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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Address
Utility Cost and Revenue Issues Associated
with Greenhouse Gas Emissions.

Rulemaking 11-03-012
(Filed March 24, 2011)

ADMINISTRATIVE LAW JUDGE'S RULING SUPPLEMENTING THE RECORD

This ruling incorporates into the record of Rulemaking (R.) 11-03-012 two letters written by Edward Randolph, the Director of the Commission's Energy Division.

The first letter, served on the service list of R.11-03-012 on January 28, 2014 and dated January 24, 2014, pertains to the name of the semi-annual, non-volumetric residential greenhouse gas (GHG) allowance revenue return (residential credit) authorized by Decision (D.) 12-12-033. D.12-12-033 initially established that the residential credit should be called the *Climate Dividend*.¹ D.14-01-012 later authorized the Commission's Energy Division to change the *Climate Dividend* name if "new or existing research on education and outreach or consultation with other state agencies, such as the California Air Resources Board, suggests better ways of communicating the source and purpose of the non-volumetric residential GHG allowance revenue return."²

¹ D.12-12-033 at Ordering Paragraph 9.

² D.14-01-012 at Ordering Paragraph 1.

If a new name was adopted, Ordering Paragraph 2 of D.14-01-012 required that the Director of the Energy Division alert the affected utilities (Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, PacifiCorp, and Liberty Utilities) by written letter, which was also to be served on the service lists of R.11-03-012 and Application 13-08-026 et.al, or successor proceedings. The January 24, 2014 letter provides notice of a new name, the *California Climate Credit*. The January 24, 2014 letter is attached to this ruling as Attachment A, and the requirement for formal service will be met through the issuance of this ruling.

The second letter, dated January 28, 2014 and served on the same day, announces the dates when the electric utilities will begin introducing GHG costs into rates and returning GHG allowance revenue, and it establishes the effective dates for the utilities to file Tier 1 Advice Letters with revised tariff sheets necessary to implement the authorized rate changes. D.12-12-033 established rules about how the electric utilities should distribute GHG allowance revenue to residential, small business, and emissions-intensive and trade-exposed entities. That same decision acknowledged that many implementation details had yet to be finalized and that GHG costs should not be included in rates (or revenue returned) until necessary implementation details were resolved.³ The utilities were ordered to defer recovery of GHG costs in rates until the Director of the Energy Division issued a letter declaring that the GHG revenue allocation methodology is ready for implementation.⁴ The January 28, 2014 letter, attached

³ D.12-12-033 at Conclusion of Law 61 and Ordering Paragraph 20.

⁴ D.12-12-033 at Conclusion of Law 66 and Ordering Paragraph 21.

to this ruling as Attachment B, announces that necessary implementation hurdles have been cleared to allow for the presence of GHG costs in rates and the return of GHG revenue.

Any party that objects to the inclusion of the two letters as part of the record of R.11-03-012 may make their objections known through the filing of written comments within five days of the issuance of this ruling.

IT IS RULED that:

1. The January 24, 2014 letter of Edward Randolph announcing the name *California Climate Credit* for the non-volumetric residential greenhouse gas (GHG) allowance revenue return is incorporated into the record of Rulemaking (R.) 11-03-012. The January 24, 2014 letter is attached to this ruling as Attachment A.

2. The January 28, 2014 letter of Edward Randolph announcing the dates when the electric utilities will begin introducing GHG costs into rates and returning GHG allowance revenue and establishing the effective dates for the utilities to file Tier 1 Advice Letters with revised tariff sheets necessary to implement the authorized rate changes is incorporated into the record of R.11-03-012. The January 28, 2014 letter is attached to this ruling as Attachment B.

3. Any party that objects to the inclusion of these letters into the record may make their objections known through the filing of written comments within five days of the issuance of this ruling.

Dated February 5, 2014, at San Francisco, California.

/s/ MELISSA K. SEMCER

Melissa K. Semcer
Administrative Law Judge

ATTACHMENT A

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 24, 2014

Pacific Gas and Electric Company
Southern California Edison Company
San Diego Gas & Electric Company
PacifiCorp
Liberty Utilities
Service List of Rulemaking 11-03-012

Re: Energy Division Notice that *California Climate Credit* Will Be Used as the Title of the Residential and Small Business Greenhouse Gas Allowance Revenue Credits Authorized by Decision (D.)12-12-033.

Dear Service List of R.11-03-012:

This letter is a notice to the utilities and the parties of Rulemaking (R.)11-03-012 that *California Climate Credit* will be used as the name for the on-bill credit of greenhouse gas (GHG) allowance revenue that small businesses and households will receive as directed by Decision (D.) 12-12-033 and subsequent implementing decisions. This name will be used on bills and in outreach campaigns. However, where spacing limitations prevent the use of *California Climate Credit* on customer bills, or where abbreviations are warranted, it is also acceptable to use *CA Climate Credit*, though the current outreach administrator, the California Center for Sustainable Energy (CCSE), and the utilities should give preference to *California Climate Credit*.

D.12-12-033 initially established that the name of the semi-annual residential credit should be called the *Climate Dividend*. D.13-12-002 later established a default name – the *CA Climate Credit* – for the monthly small businesses credit, but it authorized Energy Division to change the name of this credit. On January 16, 2014, the Commission approved D.14-01-012, which similarly authorized Energy Division to change the name of the semi-annual residential credit from the *Climate Dividend* to an alternative name if new or existing research, or consultation with other state agencies, suggests better ways of communicating the source and purpose of the revenue return. Notice of this name change must be made to the utilities and the service list of R.11-03-012.

After further review of research conducted by Targetbase, discussions with other state agencies, and presentations from CCSE and its marketing agency, Lowe Campbell Ewald, which performed new research, Energy Division has concluded that a single name – the *California Climate Credit* – should apply to both the residential and small business on-bill credits. This name is both accurate and easy to understand, and it reflects the fact that climate change mitigation is the central focus of the greenhouse gas reduction program that produces the credit. We believe *California Climate Credit* will achieve the Commission's outreach and education objectives more effectively than using two separate names for the residential and small business credits.

Sincerely,

A handwritten signature in dark ink, appearing to read "ER", with a long, sweeping horizontal line extending to the right.

Edward Randolph
Director, Energy Division
California Public Utilities Commission

(END OF ATTACHMENT A)

ATTACHMENT B

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 28, 2014

Service List of Rulemaking (R.) 11-03-012

Service List of Application (A.) 13-08-002, et al

Re: Timing for the Electric Utilities to Introduce Greenhouse Gas Costs and Allowance Revenues into Rates and to File Tier 1 Advice Letters to Make Applicable Tariff Changes Pursuant to Decisions D.12-12-033, D.13-12-002, D.13-12-003 and D.13-12-041

Dear Service Lists of R.11-03-012 and A.13-08-002, et al:

This letter announces the dates when the electric utilities will begin introducing greenhouse gas (GHG) costs and allowance revenues into rates, and it establishes deadlines and effective dates for the utilities to file Tier 1 Advice Letters with revised tariff sheets necessary to implement these authorized rate changes.

The Commission's 2012 decision adopting a GHG allowance revenue allocation methodology (Decision (D.)12-12-033) established rules about how the electric utilities should distribute GHG allowance revenue to residential, small business and emissions-intensive and trade-exposed entities (EITEs). In this same decision, the Commission acknowledged that many implementation details had yet to be finalized and that GHG costs should not be included in rates until necessary implementation details have been resolved.¹ The utilities were ordered to defer recovery of these costs from rates until the Director of the Energy Division issues a letter declaring that the GHG revenue allocation methodology is ready for implementation.²

Since 2012 the Commission has adopted D.13-12-002, which approved the formula utilities will use to distribute revenue to small businesses, and it adopted D.13-12-003, which approved utility implementation plans that addressed a number of details about how both GHG costs and allowance revenues will be returned to different customers. D.13-12-003 concluded that the semi-annual residential credit should occur in April and October of each year, beginning in 2014, but it reiterated that the Energy Division Director "shall make the final determination...when GHG cost and revenue distribution begins..."³ This decision also clarified that the introduction of GHG costs in rates and the return of revenues to residential and small business customers need not await the final resolution of formulas to allocate revenues to EITE customers.

As required by D.12-12-033, the five electric utilities – Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), PacifiCorp, and Liberty Utilities – each filed an application on August 1, 2013, to forecast GHG costs that will be incurred and revenues that will be received in 2014. These consolidated applications (A.13-08-002, et al) were approved in D.13-12-041. This decision authorized the utilities to recover forecasted GHG costs in rates, and it defined how the utilities should amortize deferred costs. It also approved specific dollar amounts

¹ D.12-12-033, Conclusion of Law (COL) 61, Ordering Paragraph (OP) 20.

² Ibid, COL 66, OP 21.

³ D.13-12-003, Finding of Fact (FOF) 13.

to be returned to households via a semi-annual climate credit. This decision again reiterated that GHG cost recovery and revenue allocation would not begin until the Energy Division Director issues a letter.

D.13-12-041 further clarified that this letter should include timing requirements for the utilities to submit Tier 1 Advice Letters with tariff sheet modifications necessary to introduce GHG costs and revenues as the Commission has directed.⁴

Energy Division Conclusions

Energy Division has determined that the Commission and electric utilities have completed all necessary implementation details to allow the utilities to introduce GHG costs and revenues in rates. Energy Division is also satisfied that outreach and education activities are on track to launch by April 2014.

Requirements for SCE, SDG&E, PacifiCorp and Liberty Utilities

Energy Division requires SCE, SDG&E, PacifiCorp and Liberty Utilities to each file a Tier 1 Advice Letter no later than March 1, 2014, to make tariff changes necessary to introduce GHG costs and revenues in rates effective on April 1, 2014. These tariff changes should ensure that in the April 2014 billing cycle residential customers receive their first semi-annual climate credit, small business customers begin receiving their monthly climate credit, and rates for all applicable customer classes include GHG costs.

Requirements for PG&E

Energy Division has learned that PG&E will be implementing a FERC-ordered rate change in March 2014, and that PG&E's billing processes cannot implement rate changes in consecutive months. As a result, PG&E is capable of introducing the first semi-annual residential climate credit in April 2014, because this credit is not tied to electric rates; however, PG&E cannot introduce GHG costs or the volumetric small business climate credit until the May 2014 billing cycle. Energy Division therefore requires PG&E to file a Tier 1 Advice Letter no later than March 1, 2014, to make tariff changes necessary to commence the semi-annual residential climate credit in the April 2014 billing cycle and to introduce the small business climate credit and GHG costs for all applicable customers beginning in the May 2014 billing cycle.

Energy Division appreciates the hard work of the utilities and parties to help the Commission resolve a great number of technical implementation issues in the last year, which has now paved the way for the Commission to implement an important part of California's comprehensive program to combat climate change.

Please do not hesitate to be in touch with questions or concerns.

Sincerely,



Edward Randolph
Director, Energy Division
California Public Utilities Commission

⁴ D.13-12-041, p. 38; OP 7