

Exhibit No.: \_\_\_\_\_  
Docket No.: R.13-11-005  
Witness: Deanna R. Haines

Order Instituting Rulemaking Concerning Energy  
Efficiency Rolling Portfolios, Policies, Programs,  
Evaluation, and Related Issues.

Rulemaking 13-11-005  
(Filed November 14, 2013)

**SUPPLEMENTAL PREPARED DIRECT TESTIMONY OF DEANNA R. HAINES  
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

August 24, 2020

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1                   **SUPPLEMENTAL PREPARED DIRECT TESTIMONY OF DEANNA R. HAINES**  
2                   **ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**  
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4   **I.     PURPOSE AND BACKGROUND**

5           The purpose of my supplemental prepared direct testimony on behalf of Southern California Gas  
6 Company (SoCalGas) is to address activity that has occurred since my last testimony<sup>1</sup> and which is  
7 subject to the specifications ordered in the December 2, 2019 Assigned Commissioner’s Amended  
8 Scoping Memo and Ruling for Order to Show Cause Against SoCalGas (Scoping Ruling). The Scoping  
9 Ruling directs SoCalGas to submit testimony related to its energy efficiency codes and standards  
10 advocacy and prescribes that the testimony specifically:

- 11                   1)     Explain how SoCalGas accounts for codes and standards advocacy (C&S) activities  
12                   including but not limited to all the items Cal Advocates asked about in its data requests;  
13                   2)     Provide account entries for all C&S work charged to the Demand Side Management  
14                   Balancing Account since June 1, 2018, including a description of its search to find any  
15                   additional entries not previously identified;  
16                   3)     Explain why the C&S activities cited in Cal Advocates’ motion as in SoCalGas’s  
17                   Operation and Maintenance (O&M) and the General Rate Case (GRC) accounts were  
18                   charged to those accounts, and provides all relevant account entries for those items; and  
19                   4)     Provide any additional C&S-related charges in the O&M and GRC accounts and explain  
20                   how SoCalGas found them (as well as any accounting adjustments that may have been  
21                   made at any point to those charges).<sup>2</sup>  
22

23           This testimony is limited to addressing activity that is subject to item 4 and has occurred since  
24 my January 10, 2020 testimony. Consistent with D.18-05-041’s prohibition and the time period within  
25 the scope of this OSC, my testimony addresses codes and standards (C&S) activity since June 1, 2018  
26 that is:  
27

- 28                   1)     energy efficiency C&S related (excluding, e.g., codes and standards dealing with safety);  
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<sup>1</sup> Prepared Direct Testimony of Deanna R. Haines on Behalf of Southern California Gas Company (January 10, 2020).; *see also id.* at 4 (“SoCalGas reserves the right to supplement its testimony if it identifies other activity that is responsive to the Scoping Ruling’s requested information.”).

<sup>2</sup> Scoping Ruling, p. 4.

1           2)     funded outside of the DSMBA (excluding, e.g., shareholder funded activity)<sup>3</sup>; and;

2           3)     *advocacy* at the state or federal level.

3           It is my understanding that SoCalGas’s position is that D.18-05-041’s prohibition applies to  
4 funding statewide and federal energy efficiency codes and standards advocacy using funds authorized as  
5 part of the Energy Efficiency Business Plan, which are generally balanced in SoCalGas’s Demand Side  
6 Management Balancing Account (DSMBA), and does not apply to activities occurring in other parts of  
7 SoCalGas’s business, such as that which is funded through its General Rate Case (GRC). My  
8 understanding is that the scopes of EE funding and GRC funding are separate. I nonetheless address in  
9 this testimony the request in the Scoping Ruling for more information outside of the EE proceeding  
10 regarding energy efficiency codes and standards-related charges in SoCalGas’ Operations and  
11 Maintenance (O&M) and GRC accounts.

12 **II.     ORDERED ITEM OF TESTIMONY 4**

13           The Scoping Memo requires SoCalGas to “provide any additional C&S-related charges in the  
14 O&M and GRC accounts and explain how SoCalGas found them (as well as any accounting adjustments  
15 that may have been made at any point to those charges).”<sup>4</sup> As noted above, this testimony addresses  
16 C&S-related charges that are: 1) EE C&S-related; 2) funded outside of the DSMBA (excluding  
17 shareholder funding); and 3) federal or statewide advocacy. SoCalGas identifies whether the accounts  
18 originally charged for the activities discussed are generally Above the Line (ATL) or Below the Line  
19 (BTL). During the development of the GRC forecasts, it is sometimes necessary to remove incurred  
20 costs so that ratepayers are not funding activities that should be borne by shareholders.

21           **A.     California Energy Commission (CEC) 2022 California Energy Code Update**  
22           **(Title 24)**

23           On March 5, 2019, the CEC opened a new docket, 19-BSTD-03, for the 2022 Energy Code Pre-  
24 Rulemaking.<sup>5</sup> The CEC updates the Energy Code (Building Energy Efficiency Standards) for new  
25 construction of, and additions and alterations to, residential and nonresidential buildings on an

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<sup>3</sup> SoCalGas assigns costs either Above the Line or Below the Line. These terms refer to whether an income or expense item appears above or below the operating income line on a utility’s regulatory income statement. As the historical costs for the 2018-2020 period are part of the next GRC that has not yet been filed, accounting can be subject to future adjustments during that cycle.

<sup>4</sup> Scoping Ruling, p. 4.

<sup>5</sup> California Energy Commission Docket Log, *available at*,  
<https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=19-BSTD-03>.

1 approximately three-year cycle. The last update occurred for codes effective January 1, 2020.  
2 According to the CEC, its enabling statute requires that measures adopted be “cost effective, when taken  
3 in their entirety, and when amortized over the economic life of the structure when compared with  
4 historic practice.”<sup>6</sup> The CEC has also noted that for the 2022 Energy Code update, they are “considering  
5 options to modify compliance baselines and metrics to increase the Energy Code’s support for the state’s  
6 carbon-reduction goals.”<sup>7</sup>

7 A CEC business meeting was held on August 12, 2020. Several parties had submitted written  
8 comments in advance of the meeting encouraging the adoption of an all electric building code in the  
9 2022 Title 24 code cycle. The CEC opened the line for public comment during the meeting. Three  
10 SoCalGas employees remotely attended the August 12, 2020 meeting.<sup>8</sup> One of the SoCalGas employees  
11 provided approximately two minutes of oral comments, noting that building codes must take into  
12 account cost-effectiveness and that SoCalGas welcomed a balanced public workshop on indoor air  
13 quality issues. Another employee distributed notes from the meeting to other SoCalGas employees for  
14 general awareness of the discussion that was held at the workshop. The three employees are salaried  
15 employees. One employee’s labor is charged to accounts designated as BTL. One employee charges a  
16 portion of their time to accounts designated as BTL and a portion of their time to accounts that are  
17 designated as ATL. The last employee charges their labor to accounts designated as ATL. However, as  
18 the historical costs for the 2018-2020 period are part of the next GRC that has not yet been filed,  
19 accounting can be subject to future adjustments during that cycle.

20 On August 21, 2020, SoCalGas submitted two comment letters regarding the pre-rulemaking for  
21 the California 2022 Energy Code Compliance Metrics, titled Technical Comments Regarding Pre-  
22 Rulemaking for the California 2022 Energy Code Compliance Metrics (“Technical Comments”) and  
23 Pre-Rulemaking for the California 2022 Energy Code Compliance Metrics (“Pre-Rulemaking  
24 Comments”).<sup>9</sup> The Technical Comments were filed in response to the March 26, 2020 CEC staff  
25 workshop on 2022 Energy Code Compliance Metrics, which was remotely attended by a consultant  
26 hired by SoCalGas. The primary author of the Technical Comments was the consultant, whose fee was  
27 charged to accounts designated as ATL. However, as the historical costs for the 2018-2020 period are

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<sup>6</sup> Notice of Lead Commissioner Workshop, CEC Docket No. 19-BSTD-03, docketed on September 17, 2019.

<sup>7</sup> *Id.*

<sup>8</sup> As this business meeting was available over the internet, it is possible additional SoCalGas employees viewed the meeting for their informational purposes.

<sup>9</sup> California Energy Commission Docket Log, entries 234419, 234420, and 234421 *available at*, <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=19-BSTD-03>.

1 part of the next GRC that has not yet been filed, accounting can be subject to future adjustments during  
2 that cycle. The consultant has kept track of their time associated with working on the Technical  
3 Comments. Portions of the technical content in the Technical Comments were provided by an employee  
4 of the American Gas Association. SoCalGas is a member of the AGA and pays membership dues,<sup>10</sup>  
5 however the AGA employee was not otherwise compensated for their time or the content they provided.  
6 Four other employees, as well as myself, also provided edits and/or additional content. The four other  
7 employees and myself are salaried employees. One employee's labor is charged to accounts designated  
8 as BTL. One employee charges a portion of their time to accounts designated as BTL and a portion of  
9 their time to accounts that are designated as ATL. I primarily charge my time to accounts that are  
10 designated as ATL, but do charge a small portion of my time to accounts that are designated as BTL.  
11 The last two employees charge their labor to accounts designated as ATL. However, as the historical  
12 costs for the 2018-2020 period are part of the next GRC that has not yet been filed, accounting can be  
13 subject to future adjustments during that cycle.

14 The primary author of the Pre-Rulemaking Comments was a salaried employee whose labor is  
15 charged to accounts designated as BTL. Four other employees provided edits or other input. One other  
16 employee is the signatory to the letter. The employees are all salaried employees. One employee  
17 primarily charges their time to accounts that are designated as ATL, but does charge a small portion of  
18 their time to accounts that are designated as BTL. The four other employees charge their labor to  
19 accounts designated as ATL. However, as the historical costs for the 2018-2020 period are part of the  
20 next GRC that has not yet been filed, accounting can be subject to future adjustments during that cycle.

21 Although salaried employees do not typically track their time by activity or task, the employees  
22 involved in drafting both sets of comments have kept track of their time associated with working on  
23 these comments in light of this OSC. None of the costs discussed above are charged to accounts that are  
24 funded by the DSMBA and the employees' efforts in drafting these comments were not undertaken as  
25 part of the two Statewide C&S advocacy programs that are part of the EE portfolio.

26  
27 This concludes my prepared direct testimony.  
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<sup>10</sup> Prepared Direct Testimony of Deanna R. Haines on Behalf of Southern California Gas Company (January 10, 2020), p. 14.

1 **III. QUALIFICATIONS**

2 My name is Deanna R. Haines. My business address is 555 West 5th Street, Los Angeles,  
3 California 90013-1011. My current position is Director of Environmental Policy at Southern California  
4 Gas Company. The Environmental Policy organization, among other things, provides policy support to  
5 SoCalGas and manages relationships with certain regulatory agencies. I joined SoCalGas in 1988 and  
6 have been in my current position since April 2018. I have a Bachelor of Science Degree in Chemical  
7 Engineering from University of Southern California and a Master's Degree in Business Administration  
8 from University of Redlands. I have previously testified before the Commission.