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**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 (U39 M).

Application 08-05-022  
(Filed May 15, 2008)

And Related Matters.

Application 08-05-024  
Application 08-05-025  
Application 08-05-026

**ADMINISTRATIVE LAW JUDGE'S RULING GRANTING SAN DIEGO GAS & ELECTRIC COMPANY AUTHORITY TO SHIFT UNSPENT FUNDS FROM PROGRAMMABLE COMMUNICATING THERMOSTAT PILOT TO THE IN-HOME DISPLAY PILOT**

This ruling grants San Diego Gas & Electric Company's (SDG&E) previously denied request to shift \$60,000 of 2011 electric funds from the Programmable Communicating Thermostat (PCT) Pilot to the In-Home Display (IHD) Pilot and \$40,000 from the prior year's unspent electric department funds to the IHD Pilot.

On October 24, 2011, SDG&E filed the Motion to Shift Energy Savings Assistance Program Funds (Motion)<sup>1</sup> and requested therein an approval to shift, inter alia, \$40,000 from the 2010 unspent electric department to the IHD pilot and \$60,000 from the Programmable Communicating Thermostat PCT pilot to the IHD pilot. In a companion motion, also filed on October 24, 2011, SDG&E asked that its Motion be given expedited treatment with the proposed fund shift approved by November 18, 2011.

On November 21, 2011, I issued a ruling denying that aspect of the Motion<sup>2</sup> and allowing SDG&E an opportunity present additional justification for that particular requested fund shift. SDG&E timely filed the ordered itemized report illustrating (i) IHD Pilot expenditure from Pilot's inception to date, (ii) explanation of amount and cause of overages, and (iii) funding need projections (IHD Report) to the Energy Division.

I have since reviewed the SDG&E Report<sup>3</sup> and the Energy Division's recommendation and am not fully persuaded that there is any excuse for SDG&E's failure to better estimate, project, oversee, work within, or otherwise actively and responsibly manage the budget. A 60+ percent budget overrun is

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<sup>1</sup> This Motion relates to 2009-2011 Energy Savings Assistance (ESA) Program budget. This Motion and the companion motion were improperly captioned and therefore filed in proceeding file for Consolidated Proceeding Application (A.) 11-05-017 et al., which relates to 2012-2014 ESA Program budget cycle. This Motion and the companion motion should be corrected and re-filed in the docket for proceeding A.08-05-022 et al., which relates to 2009-2011 ESA Program budget for cycle.

<sup>2</sup> November 21, 2011, Ordering Paragraph 3.

<sup>3</sup> See attached letter and attachments dated December 1, 2011.

staggering and SDG&E knew or should have known in early 2011 when it received updated vendor data and cost estimation that SDG&E would be facing overages for which it would need the Commission's intervention. SDG&E now cannot hide behind the excuse that the overrun ultimately resulted in invaluable and imperative pilot enhancements. While that may or may not be the case, the ends do not justify the means.

This ruling should serve as notice to all parties and SDG&E that ratepayer funds are to be treated with utmost care. To avoid recurrence of this current situation, I am ordering SDG&E to prepare a report of how it has and will tighten its pilot management protocol to deliver reliable projections and estimates, provide timely and ongoing oversight, and actively and responsibly manage the pilot budgets going forward. I do not expect to find SDG&E in this situation again but will take it very seriously if there were to be a recurrence.

I therefore issue this ruling granting SDG&E's previously denied request to shift \$60,000 of 2011 electric funds from the PCT to the IHD Pilot and \$40,000 from the prior year's unspent electric department funds to the IHD Pilot to complete the IHD pilot with the enhancements, which I do believe will provide great public benefit.

**IT IS RULED** that:

1. San Diego Gas & Electric Company is authorized to shift \$60,000 of 2011 electric funds from the Programmable Communicating Thermostat (PCT) Pilot to the In-Home Display (IHD) Pilot and \$40,000 from the prior year's unspent electric department funds to the IHD Pilot.
2. San Diego Gas & Electric Company is ordered to prepare and submit a report of how it has and will tighten its pilot management protocol to deliver

reliable projections and estimates, provide timely and ongoing oversight, and actively and responsibly manage the pilot budgets going forward. This report shall be filed in the Proceeding Docket for Application (A.) 11-05-017 et al. by February 1, 2012.

3. San Diego Gas & Electric Company is ordered to report in its 2011 monthly and annual reports to the Energy Division all transfers made pursuant to the fund shift authorized in this ruling. This report must show a breakdown of each the category and subcategory of budget items to and from which the fund shift is being made pursuant to this ruling.

4. This ruling shall be served on service list of A.08-05-022 et al. and A.11-05-017 et al.

Dated December 30, 2011, at San Francisco, California.

/s/ JANET A. ECONOME for  
Kimberly H. Kim  
Administrative Law Judge