

Application No: A.16-12-010
Exhibit No.: _____
Witness: Tuan Nguyen

In the Matter of the Application of Southern
California Gas Company (U 904 G) Requesting
Reauthorization of the Customer Incentive Program.

A.16-12-010
(Filed December 21, 2016)

**REBUTTAL TESTIMONY OF
TUAN NGUYEN
ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

November 3, 2017

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1 **I. INTRODUCTION**

2 Southern California Gas Company (SoCalGas) submits this Rebuttal Testimony in
3 response to the direct testimony filed by the Office of Ratepayer Advocates (ORA) and the
4 Southern California Generation Coalition (SCGC) (together, Intervenors).

5 **II. SHOULD THE COMMISSION REAUTHORIZE SOCALGAS’**
6 **CUSTOMER INCENTIVE PROGRAM?**

7 **A. The Proposed CIP is Not Expected to Result in a Net Increase in Natural Gas**
8 **Throughput**

9 Intervenors argue that the proposed CIP program will necessarily result in increased
10 load.¹ No party in this proceeding can forecast the adoption rate and project variety for the
11 proposed CIP. Nonetheless, SoCalGas does not expect the project portfolio of the proposed CIP
12 to result in a net increase in natural gas throughput as explained in its Supplemental Testimony.²
13 Energy efficiency is a mandatory requirement for three of the four criteria. In some situations,
14 even the fourth criterion (Technology must achieve GHG emissions or criteria air pollutant
15 reduction) may result in energy efficiency.

16 **1. Onsite Combined Heat and Power (CHP) Reduces Overall Natural Gas**
17 **Usage**

18 ORA mistakenly states that SoCalGas has not presented any information showing the
19 amount of displaced fossil fuel generation and emissions reduction from onsite generation or
20 CHP.³ In fact, ORA presents a table from SoCalGas’ response to ORA’s data request, ORA-08

¹ Direct Testimony of Catherine E. Yap on Behalf of the Southern California Generation Coalition dated October 11, 2017 (SCGC Direct Testimony), Section 3; ORA Prepared Direct Testimony on the Application of Southern California Gas Company Requesting Reauthorization of the Customer Incentive Program, Witness: Pearlie Sabino, dated October 11, 2017 (ORA-01), Section IV.A.

² Supplemental Testimony of Southern California Gas Company dated August 11, 2017 (Supplemental Testimony), at 4-6.

³ ORA-01, at 25.

1 Question 1(c),⁴ which shows the estimated energy efficiency benefits from the cogeneration
2 projects in therms from 2014 through 2016. As shown in the chart referenced by ORA,
3 SoCalGas conservatively estimates that the projects from 2014-2016 should have reduced overall
4 gas usage by an average of 2,780,859 therms per year.⁵ As described in Section II.C.2 of
5 SoCalGas' Supplemental Testimony, the average efficiency of natural gas generation on the grid
6 has been 40% over the past several years, while a conservative average efficiency for onsite CHP
7 is at least 65%.⁶ The difference in average efficiency coupled with the fact that the California
8 loading order calls for fossil fueled generation to be the last resource dispatched,⁷ means that
9 onsite generation typically displaces fossil fuel generation on the electric grid.⁸ In other words,
10 when a customer installs an onsite CHP unit, the site gas load will increase; however, due to the
11 higher efficiency of the onsite CHP system compared to purchasing both gas and electricity
12 separately, overall gas usage will decrease.

13 Further, SoCalGas requires CHP projects to meet FERC efficiency standards to be eligible
14 for the proposed CIP incentive. FERC efficiency standards is currently 42.5% after taking into
15 account only half of the available waste heat.⁹ Therefore, SoCalGas' estimates for energy
16 efficiency are conservative and onsite CHP should result in overall reduced gas load and GHG

⁴ ORA-01, at 22-23.

⁵ Id.

⁶ See Office of Energy Efficiency & Renewable Energy "Combined Heat and Power Basics." *Available* at <https://energy.gov/eere/amo/combined-heat-and-power-basics>.

⁷ In addition, the California Energy Commission (CEC) classifies natural gas generation as a marginal resource which means that it is the last to be dispatched. See CEC Staff Report, "Estimating Near-Term Grid Operation and Marginal Resource Efficiency for California Electricity" at 1. *Available* at <http://www.energy.ca.gov/2016publications/CEC-200-2016-003/CEC-200-2016-003.pdf>.

⁸ Supplemental Testimony, at 5.

⁹ Supplemental Testimony, at 4.

1 emissions. Based on the estimated average of 2,780,859 therm reduction, the corresponding
2 reduction in CO2 per year is 14,758,019 kg.¹⁰

3 **2. The Minimum Annual Quantity (MAQ) Does Not Incentivize Customers to** 4 **Increase Gas Usage**

5 ORA argues that the proposed CIP will result in an increase of load growth because the
6 MAQ will always be above the baseload usage.¹¹ ORA is correct that the MAQ will always be
7 above baseload usage. This is because a new technology is being added to the customer site.
8 The purpose of the proposed CIP is to incentivize customers to purchase cleaner and/or more
9 energy efficient technology. For example, if a customer installs a furnace that is at least 10%
10 more efficient than one they would have purchased without an incentive, any increase in load at
11 the customer's site will be at least 10% less than it would have been had the customer purchased
12 a less efficient technology. Thus, even though the proposed CIP does not reduce load below the
13 baseload, there are energy efficiency benefits realized by purchasing new, efficient technology.

14 In addition, ORA contends that downward adjustment to the incentive for failing to meet
15 the MAQ serves as a disincentive for customers to consume less than the MAQ.¹² ORA
16 contends that the MAQ would incentivize customers to use the technology in a less efficient
17 manner in order to avoid paying back the proposed CIP incentive.¹³ ORA's contention is flawed
18 because operating efficient technology in an inefficient manner would be more costly for the
19 customer than to pay back the incentive. The incentive payback is calculated based on the
20 transportation revenue plus the SoCalGas authorized rate of return.¹⁴ On the other hand, by

¹⁰ U.S. Energy Information Administration (EIA) Carbon Dioxide Emissions Coefficient by Fuel, 53.07 kg CO2/MMbtu x 2,780,859 therms x 1 MMBtu / 10 therm = 14,758,019 kg CO2

¹¹ ORA-01, at 19.

¹² ORA-01, at 38.

¹³ ORA-01, 37-38.

¹⁴ Prepared Direct Testimony of Tuan Nguyen, at 8.

1 using more gas, the customer will have to pay the transportation charge plus the commodity
2 charge, the Public Purpose Program (PPP) surcharge, taxes, and fees. This equates to a 118%
3 penalty,¹⁵ on just the commodity charge alone, compared to paying the authorized rate of return,
4 which currently stands about 8%. As a result, it would be more economical for the customer to
5 pay back a portion of the incentive than to use more gas in order to meet the MAQ.

6 Also, ORA states “The customers participating in the proposed CIP are not protected
7 from MAQ adjustments due to curtailment or a force majeure event”, showing a
8 misunderstanding of MAQ adjustments. During a curtailment or a force majeure event, it is to
9 the customer’s benefit to have their MAQ adjusted to account for non-operation of the CIP
10 technology during those events. SoCalGas clarifies that customers will have that benefit.

11 Finally, ORA incorrectly states that the net incremental load is based on the customer’s
12 usage history and planned future activities and needs.¹⁶ Instead, the baseline load estimate is
13 based on the customer’s usage history as well as future activities and needs. The net incremental
14 load is the load that is over and above the baseline load due to the addition of the CIP-qualified
15 technology.

16 **3. The RNG Adder Incentivizes Use of RNG Not Increased Gas Consumption**

17 ORA contends that “[i]n addition to the discount rate incentive, the RNG adder serves as
18 another incentive to increase gas consumption.”¹⁷ The RNG adder is an incentive to promote the
19 use of RNG; which would displace the use of natural gas. The customer would benefit from a
20 larger discount on their transportation rate if they switched their usage to RNG; therefore,
21 realizing the environmental benefits associated with RNG.

¹⁵ See the GN-10 Rate in Schedule No. G-10, at Sheet 2. Available at <https://www.socalgas.com/regulatory/tariffs/tm2/pdf/G-10.pdf>.

¹⁶ ORA-01, at 38.

¹⁷ ORA-01, at 38.

1 **4. SoCalGas Has Built in Verification of the Technology Being Purchased**

2 As a customer must meet the program criteria, the customer will have to provide
3 documentation showing that they meet the requirements, such as specifications sheets, system
4 design drawings, engineering studies, purchase orders, invoices, and proof of payment. This
5 documentation confirms that the technology qualifies for a Leadership in Energy and
6 Environmental Design (LEED) point, provides the information necessary to calculate the FERC
7 efficiency, and/or provides the information necessary to calculate the energy or emissions
8 reductions. By providing documentation that shows the technology meets the standards set forth
9 in Section II of my Prepared Direct Testimony, SoCalGas can verify that these systems are
10 designed to be energy efficient or achieve emission reductions. SoCalGas will not make the final
11 payment to the customer until the customer provides SoCalGas with the proper documentation.¹⁸

12 **B. Natural Gas Load May Increase for Projects That Qualify Under the Reduction of**
13 **GHG or Air Pollutant Criterion**

14 While SoCalGas does not anticipate a net increase in natural gas load, SoCalGas does
15 recognize that there is potential that a CIP project, taken by itself, could potentially result in a net
16 increase of natural gas load where a customer switches from a dirty fuel (such as propane or
17 diesel) to natural gas. However, while natural gas load may increase under this criterion,
18 meeting this criterion serves the important State goals of reducing GHG and criteria air
19 pollutants as explained in Section II.B of my Prepared Direct Testimony. Further, this is in
20 alignment with California’s goal to reduce the state’s reliance on propane and diesel, which
21 SoCalGas has historically supported in the San Joaquin Valley through incentives to switch

¹⁸ See Appendix B of SoCalGas’ Application (A.) 16-12-010. Per the proposed Customer Incentive Program Agreement Form No. 6700-1, “Verification of Customer’s execution of technology acquisition and of Customer’s payment(s) will be required.”

1 water pumping and heaters from propane or diesel to natural gas. In discussing this criterion,
2 ORA appears to agree with the goal stating that “[i]f a customer could switch from a dirty fuel to
3 a cleaner fuel, ORA could support this.”¹⁹ Similarly, these projects can help reduce diesel
4 particulate matter, which is one of the seven (7) Pollution Burdens²⁰ that impact Disadvantaged
5 Communities (DACs). Since a clear majority of the top 25% of disadvantaged communities (as
6 defined by CalEnviroScreen 3.0) are located in SoCalGas’ service territory,²¹ the proposed CIP’s
7 incentive to fuel switch from diesel to natural gas would help reduce diesel particulate matter in
8 DACs.

9 Further, while these types of projects may result in a slight increase in gas consumption,
10 any increase would be de minimis. SoCalGas does not anticipate this potential increase in gas
11 consumption to create reliability concerns. To put the potential natural gas load growth in
12 perspective, even if assuming that the proposed CIP will have the same participation as the
13 current Core Pricing Flexibility Program and the Noncore Competitive Load Growth
14 Opportunities Program (collectively referred to as the Current Programs), the average annual
15 growth for the Current Programs over the last three years was 25 million therms.²² This estimate
16 is in the high range since it does not take into account the reduction of overall gas load from the
17 electric grid. Twenty-five million therms per year amounts to approximately 0.2% of the total

¹⁹ ORA-01, at 24.

²⁰ CalEnviroScreen 3.0 Report dated January 2017, at 32. “Exposure to diesel PM has been shown to have numerous adverse health effects including irritation to the eyes, throat and nose, cardiovascular and pulmonary disease, and lung cancer.” Available at <https://oehha.ca.gov/media/downloads/calenviroscreen/report/ces3report.pdf>.

²¹ See CalEnviroScreen 3.0 Map at <https://oehha.ca.gov/calenviroscreen/report/calenviroscreen-30>.

²² Based on the average from 2014-2016. See SoCalGas’ response to ORA’s data request, ORA-10 Question 1(a). Available at https://www.socalgas.com/regulatory/documents/a-16-12-010/ORA-10_Combined-web.pdf.

1 throughput.²³ Further, SoCalGas expects that participation in the proposed CIP will be lower
2 than the Current Programs due to the more stringent requirements of the proposed CIP.

3 To put this into further perspective, based on the assumptions above, the system
4 throughput from the Current Program would be 68,493 therms/day.²⁴ For the past 12 months, the
5 highest throughput on SoCalGas system occurred in January 2017 and the lowest occurred in
6 April 2017.²⁵ During this timeframe, the average daily variation in natural gas load in January
7 was $\pm 2,804,000$ therms and the daily average variation in natural gas usage for April was
8 $\pm 1,085,517$ therms.²⁶ This means that the load from a daily or seasonal change can impact
9 SoCalGas' system over 15 times²⁷ more than the historical equipment load from the Current
10 Programs.

11 **C. CHP is a Tool that Can be Used to Advance the Fight Against Climate Change**

12 SCGC contends that renewable curtailments are going to be increasing as there is more
13 renewable power on the electric grid.²⁸ SCGC argues that “[i]ncreasing baseload resources
14 conflicts with state policy regarding the need to take increasing levels of renewable resources.”²⁹
15 Despite the fact that California is well on its way to reaching it's 2030 goal of 50% renewable

²³ 2016 California Gas Report, at 95. Available at <https://www.socalgas.com/regulatory/documents/cgr/2016-cgr.pdf>. In 2015, the gas customer demand was 2,559 MMcf per day or $2,559 \times 365 = 934,035$ MMcf per year. $934,035 \text{ MMcf} \times (1 \text{ therm} / 100 \text{ cf}) = 9,340.35 \text{ MMtherms}$. $25 \text{ MMtherms} / 9,340 \text{ MMtherms} = 0.2\%$.

²⁴ $25,000,000 / 365 = 68,493$.

²⁵ Based on Daily Operations from January 2017 and April 2017 from SoCalGas' Envoy. Available at <https://scgenvoy.sempra.com/#nav=/Public/ViewExternalDailyOperations.getDailyOperation%3Frاند%3ArchiveD164>.

²⁶ Average daily changes were calculated by using data from Daily Operations January 2017 and April 2017 from SoCalGas' Envoy.

²⁷ $1,085,517 / 68,493 = 15.8$.

²⁸ SCGC Direct Testimony, at 4-6.

²⁹ SCGC Direct Testimony, at 4.

1 and to surpass the 33% goal set for 2020,³⁰ SoCalGas recognizes the State’s policy of
2 encouraging renewables. As Figure 1 in SCGC’s Direct Testimony illustrates, curtailments are
3 concentrated during particular times of the day that coincide with the availability of renewable
4 resources.³¹ Figure 1 also shows that outside of those few hours on those particular days
5 (typically during the spring months), generation resources are needed to keep power flowing for
6 a majority of the time. Further, Attachment D of SCGC’s Direct Testimony lists wind and solar
7 curtailments at 313,097 MWh as of August 13, 2017, which include both local and system
8 curtailments, even though local curtailments are defined as congestion on transmission
9 facilities.³² Onsite CHP is unlikely to have effect on local curtailments. The 313,097 MWh is
10 equal to 0.22% of the total load³³ delivered by CAISO as of August 13, 2017.

11 **III. ARE THE PROPOSED INCENTIVES DUPLICATIVE OF,**
12 **OVERLAPPING WITH, OR COMPLEMENTARY TO INCENTIVES**
13 **OFFERED BY OTHER PROGRAMS?**

14 **A. The Proposed CIP is Complementary to Other Programs**

15 While SCGC describes the proposed CIP as not necessarily overlapping,³⁴ ORA contends
16 that “it is possible that the proposed CIP incentives is duplicative of, overlapping with or
17 complementary to incentives offered by other programs.”³⁵ The proposed CIP program is
18 complimentary to other programs such as the Self-Generation Incentive Program (SGIP). For
19 example, in certain cases, technologies such as CHP may only meet one component of SGIP
20 such as system efficiency, but may be short on RNG usage, thereby disqualifying the technology

³⁰ CPUC Website, “California Renewables Portfolio Standard (RPS).” Available at http://www.cpuc.ca.gov/RPS_Homepage/.

³¹ SCGC Direct Testimony, Figure 1, at 5.

³² SCGC Direct Testimony, Attachment D, at 10.

³³ As of August 13, 2017, there were 141,917,202 MWh delivered from CAISO Production Data. Available at <http://www.caiso.com/informed/Pages/ManagingOversupply.aspx>.

³⁴ SCGC Direct Testimony, at 10.

³⁵ ORA-01, at 40.

1 from receiving an SGIP incentive. However, because the same technology meets FERC
2 requirements, it would qualify for the proposed CIP, motivating the customer to invest in that
3 technology. The proposed CIP in this case fills the gap that is left behind by underutilized
4 incentives as discussed in Section II.C of the Prepared Direct Testimony of Rasha Prince.

5 Program components for emissions and efficiency are similar to other programs such as
6 Energy Efficiency (EE) and SGIP in that they promote higher energy efficiency and lower
7 emissions. However, the program components are not identical to those other programs. The
8 proposed CIP enables new processes and expansions to have an opportunity to choose the most
9 efficient technology available. Further, while a customer may be eligible for funding from both
10 the proposed CIP and another program, a role of the proposed CIP is to enable the industry to
11 bring efficient, clean technologies to market. For example, if a particular program's incentive
12 alone is not enough to incentivize a customer to act because the payback period or incentives are
13 not sufficient to meet the customer's investment return criteria, then the addition of the CIP
14 incentive may lead the customer to invest in technology that has higher efficiency and lower
15 emissions. Further, ORA's argument that technologies that qualify for LEED may "have some
16 duplication or overlap with programs such as the California Advanced Homes Program
17 (CAHP)"³⁶ is misplaced because the proposed CIP is offered to nonresidential accounts only and
18 the CAHP is a residential program.

19 **B. The SGIP Standards are Not Appropriate for the Proposed CIP and are**
20 **Flawed**

21 The proposed CIP program is "designed to support the State's effort to transform
22 California's energy economy to cleaner solutions, to give consumers cleaner and more efficient
23 energy technology choices, and to improve the State's energy resilience." The proposed CIP

³⁶ ORA-01, at 41.

1 aims to incrementally increase energy efficiency. The SGIP, on the other hand, focuses on GHG
2 reductions, and imposes emissions and renewable fuel blending requirements that preclude
3 energy efficient power generation technologies such as CHP from participating. The proposed
4 CIP seeks to promote and encourage the development of energy efficient technology in the
5 market; hence, SoCalGas chose an efficiency standard rather than a restrictive GHG standard.
6 ORA contends that Aliso Canyon is operating at a reduced capacity.³⁷ This further supports the
7 need for faster adoption of energy efficient gas technologies. The proposed CIP promotes this by
8 capturing energy efficiency opportunities that SGIP misses.

9 This is particularly true since the SGIP GHG emissions calculations are flawed. The
10 SGIP emissions calculation uses two incorrect weighting factors. First, baseload plants were
11 more heavily weighted than peaker plants, which artificially increased the grid efficiency by
12 5%.³⁸ Secondly, the Build Margin was given an incorrect weighting factor of 50%.³⁹ As a
13 result, the 2016 SGIP GHG emission factor was incorrectly lowered to 350 kg CO2/MWh.⁴⁰
14 Under proper calculations, the GHG emissions factor would have been closer to 434.96 kg
15 CO2e/MWh.⁴¹

³⁷ ORA-01, at 12-13.

³⁸ SGIP used a combined cycle efficiency of 7,205 and a peaker efficiency of 10,268 with a 10% weighting for peakers. The operating margin would have been $(7205 \times 0.9) + (10,268 \times .1) = 7511.3$ or 45% efficient. The grid average is 40% as referenced to in SoCalGas' Supplemental Testimony Section II.C.2.

³⁹ Comments of Southern California Gas Company on Assigned Commissioner's Ruling on Updating Greenhouse Gas Emissions Factor for Self-Generation Incentive Program Eligibility dated April 17, 2015 (R.12-11-005), at 4.

⁴⁰ D.15-11-027, Appendix E, Table - SGIP GHG Eligibility Emissions Factors, kgCO2/MWh.

⁴¹ Comments of Southern California Gas Company on Assigned Commissioner's Ruling on Updating Greenhouse Gas Emissions Factor for Self-Generation Incentive Program Eligibility dated April 17, 2015 (R.12-11-005), at 9.

1 **C. A 20 MW Cap Limitation is Not Necessary for the Proposed CIP**

2 SCGC urges the Commission to impose the same 20 MW size limitation for CHP
3 projects on the proposed CIP as is imposed on SoCalGas' Distributed Energy Resources Services
4 (DERS) program.⁴² SCGC states that the compelling issues the CPUC notes in making that
5 decision is applicable to the proposed CIP.⁴³ SoCalGas disagrees. There are a number of key
6 differences between the DERS program and the proposed CIP program. First, the DERS
7 program was developed to offer customers a new, utility-owned CHP system option with a
8 bigger focus on the untapped potential of the smaller, under 20 MW, CHP market.⁴⁴ On the
9 other hand, the proposed CIP is designed with a focus on providing customers in the broader
10 customer-owned CHP market, including those systems over 20 MW, the support to elect more
11 efficient technology options.

12 Second, in limiting the DERS program, which was an entirely new offering permitting
13 utilities to own CHP projects, the CPUC noted that “[g]aining more needed experience and
14 applying ‘lessons learned’ with similarly structured SoCalGas initiated programs will enable
15 more success in the longer term.”⁴⁵ The proposed CIP, however, is based on experience with
16 similar programs SoCalGas has been offering customers. While the DERS program opens up a
17 new market of utility owned CHP, which requires time to learn about ownership of CHP, the
18 proposed CIP program is designed to support customer-owned project structures that have
19 existed for years, and increase the amount of customer-owned technology options available to

⁴² SCGC Direct Testimony, at 14.

⁴³ *Ibid.*

⁴⁴ See Chapter II, Prepared Direct Testimony of Ron Goodman's in SoCalGas' Application of Southern California Gas to establish a Combined Heat and Power and Distributed Energy Resources Tariff (A.14-08-007), at 10. Available at <https://www.socalgas.com/regulatory/documents/a-14-08-007/CHP-DER%20Testimony%20Chapter%20II%2008-08-14.pdf>.

⁴⁵ D.15-10-049, at 54-55.

1 customers. A cap of 20 MW reduces the potential opportunities available to customers and
2 limits the benefits that an energy efficient CHP unit can provide. The proposed CIP can and
3 should be offered to customers interested in CHP projects of all sizes.

4 **D. The Program is Designed to Deter Free Riders**

5 In their direct testimony, ORA appears to agree that the proposed program components
6 could potentially serve as deterrents to free riders.⁴⁶ However, ORA seems to imply that a
7 customer can be a free rider by obtaining the incentive, but not delivering the benefits.⁴⁷ ORA's
8 reasoning is flawed. A customer does not have an incentive to operate their technology in an
9 inefficient manner because even with a CIP incentive, the customer's first cost would be higher
10 than the less efficient alternative, since the project is required to have greater than a 3-year
11 payback and incentives only cover up to 50% of the project cost. As such, a customer has no
12 incentive to incur additional costs for a CIP-eligible technology only to run it inefficiently since
13 the recovery of the incremental capital cost would be delayed or may not be completely
14 recovered. As such, the extra costs provide a deterrent for a customer to utilize the proposed CIP
15 if they are not serious about running their system efficiently.

16 **IV. IS THE PROPOSED SHAREHOLDER/RATEPAYER SPLIT FAIR AND**
17 **REASONABLE?**

18 **A. The Ratepayer/Shareholder Split is Fair and Reasonable**

19 The Intervenors point out that SoCalGas has made its return on investment over the past
20 few years. This is irrelevant here because the issue is whether the proposed CIP results in energy
21 efficiency. Furthermore, when it comes to rates of return, those are approved by the Commission
22 because shareholders, not ratepayers, assume the risk of providing the incentive to the customer,
23 thus isolating the ratepayer from any risk of losing money. Intervenors shortsightedly focus on

⁴⁶ ORA-01, at 43.

⁴⁷ ORA-01, at 44.

1 the revenues to SoCalGas, while ignoring the benefits derived by ratepayers. Under the
2 proposed CIP, SoCalGas shareholders would claim the transmission revenue for 59 months, but
3 ratepayers will benefit from the increased load and revenues for the remaining 15 years of
4 equipment life,⁴⁸ plus the expected PPP surcharge increase while projects are under the proposed
5 CIP contract; all at zero cost⁴⁹ and risk.

⁴⁸ Prepared Direct Testimony of Tuan Nguyen, at 6 and 9-10.

⁴⁹ The cost of administrating the proposed CIP will be borne by shareholders and tracked in compliance with D.15-10-049 as explained in the Prepared Direct Testimony of Reginald M. Austria. Prepared Direct Testimony of Reginald M. Austria, at 5.