

## Manke, Adam P

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**From:** Kristjansson, Sue  
**Sent:** Tuesday, July 28, 2015 10:47 AM  
**To:** Rendler, Daniel  
**Subject:** FW: AGA Executive Committee Meeting Briefing Memo & Materials  
**Attachments:** DOE Furnace NOPR Cover Letter.pdf; DOE Furnace NOPR Comments.pdf; GTI Analysis.pdf; Negawatt Analysis.pdf

How's this?

Jan,

A little background on our SW team conversations on the DOE furnace rule. This furnace rule was discussed first at the planning session held in February in San Francisco. The SW team discussed the upcoming rulemaking and the managers agreed that this may be an occasion in which the utilities may not necessarily be on the same page. At that time Sue let the group know that SoCalGas would be doing an independent assessment of the planned rule to determine the impact on our customer. In mid-June at the C&S quarterly meeting Sue notified the C&S team that our preliminary analysis was reflecting a negative situation for our customers and that we would likely be opposing the rulemaking. We first received notification of PG&E's intent to file support documents on Tuesday, July 7<sup>th</sup> – just prior to the filing deadline of July 10<sup>th</sup>. We were actually unaware that PG&E was conducting an independent analysis until that point.

SoCalGas became engaged in the DOE proposed rulemaking earlier this year. We did some research into the background behind this rule and found that it has a long history including successful litigation filed by APGA in 2011, that validated the fact that the DOE's issuance of a direct final rule (DFR) was inappropriate and outside their scope of authority. By the time we took up the issue, the AGA had already been working with GTI for several years on assessing the DOE's analysis to determine if this was of true benefit to natural gas consumers across the country. SoCalGas decided not to rely solely on the GTI analysis so we commissioned an independent analysis using the DOE's own inputs as our basis first and then corrected with SoCalGas specific data. The outcome of our independent analysis was similar to the GTI analysis in that moving to a 92% AFUE furnace in Southern California is not cost effective for any of our customers with either the DOE's own data or the data we found to be true in our service territory. I've attached the letter and report we submitted to the DOE for your reference.

The AGA is opposed to this rulemaking and has been trying to introduce legislation that would suspend the rulemaking and instruct the DOE to form an exploratory committee to do a much deeper dive on the topic.

SoCalGas is opposing this rulemaking on behalf of our customers for a number of reasons – all of which are included in our report.

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**From:** Kristjansson, Sue  
**Sent:** Monday, July 27, 2015 3:13 PM  
**To:** Rendler, Daniel  
**Subject:** RE: AGA Executive Committee Meeting Briefing Memo & Materials

Here is a proposed response to Jan:

Jan,

SoCalGas became engaged in the DOE proposed rulemaking earlier this year. We did some research into the background behind this rule and found that it has a long history including successful litigation filed by APGA in 2011, that validated the fact that the DOE's issuance of a direct final rule (DFR) was inappropriate and outside their scope of authority. By the time we took up the issue, the AGA had already been working with GTI for several years on assessing the DOE's analysis to determine if this was of true benefit to natural gas consumers across the country. SoCalGas decided not to rely solely on the GTI analysis so we commissioned an independent analysis using the DOE's own inputs as our basis first and then corrected with SoCalGas specific data. The outcome of our independent analysis was similar to the GTI analysis in that moving to a 92% AFUE furnace in Southern California is not cost effective for any of our customers with either the DOE's own data or the data we found to be true in our service territory. I've attached the letter and report we submitted to the DOE for your reference.

The AGA is opposed to this rulemaking and has been trying to introduce legislation that would suspend the rulemaking and instruct the DOE to form an exploratory committee to do a much deeper dive on the topic.

SoCalGas opposes this rulemaking on behalf of our customers for a number of reasons – all of which are included in our report.

I hope this helps – let me know if you have any additional questions.

**Sue Kristjansson**  
**Codes and Standards and ZNE Manager**  
**Southern California Gas Co.**  
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**From:** Rendler, Daniel  
**Sent:** Monday, July 27, 2015 1:31 PM  
**To:** Kristjansson, Sue  
**Subject:** FW: AGA Executive Committee Meeting Briefing Memo & Materials

Your suggested response (which I presume will include the letter Rodger sent?)  
Dan

**Daniel J. Rendler**  
*Director, Customer Programs & Assistance*  
*Southern California Gas Company*  
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**From:** Berman, Janice S [<mailto:JSBa@pge.com>]  
**Sent:** Monday, July 27, 2015 1:01 PM  
**To:** Rendler, Daniel  
**Subject:** FW: AGA Executive Committee Meeting Briefing Memo & Materials

Dan,  
My Gas VP has asked for a briefing on this issue, as PG&E is a bit of an outlier relative to other AGA Utilities. Where is SoCal on this?  
--Jan

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**From:** Eilert, Patrick L

**Sent:** Monday, July 27, 2015 11:34 AM

**To:** Johnson, Aaron; Berman, Janice S; Hunt, Marshall; Zelmar, Karen; Davis, Vincent

**Cc:** Alegre, Roenna B.; Washington, Dana; Hunt, Marshall

**Subject:** RE: AGA Executive Committee Meeting Briefing Memo & Materials

All:

The DOE furnace letter is attached. As you will see, the letter is based on substantial research and analysis.

Pat

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<http://www.pge.com/en/about/company/privacy/customer/index.page>

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