

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of SIERRA PACIFIC POWER COMPANY (U903), for an Order Approving Its 2007 and 2008 Low Income Energy Efficiency (“LIEE”) and California Alternate Rates for Energy (“CARE”) Plans and Budgets.

Application 06-06-009  
(Filed June 1, 2006)

**RESPONSE OF THE DIVISION OF RATEPAYER ADVOCATES TO SIERRA PACIFIC POWER COMPANY’S APPLICATION FOR APPROVAL OF ITS 2007 AND 2008 LOW-INCOME ENERGY ASSISTANCE PROGRAMS AND FUNDING**

Pursuant to Rule 44 et seq. of California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, the Division of Ratepayer Advocates (“DRA”) files this response to the June 1, 2006 application of Sierra Pacific Power Company (“Sierra”) for approval of its program years (“PY”) 2007-2008 Low Income Assistance Programs and Funding.

**I. SUMMARY OF RECOMMENDATIONS**

Pursuant to ordering paragraph 6 of D.05-07-014, Sierra Pacific requests approval of its LIEE budgets for PYs 2007 and 2008 of \$110,000 annually. These LIEE budgets would require increasing the surcharge rates to generate revenue increases of \$6,000 for PY 2007 and \$5,000 for PY 2008. In addition, Sierra requests approval of CARE budgets of \$395,000 for PY 2007 and \$411,000 for PY 2008. The proposed budgets reflect needed increases in surcharge revenues of \$154,000 for PY 2007 and \$168,000 for PY 2008.

DRA does not oppose Sierra Pacific’s request for approval of its proposed budgets and program plans for CARE and LIEE. DRA does, however, offer recommendations regarding Sierra’s outreach, enrollment and re-certification activities.

## II. CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM ISSUES

### A. Cost and labor expenses for Self-Certification Process should be tracked and reported for both program years 2007 and 2008

Although Sierra does not request funding for new costs relating to self-certification activities, DRA recommends that Sierra explain if it intends to track new Self-Certification costs for recovery in future years. Sierra, for a number of reasons, does not currently have a CARE balancing account, so it cannot be assumed that these incremental costs will be recoverable in the future. If Sierra cannot estimate these costs for inclusion in rates through this Application, perhaps it should seek authority to track these costs in a new account for purposes of future recovery. The ability to recover costs notwithstanding, DRA also recommends that these costs be tracked in a manner that will allow the Commission and interested parties to assess the costs of Self-Certification relative to the benefits of increased enrollment.

Sierra conducts its Self-Certification Program as a result of D.05-07-014, which mandated specific small multi-jurisdictional utilities to implement a CARE Self-Certification Program. In its application, Sierra discusses the importance of CARE enrollment through mailing self-certification applications twice a year. As a result of Sierra's first effort in conducting self-certification, Sierra enrolled 373 CARE customers in November 2005 and, as of May 2006, a second self-certification billing insert added another 118 CARE customers. These are significant numbers considering Sierra had approximately 1500 customers enrolled in CARE at the end of 2005<sup>1</sup>.

DRA commends Sierra's successful efforts in implementing self-certification, but given that Sierra is not requesting costs for conducting the program in 2007 and 2008, DRA recommends that new costs incurred in those efforts be tracked for future review and recovery in rates.

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<sup>1</sup> Sierra's application A.06-06-009, Page 3.

In response to DRA's data request, Sierra affirms that all additional labor and workload relating to Self-Certification was performed by Sierra's CARE Program Manager and no additional employee was hired to do or help with this process. Sierra did not provide in its application estimated costs for any expense or labor costs for their self certification process for any of the future program years 2007 or 2008. But, DRA assumes that Sierra will want to recover these costs in future years. Therefore, Sierra should keep track of all expenses, labor costs and work assignment plans for their Self-Certification process. This information should be included in Sierra's annual report.

**B. New efforts to enroll new customers need to be developed and implemented because Sierra Pacific will not continue data sharing with SouthWest Gas due to the difference of income guidelines eligibility between both utilities.**

Pursuant to Ordering Paragraph 19 of Decision No. 05-10-044, "Interim Opinion Approving Various Emergency Program Changes in Light of the Anticipated High Natural Gas Prices in the Winter of 2005-2006", SouthWest Gas along with larger utilities, were mandated to increase income guidelines for the CARE Program. Income guidelines were to be modified from 175% to 200% of the Federal Poverty Income level. As a result, Sierra will no longer be able to electronically share participant data with South West Gas for purposes of enrolling these customers in the CARE Program. Inter utility exchange of data has been effective and beneficial between the major utilities, and data sharing of enrolled participants is one basis for automatic enrollment. Once participants are identified as eligible, they are automatically enrolled into the CARE Program.

Sierra Pacific noted in its application A.06-06-009 that data sharing efforts with SouthWest Gas resulted in higher CARE customers enrolled in PY 2005.

DRA notes that in Sierra's response to a data request answered June 6, 2006, Question 2.A & B, Sierra affirms that even though data sharing with SouthWest Gas will not be an option for enrolling new CARE customers, Sierra has not contemplated any plan for new outreach efforts. Although Sierra stated in a conference call with DRA that

it plans to continue the current outreach efforts, it has not proposed additional expenses for this type of activity.

DRA recommends that Sierra Pacific find new outreach strategies or augment existing strategies and target customers that are hard to reach. Since inter-utility sharing of participant data is so effective and inexpensive, its loss as a program element suggests a need to develop outreach activities to compensate for the loss of inter-utility data sharing. Sierra could work with other small multi-jurisdictional utilities develop new ideas find and enroll new CARE customers.

DRA recommends that Sierra explore the possibility of implementing enrollment of new customers by phone.

### **III. LOW INCOME ENERGY EFFICIENCY (LIEE) ISSUES**

#### **A. Even though Sierra provides low-income customers with information and education on the LIEE Program, Sierra's outreach efforts need to be improved.**

Sierra's Application does not clearly indicate how much or what percentage of LIEE outreach is done by Sierra, Project Go or and Richard Heath and Associates ("RHA"). Sierra explained in a data request response to DRA that a flyer is sent at the beginning of each year to all CARE customers explaining the LIEE Program. The flyer is sent in English and Spanish.<sup>2</sup> Sierra also reaches new customers through bill inserts. Sierra states in its application that they work with Project Go and RHA to reach eligible customers, assess and install weatherization measures needed in low-income homes.<sup>3</sup> RHA explained to DRA in a written data request response that those customers already qualified for the program are given an Energy Education packet that explains the LIEE Program policies and procedures requirements including RHA's publications and forms.

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<sup>2</sup> Response provided by Mr. Larry Rackley.

<sup>3</sup> Sierra application, page 7.

It remains unclear if RHA does any type of outreach activity besides the information it provides to customers already identified as eligible participants for LIEE.

DRA recommends Sierra provide an expanded explanation of its outreach activities, and to indicate if DRA's understanding is correct. If outreach is, in fact, limited to mailing flyers and handing out energy education packets, the Commission should order Sierra to submit plans for finding and implementing other ways to perform outreach and to find and enroll customers for LIEE; perhaps Sierra should consider newspaper, television or radio ads.

#### **IV. CONCLUSION**

DRA does not object to Sierra Pacific's application for approval of its authorized PY 2007 and 2008 Low Income Assistance Program Budgets. The Commission should review and consider DRA's recommendations before it reaches a decision. DRA looks forward to participating in the proceeding, as well as in future proceedings that may affect the SMJUs' CARE and LIEE Programs.

Respectfully submitted,

/s/ RAHID A. RASHID

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July 14, 2006

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of **“RESPONSE OF THE DIVISION OF RATEPAYER ADVOCATES TO SIERRA PACIFIC POWER COMPANY’S APPLICATION FOR APPROVAL OF ITS 2007 AND 2008 LOW-INCOME ENERGY ASSISTANCE PROGRAMS AND FUNDING”** in **A.06-06-009** by using the following service:

**E-Mail Service:** sending the entire document as an attachment to all known parties of record 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 in San Francisco, California, on the **14<sup>th</sup>** day of **July, 2006**.

/s/ MARTHA PEREZ  
Martha Perez

**NOTICE**

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