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CALIFORNIA LEGISLATURE

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January 3, 2014

Commissioner Mark Ferron
CA Public Utilities Commission
505 Van Ness Avenue, Room 4104
San Francisco, CA 94102

Dear Commissioner Ferron:

Thank you for your letter of December 19, 2013, offering additional information regarding the Section 28 request to provide the CA Alternative Energy and Advanced Technology Financing Authority (CAEATFA) the budget authority to act as the hub for energy efficiency financing activities. While I appreciate your perspective, and after further consultation with the Legislative Analyst's Office, I am not prepared to reverse my previous determination that this proposal does not meet the requirements or intent of Section 28 of the Budget Act.

Section 28 is intended to provide the Administration limited ability to act in the event that unanticipated non-state funds become available and must be expended during the current year. Section 28 is specifically not to be used as an alternative budget process. As you indicate, the funding for the proposed program described in the Section 28 letter is being "provided by electric and gas ratepayers, under the direction of the PUC." Although not General Fund dollars, these are ratepayer funds that are collected at the behest of a state entity from state residents and should be treated with no less prudence and oversight as General Fund dollars. Additionally, as the PUC is familiar with the legislative and state budget calendars, the collection of these ratepayer funds was at the direction of the PUC, and as this proposal has been under consideration by the PUC and its staff for some time, it was possible to align this request with the state budget process or, in the alternative, through a separate bill.

I feel strongly that the use of Section 28 under these circumstances is not in keeping with the intent of the Legislature in permitting the Administration limited authority to approve augmentations outside the usual budget process. However, I understand you

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have concerns about the implications in delaying the implementation of this program and I encourage you to meet with budget staff to explore how this issue might receive an accelerated review and consideration by the Legislature when we reconvene in January.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mark Leno", written in a cursive style.

Mark Leno
Chair

cc: Members of the Joint Legislative Budget Committee