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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of its Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for Program Years 2015-2017.

Application 14-11-007
(Filed November 18, 2014)

And Related Matters.

Application 14-11-009
Application 14-11-010
Application 14-11-011

**SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER
AND ADMINISTRATIVE LAW JUDGE**

Summary

Pursuant to Rule 7.3 of the Commission's Rules of Practice and Procedure (Rules),¹ this Scoping Memo and Ruling sets forth the procedural schedule, assigns the presiding officer, addresses the scope of this proceeding, as well as other procedural matters, following the prehearing conference held on February 2015. This consolidated proceeding relates to the 2015-2017

¹ All references to Rules are to the Commission's Rules of Practice and Procedure, which are available on the Commission's website at:

http://docs.cpuc.ca.gov/word_pdf/RULES_PRAC/70731.pdf.

Energy Saving Assistance Program and California Alternate Rates for Energy Program budget applications of Pacific Gas and Electric Company, Southern California Edison company, San Diego Gas & Electric Company and Southern California Gas Company (collectively, IOUs or Utilities).

1. Procedural and Substantive Background

On November 18, 2014 Pacific Gas and Electric Company (PG&E), Southern California Edison company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas), the four large Investor Owned Utilities (IOUs), submitted their applications for the 2015-2017 California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Programs. These applications reflect proposals for program budgets, homes treated targets, energy efficiency measures, and IOU marketing, outreach and enrollment practices, among other program and policy changes.

The ESA program was originally offered as an assistance program directly from a few IOUs in the 1980s, and then was adopted by the legislature in 1990.² The original objective of the program was to promote equity and to help relieve low-income customers of the burden of risking energy prices.³ The California Long-Term Energy Efficiency Strategic Plan (Strategic Plan), the Commission made clear that the ESA Program was also meant to be a resource program and achieve energy savings. The IOUs were directed by the Commission to implement the ESA Program to ensure state-wide energy savings while also improving low-income customer's quality of life. Qualified customers consist of

² California Public Utility Code (Pub. Util. Code) Section 2790.

³ Decision (D.) 07-12-051.

those living in residential single-family households, multi-family households and mobile homes with incomes at or below 200% of the Federal Poverty Guideline.

Current implementation of the ESA program works to achieve both of these objectives by providing no-cost home weatherization services and energy efficiency measures to help low-income households: (1) conserve energy; (2) reduce energy costs; and (3) improve health, comfort and safety. The program also provides information and education to promote a more energy efficient culture in low-income communities. Finally, the Commission's Strategic Plan set an aspirational goal to treat 100% of all eligible and willing low-income homes by 2020.⁴ This was later codified into Pub. Util. Code § 382(e).

The California Alternate Rates for Energy Program, is a low-income energy rate assistance program instituted in 1989 authorizing a discount on energy rates for low-income households with incomes at or below 200% of the Federal Poverty Guideline. Qualified customers consist of residential single-family households, tenants of sub-metered residential facilities, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers. The minimum discount, originally established at 15% in 1989, was increased to 20% in 2001. Today, Pub. Util. Code § 739.1 mandates that electrical corporations serving 100,000 customers or more, provide a discount of 30 to 35 % on average to eligible CARE participants, relative to the equivalent non-CARE customer bill.⁵

The IOUs are responsible for executing strategies to cost-effectively identify, target and reach those remaining CARE and ESA eligible customers that

⁴ D.12-08-044 at 18-20.

⁵ Pub. Util. Code § 739.1(c)(1).

are not currently served by the programs. They balance the need to serve the maximum number of eligible households with the need to verify that those enrolled in the program are eligible.⁶

On January 6, 2015 the assigned Administrative Law Judge (ALJ) issued a ruling consolidating the proceedings in Application (A.) 14-11-007, A.14-11-009, A.14-11-010, and A.14-11-011, from which this consolidated proceeding follows as A.14-11-007 et al.⁷ On February 20, 2015 the assigned ALJ Anthony W. Colbert and Commissioner Catherine J.K. Sandoval conducted a prehearing conference (PHC) in the consolidated proceeding. At the PHC, the parties were instructed to file post PHC statements by March 2, 2015 to respond to the Energy Division's proposed scope and list of issues, as well as raise other issues parties sought to be included within the scope of this proceeding. In their post-PHC statements, the parties generally supported the Energy Division's proposed scope. However, there were differences on some issues not previously proposed.

2. Scope of Issues within the Consolidated Proceeding

After reviewing all party comments, the following issues are determined to be within the scope of the consolidated proceeding:

⁶ D.12-08-044.

⁷ E-mail ruling removing A.14-11-012 from e-mail ruling issued December 19, 2014 and adding A.14-11-007.

ESA PROGRAM ELEMENTS

A. What criteria might be appropriate for evaluation of the IOUs' proposed ESA Program budgets and underlying assumptions and estimates?

- i. In light of these criteria, should the budgets, assumptions, and estimates be approved, or modified in some way?

B. What energy savings goal or target should there be for the ESA Program, if any?

- i. Should there be a set kilowatt-hour or percent savings goal per year?
- ii. Should there be a cost-effectiveness goal or threshold, and if so, how should it be determined? Or does the interest in providing health, comfort, and safety benefits conflict with and/or outweigh the need to set such a goal?⁸
- iii. What barriers exist to achieve energy savings in the ESA Program? What strategies can be considered to resolve these challenges?

⁸ This topic is currently being addressed by the Cost-Effectiveness Working Group, as directed in D.14-08-030. This proceeding will not address this topic until such time as the Cost-Effectiveness Working Group has submitted its recommendations to the service list, and parties are directed not to submit comments on this issue until requested to do so, via a future ruling.

- C. What process or evaluation criteria would be most appropriate for introducing, evaluating or retiring measures from the ESA Program?**
- i. What, if any, changes should the Commission make to measure-specific price caps, co-pays and measure replacement criteria?
 - ii. What process should be used to modify ESA Program measure offerings (e.g. an Advice Letter filing or alternative process)?
- D. How should future updates to the ESA Program Statewide Policy & Procedure and California Installation Standards Manuals be managed and approved?**
- E. Should the ESA Program's "go-back" rule for treatment be modified?**
- i. If so what should the modification be? For example, should certain customer segments or household measures be considered for go-back?
- F. Should the modified three-measure minimum rule for ESA Program treatment be continued as is, modified, or eliminated? If so, how?**
- i. If these rules are retained in some form, should energy education be counted towards the minimum savings threshold or number of measures?
- G. How should the Commission address the Water-Energy Nexus issues raised in the August 20, 2014 guidance decision?**
- i. What, if any coordination should there be between the ESA Program and Public, Municipal and Private Water utilities/agencies and providers throughout the state?

- ii. Should those coordination efforts consider shifting some of the current ESA Program water efficiency measures to existing water saving/efficiency programs run by and paid for by Public, Municipal and Private Water utilities/agencies and providers?
- iii. Conversely, are additional measures, adjustments, or steps warranted through ESA to address the Water/Energy Nexus, the drought emergency, and Governor Brown's Executive Order of April 1, 2014 regarding the drought?

H. Is the current ESA Program marketing and outreach to "hard-to-reach populations" adequate, and what criteria should be used to determine whether the ESA Program has reached 100% of 'willing and eligible' customers?

- i. Should the Commission approve the ESA Program homes treated goals and the Willingness to Participate factor proposed by the IOUs?
- ii. Should the Commission set ESA Program enrollment goals for specific populations, e.g. hard-to-reach and disabled households?

I. How should the ESA Program-level cost-effectiveness threshold recommendation(s) of the Cost-Effectiveness Working Group be considered and expanded upon by this proceeding?

- i. Should the Commission provide explicit guidance on inputs to be included in cost-effectiveness calculations, and a plan to resolve any outstanding issues in the future?
- ii. Should the Commission identify a list of resource-qualifying measures, how Non-Energy Benefits (NEBs) should be addressed in the cost-effectiveness test(s), whether energy savings are assessed from

existing conditions or only counted above current code, and which discount rate should be used to value future savings from increased efficiency achieved from participation in the program?

J. Should the Commission approve the ESA Program Impact Evaluation Study budget as proposed?

- i. Should the Commission consider other evaluation approaches that may more closely align with the Rulemaking 13-11-005 energy efficiency proceeding (such as the Database for Energy Efficient Resources (DEER) or IOU workpaper process)?

K. Should the scope and budget for the NEBs⁹ study be approved as proposed?

L. Should the scope and budget for the Phase II ESA Program Energy Education study be approved as proposed?

M. How should the Commission evaluate the IOUs' ESA Program plan for treatment and penetration for the multifamily sector per the Multifamily Study recommendations?

- i. Have the IOUs already complied with D.14-08-030's directives?

⁹ Examples of NEBS include benefits such as; Carrying cost on arrearages, Bad debt written off, Shutoffs and Reconnects, Emissions / environmental (trading values and/or health / hazard benefits), Health, Comfort, Safety. A fuller list of NEBS can be found in the Skumatz Economic Research Associates (SERA) Non-Energy Benefits: Report, revised May 12, 2010.

- ii. If not, how should the Commission make sure the plan is consistent with the directives in D.14-08-030?

CARE PROGRAM ELEMENTS

N. How can the Commission improve the process to retain eligible households in the CARE Program?

O. What criteria might be appropriate for evaluation of the IOUs' proposed CARE budgets (including cooling center funding), and underlying assumptions and estimates?

- i. In light of these criteria, should the budgets, assumptions, and estimates be approved, or modified in some way?

P. How does the CARE discount legally interact with the Green Tariff Shared Renewables (GTSR) and Energy Cost Recovery rate structures, and how must it be applied?

- i. Other than applying the CARE discount in a manner that results in an "average effective CARE discount" of "not to be less than 30 percent or more than 35 percent of the revenues that would have been produced for the same billed usage by non-CARE customers," does Pub. Util. Code § 739.1 (including the requirement that the "entire discount shall be provided in the form of a reduction in the overall bill") mandate a specific CARE discount structure?
- ii. How can the GTSR requirement for revenue neutrality be reconciled with current directives of the CARE discount and other provisions of the CARE related Pub. Util. Code?
- iii. Does Pub. Util. Code § 739.1 (CARE discount requirement) apply to the Green Tariff Shared Renewables program at all?

(NOTE: Only legal interpretations are within the scope of this issue, not policy arguments.)

ESA AND CARE PROGRAM ISSUES

- Q. Should the fund-shifting rules for the CARE and ESA Programs be modified and if so, how (e.g. through an Advice Letter filing or some alternative process)?**
- R. How should the IOUs' coordination efforts with the Department of Community Services and Development be evaluated or improved?**
- S. How should the IOUs' CARE and ESA coordination efforts with other cross-cutting programs and agencies be evaluated or improved?**
- i. Should the Commission evaluate IOU coordination efforts with some or all other relevant statewide programs?
 - ii. Which programs or partnerships should be considered relevant for CARE and ESA Program coordination, and which of these should be evaluated? Examples include: Energy Upgrade California, the Multifamily Energy Efficiency Rebate Program, Universal Lifeline Telephone Service /Lifeline, energy efficiency financing pilots, MASH, SASH, local government partnerships, CHANGES, tribal organizations, CBOs, and water agencies.
 - iii. What specific criteria and metrics should be utilized in evaluating IOU ESA Program coordination efforts, especially in the multifamily sector?
- T. How should the Commission's Utility Audit, Finance and Compliance Branch's ESA and CARE audit reports be processed and considered by this proceeding?**

- i. Should the audit reports be made publicly available?
- ii. What process might be appropriate to track IOU actions in response to audit findings and recommendations?

U. How should the Commission evaluate the Rapid Feedback and Analysis proposal and funding?

- i. Should the proposal and funding be granted or further studied?

V. What budget and scope are appropriate for the Low Income Needs Assessment study which must be completed by December 2016?

- i. What if any scheduling or procedural steps should be taken to expedite the study to meet this deadline?

W. How should the Commission evaluate other proposed pilots' budgets and scopes?

- i. Should the CleanCARE proposal be adopted, modified, or further studied? What scope and budget might be appropriate for such a pilot?
- ii. Should MCE's Low Income proposal be adopted, modified, or further studied? What scope and budget might be appropriate for such a pilot/study?

Some issues explicitly set forth infra as deemed within the scope of the Consolidated Proceeding may be examined but may also be set for further or ongoing examination (e.g., studies, working groups, etc.) beyond the timeframe for the upcoming decision on the 2015-2017 ESA and CARE Program applications. Thus, parties should keep that in mind. Parties are also advised that some issues of general relevance to the ESA and CARE Programs that are noncontroversial, minor or otherwise uncontested and not listed above may still

be addressed in the upcoming decision on the 2015–2017 ESA and CARE Program applications in less detailed manner, if supported by necessary record.

On April 25, 2014, the Governor declared a continued state of emergency,¹⁰ and on April, 1 2015, the Governor issued an Executive Order mandating substantial water reductions throughout the state in light of the ongoing drought emergency.¹¹

It is important to note that as we move forward in this proceeding, we are looking to identify items and measures that will assist the State’s mission to mitigate the impacts of the severe drought. Bold ideas to address the drought are explicitly requested insofar as they fall within the scope of this proceeding. It is therefore important to note that some items to address the drought emergency and Governor’s Executive Order may be considered through one or more Resolutions or Proposed Decisions beginning in May 2015 to effectively address the emergency.

3. Issues outside the Scope of the Consolidated Proceeding

Unless expressly added by the assigned ALJ or Commissioner, any major issues not set forth in the foregoing section of this ruling are outside of the scope this proceeding and/or are issues that will not be addressed in the upcoming decision on the IOU’s 2015 - 2017 CARE and ESA Programs.

We recognize that parties raised other issues in their post PHC statements. Those issues included the evaluation of transitioning the ESA program to a rolling

¹⁰ <http://gov.ca.gov/news.php?id=18496>

¹¹ http://gov.ca.gov/docs/4.1.15_Executive_Order.pdf

portfolio approach raised by NRDC/NCLC/CHPC; workforce, education, and training of disadvantaged workforce within the ESA Program raised by Greenlining; Assembly Bill (AB) 2218 rate design and implementation; and AB 327 rate design and implementation. We have decided not to include those issues in the scope of this proceeding.

4. Discovery

The discovery cut-off date mandates that no new discovery requests be issued after that cut-off date. However, the Assigned ALJ may address motions to extend the discovery deadline on a case-by-case basis. The burden will be on the requesting party to show good cause for why an extension is necessary.¹²

5. Schedule for the Consolidated Proceeding

The following is the proceeding schedule for the Consolidated Proceeding:

SCHEDULE

Proceeding Schedule

Event	Proposed Deadline
Prehearing Conference, Held	Feb. 20, 2015
Proposed Scoping Memos/PHC statements	March 2, 2015
Motion by parties for commencement of LINA	April 10 2015
Scoping Memo Issued	April 10, 2015
Intervener Testimony and Deadline to File a Motion to Request Evidentiary Hearings	April 27, 2015
Rebuttal Testimony	May 22, 2015

¹² See SDG&E post-prehearing conference statement at 3-4.

Evidentiary Hearings/ Workshops Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California 94102.	June 17- 19, 2015 at 10:00 a.m.
Discovery cut-off	June 22, 2015
Opening Briefs	July 6, 2015
Reply Briefs	August 4, 2015
Proposed Decision	September 21, 2015
Comments on PD	October 12, 2015
Replies to Comments on PD	October 19, 2015
All Party Meeting Final Decision	November 2015

Our goal is to resolve this case as soon as possible. We anticipate that the resolution will not exceed 18 months from issuance of this scoping memo, pursuant to Pub. Util. Code § 1701.5. The assigned ALJ and Commissioner may alter this schedule as they see fit.

6. Filings and Service of Documents

All documents required to be filed in the proceeding shall be filed with the Commission's Docket Office in accordance with Commission Rules of Practice and Procedure (Rules). Article 1 of the Rules contains all of the Commission's filing requirements. Prepared testimony is only served, not filed. The parties must serve all prepared testimony and other documents required to be filed in this proceeding on each other, with a copy to the assigned ALJ, by the deadlines stated in this ruling. Service must be via personal delivery, facsimile, overnight mail or by e-mail. The parties must comply with Rule 1.10 regarding the service of documents via e-mail. As previously noted, prepared testimony should not be filed with the Docket Office but is to be served on the opposing party and all members of the service list and submitted to the assigned ALJ. Parties are encouraged to file and serve electronically, whenever possible, as it speeds

processing of the filings and allows them to be posted on the Commission's website. More information about electronic filing is available at <http://www.cpuc.ca.gov/puc/efiling>.

E-mail communication about this case should include, at a minimum, the following information on the subject line of the e-mail: A.14-11-007. In addition, the party sending the e-mail should briefly describe the nature of the attached communication; for example, Comments. The official service list for this proceeding is available on the Commission's web page. Parties should confirm that their information on the service list is correct, and serve notice of any errors on the Commission's Process Office, the service list, and the ALJ. Prior to serving any document, each party must ensure that it is using the most up to date service list. The service list on the Commission's website meets that definition. Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or who has questions about the electronic filing procedures should contact the Commission's Public Advisor at (866) 849-8390 or (415) 703-2074, or (866) 836-7825 (TTY-toll free), or send an e-mail to public.advisor@cpuc.ca.gov

7. Intervenor Compensation

Eight parties, Center for Accessible Technology (CforAT), National Consumer Law Center, Inc. (NCLC), The Association of California Community and Energy Services (ACCES), Greenling, California Housing Partnership (CHPC), National Resource Defense Center (NRDC), The Utility Reform Network (TURN), Brightline Defense Project, and National Consumer Law Center (NCLC) have filed notices of intent (NOIs) to claim intervenor compensation in this proceeding. No other party has filed a statement responding to these NOIs. As

required by Pub. Util. Code § 1804(b)(1), and in consultation with the assigned commissioner, I find that all eight parties are eligible for compensation.

This finding necessarily precedes, but does not guarantee, a compensation award to these intervenors following issuance of the commission's decision. In order to receive compensation, each intervenor's presentation must make a substantial contribution to the adoption, in whole or in part, of the commission's order or decision; and each intervenor must demonstrate that its participation or intervention without an award of fees or costs imposes a significant financial hardship (§ 1803 (a) and (b)).

A. The Timeliness of the NOI Filings (§ 1804(a)(2)(A)(i))

The PHC in this matter was held on February 20, 2015. All requesting parties filed their NOI's on or before February 23, 2015, within 30 days following the PHC, thus all four NOIs satisfy § 1804(a)(1), and are timely. No oppositions were filed.

8. Proceeding Category and Need for Hearing

This is a ratesetting proceeding. This ruling confirms the preliminary designation that there is a need for hearings.

9. Ex Parte Rules

Pub. Util. Code § 1701.1(c) defines *ex parte* communications as "any oral or written communication between a decision maker and a person with an interest in a matter before the commission concerning substantive...issues that does not occur in a public hearing...or other public proceeding...on the matter."¹³

¹³ Pub. Util. Code § 1701.1

Rule 8.3 specifies that *ex parte* communications in a ratesetting proceeding are prohibited except under the following circumstances. Oral *ex parte* communications may be permitted by any Commissioner at any time, either through: 1) All Party meetings per rule 8.3 (c)(1) if all interested parties are invited and given not less than three days' notice, or 2) individual *ex parte* meetings per rule 8.3 (c)(2) if the Commissioner grants a request for an individual *ex parte* meeting other parties are given equal time for such individual meetings, and notice of the meeting is provided to all parties consistent with rule 8.3(c)(2). Rule 8.3(c)(3) permits written *ex parte* communications by any party at any time provided copies of the communication are transmitted to all parties on the same day.¹⁴ Parties are reminded that under rule 8.3(k) *ex parte* communications are not part of the record, and the Decision will be based on the evidence of the record in the proceeding.

Rule 8.3 *et seq.* explains the *ex parte* rules in more detail. The Commission rules are available on the www.cpuc.ca.gov website at <http://www.cpuc.ca.gov/PUC/documents/codelawspolicies.htm>

10. Presiding Officer

Pursuant to Rule 13.2(b), Administrative Law Judge W. Anthony Colbert, is designated as the Presiding Officer.

¹⁴ Rule 8.3(c).

IT IS RULED that:

1. The scope, issues, and schedule are set forth in the body of this ruling unless amended by a subsequent ruling or order of the Presiding Officer.

2. A discovery cut-off date will be established beyond, which no new discovery requests will be considered.

3. After the discovery cut-off date, motions to extend the discovery deadline may be considered by assigned Administrative Law Judge on a case-by-case basis.

4. The Notices of Intent of the Center for Accessible Technology (CforAT), National Consumer Law Center, Inc., The Association of California Community and Energy Services, Greenling, California Housing Partnership, National Resource Defense Center, The Utility Reform Network, Brightline Defense Project, and National Consumer Law Center are timely under § 1804 (a).

5. A finding of eligibility necessarily precedes, but does not guarantee, an award of compensation to these intervenors.

6. Each intervenor shall make every effort to reduce duplication of effort in this proceeding.

7. This is a ratesetting proceeding (*See* Rule 7.1(a)), the preliminary determination that there is a need for evidentiary hearings is affirmed.

8. *Ex Parte* communications are prohibited in ratesetting proceedings except in the above stipulated circumstances, in accordance with Public Utilities Code Section 1701.1(c) and Rule 8.3.

9. Pursuant to Rule 13.2(a), Administrative Law Judge W. Anthony Colbert is the Presiding Officer.

Dated April 10, 2015, at San Francisco, California.

/s/ W. ANTHONY COLBERT

W. Anthony Colbert
Administrative Law Judge

/s/ CATHERINE J.K. SANDOVAL

Catherine J.K. Sandoval
Assigned Commissioner