

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-4251
September 10, 2009

R E S O L U T I O N

Resolution E-4251. San Diego Gas and Electric requests to increase funding for its charitable Neighbor-to-Neighbor (NTN) Customer Assistance Program. Also, Southern California Gas Company requests to increase funding for its charitable Gas Assistance Fund (GAF) Customer Assistance Program.

PROPOSED OUTCOME: (1) approves SDG&E's request to transfer \$1 million from its over-collected Rate Design Settlement Account and \$0.3 million from its over-collected Post-2005 Gas Energy Efficiency Balancing Account to augment NTN program; (2) approves SoCalGas request to transfer \$3 million from its over-collected Self Generation Program Memorandum Account to augment its GAF program. ESTIMATED COST: none

By SDG&E Advice Letter 2065-E/1842-G filed on Feb. 20, 2009 and
SoCalGas Advice Letter 3963-G filed on Feb. 20, 2009.

Approved.

SUMMARY

On February 20, 2009, SDG&E and SoCalGas (the Joint Utilities) submitted advice letter filings seeking Commission authorization to transfer funds from their over-collected balancing accounts; the Rate Design Settlement Component Balancing account (RDSBA), the Post-2005 Gas Energy Efficiency Balancing Account (PGEEBA), and the Self Generation Program Memorandum Account (SGPMA) to increase funding for their charitable Neighbor-to-Neighbor (NTN) and Gas Assistance Fund (GAF) programs. The NTN and GAF funds help pay electric and gas bills of customers experiencing temporary financial hardship. These programs are funded by shareholders, utilities' employees and voluntary contributions from ratepayers.

This resolution approves the Joint Utilities' requests to transfer funds and also adopts the reporting requirements recommended by The Utility Reform Network (TURN).

BACKGROUND

As a result of current economic conditions, Joint Utilities claim they are experiencing an increase in calls from customers requesting bill payment assistance. Presently, unemployment rates in California have risen to the level of approximately 11%. SDG&E and SoCalGas claim that their customers are experiencing difficulties paying their electric and gas bills. In an effort to respond expeditiously to customers' concerns in this economic climate and to provide temporary relief to those customers in urgent need of assistance, SDG&E and SoCalGas are seeking authorization to increase the funds currently available for their NTN and GAF programs respectively.

Initially, the Joint Utilities launched NTN and GAF programs in 1982/1983 to help customers respond to the financial emergencies created by rising utility bills. The programs were then funded by the shareholders.

Currently, the GAF program is funded and sustained by contributions from shareholders, utility employees, and voluntary contributions from ratepayers. Prior to 2006, the NTN program was also funded and sustained by contributions from shareholders, utility employees, and voluntary contributions from ratepayers. However, in an effort to assist customers following a 2006 heat storm, the NTN was infused by a one-time transfer of \$1 million in ratepayer

overcollections. Both programs are instituted by utilities to provide emergency assistance to customers facing extreme financial hardship. Only after all other resources such as other state or federal assistance programs have been exhausted, the Joint Utilities provide NTN and GAF funds to customers on a case by case basis in order to prevent imminent shut off of their electric and gas services. Since its inception, SDG&E's NTN program has assisted approximately 11,000 households and SoCalGas's GAF program has assisted approximately 64,000 households. These programs are administered by the United Way through many local community based organizations (CBOs). These programs are need-based, with the funds primarily going to utilities' CARE recipients who can not afford to pay their electric or gas bills.

Currently, SDG&E has an over-collection in its Rate Design Settlement Balancing Account (RDSBA) and its Post-2005 Gas Energy Efficiency Balancing Account (PGEEBA). SoCalGas has an over-collection in its Self Generation Program Memorandum Account (SGPMA). The RDSBA account is applicable to all CARE and NON-CARE residential customer classes with usage above 130% of baseline usage. The PGEEBA account is applicable to all non low-income energy efficiency customers' classes. The SGPMA account is applicable to all non low-income gas customers' classes.

The Joint Utilities request to transfer funds from these over-collected accounts to augment the NTN and GAF programs.

The Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN) protest these advice letters primarily on the grounds that since NTN and

GAF are not Commission mandated programs, the joint utilities' shareholders should be required to match ratepayer contributions dollar for dollar. The protestants also request that there should be more accountability for ratepayer funds.

The SDG&E and SoCalGas requests are summarized in detail below.

- **SDG&E**

SDG&E requests approval to transfer \$1 million from its Rate Design Settlement Component balancing account (RDSBA) to the NTN program. The Company also requests to transfer \$300,000 from its Post-2005 Gas Energy Efficiency Balancing Account (PGEEBA) to the NTN program. SDG&E claims that the total of \$1.3 million could be made available to provide assistance to more customers who are experiencing difficulty paying their gas and electric bills in the current economic crisis. The balance in the RDSBA account currently is an overcollection which SDG&E feels can be used to provide additional funds to the NTN program. Similarly, SDG&E's PGEEBA has an over-collection from 2008. Any Unspent funds currently available for NTN funding will be applied first before additional funding is utilized.

In 2007 and 2008, the total assistance provided through the NTN program was \$398,393 and \$376,078, respectively.

Similar to the electric NTN funds that are recorded in a sub-account in EDFCA account, SDG&E proposes to record gas-related NTN funds in a sub-account in the gas Core Fixed Cost Account (CFCA).

Under the current NTN program, qualified customers in need of assistance will be eligible to receive up to \$200 to help subsidize their unpaid gas and electric bills. Customers may qualify for payment based on factors such as unusually high energy consumption due to life support equipment. SDG&E communicates this program to customers through its website postings as well as through its customer assistance program.

Unless directed by the Commission otherwise, SDG&E plans to address the disposition of the any excess amount balances in NTN accounts in its annual regulatory account update filing when the utility's rates are revised.

- **SoCalGas**

SoCalGas requests approval to transfer from its overcollected account, Self Generation Program Memorandum Account (SGPMA) a total of \$3 million, to provide additional funds for the GAF to assist customers who are experiencing financial hardships. The balance in the SGPMA currently is an overcollection which SoCalGas feels can be used to provide additional funds to the GAF. The overcollected revenues from the SGPMA will be transferred to a newly created subaccount within SoCalGas' Core Fixed Cost Account (CFCA) to offset any funds actually used in providing assistance to customers in paying their bills under the GAF Program.

The GAF program is one of several assistance programs offered by SoCalGas, such as the California Alternate Rates for Energy (CARE) program, Medical Baseline program and the Low Income Energy Efficiency program. Under the

proposed GAF program, qualified customers in need of assistance will be eligible to receive up to \$100 to subsidize their unpaid gas bills.

Unless directed by the Commission otherwise, SoCalGas will address the disposition of any excess amount balance in the GAF subaccount in connection with its annual regulatory account update filing wherein the utility's rates are revised.

NOTICE

Notices of SDG&E Advice Letter 2065-E/1842-G and SoCalGas Advice Letter 3963 were made by publication in the Commission's Daily Calendar. SDG&E and SoCalGas state that a copy of the Advice Letters was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

PROTESTS

SDG&E Advice Letter 2065-E/1842-G and SoCalGas Advice Letter 3963 were timely protested by the Division of Ratepayer Advocates (DRA) and The Utility Reform Network (TURN). The Joint Utilities responded to the protests on March 19, 2009. The DRA and TURN protests and the Joint Utilities response are as follows:

- **DRA**

DRA protested the Joint Utilities' proposals as follows:

First, DRA claims that the proposed shareholder contributions are highly inequitable

DRA states that the Joint Utilities' shareholder contribution of \$500,000 against ratepayers' contribution of \$4.3 million is inequitable. DRA claims that ratepayers

have already contributed \$60 million and \$140 million to SDG&E and SoCalGas' CARE (California Alternate Rates for Energy) and FERA (Family Energy Rate Assistance) programs in 2008. In addition DRA believes that SoCalGas does not indicate whether it intends to use the shareholder contribution prior to using any transferred ratepayer funds. Asking ratepayers to contribute only to the extent that shareholders are willing to contribute is only appropriate under these circumstances, DRA alleges.

Second, DRA alleges that both NTN and GAF programs are advertised as corporate charitable assistance programs and operate without regulatory oversight

DRA asserts that the NTN and GAF programs of the Joint Utilities are corporate charitable assistance programs and are promoted as such in its marketing materials. But, with the higher contribution of the ratepayers, the programs look more like ratepayer funded programs and therefore need oversight to ensure accountability for the use of the these funds.

Third, DRA alleges that the Joint Utilities have a financial interest in reducing the uncollectables from disconnections due to non-payment of bills

By contributing more to the NTN and GAF programs the shareholders have a financial interest in reducing the uncollectibles that stem from disconnection for non-payment of bills, DRA claims. A greater shareholder contribution upfront to GAF and NTN is a wiser and more beneficial strategy than risking losses that may happen to unwitting customers as the economy continues to deteriorate.

Fourth, DRA claims that SDG&E turns for funding to the very same group of customers that may need assistance

DRA states that the over-collection in these accounts would normally be returned to both low income and non-low income ratepayers, thus reducing their bills and reducing economic hardship. DRA believes that in the case of SDG&E, contributions to the NTN program should come from a broad spectrum of customers such as residential, commercial, industrial etc., and not from residential customers alone. What would tip the scales in favor of SDG&E's proposal for DRA is if the shareholders matched the ratepayer contribution. To alleviate these concerns, DRA recommends that the shareholders match the ratepayer contributions, submit quarterly reports on disbursement of these funds, attribute ratepayers as an equal partner in the program and finally find other approaches such as Arrearages Forgiveness programs to relieve hardship to customers in extreme financial need.

- **TURN**

Most of TURN' concerns are the same as that of DRA. TURN in general is supportive of increased funding for emergency financial assistance as proposed by the Joint Utilities. However, it would like to see the approval of requested funds based on the willingness of the shareholders to match dollar- for- dollar any ratepayer contributions, up to a limit of \$1.3 million for SDG&E and \$3.0 million for SoCalGas. TURN believes that NTN serves a critical role in preventing shutoffs, especially as economic conditions worsen in Southern California. Ratepayer funding of NTN is appropriate under the circumstances TURN believes, but only if Joint Utilities' shareholders make a comparable commitment to NTN. TURN recommends that the Commission should

condition its approval of these advice letters on Joint Utilities matching the transfer of ratepayer funds with contribution of shareholder funds. In addition, the Commission should direct the Joint Utilities to: (a) record any transfer of funds from the balancing accounts as transfers and not expenditures (b) condition the approval of these advice letters on Joint Utilities' willingness to match the transfer of ratepayer funds with shareholder funds, (c) use shareholder contributions before using any ratepayer funds, and (d) provide quarterly reports on total distributions from NTN and GAF, separated into non-ratepayer and ratepayer-funded distributions.

Joint Utilities Response

The Joint Utilities disagree with the Protestants' position that, as a condition of approval, the Joint Utilities should be willing to match dollar-for-dollar ratepayer contributions with shareholder contributions. The Joint Utilities believe that since the NTN and GAF programs are utility customer assistance programs like other customer assistance programs¹, the major funding for these programs should come from ratepayer funds. Also, in Resolution E-4030, passed on October 5, 2006, the Commission had previously approved a one-time transfer of \$1 million in ratepayer funds to the NTN program. The Joint Utilities claim that this request is similar to the previously approved request with respect to the transfer of funds and funding amounts.

¹ Examples of mandated programs such as California Alternate Rates for Energy (CARE) and Direct Assistance Program (DAP) for SoCalGas

According to the Joint Utilities, funds are currently available in over-collected accounts RDSCA, PGEEBA, and SGPMA and the opportunity exists for the Commission to utilize these funds NOW to directly help the customers in financial need. Typically, funds overcollected in these accounts would be returned to ratepayers through year-end rate adjustments.

The Joint Utilities further state that the voluntary shareholder contributions should not be expanded as suggested by the Protestants. Commission decision D.08-07-046 clearly states that “ Any action by SDG&E and SoCalGas involving shareholder money can only be a voluntary act of good corporate citizenship and social responsibility” (p.74), the Joint Utilities claim. Prior Commission decisions affirm, the Joint Utilities point out, that the Commission does not have jurisdiction to order a change in utilities’ charitable donation practices (D.06-05-016).

The Joint Utilities do not object to the Protestants’ recommendation for reporting requirements deemed necessary by the Commission. The Joint Utilities also agree that dollars for the NTN and GAF programs will first be drawn from existing balances, followed by new shareholder contributions, followed lastly by any new transfers from over-collected ratepayer fund balances.

DISCUSSION

We have reviewed the Joint Utilities’ Advice Letters requesting Commission authorization to transfer funds from overcollected balancing accounts to increase funds in its charitable programs; Neighbor-to-Neighbor (NTN) and Gas Assistance Fund (GAF) respectively.

The joint Utilities are experiencing an increase in calls from customers requesting bill payment assistance. We note that the current unemployment rate in California is approaching 11% and with an economic downturn, some customers will not be able to pay their utility bills. In anticipation of worsening conditions, SDG&E and SoCalGas request to increase funding in their NTN and GAS programs respectively. They plan to match dollar for dollar ratepayer funds with shareholder funds up to an amount of \$150,000 for SDG&E and \$300,000 for SoCalGas.

We have reviewed the protests of DRA and TURN and discuss their major objections below:

First, although we cannot legally compel shareholders to contribute more than what they would be voluntarily willing to contribute², we agree with the general thrust of the DRA's and TURN's comments regarding the desirability of an expanded role for shareholder funding. We believe that DRA has made a reasonable case that shareholders do materially benefit through the reduction in undercollections these assistance programs provide, and furthermore, through expansion of these programs and shareholder contributions thereto, the utilities gain significant goodwill benefits. In light of this, while we do not order shareholders to match dollar for dollar the amount of funds transferred, we strongly encourage the utilities to increase the level of shareholder matching to at

² D.08-07-046 "Any action by SDG&E and SoCalGas involving shareholder money can only be a voluntary act of good corporate citizenship and social responsibility" (P.74)

least twenty cents for every dollar of ratepayer monies transferred. This is a minimum and we urge the Joint Utilities to increase their funding generously and share the burden with ratepayers in helping the most vulnerable segments of the population during these hard times.

Second, we agree with DRA and TURN to increase Commission oversight of these ratepayer funds and ask the Joint Utilities to submit disbursement of these funds in a report to be submitted along with the annual LIEE and CARE reports to the Commission. We would also require that the Joint Utilities give credit to the ratepayers' contributions toward these programs in all its promotional and marketing materials related to the NTN and GAF programs.

Third, we believe that the shareholders have a financial interest in reducing uncollectibles by contributing more to these charitable programs. As mentioned above, we do not have the authority to require certain amounts of shareholder contributions in any case. However, as described above, we prefer that the transfer of funds from the over-collected accounts identified herein be accompanied by shareholder matching of at least twenty cents for every dollar transferred.

Fourth, we agree with DRA that normally the excess funds in RDSBA, PGEEBA and PGEEBA accounts would be returned to both low-income and non low-income residential customers. And, it might reduce hardship to a very limited extent for the low-income customers since a large proportion of the funds would be returned to non low-income customers. However, both NTN and GAF charitable programs are specifically meant to help customers in extreme financial

hardship and who can't pay their utility bills and are at the verge of termination of their utility services. Essentially, the type of customer for which NTN and GAF programs were designed to help, has gone below the low-income category. Under similar circumstances the Commission previously has authorized transfer of funds from overcollected balancing accounts for the NTN program during the heat storm of 2006.

During that time SDG&E provided \$250,000 of its shareholder funds and the Commission authorized to transfer \$1,000,000 from over-collected funds in Electric Distribution Fixed Cost Account (EDFCA). The Commission stated that these funds would assure a wider coverage to those at risk for service termination. The Commission further stated that: "Unspent funds shall not be returned to the EDFCA account at the end of the year. Instead, unspent amounts shall remain in the fund for use by customers risking service termination in subsequent years until SDG&E files its next general rate case (following its 2008 GRC).³"

We agree with the joint utilities that through generous donations of shareholders, employees, and customers, both programs have served customers in times of extreme hardship. However, we do not agree with the Joint Utilities' statement that ratepayers should be the major source of funding for these programs. We remind the joint utilities that this authorization of ratepayer funds is a one-time transfer in response to a particular set of circumstances, similar to the one-time transfer in response to the heat storm of 2006. As DRA and TURN stated, the

³ Resolution E-4030

Commission has established several customer assistance programs funded by ratepayers to provide significant and ongoing assistance to customers in need. We discourage continued request for ratepayer overcollections to sustain NTN and GAF. Instead, we encourage the joint utilities to fundraise in a manner more appropriate to a private charitable organization, such as SCE's creative solicitation of donations described in SCE's Advice Letter 2324-E.

We require the Joint Utilities to continue the same rate-making treatment of the funds transferred in these advice filings as was previously accorded to the funds transferred and adopted in Commission resolution E-4030. We agree with TURN that these programs serve a critical role in preventing shutoffs, especially as economic conditions worsen in Southern California and that Ratepayer funding of NTN and GAF is appropriate under the circumstances.

We recognize the worsening economic conditions of California and the necessity of maintaining essential utility services to some customers facing extreme financial hardship. We will authorize this funding only to alleviate temporary hardship during these difficult times. However; we want to emphasize that these funds are authorized on a one time only basis, and the authorization of these funds is not intended to set any future precedent for this or any other similar program.

We agree with DRA and TURN that with increased customer funding, these programs should require increased oversight and accountability. We will require

the Joint Utilities to submit the following information in a separate report to be filed along with the annual CARE/LIEE reports:

- NTN and GAF distributions, separated by shareholder funded and ratepayer funded distributions
- Left-over funds from previously authorized ratepayer contributions
- A breakdown of funds segregated between administrative and direct assistance expenditures
- A breakdown of distributed funds between CARE and non-CARE recipients

We also require the Joint Utilities to use the shareholder and other previously authorized funds prior to using any ratepayer funds transferred from balancing accounts as approved in this resolution.

The draft resolution conditioned transfer of ratepayer funds to support the NTN and GAF programs on a specific level of shareholder matching. The Joint Utilities objected to this, arguing that this condition runs contrary to statements elsewhere in the draft resolution regarding the limitations of the Commission's authority to require shareholder contributions. The Joint Utilities also argue that such a condition was not required under Resolution E-4030 which approved SDG&E's proposal to transfer over-collected funds in the Electric Distribution Fixed Cost Account (EDFCA) to the NTN program. We disagree with the implication of the Joint Utilities' comments that conditioning transfer of ratepayer funds on a specific level of shareholder matching runs afoul of Commission authority.

Under the conditional requirement proposed, shareholders could elect to provide whatever level they deemed appropriate, including nothing if they so chose. We also disagree with the precedential value the Joint Utilities ascribe to E-4030. In E-

4030 we authorized \$1,000,000 of ratepayer funding to support the NTN program on top of shareholder contributions of \$250,000. This effectively represents a shareholder matching rate of twenty-five cents for every dollar of ratepayer funds, a number far higher than the level the Joint Utilities offered here. These arguments notwithstanding, we remove the conditional requirement on the transfer of ratepayer funds in light of the statements of the Joint Utilities in comments in which they indicate they are “willing to increase shareholder contribution over and above the \$500,000 originally proposed in the ALs.” We take this statement at face value and anticipate that Joint Utilities’ shareholder contributions to NTN and GAF will be increased to better reflect these programs’ descriptions as “funded by shareholders, utilities’ employees and voluntary contributions from ratepayers. Therefore we do not believe the conditional requirement is necessary.

COMMENTS

Public Utilities Code section 311(g) (1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g) (2) provides that this 30 day period may be reduced or waived upon the stipulation of all parties in the proceeding. The 30 day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments. The parties submitted comments on August 6 and the reply comments were submitted by the Joint Utilities on August 11. This resolution will be placed on the Commission’s meeting agenda of August 20, 2009.

FINDINGS

1. SDG&E filed AL 2065-E/1842-G on February 20, 2009 requesting to increase funding for its Neighbor-to-Neighbor (NTN) Customer Assistance Program.
2. SDG&E proposes to transfer \$0.3 million and \$1.0 million from its electric Rate Design Settlement Account (RDSBA) and Post-2005 Gas Energy Efficiency Balancing Account (PGEEBA) respectively to increase its NTN program.
3. SoCalGas filed AL 3963 on February 20, 2009 requesting to increase funding for its Gas Assistance Fund (GAF).
4. SoCalGas proposes to transfer a total of \$3 million from Self Generation Memorandum Account (SGPMA) to increase its GAF program.
5. Both NTN and GAF are charitable programs and have been funded by shareholder, employees and customers in the past.
6. For the year 2009, the Joint Utilities will contribute to these programs a total of \$500,000 from the shareholder funds.
7. Both of these programs are administered under the Joint Utilities' oversight by third party non-profit entities and provide assistance to customers experiencing temporary financial hardship and under extreme circumstances prior to disconnection of their utility services.
8. California is facing extremely difficult economic and unemployment conditions. Its unemployment rate is increasing and currently approaching 11%. The funds transferred under this resolution are meant to only address these extra ordinary circumstances.

9. The funds transferred under this resolution are not meant to set any precedent for future funding of this or other similar programs.
10. NTN and GAF program funds would reduce hardship for the most vulnerable segments of the population and should be augmented as proposed.
11. The NTN and GAF programs can help reduce undercollections that would otherwise be incurred.
12. The NTN and GAF programs may benefit shareholders through the goodwill these programs generate.
13. In light of the benefits to shareholders and the charitable characterization of these programs, a greater level of shareholder contribution than what the Joint Utilities proposed in their advice letters is desirable.
14. The Commission has previously authorized, under similar circumstances the one-time transfer of funds from its over-collected accounts to augment funding for SDG&E's NTN program.
15. With increased contributions of the ratepayers to these programs, there should to be more accountability of disbursement of these funds.

THEREFORE IT IS ORDERED THAT:

1. The SoCalGas' advice letter 3963 requesting authorization to transfer \$3 million from its Self Generation Program Memorandum Account to make additional funds available for its GAF program is approved. SoCalGas may transfer up to \$3 million from its Self Generation Program Memorandum Account, with the actual amount transferred depending on the level of shareholder funds provided as described here. We strongly

encourage SoCalGas to match the ratepayer funding approved herein with shareholder contributions of at least twenty cents for every dollar provided by ratepayers from the Self Generation Program Memorandum Account. When met, this matching rate would result in SoCalGas shareholders providing a total of \$600,000 in matching funds. We note that nothing precludes SoCalGas shareholder from contributing more than this amount and we encourage them to do so. .

2. The SDG&E' advice letter 2065-E/1842-G requesting authorization to transfer \$1 million from its electric Rate Design Settlement Account and \$0.3 million from its Post-2005 Gas Energy Efficiency Balancing Account to make additional funds available for its NTN program is approved. We strongly encourage SDG&E to match the ratepayer funding approved herein with shareholder contributions of at least twenty cents for every dollar provided by ratepayers from the Rate Design Settlement Account and Post-2005 Gas Energy Efficiency Balancing Account. If met this matching rate would result in SDG&E shareholders providing a total of \$260,000 in matching funds. We note that nothing precludes SDG&E shareholders from contributing more than this amount and we encourage them to do so.
3. The funds authorized under this resolution are for one time only and its approval is not meant to set any precedent for future funding of this or any other similar program.
4. The Joint Utilities are to continue the same ratemaking treatment of the funds transferred in these advice filings as was previously accorded to the funds transferred and adopted in the commission resolution E-4030.

5. The Joint Utilities shall use the shareholder and other previously authorized funds prior to using any ratepayer funds authorized under this resolution.
6. The Joint Utilities shall give appropriate credit to the ratepayers' funding in all its marketing and promotional materials related to these programs.
7. We require the Joint Utilities to submit the following information in a separate report to be filed alongside their annual CARE/LIEE reports:
 - NTN and GAF distributions, separated by shareholder funded and ratepayer funded distributions
 - Left-over funds from previously authorized ratepayer contributions
 - A breakdown of funds segregated between administrative and direct assistance expenditures
 - A breakdown of distributed funds between CARE and non-CARE recipients

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 10, 2009; the following Commissioners voting favorably thereon:

/s/ Paul Clanon

Paul Clanon
Executive Director

MICHAEL R. PEEVEY
PRESIDENT
DIAN M. GRUENEICH

JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners



Ronald van der Leeden
Director
Rates, Revenues and Tariffs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.2009
Fax: 213.244.3201
rvanderleeden@semprautilities.com

February 20, 2009

Advice No. 3963
(U 904 G)

Public Utilities Commission of the State of California

Subject: Request to Increase Funding for Southern California Gas Company's (SoCalGas) Gas Assistance Fund (GAF)

Purpose

This filing requests the California Public Utilities Commission (Commission) authorization to transfer a total of \$3 million from SoCalGas' Self Generation Program Memorandum Account (SGPMA) to make available additional funds for the GAF. San Diego Gas and Electric Company (SDG&E) is concurrently making a similar filing.

Background

As a result of the current economic conditions, SoCalGas is experiencing an increase in calls from customers requesting bill payment assistance. Presently, unemployment rates in California have risen to an unprecedented level of 9.3%. With companies downsizing and families losing their homes, SoCalGas' customers are experiencing difficulties paying their gas bills.

In an effort to respond expeditiously to customers' concerns in this economic climate and to alleviate the impact of their bills, SoCalGas is seeking authorization to increase the funds currently available in its GAF to provide temporary relief to those customers in need of assistance.

The GAF, administered by the United Way of Greater Los Angeles (<http://www.unitedwayla.org/donate/other/Pages/UtilityAssistance.aspx>), is funded by donations from customers, shareholders and employees of SoCalGas to provide monetary assistance on a customer's bill. It is open to qualified customers who are experiencing temporary financial hardships and are not eligible for state or federal assistance. Normal program policy holds that for every dollar donated by customers for this customer assistance program, SoCalGas matches dollar for dollar up to \$250,000. However, some years the SoCalGas match exceeds customer donations if circumstances warrant. For example, the 2007-2008 GAF received \$206,992.29 in contributions from SoCalGas' customers and employees. SoCalGas and its shareholders matched the

giving, dollar for dollar, and added \$50,000 in non-matched funds in anticipation of a cold winter. For 2008-2009 GAF, SoCalGas shareholders will match customer donations of approximately \$164,000 with more than a two-to-one match providing an additional \$186,000 for a total grant of \$350,000. This is in recognition of the extraordinary economic conditions of our most vulnerable customers.

Under the current proposed GAF, qualified customers in need of assistance will be eligible to receive up to \$100 to help subsidize their unpaid gas bills. SoCalGas communicates this program to customers in the customers' monthly billing statement.

Request for Increase in Funding

As stated above, SoCalGas requests approval to transfer a total of \$3 million from the SGPMA, to provide additional funds for the GAF to assist customers who are experiencing financial hardships. The SGPMA records the credits and revenues attributed to the Self Generation Incentive Program approved in D.01-03-073. The balance in the SGPMA currently is an overcollection which SoCalGas feels can be used to provide additional funds to the GAF. The overcollected revenues from the SGPMA will be transferred to a newly created subaccount within SoCalGas' Core Fixed Cost Account (CFCA) to offset any funds actually used in providing assistance to customers in paying their bills under the GAF Program.

The GAF program is one of several assistance programs that SoCalGas provides its customers. SoCalGas will continue to offer and communicate its currently existing services such as the California Alternate Rates for Energy (CARE) program, Medical Baseline program and the Low Income Energy Efficiency program. SoCalGas also informs its customers that they might also be able to receive bill and home weatherization assistance through the California Department of Community Services and Development's Low Income Home Energy Assistance Program. Taken as a whole, these programs provide SoCalGas customers with several resources for assistance.

Should SoCalGas need additional funds; an advice letter similar to this request will be filed seeking Commission approval. However, if excess funds exist and there is no longer a need for the use of these funds in this customer assistance program in the near future, SoCalGas will address the disposition of the balance in the GAF subaccount in connection with its annual regulatory account update filing.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Protest

Anyone may protest this Advice Letter to the 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 must be received within 20 days of the date this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attn: 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 Maria Salinas (mas@cpuc.ca.gov) and to Honesto Gatchalian (jnj@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: Sid Newsom
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-mail: snewsom@SempraUtilities.com

Effective Date

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B and respectfully requests that it be approved effective March 22, 2009, 30 days from the date filed.

Notice

A copy of this advice letter is being sent to the parties listed on Attachment A.

RONALD VAN DER LEEDEN
Director
Rates, Revenues and Tariffs

Attachments

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. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: SNewsom@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) #: 3963

Subject of AL: Request to Increase Funding for SoCalGas' Gas Assistance Fund

Keywords (choose from CPUC listing): Balancing Account; Preliminary Statement

AL filing type: Monthly Quarterly Annual One-Time Other

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

N/A

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 3/22/09

No. of tariff sheets: 2

Estimated system annual revenue effect (%): _____

Estimated system average rate effect (%): _____

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: CFCA and TOCs

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: None

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

Southern California Gas Company

Attention: Sid Newsom

555 West 5th Street, GT14D6

Los Angeles, CA 90013-1011

SNewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3963

(See Attached Service List)

Aglet Consumer Alliance
James Weil
jweil@aglet.org

Alcantar & Kahl
Kari Harteloo
klc@a-klaw.com

Alcantar & Kahl
Seema Srinivasan
sls@a-klaw.com

Alcantar & Kahl LLP
Annie Stange
sas@a-klaw.com

Alcantar & Kahl, LLP
Mike Cade
wmc@a-klaw.com

BP Amoco, Reg. Affairs
Marianne Jones
501 West Lake Park Blvd.
Houston, TX 77079

Barkovich & Yap
Catherine E. Yap
ceyap@earthlink.net

Beta Consulting
John Burkholder
burkee@cts.com

CPUC
Consumer Affairs Branch
505 Van Ness Ave., #2003
San Francisco, CA 94102

CPUC
Energy Rate Design & Econ.
505 Van Ness Ave., Rm. 4002
San Francisco, CA 94102

CPUC
Pearlie Sabino
pzs@cpuc.ca.gov

CPUC - DRA
Galen Dunham
gsd@cpuc.ca.gov

CPUC - DRA
Jacqueline Greig
jnm@cpuc.ca.gov

CPUC - DRA
R. Mark Pocta
rmp@cpuc.ca.gov

California Energy Market
Lulu Weinzimer
luluw@newsdata.com

Calpine Corp
Avis Clark
aclark@calpine.com

City of Anaheim
Ben Nakayama
Public Utilities Dept.
P. O. Box 3222
Anaheim, CA 92803

City of Azusa
Light & Power Dept.
215 E. Foothill Blvd.
Azusa, CA 91702

City of Banning
Paul Toor
P. O. Box 998
Banning, CA 92220

City of Burbank
Fred Fletcher/Ronald Davis
164 West Magnolia Blvd., Box 631
Burbank, CA 91503-0631

City of Colton
Thomas K. Clarke
650 N. La Cadena Drive
Colton, CA 92324

City of Long Beach, Gas & Oil Dept.
Chris Garner
2400 East Spring Street
Long Beach, CA 90806

City of Los Angeles
City Attorney
200 North Main Street, 800
Los Angeles, CA 90012

City of Pasadena - Water and Power
Dept.
G Bawa
GBawa@cityofpasadena.net

City of Riverside
Joanne Snowden
jsnowden@riversideca.gov

City of Vernon
Dan Bergmann
dan@igservice.com

Commerce Energy
Blake Lazusso
blasuzzo@commerceenergy.com

Commerce Energy
Brian Patrick
BPatrick@commerceenergy.com

Commerce Energy
Catherine Sullivan
csullivan@commerceenergy.com

County of Los Angeles
Stephen Crouch
1100 N. Eastern Ave., Room 300
Los Angeles, CA 90063

Crossborder Energy
Tom Beach
tomb@crossborderenergy.com

Culver City Utilities
Heustace Lewis
Heustace.Lewis@culvercity.org

DGS
Henry Nanjo
Henry.Nanjo@dgs.ca.gov

Davis Wright Tremaine, LLP
Edward W. O'Neill
505 Montgomery Street, Ste 800
San Francisco, CA 94111

Davis, Wright, Tremaine
Judy Pau
judypau@dwt.com

Dept. of General Services
Celia Torres
celia.torres@dgs.ca.gov

Douglass & Liddell
Dan Douglass
douglass@energyattorney.com

Douglass & Liddell
Donald C. Liddell
liddell@energyattorney.com

Downey, Brand, Seymour & Rohwer
Dan Carroll
dcarroll@downeybrand.com

Dynegy
Joseph M. Paul
jmpa@dynegy.com

Gas Transmission Northwest
Corporation
Bevin Hong
Bevin_Hong@transcanada.com

General Services Administration
Facilities Management (9PM-FT)
450 Golden Gate Ave.
San Francisco, CA 94102-3611

Goodin, MacBride, Squeri, Ritchie &
Day, LLP
J. H. Patrick
hpatrick@gmssr.com

Goodin, MacBride, Squeri, Ritchie &
Day, LLP
James D. Squeri
jsqueri@gmssr.com

Hanna & Morton
Norman A. Pedersen, Esq.
npedersen@hanmor.com

Imperial Irrigation District
K. S. Noller
P. O. Box 937
Imperial, CA 92251

JBS Energy
Jeff Nahigian
jeff@jbsenergy.com

Jeffer, Mangels, Butler & Marmaro
2 Embarcaero Center, 5th Floor
San Francisco, CA 94111

Kern River Gas Transmission Company
Janie Nielsen
Janie.Nielsen@KernRiverGas.com

LA County Metro
Julie Close
closeJ@metro.net

LADWP
Nevenka Ubavich
nevenka.ubavich@ladwp.com

LADWP
Randy Howard
P. O. Box 51111, Rm. 1522
Los Angeles, CA 90051-0100

Law Offices of Diane I. Fellman
Diane Fellman
diane_fellman@fpl.com

Law Offices of William H. Booth
William Booth
wbooth@booth-law.com

Luce, Forward, Hamilton & Scripps
John Leslie
jleslie@luce.com

MRW & Associates
Robert Weisenmiller
mrw@mrwassoc.com

Manatt Phelps Phillips
Randy Keen
rkeen@manatt.com

Manatt, Phelps & Phillips, LLP
David Huard
dhuard@manatt.com

March Joint Powers Authority
Lori Stone
23555 Meyer Drive,
March Air Reserve Base, CA 92518-
2038

Matthew Brady & Associates
Matthew Brady
matt@bradylawus.com

Julie Morris
Julie.Morris@PPMEnergy.com

National Utility Service, Inc.
Jim Boyle
One Maynard Drive, P. O. Box 712
Park Ridge, NJ 07656-0712

Navigant Consulting, Inc.
Ray Welch
ray.welch@navigantconsulting.com

PG&E Tariffs
Pacific Gas and Electric
PGETariffs@pge.com

Praxair Inc
Rick Noger
rick_noger@praxair.com

Questar Southern Trails
Lenard Wright
Lenard.Wright@Questar.com

R. W. Beck, Inc.
Catherine Elder
celder@rwbeck.com

Regulatory & Cogen Services, Inc.
Donald W. Schoenbeck
900 Washington Street, #780
Vancouver, WA 98660

Richard Hairston & Co.
Richard Hairston
hairstonco@aol.com

Safeway, Inc
Cathy Ikeuchi
cathy.ikeuchi@safeway.com

Sempra Global
William Tobin
wtobin@sempraglobal.com

Sierra Pacific Company
Christopher A. Hilén
chilen@sppc.com

Southern California Edison Co
Fileroom Supervisor
2244 Walnut Grove Ave., Rm 290, GO1
Rosemead, CA 91770

Southern California Edison Co
Karyn Gansecki
601 Van Ness Ave., #2040
San Francisco, CA 94102

Southern California Edison Co.
Colin E. Cushnie
Colin.Cushnie@SCE.com

Southern California Edison Co.
Kevin Cini
Kevin.Cini@SCE.com

Southern California Edison Co.
John Quinlan
john.quinlan@sce.com

Southern California Edison Company
Michael Alexander
Michael.Alexander@sce.com

Southwest Gas Corp.
John Hester
P. O. Box 98510
Las Vegas, NV 89193-8510

Suburban Water System
Bob Kelly
1211 E. Center Court Drive
Covina, CA 91724

Sutherland, Asbill & Brennan
Keith McCrea
kmccrea@sablaw.com

TURN
Marcel Hawiger
marcel@turn.org

TURN
Mike Florio
mflorio@turn.org

The Mehle Law Firm PLLC
Colette B. Mehle
cmehle@mehlelaw.com

Western Manufactured Housing
Communities Assoc.
Sheila Day
sheila@wma.org

ATTACHMENT B
Advice No. 3963

Cal. P.U.C. Sheet No.	Title of Sheet	Cancelling Cal. P.U.C. Sheet No.
Revised 44450-G	PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS, CORE FIXED COST ACCOUNT (CFCA), Sheet 1	Revised 42242-G
Revised 44451-G	TABLE OF CONTENTS	Revised 44447-G

PRELIMINARY STATEMENT - PART V - BALANCING ACCOUNTS
CORE FIXED COST ACCOUNT (CFCA)

Sheet 1

The CFCA is an interest bearing balancing account recorded on SoCalGas' financial statements. The purpose of this account is to balance the difference between authorized margin, (excluding the transmission revenue requirements and firm access rights (FAR) revenue requirement upon implementation of system integrated rates and the FAR system, respectively), transition, and other non-gas fixed costs, including administrative costs and uncollectible deferred billings associated with the payment deferral plan pursuant to Resolution E-4065, allocated to the core market with revenues intended to recover these costs.

On a monthly basis, SoCalGas maintains this account as follows:

SoCalGas debits this account with the core portion of the following costs: gas margin costs, transition costs, other non-gas operating costs, and incremental administrative costs and any amounts written off as uncollectible associated with the payment deferral plan.

SoCalGas credits this account with the core portion of the following revenues: transportation revenues from core deliveries; revenues from the sale of core storage capacity rights; base revenues that would have been collected from customers absent the core pricing flexibility program; and other revenues that the Commission has directed SoCalGas to allocate to the core market. Pursuant to D.03-10-017, revenues also include core's allocation of the capital component of FIG (fiber optic cable in gas pipelines) revenues associated with the use of the gas distribution system until superseded by ratemaking adopted in SoCalGas' 2004 PBR/Cost of Service Proceeding (A.02-12-027).

In addition, SoCalGas adjusts this account to amortize previously accumulated overcollected or undercollected balances, after adjustment for the portion allocable to the NGV customer class, to reflect payment to, or recovery from, ratepayers. Pursuant to Resolution G-3380, on an annual basis, SoCalGas shall transfer a portion of the CFCA over or under collection balance that is allocable to the NGV customer class to the Natural Gas Vehicle Account (NGVA). SoCalGas also adjusts this account to reflect volumetric differences associated with the core amortization recorded in other regulatory accounts.

Pursuant to Advice No. 3963, SoCalGas establishes a separate subaccount in the CFCA to track authorized funding by the CPUC and related funds actually used in providing eligible customers with assistance in paying their bills in connection with SoCalGas' Gas Assistance Fund (GAF) program. The disposition of the unspent fund will be addressed in SoCalGas' next annual regulatory account update filing or other appropriate filing.

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(TO BE INSERTED BY UTILITY)
 ADVICE LETTER NO. 3963
 DECISION NO.

ISSUED BY
Lee Schavrien
 Senior Vice President
 Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)
 DATE FILED Feb 20, 2009
 EFFECTIVE Sep 10, 2009
 RESOLUTION NO. _____

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The following listed sheets contain all effective Schedules of Rates and Rules affecting service and information relating thereto in effect on the date indicated thereon.

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(Continued)

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