

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the
Commission's Future Energy Efficiency Policies,
Administration and Programs.

Rulemaking 01-08-028
(Filed August 23, 2001)

**ADMINISTRATIVE LAW JUDGE'S RULING
GRANTING EXTENSIONS OF TIME TO
SEVERAL THIRD PARTY IMPLEMENTERS AND ADDRESSING
PG&E'S MOTION TO SHIFT ENERGY EFFICIENCY PROGRAM FUNDS**

This ruling addresses the motion of Pacific Gas and Electric Company (PG&E) for Further Authorization to Shift Energy Efficiency Program Funds, filed November 30, 2004. It also resolves motions for extensions of time to complete energy efficiency program implementation filed by Quantum Consulting, Inc. (Quantum), California State University at Fresno (CSU), the City and County of San Francisco (CCSF) and Electric and Gas Industries Association (EGIA).

**I. PG&E's Motion for Further Authorization
to Shift Energy Efficiency Program Funds**

By motion dated November 30, 2004, PG&E seeks authority to shift \$1.3 million into three of its programs:

- (1) 2001 Residential Retrofit Program (\$303,000). This program provides rebates associated with energy efficient appliances and retrofit work in existing single family homes and multi-family units. PG&E explains that there can be considerable "lag time" between the applications for rebates and the final payment of rebates because the program allows contractors several years to complete

- project installations. PG&E states that it must verify equipment purchases and installations qualify for the program before remitting rebates. PG&E reserved funds it believed cover the rebates and processing costs associated with this program, but the reserved amount is inadequate. PG&E would move funds from its 1999 and 2000 Residential New Construction to cover a \$303,000 deficiency.
- (2) 2003 Single Family Rebate Program (\$737,870). According to PG&E, in order to manage the 2003 Single Family Program, it had incurred certain marketing, administrative costs and implementation costs. Although PG&E had requested authority to cover associated processing expenses costs in its January 30 Motion, Decision (D.) 04-02-059 only authorized payments for rebates but not related costs. Thus, PG&E requests additional \$737,870 funding available from prior year Residential New Construction Program in order to cover 2003 Single Family's marketing, administration and implementation costs.
- (3) 2004-2005 Multi-Family Rebate Program (\$229,000). PGE states it has spent almost all 2004 funding for this program due to its success. PG&E has already transferred \$100,000 from the program's marketing budget into implementation. PG&E states that it needs additional \$229,000 from prior year program funds so that program reservations can be accepted.

PG&E states that a total of \$1,270,000 is available from unspent and uncommitted Residential New Construction Program (\$173,000 in 1999 and \$1,097,000 in 2000).

SESCO, Inc. (SESCO), the Office of Ratepayer Advocates (ORA) and The Utilities Reform Network (TURN) filed comments. Both ORA and TURN support PG&E's request to shift \$229,000 to the 2004-2005 Multi-Family Rebate Program and request for an additional \$303,000 for PG&E's Residential Retrofit

Program. Both oppose the request to shift \$737,870 to recover certain marketing and administrative costs for the 2003 Single Family Rebate Program because they claim that PG&E has no direct implementation cost shortfall and PG&E has not justified cost overruns in the overhead category. SESCO also supports more funds for the Multi-Family Program and asks that even more funds from prior years be shifted into this program.

Energy Division also notes that PG&E failed to submit adequate information that would allow full consideration of the request for additional marketing and administrative costs for the 2003 Single Family Rebate Program.

PG&E is not entitled to additional funding in any program category that it cannot justify with appropriate accounting and an explanation of the reasons for the shortfall. In the case of the 2003 Single Family rebate Program, PG&E has not justified overruns of more than \$700,000. Moreover, only the Commission is empowered to grant a fund shift that was denied by a Commission order, consistent with Section 1708. This ruling therefore denies any shifting of funds for this category. In future motions for additional funding, PG&E must provide information and data to support the request. This ruling grants PG&E's motion in all other respects.

II. Motion of Quantum for Extension of Time

Quantum filed a motion on January 31, 2005, seeking an extension of time for its California Wastewater Optimization Program to the end of March 31, 2005. Quantum explains that the program has been successful but that a faulty product caused the delay. It has since worked out the problem with the product manufacturer and expects to have all installations, payments and the report to the Commission complete by March 31, 2005. Energy Division staff concurs that the request is reasonable under the circumstances.

The Energy Division staff and the Assigned Administrative Law Judge (ALJ) informally approved this request prior to March 31, 2005. This ruling grants the motion of Quantum to extend the date for completion of its program to March 31, 2005. Its final reports shall be due no later than March 31, 2005, consistent with its request. Nothing in this ruling should be construed as making any finding regarding the contract administration practices of any utility.

III. Motion of EGIA for Extension of Time

The Electric & Gas Industries Association (EGIA) filed a motion on February 7, 2005, seeking an extension of time for its Interest Rate Buy-Down for the Installation of High Efficiency Heating, Ventilation and Air Conditioning (HVAC) Equipment Program to the end of March 31, 2005. EGIA explains that the program has been successful. In order to complete implementation of all committed projects and meet homeowner expectations, EGIA proposes to extend the deadline to complete implementations to March 31, 2005 with the final program report submitted by April 30, 2005. Energy Division staff concurs that the request is reasonable under the circumstances.

This ruling grants the motion of EGIA to extend the date for completion of its program to March 31, 2005. Its final reports shall be due no later than April 30, 2005, consistent with its request. Nothing in this ruling should be construed as making any finding regarding the contract administration practices of any utility.

IV. Motion of CSU, Fresno Foundation for Extension of Time

CSU filed a motion on February 1, 2005, seeking an extension of time for its Agricultural Pumping Efficiency Program to December 31, 2005. CSU explains that the program has been successful in achieving program energy savings goals but would like to continue the program with unspent funds. It proposes to

spend about \$250,000 for an additional 100 installations with corresponding energy savings. CSU provided extensive information and analysis supporting its request. Energy Division staff concurs that the request is reasonable under the circumstances.

The Energy Division staff and the Assigned ALJ informally approved this request prior to March 31, 2005. This ruling grants the motion of CSU to extend the date for completion of its program to December 31, 2005. Its final reports shall be due no later than December 31, 2005. The Commission's Energy Division may extend this date for good cause. Nothing in this ruling should be construed as making any finding regarding the contract administration practices of any utility.

V. Motion of PG&E to Shift Funds to the Silicon Valley Energy Partnership Program

By motion dated March 8, 2005, PG&E requests authorization to shift unspent, uncommitted funds from previous years to meet the response of customers and vendors to the Power Players Rebate Program, a component of the Silicon Valley Energy Partnership designed for small commercial customers.

The Silicon Valley Energy Partnership (SVEP) Program, a partnership between PG&E and the City of San José (City) provides energy design and implementation services for local governments, businesses, and community organizations. The Power Players Rebate Program, which is one element of the SVEP, provides lighting retrofit services to small commercial customers within targeted, economically depressed business districts in San José and five other cities. Customers in the program include a variety of small, minority-owned businesses using less than 20 kW of electricity.

Within two weeks of the program opening in early December 2004, the SVEP had received reservations for all of the funding allocated to this program

component. The response exceeded all expectations. Because of the overwhelming response to the Power Players Rebate Program, the funding allocated to this program was soon exhausted and the program was closed to all new reservations on January 11, 2005. On February 25, 2005, all outstanding reservations that had not become actual applications expired. Applications are still being processed and necessary site inspections are being conducted. Meanwhile, PG&E has examined all other components of the SVEP to determine if any funds can be transferred from those components into the Power Players component. Other components are doing well and will use and need the present funding in their budgets. The qualified applications exceed the present incentives budget by \$300,000.

PG&E has identified and previously disclosed to the Commission prior year unspent and uncommitted funds from the Savings By Design program. Energy Division has consulted with PG&E on this matter and suggested that PG&E seek authority to transfer funds from the prior year Savings By Design program to meet the needs of the Power Players Program. PG&E requests that \$300,000 of the identified unspent, uncommitted funds from prior years be transferred to the Silicon Valley Energy Partnership.

This ruling grants PG&E's request to transfer \$300,000 from prior years' uncommitted, unspent funds to the Power Players Program.

IT IS RULED that:

1. The October 20, 2004 motion of Pacific Gas and electric Company (PG&E) to shift funds to the Single Family Rebate Program is granted except that PG&E shall not transfer \$737,870 to recover certain marketing and administrative costs for the 2003 Single Family Rebate Program because PG&E has no direct

implementation cost shortfall and PG&E has not justified cost overruns in the overhead category.

2. The motion of Quantum Consulting, Inc., dated January 31, 2005, seeking an extension of time for its California Wastewater Optimization Program to March 31, 2005 is granted.

3. The motion of Electric & Gas Industries Association dated February 7, 2005, seeking an extension of time for its Interest Rate Buy-Down for the Installation of High Efficiency Heating Ventilation and Air Conditioning Equipment Program to March 31, 2005 is granted.

4. The motion of CSUA dated February 1, 2005 to extend its Agricultural Pumping Efficiency Program to December 31, 2005 is granted.

5. The motion of PG&E dated March 8, 2005 to transfer \$300,000 of past years' uncommitted, unspent funds to the Power Players Rebate Program is granted.

Dated April 18, 2005, at San Francisco, California.

/s/ Kim Malcolm

Kim Malcolm
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail, to the parties to which an electronic mail address has been provided, this day served a true copy of the original attached Administrative Law Judge’s Ruling Granting Extensions of Time to Several Third Party Implementers and Addressing PG&E’s Motion to Shift Energy Efficiency Program Funds on all parties of record in this proceeding or their attorneys of record.

Dated April 18, 2005, at San Francisco, California.

/s/ Antonina V. Swansen
Antonina V. Swansen

N O T I C E

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