

Ratesetting  
6/21/2012 Item 12

Decision **PROPOSED DECISION OF ALJ KIM** (Mailing 5/22/2012)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

In the matter of the Application of PacifiCorp for approval of the 2012-2014 California Alternate Rates for Energy and Energy Savings Assistance Program Programs and Budgets.

Application 11-06-016  
(Filed June 15, 2011)

And Related Matters.

Application 11-06-018  
Application 11-06-019  
Application 11-06-020  
Application 11-06-021  
Application 11-07-015

**DECISION ADOPTING EXTENSION OF BRIDGE FUNDING  
MONTH-TO-MONTH FROM JULY 1, 2012  
FOR SMALL MULTI-JURISDICTIONAL UTILITIES' ENERGY  
SAVINGS ASSISTANCE AND CALIFORNIA  
ALTERNATE RATES FOR ENERGY PROGRAMS**

**1. Summary**

This decision authorizes Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company

(collectively Small Multi-jurisdictional Utilities) to expend the average monthly authorized 2011 level of funds from July 1, 2012, on a month-to-month basis, to continue their Energy Savings Assistance (formerly known as the Low-Income Energy Efficiency Program) and California Alternate Rates for Energy Programs until the Commission adopts a final decision in this proceeding.

## **2. Background**

In June and July of 2011, Alpine Natural Gas Operating Company (Alpine), PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation (Southwest Gas), California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company (West Coast Gas) (collectively, Small Multi-jurisdictional Utilities or SMJUs) filed the above-captioned applications, Application (A.) 11-06-016, A.11-06-018, A.11-06-019, A.11-06-020, A.11-06-021, and A.11-07-015 (SMJUs' Consolidated Proceeding).<sup>1</sup> In these six applications, the SMJUs seek approximately \$13,066,970 in ratepayer funds for the SMJUs' Energy Savings Assistance (ESA) Program and \$48,785,574 in ratepayer funds for their California Alternate Rates for Energy (CARE) Program for 2012 through 2014.

On October 6, 2011, a prehearing conference (PHC) for the SMJUs' Consolidated Proceeding was held. In the ruling dated September 26, 2011 issued by the assigned Administrative Law Judge (ALJ) and during the October 6, 2011 PHC, the parties were advised that some changes to SMJUs' ESA and CARE Programs may potentially be in the works and that the changes could affect the

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<sup>1</sup> Because the six applications A.11-06-016, A.11-06-018, A.11-06-019, A.11-06-020, A.11-06-021, and A.11-07-015 are related, ALJ consolidated the applications in a ruling on September 26, 2011.

future directions of the SMJUs' ESA and CARE Programs. Specifically, the parties were informed that the Commission is reviewing several significant ESA and CARE issues in the context of the large investor-owned utilities' (IOUs') (Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company) 2012-2014 ESA and CARE applications<sup>2</sup> (IOUs' Consolidated Proceeding) which may to some degree inform the Commission and therefore affect the Commission's approach to the SMJUs' current applications.

On November 10, 2011, the Commission issued a decision authorizing the SMJUs' bridge funding to expend the average monthly authorized 2011 level of funds from January 1, 2012 to June 30, 2012, to continue their ESA and CARE Programs to allow for the time needed for the Commission's deliberation and adoption of a final decision in the IOUs' Consolidated Proceeding.

On May 4, 2012, the proposed decision in the IOUs' Consolidated Proceeding was mailed for comment for the June 7, 2012 Commission Meeting. As anticipated, that proposed decision in the IOUs' Consolidated Proceeding addresses many issues which could affect the future directions of the SMJUs' ESA and CARE Programs.

### **3. Discussion**

#### **3.1. Extension of Bridge Period and Funding**

We find that continued month-to-month bridge funding beyond June 30, 2012 is necessary and in the public interest to ensure that no hiatus occurs after the authorized bridge funding for SMJUs' ESA and CARE Programs expires on June

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<sup>2</sup> A.11-05-017, A.11-05-018, A.11-05-019 and A.11-05-020.

30, 2012, pursuant to Decision (D.) 11-11-009. These programs are expected to continue beyond June 30, 2012. With the current timing of the potential vote on the IOUs' Consolidated Proceeding being June 7, 2012, it has become necessary to extend the originally established bridge period and funding beyond June 30, 2012.

The additional month-to-month extension of bridge funding and the additional time beyond June 30, 2012 are necessary and in the public interest to provide a smooth and thoughtful transition of these programs while the proposed decision in the IOUs' Consolidated Proceeding is being considered by the Commission. In addition, this extension will afford the Commission and SMJUs the needed time to review the issues raised by the resulting Commission decision for any implications to the SMJUs' applications and to meaningfully explore, debate and deliberate on the issues raised by any adopted decision in the IOUs' Consolidated Proceeding, before reaching a final decision in the SMJUs' Consolidated Proceeding.

Furthermore, the continued bridge funding will ensure continuity for existing contractual agreements, minimize disruption to retained skilled workers, completion of existing projects, and uninterrupted delivery of benefits of the SMJUs' ESA and CARE Programs to businesses and residents of California.

In the past, the Commission has adopted bridge funding for ESA and CARE Programs to prevent service disruptions. Similarly, to achieve continuity and to ensure a smooth transition to the 2012-2014 ESA and CARE Programs, we must adopt this decision to extend the current bridge period and funding before June 30, 2012.

### **3.2. Bridge Funding Period Extension**

We realize the SMJUs are concerned that a lengthy bridge funding period will jeopardize their ability to maximize program capacity to meet the

Commission's annual goals. However, we find that this short extension of the bridge period, on a month-to-month basis, is necessary and in the public interest.

Therefore, after the current bridge funding period expires under D.11-11-009, we authorize an extension of bridge funding period to start July 1, 2012 and continue month-to-month until the Commission issues a decision on the SMJUs' Consolidated Proceeding. Once the Commission issues a decision on the SMJUs' Consolidated Proceeding, the extension of bridge funding period shall expire simultaneously upon the adoption of that decision.

We anticipate this month-to-month extension to be in place for no more than three months.

### **3.3. Bridge Funding Extension**

For the extended bridge funding period starting on July 1, 2012, the average monthly budgets based on each SMJUs' authorized budgets for 2011 should continue to be used for the existing programs at current bridge funding levels. The SMJUs therefore should continue to use the same formula for calculating the average monthly budget for 2011 and then apply that average monthly budget figure to the bridge funding period from July 1, 2012 to continue, month-to-month, until the Commission issues a decision on the SMJUs' 2012-2014 ESA and CARE Applications.

Since this decision authorizes bridge funding budgets that exceed the requested program budgets for Alpine and PacifiCorp, Alpine and PacifiCorp should make additional modifications to their existing surcharge amounts in order to prevent substantial over- or under-collection of program funds.

### **3.4. Adopted Month-to-Month Bridge Funding Budgets**

In Table 1 below, we authorize the monthly bridge funding budgets equal to 2011 approved program budgets for the SMJUs to continue the ESA and CARE

Programs without interruption, starting July 1, 2012 during the extended bridge funding period. The authorized monthly funding levels reflect the corresponding monthly average of budgets consistent with each of the SMJUs' authorized 2011 program budgets for the ESA and CARE Programs.

**Table 1**  
**Monthly Bridge Funding Budgets Beginning July 1, 2012**  
**Monthly Budget Summary**

	<b>ESA</b>	<b>CARE</b>	<b>Totals</b>
<b>*Alpine</b>	\$3,415	\$1,400	\$4,815
<b>Bear Valley</b>	\$19,135	\$22,758	\$41,894
<b>*PacifiCorp</b>	\$78,125	\$246,485	\$324,610
<b>California Pacific Electric</b>	\$16,735	\$51,500	\$68,235
<b>Southwest</b>	\$264,391	\$756,135	\$1,020,526
<b>West Coast Gas</b>	\$0	\$672	\$672

**\*As discussed in Section 3.3, Alpine and PacifiCorp must adjust the surcharges to prevent substantial over- or under-collection of ratepayer dollars, as necessary.**

### **3.5. Bridge Period Activities**

Due to timing as well as the limited purpose of this bridge funding decision, we made no changes to any programmatic issues and budget items. This simplification will create the least amount of disruption to the SMJUs' ESA and CARE Programs during the transition from the 2009-2011 cycle to the 2012-2014 cycle and will allow more efficient use of Energy Division's limited staff resources. Consistent therewith, during the bridge period authorized in this decision, the SMJUs are authorized only to continue their program activities that the Commission had previously authorized for program cycle 2009-2011.

### **3.6. Advice Letters**

Each SMJU is directed to file a Tier 1 Advice Letter within 10 days of the effective date of this decision. The Advice Letters must show the allocation of the authorized monthly budgets for both the ESA and CARE Programs and the new memorandum account showing the difference between the revenue requirement adopted in this decision and that requested in the applications beginning July 1, 2012, discussed in Section 3.6 of this decision. Consistent with Tier 1 procedures under General Order 96-B, the Advice Letters shall be effective on the date filed, subject to Energy Division determining that they are in compliance with this directive.

### **3.7. Revenue Requirements**

Consistent with D.11-11-009, this decision does not change the overall revenue requirements for the SMJUs' ESA and CARE Programs adopted in the 2009-2011 program cycle. For ratemaking purposes, each of the SMJUs shall continue to use their 2011 CARE and ESA authorized funding levels in order to develop rates, effective January 1, 2012. An under- or over-collection that results from authorized program spending level increases or decreases as a result of any decision in this proceeding, will be addressed in each of the SMJUs' gas Public Purpose Program (PPP) Surcharge, electric PPP mechanisms, and/or currently authorized ratemaking procedures, or as soon as practicable following the issuance of a final decision on the SMJUs' Consolidated Proceeding.

It is reasonable to anticipate that the final decision in the SMJUs' Consolidated Proceeding may authorize different revenue requirements than what we adopt today. In order to allow for the possibility of adjustment to the revenue requirements at a later date, we direct the SMJUs to track in a new memorandum account the difference between the revenue requirements adopted

in this decision (see Section 3.5 of this decision) and that requested in the applications beginning July 1, 2012. We anticipate that a final decision on the revenue requirements will be made before September 30, 2012.

#### **4. Comments on Proposed Decision**

The proposed decision of ALJ Kim in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure.

~~Comments were filed on \_\_\_\_\_, and reply~~No comments were ~~filed~~  
~~on \_\_\_\_\_ by \_\_\_\_\_.~~ received.

#### **5. Assignment of Proceeding**

This proceeding is categorized as ratesetting. The assigned Commissioner is Timothy Alan Simon and the assigned ALJ is Kimberly H. Kim.

#### **Findings of Fact**

1. The Commission is reviewing several significant programmatic issues in the context of the IOUs' 2012-2014 ESA and CARE Programs and Budget applications, in the IOUs' Consolidated Proceeding, which will inform the Commission and therefore affect the Commission's approach to the SMJUs' Consolidated Proceeding.

2. Extension of bridge period and funding beyond June 30, 2012, is needed to continue the current SMJUs' ESA and CARE Programs while the Commission considers the issues raised in the IOUs' 2012-2014 ESA and CARE Programs and budget applications, A.11-05-017 et al., the IOUs' Consolidated Proceeding.

3. Extension of bridge period and funding beyond June 30, 2012, is needed to ensure that no hiatus occurs when the current bridge funding and period authorized for the SMJUs' 2009-2011 ESA and CARE Programs expire on June 30, 2012.

4. This decision extending the bridge period and funding in the SMJUs' Consolidated Proceeding will afford the Commission adequate time to review some issues affecting the ESA and CARE Programs in the IOUs' Consolidated Proceeding which in turn will inform the Commission's approach in the SMJUs' Consolidated Proceeding.

5. The final decision on the IOUs' Consolidated Proceeding, approving the 2012-2014 ESA and CARE Programs and Budgets, is projected to be adopted in June 2012.

6. The Commission has adopted bridge funding for ESA and CARE Programs to prevent service disruptions.

7. Due to timing as well as the limited purpose of this bridge funding decision, we made no changes to any programmatic issues and budget items.

8. During the bridge period authorized in this decision, the SMJUs are authorized only to continue their program activities that the Commission had previously authorized, for program cycle 2009-2011.

9. The authorized 2011 budgets for Alpine and PacifiCorp were significantly higher than their funding levels requested for the 2012-2014 budget cycle.

### **Conclusions of Law**

1. With the current timing of the potential vote on the IOU's Consolidated Proceeding being June 7, 2012, it has become necessary to extend the originally established bridge period in the SMJUs' Consolidated Proceeding and related funding beyond June 30, 2012, as set in D.11-11-009.

2. Approval of the extension of bridge period and funding, on a month-to-month basis, is in the public interest to provide a smooth transition for ESA and CARE Programs without interruption, to maintain contractual

agreements, retain skilled workers, complete existing projects, and continue to bring the benefits of those programs to businesses and residents of California.

3. It is in the public interest to authorize a month-to-month bridge funding, starting July 1, 2012, to ensure that no hiatus occurs after the authorized bridge funding for SMJUs' ESA and CARE Programs expires on June 30, 2012.

4. The additional month-to-month extension of bridge funding and the additional time beyond June 30, 2012 are necessary and in the public interest to provide a smooth and thoughtful transition of these programs while the proposed decision in the IOUs' Consolidated Proceeding is reviewed and voted on.

5. The additional month-to-month extension of bridge funding and the additional time beyond June 30, 2012 will also afford the Commission and SMJUs the needed time to review the issues raised by such decision for any implications to the SMJUs' applications and to meaningfully explore, debate and deliberate on the issues raised by any adopted decision in the IOUs' Consolidated Proceeding, before reaching a final decision in the SMJUs' Consolidated Proceeding.

6. To achieve continuity and ensure a smooth transition to the 2012-2014 ESA and CARE Programs, we should adopt this decision to extend the current bridge period and funding before the expiration of the current bridge funding period on June 30, 2012.

7. To avoid confusion and disruptions to the SMJUs' ESA and CARE Programs, this decision to extend the bridge period and funding should be issued by June 30, 2012.

8. It is reasonable to issue a bridge funding decision in the SMJUs' Consolidated Proceeding to avoid inefficiency, duplication and inconsistency in the review of the SMJU's applications while some programmatic changes to the ESA and CARE Programs may potentially be in the works.

9. Our approval of this bridge funding of the SMJUs' ESA and CARE Programs is not equivalent to our approval of the 2012-2014 ESA and CARE Programs themselves and should not be construed as a guarantee of continued funding in the SMJUS' 2012-2014 ESA and CARE Programs or as a decision on the merits of any aspect of the ESA and CARE Programs for 2012-2014 budget cycle.

10. For this extended bridge funding period starting on July 1, 2012, each SMJU's average monthly budgets based on the authorized budgets for 2011 should be used to continue existing ESA and CARE Programs at the current levels.

11. For this bridge funding period, it will likely be necessary for Alpine and PacifiCorp to further adjust their existing surcharges to prevent substantial over- or under-collection of funds.

12. It is reasonable in the public interest to allow SMJUs to limit bridge period activity to only those activities previously authorized by the Commission for 2009-2011.

## **O R D E R**

### **IT IS ORDERED** that:

1. Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company are authorized the following bridge funding as illustrated in the below Table 1, from July 1, 2012, on a month-to-month basis until the Commission issues a final decision in the herein consolidated proceeding (Applications 11-06-016, 11-06-018, 11-06-019, 11-06-020, 11-06-021, and 11-07-015) or September 30, 2012, whichever is earlier:

**Table 1**  
**Monthly Bridge Funding Budgets Beginning July 1, 2012**  
**Monthly Budget Summary**

	<b>ESA</b>	<b>CARE</b>	<b>Totals</b>
<b>*Alpine</b>	\$3,415	\$1,400	\$4,815
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<b>Southwest</b>	\$264,391	\$756,135	\$1,020,526
<b>West Coast Gas</b>	\$0	\$672	\$672

**\*Alpine and PacifiCorp must adjust the surcharges to prevent substantial over- or under-collection of ratepayer dollars, as necessary.**

2. For ratemaking purposes, Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company shall continue to use their 2011 California Alternate Rates for Energy and Energy Savings Assistance authorized funding levels in order to develop rates effective January 1, 2012.

3. For this extended bridge funding period (starting July 1, 2012 and ending simultaneously upon issuance of a final decision in this proceeding or September 30, 2012, whichever is earlier), Alpine Natural Gas Operating Company and PacifiCorp are directed to continue their coordination and consultation with the Energy Division staff and seek additional guidance from staff to prevent substantial over or under collection of program funds.

4. The extended bridge funding period begins July 1, 2012, regardless of whether the Advice Letters have been determined to be in compliance.

5. The extended bridge funding period ends simultaneously upon issuance of a final decision in the herein consolidated proceeding (Applications 11-06-016, 11-06-018, 11-06-019, 11-06-020, 11-06-021, and 11-07-015) or September 30, 2012, whichever is earlier.

6. During the extended bridge funding period (starting July 1, 2012 and ending simultaneously upon issuance of a final decision in this proceeding or September 30, 2012, whichever is earlier), Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company are directed to track in a new memorandum account the difference between the revenue requirement adopted in this decision and that requested in the applications beginning January 1, 2012.

7. Each utility is directed to file a Tier 1 Advice Letter within 10 days of the effective date of this decision. The Advice Letters must show the allocation of the authorized monthly budgets for both the Energy Savings Assistance and California Alternate Rates for Energy Programs and the new memorandum account showing the difference between the revenue requirement adopted in this decision and that requested in the applications beginning January 1, 2012, discussed in Ordering Paragraph 5 above. Consistent with Tier 1 procedures under General Order 96-B, the Advice Letters shall be effective on the date filed, subject to Energy Division determining that they are in compliance with this directive.

8. During the extended bridge funding period (starting July 1, 2012 and ending simultaneously upon issuance of a final decision in this proceeding or September 30, 2012, whichever is earlier), Alpine Natural Gas Operating Company, PacifiCorp, Golden State Water Company on behalf of Bear Valley Electric, Southwest Gas Corporation, California Pacific Electric Company, LLC (formerly Sierra Pacific Power Company), and West Coast Gas Company may conduct only those activities previously authorized by the Commission for Small Multi-jurisdictional Utilities for 2009-2011 budget cycle.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

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