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Public Utilities Commission of the State of California
Energy Division Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Dear Energy Division Tariff Unit:

Subject: Joint Response of Pacific Gas and Electric Company and San Diego Gas & Electric Company to Southern California Gas Company Advice No. 4661 regarding Energy Efficiency Incentive Awards for Program Years (PY) 2012 and 2013

On June 30, 2014, Southern California Gas Company (SoCalGas) filed advice letter (AL) 4661 to request approval of its PY 2012 and 2013 energy efficiency (EE) incentive mechanism award. Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) similarly filed AL 3492-G/4451-E and AL 2620-E, respectively, on June 30, 2014 to request incentive awards for the same period.

As noted by SoCalGas, the Utility Audit, Finance and Compliance Branch (UAFCB) had not started its audits of the utilities' 2013 energy efficiency expenditures as of the date of the AL filing.¹ To ensure that the audit will be available in time for the next AL for the remainder of the 2013 incentive award, SoCalGas requests "that the Commission, following consultation with the Audit Branch of the Water Division to formalize an audit schedule with specific deadlines to ensure final audit reports are available in time to support the "PY + 2" calculations, consistent with the approach outlined in the Commission Staff Memo. SoCalGas requests that final audit reports are made available at least two weeks in advance of the June 30 ESPI Advice Letter due date."² Completion of the 2013 investor-owned utilities (IOUs) EE audits before next year's June 30 AL filings for the second portion of the 2013 incentive awards is required by Decision (D.) 13-09-023 for the ALs to be timely filed and considered.

SoCalGas also requests "that the Commission explicitly prescribe that any outcome of the financial audit be treated similarly as the currently adopted True-Up Mechanism. That is, should an adjustment be warranted due to differences between utility-reported and audit-verified expenses, such adjustment would be treated as an offset in the next

¹ SoCalGas AL4661, p. 3.

² SoCalGas AL4661, p. 3.

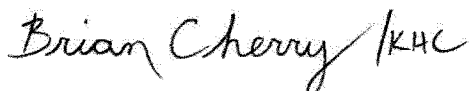
year (or "PY + 2") earnings claim."³ PG&E and SDG&E⁴ made similar requests in their ALs and support SoCalGas' explicit request of an offset to the 2015 earnings request to avoid restating the prior year's earnings, if there is a resulting true-up that would change the amount of the first 2013 EE incentive award.

PG&E and SDG&E support SoCalGas' requested clarifications of the timing of the audits and procedure to true up the first 2013 EE incentive awards. PG&E and SDG&E request that this process apply generally for each of the IOU's 2013 EE audits and incentive awards.

CONCLUSION

PG&E and SDG&E respectfully request the Commission in its Resolution for the IOUs' PY 2012 and 2013 EE incentive award include a formalized completion date for the IOUs' 2013 EE audits and clarify the true-up mechanism that is based on the results of the audits.

Sincerely,



Vice President, Regulatory Relations

cc: Edward Randolph, Director, Energy Division
Sid Newsom, Tariff Manager, SCG
Steve Hruby, Regulatory Case Manager, SCG
Service Lists R.12-01-005 and R.13-11-005

³ SoCalGas AL4661, p. 4.

⁴ SDG&E's recommendation was to true-up in the 2016 ESPI claim (at page 4) but it can support moving the true-up to 2015 ESPI claim.