

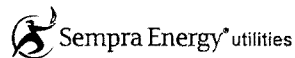
# ATTACHMENT A



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Petition to Modify  
D.08-11-031  
Low Income Energy Efficiency

October 7, 2010



# #1 Natural Gas Appliance Testing (NGAT) Memorandum Accounts

•LIEE D.08-11-031 significantly increased # of homes to be NGAT-treated and costs beyond TY2008 GRC # of homes to be NGAT-treated and authorized funding in D.08-07-046. This increase could not have been foreseen by the Settling Parties in the GRC decision.

	TY 2008 GRC # of Homes to be NGAT Treated Annually D.08-07-046	TY 2008 GRC Annual Funding D.08-07-046	LIEE # of Homes to be NGAT Treated Annually D.08-11-031	Percentage Increase in # of Homes to be Treated Annually	Estimated Annual NGAT costs
SDG&E	8400	\$ 300,000	15,288	82%	\$ 535,000
SoCalGas	45,000	\$ 1,592,500	120,083	164%	\$ 4,200,000

- The Joint Utilities requested that the Commission:
  - (1) Find that GRC funding in D.08-07-046 is insufficient to meet a more than doubling of NGAT requirements in D.08-11-031, and
  - (2) Establish memorandum accounts to **track** these unanticipated costs to litigate recovery **in its 2012 GRC.**

\* The GRC settling parties are DRA (SDG&E) and DRA/TURN (SoCalGas).

## #1 The PD Misstates the Request for NGAT Memorandum Accounts

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- The Joint Utilities do not re-argue, as misstated in the PD, previous decisions concluding 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.” PD, p.3-4.
- The Joint Utilities accept that NGAT is “a basic utility service” whose “funding shall be from general rates and not the LIEE program.” D.08-11-031, OP 65
- The Joint Utilities are not requested, as alleged in the PD, NGAT funding in LIEE D.08-11-031.
- Rather, the Joint Utilities are requesting a memo account to pursue an unanticipated *more than doubling* of NGAT treated homes by the CPUC per D.08-11-031 **in GRC funding**. A memo account is need to **pursue recovery in “general rates”** of these unexpected costs.



## #2 Disabled Customer Outreach and Self-Identification

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- LIEE D.08-11-031 requires IOUs to increase disabled household enrollments in 2009-2011 to 15% of new LIEE enrollments annually.
- D.08-11-031 states that utilities “should not ask customers if they are disabled, but instead allow customers with disabilities to voluntarily self-identify.” OP 31
- Per DisabRA’s, intent of OP31 is to prevent IOUs from asking customers if they are disabled during a direct communication where a customer may feel pressured to make an uncomfortable or potentially embarrassing revelation.
- OP 31 has inadvertently stymied utility outreach to disabled customers that do not always self-identify or are not always obvious.
- SCG/SDGE proposes and DisabRA supports instead to place an optional and voluntary question on written customer communications that allows disabled customers to self-identify.

## #2 The PD Fails to Best Serve the Interests of Disabled Ratepayers

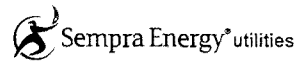
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- The PD denies the requested relief:
  - “We do not need to specify each and every method and/or question that may be employed... to secure such information” PD, p.5
  - The request is “untimely” and “should wait till the imminent next set of LIEE budget applications” PD, p.5.
- SoCalGas/SDG&E will not meet its goal of reaching 15% penetration of LIEE with customers self-identifying as disabled without this relief.
- Observation of a disability is not an accurate nor reliable measure to account for this 15% goal.
- The PD would deliberately and unnecessarily deny the Joint Utilities an important tool to provide LIEE services to greater numbers of disabled ratepayers for at least a full year, a full third of the program cycle.*

## #3 Customized Audits and Rewards

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- Customized audits/rewards are intended to promote individual measures that deliver the highest savings potential and to reward customers for continuing energy savings based on customer energy usage.
- Originally, Energy Division provided guidance on customized audits/rewards, which was filed by SoCalGas/SDG&E prior to the CPUC's shift of direction toward "whole house".
- D.08-11-031 instead directed IOUs to pursue a "whole house approach" that installs all feasible measures. The "whole house approach" is inconsistent with promoting selective individual measures under the customized audit and rewards model.
- SCG/SDGE propose elimination of the LIEE customer audits/rewards program component.
- SCG/SDGE instead propose to use audits/rewards funds to provide additional customers with additional measures (weather stripping, caulking, etc) captured by the "all feasible approach" but that were previously excluded from the selective customized audits/rewards approach.



## #3 The PD Deliberately Denies Optimal Use of Funds for Additional LIEE Measures to Additional Customers

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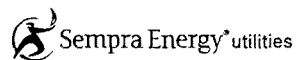
- The PD provides no concrete reason for denial of this request, other than stating that “We do not find this request persuasive,” that the utilities “have some discretion to seek fund shifting,” and that the request is untimely. PD, p.7
- The PD completely fails to address the need to resolve a clear contradiction in Commission policy whose correction as requested in the PFM would shift program funds to productive use that benefits LIEE customers.*
- Utility “discretion” is insufficient authority to eliminate a contradictory program, as requested by the utilities.
- The PD could just as easily granted a simple and productive remedy to a policy contradiction that would instead authorize the provision of more services to more LIEE customers. *LIEE customers are not at all well-served by this PD.*



## #4 Adding Omitted Measures and Furnace Clean/Tune

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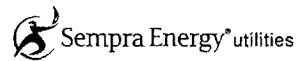
- 4A. SCG/SDG&E inadvertently omitted measures (i.e. furnace clean and tune, attic insulation and air sealing measures) for certain climate zones and dwelling types from their LIEE/CARE applications, although they met the 0.25 cost-effectiveness threshold or addressed customer health, comfort and safety issues.
- 4A. SCG suspended these LIEE offerings in early 2010. SDG&E continued limited offering for purposes of customer health, comfort, and safety.
- 4B. SCG/SDG&E believe that Furnace Clean/Tune should be added to LIEE under the same customer health & safety rationale and cost-effectiveness treatment as other customer quality-of-life measures that fail the LIEE cost-effectiveness test.
- 4B. *Many SoCalGas customers will not qualify for Furnace Clean/Tune if the measure is left as part of Furnace Repair and Replacement. They will then fail the three measure minimum rule. These homes will be bypassed. This is a safety issue.*
- SCG/SDG&E request the: (1) inclusion of the inadvertently omitted measures to LIEE offerings, and (2) inclusion of the Furnace Clean/Tune program to LIEE offerings.



## #4 The PD Will Turn LIEE Customers Away

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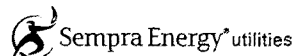
- The PD refuses the request to add inadvertently omitted measures as “inefficient” and “untimely”.
- The PD will needlessly turn away LIEE customers seeking these measures for at least a full year, a full third of the program cycle, before these measures can potentially be added back to authorized measures beginning in 2012.*
- SoCalGas will NOT meet its 2009-2011 LIEE goal without this relief. Many homes will be bypassed.



## #5 Correcting Furnace Repair & Replacement Aggregation

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- D.09-06-026 allows installation of one or two measures if the measure or measures combined achieve energy savings of 25 therms annually, per Attachment G to D.08-11-031.
- Under D.08-11-031 in Attachment G, furnace repair/replacement and furnace clean/tune energy savings are aggregated into a single measure - Furnaces. No savings were attributed to each measure individually. Resulting in furnaces appearing to meet the requirements of a stand alone measure (25 therms/unit).
- If disaggregated, furnace repair/replacement and furnace clean and tune would each show a savings per unit of approximately 2 therms (SCG) and 1 therm (SDG&E).
- SCG/SDGE request replacing the Revised Attachment in G D.09-06-026 with the newly revised attachments to reflect the disaggregation of furnace repair/replacement measures and savings from furnace clean/tune measures and savings.



## #5 The PD Fails to Provide LIEE Service Equally to Customers

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- The PD refuses to grant the requested relief based on a difference in terminology among the utilities between “furnace clean and tune” and “furnace repair and replacement”.
- The reality for customers is keeping the measure bundled presents the opportunity for customers to not qualify for ANY treatment if they do not qualify for the larger “furnace repair and replacement measure.”

## **DisabRA's Position on Petition to Modify Decison**

### **D.08-11-031: Ordering Paragraph 31**

31. We will allow IOUs to count customers they enroll in LIEE as a result of leveraging with CBOs that serve the disabled community, or with the DDTP, toward the 15% annual disabled enrollment goal. IOUs may also count customers who voluntarily self-identify as disabled or whom the IOUs enroll from the Medical Baseline program, but should not ask customers whether they are disabled. Rather, the IOUs may count as disabled persons who voluntarily describe themselves as having a disability, persons who have an observed disability such as a mobility, vision or hearing disability, and persons who use TTY/TDD or request accessible formats of written materials (*i.e.*, large print and/or Braille).

#### **Key Concerns for DisabRA**

- DisabRA strongly supports the 15% enrollment goal of D.08-11-031.
- DisabRA believes that it is inappropriate to put customers on the spot by asking them if they have a disability in a situation where they feel compelled to provide an immediate response.
- DisabRA believes that many people with disabilities will chose to self-identify if they understand that they may obtain a benefit through such self-identification, and if they have the opportunity to consider whether they believe it is preferable to self-identify rather than remain silent.

#### **Recommendation**

- Sempra worked diligently with DisabRA to develop methods of inviting customers to self-identify as disabled without creating situations where they feel compelled to respond if they prefer to maintain privacy. We believe that an appropriate balance is created by clarifying that it is inappropriate to inquire about disability status during direct communications in any format, but it is acceptable to provide an opportunity for customers to self-identify (labeled as voluntary) in the context of requests for information that a customer can consider at his or her own speed.
- By clarifying that a utility may invite customers to self-identify as disabled if they so choose, and specifying how this can be done in an appropriate manner, the Commission can provide the utility with a tool to meet the 15% enrollment goal; this would also enhance the utility's ability to track disabled customers for other customer services and protections.

# ATTACHMENT B

**Zammit, Cynthia**

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**From:** Blattner, William  
**Sent:** Tuesday, October 12, 2010 10:39 AM  
**To:** Hymes, Kelly A. - CPUC  
**Cc:** Villegas, Pedro  
**Subject:** Memo Account follow-up

**Attachments:** Memo Account Final.pdf

Kelly,

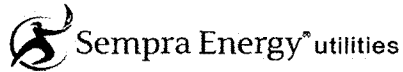
Pedro asked me to follow-up with you on an outstanding issue that came out of your meeting last week on the LIEE PD. Attached is a document that provides a few examples of where the CPUC has authorized utilities to establish memorandum accounts to record costs to be addressed in future proceedings. I hope it is useful to you. Pedro will be back in the office on Monday. In the meantime, please let me know if you have any questions or need additional information.

Billy

**Billy Blattner**  
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SDG&E/SoCalGas  
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Memo Account  
Final.pdf (149 KB...)



**Petition for Modification of D.08-11-031  
Request for Establishment of NGAT Memorandum Accounts**

It is wholly appropriate for the Commission to grant an NGAT memorandum account in the 2009-2011 LIEE proceeding to track NGAT costs for future Commission review and reasonableness determination in a future Commission proceeding. In fact, a memorandum account is necessary to pursue recovery of NGAT unanticipated costs, and is consistent with Commission precedent.

The Commission routinely establishes memorandum accounts in non-GRC proceedings for the purpose of tracking pertinent and related costs from those non-GRC proceedings for review and litigation of recovery in a future proceeding. The following are a few examples where a memorandum account was established in a non-GRC proceeding for the purpose of litigating cost recovery in a future proceeding.

- **Collections OIR Proceeding – Phase I Decision**

Rulemaking 10-02-005, OP 3c: “Each utility is authorized to file a Tier 1 advice letter to establish a memorandum account to track any significant costs associated with complying with the new practices initiated with this proceeding, including any operations and maintenance charges associated with implementation of the practices as well as any uncollectables that are in excess of those projected in the utility’s last general rate case.”

SoCalGas and SDG&E Advice Letters seeking approval to establish memorandum accounts were approved via letter from the Director of Energy Division on March 16 and March 22, 2010, respectively.

- **Decision Approving 2005 CARE and LIEE Programs and Budgets for PG&E, SCE, SDG&E and SoCalGas**

Resolution E-3958 states D. 05-04-052 found that call center costs were costs that the utility would have to incur regardless of the presence of low income programs and that the costs should not be a part of public purpose program funding. OP 19 of the decision states, “SDG&E and SoCalGas may recover in base rates the call center costs we disallow in this decision.”

A memorandum account was necessary to track the call center costs in order to request recovery of the costs incurred.

Resolution E-3958 found that it was appropriate for “...SDG&E and SoCalGas to track these costs until they may be reviewed by the Commission and parties in a formal application where the utilities can quantify and provide details on what costs they have tracked and why these costs should be recovered in base rates.” The Resolution approved the establishment of memorandum accounts to track call center costs.



Advice letters filed by SDG&E and SoCalGas were approved via letter from the Director of Energy Division on November 8, 2005.

- **Phase 1 Decision – Measures to Reduce Fire Hazards**

D. 09-08-029, which is not a GRC proceeding, directs each "...cost-of-service regulated utility to records its costs in a memorandum account to avoid retroactive ratemaking." Phase 2 of the proceeding will in part address how to incorporate costs into each utility's general rate case.

SDG&E's advice letter seeking approval to establish a memorandum account was approved via letter from the Director of Energy Division on September 24, 2009.

- **Resolution E-4311 Wildfire Expense Memorandum Account:**

In Resolution E-4311, issued on July 29, 2010, the Commission approved, with certain modifications, the Utilities' proposals to establish memorandum accounts (WEMAs). The Commission noted that the recovery of costs recorded in the WEMAs is dependent on a Commission decision in A.09-08-020.

Again, the establishment of a memorandum account to track wildfire expenses for later review was not authorized or even litigated in a GRC. But rather was done so as to allow the Utilities and the Commission to track ongoing costs for later review and potential inclusion in utility rates at a later date.

- **Resolution 4227(A) CPUC Approval of SCE's IGCC memorandum account to recover up to \$30 million in costs of a California IGCC Study**

This resolution authorized SCE to fund Phase I of a feasibility study to evaluate an Integrated Gasification Combined Cycle plant and approved a memorandum account to record the costs of this study. This resolution authorizes SCE to record, in HECAMA, up to \$30 million in costs resulting from its participation in the HECA study with Hydrogen Energy International LLC. The resolution also determined that SCE file an application in order to request recovery of these costs.

This issue was not part of any open proceeding, but rather was done in anticipation that SCE would file a future application where SCE would seek recovery and provide the sufficient information for the Commission to determine the reasonableness of these costs at a future date. This memorandum account was not part of any GRC proceeding, nor was it ordered by any CPUC decision. Rather this account was requested by SCE via advice letter and was authorized via Resolutions 4227A.

- **Establishment of SCE's Carbon Sequestration Evaluation Memorandum Account, and Clean Hydrogen Power Generation Plant Feasibility Memorandum Account in Compliance with Decision 08-04-038**

In Advice Letter 2235-E, approved via letter from the Director of Energy Division on June 11 2008, SCE created a memorandum account to track these costs for later review and potential

recovery in rates. The creation of these accounts was not as a result of a GRC, but rather the result of D.08-04-038.

In general the purpose of a memorandum account is to allow the Commission an opportunity to review costs for which the utility seeks recovery after the costs have been incurred. A GRC typically examines the reasonableness of forecasted costs. As demonstrated above, often the Commission allows utilities to establish memorandum accounts in proceedings that are not GRCs. In fact the Commission has allowed, as is the case with the various utilities WEMA and SCE's HECAMA the establishment of memorandum accounts outside of a formal proceeding through approval of an advice letter.

Thus it is wholly appropriate for the Commission to grant an NGAT memorandum account in the 2009-2011 LIEE proceeding to track NGAT costs for Commission review of those costs in a separate application filed by the utilities. Absent the creation of such an NGAT memorandum account the Commission will be precluded from reviewing these costs and allowing the utility to recover those costs that were reasonably incurred. Without the creation of a memorandum account the utilities will forever be denied the ability to recover reasonable costs incurred to comply with the Commission's NGAT requirements.