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

Application of Southern California Edison Company (U338E) for Approval of its 2012-2014 California Alternate Rates for Energy (CARE) and Energy Savings Assistance Programs and Budgets.	Application 11-05-017 (Filed May 16, 2011)
Application of Southern California Gas Company (U904G) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014.	Application 11-05-018 (Filed May 16, 2011)
Application of Pacific Gas and Electric Company for Approval of the 2012-2014 Energy Savings Assistance and California Alternate Rates for Energy Programs and Budget (U39M).	Application 11-05-019 (Filed May 16, 2011)
Application of San Diego Gas & Electric Company (U902M) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014.	Application 11-05-020 (Filed May 16, 2011)

PRE HEARING CONFERENCE STATEMENT OF THE CALIFORNIA LARGE ENERGY CONSUMERS ASSOCIATION

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PRE HEARING CONFERENCE STATEMENT
OF THE CALIFORNIA LARGE
ENERGY CONSUMERS ASSOCIATION

The California Large Energy Consumers Association ("CLECA") hereby submits its Pre-Hearing Conference Statement in response to the Ruling of ALJ Kim dated July 21, 2011. CLECA had previously filed a Protest to the application of Pacific Gas & Electric Company ("PG&E") for approval of its 2012-2014 Energy Savings Assistance ("ESA") program budget.

CLECA is an ad hoc organization of large, energy intensive, industrial customers of PG&E and Southern California Edison Company ("Edison"). CLECA member companies are among the largest customers of the utilities, they receive power at transmission or sub-transmission level voltage and they are all served on interruptible tariff options. CLECA member companies are very energy-cost sensitive as electricity costs comprise very significant portions of their overall costs of production, ranging from 15% to more than 60% for some members. CLECA has long participated in Commission proceedings to address marginal cost, revenue allocation and rate design issues.

The costs of operating the State's CARE program, including the subsidies required from other customers to support the discounts afforded CARE customers, the actual program operational costs and the costs of the ESA program comprise a significant portion of the overall electrical rates paid by large industrial customers of PG&E, in excess of 8 mills/kWh. CLECA is thus interested in this proceeding and plans to participate actively.

I. SCOPE OF THE PROCEEDING

CLECA has reviewed the list of issues set forth in the ALJ's Ruling under the heading "Preliminary Scope". We are somewhat unsure whether the issue about which CLECA is concerned, specifically PG&E's proposal to address the problem of very high usage customers enrolled in the CARE program, is included under the topics listed in the Ruling. It arguably could be a part of Issue 9 – "methodology for estimating and calculating the eligible low income population", and it arguably could be part of Issue 10 – "review of the current CARE categorical enrollment program", but CLECA is unsure whether the ALJ intends that either of these issues is to address the problem of very high usage CARE customers. For that reason, we ask that the Scope of the proceeding specifically include a review of PG&E's proposal to affirmatively reach out to very high usage CARE customers, those whose average monthly usage exceeds 4 times the baseline level, by instituting a program in which these customers are required to demonstrate that they qualify for CARE and to make a commitment to being more energy efficient by agreeing to participate in the ESA program, including energy audits of their homes.

PG&E's application states that in 2010 its overall CARE subsidy was roughly $725 million, an amazing figure in its own right and one more than twice the level of the Edison CARE subsidy.[1] With the Commission's approval of certain residential rate design changes in D.11-05-047, the $725 million subsidy figure should be reduced to some degree, perhaps by $100 million per year. Nonetheless, the annual subsidy cost, which is borne by all non-CARE customer and non-Street Light customer usage on an equal cents/kWh basis, is very large and creates a substantial ongoing burden for other customers. As PG&E notes, 1% of its CARE customers by usage, approximately 15,000 households, have monthly usage in excess of 400% of baseline. PG&E states that these customers are responsible for perhaps $70 million of the annual subsidy amount. Of these 15,000 households, some 5,000 have usage in excess of 600% of baseline. These are very high usage levels and they would appear to be inconsistent with the income levels necessary to qualify customers for enrollment in the CARE program. Further, for those CARE customers with usage in excess of 600% of baseline, PG&E proposes to drop them from the CARE program entirely if, after notice and 180 days to reduce their usage, they fail to drop it below 600% of baseline.

CLECA supports these efforts to assure a) that participating customers are indeed eligible to participate and b) that customers actively engage in ESA programs to bring their very high usage down to more reasonable levels. We urge the Commission to approve this effort and to provide the requested funding.

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[1] Id., at p. 5.

CLECA does not oppose the ESA program; to the contrary, we believe that it is incumbent on PG&E and the State to couple CARE rate subsidies with an active effort to help poor customers manage and reduce their electricity usage. Indeed, helping poor customers to manage and reduce their electricity consumption can be more valuable to them than increasing their subsidy payments and it can aid in the State's effort to improve energy efficiency generally. Further, reductions in usage per CARE customer will, all else equal, tend to reduce the overall subsidy amount that is required to support CARE rate discounts. However, as is the case with the utility's energy efficiency programs generally, it is vitally important that PG&E embark on programs which are likely to produce and maintain results.

II. PROPOSED SCHEDULE

CLECA is fine with the preliminary schedule set forth in ALJ Kim's Ruling.

Respectfully submitted,

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