

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Southern California Edison Company's (U 338-E) Application for Approval of SCE's "Change A Light, Change The World," Compact Fluorescent Lamp Program.

Application A.07.05-010  
(Filed May 10, 2007, 2007)

Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the Low Income Energy Efficiency Programs of California's Energy Utilities.

Rulemaking 07-01-042  
( Filed January 25, 2007)

**JOINT PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES AND  
THE UTILITY REFORM NETWORK ON SOUTHERN CALIFORNIA  
EDISON'S APPLICATION FOR APPROVAL OF ITS "CHANGE A LIGHT,  
CHANGE THE WORLD," COMPACT FLUORESCENT  
LAMP PROGRAM**

**I. INTRODUCTION**

Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission"), the Division of Ratepayer Advocates ("DRA") and The Utility Reform Network ("TURN") file this joint protest to Southern California Edison Company's ("SCE") Application for Approval of its "Change A Light, Change The World," Compact Fluorescent Lamp Program. In its application, SCE states that it intends to install 5,700,000 Compact Fluorescent Light bulbs ("CFLs") in 926,000 low-income homes within its service territory. SCE seeks approval of \$22 million for its CFL Program budget.

The Commission consolidated this application with the Low Income Energy Efficiency ("LIEE") Order Instituting Rulemaking ("OIR") Proceeding, R.07-01-042.

DRA and TURN recommend modifications to SCE's application to include a more detailed plan and to improve the likelihood that the CFL Program will confer meaningful benefits upon SCE's low-income customers.

DRA and TURN address the following issues:

- SCE's Outreach Approach Needs To Be More Expansive and Have Greater Flexibility;
- The Total Compensation Fees Are Excessive;
- SCE's Proposed Marketing Budget Seems High;
- SCE's Measurement and Evaluation Method Requires Additional Detail;
- The level of flexibility in SCE's Budgeting Proposal should be dependent upon Commission and Public Oversight; and
- The Commission should reserve judgment on whether savings from the program should count for purposes of the goals the Commission established for SCE in D.04-09-060.

## **II. DISCUSSION**

### **A. SCE's Outreach Approach Needs To Be More Expansive and Have Greater Flexibility**

DRA and TURN recommend that SCE provide the Commission with a broader distribution and outreach plan. While SCE's efforts to develop an energy efficiency program to increase awareness and utilization of CFLs targeted to the low income community are appreciated, the proposal's reliance on a single distribution strategy appears misguided. The sole approach of door-to-door outreach may not be the most efficient or viable way for SCE to reach its goal. Door-to-door distribution will have many impediments, including but not limited to fear of opening one's door to strangers, language barriers, cultural differences, or targeting of high population density areas, leaving lower populated areas without the benefits of this program. What distribution method works best, and at what cost, are important lessons for the effective expansion of residential energy efficiency throughout the state. SCE should consider multiple delivery and educational methods.

Before committing millions of dollars to fund the program, the Commission must ensure that basic research regarding SCE's distribution strategy has been conducted and

all delivery alternatives have been considered. Given that SCE currently has a low-income CFL program, it should utilize some of the lessons learned from that program to design a larger program. None of those details were provided in SCE's proposal.

Next SCE should take the opportunity to test different delivery and education methods to understand which strategies are the most effective and which may have the greatest impact on attitudes and behavior of low-income Californians' toward energy efficiency. For instance, in some communities, group meetings in schools, churches, or community centers may prove more effective at motivating low-income customers, while redeemable coupons for CFLs may work better in other instances. In-language education will also be a crucial component to the outreach design. Which distribution methods work best, and at what cost, should first be clearly demonstrated on a smaller scale before SCE expands a CFL giveaway program to a million homes in its service territory. Otherwise, SCE may end up wasting a good portion of the proposed \$22 million, if most of the 5,700,000 CFLs it distributes are never installed and few of the 926,000 targeted low-income customers become newly interested in CARE or LIEE.

Furthermore, we are not convinced that the single-measure door-to-door strategy to reach low-income customers is not creating missed opportunities that will be lost forever by not designing a more comprehensive program. The proposal does not take into consideration that some low-income energy bills may be included as part of rent and customers may therefore not have incentives to use the CFLs. A stronger proposal would be more multi-faceted and also target landlords in a collaborative effort that could incorporate a more holistic approach of controls and direct installs that would be mutually beneficial.

To remedy these shortcomings in SCE's application, DRA and TURN propose that SCE, in collaboration with Energy Division, work with its evaluators to perform some preliminary research on how to diversify the outreach and delivery strategies in the CFL Program. This research should result in a revised proposal, containing a number of pilot strategies, as well as a minimal number of customers upon which each proposed strategy should be tested. Multiple delivery and educational methods should be tested in

different social and geographic contexts, reflecting the diversity in SCE's service territory. With such testing, effective and efficient delivery methods can be tailored to specific demographic groups, and the lessons learned applied to an expansion in SCE's territory should the results warrant it.

**B. SCE's Total Compensation Fees Are Excessive**

SCE states that it plans to reach a goal of 926,000 homes in addition to providing two additional CFL bulbs to 74,000 households already approved by the Commission.<sup>1</sup> SCE also states that it intends to compensate participating organizations \$10 for every home reached.<sup>2</sup> Our calculations show this would imply that SCE plans to spend \$9,260,000 in compensation fees alone if its goals are reached. While we understand that SCE would not solely rely on organizations to reach its goal, a cap must be set so that these fees do not consume an extraordinarily high share of the program budget. The one-size-fits-all delivery method proposed may not be effective in reaching some communities, and may or may not be cost effective depending on the community. The \$10 per household fee may also create undesirable incentives, such as encouraging participating organizations to operate only in high density neighborhoods. Hourly rates of compensation could avoid such incentives to skew the targeting of outreach, and also encourage time spent on consumer education, but at the risk of increasing costs in some areas.

**C. SCE's Proposed Marketing Budget Seems High**

SCE requests \$500,000 to market the "Change A Light, Change The World" program to residents in its service territory. This amount seems extraordinarily high for a program which will only be funded until December 31, 2008 within a limited geographic

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<sup>1</sup> Southern California Edison Testimony "Support of Application for Approval of SCE "Change A Light, Change The World, Compact Fluorescent Lamp Program" (2007) at 2

<sup>2</sup> Southern California Edison Testimony at 10

area.<sup>3</sup> In contrast, the statewide “Proposed California Solar Initiative-Low Income Incentive Program for Single Family Homes” has a proposed annual marketing budget of \$867,200 for the implementation of its program throughout California.<sup>4</sup> The testimony provided by SCE elaborates some of the marketing activities it intends to pursue, but not the cost breakdowns. While marketing provides an important function to support energy efficiency activities, it is crucial that inflated marketing costs do not drive up the cost of the actual CFLs. SCE should look for ways to streamline its marketing activities across other similar marketing activities. Finally, DRA and TURN are concerned that all marketing accurately reflect the Commission’s role and the use of ratepayer funding for the program, to promote transparency and accurate attribution of program costs.

**D. SCE Measurement and Evaluation Funding Requires Additional Detail**

SCE requests a two-year funding of \$160,000 for the measurement and evaluation (M&E) of its CFL Program. SCE states that a “process evaluation will address the effectiveness and efficiency of the program delivery strategy as an effective method for delivering a large volume of CFLs to low income neighborhoods.”<sup>5</sup> DRA and TURN are concerned that SCE has not provided enough detail on its \$90,000 request for impact evaluation activities and the \$45,000 for evaluation data collection. SCE must clarify its specific intended use of these funds and provide a timeframe on when it intends to use these funds.

Given the inherently moveable nature of the CFLs, telephone and postcard surveys cannot guarantee that CFLs have been installed by customers. SCE should provide a basis for its conclusion that the minimum number of site sampling that it proposes is sufficient to guarantee that the bulbs have been installed. If SCE does not have an M&E

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<sup>3</sup> Southern California Edison Testimony at A-1

<sup>4</sup> California Solar Initiative Proposed Low-Income Incentive Program For Single-Family Homes, April 17<sup>th</sup>, 2007 at 16

<sup>5</sup> Southern California Edison Testimony at 14

plan that will allow for reliable reporting of *ex post* impacts of the CFL Program, the program will not be useful in informing utility resource procurement. Likewise, the Commission will be unable to ascertain whether SCE prudently expended \$22 million in ratepayer funds. SCE should also address what barriers they might encounter that would prevent them from collecting the site data required by their M&V plan.

This evaluation data needs to provide the basis for lessons learned so that it can be used by SCE to modify the CFL distribution program as needed while it is operating, and also by the Commission and other low-income energy efficiency programs in the future. Moreover, it is not clear from the Application whether the educational and behavioral impacts will be evaluated within a reasonable amount of time. This data must be available shortly after the CFL implementation so that the feedback can be used to improve the program design.

If the Commission adopts DRA and TURN's recommendation of outreach mechanisms discussed in section "A" above, then the Commission will need to evaluate a variety of outreach methods to different types of communities. This could require an increase in the M&E budget.

#### **E. SCE's Flexible Budgeting Proposal Requires Commission and Public Oversight**

SCE states that it "needs flexibility to adjust the proposed budget allocations..." (SCE Application p. 5). However, given the concerns that DRA and TURN have expressed above regarding budget costs that may be inflated, we have strong reservations about supporting spending flexibility that could further inflate these budget items and increase the cost of each CFL. Accordingly, DRA and TURN advocate that any modifications to a final approved plan that intends to reallocate spending should first be subject to Commission oversight and public feedback.

**F. The Commission should reserve judgment on whether savings from the program should count for purposes of the goals the Commission established for SCE in D.04-09-060.**

The Commission established energy savings goals for SCE in D.04-09-060, and stated that it was reasonable to count savings from energy efficiency measures installed under SCE's (and other utilities') LIEE programs toward those goals. (D.04-09-060, p. 32.) The Commission also required that “measures installed under the LIEE program that count towards our adopted savings goals will be subject to the same EM&V protocols that apply to measures offered under the non-low income program.” (Id., p. 33) DRA and TURN acknowledge that LIEE programs involve additional and important policy considerations not present in the design of mainstream efficiency programs. However, because LIEE program savings may have an impact on shareholder rewards in the energy efficiency proceeding, it may also be appropriate to consider the relationship between SCE's energy efficiency goals established in D.04-09-060 and the additional funding requested through the current application.<sup>6</sup> Given the issues described above with the current application, the Commission should exclude savings from the "Change the Light, Change the World Program," pending resolution of issues related to the program's current design. This will aid in ensuring that the important needs of low income customers for energy efficiency are the primary goal of the CFL Program, rather than the leveraging of easy forecasted savings to help SCE more easily reach its threshold EE savings targets. DRA and TURN offer many recommendations above for how this program might be shaped and tested to ensure that low-income customers truly benefit.

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<sup>6</sup> The Commission is currently addressing the relationship between LIEE savings and the utilities' EE shareholder incentives mechanism in R.06-04-010. Because the EE shareholder incentive mechanism under consideration will likely have a minimum performance threshold, tied to the energy efficiency goals adopted for each utility administrator in D.04-09-060, LIEE savings could impact the utilities' earnings for EE program accomplishments.

### III. PROCEDURAL RECOMMENDATION

DRA and TURN request that the Commission schedule a prehearing conference to determine the schedule for testimony, hearings, and briefs. DRA and TURN would like to provide extensive input for SCE's program. While hearings may not be needed for this proceeding, DRA and TURN reserve the right to serve testimony and/or file briefs.

### IV. CONCLUSION

DRA and TURN look forward to being active participants in this proceeding. DRA and TURN respectfully request that the Commission consider the items discussed in this protest to meaningfully restructure SCE's proposed program.

Respectfully submitted,

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**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of **“PROTEST OF THE DIVISION OF RATEPAYER ADVOCATES AND THE UTILITY REFORM NETWORK ON SOUTHERN CALIFORNIA EDISON’S APPLICATION FOR APPROVAL OF ITS “CHANGE A LIGHT, CHANGE THE WORLD,” COMPACT FLUORESCENT LAMP PROGRAM”** in **A.07-05-010/R.07-01-042** by using the following service:

**E-Mail Service:** sending the entire document as an attachment to an e-mail message to all known parties of record to this proceeding who provided electronic mail addresses.

**U.S. Mail Service:** mailing by first-class mail with postage prepaid to all known parties of record who did not provide electronic mail addresses.

Executed on June 13, 2007 at San Francisco, California.

/s/ Imelda C. Eusebio  
Imelda C. Eusebio

**N O T I C E**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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