



**Rasha Prince**  
Director  
Regulatory Affairs

555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011  
Tel: 213.244.5141  
Fax: 213.244.4957

***RPrince@semprautilities.com***

January 14, 2013

Advice No. 4449  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: SoCalGas' 2013-2014 Energy Efficiency Compliance Filing**

In compliance with Ordering Paragraph (OP) 45 of Decision (D.) 12-11-015, Southern California Gas Company (SoCalGas) hereby submits its revised 2013-2014 Energy Efficiency Program Portfolio. This final program portfolio, along with all necessary supporting documentation, is incorporated herein as Appendices A through F.

**Purpose**

This filing complies with the California Public Utilities Commission's (Commission) directive to submit SoCalGas' final 2013-2014 energy efficiency program plans in accordance with D.12-11-015.

**Background**

In D.12-11-015, issued November 15, 2012, the Commission approved SoCalGas' energy efficiency program plans for 2013 – 2014 which are to be submitted through a compliance filing. D.12-11-015 addresses: (1) the energy saving goals that must be achieved in 2013 and 2014; (2) the budgets authorized to achieve the energy savings goals and the cost-effectiveness finding that is required, with these two in turn determining justifiable ratepayer costs and energy resource savings; (3) the programs authorized to produce these savings; and (4) the evaluation, measurement, and verification (EM&V) procedures used to ensure projected savings actually occur. This advice letter serves as SoCalGas' compliance filing required in D.12-11-015.

As required in D.12-11-015, this filing contains all the details of the following: (1) establishment of revised energy efficiency budgets approved for program 2013-2014; (2) a complete cost-effectiveness showing, including the individual utility E3 calculators for modeling the portfolio mix of measures and budget changes; (3) clean and redline versions of the energy efficiency portfolio Program Implementation Plans (PIPs); (4) all portfolio application tables and budget and savings placemats; (5) other information as requested in written guidance from the Commission's Energy Division staff; and (6) a table of compliance requirements and roadmap where each is contained in the provided appendices. The following appendices meet the requirements of D.12-11-015:

- Appendix A: Cost-Effectiveness Requirements (E3 Calculators)
- Appendix B.1: Program Implementation Plans (Redline Versions)
- Appendix B.2: Program Implementation Plans (Clean Versions)
- Appendix C: Placemat Budget and Savings Requirements
- Appendix D: 2013 – 2014 Compliance Tables
- Appendix E: Table of Compliance
- Appendix F: Market Transformation Indicators / Strategic Plan Indicators Matrix

### **Compliance Items**

Certain other compliance requirements are not addressed in Appendices A – F, and thus are discussed below:

#### **Program Funding Levels:**

Table 13 of D.12-11-015 contains a list of authorized SoCalGas budgets by program sector, also known as the “fund shifting categories.” The information from the Decision is repeated below, along with the budget levels submitted herein for program implementation. The Southern California Regional Energy Network (“SoCalREN”) is submitting its own Advice Letter to implement its programs and associated budget; however, the information shown herein is consistent with information provided to SoCalGas on January 10, 2013, which matches the authorized budget level in D.12-11-015.

**Table 1**  
**Total Approved SoCalGas Energy Efficiency Budgets for 2013 and 2014**

<u>Program</u>	<u>D.12-11-015</u>	<u>AL 4449</u>
Residential	\$39,131,247	\$39,131,240
Commercial	18,275,921	18,275,922
Industrial	29,203,729	29,203,731
Agricultural	4,754,633	4,754,633
Codes and Standards	1,674,228	1,674,228
Financing	15,195,000	15,195,000
<b>Subtotal SW Resource Programs</b>	<b>108,234,758</b>	<b>108,234,754</b>
Third Party Programs	33,798,553	33,798,549
Local Government Partnerships	9,525,433	9,525,434
<b>Subtotal Other Resource Programs</b>	<b>43,323,986</b>	<b>43,323,984</b>
Emerging Technologies	2,516,727	2,516,727
Workforce, Education & Training	6,154,553	6,154,553
Marketing, Education & Outreach (ME&O)	0	0
Integrated Demand Side Management	650,000	650,000
Other - CRM	1,497,811	1,497,811
<b>Subtotal Non-Resource Programs</b>	<b>10,819,091</b>	<b>10,819,091</b>
SoCalREN	9,052,161	9,052,161
<b>Total All Programs</b>	<b>171,429,996</b>	<b>171,429,990</b>
Evaluation, Measurement & Verification	7,301,624	7,301,624
<b>Grand Total</b>	<b>178,731,620</b>	<b>178,731,615</b>

## Notes:

1. Minor differences exist by program sector due to rounding.
2. Table shown does not include Statewide ME&O program funds being requested in A.12-08-010.
3. Does not include funds in gas transportation rates for the On-Bill Financing Program loan pool.

As shown above, SoCalGas is compliant with the portfolio budget requirements associated with the authorized levels in D.12-11-015. Annual budgets are provided in Appendix A (E3 calculators), and Appendix D, Table 4.1.

SoCalGas Portfolio Energy Savings Goals, Cost-Effectiveness and Budget Caps/Targets:  
SoCalGas provides in the following tables its performance towards energy savings goals, portfolio cost-effectiveness, and budget caps and targets.

**Table 2: 2013-2014 EE Portfolio Energy Savings Goals and Cost-Effectiveness**

Savings	Goal	Cost Effectiveness	
	(Therms)	TRC	PAC
Compliance Filing Targets	59,548,606	1.16	1.73
D.12-11-015 Goals	47,300,000	1.00	1.00
% Forecast of Goal	125.9%		

The SoCalGas TRC and PAC results reflect the inclusion of the following inputs:

- Incorporates a five percent market effects adjustment applied to the total portfolio as directed by D.12-11-015, OP 37.
- General Rate Case loaders associated with the EE program labor as directed by D.12-11-015, OP 39.
- Includes a projected shareholder incentive amount of six percent of the EE authorized budget (excluding EM&V). This assumption conforms to the methodology adopted in the most recent 2010-2012 Risk/Reward Incentive Mechanism Decision, D.12-12-032 for compliance filing purposes only.

**Table 3: 2013-2014 EE Portfolio Budget and Budget Caps/Targets**

	Budgets					
	Admin	Marketing	Direct Implementation	Incentives	EM&V	Total Budget
2013-2014 Authorized Budget	\$ 13,219,866	\$ 8,271,580	\$ 84,787,806	\$ 56,098,578	\$ 7,301,624	\$ 169,679,454
GRC Labor Loaders	\$ 6,003,681	\$ 186,231	\$ 1,721,643	\$ -	\$ -	\$ 7,911,556
OBF Loan Pool			\$ 2,000,000			\$ 2,000,000
Statewide ME&O	\$ -	\$ 4,004,067	\$ -	\$ -	\$ -	\$ 4,004,067
Total Budget						<b>\$ 183,595,077</b>
SoCalREN						\$ 9,052,161
Total Budget w/ SoCalREN						<b>\$ 192,647,238</b>
Parameter Type	Cap	Target	Target	Target	Budget	
Cap / Target Level	\$ 14,636,586	\$ 8,457,811	\$ 63,860,018	\$ 56,098,578	\$ 7,301,624	
Total Budget for Cap	\$ 192,647,238	\$ 183,595,077	\$ 183,595,077	\$ 183,595,077	\$ 183,595,077	
Cap / Target Percent	7.6%	4.6%	34.8%	30.6%	4.0%	
Caps/Targets	10.0%	6.0%	20.0%	60.0%	4.0%	

Pursuant to D.09-09-047, OP 13, administrative costs are limited to 10% of total energy efficiency budgets. Marketing, Education & Outreach costs have a budget target of 6% of the adopted portfolio. EM&V is 4% of authorized budget. Calculations of the caps and targets are in conformance with the associated directives, as well as the following assumptions:

- Funding for the SoCalGas On-Bill Financing Program loan pool recovered in gas transportation rates is included, consistent with the other utilities. See D.12-11-015, OP 21, and footnotes in Tables 10, 12 and 13.
- General Rate Case loaders associated with EE program labor as directed by D.12-11-015 OP 39. On January 11, 2012, Energy Division conveyed ALJ Fitch's direction that the GRC costs are to be included in calculating portfolio budget administration cap.
- The base for calculating caps and targets include the GRC loaders in order to correctly calculate the percentages. The base for calculating the administrative cap includes the

SoCalREN budget given SoCalGas administrative functions as directed in D.12-11-015 (with associated costs to the utility) to support the REN.

As shown above, SoCalGas is compliant with the portfolio cap and target requirements associated with the budget authorized in D.12-11-015. SoCalGas will continue to report the status of its budget caps and targets based on actual expenditures in its quarterly reports submitted through the Commission's Energy Efficiency Groupware Application (EEGA).

Competitively Bid Portfolio Programs to Third Party Vendors:

SoCalGas' proposed budget above also includes \$39.2 million for competitively bid third-party implemented programs, which includes local third party programs as well as third parties who implement SoCalGas' statewide programs. This constitutes 22.6 percent of the SoCalGas' total portfolio budget, which exceeds the Commission's 20 percent requirement for competitively bid programs. Detailed information is provided in Appendix D, Table 3.4.

Program Performance Metrics and Market Transformation Indicators:

SoCalGas also received written requests from the Commission's Energy Division to facilitate review of the Attachments and verification of compliance. This included information in PIPs, for Program Performance Metrics (PPMs), and for Market Transformation Indicators (MTIs) / Strategic Plan Indicators (SPIs). As requested, a separate table that lists each MTI and SPI by sector and sub-program is included in Appendix F. SoCalGas was also requested to provide quantitative targets for Short Term PPMs. In discussions with Commission Staff, it was agreed this should be provided through Advice Letter filing by June 1, 2013 to first allow review of the 2010-2012 End of Cycle PPM Report due May 1, 2013. SoCalGas, along with the other major Investor Owned Utilities (IOUs) propose, in collaboration with Energy Division, to use the knowledge gained through this data collection / reporting effort to determine appropriate PPMs, baselines, and numerical targets that are applicable to the 2013-2014 portfolio.

Statewide Financing Program:

The Energy Division also directed the IOUs to update all placeholders (e.g., "TBD") in the PIPs filed on July 2, 2012. To the extent possible, SoCalGas has updated the statewide Finance Program PIP to reflect final authorized budgets and other information available at this time. However, SoCalGas notes that due to the upcoming Ruling on the statewide Finance Program, many of the program details have not yet been defined or approved. As such, this PIP includes placeholders for items that have yet to be determined by the Commission. After the Commission issues a Ruling or Decision on the statewide Finance Program, the IOUs expect to submit a PIP addendum through the Energy Division's established process to update the PIP.

Contracts and Program Continuation:

OP 10 instructs SoCalGas to enter into a contract with the County of Los Angeles on behalf of the Southern California Regional Energy Network no later than 60 days after the issuance of D.12-11-015. On January 10, 2013, both parties, along with Southern California Edison Company, requested an extension of this requirement by the Commission for reasons associated with the timing of LA County board meeting schedules.

OP 32 orders SoCalGas to provide draft contracts and/or contract amendments to local government partners for approval by their respective local governing boards, as applicable, by no later than 60 days after D.12-11-015. SoCalGas provided contracts to its partners by January 12, 2013 in compliance with this requirement.

As specifically required by D.12-11-015, SoCalGas will continue all 2012 EE ARRA-originated

programs with existing authorized funds until new contracts for 2013-2014 are executed.

Custom Project Process:

In OP 18 of D.12-11-015, the Commission directs that the IOUs shall not allow or cause the existing custom project process to interfere with customer project completion. SoCalGas will continue to provide the Energy Division requested information to facilitate the review, approval, and customer incentive payment for custom projects and will work collaboratively with the Energy Division, the IOUs, and other stakeholders to improve and streamline the process during the 2013-2014 program cycle.

Fund Shifting:

OP 20 of D.12-11-015 provides fund shifting guidelines for the 2013-2014 energy efficiency program cycle. SoCalGas will comply with these guidelines for all 2013-2014 fund shifting activities.

Program Solicitation:

OP 31 indicated that by January 1, 2013, SoCalGas should deploy its rolling third-party solicitation program, known as IDEEA 365. In compliance with this directive, SoCalGas began stage one of its two-stage solicitation on December 31, 2012 by posting its Request For Abstracts (RFA).

Unspent, Uncommitted Funds:

As ordered in OP 38 of D.12-11-015, unspent and uncommitted energy efficiency balancing account funding, including interest, from years prior to 2010 will offset the 2013 program year revenue requirements. On November 15, 2012, SoCalGas filed Advice No. 4419-A to update its Public Purpose Program (PPP) Surcharge rates effective January 1, 2013. This advice filing thus will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

SoCalGas will utilize any actual unspent and uncommitted funds from the 2010-2012 program cycle, including any associated interest, to offset the 2014 energy efficiency revenue requirement.

Prior Cycle Commitments:

SoCalGas has a number of projects committed in 2010-2012 scheduled for completion after 2012. D.12-11-015 authorizes SoCalGas to carry over unspent funds from the 2010-2012 program cycle to fund these committed projects and contractual obligations. SoCalGas defines committed funds as funds associated with individual customer projects and/or are contained within contracts signed in the 2010-12 program cycle and associated with specific activities under the contract. The exact amount of funds that SoCalGas will carry over cannot be determined until after the portfolio cycle accounting is closed.

Costs From Proceedings Outside of Energy Efficiency:

D.12-11-015 directs SoCalGas to identify all applicable labor-related costs that are recovered through its General Rate Case so that "the full costs of energy-efficiency personnel are reflected in their cost-effectiveness showings in the energy-efficiency proceedings. These costs include Pensions and Benefits, the employee Incentive Compensation Plan, workers compensation, and property and liability insurance overhead charges that amount to \$7.9 million for the two year program cycle. This amount is included in SoCalGas' cost-effectiveness showing and is demonstrated in Appendix D, and Appendix E, Tables 1.7 and 1.8. As mentioned earlier, the Energy Division conveyed ALJ Fitch's direction that the GRC costs are to be included in

calculating portfolio budget administration cap. Thus, these costs are also shown in Table 3, above.

SoCalGas has noted where costs have been recovered elsewhere for the purpose of identifying them “so funds are not approved and collected for the same purposes twice in two different proceedings.”

Industrial and Agricultural Custom Projects:

D.12-11-015 notes:

“In general, the industrial and agricultural programs comply with our guidance in this area. We have two areas of concern. First, we notice an increase in the number and a decrease in the size of the custom projects included in the projections for this cycle. This trend is not explained in any utility application materials. Utilities should address it in their compliance filings.”<sup>1</sup>

In SoCalGas’ Application, it provided total projected therm savings for the Industrial and Agricultural Calculated programs, not the projected number or size of projects. As a result, SoCalGas is unclear how the referenced conclusion was drawn. SoCalGas developed its program savings estimates utilizing historical data, potential study analysis, and other forecasting tools. As a result, SoCalGas’ projections are in line with trends seen in previous program cycles.

Program Implementation:

As stated in OP 46 of D.12-11-015, SoCalGas is authorized to proceed with implementing the approved programs and activities within the approved budget while this Advice Letter is pending.

Continuing Implementation of D.12-11-015:

D.12-11-015 requires that the Joint Evaluation Plan be finalized no later than 60 days after the issuance of the decision. SoCalGas, along with the other utilities, and Commission EM&V staff have been collaborating to complete the plan. On January 7, 2013 PG&E submitted a letter to ALJ Julie Fitch requesting an extension of time until January 31, 2013 to complete Joint EM&V Plan. On January 8, 2013, ALJ Julie Fitch approved, by e-mail, the request.

Other Compliance Items:

Other compliance requirements pursuant to D.12-11-015 due by a later date will be implemented and submitted by Advice Letter, as applicable. Such Advice Letters or other activities include (but are not necessarily limited to):

1. Energy Upgrade Program (by April 1, 2013)
2. Statewide Finance Pilot Programs (expected by April 1, 2013)
3. HVAC Residential Distributor Program (by April 1, 2013)
4. WE&T Data Collection Consistent with D.12-08-044 (by May 1, 2013)
5. HVAC Code Compliance Program (by June 1, 2013)
6. Quantitative targets for Short Term PPMs (by June 1, 2013)
7. Multi-Family EUC Pilot Program Implementer Workshop (if applicable, late 2013 or early 2014)

**Protest**

---

<sup>1</sup> D.12-11-015, mimeo, at 77.

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 of this Advice Letter which is February 3, 2013. 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  
Attention: 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 the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)). 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: Steve Hruby  
Regulatory Case Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No. (213) 244-4957  
E-mail: [SHruby@SempraUtilities.com](mailto:SHruby@SempraUtilities.com)

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](mailto:snewsom@SempraUtilities.com)

### **Effective Date**

SoCalGas believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this filing be approved on February 13, 2013, which is 30 calendar days from the date filed.

### **Notice**

A copy of this advice letter is being sent to the parties listed on Attachment A, which includes parties in A.12-07-003.

---

Rasha Prince  
Director – Regulatory Affairs

Attachments