

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 13, 2014

**Advice Letter: 3478-G/4435-E**

Brian Cherry  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
P.O. Box 770000  
San Francisco, CA 94177

**SUBJECT: REQUEST AUTHORITY TO USE PG&ES ENERGY EFFICIENCY 2013-2014  
PROGRAM FUNDS TO INCREASE FUNDS AVAILABLE TO THE SAN FRANCISCO  
BAYREN MULTIFAMILY PROGRAM IN 2014**

Dear Mr. Cherry:

Advice Letter 3478-G/4435-E is effective as of today and not later than July 4, 2014.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Director, Energy Division

June 4, 2014

**Advice 3478-G/4435-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject: Request Authority to Use PG&E's Energy Efficiency 2013-2014 Program Funds to Increase Funds Available to the San Francisco Bay Area Regional Energy Network's Multifamily Program in 2014**

Pacific Gas and Electric Company (PG&E) requests authority to use PG&E's Residential Energy Efficiency (EE) program funds to increase the available budget for the San Francisco Bay Area Regional Energy Network's (BayREN) Multifamily Program to fund EE projects completed and paid in 2014.

**Purpose**

This advice letter requests authority to use up to \$3.3 million in funds from PG&E's Residential Program to increase the available budget for BayREN's Multifamily Program for projects that are completed and invoiced to PG&E by BayREN for 2014 installations under the terms agreed to with BayREN, as described below.

**Background**

In Decision (D.) 09-09-047, the California Public Utilities Commission (Commission or CPUC) established fund-shifting rules to provide the investor-owned utilities (IOUs) with a level of flexibility to move funds between and among EE programs to respond to market conditions and customer needs. The rules were later amended by the *Assigned Commissioner Ruling Clarifying Fund Shifting Rules and Reporting Requirements* issued in Rulemaking (R.) 09-11-014 on December 22, 2011 (ACR).<sup>1</sup>

In D.12-11-015, the Commission approved a two-year budget for BayREN, which includes a budget for its Multifamily Program of \$7,293,750. (D.12-11-015, Table 2; D.13-09-046, Table 2.) D.12-11-015 allows the RENs to fund shift between their programs applying the fund-shifting rules in a similar manner as applied to the IOUs. (D.12-11-015, p. 15, see also EE Policy Manual Version 5, p.16.)

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<sup>1</sup> The fund shifting rules are also included in the Energy Efficiency Policy Manual Version 5 (pp.10-11 for IOUs, p.16 for RENs, and Appendix C).

In the *ALJ Ruling Regarding Procedures for Local Government Regional Energy Network Submissions for 2013-2014 and for Community Choice Aggregators to Administer Energy Efficiency Programs*, issued June 20, 2012, in R.09-11-014 (Ordering Paragraph 1), the RENs were instructed to file a Motion requesting to administer EE funds following the same guidance given to the IOUs requesting EE program budgets. BayREN filed its Motion on July 16, 2012. It was considered as part of the consolidated IOUs' application proceeding (A.12-07-001, et al.) and approved in D.12-11-015.

BayREN filed Advice Letter 5-E (BayREN AL), dated May 7, 2014, seeking an EE budget increase of \$3.3 million in 2014, after utilizing its allowable fund-shifting authority. BayREN's request to increase its EE program funding, as filed, would result in a PG&E customer rate increase. PG&E believes filing an advice letter with such an outcome is not permissible under the Public Utilities Code or Commission's Rules of Practice and Procedure, which set forth certain requirements before PG&E can increase customer rates.<sup>2</sup> Because of the statutory requirements associated with utility rate changes, PG&E does not believe that BayREN's advice letter is the correct procedural vehicle for making such a request.

BayREN's request for incremental EE funding outside of a consolidated IOU application proceeding raises issues that were not specifically addressed in D.09-09-047, D.12-11-015, or any of the other guidance documents provided by the Commission to date. BayREN as an EE program administrator is responsible for managing its program budgets and funding requests, within adopted Commission guidelines. An advantage of the program structure administered by the IOUs is the fund-shifting flexibility that allows for increased funding to those partnerships, third parties, and programs that are experiencing significant uptake, and reduced funding to areas that are not, without impacting rates. If BayREN was a partnership program under PG&E's EE portfolio, PG&E could use its fund-shifting flexibility up to allowable limits to accommodate BayREN's request, or PG&E could file an advice letter for authority to shift funds outside of the allowable limits.

In its advice letter, BayREN sought an alternative funding source to meet the demand for its program. In consultation with Energy Division and BayREN, PG&E has agreed to accommodate BayREN's request for additional EE funding, as discussed below, on a one-time exception basis, to provide continuity for BayREN's Multifamily Program and

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<sup>2</sup> For example, Public Utilities Code Section 454 states that a public utility "shall not change any rate...except upon a showing before the commission and a finding by the commission that the new rate is justified." That same section requires the public utility to provide notice to customers of any proposed change in rate. Commission Rule 3.2 sets forth requirements for utility applications for authority to increase rates or to implement changes that would result in increased rates, including the customer notice requirement.

ensure PG&E's multifamily customers can continue to participate in the EE program.<sup>3</sup> PG&E's request will not increase customer rates.

With this agreement, BayREN withdrew its advice letter on May 23, 2014.

Finally, Advice 4427-E is being withdrawn at the same time as this filing at the request of Energy Division.<sup>4</sup>

### **BayREN's Request**

BayREN is seeking additional funds above the amount approved in D.12-11-015. BayREN shifted funds from other BayREN program budgets to allow its Multifamily Program to continue to be available, but states in its advice letter that the program will require an additional \$3.3 million in order to continue service at the current level through 2014. (BayREN AL, p.1.) According to BayREN, it has paid incentives for 356 units (18 projects) out of 5,944 reserved incentives. Another 1,340 units are on a waitlist pending the \$3.3 million budget increase. In addition, BayREN anticipates providing further technical assistance, above and beyond the 24,000 units serviced to date, and above its 2013-2014 filed target of 9,000 units. (BayREN AL, p.4.)

BayREN believes that its remaining portfolio budget is insufficient to cover the required budget increase for its Multifamily program. As such, BayREN has requested a transfer of \$3,300,700 from PG&E's portfolio to the BayREN multifamily program. BayREN notes that, of its 2014 projected budget, approximately 80% of the implementation budget has been spent, and 99% of the incentive budget has been reserved or paid. (BayREN AL, p.5.)

### **PG&E's Request**

To support PG&E's multifamily customers in BayREN's territory, PG&E seeks authority to increase the BayREN Multifamily Program budget using funds from PG&E's Residential Program under the following conditions that were agreed to with BayREN on May 22, 2014:

1. BayREN will be able to access up to \$3,300,700 of PG&E's EE program funds for multifamily customer projects completed by December 31, 2014. The funds will be allocated \$1 million for incentives and \$2,300,700 for non-incentives.
2. PG&E will continue to make advance incentive payments per the terms and conditions of the existing contractual agreement between PG&E and Association of

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<sup>3</sup> PG&E's agreement is consistent with D.12-11-015 (pp.15-16), which states: "We trust that by 2015, current RENs and CCA proponents will have mastered these requirements, but will be somewhat lenient with new applicants... ."

<sup>4</sup> Advice 4427-E was filed on May 28, 2014, but PG&E inadvertently omitted that the advice letter was both a gas and electric matter and should have had a gas and electric advice letter number assigned. It now needs to be withdrawn and replaced with today's filing.

Bay Area Governments (ABAG)<sup>5</sup> for the remainder of BayREN's approved 2013-2014 budget. BayREN may begin to access the \$1 million supplemental incentive funding from PG&E's Residential program under the same terms and conditions once 80% of BayREN's final stage of the existing multifamily program advance incentive budget has been expended (20% remaining). Of the \$1 million supplemental incentive funding from PG&E's Residential program, PG&E will make these funds available to BayREN in two payment installments. The first installment, in the amount of \$500,000, will be made available to BayREN once 80% of BayREN's final stage of the existing multifamily program advance incentive budget has been expended (20% remaining). The second installment in the amount of \$500,000 will be made available to BayREN once 80% of the first \$500,000 installment payment has been expended (20% remaining).

3. PG&E agrees to allow BayREN to access the supplemental non-incentive funds (\$2,300,700) once BayREN has fully spent their 2013-2014 authorized multifamily non-incentive funding. Supplemental payments will be made by PG&E through monthly invoices per the terms and conditions of the existing contractual agreement between PG&E and ABAG. Should any of BayREN's 2013-2014 authorized multifamily incentive funds remain at the end of 2014, and BayREN has accessed any of PG&E's supplemental non-incentive funds, BayREN agrees to reimburse PG&E for the supplemental non-incentive funds expended.
4. All invoices for 2014 paid projects subject to this agreement must be received by PG&E by January 31, 2015.
5. This funding agreement will not apply to 2015, and unused funds will not be available to BayREN to supplement its 2015 Multifamily Program budget. Projects completed after December 31, 2014, will be paid by BayREN from its adopted 2015 EE budget.
6. The terms and conditions of the existing contractual agreement between PG&E and ABAG, dated February 11, 2013, will be revised, as necessary, to reflect this agreement, once this advice letter is approved.

PG&E requests that the BayREN program budget increase will not count toward PG&E's 2014 annual fund-shifting limits. In addition, PG&E requests that BayREN's and PG&E's multifamily unit goals be assessed collectively to recognize the sharing of funds and targets. Further, BayREN's savings will count towards PG&E's service area energy savings goals consistent with D.12-11-015 (p.14).

BayREN requested funds for its Multifamily Program in its request for 2015 EE funding dated March 26, 2014.<sup>6</sup> PG&E's request to increase BayREN's budget with funds from PG&E's Residential Program is a one-time request based on the circumstances described by BayREN and should not be deemed as a precedent for any future budget

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<sup>5</sup> ABAG administers the BayREN program.

<sup>6</sup> *Association of Bay Area Governments Request for 2015 Energy Efficiency Funding, submitted on Behalf of the San Francisco Bay Area Regional Energy Network CPUC #941*, dated March 26, 2014, pp. 15-18.

increases for BayREN. For 2015 and beyond, BayREN should manage its programs within the budget approved by the Commission and consistent with the fundshifting rules approved for the RENs. Alternatively, BayREN can request EE funding under PG&E's portfolio as a government partnership in order to take advantage of the fundshifting flexibility within the larger IOU EE portfolio.

### **Protests**

At the authorization of Energy Division, PG&E is requesting a shortened protest period. Anyone wishing to protest this filing may do so by letter sent via U.S. mail, by facsimile or electronically, any of which must be received no later than June 11, 2014. Protests should be mailed to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest also should be sent via U.S. mail (and by facsimile and electronically, if possible) to PG&E at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

**Effective Date**

PG&E requests that this Tier 2 advice filing become effective on regular notice, July 4, 2014, which is 30 calendar days after the date of filing.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.13-11-005. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>



Vice President, Regulatory Relations

cc: Service List R.13-11-005

# 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. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: Kingsley Cheng

Phone #: (415) 973-5265

E-mail: k2c0@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3478-G/4435-E**

Tier: **2**

Subject of AL: **Request Authority to Use PG&E's Energy Efficiency 2013-2014 Program Funds to Increase Funds Available to the San Francisco Bay Area Regional Energy Network's Multifamily Program in 2014**

Keywords (choose from CPUC listing): Agreements, Energy Efficiency

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

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

Does AL replace a withdrawn or rejected AL? **Yes**

If so, identify the prior AL: **Advice 4427-E**

Summarize differences between the AL and the prior withdrawn or rejected AL: **Advice 4427-E was incorrectly submitted as an electric-only advice letter. PG&E is withdrawing Advice 4427-E and is resubmitting it as a new combined gas and electric advice letter (Advice 3478-G/4435-E) at the same time as this withdrawal letter.**

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: **No**

Confidential information will be made available to those who have executed a nondisclosure agreement: **N/A**

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: **July 4, 2014**

No. of tariff sheets: **N/A**

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: **N/A**

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

Protests, dispositions, and all other correspondence regarding this AL are due no later than 5 business days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

**California Public Utilities Commission**  
**Energy Division**  
**EDTariffUnit**  
**505 Van Ness Ave., 4<sup>th</sup> Flr.**  
**San Francisco, CA 94102**  
**E-mail: EDTariffUnit@cpuc.ca.gov**

**Pacific Gas and Electric Company**  
**Attn: Brian K. Cherry**  
**Vice President, Regulatory Relations**  
**77 Beale Street, Mail Code B10C**  
**P.O. Box 770000**  
**San Francisco, CA 94177**  
**E-mail: PGETariffs@pge.com**

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

AT&T	Douglass & Liddell	Occidental Energy Marketing, Inc.
Alcantar & Kahl LLP	Downey & Brand	OnGrid Solar
Anderson & Poole	Ellison Schneider & Harris LLP	Pacific Gas and Electric Company
BART	G. A. Krause & Assoc.	Praxair
Barkovich & Yap, Inc.	GenOn Energy Inc.	Regulatory & Cogeneration Service, Inc.
Bartle Wells Associates	GenOn Energy, Inc.	SCD Energy Solutions
Braun Blaising McLaughlin, P.C.	Goodin, MacBride, Squeri, Schlotz & Ritchie	SCE
California Cotton Ginners & Growers Assn	Green Power Institute	SDG&E and SoCalGas
California Energy Commission	Hanna & Morton	SPURR
California Public Utilities Commission	In House Energy	San Francisco Public Utilities Commission
California State Association of Counties	International Power Technology	Seattle City Light
Calpine	Intestate Gas Services, Inc.	Sempra Utilities
Casner, Steve	K&L Gates LLP	SoCalGas
Cenergy Power	Kelly Group	Southern California Edison Company
Center for Biological Diversity	Linde	Spark Energy
City of Palo Alto	Los Angeles County Integrated Waste Management Task Force	Sun Light & Power
City of San Jose	Los Angeles Dept of Water & Power	Sunshine Design
Clean Power	MRW & Associates	Tecogen, Inc.
Coast Economic Consulting	Manatt Phelps Phillips	Tiger Natural Gas, Inc.
Commercial Energy	Marin Energy Authority	TransCanada
Cool Earth Solar, Inc.	McKenna Long & Aldridge LLP	Utility Cost Management
County of Tehama - Department of Public Works	McKenzie & Associates	Utility Power Solutions
Crossborder Energy	Modesto Irrigation District	Utility Specialists
Davis Wright Tremaine LLP	Morgan Stanley	Verizon
Day Carter Murphy	NLine Energy, Inc.	Water and Energy Consulting
Defense Energy Support Center	NRG Solar	Wellhead Electric Company
Dept of General Services	Nexant, Inc.	Western Manufactured Housing Communities Association (WMA)
Division of Ratepayer Advocates	North America Power Partners	