

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

Application of Pacific Gas and Electric Company for Approval of the 2009-2011 Low Income Energy Efficiency and California Alternate Rates for Energy Programs and Budget (U 39 M).	Application 08-05-022 (Filed May 15, 2008)
Application of San Diego Gas & Electric Company (U 902 M) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2009-2011.	Application 08-05-024 (Filed May 15, 2008)
Application of Southern California Gas Company (U 904 G) for Approval of Low- Income Assistance Programs and Budgets for Program Years 2009-2011.	Application 08-05-025 (Filed May 15, 2008)
Application of Southern California Edison Company (U 338-E) for Approval of Low- Income Assistance Programs and Budgets for Program Years 2009, 2010 and 2011.	Application 08-05-026 (Filed May 15, 2008)

**RESPONSE OF SOUTHERN CALIFORNIA GAS COMPANY TO THE  
ADMINISTRATIVE LAW JUDGE’S RULING SEEKING FURTHER INFORMATION  
ON LARGE INVESTOR-OWNED UTILITIES’ 2009 – 2011  
LOW INCOME ENERGY EFFICIENCY/CARE APPLICATIONS**

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June 27, 2008

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**I. INTRODUCTION**

In accordance with the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedures and the June 17, 2008 Administrative Law Judge’s (“ALJ”) Ruling (“Ruling”), Southern California Gas Company (“SoCalGas”) hereby submits its response to the questions 21 through 31 and 35 through 36 contained in Appendix A of the Ruling regarding SDG&E’s Application for Approval of its Low-Income Assistance Programs and Budgets for Program Years 2009-2011 (“Application”).

## II. RESPONSES

### Questions for SoCalGas

32. You propose to increase the education portion of your LIEE program approximately in the following amounts: from 44,700 energy education sessions in 2008, to 95,000 in 2009, 123,000 in 2010, and 125,000 in 2011. State why you propose the increases and explain how increased education efforts will lead to increased energy efficiency as well as safety and comfort. What number/percentage of your total education-related sessions will result in immediate installations of, or commitments/appointments to install, energy efficiency measures?

#### Response:

SoCalGas proposes to increase energy education sessions in order to further the Commission's goal of accomplishing the programmatic initiative of reaching 25% of all willing and eligible households in PY 2009-2011. SoCalGas anticipates that the increase in energy education sessions, combined with SoCalGas' new customized, audit-based approach to energy education, will generate greater adoption of energy saving practices by customers. Based on the results of the customized audit, energy education tailored to the individual customer will consist of the following:

- Measures to be installed and associated energy savings;
- Customer-generated goals related to energy use;
- Potential benefits to the customer and the environment and economy;
- Potential improvements to health, comfort, safety, and quality of life; and
- Comparison of energy usage patterns of households with similar characteristics.

Customer safety and comfort will be addressed and likely increased because SoCalGas will identify household energy behaviors and install the appropriate mix of measures that will

improve the comfort of the residence, while also assuring that any potentially unsafe conditions are found and corrected. In addition, the energy education component of the program will continue to provide safety and comfort related information covering topics such as:

- Natural Gas Safety Rules
- Electrical Safety Rules
- What do to if you smell gas
- Helping the Environment through Energy Efficiency - this covers water conservation and greenhouse gases emissions.
- Other low income assistance programs

Energy education will be conducted at the same time that LIEE customers are qualified and enrolled in the LIEE program and SoCalGas anticipates that the majority of customers receive energy efficient measures within 30 days of the enrollment date.

33. How many employees (at the utility, contractors/subcontractors, and community based organizations and what types of employees does your LIEE program currently have, and how will these numbers change in 2009, 2010 and 2011 if your budget is approved?

**Response:**

SoCalGas

SoCalGas has at total of approximately 30 full-time employees (“FTE”) allocated to its 2008 LIEE program. The types of employees are as follows:

<u>Type of Employee</u>	<u>FTE</u>
Management	19.0
Non-Management/Union	11.0
<b>Total</b>	<b>30.0</b>

For PY 2009-2011, SoCalGas anticipates an increase in its current level of FTEs allocated to the LIEE program due to the proposed increase in budget levels. This change is anticipated to require an increase of approximately 13 FTEs, 7 of which will be management and 6 will be non-management employees.

Contractor

SoCalGas currently contracts with approximately 30 licensed community based organizations (CBOs) and private contractors to provide field activities of its LIEE program. The contractor network provides outreach to customers, determines customer eligibility and enrollment, provides in-home energy education and assessment of the home, weatherization activity and heating, ventilation and air conditioning (HVAC) work.

SoCalGas obtained workforce information from a sampling of their contractor network and has developed the following workforce projections for 2009-2011:

	FTE Estimates			
	2008	2009	2010	2011
CBO Weatherization Crews	93	106	136	137
CBO Administrative Staff	83	87	119	120
CBO HVAC Crews	42	75	96	96
Private Contractor Weatherization Crews	50	57	73	74
Private Contractor Administrative Staff	45	47	64	65
Private Contractor HVAC Crews	23	41	52	52
<b>Total</b>	<b>335</b>	<b>412</b>	<b>540</b>	<b>544</b>

34. Is your fund-shifting proposal limited in any way (e.g., by dollar amount or percentage of total)?

**Response:**

In its Application, SoCalGas did not originally propose any fund-shifting limitations. However, SoCalGas is now amenable to requesting and obtaining Commission approval prior to shifting funds to administrative costs from measure funding. SoCalGas is also amenable to the Commission limiting the percentage of funds that could be shifted between commodities without approval through advice letter provided that the decision explicitly indicate that approval can occur after the expenditure and before the recording of the fund shifting in the following year.

Because there are numerous installations of measures at any one point in time at the end of a budget cycle, it is virtually impossible to know the exact nature of the conditions to be encountered in the homes during the last months of the program cycle until several months after its conclusion. As a consequence, if an advice filing were required in advance of the program expenditures it would force the IOUs to seriously curtail contractor activities near the end of a cycle to ensure that budgets were not exceeded.

SoCalGas is requesting Commission authority to carry forward or carry back authorized funds within the 2009-2011 LIEE program funding cycle, in order to allow SoCalGas the ability to respond to unforeseen conditions encountered in the homes treated, particularly near the end of each calendar year. Such authority would permit program continuity in a seamless manner across the three-year funding period and help achieve long term LIEE investments. SoCalGas is also requesting the authority to commit carry-over measure funding as necessary into the next program cycle beginning in 2012, because many new construction projects require multiple years from the program commitment to construction and installation.

**Questions for all IOUs (if not answered previously; if answered, indicate where)**

35. The tables in Attachment 1 compare various metrics in your applications across all four IOUs. You will note that the following discrepancies appear among the IOUs; please explain them:

a. The results of SCE's Modified Participant Test for cost effectiveness are far higher than those for the other utilities. Please explain the discrepancy.

**Response:**

SoCalGas is unable to address any kWh calculations conducted by SCE as SoCalGas is not privy to that calculation information.

b. The IOUs budget increases do not result in comparable increase in energy savings. Please explain.

**Response:**

SoCalGas agrees that the increase in the budget does not result in a comparable increase in energy savings. There are several reasons why this is the case, including 1) measure costs are increasing, 2) contractor installation costs are increasing, 3) our measure mix has changed for PY2009 to 2011, 4) a different set of savings estimates is being used for this application, many of which are lower than those previously used,<sup>1</sup> 5) outreach and education activities are being increased for PY2009 to 2011, and 6) development costs for an audit tool has also been budgeted.

SoCalGas' budget increase results in a higher comparable increase in total energy savings, primarily because some of the low benefit-cost ratio measures in today's program have been replaced with measures having higher benefit-cost ratios. One of the new measures proposed by SoCalGas is a forced air unit furnace pilot conversion and as illustrated below, this measure provides significantly higher energy savings in comparison to weather-stripping, which SoCalGas has proposed to remove from the available mix of measures.

	Utility Cost Test	Modified Participant Test	Total Resource Cost Test
Weather-Stripping (Removed Measure)*	.14	.20	.10
Forced Air Unit Furnace Pilot Conversion (Proposed Measure)	0.75	1.22	0.57

\* SoCalGas 2007 LIEE Annual Report

- c. The ratio of energy savings to dollars budgeted is decreasing over time for PG&E and SDG&E. Please explain.

**Response:**

This question is not applicable to SoCalGas.

- d. The energy savings per homes is decreasing for PG&E. Please explain.

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<sup>1</sup> Results of the PY 2005 Impact Evaluation were made available in December 2007. For many of the program measures, the results of this study found savings estimates to be lower than those estimated in the previous impact evaluation.

**Response:**

SoCalGas is not able to respond to this question on behalf of PG&E.

- e. The dollars spent per home are increasing for all IOUs. Please explain.

**Response:**

It appears that the metrics used in the Commission's Attachment 1 are not complete. SoCalGas' dollars per home treated figure for 2008 reflects a cost of \$510.95. This was calculated based on SoCalGas' authorized budget for 2008 of \$33,211,971.00 and 65,000 treated homes. However, SoCalGas' 2008 authorized budget of \$33,211,971.00 was based upon treating 44,700 homes. SoCalGas believes the source of the 65,000 treated homes used in Attachment 1 is from Table A-3 in its 2009-2011 Application. SoCalGas does in fact anticipate treating as many as 65,000 homes in 2008 but only through the use of carryover funds from prior years.

Tables 1 and 2 of SoCalGas' 2007 Annual Report shows program expenditures of \$27,097,166 and 44,176 treated homes, resulting in an average cost per home treated figure of \$613.39. SoCalGas proposed average cost per treated home for program years 2009-2011 is shown in the following table:

	Average Cost per Treated Home
PY 2009	\$564.20
PY 2010	\$535.36
PY 2011	\$537.47

SoCalGas is projecting a decrease in the average cost per treated home in 2009-2011 primarily because of the change in mix of measures available to customers. While SoCalGas shows a decrease in the average unit cost per treated home, SoCalGas is projecting an increase in average energy savings per treated home as illustrated below:



	Average Energy Savings per Treated Home (therms)
PY 2007*	20.2
PY 2009	27.0
PY 2010	26.8
PY 2011	26.8

\* 2007 SoCalGas LIEE Annual Report

36. How do you plan to incorporate the Commission's zero net energy by 2020 in new residential construction goal from the Energy Efficiency proceeding into your LIEE program? Give details.

**Response:**

Consistent with the Commission's goal of achieving zero net energy, SoCalGas, in its energy efficiency application that will be filed on July 21, 2008, will include a residential new construction component to address affordable housing applications. A portion of the LIEE authorized measure budget will be used to provide funds to builders to incorporate energy efficient measures into their affordable housing plans.

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### III. CONCLUSION

SoCalGas appreciates this opportunity to provide further detail and clarity regarding its Application and looks forward to working with the Commission and other interested parties in this proceeding. This concludes SoCalGas' responses.

Respectfully submitted,

/s/ KIM F. HASSAN

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of **RESPONSE OF SOUTHERN CALIFORNIA GAS COMPANY TO THE ADMINISTRATIVE LAW JUDGE’S RULING SEEKING FURTHER INFORMATION ON LARGE INVESTOR-OWNED UTILITIES’ 2009 – 2011 LOW INCOME ENERGY EFFICIENCY/CARE APPLICATIONS** has been electronically mailed to each party of record of the service list in Application 08-05-022, A.08-05-024, A08-05-025, A.08-05-026, R.07-01-0-042. . Any party on the service list who has not provided an electronic mail address was served by placing copies in properly addressed and sealed envelopes and by depositing such envelopes in the United States Mail with first-class postage prepaid.

Copies were also sent via Federal Express to Administrative Law Judge Sarah R. Thomas and Commissioner Dian Grueneich.

Executed this 27th day of June, 2008 at San Diego, California.

          /s/ Jenny Tjokro            
Jenny Tjokro