Application No: A.12-07-XXX
Exhibit No: SDG&E
Witness: Athena Besa

Application of San Diego Gas & Electric Company (U-902-M) for Approval of Electric and Natural Gas Energy Efficiency Programs and Budgets for Years 2013 through 2014	Application 12-07- xxx

CHAPTER III

PREPARED DIRECT TESTIMONY OF

ATHENA M. BESA

SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

July 2, 2012

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CHAPTER III
PREPARED DIRECT TESTIMONY
OF ATHENA M. BESA

The purpose of this testimony is to provide the technical basis and explanation to support the cost effective energy savings and demand reduction estimates that are presented in the portfolio; Evaluation, Measurement, and Verification ("EM&V") plans; budget requirements to support the program database; and the revenue requirements and cost requirements associated with San Diego Gas & Electric Company's ("SDG&E") proposed 2013-2014 Energy Efficiency ("EE") Program portfolio ("Portfolio").

The testimony will show that the Portfolio, which was developed following the strict policy guidance adopted by the California Public Utilities Commission ("Commission" or "CPUC") in D.12-05-015 and is designed to meet the cumulative 2 year goals of 444 GWH, 87 MW and 4.6 million therms with a total budget of $212,909,260

I. SDG&E PORTFOLIO GOALS AND COST EFFECTIVENESS

A. Assumptions Used to Develop Portfolio goals and Cost Effectiveness

SDG&E's goals were adopted in D.12-05-015. In addition, D.12-05-015 Ordering Paragraph ("OP") 20 requires the utilities to be responsible for making up one half of the decay from previous program cycles beginning 2006. As such SDG&E forecasts are at least 108% above the goals adopted by the Commission for SDG&E. Furthermore, SDG&E is using the established therm goal assuming interactive effects.

The following table shows SDG&E's proposed 2013-2014 Savings Targets:

Table III-1: Proposed 2013-2014 Targets

	2013	2014	Total
Goal			
KWH	227,000,000	217,000,000	444,000,000
KW	45,000	42,000	87,000
Therms	2,300,000	2,300,000	4,600,000
Target			
KWH	261,301,354	306,533,376	567,834,730
KW	43,128	50,498	93,626
Therms	2,880,876	2,854,454	5,735,330

B. Portfolios and Funding Levels Appropriately Balance Short-Term and Long-Term Savings

SDG&E believes its portfolio is appropriately balanced on short-term versus long-term savings. As an indicator, the overall weighted average measure life for SDG&E's proposed portfolio is approximately 13.4 years. SDG&E has also significantly reduced its reliance on basic CFLs (approximately 4% of total portfolio KWH savings) as this measure has been shown in the current "DEER 2011 for 2013-2014 Planning" ("2011 DEER")[1] to have shorter measure lives than was forecasted previously in the pre-2006 program cycles.

C. Portfolios Reasonably Allocate Funding Among Market Sectors

SDG&E has extensively analyzed the service territory-specific information provided in

[1] Available on http://www.DEEResources.com

the updated 2011 Energy Efficiency Potential Study ("2011 Potential Study")[2] to guide the development of its sector and end-use allocations, i.e., residential, commercial, and industrial. However, SDG&E has had to balance its sector savings to ensure portfolio cost effectiveness.

The following table shows the comparison of SDG&E's proposed sector goals with the draft 2008 Potential Study.

Table 1-2: Comparison of SDG&E Portfolio and Energy Efficiency Potential by Sector

	KWH		KW		Therms	
2013-2014 Total	**Portfolio**	**Potential Study**	**Portfolio**	**Potential Study**	**Portfolio**	**Potential Study**
Residential	24%	31%	26%	18%	10%	51%
Commercial	70%	58%	69%	74%	81%	49%
Industrial	4%	9%	3%	8%	6%	0%
Agricultural	2%	1%	1%	0%	3%	0%

D. Portfolio Cost-Effectiveness Takes into Account Uncertainty of Key Input Parameters

The savings for these programs are derived from savings estimates for each of the measures that the program is proposing to promote. The individual measure savings and other load impact estimates (e.g., kWh, kW and therm savings per unit, program net-to-gross ratios, incremental measure costs and useful lives) are primarily derived from the 2011 DEER. If the measure is not documented in DEER, SDG&E provides documentation in its workpapers (see Appendix B) to support its estimates of the measure's load impacts. Documentation includes, but is not limited to, load impact evaluations of past programs, market data, engineering model outputs, or manufacturer test data, etc. This is consistent with Policy Rule IV.11 of the Commission's Energy Efficiency Policy Manual ("Policy Manual") Version 4.0.[5] SDG&E

[2] "Analysis to Update Energy Efficiency Potential, Goals, and Targets for 2013 and Beyond", Navigant Consulting, Inc. and Heschong Mahone Group, March 19, 2012

provides its non-DEER workpapers consistent with Energy Division directions provided in D.12-05-015. It is also consistent with direction provided by Energy Division on May24, 2012.[3]

SDG&E has used the E3 calculator developed and updated by E3 under the direction of the Commission's Energy Division staff.[4] SDG&E notes that for dual baseline measures, the E3 calculator reports a weighted first year savings instead of the straightforward first year savings. For the purpose of forecasting its target compared to the Commission goal, SDG&E is reporting the unweighted first year savings for all its proposed measures. See Appendix A for the cost effectiveness parameters and E3 calculator results.

E. Total Resource Cost Test and Program Administrator Cost Test

The Policy Manual directs the utilities to use the Total Resource Cost Test ("TRC") as the primary indicator of energy efficiency program cost effectiveness, which is consistent with the Commission's intent that ratepayer-funded energy efficiency should focus on programs that serve as resource alternatives to supply-side options. The TRC test measures the net resource benefits from the perspective of all ratepayers by combining the net benefits of the program to participants and non-participants. The benefits are the avoided costs of the supply-side resources (e.g., generation, transmission and distribution, ancillary services, renewable procurement) avoided or deferred as adopted in D.12-05-015. In addition, the avoided cost of greenhouse gas emissions, referred to as environmental benefits, are included as part of the benefits.

TRC costs, on the other hand, include the incremental cost to install the energy efficient measures/equipment relative to the standard case and the costs incurred by the program

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[3] See 2013-2014 Energy Efficiency Portfolio Application Information Requirements.

[4] Energy Division released an updated E3 calculator on June 22, 2012 to correct a material error in the previous model.

administrator to design and manage its EE portfolio. D.12-05-015 directs the utilities to use the after-tax weighted average cost of capital, as adopted by the Commission.

In addition to the TRC test, the utilities are also required to consider in evaluating program and portfolio cost effectiveness the Program Administrator Cost ("PAC") test (Policy Rule IV.3 and D.12-05-015.). The PAC benefits are the same as the TRC test but costs are defined to include the costs incurred by the program administrator (including financial incentives or rebates paid to participants), but not the costs incurred by the participating customer. The discount rate used for the PAC test is the same as that of the TRC test.

Applying both the TRC and PAC cost effectiveness test is referred to as the "Dual-Test". Policy Rule IV.6 requires a prospective showing of cost effectiveness using the Dual-Test at the portfolio level to qualify for program funding.

The estimated TRC and PAC ratios of SDG&E's 2013-2014 portfolio for its proposed Portfolio is as follows:

Table 1-3: Portfolio Cost Effectiveness Results

Cost Effectiveness (Lifecycle Present Value Dollars)						
	Cost	Benefits		Benefit - Cost		
		Electric	Gas	Incentives	NPV	B/C Ratio
Program TRC ($)	$ 279,102,538	$ 353,043,331	$ 38,122,261	NA	$ 112,063,055	1.40
Program PAC ($)	$ 206,813,078	$ 353,043,331	$ 38,122,261	NA	$ 184,352,514	1.89
Program RIM ($)	$ 649,720,224	$ 353,043,331	$ 38,122,261	NA	$ (258,554,632)	0.60

SDG&E notes that 27% of the TRC percentage is due to the inclusion of Codes & Standards benefits.

F. Inclusions of Spillover Effects in Cost Effectiveness Calculations

D.12-05-015 (at page 362) states,

> "…the IOUs may be able to reasonably quantify spillover impacts in the portfolio projections for the 2013-2014 portfolio cycle, and could help us improve

estimates over time. Consequently, for their 2013-2014 portfolio applications, the utilities may present estimates of spillover that may result from the proposed programmatic activities, and may propose the inclusion of spillover effects in their cost-effectiveness analyses and results. This may be provided at either the program or portfolio level."

In response, the Joint IOUs propose the consideration of the following estimates for spillover. However, SDG&E does not propose use of the estimates for the 2013 – 2014 program cycle, but instead recommend that we explore methods to refine quantification of these impacts for use on a going forward basis as part of the EM&V process. The proposed estimates are the result of an extensive review of available studies on spillover impacts both within California and in other states. A detailed report on the underlying approach for the proposed spillover values, the supporting program logic and research is attached (see Appendix I).

The Energy Division ("ED") has updated the E3 calculator to allow for the inclusion of inclusion of spillover impacts in the IOUs' 2013-2014 proposed portfolios. For the purpose of illustrating the impacts of the spillover values, SDG&E calculated the estimated TRC with spillover effects. The spillover is included in the cost-effectiveness metrics by adjusting the currently approved net-to-gross ratios ("NTGR") for estimated spillover resulting in spillover-adjusted net-to-gross ratios ("NTGRSA") that can be used in the E3 calculator to produce the required cost effectiveness metrics inclusive of spillover impacts. Participant costs are also adjusted in the E3 calculator based on estimated spillover impacts for use in the TRC calculation.

The table below shows the specific programs for which both the program logic and existing research support the IOU proposed estimates of spillover. The table shows the program category for which the spillover estimates are to be applied, the illustrative current NTGR for

those programs, the proposed program level spillover adjustments and the resulting illustrative program level spillover adjusted net-to-gross ratios NTGRSA . The final program level spillover-adjusted NTGRSA values may differ from the illustrative values shown in the table based on measure-specific NTGR starting values approved by the Commission for use in this filing and the composition of measures within each program in the adopted portfolio.

Consistent with the direction given in D. 12-05-015, the Joint IOUs' spillover estimates reasonably quantify spillover impacts in the portfolio projections for the 2013-2014 portfolio cycle based upon available research and analysis of spillover estimates from programs within the state and from other jurisdictions. The general approach undertaken was to first bound the problem by understanding the range of values that have been estimated for a particular program, the markets addressed by the program, and the program delivery channel. Once the range of expected values was determined based on the available literature, a value within that range was selected. The selected value for spillover represents an estimate of spillover impacts that can be reasonably applied to programs in the 2013-2014 portfolio based on underlying program logic, similarity between the programs evaluated in the research reports, and current program, and the professional judgment of Joint IOU EM&V staff and evaluation consultants.

Table 1-4: Proposed Spillover Effects

Program Category	Illustrative Current NTGR	Proposed Spillover Adjustment	Illustrative Spillover - Adjusted NTGRSA
Calculated			
Industrial – gas	0.50	0.20	0.70
Industrial – electric	0.60	0.20	0.80
Agricultural - gas & electric	0.60	0.25	0.85
Commercial - gas	0.50	0.10	0.60
Commercial - electric	0.60	0.10	0.70
Deemed			
Industrial – gas & electric	0.60	0.25	0.85
Agricultural - gas & electric	0.60	0.25	0.85
Commercial - gas & electric	0.60	0.05	0.65
New Construction			
Savings By Design - gas & electric	0.60	0.10	0.70
Lighting			
Residential (except spiral CFLs 30 watts or lower)	0.85	0.25	1.10
Non-Res (Deemed & Calculated)	0.70	0.35	1.05
Residential			
BCE – electric	0.60	0.10	0.70
HEER - gas & electric	0.55	0.10	0.65
Whole House - gas & electric	0.85	0.20	1.05
HVAC			
Upstream Equipment - gas & electric	0.85	0.10	0.95
Quality Installation - gas & electric	0.60	0.15	0.75
Quality Maintenance - gas & electric	0.85	0.15	1.00

Using the above inputs, SDG&E calculated a weighted portfolio spillover estimate that it used for calculating what the estimated portfolio TRC would be with the inclusion of spillover effects.

Table 1-5: Portfolio Cost Effectiveness Results with Spillover Effects

Cost Effectiveness (Lifecycle Present Value Dollars)						
	Cost	Benefits			Benefit - Cost	
		Electric	Gas	Incentives	NPV	B/C Ratio
Program TRC ($)	$ 297,841,181	$410,305,299	$43,751,415	NA	$156,215,532	1.52
Program PAC ($)	$ 206,813,078	$410,305,299	$43,751,415	NA	$247,243,635	2.20
Program RIM ($)	$ 721,540,748	$410,305,299	$43,751,415	NA	($267,484,034)	0.63

Per the Decision's direction (at page 363), the proposed spillover estimates have been vetted with stakeholders and Commission Staff. The Joint IOUs agree that inclusion of spillover, to the extent it can be quantified, will more accurately reflect the broader market impacts of programmatic activities and lead to better design and valuation of energy efficiency programs. The Joint IOUs look forward to engaging with ED staff and interested stakeholders on an ongoing basis throughout the 2013-2014 portfolio cycle to explore methods to refine quantification of these impacts for use on a going forward basis. A detailed assessment of the type and amount of measurement and evaluation research needed to support future spillover estimates will be developed by Energy Division and IOU EM&V staffs and included in the updated 2013-2014 Energy Efficiency EM&V Work Plan to be filed later this year.

II. 2013-2014, EVALUATION, MEASUREMENT & VERIFICATION

The Joint IOUs' EM&V budget proposal for program years 2013-2014 is four percent of their total portfolio budget to support all EM&V activities, including utility and Commission-managed EM&V studies, policy support, strategic planning projects, and staffing. Specialized and experienced staffing is necessary for utility-administered EM&V activities and to support the Commission's staff-administered activities. For SDG&E, the proposed four percent 2013-2014 budget proposal equals $8,754,229.

As with previous cycles, the IOUs will carry forward unspent funds within the period and, as necessary, beyond 2014 to conduct and complete ongoing evaluations.

The Decision directs a continuation of the 72.5 percent/ 27.5 percent split of EM&V funding between Commission-managed studies, policy support, strategic planning projects, and studies managed by the IOUs. This allocation is included in the IOUs' budget proposal. The

current division of responsibilities between the Energy Division Staff and the IOUs will continue during the Transition Period.

Experience demonstrates that study needs, scopes of work, and related costs often change over time. Studies may be combined or separated, new studies may be identified, and work may be re-prioritized based on the portfolios' research requirements. Because budget flexibility is critical, the Joint IOUs request to continue the long-standing practice of permitting full flexibility in the allocation of EM&V funding after the 2013-2014 plan is agreed upon.

A. 2013-2014 Energy Efficiency EM&V Work Plan

SDG&E's application does not include a detailed EM&V Plan for the Transition Period. Instead, as directed in the Decision, Commission Staff and the IOUs will update and modify the existing 2010-2012 Energy Efficiency EM&V Work Plan, Version 1 (hereafter, "2010-2012 EM&V Plan") to develop the 2013-2014 Energy Efficiency EM&V Work Plan (hereafter, "2013-2014 EM&V Plan"). The Decision directs Commission Staff and the IOUs to work collaboratively to assess the status of existing studies and new research needs. At a minimum, new studies will be considered for: market transformation and Market Transformation Indicator (MTI) reporting, information needs to support spillover/market effects in 2015 and beyond, the IOUs' new on-bill repayment pilots, ARRA continuation programs, baseline studies, impact evaluations of new whole-building systems, controls strategies, regional energy pilots, and other identified research needs. The final decision should require the updated 2013-2014 EM&V Plan to be mutually agreed upon by Commission Staff and the IOUs within 60 days of the adoption of the IOUs' 2013-14 EE Portfolio applications. Until the updated Plan is created, the existing 2010-2012 EM&V Plan shall remain in effect. In addition to new studies, the updated 2013-

2014 EM&V Plan will likely continue to include research in the areas outlined in the 2010-2012 EM&V Plan.

B. Additional 2013-2014 EM&V Activities

The 2013-1014 EM&V plan will also support the following additional EM&V activities, including:

1. Multi-Client Studies

Each year, several opportunities arise for the IOUs to participate in multi-client studies dealing with energy efficiency program issues. Multi-client studies typically address a subject of broad, often strategic, interest within an industry or discipline. The costs of these studies are shared across multiple study subscribers enabling large, often very expensive research, to be acquired very cost-effectively. IOU-specific costs for these studies typically range from $10,000 to $50,000 which is a small fraction of the total study cost. These studies are a relatively low-cost option for gathering data. Typically regional or state-level breakdowns are available that are reasonably representative of IOU service territories. At times, the regional or state-level data available through these multi-client studies are the only data available regarding certain subject areas. In many cases, over-sampling within a specific area can be provided for an additional nominal cost, so that the client can compare local results with national or regional results.

2. CALMAC Website Support

The California Measurement Advisory Council (CALMAC) website makes publicly available electronic copies of all energy efficiency studies completed with Commission-authorized energy efficiency funding.

3. Statewide Saturation Surveys.

The IOUs are required by Title 20 of the California Code of Regulations to conduct periodic saturation or similar surveys of their customers and to provide the survey results to the California Energy Commission sufficient for demand forecasting purposes. These surveys are also used as primary data sources for energy efficiency potential analyses, and are used by IOU program managers in program implementation of customer segment targeting. Funding is needed for each of the sector saturation surveys. Budget requirements for these studies can be significant, since these studies generally require some level of detailed onsite surveys to gather data for representative samples needed to meet Title 20 requirements.

4. Other Research and Analysis

Additional important research and analysis projects may be identified during the 2013-2014 program cycle that do not fit clearly into any of the categories of EM&V work described in previous sections. The IOUs propose that if the Energy Division and the IOUs concur on a need for a study, that this additional study could be undertaken with EM&V funds. Further, the IOUs recommend to continue the existing small project authority that permits IOUs to perform studies that cost no more than $30,000 after advising ED Staff via Basecamp.

III. DATA NEEDS FOR REPORTING AND EVALUATION

D.12-05-015 directs the utilities to explicitly include a budget line item for meeting the requirements for compliance with the Commission's standardized tracking database system ("STDb") that is under development by ED. SDG&E uses a Customer Relationship Management ("CRM") data system to pay customer rebates/incentives, maintain customer program participation information and extract regulatory reporting requirements. SDG&E completed in full deployment of its CRM and it will continue to be maintained in the next cycle.

In order to support new requirements from the new 2013-2014 EE programs and the Commission's STDb, enhancements to the current CRM implementation for EE programs will be needed to support the new requirements of several programs. Specifically, updating CRM to include all reporting requirement fields that match STDb, set-up and testing of new customer opportunity transactions in CRM, data model changes and new operational and CPUC reports, system improvements to enrollment/disenrollment/changes, program qualification rules, automated CISCO updates to CRM for customer/premise/service point/bill account data, etc..

New reporting requirements may require substantial planning that will require customization within our existing SAP CRM system. CRM is a complex tightly integrated system that will require a thorough business and IT design phase that will establish the requirements for any database changes to support this program. Should a new module from SAP CRM be required to support program reporting changes, and depending upon our release cycles for enhancements, some or all of this work may be outsourced to SAP Professional Services increasing our cost and delaying our timeline for implementation. In addition to the aforementioned design phases, there will be a significant effort for integration testing and user acceptance phases. SDG&E anticipates with these database modifications, additional enhancements would be required to the User Interface along with the creation of any required customized reporting mechanisms. We expect any modification to the SAP CRM system would require subsequent changes to our Enterprise Data Warehouse solution for additional integration, reporting and back-up solutions. SDG&E's proposed 2013-2014 EE CRM budget is $2,615,070.

IV. REVENUE REQUIREMENTS AND COST RECOVERY

A. Proposed 2013-2014 Portfolio Funding

In order to meet the adopted savings and demand reduction goals and to support the

Commission's EE policies laid in out the California Energy Efficiency Strategic Plan ("CEESP"), D.12-05-015 and D.12-04-045. These budgets include both the EE and Demand Response Program ("DRP") to support the various proposed Integrated Demand-side Management efforts. The proposed budgets for EE and DRP are as follows:

Table III-6: Proposed 2013-2014 Portfolio Budgets

	2013	2014	Total
2013-2014 EE Program Cycle Budget	$ 105,875,400	$ 112,980,332	$ 218,855,732
2013-2014 DRP IDSM Budget	$ 4,944,077	$ 4,944,077	$ 9,888,154
Total By Program Year	$ 110,819,477	$ 117,924,409	$ 228,743,886

The following sections describe the cost recovery ratemaking treatments for the EE gas and electric budgets, and the DRP electric budget.

B. Energy Efficiency Cost Recovery

The EE budgets are further divided into the electric and natural gas budget requirements for each year. The electric and gas budgets were determined based on the EE program designs and the targeted measures. For electric measures, the incentive program budgets for these measures determine for the most part the electric incentive budget. For gas measures, the incentive program budgets for these gas measures determine for the most part the gas incentive budget. There are measures, however, that have both gas and electric benefits. For these measures the incentives are allocated between the electric and gas budget by using the electric and gas percentage allocations of the program benefits (using the total avoided cost benefits in dollars). With the exception of lighting programs, the program administration costs were also allocated between gas and electric budgets using the same avoided costs percentages. The following section presents the electric and natural gas funding proposals.

5. Electric EE Cost Recovery

SDG&E is proposing a 2013-2014 total electric budget of $102,902,169, with the annual electric budget of $92,611,952 and $99,006,383 for years 2013 and 2014, respectively, which will be funded through electric Procurement funds, originally authorized in D.03-12-062 for 2004 through 2005 only.[5] D.05-09-043 Ordering Paragraph ("OP") 4 and D.09-09-047 (at page 319) authorized the continuation and increase in Procurement funds for 2006-2008 and 2010-2012, respectively. With the sunset of the electric Public Goods Charge ("PGC") funds in January 1, 2012, the Commission, in D.11-20-038, authorized electric EE funds to be funded 100% by electric Procurement funds. Therefore, SDG&E proposes to fund the electric EE budget requirements first through the identification of unspent and uncommitted PGC program dollars from previous years (including applicable interest), PGC overcollections related to sales, and the interest that has accrued in the Post-1997 Electric Energy Efficiency Balancing Account ("PEEEBA") and the Electric Procurement Energy Efficiency Balancing Account ("EPEEBA") plus current year Procurement collection. SDG&E is proposing to continue the collection of Procurement funds which will be used to fund the remainder of the electric EE budget requirements. The electric procurement funds are recorded in SDG&E's EPEEBA.

6. Gas EE Cost Recovery

SDG&E seeks authorization of its projected total 2013-2014 gas EE budget requirements of $21,290,926, with annual budgets of $10,290,217, and $11,000,709 for years 2013 and 2014, respectively. For its natural gas budget, SDG&E is proposing to use the Public Purpose Program ("PPP") Gas surcharge funds authorized through AB 1002 and D.04-08-010. SDG&E also proposes to fund the gas budget requirements through the identification of unspent and

[5] D.03-12-062 at page 67.

uncommitted PGC program dollars from its Post-1997 Gas DSM and Post-1992 Gas DSM (pre-1998) Balancing Accounts (including applicable interest), as well as PPP overcollections related to sales plus current year PPP collection. The Gas Surcharge is updated annually through an advice letter request filed in October to establish the PPP surcharge rates effective January 1 of the subsequent year.

The following table shows the annual budget requirements for the 2013-2014 EE Proposed Program Portfolio, the available funds in each of the balancing accounts, the current levels of authorized PGC and Procurement funding, and the budget allocations across customer class.

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Table III-7: Proposed Portfolio—Available Funds or Shortfalls for 2013-2014 EE Programs

Energy Efficiency Budget and Cost Recovery by Funding Source			
	2013	2014	Total
2013-2014 Program Cycle Budget	$ 102,902,169	$ 110,007,092	$ 212,909,260
Unspent/Uncommitted EM&V Carryover Funds	$ (267,248)	$ (267,248)	$ (534,496)
Unspent/Uncommitted Program Carryover Funds	$ (7,867,184)	$ (7,867,184)	$ (15,734,368)
Total Funding Request for 2013-2014 Program Cycle	$ 94,767,737	$ 101,872,660	$ 196,640,397

Budget by Funding Source						
2013-2014 Authorized (Before Carryover)	2013 Budget	Allocation	2014 Budget	Allocation	Total 2013-2014 Program Cycle Budget	Percent of 2013-2014 Funding
					0	0
Electric Procurement EE Funds	$ 92,611,952	90%	$ 99,006,383	90%	$ 191,618,334	90%
Gas PPP Surcharge Funds	$ 10,290,217	10%	$ 11,000,709	10%	$ 21,290,926	10%
Total Funds	$ 102,902,169		$ 110,007,092		$ 212,909,260	

Revenue Requirement for Cost Recovery by Funding Source						
2013-2014 Authorized Funding in Rates (including Carryover)	2013 Revenue Requirement	Allocation	2014 Revenue Requirement	Allocation	Total 2013-2014 Revenue Requirement	Percent of 2013-2014 Funding
Electric Public Goods Charge (PGC) Legacy	$ -	0%	$ -	0%	$ -	0%
Procurement EE Funds	$ 94,767,737	100%	$ 101,872,660	100%	$ 196,640,397	100%
Gas PPP Surcharge Funds	$ -	0%	$ -	0%	$ -	0%
Total Funds	$ 94,767,737		$ 101,872,660		$ 196,640,397	

C. Closure of SDG&E's Public Goods Charge Balancing Account--(PEEEBA)

The statute authorizing collection of the PGC in utility rates expired on January 1, 2012. Today's decision ensures that utility EE programs will continue to have adequate funding to fulfill our statutory and policy mandates. D.11-12-038. Furthermore, D.11-12-038 acknowledged SDG&E's recommendation that it "will continue the PGC balancing account (called PEEBA) in its present form and will address the closing of it and other revisions in a clean-up advice letter filing at a later time". However, SDG&E recognizes that this application provides the opportunity to request that the its PEEBA be closed once all unspent and uncommitted funds are transferred to its EPEEBA beginning January 1, 2013.

D. PPP Surcharge Rolling Budget Trigger

In the event a decision in this proceeding is not issued before January 1, 2013, bridge funding will be required to support the SoCalGas EE programs. D.09-09-047 OP 45 provides authority to continue to operate into 2013 at the average 2012 expenditure level. In the event of a rolling budget trigger, SDG&E will address PPP Surcharge bridge funding through the Advice Letter process. Any difference between the EE funding recovered in 2013 rates prior to the final decision would be subject to balancing account adjustment and true-up in rates.

E. Demand Response Ratemaking

Consistent with D.12-04-045, SDG&E currently records all program costs associated with its existing demand response programs and its current and future DRP bilateral contracts[6] in its Advanced Metering and Demand Response Memorandum Account ("AMDRA"). SDG&E will continue the existing disposition of the AMDRA balances being transferred to SDG&E's

[6] SDG&E's existing bilateral contracts are its Summer Saver and Demand Smart programs.

Rewards and Penalties Balancing Account (RPBA") on an annual basis for amortization in SDG&E's electric distribution rates over 12 months, effective on January 1st of each year, consistent with SDG&E's adopted tariffs.

SDG&E is requesting that authorized demand response program costs related to DR program costs associated with the IDSM program activities in the 2013-2014 EE portfolio, be recorded in AMDRMA.

F. On-Bill Financing Balancing Account

The On-Bill Financing Balancing Account ("OBFBA") is an interest bearing balancing account recorded on SDG&E's financial statements. The purpose of this account is to record the difference between ratepayer funding and actual loans provided to customers participating in SDG&E's On-Bill Financing ("OBF") program authorized by Decision (D.) 09-09-047. SDG&E's proposed OBF financing budget is $ 17 million. Other "program" costs such as program administration associated with the OBF program will be tracked in SDG&E's EE balancing accounts discussed above.

V. WITNESS QUALIFICATIONS

My name is Athena M. Besa. My business address is 8335 Century Park Court, Suite 1200, San Diego, California 92123-1257. I am employed by San Diego Gas & Electric Company as the Customer Programs Policy and Support Manager in the Customer Programs and Assistance Department for SDG&E. In my current position, I am responsible for the measurement of energy efficiency, demand response and customer assistance programs; regulatory reporting requirements, energy efficiency forecasting and the financial management of the department.

I attended the University of the Philippines in Quezon City, Philippines. I graduated with a Bachelor of Science degree in Statistics in 1983, and a Master of Science degree in Statistics in 1986. I have completed coursework at University of California, Davis towards a Doctorate degree in Statistics.

I was hired by SDG&E in 1990 in the Load Research Section of the Marketing Department. Since that time I have held positions of increasing responsibility in the Department. I have been in my present position for over 10 years. I have previously testified before this Commission in several Annual Earnings Assessment Proceedings, the PY2000/2001 Energy Efficiency Program Application Proceeding, the 2012-2014 Demand Response Program Proceeding, and A.11-05-023.

The purpose of my testimony is to support Chapter III of SDG&E's testimony and Appendices A, B and I.