

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-3529
OCTOBER 8, 1998

RESOLUTION

RESOLUTION E-3529. PACIFIC GAS AND ELECTRIC COMPANY REQUESTS APPROVAL TO ESTABLISH THREE NEW ENERGY EFFICIENCY AND PUBLIC PURPOSE BALANCING ACCOUNTS AND AUTHORIZED ELECTRIC LOW-INCOME DIRECT ASSISTANCE PROGRAM FUNDING. APPROVED.

BY ADVICE LETTER 1724-E/2059-G, FILED ON JANUARY 6, 1998.

SUMMARY

In its Advice Letter 2059-G/1724-E Pacific Gas and Electric Company (PG&E) requests Commission approval of a \$14,214,000 increase in base revenues, including franchise fees and uncollectibles, for Low Income Direct Assistance Programs to comply with Decision (D.) 97-12-103. Alternatively, PG&E proposes to establish a memorandum account to track the \$14.214 million while PG&E pursues a petition for modification of the decisions setting PG&E's authorized base revenues.

PG&E also requests authority to establish the Energy Efficiency Balancing Account (EEBA), the Public Purpose Program Energy Efficiency Balancing Account (PPPEEBA), and the Public Purpose Program Low Income Balancing Account (PPPLIBA).

No protests were received by the Energy Division.

This Resolution approves establishing three new balancing accounts to replace the current DSM Balancing Account and Efficiency Resource Program Balancing Account as ordered by D.97-12-103 and requested by Advice Letter 1724-E/2059-G. This resolution also authorizes PG&E to track the \$14.214 million for Electric Low-Income Direct Assistance Programs. The effective date of the accounts is the date of this resolution.

This approval allows PG&E to continue work on the Electric Low-Income Direct Assistance Programs as we intended in D.97-12-103.

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BACKGROUND

Advice Letter 1724-E/2059-G requests authorization to establish EEBA, PPPEEBA, and the PPPLIBA in compliance with D.97-12-103. This filing also requests an increase in base revenues of \$14.214 million, including uncollectibles, for Electric Low-Income Direct Assistance Programs.

The EEBA replaces PG&E's existing Two-Way Customer Energy Efficiency Resource Program Balancing Account (CEERBA) and the One-Way DSM Balancing Account. All unspent pre-1998 program dollars and payment for the costs incurred after January 1, 1998 for the pre-1998 programs will be recorded in this account. In addition to receiving pre-1998 unspent funding, the EEBA will be used to pay the costs incurred after January 1, 1998 for the pre-1998 programs, including the pre-1998 bidding program obligations.

The PPPEEBA will track Public Purpose Programs surcharge funds allocable to the 1998 energy efficiency programs and will be used to pay encumbered 1997 startup costs of the California Board of Energy Efficiency (CBEE), 1998 administrative costs of the CBEE, 1998 energy efficiency programs administered by PG&E, and the funds directed by the CBEE for a new administrator.

The PPPLIBA will track Public Purpose Program surcharge funds that are allocable to the 1998 low-income direct assistance programs, and will be used to pay the 1997 startup costs and administrative costs of the Low-Income Governing Board (LIGB), the 1998 administrative costs of the LIGB, and the 1998 low-income direct assistance program costs administered by PG&E.

Funding for the low-income direct assistance program in the amount of \$14.077 million, \$14.214 million including franchise fees and uncollectibles, was not specifically authorized by D.97-12-103. Therefore PG&E requests either that its base revenues be increased by that amount or, alternately, that it be authorized to establish a memorandum account to track the \$14.214 million expense while PG&E pursues a petition for modification of the decisions setting PG&E's authorized rates.

NOTICE

Notice of AL 1077-E/1081-G was made by mailing copies to the utilities and interested parties as set forth in D.97-12-088 and to all interested parties in R.97-04-011/I.97-04-012. Public notice of this filing has been made in the Commission's calendar.

PROTESTS

No protests were filed.

DISCUSSION

In D.97-12-103 we adopted the California Board for Energy Efficiency's recommendation to reduce the 1998 budget for gas energy efficiency funding by the approximately \$15 million of gas direct assistance programs contained in PG&E's proposal. Funding for both gas and electric direct assistance will become part of the utility's budget proposals to be reviewed by the Low Income Governing Energy Board and approved by this Commission.

In Conclusion of Law #4 we stated: "Based on clear and unambiguous language of this statute, it is reasonable to interpret Public Utilities Code (PU Code) Sect. 381(c)(1) as authorizing \$106 million per year for PG&E's energy efficiency programs, not including funding for electric assistance or energy efficiency programs targeted to low-income ratepayers."

The PU Code Sect. 381(c)(1) mandates PG&E to spend \$106 million per year on energy efficiency and conservation activities.

On October 1, 1997 PG&E filed Application 97-10-001 for approval of PG&E's 1998 energy efficiency programs, as interim administrator until the California Board for Energy efficiency could complete a competitive bidding process to choose new energy efficiency program administrators. Included in the application was a budget proposal for energy efficiency programs which included \$14.077 million of funding for electric direct assistance programs, which was the 1996 authorized funding level for the electric portion of PG&E's low-income direct assistance program. PU Code Sect. 382 requires programs provided to low-income electricity customers to be funded at not less than 1996 authorized levels.

We conclude that the funding required for all electric energy efficiency and conservation programs mandated by Sect. 381(c)(1) is \$120.077 million, including the \$106 million for the Sect. 381(c)(1) energy efficiency and conservation programs, and \$14.077 million from the funding authorized by the Commission for all PG&E electric demand-side management programs. We will not allow PG&E to increase base revenues for the electric Low-Income direct assistance programs by this advice letter. However, we will authorize PG&E to track the \$14.077 million and pursue an increase to the base revenues of \$14.214 million, including

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franchise fees and uncollectibles in another proceeding. PG&E's proposal to track the \$14.077 million in a memorandum account while pursuing a petition for modification is reasonable.

PG&E's proposal to replace its two current balancing accounts with the EEBA, PPPEEBA, and PPPLIBA is reasonable since it will bring PG&E's tariffs into compliance with D.97-12-103.

To facilitate administration of the governing boards PG&E should file separately for matters pertaining to energy efficiency and for matters pertaining to low income.

FINDINGS

1. PG&E filed Advice Letter 1724-E/2059-G on January 6, 1998 which requested authority to establish three new balancing accounts to replace two existing accounts to track DSM and public purpose program expenses and a memorandum account to track Electric Low-Income Direct Assistance Programs. PG&E also requests clarification of funding of Electric Low-Income Direct Assistance Programs.
2. To comply with D.97-12-103 PG&E must replace its current CEERBA and its One-Way DSM Balancing Account with the proposed EEBA and establish the PPPEEBA and the PPPLIBA.
3. D.97-12-103 did not explicitly approve \$14.077 million for Electric Low-Income Direct Assistance Programs, but concluded that the \$14.077 million was not included in the \$106 million authorized by P.U. Code 381(c)(1).
4. PU Code sec. 382 requires that the Commission allocate, and PG&E fund programs for low-income energy efficiency customers at not lower than 1996 authorized levels.
5. PG&E should file an advice letter for authority to establish a memorandum account to track the \$14,214 million Electric Low-Income Direct Assistance Programs.
6. It is reasonable to require PG&E to separate energy efficiency advice letters in advice letter filings by energy efficiency matters and low income matters.

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THEREFORE, IT IS ORDERED THAT:

1. PG&E's Advice Letter 1724-E/2059-G is approved.
2. The effective date of the Energy Efficiency Balancing Account, Public Purpose Program Efficiency Balancing Account and the Public Purpose Program Low-Income Balancing Account shall be effective the date of this resolution.
3. PG&E shall file an advice letter requesting authority to establish a memorandum account to track the \$14.214 Electric Low-Income Direct Assistance Programs.
4. In the future PG&E should file advice letters requesting changes in accounts separately by those relating to energy efficiency matters and those relating to low income matters.
5. Advice Letter 1724E/2059G shall be marked to show that it was approved by Commission Resolution E-3529.
6. This resolution is effective today.

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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 October 8, 1998, the following Commissioners voting favorably thereon:



WESLEY M. FRANKLIN
Executive Director

RICHARD A. BILAS
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners