

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



August 25, 2017

Advice Letter 5170

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

Subject: Request for 2017 EE Fund Shifting Approval

Dear Mr. van der Leeden:

Advice Letter 5170 is effective as of August 27, 2017.

Sincerely,

A handwritten signature in cursive script 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
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July 28, 2017

Advice No. 5170
(U 904 G)

Public Utilities Commission of the State of California

Subject: Southern California Gas Company Request for 2017 Energy Efficiency Fund Shifting Approval

Southern California Gas Company (SoCalGas) hereby submits for approval to the California Public Utilities Commission (Commission) its request to shift 2017 funds into the Energy Efficiency (EE) Financing Pilots (Pilots), in compliance with Decision (D.) 17-03-026, Ordering Paragraph (OP) 7.

Purpose

Pursuant to OP 7 of D.17-03-026, SoCalGas seeks approval to implement a fund shift to ensure continued funding is available to support the implementation of the Pilots.

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 filing requests \$796,309 for Pilot-related operating costs for program year 2017, in compliance with D.17-03-026 guidance on additional funding.²

¹ D.17-03-026, p. 3.

² D.17-03-026, OP 7, pp. 44-45.

Background

In D.12-11-015, the Commission authorized \$75.2 million for new EE 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 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 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 the Pilots and that the pilot budgets may need to be adjusted, the decision directed Commission Staff to hold a mid-point 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.

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.⁶ However, given that the 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 On-Bill Repayment (OBR) information technology (IT) pilot fund shifts. On June 21, 2016, SoCalGas received clarification from the Administrative Law Judge (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."⁷

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

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 See D.15-10-028, OP 18.

⁷ Email communication between SoCalGas legal counsel Steve Patrick and ALJ Julie A. Fitch dated June 21, 2016.

implementation of the Pilots.⁸ This additional funding was needed, in part, due to the complexity of developing and launching the Pilots.

In D.17-03-026, the CPUC authorized SoCalGas to spend up to \$800,000 annually on IT, marketing, and administrative costs necessary to support the pilots through 2020.⁹ Each utility must file a Tier 2 advice letter detailing the cost to be covered and the funding source for the funds.

SoCalGas' Fund Shift Request

SoCalGas requests approval to shift \$796,309 within its EE Finance Programs compliant with D.17-03-026 to support the Pilots through 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 Advice No. 4672-B, which included Program Implementation Plans (PIPs) for all the Pilot programs.¹⁰ 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

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

- SCG3735 SW-FIN-On-Bill Financing decreased by \$796,309.
- SCG3737 SW-FIN-New Financing Offerings increased by \$796,309.

⁸ See Joint Ruling of Assigned Commissioner and ALJ on Financing Pilots and Associated Marketing, Education, and Outreach Activities dated November 22, 2016 in Rulemaking (R.) 13-11-05, OP 1.

⁹ D.17-03-026, OP 7.

¹⁰ The budgets provided in AL 4672-B were based Commission authorized budgets in D.13-09-044.

¹¹ PIP budget tables only included years 2013-2015. The pilot period, as described in the Background section, has been extended hence Table 1 represents total funds available to date.

Table 2: Funds Requested by Area			
Budget Line Item	Authorized Budget	Funds Requested	Revised Budget
2013-16 Operational Funds	\$1,570,234	\$0	\$1,570,234
2017 Operational Funds	\$0	\$796,309	\$796,309
Total	\$1,570,234	\$796,309	\$2,366,543

The 2017 operational funds listed in Table 2 are explained in more detail below:

2017 Operational Funds

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

- Coordinate 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;
- Administer contracts as the current IOU statewide program administrator lead, including management of both the CAEATFA and financing marketing, education, and outreach (ME&O) vendor contracts;
- Conduct and manage the finance ME&O solicitation;
- Continue to fund consultants hired to develop the Pilots;
- Validate Credit Enhancement accounts and multi-family audits/technical assistance;
- Support on-going Billing and IT operations and maintenance, including various necessary manual support of the OBR system (e.g., uploading project data from CAEATFA to internal EE database; billing corrections as requested by CAEATFA; and updating/uploading eligible energy efficiency measure 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;
- Coordinate with IOU local marketing, the statewide finance ME&O campaign, and other CAEATFA marketing requests;
- Support for on-going customer-facing activities including Call Center operations, on-line customer accounts, and the Energy Advisor; and
- Continue to support Pilot evaluation, measurement and verification (EM&V) activities.

SoCalGas requests that the Commission approve this fund shift for continued development and implementation of the Pilots 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 August 17, 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.17-03-026. Therefore, SoCalGas respectfully requests that this filing be approved on August 27, 2017, which is thirty days after the date filed.

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 service list 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

Attachment

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) #: 5170

Subject of AL: Southern California Gas Company Request for 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 #:

Decision 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: 8/27/17

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: None

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.