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November 22, 2017

Advice No. 5183-A  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Supplement - Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018**

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (Commission) its 2018 Energy Efficiency (EE) Program Portfolio budget. The EE Program Portfolio, along with supporting documentation, is incorporated as Appendix A, which have been uploaded to the California Energy Data and Reporting System (CEDARS) website.<sup>1</sup>

**Purpose**

This supplemental filing replaces in its entirety Advice Letter No. (AL) 5183, Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018, filed on September 1, 2017. This supplemental filing is pursuant to the Energy Division request to supplement AL 5183 to include the following:<sup>2</sup>

- New cost-effectiveness showing using Cost Effectiveness Tool (CET) version 18.1, released September 25, 2017 and includes interim greenhouse gas (GHG) adder; and
- 2018 goals as established in D.17-09-025.

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<sup>1</sup> <https://cedars.sound-data.com>.

<sup>2</sup> On October 30, 2017, the Commission's Energy Division issued a letter (Energy Division Letter) requesting such information.

This supplemental filing also requests an increase to SoCalGas' Energy Efficiency Portfolio Budget for 2018. Following the direction of the Commission<sup>3</sup> and Energy Division, SoCalGas designates AL 5183-A as a Tier 3 AL.

### **Background**

On October 24, 2014, the Commission issued Decision (D.) 14-10-046, which authorizes funding for EE programs until 2025.<sup>4</sup> On October 22, 2015, the Commission issued D.15-10-028, which approved the EE rolling portfolio mechanics for 2016 and beyond, and explained that annual AL filings will propose detailed budgets for cost recovery, transfer, and contracting purposes.<sup>5</sup>

On October 2, 2017, the Commission issued D.17-09-025, which adopted new energy savings goals for ratepayer-funded energy efficiency program portfolios for 2018 and beyond. On September 25, 2017 SoCalGas filed a motion for relief to file an amended Business Plan to seek incremental funding to meet the Commission's increased gas energy efficiency goals.

On October 30, 2017, SoCalGas received a letter from Energy Division, which in addition to requesting this supplemental AL, stated, "In instances where SoCalGas proposes to increase a program budget, it will provide related evidence of whether and how the budget increase will lead to increased savings from that program. D.14-10-046 sets a maximum annual budget and to exceed that budget requires commission approval. A tier 3 advice letter, properly noticed, is an appropriate vehicle to request an increase in the budget limit."

On November 13, 2017, ALJ Fitch issued an e-mail ruling denying SoCalGas' motion to amend its Business Plan. In that ruling, the ALJ also stated, "Finally, in its procedural email requesting an update on timing of ruling on its motion, SoCalGas mentioned direction from Commission staff with respect to supplementing the 2018 budget advice letter filings to reflect the updated energy savings goals. This supplemental advice letter filing may be an avenue for SoCalGas to pursue in the interim prior to further Commission direction with respect to updating the business plans, anticipated in the form of a decision in this proceeding."

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<sup>3</sup> On November 13, 2017, Administrative Law Judge (ALJ) Julie A. Fitch issued an e-mail ruling finding it reasonable for SoCalGas to file a Tier 3 AL to reflect updated energy savings goals and seek budget changes.

<sup>4</sup> D.14-10-046, p. 167.

<sup>5</sup> D.15-10-028, p. 56.

## **Compliance Items**

In compliance with the Budget Filing Appendices 2018 guidance provided by Energy Division,<sup>6</sup> this AL contains the requested details, as shown in Appendix A, including the following: (1) application summary tables with forecast budgets by sector and program; and (2) incorporation of reductions and/or increases in program or sector budgets.

Appendix A has been uploaded to the CEDARS website and will be made available on <http://www.socalgas.com/regulatory/R13-11-005.shtml>. Appendix B of this AL provides the CEDARS Filing Confirmation which was printed from the confirmation dashboard upon confirmed completion of the filing through CEDARS.

SoCalGas presents in this supplemental filing a single portfolio and budget which achieves the Commission's 1.25 threshold<sup>7</sup> for portfolio cost-effectiveness and the 2018 goals as established in D.17-09-025. Given the disproportionate impact of the 2018 goals update for natural gas energy efficiency, SoCalGas believes this approach is the most appropriate to meet the Commission's prospective portfolio requirements and goals set forth. Additionally, this supplemental filing provides comparative cost-effectiveness information, where appropriate, regarding the impact of the interim GHG adder in the avoided cost calculator to SoCalGas' September 1, 2017 filed portfolio and budget.

## **Program Funding Levels**

As was the case for the SoCalGas 2015 program year budget request and approved in D.14-10-046, the 2018 funding request does not include the program budget for the SoCalGas Statewide Marketing, Education & Outreach (ME&O) program, nor the 2018 program budget for the Statewide Financing Pilots. The program year 2018 budgets for these programs were approved in D.16-09-020 and D.13-09-044, respectively. Additionally, D.17-03-026 separated the Statewide Financing Pilots from the EE portfolio.

The Southern California Regional Energy Network (SoCalREN) is submitting its own AL to implement its programs and associated budget.<sup>8</sup> The SoCalREN budget shown in Table 1 reflects the funds originally authorized under D.14-10-046.

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<sup>6</sup> Amy Reardon, Energy Division: "Updated Budget Filing Appendices 2018," August 2, 2017, E-mail.

<sup>7</sup> See D.14-10-046 Section 3.9.1 Summary of Budget (pp. 104-109): "The TRC and PAC estimates are to exceed a 1.0 cost-effectiveness threshold for 2015: rather than the 1.25 we usually require, and will require for subsequent years."

<sup>8</sup> SoCalGas requests that the SoCalREN AL should be used as the source of information to reflect the SoCalREN 2018 energy efficiency portfolio/compliance filing.

**Table 1: 2018 EE Portfolio Budgets**

<b>Program Area</b>	<b>Total Funds</b> (\$000,s)
Residential	\$ 29,973
Commercial	\$ 12,812
Industrial	\$ 19,407
Agricultural	\$ 3,164
Codes and Standards	\$ 843
Financing	\$ 2,264
<b>Subtotal Statewide Resource programs</b>	<b>\$ 68,463</b>
Third Party Programs	\$ 16,376
State and Local Government Partnerships	\$ 4,846
<b>Subtotal Other Resource programs</b>	<b>\$ 21,222</b>
Emerging Technologies	\$ 1,272
Workforce, Education, and Training	\$ 3,129
Marketing, Education, and Outreach	N/A
Integrated Demand Side Management	\$ 582
Others	\$ 978
<b>Subtotal Statewide Non-Resource programs</b>	<b>\$ 5,962</b>
SoCalREN	\$ 4,337
<b>Total All Programs</b>	<b>\$ 99,984</b>
Evaluation, Measurement, and Verification	\$ 4,166
<b>Grand Total</b>	<b>\$ 104,150</b>
Notes:	
1. Minor difference exist by program area due to rounding	
2. Table does not include SW ME&O program funds authorized in D.16-09-020	
3. Table does not include SW Financing Pilots program funds authorized in D.13-09-044	

**Updates to SoCalGas' Portfolio Budget**

SoCalGas' approved Energy Efficiency Portfolio budget for program years 2017 and prior was \$83.7 million.<sup>9</sup> The newly adopted savings goals in D.17-09-025 represents a significant increase to the 2018 energy savings goals for SoCalGas from 13.4 million net therms to 20.27 million net therms in 2018,<sup>10</sup> an increase of 54% compared to the

<sup>9</sup> As provided in D.15-10-028, SoCalGas' Business Plan budget represents its best estimates of spending for the life of the Business Plan. See D.15-10-028, p. 55.

<sup>10</sup> SoCalGas' net savings goals without Codes & Standards derived from incremental net market potential for the SoCalGas territory in the 2018 Potential Goal Study results viewer, retrieved at <ftp://ftp.cpuc.ca.gov/gopher->

projected savings contained in SoCalGas' 2018 portfolio budget, and a total increase of 62% over the life of the Business Plan for program years 2018 through 2025, filed January 17, 2017. As such, SoCalGas requests an increase of \$20.4 million in 2018 to accommodate the increase in energy efficiency activity needed to achieve the incremental potential identified in the newly adopted savings goals. Table 1 above reflects SoCalGas' proposed portfolio budget for program year 2018.

Additional program level budget detail is provided in Appendix A on the CEDARS website.

The changes in SoCalGas' amended budget are specifically made to the following sectors: Residential, Commercial, Industrial, and Evaluation, Measurement, and Verification (EM&V).<sup>11</sup>

### Residential Sector

SoCalGas seeks an increase to the Residential Sector budget of \$10 million in 2018 to support the 1.78 million net therm increase identified in the Energy Efficiency Potential and Goals Study for 2018 and Beyond (2018 Potential Study) when compared to SoCalGas' filed Business Plan.<sup>12</sup> The majority of increase in natural gas savings potential in the residential sector comes from the incorporation of behavior programs. According to the analysis conducted by Navigant in the 2018 Potential Study, this increase in natural gas savings potential will require approximately an additional \$20 million in funding for behavioral programs every year over the life of the Business Plan for program years 2018 through 2025. The analysis did not account for a transition from SoCalGas' current Advanced Meter Infrastructure (AMI) pilot program to a full program in the energy efficiency program portfolio. Currently, behavioral savings are funded through the SoCalGas Advanced Meter project, D.10-04-027, and upon completion of the Advanced Meter project at the end of 2017, SoCalGas will incorporate successful behavioral programs and techniques into the energy efficiency portfolio.

As a result of the learnings from SoCalGas' AMI behavior programs, SoCalGas believes that it can deliver residential behavior programs more cost-effectively than the analysis contained in the 2018 and Beyond Potential Goals and Study. In addition to the funding

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[data/energy\\_division/EnergyEfficiency/DAWG/2018\\_PG%20Study%20Results%20Viewer%20Final%20Public\\_092517.xlsx](ftp://ftp.cpuc.ca.gov/gopher-data/energy_division/EnergyEfficiency/DAWG/2018_PG%20Study%20Results%20Viewer%20Final%20Public_092517.xlsx). See D.17-09-025 Section 2.1 Realistic, Aggressive Yet Achievable Goals regarding the use of market potential to set post 2017-goals (p. 7).

<sup>11</sup> Changes to EM&V are made to meet the Commission requirements set forth in D.14-10-046 which direct 4% of program administrators' budgets be set aside for EM&V.

<sup>12</sup> 2018 Residential sector savings target of 3.98 million net therms as identified in the total incremental market potential for SoCalGas of the 2018 Potential Goal Study results viewer, retrieved at [ftp://ftp.cpuc.ca.gov/gopher-data/energy\\_division/EnergyEfficiency/DAWG/2018\\_PG%20Study%20Results%20Viewer%20Final%20Public\\_092517.xlsx](ftp://ftp.cpuc.ca.gov/gopher-data/energy_division/EnergyEfficiency/DAWG/2018_PG%20Study%20Results%20Viewer%20Final%20Public_092517.xlsx). 2018 Residential sector savings target of 2.80 million net therms. SoCalGas, Energy Efficiency Business Plan, p. 67.

required to implement residential energy efficiency behavior programs, SoCalGas also requests additional funding to achieve non-behavior increases in residential potential. The incremental budget will be used to fund additional energy efficiency appliance rebates as well as implement residential direct install activities targeted at moderate income customers, hard to reach customers, and disadvantaged communities.

### Commercial Sector

SoCalGas seeks an increase to the Commercial Sector budget of \$1 million in 2018 to support additional behavioral energy savings potential identified in the 2018 Potential Study.<sup>13</sup> To ensure the commercial sector goals are achieved, the funding will be used to further enhance commercial behavior programs such as the Building Operator Certification which trains and educates commercial building operators about how to save energy by encouraging them to adopt energy-efficient behaviors and make building changes that reduce energy use. SoCalGas' AMI will be a major component of this certification. The commercial behavior activities will be coordinated with Workforce Education & Training.

### Industrial Sector

The 2018 Potential Study identified an increase the industrial sector goals by more than 4.1 million net therms when compared to SoCalGas' Business Plan.<sup>14</sup> In order to achieve this increase in potential, SoCalGas will require an additional \$8.4 million in 2018. The additional industrial sector budget will support an increase in third-party programs for SoCalGas' industrial mining customers in an effort to address the challenges encountered by the mining industry. In addition to supporting the mining industry, the incremental industrial budget will be used to reengage small to medium customers to implement a comprehensive resource acquisition strategy to capture greater energy savings.

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<sup>13</sup> 2018 Commercial sector behavioral savings target of 0.50 million net therms as identified in the incremental behavioral potential for SoCalGas of the 2018 Potential Goal Study results viewer, retrieved at [ftp://ftp.cpuc.ca.gov/gopher-data/energy\\_division/EnergyEfficiency/DAWG/2018\\_PG%20Study%20Results%20Viewer%20Final%20Public\\_092517.xlsx](ftp://ftp.cpuc.ca.gov/gopher-data/energy_division/EnergyEfficiency/DAWG/2018_PG%20Study%20Results%20Viewer%20Final%20Public_092517.xlsx).

<sup>14</sup> 2018 industrial and mining sector savings target of 9.27 million net therms as identified in the total incremental market potential for SoCalGas of the 2018 Potential Goal Study results viewer, retrieved at [ftp://ftp.cpuc.ca.gov/gopher-data/energy\\_division/EnergyEfficiency/DAWG/2018\\_PG%20Study%20Results%20Viewer%20Final%20Public\\_092517.xlsx](ftp://ftp.cpuc.ca.gov/gopher-data/energy_division/EnergyEfficiency/DAWG/2018_PG%20Study%20Results%20Viewer%20Final%20Public_092517.xlsx). 2018 Industrial sector savings target (which incorporates savings from the mining sector) of 5.15 million net therms. SoCalGas, Energy Efficiency Business Plan, p. 159.

SoCalGas Portfolio Energy Savings, Cost-Effectiveness, and Budget Caps/Targets

SoCalGas provides its energy savings forecast and portfolio cost-effectiveness (Table 2) and budget and budget caps/targets (Table 3) below:

**Table 2: 2018 EE Portfolio Energy Savings Goals and Portfolio Cost-Effectiveness<sup>15</sup>**

<b>With Codes &amp; Standards</b>			
	Energy Savings	Cost-Effectiveness	
	Net (Therms)	TRC	PAC
2018 Budget Filing Forecast	53,392,638	1.87	4.66
D.17-09-025	46,000,000		
% Forecast of Goal	116%		

<b>Without Codes &amp; Standards</b>			
	Energy Savings	Cost-Effectiveness	
	Net (Therms)	TRC	PAC
2018 Budget Filing Forecast	22,603,330	1.37	1.75
D.17-09-025	20,000,000		
% Forecast of Goal	113%		

The SoCalGas Total Resource Cost (TRC) and Program Administrator Cost (PAC) cost-effectiveness results reflect the inclusion of the following inputs:

- Uses the new cost-effectiveness showings in CET version 18.1, released September 25, 2017 and includes the interim GHG adder.
- A 5% market effects adjustment applied to the portfolio, as directed by D.12-11-015, OP 37.
- General Rate Case (GRC) loaders associated with the EE program labor, as directed by D.12-11-015, Ordering Paragraph (OP) 39.<sup>16</sup>
- A projected shareholder incentive amount associated with the approved portfolio budget and projected therm savings activity. This assumption conforms to the

<sup>15</sup> Information provided in Table 2 is based on SoCalGas' proposed budget for program year 2018.

<sup>16</sup> On January 11, 2012, Energy Division conveyed ALJ Fitch's direction that the GRC costs are to be included in calculating the prospective portfolio budget administration cap.



methodology adopted in the Efficiency Savings and Performance Incentive (ESPI) Mechanism in D.13-09-023.

**Table 3: 2018 EE Portfolio Budget and Budget Caps/Targets<sup>17</sup>**

Budgets							
	Admin	Marketing	Direct	Incentives	EM&V	Total Budget	
2018 EE Budget	\$ 9,271,372	\$ 5,755,116	\$ 38,376,677	\$ 42,243,408	\$ 4,166,000	\$ 99,812,573	
GRC Labor Loaders	\$ 5,578,957	\$ 150,700	\$ 1,099,653	\$ -	\$ -	\$ 6,829,310	
OBFL Loan Pool						\$ -	
New Financing Pilots	\$ 223,132	\$ 238,898	\$ 559,211	\$ 776,346		\$ 1,797,587	
Statewide ME&O		\$ 2,104,539				\$ 2,104,539	
Total EE Funding						\$ 110,544,010	
SoCalREN						\$ 4,337,000	
Total EE Funding w/SoCalREN						\$ 114,881,010	
Parameter Type	Cap	Target	Target		Budget		
Cap / Target Level	\$ 10,146,564	\$ 5,755,116	\$ 28,178,981	\$ 42,243,408	\$ 4,166,000		
Total Budget for Calculation	\$ 110,544,010	\$ 110,544,010	\$ 110,544,010	\$ 110,544,010	\$ 104,149,573		
Cap / Target Percent	9%	5%	25%	38%	4%		
Cap / Targets	10%	6%	20%	60%	4%		

Pursuant to OP 13 of D.09-09-047, the Commission determined that administrative costs are limited to 10% of the total authorized energy efficiency budget, and ME&O costs have a budget target of 6% of the adopted portfolio budget. SoCalGas has calculated its portfolio caps and targets for its 2018 portfolio and included them in Table 3 above.

SoCalGas notes the following assumptions:

- Funding for the SoCalGas On-Bill Financing Program loan pool recovered in gas transportation rates is included, but does not impact the calculations because the adopted level for 2018 is zero.
- Pursuant to D.13-12-038, the Statewide ME&O program costs are excluded from the marketing budget target.
- According to the direction contained in PG&E's AL 3356-G/4176-E, SoCalGas excluded those program costs<sup>18</sup> identified by Energy Division to be exempt from the cap and target calculation.<sup>19</sup>

<sup>17</sup> Information provided in Table 3 is based on SoCalGas' proposed budget for program year 2018.

<sup>18</sup> Pursuant to Energy Division, programs exempt from Direct Implementation Non-Incentive Budget (DINI) costs target include non-resource programs or subprograms (i.e., Emerging Technologies, Workforce Education and Training, Lighting Market Transformation, local and statewide Integrated Demand Side Management, Continuous Energy Improvement, Strategic Energy Resources, and Ozone Laundry) and other exempt programs (i.e., Codes and



- D.14-10-046, as corrected by D.15-01-002, adopted a SoCalGas EM&V budget of \$4,166,000, which is 4% of the total budget.

SoCalGas will report the status of its budget caps and targets based on actual expenditures in its quarterly reports submitted through the Commission's CEDARS website.

### **Program Closures**

As part of SoCalGas' updated portfolio, SoCalGas plans to close the following programs in 2018, shown in Table 4. These programs have been in the market for two to three years without any significant market penetration. Given the dynamic changes in EE and the lack of market acceptance within each of the programs respective sub segment, these programs are no longer viable.

**Table 4: SoCalGas Program Closures for Program Year 2018**

<b>Program Number</b>	<b>Main Program Name/Sub-Program Name</b>	<b>Reason for Program Closure</b>
SCG3796	3P-IDEEA365-ODE for Campus Housing	Due to a new Commercial Recirculation Pump Control Workpaper, the savings for this program were significantly reduced, to the point where the program could no longer be delivered in a cost-effective manner.
SCG3797	3P-IDEEA365-Energy Advantage Program for Small Business	The results of the program showed that the program's identification of energy savings were significantly low compared to the program expenditures. The program has delivered below goal results with increasing costs and declining cost-effectiveness for the past two consecutive years, a trend which continued through 2017.
SCG3799	3P-IDEEA365-HBEEP	The scope of the Historic Building Energy Efficiency Program (HBEEP) encompassed the recruitment and enrollment of historic building home owners into energy efficiency rebate

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Standards, and Finance programs), and non-resource DINI costs embedded in Government Partnerships.

<sup>19</sup> Disposition Approving PG&E's AL 3356-G/4176-E, at p. 5.

		and incentive programs (e.g., Home Upgrade/Advanced Home Upgrade Programs). As the Home Upgrade/advance Home Upgrade Programs ramp up, the HBEEP program will be incorporated and implemented as part of the Home Upgrade/Advanced Home Upgrade Programs.
SCG3800	3P-IDEEA365-Clear Ice	The program was intended to deliver gas savings from new and existing ice rinks but has not produced any projects since 2015. Since inception, the program has delivered below goal results with increasing costs.

### **Competitively-Bid Portfolio Programs to Third Party Vendors**

SoCalGas' proposed 2018 budget in Table 1 also includes \$34.3 million for competitively-bid third party implemented programs, which includes local third-party EE programs as well as third parties who implement SoCalGas' statewide EE programs. This constitutes 33% of the SoCalGas' total portfolio budget, which exceeds the Commission's current 20% requirement for competitively-bid programs.

### **September 1, 2017 filing Comparison**

The following portfolio energy savings and cost-effectiveness information regarding SoCalGas' September 1, 2017 filing have been provided in Table 5 identifying the impacts of the interim GHG adder in the avoided cost calculator update directed in D.17-08-022. While the portfolio and budget information of the September 1, 2017 filing meets the Commission's TRC threshold of 1.25 without codes and standards,<sup>20</sup> savings achieved are forecasted to be below the updated 2018 goals. This showing is provided for informational purposes only.

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<sup>20</sup> Energy Division Letter, p. 1.

**Table 5: September 1, 2017 Filing Information on 2018 EE Portfolio Energy Savings Goals and Portfolio Cost-Effectiveness****With Codes & Standards**

	Energy Savings	Cost-Effectiveness	
	Net (Therms)	TRC	PAC
2018 Budget Filing Forecast	47,968,816	1.91	5.37
D.17-09-025	46,000,000		
% Forecast of Goal	104%		

**Without Codes & Standards**

	Energy Savings	Cost-Effectiveness	
	Net (Therms)	TRC	PAC
2018 Budget Filing Forecast	17,179,508	1.34	1.74
D.17-09-025	20,000,000		
% Forecast of Goal	86%		

The SoCalGas TRC and PAC cost-effectiveness results reflect the inclusion of the following inputs:

- Uses the new cost effectiveness showings in CET version 18.1, released September 25, 2017 and includes interim GHG adder.
- A 5% market effects adjustment applied to the portfolio, as directed by D.12-11-015, OP 37.
- GRC loaders associated with the EE program labor, as directed by D.12-11-015, OP 39.<sup>21</sup>
- A projected shareholder incentive amount associated with the approved portfolio budget and projected therm savings activity. This assumption conforms to the methodology adopted in the ESPI Mechanism in D.13-09-023.

**Revenue Requirements**

The table below summarizes the revenue requirement impact by class of service. In addition, SoCalGas provides herein as Appendix B the Gas Bill Payer Impacts table comparing present and proposed rates associated with the inclusion of SoCalGas' proposed 2018 budget in its gas transportation rates.

**Table 6: Revenue Requirement by Customer Class**

Customer Class	Applicable Rate	Increase/(Decrease)
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<sup>21</sup> On January 11, 2012, Energy Division conveyed ALJ Fitch's direction that the GRC costs are to be included in calculating the prospective portfolio budget administration cap.

	<b>Schedules</b>	<b>(\$000s)</b>
Core	GR, GS, GM, GO-AC, G-NGVR, GL, G-10, G-AC, G-EN, G-NGV	\$17,157
Non-Core	GT-NC, GT-TLS	\$1,421
<b>Total</b>		<b>\$18,578</b>

### **Protests**

Anyone may protest this AL 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 AL, which is December 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 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@SemptraUtilities.com](mailto:ROrtiz@SemptraUtilities.com)

### **Effective Date**

In accordance with the Energy Division letter, this AL is designated as Tier 3 pursuant to General Order (GO) 96-B and, as such, requires a Commission resolution to approve. SoCalGas respectfully requests that this AL be approved by the Commission at the earliest opportunity, and made effective on October 2, 2017, which is 30 days from the date AL 5183 was filed.

**Notice**

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service lists for R.13-11-005 and A.17-01-013, et. al. Address change requests to the GO 96-B service list 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).

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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](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) #: 5183-A

Subject of AL: Supplement - Southern California Gas Company Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2018

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.17-09-025, D.09-09-047

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: 10/2/17

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.

## **APPENDIX A**

### **Advice No. 5183-A**

- Table 1: Bill Payer Impacts - Rates by Customer Class**
- Table 2a: Electric Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class**
- Table 2b: Gas Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class**
- Table 3: Budget and Cost Recovery by Funding Source**
- Table 4: Budget, Spent, Unspent, Carryover Details**
- Table 5: Total 2018 Requested and 2013-2017 Authorized Budgets**
- Table 6: Committed Energy Efficiency Program Funding Not Yet Spent**
- Table 7: 2016 Authorized and Spent/Unspent Detail**



PA Name: Southern California Gas Company  
Budget Year: 2018

Table 1: Bill Payer Impacts - Rates by Customer Class

	Electric Average Rate (Res and Non-Res) \$/kwh	Gas Average Rate (Res and Non-Res) \$/therm	Total Average Bill Savings by Year (\$)	Total Average Lifecycle Bill Savings (\$)
<b>Present Rates - System Average</b>				
2013	\$ -	\$ 0.97	\$ 25,170,200	\$ 254,241,085
2014	\$ -	\$ 1.16	\$ 31,505,918	\$ 338,528,091
2015	\$ -	\$ 1.16	\$ 29,661,771	\$ 187,282,582
2016	\$ -	\$ 1.10	\$ 39,684,666	\$ 187,073,863
2017	\$ -	\$ 1.10	\$ 41,798,315	\$ 342,082,144
<b>2018</b>	<b>\$ -</b>	<b>\$ 1.16</b>	<b>\$ 75,659,548</b>	<b>\$ 487,708,103</b>

[1] Average first year gas bill savings is calculated by multiplying an average gas rate with first year gross therm energy savings.

[2] Total Average Bill Savings by Year includes C&S and ESA Programs.

[3] Total Average Lifecycle Bill Savings does not include C&S and ESA programs.

[4] Total Average Lifecycle Bill Savings does not include C&S programs for 2016.

[5] Average lifecycle gas bill savings is calculated by multiplying an average gas rate with lifecycle gross therm energy savings.

[6] Forecasted savings for 2013-2015 savings are taken from the 2015 energy efficiency annual report.

[7] Forecasted savings for 2016 savings are taken from the 2016 energy efficiency annual report.

Table 2a: Electric Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class

Customer Classes	2016 Total Electric Annual Revenue \$'000	2016 Energy Efficiency Portion of Total Electric Annual Revenue \$'000	2017 Energy Efficiency Portion of Total Electric Annual Revenue \$'000	2018 Proposed Energy Efficiency Electric Annual Revenue Change \$'000	2018 Proposed Percentage Change In Electric Revenue and Rates	2016 Electric Average Rate \$/kwh	2016 Energy Efficiency Portion of Electric Average Rate \$/kwh	2017 Electric Average Rate \$/kwh	2017 Energy Efficiency Portion of Electric Average Rate \$/kwh	2018 Proposed Electric Average Rate Change \$/kwh	2018 Proposed Percentage Change In Electric Revenue and Rates
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Table 2b: Gas Bill Payer Impacts - Current and Proposed Revenues and Rates, Total and Energy Efficiency, by Customer Class

Customer Classes	2016 Total Gas Annual Revenue \$'000	2016 Energy Efficiency Portion of Total Gas Annual Revenue \$'000	2017 Energy Efficiency Portion of Total Gas Annual Revenue \$'000	2018 Proposed Energy Efficiency Gas Annual Revenue Change \$'000	2018 Proposed Percentage Change In Gas Revenue and Rates	2016 Gas Average Rate \$/Therm	2016 Energy Efficiency Portion of Gas Average Rate \$/Therm	2017 Gas Average Rate \$/Therm	2017 Energy Efficiency Portion of Gas Average Rate \$/Therm	2018 Proposed Gas Average Rate Change \$/Therm	2018 Proposed Percentage Change In Gas Revenue and Rates
Residential	\$ 218,385	\$ 33,837	\$ 33,890	\$ 41,183	21.5%	\$ 0.0955	\$ 0.01542	\$ 0.0942	\$ 0.01491	\$ 0.0930	3.0%
Core Commercial/Industrial	\$ 69,289	\$ 44,276	\$ 44,345	\$ 53,888	21.5%	\$ 0.07127	\$ 0.04554	\$ 0.07134	\$ 0.04388	\$ 0.06943	13.2%
Gas Air Conditioning	\$ 84	\$ 64	\$ 64	\$ 77	21.5%	\$ 0.10142	\$ 0.07720	\$ 0.10906	\$ 0.08260	\$ 0.01778	16.3%
Gas Engine	\$ 1,261	\$ 851	\$ 852	\$ 1,036	21.5%	\$ 0.07518	\$ 0.05073	\$ 0.06834	\$ 0.04117	\$ 0.00886	13.0%
Non-Core Commercial/Industrial	\$ 431,881	\$ 6,544	\$ 6,555	\$ 7,965	21.5%	\$ 0.02811	\$ 0.00426	\$ 0.03042	\$ 0.00433	\$ 0.00093	3.1%

- [1] Proposed Change in Annual Revenue for Energy Efficiency programs as compared to current Energy Efficiency Revenue by customer class.  
[2] Represents the change in the amounts collected through the Public Purpose Program Surcharge for Energy Efficiency.  
[3] Proposed Change in the Energy Efficiency Component of the Public Purpose Program Surcharge by customer class.  
[4] Represents the % change in the Energy Efficiency component of the Public Purpose Program Surcharge.  
[5] Proposed revenue and rate changes compare to total revenues and rates effective January 1, 2017.  
[6] Values shown associated with proposed 2018 SoCalGas EE budget to be collected in rates only. Does not include statewide ME&O budget.

PA Name: Southern California Gas Company  
Budget Year: 2018

Table 3: Budget and Cost Recovery by Funding Source

	2018
2018 EE Portfolio Budget	\$ 104,149,573
Unspent/Uncommitted EM&V Carryover Funds from 2016	\$ -
Unspent/Uncommitted Program Carryover Funds from 2016	\$ -
<b>Total Funding Request for 2018 EE Portfolio</b>	<b>\$ 104,149,573</b>

Budget by Funding Source

2018 Authorized (Before Carryover)	2018 Budget	Allocation
Electric Procurement EE Funds	\$ -	
Gas PPP Surcharge Funds	\$ 104,149,573	100%
<b>Total Funds</b>	<b>\$ 104,149,573</b>	

Revenue Requirement for Cost Recovery by Funding Source

2018 Authorized Funding in Rates (including 2015 carryover)	2018 Revenue Requirement	Allocation after Carryover adjustment
Electric Procurement EE Funds	\$ -	\$ -
Gas PPP Surcharge Funds	\$ 104,149,573	\$ 104,149,573
<b>Total Funds</b>	<b>\$ 104,149,573</b>	<b>\$ 104,149,573</b>

Unspent/Uncommitted Carryover Funds (in positive \$ amounts)

Total Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016				\$ -	\$ -
2013-2015				\$ -	\$ -
<b>Total Pre-2016</b>				<b>\$ -</b>	<b>\$ -</b>

EM&V Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016				\$ -	\$ -
2013-2015				\$ -	\$ -
<b>Total Pre-2016</b>				<b>\$ -</b>	<b>\$ -</b>

Program Unspent/Uncommitted Funds	Electric PGC	Electric Procurement	Total Electric	Gas	Total
2016				\$ -	\$ -
2013-2015				\$ -	\$ -
<b>Total Pre-2016</b>				<b>\$ -</b>	<b>\$ -</b>

Table 4: Budget, Spent, Unspent, Carryover Details

[illegible]

2018). The requested budget for FY2018 does not include the program budget for the SoCalGas Statewide Monitoring, Education & Outreach (ME&O) program or the 2018 program budget for the Statewide Planning Funds. The program year 2018 budgets for these programs were approved in D-13-09-044 and D-16-49-020, respectively. SCG considers 2016 and 2017 to be a baseline period to 2015-2017. Program code:

d) SCG considers 2016 and 2017 to be abridge period to 2013-2017 Program cycle.

**PA Name: Southern California Gas Company**  
**Budget Year: 2018**

**Table 5: Total 2018 Requested and 2013-2017 Authorized Budgets (\$000)**

Category (2013-17 Authorized <sup>1</sup> and 2018 Request)	Electric Demand Response Funds	Electric Energy Efficiency Funds	Natural Gas Public Purpose Funds	Total Energy Efficiency Funds
2013-2015 Annualized Program Funds - Utility			\$ 79,470	\$ 79,470
2013-2015 Annualized Program Funds - REN			\$ 4,390	\$ 4,390
2013-2015 Annualized Program Funds - CCA			\$ -	\$ -
2013-2015 Annualized EM&V			\$ 3,550	\$ 3,550
<b>2013-2015 Total Annualized Portfolio</b>			\$ 87,410	\$ 87,410
2016 Program Funds - Utility			\$ 76,019	\$ 76,019
2016 Program Funds - REN			\$ 4,337	\$ 4,337
2016 Program Funds - CCA			\$ -	\$ -
2016 EM&V			\$ 3,348	\$ 3,348
<b>2016 Annualized Total</b>			\$ 83,704	\$ 83,704
2017 Program Funds - Utility			\$ 76,019	\$ 76,019
2017 Program Funds - REN			\$ 4,337	\$ 4,337
2017 Program Funds - CCA			\$ -	\$ -
2017 EM&V			\$ 3,348	\$ 3,348
<b>2017 Annualized Total</b>			\$ 83,704	\$ 83,704
2018 Requested Program Funds - Utility			\$ 95,647	\$ 95,647
2018 Requested Program Funds - REN			\$ 4,337	\$ 4,337
2018 Requested Program Funds - CCA			\$ -	\$ -
2018 Requested EM&V			\$ 4,166	\$ 4,166
<b>2018 Total Portfolio Request</b>			\$ 104,150	\$ 104,150

[1] Authorized budget excludes reductions from past unspent funds, carryover and is consistent with funding approved in D. 09-09-047, D. 12-11-015, D.14-10-046 and D.15-10-028.

**PA Name: Southern California Gas Company**  
**Budget Year: 2018**

**Table 6: Committed Energy Efficiency Program Funding Not Yet Spent**

Committed funds not yet spent (\$000)		Electric Procurement Funds	Natural Gas Public Purpose Funds	Total
Category				
2013-2015 EM&V Funds			\$ 7,372	\$ 7,372
2013-2015 Program Funds - Utility			\$ 56,522	\$ 56,522
2013-2015 Program Funds - REN			\$ 6,197	\$ 6,197
2013-2015 Program Funds - CCA			\$ -	\$ -
2016 EM&V Funds			\$ 87	\$ 87
2016 Program Funds - Utility			\$ 3,171	\$ 3,171
2016 Program Funds - REN			\$ (2,390)	\$ (2,390)
2016 Program Funds - CCA			\$ -	\$ -
2017 to date EM&V Funds			\$ 1,871	\$ 1,871
2017 to date Program Funds - Utility			\$ 51,039	\$ 51,039
2017 to date Program Funds - REN			\$ (6,704)	\$ (6,704)
2017 to date Program Funds - CCA			\$ -	\$ -
<b>Total</b>			\$ 117,165	\$ 117,165

PA Name: Southern California Gas Company  
 Budget Year: 2018

Table 7: 2016 Authorized and Spent/Unspent Detail

Authorized, spent and unspent program funds (excludes EM&V) (\$000)		Electric Procurement Funds	Natural Gas Public Purpose Funds	Total
Category				
2016 Annualized Authorized Program Budget			\$ 80,356	\$ 80,356
2016 Actual Spent			\$ 79,574	\$ 79,574
2016 Unspent				
2016 Committed funds			\$ 782	\$ 782
2016 Unspent/uncommitted - estimated available for 2018			\$ -	\$ -



**APPENDIX B**

**Advice No. 5183-A**

**CEDARS Filing Submission Receipt**

## CEDARS FILING SUBMISSION RECEIPT

The SCG portfolio filing has been submitted and is now under review. A summary of the filing is provided below.

PA: Southern California Gas (SCG)

Filing Year: 2018

Submitted: 18:50:11 on 21 Nov 2017

By: Paul Deang

Advice Letter Number: 5183-A

### \* Portfolio Filing Summary \*

- TRC: 1.874
- PAC: 4.6576
- TRC (no admin): 2.5227
- PAC (no admin): 12.9066
- RIM: 4.6576
- Budget: \$99,812,573.28

### \* Programs Included in the Filing \*

- SCG3701: RES-Energy Advisor
- SCG3702: RES-Plug Load and Appliances
- SCG3703: RES-Plug Load and Appliances - POS
- SCG3704: RES-MFEER
- SCG3705: RES-Home Upgrade Program
- SCG3706: RES-Residential HVAC
- SCG3707: RES-RNC
- SCG3708: COM-Energy Advisor
- SCG3709: COM-CEI
- SCG3710: COM-Calculated Incentives
- SCG3711: COM-Deemed Incentives
- SCG3712: COM-NonRes HVAC
- SCG3713: IND-Energy Advisor
- SCG3714: IND-CEI
- SCG3715: IND-Calculated Incentives
- SCG3716: IND-Deemed Incentives
- SCG3717: AG-Energy Advisor

- SCG3718: AG-CEI
- SCG3719: AG-Calculated Incentives
- SCG3720: AG-Deemed Incentives
- SCG3721: ET-Technology Development Support
- SCG3722: ET-Technology Assessment Support
- SCG3723: ET-Technology Introduction Support
- SCG3724: C&S-Building; Codes & Compliance Advocacy
- SCG3725: C&S-Appliance; Standards Advocacy
- SCG3726: C&S-Compliance; Enhancement
- SCG3727: C&S-Reach; Codes
- SCG3728: C&S-Planning; Coordination
- SCG3729: WE&T-Centergies;
- SCG3730: WE&T-Connections;
- SCG3731: WE&T-Strategic; Planning
- SCG3733: SW-ME&O-ME;&O;
- SCG3734: IDSM-IDSM
- SCG3735: FIN-On-Bill Financing
- SCG3736: FIN-ARRA-Originated Financing
- SCG3737: FIN-New Financing Offerings
- SCG3738: LInstP-CA Department of Corrections Partnership
- SCG3739: LInstP-California Community College Partnership
- SCG3740: LInstP-UC/CSU/IOU Partnership
- SCG3741: LInstP-State of CA/IOU Partnership
- SCG3742: LGP-LA Co Partnership
- SCG3743: LGP-Kern Co Partnership
- SCG3744: LGP-Riverside Co Partnership
- SCG3745: LGP-San Bernardino Co Partnership
- SCG3746: LGP-Santa Barbara Co Partnership
- SCG3747: LGP-South Bay Cities Partnership
- SCG3748: LGP-San Luis Obispo Co Partnership
- SCG3749: LGP-San Joaquin Valley Partnership
- SCG3750: LGP-Orange County Cities Partnership
- SCG3751: LGP-SEEC Partnership
- SCG3753: LGP-Desert Cities Partnership
- SCG3754: LGP-Ventura County Partnership
- SCG3755: LGP-Local Government Energy Efficiency Pilots
- SCG3757: 3P-Small Industrial Facility Upgrades
- SCG3758: 3P-PREPPS
- SCG3759: 3P-On Demand Efficiency
- SCG3760: 3P-HERS Rater Training Advancement
- SCG3762: 3P-CLEO
- SCG3763: 3P-MF Direct Therm Savings

- SCG3764: 3P-LivingWise
- SCG3765: 3P-Manufactured Mobile Home
- SCG3768: 3P-CA Sustainability Alliance
- SCG3769: 3P-PoF
- SCG3770: 3P-PACE
- SCG3771: 3P-Innovative Designs for Energy Efficiency Activities (IDEEA365)
- SCG3772: EM&V-Evaluation; Measurement & Verification
- SCG3773: LGP-New Partnership Programs
- SCG3774: LGP-LG Regional Resource Placeholder
- SCG3775: CRM
- SCG3776: LGP-Gateway Cities Partnership
- SCG3777: LGP-San Gabriel Valley COG Partnership
- SCG3779: LGP-West Side Community Energy Partnership
- SCG3783: LGP-Western Riverside Energy Partnership
- SCG3793: 3P-IDEEA365-Instant Rebates! Point-of-Sale Foodservice Rebate Program
- SCG3798: 3P-IDEEA365-Connect
- SCG3801: LGP-North Orange County Cities Partnership
- SCG3802: LGP-San Bernardino Regional Energy Partnership
- SCG3803: SW-FIN-California Hub for EE Financing
- SCG3804: 3P-IDEEA365-On-Premise Ozone Laundry
- SCG3805: SW-COM-Direct Install Program
- SCG3806: Water AMI Pilot
- SCG3807: COM-HOPPS-CRR Program
- SCG3808: RES-HOPPS-CWHMBS Program
- SCG3809: COM-AB793-CEMTL Program
- SCG3810: RES-AB793-REMTS Program
- SCG-ESAP: Energy Savings Assistance Program
- SCG-ESPI: ESPI Incentives
- SCG-GRCL: GRC Labor Loaders