



A  Semptra Energy™ company

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September 12, 2011

A. 08-07-022

Ms. Hazlyn Fortune  
Mr. Bruce Kaneshiro  
Mr. Pete Skala  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**Re: Southern California Gas Company 2010-2012 Energy Efficiency Portfolio Rebalancing As Directed By Decision 11-07-030**

Dear Ms. Fortune, Mr. Kaneshiro and Mr. Skala:

Southern California Gas Company (SoCalGas), by this letter, informs the Energy Division that SoCalGas has made selective program modifications to its 2010-2012 energy efficiency (EE) portfolio in compliance Decision (D.)11-07-030. All program modifications for this rebalance have been made within existing Investor-Owned Utility (IOU) authority as defined in D.09-09-047 Ordering Paragraph (OP) 43. SoCalGas will provide the details of these program modifications through the Energy Division's Program Implementation Plan (PIP) addendum process and fund shifting reporting table to be posted on the Energy Efficiency Groupware Application (EEGA) website: <http://eeга.cpuc.ca.gov/>.

D.11-07-030 adopted changes to SoCalGas' ex ante energy savings assumptions for key EE measures and a new process for customized EE projects for the 2010-2012 cycle. These changes significantly reduced the total energy savings that SoCalGas can claim and reduced overall portfolio cost effectiveness. Given these modifications, D.11-07-030, OP 3 directed the IOUs to rebalance their portfolios within 60 day of the effective date of D.11-07-030.

On September 2, 2011, the Commission issued a proposed decision (PD) and alternate decision (AD) that would provide further direction to SoCalGas to modify its EE portfolio to address the impacts of SB 87, a bill that results in a significant funding reduction to SoCalGas' EE programs. The PD and AD provide guidance to SoCalGas, Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) regarding priorities and financing for these gas utilities' on-going Public Purpose Programs (PPP). These potential changes have not been addressed at this time. SoCalGas anticipates, consistent with the anticipated Commission direction to address the impacts of SB87, it will file an Advice Letter to address any additional changes to its natural gas EE programs. This could result in a subsequent rebalancing of SoCalGas' EE portfolio. Pending the Commission's decision on this matter, SoCalGas' goal is to continue to fund all gas efficiency programs through the end of the current program cycle (2012) so that customers can continue projects that will save them energy and money.

Therefore, pursuant to the above directives to rebalance its portfolio, SoCalGas has completed all

program modifications to its 2010-2012 EE portfolio as directed, while ensuring that goals are met cost effectively, and that customer satisfaction and program quality are maintained.

Sincerely,

*/signed*

Joy C. Yamagata  
Regulatory Manager

cc: Service List in A. 08-07-021 et al