

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

Application of San Diego Gas & Electric Company (U 902 M) for Approval of Low Income Assistance Programs for Program Years 2007 and 2008.	A.06-06-032 (Filed June 30, 2006)
Application of Southern California Gas Company (U 904 G) for Approval of Low Income Assistance Programs for Program Years 2007 and 2008.	A.06-06-033 (Filed June 30, 2006)
Application of Pacific Gas and Electric Company (U 39 M) for Approval of the 2007 and 2008 California Alternate Rates for Energy and Low Income Energy Efficiency Programs and Budgets.	A.06-06-034 (Filed June 30, 2006)
Southern California Edison Company's (U 388 E) Application for Approval of Low-Income Assistance Programs and Budgets for Program Years 2007 and 2008	A.06-07-001 (Filed July 3, 2006)

**JOINT OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY AND  
SOUTHERN CALIFORNIA GAS COMPANY ON THE PROPOSED DECISION OF  
ADMINISTRATIVE LAW JUDGE MALCOLM ADOPTING 2007 AND 2008 UTILITY  
BUDGETS FOR LOW INCOME ENERGY EFFICIENCY PROGRAMS  
AND CALIFORNIA ALTERNATE RATES FOR ENERGY**

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December 4, 2006

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**I. INTRODUCTION**

In accordance with Rule 14.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) hereby file Joint Comments on the above-referenced Draft Decision (DD). SDG&E and SoCalGas endorse most of the DD as a well-reasoned and balanced response to the conflicting positions advanced by various parties. Nonetheless, as discussed below, SDG&E and SoCalGas urge reconsideration of the DD's rejection, without prejudice, of SDG&E's and SoCalGas' proposal to recover funding for Natural

Gas Appliance Testing (NGAT) through the Public Purpose Program (PPP) surcharge rather than in base rates because such funding will not result in double recovery as the DD suggests.

SDG&E and SoCalGas also seek clarification regarding funding for the investor-owned utilities (Joint Utilities) Needs Assessment Study. SoCalGas also clarifies its proposed funding of the billing systems and programming enhancements for the CARE program. Finally, SDG&E and SoCalGas propose revisions to specified Findings of Fact (FOF), Conclusions of Law (COL) and Ordering Paragraphs (OP) consistent with these Comments and to remove ambiguity or inaccuracy. Each of these points is discussed below in Sections III through VII.

## **II. OVERVIEW AND SUMMARY**

SDG&E and SoCalGas appreciate and support the DD's establishment of a framework for considering the Low Income Energy Efficiency (LIEE) and the California Alternate Rates for Energy (CARE) Programs including its determination that: 1) funds spent by utilities on LIEE and CARE programs should benefit low income customers by reducing their bills and assuring their comfort; 2) the programs need to provide benefits to the largest number of households possible; 3) the Commission favors measures and services which provide more direct benefits to customers ahead of those that provide fewer or less tangible benefits; and 4) money spent on LIEE programs should, where possible, promote energy efficiency and contribute to resource adequacy. Criteria providing clear direction for the LIEE programs are especially helpful and consistent with the approach SDG&E and SoCalGas take in program planning and management.

SDG&E and SoCalGas also appreciate that the DD authorizes the majority of SDG&E's and SoCalGas' requests for approval of funding and program designs proposed for 2007 and 2008, especially those designed to: 1) improve program efficiencies; 2) increase bill savings for program participants; 3) simplify enrollment processes; 4) expand program outreach in an effort

to enroll more qualified customers into the CARE and LIEE programs; and 5) permit SDG&E to evaluate and test an internet-based application process for the CARE program. SDG&E and SoCalGas are pleased that the DD recognizes that the outstanding issues related to LIEE furnace repair and replacement, which were raised by several parties in this proceeding, require additional work before they can be resolved. In this regard, it is especially helpful that the DD directs the Energy Division staff to conduct a workshop to focus on these issues, to publish a report with its recommendations and to approve a gas furnace study if it determines that it is appropriate to do so. SDG&E and SoCalGas look forward to working with the Energy Division and other parties in this important effort.

SDG&E understands the Commission's rationale for directing SDG&E to forgo renewing its current contract with its LIEE prime contractor, Richard Heath and Associates (RHA), without a competitive bidding process, to be completed by June 1, 2007, subject to coordination and review by the Energy Division staff.

In these comments, SDG&E and SoCalGas request reconsideration of the DD's disallowance of SDG&E's and SoCalGas' requests to fund NGAT costs from the LIEE program rather than from base rates. As explained below, SDG&E and SoCalGas believe that the determination to not adopt the proposed funding approach for NGAT costs results from a misunderstanding of their proposal. SDG&E and SoCalGas will explain why the DD's disallowance of funding related to remaining costs for the Commission's statewide Needs Assessment Study should be reversed. SoCalGas will clarify the proposed funding of the billing system and programming costs for the on-line CARE enrollment and other system enhancements and corrects an error in the DD related to SoCalGas' funding request. In addition, SoCalGas will clarify comments in the DD related to the proposed changes to the LIEE natural gas furnace

measure. Finally, SDG&E requests that its prime LIEE contractor be allowed to administer the LIEE program through December 31, 2007 in an effort to minimize any disruptions to the program resulting from the competitive bidding process.

### **III. SDG&E'S AND SOCALGAS' FUNDING PROPOSALS FOR LIEE-RELATED NGAT TESTS AVOID DOUBLE RECOVERY**

The DD does not approve SDG&E's and SoCalGas' requests for authorization to fund LIEE NGAT costs from the LIEE program rather than from base rates, based on a concern that doing so would permit SDG&E and SoCalGas to collect these funds twice since they currently are collected through base rates. SDG&E's and SoCalGas' proposals addressed the issue of avoiding such "double recovery," however, by stating that if the Commission authorizes the recovery of LIEE-related NGAT costs through the PPP surcharge, they will make a corresponding adjustment to the base margin for 2007 and in General Rate Case requests for future years.<sup>1</sup> For example, if NGAT expenses are approved for recovery in the LIEE balancing accounts for 2007, SoCalGas and SDG&E will consolidate the base margin reduction associated with NGAT costs and other Commission-approved changes in their revenue requirement and rates that will be filed by advice letter at least three days prior to the effective date of such rates (*i.e.*, January 1, 2007). In addition, to ensure that NGAT costs are not collected twice in 2008, the utilities will reduce their General Rate Case (GRC) request for NGAT costs that will be recovered in the LIEE balancing accounts.

As an alternative to approving the NGAT funding change for 2007, SDG&E and SoCalGas propose that NGAT costs be recovered through the PPP surcharge beginning with the

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<sup>1</sup> Prepared Direct Testimony of Gregg Lawless on Behalf of San Diego Gas and Electric Company's Low Income Assistance Program Plans and Budgets for Program Years 2007 and 2008, at GEL-12, and Prepared Direct Testimony of Gregg Lawless on Behalf of Southern California Gas Company's Low Income Assistance Program Plans and Budgets for Program Years 2007 and 2008, at GEL-11.

implementation of the utilities' 2008 GRC. Under this alternative, SDG&E and SoCalGas will continue funding the NGAT costs through base rates in 2007. Beginning in 2008, NGAT costs would be recovered through the PPP surcharge. The 2008 GRC requests will be reduced for NGAT costs that will be recovered in the LIEE balancing accounts, ensuring that NGAT costs are not collected twice.

SDG&E and SoCalGas urge the Commission to adopt their proposals for funding LIEE-related NGAT costs along with all other LIEE costs through the PPP surcharge rather than through base rates. No party objected to this proposal, and SDG&E and SoCalGas have ensured that the funds will not be collected twice. If the Commission authorizes NGAT to be recovered in the LIEE program, SDG&E and SoCalGas propose to revise FOFs 26 and 29, COLs 20 and 22, and OP 15 as follows:

- FOF 26. SDG&E does ~~not~~ adequately justify its proposal to include NGAT costs in LIEE balancing accounts rather than base rates. Including NGAT costs in LIEE balancing accounts now may permit SDG&E to recover the more funds ~~than~~ it spends on NGAT. ~~because SDG&E's base rates include funding to support NGAT cost.~~
- FOF 29. SoCalGas does ~~not~~ adequately justify its proposal to include NGAT costs in LIEE balancing accounts rather than base rates. Including NGAT costs in LIEE balancing accounts now may permit SoCalGas to recover the more funds ~~than~~ it spends on NGAT. ~~because SoCalGas' base rates include funding to support NGAT costs.~~
- COL 20. SDG&E should ~~not~~ be permitted to recover NGAT costs in LIEE balancing accounts.
- COL 22. SoCalGas should ~~not~~ be permitted to recover NGAT costs in LIEE balancing accounts.
- OP 15. SDG&E and SoCalGas shall ~~not~~ enter the costs of natural gas appliance testing in LIEE balancing accounts.

**IV. THE REQUESTED NEEDS ASSESSMENT FUNDING IS NECESSARY TO PAY FOR ANY UNBILLED COSTS FOR THE COMMISSION'S CURRENT STATEWIDE NEEDS ASSESSMENT BEING CONDUCTED BY KEMA; SDG&E AND SOCALGAS DID NOT PROPOSE TO CONDUCT AN INDEPENDENT NEEDS ASSESSMENT STUDY**

The DD (at 53 and at 56) rejects SDG&E's and SoCalGas' requests for CARE measurement and evaluation funding for "a joint-utility needs assessment study" under the misconception that the utilities' applications had proposed to conduct a needs assessment study in addition to the study being conducted by KEMA. This determination reflects a misunderstanding of the utilities' request.

When preparing their applications, SDG&E and SoCalGas presumed that the Commission's Needs Assessment Study being conducted by KEMA would be completed and that all remaining costs would be billed to the utilities by year-end 2006.<sup>2</sup> SDG&E and SoCalGas, however, requested funding for the needs assessment for 2007 in the event that the KEMA study is not completed and that the final invoices are not billed by KEMA by year-end 2006.

The Draft Needs Assessment Report was released for review and comment in early September 2006 and the Energy Division has not yet scheduled its planned public input process. SDG&E and SoCalGas believe that it is now highly unlikely that KEMA's Needs Assessment Report will be completed by year-end to allow KEMA's final invoice to be billed to the utilities in 2006. Therefore, SDG&E's and SoCalGas' funding requests for PY2007 of \$56,000 and \$91,000 for the KEMA Needs Assessment report are appropriate and should be authorized.

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<sup>2</sup> Prepared Direct Testimony of Carmen Rudshagen on Behalf of Southern California Gas Company's California Alternate Rates for Energy Program Plans and Budgets for Program Years 2007 and 2007 at CAR-16 and Prepared Direct Testimony of Carmen Rudshagen on Behalf of San Diego Gas & Electric Company's California Alternate Rates for Energy Program Plans and Budgets for Program Years 2007 and 2007 at CAR-18.

The DD authorizes SDG&E and SoCalGas to fund the annual joint utilities CARE program eligibility update for 2007 and 2008. The DD's Appendix, however, inadvertently omits the authorized budget for SDG&E's CARE measurement and evaluation budget of \$3,451 for 2007.

SDG&E and SoCalGas have revised Table 6 and Table 8 of the DD Appendix to reflect the Commission's authorization to fund any unbilled costs for the Needs Assessment being conducted by KEMA, and for the annual joint utilities CARE program eligibility update. See Attachment 1, hereto.

If the Commission authorizes funding for the statewide Needs Assessment conducted by KEMA, SDG&E and SoCalGas propose the following revisions to FOF 13 and COLs 19 and 24:

- FOF 13. Because the Commission has issued a needs assessment report conducted by KEMA, the utilities will need funding in the program to pay for those remaining costs. ~~do not need funding for a needs assessment study.~~
- COL 19. SDG&E should be provided funding for an impact study, the CARE program eligibility update, statewide needs assessment study, and a gas furnace study but not other studies. It should conduct the gas furnace study with the collaboration and approval of Commission staff as set forth herein.
- COL 24. SoCalGas should be provided funding for an impact study, the CARE program eligibility update, statewide needs assessment study, and a gas furnace study but not other studies. It should conduct the gas furnace study with the collaboration and approval of Commission staff as set forth herein.

**V. SOCALGAS' REQUEST TO FUND BILLING SYSTEM AND PROGRAMMING ENHANCEMENTS IN 2007 AND 2008 IS NECESSARY FOR THE CARE PROGRAM**

The DD rejects SoCalGas' incremental funding request of \$91,000 over the 2006 budget for billing system and programming costs for the CARE on-line application. SoCalGas here clarifies that the additional \$91,000 in 2007 is not budgeted solely for the on-line CARE applications. In fact, a very minimal budget in the amount of \$1,000 in 2007 and \$15,000 in 2008 is being requested for the programming of the on-line application process. The balance of



the incremental request is for costs associated with other CARE proposals for 2007 and 2008, including recertification by telephone, automatic and categorical enrollment, four-year recertification for fixed income customers, and streamlining of the post enrollment verification process which are adopted in the DD. Because of the minimal costs associated with implementing the on-line application process, SoCalGas requests the Commission modify the DD and authorize the utility to implement its proposed on-line application changes. Approval of the on-line application capability represents an additional venue for customers to be able to apply for the program at a minimal cost.

The DD correctly reflects SoCalGas' incremental funding request of \$91,000 for 2007, however it fails to correctly note the incremental amount of \$78,000 that is being requested for 2008. In the Appendix of the DD, the Commission removes a total of \$91,000 for each year which will result in a reduction from the 2006 funding level in 2008.

SoCalGas has revised Table 8 of the DD Appendix to reflect the total funding level requested for 2007 and 2008 for the billing system and programming category. If the Commission rejects SoCalGas' proposal to implement the CARE on-line application, the costs associated with this activity of \$1,000 for 2007 and \$15,000 for 2008 should be deducted from SoCalGas' budget request.

If, on the other hand, the Commission authorizes funding for the CARE on-line application, FOF 36 and COL 31 should be modified accordingly:

- FOF 36. SoCalGas has ~~not~~ justified its proposal to increase its information technology budget to fund on-line CARE enrollment and other system enhancements in support of its CARE processing proposals.
- COL 31. SoCalGas' budget for billing system and programming should ~~not~~ be increased by \$91,000 for 2007 and \$78,000 for 2008 to fund on-line enrollment because SoCalGas has ~~not~~ adequately justified that expenditure.

**VI. SOCALGAS' LIEE PROGRAM FULLY COMPLIES WITH THE COMMISSION'S ADOPTED STATEWIDE POLICIES AND PROCEDURES AND DOES NOT PROPOSE MODIFICATIONS TO THE CRITERIA FOR FURNACE REPAIR AND REPLACEMENTS FOR 2007 AND 2008**

In the discussion at page 42, the DD responds to ACCES' opposition to SoCalGas' "proposal" to modify its criteria for replacement of gas furnaces in favor of putting resources toward furnace repair and determined that it is not prepared to authorize changes to the gas furnace program at this time. In FOF 30, the DD states that SoCalGas has not adequately justified proposed changes to its gas furnace program and the Commission intends to revisit issues related to gas furnaces in the near future. SoCalGas respectfully points out that its application did not propose any changes to the current furnace repair and replacement policies for program years 2007 and 2008. Furnace repair and replacements that are performed under the SoCalGas LIEE program are done in accordance with the Commission's adopted Statewide LIEE Policies and Procedures manual.

Accordingly, SoCalGas respectfully requests that FOF 30 be revised to delete incorrect references to SoCalGas' proposed changes to its gas furnace program and COL 23 should be stricken in its entirety as no changes to the current Statewide LIEE policies related to gas furnace repair and replacement were proposed in its application for 2007 and 2008.

**VII. SDG&E REQUESTS A LIMITED EXTENSION OF THE LIEE PRIME CONTRACT PENDING COMPETITIVE BIDDING**

The DD directs SDG&E to present a plan to the Energy Division staff of a solicitation process for LIEE program administration within SDG&E's service territory. Such a solicitation is to be open to any agency, firm or CBO. SDG&E is prepared to begin this solicitation process immediately. SDG&E will take this opportunity to invite and evaluate different approaches to the future administration of SDG&E's LIEE program in addition to the current approach of

having one prime contractor. Accordingly, SDG&E shall present a draft Request for Proposal (RFP) to the Energy Division staff on or before January 30, 2007.

SDG&E requests that it be allowed to extend the current contract with RHA through December 31, 2007 because implementing a major contractual change to the LIEE program mid-year can negatively impact the LIEE program's success. Timing becomes a crucial element of the program. Like many programs, it is not unusual for productivity to be seasonal. Historically SDG&E's LIEE program productivity peaks at the beginning of summer and continues through year end. An extension will ensure that the LIEE program productivity is not interrupted and that customers will continue to be served as the competitive bidding process moves forward. It will allow SDG&E to properly conduct a thorough competitive bid process and negotiate final contracts while maintaining high customer service, outreach, and installation standards. SDG&E requests that it be allowed to extend the current contract with RHA through December 31, 2007 to focus on helping low income customers reduce their energy bills through maximizing on energy savings.

In the event the Commission rejects SDG&E's request, SDG&E offers the following alternative schedule to extend the contract with RHA through September 30, 2007. SDG&E's tentative schedule for the competitive bid process is as follows:

Draft RFP of Work and Bid Requirements for Circulation to SDG&E Team	Jan 8, 2007
Comments Returned	Jan 26, 2007
Comments Incorporated	Jan 31, 2007
Draft Work, Terms & Conditions to Contract Team & Energy Division Staff	Jan 31, 2007
Energy Division Staff Comments Returned	Feb 16, 2007
Finalize Bidders List	Feb 16, 2007
Final Draft RFP for Review	Feb 23, 2007
Final Comments/Edits	Mar 2, 2007
Finalize RFP	Mar 9, 2007
Issue Bid	Mar 12, 2007
Bid Conference	Mar 21, 2007
RFPs Due	Apr 30, 2007

Bid Selection	May 31, 2007
Negotiate Final Terms	Jul 13, 2007
Contract Issued	Jul 27, 2007

In sum, SDG&E is extremely concerned that terminating the contract with RHA mid-year will negatively impact its efforts to maintain high customer service and production/installation standards in the LIEE program.

### VIII. CONCLUSION

For the foregoing reasons, SDG&E and SoCalGas urge modification of the DD and referenced FOFs, COLs and OPs, consistent with the discussion in these Comments:

#### FOF:

- 13. Because the Commission has issued a needs assessment report conducted by KEMA, the utilities will need funding in the program to pay for those remaining costs. ~~do not need funding for a needs assessment study.~~
- 26. SDG&E does ~~not~~ adequately justify its proposal to include NGAT costs in LIEE balancing accounts rather than base rates. Including NGAT costs in balancing accounts now may permit SDG&E to recover the more funds than it spends on NGAT. ~~because SDG&E's base rates include funding to support NGAT cost.~~
- 29. SoCalGas does ~~not~~ adequately justify its proposal to include NGAT costs in LIEE balancing accounts rather than base rates. Including NGAT costs in balancing accounts now may permit SoCalGas to recover the more funds than it spends on NGAT. ~~because SoCalGas' base rates include funding to support NGAT costs.~~
- 30. ~~SoCalGas has not adequately justified proposed changes to its gas furnace program and t~~ [T]he Commission intends to revisit issues relating to gas furnaces in the near future.
- FOF 36. SoCalGas has ~~not~~ justified its proposal to increase its information technology budget to fund on-line CARE enrollment and other system enhancements in support of its CARE processing proposals.

#### COL:

- 19. SDG&E should be provided funding for an impact study, the CARE program eligibility update, statewide needs assessment study, and a gas furnace study but not other studies. It should conduct the gas furnace study with the collaboration and approval of Commission staff as set forth herein.

- 20. SDG&E should ~~not~~ be permitted to recover NGAT costs in LIEE balancing accounts.
- 22. SoCalGas should ~~not~~ be permitted to recover NGAT costs in LIEE balancing accounts.
- 23. Should be stricken in its entirety.
- 24. SoCalGas should be provided funding for an impact study, the CARE program eligibility update, statewide needs assessment study, and a gas furnace study but not other studies. It should conduct the gas furnace study with the collaboration and approval of Commission staff as set forth herein.
- COL 31. SoCalGas' budget for billing system and programming should ~~not~~ be increased by \$91,000 for 2007 and \$78,000 for 2008 ~~to fund on-line enrollment~~ because SoCalGas has ~~not~~ adequately justified that expenditure.

**OP:**

- 6. SCE, PG&E, SoCalGas and SDG&E shall receive written approval from the Commission's Energy Division Director or his designee prior to issuing any request for proposal, awarding any contract to any consultant or issuing any report for the Measurement and Evaluation portion of its LIEE or CARE programs.
- 14. SDG&E shall present a plan to Energy Division no later than January 30, 2007 for conducting a competitive bidding process for its LIEE administrator and, unless Richard Heath and Associates wins a contract through a competitive process, shall not extend the existing contract with Richard Heath and Associates beyond December 31 ~~past June 1~~, 2007.
- 15. SDG&E and SoCalGas shall ~~not~~ enter the costs of natural gas appliance testing in LIEE balancing accounts.

Respectfully submitted,

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# **Attachment 1**

**Table 5**

**SDG&E LOW-INCOME ENERGY EFFICIENCY PROGRAM BUDGETS**

<b>Includes NGAT Funding for 2007 and 2008</b>					
<b>LIEE Cost Category</b>	<b>2006 Authorized</b>	<b>2007 Proposed</b>	<b>2008 Proposed</b>	<b>2007 Authorized</b>	<b>2008 Authorized</b>
<b>Energy Efficiency</b>					
Gas Appliances	\$1,468,402	\$1,597,843	\$1,597,843	\$1,597,843	\$1,597,843
Electric Appliances	\$5,084,051	\$4,775,778	\$4,775,778	\$4,775,778	\$4,775,778
Weatherization	\$3,630,363	\$3,904,358	\$3,904,358	\$3,904,358	\$3,904,358
Outreach and Assessment	\$0	\$1,200,117	\$1,200,117	\$1,200,117	\$1,200,117
In-Home Energy Education	\$1,371,341	\$155,901	\$155,901	\$155,901	\$155,901
Education Workshops	\$132,000	\$0	\$0	\$0	\$0
<b>Other Program Costs</b>					
Training Center	\$0	\$0	\$0	\$0.00	\$0
Inspections	\$161,832	\$42,914.75	\$44,144	\$42,914.75	\$44,144
Advertising	\$404,914	\$320,991.87	\$320,992	\$320,991.87	\$320,992
M&E	\$62,250	\$62,250.00	\$62,250	\$122,143	\$0
Regulatory Compliance	\$281,043	\$301,525.50	\$309,306	\$301,525.50	\$309,306
Other Administration	\$750,897	\$982,319.90	\$973,311	\$982,319.90	\$973,311
<b>Oversight Costs</b>					
PUC Energy Division	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000
NGAT		\$300,000	\$300,000	\$0	\$0
				<u>\$300,000</u>	<u>\$300,000</u>
<b>Total LIEE Program Cost</b>	<b>\$13,368,093</b>	<b>\$13,665,000</b>	<b>\$13,665,000</b>	<del><b>\$13,424,892</b></del> <u><b>\$13,724,892</b></u>	<del><b>\$13,302,750</b></del> <u><b>\$13,602,750</b></u>

**Table 5A**

**SDG&E LOW-INCOME ENERGY EFFICIENCY PROGRAM BUDGETS**

<b>Includes NGAT Funding for 2008</b>					
<b>LIEE Cost Category</b>	<b>2006 Authorized</b>	<b>2007 Proposed</b>	<b>2008 Proposed</b>	<b>2007 Authorized</b>	<b>2008 Authorized</b>
<b>Energy Efficiency</b>					
Gas Appliances	\$1,468,402	\$1,597,843	\$1,597,843	\$1,597,843	\$1,597,843
Electric Appliances	\$5,084,051	\$4,775,778	\$4,775,778	\$4,775,778	\$4,775,778
Weatherization	\$3,630,363	\$3,904,358	\$3,904,358	\$3,904,358	\$3,904,358
Outreach and Assessment	\$0	\$1,200,117	\$1,200,117	\$1,200,117	\$1,200,117
In-Home Energy Education	\$1,371,341	\$155,901	\$155,901	\$155,901	\$155,901
Education Workshops	\$132,000	\$0	\$0	\$0	\$0
<b>Other Program Costs</b>					
Training Center	\$0	\$0	\$0	\$0.00	\$0
Inspections	\$161,832	\$42,914.75	\$44,144	\$42,914.75	\$44,144
Advertising	\$404,914	\$320,991.87	\$320,992	\$320,991.87	\$320,992
M&E	\$62,250	\$62,250.00	\$62,250	\$122,143	\$0
Regulatory Compliance	\$281,043	\$301,525.50	\$309,306	\$301,525.50	\$309,306
Other Administration	\$750,897	\$982,319.90	\$973,311	\$982,319.90	\$973,311
<b>Oversight Costs</b>					
PUC Energy Division	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000
NGAT		\$300,000	\$300,000	\$0	<del>\$0</del> <u>\$300,000</u>
<b>Total LIEE Program Cost</b>	<b>\$13,368,093</b>	<b>\$13,665,000</b>	<b>\$13,665,000</b>	<b>\$13,424,892</b>	<del>\$13,302,750</del> <u>\$13,602,750</u>



**Table 6****SDG&E 2007-2008 CARE BUDGETS**

<b>CARE Budget Categories</b>	<b>Authorized 2006</b>	<b>2007 Planned</b>	<b>2008 Planned</b>	<b>2007 Authorized</b>	<b>2008 Authorized</b>
Outreach	\$1,319,473	\$1,589,729	\$1,581,629	\$1,589,729	\$1,581,629
Automatic Enrollment	\$13,136	\$0	\$0	\$0	\$0
Processing, Certification and Verification	\$258,168	\$279,849	\$255,360	\$279,849	\$255,360
Bill System/Programming	\$335,050	\$308,106	\$371,467	\$308,106	\$371,467
Pilots	\$0	\$0	\$0	\$0	\$0
Measurement and Evaluation	\$3,000	\$59,451	\$3,623	<del>\$0</del>	\$3,623
				<u>\$59,451</u>	
Regulatory Compliance	\$154,553	\$163,476	\$169,052	\$163,476	\$169,052
General Administration	\$210,638	\$300,548	\$317,407	\$300,548	\$317,407
LIOB	\$0	\$0	\$0	\$0	\$0
CPUC Energy Division Staff	\$52,500	\$52,416	\$55,037	\$52,416	\$55,037
<b>Total Expenses</b>	<b>\$2,346,518</b>	<b>\$2,753,575</b>	<b>\$2,753,575</b>	<del>\$2,694,124</del>	<b>\$2,753,575</b>
				<u>\$2,753,575</u>	
Subsidies and Benefits	\$34,499,414	\$45,998,310	\$48,231,658	\$45,998,310	\$48,231,658
<b>Total Program Costs and Discounts</b>	<b>\$36,845,932</b>	<b>\$48,751,885</b>	<b>\$50,985,233</b>	<del>\$48,692,434</del>	<b>\$50,985,233</b>
				<u>\$48,751,885</u>	

**Table 7**

**SoCalGas 2007-2008 LOW-INCOME ENERGY EFFICIENCY PROGRAM BUDGETS**

<b>Includes NGAT Funding for 2007 and 2008</b>					
<b>LIEE Cost Category</b>	<b>2006 Authorized</b>	<b>2007 Proposed</b>	<b>2008 Proposed</b>	<b>2007 Authorized</b>	<b>2008 Authorized</b>
<b>Energy Efficiency</b>					
Gas Appliances	\$5,578,600	\$5,545,241	\$5,545,241	\$5,545,241	\$5,545,241
Electric Appliances	\$0	\$0	\$0	\$0	\$0
Weatherization	\$16,757,491	\$16,866,660	\$16,866,660	\$16,866,660	\$16,866,660
Outreach and Assessment	\$4,830,000	\$5,026,515	\$5,026,515	\$5,026,515	\$5,026,515
In-Home Energy Education	\$630,000	\$447,000	\$447,000	\$447,000	\$447,000
Education Workshops	\$420,000	\$0	\$0	\$0	\$0
<b>Other Program Costs</b>					
Training Center	\$76,259	\$91,538	\$91,538	\$91,538	\$91,538
Inspections	\$1,901,220	\$2,058,676	\$2,058,676	\$2,058,676	\$2,058,676
Advertising	\$156,000	\$200,000	\$200,000	\$200,000	\$200,000
M&E	\$113,030	\$113,030	\$113,030	\$203,571	\$0
Regulatory Compliance	\$267,298	\$278,512	\$278,512	\$278,512	\$278,512
Other Administration	\$2,554,977	\$2,657,828	\$2,657,829	\$2,657,828	\$2,657,829
<b>Oversight Costs</b>					
PUC Energy Division	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
NGAT		\$1,600,000	\$1,600,000	\$0	\$0
				<u>\$1,600,000</u>	<u>\$1,600,000</u>
<b>Total LIEE Program Cost</b>	<b>\$33,324,875</b>	<b>\$34,925,000</b>	<b>\$34,925,000</b>	<del><b>\$33,415,541</b></del>	<del><b>\$33,211,971</b></del>
				<u><b>\$35,015,541</b></u>	<u><b>\$34,811,971</b></u>

**Table 7A**

**SoCalGas 2007-2008 LOW-INCOME ENERGY EFFICIENCY PROGRAM BUDGETS**

**Includes NGAT Funding for 2008**

<b>LIEE Cost Category</b>	<b>2006 Authorized</b>	<b>2007 Proposed</b>	<b>2008 Proposed</b>	<b>2007 Authorized</b>	<b>2008 Authorized</b>
<b>Energy Efficiency</b>					
Gas Appliances	\$5,578,600	\$5,545,241	\$5,545,241	\$5,545,241	\$5,545,241
Electric Appliances	\$0	\$0	\$0	\$0	\$0
Weatherization	\$16,757,491	\$16,866,660	\$16,866,660	\$16,866,660	\$16,866,660
Outreach and Assessment	\$4,830,000	\$5,026,515	\$5,026,515	\$5,026,515	\$5,026,515
In-Home Energy Education	\$630,000	\$447,000	\$447,000	\$447,000	\$447,000
Education Workshops	\$420,000	\$0	\$0	\$0	\$0
<b>Other Program Costs</b>					
Training Center	\$76,259	\$91,538	\$91,538	\$91,538	\$91,538
Inspections	\$1,901,220	\$2,058,676	\$2,058,676	\$2,058,676	\$2,058,676
Advertising	\$156,000	\$200,000	\$200,000	\$200,000	\$200,000
M&E	\$113,030	\$113,030	\$113,030	\$203,571	\$0
Regulatory Compliance	\$267,298	\$278,512	\$278,512	\$278,512	\$278,512
Other Administration	\$2,554,977	\$2,657,828	\$2,657,829	\$2,657,828	\$2,657,829
<b>Oversight Costs</b>					
PUC Energy Division	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
NGAT		\$1,600,000	\$1,600,000	\$0	\$0
					<u>\$1,600,000</u>
<b>Total LIEE Program Cost</b>	<b>\$33,324,875</b>	<b>\$34,925,000</b>	<b>\$34,925,000</b>	<b>\$33,415,541</b>	<del>\$33,211,971</del> <u>\$34,811,971</u>

**Table 8**

**SoCalGas 2007-2008 CARE BUDGETS**

<b>CARE Budget Categories</b>	<b>2006 Authorized</b>	<b>2007 Proposed</b>	<b>2008 Proposed</b>	<b>2007 Authorized</b>	<b>2008 Authorized</b>
Outreach	\$2,177,495	\$2,554,765	\$2,625,886	\$2,554,765	\$2,625,886
Automatic Enrollment	\$10,000	\$0	\$0	\$0	\$0
Processing, Certification and Verification	\$990,223	\$866,470	\$873,049	\$866,470	\$873,049
Bill System/Programming	\$301,218	\$392,631	\$379,600	<del>\$301,631</del> <u>\$392,631</u>	<del>\$288,600</del> <u>\$379,600</u>
Pilots	\$0	\$0	\$0	\$0	\$0
Measurement and Evaluation	\$5,000	\$96,000	\$5,175	<del>\$5,000</del> <u>\$96,000</u>	\$5,175
Regulatory Compliance	\$189,289	\$206,082	\$213,056	\$206,082	\$213,056
General Administration	\$351,024	\$514,170	\$530,447	\$514,170	\$530,447
LIOB	\$0	\$0	\$0	\$0	\$0
CPUC Energy Division Staff	\$83,000	\$83,000	\$85,905	\$83,000	\$85,905
<b>Total Expenses</b>	\$4,107,249	\$4,713,118	\$4,713,118	<del>\$4,531,118</del> <u>\$4,713,118</u>	<del>\$4,622,118</del> <u>\$4,713,118</u>
Subsidies and Benefits	\$95,036,000	\$122,681,125	\$126,365,941	\$122,681,125	\$126,365,941
<b>Total Program Costs and Discounts</b>	<b>\$99,143,249</b>	<b>\$127,394,243</b>	<b>\$131,079,059</b>	<del><b>\$127,212,243</b></del> <u><b>\$127,394,243</b></u>	<del><b>\$130,988,059</b></del> <u><b>\$131,079,059</b></u>

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **JOINT OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA GAS COMPANY ON THE PROPOSED DECISION OF ADMINISTRATIVE LAW JUDGE MALCOLM ADOPTING 2007 AND 2008 UTILITY BUDGETS FOR LOW INCOME ENERGY EFFICIENCY PROGRAMS AND CALIFORNIA ALTERNATE RATES FOR ENERGY** on all parties of record in **A.06-06-032, A.06-06-033, A.06-06-034** and **A.06-007-001** by electronic mail and by U.S. Mail to those parties who have not provided an electronic address to the Commission. I have also sent hard copies by overnight mail to the assigned ALJ(s) and Commissioner(s).

Dated at San Diego, California, this 4<sup>th</sup> day of December, 2006.

/s/ JOEL DELLOSA  
Joel Delloso