

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's
Proposed Policies and Programs Governing Post-2003
Low-Income Assistance Programs.

Rulemaking 04-01-006
(Filed January 13, 2004)

**ASSIGNED COMMISSIONER'S RULING MODIFYING
THE SCHEDULE AND DUE DATE FOR ENERGY DIVISION'S REPORT
ON THE AUDIT OF THE CALIFORNIA ALTERNATE RATE FOR
ENERGY PROGRAM ADMINISTRATIVE EXPENSES**

Pursuant to Decision (D.) 02-09-021, this ruling revises the schedule and due date for Energy Division's financial and managerial audit report on the large energy utilities' California Alternate Rate for Energy (CARE) administrative expenses.¹ The large energy utilities are: Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company.

In D.02-09-021, the Commission directed the Energy Division to conduct an audit of all program year (PY) 2002 CARE administrative expenses, as part of the Commission's ex post review of all PY2002 CARE administrative costs. In preparation for this audit, the Commission, in D.02-09-021, directed the large utilities to close their PY2002 books no later than March 2003 and directed the Energy Division to design and conduct an audit that would examine the specific details of the various utility practices, with respect to recording and reporting CARE administrative costs. Pursuant to D.02-09-021, the audit shall include an

¹ "The assigned Commissioner may, for good cause, modify the due dates set forth in this decision." See D.02-09-021, Ordering Paragraph 11

evaluation of where CARE administrative costs are currently being recovered and present findings on whether or not the costs booked to the CARE balancing account are not provided for in the utility's base rates. As required by the Commission, the Energy Division's audit report also is to recommend how the utilities should report and recover CARE administrative expenditures on a more consistent basis in the future. The Energy Division's audit report is also to recommend whether or not any recorded PY2002 expenditures should be disallowed for cost recovery.

In D.02-09-021, the Commission authorized the Energy Division to hire independent contractors to conduct the audit, and established an August 1, 2003 due date for its audit report to the Commission.

On January 28, 2003, Energy Division released the first request for proposals (RFP) on "A Program Financial and Managerial Audit of the Administrative Expenses of the CARE Program" to hire independent contractors to conduct the audit in compliance with D.02-09-021. Pursuant to the RFP, bids were to be submitted to the Contracts Office by March 24, 2003. Based upon the schedule set forth in this RFP, the winning contractor was due to begin work on June 3, 2003.

The Energy Division received bids in response to this RFP by the March 24th due date. However, the Energy Division's review determined that none of the bids received were sufficiently responsive to the RFP to warrant proceeding to the second (interview) phase of the bid selection process. On April 8, 2003 an Assigned Commissioner's Ruling (ACR) was issued extending the due date for the CARE audit report to March 29, 2004.

Due to the lack of responsive bids, the Energy Division issued a second RFP [02PS5291 (RE-BID)] on April 15, 2003 with a bid due date of May 27, 2003.

Proposals were submitted to the Contracts Office by the due date. The Energy Division conducted the initial review and determined that none of the bids were responsive to the requirements of the RFP.

On July 16, 2003 another ACR was issued extending the Energy Divisions CARE audit report due date to December 1, 2004.

The Energy Division determined that a Bidders Conference was necessary as part of re-issuing of the CARE audit RFP. A revised RFP [02PS5291 (RE-BID-2)] was posted with the Department of General Services (DGS) on August 4, 2003. This RFP included a mandatory Bidders' Conference which was held at the CPUC's San Francisco premises on September 3, 2003. Final proposal submissions were due by September 29, 2003. The Energy Division received bids in response to this final RFP and upon its review, determined that there were bids sufficiently responsive to proceed with the second stage of the bid selection process.

On November 10, 2003, the Energy Division posted its Intent to Award Notice according to the schedule outlined in RFP 02PS5291 (RE-BID-2). A protest was subsequently filed with the Contracts Office and the Department of General Services, by one of the finalists and the contracting process was halted pending a review of the merits of the protest and a decision by DGS. The protest was resolved by DGS on January 13, 2004 and on the same date, the Energy Division awarded the contract to the winning bidder indicated in its original Intent to Award Notice.

According to this final RFP, the contract was to be issued on November 18, 2003 and work on the audit was to commence on December 19, 2003. The schedule in the RFP also called for the selected contractor to deliver a final audit report to the Energy Division by September 30, 2004. Based upon that schedule,

the Energy Division's final audit report to the Commission was due by December 1, 2004.

The protest caused a delay in the Energy Division staff's ability to begin the process of finalizing the contract. Consequently, the Energy Division has brought its concerns to me regarding the delays and the inability to meet the December 1, 2004 due date and requested an extension of time for the audit report's due date. The delay in getting the contract signed by the winning bidder and by the Department of General Services necessitates revising the due date and granting a later due date for the report.

The original schedule would have afforded more than a year from contract issuance to report completion (from November 2003 to December 2004). The state Department of General Services has not yet signed off on the contract. To ensure that there is time for contract sign-off, but also the same period of time (approximately 13 months) for completion of the report, I am revising the due date for the contractor to deliver the final audit report to the Energy Division by July 30, 2005 and the Energy Division's report to the Commission on September 30, 2005. Comments on the Energy Division's report are due October 29, 2005 and reply comments are due November 15, 2005.

IT IS RULED.

Dated June 22, 2004, at San Francisco, California.

/s/ CARL WOOD

Carl Wood
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached ***Assigned Commissioner's Ruling Modifying the Schedule and Due Date for Energy Division's Report on the Audit of the California Alternate Rate for Energy Program Administrative Expenses*** on all parties of record in this proceeding or their attorneys of record.

Dated June 22, 2004, at San Francisco, California.

/s/ SUSIE TOY
Susie Toy