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October 1, 1998

Advice No. 2748
(U-904-G)

Public Utilities Commission of the State of California

Sempra Energy, on behalf of Southern California Gas Company (SoCalGas), hereby submits for filing and approval with the California Public Utilities Commission (Commission) its proposed 1999 low-income assistance programs.

PURPOSE

The purpose of this filing is to submit the Program Year 1999 (PY99) low-income assistance programs, pursuant to Ordering Paragraph 4 of Decision No. (D.) 98-05-018, dated May 7, 1998. This decision authorized the extension of utility administration of low-income assistance programs until December 31, 1999, and directed the Low Income Governing Board to work with the utilities to develop PY99 program plans and budgets for submission as advice letters by October 1, 1998.¹

Also, this filing is submitted pursuant to a recommendation of the Low Income Governing Board (LIGB or Board) for the 1999 California Alternate Rates for Energy (CARE) Program.² Finally, this filing is submitted in compliance with Assigned Commissioner's Ruling (ACR) dated September 23, 1998.³

SoCalGas' program plans and budgets for its CARE and Low Income Energy Efficiency (LIEE or DAP) Programs in PY99 are submitted hereby. The attachments to this filing, which are incorporated by reference herein, are responsive to these directives, too.

¹ D.98-05-018 at page 1.

² Recommendation 10: "[E]ach CARE interim administrator [shall] file a 1999 CARE implementation plan by October 1, 1998, in OIR 98-07-037, which reflects [its] proposed implementation approach and explicitly includes the LIGB's recommended CARE policy guidelines and determinations as of August 31, 1998." LIGB letter to the Commission and affected utility program administrators dated September 1, 1998, at page 3.

³ Which directs: "...[that] all filings by utilities...should clearly identify any areas of disagreement with...LIGB recommendations, present the reasons for any disagreements, and specify how their proposed program plans and budgets reflect those disagreements." at pages 9 and 10.

BACKGROUND

The program plans and funding levels presented herein reflect SoCalGas' ongoing commitment to its low-income customers during the transition to independent administration of low-income programs. We believe our proposed plans are consistent with, and further, the Commission's goals for low-income public purpose programs, as described in its Policy and Threshold Issues Decisions in the Electric Restructuring Proceeding.^{4,5,6}

SoCalGas has and will continue to actively participate in all Commission proceedings affecting its low-income customers and programs.⁷ SoCalGas will also actively participate in all aspects of the newly-opened Public Purpose Proceeding.⁸

RECOMMENDATIONS OF THE LOW INCOME GOVERNING BOARD

The programs and funding levels presented herein were developed by SoCalGas, and are intended to reflect the intent and spirit of the PY99 recommendations of the LIGB. SoCalGas also considered the discussions of the Board's Recommendation by the Advisory Committee (AC or Committee).

SoCalGas carefully considered and incorporated all but one of the Board's recommendations for CARE and DAP in PY99, as appropriate.^{9,10} Most of these recommendations were reviewed and supported, in the main, by the Committee.¹¹

⁴ The Policy Decision describes the Commission's vision of a competitive framework for the electric services industry, and acknowledges the continued need for activities performed in the public interest (such as low-income programs). It states: "In the near term the utilities should continue to administer [low-income assistance] programs. The proposal to move administration outside the utilities is appealing. Low-income assistance funds could be transferred to a ULTS-like fund for distribution... D.95-12-063, as amended by D.96-01-009 at page 167.

⁵ The Threshold Issues Decision states: "Energy efficiency and low-income assistance programs shall be administered in the future under a new structure that will require independent boards and administrative entities selected through a competitive bidding process...During the transition to this new structure, [the utilities] shall continue to administer demand-side management and low-income rate assistance programs until the new administrative system is fully operational." Ordering Paragraph 1 of D.97-02-014.

⁶ Order Instituting Rulemaking (R.) 94-04-031 / Order Instituting Investigation (I.) 94-04-032.

⁷ For example, SoCalGas actively participated in the Low Income Working Group during 1996; this was established pursuant to D.95-12-063, as modified by D.96-01-009 and D.96-03-022. Since then, SoCalGas has continued to actively participate in meetings of the Board and its Advisory Committee.

⁸ R.98-07-063.

⁹ Recommendations on the CARE and LIEE Programs for 1999, submitted by the LIGB to the Commission and affected utility program administrators via letter dated September 1, 1998, as modified by the Board via letter dated September 30, 1998. Attachments 1A and 2A present, respectively, the Board's recommendations on the CARE and LIEE Programs for 1999.

¹⁰ *ibid.* The following Board recommendations for the CARE Program in PY99 involve actions that in whole or part are to be undertaken by the Commission, the Board, or the Commission's staff: 1, 2, 3, 5, 7, 8, and 9, not the interim utility administrators.

¹¹ Proposed changes to the PY99 LIEE Program recommendations, submitted by the Advisory Committee to the LIGB via letter dated August 30, 1998. The AC recommended changes to the following LIEE recommendations adopted by the Board: A.1 – Appendix A, A.3, A.5, A.6, B.1, B.2, B.3, B.4, and C.1. The AC recommended that the Board not submit the following recommendations to the Commission: C.2, C.4, and C.5.

SUMMARY OF REQUESTED ACTIONS

SoCalGas seeks Commission approval of the following requests for its low-income programs in PY99. (All monetary figures are shown in uninflated 1997 or 1998 dollars, as noted.)

- ◆ \$29.2 million for administrative and program expenses for the CARE Program^{12,13} of which \$150,000 is set-aside for CARE pilot outreach studies.
- ◆ \$18 million for administrative and program expenses for the LIEE Program¹⁴ of which \$900,000 is set-aside for DAP pilot studies (\$700,000 of this is earmarked for a duct sealing pilot and the remainder for unspecified studies).
- ◆ Any unexpended PY98 DAP funds be authorized for carry-over expenditure in PY99.
- ◆ \$350,000 in performance incentives for DAP in PY99.¹⁵
- ◆ The proposed DAP performance incentive mechanism.¹⁶

SoCalGas' funding requirements do not reflect the Board's operating expenditures for 1999. The Board's 1998 operating budget is fully funded by Pacific Gas and Electric Company, San Diego Gas and Electric Company, and Edison. If a mechanism is established whereby SoCalGas funds some of the Board's expenses in 1999, SoCalGas respectfully requests that its PY99 CARE and DAP budgets be adjusted accordingly to reflect those Board expenses.

SoCalGas expects that resolution of the gas surcharge issues will include transition and shut-down costs for its low-income programs.¹⁷

OVERVIEW

This filing is divided into two main sections: one covers the CARE Program and the other covers the LIEE Program. Each section contains four subsections: Program Description, Proposed Program Changes in PY99, Effect of the Board's Recommendations on PY99 Program Design, and Projected PY99 Budget. There is a fifth subsection for the LIEE Program on the program cost effectiveness and target earnings for SoCalGas in PY99.

The information presented below is more fully described in the attachments to this filing, which are incorporated by reference herewith. A general overview of each attachment is provided below.

Attachment B1 presents the Board's recommendations for the CARE Program in PY99 along with SoCalGas' plans for their implementation. Attachment B2 identifies proposed changes to the program and describes the expected operations in PY99. Attachment B3 presents the

¹² As submitted in SoCalGas' 1999 Biennial Cost Allocation Proceeding (BCAP), Application No. 98-10-xxx, dated October 1, 1998.

¹³ "For CARE, funding levels shall vary depending on the number of customers receiving the discount, the level of the discount, and other programmatic factors." Ordering Paragraph 1.b. of D.97-02-014.

¹⁴ Ordering Paragraph 1 of D.98-07-060.

¹⁵ Which is based upon 5% of the total cost of non-mandated measures installed, to be earned upon weatherizing 75% of the proposed units.

¹⁶ That the full shareholder performance incentives be paid in one lump sum, in early 2000.

¹⁷ Item 8 at page 6, ACR dated September 23, 1998 in R. 98-07-037.

PY99 budget for the CARE Program. Attachment B4 is SoCalGas' Response to Protests of Advice No. 2623, 2623-A and 2623-B.

Attachment C1 presents the Board's recommendations for the LIEE Program in PY99 along with SoCalGas' plans for their implementation. Attachment C2 identifies proposed changes to the program and describes the expected operations in PY99.

Attachment C3 presents the PY99 budget for the LIEE Program, as well as the targeted earnings for DAP in PY99 (the pertinent summary data are presented in Table 1 on page 10). It addresses the Performance Adder Mechanism, whereby SoCalGas is allowed performance incentives, and associated avoided costs. It presents the results of the cost-effectiveness analysis for DAP in PY99, and includes a table that forecasts benefits, costs, and performance incentives for the program. It also contains the detailed documentation of SoCalGas' cost-effectiveness analysis of DAP as planned in PY99, and describes the methodology and assumptions used to assess cost-effectiveness.^{18,19}

CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM

PROGRAM DESCRIPTION

As in prior years, SoCalGas' CARE program will continue to provide the following benefits to income-qualified customers: (1) a 15% discount on energy rates (i.e., commodity charges, procurement rates, and/or transportation rates), and (2) a \$15 discount off the regular service establishment charge of \$25.²⁰ CARE is a needs-based program; SoCalGas cannot precisely estimate the number of customers it will have in 1999 so it has relied on adopted program expenditure levels.

SoCalGas will continue its extensive customer outreach efforts and employee training in PY99 to assure that its customers are provided with accurate and timely information about the CARE Program's income guidelines and eligibility requirements. This approach permits SoCalGas to track the concerns of affected customers, as well as manage and maintain levels of customer satisfaction.

SoCalGas will continue to provide its customers with customized CARE applications. Throughout 1999, SoCalGas will continue to provide a high-level of customer assistance via its centralized CARE Administrative Group which assists customers in completing their CARE applications.

¹⁸ The analytical methodology complies with the Commission's demand side management (DSM) rules contained in D.94-10-059, as corrected by D.95-05-027 and D.95-06-016.

¹⁹ The gas commodity costs and retail rates are consistent with the 1996 California Gas Report Supplement. The gas capacity costs are consistent with the 1996 Biennial Cost Allocation Proceeding (D.97-04-082).

²⁰ The forecast 1999 CARE Program budget is: for the CARE 15% discount it is \$25.3 million, for the CARE service establishment charge credit it is \$2.1 million, and for CARE Administrative costs it is \$1.9 million, as submitted in SoCalGas' 1999 BCAP application, dated October 1, 1998.

PROPOSED PROGRAM CHANGES IN PY99

SoCalGas is requesting Commission approval to increase its CARE Administrative budget by \$150,000 to increase outreach efforts. SoCalGas may use the majority of this funding to undertake a competitively-bid CARE Outreach Initiative Program in PY99, with the remainder of the funds to be used for bill inserts and other cost-effective outreach efforts. SoCalGas believes this approach is cost-effective and furthers the Board's goals of soliciting innovative ideas to complement the existing CARE outreach of the utilities.

SoCalGas will discuss potential contracting approaches with the other utilities. SoCalGas will seek to achieve as many synergies as possible, given that several approaches may be considered and the utilities might select different approaches.

Upon Commission approval of this request, SoCalGas hopes to execute two to three contracts in early 1999 that are sufficiently differentiated to assure: (1) that new or novel outreach approaches are implemented, (2) that a combination of approaches reflect the diversity of SoCalGas' customer base and service territory, and (3) that a variety of entities be considered as implementers. At this time, the specific details have yet-to-be developed.

SoCalGas will work cooperatively with the other energy utilities to develop an approach for undertaking expanded CARE outreach to ensure it will realize as many outreach synergies as possible, and avoid duplication of effort. In particular, SoCalGas will work closely with Edison and plans to share customer data, as appropriate, so that qualified low-income customers in the overlapping service territories receive both electric and gas CARE benefits efficiently and effectively, as envisioned by the Commission.²¹

EFFECT OF THE BOARD'S RECOMMENDATIONS ON PY99 PROGRAM DESIGN

Since many of the Board's recommendations focus on increasing CARE participation, SoCalGas proposes to undertake a CARE Outreach Initiatives Program in PY99.²² Consistent with several of the Board's recommendation, SoCalGas plans to evaluate and assess proposals with a particular emphasis on those proposals that facilitate, in a cost-effective manner, the identification, referral, and enrollment of under-served segments of SoCalGas' CARE-eligible customer base.

SoCalGas has incorporated all but one of the Board's applicable recommendations for the CARE Program in PY99 into its plans.²³ The one Board recommendation with which SoCalGas respectfully disagrees is that all energy utilities uniformly use self-certification to

²¹ "SoCalGas shall provide [CARE] customer information to Edison, as authorized by the customer, to enable the customer's household to receive the [CARE] discount for natural gas and electric service...Whenever a customer applies for SoCalGas' [CARE] rate, the customer should be asked whether the customer wishes to be considered also for the [CARE] rate of Edison. If the customer so wishes and SoCalGas determines that the customer qualifies for the [CARE] rate, SoCalGas shall provide the information to Edison to enable Edison to place that customer's household on the [CARE] rate." Ordering Paragraphs 6 and 8 of D.93-12-043 at pages 172-173.

²² *ibid.* This proposal is consistent with, and supported by, the following Board recommendations for the PY99 CARE Program: 2, 3, 4, 9, and 10. SoCalGas will consult with the Board to ensure that the proposed work is consistent with recommendations 3 and 5, which it understand the Board intends to undertake.

²³ Attachment 1B describes SoCalGas' planned PY99 CARE Program and proposed program changes.

qualify customers for the CARE Program.²⁴ SoCalGas requests that, in the alternative, the Commission authorize SoCalGas to permanently continue to verify the income-eligibility of CARE applicants before they are placed on the CARE rate (i.e., up-front verification).²⁵

SoCalGas believes that up-front verification is the correct public policy for four reasons:

- (1) it ensures that eligible customers receive the benefits and acts a deterrent to ineligible customers that may otherwise self-certify;
- (2) it furthers prudent fiscal administration of ratepayer funds (minimizes costs of unqualified customers receiving benefits and cost of rebilling such customers, once discovered);
- (3) it is the method used to determine program eligibility for virtually every other publicly-funded assistance program; and,
- (4) it avoids customer dissatisfaction and customer hardship (caused by post-enrollment rebilling).

Since mid-April 1996, SoCalGas has used up-front verification on a pilot basis to qualify customers for the CARE rate.²⁶ SoCalGas believes that up-front verification, coupled with a multi-faceted support program to assist qualified customers enroll in the CARE Program, is an effective and efficient method of enrolling CARE customers while balancing the fiscal effects on subsidizing ratepayers.²⁷ For example, see Advice Nos. 2623, 2623-A, and 2623-B, and SoCalGas Response to Protests, dated October 6, 1996 (sic).

Adoption of this policy also ensures consistency in eligibility procedures with publicly-funded assistance programs as well as across SoCalGas' ratepayer-supported low-income energy assistance programs. Up-front verification is consistent with the current eligibility-determination practices of taxpayer-funded programs, such as general relief, food stamps, Supplemental Security Income, and Temporary Assistance to Needy Families (formerly Aid to Families with Dependent Children). Also, customers must verify their income eligibility prior to receiving DAP weatherization or appliance services. Adopting the same eligibility procedures for CARE and DAP allows for cross-enrollment and referral of customers as is SoCalGas' practice today, a clear program efficiency.

SoCalGas believes that the alternative method of enrollment -- self-certification -- is less effective. An applicant may enroll due to a misunderstanding of the program-eligibility criteria and/or misinterpretation of the CARE income definition, and therefore, receive program

²⁴ *ibid.* Recommendation 6: "...interim administrators employ uniform self-certification for CARE program participants on individual meters, as opposed to up-front verification, for the 1999 program year...accompanied by regular post-enrollment monitoring, including random sampling verification procedures and targeted verification..."

²⁵ As requested by SoCalGas in Advice Nos. 2623, 2623-A, and 2623-B.

²⁶ Pursuant to Resolution G-3182, SoCalGas is authorized to conduct a pilot program on up-front verification of CARE applicants and recertifying customers until the Commission resolves SoCalGas' outstanding filings requesting permanent authority to continue up-front verification, pursuant to a letter from the Executive Director of the Commission dated December 3, 1998.

²⁷ The multi-faceted support includes SoCalGas personnel in its centralized CARE Administrative Group, Call Center, Branch Offices, and Public Affairs, and potentially, third-party entities SoCalGas has contracted with to conduct expanded CARE outreach.

benefits when not truly needy. Without up-front verification, the program is subject to abuse or fraud.

SoCalGas estimates that nearly 30% of customers applying for CARE during its up-front verification Pilot Program were ineligible for the program.²⁸ Without up-front verification, over time the ineligible participation percentage could grow higher.

SoCalGas believes that up-front verification properly balances the needs of CARE-eligible customers with the interests of other customers that pay the CARE surcharge. On behalf of all of its ratepayers, SoCalGas respectfully requests that the Commission authorize SoCalGas to permanently continue to verify, up-front, the income-eligibility of CARE applicants.

While SoCalGas strongly supports the continuation of up-front verification to ensure that CARE benefits go to the truly needy, should the Commission decide to adopt the Board's recommendation on self-certification, it should certainly and concomitantly approve the two methods of post-enrollment verification recommended by the Board: targeted verification and random verification.

PROJECTED PY99 BUDGET

SoCalGas is seeking a total of \$29.2 million (1998 dollars) for its CARE Program in 1999.²⁹

DIRECT ASSISTANCE PROGRAM

PROGRAM DESCRIPTION

As in prior years, in PY99 DAP will consist of three programs: (1) installation of mandated and non-mandated weatherization measures in qualified gas-heated residences, (2) repair or replacement of non-functioning furnaces, and (3) energy education. In PY99, SoCalGas will include all LIGB-recommended gas weatherization measures. Also, SoCalGas and Edison plan to continue their cooperative Inter-Utility Agreement in PY99.³⁰ And SoCalGas will continue to train its Assessors and Weatherization Installers at its DAP Training Center.

In PY99, SoCalGas plans to provide 25,000 customers with energy efficiency measures (i.e., weatherize 25,000 homes); 3,500 customers with furnace repair or replacement services; and 37,000 customers with energy education in the home (25,000) or in a workshop setting (12,000). SoCalGas estimates it will train nearly 800 Assessors and Weatherization Installers in 1999.

As in years past, Assessors will continue to: (1) locate and qualify customers; (2) identify heating source³¹ and which weatherization measures will be installed; (3) provide in-home

²⁸ Response to Protests of Advice Nos. 2623, 2623-A, and 2623-B, dated October 6, 1996 (sic) at pages 6-7.

²⁹ *ibid.* Pursuant to D.97-04-082.

³⁰ Under this Agreement, SoCalGas' Weatherization Installers weatherize electrically-heated residences in the overlapping service territories, and Edison is billed for these services, pursuant to Resolution G-3018, dated October 21, 1992.

³¹ *id.*

energy education services; and, (4) forward the weatherization work orders to SoCalGas' DAP Administrative Group.

The furnace repair/replacement program will continue to provide low-income customers with the benefits of efficient heating. SoCalGas' field personnel will continue to inspect and "tag" a furnace as inoperable, if necessary, upon request by the customer for a furnace inspection. DAP employees will continue to qualify customers and assess how best to service the customer's furnace before the work is referred to a DAP Furnace Contractor for action. SoCalGas' field personnel will continue to conduct final inspection of furnace repairs/replacement.

In PY99, as in years past, SoCalGas will continue to seek out customers for its DAP furnace services. Recently, almost 80 local newspapers ran articles on SoCalGas' DAP highlighting the furnace program. Further, SoCalGas' field personnel are reminded in the fall of DAP's furnace services.

The energy education workshops will continue to be offered at a variety of locations within its service territory in PY99. Community-based organizations (CBOs) will continue to identify which customers attend the workshops; the workshops will continue to be offered on-site at the CBOs' premises.

PROPOSED PROGRAM CHANGES IN PY99

In PY99, SoCalGas will add duct sealing to DAP on a pilot basis to serve 1,500 customers at an estimated cost of \$700,000.³² Customers targeted for this pilot will be high heating-usage customers. This is planned on a pilot basis as recommended by the LIGB and will allow SoCalGas to closely monitor its effectiveness and target high heating-use customers.³³

There are several changes to what the Assessors will do in PY99. In addition to locating and qualifying customers, Assessors will now gather information from the customer to determine if certain "electric only" measures are needed.³⁴ Assessors will be able to refer customers who have a furnace problem. Finally, Assessors will enroll customers that qualify for CARE (i.e., complete the application form).

In PY99, SoCalGas will use CARE customer information from its customer information and billing system to identify potential DAP customers. SoCalGas is developing a list, selected from CARE customers whose income was verified, up-front; these customers will not need to be re-qualified to receive DAP services. SoCalGas will provide this list to the Assessors who will be expected to enroll half of their "unit goals" using this list.³⁵ Half of the customers on this list will be above-average usage CARE customers.

³² Attachment 2B describes SoCalGas' planned PY99 LIEE Program and proposed program changes.

³³ This proposal is consistent with the Board's recommendations A.1, A.2, A.3, and C.1.

³⁴ *ibid.* Recommendations A.6, B.1, B.2, and B.3

³⁵ *ibid.* Recommendation C.1.

Assessors will be operating independent from Weatherization Installers. Upon receipt by SoCalGas of the Assessors' completed customer agreements, SoCalGas will forward work descriptions to the Weatherization Installers for installation of measures and/or to Furnace Contractors for furnace repair.

In PY99, SoCalGas will contract directly with CBOs to conduct the energy education workshops and develop the materials. (Previously, SoCalGas contracted with a single provider that conducted energy education workshops at various locations and developed the materials.)

EFFECT OF THE BOARD'S RECOMMENDATIONS ON PY99 PROGRAM DESIGN

SoCalGas believes that to meet all of the objectives established by the Commission and the Board for DAP in PY99, it must have some flexibility in implementing the Board's recommendations in PY99. In particular, SoCalGas requests Commission authorization to flexibly implement Recommendations A.1, A.4, A.6, B.1, and C.1., as discussed in its proposed implementation plans.³⁶ These approaches will accomplish as much of the Board's intent as possible while maintaining SoCalGas' ability to meet other valued program objectives, such as maintaining SoCalGas' current level of furnace services.

SoCalGas has incorporated all gas measures into its PY99 DAP proposal. Also, SoCalGas is actively pursuing a partnership with Edison to install electric measures, funded by electric ratepayers, in qualifying homes in the overlapping service territories.

SoCalGas developed its PY99 DAP to meet the following objectives: (1) manage per-unit costs, (2) increase energy conserved per unit, (3) identify and serve a more diverse population, (4) identify and serve a greater percentage of high-use customers, (5) increase the number of CARE applications submitted by DAP customers in PY99, and (6) improve the program's overall cost-effectiveness. SoCalGas believes all of the objectives are consistent with the Board's goals.

PROJECTED PY99 BUDGET

Funding for SoCalGas' DAP is set at \$18 million, pursuant to D.98-07-060, dated July 23, 1998. This includes \$900,000 for pilots and studies and \$350,000 for performance incentives.

SoCalGas requests that the Commission authorize the 1998 incentive mechanism for DAP in PY99. Further, SoCalGas requests that recovery of performance incentives be completed in one year and that there be no long-term program measurement and evaluation requirements for DAP in PY99.³⁷ Finally, SoCalGas recommends that the DAP program results and award request continued to be reviewed as part of the Annual Earnings Assessment Proceeding or other proceeding designated by the Commission to deal with the recovery of earnings for energy efficiency (demand-side management) programs.

³⁶ See Attachment 2A, comments under Recommendations A.1, A.4, A.6, B.1, and C.1.

³⁷ Given that SoCalGas' term as Interim Program Administrator will expire on December 31, 1999.

COST EFFECTIVENESS ANALYSIS OF PY99 DIRECT ASSISTANCE PROGRAM

Table 1 shows the forecast, program incentives, administrative cost, and earnings threshold.

TABLE 1
DIRECT ASSISTANCE PROGRAM
1998 FORECAST COMPARED TO 1999 FORECAST

Description	October 1, 1997 AEAP Forecast Filing (1997 \$000)	July 23, 1998 PBR Decision Post-1997 AEAP Advice Letter (1998 \$000) ³⁸	October 1, 1998 AEAP Forecast Filing (1998 \$000)
Program Costs:			
Program Administration	\$1,725	\$1,854	\$2,292
Advertising	0	0	0
<u>Participant Incentives</u>	<u>\$10,039</u>	<u>\$12,410</u>	<u>\$15,529</u>
Total Program Budget	\$11,764	\$14,264	\$17,821 ³⁹
Program Goals:			
Number of Weatherized Units	14,500	20,232	25,000
Earnings Threshold:			
Number of Weatherized Units	10,875 ⁴⁰	15,294	18,750

The analytical methodologies used to determine cost-effectiveness are presented in Attachment C3. This attachment also includes the assumptions used in the cost-effectiveness analysis and program forecast, the measure-specific energy savings estimates and other assumptions, the technical documentation, and the results of the cost-effectiveness analyses.

EFFECT ON SERVICE

This filing will not increase any rate or charge, cause the withdrawal of any service, or conflict with any rate schedule or rule except as otherwise described herein.

EFFECTIVE DATE

³⁸ Revised 1998 prorated against the number of months remaining in 1998 after Commission decision.

³⁹ Participant Incentive includes \$700,00 for duct sealing pilot program, and \$200,00 for other, unspecified pilot programs.

⁴⁰ This has been changed from that shown in the original filing because the filing showed the earnings threshold at 70% of total program goals rather than 75%.

SoCalGas requests that this filing become effective on January 1, 1999.

PROTEST

Any interested party may submit a protest to this advice letter to the Commission. The protest should be submitted expeditiously, and must state the grounds upon which it is based, including such items as financial or service impact. The protest must be made in writing and received within 20 days of the date this advice letter was filed with the Commission. There is no restriction on who may file a protest.

The address for mailing or delivering a protest to the Commission is:

Mr. Kevin P. Coughlan
Investigation, Monitoring and Compliance Branch Chief
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4002
San Francisco, California 94102

A copy of the protest should also be mailed to the attention of Ms. Juanita Porter, Energy Division, Room 4005, at the address shown above.

It is requested that copies of the protest be sent, via facsimile, to the Southern California Gas Company and to Sempra Energy on the same date it is mailed or delivered to the Commission. One copy of the protest should be submitted to each of the following:

Attn: J. Patrick Petersilia, M.L. 25D1
Director, Mass Markets
Energy Distribution Services
Southern California Gas Company
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-8251

Attn: C. Richard Swanson
Regulatory Tariff Manager
Sempra Energy - HQ10A
101 Ash Street
San Diego, CA 92101-3017
Facsimile No.: (619) 696-4027

Questions regarding this advice letter should be directed to the attention of Ms. Joy Yamagata, Sempra Energy, at (619) 696-4325.

NOTICE

In accordance with Section III.G of General Order 96-A, a copy of this filing is being sent to the parties listed on Attachment A, to the LIGB and the AC, to the service list for R.98-07-037, and the Public Purpose Service list in R.94-04-031/I.94-04-032.

LEE SCHAVRIEN
Director – Regulatory Case Management
and Tariff Administration
Sempra Energy

Attachments

ATTACHMENT A

Advice No. 2748

General Order 96-A Distribution List

Burbank Public Service Department
California Manufacturers Association
City of Anaheim Public Utilities Department
City of Azusa Light and Power Department
City of Banning Municipal Utilities
City of Lompoc
City of Los Angeles
City of Riverside, Public Utilities Department
City of Vernon, Director, Water & Power Department
Colton Bureau of Light & Water
General Services Administration, San Francisco
General Services Administration, Washington D.C.
Glendale Public Service Department
Imperial Irrigation District
Long Beach Gas Department
Los Angeles Department of Water and Power
March Air Force Base
Naval Facilities Engineering Command, Western Division
Pacific Gas and Electric Company
Pasadena Water and Power Department
San Diego Gas & Electric Company
San Gabriel Valley Water Company
Southern California Edison Company
Southwest Gas Corporation
Toward Utility Rate Normalization
Vandenberg Air Force Base

Low Income Governing Board Mailing List

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San Francisco, CA 94102

Susan Brown
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785 Market Street, 3rd Floor
San Francisco, CA 94103-2003

Henry Knowls
County of Los Angeles
Department of Community & Senior Services
3175 West 6th Street, Room 200
Los Angeles, CA 90020

Maggie M. Cuadros
North Peninsula Neighborhood Services
Center, Inc.
600 Linden Avenue
South San Francisco, CA 94080

Geoffrey Meloche
Consumer Services Division
California Public Utilities Commission
505 Van Ness Avenue, Room 2-D
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Boston, MA 02108

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Los Angeles, CA 90020

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Low-Income Advisory Committee Mailing List (page 1)

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ATTACHMENT B1

RECOMMENDATIONS OF THE LOW INCOME GOVERNING BOARD FOR THE CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM IN 1999

Approved at the Low Income Governing Board's
Meetings held August 18 and 19, 1998

- 1. That the income guidelines and definition of income to determine eligibility of California Alternate Rates for Energy (CARE) and Low Income Energy Assistance (LIEE or Direct Assistance Program or DAP) in calendar year 1999 continue to follow the current guidelines approved by the Commission in General Order 153. It is the intent of the Low Income Governing Board (LIGB) to examine these issues and to make recommendations that would then take effect for the CARE program beginning in the year 2000.**

SoCalGas supports continuation of the income guidelines and definition of income as defined in GO 153 for the low-income assistance programs in PY99. SoCalGas will actively cooperate with the Board during 1999 as it deliberates on possible changes to GO 153.

- 2. That given the legislative mandate that the CARE program be needs based and uncapped, the LIGB resolves that participation goals for the CARE program statewide beginning in 1999 be 100% of eligible customers who wish to participate. And:**

That there be a voluntary, good faith effort on the part of the interim CARE administrators to increase the number of CARE program participants on individual meters in 1999.

That based on experience gained to date and assessments to be performed in 1999, goals for participation will be set for the year 2000 and beyond, including possible incentives and penalties tied to these goals.

SoCalGas fully supports enrollment of all CARE-eligible customers wishing to participate in the program.

In Advice No. 2748, SoCalGas is asking for Commission authority to implement and fund an Outreach Initiatives Program in PY99. The intent of the program is to solicit innovative proposals to increase CARE participation.

SoCalGas will discuss alternative approaches to outreach contracting with the other energy utilities to maximize potential synergies and avoid duplication of effort. Several approaches may be pursued, with different processes undertaken by different utilities.

Regardless, SoCalGas plans to share customer data, as appropriate, with Edison to assure that qualified low-income customers in the overlapping service territories receive both electric and gas CARE benefits, as directed by the Commission.

Also, SoCalGas will actively cooperate with the Board during 1999 as it deliberates on CARE participation goals and possible incentives and penalties.

- 3. That CARE outreach activities be integrated, where appropriate, with the education and outreach activities of the LIEE, the Energy Education Trust (EET), the electric restructuring call center, the California Board for Energy Efficiency (CBEE), and other related efforts.**

SoCalGas supports this recommendation.

As in years past, SoCalGas will continue its implementation of internal procedures to assure that its CARE and DAP outreach activities are fully integrated. SoCalGas will discuss alternative approaches with the other energy utilities to ensure that as many synergies as possible are achieved. Finally, SoCalGas will continue to share CARE customer data, as appropriate, with Edison.

SoCalGas will also actively cooperate with the Board during 1999 to support the Board's efforts to assure that broader integration of low-income outreach, as identified above, is realized as effectively and efficiently as possible.

- 4. That interim program administrators (IPAs) be directed to submit plans for effective outreach to the LIGB by October 1st to achieve improved participation rates in 1999, especially among hard-to-reach segments of the low-income population. Plans should consider facilitating cooperation and collaboration with third parties in identifying, referring, and submitting applications of eligible customers to the IPAs. Plans should include quality control and training to ensure effective use of ratepayer funds for outreach, and include reimbursement of third parties for their costs in performing outreach activities.**

SoCalGas supports this recommendation. In Advice No. 2748, SoCalGas is submitting its plans for CARE outreach in PY99. The filing describes SoCalGas' CARE existing and proposed outreach activities in PY99, in the greatest level of detail available at this time.

SoCalGas' proposed Outreach Initiatives Program will focus on increasing CARE participation. In particular, SoCalGas plans to evaluate and assess responses to the RFP with a particular emphasis on those proposals that facilitate, in a cost-effective manner, the identification, referral, and enrollment of under-served segments of SoCalGas' CARE-eligible customer base.

- 5. That the LIGB direct independent analysis and activities involving studies, market research, pilots, and program evaluation regarding the CARE program. These activities are needed to help inform LIGB decisions and recommendations to the California Public Utilities Commission (Commission or CPUC) on the CARE program. The LIGB has the authority to choose an agent(s) to conduct these activities. The initial focus of these activities will be on program innovations that increase participation, particularly by under-served market segments in the eligible population, in a cost-effective manner.**

SoCalGas supports this recommendation. SoCalGas will actively consult with the Board during 1998 to assure that its PY99 CARE outreach activities complement, and are consistent with, the work to be undertaken by the Board during PY99.

- 6. That the Commission require the IPAs to employ uniform self-certification for CARE program participants on individual meters, as opposed to up-front verification, for the 1999 program year. Self-certification shall be accompanied by regular post-enrollment monitoring, including random sampling verification procedures and targeted verification to screen out ineligible applicants and minimize fraud.**

As part of a self-certification procedure, a CARE applicant shall be required to sign an application certifying that his/her household income falls within the approved eligibility guidelines, and acknowledging that the utility may, at some time in the future, verify customer eligibility. The application form must state that the utility may request the customer to provide proof of eligibility at the time of any post-enrollment verification. If a program participant wrongly declares his or her eligibility, or fails to notify the utility when he or she no longer meets the eligibility guidelines, the utility may render corrective billings.

SoCalGas has not incorporated this recommendations into its PY99 plans for the CARE Program. Use of self-certification to qualify customers for the CARE Program is not good public policy for the reasons presented in pages 6-7 of Advice No. 2748.

- 7. That CPUC staff compile summary information on the CARE program for the last two reporting periods as has been previous practice and report to the CPUC, the LIGB, and interested parties. And that 1999 CARE IPAs shall file**

reports consistent with current reporting requirements regarding the CARE program, as well as additional requirements as defined by the LIGB.

The reporting time frames for both the CARE and Demand Side Management (DSM) programs should be modified to be based on a consistent reporting period. It is recommended that reporting on program activities reflect accomplishments achieved from January through December of the previous year, and that reporting be done on May 1 of each year. Because utilities have filed a status report on their CARE program on August 1, 1998, which captures program data and achievements from May 1, 1997, through April 30, 1998, it is recommended that a report be filed on May 1, 1999, which covers the time frame May 1, 1998, through December 31, 1998.

SoCalGas supports this recommendation. SoCalGas will actively cooperate with the Board during 1999 to provide additional information and/or status updates to help inform the Board on the progress of CARE and DAP in PY99.

- 8. That the LIGB wishes to ensure that there is an effective, accessible CARE complaint resolution process in place once the CARE program moves to independent program administration.**

SoCalGas supports this recommendation.

- 9. That the CPUC approve the 1999 CARE and LIEE budgets. These budgets should include funding of increased participation levels, administration and pilots, incentives, needs assessments, and customer participation/market research. The budgets should include these subcategories: (1) CARE program benefits, (2) CARE administration, (3) CARE pilots, (4) CARE needs assessment/market research, and (5) LIGB operating budgets.**

SoCalGas supports this recommendation. The utilities' October 1, 1998 advice filings and the Board's October 15, 1998, budgetary advice filing together should provide the necessary detail.

- 10. That each CARE IPA file a 1999 CARE implementation plan by October 1, 1998, in R. 98-07-037, which reflects their proposed implementation approach and explicitly include the LIGB's recommended CARE policy guidelines and determinations as of August 31, 1998.**

SoCalGas supports this recommendation. SoCalGas' Advice No. 2748 contains its program plans for CARE and DAP in PY99.

ATTACHMENT B2

DESCRIPTION OF THE CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM AND PROPOSED PROGRAM DESIGN CHANGES IN 1999

DESCRIPTION OF PROGRAM

As in prior years, in PY99 the CARE program will provide (1) a 15% discount on energy rates (i.e., commodity charges, procurement rates, and/or transportation rates), and (2) a \$15 discount off the regular service establishment charge (SEC) of \$25 to qualified customers.

SoCalGas plans to continue its extensive customer outreach efforts in PY99. This includes:

- (1) offering the CARE program to all residential customers establishing service (such as initiating new service, changing the name on the account, etc.) or contacted about payment arrangements;
- (2) offering the CARE program to customers receiving DAP weatherization services;
- (3) sharing approved CARE customer information with Southern California Edison Company;
- (4) enrolling non-CARE customers that qualify for Gas Assistance Fund benefits;
- (5) briefing United Way and participating agencies' staff about the CARE income guidelines and program requirements, and providing CARE applications and a SoCalGas' contact;
- (6) sending semi-annual bill inserts describing the CARE program to non-participating residential customers;
- (7) offering CARE program information on the Interactive Voice Response Unit; and,

- (8) having SoCalGas' employees participate in special events or speak at forums where it can cost-effectively inform potentially-eligible customers (e.g., community events, senior fairs, trade association meetings, etc.).

In addition, numerous SoCalGas employees will continue to be trained to provide customers with information about the CARE program. These include:

- (1) the multi-lingual Customer Resource Center staff (Call Center and Branch Office representatives) which provide general information to customers, like the status of their CARE applications, and who can also mail customers CARE applications;
- (2) Customer Resource Center staff (Call Center and Branch Office representatives) which provide general information to customers, like the status of their CARE applications, and who can also mail customers CARE applications;
- (3) the multi-lingual centralized CARE Administration Group, which provides customized assistance such as explaining what documentation is required and helping the customer copy and submit the required documentation;
- (4) Field Services personnel, who have a CARE information card describing the CARE Program's benefits and requirements, which is also available for distribution; and,
- (5) District Managers and Regional Affairs Managers, SoCalGas' liaisons with the communities in our service area, who are knowledgeable about the CARE Program and can discuss it at civic forums and special events.

Most of the applicable Board recommendations for CARE are incorporated into its PY99 CARE program. There is one recommendation where SoCalGas respectfully disagrees with the Board.

Pursuant to Resolution G-3182, dated March 16, 1996, SoCalGas has Commission authorization to verify the income-eligibility of all new applicants (i.e., up-front verification). SoCalGas requests that the Commission authorize SoCalGas to permanently use up-front verification instead.

PROCESSING CARE APPLICATIONS: UP-FRONT INCOME VERIFICATION

CARE Application

To be placed on the CARE rate, customers must complete an application form (check several boxes: number in household, household income, etc.) sign the form, and return it to SoCalGas. The application form and instructions inform customers that they must provide proof of their income-eligibility for the CARE program.

The CARE application form explains the proof of income requirement, and the instructions describe the types of income documentation acceptable to SoCalGas. (Acceptable proof is identical to that used for random verification of self-certified customers.) The application defines the eligibility and documentation requirements, and provides the applicant a step-by-step process to follow.

The application contains a 1-800 telephone number for use by Spanish-speaking customers exclusively, in addition to the regular 1-800 telephone numbers for English/Spanish and Asian languages. The application also:

- ◆ requests the number of adults and children in the household;
- ◆ clarifies the eligibility requirements; and,
- ◆ emphasizes that income documentation must be submitted.

These elements help the applicant understand the program requirements, minimize confusion, and facilitate application processing.

To qualify for CARE, total household income from all sources cannot not exceed 150% of the federal poverty level, pursuant to the income-eligibility guidelines established by General Order 153. The Commission establishes the income-eligibility guidelines annually for the CARE Program.

Virtually all CARE applications are sent to customers via SoCalGas' customer information and billing system.

Processing Applications

The Commission established a time limit for receipt of the reduced SEC. The customer must return the application to SoCalGas – complete or incomplete – to receive a reduced SEC. If an application is returned incomplete, the customer has 125 days to complete the application.

There is no time limit for the discounted rate. A customer is placed on the CARE rate once an application is accepted by SoCalGas.

Upon receipt of a CARE application, SoCalGas reviews it for completeness, and either accepts or rejects it. Qualified applicants are placed on the CARE rate effective at the start of their next regularly-scheduled billing cycle.

Some incomplete applications are submitted (e.g., the customer forgot to sign the application, income documentation is not included). When an incomplete application is returned to SoCalGas, a letter is sent to the applicant stating that additional information required to qualify the applicant.

Once applications are mailed, customers are reminded monthly, by means of a bill message, of the need to return their applications within the 125-day grace period. The message appears on gas bills for 90 days from the date service is established, or until the applications are returned and approved or denied by SoCalGas.

In addition, when an incomplete CARE application is returned to SoCalGas, the customers are sent a letter stating the additional information required to be placed on the CARE rate and to maintain the reduced SEC, if applicable.

Customers applying for new gas service that do not qualify for CARE within the 125-day grace period are billed for the regular SEC. A bill message appears on their bills regarding the SEC reversal. Customers applying for new gas service that return the required information after the 125-day grace period are placed on the CARE rate but no SEC discount is provided.

Customers placed on the discounted rate have a bill message indicating they were receiving the discounted rate.

For CARE applications received from customers not requesting gas service at a new address, the above process is similar, except that since no SEC was involved, the SEC discount, 125-day grace period, and bill message are not applicable. The customer is sent a CARE application and is eligible to receive the CARE rate once a completed application is accepted by SoCalGas.

Customer Support

SoCalGas has approximately 650 customer service representatives (CSRs) and customer contact representatives (CCRs) that are trained to provide the necessary information regarding up-front income verification. If a customer is subject to recertification, they are asked to verify their eligibility for the CARE program.

SoCalGas also provides additional information and support to customers needing assistance in completing their applications and/or providing proof of income information.

Beyond the assistance of CSRs and CCRs, and our multi-lingual representatives, the CARE Administrative Group is available and ready to meet the specific needs of applicants.

CARE Administrative Group

The primary function of the CARE Administrative Group is to ensure all applicants understand the requirements of the program and to assist customers in completing the application and/or understanding and providing acceptable income documentation. Customers that return more than one incomplete application are contacted by the CARE Group by telephone and/or letter to determine whether the customer needs specialized assistance to understand or complete the application process.

The CARE Administrative Group provides significant support to CARE applicants and other customers experiencing hardship. The CARE Administrative Group is multi-lingual and culturally diverse, and can speak directly with our low-income Spanish-speaking and Chinese-speaking customers. The CARE Administrative Group is conscious of the difficulties faced by these customers and serve as their advocates.

The CARE Group provides such personalized services as:

- ◆ completing CARE applications for customers that do not have the time or ability (due to literacy, language, or other reasons);
- ◆ going to customers' homes to reassure them that submitting income documentation is safe; and,
- ◆ calling customers at the beginning of the month to remind them to send in their statements of benefits, copies of retirement checks, etc.

Recertifying Customers

To take advantage of the similarity of eligibility requirements for DAP and CARE, and to reduce unnecessary recertifications, SoCalGas uses a list from its DAP database of homes that were weatherized, had appliances repaired or replaced, or both, after April 1, 1996. This list is then compared to SoCalGas' CARE recertification list, and if there are matches, the computer updates the CARE customer accounts to reflect that the customers were recertified, and inputs the DAP income-verification date. This eliminates unnecessary processing and is an extremely cost-effective verification method. SoCalGas is tracking customers recertified in this manner.

The CARE recertification application form also incorporated the changes discussed above, and a check off box is included so that customers can notify SoCalGas that they no longer qualify for CARE. (From time to time, customers do call SoCalGas and ask to

be removed from the discounted rate. The tariffs and application form also provide that the customer inform SoCalGas of any changes that affect their eligibility.) Including the check off box helps reduce program and administrative costs.

A customer is sent a recertification letter. If the customer does not reply to the first recertification letter, a final notice is sent. The customer has 90 days from the date of the initial recertification letter to complete the process.

ATTACHMENT B3

PROPOSED BUDGET FOR THE CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM IN 1999 (in millions)¹

PROPOSED CARE PROGRAM COSTS	\$25.263
CARE SEC CREDIT	\$1.908
CARE ADMINISTRATIVE COSTS	\$2.050
<u>CARE BALANCING ACCOUNT</u>	<u>\$0.000</u>
TOTAL CARE COSTS	\$29.222

¹ As submitted in SoCalGas 1999 Biennial Cost Allocation Proceeding applications, submitted October 1, 1999.

ATTACHMENT B4

**SOCALGAS' RESPONSE TO PROTESTS OF
ADVICE NOS. 2623, 2623-A, AND 2623-B
DATED OCTOBER 6, 1996 (sic)**



October 6, 1996

Mr. Kevin P. Coughlan
Investigation, Monitoring and Compliance Branch Chief
Energy Division
California Public Utilities Commission
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Re: Response to Protests of Advice Nos. 2623, 2623-A, and 2623-B

Dear Mr. Coughlan:

Pursuant to Section III. H. of General Order 96-A, Southern California Gas Company (SoCalGas) hereby responds to the protests of SoCalGas' Advice Nos. 2623, 2623-A, and 2623-B (filing), dated respectively, September 2, 1997, September 4, 1997, and September 9, 1997. The filing was made in compliance with Resolution G-3182 (resolution), dated March 13, 1996.

The protests were made by the Office of Ratepayer Advocates (ORA), dated September 26, 1997; and The Utility Reform Network (TURN), and The Greenlining Institute and Latino Issues Forum, jointly (Greenlining/LIF), dated September 29, 1997. All three protests raise essentially the same issues so, for administrative ease, SoCalGas is responding to them in a single consolidated response.

I. ISSUES RAISED AND RELIEF REQUESTED

The protests raise two primary issues. First, protestants state that SoCalGas does not separately identify the amount of reduction in CARE participation caused by the removal of ineligible participants from the CARE program as a result of the Pilot Program and the number of eligible customers who did not receive service under the CARE program as a direct result of the Pilot Program. Second, protestants allege that SoCalGas does not show that up-front income verification is cost effective.

The protestants propose three alternative types of relief. First, the protestants propose that the Commission deny SoCalGas'

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request. Second, in the absence of a denial, they propose that the Commission either hold full-panel hearings or that any action on SoCalGas' request be delayed until a decision is rendered in R.94-12-001. Finally, protestants suggest that the matter could be referred to the Low Income Governing Board (LIGB).

In Section II, SoCalGas responds to the various technical issues raised by the various protestants. These issues include identifying how many ineligible participants were removed from CARE during the Pilot; identifying the number of eligible participants discouraged from applying for CARE; and, determining the cost effectiveness of up-front income verification. In Section III, SoCalGas responds to the protestants' proposed types of relief. Finally, in Section IV, SoCalGas recommends that the Commission reject the protests and approve SoCalGas' request to continue up-front income verification.

II. RESPONSE TO ISSUES RAISED

A. SoCalGas does not separately identify the amount of reduction in CARE participation due to removal of ineligible participants during the Pilot Program and the number of eligible customers that did not receive CARE service as a direct result of the Pilot Program.

SoCalGas readily acknowledges in its Pilot Program report ¹ that SoCalGas could not precisely quantify the extent to which the reduction of 97,000 CARE participants can be attributed to the economy; deterred ineligible participants; deterred eligible applicants; or, any other reason. The qualitative research conducted by SoCalGas and others is aimed at providing insight but cannot realistically provide a precise breakdown of the 97,000 reduction in participation. In addition, the research continues in an attempt to shed further light on the issues. ² However, the research completed to date does provide enough information to draw some general conclusions about the impact of the Pilot Program.

¹ See Advice No. 2623-A, Final Report, Table 1, page I-6.

² For example, the public agency study, being undertaken by the California Department of Community Services and Development (CSD), has yet to be completed and submitted. And additional telephone survey research on the affect of the third-party studies on contacted customers has just begun, and once completed, will be submitted for the record.

1. Identify the amount of reduction in CARE participation due to the removal of ineligible participants during the Pilot Program.

The information presented in our filing can be used to establish a conservative approximation of the number of ineligible customers removed from CARE. SoCalGas can develop an approximate figure of the ineligible participants removed based upon the increase in new CARE applications denied and new CARE applications returned incomplete.³

Between April 15, 1996, and August 27, 1997, SoCalGas denied 11,438 CARE applicants. SoCalGas' analysis leads it to conclude that at least 60% of these customers received the CARE rate at their prior address.⁴ Therefore, approximately 6,900 of those denied during the Pilot Program are estimated to have been on the CARE rate at their previous address.⁵ For these customers, it is known that they did not qualify because they were found to be ineligible – most of them submitted completed CARE applications with income documentation showing they exceeded the income-eligibility guidelines.

Since incomplete applications potentially include both eligible and ineligible customers, SoCalGas can use the data from the third-party verification studies to estimate the number of ineligible "incomplete" applicants.⁶ The estimated percentage of ineligible "incomplete" customers is 26%,⁷ and this estimate was derived from

³ See Advice No. 2623-A, Final Report, Table 2, page I-8.

⁴ About 60% of whites and Latinos were on the CARE rate at their prior address. For Asians, the percentage is higher, 85%.

⁵ The estimate is derived as follows: $11,438 \times 0.60 = 6,863$.

⁶ First, SoCalGas determined the number of "contact" customers that participated in the Community-Based Organization studies. (See Advice No. 2623-A, Final Report, Appendices F, G, and H.) A "contact" customer was defined as a customer of record reached by telephone within three attempts that agreed to participate in the studies. Maravilla had 474 "contact" customers, TELACU had 159 "contact" customers, and Winegard had 513 "contact" customers, for a total of 1,146 "contact" customers (474 + 159 + 513). All "contact" customers were customers that returned incomplete CARE applications that were never completed.

Next, the number of ineligible customers was found. Maravilla had 91 ineligible "contact" customers, TELACU had 61 ineligible "contact" customers, and Winegard had 152 ineligible "contact" customers, for a total of 304 ineligible "contact" customers (91 + 61 + 152).

⁷ The percentage of ineligible "incomplete" customers is estimated to be 26% ($304 / 1,146 = 0.265$).

those customers that were willing to state why they never completed their applications.⁸

SoCalGas received 185,090 incomplete applications during the Pilot Program. SoCalGas' estimates that at least 48,100 (26%) of these incomplete applicants were ineligible for CARE.⁹ SoCalGas' estimates that 28,900 of these ineligible applicants were on CARE at their previous addresses.¹⁰

Thus SoCalGas conservatively estimates that at least 38,500 (about 37%) of the decline in total CARE participation (97,000 customers) is due to the removal of ineligible participants that were on the CARE rate at their previous addresses.¹¹ This estimate is conservatively derived, and thus the minimum that SoCalGas can attribute to the Pilot Program.

2. Identify the number of eligible customers that did not receive CARE service as a direct result of the Pilot Program.

As indicated in the Final Report, a telephone survey of over 2,000 customers revealed that just 4% of the CARE applicants found the application difficult to complete,¹² and only 15% of those surveyed found it difficult to supply proof of income before SoCalGas made modifications to the application.¹³

These results are consistent with those of the third-party studies.¹⁴ Only 5.2% of Maravilla's respondents reported difficulty providing proof of income, and Maravilla concluded that the application's design was not a factor.¹⁵ Only 4% of TELACU's respondents found the application too hard and less than one percent were unable to document

⁸ This does not include those who may have been ineligible but gave other responses, such as "not sure" or "too busy" and those who refused to answer further questions.

⁹ This estimate is derived as follows: $185,090 \times 0.26 = 48,123$.

¹⁰ This estimate is derived as follows: $48,123 \times 0.60 = 28,874$.

¹¹ This estimate is derived as follows: $6,900 + 28,900 = 35,800$.

¹² See Advice No. 2623-A, Final Report, Appendix E, page 6.

¹³ See Advice No. 2623-A, Final Report, Appendix E, page 12.

¹⁴ The protests mischaracterize the results of the third-party studies. For example, TURN claims that the focus groups consisted of "...only customers who took the time and trouble to fill out and return their applications." (page 3). The focus groups were comprised of customers that had **requested** CARE applications (emphasis added). See Advice No. 2623-A, Final Report, Appendix D, page 1.

¹⁵ See Advice No. 2623-A, Final Report, Appendix F, Table of Quantitative Results.

income.¹⁶ Similarly, just 5% of Winegard's respondents found the application too difficult, and only 5% could not provide proof of income.¹⁷

Most importantly, over 185,900 customers¹⁸ have been able to provide sufficient income documentation and successfully enroll in CARE over the course of the Pilot Program. This is the strongest evidence that the process itself can be completed by eligible participants.

B. SoCalGas does not show that up-front income verification is cost effective.

Based upon data gleaned from the third-party studies, and described in Section II, SoCalGas estimates that at least 35,800 ineligible customers were receiving CARE benefits. Their removal translates into at least \$2.1 million in CARE program savings.¹⁹ We believe this alone demonstrates the cost effectiveness of up-front income verification. This estimate does not even include the impacts of ineligible customers who did not request an application or submit an application because they knew they would have to verify their income.

However, the other aspect of a cost effectiveness assessment is to ensure that eligible customers who want to enroll can enroll. This is why SoCalGas proposes to undertake additional "focused outreach" to help those eligible customers that need additional assistance.²⁰ Another element of "focused outreach" is to continue to work with public agencies that have databases that might help SoCalGas to identify and enroll potentially-eligible customers.

SoCalGas has consistently sought to cost-effectively identify and enroll all CARE-eligible customers, but only CARE-eligible customers. SoCalGas' other ratepayers benefit when they do not have to subsidize

¹⁶ See Advice No. 2623-A, Final Report, Appendix G, Table of Quantitative Results. The first estimate is derived as follows: $18 / 445 = 0.04$.

¹⁷ See Advice No. 2623-A, Final Report, Appendix H, various tables.

¹⁸ See Advice No. 2623-A, Final Report, Table 2, page I-8. The figure is derived by adding the numbers of applications accepted between April 15, 1996, through August 27, 1997: $29,840 + 134,175 + 21,872 = 185,887$.

¹⁹ This figure is derived as follows: $\$5.7 \text{ million} \times 0.37 = \2.1 million .

²⁰ Expanded services would be provided to applicants submitting incomplete CARE applications that meet one of the following criteria: (1) submit a non-English application; (2) are over 70 years of age, (3) reside in colder climate zones, (4) have a deposit requirement, or (5) have an average monthly bill of \$15 or less.

ineligible CARE recipients.²¹ SoCalGas recommends that an added expenditure of less than \$100,000 will allow it to offer focused outreach and continue its work with CSD and other public agencies to assist these special-needs, CARE-eligible customers.²² Even with these added costs, the program is still highly cost effective.

III. RESPONSE TO RELIEF REQUESTED

A. Deny SoCalGas' request.

SoCalGas submits that its filing satisfies its "burden of proof" requirement. While the data in the filing may not be "unequivocal" (as some parties would require), it overwhelmingly suggests that the amount of ineligible participation in CARE has been significantly reduced as a direct result of the implementation and continued operation of the Pilot Program.

B. Hold full-panel hearings on SoCalGas' request.

SoCalGas submits that the resolution identified the procedural mechanism for considering SoCalGas' request: the advice letter process.²³ This approach remains appropriate for consideration of SoCalGas' request and the request for hearings should be denied. The Commission approved SoCalGas' Pilot Program through the advice letter process and did not envision hearings for the final evaluation.

C. Defer action on SoCalGas' request until a decision is rendered in the rulemaking R.94-12-001.

SoCalGas submits that this issue was resolved in the resolution.²⁴ SoCalGas further notes that the resolution denied the protests to the Pilot Program. Thus, there is nothing to defer and this request should be denied.²⁵

²¹ Even CARE-eligible customers in the focus groups were in agreement with this principle. See Advice No. 2623-A, Final Report, Appendix D, pages 11 and Latino Focus Groups, page 2.

²² Given that some of its earlier costs were non-recurring, future incremental expenditures would be less than \$100,000.

²³ See Resolution G-3182, Findings Paragraph 7 and Ordering Paragraph 3, page 7.

²⁴ See Resolution G-3182, Discussion Paragraph 2, pages 4 and 5: "CACD has reviewed the protests and considered, first, whether the advice letter is appropriate given the open rulemaking proceeding...Although the comments in the Rulemaking [include] related issues, the purpose of the Rulemaking is to define income."

²⁵ See Resolution G-3182, Findings Paragraph 8, page 7. SoCalGas submits that the protests do not substantiate their belief that there is a compelling reason to continue to re-litigate this issue.

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D. Refer SoCalGas' request to the LIGB.

SoCalGas believes we have demonstrated that the benefits of up-front income verification are sufficient to warrant making it a permanent feature of CARE program administration. However, SoCalGas also recognizes that the Commission and the LIGB are examining changes to the program design, delivery, and administration of low-income energy programs as a part of electric and gas industry restructuring. CARE program administration will be an important part of those deliberations.

IV. CONCLUSIONS AND RECOMMENDATIONS

SoCalGas submits that the research it has provided to the Commission demonstrates the benefits to all ratepayers of up-front income verification. Further, the data provide an adequate foundation for a Commission decision, and this prudent practice ensures that only the truly needy receive the CARE benefits to which they are entitled.

SoCalGas has provided evidence refuting each of the issues raised by the protests. Therefore, SoCalGas respectfully requests that the Commission reject the protests of ORA, TURN, and Greenlining/LIF to its filing and approve its Advice Letters as requested.

As an alternative, SoCalGas would support an extension of its Pilot Program until such time as the LIGB and the Commission complete their development of a comprehensive, long-term framework for low-income energy programs. We believe that by continuing the Pilot Program, additional information can be gathered about the impacts of up-front income verification which will be valuable in the LIGB's low-income program re-design efforts and the Commission's decision-making on the future of low-income energy programs in California.

SOUTHERN CALIFORNIA GAS COMPANY

cc: Susan E. Brown, Latino Issues Forum
Terry R. Mowrey, Office of Ratepayer Advocates
Donna Wagoner, Energy Division
Robert Gnaizda, The Greenlining Institute
Paul Stein, The Utility Reform Network

ATTACHMENT C1

RECOMMENDATIONS OF THE LOW INCOME GOVERNING BOARD FOR THE LOW INCOME ENERGY EFFICIENCY PROGRAM IN 1999

Approved at the Low Income Governing Board's
Meetings held August 24 and 25, 1998

A. GENERAL MEASURE POLICIES

- 1. Require that all Transitional Program Administrators (TPAs) use the attached standard set of measures for installation as part of the 1999 LIEE program (see Appendix A).**

SoCalGas supports the standard program design and standard measure list recommended by the Board. SoCalGas is actively pursuing a partnership with Southern California Edison Company (Edison) to modify the joint Inter-Utility Agreement to assure that all feasible electric measures are installed in qualified-customers' homes, as long as these are paid for by electric ratepayers.

The actual process to accomplish this has not been agreed upon by both parties. Discussion have just begun, given that the PY99 recommendations were just recently adopted by the Board.

So far, SoCalGas and Edison have agreed that in PY99, a series of questions will be added to the Assessor's "checklist" to elicit information on the need for electric measure installation and refrigerator replacement. SoCalGas will forward these answers to Edison for evaluation and possible action.

SoCalGas will continue to pursue "one-stop" installation of feasible electric measures, funded by electric ratepayers, in its discussions with Edison. SoCalGas will not install any electric measures until such time as an agreement is reached. Until then, SoCalGas will forward information to Edison.

- 2. Require all TPAs to install all feasible measures from the standard set in an eligible customer's home if there are program funds available to serve that home.**

SoCalGas will install all feasible gas measures, and actively pursue a partnership with Edison to ensure that all feasible electric measures are installed, too.

3. Require all TPAs to determine that a measure is feasible only when its installation provides significant benefit to the customer(s) living in the home.

While SoCalGas supports the basic premise, no definition of “significant benefits” has been provided by the Low Income Governing Board (LIGB or Board). SoCalGas respectfully requests that a definition be provided, since two of the current tests (the participant test and the net present value test) provide contradictory results for its weatherization measures (the former shows the program to be cost effective while the latter does not). SoCalGas will continue to operate DAP “as is” in PY99 until clarification is provided by the Commission or the Board.

4. Require all TPAs to limit home repairs to a standard set of repair items and a maximum per-home expenditure of \$750 – except when furnace replacement is a measure in which case the limit is \$1,500 – with a program cap of 20% of each TPA’s total program budget.

SoCalGas’ experience is that building envelope repairs (BER), which are required to support the installation of weatherization measures, average \$131 -- far less than the \$750 limit proposed. SoCalGas expects that a similar differential will remain in its PY99 BER work.

SoCalGas plans to spend about 22% of its \$18 million on furnace repair and replacement, a slight increase above the recommended 20% percentage. Actual BER expenditures as of August, 1998, are 7% of SoCalGas’ total 1998 DAP budget. SoCalGas would have to reduce its furnace repair and replacement program by up to 50% in order to remain within the 20% constraint, since SoCalGas does not foresee a reduction in the cost associated with BER installations. Customers value the furnace program and SoCalGas believes it provides significant benefits to customers; SoCalGas would like to keep the expenditures as planned in PY99.

5. Require all TPAs that are dual-fuel utilities providing both gas and electric service to an eligible customer to install all feasible measures from the standard set in that customer’s home if that utility has program funds remaining in either the gas or electric LIEE budget.

This recommendation does not apply to SoCalGas, which is a single-fuel utility.

6. Allow all TPAs that provide only gas or electric service to an eligible customer who receives other utility service (gas or electric) from a municipal utility to limit feasible measures to those from the standard set that predominantly save the type of energy provided by the TPA.

While SoCalGas supports the installation of all feasible measures – gas and electric – in qualified-customers’ homes, SoCalGas is not authorized to use gas ratepayer funds to install electric measures. The Commission has historically separated the funding of

energy efficiency measures by fuel source. See also comments on Recommendation A.1. SoCalGas will continue to fund gas weatherization and appliance measures with gas ratepayer funds; SoCalGas will actively pursue a partnership with Edison to have Installers operating in the overlapping service territories install electric measures, paid for by electric ratepayers.

B. SPECIFIC MEASURE CHANGES

- 1. Require all TPAs to replace refrigerators (or combination refrigerators and freezers) whenever 650 kWh per year can be saved by replacement, the customer will own the new refrigerator, and the existing unit(s) will be removed for recycling and de-manufacture.**

See comments on Recommendation A.6.

- 2. Require all TPAs to offer compact fluorescent lights (CFLs) as a measure for eligible customers. Authorize replacement of an existing bulb up to a household limit of five bulbs, when the CFL will save at least 45 watts, the light is used four or more hours per day, and the CFL fits.**

See comments on Recommendation A.1.

- 3. Require all TPAs to install attic ventilation as a stand-alone measure in areas with high cooling loads when the home has sufficient insulation but inadequate attic ventilation.**

See comments on Recommendation A.1.

C. MARKETING AND INTAKE POLICIES

- 1. Require all TPAs to target market in 1999 so that the highest-using one-third of income-eligible residential customers receive at least 25% of program funding.¹**

SoCalGas supports the premise of this recommendation, however, SoCalGas requests that it be allowed some flexibility in its implementation. SoCalGas will use its customer information and billing system to develop a list of selected CARE customers, half of which will have above-average usage. This list will be used to market DAP services – i.e., locate and qualify customers.

The DAP marketing efforts will not focus exclusively on high-usage customers. Half the list will contain “any usage” CARE customers. SoCalGas is not earmarking 25% of its

¹ There is a discrepancy in the description of this recommendation in the “summary” and “detail” sections of the submittal. SoCalGas has used the description from the “summary” section.

budget to provide services to high-usage customers. Services will be provided to customers on a “first enrolled” basis. The percentage of the DAP budget spent on high-usage customers may be more or less than 25%, depending on how the Assessors locate and enroll customers.

SoCalGas believes its approach is consistent with the Board’s intent, while also ensuring that DAP services are available to “any usage” customers, too.

2. Require all TPAs to collect and maintain information on all LIEE participants and their dwellings in order to profile customers served in 1999 by usage, geographic location, age, owner/renter status, and dwelling type.

SoCalGas currently has all the information available which is requested by the LIGB. Our DAP system collects information on geographic location, owner/renter status and dwelling type. SoCalGas’ customer information and billing system (CIS) has readily-accessible customer usage information going back to 1996.

Reports can be produced by combining DAP information with CIS usage information. The cost of producing these reports are included in the PY99 budget under “administrative costs”.

The “longevity” of the existing DAP database system is questionable after January 1, 2000. The current system is not Year 2000 (Y2K) compatible. SoCalGas is exploring three options to redress this situation: (1) making the current system “Y2K” compatible, (2) modifying an existing personal computer database program which can be made Y2K compatible in PY99 and beyond, and (3) developing a new database program to support DAP. Though the analysis of the costs for these alternatives is not complete, SoCalGas does not expect that the cost of implementing any of these alternatives will exceed \$100,000.

ATTACHMENT C2

DESCRIPTION OF THE DIRECT ASSISTANCE PROGRAM AND PROPOSED PROGRAM DESIGN CHANGES IN 1999

PROGRAM DESCRIPTION

In PY99, SoCalGas' Direct Assistance Program (DAP or LIEE or low income energy assistance program) will have three program elements: installation of energy efficiency measures in residential housing, the repair or replacement of non-functioning furnaces, and energy education. Installation of energy efficiency measures will be supported through certification training conducted at the DAP Training Center. Energy education will be provided to all customers receiving energy efficiency measures and, in addition, energy education workshops will be offered at the local level.

Plans for 1999 are to provide: (1) 25,000 customers with energy efficiency measures; (2) 3,500 customers with furnace repair or replacement services; and (3) 37,000 customers will receive energy education either in the home or in a workshop. It is anticipated that the Training Center will host a total of 52 classes with an average of 15 students per class.

SoCalGas' objectives for DAP in PY99, are to: (1) manage per-unit costs, (2) increase energy conserved per unit, (3) identify and serve a more diverse population, (4) identify and serve a greater percentage of high-use customers, (5) increase referrals to the CARE Program, and (6) improve the program's overall cost-effectiveness.

PROPOSED PY99 PROGRAM

In PY99, energy efficiency services will include all LIGB-recommended gas measures. SoCalGas will be adding a duct sealing measure to its DAP. SoCalGas plans to provide duct sealing to 1,500 of its weatherization customers on a pilot basis, using trained and qualified contractors located in its service territory to perform work. This service is proposed as a pilot so that SoCalGas can closely monitor its effectiveness and target high heating-usage customers whose heating energy burden is large.

Use of the DAP Training Center

As in years past, and to assure effective use of ratepayer funds, SoCalGas will continue to offer training to Assessors and Weatherization Installers. Upon successful completion of the training course, participants receive a certificate indicating their

proficiency. This training program helps SoCalGas to assure the cost-effective installation of energy efficiency measures and maintain an appropriate level of quality control.

Outreach and Assessment

SoCalGas has designed its outreach and assessment services to reduce per-unit cost while providing services to conserve energy to a more diverse population. SoCalGas expectation is that qualified clients will be served at a lower cost per home. Contracts for outreach and assessment are to begin November 1, 1998, so that customers can begin receiving services from installation contractors January 4, 1999.

SoCalGas will target half of its weatherization program to CARE customers, with half of those targeted having high energy use. This is in response to an LIGB recommendation to provide low-income customers with both its discounted rate service and its LIEE service. Additionally, by targeting high-usage customers, SoCalGas will be providing LIEE services to those customers who may derive the most benefit and increase the cost-effectiveness of the program as was also recommended by the LIGB.

In PY99, outreach and assessment will be performed by trained contractors, selected through a competitive bidding process. Assessors will market low-income energy efficiency services with support from SoCalGas' DAP Administrative Group. The Assessors will identify all measures -- including furnace repair or replacement and duct sealing -- to be installed in each home, as well as standard electric measures.

SoCalGas is actively pursuing with Edison, pursuant to the Inter-Utility Agreement, a means of installing standard electric measures in qualified homes in the overlapping service territories on a "one-stop" basis. SoCalGas expects that any electric measures installed will be funded by electric ratepayers.

The process for accomplishing this has not been fully discussed by the parties. Until such time as a process has been agreed upon, Assessors will ask customers questions to elicit answers about the need for standard electric measures or refrigerator replacement. The responses will be forwarded to Edison for evaluation and possible action.

In PY99, Assessors will be identifying whether a customer's furnace is operational and forwarding that information to SoCalGas. DAP Administrative personnel will then call the customer for possible referral to a Furnace Inspector.

Finally, Assessors will provide in-home energy education to all weatherization customers. This will include:

- ◆ information on energy usage and how customers may reduce their energy usage;
- ◆ information on the impact of energy efficiency measures provided by the program;
- ◆ assistance in completing SoCalGas' CARE application; and,
- ◆ information on other residential programs.

Assessors will seek a commitment from customers to change their energy usage behavior.

Installation of Weatherization Measures

In PY99, Weatherization Installers will be selected through a competitive bidding process. Weatherization Installers will install measures in qualified customers' homes, based upon work orders they receive from SoCalGas which will direct them on the measures to be installed.

Furnace Repair and Replacement

Either the Assessors or customers will contact SoCalGas about their furnaces. SoCalGas' field service representatives will complete a furnace check of the customer's furnace. Based upon the results of that assessment, DAP Administrative staff will send a DAP Technician to enroll the customer for services and to assess whether the furnace can be repaired or needs to be replaced. Once enrolled, furnace work is sent to a Furnace Contractor. SoCalGas field service representatives conduct final inspection of the furnace upon completion of work by the Furnace Contractor.

Energy Education

DAP's Energy Education Workshops have been redesigned in PY99. Instead of having one service provider presenting workshops in conjunction with community organizations, SoCalGas will have community-based organizations develop energy efficiency courses and make presentations to their clients. SoCalGas will bid this to non-profit agencies currently serving low-income customers.

ATTACHMENT C3

**UPDATED COST-EFFECTIVENESS ANALYSIS AND ASSUMPTIONS
PROPOSED SHAREHOLDER INCENTIVE MECHANISM
PLANNED COSTS AND BENEFITS
UPDATED AVOIDED ELECTRICITY COSTS, RETAIL RATES AND
OTHER ASSUMPTIONS**

UPDATED COST-EFFECTIVENESS ANALYSIS AND ASSUMPTIONS

Table 1 provides a brief comparison of the October 1, 1997 AEAP Forecast Filing as it is amended by D.98-07-060 to October 1, 1998 Forecast.

Table 1. Direct Assistance Program 1998 Forecast Compared to 1999 Forecast

Description	October 1, 1997 AEAP Forecast Filing (1997 \$000)	July 23, 1998 PBR Decision Post-1997 AEAP Advice Letter (1998 \$000) ¹	October 1, 1998 AEAP Forecast Filing (1998 \$000)
<u>Program Costs:</u>			
Direct Program Administration	\$1,725	\$1,854	\$2,292
Advertising	0	0	0
Participant Incentives	\$10,039	\$12,410	\$15,529
Total Program Budget	\$11,764	\$14,264	\$17,821
<u>Program Goals:</u>			
Number of Weatherized Units	14,500	20,232	25,000
<u>Earnings Threshold:</u>			
Number of Weatherized Units	10,875 ²	15,294	18,750

COST-EFFECTIVENESS TEST RESULTS

Updated cost-effectiveness test results for the Direct Assistance Program follow. Mandated measures and ARRP energy savings derived from "First Year Load Impact of Southern California Gas Company's Direct Assistance Program," which was filed with the Commission in March 1998.

¹ Revised 1998 prorated against the number of months remaining in 1998 after Commission decision.

² Original filing showed units at 70% of program goal. It has been corrected here to 75%.

Table 1-1
Shareholder Incentives
(\$000, 1998 Dollars)

Programs Subject to Performance Adder Treatment

<i>Program</i>	<i>Budget</i>	<i>Target Earnings Rate (% of Performance Earnings Basis, PEB)</i>	<i>Target Earnings</i>
<i>Direct Assistance Program (DAP)</i>			
Non-Mandatory Weatherization	\$2,503	5.00%	\$125
Non-Mandatory Appliance Replacement	\$4,510	5.00%	\$226
<i>Sub-Total Direct Assistance</i>	\$7,013	5.00%	\$351
SUB TOTAL PERFORMANCE ADDER PROGRAMS			
	\$7,013	5.00%	\$351
GRAND TOTALS			
	\$7,013	5.00%	\$351

DSM Shareholder Incentive Mechanism

Performance Adder Mechanism

- Eligibility Energy Management Services and Direct Assistance Non-Mandatory Measures
- Applicability Applied at the individual program level
- Earnings Formula $0.05 * PEB * A * B$, where:
A = Energy Savings Adjustment and B = Cost Savings Adjustment
- PEB Program Costs
- PER 5%
- Target Earnings Level (TEL) $0.05 * PEB$
- MPS only 75% of Forecast Energy Savings, applied at 1st earnings claim
(For DAP the 75% MPS must be achieved for both mandatory and non-mandatory measures)
- Energy Savings Adjustment Actual Jobs/Forecast Jobs*Ex Ante Energy Savings
- Cost Savings Adjustment Previous
Current
Year/Actual Average Costs per Unit Energy Savings in
Year *(limited to ratios from 0.8 to 1.2)*
- Penalties None
- Earnings Cap None
- Earnings Distribution Spread over 4 earnings claims
Note: For 1999 PY, SoCalGas requests distribution of earnings be accomplished in one earnings claim

**Table 2-5
Residential Direct Assistance Program
(\$000, 1998 Dollars)**

Program	Net First Year Impact		Admin Cost	Customer Incentive Cost	Total Program Cost	Incremental Measure Cost	Net Resource Benefits	Estimated Shareholder Incentives	TRC/BCR (Including Shareholder Incentives)
	kW	MTherms							
Residential Direct Assistance Program									
Mandated Weatherization	0.00	0.00	\$1,465	\$9,342	\$10,807	\$9,342	\$1,491	N/A	0.14
NonMandated Weatherization	0.00	0.00	\$242	\$2,261	\$2,503	\$2,261	\$391	\$125	0.15
NonMandated Appliance Repair	0.00	0.00	\$585	\$3,925	\$4,510	\$3,925	\$98	\$226	0.02
Total Direct Assistance Program	0.00	0.00	\$2,292	\$15,528	\$17,820	\$15,528	\$1,980	\$351	0.11

Table D-1
Planned Costs and Benefits For Shareholder Incentive Programs
Program Year: 1999
(\$000, 1998 Dollars)

	<i>Direct Assistance</i>			Total: DAP
	<i>Non Mand.</i>	<i>Non Mandated Weatherizati</i>	<i>Non Mandated Appliance</i>	
1 Program Measurement Costs, Lifecycle	\$0.000	\$0.000	\$0.000	\$0.000
2 Program Administration Costs	\$1.465	\$0.242	\$0.585	\$2.292
3 Program Incentives	\$9.342	\$2.261	\$3.925	\$15.528
4 Total Program Costs (2+3)	\$10.807	\$2.503	\$4.510	\$17.820
5 Incremental Measure Costs, gross	\$9.342	\$2.261	\$3.925	\$15.528
<i>5a Incremental Fuel Cost (Fuel Sub), gross</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>
6 Gross Resource Benefits	\$1.491	\$0.391	\$0.098	\$1.980
7 Net-To-Gross Ratio	1.00	1.00	1.00	1.00
8 Incremental Measure Costs, net (5*7)	\$9.342	\$2.261	\$3.925	\$15.528
<i>8a Incremental Fuel Cost (Fuel Sub), net</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>	<i>NA</i>
9 Net Resource Benefits (net) (6*7)	\$1.491	\$0.391	\$0.098	\$1.980
TRC (Without Earnings)				
10 Benefits	\$1.491	\$0.391	\$0.098	\$1.980
11 Costs	\$10.807	\$2.503	\$4.510	\$17.820
12 Net Benefits	(\$9.316)	(\$2.112)	(\$4.412)	(\$15.840)
B/C Ratio	0.14	0.16	0.02	0.11
UC (Without Earnings)				
13 Benefits	\$1.491	\$0.391	\$0.098	\$1.980
14 Costs	\$10.807	\$2.503	\$4.510	\$17.820
15 Net Benefits	(\$9.316)	(\$2.112)	(\$4.412)	(\$15.840)
B/C Ratio	0.14	0.16	0.02	0.11
SHAREHOLDER INCENTIVES				
16 Target Earnings Rate	0%	5%	5%	n/a
17 Performance Earnings Basis, at Target	N/A	\$2.503	\$4.510	\$7.013
18 Target Earnings (16*17)	N/A	\$0.125	\$0.226	\$0.351
Performance Earnings Basis	N/A	\$2.503	\$4.510	\$7.013
Performance Earnings Rate	N/A	5%	5%	N/A
COST EFFECTIVENESS (Including earnings)				
19 TRC Net Benefits	(\$9.316)	(\$2.237)	(\$4.638)	(\$16.191)
20 UC Net Benefits	(\$9.316)	(\$2.237)	(\$4.638)	(\$16.191)
21 TRC Benefit/Cost Ratio	N/A	0.15	0.02	0.11
22 UC Benefit Cost Ratio	N/A	0.15	0.02	0.11

¹ These costs include Measurement Costs as a cost, per D.95-06-016, at a portfolio level only.

Notes To Table D-1:

Line #	Description
1	Program Measurement Costs = Annual average program M&E costs for the TY94GRC cycle, not lifecycle program M&E costs.
1	Program Measurement Costs, Lifecycle = Lifecycle program M&E costs
5	Incremental Measure Costs, gross = Incremental cost of the conservation/efficiency measure before adjustment for free-riders, and before customer incentive. This includes pv of lifecycle operating costs.
5a	Incremental fuel cost (applicable to fuel substitution measures as a cost in the TRC calculation), before adjustment for free riders.
6	Gross Resource Benefits = Energy savings and environmental benefits before adjustment for free-riders.
7	Net-To-Gross Ratio = Net Therm Savings divided by Gross Therm Savings for the program.
8	Incremental Measure Costs, net = Incremental cost of the conservation/efficiency device [line 5] adjusted for free-riders.
8a	Incremental Fuel Cost [line 5a], adjusted for free riders.
9	Net Resource Benefits = Benefits, net of free-riders shown in Cost Effectiveness spreadsheet.
10	TRC Benefits = Benefits shown in Cost Effectiveness spreadsheet: should be equal to Net Resource Benefits [Line 9].
11	TRC Costs = Administration Costs [Line 2] + Net Measure Cost [Line 8] + Net Incremental Fuel Cost [Line 8a]
12	TRC Net Benefits = TRC Benefits [Line 10] - TRC Costs [Line 11].
13	UC Benefits = Benefits shown in Cost Effectiveness spreadsheet: should be equal to Line 9. Includes both Gas and Electric benefits, as per UC Test II
14	UC Costs = Program Costs [Line 4] plus Negative environmental benefits (if applicable) plus negative avoided gas costs.
15	UC Net Benefits = UC Benefits [Line 13] - UC Costs [Line 14].
16	Target Earnings Rate for Shared Savings Mechanism Programs = 30% of PEB.
17	Target Earnings Rate for Performance Adder Mechanism = 5% of PEB (Program Costs [Line 4]). Performance Earnings Basis (PEB): Shared Savings Mechanism PEB = (2/3 TRC net benefits + 1/3 UC net benefits) - Lifecycle M&E costs (including electric benefits associated with gas measures) Performance Adder Programs PEB = Program Costs
18	Target Earnings = Target Earnings Basis [Line 17] * Target Earnings Rate [Line 16]
19	TRC Net Benefits = TRC Benefits [Line 10] - TRC Costs [Line 11] - Target Earnings [Line 18]
20	UC Net Benefits = UC Benefits [Line 13] - UC Costs [Line 14] - Target earnings [Line 18]
21	TRC Benefit/Cost Ratio = TRC Benefit/Cost Ratio includes Shareholder Earnings; M&E costs are included at the portfolio level for shared saving programs.
22	UC Benefit/Cost Ratio = UC Benefit/Cost Ratio includes Shareholder Earnings; M&E costs are included at the portfolio level for shared saving

|programs.

Updated Avoided Costs, Retail Rates and Other Assumptions

Gas Costs and Retail Rates:

Marginal gas commodity costs and retail rate forecasts have been updated to reflect the gas cost and price projections prepared for the 1996 California Gas Report (CGR). Marginal transportation costs have been updated and are consistent with the Gas Long-Run Marginal Cost Implementation Settlement, adopted in D.93-05-066 and have been updated to reflect the most recent BCAP Decision, D.97-04-082. The avoided costs are detailed in the following table, 2-1.

Key Inputs and Data Sources:

(a.) Marginal gas commodity costs; (b.) Environmental Adders: last auction data; (c.) Avoided capital: Gas Long-Run Marginal Cost.

Comparison With Other Recent Estimates:

The avoided costs detailed on Table 2-1 are consistent with the data sources specified above.

Avoided Electricity Costs:

Currently, none of the measures included within The Direct Assistance Program claim any avoided electricity costs. While Table 2-1 does show proxy avoided electricity costs, they are not utilized by the cost-effectiveness models used for the DAP forecast, but are included in that file to maintain compatibility with the cost-effectiveness measurement model. See the goals section of the model print-outs.

Table 2-1

SOUTHERN CALIFORNIA GAS COMPANY
Cost Effectiveness Evaluation Program: Avoided Cost Information
 All data are in Nominal Terms

Year	Gas Energy			Gas Capacity Type/Value			Retail Rates			Electricity Service	
	Core (\$/therm) a	Noncore Gas (\$/therm) b	Noncore Trans (\$/therm) d	SH (\$/therm) e	WH (\$/therm) f	AC (\$/therm) g	Core (\$/therm) h	Gas Non-Core (\$/therm) i	Residential (\$/kWh) j	Commercial (\$/kWh) k	Industrial (\$/kWh) l
1994	0.1839	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1995	0.1368	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.1288	0.1112	n/a
1996	0.1540	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.1243	0.1004	0.0708
1997	0.1653	n/a	n/a	n/a	0.0684	0.0575	0.4236	n/a	0.1243	0.1004	0.0708
1998	0.1762	n/a	n/a	n/a	n/a	n/a	0.4279	n/a	0.1119	0.0987	0.0708
1999	0.1866	n/a	n/a	n/a	n/a	n/a	0.4270	n/a	0.1119	0.0987	0.0708
2000	0.1945	n/a	n/a	n/a	n/a	n/a	0.4276	n/a	0.1119	0.0987	0.0708
2001	0.2013	n/a	n/a	n/a	n/a	n/a	0.4297	n/a	0.1119	0.0987	0.0708
2002	0.2065	n/a	n/a	n/a	n/a	n/a	0.4308	n/a	0.1122	0.0892	0.0636
2003	0.2122	n/a	n/a	n/a	n/a	n/a	0.4327	n/a	0.1151	0.0916	0.0652
2004	0.2184	n/a	n/a	n/a	n/a	n/a	0.4353	n/a	0.1183	0.0940	0.0670
2005	0.2249	n/a	n/a	n/a	n/a	n/a	0.4373	n/a	0.1217	0.0967	0.0689
2006	0.2317	n/a	n/a	n/a	n/a	n/a	0.4394	n/a	0.1253	0.0996	0.0695
2007	0.2390	n/a	n/a	n/a	n/a	n/a	0.4418	n/a	0.1273	0.1006	0.0717
2008	0.2465	n/a	n/a	n/a	n/a	n/a	0.4441	n/a	0.1313	0.1038	0.0740
2009	0.2543	n/a	n/a	n/a	n/a	n/a	0.4464	n/a	0.1355	0.1071	0.0764
2010	0.2627	n/a	n/a	n/a	n/a	n/a	0.4488	n/a	0.1399	0.1106	0.0788
2011	0.2759	n/a	n/a	n/a	n/a	n/a	0.4511	n/a	0.1392	0.1114	0.0798
2012	0.2898	n/a	n/a	n/a	n/a	n/a	0.4535	n/a	0.1434	0.1148	0.0822
2013	0.3044	n/a	n/a	n/a	n/a	n/a	0.4558	n/a	0.1478	0.1182	0.0847
2014	0.3198	n/a	n/a	n/a	n/a	n/a	0.4582	n/a	0.1511	0.1213	0.0870
2015	0.3359	n/a	n/a	n/a	n/a	n/a	0.4606	n/a	0.1545	0.1244	0.0893
2016	0.3528	n/a	n/a	n/a	n/a	n/a	0.4630	n/a	0.1580	0.1277	0.0918
2017	0.3706	n/a	n/a	n/a	n/a	n/a	0.4654	n/a	0.1616	0.1310	0.0943
2018	0.3893	n/a	n/a	n/a	n/a	n/a	0.4679	n/a	0.1653	0.1344	0.0968
2019	0.4089	n/a	n/a	n/a	n/a	n/a	0.4703	n/a	0.1690	0.1378	0.0994
2020	0.4295	n/a	n/a	n/a	n/a	n/a	0.4728	n/a	0.1728	0.1414	0.1021
2021	0.4511	n/a	n/a	n/a	n/a	n/a	0.4753	n/a	0.1767	0.1451	0.1049
2022	0.4739	n/a	n/a	n/a	n/a	n/a	0.4777	n/a	0.1807	0.1488	0.1078
2023	0.4977	n/a	n/a	n/a	n/a	n/a	0.4802	n/a	0.1848	0.1527	0.1107

Data Source Index

Column
a
e, f, g
h
j, k, l

Source
1996 California Gas Report
Missing values for 2011 through 2023 calculated using average growth rate from 1996-2010
From Switzer worksheets dated 9/11/97 updated for PBR decision 97-07-054. Numbers include core pipeline demand charges.
Estimate compiled using current gas rates, GUPJ forecast and X Factor and X Factor forecasts in a method developed by Keith Switzer
Values for the years 2008-2023 were calculated using the average growth rates from the years 2003-2007
From Sierra Energy and Risk Assessment, Inc., 8/27/97 Rate Forecast 2014-2023 uses 2013 value escalated at 2008-2013 growth rate.

Cost Effectiveness Evaluation Program: Results Summary

Program: Direct Assistance Program (DAP) - Mandated Weatherization Program Components

Direct Program Administration (Labor)	\$747,367
Direct Program Administration (Non-Labor)	\$718,058
Total Direct Program Administration	\$1,465,425
Participant Incentive	\$9,342,456
Total Direct Program Budget	\$10,807,881
Advertising (Labor)	\$0
Advertising (Non-Labor)	\$0
Total Advertising Costs	\$0
Miscellaneous	\$0
Total Program Budget	\$10,807,881
Measurement & Evaluation	\$0
Shareholder Incentive	\$0
Total Cost	\$10,807,881

Test Summary

Test	Results w/o Environmental Adders NPV	Environmental Adders B/C Ratio	Results w/ Environmental Adders NPV	Environmental Adders B/C Ratio	Results w/ Environmental Adders, M&E, and Shareholder Incentive NPV	B/C Ratio
Net Environmental Benefit:	n/a	n/a	\$254,850	Infinite	\$254,850	Infinite
Total Resource Cost	(\$9,571,690)	0.11	(\$9,316,840)	0.14	(\$9,316,840)	0.14
Ratepayer Impact Measure 1	(\$11,034,113)	0.10	(\$10,779,264)	0.12	(\$10,779,264)	0.12
Lifecycle Revenue Impact	0.27 c/lh	n/a	0.26 c/lh	n/a	0.26 c/lh	n/a
Ratepayer Impact Measure 2	(\$11,034,113)	0.10	(\$10,779,264)	0.12	(\$10,779,264)	0.12
Participant Test	\$857,086	1.09	n/a	n/a	n/a	n/a
Utility Test 1 (Gas Only)	(\$9,571,690)	0.11	(\$9,316,840)	0.14	(\$9,316,840)	0.14
Utility Test 2 (Gas and Electric)	(\$9,571,690)	0.11	(\$9,316,840)	0.14	(\$9,316,840)	0.14

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Inputs (Implementation Goals)

Program: Direct Assistance Program (DAP) - Mandated Weatherization Program Components

Rate Class: Core	Notes	Source
Direct Program Administration	a-h	Core Markets input data.
Advertising	x	Measure goals derived from DSM Annual Program Summary Rept, April 1996, for "same" measur
Miscellaneous		Measure prices also at 1995 cost in 1995 dollars.
Total Administrative Costs:		Additional measures estimated goals and cost in 1998 dollars.
Measurement & Evaluation		
Shareholder Incentive		

Measure a	CEC Tech. Number b	End Use		Input Unit c	Measure Goals			Life (yr) f	Net-to- Gross Ratio g	Rebound Ratio h
		End Use Code	End Use Name		'99 Goal (Input) d	Avg Input e	'99 Goal (No.) = d / e			
1 Lo-Flow Shwrhd SF, MF, MH	RWO-12-00100	24	WATHT(g)	1	15,593	1.0	15593.0	3	1.00	1.00
2 Attic Insulation SF	RHS-05-00119	19	SPHT(g)	1	3,872	1.0	3872.0	25	1.00	1.00
3 Attic Insulation MF	RHS-05-00119	19	SPHT(g)	1	2,504	1.0	2504.0	25	1.00	1.00
4 BER SF	Not Found	19	SPHT(g)	1	12,776	1.0	12776.0	10	1.00	1.00
5 BER MF	Not Found	19	SPHT(g)	1	8,519	1.0	8519.0	10	1.00	1.00
6 BER MH	Not Found	19	SPHT(g)	1	667	1.0	667.0	10	1.00	1.00
7 Weatherstripping/Caulking SF	RHS-40-30200	19	SPHT(g)	1	52,353	1.0	52353.0	5	1.00	1.00
8 Weatherstripping/Caulking MF	RHS-40-30200	19	SPHT(g)	1	25,909	1.0	25909.0	5	1.00	1.00
9 Weatherstripping/Caulking MH	RHS-40-30200	19	SPHT(g)	1	3,672	1.0	3672.0	5	1.00	1.00
10 Wtr Htr Blanket SF	RWI-20-00100	24	WATHT(g)	1	437	1.0	437.0	5	1.00	1.00
11 Wtr Htr Blanket MF	RWI-20-00100	24	WATHT(g)	1	3,437	1.0	3437.0	5	1.00	1.00
12 Wtr Htr Blanket MH	RWI-20-00100	24	WATHT(g)	1	437	1.0	437.0	5	1.00	1.00
13 Inspections	Not Found	9	MISC(g)	1	8,250	1.0	8250.0	1	1.00	1.00

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Inputs (Energy Savings Inputs)

Program: Direct Assistance Program (DAP) - Mandated Weatherization Program Components

Rate Class: Core	Notes	Source
Direct Program Administration	1	First Year Therms per M&E Study # 713 dated March 1998
Advertising		
Miscellaneous		
Total Administrative Costs:		
Measurement & Evaluation		
Shareholder Incentive		

\$1,465,425
\$0
\$0
\$1,465,425
\$0
\$0

Measure	Gas Load Profile	Gross Annual Savings										
		First-Year Therms	Multiplier per Yr-pre break for Therms	Break After Years for Therms	Break-Yr Therms	Multiplier per Yr-post break for Therms	System Peak Therms	First-Year kWh	Multiplier per Yr-pre break for kWh	Break After Year for kWh	Break-Yr kWh	Multiplier per Yr-post break for kWh
1 Lo-Flow Shwrhd SF, MF, MH	1	8.7	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
2 Attic Insulation SF	1	21.1	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
3 Attic Insulation MF	1	14.9	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
4 BER SF	1	5.0	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
5 BER MF	1	3.6	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
6 BER MH	1	5.0	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
7 Weatherstripping/Caulking SF	1	3.3	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
8 Weatherstripping/Caulking MF	1	2.4	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
9 Weatherstripping/Caulking MH	1	3.3	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
10 Wtr Htr Blanket SF	1	7.2	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
11 Wtr Htr Blanket MF	1	6.8	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
12 Wtr Htr Blanket MH	1	7.2	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a
13 Inspections	2	0.0	n/a	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Calculations (First Year & Lifetime Savings)

Program: Direct Assistance Program (DAP) - Mandated Weatherization Program Components

Rate Class: Core

Direct Program Administration \$1,465,425

Advertising \$0

Miscellaneous \$0

Total Administrative Costs: \$1,465,425

Measurement & Evaluation \$0

Shareholder Incentive: \$0

Notes	Source
X	Analysts should do their own notes, as appropriate

	Net Annual Savings				System Peak Net Therm Savings	Net Life Therm Savings	Net Life kWh Savings	Lifetime Savings Contributing to Program Source		Lifetime Source Eff Ratio Elec/Gas
	FirstYear Therms	Break Year Therms	FirstYear kWh	Break Year kWh				Therm	kWh	
1 Lo-Flow Shwrhd SF, MF, MH	9	n/a	0	n/a	0	406,977	0	n/a	n/a	n/a
2 Attic Insulation SF	21	n/a	0	n/a	0	2,042,480	0	n/a	n/a	n/a
3 Attic Insulation MF	15	n/a	0	n/a	0	932,740	0	n/a	n/a	n/a
4 BER SF	5	n/a	0	n/a	0	638,800	0	n/a	n/a	n/a
5 BER MF	4	n/a	0	n/a	0	306,684	0	n/a	n/a	n/a
6 BER MH	5	n/a	0	n/a	0	33,350	0	n/a	n/a	n/a
7 Weatherstripping/Caulking SF	3	n/a	0	n/a	0	863,825	0	n/a	n/a	n/a
8 Weatherstripping/Caulking MF	2	n/a	0	n/a	0	310,908	0	n/a	n/a	n/a
9 Weatherstripping/Caulking MH	3	n/a	0	n/a	0	60,588	0	n/a	n/a	n/a
10 Wtr Htr Blanket SF	7	n/a	0	n/a	0	15,732	0	n/a	n/a	n/a
11 Wtr Htr Blanket MF	7	n/a	0	n/a	0	116,858	0	n/a	n/a	n/a
12 Wtr Htr Blanket MH	7	n/a	0	n/a	0	15,732	0	n/a	n/a	n/a
13 Inspections	0	n/a	0	n/a	0	0	0	n/a	n/a	n/a
Program Totals:					0		0	0	0	

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program
Cost Effectiveness Evaluation Program: Measure-specific Calculations (Electric Capacity Reductions)

Program: Direct Assistance Program (DAP) - Mandated Weatherization Program Components

Rate Class: Core	Notes	Source
Direct Program Administration	X	Analysts should do their own notes, as appropriate
Advertising		
Miscellaneous		
Total Administrative Costs:		
Measurement & Evaluation		
Shareholder Incentive:		

\$1,465,425
 \$0
 \$0
 \$1,465,425
 \$0
 \$0

	Subtransmission Generation kW Reduction (per Unit)	Transmission kW Reduction		Subtransmission Generation kW Reduction (Total)	Transmission kW Reduction	
		Subtransmission (per Unit)	Primary Dist. (per Unit)		Secondary Dist. (per Unit)	Subtransmission (Total)
1 Lo-Flow Shwrhd SF, MF, MH	0.00	0.00	0.00	0.00	0.00	0.00
2 Attic Insulation SF	0.00	0.00	0.00	0.00	0.00	0.00
3 Attic Insulation MF	0.00	0.00	0.00	0.00	0.00	0.00
4 BER SF	0.00	0.00	0.00	0.00	0.00	0.00
5 BER MF	0.00	0.00	0.00	0.00	0.00	0.00
6 BER MH	0.00	0.00	0.00	0.00	0.00	0.00
7 Weatherstripping/Caulking SF	0.00	0.00	0.00	0.00	0.00	0.00
8 Weatherstripping/Caulking MF	0.00	0.00	0.00	0.00	0.00	0.00
9 Weatherstripping/Caulking MH	0.00	0.00	0.00	0.00	0.00	0.00
10 Wtr Htr Blanket SF	0.00	0.00	0.00	0.00	0.00	0.00
11 Wtr Htr Blanket MF	0.00	0.00	0.00	0.00	0.00	0.00
12 Wtr Htr Blanket MH	0.00	0.00	0.00	0.00	0.00	0.00
13 Inspections	0.00	0.00	0.00	0.00	0.00	0.00
Program Totals:				0.00	0.00	0.00

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Inputs (Emissions Data)

Program: Direct Assistance Program (DAP) - Mandated Weatherization Program Components

	Notes	Source
Rate Class: Core		
Direct Program Administration		\$1,465,425
Advertising	r,s,t,u,v,w	Environmental Protection Agency document AP42: Compilation of Equipment Emissions
Miscellaneous	x	Analysts should do their own footnotes, as appropriate
Total Administrative Costs:		\$0
Measurement & Evaluation		\$1,465,425
Shareholder Incentive:		\$0

	Gas Emissions in lbs/therm							Alternate Fuels Emissions in lbs/therm						
	NOx lb/therm r	SOx lb/therm s	CO lb/therm t	CO2 lb/therm u	ROG lb/therm v	PM10 lb/therm w	Alternate Fuel Type	NOx lb/therm	SOx lb/therm	CO lb/therm	CO2 lb/therm	ROG lb/therm	PM10 lb/therm	
1 Lo-Flow Shwrhd SF, MF, MH	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
2 Attic Insulation SF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
3 Attic Insulation MF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
4 BER SF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
5 BER MF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
6 BER MH	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
7 Weatherstripping/Caulking SF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
8 Weatherstripping/Caulking MF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
9 Weatherstripping/Caulking MH	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
10 Wtr Htr Blanket SF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
11 Wtr Htr Blanket MF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
12 Wtr Htr Blanket MH	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
13 Inspections	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Inputs (Costs Data)

Program: Direct Assistance Program (DAP) - Non-mandated Weatherization Program Components

Rate Class:	Core
Direct Program Admin.	\$241,795
Advertising	\$0
Miscellaneous	\$0
Total Administrative Costs:	\$241,795
Measurement & Evaluation	\$0
Shareholder Incentive:	\$125,148

Notes

X

Z

Source

Calculated as Gas Equipment Cost less Electric Equipment Cost.

	Electric Measure Cost X	Gas Measure Cost Y	Measure Cost (per unit) Z	Measure Cost (Total)	Participant Incentive (per Unit)	Participant Incentive (Total)	1st Year Gross Therm Savings (Total)	1st Year Net Therm Savings (Total)	Gross Avoided Capital	Net Avoided Capital	Admin. Cost Allocation (Not Used)	Measure's Share of Total Admin. Costs (Incent. Basis)
1 Faucet Aerator SF, MF,	\$0	\$4	\$4	\$178,418	\$4	\$178,418	153,258	153,258	\$0	\$0	\$160,064	\$19,079
2 Pipe Insulation SF, MF,	\$0	\$13	\$13	\$21,710	\$13	\$21,710	4,342	4,342	\$0	\$0	\$19,477	\$2,322
3 Register Seal SF, MF, M	\$0	\$21	\$21	\$41,937	\$21	\$41,937	799	799	\$0	\$0	\$37,623	\$4,484
4 Evaporative Cooler Cov	\$0	\$26	\$26	\$27,456	\$26	\$27,456	2,640	2,640	\$0	\$0	\$24,632	\$2,936
5 Switch/Outlet Gaskets S	\$0	\$18	\$18	\$383,292	\$18	\$383,292	17,035	17,035	\$0	\$0	\$0	\$40,987
6 Inspections	\$0	\$41	\$41	\$141,860	\$41	\$141,860	0	0	\$0	\$0	\$0	\$15,170
7 Energy Education-Partic	\$0	\$10	\$10	\$370,000	\$10	\$370,000	0	0	\$0	\$0	\$0	\$39,565
8 Energy Education-Work	\$0	\$50	\$50	\$40,000	\$50	\$40,000	0	0	\$0	\$0	\$0	\$4,277
9 Training Center	\$0	\$359,000	\$359,000	\$359,000	\$359,000	\$359,000	0	0	\$0	\$0	\$0	\$38,389
10 Duct Sealing	\$0	\$465	\$465	\$697,500	\$465	\$697,500	145,500	145,500	\$0	\$0	\$0	\$74,586
Program Totals:				\$2,261,173	\$359,648	\$2,261,173	323,574	323,574	0	0		

Cost Effectiveness Evaluation Program: Results Summary

Program: Direct Assistance Program (DAP) - Non-mandated Weatherization Program Components

Direct Program Administration (Labor)	\$123,315
Direct Program Administration (Non-Labor)	\$118,480
Total Direct Program Administration	\$241,795
Participant Incentive	\$2,261,173
Total Direct Program Budget	\$2,502,968
Advertising (Labor)	\$0
Advertising (Non-Labor)	\$0
Total Advertising Costs	\$0
Miscellaneous	\$0
Total Program Budget	\$2,502,968
Measurement & Evaluation	\$0
Shareholder Incentive	\$125,148
Total Cost	\$2,628,116

Test Summary

Test	Results w/o Environmental Adders NPV	B/C Ratio	Results w/ Environmental Adders NPV	B/C Ratio	Results w/ Environmental Adders, M&E, and Shareholder Incentive NPV	B/C Ratio
Net Environmental Benefit:	n/a	n/a	\$66,363	Infinite	\$66,363	Infinite
Total Resource Cost	(\$2,178,457)	0.13	(\$2,112,095)	0.16	(\$2,237,243)	0.15
Ratepayer Impact Measure 1	(\$2,590,471)	0.11	(\$2,524,108)	0.13	(\$2,649,256)	0.13
Lifecycle Revenue Impact	0.06 c/lh	n/a	0.06 c/lh	n/a	0.06 c/lh	n/a
Ratepayer Impact Measure 2	(\$2,590,471)	0.11	(\$2,524,108)	0.13	(\$2,649,256)	0.13
Participant Test	\$299,436	1.13	n/a	n/a	n/a	n/a
Utility Test 1 (Gas Only)	(\$2,178,457)	0.13	(\$2,112,095)	0.16	(\$2,237,243)	0.15
Utility Test 2 (Gas and Electric)	(\$2,178,457)	0.13	(\$2,112,095)	0.16	(\$2,237,243)	0.15

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Inputs (Implementation Goals)

Program: Direct Assistance Program (DAP) - Non-mandated Weatherization Program Components

Rate Class: Core	Source
Direct Program Admin. \$241,795	Core Markets input data.
Advertising \$0	Measure goals derived from DSM Annual Program Summary Rept, April 1996, for "same" measur
Miscellaneous \$0	Measure prices also at 1995 cost in 1995 dollars.
Total Administrative Costs: \$241,795	Additional measures estimated goals and cost in 1998 dollars.
Measurement & Evaluation \$0	
Shareholder Incentive \$125,148	

Measure a	CEC Tech. Number b	End Use		Input Unit c	Measure Goals			Life (yr) f	Net-to- Gross Ratio g	Rebound Ratio h
		End Use Code	End Use Name		'99 Goal (input) d	Avg Input e	'99 Goal (No.) = d/e			
1 Faucet Aerator SF, MF, MH	RWO-07-00100	24	WATHT(g)	1	43,788	1.0	43788.0	5	1.00	1.00
2 Pipe Insulation SF, MF, MH	RWI-14-01201	24	WATHT(g)	1	1,670	1.0	1670.0	10	1.00	1.00
3 Register Seal SF, MF, MH	Not Found	19	SPHT(g)	1	1,997	1.0	1997.0	15	1.00	1.00
4 Evaporative Cooler Cover SF, MF	Not Found	19	SPHT(g)	1	1,056	1.0	1056.0	3	1.00	1.00
5 Switch/Outlet Gaskets SF, MF	Not Found	19	SPHT(g)	1	21,294	1.0	21294.0	15	1.00	1.00
6 Inspections	Not Found	9	MISC(g)	1	3,460	1.0	3460.0	1	1.00	1.00
7 Energy Education-Participants	Not Found	19	SPHT(g)	1	37,000	1.0	37000.0	5	1.00	1.00
8 Energy Education-Workshops	Not Found	19	SPHT(g)	1	800	1.0	800.0	5	1.00	1.00
9 Training Center	Not Found	9	MISC(g)	1	1	1.0	1.0	1	1.00	1.00
10 Duct Sealing	Not Found	19	SPHT(g)	1	1,500	1.0	1500.0	1	1.00	1.00

Cost Effectiveness Evaluation Program: Measure-specific Inputs (Energy Savings Inputs)

Program: Direct Assistance Program (DAP) - Non-mandated Weatherization Program Components

Rate Class: Core
 Direct Program Admin. \$241,795
 Advertising \$0
 Miscellaneous \$0
 Total Administrative Costs: \$241,795
 Measurement & Evaluation \$0
 Shareholder Incentive \$125,148

Notes	Source
1 First year therms based on M&E study # 713 March 1998	
2 First year therms for Duct Sealing based on engineering estimates resulting from SoCalGas '96 audit pilot	

Measure	Gas Load Profile	Gross Annual Savings												
		First-Year Therms	Multiplier per Yr-pre break for Therms	Break After Years for Therms	Break-Yr Therms	Multiplier per Yr-post break for Therms	System Peak Therms	First-Year kWh	Multiplier per Yr-pre break for kWh	Break After Year for kWh	Break-Yr kWh	Multiplier per Yr-post break for kWh		
1 Faucet Aerator SF, MF, MH	1	3.5	n/a	n/a	n/a	0	0	n/a	n/a	n/a	0	n/a	n/a	n/a
2 Pipe Insulation SF, MF, MH	1	2.6	n/a	n/a	n/a	0	0	n/a	n/a	n/a	0	n/a	n/a	n/a
3 Register Seal SF, MF, MH	1	0.4	n/a	n/a	n/a	0	0	n/a	n/a	n/a	0	n/a	n/a	n/a
4 Evaporative Cooler Cover SF, MF, MH	1	2.5	n/a	n/a	n/a	0	0	n/a	n/a	n/a	0	n/a	n/a	n/a
5 Switch/Outlet Gaskets SF, MF, MH	1	0.8	n/a	n/a	n/a	0	0	n/a	n/a	n/a	0	n/a	n/a	n/a
6 Inspections	1	0.0	n/a	n/a	n/a	0	0	n/a	n/a	n/a	0	n/a	n/a	n/a
7 Energy Education-Participant	1	0.0	n/a	n/a	n/a	0	0	n/a	n/a	n/a	0	n/a	n/a	n/a
8 Energy Education-Workshop	1	0.0	n/a	n/a	n/a	0	0	n/a	n/a	n/a	0	n/a	n/a	n/a
9 Training Center	1	0.0	n/a	n/a	n/a	0	0	n/a	n/a	n/a	0	n/a	n/a	n/a
10 Duct Sealing	1	97.0	n/a	n/a	n/a	0	0	n/a	n/a	n/a	0	n/a	n/a	n/a

Cost Effectiveness Evaluation Program: Measure-specific Calculations (First Year & Lifetime Savings)

Program: Direct Assistance Program (DAP) - Non-mandated Weatherization Program Components

Rate Class: Core		Notes	Source
Direct Program Admin.	\$241,795	X	
Advertising	\$0		
Miscellaneous	\$0		
Total Administrative Costs:	\$241,795		
Measurement & Evaluation	\$0		
Shareholder Incentive:	\$125,148		

	Net Annual Savings				System Peak Net Therm Savings	Net Life Therm Savings	Net Life kWh Savings	Lifetime Savings Contributing to Program Source		Lifetime Source Eff Ratio Elec/Gas
	FirstYear Therms	Break Year Therms	FirstYear kWh	Break Year kWh				Therm	kWh	
1 Faucet Aerator SF, MF,	4	n/a	0	n/a	0	766,290	0	n/a	n/a	n/a
2 Pipe Insulation SF, MF,	3	n/a	0	n/a	0	43,420	0	n/a	n/a	n/a
3 Register Seal SF, MF, M	0	n/a	0	n/a	0	11,982	0	n/a	n/a	n/a
4 Evaporative Cooler Cov	3	n/a	0	n/a	0	7,920	0	n/a	n/a	n/a
5 Switch/Outlet Gaskets S	1	n/a	0	n/a	0	255,528	0	n/a	n/a	n/a
6 Inspections	0	n/a	0	n/a	0	0	0	n/a	n/a	n/a
7 Energy Education-Partic	0	n/a	0	n/a	0	0	0	n/a	n/a	n/a
8 Energy Education-Works	0	n/a	0	n/a	0	0	0	n/a	n/a	n/a
9 Training Center	0	n/a	0	n/a	0	0	0	n/a	n/a	n/a
10 Duct Sealing	97	n/a	0	n/a	0	145,500	0	n/a	n/a	n/a
Program Totals:					0		0	0	0	

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Calculations (Electric Capacity Reductor

Program: Direct Assistance Program (DAP) - Non-mandated Weatherization Program Components

Rate Class: Core		Notes	Source
Direct Program Admin.	\$241,795	X	
Advertising	\$0		
Miscellaneous	\$0		
Total Administrative Costs:	\$241,795		
Measurement & Evaluation	\$0		
Shareholder Incentive:	\$125,148		

	Subtransmission Generation kW Reduction (per Unit)	Transmission kW Reduction		Subtransmission Generation kW Reduction (Total)	Transmission kW Reduction	
		Subtransmission (per Unit)	Secondary Dist. (per Unit)		Subtransmission (Total)	Primary Dist. (Total)
1 Faucet Aerator SF, MF,	0.00	0.00	0.00	0.00	0.00	0.00
2 Pipe Insulation SF, MF,	0.00	0.00	0.00	0.00	0.00	0.00
3 Register Seal SF, MF, M	0.00	0.00	0.00	0.00	0.00	0.00
4 Evaporative Cooler Cova	0.00	0.00	0.00	0.00	0.00	0.00
5 Switch/Outlet Gaskets S	0.00	0.00	0.00	0.00	0.00	0.00
6 Inspections	0.00	0.00	0.00	0.00	0.00	0.00
7 Energy Education-Partic	0.00	0.00	0.00	0.00	0.00	0.00
8 Energy Education-Work	0.00	0.00	0.00	0.00	0.00	0.00
9 Training Center	0.00	0.00	0.00	0.00	0.00	0.00
10 Duct Sealing	0.00	0.00	0.00	0.00	0.00	0.00
Program Totals:				0.00	0.00	0.00

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Inputs (Emissions Data)

Program: Direct Assistance Program (DAP) - Mandated Weatherization Program Components

	Notes	Source
Rate Class: Core		
Direct Program Administration		\$1,465,425
Advertising	r,s,t,u,v,w	Environmental Protection Agency document AP42: Compilation of Equipment Emissions
Miscellaneous	x	Analysts should do their own footnotes, as appropriate
Total Administrative Costs:		\$0
Measurement & Evaluation		\$1,465,425
Shareholder Incentive:		\$0

	Gas Emissions in lbs/therm							Alternate Fuels Emissions in lbs/therm						
	NOx lb/therm r	SOx lb/therm s	CO lb/therm t	CO2 lb/therm u	ROG lb/therm v	PM10 lb/therm w	Alternate Fuel Type	NOx lb/therm	SOx lb/therm	CO lb/therm	CO2 lb/therm	ROG lb/therm	PM10 lb/therm	
1 Lo-Flow Shwrhd SF, MF, MH	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
2 Attic Insulation SF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
3 Attic Insulation MF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
4 BER SF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
5 BER MF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
6 BER MH	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
7 Weatherstripping/Caulking SF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
8 Weatherstripping/Caulking MF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
9 Weatherstripping/Caulking MH	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
10 Wtr Htr Blanket SF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
11 Wtr Htr Blanket MF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
12 Wtr Htr Blanket MH	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
13 Inspections	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Inputs (Costs Data)

Program: Direct Assistance Program (DAP) - Non-mandated Weatherization Program Components

Rate Class:	Core
Direct Program Admin.	\$241,795
Advertising	\$0
Miscellaneous	\$0
Total Administrative Costs:	\$241,795
Measurement & Evaluation	\$0
Shareholder Incentive:	\$125,148

Notes

X

Z

Source
Calculated as Gas Equipment Cost less Electric Equipment Cost.

	Electric Measure Cost X	Gas Measure Cost Y	Measure Cost (per unit) Z	Measure Cost (Total)	Participant Incentive (per Unit)	Participant Incentive (Total)	1st Year Gross Therm Savings (Total)	1st Year Net Therm Savings (Total)	Gross Avoided Capital	Net Avoided Capital	Admin. Cost Allocation (Not Used)	Measure's Share of Total Admin. Costs (Incent. Basis)
1 Faucet Aerator SF, MF,	\$0	\$4	\$4	\$178,418	\$4	\$178,418	153,258	153,258	\$0	\$0	\$160,064	\$19,079
2 Pipe Insulation SF, MF,	\$0	\$13	\$13	\$21,710	\$13	\$21,710	4,342	4,342	\$0	\$0	\$19,477	\$2,322
3 Register Seal SF, MF, M	\$0	\$21	\$21	\$41,937	\$21	\$41,937	799	799	\$0	\$0	\$37,623	\$4,484
4 Evaporative Cooler Cov	\$0	\$26	\$26	\$27,456	\$26	\$27,456	2,640	2,640	\$0	\$0	\$24,632	\$2,936
5 Switch/Outlet Gaskets S	\$0	\$18	\$18	\$383,292	\$18	\$383,292	17,035	17,035	\$0	\$0	\$0	\$40,987
6 Inspections	\$0	\$41	\$41	\$141,860	\$41	\$141,860	0	0	\$0	\$0	\$0	\$15,170
7 Energy Education-Partic	\$0	\$10	\$10	\$370,000	\$10	\$370,000	0	0	\$0	\$0	\$0	\$39,565
8 Energy Education-Work	\$0	\$50	\$50	\$40,000	\$50	\$40,000	0	0	\$0	\$0	\$0	\$4,277
9 Training Center	\$0	\$359,000	\$359,000	\$359,000	\$359,000	\$359,000	0	0	\$0	\$0	\$0	\$38,389
10 Duct Sealing	\$0	\$465	\$465	\$697,500	\$465	\$697,500	145,500	145,500	\$0	\$0	\$0	\$74,586
Program Totals:				\$2,261,173	\$359,648	\$2,261,173	323,574	323,574	0	0		

Cost Effectiveness Evaluation Program: Results Summary

Program: Direct Assistance Program (DAP) - Appliance Repair/Replacement Program

Direct Program Administration (Labor)	\$356,850
Direct Program Administration (Non-Labor)	\$228,150
Total Direct Program Administration	\$585,000
Participant Incentive	\$3,925,000
Total Direct Program Budget	\$4,510,000
Advertising (Labor)	\$0
Advertising (Non-Labor)	\$0
Total Advertising Costs	\$0
Miscellaneous	\$0
Total Program Budget	\$4,510,000
Measurement & Evaluation	\$0
Shareholder Incentive	\$225,500
Total Cost	\$4,735,500

Test Summary

Test	Results w/o Environmental Adders		Results w/ Environmental Adders		Results w/ Environmental Adders, M&E, and Shareholder Incentive	
	NPV	B/C Ratio	NPV	B/C Ratio	NPV	B/C Ratio
Net Environmental Benefit:	n/a	n/a	\$16,882	Infinite	\$16,882	Infinite
Total Resource Cost	(\$4,429,277)	0.02	(\$4,412,395)	0.02	(\$4,637,895)	0.02
Ratepayer Impact Measure 1	(\$4,517,093)	0.02	(\$4,500,211)	0.02	(\$4,725,711)	0.02
Lifecycle Revenue Impact	0.11 c/th	n/a	0.11 c/th	n/a	0.12 c/th	n/a
Ratepayer Impact Measure 2	(\$4,517,093)	0.02	(\$4,500,211)	0.02	(\$4,725,711)	0.02
Participant Test	\$35,441	1.01	n/a	n/a	n/a	n/a
Utility Test 1 (Gas Only)	(\$4,429,277)	0.02	(\$4,412,395)	0.02	(\$4,637,895)	0.02
Utility Test 2 (Gas and Electric)	(\$4,429,277)	0.02	(\$4,412,395)	0.02	(\$4,637,895)	0.02

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Inputs (Implementation Goals)

Program: Direct Assistance Program (DAP) - Appliance Repair/Replacement Program

Rate Class: Core \$585,000
 Direct Program Admin. \$0
 Advertising \$0
 Miscellaneous \$0
 Total Administrative Costs: \$585,000
 Measurement & Evaluation \$0
 Shareholder Incentive \$225,500

Notes	Source
a-h	Core Markets input data.
x	Measure goals estimated based on 1998 forecasted actual and 1998 dollars.

Measure a	CEC Tech. Number b	End Use		Input Unit c	Measure Goals			Life (yr) f	Net-to- Gross Ratio g	Rebound Ratio h
		End Use Code	End Use Name		'99 Goal (Input) d	Avg Input e	'99 Goal (No.) = d / e			
1 Furnace Replacement SF	BHE-36	19	SPHT(g)	MBtuH	3,000	1.0	3000.0	22	1.00	1.00
2 Furnace Repair SF	Not Found	19	SPHT(g)	MBtuH	500	1.0	500.0	10	1.00	1.00

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Inputs (Energy Savings Inputs)

Program: Direct Assistance Program (DAP) - Appliance Repair/Replacement Program

Rate Class: Core
 Direct Program Admin. \$585,000
 Advertising \$0
 Miscellaneous \$0
 Total Administrative Costs: \$585,000
 Measurement & Evaluation \$0
 Shareholder Incentive \$225,500

Notes	Source
1	First Year Therms from M&E Study # 713 March 1998

Measure	Gas Load Profile	Gross Annual Savings											
		First-Year Therms	Multiplier per Yr-pre break for Therms	Break-Yr Therms	Multiplier per Yr-post break for Therms	System Peak Therms	First-Year kWh	Multiplier per Yr-pre break for kWh	Break After Year for kWh	Break-Yr kWh	Multiplier per Yr-post break for kWh		
1 Furnace Replacement S	1	6.8	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a	n/a	n/a
2 Furnace Repair SF	1	0.0	n/a	n/a	n/a	0	0	n/a	n/a	n/a	n/a	n/a	n/a

**SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program
 Cost Effectiveness Evaluation Program: Measure-specific Calculations (First Year & Lifetime Savings)**

Program: Direct Assistance Program (DAP) - Appliance Repair/Replacement Program

	Notes	Source
Rate Class: Core		
Direct Program Admin.	\$585,000	
Advertising	\$0	
Miscellaneous	\$0	
Total Administrative Costs:	\$585,000	
Measurement & Evaluation	\$0	
Shareholder Incentive:	\$225,500	

	Net Annual Savings				System Peak Net Therm Savings	Net Life Therm Savings	Net Life kWh Savings	Lifetime Savings Contributing to Program Source		Lifetime Source Eff Ratio Elec/Gas
	FirstYear Therms	Break Year Therms	FirstYear kWh	Break Year kWh				Therm	kWh	
1 Furnace Replacement S	7	n/a	0	n/a	0	448,800	0	n/a	n/a	n/a
2 Furnace Repair SF	0	n/a	0	n/a	0	0	0	n/a	n/a	n/a
Program Totals:					0			0	0	

**SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program
 Cost Effectiveness Evaluation Program: Measure-specific Calculations (Electric Capacity Reductions)**

Program: Direct Assistance Program (DAP) - Appliance Repair/Replacement Program

Rate Class: Core
 Direct Program Admin. \$585,000
 Advertising \$0
 Miscellaneous \$0
 Total Administrative Costs: \$585,000
 Measurement & Evaluation \$0
 Shareholder Incentive: \$225,500

Notes	Source
X	

	Subtransmission Generation kW Reduction (per Unit)	Transmission kW Reduction		Subtransmission Generation kW Reduction (Total)	Transmission kW Reduction	
		Subtransmission (per Unit)	Primary Dist. (per Unit)		Secondary Dist. (per Unit)	Subtransmission (Total)
1 Furnace Replacement S	0.00	0.00	0.00	0.00	0.00	0.00
2 Furnace Repair SF	0.00	0.00	0.00	0.00	0.00	0.00
Program Totals:				0.00	0.00	0.00

**SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program
Cost Effectiveness Evaluation Program: Measure-specific Inputs (Emissions Data)**

Program: Direct Assistance Program (DAP) - Appliance Repair/Replacement Program

Rate Class: Core \$585,000
 Direct Program Admin. \$0
 Advertising \$0
 Miscellaneous \$0
 Total Administrative Costs: \$585,000
 Measurement & Evaluation \$0
 Shareholder Incentive: \$225,500

Notes	Source
r,s,t,u,v,w x	Environmental Protection Agency document AP42: Compilation of Equipment Emissions

	Gas Emissions in lbs/therm							Alternate Fuels Emissions in lbs/therm						
	NOx lb/therm r	SOx lb/therm s	CO lb/therm t	CO2 lb/therm u	ROG lb/therm v	PM10 lb/therm w	Alternate Fuel Type	NOx lb/therm	SOx lb/therm	CO lb/therm	CO2 lb/therm	ROG lb/therm	PM10 lb/therm	
1 Furnace Replacement S	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
2 Furnace Repair SF	0.0070	0.0	0.0	11.9	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

SOUTHERN CALIFORNIA GAS COMPANY - 1999 Program

Cost Effectiveness Evaluation Program: Measure-specific Inputs (Costs Data)

Program: Direct Assistance Program (DAP) - Appliance Repair/Replacement Program

Rate Class: Core
 Direct Program Admin. \$585,000
 Advertising \$0
 Miscellaneous \$0
 Total Administrative Costs: \$585,000
 Measurement & Evaluation \$0
 Shareholder Incentive: \$225,500

Notes	Source
X	Calculated as Gas Equipment Cost less Electric Equipment Cost.
Z	

	Electric Measure Cost X	Gas Measure Cost Y	Measure Cost (per unit) Z	Measure Cost (Total)	Participant Incentive (per Unit)	Participant Incentive (Total)	1st Year Gross		1st Year Net		Gross Avoided Capital	Net Avoided Capital	Admin. Cost Allocation (Not Used)
							Therm Savings (Total)	Therm Savings (Total)	Therm Savings (Total)	Therm Savings (Total)			
1 Furnace Replacement S	\$0	\$1,265	\$1,265	\$3,795,000	\$1,265	\$3,795,000	20,400	20,400	20,400	20,400	\$0	\$0	\$485,262
2 Furnace Repair SF	\$0	\$260	\$260	\$130,000	\$260	\$130,000	0	0	0	0	\$0	\$0	\$99,738
Program Totals:			\$1,525	\$3,925,000	\$1,525	\$3,925,000	20,400	20,400	20,400	20,400	0	0	