PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ITEM # 24 I.D. # 9363

ENERGY DIVISION RESOLUTION G-3446

April 22, 2010

# R E S O L U T I O N

**Resolution G-3446. Southern California Gas Company (SoCalGas) requests to use up to $2 million in California Alternate Rate for Energy (CARE) Funds to be leveraged with the Emergency Temporary Assistance For Needy Families (TANF) Funding to create a new program, "Utility TANF Leveraging" to provide eligible low-income customers who have experienced uncontrollable or unforeseen hardship the opportunity to receive one-time emergency credits on their utility bills.**

**PROPOSED OUTCOME: Approves SoCalGas' Request to Use up to $2 million of California Alternate Rate for Energy (CARE) Funds to leverage Emergency Temporary Assistance for Needy Families (TANF).**

**ESTIMATED COST: The authorized use of up to $2 million comes from SoCalGas' CARE balancing account. This amount is already funded through the Public Purpose Charge and this resolution does not increase SoCalGas' revenue requirement.**

**By Advice Letter 4086/ U 904-G-G filed on March 8, 2010 and Supplemental Advice Letter 4086-A/ U 904-G filed on March 15, 2010.**

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## SUMMARY

This Resolution approves SoCalGas' request to record and recover up to $2 million in a one-time funding and incremental expense for a new "Utility TANF Leveraging Program." This new program will be funded through the California Alternate Rates for Energy Balancing Account (CAREA) to provide eligible low-income customers who have experienced uncontrollable or unforeseen hardship the opportunity to receive one-time emergency credits on their utility bills, through access to the TANF Emergency Fund. The size of the credit amount is based upon a number of criteria, but its availability depends upon accompanying TANF Emergency funding. Working in cooperation with a third party

administrator and existing county agencies, CAREA funds will be leveraged to the extent possible with the TANF Emergency Fund Program, which allows for a four-to-one match ($4 of TANF funds for every $1 CARE funds) to provide eligible low-income families assistance with their utility bills. Additionally, SoCalGas will record activities associated with implementing the TANF Leveraging Program in SoCalGas' existing CARE balancing account via a new sub-account.

Under the American Recovery and Reinvestment Act of 2009 (ARRA), funds were appropriated for the Temporary Assistance to Needy Families (TANF) Emergency Contingency Fund (Emergency Fund) over fiscal years 2009 and 2010. This Emergency Fund is in addition to the regular TANF Contingency Fund that needy families in California can access through established agencies. Through this provision of ARRA, every one dollar of CARE contributions will be matched with four dollars from the Emergency Fund for non-recurring short-term payments for such increased expenditures as rental assistance to homeless families and utility assistance.

SoCalGas requests authority to record and recover up to $2 million in programmatic contributions toward customer bills plus expanded customer communication and other incremental program expenses from its CAREA to eligible low-income families. These ratepayer funds collected through the CAREA will be used as the 20% match needed to obtain the 80% match from the TANF Emergency Fund. SoCalGas estimates the administrative costs of this program to be 15% of the funds, pursuant to compliance with Federal TANF guidelines, with 85% providing direct benefits. The CARE balancing sub-account will record the amount of ratepayer funds for payment assistance provided to eligible customers under the new program as well as administrative and marketing costs necessary to implement this new program. SoCalGas will give credit to the ratepayers' funding in all written marketing and promotion materials related to the Utility TANF Leveraging program.

SoCalGas will continue to work in its service territory to offer this program to interested counties. Due to the fact that time is of the essence, SoCalGas requests that the Commission permit it some flexibility to determine the best information and funding mechanisms for its program.

At the conclusion of SoCalGas' Utility TANF Leveraging program, currently projected to be on September 30, 2010, any unspent ratepayer funds will be returned to the CAREA.

## BACKGROUND

**(R.)10-02-005, opened to investigate customers' electric and natural gas service disconnections, required the investor-owned utilities (IOUs) to file Tier 3 advice letters to take advantage of the Emergency Funds available through ARRA.**

On February 4, 2010, the Commission opened (R.)10-02-005 to address the issue of customers' electric and natural gas service disconnections. As part of that rulemaking, Ordering Paragraph 13 directed the IOUs to file Tier 3 advice letters to take advantage of the Emergency Funds available through the ARRA TANF Emergency Contingency Fund. Under ARRA, up to $5 billion available nationwide, of which $1.8 billion is available to California, was appropriated for the TANF Emergency Contingency Fund for fiscal years 2009 and 2010. This Emergency Fund is in addition to the regular TANF Contingency Fund that needy families in California can access through established agencies.

The other three major Investor Owned Utilities also filed similar Advice Letters in compliance with (R.)10-02-005.[1]

**To take advantage of the TANF Emergency Fund dollars available as directed in (R.)10-02-005, SoCalGas is proposing to establish a new Utility TANF Leveraging program in association with counties in SoCalGas' service territory to increase critical payment assistance to eligible low-income customers.**

SoCalGas filed Advice Letter 4086/U 904-G on March 8, 2010, and Supplemental Advice Letter 4086-A/U 904-G on March 15, 2010 proposing to establish a new program that will provide utility bill payment assistance to eligible residential families in need of payment assistance pursuant to eligibility requirements established by the federal government's TANF guidelines. SoCalGas' proposed Utility TANF Leveraging program will leverage ratepayer funding with the

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[1] PG&E Advice Letter 3097, Southern California Edison Advice Letter 2448-E, and Southern California Gas Company Advice Letter 4086.

TANF funds available to counties in SoCalGas' service territory, in order to provide critical payment assistance to eligible residential customers. On March 31, 2010, SoCalGas and San Diego Gas & Electric Company (SDG&E) submitted a joint Clarification Letter regarding SoCalGas Advice No. 4086-A and SDG&E's Advice Letter 2151-E-A/1937-G-A explaining 1) the use of TANF program administrative costs, and 2) 2010 shareholder contributions to customer assistance programs.

**SoCalGas seeks authorization to record and recover up to $2 million of CARE funds for the purpose of leveraging federal ARRA TANF Emergency Contingency Fund dollars.**

Through the provision of ARRA, every one dollar of CARE contributions will be matched with four dollars from the Emergency Fund. The $2 million in programmatic contributions will be used toward customer bill payment assistance for eligible low-income families plus expanded customer communications and other incremental program expenses. These additional ratepayer funds collected through the CAREA will be used as the 20% match needed to obtain the 80% of funding from the TANF Emergency Fund.

**SoCalGas estimates the administrative costs of this program to be 15-20% of total program funds, resulting in less than 3% funded by ratepayers for the TANF Leveraging Program.**

SoCalGas states that the 15-20% estimate for administrative costs is included as a factor in the calculation of the total cost of the program.[2] The administrative costs will then be subject to an 80/20 split where 80% of these costs will be expected to be recovered through TANF funds and 20% recovered through CARE funds. The Joint Utilities will debit their CARE Balancing Accounts for 20% of the total administrative costs to be recovered from ratepayers, with 80% recovered from TANF funds. This results in ratepayers funding administrative costs of actually less than 3% for the TANF Leveraging Program.

[2] Sempra Energy Clarification Letter regarding SDG&E Advice Letter 2151-E-A/1937-G-A and SoCalGas Advice No. 4086-A, pp. 1-2

**SoCalGas seeks authorization to track and record the use of these costs within a sub-account of the CARE balancing account.**

CARE program costs are recorded in a two-way balancing account. SoCalGas will record the amount of ratepayer funds for payment assistance provided to eligible customers under the new program as well as the administrative and marketing costs necessary to implement this new program through the CARE balancing sub-account.

Specifically, SoCalGas proposes to revise its Preliminary Statement Part V – Balancing Accounts – California Alternate Rates for Energy Account (CAREA) in order to record the use of $2 million in authorized ratepayer funds collected through the CAREA balancing account. A new sub-account will be added to record activities associated with implementing the TANF Leveraging Program as noted in Attachments B of Advice Letter 4086-A/U 904-G.

**SoCalGas' proposal intends to provide direct benefits through utility payment assistance to SoCalGas' customers during the economic downturn.**

SoCalGas' proposal will provide utility bill payment assistance to eligible residential families in need of payment assistance pursuant to eligibility requirements established by TANF guidelines. Because the TANF funds are provided pursuant to strict regulations by the federal government which requires that the funds only be granted when the counties can provide a 20 percent match in funding, SoCalGas will be collaborating with partner counties in its service territory to expand customer outreach efforts to inform customers of this enhanced payment assistance program.

In addition to the new TANF Leveraging Program, SoCalGas will continue to refer customers to all of its other available assistance programs.

**SoCalGas proposes to apply the interim measures outlined in (R.)10-02-005 to any TANF eligible customers seeking funds under the new TANF Leveraging Program as long as they remain in effect.**

Consistent with (R.)10-02-005, SoCalGas has implemented the following interim measures:

- o All customer service representatives (CSRs) must inform any customer that owes an arrearage on a utility bill that puts the customer at risk for disconnection that the customer has the right to arrange for a bill payment plan extending to a minimum of three months in which to repay the arrearage. CSRs may exercise discretion as to extending the three months up to twelve months depending on the particulars of a customer's situation and ability to repay the arrearage. CSRs may work with a customer to develop a shorter repayment plan, as long as the customer is informed of the three-month option. Customers must keep current on their utility bills while repaying the arrearage balance.

- Once a customer has established credit as a customer of that utility, the utility must not require that customer to pay additional reestablishment of credit deposits with the utility for either slow-payment/non-payment of bills or following a disconnection.
- Each utility is authorized to file a Tier 1 advice letter to establish a memorandum account to track any significant additional costs associated with complying with the three new practices initiated with this rulemaking, including the operations and maintenance charges associated with implementing the practices as well as any uncollectables that are in excess of those projected in the utility's last general rate case.

SoCalGas proposes to apply these interim measures to any TANF eligible customers seeking funds under the new TANF Leveraging Program as long as they remain in effect and to record such costs incurred in complying with these interim measures in SoCalGas' Disconnection Memorandum Account (DMA) as proposed in AL 4074.[3]

**Due to the economic climate and the expiration date of the Emergency Fund use, SoCalGas requested a shortened protest period of 5 days and a shortened response period of 2 calendar days.**

In an effort to respond expeditiously to the hardship faced by customers in this economic climate and to leverage the funds available from the Emergency Fund,

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[3] Pursuant to (R.) 10-02-005, SoCalGas filed AL 4074 on February 8, 2010 seeking approval to establish a Disconnection Memorandum Account (DMA) to record significant costs of compliance in the DMA, including, but not limited to, operations and maintenance charges related to implementation of new practices and procedures, and any uncollectible expenses in excess of those projected in SoCalGas' last general rate case Decision 08-07-046.

SoCalGas requested a shortened protest period of five days and a shortened response period of two day for AL 4086-A/U 904-G. Unless extended by the federal government, the additional payment assistance from the Emergency Fund will expire on September 30, 2010, providing limited time to implement the program.

On March 15, 2010, the Commission granted SoCalGas' request for a shortened protest period with protests to the Advice Letter due on March 19, 2010 and replies to any protests due March 22, 2010.

## NOTICE

Notice of AL 4086-A/U 904-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 3.14 of General Order 96-B.

## PROTESTS

Advice Letter 4086-A/U 904-G was timely protested by The Utility Reform Network (TURN) on March 19, 2010.

Although TURN supports the notion of using ratepayer funds to take advantage of the opportunity to leverage with the federal TANF funds, TURN expresses two main concerns; 1) SoCalGas' proposal lacks meaningful contributions from shareholders that would maximize direct benefits to customers from ratepayer funds, and 2) SoCalGas' proposal contains unreasonably high administrative costs estimated at approximately 15-20% of the $2 million budget. Specifically, TURN recommends that SoCalGas and SDG&E meet a minimum $1 to $5 shareholder-to-ratepayer match, like that provided in Commission Resolution E-4251,[4] and limit administrative costs to 3% of funds designated for the program.[5]

[4] Resolution 4251 authorized SDG&E and SoCalGas to transfer ratepayer dollars from over collected balancing accounts to their respective emergency financial assistance funds, Neighbor to Neighbor and the Gas Assistance Fund. (SoCalGas' authorization is currently undergoing reconsideration by the Commission.) Additionally, the Commission strongly encouraged each utility to provide shareholder contributions of at least 20 cents for every dollar provided by ratepayers (that is, a $1:$5 shareholder-to-ratepayer match), and encouraged the utilities to increase their contributions.

[5] TURN Protest, pp. 6-7

First, TURN states that SoCalGas' proposal does not include any shareholder contribution and that it is only appropriate for SoCalGas to contribute to the Utility TANF Leveraging program, along with ratepayers, to assist these customers.

TURN states that SoCalGas does not present any information about the size of its shareholder contribution to its Gas Assistance Fund (GAF) payment assistance program in 2010 that would enable a comparison of the relative contributions of ratepayers and shareholders to emergency financial assistance for customers at the risk of service termination. Additionally, TURN refers to Resolution E-4251, issued September 14, 2009, where the Commission authorized SoCalGas and SDG&E to transfer ratepayer dollars from overcollected balancing accounts to their respective emergency financial assistance funds, GAF and the Neighbor to Neighbor (NTN). In doing so, the Commission strongly encouraged each utility to provide shareholder contributions of at least 20 cents for every dollar provided by ratepayers (that is, a $1:$5 shareholder-to-ratepayer match), and encouraged the utilities to increase their contributions.[6] TURN states that SoCalGas should have offered to at least meet the $1:$5 shareholder-to-ratepayer match in 2010 that was endorsed in Resolution E-4251, if not to exceed that level of shareholder contribution. TURN believes that shareholder contributions to emergency financial assistance programs represent a wise and mutually beneficial strategy for customers, ratepayers and shareholders during the economic crisis. But if indeed SoCalGas has already pledged to contribute an amount to GAF that would at least meet this threshold, TURN asks SoCalGas to clarify so in its reply.

Secondly, TURN states that SoCalGas' proposal contains unreasonably high administrative costs.[7] SoCalGas proposal estimates approximately 15-20% of the $2 million budget on administrative costs, or $300,000 - $400,000[8] but provides no support or explanation for this estimate. TURN proposes that rather than charge

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[6] Resolution E-4251, Ordering Paragraphs 1, 2.

[7] TURN Protest, pp. 6

[8] TURN Protest, pp. 6

all of these costs to ratepayers, SoCalGas should offer to absorb most of the incremental administrative costs of the Utility TANF Leveraging program.

Although TURN does not support SoCalGas' Advice Letter, it does not call for its denial because this would penalize SoCalGas' customers due to the lack of generosity of the utility's management. Instead, it implores SoCalGas to rectify the shortcomings of its proposal so that consumers and utilities alike can enjoy the benefits of millions of federal dollars, which will help countless struggling customers avoid service disconnections this year.

On March 22, 2010, SoCalGas and SDG&E (Joint Utilities) jointly responded to the protests of TURN. On March 31, 2010, the Joint Utilities supplemented their response by submitting a "Sempra Energy Clarification Letter regarding SDG&E Advice Letter 2151-E-A/1937-G-A and SoCalGas Advice No. 4086-A."

In summary, the Joint Utilities reiterate that 1) although they agree with TURN that "[s]hareholder contributions to emergency financial assistance programs represent a wise and mutually beneficial strategy for customers, ratepayers and shareholders),"[9] it is more reasonable and imperative to direct shareholder contributions towards programs such as the NTN and GAF because these are existing emergency financial assistance programs that provide direct and immediate assistance to customers when they need it most to avoid disconnection, and 2) the proposed 15-20% estimate for administrative costs are included as a factor in the calculation of the total cost of the program, whereby 80% of these costs will be recovered from TANF funds and 20% recovered from CARE funds. They also state that they cannot provide a cap on the administrative cost category because these costs will likely differ depending on the county partner and the county partner's financial ability to cover the costs. For this reason, the Commission should not impose a fixed cap on administrative costs, or in the alternative, the Commission should ensure that each utilities' administrative cost categories entail the same costs and features before imposing a fixed cap. The Joint Utilities also request that the Commission dismiss TURN's protest in its entirety.

Specifically, the Joint Utilities reiterated and clarified the following:

[9] TURN Protest, p.5.

- The proposals fully comply with the Commission's directive in OP 13 of the Rulemaking, as the programs present "proposal[s] to transfer some funds collected in the CARE balancing account[s] for this effort to leverage as much available ARRA funds as possible."[10]
- TURN's proposed shareholder contribution is simply not supported by any Commission precedent, as the Commission itself noted in Resolution E-4251, which expressly stated that conditional shareholder contribution was a one-time occasion and not precedential.[11]
- TURN's proposal that utility shareholders provide additional funds to match TANF and CARE balancing account funds is neither justified nor within the Commission's orders in this Rulemaking.
- The Joint Utilities have attempted to "keep administrative costs to a minimum in order to provide the greatest benefit to needy utility customers" for the program and estimate that administrative costs could range from 15-20%.
- The proposed 15-20% estimate for administrative costs assumes that the Joint Utilities, and not the counties, will finance the screening of customers and the tracking of funds. If the counties finance these costs, then the estimate for administrative costs will obviously decrease.
- The Joint Utilities clarify that the proposed 15-20% administrative costs are included as a factor in the calculation of the total cost of the program. The Joint Utilities intend to then debit their CARE Balancing Accounts for 20% of this amount, to be recovered from ratepayers. This results in ratepayers funding administrative costs of actually less than 3% for the TANF Leveraging Program.
- A cap should not be put on the administrative cost category because these costs will likely differ depending on the county partner and the county partner's financial ability to cover the costs. Alternatively, the Commission should ensure that each utilities' administrative cost categories entail the same costs and features before imposing a fixed cap that applies to all the utilities.

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[10] SDG&E Advice Letter 2151-E/1937-G, pp. 1-2 and SoCalGas Advice Letter 4086-A, pp 1-2.

[11] "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." Resolution E-4251, OP 4.

- In 2009, SoCalGas shareholders contributed $350,000 to the GAF program.
- In 2010, SoCalGas anticipates that shareholders will contribute $750,000 to the GAF program, thereby increasing funding to the GAF program by more than 100%.

The Joint Utilities state that they will remain committed to working with the counties, state agencies, and other parties to leverage as many available federal dollars as possible to help customers and therefore request that the Commission deny TURN's protest and approve the utility Advice Letter as filed.

## DISCUSSION

**SoCalGas' proposal to transfer up to $2 million of CARE funds for the purpose of leveraging federal ARRA TANF Emergency Contingency Fund dollars is in compliance with (R.)10-02-005.**

Ordering Paragraph 13 of (R.)10-02-005 directed the IOUs to file advice letters within 30 days, outlining their proposals to increase emergency financial assistance to low-income customers by leveraging TANF Emergency Fund dollars with CARE funds.

Pursuant to Commission order, SoCalGas filed Advice Letter 4086/U 904-G on March 8, 2010, and Supplemental Advice Letter 4086-A/U 904-G on March 12, 2010, proposing to establish a new program that will provide utility bill payment assistance to eligible families in need of payment assistance pursuant to eligibility requirements established by the Federal Government's TANF guidelines. SoCalGas' proposed TANF Leveraging Program will leverage ratepayer funding with the TANF funds available to counties in SoCalGas' service territory, in order to provide critical payment assistance to eligible residential customers.

**Although the Commission accepts an estimate of 15-20% to be spent on administrative costs, we authorize this amount pursuant to federal TANF guidelines, and expect SoCalGas to keep administrative costs to a minimum, as envisioned by (R.)10-02-005.**

In addition to requesting a 15-20% allocation for administrative costs, SoCalGas requests that the Commission not impose a fixed cap on administrative costs, or in the alternative, ensure that each utilities' administrative cost categories entail the same costs and features before imposing a fixed cap that applies to all the utilities. [12] The Joint Utilities state that they cannot provide a cap on the administrative cost category because these costs will likely differ depending on the county partner and the county partner's financial ability to cover the costs.

Although we will authorize a 15-20% allocation of total program costs for administrative purposes, we will cap them at 20% subject to compliance with Federal TANF guidelines,[13] and expect SoCalGas to keep administrative costs to a minimum, as envisioned in (R.)10-02-005, which asked for utility proposals that would maximize direct benefits to needy customers while keeping "administrative costs to a minimum."[14] Additionally the proposed 15-20% administrative costs shall be included as a factor in the calculation of the total costs of the program so that the Joint Utilities will debit 20% of these costs from the CARE Balancing Accounts with the remaining 80% recovered from TANF funds. This will result in ratepayers funding of administrative costs of actually less than 3% for the TANF Leveraging Program. SoCalGas will also be required to provide a quantitative and qualitative report at the conclusion of the program detailing the just and reasonableness of the administrative costs spent.

**TURN's protest that SoCalGas' proposal contains unreasonably high administrative costs[15] is moot with the clarification that 80% of the estimated administrative costs are expected to be recovered from TANF funds with 20% recovered from CARE funds.**

TURN states that SoCalGas' proposal falls short of Commission directive in (R.)10-02-005, where the Commission explained its desire that the utility proposals to use CARE funds to leverage TANF dollars maximize direct benefits

[12] Sempra Reply to TURN protest. pp. 2

[13] The Commission will defer to the federal TANF rules and regulations in regards to overall administrative program expenditure allowances if the Commission's allowance for administrative expenditure differs from what is allowed under the federal guidelines for TANF funds.

[14] OIR 10-02-005, pp. 10-11.

[15] TURN Protest, pp. 6

to needy customers by keeping "administrative costs to a minimum."[16] TURN believes that administrative costs in the range of 15-20% are significant and make a sizeable dent in the funds available for direct customers to customers. TURN proposes that rather than charge all of these costs to ratepayers, SoCalGas should offer to absorb most of the incremental administrative costs of the Utility TANF Leveraging program.

SoCalGas has clarified that the 15-20% estimate for administrative costs assumes that the Joint Utilities, and not the counties, will finance the screening of customers and the tracking of funds. If the counties finance these costs, then the estimate for administrative costs will obviously decrease. Additionally, the proposed 15-20% administrative costs are included as a factor in the calculation of the total costs of the programs whereby the Joint Utilities intend to then debit their CARE balancing accounts by 20% of these costs to be recovered from ratepayers. This will result in ratepayers funding administrative costs of actually less than 3% for the TANF Leveraging Program, which is consistent with how Pacific Gas and Electric Company and Southern California Edison will be allocating their administrative costs pursuant to the federal TANF guidelines.[17]

Therefore, the Commission finds that administrative costs in the range of 15-20% of total program costs are reasonable and consistent with what the other IOUs have requested in their Advice Letters. We therefore do not agree with TURN that SoCalGas' request for a 15-20% administrative cost allocation is unreasonable. Additionally, in order to maximize direct benefits to customers, SoCalGas' administrative costs will not exceed 20% of the total program budget subject to compliance with federal TANF guidelines.

**Although the differences between the TANF program and the existing GAF program create implementation challenges, SoCalGas shall remain committed to working with counties, state agencies, and other parties to leverage as many available federal dollars as possible to help customers.**

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[16] (R.) 10-02-005, pp. 10-11

[17] PG&E Advice 3097-G/3622-E, pp. 2, SCE Reply to TURN Protest, pp. 1

The Commission recognizes that due to the uncertainty created by the vague guidelines and restrictions on the use of TANF funds, differences exists between the TANF and GAF program that may limit SoCalGas from administering the programs together. Combined with the various state, federal, and local agency involvements, and the difficulties that individual counties are experiencing,[18] implementation of the new TANF program will prove challenging. The Commission understands that this proposed TANF program is a new and untested program; regardless, we encourage SoCalGas and the counties in its service territory to remain committed to doing everything reasonably possible to assist customers and to leverage this program to the extent possible with its existing GAF payment program. The utility should endeavor to do as much as possible to assist customers under these dire economic times in which many California residents are facing severe financial hardship and the possibility of service disconnections. The current situation makes the efforts to expeditiously implement this new program ever more critical.

**SoCalGas' proposal does not utilize shareholder charitable contributions specifically for this new program as envisioned in (R.)10-02-005, but SoCalGas shareholders plan to continually increase their contributions to the GAF program in 2010.**

(R.)10-02-005 envisioned that the IOUs would continue to use their shareholder and employee funded charitable contributions for the program but would also offer additional proposals to direct some CARE funds for additional assistance in order to leverage as much of available ARRA funding as possible. Rather than use its existing assistance program to administer TANF funds, SoCalGas is proposing to establish the Utility TANF Leveraging Program to provide utility bill payment assistance while continuing to contribute to GAF separately. The GAF program provides bill assistance to help customers avoid disconnections. In 2009, SoCalGas shareholders contributed $350,000 to the GAF program, and the company anticipates that shareholders will contribute $750,000 in 2010, an increase in funding to the GAF program by more than 100%.[19]

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[18] Sempra Reply to TURN protest, pp. 4-5

[19] Sempra Energy Clarification Letter regarding SDG&E Advice Letter 2151-E-A/1937-G-A and SoCalGas Advice No. 4086-A,, pp. 2

TURN's protest states that SoCalGas does not present any information about the size of its shareholder contribution to the GAF payment assistance program in 2010 that would enable a comparison of the relative contributions of ratepayers and shareholders to emergency financial assistance for customers at risk of service termination. Additionally, TURN refers to Resolution E-4251 in which the Commission authorized SoCalGas to transfer ratepayer dollars from overcollected balancing accounts to GAF, strongly encouraging the utility to provide shareholder contributions of at least 20 cents for every dollar provided by ratepayers.[20] TURN insists that SoCalGas should offer to at least meet the $1:$5 shareholder-to-ratepayer match in 2010 that was endorsed in Resolution E-4251, if not to exceed that level of shareholder contribution.

The Commission agrees with TURN that during these tough economic times, ratepayers and struggling customers would all benefit from any additional assistance available. But the Commission recognizes that we cannot mandate SoCalGas shareholders to contribute more or meet the $1:$5 shareholder-to-ratepayer match. The Commission also recognizes that SoCalGas' shareholder contributions to the GAF program will increased from $350,000 in 2009 to $750,000 in 2010, and applauds SoCalGas for the continued support from shareholders. We encourage SoCalGas to continually increase their shareholder contributions to provide the maximum program benefits to their customers if possible.

**SoCalGas will continue to use its existing GAF Assistance Program to help customers who do not qualify for the TANF Leveraging Program.**

Because not all CARE customers will be eligible for TANF due to the added requirements for legal residency, having a child in the home, as well as employment, SoCalGas will continue to use its existing GAF program to help customers. The GAF program is funded by contributions from SoCalGas employees, customers and shareholders. Additionally, SoCalGas will continue to refer its customers to other assistance programs that may provide further support including Low Income Home Energy Assistance Program (LIHEAP) administered by the Community Services Department, the IOUs' Low Income

[20] Resolution E-4251, OP 1, 2.

Energy Efficiency Program, and other assistance programs. All customers contacted via the Utility TANF Leveraging Program will also be informed of other payment arrangements and extensions of bill payments offered by SoCalGas to its customers.

**SoCalGas can apply the interim measures outlined in (R.)10-02-005 to any TANF eligible customers seeking funds under the new TANF Leveraging Program as long as they remain in effect.**

SoCalGas' proposal to apply the interim measures to any TANF eligible customers seeking funds under the new TANF Leveraging Program as long as they remain in effect is approved. SoCalGas may record such costs incurred in complying with these interim measures in SoCalGas' Disconnection Memorandum Account.

**SoCalGas' proposal provides benefits to its customers as envisioned by (R.)10-02-005 during the economic downturn.**

The Commission finds that the additional funding made available through a combination of ratepayer funds and TANF Fund will provide much needed relief to low-income customers who are experiencing extreme financial hardship.

The Commission agrees that this additional funding will help reduce substantial amounts of past due bills for many low-income families and assist them in avoiding service disconnections. Working in cooperation with as many county agencies that choose to participate in this voluntary program, TANF Program funds will be leveraged with ratepayer funding to provide a TANF program four-to-one match which will enable qualifying families to pay their utility bills. At the level of funding being proposed, we hope many of SoCalGas' low-income ratepayers will benefit from the Utility TANF Leveraging Program in order to provide critical payment assistance to eligible residential customers.

We further encourage SoCalGas to expand its assistance and not disconnect qualified customers for non-payment while funds are being processed by the counties, as well as to refer all customers contacted via the TANF Leveraging Program to other payment arrangements and extension offers available.

**SoCalGas' request to record its actual TANF Leveraging Program costs in its existing CARE balancing account with the creation of program specific sub-accounts is reasonable and provides adequate program transparency.**

The process of tracking the actual TANF Leveraging Program costs in a sub-account within the CARE balancing account provides sufficient program transparency. CARE program costs are generally recorded in a two-way balancing account. The Commission expects that the TANF Leveraging Program contributions will be debited to the CARE balancing account when funds are transferred and will be recovered as part of the recorded CARE balancing account balance through the normal operation of the rate consolidation process in the Energy Resource Recovery Account (ERRA) Forecast Proceeding on or soon after January 1, 2011.

SoCalGas will revise its Preliminary Statement Part V – Balancing Accounts – California Alternate Rates for Energy Account (CAREA) in order to record the use of authorized ratepayer funds under the CARE balancing account. Specifically the CARE balancing account will include a new sub-account to record activities associated with implementing the TANF Leveraging Program.

Additionally, SoCalGas will return any unspent ratepayer funds to the CARE balancing account at the conclusion of SoCalGas' TANF Leveraging Program, currently projected to occur on September 30, 2010.

**The Joint Utilities' reply and Letter of Clarification to TURN's protest of Advice Letter 4086A/U 904-G is satisfactory.**

TURN expresses two main concerns in its protest; 1) SoCalGas' proposal lacks meaningful contributions from shareholders that would maximize direct benefits to customers from ratepayer funds, and 2) SoCalGas' proposal contains unreasonably high administrative costs estimated at approximately 15-20% of the $2 million budget. Specifically, TURN recommends that SoCalGas and SDG&E meet a minimum $1:$5 shareholder-to-ratepayer match, like that provided in

Commission Resolution E-4251,[21] and limit administrative costs to 3% of funds designated for the program.[22]

The Joint Utilities responded to the protest of TURN on March 22, 2010, and supplemented their response by submitting a "Sempra Energy Clarification Letter regarding SDG&EAdvice Letter 2151-E-A/1937-G-A and SoCalGas Advice No. 4086-A."on March 31, 2010.

In summary, the Joint Utilities reiterate that 1) it is more reasonable and imperative to direct shareholder contributions towards programs such as the NTN and GAF because these are existing emergency financial assistance programs that provide direct and immediate assistance to customers when they need it most to avoid disconnections, and 2) the proposed 15-20% estimate for administrative costs is included as a factor in the calculation of the total cost of the program and that 80% of these costs will be recovered from TANF funds and 20% recovered from CARE funds. SoCalGas also states that in 2009, its shareholders contributed $350,000 to the GAF program, and in 2010 shareholders will contribute $750,000, an increase in funding to the GAF program of more than 100%.

The Commission finds SoCalGas' clarifications satisfactory in addressing TURN's concerns.

The Commission will allow for an allocation of up to 20% for administrative cost expenditures pursuant to compliance with Federal TANF guidelines, with 80% to be recovered from TANF funds, and 20% recovered from CARE funds. The Commission finds this allocation reasonable and consistent with what the other IOUs have requested for implementing the leveraging of TANF Emergency Funds with CARE funds in their service territories.

With regard to SoCalGas shareholders contributions, the Commission agrees with the Joint Utilities that TURN's proposal for utility shareholders to provide additional funds to match TANF and CARE balancing account funds is not

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[21] Resolution E-4251, OP 1, 2.

[22] TURN Protest, pp. 6-7

within the scope of the Commission's orders in (R.)10-02-005. We do agree with TURN that during these economic conditions, any increased contribution would provide greater program benefits to their customers. Therefore, we encourage SoCalGas to continually increase its shareholder contributions to GAF in 2010 in order to provide the maximum program benefits to its customers if possible.

Therefore, the Commission finds TURN's protest moot and SoCalGas' allocation for administrative costs and shareholder contributions to be reasonable.

**SoCalGas will file a report with the Commission by May 1, 2011 detailing the distribution of funds of the Utility TANF Levering Program.**

In order to keep the Commission apprised of the distribution of funds through the program, SoCalGas proposed to file a report alongside its 2010 CARE/LIEE annual report by May 1, 2011, providing the following information:

1. Total payment assistance provided to families separated by TANF Emergency funds and total ratepayer funded distributions.
2. A breakdown of distributed funds between CARE and non-CARE recipients provided through the Utility TANF Leveraging Program.
3. Total number of CARE customers assisted through the Utility TANF Leveraging Program by county.
4. Total payment assistance provided to non-CARE customers under the Utility TANF Leveraging Program.
5. A breakdown of ratepayer funds used for the Utility TANF Leveraging Program separated into administrative and program expenses and direct distributions, by county.
6. Total applications successfully processed and total reimbursement amounts paid by each participating county through the TANF Emergency Funds.
7. Amount of any unspent ratepayer funds remaining at the conclusion of the TANF Leveraging Program (currently projected to end on September 30, 2010) to be returned to the CARE Balancing Accounts.

But because the Utility TANF Leveraging Program is utilizing CARE funds, only CARE customers will be qualified for this program, making some of the reporting terms proposed by SoCalGas (specifically #2 and #4) not applicable. Therefore, SoCalGas will file its report alongside its 2010 CARE/LIEE annual report by May 1, 2011, with the following revised information:

1. Total amount of payment assistance provided to customers by the Utility TANF Leveraging Program, separated by TANF Emergency Funds and total ratepayer funds.
2. Total number of customers assisted through the Utility TANF Leveraging Program.
3. A breakdown of ratepayer funds used for the Utility TANF Leveraging Program separated into administrative or program expenses and direct distributions by county, including a qualitative explanation of reasonable and justified administrative or program funds spent.
4. Total applications successfully processed by the third party administrator and total reimbursement amount paid by each participating county through the Utility TANF Emergency Funds.
5. Amount of any unspent ratepayer funds remaining at the conclusion of the Utility TANF Leveraging Program, currently projected to end on September 30, 2010, to be returned to the CARE balancing account.

## 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.

All parties in the proceeding have stipulated to waive the 30-day waiting period 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. In compliance with Ordering Paragraph 13 of (R.)10-02-005, SoCalGas filed Advice Letter 4086 /U 904-G on March 8, 2010 and Supplemental Advice Letter 4086A/U 904-G on March 15, 2010 to establish a new program that will provide utility bill payment assistance to eligible residential customers in

need of payment assistance pursuant to eligibility requirements established by the Federal Government's TANF guidelines.

2. SoCalGas' proposed Utility TANF Leveraging Program will leverage up to $2 million of ratepayer funding with the TANF funds for a 4 to 1 funding match.
3. SoCalGas will record its actual Utility TANF Leveraging Program costs into a separate sub-account created in its existing CARE balancing account.
4. An estimate of 15-20% of the total TANF Leveraging Program funds may be used for administrative costs pursuant to compliance with Federal TANF guidelines. Of these total administrative costs, 20% will be recovered from CARE funds, with 80% recovered from TANF. A maximum of 20% of the total Utility TANF Leveraging Program funds may be used for administrative costs, subject to compliance with Federal TANF guidelines.
5. Any excess ratepayer funds not used in the Utility TANF Leveraging Program will be returned to the CARE balancing account.
6. SoCalGas will refer its customers to other assistance programs that may provide further support including Energy Assistance Fund Program, Low Income Home Energy Assistance Program (LIHEAP), Low Income Energy Efficiency Program, and other assistance programs to both customers assisted under the new program as well as those that do not qualify for TANF.
7. SoCalGas will create subaccounts within the CARE balancing account to provide transparency in recording and tracking the amount of ratepayer-only funded payment assistance provided to eligible customers under the Utility TANF Leveraging Program as well as incremental administrative and marketing costs necessary to implement this new program.
8. SoCalGas shall revise its Preliminary Statement Part V – Balancing Accounts– California Alternate Rates for Energy Account (CAREA) in order to record the use of authorized ratepayer funds under the CARE balancing account for the proposed program.
9. SoCalGas requested a shortened protest period of 5 days and a shortened response period of 2 calendar days in an effort to respond expeditiously to customers' concerns and to leverage the available monies through TANF because the availability of ARRA funds to TANF will expire on September 30, 2010.

10. On March 15, 2010, the Commission granted SoCalGas' request for a shortened protest period, with protests to the Advice Letter due on March 19, 2010 and replies to any protests due March 22, 2010.

11. On March 19, 2010, The Utility Reform Network (TURN) filed a protest voicing the following concerns; 1) SoCalGas' proposal lacks meaningful contributions from shareholders that would maximize direct benefits to customers from ratepayer funds, and 2) SoCalGas' proposal contains unreasonably high administrative costs estimated at approximately 15-20% of the $2 million budget. TURN recommends that SoCalGas and SDG&E meet a minimum $1:$5 shareholder-to-ratepayer match and limit administrative costs to 3% of funds designated for the program.

12. The Joint Utilities responded to the protests of TURN on March 22, 2010, clarifying 1) that they will continue their shareholder contributions towards the GAF program and 2) that the 15-20% estimate for administrative costs assumes that the Joint Utilities, and not the counties, will finance the screening of customers and the tracking of funds and that a cap should not be put in place.

13. The Joint Utilities supplemented their response by submitting a "Sempra Energy Clarification Letter regarding SDG&E Advice Letter 2151-E-A/1937-G-A and SoCalGas Advice No. 4086-A,"on March 31, 2010, further explaining that 1) the proposed 15-20% estimate for administrative costs is included as a factor in the calculation of the total costs of the program, and that 80% of these costs will be recovered from TANF funds and 20% recovered from CARE funds, so that the actual contribution to administrative costs from ratepayers will not exceed 3%, and 2) in 2010, shareholders will contribute $750,000 to the GAF program, an increase in funding by more than 100%.

14. The Commission finds SoCalGas' response and clarification satisfactory in addressing TURN's concerns.

## THEREFORE IT IS ORDERED THAT:

1. The request of SoCalGas to establish a new program that will provide utility bill payment assistance to residential customers pursuant to eligibility requirements established by the federal government's TANF guidelines as proposed in Advice Letter 4086-A/U 904-G is approved.

2. SoCalGas' proposal to create a Utility TANF Leveraging Program, leveraging up to $2 million of CARE funding with the federal TANF Emergency Funds augmented through ARRA dollars for a $4 to $1 funding match is approved.
3. SoCalGas' request to record its actual Utility TANF Leveraging Program costs in to a specially created sub-account within its existing CARE balancing account is approved.
4. A maximum of up to 20% of the total TANF Leveraging Program funds may be utilized for administrative costs pursuant to compliance with Federal TANF guidelines, but we expect SoCalGas to keep costs at a minimum.
5. The total amount of CARE funds requested to be leveraged will not exceed $2 million and any excess funds not used in the Utility TANF Leveraging Program will be returned to the CARE balancing account.
6. SoCalGas will continue to refer its customers assisted under the new program as well as those that do not qualify for TANF to other assistance programs that may provide further support including the Energy Assistance Fund Program, Low Income Home Energy Assistance Program (LIHEAP), Low Income Energy Efficiency Program, and other assistance programs.
7. SoCalGas will create sub-accounts within the CARE balancing account to provide transparency in recording and tracking the amount of ratepayer-only funded payment assistance provided to eligible customers under the Utility TANF Leveraging program as well as to track incremental administrative and marketing costs necessary to implement this new program.
8. SoCalGas shall revise its Preliminary Statement Part V - Balancing Accounts California Alternate Rates for Energy Account (CAREA), in order to record the transfer of authorized ratepayer funds for the proposed program. Specifically, the following is added to Part V CARE/TANF (Temporary Assistance for Needy Families) Subaccount:
   - A debit entry equal to the recorded incremental administrative and general expenses associated with implementing the CARE/TANF Leveraging Program as authorized in Resolution XXXXX;
   - A debit entry to record payment to the third party administrator (e.g., the United Way of Greater Los Angeles) to fund the CARE/TANF Leveraging Program;

- A credit (or debit) entry for the transfer of funds associated with the CARE/TANF Leveraging Program from (to) the CARE Subaccount; and
- An entry equal to the interest on the average of the balance in the account during the month, calculated in the manner described in Preliminary Statement, Part I, J.

9. SoCalGas shall file a separate report alongside its 2010 CARE/LIEE annual report by May 1, 2011, detailing the results of the CARE/TANF program with the following information:

- Total amount of payment assistance provided to customers by the TANF Leveraging Program, separated by TANF Emergency Funds and total ratepayer funds.
- Total number of customers assisted through the TANF Leveraging Program.
- A breakdown of ratepayer funds used for the TANF Leveraging Program, separated into administrative and program expenses as well as direct distributions by county, including a qualitative explanation of reasonable and justified administrative or program funds spent.
- Total applications successfully processed by the third party administrator and total reimbursement amount paid by each participating county through the TANF Emergency Funds.
- Amount of any unspent ratepayer funds remaining at the conclusion of the TANF Leveraging Program, currently projected to end on September 30, 2010, to be returned to the CARE balancing account.

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 April 22, 2010; the following Commissioners voting favorably thereon:

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Paul Clanon
Executive Director