

From: [Redacted]  
Sent: 6/20/2011 2:52:43 PM  
To: Tagnipes, George S. (jeorge.tagnipes@cpuc.ca.gov)  
Cc: Ramaiya, Shilpa R (/o=PG&E/ou=Corporate/cn=Recipients/cn=SRRd); [Redacted]  
[Redacted]  
Bcc:  
Subject: RE: Follow-up on Risk-Reward Template and Cumulative Savings Numbers

George:

We had to modify one thing in order to get the Risk Reward Spreadsheet Template to work.

In the ERT Summary worksheet, the total columns (column E for PG&E) don't have a sum formula in it, therefore the 2009 accomplishments never gets added to the RRM Calculator worksheet. Also the header of the ERT Summary worksheet should state 2009 instead of 2006 - 2008.

We corrected for the sum error by adding C + D in rows 9 through 11 of the ERT Summary worksheet.

If you agree, that's how we will be correcting and submitting the Risk Reward Spreadsheet template for our earnings application.

Ed

[Redacted]

**From:** Tagnipes, George S. [mailto:jeorge.tagnipes@cpuc.ca.gov]  
**Sent:** Thursday, June 16, 2011 2:58 PM  
**To:** Tagnipes, George S.; [Redacted]; Skala, Pete; [Redacted]  
**Cc:** Darren.Hanway@sce.com; LMansi@semprautilities.com; KMcKinley@semprautilities.com; Ramaiya, Shilpa R; [Redacted]; Klotz, Michael (Law)  
**Subject:** RE: Follow-up on Risk-Reward Template and Cumulative Savings Numbers  
**Importance:** High

All,

Here is the final risk reward spreadsheet to be used for your applications due on 6/30/11. I tested the

earnings claim formula and it properly returns 7%. I removed the part of the formula that was reserved for the 12% rate since it is not needed. The background spreadsheet for the decay analysis is also attached. You may notice the decay numbers are little lower (which will be used in the risk reward spreadsheet) but the total savings are higher (this should be close to what you all submit).

I will work on the transmittal letter and getting this posted somewhere publicly, possibly EEGA for now, but I wanted to get closure on getting these documents out now.

George S. Tagnipes | 415.703.2451 | [george.tagnipes@cpuc.ca.gov](mailto:george.tagnipes@cpuc.ca.gov) | Energy Division - EM&V Section | PLEASE VISIT <http://eega.cpuc.ca.gov>

**From:** Tagnipes, George S.  
**Sent:** Thursday, May 26, 2011 5:43 PM  
**To:** Tagnipes, George S.; [Redacted]; Skala, Pete; [Redacted]  
**Cc:** 'Darren.Hanway@sce.com'; 'LMansi@semprautilities.com'; 'KMckinley@semprautilities.com'; 'Ramaiya, Shilpa R'; [Redacted]; [Redacted] 'Klotz, Michael (Law)'  
**Subject:** RE: Follow-up on Risk-Reward Template and Cumulative Savings Numbers

All, wanted to let you know that I'm working on the new output for the SCE issue.

Also I point of clarification on the Risk Reward template: what I sent you still needs energy savings outputs from you. Specifically, once you run your ERTs for the 2009 records, this number will be populated in the Risk Reward template and automatically added to the numbers that I'm calling the "Decay" credit.

I may have misrepresented to Sempra that you would need to add back in the 2006-2008 savings, plus your 2009 savings + the "decay credit".

This is incorrect. The "Decay Credit" already includes savings from 2006-2008 that are still installed and operating in 2009 + the credit of 50% decay.

So all that will need to be added to the template is your 2009 savings from your ERT runs in terms of energy savings.

You then will need to add your net benefits estimates as well.

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**From:** Tagnipes, George S.  
**Sent:** Tuesday, May 24, 2011 5:53 PM  
**To:** Tagnipes, George S.; [Redacted]; Skala, Pete; [Redacted]  
**Cc:** 'Darren.Hanway@sce.com'; 'LMansi@semprautilities.com'; 'KMckinley@semprautilities.com'; 'Ramaiya, Shilpa R'; [Redacted]; 'Klotz, Michael (Law)'  
**Subject:** RE: Follow-up on Risk-Reward Template and Cumulative Savings Numbers

All, after our meeting this afternoon, I updated the Risk Reward template to adjust the decay formula slightly ( I removed the part of the formula that divided the decay piece by 1 million for kWh, 1000 for kW, and 1 million for therms, since this was already done in the earlier rows of the Decay spreadsheet).

**This will be the template that PGE and Sempra will use.**

As discussed in the meeting, there was an issue with how I used SCE's data in the original query, so I will work with SCE to correct that.

Once this issue has been resolved, I'll deliver the template through a transmittal letter signed by my supervisor and post the template to the web (either the CPUC EE page or EEGA).

George S. Tagnipes | 415.703.2451 | [george.tagnipes@cpuc.ca.gov](mailto:george.tagnipes@cpuc.ca.gov) | Energy Division - EM&V Section | PLEASE VISIT <http://eeqa.cpuc.ca.gov>

**From:** Tagnipes, George S.  
**Sent:** Tuesday, May 24, 2011 10:53 AM  
**To:** [Redacted]; Skala, Pete; [Redacted]  
**Cc:** Darren.Hanway@sce.com; LMansi@semprautilities.com; KMckinley@semprautilities.com; Ramaiya, Shilpa R; [Redacted]; Klotz, Michael (Law)  
**Subject:** RE: Follow-up on Risk-Reward Template and Cumulative Savings Numbers

All,

Here is the Risk Reward template to be used for your 2009 applications. This templates includes the following updates:

1. The goals were modified to start the goals at 2006 (as opposed to 2004)
2. 2009 LIEE savings are included
3. 2009 C&S savings is included at 100%
4. 2004-2005 savings are removed (and the rows hidden because this would disrupt the formulas)
5. 50% decay credit is added based on the latest spreadsheet (this also uses the same SCE input sheets submitted for the true up decision)
6. The earnings rate formula is changed to delete 9% and 12% in place of a 7% earnings rate.

The spreadsheet used for #5 is also attached.

George S. Tagnipes | 415.703.2451 | [george.tagnipes@cpuc.ca.gov](mailto:george.tagnipes@cpuc.ca.gov) | Energy Division - EM&V Section |

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**From:** [Redacted]  
**Sent:** Tuesday, May 24, 2011 10:33 AM  
**To:** Skala, Pete; [Redacted] Tagnipes, George S.  
**Cc:** Darren.Hanway@sce.com; LMansi@semprautilities.com; KMcKinley@semprautilities.com; Ramaiya, Shilpa R; [Redacted] Klotz, Michael (Law)  
**Subject:** RE: Follow-up on Risk-Reward Template and Cumulative Savings Numbers

Given that the cap is a moot point (no Utility is claiming an amount of savings above the cap amount) and that is the last outstanding issue for the Risk Reward Spreadsheet template is there a date when will the IOU's receive the finalized template? We are all anxiously awaiting the finalized template and hoping it comes in today as we are very close to finalizing our applications and want to use the most collaborative data possible.

Thank you,

[Redacted]

**From:** Skala, Pete [mailto:pete.skala@cpuc.ca.gov]  
**Sent:** Tuesday, May 24, 2011 7:51 AM  
**To:** [Redacted]; Tagnipes, George S.; [Redacted]  
**Cc:** Darren.Hanway@sce.com; LMansi@semprautilities.com; KMcKinley@semprautilities.com; Ramaiya, Shilpa R; [Redacted]; Klotz, Michael (Law)  
**Subject:** RE: Follow-up on Risk-Reward Template and Cumulative Savings Numbers

I agree with Ed that the 2006-2008 cap should not simply be extended to 2009. I believe the Commission would expect us to apply the same cap METHODOLOGY that ALJ Gottstein applied to derive the 2006-2008 cap to the 2009 "portfolio" (which I presume would be in the neighborhood of \$150MM). I agree that this is likely moot given the lower savings rate, unless a specific utility is claiming some incredibly high program savings for their 2009 portfolio, so for now not sure we need to calculate the 2009 cap.

Thanks Ed -- Please call me if you have any questions.

Pete Skala  
Program Manager -- Demand-Side Analysis Branch  
CPUC Energy Division  
(415) 703-5370 (office)  
(415) 577-8576 (mobile)

**From:** [Redacted]  
**Sent:** Tuesday, May 24, 2011 7:47 AM  
**To:** Tagnipes, George S.; [Redacted]  
**Cc:** 'Darren.Hanway@sce.com'; 'LMansi@semprautilities.com'; 'KMckinley@semprautilities.com'; Ramaiya, Shilpa R; Skala, Pete; [Redacted] Klotz, Michael (Law)  
**Subject:** RE: Follow-up on Risk-Reward Template and Cumulative Savings Numbers

George:

Decision 07--09-043, Ordering Paragraph 2.g) states "Total earnings and penalties are capped for the four utilities combined at \$450 million over each three-year program cycle, beginning with the 2006 - 2008 program cycle."

This ordering paragraph clearly states that the cap is for each three-year cycle and therefore the \$450 million cap for 2006 - 2008 should not be applicable to 2009. No subsequent decision states that the 2009 earnings should be included in the 2006 - 2008 earnings cap.

Please call me if you have any questions.

Ed

[Redacted]

Redacted

**From:** Redact  
**Sent:** Monday, May 23, 2011 7:31 PM  
**To:** Tagnipes, George S.; Redacted  
**Cc:** Darren.Hanway@sce.com; LMansi@semprautilities.com; KMcKinley@semprautilities.com; Ramaiya, Shilpa R; Skala, Pete; Redacted  
**Subject:** RE: Follow-up on Risk-Reward Template and Cumulative Savings Numbers

George:

The final true-up claim decision (D.10-12-049) did not state to remove the cap. I don't have a copy of the original shareholder incentive decision from 2007 in front of me, but that decision refers to the cap as a cap for the 2006 - 2008 portfolio period. Therefore, it does not apply to 2009.

It may be a moot point anyways since none of the IOUs will exceed the 2006 - 2008 cap even with the estimated 2009 shareholder incentives included. In order to avoid any further delays, we should proceed and leave the 2006 - 2008 cap in the Risk Reward Spreadsheet template at this point. We will address this issue at a later date if any of the IOUs exceed the 2006 - 2008 cap when the final Risk Reward Spreadsheet template is fully populated prior to the filing of the 2009 incentive application filing.

Please call me if you have any questions.

Redacted

**From:** Tagnipes, George S. [mailto:jeorge.tagnipes@cpuc.ca.gov]  
**Sent:** Monday, May 23, 2011 5:03 PM  
**To:** Tagnipes, George S.; [Redacted]  
**Cc:** Darren.Hanway@sce.com; [Redacted] LMansi@semprautilities.com;  
KMckinley@semprautilities.com; Ramaiya, Shilpa R; Skala, Pete; [Redacted]  
**Subject:** RE: Follow-up on Risk-Reward Template and Cumulative Savings Numbers

All,

I updated the spreadsheet with the new decay numbers and I tried to delete the 2004-2005 rows but this disrupted the rest of the formulas in the spreadsheet, so I just hid those rows.

As for deleting the cap row, I'm looking through the last decision to see if there is any specific guidance instructing Energy Division to remove the caps from the equations.

If you can point me to the decision language that specific tells Energy Division to remove the cap, can you please send it to me. I'm currently reviewing D.10-12-049 for guidance on this matter.

As such, I will likely send the template to you all tomorrow.

George S. Tagnipes | 415.703.2451 | [jeorge.tagnipes@cpuc.ca.gov](mailto:jeorge.tagnipes@cpuc.ca.gov) | Energy Division - EM&V Section | PLEASE VISIT <http://eega.cpuc.ca.gov>

**From:** Tagnipes, George S.  
**Sent:** Monday, May 23, 2011 1:39 PM  
**To:** [Redacted]  
**Cc:** Darren.Hanway@sce.com; [Redacted] LMansi@semprautilities.com; 'McKinley, Kevin C.' (KMckinley@semprautilities.com); Ramaiya, Shilpa R; Skala, Pete; [Redacted]  
**Subject:** RE: Follow-up on Risk-Reward Template and Cumulative Savings Numbers

Bryce et. al.,

Sorry for the delay. I'm working the template right now and have the updated source spreadsheet (with SCE's updated numbers) and the new decay numbers and the cumulative numbers.

I'll give you another updated by the afternoon if I am not able to deliver by COB (but I'm very close).

George S. Tagnipes | 415.703.2451 | [george.tagnipes@cpuc.ca.gov](mailto:george.tagnipes@cpuc.ca.gov) | Energy Division - EM&V Section | PLEASE VISIT <http://eega.cpuc.ca.gov>

**From:** [Redacted]  
**Sent:** Monday, May 23, 2011 1:35 PM  
**To:** Tagnipes, George S.  
**Cc:** Darren.Hanway@sce.com; [Redacted] LMansi@semprautilities.com: 'McKinley, Kevin C.' (KMckinley@semprautilities.com); Ramaiya, Shilpa R; Skala, Pete; [Redacted]  
**Subject:** Follow-up on Risk-Reward Template and Cumulative Savings Numbers

Hi George,

I'm following up from our request last week for the risk-reward spreadsheet template and the updated cumulative savings numbers. The IOU's are hoping to populate that template ASAP and are looking to confirm that it will be sent out today or determine when it will be sent out.

Thanks,

[Redacted]