

From: Fitch, Julie A.

Sent: 3/1/2010 2:38:03 PM

To: Redacted; Besa, Athena (ABesa@semprautilities.com); Ramaiya, Shilpa R (/o=PG&E/ou=Corporate/cn=Recipients/cn=SRRd); Best, Carmen (carmen.best@cpuc.ca.gov); Drew, Tim G. (tim.drew@cpuc.ca.gov); Dietz, Sidney (/O=PG&E/OU=Corporate/cn=Recipients/cn=SBD4); Villegas, Pedro (PVillegas@semprautilities.com); marian.brown@sce.com (marian.brown@sce.com); Gaines, Mark (MGaines@SempraUtilities.com); McKinley, Kevin C. (KMcKinley@semprautilities.com); don.arambula@sce.com (don.arambula@sce.com); Tapawan-Conway, Zenaida G. (zenaida.tapawan-conway@cpuc.ca.gov); Michael.Hoover@sce.com (Michael.Hoover@sce.com); Walsh, Natalie (natalie.walsh@cpuc.ca.gov)

Cc:

Bcc:

Subject: RE: Follow up from utility/ED evaluation discussion

Hi Athena,

Carmen, Tim and I compared notes and thought the following structure might work for purposes of organizing our discussion. Hopefully this is fairly intuitive and won't be hard to put together.

Top Ten (or fewer) Parameters that Could Lead to Development of Alternative Shareholder Incentive Scenarios

For each parameter, include:

- Name and qualitative description of parameter recommended for alternate scenario
- Energy Division/consultant evaluation study result
- Proposed alternate result
- Qualitative description of the basis and rationale for the alternate result, including why alternate result is more reliable than study result

Ideally, the individual parameters would then be grouped to develop a minimum of 2 and a maximum of 5 alternative scenarios (beyond the evaluation study results) for the Commission to consider for shareholder incentive purposes.

Thanks.

Julie

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Julie A. Fitch

Director, Energy Division

California Public Utilities Commission

Phone (415) 703-2059

**From:** Besa, Athena [mailto:ABesa@semprautilities.com]

**Sent:** Friday, February 26, 2010 3:43 PM

**To:** Fitch, Julie A.; [Redacted]srrd@pge.com; sbd4@pge.com; Drew, Tim G.; Best, Carmen; McKinley, Kevin C.; Gaines, Mark; Villegas, Pedro; marian.brown@sce.com; Michael.Hoover@sce.com; don.arambula@sce.com; Tapawan-Conway, Zenaida G.; Walsh, Natalie

**Subject:** RE: Follow up from utility/ED evaluation discussion

Julie,

Thank you for hosting the meeting yesterday. It was very productive.

I was sitting next to Carmen yesterday and she was thinking aloud if there was some format that could be useful for providing the assumptions that we may propose for next week's follow-up discussion. If there is a format, it would be helpful to see what it is so we can organize our information accordingly. If not, I'm sure we can work out how to organize data as we move forward.

Have a great weekend!

Athena

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**From:** Fitch, Julie A. [mailto:julie.fitch@cpuc.ca.gov]

**Sent:** Thursday, February 25, 2010 5:34 PM

**To:** [Redacted] pm; srrd@pge.com; sbd4@pge.com; Drew, Tim G.; Fitch, Julie A.; Best, Carmen; Besa, Athena; McKinley, Kevin C.; Gaines, Mark; Villegas, Pedro; marian.brown@sce.com; Michael.Hoover@sce.com; don.arambula@sce.com; Tapawan-Conway, Zenaida G.; Walsh, Natalie

**Subject:** Follow up from utility/ED evaluation discussion

Hi everyone,

Thanks again for everyone who came today to discuss options for a path forward on EE evaluation results. Here is a summary of what I think we agreed for next steps:

1. The utilities will get together and make a prioritized list of no more than 10 key assumptions or drivers that could legitimately be questioned (where reasonable minds could come to different conclusions). I expect these will be things like net-to-gross, run hours for CFLs, installation rates for CFLs, error bounds for a particular study parameter, etc. For factors where the utilities prefer the use of a different value or assumption than the one ultimately included in the final evaluation report for a particular area, the utilities will suggest a rational basis for departure from the consultant's conclusion, for discussion.

2. The utilities may or may not also group the assumptions or factors together in some way to suggest a few key scenarios (perhaps 2-3).
3. One of the scenarios that will always be presented in any reporting will be the conclusions from the ED/consultant evaluation studies. What we are seeking to do is potentially augment that analysis with a limited number of alternative options for the commission ultimately to consider.
4. The utilities will send via email by next Tuesday COB (hopefully?) their list of key factors where assumptions are suggested to differ. If the utilities have suggested grouping or scenarios by that point, those could be sent, too, or we could wait to discuss that part in person.
5. Energy Division will consult amongst ourselves about the schedule implications of running additional scenarios and then consult with the assigned Commissioner/ALJ about the best approach to the schedule and ultimate resolution of the issues. We will let you know no later than our meeting next week whether we think it's necessary for the utilities to file a petition to modify to revise the schedule or whether there is some other way we can handle it internally at the CPUC.
6. I suggest an in-person meeting next Thursday afternoon 1-5 p.m. in San Francisco to discuss the utility list, the underlying reasons for the suggestion to run different scenarios, and the ultimate scenarios to be analyzed. The goal of the meeting will be to agree on a reasonable set of additional scenarios to be run, but not necessarily on the correctness (or not) of the particular underlying values or assumptions.
7. We will all/each consult amongst ourselves about who to bring to the meeting. The PUC staff may bring a very few selected consultants, once we see the list from the utilities of issues/assumptions that you want us to look at. Edison or Sempra will look into booking the Opera Plaza community room for this purpose. If that doesn't work, perhaps we can utilize one of the CPUC training rooms or the Pacific Energy Center.

Let me know if next Thursday doesn't work for too many people, or if I am misrepresenting any of the above. Thanks again for a productive conversation today.

Regards,

Julie

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