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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ITEM # 25 I.D. # 9364

ENERGY DIVISION RESOLUTION E-4328

April 22, 2010

R E S O L U T I O N

Resolution E-4328. San Diego Gas and Electric Company (SDG&E) requests to use up to $1 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 an uncontrollable or unforeseen hardship the opportunity to receive a one-time emergency credit on their utility bills.

PROPOSED OUTCOME: Approves SDG&E's Request to Use up to $1 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 $1 million comes from SDG&E's CARE balancing accounts. This amount is already funded through the Public Purpose Charge and this resolution does not increase SDG&E's revenue requirements.

By Advice Letter 2151-E/1937-G filed on March 8, 2010 and Supplemental Advice Letter 2151-E-A/1937-G-A filed on March 15, 2010.

SUMMARY

This Resolution approves SDG&E's request to record and recover up to $1 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 an uncontrollable or unforeseen hardship the opportunity to receive a one-time emergency credit 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, SDG&E will record activities associated with implementing the TANF Leveraging Program in SDG&E's 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.

SDG&E requests authority to record and recover up to $1 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% contribution from the TANF Emergency Fund. SDG&E 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. SDG&E will give credit to the ratepayers' funding of this program in all of its written marketing and promotion materials related to the Utility TANF Leveraging program.

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

At the conclusion of SDG&E's Utility TANF Leveraging program, currently projected to be September 30, 2010, any unspent ratepayer funds will be returned to the ratepayer through 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, 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, SDG&E is proposing to establish a new Utility TANF Leveraging program in association with counties in SDG&E's service territory to increase critical payment assistance to eligible low-income customers.

SDG&E filed Advice Letter 2151-E/1937-G on March 8, 2010, and Supplemental Advice Letter 2151-E-A/1937-G-A 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. SDG&E's proposed Utility TANF Leveraging program will leverage ratepayer

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

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

SDG&E seeks authorization to record and recover up to $1 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 $1 million in programmatic contributions will be used toward customer bill payment assistance for eligible low-income families plus expanded customer communication 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% from the TANF Emergency Fund.

SDG&E 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.

SDG&E 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 cost amount 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

SDG&E seeks authorization to track and record the use of these funds within a sub-account of the CARE balancing account.

CARE program costs are recorded in a two-way balancing account. SDG&E 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 subaccount.

Specifically, SDG&E proposes to revise its Electric Preliminary Statement Part II and its Gas Preliminary Statement Part IV in order to record the use of authorized ratepayer funds under the CARE balancing account. A new sub-account will be added to record activities associated with implementing the TANF Leveraging Program as noted in Attachments A and B of Advice Letter 2151-E-A/1937-G-A.

SDG&E's proposal intends to provide direct benefits through utility payment assistance to SDG&E's customers during the economic downturn.

SDG&E's 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, SDG&E 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, SDG&E will continue to refer customers to all of its other available assistance programs.

SDG&E 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, SDG&E has implemented the following interim measures:

- All utility 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 up 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 customers 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 balances.

- 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/no-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 in the 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.

SDG&E 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 SDG&E's Disconnection Memorandum Account (DMA) as proposed in AL 1929-G/2146-E. [3]

Due to the economic climate and the expiration date of the Emergency Fund use, SDG&E 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, SDG&E requested a shortened protest period of five days and a shortened response period of two day for AL 2151-E-A/1937-G-A. Unless extended by the

[3] SDG&E filed AL 1929-G/2146-E 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 SDG&E's last general rate case Decision 08-07-046.

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 SDG&E's 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 2151-E-A/1937-G-A was made by publication in the Commission's Daily Calendar. SDG&E 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 2151-E-A/1937-G-A 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) SDG&E's proposal lacks meaningful contributions from shareholders that would maximize direct benefits to customers from ratepayer funds, and 2) SDG&E's proposal contains unreasonably high administrative costs estimated at approximately 15-20% of the $1 million budget. Specifically, TURN recommends that SDG&E and SoCalGas meet a minimum $1/$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 SDG&E's proposal does not include any shareholder contribution and that it is only appropriate for SDG&E to contribute to the Utility TANF Leveraging program, along with ratepayers, to assist customers experiencing hardship in the current economic climate.

TURN states that SDG&E does not present any information about the size of its shareholder contribution to its Neighbor to Neighbor (NTN) payment assistance program in 2010 that would enable a comparison of the relative contributions of ratepayers and shareholders to emergency financial assistance to customers at risk of service termination. Additionally, TURN refers to Resolution E-4251, issued September 14, 2009, where the Commission authorized SDG&E and SoCalGas to transfer ratepayer dollars from overcollected balancing accounts to their respective emergency financial assistance funds, NTN and the Gas Assistance Fund (GAF). 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 SDG&E 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 SDG&E has already pledged to contribute an amount to NTN that would at least meet this threshold, TURN asks SDG&E to clarify that in its reply.

Secondly, TURN states that SDG&E's proposal contains unreasonably high administrative costs.[7] SDG&E's proposal estimates approximately 15-20% of the $1 million budget on administrative costs, or $150,000 - $200,000 [8] but provides no support or explanation for this estimate. TURN proposes that rather than charge all of these costs to ratepayers, SDG&E should offer to absorb most of the incremental administrative costs of the Utility TANF Leveraging program.

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

[7] TURN Protest, pp. 6

[8] SDG&E Advice Letter 2151-E-A/1937-G-A, pp. 1

Although TURN does not support SDG&E's Advice Letter, it does not call for its denial because this would penalize SDG&E's customers due to the lack of generosity of the utility's management. Instead, it implores SDG&E 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, SDG&E and SoCalGas (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 programs 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 costs of the program, 80% of which 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 scope of 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" 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.
- In 2009, SDG&E shareholders contributed $260,000 to the NTN program.

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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 2010, SDG&E NTN program is fully funded at $1,868,211,12 as a result of carryover funds from 2009.

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 Letters as filed.

DISCUSSION

SDG&E's proposal to transfer up to $1 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, SDG&E filed Advice Letter 2448-E/U 338-E on March 8, 2010, and Supplemental Advice Letter 2448-E-A 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. SDG&E's proposed TANF Leveraging Program will leverage ratepayer funding with the TANF funds available to counties in SDG&E's 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 SDG&E 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, SDG&E requests that the Commission not impose a fixed cap on administrative costs, or

[12] As of March 1, 2010.

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. [13] 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 place a cap at 20%, subject to compliance with Federal TANF guidelines,[14] and expect SDG&E to keep administrative costs to a minimum, as originally envisioned by (R.)10-02-005. (R.)10-02-005 envisioned that the utility proposals would maximize direct benefits to needy customers while keeping "administrative costs to a minimum."[15] Additionally the proposed 15-20% administrative costs shall be included as a factor in the calculation of the total cost of the program. The Joint Utilities will debit 20% of this amount from the CARE Balancing Accounts with the remaining 80% recovered from TANF funds. This will result in ratepayers funding administrative costs of actually less than 3% for the TANF Leveraging Program. SDG&E 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 SDG&E's proposal contains unreasonably high administrative costs[16] 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 SDG&E's proposal falls short of Commission directive in (R.)10-02-005, where the Commission explained its desire that the utility

[13] Sempra Reply to TURN protest, pp. 2

[14] 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.

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

[16] TURN Protest, pp. 6

proposals to use CARE funds to leverage TANF dollars should maximize direct benefits to needy customers by keeping "administrative costs to a minimum."[17] TURN believes that administrative costs in the range of 15-20% are significant and make a sizeable dent in the funds available for direct assistance to customers. TURN proposes that rather than charge all of these costs to ratepayers, SDG&E should offer to absorb most of the incremental administrative costs of the Utility TANF Leveraging program.

SDG&E 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 cost of the program. The Joint Utilities intend to debit their CARE Balancing Accounts for 20% of the administrative 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 federal TANF guidelines.[18]

Therefore, the Commission finds that administrative costs in the range of 15-20% of total program costs are reasonable and consistent with the requests of other IOUs. We therefore do not agree with TURN that SDG&E's request for a 15-20% administrative cost allocation is unreasonable. Additionally, in order to maximize direct benefits to customers, SDG&E's 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 NTN program create implementation challenges, SDG&E shall remain committed to working with the counties, state agencies, and other parties to leverage as many available federal dollars as possible to help customers.

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17 (R.) 10-02-005, pp. 10-11

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

The Commission recognizes that due to the uncertainty of the vague guidelines and restrictions of the TANF fund use, differences exists between the TANF and NTN programs that may limit SDG&E from administering the programs together. Combined with the various state, federal, and local agency involvements, and the challenges individual counties are also experiencing,[19] implementation of the new TANF program can prove to be challenging. The Commission understands that this proposed TANF program is a new and untested program; regardless, we encourage SDG&E and the counties in its service territory to remain committed to doing everything reasonably possible to assist customers and to leverage the federal funds to the extent possible with its existing NTN payment assistance program. We believe that SDG&E should do as much as possible to assist customers under these dire economic times in which many California residents are facing severe financial hardship resulting in service disconnections. The current situation makes the efforts to expeditiously implement this new program ever more critical.

SDG&E's proposal does not utilize shareholder charitable contributions specifically for this new program as envisioned in (R.)10-02-005, but SDG&E shareholders plan to continually increase their contribution to the NTN 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 available ARRA funding as possible. Rather than using its existing assistance program to administer TANF funds, SDG&E is proposing to establish the separate Utility TANF Leveraging Program to provide utility bill payment assistance while continuing to contribute to NTN separately. The NTN program provides bill assistance to help customers avoid disconnections. In 2009, SDG&E shareholders contributed $260,000 to the NTN program, with SDG&E's NTN program fully funded at $1,868,211 as of March 1, 2010, as a result carryover funds from 2009.

TURN's protest states that SDG&E does not present any information about the size of its shareholder contribution to the NTN payment assistance program in

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

2010 that would enable a comparison of the relative contributions of ratepayers and shareholders to emergency financial assistance for customers at risk of service terminations. Additionally, TURN refers to Resolution E-4251, in which the Commission authorized SDG&E to transfer ratepayer dollars from overcollected balancing accounts to NTN, strongly encouraging each utility to provide shareholder contributions of at least 20 cents for every dollar provided by ratepayers.[20] TURN insists that SDG&E 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 especially from any additional assistance available. But the Commission recognizes that we cannot mandate SDG&E shareholders to contribute more or meet the $1:$5 shareholder-to-ratepayer match. The Commission also recognizes that SDG&E's shareholder contributions to the NTN program have increased from $376,000 in 2008 to $963,000 in 2009,[21] and applauds SDG&E for the continued support of its shareholders. The Joint Utilities also clarified in their Letter that their 2010 NTN program is fully funded at $1,868,211 as of March 1, 2010 as a result carryover funds from 2009 and we encourage SDG&E to continually increase its shareholder contributions to provide maximum program benefits to its customers if possible.

SDG&E will continue to use its existing NTN 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, or employment, SDG&E will continue to use its existing NTN program to help these customers. The NTN program is funded by contributions from SDG&E employees, customers and shareholders. Additionally, SDG&E will continue to refer its customers to other assistance programs that may provide further support including Low Income Home Energy Assistance Program (LIHEAP)

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

[21] Sempra Reply to TURN protest, pp. 3

administered by the Community Services Department, the IOUs' Low Income Energy Efficiency Programs, 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 payment periods offered by SDG&E to its customers.

SDG&E 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.

SDG&E's 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. SDG&E may record such costs incurred in complying with these interim measures in SDG&E's Disconnection Memorandum Account.

SDG&E's proposal provides benefits to SDG&E's 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 the 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 avoid service disconnections. Working in cooperation with as many county agencies that choose to participate in this voluntary program as are interested, 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 SDG&E's 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 SDG&E 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 extensions that will provide additional benefits to these customers.

SDG&E's 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 recovery 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 recorded in a two-way balancing account. The Commission expects that these 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.

SDG&E will revise its Electric Preliminary Statement Part II and its Gas Preliminary Statement Part IV 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, SDG&E will return any unspent ratepayer funds to the CARE balancing account at the conclusion of SDG&E's TANF Leveraging Program, currently projected to be on September 30, 2010.

The Joint Utilities' reply and Letter of Clarification to TURN's protest of Advice Letter 2151-E-A/1937-G-A is satisfactory.

TURN expresses two main concerns in its protest; 1) SDG&E's proposal lacks meaningful contributions from shareholders that would maximize direct benefits to customers from ratepayer funds, and 2) SDG&E's proposal contains unreasonably high administrative costs estimated at approximately 15-20% of the $1 million budget. Specifically, TURN recommends that SDG&E and SoCalGas meet a minimum $1/$5 shareholder-to-ratepayer match, like that provided in Commission Resolution E-4251,[22] and limit administrative costs to 3% of funds designated for the program.[23]

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[22] 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

Footnote continued on next page

The Joint Utilities responded to the protests of TURN on March 22, 2010, and supplemented their responses 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.

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 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, where 80% of these costs will be recovered from TANF funds and 20% recovered from CARE funds. They also provided that the SDG&E NTN program stands fully funded at $1,868,211, as a result carryover funds from 2009.

The Commission finds SDG&E's clarifications satisfactory in addressing TURN's concerns.

The Commission will allow for an allocation of up to 20% for administrative costs 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 has been authorized for the other large IOUs implementing similar programs in their service territories.

With regard to SDG&E 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 within the scope of Commission's orders in (R.)10-02-005. We do agree with TURN that during these economic conditions, any increased contribution would

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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 contribution.

[23] TURN Protest, pp. 6-7

provide greater program benefits to the utility's customers and so we continue to encourage SDG&E to increase its shareholder contributions to NTN in 2010 in order to provide the maximum program benefits to its customers if possible.

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

SDG&E 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, SDG&E 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 or 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 SDG&E (specifically #2 and #4) not applicable. Therefore, SDG&E will file this 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 amounts 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 comment 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, SDG&E filed Advice Letter 2151-E /1937-G on March 8, 2010 and Supplemental Advice Letter 2151-E-A/1937-G-A 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. SDG&E's proposed Utility TANF Leveraging Program will leverage up to $1 million of ratepayer funding with the TANF funds for a 4 to 1 funding match.
3. SDG&E will record its actual Utility TANF Leveraging Program costs into a separate sub-account created in its existing CARE balancing account.
4. An estimated 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 TANF Leveraging Program will be returned to the CARE balancing accounts.
6. SDG&E 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. SDG&E 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 incremental administrative and marketing costs necessary to implement this new program.
8. SDG&E shall revise its Electric Preliminary Statement Part II and its Gas Preliminary Statement Part IV in order to record the use of authorized ratepayer funds under the CARE balancing account for the proposed program.
9. SDG&E 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 will expire on September 30, 2010.
10. On March 15, 2010, the Commission granted SDG&E's 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) SDG&E's proposal lacks meaningful

contributions from shareholders that would maximize direct benefits to customers from ratepayer funds, and 2) SDG&E's proposal contains unreasonably high administrative costs estimated at approximately 15-20% of the $1 million budget. TURN recommends that SDG&E and SoCalGas 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 efforts and shareholder contribution towards the NTN 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 on administrative costs of the program.

13. The Joint Utilities supplemented their responses 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 clarifying that 1) the proposed 15-20% estimate for administrative costs are 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, and 2) that the SDG&E NTN program stands fully funded at $1,868,211, as a result carryover funds from 2009.

14. The Commission finds SDG&E's response and clarification satisfactory in addressing TURN's concerns.

THEREFORE IT IS ORDERED THAT:

1. The request of SDG&E 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 as proposed in Advice Letter 2151-E-A/1937-G-A is approved.

2. SDG&E's proposal to create a Utility TANF Leveraging Program, leveraging up to $1 million of CARE funding with the federal TANF Emergency Funds augmented through ARRA dollars for a $4 to $1 funding match ($4 in TANF funds for every $1 in CARE funds), is approved.

3. SDG&E's 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 SDG&E to keep costs at a minimum.
5. The total amount of CARE funds requested to be leveraged shall not exceed $1 million and SDG&E shall return any excess funds not used in the TANF Leveraging Program to the CARE balancing account.
6. SDG&E shall 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 Low Income Home Energy Assistance Program (LIHEAP), Low Income Energy Efficiency Program, and other assistance programs.
7. SDG&E is authorized to 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 incremental administrative and marketing costs necessary to implement this new program.
8. SDG&E shall revise its Electric Preliminary Statement Part II - Balancing Accounts California Alternate Rates for Energy (CARE) Balancing Account in order to record the use of authorized ratepayer funds under the CARE balancing account for the proposed program. SDG&E shall submit substitute tariff sheets within five business days of the effective date of this resolution reflecting the below changes. Specifically, the following is added to Electric Preliminary Statement Part II, 4:

   CARE – TANF Subaccount

The Utility shall record entries to this account at the end of each month as follows:

- A debit entry equal to the monthly administrative and general expenses associated with implementing the CARE-TANF program.
- A debit entry to record payments to third party administrators (e.g. United Way).

- o A credit (or debit) entry for the transfer of funds associated with the CARE-TANF Leveraging Program from (to) the CARE – Rate Discount Subaccount.

9. SDG&E shall revise its Gas Preliminary Statement Part IV - Balancing Accounts California Alternate Rates for Energy (CARE) Balancing Account in order to record the use of authorized ratepayer funds under the CARE balancing account for the proposed program. Specifically, the following is added to Gas Preliminary Statement Part IV, 4:

   CARE – TANF Program
   - o A debit entry equal to the monthly administrative and general expenses associated with implementing the TANF program;
   - o A debit entry to record payments to third party administrators (e.g. United Way);
   - o A credit (or debit) entry for the transfer of funds associated with the CARE-TANF Leveraging Program from (to) the CARE – Rate Discount Subaccount;
   - o An entry equal to the interest by applying the interest rate to the average of the beginning and ending balances. The interest rate is equal to one-twelfth of interest rate on three-month Commercial Paper for the previous month as reported in the Federal Reserve Statistical Release H.15, or its successor publication.

10. SDG&E shall file a separate report alongside their 2010 CARE/LIEE annual report by May 1, 2011 detailing the results of the CARE/TANF program with the following information:

   - o Total amount of payment assistance provided to customers by the TANF Leveraging Program, separated by TANF Emergency Funds and total ratepayer funds.
   - o Total number of customers assisted through the TANF Leveraging Program.
   - o 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 and program funds spent.
   - o Total applications successfully processed by the third party administrator and total reimbursement amount paid by each participating county through the TANF Emergency Funds.

- o 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