

Decision 15-09-026      September 17, 2015

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine  
The Commission’s post-2005 Energy  
Efficiency Policies, Programs, Evaluation,  
Measurement and Verification, and Related  
Issues.

Rulemaking 06-04-010  
(Filed April 13, 2006)  
(not consolidated)

Order Instituting Rulemaking to Examine  
the Commission’s Energy Efficiency  
Risk/Reward Incentive Mechanism.

Rulemaking 09-01-019  
(Filed January 29, 2009)

**ORDER GRANTING REHEARING OF DECISIONS 10-12-049, 09-12-045  
AND 08-12-059 AND CONSOLIDATING REHEARINGS, MODIFYING  
RULEMAKING 09-01-019 AND DENYING REHEARING OF RULEMAKING,  
AND DENYING REQUEST FOR OFFICIAL NOTICE**

**I. INTRODUCTION**

This order addresses the disposition of four interrelated applications for rehearing. Three challenged decisions have issued concerning the interim and final awards for the 2006-2008 energy efficiency “shareholder risk/reward incentive mechanism” (SRRIM or RRIM) program adopted in *Re Rulemaking to Examine the Commission’s Post-2005 Energy Efficiency Policies, etc.* (2007) D.07-09-043 as amended.<sup>1</sup> The first interim decision D.08-12-059 and the final decision D.10-12-049, which authorized awards to energy investor-owned utilities (IOUs) for their claims, were jointly and timely challenged by The Utility Reform Network (TURN) and our Office of

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<sup>1</sup> The official pdf versions of all Commission decisions and resolutions since 2000 are available on the Commission’s website [www.cpuc.ca.gov](http://docs.cpuc.ca.gov/DecisionsSearchForm.aspx) at: <http://docs.cpuc.ca.gov/DecisionsSearchForm.aspx>.

Ratepayer Advocates (ORA).<sup>2</sup> D.09-12-045, which made the second interim awards to IOUs, was timely challenged by TURN. TURN and ORA allege the awards authorized by the challenged decisions are not based on the evaluation, measurement and verification (EM&V) review procedure (performed for the Commission by our Energy Division), and contend they are unreasonable and unjustified, as well as arbitrary and capricious, and violate Public Utilities Code sections 451 and 1705.<sup>3</sup> TURN and ORA also allege that none of the three awards decisions for the 2006-2008 program cycle are supported by substantial evidence and, in addition to section 451, that the final decision D.10-12-049, also violates sections 381(b)(1), 454.5(b)(9)(C), and 890, resulting in rates that are neither just nor reasonable, and constitutes an abuse of discretion.<sup>4</sup> In addition, TURN and ORA timely and jointly challenge the initial Order Instituting Rulemaking (OIR or R.), R.06-04-010, which was succeeded by R.09-01-019, following the issuance of D.08-12-059. They allege that portions of R.09-01-019 concerning the post-2005 energy efficiency policies and programs and the independent EM&V procedure in the shareholder incentive mechanism process violate section 1708.<sup>5</sup> ORA also timely filed a

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<sup>2</sup> The applications for rehearing were technically filed by the Division of Ratepayer Advocates; however, the DRA was renamed the Office of Ratepayer Advocates (ORA) effective September 26, 2013, pursuant to Senate Bill No. 96 (Budget Act of 2013: public resources), which was approved by the Governor on September 26, 2013.

<sup>3</sup> Hereinafter, all statutory references are to the Public Utilities Code unless otherwise indicated. Section 451 requires all charges for any products, commodities or services, received by any public utility to be just and reasonable. Among other things, section 1705 requires most Commission decisions to contain findings of fact and conclusions of law based upon the record in the proceeding.

<sup>4</sup> Section 381(b)(1) provides that the Commission shall allocate funds collected for in-state benefit programs and for low-income customers to programs that enhance system reliability and provide in-state benefits including cost-effective energy efficiency and conservation programs. Section 454.5(b)(9)(C) pertains to electric corporations procurement plans and requires electric corporations to first meet their unmet resource needs through all available energy efficiency and demand reduction resources that are cost effective, reliable, and feasible. Section 890 imposes a surcharge on all natural gas consumed in the state to fund low-income assistance programs, cost-effective energy efficiency and conservation activities and public interest research and development that is not adequately provided by the competitive and regulated markets.

<sup>5</sup> Section 1708 empowers the Commission, upon notice to the parties and with an opportunity for the parties to be heard, to rescind, alter, or amend any order or decision made by it.

request for official notice of the draft and final verification reports concerning the first interim claims for the 2006-2008 program cycle.

We have reviewed each and every allegation raised by TURN and ORA and are of the opinion that there is merit to the arguments presented. Accordingly, for the reasons discussed below, we shall grant rehearing of D.10-12-049, D.09-12-045, and D.08-12-059.<sup>6</sup> However, because the 2006-2008 program cycle is concluded, rehearing of the three decisions should be consolidated into one consolidated proceeding concerning the entire 2006-2008 program cycle. We also find good cause to modify the OIR and shall modify R.09-01-019 as set forth herein. With the modifications made to OIR 09-01-019, we find no merit to the allegations, and TURN's and ORA's joint application for rehearing of R.09-01-019 as modified is denied. The draft EM&V report concerning the first interim period was the subject of a workshop and comments. The final EM&V report for the first interim period issued in February 2009. Both documents are part of the record of the 2006-2008 program cycle. In addition, subsequent to ORA's request for judicial notice, the Commission adopted Resolution E-4272, which provided an EM&V report for both the first and second periods; thus, we do not believe there is good cause to grant ORA's motion for official notice of the draft and final verification reports concerning the first interim claims for the 2006-2008 program cycle.

## II. BACKGROUND

The incentive mechanism was adopted by D.07-09-043 to provide IOUs San Diego Gas & Electric Company (SDG&E), Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and Southern California Gas Company (SoCalGas), with potential financial incentives provided they reached savings superior to those adopted in their energy efficiency portfolios, while ensuring that all claimed energy efficiency savings were real and independently verified by the Commission. Under the RRIM, as adopted, the energy IOUs were provided with a

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<sup>6</sup> Rulemaking (R.) 09-01-019 and R.06-04-010 are consolidated for purposes of the rehearing order herein.

potential of receiving two possible interim awards (or financial offset penalties) and a true up during a three-year cycle (with a portion of each interim award held back until the true up as a protection to the IOUs from earnings swings during the cycle) provided they met and exceeded the Commission-adopted energy efficiency portfolio savings goals set for the three-year cycle.

The IOUs twice petitioned to modify D.07-09-043. The Commission partially granted the IOUs' petitions in D.08-01-042 and D.08-12-059. In D.08-01-042, the Commission clarified the incentive mechanism must include provisions for earnings or offset penalties (rewards or risks) at interim points during the three year program cycle, rather than causing the IOUs to wait up to five years after portfolio implementation for any financial feedback. D.08-01-042, the first decision modifying D.07-09-043, determined that in order for the IOUs to book any earned rewards as regular operating earnings, it would make verified interim awards nonrefundable. In exchange, D.08-01-042 required that the Database for Energy Efficiency Resources (DEER) values used for calculations of the net benefits and achievements based on the EM&V protocols adopted by D.07-09-043 must be verified using specified updated ex ante measure saving parameters.<sup>7</sup>

By their second petition for modification of D.07-09-043 and also for modification of D.08-01-042, the IOUs requested that the two interim EM&V reviews be eliminated. Instead, the IOUs argued they should be provided with rewards (or penalties) based solely on their estimated claims, with verification of the final claims only during the true up period.

D.08-12-059 (challenged by TURN and ORA) responded to the IOUs' second petition for modification of D.07-09-043 and also their first interim claims for the

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<sup>7</sup> "DEER is a database developed jointly by this Commission and the California Energy Commission and funded by ratepayers." (D.08-01-042 at pp. 15-16.) "DEER parameters include Net-to-Gross [NTG] Ratios, Effective Useful Life, and Unit Energy Savings values for standard or 'deemed' energy efficiency measures. 'Deemed' measures refer to projects and technologies that are relatively simple to analyze and evaluate, and that do not vary tremendously with individual projects. Measures whose performance varies significantly among individual projects are categorized as 'custom' measures. [Citation omitted.]" (D.09-12-045 at p. 9 fn 12.)

2006-2008 program cycle. D.08-12-059 rejected the IOUs' argument that their interim awards should be based solely on their unverified estimated claims, with verification by the Commission only at the true up. Rather, D.08-12-059 required that updated DEER values required by D.08-01-042 must be used to calculate both the first and second interim claims. Nevertheless, the first financial rewards authorized by D.08-12-059 were based solely on the IOUs' unverified, self-reported claims in order to ensure the IOUs would receive incentive rewards before the close of the year. Because D.08-12-059 authorized nonrefundable payments to the IOUs on unverified claims, it states that it increased the portion held back from each unverified award to 65%, as a means of protecting ratepayers from unreasonable charges. In addition, D.08-12-059 partially granted the IOUs' second petition for modification of D.07-09-043 by requiring future EM&V reports to issue by resolution. Thus, D.08-12-059 required the final EM&V report for the first interim period and the November 2008 draft EM&V for the first interim period (which had previously been published by the Energy Division and the subject of comments and a workshop) to issue by resolution on January 15, 2009.

Prior to the issuance by resolution of the draft and final EM&V reports for the first interim period, as ordered by D.08-12-059, the Commission issued the new OIR, R.09-01-019 (also challenged by TURN and ORA). An Ordering Paragraph of the new OIR provides that “[f]or issues related to RRIMs, R.06-04-010 is superseded by this rulemaking.” (R.09-01-019 at p. 9 Ordering Paragraph No. 9.) Among other things, the new OIR states that the draft and final EM&V reports for first interim period ordered by D.08-12-059 need not issue by resolution. Further, the new OIR provides that the first interim report was rendered moot because the first interim awards had already been authorized by D.08-12-059. R.01-09-019 contained an Ordering Paragraph that suspends the requirement for the reports to issue by resolution. (R.09-01-019 at pp. 8-9, Ordering Paragraph No. 4.) R.09-01-019 is a successor proceeding to R.06-04-010. As such, it pertains to the second interim claims and true up for the 2006-2008 program cycle as well as other issues regarding the incentive program.

On October 15, 2009, by Resolution E-4272, the Commission adopted the Energy Division's EM&V report for the second interim period in the 2006-2008 program cycle. Resolution E-4272 provides calculations for each IOU's savings during the first and second interim phases of the 2006-2008 cycle based on the requirements of D.08-01-042, i.e., using the updated ex ante parameters required by D.08-01-042 and the savings goals adopted by the Commission for the 2006-2008 cycle. Pursuant to the EM&V report adopted by Resolution E-4272, three of the IOUs reached 85% of the Commission's savings goals and would have achieved shared savings rate of 9%, thus being eligible for an award under the RRIM. However, one of the IOUs did not reach the performance necessitated for rewards and would have achieved a shared savings rate of 0% in both the first and second periods; thus, it would not have been entitled to any reward for either period.

D.09-12-045 (challenged by TURN), which made awards for the second interim period, concluded that the EM&V report adopted by Resolution E-4272 provided the appropriate basis for setting the second interim incentive claims. Nevertheless, it did not base awards on the requirements of D.07-09-043 as modified by D.08-01-042. Instead, D.09-12-045 authorized second interim awards, at a 12% saving rate, to each of the IOUs based on each having reached 100% of the Commission's savings goals. In order to arrive at a finding of 100% savings for each IOU, D.09-12-045 reasoned that the Commission's savings goals adopted for the 2006-2008 cycle should not be measured against the updated ex ante assumptions required by D.08-01-042. D.09-12-045 also rejected a settlement concerning disposition of the 2010 true up (for the 2006-2008 cycle) because it would have reversed the requirements adopted in D.08-01-042. (D.09-12-045 at pp. 35-36, 39, 58 and 60.)<sup>8</sup>

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<sup>8</sup> "The Proposed Settlement would partially reverse the ratepayer protections that were adopted in D.08-01-042. As a result, by not incorporating ex ante updates to key categories of parameters used to determine interim incentive payments, the Settlement does not offer incentive levels that preserve the requisite ratepayer protections." (D.09-12-045 at p.83 Ordering Paragraph No. 9.)

D.09-12-045 also provides, “[o]ne of the key principles underlying the RRIM as adopted in D.07-09-043 was that all calculations of net benefits and energy savings achievements were to be independently verified by the Commission’s Energy Division and its EM&V contractors, based on adopted EM&V protocols.” (D.09-12-045 at p. 36.) D.09-12-045 states that the EM&V report for the second interim period adhered to the process adopted by D.08-01-042, and that “Energy Division properly followed adopted procedures, thus providing stakeholders a fair opportunity to review and comment on the Report and its underlying assumptions.” (D.09-12-045 at pp. 55-56.) D.09-12-045 also states “that the methodologies and assumptions underlying the Verification Report offer the most reasonable basis for deriving interim incentives, particularly since the utilities will still be entitled to a final true up payment next year.” (D.09-12-045 at p. 57.) Although D.09-12-045 concluded that “[r]atepayers’ interests are protected when incentives are based upon independently reviewed and verified utility achievement of Commission adopted energy efficiency goals,”<sup>2</sup> like D.08-12-059, the interim awards made by D.09-12-045 were not based on the adopted SRRIM procedure. (D.09-12-045 at p. 59, and pp. 81-82 Finding of Fact Nos. 31 and 34, Conclusion of Law No. 1.) Instead, D.09-12-045 adjusted the EM&V calculations to “exclude cumulative 2004-2005 goals, reduce therm savings goals to reflect interactive effects that were not recognized in the original potential studies underlying 2006-2008 goals, and to use a 12% shared savings rate based on a comparison of Commission goals with utility results assuming unmodified ex ante assumptions.” (D.09-12-045 at pp. 82-83 Conclusion of Law No. 4.) D.09-12-045 also ordered a 35% holdback of each award.

D.10-12-049 (challenged by TURN and ORA) provided each IOU with a third award for the 2006-2008 cycle; however, it did not provide a true up of the 2006-2008 cycle. It also modified the SRRIM by eliminating use of updated ex ante assumptions; but D.10-12-049 did not revisit the awards made by the two interim decisions. It also did not specifically address related provisions such as the provision

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<sup>2</sup> D.09-12-045 at p. 82 Conclusion of Law No. 2.

making interim awards nonrefundable in light of the requirement that calculations and any awards were to be based on updated parameters. In addition, it also modified SRRIM but only for the awards it made, by changing the 9% and 12% shared savings rates to be applied to the PEB for all savings over 85% and 100% respectively, of the energy efficiency goals, to 7% for all shared savings over 85%.

The basis for the change in the shared savings rate was a reduced risk to the IOUs based on utilization of 2004-2005 savings goals and unmodified ex ante assumptions, rather than updated ex ante parameters required by D.08-01-042. D.10-12-049 determined the modifications were necessary because the IOUs could not reasonably be expected to update their assumptions in a timely manner based on updated information that they had no control over.<sup>10</sup> However, because SCE was able to accomplish updates to some of its ex ante parameters, and D.10-12-049 made an exception for SCE and included its updated ex ante parameters in arriving at its award. (D.10-12-049, Table 5: Ex Ante Parameter Modifications Proposed by SCE and Reflected In Scenario 3, at p. 47.) Rather than providing a true up, D.10-12-049 instead made third and final awards for the 2006-2008 cycle. By D.10-12-049, SDG&E was awarded an additional \$5.1 million, totaling \$21.3 million for the entire 2006-2008 cycle; SoCalGas was awarded an additional \$9.9 million, totaling \$17.3 million; PG&E was awarded an additional \$29.1 million, totaling \$104.1 million for the 2006-2008 cycle; and SCE was awarded an additional \$24.1 million, totaling \$74.5 million for the 2006-2008 cycle.

### III. DISCUSSION

Upon reviewing each and every allegation of error presented by TURN's application for rehearing of D.09-12-045 and TURN and ORA in their joint applications for rehearing of D.08-12-059, R.09-01-019 and D.10-12-045, we find that there is merit

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<sup>10</sup> "In D.08-01-042, the Commission endorsed the idea that failure to update the ex ante assumptions may create a perverse incentive for utility program managers to exaggerate savings assumptions during the portfolio planning process. While such an incentive may exist absent updating, on further reflection this theory failed to account for the fact that the utility portfolios are submitted for review and approval by the Commission with extensive opportunity for feedback from stakeholders. . . ." (D.10-12-049 at p. 34.)



to their allegations. As discussed below, modifications we make herein to R.09-01-019 address the errors raised by TURN and ORA and therefore, their joint application for rehearing of R.09-01-019 as modified, shall be denied. Because R.09-01-019 succeeded R.06-10-040 and the 2006-2008 program cycle is now concluded, and Resolution E-4272 pertains to both interim periods, rehearing of the three awards decisions shall be consolidated into one proceeding in R.09-01-019 concerning the entire 2006-2008 period. Finally, this order denies ORA's request for official notice of the draft and final EM&V reports for the first interim period. Those reports are already part of the official record and since ORA made its request, the Commission adopted Resolution E-4272. The EM&V report adopted by Resolution E-4272 concerned both the first and second interim periods. Therefore, there is no good cause for granting ORA's request for official notice of the draft and final Energy Division verification reports issued on November 18, 2008 and February 5, 2009, respectively.

We turn to TURN's and ORA's allegation that R.09-01-019 erroneously modified D.08-12-059 in violation of section 1708. D.08-12-059 modified D.07-09-043 (as previously modified by D.08-01-042), by requiring that all verification reports, including the draft that had issued in November 2008, as well as the final EM&V report for the first interim period, to issue by resolution. (D.08-12-059 at p. 21.) The verification reports were required to include "detailed information regarding the underlying assumptions relied upon as well as supporting information and documentation that provides the basis for those assumptions." (D.08-12-059 at p. 28, Ordering Paragraph Nos. 6 and 7.)

D.08-12-059 required the draft and final verification reports for the first interim period to be issued by draft resolution by January 15, 2009. However, because of an order subsequent to D.08-12-059 by the Commission's Executive Director, the first interim period reports were not filed until February 5, 2009, the day after R.09-01-019 issued. R.09-01-019 contains an ordering paragraph that specifically concerned the final verification report for the first interim claims period, and suspended the issuance of that

report by resolution, although the Energy Division did publish the report on February 5, 2009. (R.09-01-019 at pp. 8-9 Ordering Paragraph No. 4.)

R.09-01-019 acknowledged that D.08-12-059 required a review of the verification of the 2006-2007 interim claims, and that pursuant to the process adopted in D.07-09-043 the IOUs “could claim any interim incentive payments for 2006 and 2007 based on that [r]eport.” (R.09-01-019 at p. 4.) However, R.09-01-019 “anticipate[d],” that because the IOUs had already received their unverified [first interim] awards, the verification report for the 2006-2007 period was “moot.” (R.09-01-019 at p. 4.) We find that the dicta that the EM&V report was moot is erroneous because the pending application for rehearing of D.08-12-059 necessarily meant that verification of the 2006-2007 claims was not a moot point.

That language appears only in dicta; there are no findings of fact or conclusions of law in R.09-01-019 containing similar language. Further, the Commission had not, prior to issuance of the awards in D.08-12-059, determined that the awards were just and reasonable. Moreover, there had been no modifications to D.07-09-043 that changed the requirement for verification prior to any award authorization.

We find that R.09-01-019 could not supersede matters in R.06-10-010 that were subject to an application for rehearing. The new OIR contains no discussion of the then-pending rehearing of D.08-12-059. A pending application for rehearing cannot be superseded by the new rulemaking, nor can the proceeding in which the application for rehearing is pending be closed. (§ 1731; *Los Angeles v. Public Utilities Com.* (1975) 15 Cal.3d 680, 707.) Thus, Ordering Paragraph Number 9 did not foreclose resolution of the pending application for rehearing of D.08-12-059.

We also find that R.09-01-019 could not change the purpose of the EM&V report. TURN and ORA allege that Ordering Paragraph Number 4 of OIR 09-01-019 constituted an improper modification of D.08-12-059 in violation of section 1708.

Ordering Paragraph Number 4 of the new OIR provides:

The requirement in Decision 08-12-059 that the Energy Division Verification Report be issued via resolution as a

basis for earnings claims for 2006 and 2007 activities is suspended pending resolution of those issues in this rulemaking, though the Verification Report may be issued for other informational or planning purposes.

(R.09-01-019 at pp. 8-9.)

Public Utilities Code section 1708 provides in pertinent part: “The [C]ommission may at any time, *upon notice to the parties, and with opportunity to be heard as provided in the case of complaints*, rescind, alter, or amend any order or decision made by it . . . .” (Emphasis added.) Such a hearing requires an opportunity to be heard, introduce evidence and cross-examine witnesses. (*California Trucking Association v. Public Utilities Com.* (1977) 10 Cal.3d 240, 244-245.)

There is no question that D.08-12-059 mandated verification of the interim claims for the 2006-2008 program cycle—albeit, after the actual award of the first interim claims. (D.08-12-059 at p. 21.) D.08-12-059 did not find that verification of those claims was to be used only for “information purposes” and not actual verification of the claims; nor solely for “upcoming planning.” Rather, D.08-12-059 required Commission review of all 2006-2008 “earnings related issues,” to be conducted by Energy Division verification reports issued by resolution. (D.08-12-059 at p. 3.) Indeed, Energy Division’s EM&V report concerning the first and second interim periods was adopted by Resolution E-4272. It appears that the new OIR may have inadvertently attempted to modify the use of the verification report required by D.08-12-059 (and by D.07-09-043), and in so doing attempted to modify D.08-12-059 and D.07-09-043 without requisite notice or opportunity for comment by the parties.

TURN and ORA also contend that the new rulemaking order “effectively conceals the Commission’s potential mistake in awarding \$82 million in incentive payments [to the IOUs absent a showing the awards were just and reasonable] by suspending D.08-12-059’s requirement that the Verification Report be issued by draft resolution for purposes of the 2006-2007 incentives claim[s].” (TURN/ORR joint application for rehearing of R.09-01-019 at p. 8.) However, regardless of the merits of

that argument, the reality is that the EM&V report issued by Resolution E-4272 concerns both the first and second interim claims.

For reasons discussed above, Ordering Paragraph Number 4 of R.09-01-019 erred in suspending the draft and final verification reports for purposes of determining the 2006-2007 claims, permitting the EM&V report(s) to issue merely for other informational or planning purposes. Accordingly, R.09-01-019 should be modified to delete the erroneous dicta and language in Ordering Paragraph Number 4. Because the proposed modifications of OIR 09-01-019 correct the errors, rehearing of the modified order is not necessary. Accordingly, we find that TURN's and ORA's application for rehearing of R.09-01-019, as modified, should be denied.

We shall deny ORA's request for official notice of the draft and final EM&V reports for the first interim period. Those reports are already part of the record of the 2006-2008 cycle; further, subsequent to ORA's request for judicial notice, the Commission adopted Resolution E-4272 which provided an EM&V report concerning both the first and second periods. Therefore, we do not believe there is good cause to grant ORA's motion for official notice of the draft and final verification reports concerning the first interim claims for the 2006-2008 program cycle.

**THEREFORE**, it is ordered:

1. The request by the Office of Ratepayer Advocates for official notice of the draft and final EM&V Reports prepared by the Energy Division for the first interim period is denied.
2. Rulemaking 09-01-019 is modified as follows:
  - a. On page 4, the last sentence of the first full paragraph which provides: "Thus, we anticipate that the upcoming Commission Resolution will consider the Energy Division report moot for the purposes of 2006 and 2007 interim incentive payments, although the report may be adopted for other informational purposes concerning utility energy efficiency program performance in 2006 and 2007 as well as for upcoming planning purposes" is deleted.

- b. On pages 8-9, Ordering Paragraph Number 4 of Rulemaking 09-01-019 is deleted in its entirety.
- c. Ordering Paragraphs Numbers 5-11 of Rulemaking 09-01-019 are renumbered Ordering Paragraphs Numbers 4-10, respectively.

3. The joint application for rehearing filed by The Utility Reform Network and the Office of Ratepayer Advocates of Rulemaking 09-01-019 as modified is denied.

4. The joint applications for rehearing of Decision 10-12-049 and Decision 08-12-059 filed by The Utility Reform Network and the Office of Ratepayer Advocates are granted.

5. The application for rehearing of Decision 09-12-045 filed by The Utility Reform Network is granted.

6. For purposes of the rehearing of Decision 08-12-059, Decision 09-12-045, and Decision 10-12-049 herein ordered, Rulemaking 09-01-019 and Rulemaking 06-04-010 shall be consolidated. The rehearing proceeding shall ensure that all money awarded by Decision 08-12-059, Decision 09-12-045, and D.10-12-049, to Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company, are just and reasonable and based on calculations verified by the Commission, via its Energy Division, pursuant to the directives and process adopted in Rulemaking 06-04-010 and Rulemaking 09-10-019 as modified. The rehearing proceeding shall also consider whether refunds if any, of awards based on unverified claims are due and, if so, how such refunds, if any, shall be conducted.

7. The Executive Director shall serve upon the parties in Rulemaking 06-04-010 and Rulemaking 09-01-019 a copy of this order.

8. The presiding ALJ in Rulemaking 09-01-019 shall hold a prehearing conference setting forth the schedule for the rehearing of Decision 10-12-049, Decision 09-12-045 and Decision 08-12-059, concerning the entire 2006-2008 cycle, to be consolidated and held in the Rulemaking 09-01-019 docket.

9. Pending the outcome of the consolidated rehearing of Decision 10-12-049, Decision 09-12-045 and Decision 08-12-059, the ordering paragraphs of those decisions shall remain in effect.

This order is effective today.

Dated September 17, 2015, at San Francisco, California.

MICHAEL PICKER

President

MICHEL PETER FLORIO

CATHERINE J.K. SANDOVAL

CARLA J. PETERMAN

LIANE M. RANDOLPH

Commissioners