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Docket # : A.07-01-024

**DRA OPPOSES CPUC DECISION TO
RAID ENERGY EFFICIENCY FUNDS WITH
GIVEAWAY TO WATER COMPANIES**

SAN FRANCISCO, November 24, 2008 – The Division of Ratepayer Advocates (DRA), an independent consumer advocacy division of the California Public Utilities Commission (CPUC), today said that the CPUC’s action last Friday changing its previously adopted decision on water-energy conservation pilot programs to include private water companies will not contribute to the original purpose of the pilot.

DRA said it strongly opposes this decision, which will use ratepayer dollars to cross-subsidize private water companies by fully underwriting their capital improvements for \$1.3 million, rather than providing insight into how saving water may also save energy.

The water-energy conservation pilot program is an important study undertaken to ascertain whether or not water conservation programs could cost-effectively save energy as part of ratepayer-funded energy efficiency portfolios, currently administered by the investor-owned energy utilities. The California Water Association (CWA) petitioned the CPUC to add programs to the pilot that replace inefficient pumps that may save energy, but do not save water.

“While DRA would have welcomed the participation of the private water companies as part of the water-energy pilot study, the addition of these programs does nothing to enhance the water conservation pilot program with new information,” said DRA Deputy Director David Ashuckian.

“Instead, this decision funds energy-only savings projects that need no testing and are already funded by the existing energy efficiency portfolios.”



Because the cost of replacing inefficient water pumps is already funded by existing energy efficiency programs, DRA believes that the CPUC is poaching energy efficiency funds as a backdoor means of funding capital improvements for water company projects.

“Today’s decision sets a bad precedent by allowing companies to target large pots of ratepayer funds intended for one set of programs to be used as grants for an unrelated set of programs,” Ashuckian said. “All other water-energy pilot programs previously funded in the original pilot decision feature equal partnerships between energy and water utilities in which both partners have developed projects together and brought something of equal value to the table.”

The Proposed Decision by an Administrative Law Judge denied CWA’s petition for modification to funds its capital projects. The Alternate Proposed Decision, while denying CWA’s motion, approved funding on the initiative of the CPUC itself. The Alternate Proposed Decision was opposed by DRA, The Utility Reform Network (TURN), Pacific Gas and Electric Company, and Southern California Edison.

The decision is available at: http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/94264.htm.

The Administrative Law Judge’s Proposed Decision is available at:

<http://docs.cpuc.ca.gov/efile/PD/91897.pdf>.

The comments of DRA and TURN are available at:

<http://docs.cpuc.ca.gov/efile/CM/93799.pdf>.

For more information on DRA, please visit www.dra.ca.gov.

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