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# **ATTACHMENT**

to

ADMINISTRATIVE LAW JUDGE'S RULING GRANTING SAN DIEGO GAS &  
ELECTRIC COMPANY AUTHORITY TO SHIFT UNSPENT FUNDS FROM  
PROGRAMMABLE COMMUNICATING THERMOSTAT PILOT TO THE IN-  
HOME DISPLAY PILOT

showing

Letter and Attachments from Southern California Gas Company  
Dated December 1, 2011



A  Sempra Energy utility®

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December 1, 2011

California Public Utilities Commission Energy Division  
505 Van Ness Avenue  
San Francisco, CA 94102

**Subject: Additional Support for San Diego Gas & Electric Company's Request to Shift Funds to the In-Home Display Pilot**

On October 24, 2011, SDG&E filed a Motion to Shift Energy Savings Assistance ("ESA") Program Funds ("Motion"), and requested approval to shift a total of \$6,486,800 from the 2010 unspent electric department to the gas department, which includes \$40,000 from the 2010 unspent electric department to the In-Home Display ("IHD") Pilot and \$60,000 from the Programmable Communicating Thermostat ("PCT") Pilot to the IHD Pilot. The November 21, 2011 Administrative Law Judge ("ALJ") Ruling ("Ruling") granted in part SDG&E's Motion, but denied SDG&E's request to shift \$60,000 of 2011 electric funds from the PCT Pilot to the IHD Pilot and \$40,000 from the prior year's unspent electric department funds to the IHD Pilot. Notwithstanding, the Ruling permitted SDG&E to seek further review of the IHD Pilot fund shift issue, stating: "(a) Within 10 days of this ruling, SDG&E may submit an itemized report

illustrating (i) IHD Pilot expenditure from Pilot's inception to date, (ii) explanation of amount and cause of overages, and (iii) funding need projections (IHD Report) to the Energy Division".<sup>1</sup>

**A. Explanation of Amount and Causes of Overages**

In 2008 when SDG&E filed for the IHD & PCT pilots, the technology that was installed at the time was in the early stages of development and not commercially available, therefore, the cost estimates for the pilots were developed 3 years earlier and estimated to the best of our ability at the time.

From 2008-2011, as SDG&E's Smart Meter deployment continued to change the way in which SDG&E connected with our customers, it allowed for more innovative technology to become available to support additional customer benefits, such as direct communication with devices to the Smart Meter for energy related information.

In order to deliver a pilot experience that was at the forefront of technology market trends and that were customer-focused, SDG&E partnered with Tendril, a business entity that had both the products and experience in the Smart Grid/Meter technology market. In order to provide low-income customers with Home Area Network ("HAN") devices that were compatible with the new Smart Meter technology, Tendril provided an Information Technology ("IT") platform for all of the SDG&E's HAN pilots which included a Customer Portal, Enrollment Site, and Program Site. As the Smart Meter software and firmware continued to evolve, Tendril's IT platform had to adapt to these changes to keep the HAN devices functional. By early 2011, the pilots were approaching their launch dates and the IT platform with a monthly subscription fee, IT support, device installation, devices, and enrollment website development had all evolved in a more costly manner than anticipated and planned for in 2008.

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<sup>1</sup> ALJ Ruling, at p. 8.

These software and hardware enhancements were imperative to provide customers with an IHD or PCT that was simple, functional and useful while leveraging the investment into Smart Meters as requested by the Commission. Without these pilot enhancements, SDG&E would not have been able to measure whether or not the IHD and PCT have the capability to change customer energy consumption behavior.

Because these enhancements allowed SDG&E to successfully conduct the pilots, SDG&E was able to put together an evaluation plan to understand the customer experience, their engagement with the devices, and the Demand Response impacts of these devices, which are expected to be completed in the first quarter of 2012. Both of these pilot results are invaluable to how SDG&E will continue to shape the way customers use and save energy, and the benefits that customers will receive from the technology supported by SDG&E.

The budget initially proposed in 2008 for the IHD and PCT pilots, along with actual costs incurred to run the program are shown below. The software enhancements for the PCT pilot were able to be absorbed due to under-runs in other areas such as equipment and installations.

The areas that were over budget include marketing due to the development of a detailed and customer friendly enrollment site, program site and customer portal, installation and maintenance and service costs which were not foreseen as a part of the 2008 proposed budget.

**IHD Overages:**

Installation: When estimating the budget for installation in 2008, the program was not yet partnered with the installation vendors, and there was not an accurate understanding of what the actual installation costs would be.

Data collection and Analysis: In order to effectively evaluate the IHD pilot SDG&E developed a series of surveys to gauge customer feedback throughout the pilot process. The

initial budget estimates from 2008 did not anticipate the use of four test groups to evaluate customer behavior receiving information only, information and an IHD device, only an IHD device and the control group. This additional layer of complexity drove these costs slightly higher.

**New Expenses:**

Software License & Customer Support: In 2008 while developing the budget it was not possible to anticipate the type of devices and the software required to support these devices in a customer focused pilot. In addition Tendril offered phone support to customers to assist in any issues with their device. SDG&E did not have the resources available internally to offer the technical support to customers throughout the pilot.

Recruitment: In 2008 when developing a preliminary budget estimate for the IHD pilot the customer recruitment cost was not anticipated. SDG&E believed at the time that the pilot would be promoted by the Energy Savings Assistance Program outreach specialists at the time of customer enrollment. Once the Tendril product offering was developed, this approach was not feasible due to the complexity and uniqueness of the technology being offered. The outreach specialist did not have the technical expertise to discuss the product with customers.

Marketing – Enrollment / Program Site: Software development costs associated with the IHD pilot were not anticipated when developing the budget. The main unanticipated costs in this category came from the development of the Customer Portal, Enrollment Site, and Program Site.

**B. Funding Need Projections**

Based on the cost overages and new and unanticipated costs, SDG&E projects that it will require an additional \$100,000 to fund the IHD pilot. SDG&E believes that the cost overages and unanticipated costs for the IHD pilot are reasonable and necessary in order to not only

conduct the pilots, but more importantly to determine the effectiveness of the pilots that SDG&E offers to customers. The initial cost estimated was created prior to knowing what technology would be available in the market place and the decision was made to support the technology that was felt to be the most progressive.<sup>2</sup> Therefore, the need for this additional funding is justified by the complexities of running this type of innovative pilot program.

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<sup>2</sup> In the months prior to August, SDG&E was in the process of reconciling the accounting of the IHD Pilot. During this process it was discovered that the expenditures for both the IHD and PCT were being charged to a single Internal Order. The pilot expenditures were identified and were reconciled to the appropriate pilot program by August.

C. IHD Pilot Expenditures from Pilot's Inception to Date<sup>3</sup>

LI-IHD (In Home Display Program)				
Task	Description	Budget	Cost	Overage
Equipment	IHD Hardware, ReFlash IHD Units, Fulfillment, Pre-Pilot IHDs	\$100,000.00	\$96,982.24	-\$3,017.76
Installation	Installation, Saturday Installation	\$10,000.00	\$40,464.00	\$30,464.00
Collateral Material	Brochures	\$5,000.00	\$294.82	-\$4,705.18
Data Collection and Analysis	Surveys, Telephone Interviews	\$5,000.00	\$6,787.00	\$1,787.00
Evaluation	M&V Evaluation	\$25,000.00	\$10,000.00	-\$15,000.00
Software License & Customer Support*	Software License, Tier 1 & 2 Support		\$22,906.25	\$22,906.25
Recruitment*	Direct Mail, Recruitment Email		\$6,731.69	\$6,731.69
Marketing - Enrollment / Program Site*	Enrollment Micro-Site, Marketing Consulting, Marketing Development		\$55,000.00	\$55,000.00
<b>Total Costs</b>		<b>\$145,000.00</b>	<b>\$239,166.00</b>	<b>\$94,166.00</b>

\*Note: Categories were not included in the original budget.

<sup>3</sup> See also, attached spreadsheets.

<b>LI-PCT (Smart Thermostat Evaluation)</b>				
<b>Task</b>	<b>Description</b>	<b>Total Cost</b>	<b>Cost</b>	<b>Overage</b>
Equipment Cost	PCT Hardware, Fulfillment	\$80,000	\$70,602.13	-\$9,397.87
Installation Cost	Installation	\$50,000	\$10,718.00	-\$39,282.00
Collateral Material	Collateral (Brochures)	\$5,000	\$1,809.11	-\$3,190.89
Data Collection and Analysis Cost	Surveys	\$5,000	\$2,000.00	-\$3,000.00
Evaluation Cost	M&V	\$30,000	\$10,000.00	-\$20,000.00
Software License & Customer Support*	Software License, Spanish IVR		\$20,108.25	\$20,108.25
Recruitment*	Email Marketing, Recruitment Direct Mail		\$14,731.45	\$14,731.45
Marketing - Enrollment / Program Site*	Marketing Development, Enrollment Micro-Site		\$30,500.00	\$30,500.00
<b>Total Costs</b>		<b>\$230,000</b>	<b>\$160,469</b>	<b>-\$69,531.06</b>

\*Note: Categories were not included in the original budget.

Description	Element
Equipment	PURCHASED SERVICES
	SRV-MISCELLANEOUS
	MATL-COMPUTER EQUIP
	MATL-COMPUTER EQUIP
Total	
Installation	SRV-CONTRACTORS
	SRV-CONTRACTORS
	SRV-MISCELLANEOUS
Total	
Collateral	SRV-PRINT/GRAPHICS
	SRV-PRINT/GRAPHICS
	SRV-PRINT/GRAPHICS
Total	
Data Collection and Analysis	MARKET RESEARCH
	MARKET RESEARCH
Total	
Evaluation	
Total	
Software License & Customer Support	SRV-SOFTWR MAINT&LSE
	SRV-MISCELLANEOUS
Total	
Recruitment	SRV-CONSULTING
	SRV-ADVRTSNG&MKTG
Total	
Marketing - Enrollment / Program Site	SRV-CONSULTING
	SRV-CONSULTING
	SRV-ADVRTSNG&MKTG
	SRV-ADVRTSNG&MKTG
	SRV-ADVRTSNG&MKTG
	SRV-ADVRTSNG&MKTG
	SRV-MISCELLANEOUS
	SRV-ADVRTSNG&MKTG
Total	
2009-2011 Total	

LI-IHD

Task	Vendor	Quantity	Price
ReFlash IHD Units	Tendril	1	\$3,615.00
Fulfillment	Tendril	1	\$389.00
IHD Hardware	Tendril	1	\$84,853.24
Pre-Pilot IHDs (Original charge to HAN team, now corrected)	Tendril	1	\$8,125.00
Installation	Tendril	3	\$144.00
Saturday Installs	Tendril	1	\$144.00
Installation	Tendril	277	\$144.00
Collateral (Brochures)	Via Design	1	\$43.50
Collateral (Brochures)	Via Design	1	\$120.00
Collateral (Brochures)	DigitalOne	175	\$0.75
Surveys	Vision Criti	1	\$2,000.00
Telephone Interviews	CIC Resear	1	\$4,787.00
M&V Evaluation	Research	1	\$10,000.00
Software License Aug-Sept	Tendril	1	\$5,530.00
Software License March	Tendril	1	\$70.00
Software License April-July	Tendril	1	\$8,793.75
Software License Oct	Tendril	1	\$2,747.50
Tier 1 & 2 Support	Tendril	1	\$5,765.00
Direct Mail	Freedom G	1	\$4,404.47
Recruitment Email	Silverpop	1	\$461.33
Recruitment Email	Silverpop	1	\$1,629.37
Recruitment Email	Silverpop	1	\$1.49
Recruitment Email	Silverpop	1	\$1.50
Recruitment Email	Silverpop	1	\$7.03
Recruitment Email	Silverpop	1	\$125.00
Recruitment Email	Silverpop	1	\$101.50
Enrollment Micro-Site	Tendril	1	\$16,000.00
Marketing Consulting	Tendril	1	\$1,600.00
Marketing Development	Tendril	1	\$8,800.00
Marketing Development	Tendril	1	\$2,600.00
Tendril marketing and Development / Enrollment Website	Tendril	1	\$22,000.00
Marketing Development	Tendril	1	\$6,500.00
Enrollment Micro-Site	Tendril	1	\$2,500.00
Tendril marketing and Development / Enrollment Website	Tendril	1	-\$5,000.00

Posting Date	Budget	YTD Cost Posting	Total YE Spend
3/9/2011		\$3,615.00	\$3,615.00
3/25/2011		\$389.00	\$389.00
11/19/2010		\$84,853.24	\$84,853.24
12/16/2009		\$8,125.00	\$8,125.00
	\$100,000.00	\$96,982.24	\$96,982.24
11/4/2011		\$432.00	\$432.00
9/23/2011		\$144.00	\$144.00
7/19/2011		\$39,888.00	\$39,888.00
	\$10,000.00	\$40,464.00	\$40,464.00
3/1/2011		\$43.50	\$43.50
3/1/2011		\$120.00	\$120.00
5/19/2011		\$131.32	\$131.32
	\$5,000.00	\$294.82	\$294.82
10/28/2011		\$2,000.00	\$2,000.00
11/10/2009		\$4,787.00	\$4,787.00
	\$5,000.00	\$6,787.00	\$6,787.00
		\$0.00	\$10,000.00
	\$25,000.00	\$0.00	\$10,000.00
11/4/2011		\$5,530.00	\$5,530.00
11/4/2011		\$70.00	\$70.00
11/4/2011		\$8,793.75	\$8,793.75
11/28/2011		\$2,747.50	\$2,747.50
6/10/2011		\$5,765.00	\$5,765.00
		\$22,906.25	\$22,906.25
5/17/2011		\$4,404.47	\$4,404.47
4/7/2011		\$461.33	\$461.33
6/7/2011		\$1,629.37	\$1,629.37
9/1/2011		\$1.49	\$1.49
9/1/2011		\$1.50	\$1.50
11/3/2011		\$7.03	\$7.03
11/7/2011		\$125.00	\$125.00
11/10/2011		\$101.50	\$101.50
		\$6,731.69	\$6,731.69
9/7/2010		\$16,000.00	\$16,000.00
10/28/2010		\$1,600.00	\$1,600.00
1/7/2011		\$8,800.00	\$8,800.00
2/7/2011		\$2,600.00	\$2,600.00
3/25/2011		\$22,000.00	\$22,000.00
11/4/2011		\$6,500.00	\$6,500.00
7/19/2011		\$2,500.00	\$2,500.00
10/28/2011		-\$5,000.00	-\$5,000.00
		\$55,000.00	\$55,000.00
	\$145,000.00	\$229,166.00	\$239,166.00

				LI-PCT
Description	Element	Task	Vendor	Quantity
Equipment	MATL-COMPU	PCT Hardware	Tendril	1
	SRV-MISCELLA	Fulfillment	Tendril	1
<b>Total</b>				
Installation	PURCHASED S	Installation	Tendril	1
	SRV-CONTRAC	Installation	Tendril	1
<b>Total</b>				
Collateral Material	SRV-PRINT/GR	Collateral (Brochures)	Via Design	1
	SRV-PRINT/GR	Collateral (Brochures)	Via Design	1
	SRV-PRINT/GR	Collateral (Brochures)	DigitalOne Pr	1
<b>Total</b>				
Data Collection and Analysis		Surveys	Vision Critica	1
<b>Total</b>				
Evaluation		M&V	Research Intd	1
<b>Total</b>				
Software License & Customer Support	PURCHASED S	One time Software License	Tendril	1
	SRV-SOFTWR	Customer Support Software License	Tendril	1
	SRV-SOFTWR	Software License Aug-Sept	Tendril	1
	SRV-IT-OTHER	Spanish IVR	Tendril	1
	SRV-SOFTWR	Software License Nov-Dec	Tendril	1
<b>Total</b>				
Recruitment	SRV-ADVRTSN	Email Marketing	Silverpop	1
	SRV-ADVRTSN	Email Marketing	Silverpop	1
	SRV-ADVRTSN	Email Marketing	Silverpop	1
	SRV-ADVRTSN	Email Marketing	Silverpop	1
	SRV-ADVRTSN	Email Marketing	Silverpop	1
	SRV-ADVRTSN	Email Marketing	Silverpop	1
	SRV-PRINT/GR	Recruitment Direct Mail	Freedom Gra	1
<b>Recruitment Total</b>				
Marketing - Enrollment / Program Site	PURCHASED S	Marketing Development	Tendril	1
	PURCHASED S	Marketing Development	Tendril	1
	SRV-ADVRTSN	Marketing Development	Tendril	1
	SRV-ADVRTSN	Marketing Development	Tendril	1
	SRV-ADVRTSN	Marketing Development	Tendril	1
	SRV-ADVRTSN	Enrollment Micro-Site	Tendril	1
	SRV-IT-OTHER	Enrollment Micro-Site	Tendril	1
<b>Software Development Total</b>				
<b>2009-2011 Total</b>				

Price	Posting Date	Invoice #	Budget	YTD Cost Posting	Total YE Spend
\$70,213.13	4/29/2011	414		\$70,213.13	\$70,213.13
\$389.00	5/20/2011	388-3		\$389.00	\$389.00
			\$80,000.00	\$70,602.13	\$70,602.13
\$5,613.00	10/7/2011	725		\$5,613.00	\$5,613.00
\$5,105.00	11/4/2011	137		\$5,105.00	\$5,105.00
			\$50,000.00	\$10,718.00	\$10,718.00
\$212.81	6/8/2011	8747		\$212.81	\$212.81
\$735.00	6/8/2011	8747		\$735.00	\$735.00
\$861.30	6/16/2011	10275		\$861.30	\$861.30
			\$5,000.00	\$1,809.11	\$1,809.11
\$2,000.00				\$0.00	\$2,000.00
			\$5,000.00	\$0.00	\$2,000.00
\$10,000.00				\$0.00	\$10,000.00
			\$30,000.00	\$0.00	\$10,000.00
\$12,500.00	9/26/2011	invus124		\$12,500.00	\$12,500.00
\$4,423.25	9/26/2011	invus125		\$4,423.25	\$4,423.25
\$1,050.00	11/4/2011	137		\$1,050.00	\$1,050.00
\$1,015.00	9/16/2011	735		\$1,015.00	\$1,015.00
\$1,120.00					\$1,120.00
			\$60,000.00	\$18,988.25	\$20,108.25
\$281.25	6/7/2011	542238		\$281.25	\$281.25
\$638.23	9/1/2011	545991		\$638.23	\$638.23
\$127.13	9/1/2011	546455		\$127.13	\$127.13
\$25.92	11/3/2011	547743		\$25.92	\$25.92
\$325.00	11/7/2011	542238		\$325.00	\$325.00
\$591.35	11/10/2011	546455		\$591.35	\$591.35
\$12,742.57	10/6/2011	23143		\$12,742.57	\$12,742.57
				\$14,731.45	\$14,731.45
\$1,300.00	9/30/2011	486		\$1,300.00	\$1,300.00
\$1,300.00	9/30/2011	665		\$1,300.00	\$1,300.00
\$7,400.00	7/6/2011	648		\$7,400.00	\$7,400.00
\$2,600.00	10/28/2011	422-1		\$2,600.00	\$2,600.00
\$10,400.00	7/6/2011	649		\$10,400.00	\$10,400.00
\$5,000.00	10/28/2011	421		\$5,000.00	\$5,000.00
\$2,500.00	7/19/2011	650		\$2,500.00	\$2,500.00
				\$30,500.00	\$30,500.00
			\$230,000.00	\$147,348.94	\$160,468.94
				Unspent	\$69,531.06

LI-IHD (In Home Display Program)				
Task	Description	Budget	Cost	Overage
Equipment	IHD Hardware, ReFlash IHD Units, Fulfillment, Pre-Pilot IHDs	\$100,000.00	\$96,982.24	-\$3,017.76
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Data Collection and Analysis	Surveys, Telephone Interviews	\$5,000.00	\$6,787.00	\$1,787.00
Evaluation	M&V Evaluation	\$25,000.00	\$10,000.00	-\$15,000.00
Software License & Customer Support*	Software License, Tier 1 & 2 Support		\$22,906.25	\$22,906.25
Recruitment*	Direct Mail, Recruitment Email		\$6,731.69	\$6,731.69
Marketing - Enrollment / Program Site*	Enrollment Micro-Site, Marketing Consulting, Marketing Development		\$55,000.00	\$55,000.00
Total Costs		\$145,000.00	\$239,166.00	\$94,166.00

Task
Equipment Cost
Installation Cost
Collateral Material
Data Collection and Analysis Cost
Evaluation Cost
Software License & Customer Support*
Recruitment*
Marketing - Enrollment / Program Site*
Total Costs

<b>LI-PCT (Smart Thermostat Evaluation)</b>			
<b>Description</b>	<b>Total Cost</b>	<b>Cost</b>	<b>Overage</b>
PCT Hardware, Fulfillment	\$80,000	\$70,602.13	-\$9,397.87
Installation	\$50,000	\$10,718.00	-\$39,282.00
Collateral (Brochures)	\$5,000	\$1,809.11	-\$3,190.89
Surveys	\$5,000	\$2,000.00	-\$3,000.00
M&V	\$30,000	\$10,000.00	-\$20,000.00
Software License, Spanish IVR		\$20,108.25	\$20,108.25
Email Marketing, Recruitment Direct Mail		\$14,731.45	\$14,731.45
Marketing Development, Enrollment Micro-Site		\$30,500.00	\$30,500.00
	\$230,000	\$160,469	-\$69,531.06

(END OF ATTACHMENT)