

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 4, 2019

Advice Letter 5501-G-A

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

SUBJECT: Energy Savings Assistance (ESA) Program Bridge Funding and Retreatment Goal

Dear Mr. van der Leeden:

Supplemental Advice Letter 5501-G-A is effective as of November 27, 2019.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division



Ronald van der Leeden
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
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November 27, 2019

Advice No. 5501-A
(Southern California Gas Company U 904 G)

Public Utilities Commission of the State of California

Subject: Supplement - Energy Savings Assistance (ESA) Program Bridge Funding and Retreatment Goal

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (CPUC or Commission) this Tier 1 Advice Letter, which provides SoCalGas' additional calculations and explanation regarding the ESA Program bridge funding amount as shown in the provided tables for the January 1, 2021-June 30, 2021 bridge period.

Purpose

Pursuant to the Energy Division's request on September 24, 2019, SoCalGas hereby submits a supplemental advice letter to its *Energy Savings Assistance (ESA) Program Bridge Funding and Retreatment Goal*, previously submitted on August 12, 2019, as directed in Ordering Paragraph (OP) 3 of Decision (D.) 19-06-022. This supplemental advice letter replaces Advice No. (AL) 5501 in its entirety to provide additional clarification of the provided ESA Program bridge funding tables for January 1, 2021-June 30, 2021.

Background

On June 28, 2019, the Commission issued D.19-06-022 directing the investor-owned utilities (IOUs) to file their ESA and California Alternate Rates for Energy (CARE) Program Applications by November 4, 2019. In D.19-06-022 the Commission noted the current CARE/ESA Program funding extends through the end of 2020. The Commission also noted its intent to avoid uncertainty and potential program disruption and eliminate the need for subsequent bridge funding decisions.

For the CARE Program the Commission approved bridge funding, at the 2020 CARE budget level in the mid-cycle advice letter,¹ to cover CARE Program activity for January 1, 2021-June 30, 2021. For the ESA Program, the Commission authorized bridge funding to cover ESA Program activity for January 1, 2021-June 30, 2021 if the Commission has not voted to approve 2021 and beyond for programs and budget applications by November 16, 2020 (45 days prior to end of current approved budget cycle).² The Commission authorized a funding amount up to 2020 budget levels, as approved in mid-cycle advice letter dispositions.³

OP 3 of D.19-06-022 directed each large IOU to submit a Tier 1 AL 45 days after issuance of this decision with calculations of ESA Program bridge funding amount and retreatment goal for the January 1, 2021-June 30, 2021 bridge period per the above direction. The AL should include what portion of the total bridge budget can be accommodated from unspent funds, if any, differentiating between Unspent Funds from program year (PYs) 2009-2016 and PY 2017-2020, and what portion of bridge budget will require new revenue collection.

ESA Program Bridge Funding and Retreatment Goal

SoCalGas requests approval of a bridge goal of 60,000 retreated homes and a total of \$67,066,667 for the ESA Program bridge funding period of January 1, 2021-June 30, 2021, as shown in Table 1 and Table 2 respectively. Pursuant to D.19-06-022, SoCalGas' bridge funding request does not exceed the 2020 budget level approved in SoCalGas mid-cycle advice letter.⁴ For illustrative purposes, SoCalGas provides its proposed ESA Program funding for the bridge period broken out by program costs in Attachment A. SoCalGas' proposed budget does not include unspent funds from the 2017-2020 period. SoCalGas is expected to exhaust all authorized funding for the 2017-2020 period.

Consistent with the direction in D.19-06-022, SoCalGas' retreatment goal has been calculated using the actual average expenditures per treatment from the first half of program year 2019. This includes setting aside 10% or \$6,706,667 of the total ESA Program bridge budget for administrative program costs SoCalGas' remaining total ESA Program budget is \$60,360,000. SoCalGas has calculated budget requirements based on an average cost per retreatment of \$1,006 per home. This is calculated from the "Re-Treated Homes/Go-Backs" section of ESA Table 2 in SoCalGas' June 2019 monthly report.⁵

¹ AL 5325 was approved December 19, 2018.

² D.19-06-022 at OP 2.

³ D.19-06-022 at OP 2.

⁴ SoCalGas' 2020 funding level, per AL 5325 issued December 19, 2018 midcycle AL disposition, is \$231,913,662.

⁵ ESA Table 2 in SoCalGas' June 2019 monthly report, cell W71. Total expenditures identified for Retreatment \$20,133,698 divided by total Retreatment units 20,004 yielding an average cost \$1,006.48 per retreated home.

SoCalGas' requested bridge funding amount corresponds to the treated unit production of 60,000 households from January 2021 through June 2021 and adheres to D.19-06-022 which authorized a funding amount "up to the 2020 budget level, as authorized in mid-cycle advice letter dispositions" (OP2). The projected amount of 60,000 treated units is based on historical activities. In 2018, SoCalGas delivered just under 100,000 units. 60,000 units through June 2021 represents a pace of 120,000 units per year and is a reasonable projection of program activity from January 2021 through June 2021. In addition, D.16-11-022 authorized treated unit goals for SoCalGas between 110,000 to 127,339 units per year over the period 2017-2020, further supporting that 120,000 per year is a reasonable long-term pace for SoCalGas' ESA program.

Table 1 – Proposed ESA Program Bridge Funding Total

	Authorized Budget for Program Years 2018 - 2020 ¹			Bridge Funding Period January 2021 - June 2021			Admin % of Total
	2018	2019	2020	Q 1 - 2021	Q 2 - 2021		
Total	\$ 198,805,587	\$ 223,151,718	\$ 231,913,662	Energy Efficiency	\$30,180,000	\$30,180,000	
				Administrative	\$3,353,333	\$3,353,333	10%
				Unspent Funds	N/A	N/A	
					\$ 33,533,333	\$33,533,333	
				Total Bridge Funding Amount \$ 67,066,667			

1. Authorized budget is shown as approved by Energy Division Disposition Approving SoCalGas' Advice Letter 5325, dated December 19, 2018.

2. Total of Energy Efficiency category to include all subcategories shown on Table 1 an 1a of SoCalGas' ESA Annual Report.

3. Total Administrative categories include the "below the line" information shown on Table 1 and 1a of SoCalGas' ESA Annual Report.

Table 2 – Proposed ESA Program Homes Retreatment Goal

	Program Years 2018 - 2020 ¹							Bridge Period January 2021 - June 2021	
	Authorized ¹	Actual ²	Authorized	Projection ³	Authorized	Projection	Total	Projection	Projection
	2018	2019	2019	2020	2020	2020		Q 1 - 2021	Q 2 - 2021
First-Time Treatment	116,592	40,998	153,659	61,335	159,780	327,698	430,031	NA	NA
Retreatment	53,318	58,459	28,606	40,136	31,406	14,735	113,330	30,000	30,000
Total Home Treatment	169,910	99,457	182,265	101,471	191,186	342,433	543,361	30,000	30,000

1. Authorized homes treated as approved by Energy Division Disposition Approving SoCalGas' Advice Letter 5325, dated December 19, 2018.

2. Annual home treatments reported in Low Income Annual Report filed with California Public Utilities Commission on May 1, 2019.

3. Reflects actual home treatments through June 2019 as reported in Monthly Report dated July 21, 2019 and projections from July through December 2019.

Interim Progress Milestone

OP 4 of D.19-06-022 sets an interim progress milestone at "half the bridge retreatment goal" and directs the IOUs to submit an AL on April 15, 2021 to document retreatments and budgets associated with the interim progress milestone. Energy Division (ED) will reject the AL if the IOU fails to demonstrate it 1) has met the interim progress milestone with ESA bridge funds; or 2) the fraction of remaining bridge budget for retreatments is less than the fraction of remaining retreatments necessary to meet the bridge retreatment goal.

SoCalGas requests ED approve an interim progress milestone of 30,000 homes treated through March 31, 2021, or 50% of the total goal requested for the bridge period, corresponding to D.19-06-022.⁶ Over the last five years, on average, 31% of homes treated during the first six-month period are reported through March 31. This is because, as described above, homes treated are reported only based on submitted, reviewed, and approved invoices. First-quarter treated units reported in the March year-to-date monthly reports reflect work performed that have been invoiced and approved. Because of the time to submit invoices, review them, and approve them, some work performed in the last few weeks of the first quarter is not reflected in the March year-to-date report.

In order to account for this discrepancy, SoCalGas proposes to provide a treated unit report in its April 15, 2021 AL based on an assessment of work completed in the field through March 31, 2021. This procedure will correspond to and be conducted in conjunction with SoCalGas' financial accrual procedures – thus, the treated units shown in the AL will be in alignment with the March monthly report Table 1.

Protest

Pursuant to GO-96-B, General Rule 7.5.1, SoCalGas requests that the Commission maintain the original protest and comment periods designated in AL 5501 and waive the protest period for this supplemental submittal. The modifications included within this supplemental AL do not make substantive changes that would affect the overall evaluation of the AL.

Effective Date

SoCalGas believes this AL is subject to Energy Division disposition and should be classified as Tier 1 (effective pending disposition) pursuant to General Order (GO) 96-B. It is in compliance with D.19-06-022. Therefore, SoCalGas respectfully requests that it be made effective on November 27, 2019, which is the date submitted.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list in A.14-11-007. Address change requests to the GO 96-B should be directed via e-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 via e-mail at process_office@cpuc.ca.gov.

⁶ D.19-06-022, at 12.

Ronald van der Leeden
Director - Regulatory Affairs

Attachments



ADVICE LETTER SUMMARY

ENERGY UTILITY



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

Company name/CPUC Utility No.:

Utility type:

ELC GAS WATER
 PLC HEAT

Contact Person:

Phone #:
E-mail:
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type: Monthly Quarterly Annual One-Time Other:

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? Yes No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required? Yes No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

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:

Service affected and changes proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss in AL if more space is needed.

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

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

Name:
Title:
Utility Name:
Address:
City: State:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Name:
Title:
Utility Name:
Address:
City: State:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

ATTACHMENT A

Advice No. 5501-A

SoCalGas ESA Program Proposed Bridge Funding

January 1, 2021 – June 30, 2021

ESA Program Bridge Funding - Jan 2021 - June 2021	
Energy Efficiency	Total Budget
Appliances	\$ 5,280,106
Domestic Hot Water	\$ 10,513,576
Enclosure	\$ 19,634,219
HVAC	\$ 7,452,777
Maintenance	\$ 1,307,667
Miscellaneous	\$ -
Customer Enrollment	\$ 12,714,637
In Home Education	\$ 3,427,883
Pilot	\$ 29,134
Energy Efficiency TOTAL	\$ 60,360,000
Training Center	\$ 380,663
Inspections	\$ 2,993,271
Marketing and Outreach	\$ 511,449
Statewide ME&O	\$ -
M&E Studies	\$ 84,655
Regulatory Compliance	\$ 234,793
General Administration	\$ 2,464,260
CPUC Energy Division	\$ 37,576
TOTAL PROGRAM COSTS	\$ 67,066,667