

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 1, 2017

**Advice Letter 5205-G**

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

**SUBJECT: Southern California Gas Company Request for 2018-2020 Financing Pilots  
Budget Fund Shifting Approval**

Dear Mr. van der Leeden:

Advice Letter 5205-G is effective as of November 22, 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  
Tel: 213.244.2009  
Fax: 213.244.4957

[RvanderLeeden@semprautilities.com](mailto:RvanderLeeden@semprautilities.com)

October 23, 2017

Advice No. 5205  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Southern California Gas Company Request for 2018-2020 Financing Pilots Budget Fund Shifting Approval**

Southern California Gas Company (SoCalGas) hereby submits for approval to the California Public Utilities Commission (Commission or CPUC) its request to shift unspent funds into the Energy Efficiency (EE) Financing Pilots (Pilots), as required for 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.”<sup>1</sup>

As such, this filing requests \$2,388,927 (\$796,309/per year) for Pilot-related operating costs for program years 2018-2020, in compliance with D.17-03-026 guidance on additional funding.<sup>2</sup>

---

<sup>1</sup> D.17-03-026, p. 3.

<sup>2</sup> 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).<sup>3</sup> However, due to the complexity of the process to design and implement these innovative new Pilots, the pilot period 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.<sup>4</sup> D.15-06-008 further extended the Pilots' terms beyond 2015 so that each pilot is funded for a full 24 months of operation.<sup>5</sup>

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.<sup>6</sup> 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."<sup>7</sup>

On November 22, 2016, the CPUC issued a ruling on Rulemaking (R.)13-11-005 approving CAEATFA's requests for additional funding to ensure continued design and

---

<sup>3</sup> D.12-11-015, p. 67.

<sup>4</sup> D.13-09-044, OP 1 and OP 20, pp. 113 and 122.

<sup>5</sup> D.15-06-008, OP 2, p. 28.

<sup>6</sup> See D.15-10-028, OP 18, p.127.

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

implementation of the Pilots.<sup>8</sup> 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 the IOUs to seek additional funding for the implementation of the Pilots. SoCalGas specifically may spend up to \$800,000 annually on IT, marketing, and administrative costs necessary to support the Pilots through 2020.<sup>9</sup> Each utility must file a Tier 2 advice letter detailing the costs to be covered and the funding source(s) for the funds requested.

### **SoCalGas Fund Shift Request**

SoCalGas requests approval to shift \$2,388,927 (\$796,309/per year) within its EE Finance Programs compliant with D.17-03-026 to support the Pilots through 2020.

### **Description of Fund Shift Request**

If approved, SoCalGas will shift unspent 2013-2017 funds from the following subprograms into the Financing Pilots:

<b>Table 1: Program Fund-shifts</b>		
<b>Subprogram</b>	<b>Program Year Funds Shifted From</b>	<b>Funds Shifted to Financing Pilots</b>
FIN-On-Bill Financing	2013-2017	\$1,585,726
FIN-ARRA-Originated Financing	2013-2017	\$803,201
<b>Total</b>		<b>\$2,388,927</b>

<sup>8</sup> See Joint Ruling of Assigned Commissioner and ALJ on Financing Pilots and Associated Marketing, Education, and Outreach Activities dated November 22, 2016 in R.13-11-005, OP 1, p. 16.

<sup>9</sup> D.17-03-026, OP 7, pp. 44-45.

<b>Table 2: Funds Requested by Year</b>			
<b>Budget Line Item</b>	<b>Authorized Budget</b>	<b>Funds Requested</b>	<b>Revised Budget</b>
2013-16 Operational Funds	\$1,570,234	\$0	\$1,570,234
2017 Operational Funds	\$796,309	\$0	\$796,309
2018 Operational Funds	\$0	\$796,309	\$796,309
2019 Operational Funds	\$0	\$796,309	\$796,309
2020 Operational Funds	\$0	\$796,309	\$796,309
<b>Total</b>	<b>\$2,366,543</b>	<b>\$2,388,927</b>	<b>\$4,755,470</b>

The 2018-2020 operational funds listed in Table 1 are explained in more detail below:

### **2018-2020 Operational Funds**

SoCalGas requests approval to shift \$2,388,927 within its EE Finance Programs to cover operational costs for pilot-related work in 2018-2020. The fund shift is necessary for supporting the continued administration and implementation of the Pilots through 2020, including:

- 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;
- 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;
- Monitor and report program progress and addressing implementation issues in support of CHEEF;
- Continue to fund consultants hired to develop the Pilots;
- Manage the joint utility co-funding agreements for all contracts;
- Validate Credit Enhancement accounts and multi-family audits/technical assistance;
- Continue administration and billing of pre-development multi-family OBR pilot program;
- Support on-going billing and IT operations and maintenance, including any 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);
- Support internal system testing which includes comprehensive external system integration testing with master servicer for OBR cash flow functionality;

- Leverage existing and developing new contractor networks in support of the Contractor Manager;
- Conduct local marketing promoting the pilots to SoCalGas customers including integration of pilots into existing programs and company website;
- 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 through 2020.

### **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 November 12, 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](mailto: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](mailto: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 November 22, 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 should be directed by electronic mail to [tariffs@socalgas.com](mailto: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](mailto:Process_Office@cpuc.ca.gov).

---

Ronald van der Leeden  
Director – Regulatory Affairs

# 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](mailto: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) #: 5205

Subject of AL: Southern California Gas Company Request for 2018-2020 Financing Pilots Budget 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.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 AL<sup>1</sup>: N/A

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

Resolution Required?  Yes  No

Tier Designation:  1  2  3

Requested effective date: 11/22/17

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 proposed<sup>1</sup>: 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](mailto:EDTariffUnit@cpuc.ca.gov)

**Southern California Gas Company**

**Attention: Ray B. Ortiz**

**555 West 5<sup>th</sup> Street, GT14D6**

**Los Angeles, CA 90013-1011**

[ROrtiz@semprautilities.com](mailto:ROrtiz@semprautilities.com)

[Tariffs@socalgas.com](mailto:Tariffs@socalgas.com)

<sup>1</sup> Discuss in AL if more space is needed.