

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



May 11, 2010

**Advice Letter 2151-E-A/1937-G-A**

Ronald van der Leeden, Director  
Rates, Revenues and Tariffs  
San Diego Gas and Electric  
8330 Century Park Court, CP32C  
San Diego, CA 92123-1548

**Subject: Supplemental Filing: Request to Create New Program to Leverage  
Federal Stimulus Money from Temporary Assistance for Needy  
Families Emergency Fund for Utility Bill Assistance**

Dear Mr. van der Leeden:

Advice Letter 2151-E-A/1937-G-A is effective April 22, 2010 per Resolution E-4328.

Sincerely,

A handwritten signature in blue ink, appearing to read "Julie A. Fitch".

Julie A. Fitch, Director  
Energy Division

PUBLIC UTILITIES COMMISSION

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Ron van der Leeden  
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San Diego, CA 92123-1548

Tel: 213-244-2009  
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March 15, 2010

**ADVICE LETTER 2151-E-A/1937-G-A**  
(U902-M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Subject: Supplemental Filing: Request to Create New Program to Leverage Federal Stimulus Money from Temporary Assistance for Needy Families Emergency Fund for Utility Bill Assistance**

In compliance with the direction given by the California Public Utilities Commission (Commission) in Ordering Paragraph (OP) 13 of its February 4, 2010 Order Instituting Rulemaking (R.) 10-02-005 on Electric and Natural Gas Service Disconnections (Order), San Diego Gas & Electric Company (SDG&E) hereby submits this Tier 3 advice letter filing with its proposal to increase critical payment assistance to its eligible low-income customers, by taking advantage of the American Recovery and Reinvestment Act (ARRA) Temporary Assistance to Needy Families Emergency Contingency Fund (TANF Emergency Fund).<sup>1</sup> **This Supplemental Advice Letter replaces in its entirety AL 2151-E/1937-G filed on March 8, 2010.**

**Purpose**

The purpose of this filing is to request Commission approval to record and recover up to \$1 million in one-time funding and incremental program expense<sup>2</sup> for a "Utility TANF Leveraging" program.<sup>3</sup> This new program, to be funded through the California Alternate Rates for Energy Balancing Account (CAREA), will provide eligible low-income customers who have experienced an uncontrollable or unforeseen hardship the opportunity to receive a one time emergency energy credit on their utility bill, through the access to the TANF Emergency Fund. The size of the energy 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 to provide eligible low-income families assistance with their utility bills. Additionally, SDG&E requests approval to record activities associated with implementing the TANF Leveraging

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<sup>1</sup> In drafting this proposal, SDG&E attempted to pattern its program, as much as practicably possible, after Pacific Gas and Electric Company's (PG&E) proposed Community Help (REACH) Program—an almost identical program also designed to leverage TANF monies to assist low-income customers. Even so, SDG&E made necessary modifications to account for the current status of the availability of TANF funds in SDG&E's service territory. Although the means employed by the two utilities may slightly differ, the end results will be the same—more immediate financial assistance to needy customers.

<sup>2</sup> R.10-02-005 at pp. 10-11. "We also expect that IOUs will keep administrative costs to a minimum in order to provide the greatest benefit to needy utility customers." SDG&E estimates that program expenses will be within the range of 15-20%.

<sup>3</sup> SDG&E has discussed this advice letter with the Energy Division and DRA and will continue to consult with them during the Commission Resolution process.

Program in SDG&E's existing CARE balancing account via a new subaccount.

This Supplement is the result of discussions with the Commission's Energy Division and Division of Ratepayer Advocates and is intended to further clarify the purpose of the new TANF Emergency Fund Program.

### **Background**

On February 4, 2010, the Commission instituted R.10-02-005 to address the Commission's goal of reducing the number of residential gas and electric utility service disconnections due to nonpayment. As part of that rulemaking, the Order directs the Investor Owned Utilities (IOUs) to file Tier 3 advice letters to take advantage of the Emergency Fund available through the ARRA.

According to a recent California Employment Development Department news release, unemployment in California reached 12.4% in December.<sup>4</sup> With companies downsizing and families and individuals losing their jobs, many customers are experiencing difficulties paying their gas and electric bills.

The severity of the economic crisis is further evidenced by the magnitude of the federal government's stimulus package developed by Congress. Under the ARRA, up to \$5 billion was appropriated for the TANF Emergency Fund over federal fiscal years 2009 and 2010. This TANF Emergency Fund is in addition to the regular TANF Contingency Fund that needy families in California can access through established agencies during the economic downturn.

Specifically, the TANF Emergency Fund<sup>5</sup> allows for non-recurring short-term payments for such increased expenditures such as rental assistance to homeless families and utility assistance. Counties have the option to participate to use these funds for utility assistance where there is an opportunity for the 20% match from non-federal dollars. If the County of San Diego participates and accepts the utility guidelines, such as providing upfront cash deposits for the 80% match and paying incremental administrative costs to a program administrator, many of SDG&E's low-income families would be able to take full advantage of the additional funding that would be available to California under the ARRA.

To aid this effort, 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 additional ratepayer funds collected through the CAREA will be used as the 20% match needed to obtain the 80% from the TANF Emergency Fund. Any unspent ratepayer funds remaining at the conclusion of the program (currently projected to end on September 30, 2010) will be returned to the ratepayer through the CAREA. SDG&E estimates the administrative costs of this program to be 15% of the funds with 85% providing the direct benefits. The CARE balancing subaccount 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 in all written marketing and promotion materials related to the "Utility TANF Leveraging" program.

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<sup>4</sup> California Employment Development Department News Release No.: 10-01, dated January 22, 2010, cited a statewide unemployment rate of 12.4% for December 2009.

<sup>5</sup> Additional information on the TANF Emergency Fund is available on the Department of Health and Human Services website at: [www.hhs.gov/recovery/reports/plans/tanf\\_emergencyfund.pdf](http://www.hhs.gov/recovery/reports/plans/tanf_emergencyfund.pdf).

SDG&E is committed to doing everything possible to effectuate the implementation and administration of its proposed program. Nevertheless, because this is, in essence a pilot program, dependent upon the cooperation of local and state agencies, utilities, as well as federal agencies, there may be some initial hurdles to implementation. For example, according to the county and state Department of Public Social Services (DPSS), a baseline expenditure for TANF-qualified families will have to be determined from the lesser of 2007 or 2008 expenditures for utility assistance to these families. This means that in order to access matching federal funds, SDG&E will have to expend more funds for its Neighbor to Neighbor (NTN) in 2010, than it did in 2008. Since SDG&E does not track utility assistance from its NTN to TANF-qualified families, this requirement may pose a challenge for counties to obtain reimbursement from the Emergency Fund. However, SDG&E will work with DPSS to determine guidelines for a "new" program where the baseline requirement will not be necessary.<sup>6</sup>

Consistent with R.10-02-005, SDG&E has implemented the following interim measures:

- 1) All 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 right to arrange for a bill payment plan extending 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 balance.
- 2) 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.
- 3) 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 with this 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. As part of this proceeding, the Commission will consider the process for determining the categories and amounts of costs in the memorandum account that should be considered reasonable for recovery, as well as the appropriate methods for recovery.<sup>7</sup>

In accordance with R.10-02-005, SDG&E would apply these interim measures to any TANF eligible customers seeking funds under the new TANF Leveraging Program as long as they remain in effect. Any such costs incurred in complying with these interim measures will be recorded in SDG&E's DMA as proposed in AL 1929-G/2146-E.<sup>8</sup>

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<sup>6</sup> An example could be that the Utility TANF Leveraging fund will only be made available to TANF-eligible families in need of payment assistance pursuant to eligibility requirements established by the Federal Government in addition to meeting existing guidelines for NTN.

<sup>7</sup> 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.

<sup>8</sup> In addition to this new TANF Leveraging Program, SDG&E will continue to refer customers to all of its other available assistance programs.

In addition, as of this filing date, several counties have indicated that the State of California has not submitted its program request that federal stimulus funds be used for the non-recurring short-term funds for utility assistance. Notwithstanding, SDG&E will continue to work with the counties in its service territory to offer this program to interested counties. In fact, in an effort to respond expeditiously to customers' concerns in this recessed economic climate and to leverage available monies through the TANF Emergency Fund, SDG&E has already been in discussions with representatives from San Diego County on a program to provide the 20% non-federal money needed to match with the 80% TANF funds for TANF-eligible families.

Because of the issues detailed above and in addition to the fact that time is of the essence,<sup>9</sup> SDG&E requests that the Commission permit it some flexibility to determine the best information and funding mechanisms for its program.

### **Program Results**

To keep the Commission apprised of the distribution of funds through the "Utility TANF Leveraging" program, SDG&E proposes to file in the CARE/LIEE annual report due May 1, 2011 with 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 expense and direct distributions by county.
6. Total applications successfully processed and total reimbursement amount 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.

### **Tariff Changes**

SDG&E is revising 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 subaccount to record activities associated with implementing the TANF Leveraging Program as noted in Attachments A and B.

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<sup>9</sup> Unless extended by the federal government, the additional payment assistance from the TANF Emergency Fund will expire on September 30, 2010.

**EFFECTIVE DATE**

As ordered in OP 13 of R.10-02-005, this is a Tier 3 filing and, as such, requires a resolution to be issued by the Commission. SDG&E respectfully requests that such resolution be placed on the agenda for the April 22, 2010 meeting.

**PROTEST**

Due to the short period of time the Emergency Fund will be available as a source of funding for eligible customers, SDG&E is requesting a shortened protest period of 5 days and a shortened response period of 2 days. Anyone wishing to protest this filing may do so by sending a letter by March 22, 2010, which is 5 days from the date of this filing. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be mailed to:

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Honesto Gatchalian ([jni@cpuc.ca.gov](mailto:jni@cpuc.ca.gov)) and Maria Salinas ([mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)) of the Energy Division. A copy of the protest should also 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: Megan Caulson  
Regulatory Tariff Manager  
8330 Century Park Court, Room 32C  
San Diego, CA 92123-1548  
Facsimile No. (858) 654-1788  
E-mail: [mcaulson@semprautilities.com](mailto:mcaulson@semprautilities.com)

**NOTICE**

A copy of this filing has been served on the utilities and interested parties shown on the attached list, including interested parties to service list R.10-02-005 by either providing them a copy electronically or by mailing them a copy hereof, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by facsimile at (858) 654-1788 or by e-mail at [SDG&ETariffs@semprautilities.com](mailto:SDG&ETariffs@semprautilities.com).

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Ron van der Leeden  
Director – Rates, Revenues & Tariffs

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SAN DIEGO GAS & ELECTRIC (U 902)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Aurora Carrillo

Phone #: (858) 654-1542

E-mail: acarrillo@semprautilities.com

### EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2151-E-A/1937-G-A

Subject of AL:) Supplemental Filing: Request to Create New Program to Leverage Federal Stimulus Money from Temporary Assistance for Needy Families Emergency Fund for Utility Bill Assistance

Keywords (choose from CPUC listing): Balancing Account, CARE, Compliance

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

R.10-02-005

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: N/A

Does AL request confidential treatment? If so, provide explanation:

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: April 22, 2010

No. of tariff sheets: 7

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed<sup>1</sup>: N/A

Pending advice letters that revise the same tariff sheets: N/A

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

**CPUC, Energy Division**

**Attention: Tariff Unit**

**505 Van Ness Ave.,**

**San Francisco, CA 94102**

**mas@cpuc.ca.gov and jnj@cpuc.ca.gov**

**San Diego Gas & Electric**

**Attention: Megan Caulson**

**8330 Century Park Ct, Room 32C**

**San Diego, CA 92123**

**mcaulson@semprautilities.com**

<sup>1</sup> Discuss in AL if more space is needed.

General Order No. 96-B  
ADVICE LETTER FILING MAILING LIST

cc: (w/enclosures)

Public Utilities Commission

DRA

D. Appling  
S. Cauchois  
J. Greig  
R. Pocta  
W. Scott

Energy Division

P. Clanon  
S. Gallagher  
H. Gatchalian  
D. Lafrenz  
M. Salinas

CA. Energy Commission

F. DeLeon  
R. Tavares

Alcantar & Kahl LLP

K. Harteloo

American Energy Institute

C. King

APS Energy Services

J. Schenk

BP Energy Company

J. Zaiontz

Barkovich & Yap, Inc.

B. Barkovich

Bartle Wells Associates

R. Schmidt

Braun & Blaising, P.C.

S. Blaising

California Energy Markets

S. O'Donnell  
C. Sweet

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

CCSE

S. Freedman  
J. Porter

Children's Hospital & Health Center

T. Jacoby

City of Chula Vista

M. Meacham  
E. Hull

City of Poway

R. Willcox

City of San Diego

J. Cervantes  
G. Lonergan  
M. Valerio

Commerce Energy Group

V. Gan

Constellation New Energy

W. Chen

CP Kelco

A. Friedl

Davis Wright Tremaine, LLP

E. O'Neill  
J. Pau

Dept. of General Services

H. Nanjo  
M. Clark

Douglass & Liddell

D. Douglass  
D. Liddell  
G. Klatt

Duke Energy North America

M. Gillette

Dynegy, Inc.

J. Paul

Ellison Schneider & Harris LLP

E. Janssen

Energy Policy Initiatives Center (USD)

S. Anders

Energy Price Solutions

A. Scott

Energy Strategies, Inc.

K. Campbell  
M. Scanlan

Goodin, MacBride, Squeri, Ritchie & Day

B. Cragg  
J. Heather Patrick  
J. Squeri

Goodrich Aerostructures Group

M. Harrington

Hanna and Morton LLP

N. Pedersen

Itsa-North America

L. Belew

J.B.S. Energy

J. Nahigian

Luce, Forward, Hamilton & Scripps LLP

J. Leslie

Manatt, Phelps & Phillips LLP

D. Huard  
R. Keen

Matthew V. Brady & Associates

M. Brady

Modesto Irrigation District

C. Mayer

Morrison & Foerster LLP

P. Hanschen

MRW & Associates

D. Richardson

OnGrid Solar

Andy Black

Pacific Gas & Electric Co.

J. Clark  
M. Huffman  
S. Lawrie  
E. Lucha

Pacific Utility Audit, Inc.

E. Kelly

R. W. Beck, Inc.

C. Elder

School Project for Utility Rate  
Reduction

M. Rochman  
Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

F. Chiang

Sutherland Asbill & Brennan LLP

K. McCrea

Southern California Edison Co.

M. Alexander  
K. Cini

K. Gansecki

H. Romero

TransCanada

R. Hunter

D. White

TURN

M. Florio  
M. Hawiger

UCAN

M. Shames

U.S. Dept. of the Navy

K. Davoodi

N. Furuta

L. DeLacruz

Utility Specialists, Southwest, Inc.

D. Koser

Western Manufactured Housing

Communities Association

S. Dey

White & Case LLP

L. Cottle

Interested Parties in:

R.10-02-005

ATTACHMENT A  
ADVICE LETTER 2151-E-A

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 21639-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT, Sheet 1	Original 19406-E
Revised 21640-E	PRELIMINARY STATEMENT, II. BALANCING ACCOUNTS, CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT, Sheet 2	Original 19407-E
Revised 21641-E	TABLE OF CONTENTS, Sheet 1	Revised 21635-E



**PRELIMINARY STATEMENT**

Sheet 1

**II. BALANCING ACCOUNTS**

**CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT**

1. Purpose

The purpose of the CARE Balancing Account is to compare CARE revenues with CARE program costs. The CARE balancing account consists of two subaccounts: 1) CARE – Rate Discount and 2) CARE – TANF (Temporary Assistance for Needy Families). The CARE – Rates Discount program was authorized by Decisions 89-07-062, 89-09-044, 92-04-024 and 92-06-060. The CARE – TANF as authorized by Resolution E-4328 dated April 22, 2010 to record actual expense incurred by SDG&E for implementing the CARE/TANF Leveraging Program.

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2. Applicability

The CARE Balancing Account applies to certain rate schedules and certain special contracts within the jurisdiction of the Commission.

3. Definitions

a. Effective Date: The effective date of this account shall be January 1, 1998.

b. Interest Rate: The Interest Rate shall be 1/12 of the most recent month's interest rate on Commercial Paper (prime, 3 months), published in the Federal Reserve Statistical Release, H.15. Should publication of the interest rate on Commercial Paper (prime, 3 months) be discontinued, interest will so accrue at the rate of 1/12 of the most recent month's interest rate on Commercial Paper, which most closely approximates the rate that was discontinued, and which is published in the Federal Reserve Statistical Release, H.15, or its successor publication.

c. CARE Revenue: Monthly CARE revenue equals the percentage of authorized Public Purpose Program (PPP) revenue pertaining to the CARE program multiplied by the unbundled PPP revenue billed during the month.

d. CARE – Rate Discount Program Costs: CARE Program Costs are the sum of: (1) CARE Benefits, which are equal to the amount of discount granted under the discount reflected in the authorized CARE Program discounted rates; and (2) allocated incremental administrative and general expenses associated with the CARE Program. Monthly incremental administrative and general expenses shall be allocated between electric and gas operations by either: (1) 76% to electric and 24% to gas until the CARE Program has been in effect for 13 full calendar months or (2) the proportion of electric and gas amounts of the discount reflected in the authorized CARE Program discounted rates for the 12 months prior to the current month; whichever is applicable.

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CARE – TANF Program Costs: CARE – TANF program costs are the sum of (1) payments to third party administrators (e.g. United Way) and (2) allocated incremental administrative and general expenses associated with the CARE – TANF program. Monthly Incremental administrative and general expenses shall be allocated between electric and gas operations the same as for the CARE – Rate Discount program.

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(Continued)



**PRELIMINARY STATEMENT**

Sheet 2

**II. BALANCING ACCOUNTS**  
**CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT**

4. CARE – Rate Discount Subaccount

The Utility shall maintain a CARE Rate Discount Balancing Account commencing as of January 1, 1998. Entries to be made to this account at the end of each month will be determined from the following calculations:

- a. The amount of the discount granted during the month under the discount reflected in the authorized CARE Program discounted rates.
- b. Plus: Recorded monthly allocated incremental administrative and general expenses associated with the CARE - Rate Discount Program.
- c. A debit (or credit) entry for the transfer of funds associated with the CARE - TANF Leveraging Program to (from) the CARE-TANF Subaccount.
- d. Less: The CARE – Rate Discount revenue billed during the month.

CARE – TANF Subaccount

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

- a. A debit entry equal to the monthly administrative and general expenses associated with implementing the CARE-TANF program.
- b. A debit entry to record payments to third party administrators (e.g. United Way).
- c. A credit (or debit) entry for the transfer of funds associated with the CARE-TANF Leveraging Program from (to) the CARE – Rate Discount Subaccount.

If the above calculations for the CARE - Rate Discount and the CARE -TANF subaccounts produce a positive amount (under-collection), such amount will be debited to the Balancing Account. If the above calculation produces a negative amount (over-collection), such amount will be credited to the respective Balancing Account. Interest will accrue to the Balancing Account by applying the Interest Rate to the average of the beginning and ending balances.

5. Annual Review of Reasonableness

In conjunction with the appropriate proceeding, the Utility shall file with the Commission a report on the reasonableness of recorded CARE Program costs included in the CARE Balancing Account during the Record Period.

6. Account Disposition

Pursuant to Commission D.03-04-027, the Utility shall file by October 1 of each year an advice letter requesting to apply to the electric PPP rate effective January 1 of the following year 1) the net amortization component of electric PPP account balances and 2) the Commission's currently authorized program budget revenue requirements for the PPPs. Any unspent ratepayer funds remaining in the CARE – TANF Subaccount at the conclusion of the program will be returned to ratepayers in connection with the SDG&E's annual PPP advice letter filing.

<sup>1</sup> Public Utilities Code Section 399 addresses the low-income energy efficiency ("LIEE") programs and by cross-reference to Section 382, requires that the LIEE programs "be funded at not less than 1996 authorized levels based on an assessment of customer need."

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San Diego Gas & Electric Company  
San Diego, California

Revised Cal. P.U.C. Sheet No. 21640-E\*

Canceling Original Cal. P.U.C. Sheet No. 19407-E

**PRELIMINARY STATEMENT**

Sheet 2

II. BALANCING ACCOUNTS

CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT

2C13

Advice Ltr. No. 2151-E-A

Decision No. R.10-02-005

Issued by  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

Date Filed Mar 15, 2010

Effective Apr 22, 2010

Resolution No. \_\_\_\_\_



**TABLE OF CONTENTS**

Sheet 1

The following sheets contain all the effective rates and rules affecting rates, service and information relating thereto, in effect on the date indicated herein.

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ATTACHMENT B  
ADVICE LETTER 1937-G-A

Cal. P.U.C. Sheet No.	Title of Sheet	Canceling Cal. P.U.C. Sheet No.
Revised 18147-G	PRELIMINARY STATEMENT, IV. BALANCING ACCOUNTS, CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT, Sheet 1	Original 15681-G
Revised 18148-G	PRELIMINARY STATEMENT, IV. BALANCING ACCOUNTS, CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT, Sheet 2	Original 15682-G
Original 18149-G	PRELIMINARY STATEMENT, IV. BALANCING ACCOUNTS, CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT, Sheet 3	Original 15682-G
Revised 18150-G	TABLE OF CONTENTS, Sheet 1	Revised 18141-G



**PRELIMINARY STATEMENT**

Sheet 1

IV. BALANCING ACCOUNTS

CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT

1. Purpose

The purpose of the CARE balancing account is to balance CARE program expenses against revenues. The CARE balancing account consists of two subaccounts: 1) CARE – Rate Discount and 2) CARE – TANF (Temporary Assistance for Needy Families). The CARE – Rate Discount Program was previously known as the LIRA Program, which was authorized by Decisions 89-07-062, 89-09-044, 92-04-024 and 92-06-060. The utility shall maintain a CARE balancing account commencing as of August 14, 1989. The CARE – TANF as authorized by Resolution E-4328 dated April 22, 2010 to record actual expenses incurred by SDG&E for implementing the CARE/TANF Leveraging Program.

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Commission Resolution G-3303, dated December 21, 2000, as directed by Assembly Bill (AB) 1002, 1) adopted gas public purpose program (PPP) surcharge rates effective January 1, 2001, 2) exempts some customers from the surcharge who were not exempt to charges in rates prior to January 1, 2001 and 3) requires utility to make quarterly payments to the California Board of Equalization (BOE).

Commission D.04-08-010 authorized utilities to modify their regulatory accounts to facilitate the unbundling of PPP costs from their rates. D.04-08-010 also notes that interest should be apportioned to utilities according to the amount of remittances and the length of time remittances were held in the State's Gas Consumption Surcharge Fund (Fund).

2. Applicability

The CARE balancing account applies to certain rate schedules and certain special contracts subject to the jurisdiction of the Commission.

3. CARE Program Costs

CARE – Rate Discount program Costs are the sum of: (1) CARE benefits, which are equal to the amount of the discount reflected in the authorized CARE Program discounted rates; and (2) allocated incremental administrative and general expenses associated with the CARE Program. Monthly incremental administrative and general expenses shall be allocated between electric and gas operations by either: (1) 76% to electric and 24% to gas until the CARE Program has been in effect for 13 full calendar months or (2) the proportion of electric and gas amounts of the discount reflected in the authorized CARE Program discounted rates for the 12 months prior to the current month; whichever is applicable.

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CARE – TANF program costs are the sum of: (1) payments to third party administrators (e.g., United Way) and (2) allocated incremental administrative and general expenses associated with the CARE – TANF program. Monthly incremental administrative and general expenses shall be allocated between electric and gas operations the same as for the CARE – RATE Discount program.

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**PRELIMINARY STATEMENT**

Sheet 2

IV. BALANCING ACCOUNTS

CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT

4. Accounting Treatment

CARE – Rate Discount Program

Entries to be made to this account at the end of each month will be as follows:

- a. A debit entry equal to recorded allocated administrative costs for the CARE program;
- b. A debit entry equal to the recorded CARE program discounts billed for the month, excluding F&U;
- c. A credit entry equal to the surcharge for the CARE program from the recorded gas PPP surcharge billed for the month, net of actual bad debt write-offs;
- d. A debit entry equal to the surcharge for the CARE program from the gas PPP surcharge funds, net of any refunds to exempt customers, remitted to the State Board of Equalization (BOE) pursuant to AB 1002;
- e. A debit entry equal to surcharge for the CARE program related to the refunds to customers that are exempt from the PPP surcharge under Section 896 of the Public Utilities Code and the California Energy Resources Surcharge Regulation Sections 2315 and 2316;
- f. A debit (or credit) entry for the transfer of funds associated with the CARE – TANF Leveraging Program to (from) the CARE – TANF Subaccount;
- g. A credit entry equal to the surcharge for the CARE program from the reimbursement of the gas PPP surcharge funds, which may include surcharge funds from interstate non-exempt pipeline customers including actual interest earned in the Fund while the funds were in the possession of the State. The amount reimbursed excludes the funds retained by the BOE/Commission to offset their administration costs, the RD&D administrator funds, and any refunds paid by the BOE to customers that are exempt from the surcharge; and
- h. An entry equal to the interest by applying the interest rate to the average of the beginning and ending balances. The interest rate equal to one-twelfth of the 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.

CARE – TANF Program

- a. A debit entry equal to the monthly administrative and general expenses associated with implementing the TANF program;
- b. A debit entry to record payments to third party administrators (e.g. United Way);
- c. A credit (or debit) entry for the transfer of funds associated with the CARE-TANF Leveraging Program from (to) the CARE – Rate Discount Subaccount;

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**PRELIMINARY STATEMENT**

Sheet 3

IV. BALANCING ACCOUNTS

CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) BALANCING ACCOUNT

4. Accounting Treatment (Continued)

CARE – TANF Program

d. 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.

5. Disposition

Pursuant to Commission D.04-08-010, the Utility shall file by October 31 of each year an advice letter requesting to establish the gas PPP rate effective January 1 of the following year consisting of the net amortization component of gas PPP account balances consistent with the Commission's prevailing policy on PPP accounting methods and the Commission's currently authorized program budget revenue requirements for PPP. However, if a current program year budget for the CARE subsidy costs has not been adopted by the Commission, forecasts of expected CARE subsidy based on a reasonable estimate of gas prices (using credible, published source) and CARE customer penetration rates may be used. Any unspent ratepayer funds remaining in the CARE – TANF Subaccount at the conclusion of the program will be returned to ratepayers in connection with the SDG&E annual PPP advice letter filing.

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Advice Ltr. No. 1937-G-A

Decision No. R.10-02-005

Issued by  
**Lee Schavrien**  
Senior Vice President  
Regulatory Affairs

Date Filed Mar 15, 2010

Effective Apr 22, 2010

Resolution No. \_\_\_\_\_



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