

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 27, 2017

Advice Letter 5067 and 5067-A

Ronald van der Leeden
Director, Regulatory Affairs
Southern California Gas
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

**Subject: Withdrawal – SoCalGas Request for 2016 and 2017 EE Fund
Shifting Approval**

Dear Mr. van der Leeden:

Advice Letter 5067 as supplemented is withdrawn as requested in your letter dated July 21, 2017.

Sincerely,

A handwritten signature in black ink that reads "Edward Randolph".

Edward Randolph
Director, Energy Division



Ronald van der Leeden
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.2009
Fax: 213.244.4957

RvanderLeeden@semprautilities.com

May 1, 2017

Advice No. 5067-A
(U 904 G)

Public Utilities Commission of the State of California

Subject: Supplement - Southern California Gas Company Request for 2016 and 2017 Energy Efficiency Fund Shifting Approval

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) requests for 2016 and 2017 fund shifts into the Energy Efficiency (EE) Financing Pilots (Pilots) that are required in compliance with Decision (D.) 13-09-044, Ordering Paragraph (OP) 17, D.15-06-008, OP 8, and D.17-03-026, OP 7.

Purpose

This supplemental filing replaces Advice No. (AL) 5067, SoCalGas Request for 2016 and 2017 Energy Efficiency Fund Shifting Approval, filed on December 8, 2016, in its entirety. This supplemental filing complies with OP 17 of D.13-09-044, OP 5 of Resolution E-4680, and OP 7 of D.17-03-026. SoCalGas seeks approval to implement the specified fund shift to ensure continued funding is available to support the implementation of the Pilots and information technology (IT) costs related to the On-Bill Repayment (OBR) feature.

On March 29, 2017, the Commission issued D.17-03-026, which included authorizing "incremental administrative, marketing, and information technology budgets, up to \$500,000 per year through the end of 2020, for each utility, except for SoCalGas, whose lead utility budget should be capped at \$800,000 per year, in order to continue to facilitate successful interfacing between the financing pilot programs and the utility billing and other systems necessary for on-bill repayment and any other features of the pilots."¹ As such, this supplemental filing reduces the funding requested for 2017 operating costs from \$810,810 to \$796,309 to comply with the D.17-03-026 guidance on

¹ D.17-03-026, p. 3.

additional funding.² In addition, SoCalGas rescinds its request for an additional \$300,000 to fund 2016 operating costs. SoCalGas was able to complete the required work in 2016 within their original budget.

Background

In D.12-11-015, the Commission authorized \$75.2 million for new EE Financing pilot programs to be implemented in 2013-2014 (pilot period).³ However, due to the complexity of the process to design and implement these innovative new finance pilots, the pilot period has lasted beyond 2014. In D.13-09-044, the Commission approved seven Financing Program Pilots covering both residential and non-residential markets, further extending the pilot period to 2015.⁴ D.15-06-008 further extended the finance pilots' terms beyond 2015 so that each pilot is funded for a full 24 months of operation.⁵

As part of D.13-09-044, the Commission allocated \$65.9 million to launch the finance pilots and reserved allocation of the remaining \$9.3 million. Recognizing that many variables may affect the development and implementation of finance pilots and the pilot budgets may need to be adjusted, the decision directed Commission Staff to hold a mid-pilot public workshop to review pilot performance and, in conjunction with the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) and the Investor Owned Utilities (IOUs), to discuss allocation of the \$9.3 million reserve remaining from the original \$75.2 million.

As part of the implementation of the Pilots, D.13-09-044 established the California Hub for Energy Efficiency Financing (CHEEF). The CHEEF's role includes coordinating among various market participants and managing funds and data. In July 2014, CAEATFA received legislative authority to administer the Pilots as the CHEEF. To assist with program administration, CAEATFA awarded the Master Servicer (MS) contract to Concord Servicing on April 23, 2015. D.13-09-044 then instructed the IOUs to file a Tier 2 Advice Letter (AL) within 30 days of the MS contract with an updated estimate of the IT changes necessary to implement OBR and other features of the Pilots, including information regarding economies achieved by integrating the upgrades with previously funded and scheduled IT capital projects.⁶

On March 9, 2015, CAEATFA filed a Petition for Modification (PFM) in order to receive clarifications and request certain changes to D.13-09-044,⁷ including the timing for

² D.17-03-026, OP 7, pp. 44-45.

³ D.12-11-015, p. 67.

⁴ D.13-09-044, OP 1 and OP 20, pp. 113 and 122.

⁵ D.15-06-008, OP 2, p. 28.

⁶ D.13-09-044, OP 17 would have set the due date to May 26, 2015 (the first business day in connection with the 30 day deadline).

⁷ CAEATFA's PFM was originally submitted in form of a letter to Administrative Law (ALJ) Todd Edmister. Per the Assigned Commissioner and ALJ Ruling regarding CAEATFA's Proposed Modification to D.13-09-044, issued on March 25, 2015, the letter is being treated as a PFM.

submitting the IT AL. In order to give the Commission an opportunity to consider the schedule modifications, the Executive Director of the Commission extended the deadline for the IT AL to 10 days after the disposition of the CAEATFA PFM, or as otherwise provided for in the Commission's decision.⁸ D.15-06-008 addressed CAEATFA's request, requiring the IOUs to submit the IT ALs within 30 days of Commission Staff direction. On July 13, 2015, the IOUs were directed to modify their OBR Tariffs, establishing a requirement to submit IT ALs within 30 days.

Additionally, D.13-09-044 indicated that funds in excess of the IT budget allocations are required to be supported by sufficient documentation and explanation. The IOUs were also directed to work closely with each other, CAEATFA, and the MS to ensure system compatibility, and were authorized to take reasonable steps to incorporate the necessary IT changes with other IT projects.⁹

D.13-09-044 authorized \$1,091,648 for SoCalGas to enhance its IT system to allow for the smooth flow of data between the CHEEF and the IOUs, among other objectives.¹⁰ SoCalGas developed OBR business requirements and estimated implementation expenses based on the current information and discussions to-date with the CHEEF. On August 12, 2015, SoCalGas filed AL 4847 with an estimated budget of \$1,204,975 or 10 percent over the authorized budget of \$1,091,648. In AL 4847, SoCalGas requested to fund shift from other EE Financing Programs in accordance with practices in the current Energy Efficiency Policy and Procedures Manual.¹¹ The estimate provided represented the best information available at the time of the filing as the IOUs anticipated that additional discussions could impact the IT requirements and costs. AL 4847 was approved by the Commission on October 7, 2015 and made effective as of September 11, 2015.

In D.15-10-028, the CPUC eliminated the requirement that energy efficiency program administrators file advice letters for authorization to shift funds among authorized programs.¹² However, given the OBR pilots were authorized outside of the energy efficiency portfolio proceeding, SoCalGas requested CPUC clarification on requirements to file a fund shift advice letter for the OBR IT pilot fund shifts. On June 21, 2016, SoCalGas received clarification from the ALJ assigned to the proceeding stating, "[O]ur conclusion is that an advice letter filing on OBR funds is still required. The language in D.15-06-008 is still operative."¹³

⁸ See Letter from Timothy J. Sullivan, Executive Director, dated May 21, 2015, re: Extension of Time to Comply with Decision 13-09-044 and Resolution E-4680 Implementing Energy Efficiency Pilot Programs.

⁹ See D.13-09-044, Section 9, pp. 82-83.

¹⁰ See D.13-09-044, p. 81.

¹¹ Energy Efficiency Policy Manual, Version 5, July 2013, pp. 64-66.

¹² See D.15-10-028, OP 18.

¹³ Email communication between SoCalGas legal counsel Steve Patrick and ALJ Julie A. Fitch dated June 21, 2016.

On November 22, 2016, the CPUC issued a ruling on R.13-11-05 approving CAEATFA's requests for additional funding to ensure continued design and implementation of the Pilots.¹⁴ This additional funding was needed, in part, due to the complexity of developing and launching the Pilots. Consistent with CAEATFA's experience and budgetary needs, SoCalGas has resourcing needs to complete development of the IT OBR infrastructure and operational resources to implement the Pilots.

SoCalGas' Fund Shift Request

SoCalGas requests approval to shift \$1,237,789 within its EE Finance Programs due to unanticipated delays and necessary changes to IT requirements, as well as operational funds to support the Pilots through 2017. SoCalGas anticipates filing an additional advice letter for 2018-2020 administrative and operational costs by December 2017.

Description of Fund Shift Request

If approved, SoCalGas will shift unspent 2013-2016 funds from the SCG3735 SW-FIN-On-Bill Financing subprogram to the Pilots. SoCalGas planned for the pilot period based on the budget as presented in AL 4672-B, which included Program Implementation Plans (PIPs) for all the Pilot programs.¹⁵ Below is a summary table of SoCalGas' budgets:

All Pilots	2013	2014	2015	Total
Admin/General Overhead (\$)	\$15,746	\$205,564	\$317,615	\$538,925
Direct Implementation (\$)	\$183,550	\$738,522	\$1,200,885	\$2,122,957
Credit Enhancements (CE) (\$)	\$0	\$1,368,601	\$2,778,672	\$4,147,273
Marketing & Outreach (\$)	\$3,606	\$544,020	\$544,020	\$1,091,646
Total SoCalGas Budget (\$)	\$202,902	\$2,856,707	\$4,841,192	\$7,900,801

¹⁴ See Joint Ruling of Assigned Commissioner and ALJ on Financing Pilots and Associated Marketing, Education, and Outreach Activities dated November 22, 2016 in R.13-11-05, OP 1.

¹⁵ The budgets provided in AL 4672 were based Commission authorized budgets in D.13-09-044.

¹⁶ PIP budget tables only included 2013-2015 but per Background section, the pilot period has been extended hence Table 1 represents total funds available to date.

The proposed funds would move between the following sub-programs:

- SCG3735 SW-FIN-On-Bill Financing decreased by \$1,237,789.
- SCG3737 SW-FIN-New Financing Offerings increased by \$1,237,789.

Table 2: Funds Requested by Area			
Budget Line Item	Authorized Budget	Funds Requested	Revised Budget
OBR Information Technology	\$1,204,975	\$441,480	\$1,646,455
2013-16 Operational Funds	\$1,570,234	\$0	\$1,570,234
2017 Operational Funds	\$0	\$796,309	\$796,309
Total	\$2,775,209	\$1,237,789	\$4,012,998

The budget line items listed in Table 2 are explained in more detail below:

OBR Information Technology

SoCalGas requests approval to shift \$441,480 within its EE Finance Programs to finish development of the OBR infrastructure associated with the Pilots. As expected when attempting to implement a very large, complex, statewide IT effort, there have been many iterations of the various protocols needed to ensure automation of the transfer of funds. This process has caused some delays in the finalization of requirements, resulting in an increase from the original forecasted budget.

The requested funds will finalize the development of the following:

- **Electronic Data Interchange (EDIX):** Provide set-up for file exchange with the MS.
- **Interactive Voice Response (IVR):** Enhancements to the existing IVR system; modifications to provide assistance for OBR customers who contact SoCalGas customer service. Guides customers to contact appropriate Financial Institution for more information about their OBR loan or lease charges.
- **Information Technology (IT):** Develop SoCalGas functionality for providing billing, Credit and Collections, and Financial services for OBR customers. Also includes efforts for interfacing systems - impacted areas include EDIX, IVR, customer data releases, customer online account (MyAccount), Corporate Strategic Database, and Specialized Customer Billing system (SCBS). Scope

includes verification of customer eligibility, modifications to existing bill presentation, modifications to payment and collection algorithms, and provision of files and reports per the MS's guidance.

- **Customer Service Technology:** Develop system requirements, conducts project testing and defect tracking, and provides support to IT efforts. Ensures OBR charge appears on the online SoCalGas customer account.
- **Major Markets & Technology Support (SCBS, Non-Core):** Develop SoCalGas functionality for providing billing services for non-core, generally large non-residential, OBR customers. Scope includes modifications to existing bill presentation and provision of files and reports per the MS's guidance.
- **Eligible Energy Efficiency Measures (EEEMs) Portal:** D.13-09-044 directed the IOUs to provide a list of eligible energy efficiency measures available to the public. SoCalGas led the design, development, and testing effort for the portal. This work requires maintenance costs from third quarter 2015 through fourth quarter 2017, as well as funding for an EEEMs version 3.0 enhancement. EEEMs 3.0 will address user feedback and recommended improvements after the Pilots launch.

This fund shift request does not include additional funding that may be necessary to accommodate any additional IT requirement changes that may be required following the development of the OBR regulations and the onboarding of the Agent Bank. SoCalGas will request additional funding if future IT changes are necessary.

2017 Operational Funds

SoCalGas requests approval to shift \$796,309 within its EE Finance Programs to cover operational funding for pilot-related work in 2017. The fund shift is necessary for supporting the continued administration, build-out, and implementation of the financing pilots in 2017, including:

- Coordination with CAEATFA to implement the CHEEF infrastructure, such as support program regulation development, assist with integrated IT system design, and establishment of new business processes/forms;
- Contract administration as the current IOU statewide program administrator lead, including management of both the CAEATFA and financing ME&O vendor contracts;
- Conducting and managing the finance ME&O solicitation;
- Continued funding for the consultants hired to develop the pilots;

- Credit Enhancement accounts validation and multifamily audits/technical assistance;
- On-going support to Billing and IT operations and maintenance, including various necessary manual support of the OBR system (e.g., CISR form validation; uploading project data from CAEATFA to internal EE database; billing corrections as requested by CAEATFA; and updating/uploading EEEMs data);
- Monitor and report program progress and addressing implementation issues in support of CHEEF;
- Leverage existing and developing new contractor networks in support of the Contractor Manager;
- Coordination with IOU local marketing, the statewide finance ME&O campaign, and other CAEATFA marketing requests;
- On-going support for customer-facing activities including Call Center operations, on-line customer accounts, and the Energy Advisor; and
- Support on-going EM&V activities on the Pilots.

SoCalGas requests that the Commission approve this fund shift for continued development and implementation of the Pilots. Approval of this fund shift will allow SoCalGas to complete the IT development of the OBR infrastructure and see the Pilots through development phase and into implementation work in 2017.

Protests

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this Advice Letter, which is May 21, 2017. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attn: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Ray B. Ortiz
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-4957
E-mail: ROrtiz@SempraUtilities.com

Effective Date

SoCalGas believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. This filing is consistent with D.09-09-047. Therefore, SoCalGas respectfully requests that this filing be approved on January 7, 2017, which is the approval date requested in Advice No. 5067.

Notice

A copy of this Advice Letter is being sent to SoCalGas' GO 96-B service list and the Commission's service list for R.13-11-005. Address change requests to the GO 96-B should be directed by electronic mail to tariffs@socalgas.com or call 213 244 2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Ronald van der Leeden
Director – Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Ray B. Ortiz

Phone #: (213) 244-3837

E-mail: ROrtiz@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 5067-A

Subject of AL: Supplement - Southern California Gas Company Request for 2016 and 2017 Energy Efficiency Fund Shifting Approval

Keywords (choose from CPUC listing): Energy Efficiency

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D.13-09-044, D.15-06-008, and D. 17-03-026

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: 1/7/17

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Southern California Gas Company
Attention: Ray B. Ortiz
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
ROrtiz@semprautilities.com
Tariffs@socalgas.com

¹ Discuss in AL if more space is needed.