

September 3, 2002

Advice 2409-G/2280-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Request for Approval to Shift Unspent, Uncommitted Energy Efficiency Funds to Continue 2002 Low-Income Energy Efficiency Programs

Purpose

Pacific Gas and Electric Company (PG&E) hereby requests approval to shift a total of \$10 million in unspent, uncommitted energy efficiency funds to Low-Income Energy Efficiency (LIEE) programs to fund the continuation of the 2002 activities. This \$10 million includes \$4.3 million from the pre-1998 Demand-Side Management (DSM) Program fund, \$2.7 million from the Summer 2000 Energy Efficiency Initiative Program fund, \$2.0 million from the pre-2001 Standard Performance Contract fund, and \$1.0 million from the 2001 Market Assessment & Evaluation fund.¹

PG&E respectfully requests that the Commission expedite the review process and shorten the notice period for this advice letter. The utilization of unspent energy efficiency funds will allow PG&E to continue to install LIEE weatherization measures to low-income customers and maintain the LIEE weatherization contractors' infrastructure through the end of 2002.

Background

Consistent with the Commission's goal of rapidly deploying energy efficiency measures for low-income customers, PG&E and its contractors quickly signed up customers for the LIEE program. As a result, by the end of July 2002, PG&E's 2002 LIEE budget was fully committed, and the full amount of program funding was either spent or promised to help low-income families. This means that more low-income customers will receive earlier reductions in their energy bills than had the funds been committed more slowly. Because the program goals had been completely fulfilled, and the program funding fully committed, effective August 1,

¹ These amounts represent estimates due to the fluctuation of committed funds over time. In addition, these figures are net of a contingency reserve.

2002, PG&E suspended any new 2002 LIEE enrollment (weatherization work will be completed on the homes already started).

On August 5, 2002, the Low Income Service Providers Alliance (Alliance) filed an Emergency Motion to continue PG&E's LIEE programs.

In response to the Alliance's Motion, on August 20, 2002, Assigned Commissioner Wood issued an Assigned Commissioner's Ruling (ACR) (Rulemaking 01-08-027) directing PG&E to continue the rapid deployment measures for its LIEE programs until further Commission order, but did not address funding for continuation of the program.

In its August 28, 2002, response to the ACR, PG&E recommended a \$10 million infrastructure management plan to enable the Energy Partners' contractors to install even more weatherization measures – beyond the original goals – through the rest of the year. The additional \$10 million in funding is a 17% increase from PG&E's original 2002 LIEE budget. PG&E also noted that Public Utilities Code Section 382 makes it mandatory that the Commission allocate funds for the LIEE program. If the Commission desires services that are in addition to the authorized level, it must make additional funding available.

This advice letter would implement PG&E's preferred method of funding up to a spending limit of \$10 million to enable the Energy Partners contractors to maintain their infrastructure until the 2003 program begins. Specifically, approval of this advice letter would transfer unspent, uncommitted energy efficiency dollars to fund PG&E's proposed LIEE infrastructure management plan.

PG&E has reviewed its other energy efficiency balancing accounts and as of now, these accounts include \$10 million of unspent, uncommitted funds. \$4.3 million is in the pre-1998 Demand-Side Management balancing account, which was set aside to ensure there were adequate funds left over from pre-1998, pre-AB 1890 programs to pay program commitments and costs that remained in the future.² There is also \$5.7 million of unspent, uncommitted dollars in the energy efficiency balancing account remaining from: 1) the Summer 2000 Energy Efficiency Initiative program; 2) commitments in the Standard Performance Contract

² As commitments have been realized, funds in excess of remaining commitments have become available in that account, and the Commission has designated their use for other programs, including the Commission's Summer 2000 Energy Efficiency Initiative, continuing some energy efficiency programs that would have otherwise been shut down at the end of 2001, and funding for the LIEE rapid deployment effort. Although D. 01-05-033 captured all of the funds in the pre-98 balancing account that could be directly attributed to the LIEE program, there is no reason why the Commission cannot reallocate other additional energy efficiency funds if it chooses to do so.

program that did not become viable projects; and 3) savings realized in the Measurement and Evaluation area.³

The following table summarizes sources of funds for the proposed funding transfer to the LIEE program:

Funding Source	Amount of Funds (\$ millions)
Pre-98 balancing account	\$4.3
Un-used Summer Initiative 2000 funds	\$2.7
Pre-2001 SPC commitments	\$2.0
Market Assessment and Evaluation	\$1.0
Total	\$10.0

Protests

PG&E requests that the notice period for this filing be shortened from 20 days to 10 days pursuant to General Order 96-A, Section IV B-Effective Date and Section XV-Exceptions. Anyone wishing to protest this filing may do so by sending a letter by September 13, 2002, which is 10 days from the date of this filing. Protests should be mailed to:

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

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

Protests also should be sent by e-mail and facsimile to Mr. Jerry Royer, Energy Division, as shown above, and by U.S. mail to Mr. Royer at the above address.

The protest should be sent via both e-mail and facsimile to PG&E on the same date it is mailed or delivered to the Commission at the address shown below.

³ Section 381 of the Public Utilities Code states that funds collected pursuant to that provision must be collected and spent on cost-effective energy efficiency and conservation activities. The LIEE program is certainly an energy efficiency and conservation activity, but it is not cost-effective. However, if the Commission chooses to use these unspent funds for the LIEE program, combined with the remainder of the 2001 energy efficiency programs will still keep the overall portfolio cost-effective. This option would provide sufficient funding for the Energy Partners contractors to be able to maintain the infrastructure necessary to ensure that the 2003 LIEE program will not experience a slow ramp-up.

Pacific Gas and Electric Company
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Effective Date

PG&E respectfully requests that this filing be approved and become effective on **September 16, 2002**, to ensure that the LIEE program can be continued, and the LIEE contractor infrastructure be maintained.

Notice

In accordance with General Order 96-A, Section III, Paragraph G, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the service list for R. 01-08-027. Address changes should be directed to Rose Abao at (415) 973-2218. Advice letter filings can also be accessed electronically at:

http://www.pge.com/customer_services/business/tariffs/

Vice President - Regulatory Relations

cc: Service list – R. 01-08-027