BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

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

DECISION ADOPTING SETTLEMENT AGREEMENTS FOR
SAN DIEGO GAS & ELECTRIC COMPANY AND
SOUTHERN CALIFORNIA GAS COMPANY

Summary

This decision approves and implements two Settlement Agreements (the Settlements) (contained in Attachment A hereto). Taken together, these Settlements resolve all issues in the rehearing ordered in Decision (D.) 15-09-026 relating to San Diego Gas & Electric Company (SDG&E) and to Southern California Gas Company (SoCalGas). All rehearing issues in D.15-09-026 relating to those investor-owned utilities (IOUs) other than SDG&E and SoCalGas, were resolved by previous settlements (as adopted in D.16-09-019 and D.16-10-008). The first Settlement approved in today’s decision was entered into among SDG&E, the Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN). The second Settlement was entered into among SoCalGas, ORA, and TURN.
D.15-09-026 granted applications for rehearing regarding the three decisions\textsuperscript{1} that approved awards to eligible IOUs for achieving energy efficiency savings for the 2006-2008 program cycle through the “Risk/Reward Incentive Mechanism” (RRIM). Interim installments of RRIM awards for the 2006-2008 cycle were granted in D.08-12-059 and D.09-12-045, respectively, with a final award granted in D.10-12-049. Taken together, those three decisions awarded total RRIM payments of $211,853,077 to eligible IOUs for the 2006-2008 cycle. SDG&E’s share of the RRIM awards totaled $16.2 million, and SoCalGas’ share totaled $17.2 million.

Pursuant to D.15-09-026, the rehearing issues were: (1) whether the approved amount of the RRIM awards were “just and reasonable”\textsuperscript{2}; (2) whether the RRIM awards were based on calculations verified by the Commission’s Energy Division pursuant to the processes adopted and modified in the underlying proceedings; (3) whether refunds of the previous RRIM awards are due; and (4) if so, how such refunds should be conducted.

As discussed below, the two Settlements approved herein resolve all rehearing issues relating to 2006-2008 RRIM awards for SDG&E and SoCalGas, respectively. Nothing in either of the Settlements or in this decision constitutes precedent with respect to any other proceeding or for any other IOU.

\textsuperscript{1} The applications for rehearing are: (a) for D.08-12-059, filed February 2, 2009, by TURN and the Division of Ratepayer Advocates (DRA) (in Rulemaking (R.) 06-04-010); (b) for D.09-12-045, filed January 28, 2010 by TURN (in R.09-01-019); and (c) for D.10-12-049, filed January 26, 2011 by TURN and DRA (in R.09-01-019). Rehearing of these decisions was consolidated in R.09-01-019. DRA was renamed the Office of Ratepayer Advocates effective September 26, 2013, pursuant to Senate Bill 96.

\textsuperscript{2} Public Utilities Code Section 451 states, in part, that “[a]ll charges demanded or received by any public utility…shall be just and reasonable.”
Based upon our review, we find that each of the Settlements has merit, is in the public interest, and satisfies Commission rules governing settlements. Accordingly, we approve each of the Settlements. By taking this action, we lay to rest the long protracted controversies involving the RRIM for the 2006-2008 cycle, specifically with respect to SDG&E and SoCalGas. With this decision, we bring to a conclusion the outstanding issues raised by the rehearing. Accordingly, this proceeding is closed.

Pursuant to the first Settlement, SDG&E shall refund $3.7 million of previous RRIM awards, payable to its customers who fund the Efficiency Savings and Performance Incentive (ESPI). The $3.7 million refund will be applied as an offset against SDG&E’s ESPI awards in the following manner. SDG&E will offset (a) $2.5 million against the 2017 ESPI award, and (b) $1.2 million against the 2018 ESPI award. If ESPI awards in 2017 and 2018 together are insufficient to offset the $3.7 million, SDG&E’s 2019 ESPI award, if any, will be offset by whatever has not been refunded. If the 2019 ESPI award does not fully offset any remaining refund due, the balance will be released to SDG&E with no further refund due.

Pursuant to the second Settlement, SoCalGas shall similarly return $3.7 million of previous RRIM awards payable to its customers who fund the ESPI. SoCalGas will offset (a) $2 million against its 2017 ESPI award, and (b) $1.7 million against the 2018 ESPI award. If ESPI awards for 2017 and 2018 together...
together are insufficient to offset the $3.7 million, SoCalGas’ 2019 ESPI award will be offset by whatever has not been refunded. If the 2019 ESPI award does not fully offset any remaining refund, the balance will be released to SoCalGas with no further refund due.

1. **Background**

   California Public Utilities Commission (Commission) initiatives to encourage energy efficiency (EE) through the Risk/Reward Incentive Mechanism (RRIM) have a long procedural history. Decision (D.) 07-09-043 created the RRIM (a) to offer incentives sufficient to ensure that Investor-Owned Utilities (IOUs) view EE as a core part of the utility’s regulated operations; but also (b) to protect ratepayers’ financial investment by ensuring that program savings are real and verified, and (c) to impose penalties for substandard performance.4

   The Commission awarded RRIM earnings to the IOUs in interim payments (in D.08-12-059 and D.09-12-045, respectively) and in a final payment (in D.10-12-049) for EE activities covering the 2006-2008 cycle.

   The RRIM methods for assessing incentive earnings, however, proved significantly more complex and contentious than originally contemplated. Controversies regarding performance measurements and resulting levels of RRIM awards ultimately led to applications for rehearing by the Office of Ratepayer Advocates (ORA) and The Utility Reform Network (TURN). D.15-09-026 granted applications for rehearing of D.08-12-059, D.09-12-045, and D.10-12-049 and described the procedural background of those decisions and

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4 See D.07-09-043 at 2-4.
associated applications for rehearing. Rule 16.1(c) of Commission’s Rules of Practice and Procedure (Rules)\(^5\) states that the “purpose of an application for rehearing is to alert the [California Public Utilities Commission] Commission to a legal error, so that the Commission may correct it expeditiously.”

On January 21, 2016, the assigned Commissioner and Administrative Law Judge (ALJ) issued an Amended Scoping Memo and Ruling in the rehearing granted by D.15-09-026. To address the rehearing, two Prehearing Conferences were held and parties filed and served various pleadings. On March 18, 2016, proposals to resolve the issues in scope were filed by: Natural Resources Defense Council (NRDC), ORA jointly with TURN, Pacific Gas and Electric Company, San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SoCalGas) (as “Joint Utilities”), and Southern California Edison Company. On April 8, 2016 the parties submitted comments in reply to the proposals.

The primary dispute in this rehearing proceeding is the appropriate level of RRIM incentive payments to each of the IOUs for the 2006-2008 cycle, including whether or not RRIM payments authorized in D.08-12-059, D.09-12-045, and D.10-12-049 should be changed. The merits of the underlying principles, assumptions and data used to attribute the EE savings achieved, and therefore the RRIM payments awarded, is contested. Among the issues is whether previously authorized awards, which were finalized based on ex ante (pre-installation) assumptions, should be sustained, or whether the awards

\(^{5}\) All references to rules are to the Commission’s Rules of Practice and Procedure.
should have been trued up based on ex post (post-installation) data. Assuming a true-up based on ex post data, parties disagree as to whether to rely on the Commission’s Energy Division Evaluation Measurement and Verification (EM&V) data or other ex post sources. The IOUs and NRDC submitted a Motion for Evidentiary Hearing on April 15, 2016. These parties asserted that no Evidentiary Hearings are required only if the previous RRIM awards are sustained. However, these parties also asserted that the Commission cannot rely on ex post data as reported by the Energy Division to change the previously authorized RRIM payments without Evidentiary Hearings.

Although the ALJ ruled on July 12, 2016 that Evidentiary Hearings may be appropriate, no hearings have yet been scheduled. Parties presented their substantive positions in written comments, but have not yet submitted any prepared testimony.

By e-mail notice on September 30, 2016, SDG&E, SoCalGas, ORA, and TURN requested a schedule extension (which was granted by August 8, and August 29, 2016 e-mail rulings). These parties had reached a settlement in concept, and requested time to finalize the settlement. E-mail rulings on October 3, and November 4, 2016, granted further extensions to finalize a Settlement. On December 9, 2016, SDG&E, ORA, and TURN jointly filed a “Motion for Approval of Settlement Agreement.” Also, on December 9, 2016, SoCalGas, ORA, and TURN likewise jointly submitted a “Motion for Approval of Settlement Agreement.” (Parties to each of these Settlements are referred to

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6 Ex ante refers to EE parameter values based on assumptions from the 2005 Database for Energy Efficient Resources, developed prior to the 2006-2008 program cycle. Ex post refers to those EE parameters as measured after completion of the program cycle.
herein as “Settling Parties.”) In view of our adoption of these Settlements, no Evidentiary Hearings are required to resolve the rehearing issues that relate to SDG&E and SoCalGas.

2. Description of Settlements

Settling Parties agree that the two Settlements resolve all rehearing issues in Rulemaking 09-01-019, including underlying disputes related to D.07-09-043, D.08-01-042, D.08-12-059, D.09-12-045, D.10-12-0497 and D.15-09-026 in regards to SDG&E and SoCalGas, respectively.

2.1. SDG&E Settlement

The SDG&E Settlement resolves all issues in this rehearing related to the appropriate incentive payments to SDG&E for the 2006-2008 cycle. The SDG&E Settlement does not address any other issues or impact parties’ positions regarding the 2006-2008 RRIM incentive payments applicable to the other IOUs. No party contests the Settlement.

Pursuant to the Settlement, SDG&E will offset $3.7 million of the RRIM amounts awarded in D.10-12-049 against its future incentive earnings requests under the Efficiency Savings and Performance Incentive (ESPI) or a successor mechanism. Specifically, SDG&E will offset $2.5 million against the ESPI award claimed in its ESPI Advice Letter due in 2017 contingent upon Commission approval of that requested award. If SDG&E’s 2017 ESPI award is less than $2.5 million, any RRIM amounts that are unable to be offset in 2017 will carry over to 2018.

7 Including all issues in the Petitions for Modification.
In 2018, SDG&E will offset $1.2 million for 2018, plus any carryover refunds not paid in 2017, against the 2018 ESPI award. The refund in 2018 will be contingent upon the Commission’s approval of the requested ESPI award.

In the event SDG&E’s approved ESPI award, if any, in 2018 is not sufficient to offset the $3.7 million to be refunded ($2 million in 2017 and $1.7 million in 2018), SoCalGas’ 2019 ESPI award, if any, will be used to offset whatever remains to be refunded.

If SDG&E’s approved ESPI award as filed in its 2019 Advice Letter does not fully offset the remaining refund amount, that remaining amount will be released, and SDG&E will not be required to refund further RRIM amounts.

2.2. SoCalGas Settlement

Pursuant to the second Settlement, SoCalGas will offset $3.7 million of the RRIM amounts awarded in D.10-12-049 against its future EE incentive requests under the ESPI or a successor mechanism. SoCalGas will apply the offset for the RRIM payments starting with SoCalGas’ ESPI award for 2017, if any. SoCalGas will offset $2 million against any 2017 ESPI award contingent upon Commission approval of such requested award. If the 2017 ESPI award is less than $2 million, any amounts unable to be refunded in 2017 will carry over to 2018.

If SoCalGas’ approved ESPI award, if any, in 2018 is not sufficient to offset the $3.7 million to be refunded ($2 million in 2017 and $1.7 million in 2018), SoCalGas’ 2019 ESPI award, if any, will be used to offset any remaining refund. If SoCalGas’ approved 2019 ESPI award is not sufficient to offset any remaining amount, the balance will be released to SoCalGas and not be subject to further refund.

If the Commission discontinues the ESPI mechanism during the 2017-2019 period, the intended refund of $3.7 million will be applied against a successor
shareholder mechanism to the ESPI, if any, that provides incentives for the utility’s EE activities.

3. **Overview of Issues Before the Commission**

The Commission must decide whether the two Settlements should be approved and implemented. Although we generally favor the settlement of disputes, we have established appropriate rules regarding the conduct and evaluation of settlements. In evaluating the Settlements here, we consider whether they each meet the requirements of Article 12 of the Commission’s Rules of Practice and Procedure regarding alternative dispute resolution.

3.1. **Effects on Safety of Utility Operations**

No party has raised any safety issues in the rehearing of this proceeding. We find no provisions in either of the Settlements that would be inconsistent with the continuing obligations of SDG&E and SoCalGas to provide utility service to their retail customers in a safe manner.

3.2. **Requirements of Article 12**

Article 12 of the Commission’s Rules specifies certain requirements for settlements in Commission proceedings. Rule 12.1(d) states the standard for approving settlements: “The Commission will not approve settlements, whether contested or uncontested, unless the settlement is reasonable in light of the whole record, consistent with law, and in the public interest.” Rule 12.1 also specifies procedural requirements on, for example, the timing of settlements and settlement conferences.

4. **Discussion and Analysis**

In order to evaluate the two Settlements against the requirements of Rule 12.1, we consider four subjects: procedural requirements, reasonableness in
light of the record, consistency with law, and the public interest. We find that the each of the Settlements meets the Commission’s requirements in each of these areas, and therefore, as discussed in further detail below, we approve the two Settlements.

4.1. Procedural Requirements

We find that the Settling Parties have met the procedural requirements of Rule 12.1 with respect to each of the two Settlements.

- Rule 12.1(a) requires that settlements be proposed by written motion after the first Prehearing Conference and within 30 days after the last day of hearings. The Settlements each meet this requirement.

- Rule 12.1(a) requires that “the motion shall contain a statement of the factual and legal considerations adequate to advise the Commission of the scope of the settlement and of the grounds on which adoption is urged.” A “Motion for Approval of Settlement Agreement” was filed separately for each of the Settlements. Each motion meets the Rule 12.1(a) requirement.

- Rule 12.1(b) requires a settlement conference, with seven days advance notice and opportunity to participate for all parties, before a settlement is signed. In the case of each of the Settlements, Settling Parties noticed a settlement conference on November 30, 2016, which was held on December 7, 2016, before signing either Settlement. Accordingly, both of the Settlements meet the Rule 12.1(b) requirement.

4.2. Reasonable in Light of the Whole Record

We find each of the Settlements to be reasonable in light of the whole record. In assessing reasonableness, we consider individual settlement provisions but in light of the strong public policy favoring settlements, we do not base our conclusion on whether any single provision is necessarily the optimal result. Rather, we determine whether each of the Settlements as a whole
produces a just and reasonable outcome. When viewed in total, we conclude that each of the Settlements before us produces a reasonable outcome.

Although the Settlements are not sponsored by all active parties, no party contests either of the Settlements. In considering uncontested settlements generally, we have previously stated:

In judging the reasonableness of a proposed settlement, we have sometimes inclined to find reasonable a settlement that has the unanimous support of all active parties in the proceeding. In contrast, a contested settlement is not entitled to any greater weight or deference merely by virtue of its label as a settlement; it is merely the joint position of the sponsoring parties, and its reasonableness must be thoroughly demonstrated by the record. (D.02-01-041, mimeo. at 13.)

In particular, we note that each of the settlements is a compromise between the very different litigation positions of the Settling Parties.8

In their pre-settlement position, filed March 18, 2016, SoCalGas and SDG&E each argued that they should each be entitled to retain their entire RRIM award for the 2006-2008 cycle. SoCalGas and SDG&E argued, among other things, that Commission was justified in relying on ex ante data rather than ex post data in finalizing 2006-2008 awards as was originally required in D.07-09-043. SoCalGas and SDG&E also sought to demonstrate that their total awards were just and reasonable.

ORA and TURN’s joint pre-settlement position was that the Commission erred by failing to follow RRIM rules adopted in D.07-09-043 and modified in Decision 08-01-042, including by using ex ante rather than ex post data to finalize

8 Parties’ litigation positions were set forth in proposals filed March 18, 2016, and in reply comments filed April 8, 2016, as noted above.
RRIM awards. ORA/TURN argued that the RRIM awards should be based on the ex post findings of the EM&V Report. Based on the ex post data, ORA and TURN argued that SDG&E should be required to refund $13,616,957 of the $16,169,851 awarded to it by D.08-12-059, D.09-12-045, and D.10-12-049. For similar reasons, ORA and TURN argued that SoCalGas should be required to refund $12,400,135 of the $17,193,607 awarded to it collectively by the same decisions.

In support of their pre-settlement positions, the parties raised various factual and policy arguments that were not litigated. We recognize, however, that each of the Settlements reflect material concessions by opposing interests to resolve complex and strongly contested issues. The Settlements benefit ratepayers by deducting a portion of previously awarded RRIM payments against future ESPI earnings. Except for the portion of previous RRIM awards subject to refund, however, SDG&E and SoCalGas are each allowed to retain the remaining RRIM amounts previously awarded. The Settlements resolve all rehearing disputes relating to SDG&E and SoCalGas through release by TURN and ORA of all claims arising from the 2006-2008 RRIM awards.

The fact that parties with very different interests can reach such a compromise from opposing perspectives indicates that the overall outcome is reasonable. We make this judgment, in particular, in view of the extensive history of controversy over these issues, the record underlying the 2006-2008 RRIM awards, and pleadings filed to date in the rehearing. Based on these considerations, we conclude that the compromises represented in each of the Settlements are reasonable in light of the whole record.

4.3. Consistent with Law
We find that each of the Settlements is consistent with law and with rules the Commission adopted for the RRIM in D.07-09-043 and D.08-01-042. We do not detect, and it has not been alleged, that any element of the Settlement is inconsistent with Public Utilities Code Sections, Commission decisions, or the law in general.

4.4. Public Interest

We conclude that each of the Settlements is in the public interest. As previously determined, a settlement that “commands broad support among participants fairly reflective of the affected interests” and “does not contain terms which contravene statutory provisions or prior Commission decisions” meets the “public interest” criterion.9

A critical factor in our decision to adopt each of these Settlements is confidence that they are each fairly reflective of the affected interests. Here, each of the Settlements is sponsored by the affected public utility and two well-recognized consumer interest groups. These parties represent the range of interests that have been at issue throughout the dispute regarding the 2006-2008 RRIM awards. The fact that these parties recommend adoption of each of the two Settlements provides evidence that the Settlements are fairly reflective of the affected interests at issue here.

5. Conclusion

Based on careful consideration, and for the reasons discussed above, we conclude that each of the Settlements before us warrants adoption. The Commission has long favored resolution of disputes through settlements. This

9 See D.10-06-015, mimeo. at 11-12, citing D.92-12-019, mimeo. at 7.
policy supports worthwhile goals, including reducing litigation costs, conserving scarce resources, and allowing parties to reduce the risk that litigation will produce unacceptable results. As a result of entering into the Settlements here, the parties as well as Commission staff avoid the expenditure of time and resources otherwise required to fully litigate the longstanding controversies underlying these rehearing issues. Particularly in view of the passage of time, changes in EE programs since the underlying decisions were issued, and the age of the data involved, we find that each of the Settlements offers an appropriate resolution of the rehearing issues relating to the 2006-2008 RRIM awards for SDG&E and SoCalGas, respectively.

6. Comments on Proposed Decision

The proposed decision of ALJ Dudney in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission’s Rules of Practice and Procedure. Comments were filed on February 17, 2017 in support of the proposed decision by ORA, TURN, SDG&E, and SoCalGas. No reply comments were filed. No changes have been made to this decision other than to acknowledge comments.

7. Assignment of Proceeding

Carla J. Peterman is the assigned Commissioner and Kevin Dudney is the assigned ALJ in this proceeding.

Findings of Fact

1. All disputes among the parties involving SDG&E relating to the rehearing granted in D.15-09-026, are resolved in the Settlement as set forth in Attachment A, Part 1 of this decision.
2. All disputes among the parties involving SoCalGas relating to the 
rehearing granted in D.15-09-026, are resolved in the Settlement as set forth in 
Attachment A, Part 2 of this decision.

3. Each of the Settlements in Attachment A of this decision are uncontested.

4. The Settling Parties to each of the Settlements in Attachment A of this 
decision are fairly reflective of the affected interests.

5. No term of the Settlements in Attachment A of this decision contravenes 
statutory provisions or prior Commission decisions.

6. Each of the Settlements in Attachment A of this decision is reasonable in 
light of the record, is consistent with law, and is in the public interest.

Conclusions of Law

1. Each of the Settlements set forth in Attachment A to this decision meets 
the Commission’s criteria for approval, as prescribed in Rule 12. Each of the 
Settlements is (a) reasonable in light of the whole record, (b) consistent with law, 
and (c) in the public interest. Accordingly, each of the Settlements should be 
approved in its entirety and without modification.

2. Adoption of each of the Settlements in Attachment A applies only to the 
utility identified within the Settlement, and does not constitute precedent for any 
other utility, or for future proceedings or issues not included in the approved 
Settlement.

3. Except as expressly provided for in the Settlement, each of the Settling 
Parties may advocate, in current and future proceedings, positions, principles, 
assumptions, arguments and methodologies which may be different than those 
underlying each of the Settlements.

4. This decision approving each of the Settlements set forth in Attachment A 
should be effective today in order to give prompt effect to the Settlements.
ORDER

IT IS ORDERED that:

1. The Settlement between and among the Office of Ratepayer Advocates, The Utility Reform Network, and San Diego Gas & Electric Company (Settlement 1), is approved and adopted (as set forth in Attachment A, Part 1, hereto). Accordingly, the Joint Motion, filed December 9, 2016, for approval of Settlement 1 is granted.

2. The Settlement between and among the Office of Ratepayer Advocates, The Utility Reform Network, and Southern California Gas Company (Settlement 2), is approved and adopted, (as set forth in Attachment A, Part 1, hereto). Accordingly, the Joint Motion, filed December 9, 2016, for approval of Settlement 2 is granted.

3. Pursuant to Settlement 1 (set forth in Attachment A, Part 1, hereto), as resolution of all outstanding disputes relating to it in this rehearing, San Diego Gas & Electric Company shall comply with all of its terms.

4. Pursuant to Settlement 2 (set forth in Attachment A, Part 1, hereto), as resolution of all outstanding disputes relating to it in this rehearing, Southern California Gas Company shall comply with all of its terms.

5. The adoption of this decision resolves all remaining issues relating to the rehearing ordered in Decision 15-09-026.
6. Rulemaking 09-01-019 is closed.

This order is effective today.

Dated March 2, 2017, at Davis, California.

MICHAEL PICKER
President
CARLA J. PETERMAN
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
Commissioners
Attachment A

Part 1

Settlement 1:

Settlement Among San Diego Gas and Electric Company, Office of Ratepayer Advocates and The Utility Reform Network
I. INTRODUCTION

In accordance with Rule 12.1 of the California Public Utilities Commission’s ("Commission") Rules of Practice and Procedure, San Diego Gas & Electric Company, ("SDG&E") the Office of Ratepayer Advocates, ("ORA") and the Utility Reform Network ("TURN") (collectively referred to as “the Parties” or individually as a “Party”), hereby enter into this Settlement Agreement to resolve issues raised in the Order Instituting Rulemaking to Examine the Commission’s Energy Efficiency Risk/Reward Incentive Mechanism, Rulemaking (R.) 09-01-019, which are currently pending before the Commission.

II. RECITALS

A. Pursuant to Decision ("D.") 15-09-026, the Commission re-opened this proceeding in September 2015 to re-examine three decisions involving the energy efficiency shareholder incentives awarded to SDG&E, Southern California Edison Company (SCE), Pacific Gas and
Electric Company ("PG&E"), and Southern California Gas Company ("SoCalGas") for the 2006-2008 energy efficiency portfolios.¹

B. The Commission approved the IOUs' 2006-2008 energy efficiency portfolios in D.05-09-043.

C. In September 2007, the Commission issued D.07-09-043, approving the Risk Reward Incentive Mechanism ("RRIM"), under which the IOUs would be awarded shareholder incentives for their energy efficiency savings achieved in 2006-2008 provided that they reached specified savings metrics.

D. In January 2008, the Commission revised the RRIM in D.08-01-042. The Commission clarified in D.08-01-042 that as long as a utility continues to exceed savings goals by 65% for each individual metric on an *ex-post* (post-installation) basis, it would not be required to refund interim incentive awards.²/

E. In December 2008, the Commission issued D.08-12-059, awarding the IOUs their first interim incentive awards for the 2006-2007 program years. D.08-12-059 awarded SDG&E an incentive of $10,800,000. ORA and TURN applied for rehearing of this decision in February 2009, which the IOUs opposed.

F. In December 2009, the Commission issued D.09-12-045, awarding the IOUs their second interim incentive awards for the 2006-2008 program years. D.09-12-045 awarded SDG&E an incentive of $300,572. TURN applied for rehearing of D.09-12-045 in January 2010, which the IOUs opposed.

¹/ This Settlement Agreement refers collectively to SCE, PG&E, SDG&E, and SoCalGas as "IOUs."
²/ D.08-01-042, p. 28, OP 2 j.
G. In December 2010, the Commission issued D.10-12-049, awarding the IOUs their third and final incentive awards for the 2006-2008 program years, including an award to SDG&E of $5,069,279. The Commission calculated the incentives based upon the *ex-ante* (pre-installation) assumptions from the 2005 Database for Energy Efficient Resources ("DEER"), as the basis for the true-up of energy efficiency incentives for the 2006-2008 program cycle\(^3\) with certain modifications.\(^4\) TURN and ORA applied for rehearing of this Decision in January 2011, which the IOUs opposed.

H. The Commission replaced the RRIM following the incentive awards for the IOUs' 2009 Energy Efficiency Portfolios due to disputes over the functioning of the mechanism.

I. The Commission approved an energy efficiency shareholder incentive mechanism in D.13-09-023, entitled the Efficiency Savings and Performance Incentive ("ESPI"), to reward the IOUs' for energy efficiency savings achieved in 2013 and beyond. Under the ESPI mechanism, as revised by the Commission in D.15-10-028, the IOUs request energy efficiency shareholder incentives by filing an annual advice letter on September 1 of each year.

J. On November 19, 2014, TURN and ORA filed petitions for modification of D.10-12-049, which requested that the Commission rescind the decision. ORA's petition for modification requested, in the alternative, that the Commission grant TURN and ORA's application for rehearing of D.10-12-049.

K. In D.15-09-026, the Commission granted TURN's and ORA's applications for rehearing of Decisions 08-12-059, 09-12-045,\(^5\) and 10-12-049. The Commission identified four issues to consider on rehearing: (1) whether the amount of the IOUs' incentive awards is "just

\(^3\) D.10-12-049, p. 23.
\(^4\) Id., p. 24 and Attachment A.
\(^5\) ORA did not join TURN's application for rehearing of D.09-12-045.
and reasonable"; (2) whether the incentive awards were based on calculations verified by the Energy Division pursuant to the processes adopted and modified in the underlying proceedings; (3) whether refunds are due; and (4) how any refund would be accomplished.6/  

L. On March 18, 2016, pursuant to the Amended Scoping Memo, the IOUs, the Natural Resources Defense Council ("NRDC"), ORA, and TURN filed proposals to resolve the issues in dispute. SDG&E's March 18, 2016 proposal sought to retain its full incentive awards for the 2006-2008 period on the grounds that it was reasonable for the Commission to use \textit{ex-ante} savings values instead of \textit{ex-post} savings values, as originally required in D.07-09-043. SDG&E’s proposal also sought to demonstrate that SDG&E’s total award was just and reasonable.  

M. ORA and TURN's March 18, 2016 proposal requested that the Commission recalculate the IOUs’ incentive awards using the results of the \textit{ex post} evaluations for 2006-2008 and require SDG&E to refund $13,616,957 of the $16,169,851 awarded collectively by D.08-12-059, D.09-12-045, and D.10-12-049, consistent with the RRIM adopted in D.07-09-043 and modified by D. 08-01-042.  

III. AGREEMENT  

As a compromise among their respective litigation positions, and subject to the recitals and reservations set forth in this Settlement Agreement, the Parties agree to fully resolve this dispute, subject to Commission approval, as set forth below.

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A. Specific Terms and Conditions

1. SDG&E will refund to customers $3.7 million of the incentives awarded in D.10-12-049 by offsetting $3.7 million solely against future approved awards for energy efficiency shareholder incentives filed pursuant to the ESPI mechanism, or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, subject to paragraph III A.6.  

2. SDG&E will offset the $3.7 million starting in 2017, when it will offset $2.5 million solely against the approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, subject to paragraph III A.4.

3. SDG&E will offset $1.2 million in 2018 solely against the approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, subject to paragraph III A.5.

4. In the event SDG&E’s approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, is less than $2.5 million in 2017, then the award shall be offset fully, and the difference shall be added to the offset amount of $1.2 million intended for the approved award in 2018.

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2 A successor shareholder incentive mechanism to the ESPI means an incentive mechanism that does not exist at the time of this agreement and is intended to replace the ESPI. A successor shareholder incentive mechanism to the ESPI includes, but is not limited to, an incentive mechanism that provides incentives for energy efficiency activities, such that it can and could include an incentive mechanism that provides incentives for energy efficiency in addition to other activities.
5. In the event SDG&E’s approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, is less than the $1.2 million in 2018, as well as any added amount from 2017 as described in paragraph III A.4, then the award shall be offset fully, and the difference shall be applied as an offset to SDG&E’s 2019 approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities. The approved award shall be offset by the remaining balance to the extent the awards in 2017 and 2018 (including, to the extent applicable, any carryover amounts) were not sufficient to fully offset the annual amounts specified in paragraphs III A.2 and 3.

6. In the event SDG&E’s approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities in 2019 does not fully offset the remaining refund balance not offset in 2017 and 2018, then any remaining refund balance after the offset of the 2019 award shall be released, and SDG&E will not be required to pay any remaining refund balance.

7. SDG&E shall include in its ESPI Advice Letters that are due on September 1, 2017, September 1, 2018, and, if applicable, September 1, 2019, an explanation of the method for providing the proposed refunds. In the event the ESPI mechanism is replaced or terminated by a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, then SDG&E shall provide an explanation of the alternative method for providing the refunds in a Tier 1 Advice Letter.
8. SDG&E, in each year that it offsets its shareholder incentive award to comply with this Settlement Agreement, shall send a copy of its Advice Letter or such other document in which SDG&E requests its shareholder incentive award, to parties on the service list for Rulemaking 09-01-019.

9. The Parties will not recalculate 2006-2008 energy efficiency savings or net benefits as a result of this Settlement Agreement.

10. ORA and TURN may notify the public about the Settlement Agreement in any manner they choose, consistent with Rule 12 of the Commission's Rules of Practice and Procedure.

11. SDG&E’s assent to this Settlement Agreement is contingent on SDG&E’s ability to cease further litigation expenses relating to re-litigation of the 2006-2008 shareholder incentive awards other than the expenses necessary to negotiate and obtain approval of this Settlement Agreement.

B. Commission Approval

1. The Parties agree to submit this Settlement Agreement to the Commission for approval by filing a joint motion pursuant to the Commission's Rules of Practice and Procedure, Rule 12.1. The Parties agree to support the Settlement Agreement and perform diligently, and in good faith, all actions, including without limitation, the preparation of written pleadings, to obtain Commission approval of the Agreement.

2. This Settlement Agreement shall become effective on the mailing date of a final Commission Decision approving the terms of this Settlement Agreement without modifications unacceptable to any Party ("Settlement Effective Date").
3. Any Party may withdraw from this Settlement Agreement prior to the Settlement Effective Date if the Commission through a Proposed Decision or Alternate Proposed Decision proposes to modify, delete from, or add to the disposition of the matters stipulated herein. The Parties agree, however, to negotiate in good faith with regard to any Commission-proposed changes in order to restore the balance of benefits and burdens, and to exercise the right to withdraw only if such negotiations are unsuccessful. The Settling Parties shall promptly discuss any Commission proposed modifications and negotiate in good faith to achieve a resolution acceptable to the Settling Parties, and shall promptly seek Commission approval of the resolution so achieved.

4. Upon the Settlement Effective Date, TURN and ORA agree that this Settlement Agreement resolves all issues in the Petitions for Modification of Decision 10-12-049 with regard to SDG&E.

C. General Terms and Conditions

1. The Settlement Agreement is intended to be a resolution among the Parties of all issues raised in R. 09-01-019, including all disputes regarding the following Commission decisions with regard to SDG&E: 07-09-043, 08-01-042, 08-12-059, 09-12-045, 10-12-049 and 15-09-026, and all issues regarding the amount of SDG&E’s 2006-2008 shareholder incentive award. None of the Parties admit or concede error in any of the Commission decisions as part of this Settlement Agreement.

2. This Settlement Agreement is a negotiated compromise of issues. Nothing contained herein shall be deemed to constitute an admission or an acceptance by any Party of any fact, principle, or position contained herein. Notwithstanding the foregoing, the Parties, by signing this Settlement Agreement and by joining the motion requesting Commission approval of
this Settlement Agreement, acknowledge that they pledge support for Commission approval and subsequent implementation of these provisions.

3. The Parties agree by executing and submitting this Settlement Agreement that the relief requested herein is just, fair, and reasonable, and in the public interest.

4. The Parties understand that time is of the essence in obtaining the Commission's approval of this Settlement Agreement and that each will extend its best efforts to enable the Commission to issue a final Decision approving the Settlement Agreement as early as possible in 2016.

5. The Settlement Agreement is not intended by the Parties to be precedential regarding any principle or issue. The Parties have assented to the terms of this Settlement Agreement only for the purpose of arriving at the compromise embodied in this Settlement Agreement. Each Party expressly reserves its right to advocate, in current and future proceedings, positions, principles, assumptions, and arguments which may be different than those underlying this Settlement Agreement and each Party declares that this Settlement Agreement should not be considered as precedential for or against any of the Parties. This Settlement Agreement embodies compromises of the Parties’ positions. No Party agrees to any individual term of this Settlement Agreement, except in consideration of the other Parties’ agreement to all other terms of the Settlement Agreement. Thus the Settlement Agreement is indivisible and each part is interdependent on each and all other parts.

6. The terms and conditions of the Settlement Agreement may only be modified in writing if agreed upon by all Parties. Should the Commission reject or modify this Settlement Agreement, the Parties reserve their rights under Rule 12.4 of the Commission’s Rules of Practice and Procedure.
7. This Settlement Agreement may be executed in counterpart and has the same force and effect as if all the signatures were obtained in one document.

IV. EXECUTION

The Parties have caused this Settlement Agreement to be executed by their authorized representatives. By signing this Settlement Agreement, the representatives of the Parties warrant that they have the requisite authority to bind their respective principals.
OFFICE OF RATEPAYER ADVOCATES

Dated: December 7, 2016

ELIZABETH ECHOLS, DIRECTOR
THE UTILITY REFORM NETWORK

Dated: 12-6-2016

ELISE M. TORRES, STAFF ATTORNEY
SAN DIEGO GAS & ELECTRIC COMPANY

Dated: 12/19, 2016

SCOTT CRIDER, VICE PRESIDENT,
CUSTOMER SERVICES
Attachment A

Part 2

Settlement 2:

Settlement Among Southern California Gas Company, Office of Ratepayer Advocates and The Utility Reform Network
SETTLEMENT AGREEMENT BETWEEN AND AMONG
THE OFFICE OF RATEPAYER ADVOCATES, THE UTILITY
REFORM NETWORK AND SOUTHERN CALIFORNIA GAS COMPANY

I. INTRODUCTION

In accordance with Rule 12.1 of the California Public Utilities Commission’s
("Commission") Rules of Practice and Procedure, Southern California Gas Company,
("SoCalGas") the Office of Ratepayer Advocates, ("ORA") and the Utility Reform Network
("TURN") (collectively referred to as “the Parties” or individually as a “Party”), hereby enter
into this Settlement Agreement to resolve issues raised in the Order Instituting Rulemaking to
Examine the Commission's Energy Efficiency Risk/Reward Incentive Mechanism, Rulemaking
(R.) 09-01-019, which are currently pending before the Commission.

II. RECITALS

A. Pursuant to Decision ("D.”)15-09-026, the Commission re-opened this proceeding
in September 2015 to re-examine three decisions involving the energy efficiency shareholder
incentives awarded to San Diego Gas & Electric Company (“SDG&E”), Southern California
Edison Company (“SCE”), Pacific Gas and Electric Company (“PG&E”), and SoCalGas for the
2006-2008 energy efficiency portfolios.¹

¹/ This Settlement Agreement refers collectively to SCE, PG&E, SDG&E, and SoCalGas as “IOUs.”
B. The Commission approved the IOUs' 2006-2008 energy efficiency portfolios in D.05-09-043.

C. In September 2007, the Commission issued D.07-09-043, approving the Risk Reward Incentive Mechanism ("RRIM"), under which the IOUs would be awarded shareholder incentives for their energy efficiency savings achieved in 2006-2008 provided that they reached specified savings metrics.

D. In January 2008, the Commission revised the RRIM in D.08-01-042. The Commission clarified in D.08-01-042 that as long as a utility continues to exceed savings goals by 65% for each individual metric on an ex-post (post-installation) basis, it would not be required to refund interim incentive awards.\(^2\)

E. In December 2008, the Commission issued D.08-12-059, awarding the IOUs their first interim incentive awards for the 2006-2007 program years. D.08-12-059 awarded SoCalGas an incentive of $5,200,000. ORA and TURN applied for rehearing of this decision in February 2009, which the IOUs opposed.

F. In December 2009, the Commission issued D.09-12-045, awarding the IOUs their second interim incentive awards, including an award to SoCalGas of $2,111,021. TURN applied for rehearing of D.09-12-045 in January 2010, which the IOUs opposed.

G. In December 2010, the Commission issued D.10-12-049, awarding the IOUs their third and final incentive awards for the 2006-2008 program years, including an award to SoCalGas of $9,882,586. The Commission calculated the incentives based upon the ex-ante (pre-installation) assumptions from the 2005 Database for Energy Efficient Resources ("DEER"),

\(^2\) D.08-01-042, p. 28, OP 2 j.
as the basis for the true-up of energy efficiency incentives for the 2006-2008 program cycle\(^3\) with certain modifications.\(^4\) TURN and ORA applied for rehearing of this Decision in January 2011, which the IOUs opposed.

H. The Commission replaced the RRIM following the incentive awards for the IOUs' 2009 Energy Efficiency Portfolios due to disputes over the functioning of the mechanism.

I. The Commission approved an energy efficiency shareholder incentive mechanism in D.13-09-023, entitled the Efficiency Savings and Performance Incentive ("ESPI"), to reward the IOUs for energy efficiency savings achieved in 2013 and beyond. Under the ESPI mechanism, as revised by the Commission in D.15-10-028, the IOUs request energy efficiency shareholder incentives by filing an annual advice letter on September 1 of each year.

J. On November 19, 2014, TURN and ORA filed petitions for modification of D.10-12-049, which requested that the Commission rescind the decision. ORA's petition for modification requested, in the alternative, that the Commission grant TURN and ORA's application for rehearing of D.10-12-049.

K. In D.15-09-026, the Commission granted TURN's and ORA's applications for rehearing of Decisions 08-12-059, 09-12-045,\(^5\) and 10-12-049. The Commission identified four issues to consider on rehearing: (1) whether the amount of the IOUs' incentive awards is "just and reasonable"; (2) whether the incentive awards were based on calculations verified by the Energy Division pursuant to the processes adopted and modified in the underlying proceedings; (3) whether refunds are due; and (4) how any refund would be accomplished.\(^6\)

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\(^3\) D.10-12-049, p. 23.
\(^4\) Id., p. 24 and Attachment A.
\(^5\) ORA did not join TURN's application for rehearing of D.09-12-045.
L. On March 18, 2016, pursuant to the Amended Scoping Memo, the IOUs, the Natural Resources Defense Council ("NRDC"), ORA, and TURN filed proposals to resolve the issues in dispute. SoCalGas’s March 18, 2016 proposal sought to retain its full incentive awards for the 2006-2008 period on the grounds that it was reasonable for the Commission to use *ex-ante* savings values instead of *ex-post* savings values, as originally required in D.07-09-043. SoCalGas’s proposal also sought to demonstrate that SoCalGas’s total award was just and reasonable.

M. ORA and TURN’s March 18, 2016 proposal requested that the Commission recalculate the IOUs’ incentive awards using the results of the *ex post* evaluations for 2006-2008 and require SoCalGas to refund $12,400,135 of the $17,193,607 awarded collectively by D.08-12-059, D.09-12-045, and D.10-12-049, consistent with the RRIM adopted in D.07-09-043 and modified by D. 08-01-042.

III. AGREEMENT

As a compromise among their respective litigation positions, and subject to the recitals and reservations set forth in this Settlement Agreement, the Parties agree to fully resolve this dispute, subject to Commission approval, as set forth below.

A. **Specific Terms and Conditions**

1. SoCalGas will refund to customers $3.7 million of the incentives awarded in D.10-12-049 by offsetting $3.7 million solely against future approved awards for energy efficiency shareholder incentives filed pursuant to the ESPI mechanism, or, upon replacement or
termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, subject to paragraph III A.6.  

2. SoCalGas will offset the $3.7 million starting in 2017, when it will offset $2 million solely against the approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, subject to paragraph III A.4.

3. SoCalGas will offset $1.7 million in 2018 solely against the approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, subject to paragraph III A.5.

4. In the event SoCalGas’ approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, is less than $2 million in 2017, then the award shall be offset fully, and the difference shall be added to the offset amount of $1.7 million intended for the approved award in 2018.

5. In the event SoCalGas’s approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, is less than the $1.7 million in 2018, as well as any added amount from 2017 as described in paragraph III A.4, then the award shall be offset fully, and the difference shall be applied as an offset to SoCalGas’s 2019

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2 A successor shareholder incentive mechanism to the ESPI means an incentive mechanism that does not exist at the time of this agreement and is intended to replace the ESPI. For purposes of this Settlement Agreement, a successor shareholder incentive mechanism to the ESPI includes, but is not limited to, an incentive mechanism that provides incentives for gas energy efficiency activities and could include an incentive mechanism that provides incentives for gas energy efficiency in addition to other activities.
approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities. The 2019 approved award shall be offset by the remaining balance to the extent the awards in 2017 and 2018 (including, to the extent applicable, any carryover amounts) were not sufficient to fully offset the annual amounts specified in paragraphs III A. 2 and 3.

6. In the event SoCalGas’s approved award under the ESPI or, upon replacement or termination of the ESPI, a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities in 2019 does not fully offset the remaining refund balance not offset in 2017 and 2018, then any remaining refund balance after the offset of the 2019 award shall be released, and SoCalGas will not be required to pay any remaining refund balance.

7. SoCalGas shall include in its ESPI Advice Letters that are due on September 1, 2017, September 1, 2018, and, if applicable, September 1, 2019, an explanation of the method for providing the proposed refunds. In the event the ESPI mechanism is replaced or terminated by a successor shareholder incentive mechanism, if any, that provides incentives for the utility’s energy efficiency activities, then SoCalGas shall provide an explanation of the alternative method for providing the refunds in a Tier 1 Advice Letter.

8. SoCalGas, in each year that it offsets its shareholder incentive award to comply with this Settlement Agreement, shall send a copy of its Advice Letter or such other document in which SoCalGas requests its shareholder incentive award, to parties on the service list for Rulemaking 09-01-019.

9. The Parties will not recalculate 2006-2008 energy efficiency savings or net benefits as a result of this Settlement Agreement.
10. ORA and TURN may notify the public about the Settlement Agreement in any manner they choose, consistent with Rule 12 of the Commission's Rules of Practice and Procedure.

11. SoCalGas’s assent to this Settlement Agreement is contingent on SoCalGas’s ability to cease further litigation expenses relating to re-litigation of the 2006-2008 shareholder incentive awards other than the expenses necessary to negotiate and obtain approval of this Settlement Agreement.

B. Commission Approval

1. The Parties agree to submit this Settlement Agreement to the Commission for approval by filing a joint motion pursuant to the Commission's Rules of Practice and Procedure, Rule 12.1. The Parties agree to support the Settlement Agreement and perform diligently, and in good faith, all actions, including without limitation, the preparation of written pleadings, to obtain Commission approval of the Agreement.

2. This Settlement Agreement shall become effective on the mailing date of a final Commission Decision approving the terms of this Settlement Agreement without modifications unacceptable to any Party ("Settlement Effective Date").

3. Any Party may withdraw from this Settlement Agreement prior to the Settlement Effective Date if the Commission through a Proposed Decision or Alternate Proposed Decision proposes to modify, delete from, or add to the disposition of the matters stipulated herein. The Parties agree, however, to negotiate in good faith with regard to any Commission-proposed changes in order to restore the balance of benefits and burdens, and to exercise the right to withdraw only if such negotiations are unsuccessful. The Settling Parties shall promptly discuss any Commission proposed modifications and negotiate in good faith to achieve a
resolution acceptable to the Settling Parties, and shall promptly seek Commission approval of the resolution so achieved.

4. Upon the Settlement Effective Date, TURN and ORA agree that this Settlement Agreement resolves all issues in the Petitions for Modification of Decision 10-12-049 with regard to SoCalGas.

C. General Terms and Conditions

1. The Settlement Agreement is intended to be a resolution among the Parties of all issues raised in R. 09-01-019, including all disputes regarding the following Commission decisions with regard to SoCalGas: 07-09-043, 08-01-042, 08-12-059, 09-12-045, 10-12-049 and 15-09-026, and all issues regarding the amount of SoCalGas’s 2006-2008 shareholder incentive award. None of the Parties admit or concede error in any of the Commission decisions as part of this Settlement Agreement.

2. This Settlement Agreement is a negotiated compromise of issues. Nothing contained herein shall be deemed to constitute an admission or an acceptance by any Party of any fact, principle, or position contained herein. Notwithstanding the foregoing, the Parties, by signing this Settlement Agreement and by joining the motion requesting Commission approval of this Settlement Agreement, acknowledge that they pledge support for Commission approval and subsequent implementation of these provisions.

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enable the Commission to issue a final Decision approving the Settlement Agreement as early as possible in 2016.

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6. The terms and conditions of the Settlement Agreement may only be modified in writing if agreed upon by all Parties. Should the Commission reject or modify this Settlement Agreement, the Parties reserve their rights under Rule 12.4 of the Commission’s Rules of Practice and Procedure.

7. This Settlement Agreement may be executed in counterpart and has the same force and effect as if all the signatures were obtained in one document.

IV. EXECUTION

The Parties have caused this Settlement Agreement to be executed by their authorized representatives. By signing this Settlement Agreement, the representatives of the Parties warrant
that they have the requisite authority to bind their respective principals.

OFFICE OF RATEPAYER ADVOCATES

Dated: **December 7, 2016**

[Signature]

ELIZABETH ECHOLS, DIRECTOR
THE UTILITY REFORM NETWORK

Dated: 12 - 8 - , 2016

[Signature]

ELISE M. TORRES, STAFF ATTORNEY
SOUTHERN CALIFORNIA GAS COMPANY

Dated: 12/8/2016

LISA ALEXANDER, VICE PRESIDENT, CUSTOMER SOLUTIONS AND COMMUNICATIONS