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)

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Dated: December 13, 2012

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Billy Blattner, Manager of Regulatory Relations for SDG&E and SoCalGas, met with the following people at the dates and times below:

- Michael Colvin, Advisor to Commissioner Ferron, on Friday, December 7, 2012, at 3:30 p.m., in the Commission's offices in San Francisco;
- Damon Franz, Advisor to President Peevey, on Monday, December 10, 2012, at 1:30 p.m., in the Commission's offices in San Francisco;
- Bishu Chatterjee, Advisor to Commissioner Simon, on Monday, December 10, 2012, at 2:45 p.m., at 601 Van Ness Ave., Suite A, San Francisco; and
- Colette Kersten, Advisor to Commissioner Sandoval, on Monday, December 10, 2012, at 3:15 p.m., at 601 Van Ness Ave., Suite A, San Francisco.

The communications were initiated by SoCalGas and SDG&E to discuss the pending 2010-12 energy efficiency incentives proposed decision (PD) and alternate decision (alternate) in the above proceeding. Communications were oral, substantially similar in each instance, and lasted approximately 30 minutes.

Mr. Blattner expressed support for the Ferron alternate, but requested changes to the decision. He stated that the utilities had a reasonable expectation that incentives would be adopted for the current program cycle. He explained that SDG&E and SoCalGas support incentives that reward achievement of energy savings goals, but can accept incentives based on a management fee on a non-precedential basis for the program cycle that ends this month.

Mr. Blattner requested that the alternate be modified to eliminate the arbitrary and subjective scoring mechanism. He explained that the scoring mechanism, which was first introduced in a ruling on September 25 of this year, was not supported by any party responding to the ruling, cannot be objectively measured or recreated, is based on conformance with an administrative process not adopted until July 2011, punishes dissent and stifles innovation. He stated that SDG&E and SoCalGas are committed to working with the Energy Division to improve the ex ante process, but that the scoring mechanism is not the proper basis for awarding performance incentives.

To request a copy of this notice, please contact:

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Dated this 12th day of December, 2012, at San Francisco, California.

Respectfully submitted,

By: _____*/s/ Billy Blattner*________________

Billy Blattner

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