



July 2, 2001

Advice No. 3037
(U 904 G)

Public Utilities Commission of the State of California

Subject: Compliance Filing in Response to D.01-05-033 and ALJ Ruling on Filing Procedures to Implement Assembly Bill (AB) X1 3

Southern California Gas Company (SoCalGas) hereby transmits for filing the following Advice Letter as directed by the California Public Utilities Commission (Commission).

Purpose

The purpose of this filing is to comply with Ordering Paragraph (OP) 8 of Commission Decision (D.) 01-05-033, issued on May 3, 2001 in SoCalGas' Application (A.) 00-11-011 on Rapid Deployment of Low Income Assistance Programs During the Energy Crisis and the June 15, 2001 Administrative Law Judge's (ALJ) Ruling on Filing Procedures to Implement Assembly Bill X1 3.

Background

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

- (1) Authorized CARE 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 Ruling at page 4, PG&E, SDG&E, and SoCalGas are ordered 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, OP 8. Their projections of the CARE rate subsidy cost required under Ordering Paragraph 8 shall include the costs associated with the bill credit."

SoCalGas responds to each of the above issues:

CARE Funding Currently in Rates

SoCalGas is authorized to collect \$27,507,123 in rates per BCAP Decision 00-04-060 and Application 00-11-011, dated November 6, 2000, and Errata to Application 00-11-011, dated November 20, 2000. However, Resolution G-3303, which implemented AB 1002, established a gas tax surcharge to fund the utilities gas public purpose programs. Effective January 1, 2001, SoCalGas collects these funds from customers and remits to the State Board of Equalization (BOE) on a quarterly basis, who deposits the funds in the Gas Consumption Surcharge Fund with the State Treasurer. The gas utilities are continuing to wait for the Commission to establish a proceeding to determine the mechanism by which the utilities will be reimbursed from the Gas Consumption Surcharge Fund to fund the gas public purpose programs.

Table 1 – Funding Currently in Rates

Program Benefits	\$25,150,000
Admin. Costs	\$2,357,123
Sub-Total/Program Costs	\$27,507,123
Bal. Acct. Amortization	\$18,634,000
Total Costs	\$46,141,123

SoCalGas balancing account at year-end 2000 was amortized as an \$18 million **over** collection in rates. Due to the increased participation (and corresponding increase in subsidies) during the beginning of 2001, the balancing account was under collected by \$15 million as of month-end May 2001.

CARE Expenses

Table 2 provides the actual CARE expenses to date, broken down by administrative costs, outreach, subsidies/credits.

Table 2 - CARE Expenditures through May 31, 2001

Administration	\$499,671
Outreach	\$461,035
Subsidies	\$19,237,272
Total	\$20,197,978

CARE Rate Subsidy Projections

Table 3 provides the estimated projections for the CARE rate subsidy costs over the next 12 months, including the projections of new enrollments.

Table 3 - Projection of the CARE Rate Subsidy Costs through May 31, 2002

Month	Projected New Enrollments	Projected Rate Subsidy
June 2001	19,963	\$3,729,137
July 2001	20,612	\$3,850,336
August 2001	18,138	\$3,956,987
September 2001	18,376	\$4,065,038
October 2001	17,966	\$4,170,678
November 2001	17,566	\$4,273,966
December 2001	17,174	\$4,374,949
January 2002	16,791	\$4,473,680
February 2002	16,417	\$4,570,212
March 2002	16,051	\$4,664,592
April 2002	15,693	\$4,756,867
May 2002	15,343	\$4,847,084

Proposals For Use Of SBX1 5 CARE Funds

In summary, SoCalGas is proposing to use the SBX1 5 CARE funds it is ultimately allocated for the following activities: (1) to offset the additional CARE subsidy costs created by the incremental increase in CARE eligible customers due to increased income eligibility and discount rate, (2) paying down CARE customers past due bills, and (3) offset expenses associated with the one-time gas credit to CARE customers pursuant to ABX1 3. Funds not expended, associated with the projected estimates for customers past due bills and one-time credit, would be used to augment the subsidy relief. A summary of the SBX1 5 funding proposals is included in Table 4.

Table 4 – Summary of SBX1 5 Funding Proposals

Projected Rate Subsidy/New Enrollments	\$17,060,117
Projected AB3X One-Time Credits	\$2,531,458
Projected Arrearages	\$1,658,425
Total	\$21,250,000

Relief from Increased CARE Rate Subsidy Costs

SoCalGas is proposing to use \$17 million of the funding to help to alleviate its increased subsidy expenses associated with the recent expansion of the CARE income guidelines, the increased discount from 15% to 20%, and the inherent increased CARE enrollments. Currently SoCalGas is only authorized to collect a subsidy to match the 15% CARE discount in rates. The Commission recognizes in D.01-06-010 at page 13 that it does not address the ratemaking impacts of its decision but suggests these issues will be addressed in other proceedings. They note, 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." SoCalGas is proposing to use this legislative funding in the interim to forestall the need to increase

the subsidy to non-participating customers from whom these costs will be captured from in the near future. As of May 2001, SoCalGas was under collected by \$15 million, in rates, due to significant increases in participation.

A table showing the estimated potential rate impact to the subsidizing customers, to implement both the increased eligibility criteria and discount, is incorporated herein as Attachment B. Based on projections, the surcharge could potentially increase from 0.186 cents per therm to 1.144 cents per therm when rate adjustments are required for January 2002. The potential savings, utilizing this allocation as an offset to increased rates, would be 0.373 cents per therm. Offsetting this substantial increase, with SBX1 5 funds, will help to minimize the substantial increase being placed on those residential and commercial customers not eligible to participate in the program, but who also struggle with the increases to their energy burden.

Assistance For Customers' Past Due Bills

SoCalGas is proposing to spend \$1.6 million of the funding to assist its CARE customers in paying down their energy bills. As of June 26, 2001 there were slightly over 50 thousand active CARE customers with bills past due from 60 to over 90 days totaling \$1,658,425. Of these, 38,828 customers had past due bills over 60 days totaling \$1,222,610, and 11,196 customers had past due bills over 90 days totaling \$435,815.

These CARE customers with past due bills are subject to having their services disconnected if payment arrangements cannot be met. By reducing the customers' past due amounts to a manageable level, SoCalGas believes it is complying with the intent of the SBX1 5 to provide immediate assistance to low-income customers and to "increase and supplement CARE discounts" (SBX1 5 Section 5(a)(2)). Providing customers 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.

One-Time Gas Credit Per ABX1 3

SoCalGas is proposing to use \$2.5 million of the SBX1 5 funds to offset a one-time gas credit to the CARE customers pursuant to provisions of ABX 3. SoCalGas is proposing to provide a one-time credit of \$40.35 for each residential customer and \$311.45 for the non-residential CARE customer (such as homeless and women's shelters and hospices). The credit projections are based on average monthly discounts for CARE customers from October 2000 through March 2001. This credit will help offset the high energy burden experienced during this last winter heating season. SoCalGas is projecting approximately 13,920 customers and 1 non-residential customer per month will benefit from the credit. Table 5 provides the projection for estimated impact associated with the one-time credit.

Table 5 – One Time Gas Bill Credit

Average Monthly Discount Per Residential CARE Customer							
Per Zone	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Total
Climate Zone 1	\$3.40	\$4.83	\$6.56	\$7.94	\$8.17	\$7.83	\$38.72
Climate Zone 2	\$3.85	\$6.69	\$10.15	\$12.59	\$11.33	\$9.71	\$54.32
Climate Zone 3	\$6.13	\$13.55	\$14.83	\$15.84	\$14.17	\$22.20	\$86.71
Total Avg.	\$3.45	\$5.03	\$6.92	\$8.41	\$8.49	\$8.05	\$40.35

Average Monthly Discount Per CARE Non-Profit Group Living Facility							
	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Total
Climate Zone 1	\$26.58	\$38.15	\$64.52	\$58.39	\$68.84	\$65.73	\$322.21
Climate Zone 2	\$13.63	\$24.71	\$40.50	\$48.81	\$46.48	\$42.82	\$216.94
Climate Zone 3	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
All Zones	\$25.27	\$36.79	\$62.11	\$57.42	\$66.53	\$63.33	\$311.45

Customer	Avg. Cust/Mo.	Avg. Disc/Mo.	# Months	Total
Residential	13,920	\$40.35	4.5	\$2,527,253
Non-Profit Group	3	\$311.45	4.5	\$4,205
			Total	\$2,531,458

Effective Date

SoCalGas respectfully requests that this filing become effective on August 2, 2001. SoCalGas requests that the Commission expedite its review of this filing and shorten the protest period from 20 days to 10 days pursuant to General Order 96-A, Section XV – Exceptions in order for the Commission to expeditiously issue its final decision on the allocation of the SBX1 5 funds.

Protest

Anyone may protest this advice letter to the California Public Utilities 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 electronic mail and facsimile to SoCalGas the same date it is mailed or delivered to the Commission (at the addresses shown below).

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Notice

In accordance with Section III.G of General Order No. 96-A, a copy of this advice letter is being sent to the parties listed on Attachment A, which includes the service lists for A.00-11-011 and R.98-07-037.

LEE SCHAVRIEN
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Attachments

ATTACHMENT A

Advice No. 3037

(See Attached Service Lists)

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ATTACHMENT B

Advice No. 3037

**Summary of CARE Surcharge and Incremental Rate Impact
Due to Changes in CARE Discount Level
and Program Admission Guidelines**

SUMMARY OF CARE SURCHARGE AND INCREMENTAL RATE IMPACT DUE TO CHANGES IN CARE DISCOUNT LEVEL AND PROGRAM ADMISSION GUIDELINES

Program Component (Description)	Authorized / Projected Program Expense					w/ \$17.1 MM Credit			
	CARE (15% Discount w/ 150% PL) Current	2002	2003	CARE w/ 20% Discount 2002	2003	2002	2003		
(1)		(3)	(4)	(5)	(6)	(7a)	(8a)	(9a)	(10a)
1. Adopted CARE Program Costs	\$ 23,242	\$ 23,242	\$ 23,242	\$ 23,242	\$ 23,242	\$ 23,242	\$ 23,242	\$ 23,242	\$ 23,242
2. CARE SEC Credit	1,908	1,908	1,908	1,908	1,908	1,908	1,908	1,908	1,908
3. CARE Administrative Costs	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050
4. CARE Balancing Account	(18,634)	16,096	9,786	21,389	20,626	25,574	33,146	8,370	32,503
5. Total CARE Cost (Rows 1 + 2 + 3 + 4)	8,567	43,297	36,986	48,589	47,826	52,774	60,346	35,570	59,704
6. Nonparticipating Volumes (Mth)	4,614,042	4,614,042	4,614,042	4,614,042	4,614,042	4,614,042	4,614,042	4,614,042	4,614,042
7. CARE Surcharge (¢/ Therm) (Row 5 / Row 6)	0.186	0.938	0.802	1.053	1.037	1.144	1.308	0.771	1.294

Program Component (Description)	w/ Modified Nonparticipating Volumes		w/ \$21MM Credit	
	2002	2003	2002	2003
(11)	(7b)	(8b)	(9b)	(10b)
8. Adopted CARE Program Costs	\$ 23,242	\$ 23,242	\$ 23,242	\$ 23,242
9. CARE SEC Credit	1,908	1,908	1,908	1,908
10. CARE Administrative Costs	2,050	2,050	2,050	2,050
11. CARE Balancing Account	25,574	33,146	8,370	32,503
12. Total CARE Cost (Rows 1 + 2 + 3 + 4)	52,774	60,346	35,570	59,704
13. Nonparticipating Volumes (Mth)	4,554,575	4,520,238	4,554,575	4,520,238
14. CARE Surcharge (¢/ Therm) (Row 5 / Row 6)	1.159	1.335	0.781	1.321

Notes:
 1. Rows 1, 2, 3 and rows 8, 9, 10 reflect CARE Program Costs, SEC Credit and Administrative Costs as adopted per 1999 BCAP Decision D.00-04-060.
 2. The CARE Balancing Account value for 2002 is based on recorded activity for January to May 2001 and forecast activity from June to December 2001. The CARE Balancing Account value for 2003 is based on a January to December 2002 including amortization of the forecast 2001 balance. The 2001 projected balance is amortized over 12 month period.
 3. The CARE Balancing Account reported is exclusive of, and does not reflect adjustments due to remission of payments to the State Board Of Equalization for the California PPP Surcharge. Inclusion of such adjustments of funds from the SBOE may distort the forecast year end balance. It is not known when such funds will be received.
 4. The CARE Balancing Account surcharge revenue for January to December 2001 is calculated using the January 1, 2001 CARE Surcharge of 0.186 ¢/ therm. Surcharge revenue for January to December 2002 is projected January 1, 2002 CARE Surcharge, which utilizes the year-end 2001 CARE Balancing Account value with 12 month amortization. The volumetric discount is calculated using the active Residential Tariff of 40.875¢, the actual monthly SoCalGas WACOG for January to May 2001, and a forecast monthly WACOG for June 2001 to December 2002.
 5. The CARE Balancing Account for columns 7, 8, 9 and 10 (a. and b.) reflect CARE w/ 20% Discount AND an increase in the CARE participation rate due to extended admission guidelines at 175% of the Federal CARE customer growth includes 75% of total qualified customers. For June 2001 to December 2002, the CARE participation rate is calculated on a monthly basis with usage levels, total customer count, and not developed per the Adopted 1999 BCAP Decision D.00-04-060.
 6. Nonparticipating Volumes are based on the CARE Participation Rate per the Adopted 1999 BCAP Decision. The nonparticipating volumes for columns 7b, 8b, 9b and 10b are modified to reflect the December 2002 projected nonparticipating volumes due to growth in CARE participation with the admission guideline at 175% of Federal Poverty Level.
 7. Columns 9 and 10 reflect CARE w/ 20% Discount & 75% Participation at 175% of the Federal Poverty Level, including the ABIX3 one-time CARE program credit estimated at approximately \$17.06 MM. For purpose the credit is applied to the CARE Balancing Account in October 2001.