



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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Issued by
Lee Schavrien
Senior Vice President
Regulatory Affairs

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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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