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COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON THE PROPOSED DECISION ADOPTING CAP-AND-TRADE GREENHOUSE GAS ALLOWANCE REVENUE ALLOCATION METHODOLOGY FOR THE INVESTOR-OWNED ELECTRIC UTILITIES

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I. INTRODUCTION AND SUMMARY

Pursuant to Rule 14.3 of the Rules of Practices and Procedure of the California Public Utilities Commission (the "CPUC" or "Commission"), the Division of Ratepayer Advocates ("DRA") submits these comments on Administrative Law Judges ("ALJ") Hecht and Semcer's November 16, 2012 Proposed Decision Adopting Cap-And-Trade Greenhouse Gas Allowance Revenue Allocation Methodology For The Investor-Owned Electric Utilities ("PD" or "Proposed Decision").

DRA generally supports the PD, and the fundamental principles that guide the proposed methodology for returning the Greenhouse Gas (GHG) revenue, generated by the Investor-Owned Utilities (IOUs) under the California Air Resources Board's (ARB's) Cap-and-Trade Regulation, to ratepayers. The PD would implement a balanced approach to returning GHG revenue to ratepayers, given the legislative requirements of Assembly Bill (AB) 32, Senate Bill (SB) 1018, and SB 695.[1] DRA considers all of the high priority policy objectives identified in the PD as important policy objectives. Furthermore, the PD implements a revenue return framework that can facilitate customer awareness of the Cap-and-Trade program, and the benefits of how the program has been designed in California.

In particular, DRA supports the following aspects of the PD:

- the bifurcated approach to returning GHG revenue to residential ratepayers;
- the use of GHG revenue to provide transition assistance to small businesses, with the recommendation that small business customers not be designated low-leakage risk without further support;
- the approach to protecting emissions-intensive and trade exposed (EITE) ratepayers;
- the implementation process outlined in the PD;
- the rationale not to use GHG revenue to fund n programmatic investments at this time; and
- the interim and longer-term education and outreach plan envisioned in the PD.

[1] Sections 95800-96023 of the California Code of Regulations, Title 17; Public Utilities Code 739.1, 739.9, and 748.5.

II. DISCUSSION

The PD adopts a methodology that would return almost all of the GHG revenue generated by the IOUs under ARB's Cap-and-Trade program directly to ratepayers "that are impacted by the increased electricity prices as a result of the Cap-and-Trade program and cannot pass those costs through."[2] The PD presents a balanced approach that considers the many policy objectives discussed throughout this proceeding. DRA therefore supports the methodology adopted in the PD, with one suggested change to the approach to providing transition assistance to small businesses.

A. DRA supports the fundamental principles that guide the PD.

The PD identifies four fundamental principles as high priority policy objectives that guide the proposed methodology for returning the IOU's GHG revenue to ratepayers:

- preserving the carbon price signal;
- preventing economic (and emissions) leakage;
- reducing adverse outcomes on low-income households; and
- maintaining competitive neutrality across load-serving entities.[3]

DRA considers these four policy objectives important.[4]

Significantly, SB 1018 (later codified as Public Utilities Code 748.5) established specific parameters on the use of the IOU's GHG revenue. DRA and other parties updated their proposals to reflect the framework established by SB 1018.[5] DRA's recommendations after the enactment of SB 1018 attempted to maintain the priority of policy objectives that DRA presented throughout the proceeding, but evolved to reflect the framework established by SB 1018.

Additionally, DRA believes that the methodology adopted in the PD can help facilitate customer awareness and understanding of the Cap-and-Trade program. Providing all residential ratepayers with a "climate dividend" creates an opportunity to reach all of these ratepayers with

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[2] Proposed Decision Adopting Cap-and-Trade Greenhouse Gas Allowance Revenue Allocation Methodology for the Investor-Owned Electric Utilities, November 16, 2012 (Proposed Decision), p. 143.

[3] PD, p. 64 and pp. 71-74.

[4] The Division of Ratepayer Advocates' Proposal for Using Cap-and-Trade Allowance Revenues, (DRA Proposal) p. 2, pp. 7-8. DRA proposed two additional policy objectives to consider, including equitably returning GHG revenue based on the proportional economic impact of GHG costs and educating customers about the rate impacts of Cap-and-Trade and how to mitigate those impacts. DRA Proposal, pp. 4-5

[5] Comments of the Division of Ratepayer Advocates in Response to Administrative Law Judge's Ruling Soliciting Comments on the Impact of Senate Bill 1018, August 1, 2012 (DRA's Updated Proposal after Passage of SB 1018).

an appropriate message about the costs and impacts of climate change and the benefits of California's Cap-and-Trade program. Through an increased understanding of these costs and benefits, consumers can better understand the mitigation measures they can take to reduce their GHG-related costs, including increased energy efficiency and conservation.

B. The Commission should adopt the PD's bifurcated approach to returning GHG revenue to residential ratepayers.

The PD returns the large majority of GHG revenue to residential ratepayers as a rate reduction and a semi-annual "climate dividend." DRA supports the proposed two-step process for returning GHG revenue to residential ratepayers, which is a reasonable approach given the legislative requirements of AB 32, SB 1018, and SB 695.

The PD's first step for residential bill relief is to offset all Cap-and-Trade costs in residential rates, by returning GHG revenue to residential customers on a volumetric basis in an amount equivalent to the Cap-and-Trade related program costs that are embedded in the applicable residential rates.[6] The PD finds that although this methodology violates the policy objective of preserving the carbon price signal SB 695's requirements governing cost allocation in residential rates limit the ability to assign additional costs to lower-tier residential ratepayers and therefore requires an exception.[7] The PD reasons that given the inability to assign GHG costs to lower tier ratepayers and the fact that upper-tier residential rates are already above the marginal costs of electricity even without any GHG costs, including Cap-and-Trade costs under the current rate structure would result in upper-tier ratepayers bearing additional disproportionate costs.

After the passage of SB 1018, DRA recommended using GHG revenue to offset the disproportionate share of Cap-and-Trade costs that upper-tier residential ratepayers would absorb in rates and therefore supported the inclusion of Cap-and-Trade costs associated with upper-tier usage in upper-tier rates.[8] However, the PD points out that the majority of residential load is in the lower-tiers,[9] and those residential customers would see no carbon price signal in retail rates under DRA's approach, while upper-tier ratepayers would. DRA agrees that the PD's methodology for residential bill relief does not create a situation in which only a fraction of residential customers see a carbon price signal, and that this is a reasonable approach that treats

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[6] PD, p. 115-116.

[7] PD, p. 116.

[8] DRA's Updated Proposal after Passage of SB 1018, p. 3

[9] PD, p. 71.

all residential ratepayers equitably. DRA also agrees that given this approach, and the second step of residential bill relief (discussed below), it is not necessary to highlight the volumetric offset of GHG costs in residential rates, as separate line-items on customers' bills.[10]

The PD's second step for residential bill relief is to return the remaining GHG revenue, after bill relief to EITE, small business and upper-tier ratepayers and after administrative and education costs, to all residential ratepayers as an equal, semi-annual bill credit for each residential account.[11] The PD finds that this return, called a "climate dividend," is a reasonable means of ensuring that residential customers (especially lower-income residential customers) are compensated for the likely increase in the price of goods and services as a result of GHG costs being reflected in electricity rates."[12] DRA agrees that the climate dividend can defray the indirect costs of the Cap-and-Trade program that will ultimately be borne by the end-use consumer. SB 1018's direction in limiting direct bill relief to EITE, small business, and residential ratepayers, appears to reflect the belief that medium and larger-sized businesses (that are not EITE) will be able to pass the additional costs associated with increases in electricity rates due to Cap-and-Trade, directly onto consumers. In line with this reasoning, it is reasonable and appropriate to use GHG revenue to equally mitigate the indirect impacts residential ratepayers will face as a result of this PD's determination that the carbon price signal should be preserved in retail electricity rates for non-EITE and non-small business ratepayers.

The PD would return a climate dividend to all residential accounts twice a year as an on-bill credit against customers' electricity bills. The PD agrees with DRA and other parties that to facilitate customer understanding and from the policy standpoint of preserving the carbon price signal, it is preferable to return revenues as a separate off-bill rebate.[13] However, due to the administrative burden and costs of off-bill rebates (which would decrease the amount of the climate dividend), and the potential that some off-bill rebates would not reach the intended customers, the PD directs the climate dividend payments to be on-bill. The PD states that, "if at a later date, it is found that an off-bill approach achieves substantially greater customer understanding of the Cap-and-Trade program or administrative costs can be substantially reduced, we may reconsider whether an off-bill return is appropriate."[14]

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[10] PD, p. 124.

[11] PD, p. 125.

[12] PD, p. 125.

[13] PD, p. 128.

[14] PD, p. 131.

The PD's determination to initially return the climate dividend through a semi-annual bill credit is reasonable. These issues should be explored further as part of the education and outreach implementation process, including considering the expert advice of a marketing and public relations consultant. A semi-annual return strikes a reasonable balance between making the rebate large enough to be meaningful and understandable, with enough time lag to minimize the interference with conservation price signals currently in rates. Nevertheless, DRA recommends that, similarly to the method of return, the Commission remain open to reconsider the frequency of the climate dividend if it appears that returning the climate dividend more or less frequently would yield greater benefits.[15]

C. DRA supports using GHG revenue to provide transition assistance to small businesses, but recommends that small business customers not be considered low leakage risk without further support. DRA recommends that as part of the implementation process outlined in the PD, small business customers be assessed for their low-leakage risk designation and the corresponding level of transition assistance.

The PD directs the IOUs to use GHG revenue to offset the Cap-and-Trade costs in small business electricity rates, and defines small businesses as non-residential entities on General Service or Agricultural tariffs whose electric demand does not exceed 20 kW in more than three months within the previous twelve-month period.[16] DRA supports the PD's definition of small business as it relates to direct bill relief with the IOU's GHG revenue.[17] This definition is consistent with the 20 kW usage-based limit that DRA suggested after passage of SB 1018. Furthermore, DRA agrees with the PD's reasoning to allow some flexibility in demand to avoid penalizing a small business that exceeds the monthly usage limit of 20 kW once or twice in a year, as those months could represent anomalies in their operations.[18]

Given the requirements of SB 1018, the PD finds that it is appropriate to provide small businesses with transition assistance to ease into the Cap-and-Trade program and to provide additional time and capital to help businesses invest in strategies to reduce their exposure to

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[15] Such benefits could include increased customer understanding of the purpose of a climate dividend, and in the situation where a customer's climate dividend exceeds the customer's monthly bill, an explanation as to why.

[16] PD, p. 112.

[17] DRA's Updated Proposal after Passage of SB 1018, pp. 4-5.

[18] PD, p. 85.

GHG costs.[19] After passage of SB 1018, DRA advocated for using GHG revenue to offset the Cap-and-Trade related bill increases for small businesses,[20] and likewise agrees with the PD's reasoning to provide small businesses with transition assistance.

DRA observed that the apparent legislative intent of SB 1018 in providing bill relief for small business ratepayers was similar to the bill relief for EITE ratepayers: to prevent economic leakage from California due to increased electricity prices under Cap-and-Trade.[21] The PD found this principle compelling, and hence proposed a return of GHG revenue to small businesses that mirrors, as much as possible, the transition assistance methodology adopted for EITE ratepayers.[22] With this in mind, the PD identifies small businesses as equivalent to the low leakage risk associated with EITE entities, and proposes a formula that mirrors the transition assistance provided to low leakage risk EITE entities from CARB.[23] Resulting from this proposed formula, small business ratepayers would receive declining transition assistance with the IOU's GHG revenue in each compliance period (i.e. 100% offset of Cap-and-Trade costs in 2013-2014; 50% offset of Cap-and-Trade costs in 2015-2017; and 30% offset of Cap-and-Trade costs in 2018-2020).

While DRA supports providing transition assistance to small businesses in a manner similar to EITE customers, DRA recommends considering whether the decline of transition assistance mirroring low leakage risk EITE entities is warranted. There is no evidence or record to demonstrate that this is the appropriate amount of transition assistance to provide small businesses to ease into the Cap-and-Trade program, or that this is an adequate amount of time and capital to help businesses invest in strategies to reduce their exposure to GHG costs. As part of the implementation process outlined in the PD, the Commission should assess whether this is the appropriate method of providing transition assistance to small business customers or whether providing transition assistance at a rate similar to medium or high leakage risk entities would better serve the purpose of Public Utilities Code Section 748.5(a). Therefore, DRA supports the PD's approach to finalizing the formula for small business transition assistance following a

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[19] PD, pp. 112-113.

[20] DRA's Updated Proposal after Passage of SB 1018, p. 2.

[21] DRA's Updated Proposal after Passage of SB 1018, p. 6.

[22] PD, p. 113.

[23] PD, pp. 113-114.

public vetting and implementation process,[24] and recommends that non-EITE small businesses also be eligible for medium or high leakage risk designation.

Additionally, although the PD finds it appropriate to return GHG revenues to small businesses as a monthly volumetric bill credit, the frequency of bill relief to small business customers will ultimately depend on the formula adopted through the implementation process outlined in the PD.[25] DRA looks forward to participating in the implementation process to determine the appropriate frequency for small business bill relief, and to finalize the GHG revenue allocation formula for small business ratepayers. Lastly, DRA supports the PD's approach to return GHG revenue to small businesses as a separate line-item on electricity bills, as a means to facilitate customer understanding of the GHG revenue return.[26]

D. The PD's approach to protecting EITE entities is reasonable.

The PD directs the IOUs to return GHG revenue to businesses that have been identified as EITE by ARB, using a methodology that mirrors the ARB allocation process to EITE entities.[27] This approach will ensure that ARB-identified EITE entities will receive GHG revenue associated with their electricity purchases similarly to the way in which they receive allowances for their direct emissions under ARB's Cap-and-Trade program. The PD correctly notes that no party to this proceeding disputes that EITE entities under ARB's Cap-and-Trade regulation should receive IOU GHG revenue to mitigate Cap-and-Trade costs associated with their indirect emissions from purchased electricity.[28]

Additionally, the PD finds that SB 1018's requirements regarding bill relief to EITE entities leaves the definition of EITE somewhat ambiguous for purposes of IOU GHG revenue return.[29] DRA supports the inclusion of ARB-designated EITE entities in this definition, as provided in the PD. However, the PD also finds that there may be entities in industries outside of ARB's EITE definition that will face substantial indirect Cap-and-Trade costs through electricity purchases, and given the lack of record on this issue, establishes a follow-up implementation process to identify and classify entities that are not identified as EITE under ARB's Cap-and-Trade program. This process is a reasonable and appropriate way to allow

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[24] PD, p. 114.

[25] PD, p. 115.

[26] PD, p. 115.

[27] PD, p. 109.

[28] PD, p. 88.

[29] PD, p. 87.

stakeholders to provide the data that is needed to support claims that an entity is leakage-prone due to indirect emissions exposure. This is an important and necessary step to get at the fundamental question of whether an entity should receive transition assistance under Cap-and-Trade based on approved and vetted formulas to assess the leakage risk of a given industry.

E. The PD outlines a reasonable implementation process.

The PD sets forth an implementation process to address the issues that must be resolved related to the utilities' administration of the adopted GHG revenue return methodology.[30] Issues identified to resolve further include: 1) the authorization to track GHG costs and revenues and recover GHG costs in rates; 2) the finalization of EITE and small business GHG revenue formulas; 3) the implementation of GHG revenue allocation methodology; and 4) the implementation of customer outreach and education.[31] The Commission should adopt the implementation process outlined in the PD, which will address unresolved details and facilitate the collection of needed information.

Specifically, it would be prudent to forecast and reconcile GHG costs and revenues in newly established GHG cost and revenue balancing accounts. Such an approach will allow interested parties to review this information efficiently, for at least the first three years of the Cap-and-Trade program as provided in the PD.

Secondly, the PD requires that within 30 days of issuance of this decision, Energy Division initiate a public workshop process to provide feedback on the proposed EITE and small business allocation formulas proposed in the decision.[32] DRA supports this prudent approach to develop an adequate record to support the claims of entities that they are at risk of leakage due to indirect emissions exposure. The Commission must determine which entities should be designated EITE based on factual support and data. Additionally, DRA appreciates the opportunity for stakeholders to provide feedback on the formula for small business GHG revenue allocation, as the low leakage risk designation and associated declining transition assistance for small businesses is not currently supported by the record.

The PD also sets forth a process through which the IOUs are required to file a report within 45 days of the effective date of this decision, addressing how they intend to implement the adopted GHG revenue allocation methodology.[33] This will allow interested parties and the

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[30] PD, pp. 152-153.

[31] PD, pp. 152-164.

[32] PD, p. 158.

[33] PD, p. 160.

Commission to understand the specific steps that are necessary for the IOUs to implement the PD.

DRA supports the requirements regarding implementing the customer outreach and education envisioned in the PD. As discussed below in the outreach and education section, there are many issues to consider regarding the scope, frequency, methodology, costs, and more for outreach and education programs associated with Cap-and-Trade and the return of GHG revenue. The implementation process as outlined in the PD provides opportunities to address these important questions, both in the interim year of 2013 and the long term of 2014 and beyond.

F. The PD's proposal for implementing future clean energy and/or energy efficiency programs is reasonable.

Public Utilities Code Section 748.5(c) provides that the Commission may allocate up to 15 percent of GHG revenues for "clean energy and energy efficiency projects established pursuant to statute that are administered by the electrical corporation and that are not otherwise funded by another funding source." The PD's interpretation of this section is more expansive than DRA's,[34] and would essentially allow (but not require) the funding of clean energy and energy efficient projects "that fall under the purview of a statutorily created program, over which the Commission has jurisdiction, such as energy efficiency or renewable energy programs,"[35] as long as the projects are new or supplemental, or if the funding from an existing project is redirected to another project.[36] Thus, the PD finds that the Commission could allocate GHG funds to ongoing utility clean energy and renewable programs as long as the funding is incremental.

The PD nevertheless declines to fund any clean energy or energy efficiency projects, finding that none of the projects proposed "are developed to the point that they could be readily and easily implemented within the confines of this proceeding."[37] Instead, the PD finds that the appropriate venue for determining if GHG revenue should be allocated towards energy efficiency and clean energy programs is within the separate proceedings that consider energy efficiency and clean energy issues.

DRA supports this approach, which will allow the return of allowance revenue to ratepayers as soon as possible, while reserving the possible funding of energy efficiency and

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[34] DRA's Updated Proposal after Passage of SB 1018, p. 9.

[35] PD, p. 103.

[36] PD, pp. 104-105.

[37] PD, p. 142.

clean energy projects in the future. DRA agrees that if at a later date the Commission directs GHG funds to energy efficiency or clean energy programs, that such programs "have as a primary goal the reduction of GHG emissions."[38]

G. The Commission should adopt the PD's proposal for implementing customer education and outreach, but should clarify the process to include future consideration of third party administration of customer education and outreach.

The PD adopts a phased approach to implementing the education and outreach program envisioned by Public Utilities Code Section 748.5(b), which requires the "adoption and implementation of a customer outreach plan" for each IOU with a goal of "obtaining the maximum feasible public awareness of the crediting of greenhouse gas allowance revenues" by January 1, 2013.[39] Funding for the customer outreach program must be consistent with Section 454 of the Public Utilities Code.[40] The PD, recognizing the difficulty of implementing a customer outreach plan by January 1, 2013, requires a "modest and targeted" program for 2013.[41]

The PD therefore establishes parameters for an interim program in 2013 and adopts a process to develop a more robust program in the future.[42] For 2013, the PD directs "targeted outreach" to customers who will receive GHG revenue in order to explain that they are receiving a credit as a result of California's Cap-and-Trade program.[43] The PD would allow bill inserts, web site communications, direct customer outreach and other appropriate channels as long as the messaging is "competitively neutral" in delivering information to direct access and community choice aggregation (CCA) customers. Thus, it does not appear that the PD prevents IOUs from using existing channels of communication with their customers, as long as the information clearly explains that Cap-and-Trade, and the bill relief and climate dividend from the IOU's GHG revenue, is a program of the state of California.

The PD requires the IOUs to submit Tier 2 Advice Letters (ALs) outlining their proposed 2013 customer outreach and education plans within 30 days of the effective date of the final decision, setting forth "the scope and timing of their proposed customer outreach activities for

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[38] PD, p. 144.

[39] PD, p. 144.

[40] Public Utilities Code Section 748.5(b); PD, pp. 98-99.

[41] PD, p. 145

[42] PD, p. 96.

[43] PD, p. 146.

2013."[44] The PD notes that "given the nascent state of both the Cap-and-Trade program and customer outreach and education activities, we find it difficult to evaluate" the IOUs proposed budgets of $1.7 million for PG&E, $1.4 million for SCE, and $750,000 for SDG&E.[45] The PD therefore establishes budget caps for each IOU based on its proposal, and authorizes each IOU to budget an appropriate amount of funds to achieve the education and outreach goals outlined in the PD.[46] DRA interprets this as requiring that each IOU's Tier 2 ALs include the proposed budget for the 2013 customer education and outreach activities but recommends that the Commission clarify Ordering Paragraph 32 to clearly state that, as shown in Appendix A.

Going forward, the PD directs the IOUs to engage a firm with marketing and public relations expertise in order to propose expanded customer education activities through 2015.[47] The report will be served on the service list for this proceeding, and the IOUs must file applications for 2014 and 2015 with proposed customer outreach plans reflecting the results of the consultant's report and proposing budgets. DRA agrees that it is reasonable that the IOUs obtain marketing and public relations expertise in determining how to effectively educate customers regarding the GHG program.

At the time the Commission reviews the IOUs' applications for customer education and outreach for 2014, it would be appropriate to consider the potential advantages and feasibility of administration of customer education and outreach by a third party administrator, rather than the IOUs, in order to enhance competitive neutrality and promote economies of scale.

The Commission should adopt the PD's pragmatic and reasonable recommendation for customer education and outreach with the modification recommended in these comments.

III. CONCLUSION

DRA requests that the Commission adopt the PD with the modifications suggested in these comments. First, as part of the implementation process outlined in the PD, the Commission should assess whether transition assistance to small business customers should decline at the same rate as assistance provided to low-leakage risk EITE entities, or whether providing transition assistance at a rate similar to medium- or high-leakage risk EITE entities would better serve the purpose of Public Utilities Code Section 748.5(a). Second, at the time the Commission reviews the IOUs' applications for customer education and outreach for 2014, it

[44] PD, p. 164, Ordering Paragraph 11, p. 214.

[45] PD, pp. 148-149.

[46] PD, pp. 148-149.

[47] PD, p. 147.

should consider whether third party administration of customer education and outreach would enhance competitive neutrality and promote economies of scale, and therefore better achieve the goals of Public Utilities Code Section 748.5(b).

Respectfully submitted,

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APPENDIX A

DRA's PROPOSED CHANGES TO FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDERING PARAGRAPHS

Findings of Fact

83a. A clean energy or energy efficiency project may be funded with GHG allowance revenue only if the reduction of GHG emissions is a stated and measurable goal of the project.

97. Further record is needed to finalize the formula and timing of GHG revenue allocation to small business customers and to determine whether it is appropriate for their GHG revenue allocation to decline at the same rate as EITE entities with low-leakage risk or whether a different allocation factor is more appropriate. A preliminary formula is set forth, but not adopted, in Appendix B to this decision; an implementation process will be necessary.

98. The volumetric distribution of GHG allowance revenues to small business customers will largely mute the carbon price signal in small business rates during the first compliance period of 2013-2014.~~; however, in the second compliance period small businesses will see more than half of the carbon price signal in their rates, and in the third program period small businesses will experience substantially all of the carbon price signal in electricity rates.~~

142. It is infeasible to delegate customer outreach responsibilities to a third-party owned administrator at this time, but it is not infeasible to consider this issue when the IOUs submit their 2014 customer education and outreach applications as required by Ordering Paragraph 33 of this Decision.

Conclusions of Law

29. It is reasonable to consider whether to apply the ARB low-leak risk Industry Allocation Factor to the volumetric distribution of GHG allowance revenues to small business customers

during the implementation process set forth in this decision, or whether a different allocation factor is more appropriate.

48. It is appropriate to expand customer awareness of the purpose and value of GHG allowance revenues in 2014 and beyond and to consider whether this is best accomplished through a third party administer for customer education and outreach.

67. The Commission's Energy Division should initiate a public workshop process whereby interested parties may provide feedback on the proposed EITE and small business allocation formulas set forth in Appendices A and B. The workshop process should identify required input sources as well as the timing of all information and data exchanges that must occur to calculate revenue return. The workshop process should also explore the appropriate timing and form (e.g. on-bill or off-bill) of GHG revenue distribution to EITE and small business customers and whether it is appropriate for small business GHG revenue allocation to decline at the same rate as EITE entities with low-leakage risk. Energy Division should prepare and submit a workshop report with recommended formulas, and parties should have an opportunity to provide comment prior to the issuance of a Commission decision adopting finalized formulas. Minor updates to finalized and adopted formulas should be made as necessary by Energy Division through issuance of a resolution with opportunity for stakeholder input and comment.

O R D E RING PARAGRAPHS

32. No later than 30 days after the effective date of this decision, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas and Electric Company, PacifiCorp and California Pacific Electric Company must file a Tier 2 Advice Letter setting forth the scope, budget and estimated timing of proposed customer outreach activities for 2013 consistent with the requirements set forth in Ordering Paragraph # 11.

33. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas and Electric Company, PacifiCorp, and California Pacific Electric Company must file an application by September 1, 2013 setting forth their proposed customer outreach plan for

2014 and 2015, incorporating the results of the consultant's report set forth in Ordering Paragraph # 12 and including estimated yearly budgets. At that time, we will consider whether customer education and outreach is best accomplished by a third party administrator.