

Application No: A.12-08-XXX
Exhibit No: SDG&E
Witness: Athena Besa

Application of San Diego Gas & Electric
Company (U-902-M) for Approval of
Statewide Marketing, Education and
Outreach Program and Budgets for Years
2013 through 2014

Application 12-08- xxx

VOLUME 3

CHAPTERS V & VI

PREPARED DIRECT TESTIMONY OF

ATHENA BESA

SAN DIEGO GAS & ELECTRIC COMPANY

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

August 3, 2012

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1 **CHAPTER V**
2 **STATEWIDE MARKETING EDUCATION & OUTREACH OVERSIGHT AND**
3 **PERFORMANCE METRICS**

4 The purpose of this testimony is to present Chapters V and VI of the San Diego Gas &
5 Electric Company (“SDG&E”) Statewide Marketing, Education and Outreach (“ME&O”)
6 application, which generally cover performance metrics, governance, and cost allocation and
7 revenue recovery matters. SDG&E’s Chapter V testimony specifically has been developed
8 together in unison with Pacific Gas and Electric Company (“PG&E”), Southern California
9 Edison Company and Southern California Gas Company (the four utilities will collectively be
10 referred to as “IOUs”) to develop a collaborative statewide effort, and thus reflects a joint
11 proposal.

12 With respect to the proposed revenue requirements addressed in Chapter VI, SDG&E
13 clarifies that the funds specifically submitted for Energy Efficiency (“EE”) have not been
14 requested in other Applications for cost recovery purposes, so in order to fund SDG&E’s portion
15 of the proposed Statewide ME&O activities, it is necessary for the Commission to authorize the
16 requested budget contained herein. While the proposed EE-related ME&O funds were
17 previously disclosed as part of the 2013 – 2014 EE Program Application (“A.”) 12-07-002 for
18 the purposes of complying with the requirement to provide a complete showing of cost
19 effectiveness for the 2013-2014 EE portfolio, the SW ME&O budget was not included in its
20 revenue requirement proposal. This treatment is in compliance with Decision (“D.”) 12-05-015,¹

¹ D.12-05-015, “Decision Providing Guidance on 2013–2014 Energy Efficiency Portfolios and 2012 Marketing, Education, and Outreach.”

1 Ordering Paragraph 117 that directs the IOUs to file a standalone ME&O program Application
2 with the Commission.

3 **A. STATEWIDE OVERSIGHT AND STAKEHOLDER ENGAGEMENT**

4 D.12-05-015, ordering paragraph (“OP”) 124, directs PG&E and California Center for
5 Sustainable Energy (“CCSE”) to “consult with Commission staff, Californian Energy
6 Commission staff, local governments, and other relevant entities as identified by agency staff in
7 the design and oversight of the program and shall establish appropriate stakeholder feedback,
8 coordination, and governance structures based on this consultation.”

9 In prior years, the Statewide ME&O program model for stakeholder input and
10 coordination has been based on the prevailing Commission directive for statewide EE programs.
11 To select the vendor in 2009 to run the previous Statewide ME&O program, a Peer Review
12 Group (“PRG”) of interveners was assembled to advice on the selection of the implementer as is
13 required pursuant to the EE Policy Manual.

14 During the program implementation in 2010-2011, the IOUs developed a statewide
15 program working group comprised of the IOUs, California Public Utilities Commission
16 (“CPUC” or “Commission”) staff, and other interested parties, along with the statewide vendors
17 to assess the progress of the campaign and to coordinate on key issues. For the remainder of
18 2012 and 2013-2014, the IOUs propose to build from the statewide working group model and
19 propose a Statewide ME&O Program Advisory Group (“PAG”) comprised of the IOUs, CPUC
20 staff, and interested parties such as the CEC, local governments, and other entities along with the
21 statewide implementer, CCSE. The PAG will serve to:

- 22 (1) Promote transparency in the [IOUs’] decision-making process;

- 1 (2) Provide a forum to obtain valuable technical expertise from stakeholders and non-
- 2 market participants;
- 3 (3) Encourage collaboration among stakeholders; and
- 4 (4) Create an additional venue for public participation.

5 The PAG would closely collaborate and coordinate regarding the Statewide ME&O
6 program on a regular basis. Meetings would be called by PG&E as the lead IOU, with close
7 collaborations with other IOUs. The PAG should leverage the already-established meeting
8 frequency of other statewide programs and meet quarterly for official updates.

9 **B. 2012 AND 2013-2014 IMPLEMENTER ENGAGEMENT**

10 As noted in Section A above, OP 123 and 124 directs the utilities to contract with “CCSE
11 no later than July 1, 2012 to begin activities to allow them to fully implement the program
12 beginning in 2012. A total of at least \$500,000 shall be allocated to CCSE for the remainder of
13 2012. The budget for 2013-2014 shall be proposed in the utility 2013-2104 applications.”
14 Subsequently, PG&E requested and received an extension to fully execute its contract with
15 CCSE. At this time, PG&E and CCSE have a signed contract to begin the implementation of the
16 SW ME&O activities.

17 The scope of work between CCSE and PG&E, on behalf of the other utilities, for the
18 remainder of 2012, covers four topics; stakeholder coordination, brand and website assessments,
19 statewide marketing and outreach for Energy Upgrade California (“EUC”) and any incremental
20 research, if deemed necessary by the IOUs and CCSE. The budget for the aforementioned
21 activities is four million dollars and is covered under the OP 118 that directs that the “IOUs may
22 spend a maximum of \$5 million in 2012 out of the 2010-2012 statewide marketing, education

1 and outreach energy efficiency budget on Energy Upgrade California marketing and outreach to
2 transition to a larger umbrella for the statewide campaign in 2013-2014.

3 **C. STATEWIDE ME&O PERFORMANCE METRICS**

4 Performance metrics are an important component of program design and the key
5 yardstick against which to measure program performance. D.09-09-047 approved programs and
6 budgets for the 2010-2012 EE portfolios of the Joint Utilities and explicitly recognizes that
7 performance metrics should be linked to program activities and goals as identified in program
8 logic models.²

9 D.09-09-047 defines Program Performance Metrics (“PPMs”) as “objective, quantitative
10 indicators of the progress of a program toward the short and long-term market transformation
11 goals and objectives in the Strategic Plan.”³ This decision identifies PPMs as essential to track
12 the progress of each program towards the Commission’s market transformation goals.⁴

13 Resolution E-4385 issued by the Commission on December 6, 2010 approved Program
14 Performance Metrics (“PPMs”) for the IOUs for the 2010-2012 statewide EE programs and
15 subprograms, including ME&O. The Resolution also identified associated objectives and long
16 term market transformation indicators (“MTIs”) and directed the IOUs to work collaboratively
17 with Energy Division staff to select a subset of these market transformation indicators for data
18 collection, tracking and reporting as part of 2010-2012 EE evaluation, monitoring and
19 verification (“EM&V”) activities.

² D.09-09-047 at 92

³ D.09-09-047 at 91

⁴ D.09-09-047 at 98

1 The three PPMs identified by that resolution for the ME&O program were written
2 explicitly for the Engage360 brand and the grassroots and social networking emphasis of the
3 activities associated with that program design. Given the transition of the ME&O brand to EUC
4 and the shift in emphasis of the associated marketing activities and goals of EUC, we believe that
5 the PPMs approved for the prior ME&O program do not reflect the activities or goals of the
6 proposed ME&O program. Consequently we believe that it is necessary to propose new PPMs
7 that reflect the ME&O program design and goals that are outlined in this application.

8 D.09-09-047 required the IOU to jointly file, within 120 days of the EE portfolio
9 decision, a PPM Advice Letter (“AL”) requesting approval of proposed logic models and
10 program performance metrics for each statewide program and associated subprograms.⁵ D. 09-
11 09-047 further directed the Joint Utilities to submit completed Program Performance Indicator
12 worksheets and tables⁶ and directed the Joint Utilities to report performance metrics “on an
13 annual basis via the Energy Efficiency Groupware Application (“EEGA”) or a similar
14 database.”⁷ The IOUs propose that a similar process for creating and reporting of goals be
15 followed for the 2013-2014 ME&O Program.

16 Therefore, consistent with the approach adopted for the development and approval of
17 2010-2013 EE PPMs, SDG&E proposes that the IOUs be directed to propose new PPMs for
18 ME&O within 120 days of the approved application for ME&O or within 30 days of the brand
19 assessment and repositioning, whichever is later; and that the measurement and reporting of the
20 new PPMs be integrated into the EM&V activities being undertaken for PPMs specific to other

⁵ D.09-09-047, OP 11

⁶ D.09-09-047, Appendix 2.2 and Appendix 2.3

⁷ D.09-09-047, page 368

1 statewide EE programs. This is appropriate given that the Commission has significantly
2 redirected the SW ME&O program and the remainder of 2012 will be spent on brand and
3 website assessments, and the EUC marketing and outreach transition to a larger umbrella for the
4 statewide campaign in 2013-2014.

5 In particular, SDG&E proposes the following three PPMs to be reported annually:

- 6 • Customer awareness and knowledge of key elements of the Energy
7 Upgrade California brand among customers targeted by Statewide ME&O
8 program activities;
- 9 • Customer awareness and knowledge of specific energy management
10 concepts and/or actions promoted by the statewide ME&O program
11 among customer groups targeted by program activities; and
- 12 • Customer intent among customer groups targeted by statewide ME&O
13 program activities, to participate or engage in DSM program.

14 As noted above, data for reporting on these metrics will be collected, analyzed and
15 reported on a statewide basis via survey research executed through an independent research firm
16 contracted through the IOUs in collaboration with Energy Division in accordance with the
17 California Evaluation Protocols. As appropriate and relevant, additional tracking data collected
18 via the implementer agencies, the portal and other resources (e.g., distinct DR evaluation efforts)
19 may also be considered for this purpose. While in future program cycles, reporting on an annual
20 basis will be appropriate, as outlined in this Application marketing activities will most likely be
21 ramping up during the second and third quarters of 2013, as such, it would not be prudent to
22 collect data in early 2013 to be able to report on the metrics by the end of 2013. Therefore, for
23 the 2013-2014 program cycle, the IOUs propose reporting at the end of this two year cycle.

1 Moreover, it should be noted that while the IOUs propose to report on the overall program
2 performance metrics at the end of the cycle, ongoing agency data collection and tracking
3 research is likely to be conducted for the IOUs by CCSE and marketing agencies. This market
4 research will guide mid-course corrections and ongoing tactical decisions for the 2013-2014
5 program activities to insure that the program is utilizing the most effective strategy and tactics to
6 achieve its goals.

CHAPTER VI
SDG&E'S PROPOSED COST RECOVERY AND REVENUE REQUIREMENTS

A. INTRODUCTION

This testimony presents SDG&E's SW ME&O program cost recovery proposal for the years 2013 and 2014. The SW ME&O Program is intended to provide general energy education and DSM information for residential and small commercial customers. General education includes, but is not necessarily limited to, information about the impacts of energy use and energy costs and rates. Demand-side management information includes: energy efficiency, DR, dynamic rate options, enabling technologies, climate change impacts, the Energy Savings Assistance Program (low-income energy efficiency program), distribution generation, smart grid upgrades and other general impacts of energy use for individuals or the state as a whole. SDG&E's contribution to the 2013-2014 Statewide ME&O program costs is as follows:

Table IV-1: Proposed 2013-2014 Portfolio Budgets

EE Budget			
	2013	2014	Total
Electric Budget	\$ 2,673,909	\$ 2,673,909	\$ 5,351,819
Gas Budget	\$ 297,323	\$ 297,323	\$ 594,647
Total EE Budget	\$ 2,973,233	\$ 2,973,233	\$ 5,946,465
DRP Budget			
	2013	2014	Total
Electric Budget	\$ 1,000,000	\$ 1,000,000	\$ 2,000,000

B. ENERGY EFFICIENCY COST RECOVERY

The SDG&E SW ME&O EE budgets are further divided into the electric and natural gas budget requirements for each year. The electric and gas budget allocations are consistent with

1 that presented in A.12-07-002. The electric and gas allocations were determined based on the
2 2013-2014 EE program designs and the targeted measures.⁸ For electric measures, the incentive
3 program budgets for these measures determine for the most part the electric incentive budget.
4 For gas measures, the incentive program budgets for these gas measures determine for the most
5 part the gas incentive budget. There are measures, however, that have both gas and electric
6 benefits. For these measures the incentives are allocated between the electric and gas budget by
7 using the electric and gas percentage allocations of the program benefits (using the total avoided
8 cost benefits in dollars). With the exception of lighting programs, the program administration
9 costs were also allocated between gas and electric budgets using the same avoided costs
10 percentages. The following section presents the electric and natural gas cost recovery proposals
11 for EE.

12 **1. Electric EE Cost Recovery**

13 SDG&E is proposing a 2013-2014 total electric budget of \$5,351,819, with the annual
14 electric budget of \$2,675,909 for years 2013 and 2014, respectively, which will be funded
15 through electric Procurement funds, originally authorized in D.03-12-062 for 2004 through 2005
16 only.⁹ D.05-09-043 Ordering Paragraph (“OP”) 4 and D.09-09-047 (at page 319) authorized the
17 continuation and increase in Procurement funds for 2006-2008 and 2010-2012, respectively.
18 With the sunset of the electric Public Goods Charge (“PGC”) funds in January 1, 2012, the
19 Commission, in D.11-20-038, authorized electric EE funds to be funded 100% by electric

⁸ For a more detailed explanation of the methodology for determining the gas and electric budget allocations, please refer to A.12-07-002 Chapter III Direct Testimony of Athena M. Besa, page 14 available at http://sdge.com/sites/default/files/regulatory/A12070xxSDGE%20EE%20Besa%20Testimony_FINAL_.pdf.

⁹ D.03-12-062 at page 67.

1 Procurement funds. At this time, SDG&E has proposed that (i) all forecasted unspent and
2 uncommitted PGC program dollars from previous years (including applicable interest); (ii) PGC
3 overcollections related to sales; (iii) the interest that has accrued in the Post-1997 Electric Energy
4 Efficiency Balancing Account (“PEEEBA”); (iv) the Electric Procurement Energy Efficiency
5 Balancing Account (“EPEEBA”); and (v) any current year Procurement collection be used to
6 fund its 2013-2014 EE program portfolio budget in A.12-07-002. Therefore, there are no
7 estimated available EE electric unspent monies to fund SDG&E’s proposed SW ME&O EE
8 electric budget at this time. This application will then result in an electric rate increase.
9 However, as the 2010-2012 EE program cycle ends, and past commitments are cleared, any
10 unspent electric EE monies may be used to fund the approved SW ME&O budget.

11 **2. Gas EE Cost Recovery**

12 SDG&E seeks authorization of its projected total 2013-2014 gas SW ME&O EE budget
13 requirements of \$594,647, with annual budgets of \$297,323 for years 2013 and 2014,
14 respectively. For its natural gas budget, SDG&E is proposing to use the PPP Gas surcharge
15 funds authorized through Assembly Bill 1002 and D.04-08-010. At this time, SDG&E is
16 proposing that: (i) all forecasted unspent and uncommitted gas PPP program dollars from
17 previous years (including applicable interest) from its Post-1997 Gas DSM and Post-1992 Gas
18 DSM (pre-1998) Balancing Accounts (including applicable interest); (ii) as well as PPP
19 overcollections related to sales; and (iii) current year PPP collection be used to fund its 2013-
20 2014 EE program portfolio budget in A.12-07-002. Therefore, SDG&E estimates that there is
21 sufficient available EE natural gas unspent monies to fund SDG&E’s proposed SW ME&O EE
22 natural gas budget at this time. In addition, as the 2010-2012 EE program cycle ends, and past
23 commitments are cleared, any unspent gas EE monies may be used to fund the approved budget.

1 The Gas Surcharge is updated annually through an advice letter request filed in October to
2 establish the PPP surcharge rates effective January 1 of the subsequent year.

3 **C. DEMAND RESPONSE RATEMAKING**

4 Consistent with D.12-04-045, SDG&E currently records all program costs associated
5 with its existing demand response programs and its current and future DRP bilateral contracts¹⁰
6 in its Advanced Metering and Demand Response Memorandum Account (“AMDRA”). SDG&E
7 will continue the existing disposition of the AMDRA balances being transferred to SDG&E’s
8 Rewards and Penalties Balancing Account (RPBA”) on an annual basis for amortization in
9 SDG&E’s electric distribution rates over 12 months, effective on January 1st of each year,
10 consistent with SDG&E’s adopted tariffs.

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

14 **D. BRIDGE FUNDING AND PPP SURCHARGE ROLLING BUDGET TRIGGER**

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

¹⁰ SDG&E’s existing bilateral contracts are its Summer Saver and Demand Smart programs.

1 Similarly, for DR programs the December 28, 2011 “*Assigned Commissioner’s Ruling*
2 *Authorizing Utilities to Continue Demand Response Programs in 2012 Pending a Decision in*
3 *Application 11-03-11 Et. Al.*” (“ACR”) authorized the utilities to continue to operate their
4 demand response programs in 2012 at funding levels set in D.09-08-027, as modified by
5 subsequent decisions, pending issuance of a final Commission decision in Application 11-03-001
6 et. al. and were directed to continue to record all expenses in the accounts where such expenses
7 are currently recorded as authorized in prior Commission demand response decisions. Therefore,
8 consistent with this approach SDG&E proposes to continue to fund the DR component of the
9 SW ME&O budget as approved by this ACR.

10 **E. ELECTRIC AND NATURAL GAS RATE IMPACTS**

11 SDG&E proposes electric SW ME&O budgets for energy efficiency of \$2,675,909 and
12 demand response programs of \$1,000,000 for each year in the 2013-2014 period. The illustrative
13 electric rate impacts of this proposal are presented in the table below.

1

Table VI-2: Electric Rate Impact

Proposed Electric Rate Impact 2013 and 2014				
Customer Class	2012¹	2013/2014	Change	
	c/KWhr	c/KWhr	c/KWhr	%
(a)	(b)	(c)	(d)	(e)
Residential	17.504	17.522	0.018	0.10%
Small Commercial	16.926	16.951	0.025	0.15%
Med&Lg C&I	13.534	13.551	0.017	0.13%
Agriculture	16.447	16.469	0.022	0.13%
Lighting	14.569	14.583	0.014	0.10%
System Total	15.339	15.356	0.017	0.11%

¹ Reflect rates effective July 1, 2012 (AI 2380-E)

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As discussed above, the SDG&E gas ME&O budget is \$297,323 for both 2013 and 2014 and there is sufficient gas PPP monies in its gas PPP Balancing account. This will result in a decrease to the natural gas PPP surcharge for 2013 and 2014 compared to the 2012 rates. The table below shows the illustrative natural gas PPP surcharge impact for the various customer classes.

1

Table VI-3: Natural Gas PPP Surcharge Impact

**San Diego Gas & Electric
Proposed Gas Public Purpose Program Surcharge Decrease**

Customer Class	2012	2013/2014	Change	
	¢/th	¢/th	¢	%
(a)	(b)	(c)	(d)	(e)
<u>Core</u>				
Residential	7.985	7.960	-0.025	-0.3%
Commercial/Industrial	11.770	11.654	-0.116	-1.0%
Natural Gas Vehicle	3.781	3.781	0.000	0.0%
<u>Noncore</u>				
Commercial/Industrial	11.118	11.004	-0.114	-1.0%

2

1 **WITNESS QUALIFICATIONS**
2 **ATHENA BESA**

3 My name is Athena M. Besa. My business address is 8335 Century Park Court, Suite
4 1200, San Diego, California 92123-1257. I am employed by San Diego Gas & Electric
5 Company as the Customer Programs Policy and Support Manager in the Customer Programs and
6 Assistance Department for SDG&E. In my current position, I am responsible for the
7 measurement of energy efficiency, demand response and customer assistance programs;
8 regulatory reporting requirements, energy efficiency forecasting and the financial management
9 of the department.

10 I attended the University of the Philippines in Quezon City, Philippines. I graduated with
11 a Bachelor of Science degree in Statistics in 1983, and a Master of Science degree in Statistics in
12 1986. I have completed coursework at University of California, Davis towards a Doctorate
13 degree in Statistics.

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

20 The purpose of my testimony is to support Chapters V and VI of SDG&E's testimony in
21 this application.