

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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Application of Pacific Gas and Electric
Company for a Two-Year Extension of the
ClimateSmart™ Program and Tariff
Option.

Application 09-05-016
(Filed May 18, 2009)

**REPLY COMMENTS
OF THE DIVISION OF RATEPAYER ADVOCATES
AND THE UTILITY REFORM NETWORK
ON THE PROPOSED DECISION GRANTING DAY-TO-DAY
EXTENSION OF CLIMATESMART PROGRAM AND TARIFF OPTION**

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DATED: November 16, 2009

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Commission’s Rules of Practice and Procedure, the Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN) submit these reply comments in response to the “Opening Comments of Pacific Gas and Electric Company’s (PG&E) on Proposed Decision (PD) Granting Day-to-Day Extension of ClimateSmart Program and Tariff Option.” PG&E requests that the Commission remove the PD’s restriction on marketing expenses and the cap on administrative expenses, claiming that they “would unnecessarily restrict PG&E’s ability to administer the Program, negotiate and procure greenhouse gas emissions, and educate and enroll new customers on a day-to-day basis during this period.”¹

The Commission should deny PG&E’s request to modify the PD to allow expenditures of ratepayer dollars on marketing during the day-to-day extension and to remove the cap on administrative expenses, because DRA and TURN maintain that any remaining administrative and marketing (A&M) funds should be returned to ratepayers as a condition of allowing PG&E to continue the underperforming ClimateSmart program for two more years. Instead, as DRA and TURN contend in their Opening Comments, the Commission should modify the PD to prevent PG&E from spending any ratepayer dollars during the day-to-day extension.

¹ Opening Comments of PG&E on Proposed Decision Granting Day-to-Day Extension of ClimateSmart Program, filed November 10, 2009 (PG&E Opening Comments), pp. 1-2.

II. The Commission should deny PG&E's request to modify the PD to allow PG&E to spend ratepayer funds for marketing, contract management, and higher administrative costs during the ClimateSmart Program's day-to-day extension.

The PD would allow PG&E to spend up to \$20,000 per month on administrative expenses, but would prohibit the expenditure of ratepayer funds for marketing expenses during the day-to-day extension. The PD observed that the Commission will be considering modifications in PG&E's marketing of the ClimateSmart program, which so far has yielded enrollments significantly lower than PG&E projected.² The PD therefore correctly concluded that ratepayers should not pay for additional marketing expenditures until after the Commission has considered changes to marketing in the event the program is extended.³

PG&E claims that

[i]t is unnecessary for the Commission to cap or restrict PG&E's expenses during this period, particularly in light of the fact that PG&E is not requesting additional ratepayer funding or relaxation of the performance guarantee on the merits in this application.⁴

PG&E's assertion that there is no need for spending restrictions during the day-to-day extension assumes entitlement to the unspent A&M funds remaining at the end of the 2009 for use in any reauthorized ClimateSmart program. DRA and TURN disagree that PG&E is entitled to spend remaining A&M funds for a ClimateSmart program that extends past 2009. While the Commission in D.06-12-032 allowed for the possibility that PG&E could use unspent A&G money to purchase the offsets needed to meet its performance guarantee, that scenario was premised on the program ending in 2009.⁵ Now that PG&E seeks to extend the program for two more years, whether that money remains available in an extended program, or whether it must be returned to ratepayers at the end of the year is one of the primary issues regarding this Application. Until the Commission decides

² PD, p. 4.

³ PD, p. 4.

⁴ PG&E Opening Comments, p. 3.

⁵ D.06-12-032, Ordering Paragraph 6, p. 51.

whether to grant PG&E's Application, the remaining A&M funds should be preserved in order to maintain the status quo for consideration at that time.

PG&E claims that it needs \$91,700 per month for ClimateSmart expenses (marketing, administrative and GHG reduction procurement) during the day-to-day extension.⁶ If PG&E believes that such expenditures are needed, then such funds should come from program participants or shareholders, at least until the Commission decides whether to grant PG&E's Application to extend the ClimateSmart program for two more years.

III. CONCLUSION

DRA and TURN respectfully request that the Commission revise the PD to prohibit PG&E from expending any funds collected from ratepayers as a whole during the day-to-day extension to avoid prejudging the Commission's decision on one of the key issues in this case.

Respectfully submitted,

/s/ DIANA L. LEE

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⁶ PG&E Opening Comments, p. 9.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “**REPLY COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES AND THE UTILITY REFORM NETWORK ON THE PROPOSED DECISION GRANTING DAY-TO-DAY EXTENSION OF CLIMATESMART PROGRAM AND TARIFF OPTION**” in **A.09-05-016** by using the following service:

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Dated at San Francisco, California this **16th** day of **November, 2009**.

/s/ ALBERT HILL

Albert Hill

N O T I C E

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