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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

I.D. # 11950
RESOLUTION E-4557
March 21, 2013

R E S O L U T I O N

Resolution E-4557. Rescinding approval of Southern California Gas' (SoCalGas) now moot and duplicative 2009 Gas Assistance fund-shifting request and authorization.

PROPOSED OUTCOME: The Resolution rescinds approval of the now-moot and duplicative Advice Letter (AL) 3963-G, approved by Resolution E-4251, regarding SoCalGas' 2009 Gas Assistance Fund (GAF) fund-shifting request. Approved AL 4168-G subsequently authorized alternative funding sources in response to a rehearing request objecting to the original funding source. AL 3963-B was never implemented and is moot. This resolution approves, with modifications, SoCalGas' request to withdraw AL 3963-G. It rejects SoCalGas' request to delete all references to AL 3963-G in the modified Resolution E-4251, because it contains useful background information.

SAFETY: This Resolution has an indirect positive impact on customer safety through its potential to reduce curtailments.

COST: None.

SUMMARY

This Resolution grants Southern California Gas' (SoCalGas') request to withdraw (AL) 3963-G and modify Resolution E-4251, approving that advice letter on September 10, 2009. This action acknowledges an informal settlement among parties to provide an alternate source of funding to replenish the Gas Assistance Fund (GAF). Resolution E-4251 also approved [San Diego Gas and Electric (SDG&E)] AL-2065-E/1842-G requesting authority to shift funds to its customer assistance fund, Neighbor-To-Neighbor (NTN).

This Resolution rejects SoCalGas' request to delete all references to AL 3963-G in the modified Resolution E-4251, because it contains useful background information regarding the history of the GAF that is applicable to the separate SDG&E advice letter filing. Because Resolution E-4251 treated approval of fund-shifting requests of both SoCalGas and SDG&E, and SDG&E's authorization stands unchanged, it is necessary to modify the Resolution rather than void it entirely.

BACKGROUND

On February 20, 2009, SoCalGas filed AL 3963-G requesting Commission approval to increase the funds available in its Gas Assistance Fund (GAF) that provides temporary relief to customers in need of bill payment assistance. The GAF, administered by the United Way of Greater Los Angeles, is funded by donations from customers, shareholders and employees of SoCalGas to provide monetary assistance on a customer's bill. It is open to qualified customers who are experiencing temporary financial hardships and are not eligible for state or federal assistance. SoCalGas proposed a transfer of $3 million from its Self Generation Program Memorandum Account (SGPMA) which was over-collected at the time.

SDG&E made a similar request in AL 2065-E/1842-G, filed February 20, 2009, to transfer funds from an over-collected balancing account to provide additional funding for its Neighbor-to-Neighbor customer assistance fund. Resolution E-4251, adopted on September 10, 2009, simultaneously approved both of the advice letters filed on behalf of SoCalGas and SDG&E.

On October 29, 2009, the Division of Ratepayer Advocates (DRA) filed an Application for Rehearing of Resolution E-4251, arguing that SoCalGas' transfer of SGPMA funds to the GAF program would be in violation of the Public Utilities Code and Commission precedent. As a result of discussions among SoCalGas, DRA and The Utility Reform Network (TURN), it was agreed that the authorized funds not be transferred from the SGPMA. Parties instead agreed to use $3 million from the Core Fixed Cost Account (CFCA) and the Noncore Fixed Cost Account (NFCA) to fund the GAF. Thereafter SoCalGas filed AL 4168-G to collect the $3 million to fund the GAF from the CFCA and NFCA. AL 4168-G was approved by Energy Division disposition on February 7, 2011.

As a result of the agreement and the approval of AL 4168-G to collect the $3 million to fund the GAF from the CFCA and NFCA, DRA withdrew the above mentioned Application for Rehearing on May 9, 2012.

SoCalGas mailed a letter to the Energy Division requesting to withdraw its approved AL 3963-G, but that request was never acted on because it was an inappropriate vehicle to make changes to Resolution E-4557, which approved AL 3963-G.

On September 28, 2012 SoCalGas filed AL 4408-G requesting modifications to Resolution E-44251 to delete all references to AL 3963-G and reverse approval, and subsequently, withdraw AL 3963-G. A summary of relevant activity is outlined in the chronology table below.

Chronology Table		
DATE	Activity	Outcome
2/20/2009	SoCalGas filed AL 3963-G to replenish their GAF. SDG&E filed AL 2065-E/1842-G to replenish their related fund.	Both ALs were approved via Resolution E-4251 on September 10, 2009
9/10/2009	Resolution E-4251 was adopted by the Commission.	Approved SoCalGas AL 3963-G and SDG&E AL 2065-E/1842-G
10/12/2009	DRA filed an Application for Rehearing (A.09-10-023) of Resolution E-4251 to challenge the Commission's authorization to transfer funds from the SGMPA as proposed by SoCalGas.	Rehearing Application was ultimately withdrawn by DRA on 5/9/2012 because an alternative funding source was authorized.
11/15/2010	SoCalGas filed AL 4168-G to supersede AL 3963-G and transfer funds from the CFCA and NFCA, rather than the SGPMA.	Approved by Energy Division disposition on 2/7/2011.
11/15/2010	SoCalGas mailed a letter to the Energy Division requesting to withdraw its approved AL 3963-G	SoCalGas' request to withdraw AL 3963-G was never acted on

		because it was an inappropriate vehicle to make changes to Resolution E-4557, which approved AL 3963-G.
2/7/2011	Advice Letter 4168-G was approved by Energy Division disposition with retroactive effective date of 12/15/2010	Alternative funding source- CFCA and NFCA authorized for transfer to GAF
5/9/2012	DRA withdrew its Application for Rehearing of Resolution E-4251 as a result of the approval and implementation of AL 4168-G.	D.12-05-020 dismissed DRA's Application for Rehearing on 5/18/2012
9/28/2012	SoCalGas filed AL 4408-G (the extant AL) requesting to withdraw AL 3963-G and modify Resolution E-4251 because AL 4168-G rendered AL 3963-G moot.	Resolution E- 4557 (extant Commission disposition)

NOTICE

Notice of AL 4408-G was made by publication in the Commission's Daily Calendar. SoCalGas states that a copy of the Advice Letter was mailed and distributed in accordance with Section III-G of General Order 96-A.

PROTESTS

Advice Letter 4408-G was not protested.

DISCUSSION

SoCalGas filed AL 4408-G requesting that the Commission rescind all portions of Resolution E-4251 that refer to and approve AL 3963-G. As a result of DRA's filing an application for rehearing of Resolution E-4251; AL 3963-G was never implemented. Instead, SoCalGas filed a subsequent AL, 4168-G, following discussion and compromise with DRA and TURN, which the Commission later approved.

Since SoCalGas did not implement AL 3963-G, and because it was effectively superseded by AL 4168-G, we agree with SoCalGas that the relevant portions of Resolution E-4251 that approve AL 3963-G should be rescinded. However, we believe that references to AL 3963 in Resolution E-4251 should remain in place because they contain useful background information regarding the history and status of AL 3963-G, namely detailed background information about the GAF and the protests concerning that fund. In addition, language should be added to Resolution E-4251 to explain the subsequent history of how the GAF was funded. The remaining portions of Resolution E-4251, which approve SDG&E's AL 2065-E/1842-G, should remain in place. Resolution E-4251 is modified to rescind only the portions of the Resolution that approve AL 3963-G.

Accordingly, Resolution E-4251 is modified as specified in Attachment A. Attachment A shows the modifications in redline and includes only those portions of Resolution E-4251 that are being modified. Attachment B provides a complete clean copy of Resolution E -4251 as modified by this Resolution.

COMMENTS

Public Utilities Code Section 311(g)(1) generally provides that resolutions must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

SoCalGas, the only party to this unprotested advice letter, has stipulated to waive the 30-day waiting period otherwise required by PU Code section 311 (g)(1) and the opportunity to file comments on the draft resolution. Accordingly, this matter will be placed on the Commission's agenda directly for prompt action.

FINDINGS AND CONCLUSIONS

1. On February 20, 2009, SoCalGas filed AL 3963-G requesting the Commission increase the funds available in its Gas Assistance Fund to provide temporary relief to customers in need of bill payment assistance by transferring $3 million from its Self-Generation Program Memorandum Account to the Gas Assistance Fund.
2. A similar request for Commission authorization to transfer funds from an over-collected balancing account was also filed on February 20, 2009 by

San Diego Gas & Electric in AL 2065-E/1842-G.

3. Resolution E-4251, adopted on September 10, 2009, simultaneously approved AL 3963-G and AL 2065-E/1842-G as filed on behalf of SoCalGas, and San Diego Gas and Electric, respectively.

4. The Division of Ratepayer Advocates (DRA) filed an Application for Rehearing of Resolution E-4251 on October 12, 2009, challenging SoCalGas' proposed transfer of funds from the SGPMA as violating the Public Utilities Code and Commission precedent.

5. SoCal Gas filed AL 4168-G to request that the $3 million dollars instead be transferred to the GAF from different accounts. AL 4168-G was approved.

6. AL 3963-G, was never implemented and is now moot, because it was superseded by AL 4168-G, approved by Energy Division on 02/07/2011.

7. In AL 4408-G, SoCalGas requested that the Commission revise Resolution E- 4251 to rescind references to, and approval of, AL 3963-G.

8. Resolution E-4251 should be revised to rescind approval of AL 3963-G which is now moot.

9. All *references* to AL 3963-G in Resolution E-4251, should remain and additional language should be added to provide useful background information and to explain the subsequent history of how the GAF was funded.

THEREFORE IT IS ORDERED THAT:

1. SoCalGas' request to withdraw AL 3963-G is granted.

2. Resolution E-4251 is modified as shown in Attachment B, "Resolution E-4251 as modified by Resolution E-4557."

This Resolution is effective today.

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 March 21, 2013 the following Commissioners voting favorably thereon:

_____
PAUL CLANON
Executive Director

ATTACHMENT A

The following modifications, should be made to the following sections of Resolution E-4251 (deletions are shown in strikeout, inserts are underlined).

Page 1:

R E S O L U T I O N

Resolution E-4251. San Diego Gas and Electric requests to increase funding for its charitable Neighbor-to-Neighbor (NTN) Customer Assistance Program. Also, Southern California Gas Company requests to increase funding for its charitable Gas Assistance Fund (GAF) Customer Assistance Program. PROPOSED OUTCOME: (1) approves SDG&E's request to transfer $1 million from its over-collected Rate Design Settlement Account and $0.3 million from its over-collected Post-2005 Gas Energy Efficiency Balancing Account to augment NTN program; (2) rescinds prior approval granting SoCalGas' request to transfer $3 million from its over-collected Self Generation Program Memorandum Account to augment its GAF program and grants SoCalGas' request to withdraw Advice Letter 3963-G. ESTIMATED COST: none

By SDG&E Advice Letter 2065-E/1842-G filed on Feb. 20, 2009 and SoCalGas Advice Letter 3963-G filed on Feb. 20, 2009 , SoCalGas Advice Letter 4408- G filed on September 28, 2012.

Approved.

Page 2:

"This resolution approves the **SDG&E's** requestto transfer funds and also adopts the reporting requirements recommended by The Utility Reform Network (TURN)."

Page 5

BACKGROUND

Pages 5-6

- **SoCalGas**

SoCalGas requested approval to transfer from its overcollected account, Self Generation Program Memorandum Account (SGPMA) a total of $3 million, to provide additional funds for the GAF to assist customers who were experiencing financial hardships. The balance in the SGPMA was overcollected and SoCalGas

requested authorization to provide additional funds to the GAF by transferring the overcollected revenues from the SGPMA to a newly created subaccount within SoCalGas' Core Fixed Cost Account (CFCA) to offset any funds actually used in providing assistance to customers in paying their bills under the GAF Program.

The GAF program is one of several assistance programs offered by SoCalGas, such as the California Alternate Rates for Energy (CARE) program, Medical Baseline program and the Low Income Energy Efficiency program. Under the proposed GAF program, qualified customers in need of assistance will be eligible to receive up to $100 to subsidize their unpaid gas bills.

SoCalGas' Advice Letter 3963-G was never implemented. Instead, following compromise and discussion with DRA and TURN, SoCalGas filed a request to withdraw Advice Letter 3963. SoCalGas also filed a subsequent advice letter, 4168-G to request Commission approval to transfer the $3 million from its Core Fixed Account (CFCA) and NonCore Fixed Cost Account (NFCA) rather than its Self Generation Program Memorandum Account to fund its GAF program.

<u>THEREFORE IT IS ORDERED THAT:</u>
Pages 19-20

1. 1. SoCalGas' requests to withdraw Advice Letter 3963-G and to modify Resolution E-4251 to rescind approval of Advice Letter 3963-G are granted.

4. SDG&E is to continue the same ratemaking treatment of the funds transferred in these advice filings as was previously accorded to the funds transferred and adopted in the commission resolution E-4030.
5. SDG&E shall use the shareholder and other previously authorized funds prior to using any ratepayer funds authorized under this resolution.
6. SDG&E shall give appropriate credit to the ratepayers' funding in all its marketing and promotional materials related to these programs.
7. We require SDG&E to submit the following information in a separate report to be filed alongside -its annual CARE/LIEE reports:
This filing will not result in an increase or decrease in any rate or charge, conflict with any rate schedules or any rules, or cause the withdrawal of service.

ATTACHMENT B

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-4251**
Revised March 21, 2013

R E S O L U T I O N

Resolution E-4251. San Diego Gas and Electric requests to increase funding for its charitable Neighbor-to-Neighbor (NTN) Customer Assistance Program. Also, Southern California Gas Company requests to increase funding for its charitable Gas Assistance Fund (GAF) Customer Assistance Program. PROPOSED OUTCOME: (1) approves SDG&E's request to transfer $1 million from its over-collected Rate Design Settlement Account and $0.3 million from its over-collected Post-2005 Gas Energy Efficiency Balancing Account to augment NTN program; (2) rescinds prior approval granting SoCalGas' request to transfer $3 million from its over-collected Self Generation Program Memorandum Account to augment its GAF program and grants SoCalGas' request to withdraw Advice Letter 3963. ESTIMATED COST: none

By SDG&E Advice Letter 2065-E/1842-G filed on Feb. 20, 2009 and SoCalGas Advice Letter 3963-G filed on Feb. 20, 2009, SoCalGas Advice Letter 4408- G filed on September 28, 2012.

Approved.

SUMMARY

On February 20, 2009, SDG&E and SoCalGas (the Joint Utilities) submitted advice letter filings seeking Commission authorization to transfer funds from their over-collected balancing accounts; the Rate Design Settlement Component Balancing account (RDSBA), the Post-2005 Gas Energy Efficiency Balancing Account (PGEEBA), and the Self Generation Program Memorandum Account (SGPMA) to increase funding for their charitable Neighbor-to-Neighbor (NTN) and Gas Assistance Fund (GAF) programs. The NTN and GAF funds help pay

electric and gas bills of customers experiencing temporary financial hardship. These programs are funded by shareholders, utilities' employees and voluntary contributions from ratepayers.

This resolution approves SDG&E's ~~the Joint Utilities'~~ requests to transfer funds and also adopts the reporting requirements recommended by The Utility Reform Network (TURN).

BACKGROUND

As a result of current economic conditions, Joint Utilities claim they are experiencing an increase in calls from customers requesting bill payment assistance. Presently, unemployment rates in California have risen to the level of approximately 11%. SDG&E and SoCalGas claim that their customers are experiencing difficulties paying their electric and gas bills. In an effort to respond expeditiously to customers' concerns in this economic climate and to provide temporary relief to those customers in urgent need of assistance, SDG&E and SoCalGas are seeking authorization to increase the funds currently available for their NTN and GAF programs respectively.

Initially, the Joint Utilities launched NTN and GAF programs in 1982/1983 to help customers respond to the financial emergencies created by rising utility bills. The programs were then funded by the shareholders.

Currently, the GAF program is funded and sustained by contributions from shareholders, utility employees, and voluntary contributions from ratepayers. Prior to 2006, the NTN program was also funded and sustained by contributions from shareholders, utility employees, and voluntary contributions from

ratepayers. However, in an effort to assist customers following a 2006 heat storm, the NTN was infused by a one-time transfer of $1 million in ratepayer overcollections. Both programs are instituted by utilities to provide emergency assistance to customers facing extreme financial hardship. Only after all other resources such as other state or federal assistance programs have been exhausted, the Joint Utilities provide NTN and GAF funds to customers on a case by case basis in order to prevent imminent shut off of their electric and gas services.

Since its inception, SDG&E's NTN program has assisted approximately 11,000 households and SoCalGas's GAF program has assisted approximately 64,000 households. These programs are administered by the United Way through many local community based organizations (CBOs). These programs are need-based, with the funds primarily going to utilities' CARE recipients who cannot afford to pay their electric or gas bills.

Currently, SDG&E has an over-collection in its Rate Design Settlement Balancing Account (RDSBA) and its Post-2005 Gas Energy Efficiency Balancing Account (PGEEBA). SoCalGas has an over-collection in its Self-Generation Program Memorandum Account (SGPMA). The RDSBA account is applicable to all CARE and NON-CARE residential customer classes with usage above 130% of baseline usage. The PGEEBA account is applicable to all non low-income energy efficiency customers' classes. The SGPMA account is applicable to all non low-income gas customers' classes.

The Joint Utilities request to transfer funds from these over-collected accounts to augment the NTN and GAF programs.

ATTACHMENT B

The Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN) protest these advice letters primarily on the grounds that since NTN and GAF are not Commission mandated programs, the joint utilities' shareholders should be required to match ratepayer contributions dollar for dollar. The protestants also request that there should be more accountability for ratepayer funds.

The SDG&E and SoCalGas requests are summarized in detail below.

- **SDG&E**

SDG&E requests approval to transfer $1 million from its Rate Design Settlement Component balancing account (RDSBA) to the NTN program. The Company also requests to transfer $300,000 from its Post-2005 Gas Energy Efficiency Balancing Account (PGEEBA) to the NTN program. SDG&E claims that the total of $1.3 million could be made available to provide assistance to more customers who are experiencing difficulty paying their gas and electric bills in the current economic crisis. The balance in the RDSBA account currently is an overcollection which SDG&E feels can be used to provide additional funds to the NTN program. Similarly, SDG&E's PGEEBA has an over-collection from 2008. Any Unspent funds currently available for NTN funding will be applied first before additional funding is utilized.

In 2007 and 2008, the total assistance provided through the NTN program was $398,393 and $376,078, respectively.

Similar to the electric NTN funds that are recorded in a sub-account in EDFCA account, SDG&E proposes to record gas-related NTN funds in a sub-account in the gas Core Fixed Cost Account (CFCA).

Under the current NTN program, qualified customers in need of assistance will be eligible to receive up to $200 to help subsidize their unpaid gas and electric bills. Customers may qualify for payment based on factors such as unusually high energy consumption due to life support equipment. SDG&E communicates this program to customers through its website postings as well as through its customer assistance program.

Unless directed by the Commission otherwise, SDG&E plans to address the disposition of the any excess amount balances in NTN accounts in its annual regulatory account update filing when the utility's rates are revised.

- **SoCalGas**

SoCalGas requested approval to transfer from its overcollected account, Self-Generation Program Memorandum Account (SGPMA) a total of $3 million, to provide additional funds for the GAF to assist customers who were experiencing financial hardships. The balance in the SGPMA was overcolellected and SoCalGas requested authorization to provide additional funds to the GAF by transferring the overcollected revenues from the SGPMA will be transferred to a newly created subaccount within SoCalGas' Core Fixed Cost Account (CFCA) to offset any funds actually used in providing assistance to customers in paying their bills under the GAF Program.

ATTACHMENT B

The GAF program is one of several assistance programs offered by SoCalGas, such as the California Alternate Rates for Energy (CARE) program, Medical Baseline program and the Low Income Energy Efficiency program. Under the proposed GAF program, qualified customers in need of assistance will be eligible to receive up to $100 to subsidize their unpaid gas bills.

SoCalGas' Advice Letter 3963-G was never implemented. Instead, following compromise and discussion with DRA and TURN, SoCalGas filed a request to withdraw Advice Letter 3963. SoCalGas also filed a subsequent advice letter, 4168-G to request Commission approval to transfer the $3 million from its Core Fixed Account (CFCA) and NonCore Fixed Cost Account (NFCA) rather than its Self-Generation Program Memorandum Account to fund its GAF program

Unless directed by the Commission otherwise, SoCalGas will address the disposition of any excess amount balance in the GAF subaccount in connection with its annual regulatory account update filing wherein the utility's rates are revised.

NOTICE

Notices of SDG&E Advice Letter 2065-E/1842-G and SoCalGas Advice Letter 3963-G were made by publication in the Commission's Daily Calendar. SDG&E and SoCalGas state that a copy of the Advice Letters was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

PROTESTS

SDG&E Advice Letter 2065-E/1842-G and SoCalGas Advice Letter 3963-G were timely protested by the Division of Ratepayer Advocates (DRA) and The Utility

Reform Network (TURN). The Joint Utilities responded to the protests on March 19, 2009. The DRA and TURN protests and the Joint Utilities response are as follows:

- **DRA**

DRA protested the Joint Utilities' proposals as follows:

First, DRA claims that the proposed shareholder contributions are highly inequitable

DRA states that the Joint Utilities' shareholder contribution of $500,000 against ratepayers' contribution of $4.3 million is inequitable. DRA claims that ratepayers have already contributed $60 million and $140 million to SDG&E and SoCalGas' CARE (California Alternate Rates for Energy) and FERA (Family Energy Rate Assistance) programs in 2008. In addition DRA believes that SoCalGas does not indicate whether it intends to use the shareholder contribution prior to using any transferred ratepayer funds. Asking ratepayers to contribute only to the extent that shareholders are willing to contribute is only appropriate under these circumstances, DRA alleges.

Second, DRA alleges that both NTN and GAF programs are advertised as corporate charitable assistance programs and operate without regulatory oversight

DRA asserts that the NTN and GAF programs of the Joint Utilities are corporate charitable assistance programs and are promoted as such in its marketing materials. But, with the higher contribution of the ratepayers, the programs look more like ratepayer funded programs and therefore need oversight to ensure accountability for the use of the these funds.

Third, DRA alleges that the Joint Utilities have a financial interest in reducing the uncollectables from disconnections due to non-payment of bills

By contributing more to the NTN and GAF programs the shareholders have a financial interest in reducing the uncollectibles that stem from disconnection for non-payment of bills, DRA claims. A greater shareholder contribution upfront to GAF and NTN is a wiser and more beneficial strategy than risking losses that may happen to unwitting customers as the economy continues to deteriorate.

Fourth, DRA claims that SDG&E turns for funding to the very same group of customers that may need assistance

DRA states that the over-collection in these accounts would normally be returned to both low income and non-low income ratepayers, thus reducing their bills and reducing economic hardship. DRA believes that in the case of SDG&E, contributions to the NTN program should come from a broad spectrum of customers such as residential, commercial, industrial etc., and not from residential customers alone. What would tip the scales in favor of SDG&E's proposal for DRA is if the shareholders matched the ratepayer contribution.
To alleviate these concerns, DRA recommends that the shareholders match the ratepayer contributions, submit quarterly reports on disbursement of these funds, attribute ratepayers as an equal partner in the program and finally find other approaches such as Arrearages Forgiveness programs to relieve hardship to customers in extreme financial need.

- **TURN**

Most of TURN' concerns are the same as that of DRA. TURN in general is supportive of increased funding for emergency financial assistance as proposed by the Joint Utilities. However, it would like to see the approval of requested

funds based on the willingness of the shareholders to match dollar- for- dollar any ratepayer contributions, up to a limit of $1.3 million for SDG&E and $3.0 million for SoCalGas. TURN believes that NTN serves a critical role in preventing shutoffs, especially as economic conditions worsen in Southern California. Ratepayer funding of NTN is appropriate under the circumstances TURN believes, but only if Joint Utilities' shareholders make a comparable commitment to NTN. TURN recommends that the Commission should condition its approval of these advice letters on Joint Utilities matching the transfer of ratepayer funds with contribution of shareholder funds. In addition, the Commission should direct the Joint Utilities to: (a) record any transfer of funds from the balancing accounts as transfers and not expenditures (b) condition the approval of these advice letters on Joint Utilities' willingness to match the transfer of ratepayer funds with shareholder funds, **(c**) use shareholder contributions before using any ratepayer funds, and (d) provide quarterly reports on total distributions from NTN and GAF, separated into non-ratepayer and ratepayer-funded distributions.

Joint Utilities Response

The Joint Utilities disagree with the Protestants' position that, as a condition of approval, the Joint Utilities should be willing to match dollar-for-dollar ratepayer contributions with shareholder contributions. The Joint Utilities believe that since the NTN and GAF programs are utility customer assistance programs like other customer assistance programs[1], the major funding for these programs

1. [1] Examples of mandated programs such as California Alternate Rates for Energy (CARE) and Direct Assistance Program (DAP) for SoCalGas

should come from ratepayer funds. Also, in Resolution E-4030, passed on October 5, 2006, the Commission had previously approved a one-time transfer of $1 million in ratepayer funds to the NTN program. The Joint Utilities claim that this request is similar to the previously approved request with respect to the transfer of funds and funding amounts.

According to the Joint Utilities, funds are currently available in over–collected accounts RDSCA, PGEEBA, and SGPMA and the opportunity exists for the Commission to utilize these funds NOW to directly help the customers in financial need. Typically, funds overcollected in these accounts would be returned to ratepayers through year-end rate adjustments.

The Joint Utilities further state that the voluntary shareholder contributions should not be expanded as suggested by the Protestants. Commission decision D.08-07-046 clearly states that " Any action by SDG&E and SoCalGas involving shareholder money can only be a voluntary act of good corporate citizenship and social responsibility" (p.74), the Joint Utilities claim. Prior Commission decisions affirm, the Joint Utilities point out, that the Commission does not have jurisdiction to order a change in utilities' charitable donation practices (D.06-05-016).

The Joint Utilities do not object to the Protestants' recommendation for reporting requirements deemed necessary by the Commission. The Joint Utilities also agree that dollars for the NTN and GAF programs will first be drawn from existing balances, followed by new shareholder contributions, followed lastly by any new transfers from over-collected ratepayer fund balances.

ATTACHMENT B

DISCUSSION

We have reviewed the Joint Utilities' Advice Letters requesting Commission authorization to transfer funds from overcollected balancing accounts to increase funds in its charitable programs; Neighbor-to-Neighbor (NTN) and Gas Assistance Fund (GAF) respectively.

The joint Utilities are experiencing an increase in calls from customers requesting bill payment assistance. We note that the current unemployment rate in California is approaching 11% and with an economic downturn, some customers will not be able to pay their utility bills. In anticipation of worsening conditions, SDG&E and SoCalGas request to increase funding in their NTN and GAS programs respectively. They plan to match dollar for dollar ratepayer funds with shareholder funds up to an amount of $150,000 for SDG&E and $300,000 for SoCalGas.

We have reviewed the protests of DRA and TURN and discuss their major objections below:

First, although we cannot legally compel shareholders to contribute more than what they would be voluntarily willing to contribute[2], we agree with the general thrust of the DRA's and TURN's comments regarding the desirability of an expanded role for shareholder funding. We believe that DRA has made a

2. [2] D.08-07-046 "Any action by SDG&E and SoCalGas involving shareholder money can only be a voluntary act of good corporate citizenship and social responsibility" (P.74)

reasonable case that shareholders do materially benefit through the reduction in undercollections these assistance programs provide, and furthermore, through expansion of these programs and shareholder contributions thereto, the utilities gain significant goodwill benefits. In light of this, while we do not order shareholders to match dollar for dollar the amount of funds transferred, we strongly encourage the utilities to increase the level of shareholder matching to at least twenty cents for every dollar of ratepayer monies transferred. This is a minimum and we urge the Joint Utilities to increase their funding generously and share the burden with ratepayers in helping the most vulnerable segments of the population during these hard times.

Second, we agree with DRA and TURN to increase Commission oversight of these ratepayer funds and ask the Joint Utilities to submit disbursement of these funds in a report to be submitted along with the annual LIEE and CARE reports to the Commission. We would also require that the Joint Utilities give credit to the ratepayers' contributions toward these programs in all its promotional and marketing materials related to the NTN and GAF programs.

Third, we believe that the shareholders have a financial interest in reducing uncollectibles by contributing more to these charitable programs. As mentioned above, we do not have the authority to require certain amounts of shareholder contributions in any case. However, as described above, we prefer that the transfer of funds from the over-collected accounts identified herein be accompanied by shareholder matching of at least twenty cents for every dollar transferred.

Fourth, we agree with DRA that normally the excess funds in RDSBA, PGEEBA and PGEEBA accounts would be returned to both low-income and non low-income residential customers. And, it might reduce hardship to a very limited extent for the low-income customers since a large proportion of the funds would be returned to non low-income customers. However, both NTN and GAF charitable programs are specifically meant to help customers in extreme financial hardship and who can't pay their utility bills and are at the verge of termination of their utility services. Essentially, the type of customer for which NTN and GAF programs were designed to help, has gone below the low-income category. Under similar circumstances the Commission previously has authorized transfer of funds from overcollected balancing accounts for the NTN program during the heat storm of 2006.

During that time SDG&E provided $250,000 of its shareholder funds and the Commission authorized to transfer $1,000,000 from over-collected funds in Electric Distribution Fixed Cost Account (EDFCA). The Commission stated that these funds would assure a wider coverage to those at risk for service termination. The Commission further stated that: "Unspent funds shall not be returned to the EDFCA account at the end of the year. Instead, unspent amounts shall remain in the fund for use by customers risking service termination in subsequent years until SDG&E files its next general rate case (following its 2008 GRC).[3]"

We agree with the joint utilities that through generous donations of shareholders, employees, and customers, both programs have served customers

3. [3] Resolution E-4030

in times of extreme hardship. However, we do not agree with the Joint Utilities' statement that ratepayers should be the major source of funding for these programs. We remind the joint utilities that this authorization of ratepayer funds is a one-time transfer in response to a particular set of circumstances, similar to the one-time transfer in response to the heat storm of 2006. As DRA and TURN stated, the Commission has established several customer assistance programs funded by ratepayers to provide significant and ongoing assistance to customers in need. We discourage continued request for ratepayer overcollections to sustain NTN and GAF. Instead, we encourage the joint utilities to fundraise in a manner more appropriate to a private charitable organization, such as SCE's creative solicitation of donations described in SCE's Advice Letter 2324-E.

We require the Joint Utilities to continue the same rate-making treatment of the funds transferred in these advice filings as was previously accorded to the funds transferred and adopted in Commission resolution E-4030. We agree with TURN that these programs serve a critical role in preventing shutoffs, especially as economic conditions worsen in Southern California and that Ratepayer funding of NTN and GAF is appropriate under the circumstances.

We recognize the worsening economic conditions of California and the necessity of maintaining essential utility services to some customers facing extreme financial hardship. We will authorize this funding only to alleviate temporary hardship during these difficult times. However; we want to emphasize that these funds are authorized on a one time only basis, and the authorization of these funds is not intended to set any future precedent for this or any other similar program.

ATTACHMENT B

We agree with DRA and TURN that with increased customer funding, these programs should require increased oversight and accountability. We will require the Joint Utilities to submit the following information in a separate report to be filed along with the annual CARE/LIEE reports:

- NTN and GAF distributions, separated by shareholder funded and ratepayer funded distributions
- Left-over funds from previously authorized ratepayer contributions
- A breakdown of funds segregated between administrative and direct assistance expenditures
- A breakdown of distributed funds between CARE and non-CARE recipients

We also require the Joint Utilities to use the shareholder and other previously authorized funds prior to using any ratepayer funds transferred from balancing accounts as approved in this resolution.

The draft resolution conditioned transfer of ratepayer funds to support the NTN and GAF programs on a specific level of shareholder matching. The Joint Utilities objected to this, arguing that this condition runs contrary to statements elsewhere in the draft resolution regarding the limitations of the Commission's authority to require shareholder contributions. The Joint Utilities also argue that such a condition was not required under Resolution E-4030 which approved SDG&E's proposal to transfer over-collected funds in the Electric Distribution Fixed Cost Account (EDFCA) to the NTN program. We disagree with the implication of the Joint Utilities' comments that conditioning transfer of ratepayer funds on a specific level of shareholder matching runs afoul of Commission authority. Under the conditional requirement proposed,

shareholders could elect to provide whatever level they deemed appropriate, including nothing if they so chose. We also disagree with the precedential value the Joint Utilities ascribe to E-4030. In E-4030 we authorized $1,000,000 of ratepayer funding to support the NTN program on top of shareholder contributions of $250,000. This effectively represents a shareholder matching rate of twenty-five cents for every dollar of ratepayer funds, a number far higher than the level the Joint Utilities offered here. These arguments notwithstanding, we remove the conditional requirement on the transfer of ratepayer funds in light of the statements of the Joint Utilities in comments in which they indicate they are "willing to increase shareholder contribution over and above the $500,000 originally proposed in the ALs." We take this statement at face value and anticipate that Joint Utilities' shareholder contributions to NTN and GAF will be increased to better reflect these programs' descriptions as "funded by shareholders, utilities' employees and voluntary contributions from ratepayers. Therefore we do not believe the conditional requirement is necessary.

COMMENTS

Public Utilities Code section 311(g) (1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g) (2) provides that this 30 day period may be reduced or waived upon the stipulation of all parties in the proceeding. The 30 day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments. The parties submitted comments on August 6 and the reply comments were submitted by the Joint Utilities on August 11. This

resolution will be placed on the Commission's meeting agenda of August 20, 2009.

FINDINGS

1. SDG&E filed AL 2065-E/1842-G on February 20, 2009 requesting to increase funding for its Neighbor-to-Neighbor (NTN) Customer Assistance Program.
2. SDG&E proposes to transfer $0.3 million and $1.0 million from its electric Rate Design Settlement Account (RDSBA) and Post-2005 Gas Energy Efficiency Balancing Account (PGEEBA) respectively to increase its NTN program.
3. SoCalGas filed AL 3963 on February 20, 2009 requesting to increase funding for its Gas Assistance Fund (GAF).
4. SoCalGas proposes to transfer a total of $3 million from Self Generation Memorandum Account (SGPMA) to increase its GAF program.
5. Both NTN and GAF are charitable programs and have been funded by shareholder, employees and customers in the past.
6. For the year 2009, the Joint Utilities will contribute to these programs a total of $500,000 from the shareholder funds.
7. Both of these programs are administered under the Joint Utilities' oversight by third party non-profit entities and provide assistance to customers experiencing temporary financial hardship and under extreme circumstances prior to disconnection of their utility services.
8. California is facing extremely difficult economic and unemployment conditions. Its unemployment rate is increasing and currently

approaching 11%. The funds transferred under this resolution are meant to only address these extra ordinary circumstances.

9. The funds transferred under this resolution are not meant to set any precedent for future funding of this or other similar programs.
10. NTN and GAF program funds would reduce hardship for the most vulnerable segments of the population and should be augmented as proposed.
11. The NTN and GAF programs can help reduce undercollections that would otherwise be incurred.
12. The NTN and GAF programs may benefit shareholders through the goodwill these programs generate.
13. In light of the benefits to shareholders and the charitable characterization of these programs, a greater level of shareholder contribution than what the Joint Utilities proposed in their advice letters is desirable.
14. The Commission has previously authorized, under similar circumstances the one-time transfer of funds from its over-collected accounts to augment funding for SDG&E's NTN program.
15. With increased contributions of the ratepayers to these programs, there should to be more accountability of disbursement of these funds.

<u>THEREFORE IT IS ORDERED THAT:</u>

1. SoCalGas' requests to withdraw AL 3963 and to modify Resolution E-4251 to rescind approval of AL 3963 are granted.

2. The SDG&E' advice letter 2065-E/1842-G requesting authorization to transfer $1 million from its electric Rate Design Settlement Account and

$0.3 million from its Post-2005 Gas Energy Efficiency Balancing Account to make additional funds available for its NTN program is approved. We strongly encourage SDG&E to match the ratepayer funding approved herein with shareholder contributions of at least twenty cents for every dollar provided by ratepayers from the Rate Design Settlement Account and Post-2005 Gas Energy Efficiency Balancing Account. If met this matching rate would result in SDG&E shareholders providing a total of $260,000 in matching funds. We note that nothing precludes SDG&E shareholders from contributing more than this amount and we encourage them to do so.

3. The funds authorized under this resolution are for one time only and its approval is not meant to set any precedent for future funding of this or any other similar program.

4. SDG&E is to continue the same ratemaking treatment of the funds transferred in these advice filings as was previously accorded to the funds transferred and adopted in the commission resolution E-4030.

5. SDG&E shall use the shareholder and other previously authorized funds prior to using any ratepayer funds authorized under this resolution.

6. SDG&E shall give appropriate credit to the ratepayers' funding in all its marketing and promotional materials related to these programs.

ATTACHMENT B

7. We require SDG&E to submit the following information in a separate report to be filed alongside their its annual CARE/LIEE reports:

   - NTN and GAF distributions, separated by shareholder funded and ratepayer funded distributions
   - Left-over funds from previously authorized ratepayer contributions
   - A breakdown of funds segregated between administrative and direct assistance expenditures
   - A breakdown of distributed funds between CARE and non-CARE recipients

ATTACHMENT B

This Resolution is effective today.

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 January 24, 2013; the following Commissioners voting favorably thereon:

/s/ Paul Clanon___
Paul Clanon
Executive Director

Commissioners