

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

Application of Pacific Gas and Electric Company for Approval of the 2009-2011 Low Income Energy Efficiency and California Alternate Rates for Energy Programs and Budget (U 39 M)

Application No. 08-05-022
(Filed May 15, 2008)

Application of San Diego Gas & Electric Company (U902M) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2009-2011

Application No. 08-05-024
(Filed May 15, 2008)

Application of Southern California Gas Company (U904G) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2009-2011

Application No. 08-05-025
(Filed May 15, 2008)

Application of Southern California Edison Company (U338E) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2009-2011

Application No. 08-05-026
(Filed May 15, 2008)

**OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY AND
SOUTHERN CALIFORNIA GAS COMPANY ON THE PROPOSED DECISION
DENYING THE PETITION OF SAN DIEGO GAS & ELECTRIC COMPANY
(U 902M) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904G) TO
MODIFY DECISION 08-11-031**

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I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedures, San Diego Gas & Electric Company (“SDG&E”) and Southern California Gas Company (“SoCalGas”), (collectively, the “Joint Utilities”), submit these Opening Comments on the September 28, 2010 *Proposed Decision Denying Petition of San Diego Gas & Electric Company and Southern California Gas Company to Modify Decision 08-11-031* (“PD”).

II. DISCUSSION

Decision (“D.”) 08-11-031 established a direction for the Low Income Energy Efficiency (“LIEE”) program that focuses on providing customers all feasible measures, as the Decision instructed that “all willing and eligible customers are to be served by the LIEE program.”¹ However, the Joint Utilities’ original 2009-2011 PY LIEE program plans were designed to meet the direction originally proposed by the Commission in D.07-12-051. In D.07-12-051, the Commission “found that LIEE programs, in addition to promoting the quality of life of eligible customers, should serve as resource programs. Resource programs are designed to save energy, limit the need for new power plants, and curb greenhouse gas emissions.”² Consequently, the issuance of D.08-11-031 caused the Joint Utilities to re-think and re-work their PY 2009-2011 LIEE program concepts to focus more on providing all feasible measures to all willing and eligible customers.

The purpose of a Petition for Modification (“PFM”) is to request that the Commission make changes to an issued decision. The PFM must concisely state the justification for the requested relief. The current LIEE program cycle approved by the Commission represents a multi-year cycle for the period 2009-2011. It is not unreasonable during the program cycle and implementation/administration of the programs to identify issues that are impacting the delivery of programs or improvements/modifications to be undertaken that can better enable the Commission to meet its goals and/or objectives as articulated in the program cycle decision, California Strategic Plan, and in support of the Energy Action Plan. Similarly, because of timing differences in regulatory proceedings, mechanisms to track unforeseen expenditures to which the

¹ D.08-11-031, p. 21.

² D.08-11-031, p. 7

utility should be entitled to potentially recover in a future regulatory proceeding is also reasonable.

The Joint Utilities' PFM proposes changes that will enable the Commission to meet its goals, i.e., benefit low-income eligible customers and allow utility rate recovery. Low-income customers should not be penalized because of what is viewed in the PD as "untimely" requests. Rather the Commission should keep an open mind when considering utility requests for modifications to further the Commission's strategic plans. Accordingly, because the requests made in the PFM are wholly appropriate, timely and sufficiently meet the requirements set forth by the Commission to substantiate changes to an existing decision, the Joint Utilities respectfully request that the Commission modify D.08-11-031 as discussed below.

A. In Order to Comply with D.08-11-031, a Memorandum Account to Track Additional NGAT Costs Is Necessary.

D.08-11-031 more than doubled the number of homes to be NGAT-treated beyond the original number of homes initially included in the Joint Utilities' test year 2008 General Rate Cases ("GRCs"). This increase could not have been foreseen by the Settling Parties in the GRC decision, and thus the Petition requests authorization to establish a memorandum account to track costs associated the unanticipated and unforeseeable NGAT cost increases that the Joint Utilities have incurred, as a result of their compliance with D.08-11-031's directive. The Joint Utilities do not re-argue, as misstated in the PD, previous decisions, which determined that "despite the close ties between NGAT and LIEE, NGAT is not an appropriate expenditure for LIEE funds and we refuse [the utility's] request."³ The Joint Utilities accept that NGAT is "a basic utility service" whose "funding shall be from general rates and not the LIEE program."⁴ With that said, and contrary to the PD's allegations, the Joint Utilities *do not* seek authorization to recover

³ PD, p.3-4.

⁴ D.08-11-031, Ordering Paragraph 65.

NGAT costs in this proceeding. Rather, the Joint Utilities merely seek a mechanism to pursue recovery of NGAT costs resulting from the more than two-fold increase in the number of NGAT-treated homes required by D.08-11-031.

As the Petition explains, the Joint Utilities' test year 2008 GRC funding is insufficient to meet the unanticipated and unforeseeable NGAT costs required by D.08-11-031. For this reason, the Joint Utilities request the opportunity to seek recovery for additional NGAT costs that can be reasonably quantified and that have been incurred as a consequence of the Commission's updated policy directive in D.08-11-031.

B. The Joint Utilities Will Proceed to Allow Disabled Customers to Self-Identify

In the Petition, the Joint Utilities request modification of D.08-11-031 to allow utilities to invite customers to self-identify as disabled. However, the PD finds that OP 31 does not require modification because it allows for "customers who voluntarily self-identify as disabled."

Consistent with this finding and D.08-11-031, the Joint Utilities will include optional language on their written applications and other customer materials that will allow customers to self-identify as disabled. By clarifying that a utility may invite disabled customers to self-identify, and specifying how this can be done in an appropriate manner, the utilities will be equipped to meet the 15% enrollment goal, and enhance the utility's ability to track disabled customers for other customer services and protections.

C. The Decision Should Be Modified to Include the Omitted Measures

The Petition requests modification of D.08-11-031 to include measures (such as furnace clean and tune, attic insulation, duct testing and sealing, and air sealing measures) for certain climate zones and dwelling types that had been inadvertently omitted from their LIEE/CARE applications, and that also met the 0.25 cost-effectiveness threshold and/or addressed customer

health, comfort and safety issues.⁵ The request was made to further the Commission's goal of providing LIEE measures to all willing and eligible customers. However, the PD deems the request as "inefficient" and "untimely" and subsequently denies the request.

The Joint Utilities must caution the Commission that by denying this request, the PD will needlessly turn away numerous LIEE customers for at least a full year, or a full third of the LIEE program cycle. The PD posits that the Joint Utilities can include these measures in their next LIEE applications. However, the PD fails to recognize that these measures will not be available to the Joint Utilities' customers until the beginning of 2012. As such, the PD essentially denies willing and eligible customers access to these measures simply because the PD deems the request ill-timed. However, it cannot be the Commission's intention to turn away customers because of a mere procedural inconvenience.

As such, because the Joint Utilities are trying to serve as many willing and eligible LIEE customers as possible, the D.08-11-031 should be modified to authorize the utilities to include the omitted measures. In addition, although the PD fails to address utility credit for the benefits and funds associated with the omitted measures, the Joint Utilities believe that, based on a reasonable and perfunctory interpretation of D.08-11-031, SDG&E may receive credit for the benefits and funds associated with providing the omitted measures. Likewise, if the Commission approves inclusion of the inadvertently omitted measures, SoCalGas may receive credit for the benefits and funds associated with providing the omitted measures.

D. The Furnace Clean and Tune Measure Also Should be Considered an "Add Back" Measure.

In the Petition, the Joint Utilities request that the Commission modify D.08-11-031 to provide the furnace clean and tune measure with the same cost effectiveness provision prescribed

⁵ SoCalGas suspended these LIEE offerings in early 2010, while SDG&E continued limited offering for purposes of customer health, comfort, and safety.

for customer quality of life measures that fail the cost effectiveness test and consider it as an add back measure. The Furnace Clean and Tune measure should also be included in the provision set forth in OP 17.c. of D.08-11-031 when the measure fails the cost-effectiveness test because the measure may improve the customers' quality of life. The PD, however, incorrectly states that the other utilities cover the furnace clean and tune under the furnace repair and replacement measure. The PD finds no need to adopt a unique reference to a measure to accommodate and "internal reference to measures".

As proposed in the Joint Utilities' Application and adopted by D.08-11-031, the furnace clean and tune measure is a separate and distinct measure and it is not part of the furnace repair and replacement measure. Furnace repair and replacement is a service provided under Minor Home Repair and the furnace may be repaired or replaced to accommodate a NGAT fail. The furnace repair and replacement is serviced or replaced under the health, comfort, and safety provisions directed by the Commission. The furnace clean and tune is a separate measure as adopted in D.08-11-031 and not part of furnace repair and replacement or subject to an NGAT fail. The furnace clean and tune is performed as a measure and enables the Joint Utilities to meet the three-measure minimum rule, and thus enables eligible customers to receive LIEE program services rather than being needlessly turned away.

The Joint Utilities strongly believe that the furnace clean and tune measure should be considered as an add back measure because the measure will provide optimum efficiency to the furnace by cleaning the unit that may be lacking maintenance and servicing requirements as recommended by the manufacturer. As proposed in the PFM, the furnace clean and tune measure will benefit all eligible customers by increasing the customers' quality of life through the health, comfort, and safety provision.

E. D.08-11-031 Made the Audit and Rewards Program Redundant and Unnecessary.

The PD denies the Petition's request to eliminate the customer audits/rewards component from the LIEE program. The PD provides no concrete reason for denial of this request, other than stating "[w]e do not find this request persuasive," that the utilities "have some discretion to seek fund shifting," and that the request is untimely.⁶ The PD fails to recognize that the utilities cannot conduct the audit and rewards program, as originally proposed, because D.08-11-031 fundamentally altered the premise of and need for the audit.

As proposed in the applications, the customized energy audit would have prioritized which LIEE measures provided the most energy savings in each LIEE home, and measure installations would have been based on measures that provided the highest savings potential. The results of the audit were then tied to the awards program in that the audit would do the following: 1) It would determine which measures should or should not be installed in a customer's home based on the homeowner's historical and claimed energy usage (refer to citation 18 of the PFM), and 2) The audit would also identify specific goals that the customers could work toward to obtain a customer reward for sustained energy savings.

The Joint Utilities' ultimate goal in including the customized energy audit was to improve the cost effectiveness of the program, achieve real, long-term and enduring energy savings, and ensure that customers received only those measures that had the highest probability of increasing energy savings and lowering energy bills while increasing comfort and safety. The Decision negated the need for the audit because the Decision requires the utilities to provide customers all feasible measures, irrespective of the customers' energy usage. D.08-11-031's all feasible measures approach rendered the audit program moot and unnecessary, since the

⁶ PD, p.7

Commission shifted the focus of the audit from energy savings to health, comfort and safety. The PD completely fails to address the need to resolve a clear contradiction in Commission policy whose correction as requested in the PFM would shift program funds to productive use that benefits LIEE customers. In order to comply with the D.08-11-031's directive, an *assessment* of the customer's home is being conducted to identify all feasible measures to be installed and services to be provided. Therefore, it would be a waste of ratepayer funds for the Joint Utilities to conduct an audit and rewards program, when the audit will serve no purpose. As such, the Joint Utilities request that the Commission grant their request to eliminate the audit and rewards program, and instead permit the Joint utilities to use the funds originally slated for implementation of the customized audit and rewards program to cover the expenses of providing additional measures (weather stripping, caulking, etc.) to additional customers under the "all feasible measures" approach approved by the Commission.

III. CONCLUSION

The Joint Utilities appreciate this opportunity to provide Opening Comments to the PD and request Commission make the requested modifications herein.

Respectfully submitted

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October 18, 2010

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA GAS COMPANY ON THE PROPOSED DECISION DENYING THE PETITION OF SAN DIEGO GAS & ELECTRIC COMPANY (U 902M) AND SOUTHERN CALIFORNIA GAS COMPANY (U 904G) TO MODIFY DECISION 08-11-031** on all parties identified in Docket No. A.08-05-022, A.08-05-024, A.08-05-025, and A.08-05-026 by U.S. mail and electronic mail, and by Federal Express to the assigned Commissioner(s) and Administrative Law Judge(s).

Dated at San Diego, California, this 18th day of October, 2010.

/s/ JOEL DELLOSA

Joel Dellosa