

Decision PROPOSED DECISION OF ALJ ROSCOW (Mailed 11/3/2014)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of 2013-2014 Statewide Marketing, Education, and Outreach Program and Budget (U39M).

Application 12-08-007
(Filed August 3, 2012)

And Related Matters.

Application 12-08-008
Application 12-08-009
Application 12-08-010

**DECISION SETTING UTILITY BUDGETS
FOR THE FLEX ALERT PROGRAM FOR 2015**

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**DECISION SETTING UTILITY BUDGETS
FOR THE FLEX ALERT PROGRAM FOR 2015****Summary**

This decision reopens this proceeding in order to establish utility budgets for the Flex Alert program for 2015. The Flex Alert program is an emergency alert campaign that was created in 2001 for use during system emergencies or power shortages. For 2015, Pacific Gas and Electric Company's authorized annual budget is \$2.5 million, Southern California Edison Company's authorized annual budget is \$6 million, and San Diego Gas and Electric Company's authorized annual budget is \$1.5 million, for a total annual statewide Flex Alert budget of \$10 million. We direct the assigned Administrative Law Judge to take procedural steps to initiate discussions between the California Independent System Operator, the investor-owned utilities, and other stakeholders so that they may evaluate and recommend other possible funding sources and program administrators beginning in 2016. The record developed in 2015 will inform the Commission's review of whether to fund the program again in 2016.

This proceeding shall remain open to accommodate the additional actions ordered herein.

1. Background and Procedural History

The Flex Your Power brand, and its associated brand Flex Alert, was created during the California energy crisis of 2000 and 2001, inspired by emergency energy shortages necessitating emergency conservation by consumers. Today, the Flex Alert program continues to support the State's and the California Independent System Operator's (CAISO or ISO) emergency efforts for summer preparedness in the event of system emergencies or power shortages. As described by the investor-owned utilities (IOUs) and the ISO:

A Flex Alert is an urgent call to Californians to immediately conserve electricity and shift demand to off-peak hours (after 6 p.m.). The Flex Alert campaign is an educational and emergency alert program that informs consumers about how and when to conserve electricity. The ISO typically issues a Flex Alert when there is potential for an electrical emergency (due to decreased operating reserves) or a transmission emergency (due to power line limitations).¹

We addressed funding for the Flex Alert program in several recent decisions. First, in Decision (D.) 12-04-045 we authorized 2012 funding for PG&E, SCE, and SDG&E to be used for the Flex Alert emergency alert campaign.² The total statewide marketing budget for the campaign was set at no more than \$10 million. Next, in D.12-05-015 we stated “Consistent with the comments of the CAISO, we see value in continuing the emergency response portion of Flex Your Power – Flex Alert – in particular for use during hot summer months, or at any other time, when energy supplies have the potential to be tight. Emergency requests for action may be and should be connected to a larger information and education campaign, but they are fundamentally different because they are typically immediate and temporary requests for short-term conservation.”³ Based on our findings and conclusions in that Decision, we

¹ The investor-owned utilities are Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas and Electric Company (SDG&E). The definition is quoted from the Report on “Flex Alert Messaging Coordination and Optimization Report for Summer 2013,” filed in this proceeding on May 17, 2013, and discussed further below.

² D.12-04-045, Ordering Paragraph 19. That Decision addressed the IOUs’ applications for approval of demand response programs, pilots and budgets for 2012-2014, including their proposals for demand response statewide marketing, education and outreach (ME&O) programs.

³ D.12-05-015 at 298 and 299 as well as Findings of Fact 108 and 109, and Conclusion of Law 62.

requested that the utilities plan to continue the limited use of Flex Alerts for the emergency type of advertising and calls for conservation advocated by the CAISO in the proceeding, and directed that in their 2013 – 2014 applications for statewide ME&O, the utilities should propose a budget for Flex Alerts and explain how the Alerts will be coordinated with the overall statewide education and outreach program.⁴ The utilities made these proposals in this consolidated docket in August, 2012.

We addressed the utility proposals in D.13-04-021, and established annual utility budgets for the Flex Alert program for 2013 and 2014, totaling \$10 million per year.⁵ However, in reaching our decision to authorize this funding for 2013 and 2014, we also considered comments by parties that reflected widespread concern regarding the funding, management, and effectiveness of the program. Based on that record, in D.13-04-021 we assigned several additional tasks to parties. First, we directed the IOUs and the ISO to jointly prepare a report describing how they coordinate their messaging efforts during Flex Alert events, and how they would optimize those efforts beginning in the summer of 2013. The IOUs and the ISO filed and served this report on May 17, 2013. Second, we acknowledged that, given the continued reliance upon Flex Alerts for urgent conservation and load reduction, the actual success of the program should be analyzed in order to support future decisions on whether to increase funding and expand the program. To this end, we directed SCE to take the lead in initiating and coordinating an Evaluation, Measurement and Verification

⁴ D.12-05-015 Ordering Paragraph 117(d).

⁵ For 2013 and 2014, PG&E's authorized annual budget is \$2.5 million, SCE's authorized annual budget is \$6 million, and SDG&E's authorized annual budget is \$1.5 million.

(EM&V) study of Flex Alert, measuring 2013 *ex post* load impacts. SCE filed and served this report on February 28, 2014. Third, we found that it is logical that the entity controlling the Flex Alert program (currently, the ISO) also be responsible for administering and securing funding for the program, and that such funding be provided by all customers who benefit from the conservation and load reduction due to Flex Alerts, not just the ratepayers of the IOUs. For these reasons, we ordered SCE to work with PG&E, SDG&E, the ISO, and other interested parties, to develop a proposal for the transfer of the administration and funding of the Flex Alert program to the ISO or another entity, effective in 2015, and to file and serve the proposal in this proceeding. We stated that we would address the proposal in a future decision. SCE filed and served this report on April 1, 2014.

This proceeding is reopened. We address each of the reports listed above in the remainder of this decision.

2. Compliance with D.13-04-021

2.1. Report on Flex Alert Messaging Coordination and Optimization for Summer 2013

In D.13-04-021, we stated that “we are intent on ensuring that the IOUs and the ISO fully coordinate their messaging during Flex Alert events” and ordered the IOUs and the ISO to jointly prepare a report “describing how they coordinate their messaging during Flex Alert events today, and how they will optimize these efforts beginning this summer.”⁶ The IOUs and the ISO filed this report on May 17, 2013. The report provides useful background regarding the

⁶ D.13-04-021, Ordering Paragraph 17.

structure of the program, which in turn helps explain why its day-to-day operation and coordination can be somewhat complicated:⁷

The **non-paid** Flex Alert activities can occur year-round and are managed by the ISO. It includes news bulletins sent to all California trade media newsrooms and automatic notifications to anyone who has signed up to receive them via the ISO website or its smart phone application. The Flex Alert is also sent by way of Twitter, Google+ and Facebook. Flex Alert logos located on state agency website homepages are also switched from green to red, as are the ISO and Flex Alert websites.

The **paid** Flex Alert campaign augments the non-paid activities during the critical summer peak demand season. It is managed by a marketing and outreach firm under contract with the Utilities. Funding levels are approved by the California Public Utilities Commission. The paid campaign includes a series of educational commercials on TV and radio that switch out to urgent broadcast ads for conservation when a Flex Alert is called by the ISO.

While we appreciate this background, we find that the rest of this report is somewhat less informative. The report does not clearly distinguish between what was already happening when the report was prepared, and what would be done differently so that the IOUs and the ISO “will optimize these efforts” beginning in the summer of 2013. Under the heading “Process and Messaging Enhancements for summer 2013,” the authors state that “the following enhancements are proposed to improve the paid and non-paid components of the Flex Alert campaign,” and provide a list of eleven bulleted items. However,

⁷ Report on “Flex Alert Messaging Coordination and Optimization Report for Summer 2013” at 2.

only the first item suggests a change from whatever status quo existed at that time:

During June through September, the ISO will hold weekly, and “as necessary,” Flex Alert coordination calls with the Utilities and energy and emergency state agency media representatives. The “as-necessary” calls will be scheduled any time dynamic changes in weather patterns or system outages put the ISO in a position of potentially calling a Flex Alert. The coordination calls will include the Utilities’ advertising/marketing teams to ensure that the timing and content of the Flex Alert messages are synchronized with the paid Flex Alert campaign.⁸

Of the eleven bulleted items, only this item and the eleventh item are phrased in the future tense, even suggesting a change from current practices, which, if they are indeed different from what is proposed, are not described in the report. Other items on the list begin with the phrase “the ISO will continue...” to do something, or to act in some manner (e.g., the second and third items on the bulleted list). Still other items appear to provide greater detail on how the program currently operates when the ISO calls a Flex Alert (e.g., items four through ten on the list). As noted, the eleventh and final item on the list reverts to the future tense, concluding that “The ISO will set a firm end date of the Flex Alert. This will reduce confusion so that all TV and radio stations will return to the educational spots when the Flex Alert is no longer in effect. All other mediums will synchronize with the end time.”

In sum, this report appears to offer only partial compliance with Ordering Paragraph 17 of D.13-04-021, which requested a report “which details how the

⁸ *Ibid.*, emphasis added.

Utilities and ISO coordinate messaging during Flex Alert events today, and how they will optimize these efforts beginning summer 2013” (emphasis added). The report is inconsistent with Ordering Paragraph 17, but we acknowledge the initial effort of the IOUs and the ISO to engage in a dialog regarding coordination and optimization of Flex Alert messaging, and we expect this dialog to continue with no further prompting from us.

2.2. SCE’s 2013 Impact Evaluation of California’s Flex Alert Demand Response Program

In D.13-04-021, we noted that SDG&E’s proposal that the Commission should authorize comprehensive EM&V of Flex Alerts was widely supported by other parties, and we agreed that the actual success of the program should be analyzed in order to support future decisions on whether to increase funding and expand the program. To that end, we ordered SCE to take the lead in initiating and coordinating an EM&V study of Flex Alert, measuring 2013 *ex post* load impacts.⁹ SCE filed the “2013 Impact Evaluation of California’s Flex Alert Demand Response Program” (Impact Evaluation) on February 28, 2014.

Unfortunately, a basic problem with the Impact Evaluation lies in the fact that in 2013, only two weather-related Flex Alerts were called, and those were called on two consecutive days in PG&E territory only.¹⁰ There were no statewide Flex Alerts called in 2013. This is good news, but it leaves us reluctant to rely on such limited data from this particular study to support any conclusions about the future of this statewide program.

⁹ D.13-04-021, Ordering Paragraph 14.

¹⁰ The third Alert called in 2013 was a localized Flex Alert called on April 16, 2013 for the San Jose area, particularly Santa Clara and Silicon Valley, after vandalism severely damaged transformers at a PG&E substation in the area.

According to the study's authors,

The study's primary finding is that no statistically significant (i.e., measureable) reductions in energy consumption attributable to the Flex Alerts could be found. Two primary factors likely contributed to these findings:

- The April Flex Alert day applied to only Santa Clara and the Silicon Valley area, some of which is not in PG&E's service territory, and only data for PG&E's entire service area were available for the study.
- Both of the July Flex Alert days coincided with event days for nearly every PG&E demand response program, which limited the ability to isolate any load reductions due to Flex Alert from the load reductions caused by the DR programs, given the inherent variability in the system load data...¹¹

While we appreciate the methodological care devoted to the study by its authors and the Demand Response Measurement and Evaluation Committee stakeholders who provided advice, the events and accompanying data with which they worked did not enable a robust set of findings regarding whether or not the Flex Alert program is a "success." Due to the inconclusive nature of this report, as reflected in the summary quoted above, we cannot rely on it to support any decision on whether to increase or decrease funding for the program, as had been our intention when we ordered the study in D.13-04-021.

Although we find the 2013 evaluation inconclusive, it is still important to determine whether the program is effective enough to warrant support by IOU ratepayers. Therefore, this issue should remain within the scope of this proceeding.

¹¹ "2013 Impact Evaluation of California's Flex Alert Demand Response Program" at 1.

2.3. Flex Alert Transfer Proposal

We turn to the final compliance item from D.13-04-021, the “Flex Alert Transfer Proposal” filed on April 1, 2014 by SCE on behalf of itself, PG&E, SDG&E (the utilities) and the ISO. As noted above, we ordered preparation of this proposal because parties made a logical case that the entity controlling the Flex Alert program should also be responsible for administering and securing funding for the program, and that such funding should be provided by all customers who benefit from the conservation and load reduction due to Flex Alerts, not just the ratepayers of the investor-owned utilities. In D.13-04-021 we ordered SCE to work with PG&E, SDG&E, the ISO, and other interested parties, to develop a proposal for the transfer of the administration and funding of the Flex Alert program to the ISO or another entity, effective in 2015, and to file and serve the proposal in this proceeding.¹²

SCE filed and served a document entitled “Flex Alert Transfer Proposal” (Proposal) on April 1, 2014. As we explain below, we find the Proposal to be inadequate and non-responsive to Ordering Paragraph 16 of D.13-04-021.

The Proposal first reviewed parties’ prior positions in this proceeding regarding the administration and funding of the Flex Alert program. That material is followed by a review of “Flex Alert Research Findings” and a table presenting a “Flex Alert Program Cost/Benefit Overview.” That material includes a summary of the 2013 Impact Evaluation described above, as well as partial information summarizing the Flex Alert program in 2006-2012 (e.g.,

¹² D.13-04-021, Ordering Paragraph 16.

budgets, costs, number of Flex Alert events, and estimated load impacts). The utilities state that these studies are used to inform their joint recommendation.

Following this summary material, the report presented what it describes as its “Flex Alert Program Transfer Proposal and Recommendations,” divided into two sections, one summarizing the CAISO’s position, and one summarizing the utilities’ position.

The first section of the “Transfer Proposal and Recommendations” summarizes the CAISO’s perspective, and notes that CAISO has expressed its willingness to continue conducting the Flex Alert program functions it currently executes. CAISO has also expressed a willingness to undertake additional responsibilities associated with the Flex Alert program providing that its administration of any Flex Alert functions would only be applicable to CAISO’s balancing area.

However, the report goes on to note that CAISO has expressed concern over the lack of a funding mechanism proposal for CAISO to cover administrative costs associated with undertaking additional responsibilities that would be transferred to CAISO, including the transfer of the Flex Alert trademark, managing the Flex Alert Network, and additional coordination of websites maintaining the Flex Alert content. Although the IOUs and the CAISO presumably worked together to prepare this report, it is silent with respect to possible funding alternatives.¹³

¹³ We note that in its comments on the proposed decision (PD) that preceded D.13-04-021, the ISO stated that it “also is concerned that the language of the PD narrowly limits transfer and future funding only to the ISO and not to other entities (such as the CEC) that might better situated to take on these functions. For example, the ISO does not currently have a funding mechanism for the Flex Alert program, and developing such a mechanism **might** involve a stakeholder process and **possible** tariff

Footnote continued on next page

The second section of the “Transfer Proposal and Recommendations” summarizes the IOUs’ perspective. It presents a list of items upon which the utilities agreed amongst themselves. That list is summarized below:

1. The Commission should discontinue utility funding for paid media for the Flex Alert program;¹⁴
2. CAISO should request that Walter McGuire & Company transfer the Flex Alert trademark and the Flex Alert Network to CAISO;
3. CAISO should request that Walter McGuire & Company transfer the FlexAlert.org URL and redirect traffic to CAISO’s website;
4. CAISO should include dedicated Flex Alert web content as part of the CAISO website;
5. CAISO should continue its unpaid Flex Alert activities, such as CAISO news bulletins, notifications to subscribers, and social media messaging;

*amendment. Furthermore, while the ISO appreciates and agrees with the comment in the PD that all consumers in the state should fund the alerts since all consumers benefit from conservation and load reduction, the media markets cross over service area boundaries, and the ISO does not encompass all electric utilities in the state. Thus, the ISO recommends that the scope of the proposals be broadened to **include consideration of other entities** to take on the funding and administrative duties.” (April 8 Comments Of The California Independent System Operator Corporation at 3, emphasis added).*

The final language in D.13-04-021 incorporated these concerns, yet even when given the opportunity to do so via the joint proposal we are reviewing here, the ISO chose not to offer any specific information for the record in this proceeding regarding its stakeholder processes, nor possible tariff amendments, nor other entities that might take on the funding and administrative duties for Flex Alert. The IOUs state that they considered the CEC, but ruled them out. A second possibility, the California Utilities Emergency Association (CUEA), was identified by the IOUs in the report but was approached only in the final stage of preparing the transfer proposal, so due to the limited opportunity for CUEA to provide input, the IOUs had not received its feedback by the time SCE submitted this report.

¹⁴ We note, of course, that ratepayers fund the Flex Alert program, not “utilities.”

6. The Utilities can include Flex Alert messaging as part of their local general awareness outreach through ME&O activities; and
7. Statewide ME&O should support generating awareness of Flex Alert.

The utilities state that implementation of their recommendations would streamline Flex Alert responsibilities and activities to the appropriate organization. The utilities believe that these recommendations can be implemented before the end of 2014 so that program changes can be executed in 2015.

By presenting separate sets of recommendations from the CAISO on the one hand and the utilities on the other, the report prepared by SCE does not comply with Ordering Paragraph 16 of D.13-04-021: it offers neither an actual proposal for the transfer of the administration and funding of the Flex Alert program to the CAISO effective in 2015, nor to any other entity. It contains no agreement – or any discussion of disagreements – between the utilities on the one hand and the CAISO on the other, and is thus inadequate as the basis for a decision by the Commission regarding the question of which entity or entities should fund Flex Alerts in 2015 and beyond. In essence, the utilities and the CAISO repeat the positions they held at the time that D.13-04-021 was issued, and do not provide fully developed proposals – to either continue funding the Flex Alert program or to adopt a new approach – upon which the Commission can act. Regarding the utilities’ reliance on past evaluations of the program to somehow support their recommendations regarding who should fund and administer the program in the future (not whether to continue the program), we explained above why we are not relying upon the 2013 results in this decision and we do not find the summaries of earlier studies informative with respect to

the task that the utilities were ordered to undertake in D.13-04-021: to develop a proposal for the transfer of the administration and funding of the Flex Alert program to the ISO or another entity, effective in 2015. Certainly the effectiveness of the program should inform a decision on whether it should continue, but that was not included as a topic for the Proposal we requested in Ordering Paragraph 16. Now that this information is before us, we observe that while several possible instances of program weakness appear to be relied upon by the utilities, other information suggesting that the program is effective is ignored. Our own reading of the past studies suggests that the impacts of the Flex Alert program are challenging to isolate and measure, and thus the effectiveness of the program has not yet been affirmed or refuted. Given that we have made past findings in prior decisions affirming the ISO's support of the program, there is nothing in the material offered by the utilities to support a change in our approach at this time.

3. Discussion

Based on our review of the reports ordered in D.13-04-021, which form the bulk of the record before us, we conclude that this record provides inadequate justification for a decision to change either the level of Flex Alert funding or the administration of the program for 2015. Therefore, we take the following actions.

3.1. 2015 Budgets

Without an alternative proposal for us to evaluate and decide upon, as we ordered the utilities and the ISO to provide, we have no basis upon which to revisit or revise the current annual budget for Flex Alert. Therefore, we conclude that it is prudent to leave the funding and administration of the Flex Alert program for 2015 unchanged from what we put in place for 2013 and 2014 in D.13-04-021. We set the budgets for each utility for 2015 at the same level we set

for 2013 and 2014, totaling \$10 million. Individually, PG&E's authorized 2015 budget is \$2.5 million, SCE's authorized 2015 budget is \$6 million, and SDG&E's authorized 2015 budget is \$1.5 million. We have no record to set different amounts, and we have no record to support a decision to discontinue ratepayer funding for the paid media portion of the Flex Alert program altogether, as recommended by the IOUs.

3.2. Cost recovery

Each utility made comprehensive cost recovery proposals in the filings leading up to D.13-04-021; in that decision, with limited exceptions of a technical nature, we found each IOU's proposal to be reasonable, and approved them. The IOUs should continue their current approach to cost recovery for the 2015 Flex Alert program.

3.3. Lead Utility

In D.13-04-021, we noted SCE's willingness to continue as the lead utility for 2013 and 2014. Due to the continued focus on Southern California supply and reliability issues, it is logical that SCE continue to take the lead utility role for Flex Alert in 2015. Therefore, we leave that designation in place for 2015.

3.4. Future Funding

With respect to future funding of the Flex Alert program in 2016 and beyond we direct the assigned Administrative Law Judge to take procedural steps to initiate discussions between the CAISO, the IOUs, and other stakeholders to explore possible post-2015 funding sources and program administrators. The record developed in 2015 will inform our review of whether to continue to fund the program in 2016.

4. Comments on Proposed Decision

The PD of the Administrative Law Judge 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, jointly, on November 24, 2014 by the Utilities (Joint Comments). No reply comments were filed.

In their Joint Comments, the Utilities request that the PD be changed in four areas. The comments that focused on factual, technical, and legal errors have been considered. We decline to make any of the requested changes. We address each request below.

First, the Utilities assert that the joint IOUs' Flex Alert Transition Plan complied with D.13-04-021 and should be partially approved, to authorize the recommendation in the Transition Plan to discontinue paid media for 2015 and beyond. Ordering Paragraph of D.13-04-021 ordered the Utilities and the CAISO "to develop a proposal for the transfer of the administration and funding of the Flex Alert program to the ISO or another entity, effective in 2015". As the PD explains, the document that the Utilities and the ISO actually submitted did not contain a transfer proposal. The document did contain a recommendation to stop funding the paid media portion of the Flex Alert program, but this does not constitute "compliance" with Ordering Paragraph 16. There is nothing in D.13-04-021 that even seeks input from parties on this question. Nevertheless, the Utilities assert in their comments, with no support, that the CAISO agreed with this portion of the Proposal because research showed that paid media was unnecessary. In their comments, the Utilities attempt to explain what the Transition Plan *meant* to say, but we do not find these last-minute arguments to be useful or convincing. The PD provides a careful review of the Plan itself,

including the research cited by the Utilities. The PD finds this evidence to be lacking, and explains the reasons for its finding. We are not convinced by the Utilities' after-the-fact suggestions regarding how we should interpret the document that is in our record, because that document speaks for itself.

Furthermore, the Utilities describe the position of the CAISO, without indicating that they have been authorized by the CAISO to do so. In sum, our record-based decision-making process depends on the parties to fully comply with our orders, rather than argue later in the proceeding that non-compliant material is, in fact, compliant. We decline to modify the PD as suggested by the Utilities.

Second, the Utilities assert that nothing in the record supports the PD's conclusion that funding, spending, and administration in 2015 should continue at 2014 levels. The Utilities disagree with the statement in the PD that the Commission has "no record to set different amounts", stating "at a minimum, the record shows that the Joint IOUs and the CAISO agree with the reduction in paid media". The Utilities cite the first page of the Transfer Proposal to support this statement, but in fact, that page only offers the statement that "Through discussions and analysis in the development of this proposal, *the Utilities* agree that discontinuation of Utility funding of Flex Alert is appropriate at this time" (emphasis added). Our plain reading of the report simply does not support the new statement, by the Utilities alone, that the CAISO supports their proposed reduction in funding. Nevertheless, the Utilities recommend in their comments that the PD be modified to authorize 2015 Flex Alert budgets for PG&E, SCE, and SDG&E of \$25,000, \$100,000 and \$15,000, respectively, but do not explain how they arrived at these amounts or why they are the correct budget levels. We decline to make these unsubstantiated changes. With respect to the continuation of the \$10 million budget for 2015, the Utilities state that "the Joint IOUs did not

conservation by consumers.” The Utilities state that this statement is incorrect: “the Flex Alert brand was not created until 2010 and it is owned by Walter McGuire & Company, Inc. From 2007 to 2009 the emergency conservation messaging went by the brand ‘Flex Your Power NOW.’ Prior to 2007 the CAISO issued ‘Power Watch’ alerts.”¹⁵ The statement in the PD is quoted from D.12-05-015, Finding of Fact 108: “The Flex Your Power brand, and its associated brand Flex Alert, was created during the California energy crisis of 2000 and 2001 and inspired by emergency energy shortages necessitating emergency conservation by consumers...”. We are reluctant to effectively modify D. 12-05-015 by changing the PD in the manner recommended by the Utilities without completely reviewing the conflicting language. We expect that the history of the Flex Alert Brand will be thoroughly documented in the upcoming review of the program that we order today.

5. Assignment of Proceeding

Michael Peevey is the assigned Commissioner and Stephen C. Roscow is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. The Flex Your Power brand, and its associated brand Flex Alert, was created during the California energy crisis of 2000 and 2001 when emergency energy shortages necessitated emergency conservation by consumers.
2. The Flex Alert program supports the State’s and the CAISO’s emergency efforts for summer preparedness in the event of system emergencies or power shortages.

¹⁵ Joint Comments at 6.

3. Flex Alert spending in 2013 and 2014 totaled \$10 million per year.
4. It remains unclear how Flex Alert messaging is coordinated and optimized by the utilities and the CAISO.
5. The “2013 Impact Evaluation of California’s Flex Alert Demand Response Program” was inconclusive because no statewide Flex Alerts were called in 2013.
6. A review of previous Flex Alert program evaluations does not support a decision to change ratepayer funding of the program for 2015.
7. The “Flex Alert Transfer Proposal” filed on April 1, 2014 by SCE on behalf of itself, PG&E, SDG&E and the ISO offers neither an actual proposal for the transfer of the administration and funding of the Flex Alert program to the CAISO effective in 2015, nor to any other entity.
8. Due to the continued focus on Southern California supply and reliability issues, it is logical that SCE continue to take the lead utility role for Flex Alert in 2015.

Conclusions of Law

1. The funding, spending and administration of the Flex Alert program in 2015 should continue at 2014 levels.
2. The cost recovery proposals of PG&E, SCE, and SDG&E, as described, modified, and approved in D.13-04-021, should remain in effect and be used to recover costs of the 2015 Flex Alert program.
3. SCE should continue to be designated as the lead utility for Flex Alert for 2015.
4. The assigned Administrative Law Judge should take procedural steps to initiate discussions between the CAISO, the IOUs, and other stakeholders to explore possible post-2015 funding sources and program administrators for the

Flex Alert program in order to develop a record that will inform our review of whether to continue to fund the program in 2016.

O R D E R

IT IS ORDERED that:

1. For 2015, the authorized annual Flex Alert budget for Pacific Gas and Electric Company is \$2.5 million.
2. For 2015, the authorized annual Flex Alert budget for Southern California Edison Company is \$6 million.
3. For 2015, the authorized annual Flex Alert budget for San Diego Gas and Electric Company is \$1.5 million.
4. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company shall continue to recover the cost of their Flex Alert budgets using the mechanisms approved in Decision 13-04-021.
5. Southern California Edison Company is designated as the lead utility for Flex Alert for 2015.
6. The assigned Administrative Law Judge shall take procedural steps to initiate discussions between the California Independent System Operators, the investor-owned utilities, and other stakeholders to explore possible post-2015 funding sources and program administrators for the Flex Alert program in order to inform our review of whether to continue to fund the program in 2016.
7. Application (A.) 12-08-007, A.12-08-008, A.12-08-009, and A.12-08-010 remain open.

This order is effective today.

Dated _____, at San Francisco, California.