maximum $75.95 million).[5]

If the Commission grants this motion, PG&E will utilize the following funds to offset its share of the EE Funding Reduction: 1) the remaining estimated $13.5 million of 2006-2009 unspent EM&V funds that were previously authorized in D.09-09-047 (OP 42) to amortize as a credit to PPP rates (final amount subject to confirmation from Energy Division) and 2) an additional $55,128,639 in other available prior period unspent program funds.

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2 See OP 3. The budgets for energy efficiency portfolios for 2010 through 2012 shall be: a. $1.338 billion for Pacific Gas and Electric Company;…c. $285 million for Southern California Gas Company. Southern California Gas Company is also authorized to incorporate up to $45 million of unspent, uncommitted funds into its budget; and d. $278 million for San Diego Gas & Electric Company. San Diego Gas & Electric Company is also authorized to incorporate up to $63 million of unspent, uncommitted funds into its budget. See also OP 42. An initial Evaluation, Measurement &Verification budget of $125 million is adopted, subject to review in the follow-up Evaluation, Measurement & Verification decision in this docket. $88 million in remaining funds shall be used for these purposes, with $37 million in additional funds approved for 2010.

3 The CPUC has previously allowed PG&E to use prior portfolio cycle (combined gas and electric) unspent funds to augment its portfolio funding. See Resolution G-3439 approving Advice Letter 3030-G/3487-E for 2009 and Resolution G-3421 approving Advice Letter 2938-G/3298-E for 2008.

4 For PG&E, the expense will be recorded to it energy efficiency balancing accounts based on the 18% gas, 82% electric expense ratio approved in PG&E's Energy Efficiency Compliance AL 3065-G-A&B//3562-E-A&B. SDG&E and SoCalGas will record an entry of their respective shares to its gas energy efficiency balancing accounts. This will allow the IOUs to recognize the liability in accordance with each IOU's approved tariffs. These entries can be later reversed if the funds transfer does not materialize.

5 Reflects each IOU's share of the $155 million based on each IOU's pro rata share of the total gas budget authorized in D.09-09-047.

SDG&E and SoCalGas will utilize the following funds to offset their respective shares of the EE Funding Reduction in the following order: 1) any remaining natural gas funds from the DSM Pilot Bidding programs[6].; and 2) their natural gas EE uncommitted and unspent funds from previous EE program cycles, including any EM&V funds (final EM&V amount subject to confirmation from Energy Division), incremental to what has already been previously authorized in D.09-09-047 (OP 3 c, d and OP 42) to be amortized as a credit to PPP rates; .[7] In addition, SDG&E is requesting authority to offset any remaining gas undercollection by transferring funds from any remaining electric funds in the following order, (a) from its DSM Pilot Bidding program and (b) overcollection of electric funds in SDG&E's Post-1997 Electric EE Balancing Account.[8]

Depending on each IOU's circumstance, the amount of available funding may not be sufficient to cover the amount of funds lost to that same IOU should the EE Funding Reduction as provided in SB 69 be adopted as part of California State budget. Therefore, notwithstanding the Commission's approval for the IOUs to make use of unspent, uncommitted energy efficiency funds from prior program cycles, some IOUs may still be required to curtail some 2010-2012 Energy Efficiency portfolio activities. However, the scope and effect of these portfolio reductions would be much milder, at least in the near term, in comparison to those that which would otherwise have been required should the Commission fail to grant the relief sought by this motion.

II. CONCLUSION

In order to avoid immediate negative impacts and likely irreparable harm to customers, the industry, and the IOUs and their partners/implementers, the Commission should authorize the IOUs to utilize pre-2010 unspent, uncommitted energy efficiency funds, including interest, to offset the impact of the EE Funding Reduction in order to fulfill energy efficiency portfolio activities previously authorized by the CPUC in D.09-09-047.

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[6] Include decision citations authorizing the Pilot Bidding programs.

[7] Consistent with prior approvals, SDG&E seeks authorization to use electric unspent funds as needed to offset the EE Funding Reduction recorded in its gas balancing accounts.

[8] CPUC has previously allowed SDG&E to offset a gas undercollection by transferring funds from the overcollection of electric funds in SDG&E's Post-1997 Electric EE Balancing Account (Advice Letter 1829-E/1637-G).

Dated this __ day of June, 2011.

Respectfully Submitted,

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