

**BEFORE THE CALIFORNIA 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

Application 06-06-032  
(Filed June 30, 2006)

And Related Matters

Application 06-06-033  
(Filed June 30, 2006)  
Application 06-06-034  
(Filed June 30, 2006)  
Application 06-07-001  
(Filed July 3, 2006)

**JOINT OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY  
AND SOUTHERN CALIFORNIA GAS COMPANY ON THE DRAFT OPINION  
GRANTING PETITIONS TO MODIFY DECISION 06-12-038 TO DELAY  
COMPETITIVE BID PROCESS FOR LOW INCOME ENERGY EFFICIENCY  
PROGRAMS AND TO MAKE MINOR CORRECTIONS AND MODIFICATIONS  
TO DECISION 06-12-038**

Kim Hassan  
Attorney for  
San Diego Gas & Electric Company  
Southern California Gas Company  
101 Ash Street  
San Diego, CA 92101  
Telephone: 619-699-5006  
Facsimile: 619-699-5027  
E-Mail: [KHassan@sempra.com](mailto:KHassan@sempra.com)

May 29, 2007

**BEFORE THE CALIFORNIA 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

Application 06-06-032  
(Filed June 30, 2006)

And Related Matters

Application 06-06-033  
(Filed June 30, 2006)  
Application 06-06-034  
(Filed June 30, 2006)  
Application 06-07-001  
(Filed July 3, 2006)

**JOINT OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY  
AND SOUTHERN CALIFORNIA GAS COMPANY ON THE DRAFT OPINION  
GRANTING PETITIONS TO MODIFY DECISION 06-12-038 TO DELAY  
COMPETITIVE BID PROCESS FOR LOW INCOME ENERGY EFFICIENCY  
PROGRAMS AND TO MAKE MINOR CORRECTIONS AND MODIFICATIONS  
TO DECISION 06-12-038**

**I. Introduction**

Pursuant to Rule 14.2 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 these Joint Opening Comments on the Proposed Decision (PD) of Administrative Law Judge (ALJ) Kim Malcolm granting: 1) the Joint Petition for Modification (PFM) of Pacific Gas and Electric Company (PG&E) and SDG&E filed on April 10, 2007 requesting that Decision (D).06-12-038 (December Decision) be modified to defer for one year a competitive bid

process for their respective low income energy efficiency (LIEE) programs;<sup>1</sup> and 2) SDG&E and SoCalGas' Joint PFM filed on February 20, 2007 and Southern California Edison Company's (SCE) PFM filed on March 30, 2007 seeking minor corrections and clarification of Ordering Paragraph (OP) 6 to D.06-12-038.

The PD also revises the December Decision by adding text to Section E – PG&E, 2 and Section F – SDG&E, 2 to clarify that PG&E and SDG&E must receive written approval in writing by the Energy Division Director before issuing a request for proposal (RFP) which approves the process and specifications for program administration and before signing a contract and makes other language revisions related to the one-year postponement of the LIEE competitive bid process.

SDG&E is appreciative that the PD grants its request to defer the LIEE competitive bid process for one year. SDG&E and SoCalGas also appreciate that the PD grants the minor corrections to Table 8 and OP 17 of D. 06-12-038 that were requested in their February 20<sup>th</sup> PFM. SDG&E and SoCalGas, however, continue to have concerns regarding the PD's finding that OP 6 requires no change and with Finding of Fact (FOF) 4 and Conclusion of Law (COL) 4 which require utilities to receive Energy Division approval before issuing an RFP or signing a contract "of any kind" related to the LIEE and CARE programs. SDG&E and SoCalGas believe that this requirement would be administratively burdensome for both the utilities and the Energy Division and will negatively impact the utilities' ability to continue to serve the needs of their low income customers expeditiously and will hinder their ability to continue their aggressive outreach and enrollment efforts and other program goals for 2007 and 2008. SDG&E and SoCalGas elaborate further below.

**II. The Express Language in Section II. H of the December Decision Clearly Limits the Energy Division Review and Approval Process to Any and All Studies for the CARE and LIEE Programs and Not to Contracts of "Any Kind" As Stated in the PD.**

The PD denied SDG&E's and SoCalGas' request that OP 6 of the December Decision be revised to clarify that the requirement to obtain Energy Division prior approval is only applicable to measurement and evaluation studies on the basis that Section II. H. of

---

<sup>1</sup> PG&E and SDG&E concurrently filed a Joint Motion requesting expedited treatment of the April 10<sup>th</sup> PFM which was authorized in an ALJ Ruling dated April 11, 2007.

the December Decision, at 6, clearly requires utilities to receive the Energy Division's approval before issuing RFPs and before signing contracts. Section II. H. of the December Decision, entitled "Evaluation and Measurement of Program Results and Processes," discusses the utilities' requests to conduct various studies including measurement and evaluation studies for their 2007 and 2008 programs. The December Decision disapproved funding for any study that the Commission determined was not adequately justified in the utilities' Applications. On page 20 of the December Decision, the Commission states that in consideration of program studies, it has a responsibility to assure that program funds are spent according to the Commission's policy objectives and priorities and found that "it is not convinced that giving utilities complete discretion in this area is optimal in this regard." As a result, the Commission directed utilities to:

*"...receive approval in writing by the Energy Division Director or his designee before issuing a request for approval which approves the process and specifications of the request and also before signing a contract. **This process would apply to any and all studies for the CARE and LIEE programs.**" (Emphasis added)*

The PD, at 6, also extends the requirement to receive the Energy Division's written approval to SDG&E and PG&E RFPs for program administration to be conducted during 2008 by stating:

*So there is no question of our intent, we added Section E. PG&E, 2. Program Administration and Section F. SDG&E, 2 Program Administration clarifying that the utilities must receive approval in writing by the Energy Division Director before issuing a request for proposal which approves of the process and specifications for program administration and also before signing a contract.*

Therefore, it is reasonable to conclude that the utilities are directed to receive Energy Division approval before issuing a RFP and before signing a contract for any and all CARE and LIEE studies and before issuing a RFP and signing a contract for CARE and LIEE program administration.

However, FOF 4 and COL 4 of the PD create an additional inconsistency between the directives in Section II. H. of the December Decision and in the discussion on page 6 of the PD by extending the requirement that utilities receive Energy Division approval before issuing an RFP or signing an associated contract "of any kind" related to the LIEE and

CARE programs and does not limit the requirement to CARE and LIEE studies or contracts for program administration. SDG&E and SoCalGas urge the Commission to revise FOF 4 and COL 4 of the PD as follows:

FOF 4 – D. 06-12-038 requires that all applicant utilities receive Energy Division approval before issuing an RFP or signing an associated contract ~~of any kind~~ associated with any and all CARE and LIEE studies and before issuing a request for proposal which approves of the process and specifications for program administration and also before signing a contract.

COL 4 - D. 06-12-038 requires that all applicant utilities receive Energy Division approval before issuing an RFP or signing an associated contract ~~of any kind~~ associated with any and all CARE and LIEE studies and before issuing a request for proposal which approves of the process and specifications for program administration and also before signing a contract.

**III. The PD’s Directive Requiring Energy Division Approval of Any and All LIEE and CARE RFPs, and Contracts Is Problematic and Will Impede the Utilities’ Ability to Continue Aggressive Outreach and Enrollment Efforts and to Timely Serve the Needs of Low Income Customers.**

SDG&E and SoCalGas are concerned that the Energy Division lacks the resources to provide timely review of their numerous contracts and agreements and any delays caused by this review process will significantly hinder the utilities’ ability to meet all of their program goals and other obligations to serve low income customers. In fact, the December Decision, on page 20, acknowledges the Energy Division’s limited resources by stating:

*Currently, Commission staff, rather than utilities, is responsible to oversee the evaluation and measurement studies for utility energy efficiency programs except those for low income customers. We adopted this policy in order to eliminate any conflict or perception of conflict which occurs when a utility is responsible to evaluate its own performance. **The only reason not to extend this practice and policy to low income energy efficiency programs is practical: the Commission staff may not have the resources to tackle all of the studies at this time.** (Emphasis added.)*

SDG&E and SoCalGas believe that, because of the Energy Division staff’s limited resources, the review process could take several weeks or months because of the large

number of contracts used by investor-owned utilities to conduct the day-to-day CARE and LIEE program activities. To illustrate the kind of delay that could result from requiring pre-approval of any and all LIEE and CARE contracts, SDG&E provides below the actual timing of the Energy Division's review of its 2007 LIEE RFP, ordered in the December Decision:

- February 5, 2007 – SDG&E met with the Energy Division staff to discuss the initial draft of its RFP plan.
- March 13, 2007 – A draft of the written RFP was submitted to the Energy Division staff for review and comment.
- March 30, 2007 – The final written RFP plan was submitted to the Energy Division as directed in the December Decision.
- May 8, 2007 - Draft Decision on the utilities PFMs issued suspending the RFP process for one year. Up until that date, no action had been taken on the part of the Energy Division.

In order to have met its schedule to issue the RFP by May 29th, SDG&E would have needed approval of its bid plan by no later than May 1, 2007. Even if the Energy Division had approved the RFP plan with no changes, any further delays would have prevented SDG&E from meeting its RFP schedule and would have jeopardized its ability to have a new contract in place in time for a January 1, 2008 implementation date. Since its current contract with Richard Heath and Associates would have expired in December, SDG&E could have been in a position of having to temporarily suspend its 2008 LIEE program.

To further illustrate the potential impact, SDG&E and SoCalGas currently manage numerous contracts, agreements and letters of understanding with numerous capitation agencies and governmental agencies as part of their outreach and enrollment processes for the CARE and LIEE programs. In an attempt to aggressively pursue its 2007 and 2008 CARE enrollment goals, SDG&E is negotiating an average of 2 to 5 CARE capitation contracts per month and expects to continue this pace for the next 4 to 8 months. SoCalGas is also continually working with various agencies, vendors, and CBOs to develop new low cost innovative ways to enroll customers into their CARE program e.g., Third Party

Program contractors, and a critical component to the success of the majority of these proposals is a relatively short timeline for implementation. In addition, SDG&E and SoCalGas have agreements with the California Department of Community Development and Services for CARE automatic enrollment and for program leveraging as required by the Commission. SoCalGas has 28 individual contracts with weatherization, furnace, outreach, and inspection contractors that perform work under its LIEE program and is in the process of adding additional contractors to ensure it is able to make its 2007 and 2008 program goals. SoCalGas' CARE program has 33 contracts with various entities that perform outreach and enrollment. SDG&E and SoCalGas also have other contracts in place for the day-to-day activities for CARE and LIEE, such as database development and enhancements, data scanning, inter-utility agreements for statewide projects, outbound dialing contracts, and advertising agencies and printers used for development of the programs' collateral materials and mass media advertising.

The additional burden that the FOF 4 and COL 4 place on the Energy Division's limited resources would exacerbate the strain on resources due to the number of activities directed in the December Decision and from the new LIEE Rulemaking, such as public workshops on AB 2104, Renter Access Issues, the draft Needs Assessment Report, Furnace Issues, Utility Quarterly Meetings, the CARE and LIEE financial audits, collaboration with utilities on reporting requirements, and the utilities' 2009-2011 program planning process.

SDG&E and SoCalGas clearly understand that the Commission's oversight authority includes a responsibility to assure that low income program funds are spent according to Commission policy objectives and priorities. However, SDG&E and SoCalGas recommend that this pre-approval process be limited to measurement and evaluation studies and the RFPs for program administration ordered in the December Decision. In order to prevent extensive delay in the provision of CARE and LIEE program services that would result from the pre-approval process directed in the PD, SDG&E and SoCalGas believe that the low income programs would be better served if the Commission would incorporate its review of other contracts as part of the financial audits directed in the December Decision which are to be conducted no later than February 1, 2008.

**IV. Conclusion**

For the reasons set forth above, SDG&E and SoCalGas respectfully urge the Commission to modify FOF 4 and COL 4 of the PD to be consistent with the text in D.06-12-028 requiring utilities to obtain the Energy Division's approval before issuing a RFP or signing an associated contract related to studies or program administration of the LIEE and CARE programs.

Respectfully submitted,

/s/ Kim Hassan

Kim Hassan  
Attorney for:  
San Diego Gas & Electric Company  
Southern California Gas Company  
101 Ash Street  
San Diego, CA 92101  
Telephone: 619-699-5006  
Facsimile: 619-699-5027  
E-Mail: [KHassan@sempra.com](mailto:KHassan@sempra.com)

May 29, 2007



**CERTIFICATE OF SERVICE**

I hereby certify that a copy of **JOINT OPENING COMMENTS OF SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA GAS COMPANY ON THE DRAFT OPINION GRANTING PETITIONS TO MODIFY DECISION 06-12-038 TO DELAY COMPETITIVE BID PROCESS FOR LOW INCOME ENERGY EFFICIENCY PROGRAMS AND TO MAKE MINOR CORRECTIONS AND MODIFICATIONS TO DECISION 06-12-038** has been electronically mailed to each party of record of the service list in A.06-06-032, A.06-06-033, A06-06-034, A.06-07-001. 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 Kim Malcolm and Commissioner Dian Grueneich.

Executed this 29<sup>th</sup> day of May, 2007 at San Diego, California.

          /s/ Jenny Tjokro            
Jenny Tjokro