

**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)

**SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA GAS
COMPANY JOINT PETITION FOR MODIFICATION OF DECISION 06-12-038**

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I. INTRODUCTION

Pursuant to Rule 16.4 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure and instructions of Administrative Law Judge (ALJ) Kim Malcolm on January 29, 2007, San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) hereby file this Petition for Modification to correct errors in Decision (D.) 06-12-038.

II. SUMMARY

SDG&E and SoCalGas commend D.06-12-038 because it is well-reasoned and supports the efforts of the utilities and the Commission to provide services which benefit low income customers through the Low Income Energy Efficiency (LIEE) and the California Alternate Rates for Energy (CARE) programs for Program Years 2007 and 2008. This Petition for Modification, therefore, is limited to the following four (4) areas:

- (1) SoCalGas requests that Table 8 be modified to correct the authorized funding for the “Bill System/Programming” and “Measurement and Evaluation” categories under the CARE program, consistent with the referenced Findings of Fact (FOF) and Conclusions of Law (COL) in D.06-12-038.
- (2) SDG&E and SoCalGas request that Ordering Paragraph (OP) 6 be clarified to specify that prior approval of the Energy Division pertains solely to Measurement and Evaluation (M&E) studies, consistent with the discussion in Section II.H. of D.06-12-038.
- (3) SDG&E and SoCalGas request that OP 17 be modified to eliminate the inadvertent reference to the CARE program.
- (4) SDG&E requests that OP 18 be modified to reflect the authorized extension of the contract date for its prime LIEE contractor from December 1, 2007 to December 31, 2007, consistent with the COL 27.

III. REQUESTED CORRECTIONS AND MODIFICATIONS

A. Appendix Table 8 Authorizing SoCalGas’ Budget for 2007 and 2008 CARE Program Should Be Corrected to Reflect FOF 46, COL 42 and COL 33

Ordering Paragraph 4 of D.06-12-038 authorizes the budget for the SoCalGas 2007 and 2008 LIEE and CARE programs as set forth in Table 7 and Table 8 of the Appendix. The CARE authorized budget set forth in Table 8, however, reflects amounts for the Bill System/Programming category for 2007 and 2008 that are inconsistent with FOF 46 and COL 42. SoCalGas, therefore, requests that D.06-12-038 be modified to reflect the correct authorized budgets for the Billing System/Programming category of \$392,631 for 2007 and \$379,600 for 2008, consistent with FOF 46 and COL 42. Specifically, FOF 46 and COL 42 provide as follows:

- FOF 46 - SoCalGas has justified its proposal to increase its information technology budget to fund online CARE enrollment and other system enhancements in support of its CARE processing proposals.
- COL 42 - SoCalGas’ budget for billing system and programming should be increased by \$91,000 for 2007 and 2008 to fund on-line enrollment and other expenditures for information technology and its billing system.

Accordingly, to give effect to FOF 46 and COL 42, SoCalGas requests that Table 8 be revised to reflect \$392,631 for 2007 and \$379,600 for 2008 for the Bill System/Programming category.

SoCalGas also requests that Table 8 be corrected to reflect the 2007 authorized budget of \$96,000 for the “Measurement and Evaluation” category, consistent with COL 33. More specifically, COL 33 provides as follows:

- COL 33 - SoCalGas should be provided funding for a needs assessment, an impact study and a gas study but not other studies. It should conduct the gas furnace study with the collaboration and approval of Commission staff as set forth herein.

The revised amount of \$96,000 includes the funding for the final invoice to be billed to SoCalGas for the Needs Assessment Study currently being conducted by KEMA, the Commission-hired consultant. Not only is this revision consistent with COL 33, it is also consistent with COL 28 which adopted SDG&E’s similar funding request for the Needs Assessment Study.

In sum, it is appropriate to revise Table 8 for the reasons discussed above. Attachment A hereto reflects the corrected budget amounts.

B. To Avoid Ambiguity, OP 6 Should Be Modified to Apply Solely to M&E Studies

SDG&E and SoCalGas urge that OP 6 of D.06-12-038 be clarified to refer solely to “measurement and evaluation” studies applicable to the CARE and LIEE programs. This clarification is entirely consistent with Section II.H. “Evaluation and Measurement of Program Results and Processes,” in D.06-12-038. There, the Commission discusses the investor-owned utilities (IOUs) proposed budgets for studies to determine the effectiveness and relative costs and benefits of the LIEE and CARE programs and directs the utilities to obtain written approval from the Energy Division prior to issuing a request for proposal (RFP) or signing a contract for all studies. Consistent with the discussion in Section II.H. of D.06-12-038, SDG&E and SoCalGas believe that it is the Commission’s intent that OP 6 is only applicable to the measurement and evaluation studies. Accordingly, SDG&E and SoCalGas urge that OP 6 be clarified to limit prior Energy Division approval to RFPs for measurement and evaluation studies as follows:

- 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 measurement and evaluation studies for LIEE or CARE programs.

Alternatively, if the Commission disagrees and in fact intends that IOUs obtain Energy Division approval prior to issuing any RFP, SDG&E and SoCalGas must respectfully object. Having all program proposals, contracts or reports submitted to the Energy Division would constitute micromanagement, impose undue burden on Commission Staff and introduce additional unnecessary delays into program operation. Substantial record evidence does not support such an unwarranted intrusion into normal utility decision-making processes.

C. OP 17 Should Be Corrected By Deleting the Reference to CARE and Inserting the Reference to LIEE

Ordering Paragraph 17, which pertains to the LIEE program, inadvertently refers to the CARE program. To remove confusion, SDG&E and SoCalGas urge that OP 17 be modified to substitute the reference to the CARE program with a reference to the LIEE program as follows:

- OP 17 – The utilities may shift funds between LIEE programs so as to promote the efficient and effective implementation of the LIEE ~~CARE~~ program but may not shift additional funds to administrative overhead costs, regulatory costs or the costs of studies as set forth herein.

D. OP 18 Should Be Modified to Reflect the Authorized Extended Contract Date

Ordering Paragraph 18 should be revised from December 1, 2007 to December 31, 2007, to reflect the correct contract date with Richard Heath and Associates (RHA) under the LIEE program, consistent with COL 27 which expressly requires SDG&E “to conduct a competitive process for hiring a program administrator for the period beginning in 2008, as set forth herein, and should not be required to interrupt its existing contract with RHA which terminates at the end of 2007.”¹

¹ COL 27 was prompted by SDG&E’s Opening Comments, filed on December 4, 2006, requesting authorization to extend its current contract with RHA through December 31, 2007 due to concerns related to the negative impact that can result from implementing a major contract change mid-year.

Accordingly, OP 18 should be corrected as follows:

- OP 18 – SDG&E shall present a plan to Energy Division no later than March 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 past December 31, 2007.

IV. CONCLUSION

For the foregoing reasons, SDG&E and SoCalGas urge the Commission to modify D.06-12-038.

Respectfully submitted,

/s/ GEORGETTA J. BAKER

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February 20, 2007

ATTACHMENT A

Table 8

SoCalGas 2007-2008 CARE BUDGETS

CARE Budget Categories	2006 Authorized	2007 Proposed	2008 Proposed	2007 Authorized	2008 Authorized
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	\$301,631	\$303,600
				<u>\$392,631</u>	<u>\$379,600</u>
Pilots	\$0	\$0	\$0	\$0	\$0
Measurement and Evaluation	\$5,000	\$96,000	\$5,175	\$5,000	\$5,175
				<u>\$96,000</u>	
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
Total Expenses	\$4,107,249	\$4,713,118	\$4,713,118	\$4,531,118	\$4,637,118
				<u>\$4,713,118</u>	<u>\$4,713,118</u>
Subsidies and Benefits	\$95,036,000	\$122,681,125	\$126,365,941	\$122,681,125	\$126,365,941
Total Program Costs and Discounts	\$99,143,249	\$127,394,243	\$131,079,059	\$127,212,243	\$130,988,059
				<u>\$127,394,243</u>	<u>\$131,079,059</u>

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **SAN DIEGO GAS & ELECTRIC COMPANY AND SOUTHERN CALIFORNIA GAS COMPANY JOINT PETITION FOR MODIFICATION OF DECISION 06-12-038** on all parties identified in **R.06-06-032, R.06-06-033, R.06-06-034** and **A.06-07-001** on the attached service list by U.S. mail and electronic mail, and by Federal Express to the assigned Commissioner(s) and Administrative Law Judge(s).

Dated at San Diego, California, this 20th day of February, 2007.

/s/ LISA FUCCI-ORTIZ
Lisa Fucci-Ortiz