

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

Order Instituting Rulemaking to Reform the
Commission's Energy Efficiency Risk/Reward
Incentive Mechanism

Rulemaking 12-01-005
(Filed January 12, 2012)

**NOTICE OF EX PARTE COMMUNICATION OF
SAN DIEGO GAS & ELECTRIC COMPANY (U902M) AND
SOUTHERN CALIFORNIA GAS COMPANY (U904G)**

Billy Blattner
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Dated: October 9, 2012

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In accordance with Rule 8.3 of the Commission's Rules of Practice and Procedure, San Diego Gas and Electric Company ("SDG&E") and Southern California Gas Company ("SoCalGas") (together, "the Joint Utilities") hereby give notice of the following *Ex Parte* communication in the above proceeding.

On Thursday, October 4, 2012, in the Commission's offices in San Francisco, Gillian Wright, Director of Customer Programs and Assistance for SoCalGas; Ted Reguly, Director of Customer Programs and Assistance for SDG&E; and Billy Blattner, Manager of Regulatory Relations for SDG&E and SoCalGas, met with the following people:

- Damon Franz, Advisor to President Peevey, at 1:15 p.m.;
- Colette Kersten, Advisor to Commissioner Sandoval, at 2:15 p.m.; and
- Michael Colvin, Advisor to Commissioner Ferron, at 3:30 p.m.

On Tuesday, October 9, 2012, at 3:00 p.m., Mr. Blattner met with Rahmon Momoh, Advisor to Commissioner Simon. Comments attributed to Ms. Wright and Mr. Reguly below were made by Mr. Blattner at the October 9 meeting.

The communications were initiated by SoCalGas and SDG&E to discuss Energy Efficiency ("EE") incentives in general and the recent ruling in the above proceeding. Communication was oral, substantially similar in each instance, and lasted between 30 and 45 minutes.

Mr. Blattner explained that the Joint Utilities support reaching a compromise on EE incentives. He explained that an incentive mechanism should be simple, clear and less contentious. Ms. Wright recommended that concerns about the level of earnings be dealt with through an incentive cap, not through the evaluation, measurement and verification process. Ms. Wright stated that the Joint Utilities do not support the newly proposed mechanism for the 2010-12 program cycle contained in the September 25, 2012 ruling. Mr. Blattner explained that the newly proposed mechanism has no basis in the record, is highly subjective, cannot be replicated, and bears no relation to program success. Mr. Reguly indicated that incentives should be based on energy savings, consistent with state policy goals and prior Commission decisions, and be known in advance. He added that a management fee approach rewards expenditures, not energy savings, but could be applied to non-resource programs.

To request a copy of this notice, please contact:

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Dated this 9th day of October, 2012, at San Francisco, California.

Respectfully submitted,

By: /s/ Billy Blattner
Billy Blattner

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