DATE OF ISSUANCE :

06/10/11

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION RESOLUTION G-3455

June 9, 2011

RESOLUTION

Resolution G-3455. Pacific Gas & Electric Company's (PG&E) requests to use California Alternate Rates for Energy (CARE) Funds to supplement PG&E's Relief for Energy Assistance through Community Help (REACH) Program.

PROPOSED OUTCOME: Approves PG&E's request for a one-time use of up to $3.9 million in unspent CARE funds to augment, on a one-to-one matching basis existing REACH Program funds available to PG&E.

ESTIMATED COST: The authorized transfer of up to $3.9 million comes from PG&E's CARE balancing accounts. This amount is already funded through the Public Purpose Program Charge, and this resolution does not increase PG&E's revenue requirement.

By Advice Letter 3189-G/3803-E filed on February 10, 2011.

SUMMARY

This Resolution approves PG&E's request for a one-time transfer of up to $3.9 million from its unspent CARE/ Temporary Energy Assistance for Families (TEAF) balancing accounts to PG&E's REACH program. REACH is an energy-assistance program funded by PG&E, its customers, employees and retirees that provides emergency energy assistance funds to customers in jeopardy of losing their energy services. The entirety of the $3.9 million in CARE funds will be leveraged, dollar for dollar, with existing REACH funds and utilized within one calendar year.

BACKGROUND

In response to Rulemaking (R.)10-02-005, opened to investigate customers' electric and natural gas service disconnections, PG&E filed Advice Letter 3097-G/3622-E to take advantage of Emergency Utility Assistance Funds

available through the 2009 American Recovery and Reinvestment Act (ARRA).

On February 4, 2010, the Commission opened R.10-02-005 to address the issue of customers' electric and natural gas service disconnections. As part of that rulemaking, Ordering Paragraph 13 directed the investor-owned utilities (IOUs) to file a Tier 3 advice letter to take advantage of specific funding available through the 2009 American Recovery and Reinvestment Act (ARRA). These funds were established to provide assistance to low-income customers at risk of energy service disconnection.

PG&E complied by filing Advice Letter 3097-G/3622-E on February 24, 2010 requesting Commission authorization to make a one-time transfer of up to $5 million from its CARE balancing account to be leveraged with the temporarily available ARRA funding. In accordance with federal requirements, PG&E created a new customer assistance program called Temporary Energy Assistance for Families (TEAF) that combined and disseminated both CARE and ARRA dollars to eligible low-income customers.

On April 8, 2010, by Resolution G-3444 the Commission approved PG&E's request for a one-time transfer of up to $5 million from its CARE balancing accounts to two new "CARE/TEAF" balancing accounts (electric and gas).

Due to the constraints imposed within ARRA, matched federal funding contributions expired at the end of September 2010, resulting in the simultaneous expiration of the TEAF program. While several thousand PG&E households were able to access the augmented emergency funding, $3.9 million of the matching CARE dollars went unspent. Unfortunately, the economic situation facing low-income Californians has not notably improved since the expiration of the supplemental Federal funds.

PG&E's current REACH Program provides emergency energy assistance to low-income families in jeopardy of losing their energy services.

REACH is administered by The Salvation Army (TSA) and all administrative costs are covered by a charitable grant from PG&E's shareholders and by operating income from TSA. The program has contributed $3.43 million over the last five years and roughly $1.7 million in 2010 to provide energy assistance for customers in need. Through REACH, eligible customers who have experienced an uncontrollable or unforeseen hardship may receive an energy credit on their utility bills. The size and frequency of the energy credit amount is based upon a number of criteria, but its availability depends upon funding.

To utilize the $3.9 million in unspent CARE funds left in the CARE/TEAF balancing account after the expiration of ARRA, PG&E is proposing a dollar-for-dollar matching funding with its existing REACH funds.

To assist as many eligible customers as possible, PG&E is proposing that the unspent dollars previously committed to the recently concluded CARE/TEAF program should augment the current REACH program funds on a matching dollar-for-dollar basis for a twelve month period. Because REACH is funded by charitable contributions from shareholders, customers, employees, retirees and the PG&E Corporation, it is difficult to estimate the total REACH dollars that will be available for the twelve months subsequent to the passage of this resolution. However, it is anticipated that these dollars would approach or be equal to the amounts remaining in the unspent CARE component of the TEAF program.

PG&E seeks authorization to transfer up to $3.9 million of unspent CARE funds from the CARE/TEAF program to the REACH program.

This fund transfer will be recorded and recovered through the CARE program budget. The CARE budget currently resides in two balancing accounts, the electric California Alternate Rates for Energy (ref. Preliminary Statement M) and the gas California Alternate Rates for Energy (ref. Preliminary Statement V). Up to $3.9 million in funding will be transferred from the electric and gas CARE Balancing Accounts based upon a forty-five percent (45%) gas and fifty-five percent (55%) electric allocation between commodities and recorded in the respective electric and gas CARE Balancing Accounts. PG&E proposes to recover these program costs through the existing Annual Electric True-Up Filing and the Gas Public Purpose Surcharge Advice Letter effective January 1 of the following year. To the extent that a final accounting of the program is not available by the Gas Public Purpose Surcharge filing date, these costs will be recovered in accordance with (D.)04-08-010. (D.)04-08-010, implemented Assembly Bill 1002, establishing a natural gas surcharge to fund gas public purpose programs, including public interest research and development.

At the conclusion of twelve months (currently projected to be mid-2012), PG&E will return to ratepayers through the existing CARE balancing account any CARE dollars not used for the REACH program.

PG&E states that the additional funding made available will provide direct benefits to PG&E's customers during the prolonged economic downturn.

PG&E's proposal augments PG&E's charitable contributions such that ratepayer funding collected in the CARE Balancing Account can be leveraged with the REACH program (on a dollar-for-dollar basis) to provide additional bill payment assistance to CARE-enrolled and CARE-eligible customers. All other customers can access REACH funds in accordance with the payment plan's existing rules. PG&E will also continue to refer recipients to other assistance programs that might help alleviate their overall debt burden as well as continue to provide shareholder support for the current REACH Program.

NOTICE

Notice of 3189-G/3803-E was made by publication in the Commission's Daily Calendar. PG&E states that a copy of the Advice Letter was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

PROTESTS

Advice Letter 3189-G/3803-E was timely and conditionally protested by the Division of Ratepayer Advocates (DRA) on March 2, 2011.

Although DRA supports the notion of leveraging unspent CARE funds with REACH funds, DRA expresses three main concerns; 1) PG&E's proposal lacks specificity as to when it will distribute these amounts to customers, 2) PG&E's proposal should include more frequent and robust reporting, and 3) Any Commission authorization of CARE matching funds should be exceptional and not precedential.

First, DRA states that PG&E's proposal does not include a specific timeline for the dissemination of CARE augmented REACH funds. DRA states that while PG&E requests to draw funds from the TEAF program over 12 months, DRA asks that PG&E also spend the entire $7.8 million ($3.9 million for CARE funds matched with $3.9 million of existing REACH funds) in the CARE/REACH program within that 12 month period. DRA submits that this modification is necessary given the continuing downturn in the economy resulting in hardship for ratepayers.

Secondly, DRA states that PG&E's proposal to file a separate report alongside their next CARE/LIEE annual report following the conclusion of the proposed twelve-month funding period for the CARE/REACH program is insufficient. In addition to providing information on:

1. CARE/REACH payment assistance provided to customers separately stated by total REACH Funds and ratepayer funded distributions,

2. a breakdown of distributed funds between CARE and non-CARE recipients,
3. and, a categorical breakdown of ratepayer funds used for the CARE/REACH program segregated into administrative or program expense, and direct distributions,

In an effort to track whether the dissemination of CARE/REACH funds are having a positive effect on the disconnection rates of at-risk CARE customers, DRA asks PG&E to augment its current monthly reports on service disconnections (as required by R. 10-02-005) with additional quarterly reports. These additional reports would demonstrate, for each CARE customer receiving CARE/REACH payment assistance funds during this 12-month period, a *before and after* comparison of the number of times the specific customer was disconnected.

Lastly, DRA requests that any Commission authorization of CARE matching should be exceptional and not precedential.

On March 9, 2011, PG&E responded to the conditional protest of DRA.

In summary, PG&E agrees to each of DRA's conditions. PG&E is prepared to provide the additional reports on a quarterly basis, agrees to having a twelve (12) month duration for the program, and also concedes that there will be no precedential impact associated with the approval of this advice filing.

Specifically, PG&E agrees with DRA's concept of a 12-month duration for the augmented payment scheme; however there are several factors that prevent PG&E from providing absolute certainty that such funding will be available and distributed during the twelve month time period. These factors include the timing of program approval, level of customer need, level of REACH contributions, and the ability to issue pledges and associated accounting procedures needed to be implemented within the twelve month time frame. While PG&E will strive to distribute up to $3.9 million in matching funds, it will commit to returning any unspent ratepayer dollars that exceed available contributions from shareholders and voluntary contributions from employees and customers.

DISCUSSION

PG&E's proposal to transfer up to $3.9 million of CARE funds to supplement the REACH program is prudent and consistent with the intent of (R.)10-02-005.

We have reviewed PG&E's Advice Letter requesting Commission authorization to transfer $3.9 million in unspent CARE funds from CARE/TEAF balancing accounts to increase funds to be deployed from its charitable program, REACH, to assist customers in need.

PG&E is experiencing an increase in calls from customers requesting bill payment assistance. We note that the current unemployment rate in California is not decreasing and with an ongoing economic downturn, some customers will not be able to pay their utility bills. In response to these depressed economic conditions, PG&E requests increasing funding in the REACH program. PG&E plans to match dollar for dollar ratepayer funds with shareholder funds up to an amount of $3.9 million.

DRA would support Commission's approval of PG&E's Advice Letter 3189-G/3803-E with noted modifications.

We have reviewed the protests of DRA and discuss their objections below:

First, we agree with DRA's comments regarding the timeline of the dissemination of CARE/REACH funds to CARE-enrolled and CARE-eligible customers. We also agree *that CARE/REACH dollars should only be available for CARE-enrolled and CARE-eligible customers*, and that all other customers can access traditionally funded REACH assistance in accordance with the payment plan's existing rules. We believe that DRA has made a reasonable case that PG&E must use the CARE/REACH matched funds within 12 months of this resolution's approval for CARE-enrolled and CARE-eligible customers. Other, existing REACH funds may be spent beyond this timeline and towards other customers. Since the economic downturn continues, it is important for PG&E to assist needy customers as soon as possible.

Secondly, DRA's request for more frequent and robust reporting of the CARE/REACH impacts is reasonable. PG&E should augment its existing disconnection reports (as currently required by R. 10-02-005) with additional information as it pertains to the CARE-enrolled or CARE-eligible customers accessing these CARE/REACH funds during this 12-month period. Specifically, on a quarterly basis, PG&E should document, for each CARE-enrolled or CARE-eligible customer receiving CARE/REACH funds, a *before and after* comparison of the number of times the specific customers was disconnected. This information will help in tracking whether the dissemination of CARE/REACH funds are having a positive effect on the disconnection rates of at-risk CARE customers receiving these funds.

Lastly, we find reasonable DRA's request for reiteration that the approval of augmentation of shareholder payment assistance funds with ratepayer funds is exceptional. DRA is correct in its assertion that prior Commission approvals for use of ratepayer funds to augment IOU payment assistance programs have been under unique and emergency circumstances. PG&E should not consider Commission's approval of the use of CARE matching funds for bill payment assistance as precedent-setting. We also suggest that PG&E might want to ask its shareholders to increase their contributions to the bill payment assistance program under the current bleak economic conditions.

PG&E has addressed DRA's concerns.

PG&E is prepared to provide the additional reports on a quarterly basis, is agreeable to the program having a stated twelve (12) month duration, and is agreeable to there being no precedential impact associated with the approval of this advice filing.

We find PG&E's request to be reasonable and will approve it.

We also note that Rulemaking 10-02-005 envisioned that utility proposals would maximize direct benefits to needy customers while keeping "administrative costs to a minimum."[1] Therefore, we will order a cap of 10% for costs associated with administering the program and conducting marketing and other customer outreach efforts, and expect PG&E to keep administrative costs to a minimum, as originally envisioned in R. 10-02-005. Also, we clarify that CARE/REACH dollars shall only be available for CARE-enrolled and CARE-eligible customers. All other REACH funds can be used at PG&E's discretion and may be expended beyond the 12 month timeline and/or utilized for any customer seeking bill payment assistance per the program's existing rules.

PG&E's proposal utilizes shareholder charitable contributions for this program as envisioned in (R.)10-02-005 and approved in Commission Resolution E-4251.

(R.)10-02-005 envisioned that the IOUs would continue to use their shareholder and employee funded charitable contributions for bill payment assistance but would also offer additional proposals to direct CARE funds for additional assistance in order to leverage as much of ARRA funds as possible[2].

[1] OIR 10-02-005, pp. 10-11.

[2] Ibid.

PG&E's proposal utilizes unspent CARE funds to augment charitable contributions in REACH. PG&E, its customers, employees and retirees are contributing a one-to-one match of up to $3.9 million in the next twelve months to REACH for direct financial assistance for CARE-enrolled and CARE-eligible customers seeking payment assistance.

PG&E's proposal provides benefits to PG&E's customers as envisioned by (R.)10-02-005 during the economic downturn.

The Commission agrees that the additional funding made available through a combination of existing REACH funds and ratepayer funds will provide much needed relief to low-income customers who are experiencing extreme financial hardship. Without such help, any low-income families would not be able to reduce substantial amounts of their past due bills and avoid service disconnections. PG&E customers will continue to be referred to other assistance programs and may be able to receive additional support to alleviate their overall debt burdens.

PG&E's request to create two new gas and electric balancing accounts for the purpose of recording and tracking the leveraging of REACH/CARE funds is reasonable and provides program transparency.

The fund transfer will be recorded and recovered through the CARE program budget. The CARE budget currently resides in two balancing accounts, the electric California Alternate Rates for Energy (ref. Preliminary Statement M) and the gas California Alternate Rates for Energy (ref. Preliminary Statement V). PG&E will create two new balancing accounts, Electric Preliminary Statement Part FP and Gas Preliminary Statement Part CJ to record the amounts transferred from or to the respective gas and electric CARE Balancing Accounts and to record costs associated with this new program. The Commission authorizes these funds to be transferred from the electric and gas CARE Balancing Accounts based upon a forty-five percent (45%) gas and fifty-five percent (55%) electric allocation between commodities and recorded in the respective electric and gas CARE/REACH Balancing Accounts. PG&E will recover these program costs through the existing Annual Electric True-Up Filing and the Gas Public Purpose Surcharge Advice Letter which is filed annually for rates effective January 1 of the following year. To the extent that a final accounting of the program is not available by the Gas Public Purpose Surcharge filing date, these costs will be recovered in accordance with (D.)04-08-010.

At the conclusion of the program (currently expected to be mid-2012), PG&E will return to ratepayers through the existing CARE balancing account any dollars not used for the limited purpose of leveraging CARE/REACH dollars and the associated customer communication and related program expenses.

PG&E will file a report with the Commission within ninety (90) days from the conclusion of the CARE/REACH Program detailing the distribution of funds through the REACH and CARE/TEAF program.

To keep the Commission apprised of the distribution of ratepayer funds through the CARE/REACH program, PG&E proposes to file a separate report **within ninety (90) days from the** conclusion of the proposed twelve-month funding period for the CARE/REACH program with the following information:

1. Total assistance provided to customers through the REACH program and a subset provided through CARE dollars.
2. A breakdown of distributed funds between CARE and non-CARE recipients.
3. A breakdown of ratepayer funds used for the CARE/REACH program segregated into administrative or program expense, and direct distributions. Total number of CARE customers assisted through the CARE/REACH program.

PG&E will augment its monthly disconnection reports (as required by R. 10-02-005) with additional quarterly reports.

To help to track whether the dissemination of these CARE/REACH funds are having a positive effect on the disconnection rates of at-risk CARE customers receiving these funds, PG&E will document, in quarterly reports, for each CARE customer receiving CARE/REACH payment assistance funds during the program's 12-month period, a *before and after* comparison of the number of times the specific customer was disconnected.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments on May 10, 2011.

On May 31, 2011, PG&E filed comments on Draft Resolution G-3455 to clarify certain information concerning the past REACH program and to propose a modified submission date for the program's evaluation report. Specifically, PG&E clarified that in the last five years, the REACH program has contributed $3.43 million over the last five years and roughly $1.7 million in 2010 alone to provide energy assistance for customers in need. PG&E also requested that the Commission modify the report due date from May 1st, 2012, to ninety (90) days from the conclusion of the CARE/REACH Program. PG&E has explained that the new due date would allow for a full 12 months of program implementation prior to reporting and that the additional time would accommodate for a full accounting of all of the dollars spent and give PG&E time to prepare the report.

PG&E's requests are found reasonable and are granted. The requested changes have been incorporated.

This resolution will be placed on the Commission's meeting agenda of June 9, 2011.

FINDINGS AND CONCLUSIONS

1. REACH is an energy-assistance program funded by PG&E, its customers, employees and retirees.
2. The Salvation Army administers the REACH program.
3. On April 8, 2010, to take advantage of the emergency utility payment-related funding available through the 2009 American Recovery and Reinvestment Act (ARRA), the Commission approved PG&E's request for a one-time transfer of up to $5 million in matching funds from its CARE balancing accounts to two new "CARE/TEAF" balancing accounts (electric and gas).
4. The expiration of the federal ARRA dollars in September 2010 led to the expiration of the CARE/TEAF program.
5. PG&E retains nearly $3.9 million in unspent TEAF-matching CARE funds.
6. PG&E proposes to augment its new and existing REACH program funds with the unspent CARE/TEAF funds on a dollar-for-dollar basis.
7. PG&E proposes to create two new balancing accounts to provide transparency in recording and tracking the amount of ratepayer-only funded payment assistance provided to eligible customers under the CARE augmented REACH program as well as incremental administrative and marketing costs necessary to implement this new program.

8. On March 2, 2011, the Division of Ratepayer Advocates filed a conditional protest to PG&E Advice Letter 3189-G/3803-E. While largely supportive of PG&E's proposal and stating that PG&E's proposal would deliver significant benefits to PG&E's customers at a time when this assistance is greatly needed, DRA notes that the funds need strict timelines, more robust and frequent reporting, and reiteration that this program is unique and should not be interpreted as precedential.
9. On March 9, 2011, PG&E submitted a reply to DRA's protest stating the company's agreement with DRA's concerns. Specifically, PG&E is open to providing additional reports on a quarterly basis, agrees to the program having a stated twelve (12) month duration, and is amenable to treating the program as a one-time event and not precedential.
10. On May 31, 2011, PG&E submitted comments clarifying that over the last five years, the REACH program has contributed a total of $3.43 million in assistance to customers in need and that in 2010 alone, $1.7 million of energy assistance was provided to customers in need. PG&E's comments also requested that in order to have a full accounting of all of the dollars spent in its request, the Commission should modify the due date to allow PG&E to file its program report within ninety (90) days from the conclusion of the CARE/REACH Program.

THEREFORE IT IS ORDERED THAT:

1. The request of PG&E to use CARE Funds to supplement PG&E's Relief for Energy Assistance through Community Help (REACH) Program as requested in Advice Letter 3189-G/3803-E is approved. On a one-time basis, PG&E may transfer up to $3.9 million from its CARE/TEAF balancing accounts to two newly created "CARE/REACH" balancing accounts (electric and gas).

2. The $3.9 million in CARE dollars must be matched on a dollar-to-dollar ratio with PG&E shareholder, customer and employee supplied REACH dollars.

3. A maximum of up to 10% of the total funds may be utilized for administering the program and conducting marketing and other customer outreach efforts, except for the amount PG&E has previously paid and will continue to pay to The Salvation Army for administering the traditional REACH program.

4. PG&E shall allow only CARE-enrolled or CARE-eligible customers to utilize the CARE augmented REACH funds. All other customers will access other REACH funds contributed by employees, shareholders, and customers, in accordance with the program's existing rules.

5. PG&E shall revise its Electric Preliminary Statement Part M and Gas Preliminary Statement Part V in order to record the transfer of authorized ratepayer funds under the CARE Balancing Accounts. Additionally, PG&E will correct the sequencing in the newly renumbered Section V.7.h. Specific changes made to the gas Preliminary Statement are:

    1. Section "V.7.h" has been relocated and renumbered "V.7.g."
    2. Section "V.7.g" was relocated and renumbered "V.7.h." In addition, the reference to "entries 7.a. and 7.f." has been updated to "entries 7.a and 7.g." to reflect the new numbering sequence.

6. PG&E shall create two new balancing accounts, Electric Preliminary Statement Part FP and Gas Preliminary Statement Part CJ to record the amounts transferred from or to the respective gas and electric CARE Balancing Accounts and to record costs associated with this augmented program.

7. PG&E has 12 months from the date of approval of this Resolution to disseminate all CARE augmented REACH funds. After the 12 month period, any remaining CARE funds will be returned to the CARE Balancing Accounts (Electric Preliminary Statement Part M and Gas Preliminary Statement Part V).

8. PG&E will continue to refer recipients to other assistance programs that might help alleviate their overall debt burdens, as well as continue to provide shareholder support for the current REACH Program to those customers who do not qualify for the CARE augmented REACH Program.

9. PG&E will augment its existing disconnection reports (as currently required by R. 10-02-005) with additional information as it pertains to the CARE-enrolled or CARE-eligible customers accessing these CARE/REACH funds during the approved 12-month period. On a quarterly basis, PG&E will document, for each CARE-enrolled or CARE-eligible customer receiving CARE/REACH funds, a *before and after* comparison of the number of times the specific customer was disconnected.

10. PG&E shall file a separate report within ninety (90) days from the conclusion of the CARE/REACH Program detailing the results of the CARE/REACH program with the following information:

- CARE/REACH payment assistance provided to customers separated by total REACH Funds and ratepayer funded distributions.
- A breakdown of distributions between CARE and non-CARE recipients.
- A breakdown of ratepayer funds used for the CARE/REACH program segregated into administrative or program expense, and direct distributions.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on June 9, 2011; the following Commissioners voting favorably thereon:

/s/ Paul Clanon
Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
TIMOTHY ALAN SIMON
MICHEL PETER FLORIO
CATHERINE J. K. SANDOVAL
MARK J. FERRON
Commissioners