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DRA Opposes \$36 Million Overpayment for Poorly Performing Utility Energy Efficiency Programs

SAN FRANCISCO, December 17, 2009 – The Division of Ratepayer Advocates (DRA), an independent consumer advocacy division of the California Public Utilities Commission (CPUC), said today it strongly opposes the CPUC’s decision to overpay shareholder bonuses to four investor-owned utilities for their 2006-2008 energy efficiency program activities.

The CPUC today awarded the utilities – Pacific Gas and Electric Company, Southern California Edison, San Diego Gas and Electric Company (SDG&E) and Southern California Gas Company – \$62 million in shareholder bonuses using an earnings rate based on the utilities’ **self-reported** energy savings. DRA has consistently advocated that incentive awards should be based only on **independently verified** savings.

“Because of the potential for conflicts of interest and the hundreds of millions of ratepayer dollars at stake, it is essential for the CPUC to rely upon its independent analysis, not what the utilities claim,” said DRA Director Dana Appling. “By approving the \$36 million overpayment today, the CPUC believed the word of the utilities despite independent analysis casting doubts on the utilities’ energy efficiency claims.”

Today’s CPUC decision awarded a bonus to SDG&E even though independent analysis by CPUC staff showed that the utility’s energy savings were below the CPUC’s minimum threshold for incentive eligibility.

In approving today’s shareholder incentive decision, the CPUC declined action on a proposed decision by an Administrative Law Judge which DRA found to be more in line with staff’s independent



analysis. In December 2008, [the CPUC made a similar decision](#) based upon self-reported, unverified energy savings and awarded the utilities \$82 million.

DRA believes this is an outcome not only detrimental to ratepayers during lean economic times, but that it also demonstrates that utility shareholder incentives for energy efficiency programs do not work to motivate the utilities to maximize energy savings for California.

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

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