

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

Order Instituting Rulemaking Concerning Energy
Efficiency Rolling Portfolios, Policies, Programs,
Evaluation, and Related Issues.

Rulemaking 13-11-005
(November 14, 2013)

**PREHEARING CONFERENCE STATEMENT OF
SOUTHERN CALIFORNIA GAS COMPANY (U904G)**

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December 6, 2013

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Southern California Gas Company (“SoCalGas”) respectfully submits the following Prehearing Conference (“PHC”) Statement pursuant to Rule 7.2(a) of the Commission’s Rules of Practice and Procedure and the Notice Of Prehearing Conference and Administrative Law Judge’s Ruling (“PHC Notice”), issued on November 27, 2013 in the above-titled proceeding (“OIR”). The PHC Notice allows for a statement limited to three questions to be filed on or before December 6, 2013.

**I.
RESPONSES TO QUESTIONS SET FORTH
IN NOTICE OF PREHEARING CONFERENCE**

A. Whether there is any objection to the categorization of the proceeding.

The OIR contained a determination that the proceeding be classified as Ratesetting, as defined in Rule 1.3. SoCalGas does not object to the categorization of the OIR as Ratesetting.

B. Whether the Commission should adopt or modify the proposed schedule for Phase I of this proceeding.

The PHC Notice contains a draft schedule under contemplation, with highlights including the issuance of a Scoping Memo on December 23, an Assigned Commissioner’s Ruling (“ACR”) on savings goals and potential on January 27, 2014, and for Administrators to file for 2015 funding three weeks later, on February 15, 2014. Post-filing regulatory processes follow thereafter, with a decision on 2015 portfolio funding possible in early-May, 2014.

SoCalGas believes the Commission’s approach to implementing an Energy Efficiency (“EE”) rolling cycles portfolio mechanism through a phased proceeding is judicious and will provide parties the opportunity to participate in a collaborative and thoughtful manner.

Anticipating that 2015 portfolios will look substantially similar to those for the 2013 – 2014 program years, it makes sense to develop a schedule that will allow for expeditious processing and approval of 2015 funding so the bulk of time and resources can and should be focused on Phases II and III of the OIR, where the framework and other policy issues will be determined. SoCalGas supports the proposed schedule, subject to the following conditions that would allow Administrators to meet the filing requirements and Commission expectations that:

1. The 2015 budget request be of a form and substance that can be prepared within the narrow time window being contemplated. See response to question c, below;
2. The Commission schedule the workshop before, instead of after, the Administrator budget request filings as this will allow Administrators to receive helpful input prior to submitting their filings, and hopefully produce a less contentious post-filing regulatory process; and
3. The Commission modify the schedule so the budget request filings are provided at a minimum one month after the ACR on potential and goals issues, as this would provide useful time for Administrators to consider and make enhancements based on the input received at the above-mentioned workshop, evaluate how changing goals may have a bearing on required budgets to meet such goals,¹ and more carefully examine needs related to supporting Proposition 39 implementation. It would also allow the coalition of Energy Efficiency stakeholders (EE Coalition) working on a collaborative Rolling Cycles proposal to meet and confer and continue to stay aligned on Phase I issues.

¹ For example, SoCalGas’ program therm savings goal in the 2013 California Energy Efficiency Potential and Goals Study for 2015 is 27 MMTh, or approximately 21 percent higher than the 2014 goal.

C. What form administrator filings should take for 2015 portfolio funding?

In order to prepare 2015 budget year submissions during the compressed time frame contemplated, SoCalGas recommends the following:

1. The Commission recast the current program cycle into a 2013 – 2015 period, extending by the current cycle by one year. Program goals, budgets, and associated evaluation metrics, such as cost-effectiveness, would be considered on a cumulative basis over the three-year period.
2. The Commission should order Administrators to submit a proposal for 2015 funding that is analogous to the filing submitted in August 2008 that accommodated the request to continue operating the 2006 – 2008 portfolio in 2009.² Following the path the Commission adopted for 2009, Administrators would prepare and submit a request to fund all successful programs from the 2013 – 2014 program years into 2015 at a prescribed funding level. Such an approach will allow all stakeholders to meet the aggressive schedule established in the OIR, and ensure expeditious approval and implementation of energy efficiency programs in 2015.
3. Following Commission approval of the 2015 budgets, Administrators would file Advice Letters implementing the budget and associated authorities to allow for immediate continuation of contracting with program partners and vendors to allow for a smooth transition to a longer cycle with a rolling cycles framework.
4. The Commission should provide authority to utilize unspent, uncommitted funds from the 2013 – 2014 program years for the 2015 program year. The Commission should adopt an annual goal for 2015 that is in sync with the *ex ante* metrics by which the IOUs are required to report their results, i.e., Database for Energy

² On August 18, 2008, the IOUs filed “Joint Utility Request for Funding and Authorization to Continue to Operate 2006-2008 Energy Efficiency Programs in 2009 Pending a Final Decision on Applications for Approval of 2009 2011 Energy Efficiency Programs.” The filing included certain items pursuant to ALJ direction that would not be applicable in this context.

Efficient Resources (DEER), non-DEER workpapers, *and* customized projects. Such an alignment has been a stated goal for energy efficiency by the Commission and is the appropriate approach for the 2015 program year and beyond.

5. In Phase I the Commission should explicitly extend and also require updating of the Energy Savings Incentive Mechanism (“ESPI”) which determines Investor Owned Utility (“IOU”) shareholder awards based on different factors, including *ex ante* and *ex post* energy savings using a formula predicated upon goals,³ and non-resource program spending relative to budgets.

SoCalGas reviewed the OIR for elements that the Commission anticipates would be addressed in Phases II and III of the proceeding for the purpose of examining whether any elements should be pushed forward in time to promote program effectiveness. SoCalGas, consistent with PHC Statements from other members of the EE Coalition, supports the pursuit of policy changes to allow for programmatic opportunities to offer incentives for “to code” retrofits as well as receiving authority in Phase I that would accommodate continuous contracting practices and avoid the “stop – start” associated with ending and beginning of program cycles.

II. CONCLUSION

SoCalGas respectfully submits this Prehearing Conference Statement for consideration and looks forward to participating in the OIR Prehearing Conference.

³ The formula is based upon statewide goals and thus requires the coordination / consistency between all IOUs for updating in a uniform manner.

DATED at Los Angeles, California, this 6th day of December, 2013.

Respectfully submitted,

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