

July 2, 2001

PUC 110
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ADVICE LETTER 1340-E/1260-G
(U 902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT: COMPLIANCE FILING IN RESPONSE TO DECISION 01-05-033 AND ALJ
RULING ON FILING PROCEDURES TO IMPLEMENT ASSEMBLY BILL X1 3**

PURPOSE

The purpose of this filing is to comply with Ordering Paragraph (OP) 8 of California Public Utilities Commission (Commission) Decision (D.) 01-05-033, issued on May 3, 2001 in San Diego Gas & Electric Company's (SDG&E) Application (A.) 00-11-012 on Rapid Deployment of Low Income Assistance Programs During the Energy Crisis, and the June 15, 2001 Administrative Law Judge's Ruling on Filing Procedures to Implement Assembly Bill (AB) X1 3.

BACKGROUND

In OP 8 of D.01-05-033, the Commission directed Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), and SDG&E to provide responses to the following issues:

- (1) Authorized California Alternate Rates for Energy (CARE) Program funding currently in rates
- (2) Actual expenses to date for CARE administrative costs (including outreach), and subsidies/credits
- (3) Projections of CARE rate subsidy costs over the next 12 months, including projections of new enrollments
- (4) A proposed allocation of the \$90 (sic) million to cover those costs, based on need that cannot be covered with surcharge-generated revenues

In the ALJ's Ruling at page 4, PG&E, SoCalGas, and SDG&E are directed to "include the calculation of the one-time natural gas credit required under §739.4(a) with the Advice Letter filing required by D.01-05-033, Ordering Paragraph 8. Their projections of CARE rate subsidy cost required under Ordering Paragraph 8 shall include the costs associated with this bill credit."

SDG&E hereby responds to each of the above issues:

CARE Funding Currently in Rates

For electric rates, SDG&E is authorized to collect \$8.465 million pursuant to D.97-08-056 issued August 1, 1997 in SDG&E's Rate and Product Unbundling proceeding (A.96-12-011).

For gas rates, SDG&E is authorized to collect \$4.371 millions, without franchise fees and uncollectibles, per Advice Letter 1231-G effective January 1, 2001. However, Resolution G-3303, which implemented AB 1002, established a new gas tax surcharge to fund the utilities' gas public purpose programs. Effective January 1, 2001, SDG&E collects these funds from customers and remits on a quarterly basis to the State Board of Equalization (BOE), who deposits the funds in the Gas Consumption Surcharge Fund with the State Treasurer. SDG&E is waiting for the Commission to establish a proceeding to determine the mechanism by which the utilities will be reimbursed from the Gas Consumption Surcharge Fund.

Actual CARE Expenses

Table 1 provides the actual CARE expenses through May 31, 2001, broken down by administrative costs, outreach, subsidies/credits.

Table 1 – Electric and Gas CARE Expenditures
(January 1, 2001 through May 31, 2001)

Administration	\$ 222,338
Outreach	\$ 193,261
Subsidies	\$ 7,622,111
Total	\$ 8,037,710

CARE Rate Subsidy Projections

Table 2 below provides a projection of the CARE rate subsidy costs over the next 12 months, for new enrollments.

Table 2 -- Projection of the CARE Rate Subsidy Costs through June, 2002

Month end	Projected New Electric CARE Enrollments	Projected Monthly Electric Rate Subsidy for All Participants (\$000)	Projected New Gas CARE Enrollments	Projected Monthly Gas Rate Subsidy for All Participants (\$000)
May-01				
June-01	6,559	\$819	5,391	\$512
July-01	6,855	\$874	5,715	\$553
August-01	7,163	\$934	6,058	\$597
September-01	7,485	\$997	6,421	\$645
October-01	7,822	\$1,065	6,807	\$697
November-01	8,174	\$1,138	7,215	\$752
December-01	8,542	\$1,215	7,648	\$812
January-02	3,967	\$1,272	2,702	\$853
February-02	4,047	\$1,332	2,756	\$896
March-02	4,128	\$1,395	2,811	\$941
April-02	4,210	\$1,460	2,868	\$988
May-02	4,294	\$1,529	2,925	\$1,037
June-02	7,165	\$1,586	3,152	\$1,072

Proposals for Use of SB X1 5 CARE Funds

In summary, SDG&E is proposing to use the SB X1 5 CARE funds allocated for the following activities: (1) paying down CARE customers past due bills, (2) to offset the additional CARE program costs created by the additional CARE eligible customers due to increased enrollments

and increased CARE discount rate, and (3) to provide a one-time gas credit to CARE customers pursuant to AB X1 3. The proposals below are based on the standard, historical allocation among the four investor-owned utilities¹ wherein SDG&E would receive 15% of \$85 million (some portion will be allocated to the smaller utilities) or \$12.75 million.

Table 3 -- Summary of Electric and Gas SB X1 5 Funding

Customers Past Due Bills	\$ 6,000,000
Pay Down Rate Subsidy Costs	\$ 5,450,000
One Time Gas Credit per AB 3	\$ 1,300,000
Total	\$12,750,000

Assistance for Customers' Past Due Bills

SDG&E is proposing to spend \$6,000,000 of the funding to assist its customers in paying down their energy bills that have accumulated since last year. As of the middle of June 2001 there were approximately 130,000 SDG&E CARE accounts with past due bills totaling \$6.8 million. Pursuant to D.00-08-021, SDG&E was required to implement a credit disconnection moratorium from August 1, 2000 through October 31, 2000 due to the high volatility in electric commodity prices, before the price cap was implemented as a result of AB 265. SDG&E voluntarily extended the credit moratorium through December 31, 2000. Past due bills for some customers are too high, and the result is that CARE customers are now hard pressed to pay off these bills, even with very liberal payment arrangements.

Customers whose bills are past due are subject to having their services disconnected if payment arrangements cannot be met. By reducing CARE customers' past due amounts to current or a close to current level, SDG&E believes it is complying with the intent of the SB X1 5 to provide immediate assistance to low-income customers and to "increase and supplement CARE discounts" (SB X1 5 Section 5(a)(2)). Providing CARE participants with a reduction in their past due bills, as a supplement to the increased CARE discount and expanded eligibility guidelines, also compliments the actions of the Commission in balancing the cost of assistance with the much needed relief to the low-income population. SDG&E is proposing to provide this credit to all of the CARE customer accounts having past due charges as soon as possible after receiving authorization to do so. The credit would be for all of the past due amount, or a percentage thereof, based on the funds made available by the Commission. If the approved funding should exceed the past due amounts of CARE customers, SDG&E is proposing that the balance of the funds be made available to CARE customers through its Neighbor-to-Neighbor program². Neighbor-to-Neighbor is administered by the United Way and its fiscal agent is Catholic Charities, with funds being distributed through 13 non-profit agencies.

Relief from Increased CARE Rate Subsidy Costs

SDG&E is proposing to use \$5.45 million of the SB X1 5 funding to help to alleviate its increased costs associated with the recent expansion of the CARE income guidelines and increased discount from 15% to 20% and the inherent increased CARE enrollments. Currently SDG&E is only authorized to collect a subsidy to match the 15% CARE discount in rates. If

¹ In Res. E-3585, the Commission established percentage for allocating joint utility costs as follows: PG&E 30%, SCE 30%, SoCalGas 25%, and SDG&E 15%.

² The Neighbor-to-Neighbor program is a cash assistance fund subsidized by SDG&E's shareholders and ratepayers to help CARE eligible or other customers in need of assistance with their energy bill. Funds available through this program will provide low income customers with cash assistance on high summer energy bills.

SDG&E achieves its goal of enrolling 75% of the eligible population by the end of June 2002, it will need an additional \$17 million dollars during that period to cover the costs of increased enrollments at the 20% discount level. The Commission recognizes in D.01-06-010 at page 13 that it does not address the ratemaking impacts of its decision but suggests that these issues will be addressed in other proceedings. The Commission notes, however, "that some of the potential rate impacts to non-participating customers will be defrayed by the authorization of additional fundingusing unspent, carryover funding and general funds appropriated by the Legislature." SDG&E is proposing to use the funding from SB X1 5 during the interim to offset the difference in subsidy costs pending the Commission action to increase the subsidy charge.

One-Time Gas Credit Per ABX1 3

SDG&E is proposing to use up to \$1.3 million of SB X1 5 funds to provide a one-time gas credit to the CARE customers pursuant to the provisions of ABX1 3. SDG&E will be providing a credit of \$46.24 to its gas residential customers who enroll in the CARE program between May 22, 2001 and October 1, 2001. SDG&E has estimated that 28,604 new CARE enrollees will qualify for this credit. (See Table 3). Should new enrollments be less than estimated, SDG&E would use any remaining balance from the \$1.3 million to supplement the funds allocated to reducing the cost of the subsidy.

Table 4 -- Projected Electric and Gas AB X1 3 Enrollments and Cost

Customer Class	Credit	Enrollments	Total Credit Amount
Residential	\$ 46.24	28062	\$1,297,600
Expanded CARE Residential	\$219.00	10	\$ 2,190
Expanded CARE Commercial	\$553.00	5	\$ 2,765
Total AB X1 3 Credit Cost			\$1,302,555

EFFECTIVE DATE

SDG&E respectfully requests that this filing become effective on August 2, 2001. SDG&E requests that the Commission expedite its review of its filing and **shorten the protest period from 20 days to 10 days** pursuant to General Order 96-A, Section XV, in order for the Commission to act expeditiously in issuing its final decision on the allocation of the SB X1 5 funds.

PROTEST

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 10 days of the date this Advice Letter was filed with the Commission. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

Energy Division – IMC Branch
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

It is also requested that a copy of the protest be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: C. Richard Swanson
Regulatory Tariff Manager
101 Ash Street - HQ14D
San Diego, CA 92101-3017
Facsimile No. (619) 696-4027
E-mail: rswanson@sempa.com

NOTICE

In accordance with Section III.G of General Order 96-A, a copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties in A.00-11-009, et al and R.98-07-037, by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to Martha Ulloa by facsimile at (619) 696-4027 or by e-mail to mulloa@sempa.com.

LEE SCHAVRIEN
Director, Regulatory Case Management
& Tariff Administration

Enclosures

(cc list attached)