STATE OF CALIFORNIA EDMUND G. BROWN, JR., *Governor*

PUBLIC UTILITIES COMMISSION
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SAN FRANCISCO, CA 94102-3298

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TO PARTIES OF RECORD IN APPLICATION 11-05-017 ET AL

This is the proposed decision of Administrative Law Judge (ALJ) Kim. It will not appear on the Commission's agenda sooner than 30 days from the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the proposed decision as provided in Article 14 of the Commission's Rules of Practice and Procedure (Rules), accessible on the Commission's website at www.cpuc.ca.gov. Pursuant to Rule 14.3, opening comments shall not exceed 15 pages.

Comments must be filed pursuant to Rule 1.13 either electronically or in hard copy. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Kim at kk2@cpuc.ca.gov and the assigned Commissioner. The current service list for this proceeding is available on the Commission's website at www.cpuc.ca.gov.

/s/ KAREN V. CLOPTON
Karen V. Clopton, Chief
Administrative Law Judge

KVC:avs

Attachment

Decision **PROPOSED DECISION OF ALJ KIM** (Mailed 5/4/2012)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of its 2012-2014 California Alternate Rates for Energy (CARE) and Energy Savings Assistance Programs and Budgets.	Application 11-05-017 (Filed May 16, 2011)
And Related Matters.	Application 11-05-018 Application 11-05-019 Application 11-05-020

DECISION ON LARGE INVESTOR-OWNED UTILITIES' 2012-2014 ENERGY SAVINGS ASSISTANCE (ESA) (FORMERLY REFERRED TO AS LOW INCOME ENERGY EFFICIENCY OR LIEE) AND CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) APPLICATIONS

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TABLE OF APPENDICES AND DESCRIPTION

DECISION ON LARGE INVESTOR-OWNED UTILITIES' 2012-2014 ENERGY SAVINGS ASSISTANCE (ESA) (FORMERLY REFERRED TO AS LOW INCOME ENERGY EFFICIENCY OR LIEE) AND CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) APPLICATIONS

1. Summary

Today, we approve approximately $5 billion to continue our two energy-related low income programs, the Energy Savings Assistance (ESA) (formerly known as Low Income Energy Efficiency (LIEE)) and the California Alternate Rates for Energy (CARE) Programs for 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), (collectively IOUs or Utilities) for 2012-2014 program cycle. The ESA Program budget now exceeds $1 billion, and the CARE Program budget total is just under $4 billion for the Utilities' next program cycle.

The ESA and CARE Programs are the Commission's two low income energy assistance programs administered by the IOUs. Both programs are funded by non-participating ratepayers as part of a statutory "public purpose program surcharge" that appears on their monthly utility bills.[1] For each budget cycle, the Commission approves budgets for and directs the IOUs' administration of the ESA and CARE Programs for the next program cycle. The Commission also monitors these programs to ensure that they deliver the benefits envisioned in the California Long-Term Energy Efficiency Strategic Plan (Strategic Plan); that the ESA Program effectively evolves into a resource program that garners significant energy savings in our state, while providing an

[1] California Public Utilities Code Section 382. All references to Code hereinafter refer to California Public Utilities Code.

improved quality of life for California's low income population;[2] and that the CARE Program continues its current and successful course of effectively providing the necessary assistance to those eligible customers.

We realize that while the ESA Program is a low income program that contributes to the quality of life of low income communities, we confirm that, at its core, it is an energy efficiency program. Thus, the program must be directed, administered and delivered in a manner so as to yield significant energy savings. To achieve optimal energy savings, the ESA Program must be administered cost-effectively to yield maximum energy savings at reasonable costs.

We also recognize that, due to the economic recession, the need for the assistance and relief provided through the CARE Program is more critical now than ever, and the challenge for the Commission in this decision is to make certain the CARE Program is efficiently and effectively administered and delivered in ways that ensure that the benefits (CARE discount rate) are delivered to the maximum number of households that are eligible.

These are ratepayer funded programs, and as the Commission approves these sizable budgets, the Commission is ever so mindful of its duty to those ratepayers and is committed to the careful oversight of the IOUs' administration of these programs in the upcoming cycle, as well as monitoring the attendant management and expenditure of those funds we direct.

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[2] D.08-11-031 at 2.

In this decision, as we examine the ESA Program and its next program cycle. In doing so, we are reminded and guided by the 2005 Commission and California Energy Commission's Energy Action Plan[3] (Action Plan) as well as our Strategic Plan[4] which set forth:

> … a roadmap for energy efficiency in California through the year 2020 and beyond. It articulates a long-term vision and goals for each economic sector and identifies specific near-term, mid-term and long-term strategies to assist in achieving those goals.[5]
>
> … [The] goal is for California's energy to be adequate, affordable, technologically advanced, and environmentally-sound …[C]ost effective energy efficiency is the resource of first choice for meeting California's energy needs. Energy efficiency is the least cost, most reliable, and most environmentally sensitive resource, and minimizes our contribution to climate change.[6]

Even in these challenging economic times, we must remain focused and remind ourselves of the vision that the Commission adopted for the low income communities in our Strategic Plan that "By 2020, 100 percent of eligible and willing customers will have received all cost-effective [Energy Savings Assistance Program] … measures."[7] This was also codified by the legislature.[8]

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[3] *See* Energy Action Plan II, Implementation Roadmap for Energy Policies II, California Energy Commission and California Public Utilities Commission, September 21, 2005. Available at: http://docs.cpuc.ca.gov/word_pdf/REPORT/51604.pdf.

[4] *See* Strategic Plan (http://www.cpuc.ca.gov/NR/rdonlyres/D4321448-208C-48F9-9F62-1BBB14A8D717/0/EEStrategicPlan.pdf); *see also* January 2011 Update to Strategic Plan (http://www.cpuc.ca.gov/NR/rdonlyres/A54B59C2-D571-440D-9477-3363726F573A/0/CAEnergyEfficiencyStrategicPlan_Jan2011.pdf)

[5] *Ibid*.

[6] *Ibid*.

[7] *Ibid*.

We review the two Strategic Plan goals toward realizing that vision through the ESA Program that:

1. By 2020, all eligible customers will be given the opportunity to participate in the ESA Program.
2. The ESA Program will be an energy resource by delivering increasingly cost-effective and longer-term savings.[9]

In this decision, as we examine the CARE Program and its next program cycle, we acknowledge the progress the CARE Program has made over the past cycle including the IOUs' showings of impressively high penetration rates during the 2009-2011 program cycle of reaching, more or less, the 90% CARE penetration goal set in D.08-11-031 by the Commission.

1.1. Adopted Budgets for 2012-2014 Energy Savings Assistance and California Alternate Rates for Energy Programs

Weighing all of the pertinent concerns, this decision acts on the 2012-2014 ESA and CARE applications of the four major investor-owned utilities, PG&E, SCE, SDG&E, and SoCalGas, (collectively IOUs or Utilities). We adopt the following ESA and CARE budgets for the IOUs:

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[8] Code § 382 (e) provides, *inter alia*: The commission shall, by not later than December 31, 2020, ensure that all eligible low-income electricity and gas customers are given the opportunity to participate in low-income energy efficiency programs, including customers occupying apartments or similar multiunit residential structures. The commission and electrical corporations and gas corporations shall make all reasonable efforts to coordinate ratepayer-funded programs with other energy conservation and efficiency programs and to obtain additional federal funding to support actions undertaken pursuant to this subdivision.

[9] *Id.* at 1.

Adopted Budget Summary 2012-2014				
	ESAP			
Utility	2012	2013	2014	Cycle Total
PG&E	$132,321,707	$160,743,662	$166,401,955	$459,467,324
SCE	$68,205,427	$67,866,929	$67,965,700	$204,038,057
SDG&E	$21,587,407	$22,011,237	$22,386,950	$65,985,594
SoCalGas	$104,435,701	$109,691,308	$113,143,742	$327,270,751
Total	**$326,550,243**	**$360,313,136**	**$369,898,347**	**$1,056,761,726**
	CARE			
	2012	2013	2014	Cycle Total
PG&E	$675,724,512	$647,486,512	$620,756,512	$1,943,967,537
SCE	$342,742,814	$389,317,814	$429,373,814	$1,161,434,442
SDG&E	$79,093,723	$87,969,690	$89,007,449	$256,070,862
SoCalGas	$145,684,041	$146,018,283	$147,508,040	$439,210,364
Total	**$1,243,245,090**	**$1,270,792,299**	**$1,286,645,816**	**$3,800,683,205**

2008 was the year we set these programs on their current directions with D.08-11-031 for program cycle 2009-2011. Today, with this decision, we embark on a challenging and working program cycle, 2012-2014, to actively fine tune these successful programs.

To do so, we (1) resolve numerous poised issues in this decision based on the record of this proceeding, including the directions and budgets necessary to continue the ESA and CARE Programs during the 2012-2014 program cycle, and (2) direct several of the more complex issues be further investigated, examined, explored, debated and brought back to the Commission through the frameworks we set in this decision during the second phase of this proceeding, including the working groups and studies.

The issues that will be examined further during the second phase of this consolidated proceeding are: a comprehensive multifamily segment strategy (see section 3.10.6.4 of this decision), ESA Program cost-effectiveness methodology (see section 3.5.4 of this decision), review of any pilot program evaluation and several other working groups ordered in this decision (see sections 3.1.4, 3.11.5.4, 3.11.5.5, and 5.3.8).

1.2. Key Highlights of 2012-2014 Energy Savings Assistance Program

In this decision, we refine the ESA Program. As a mature and largely successful program, the Commission finds it imprudent to make whole-sale changes to this program, unless the proposed changes are likely to yield significantly more benefits and the costs associated with those same changes are outweighed by the benefits to be attained. The approach, going forward therefore, should be to build upon those successes.

We do so, with forward looking vision, smarter and streamlined program implementation, by increasing consistency and coherence in delivery of demand side programs, and by promoting and encouraging creativity, innovation and efficiency through tailored, adaptable and flexible program delivery.

- **Forward looking**: As we look to the remaining 8 years of the ESA Program, toward 2020, we must approach our next set of strategies with that ultimate overall vision and we should plan, set and take purposeful actions with such forward looking vision.
- **Smarter and streamlined**: Rather than focusing solely on new ideas and pilots, we must not lose sight of the ESA Program success to date and work together to share best practices, lessons learned and focus on creative and innovative ways to continue to do things better and refine program components to heighten program success.
- **Consistency and coherence:** The ESA Program approach going forward must achieve consistency, where possible, with the Commission's demand side programs to effectuate a cost-effective, efficient, integrated and coherent delivery of those programs.
- **Tailored**: The approach going forward must comprise of purposeful program strategies that understand the low

income communities and must be tailored to the remaining ESA Program eligible and untreated households.

- **Adaptable**: ESA Program is squarely in the throes of the ever changing landscape of energy, with countless local, State and federal governmental and non-governmental programs and efforts directed at energy use, energy savings, energy education, and other energy-related efforts that ESA Program must look to and creatively integrate, leverage and partner with, wherever possible.
- **Flexible**: IOUs and the ESA Program stakeholders have achieved great program success and have gained incredible experience in the low income communities while implementing the ESA Program for over two decades. We have learned that the IOUs seem to work best when they are given guidance and directions with discretion rather rigid prescriptive directions. Such approach should continue.

With that, some key highlights of the changes we make to the ESA program for 2012-2014 are:

- **Integration:** The IOUs are reminded and directed to continue all their ongoing integration efforts amongst the IOUs' ESA Program, CARE Program, Energy Efficiency programs, Demand Response programs, California Solar Initiative, and any other of the IOUs' demand side programs.
- **Leveraging:** We approve the IOUs' proposed leveraging efforts and direct the IOUs to continue their current leveraging efforts, except California Advanced Homes Program. We also direct the IOUs to proactively find and take advantage of all leveraging opportunities for ESA and CARE Programs with other programs offered in California, and we direct the IOUs to go even a step further to share successful leveraging models and to try and duplicate the successes of other IOUs' leveraging efforts; and actively explore new opportunities and coordinate actual program delivery to promote long term enduring energy savings and cost efficiency.

The IOUs are directed to begin immediate coordination with the Energy Division to convene and begin discussions, on as-needed frequency, with California Department of Community Services and Development (CSD) to develop and implement an effective leveraging plan between the ESA Program and CSD and shall continue their current efforts of utilizing dual providers ESA and CSD in program delivery. The IOUs shall focus their leveraging effort with CSD in refining the data sharing activities with CSD's Low Income Home Energy Assistance Program (LIHEAP) /Weatherization Assistance Program (WAP) and to devise a CSD leveraging plan.

► **Marketing, Education & Outreach (ME&O):** We encourage the IOUs to use ME&O strategies that embrace and recognize the importance of community, local, regional, ethnic as well as ethnically-owned media as ways of effectively reaching and penetrating some of the most difficult to reach pockets of the low income communities. The IOUs should track and report on the progress of these outreach efforts in their annual report, and the reporting should indicate specific activities and contracts, actual expense, as well as quality and quantity of resulting enrollment from each effort.

We direct the IOUs to continue to conduct their current ME&O efforts as directed in this decision but to anticipate and make plans for potential ME&O mid-cycle ESA Program course change for ESA Program to align with the anticipated guidance decision in the general energy efficiency docket, Rulemaking (R.) 09-11-014. We direct the IOUs to plan for the possibility and be ready to file their ME&O applications incorporating low income programs' ME&O issues by date set forth in the imminently anticipated guidance decision in R.09-11-014 (Guidance Decision) or be poised to follow any other applicable ME&O directions in that anticipated Guidance Decision.

► **Program Delivery and Design:** Without overhauling the ESA Program delivery model, we direct the IOUs to implement the delivery enhancements we approve in this decision based upon lessons learned and the recommendations from the 2009 Process Evaluation Report, including review and update of the property owner waiver and co-pay forms. The property owner waiver and co-pay forms should be simplified, made uniform among the IOUs and made available in languages other than English, if there is sufficient need justifying such expenditure. Once fully implemented, SCE should report to the other IOUs on the effectiveness of its integrated schedule manager and routing tool for possible statewide adoption. These process and delivery enhancement should help the program (1) move towards paperless operations, and (2) provide outreach and assessment contractors with more information before getting into a home to better prepare and enable them to understand that household and tailor measures to the household, while also reducing visits, wherever feasible to complete installations in a single visit.

The IOUs are directed to integrate their Home Energy Efficiency Surveys programs and the California Integrated Customer Energy Audit Tool into the ESA Program so that ESA contractors can use this information for easier enrollments and assessments.

► **Working Groups (ESA Program Integration Working Group, ESA Program WE&T Working Group, and Mid-Cycle Working Group):** Within 60 days after this decision is issued, the Energy Division and the Natural Resources Defenses Council (NRDC) are directed to form ESA Program Integration Working Group, ESA Program WE&T Working Group, and Mid-Cycle Working Group to review those components of the Commission's ESA and CARE Programs to make recommendations for refinements to improve, wherever possible, the design, administration, delivery and ultimate success of these programs. Final Report and Recommendation by ESA Program Integration Working Group and Mid-Cycle Working Group are due March 31, 2013 and Final Report and Recommendation by WE&T Working Group is due June 1, 2013.

► **Cost-effectiveness Working Group:** Within 180 days after this decision is issued, the Energy Division is directed to form ESA Program Cost-effectiveness (CE) Working Group and to issue a white paper on the subject of ESA Program and its cost-effectiveness methodologies and framework.

By February 15, 2013, CE Working Group shall convene minimum of two public workshops, and by June 1, 2013, the CE Working Group shall submit to the assigned Administrative Law Judge (ALJ) its Final Proposal and Recommendation. The ALJ thereafter shall circulate the Recommendation for comments to the service list of this proceeding. The final Recommendation for any proposed revised cost-effectiveness framework must be forward looking and shall take into account ESA Program goals and the goals of the Strategic Plan.

- **Refrigerator Replacement Criteria:** We approve the proposed change to the ESA Program refrigerator replacement criteria from pre-1993 units to pre-1999 units.
- **Nine Immediate Multifamily Segment Strategies:** We direct the IOUs to improve their penetration of the multifamily segment of the low income population, with the nine immediate Multifamily Segment Strategies, including additional measure offerings. The IOUs are directed to immediately roll out the following strategies: (1) Whole Neighborhood Approach; (2) Property Owner Waiver Update; (3) Updated Marketing Approach to Multifamily Homes; (4) EUC/MIDI/MFEER Coordination; (6) Referral Coordination; (7) Same Day Enrollment, Assessment, and Installation; (8) Streamline Practice and Service Delivery; and (9) Providing Feasible Measures for Multifamily Segment Including Retention of Measures Proposed for Retirement for program cycle 2012-2014.
- **Comprehensive Multifamily Segment Strategies**: As part of a parallel, two-pronged approach, we direct the IOUs to establish a consultant budget, and provide a framework and directions to contract a consultant for immediate and full examination of the Multifamily Segment issue to devise a full set of comprehensive Multifamily Segment Strategies. Specifically, the IOUs are directed to begin developing and advancing more long-term and comprehensive multifamily segment strategies as ordered in this decision. A consultant shall be hired, and final report is due prior to May 1, 2013, with recurring stakeholder workshops held throughout and leading to its development.

- **Energy Education Study:** We approve the request for a $600,000 shared energy education evaluation study by the IOUs.
- **Leave Behind Energy Education DVD:** We approve SoCalGas' request for $65,000 for a leave-behind energy education DVDs.
- **New Joint Impact Evaluation:** We approve and authorize a budget and framework for the joint Impact Evaluation, as proposed and described in SCE's testimony, and direct that the Energy Division and the IOUs take all actions reasonably necessary to ensure that by no later than August 31, 2013, the Final Impact Evaluation Report is posted Energy Division's Public Download Area website (http://www.energydataweb.com/).
- **IOUs' Quarterly Public Meetings:** The IOUs' Quarterly Public Meetings which had initially been mandated by D.06-12-038, shall be modified as follows: (1) The IOUs are relieved of the Quarterly Public Meetings ordered in Decision (D.) 06-12-038; (2) The IOUs shall convene a minimum of one public meeting per year, within 60 days of their filing of the annual report, and other public meetings as deemed necessary by the IOUs, the Energy Division, the ALJ, or the Commission; and (3) In the upcoming 2012-2014 program cycle, IOUs are directed to use the IOUs' public meetings as a forum, as an as needed forum, to host the working groups ordered in this decision.

1.3. Key Highlights of 2012-2014 California Alternate Rates for Energy Program

In this decision, we reexamine the CARE Program. We are at the heels of great program success over the past cycle including the IOUs' showings of impressively high penetration rates during the 2009-2011 program cycle of reaching, more or less, the 90% CARE penetration goal set in D.08-11-031 by the Commission. Some of the major lessons learned during the last program cycle suggest, CARE Program experiences extremely high attrition rate and the program design may need to be tightened so to ensure that CARE discount rate and subsidy are not being unlawfully diverted to ineligible customers, at the expense of the ratepayers.

With that, in this decision, we update the CARE Program in several respects and some key highlights of the changes we make to the CARE Program for 2012-2014 are:

- **Quality Enrollments:** We remove our past emphasis on a 90% CARE penetration target outlined in D.08-11-031 and we redirect the IOUs' focus to delivering the program to only those customers for whom it was designed.
- **Aggressive and Tailored Outreach:** We recognize and therefore direct the IOUs to employ more focused and aggressive outreach strategies to maintain and increase the current penetration rates, to maintain and even build on the current penetration rates to offset the number of customers lost through attrition factors, and to further streamline the program administration toward cost-effectively identifying, targeting and reaching the remaining hardest to reach CARE eligible population.
- **Categorical Eligibility and Enrollment Program:** The IOUs are directed to retain and follow our current Categorical Eligibility and Enrollment Program to continue to allow continued ease of access for enrolling into the CARE Program.
- **Post Enrollment Verification:** All prior pre-approved categorical enrollment programs are to be retained; however, the IOUs are directed to verify all Categorically Enrolled customers to undergo Post Enrollment Verification within three months of enrollment.

  The IOUs are directed to raise their number of Post Enrollment Verifications of the CARE customers to 25% of the total enrolled customers per year.

  In addition to tracking the number and reason for each CARE customer dropped during the Post Enrollment Verification process (either through customer non-response to the IOUs' request for income verification or deemed ineligible for the program), the IOUs are directed to begin tracking information concerning those dropped and ineligible customers and how they were initially enrolled in the CARE Program (e.g. capitation agency, self-certification, categorical enrollment, etc.).

- **Recertifications:** Categorical Eligibility and Enrollment process shall be available only to new CARE customer enrollments. All CARE recertifications shall require income documentation verification for renewal. No customers shall be allowed to self-recertify without providing income documentation.
- **Income Verification Process:** We approve SCE's request for CARE customers who fail to respond to an income verification request be barred from self-certified re-enrollment in the CARE Program for 24 months. However, if at any time during the 24 months a removed customer verifies income eligibility, they must be placed back on the CARE rate. After 24 months, those removed customers may be able to enroll in CARE by again self-certifying their household and income eligibility. To ensure consistency statewide, all of the IOUs are directed to implement this CARE program rule change proposed by SCE.
- **CARE Egregious Usage Customers:** We approve PG&E's proposed CARE Program changes, as modified below, to address the egregious electric users on the CARE rate, and direct all of the electric IOUs (PG&E, SCE, and SDG&E) to implement the statewide program changes, as follows:

  i. CARE electric customers with usage above 600% of baseline have 60 days to drop usage substantially or be removed and barred from the program for 24 months.

  ii. CARE electric customers with usage between 400%-600% of baseline must undergo Post Enrollment Verification and apply for Energy Savings Assistance Program within 45 days of notice. The electric IOUs should develop and field a standard income verification document for these instances which may require customers to provide a state or federally verified form of income proof, such as the household's annual tax returns.

- **Capitation Fee Increase:** We approve an increase in the capitation fee from "up to $15.00" to "up to $20.00" for each new CARE enrollment for program year 2012-2014, and similarly approve that increased capitation fee cap to apply statewide to all IOUs.

2. Overview and Background

According to the KEMA Final Report on Phase 2 Low Income Needs Assessment, dated September 7, 2007,[10] (KEMA Needs Assessment), one in three of California's households or approximately 4.1 million of the 12.53 million households in California are low income households. For more than two decades, the two Commission's low income assistance programs, the Energy Savings Assistance (ESA) (formerly known as Low Income Energy Efficiency or LIEE) and the California Alternate Rates for Energy (CARE) Programs, provided and continue to provide significant relief in reducing the hardships of low income families across California.

2.1. ESA Program Overview

The ESA Program began in the 1980s as a direct assistance program provided by some of the IOUs, and was formally adopted by the legislature in 1990.[11] This program has for many years been referred to by its common title "the Low Income Energy Efficiency Program" or "LIEE." It was recently renamed in 2010, and it is now referred to as the Energy Savings Assistance Program or the ESA Program.

The Commission, in the California Long-Term Energy Efficiency Strategic Plan (Strategic Plan),[12] firmly affirmed that the ESA Program is a resource program designed to garner significant energy savings in California. Thus, in D.08-11-031, the Commission an unequivocal direction to the IOUs that the ESA

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[10] *See* KEMA Needs Assessment, at 1-3. This document can be viewed at (http://docs.cpuc.ca.gov/published/Graphics/73106.PDF)

[11] California Public Utilities Code § 2790. All References to Code, hereafter in this decision, will be to California Public Utilities Code.

[12] *See* www.californiaenergyefficiency.com.

Program "must evolve into a resource program that garners significant energy savings in our state while providing an improved quality of life for California's low income population."[13]

The ESA Program has also been designed to provide an improved quality of life[14] for the low income population by delivering no-cost[15] home weatherization services and efficiency measures to low income households to help: (1) conserve energy; (2) reduce their energy costs; and (3) improve their health, comfort, and safety. Installing no cost energy efficiency measures helps those customers reduce their energy consumption by delivering energy savings while also producing bill savings and reduced energy consumption.

In addition, the ESA Program provides information and energy education that promote energy-efficient practices and behaviors and is part of a long term energy savings investment toward educating energy saving behaviors for future generations of energy users. The ESA Program's energy education component is intended to ensure long term energy savings by raising awareness and changing the culture of energy consumption in low income communities.

The ESA Program is administered by the IOUs. Each IOU in its respective service territory is responsible for the installation of energy savings measures and providing quality assurance to the Commission. The ESA Program measures offered are generally selected based upon cost-effectiveness evaluation

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[13] *Ibid*.

[14] *Id.* at 184; *see also* Strategic Plan which provides "The complementary objectives of the … [ESA Program] are to provide an energy resource for California and to produce energy savings, while reducing low-income customer bills." *Id*. at 25.

[15] Generally, the energy efficiency measures are provided at no cost to the resident, with the exception of a few measures owned by the landlords. In those instances, the landlord must make a co-pay.

and vary by IOU territory and other factors, such as climate zone. The ESA Program cost-effectiveness approach is designed to ensure that most efficient use is made of finite ratepayer funds to yield optimal ESA Program success and energy savings.

Today we can report that the ESA Program has made great strides in the recent years and is now several steps closer to the Commission's Strategic Plan[16] vision that by 2020, 100 percent of eligible and willing customers will have received all cost-effective low income energy efficiency measures. The IOUs have vigilantly administered the ESA Program over the years and have successfully treated over 1 million low income homes and gained 16,132,316 kilowatt hour (kWH) savings and 232,979,182 therms savings during the 2009-2011[17] program years. These successes are in part due to the program's focus on the programmatic cost-effectiveness as well as cost-effectiveness of installed measures, promoting and encouraging workforce education and training, using smarter, flexible and creative approaches towards outreach (including a whole neighborhood approach), and, where appropriate, focusing on customers with high energy use, burden and insecurity. Lastly, the program has been successful by putting a greater emphasis on long term and enduring savings rather than quick fixes.

Many of these ESA Program strategies should therefore continue, where appropriate, as they have proven effective in the program, and moving forward, we are committing to even greater program successes and envision some additional strategies to help overcome new challenges including:

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[16] Strategic Plan, updated January 2011 at 23.

[17] These figures are from the IOUs' annual reports and Applications.

(1) how to strike the proper balance between achieving cost effective energy savings versus providing health, comfort, and safety benefits;

(2) how to effectively leverage and integrate the program with other utility core energy efficiency programs and other State, Federal and local programs to streamline and improve program delivery and achieve maximum energy efficiency savings;

(3) how to deliver energy education in a manner that yields optimal energy efficiency benefits and forms long term conservation behaviors;

(4) how to better reach and serve the remaining eligible low income population, including those residing in low income multifamily households;

(5) how to develop an effective strategy to meet the workforce, education and training needs to support the most effective and readied workforce to yield success of the program by 2020;

(6) how to streamline the program to ensure program dollars are spent most efficiently and effectively to yield maximum success of the program; and

(7) how to refine the program in a way towards removing unnecessary barriers and improving its effectiveness based on lessons learned to date.

2.2. CARE Program Overview

The CARE Program is a low income energy rate assistance program that dates back to 1980s and is aimed at providing eligible low income households with a 20% discount on their electric and natural gas bills. Over the years and particularly through the recent economically challenging times, the CARE Program has delivered the much needed energy-related bill savings through CARE discount rate to a significant number of low income households, as illustrated by the last program cycle's CARE enrollment figures.

We attribute this CARE Program success to the commitment and cooperation amongst the IOUs and all of the stakeholders who, together, streamlined and fine-tuned every aspect of the program's components toward achieving the 90% penetration target rate as directed in D.08-11-031. As of December 2011, the IOUs submitted reports showing extraordinarily high CARE Program penetration rates, as shown below.

CARE Enrollments and Penetration Rate (December 2011)

IOU	Participants Enrolled	Eligible Participants	Penetration rate
PG&E	1,532,692	1,699,660	90.2%
SCE	1,437,537	1,451,325	99%
SoCalGas	1,716,495	1,847,296	92.9%
SDG&E	308,596	362,551	85.1%

Much of the CARE Program success has been achieved by increasing the enrollment efficiencies through streamlining the screening, eligibility, and retention of participants in the CARE Program and without substantial increase in the CARE outreach budget in the last budget cycle. Looking ahead however, the CARE Program does face some challenges. With the lessons learned over the years, however, we are well poised to tackle them.

For the 2012-2014 budget cycle, we recognize and therefore focus on strategies to aggressively carryout outreach efforts to maintain and increase the current penetration rates, wherever feasible. As this program does experience high attrition rates, to maintain and even build on the current penetration rates, we must aggressively outreach to enroll more customers each program year to offset the number of customers lost through attrition factors. We also will focus on strategies to further streamline the program administration toward cost-effectively identifying, targeting and reaching the remaining CARE eligible population. Some suggest that much of the remaining percentage of the CARE eligible households may be unwilling or unlikely to participate in CARE

Program. We recognize and acknowledge that the per-household efforts and associated costs to identify, target and reach the remaining CARE eligible population (ranging from 1% in SCE territory to approximately 15% in SDG&E territory) will invariably be more difficult and costly.

For the 2012-2014 program cycle, the IOUs proposed the following CARE Program budgets:

CARE Program Funding Requests by IOUs for PY 2012-2014

CARE Program Admin					
	2011	2012	2013	2014	2012-2014 Total
PG&E	$9,521,000	$12,081,000	$11,287,000	$11,650,000	$35,018,000
SCE	$5,485,000	$5,351,000	$5,465,000	$5,622,000	$16,438,000
SoCalGas	$6,587,988	$7,990,000	$7,750,000	$7,860,000	$23,600,000
SDG&E	$3,144,517	$3,730,000	$3,950,000	$3,970,000	$11,650,000
	$24,738,505	$29,154,012	$28,454,013	$29,104,014	$86,706,000
CARE Program Subsidies and Benefits					
	2011	2012	2013	2014	2012-2014 Total
PG&E	$479,707,435	$660,220,000	$633,029,000	$605,950,000	$1,899,199,000
SCE	$211,400,000	$330,200,000	$376,900,000	$416,800,000	$1,123,900,000
SoCalGas	$135,901,649	$128,773,189	$129,892,840	$131,142,177	$389,808,206
SDG&E	$48,231,658	$73,857,625	$82,630,988	$83,614,933	$240,103,546
	$875,240,742	$1,193,050,814	$1,222,452,828	$1,237,507,110	$3,653,010,752

2.3. Procedural Background

In D.07-12-051 and our Strategic Plan, we stated our long-term vision for the ESA Program, as follows:

> By 2020, 100% of eligible and willing customers will have received all cost effective Low Income Energy Efficiency measures.[18]

With that, in 2008, we issued D.08-11-031 to set the ESA Program on its current course. Likewise, in D.08-11-031, the Commission set a 90% penetration goal for the CARE Program for program cycle 2009-2011. During the 2009-2011

[18] Strategic Plan at 25.

program cycle, we made significant progress towards that long-term Strategic Plan vision and learned a great deal from the myriad of studies and pilots. Also during the 2009-2011 program cycle, the stakeholders informed the Commission on the intricacies of the operational constraints and the experiences they gained through their varying roles as well as implementation trials, errors and successes on the administration and delivery of the programs. We use this information to fine tune the ESA and CARE Programs in this upcoming 2012-2014 program cycle.

On March 30, 2011, the Assigned Commissioner issued an Assigned Commissioner's Ruling (Guidance Ruling) providing guidance to the IOUs for their upcoming 2012-2014 CARE and ESA Programs and Budget applications (Applications). The Guidance Ruling also directed the IOUs to file the Applications by May 15, 2011, and to immediately roll out the new Energy Savings Assistance Program title and logo, which was part of the recommendation that resulted from the statewide marketing education and outreach efforts.

The IOUs filed their Applications on May 15, 2011, and for the 2012-2014 program cycle, the IOUs proposed the following ESA Program budgets and goals:

IOU Proposed Budgets 2012-2014				
	ESAP			
Utility	2012	2013	2014	Cycle Total
PG&E	$137,904,000	$167,525,000	$173,422,000	$478,851,000
SCE	$53,289,000	$59,859,000	$58,235,000	$171,383,000
SDG&E	$22,044,929	$22,462,163	$22,832,030	$67,339,122
SoCalGas	$99,909,056	$82,121,475	$84,178,885	$266,209,415
Total	**$313,146,984**	**$331,967,638**	**$338,667,915**	**$983,782,537**

Utility	IOU Proposed Number of Homes to be Treated			
	2012	2013	2014	Total Cycle
PG&E	125,000	125,000	125,000	375,000
SCE	68,200	77,000	74,800	220,000
SDG&E	20,000	20,000	20,000	60,000
SoCalGas	129,106	100,249	100,249	329,604
Total	**342,306**	**322,249**	**320,049**	**984,604**

The Commission's Division of Ratepayer Advocates (DRA), National Consumer Law Center (NCLC), The East Los Angeles Community Union, Association of California Community and Energy Services, and Maravilla Foundation (collectively, TELACU et al.), California Housing Partnership Corporation (CPHC), The Don Vial Center on Employment in the Green Economy, NRDC, The Greenlining Institute (Greenlining), Synergy Companies (Synergy), the Energy Efficiency Council (EEC) filed protests and responses. The IOUs filed replies.

On July 21, 2011, the assigned Administrative Law Judge (ALJ) issued a ruling consolidating all of the Applications into a consolidated proceeding and setting a consolidated prehearing conference (PHC) hearing.

Two PHCs were held on August 8, 2011 and September 6, 2011. On September 26, 2011, the Assigned Commissioner and ALJ jointly issued the Scoping Memo Ruling setting the scope and schedule for the consolidated proceeding, explicitly anticipating the need for a bridge funding decision in the ESA and CARE Programs to cover January 1-June 30, 2012 while reviewing some of the more complex issues in the consolidated proceeding. The Scoping Memo Ruling ordered eight workshops on the following issues:

> Workshop #1 [Overview of Lessons Learned]: Review of major ESA and CARE Programs related studies, pilots and reports since D.08-11-031, including (1) Final Report on Low Income Energy Efficiency Program,

2009-2010 Process Evaluation (The 2009 Process Evaluation), and (2) Final Report on Impact Evaluation of the 2009 California Low Income Energy Efficiency Program (The 2009 Impact Evaluation).

Workshop #2 [Review of ESA Program]: Review of overall effectiveness of the ESA Program in reaching the energy saving Strategic Plan goals, and cost effectiveness of ESA Program, including examination of potential barriers to energy savings, methods of removing barriers to energy savings and review of delivery models.

Workshop #3 [Cost Effectiveness Methodology and Measures]: Discussion and review of cost effectiveness at the measure level, including discussion on cost effectiveness methodology and what and how measures are added, deleted, etc.

Workshop #4 [Multi-Family Sector Issues]: Review of multifamily sector needs, proposals, and any related operational and legal concerns.

Workshop #5 [Workforce, Education and Training]: Review of workforce, education and training issues, including review of current contractor selection and bidding process.

Workshop #6 [Outreach and Enrollment]: Review of current ESA Program outreach and enrollment practices/efforts and ways to improve them to reach the Strategic Plan goals, including any energy education proposal.

Workshop #7 [Review of CARE Program]: Review of current CARE Program, including recertification, categorical eligibility, high usage customers and CARE Program complaint and oversight.

> Workshop #8 [Working Groups, Pilots and Studies]: Review of potential ongoing working groups, pilots and studies to improve the ESAP and CARE Program in the near-term and longer term, including standardizing Utilities' various reports.

In October 2011, the parties participated in all eight ordered workshops. On November 9, 2011, the assigned ALJ issued a ruling tentatively setting the evidentiary hearing dates, adjusting the proceeding schedule and directing parties to file statements of material disputed facts. On November 9, 2011, the ALJ also issued a ruling to recirculate the March 30, 2011 Guidance Ruling and related attachments and the updated Energy Division template for the presentation of pilot proposals.

As anticipated in the September 26, 2011 Scoping Memo Ruling, on November 10, 2011, we adopted a bridge funding decision[19] for the IOUs to expend an amount not to exceed 50% of their respective 2011 budget levels, from January 1, 2012 until June 30, 2012 to continue their ESA and CARE Programs until the Commission adopts a decision on the IOUs' ESA Program and CARE Program Budget Applications for 2012-2014.

On December 23, 2011, the ALJ issued a ruling cancelling the tentative evidentiary hearing dates and revising the proceeding schedule.

On December 28, 2011, the ALJ issued a ruling seeking comments from the parties on 39 detailed questions (December 2011 Ruling). In January 2012, comments and responses were filed by San Francisco Community Power (SFCP), TELACU et al., Center for Accessible Technology (CforAT), Brightline Defense

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[19] D.11-11-010, the bridge funding decision, also authorized $6.06 million in additional bridge funding for SoCalGas, for the bridge funding period based upon SoCalGas' projections.

(Brightline), Green for All (G4A), Proteus, Inc. (Proteus), SDG&E, PG&E, SoCalGas, SCE, The Utility Reform Network (TURN), Niagara Conservation Corporation (Niagara), EEC, La Cooperativa De Campesina (La Cooperativa), The Black Economic Council, National Asian American Coalition, and the Latino Business Chamber of Greater Los Angeles (collectively, the Joint Parties), DRA, CHPC, National Housing Law Project (NHLP), NCLC, Greenlining, California Large Energy Consumers Association (CLECA), NRDC, and Opower, Inc. On February 13, 2012, SDG&E filed an amended response to its prior response to the December 2011 Ruling.

On January 26, 2012, the Assigned Commissioner and the ALJ reviewed a joint Amended Scoping Memo Ruling revising the schedule for the consolidated proceeding.

In February 2012, opening briefs were filed by SoCalGas, SDG&E, PG&E, SCE, CforAT, SFCP, Greenlining, CHPC, NCLC, NHLP, TURN, Niagara, DRA, TELACU et al., Joint Parties, CLECA, NRDC, and EEC. Reply briefs were filed by PG&E, CforAT, Greenlining, CHPC, NCLC, NHLP, TURN, Niagara, TELACU et al., Joint Parties, NRDC, and Brightline.

On February 16, 2012, the ALJ issued rulings identifying and admitting all testimonies served in the consolidated proceeding and certain data requests and reference documents.

In the following sections of this decision, we resolve the majority of the issues, including authorization of budgets, necessary to continue the ESA and CARE Programs during the program cycle 2012-2014. We also establish working groups and a framework for the issues we must consider during the second phase of this consolidated proceeding.

3. ESA Program

During the 2009-2011 program cycle, the IOUs treated well over a million low income homes and produced approximately 233,000,000 kWh and over 16,000,000 therms in energy savings.[20] They estimate they would treat over 980,000 homes in the 2012-2014 program cycle, 1/3 of the total estimated numbers of homes remaining to be treated till end of 2020. This 1/3 projected homes to be treated estimate accounts for the fact that there are three program cycles remaining until 2020, including this 2012-2014 cycle, to meet the 2020 100% vision. (See table below for the IOUs' projections.)

IOUs' Figures for
PY 2009-2011 Homes Treated v. PY 2012-2014 Homes Projected for Treatment[21]

	2009-2011 Cycle Homes Treated			2012-2014 Cycle Homes Projected for Treatment		
	2009	**2010**	**2011**	**2012**	**2013**	**2014**
PG&E[22]	81,308	108,319	126,556	125,000	125,000	125,000
SCE	62,624	121,868	93,934	68,200	77,000	74,800
SDG&E	20,924	21,593	20,835	20,000	20,000	20,000
SoCalGas	85,147	121,274	150,165	129,106	100,249	100,249
CYCLE TOTALS	**1,014,547**			**984,604**		

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20 2009-2010 energy savings figure is based on the IOUs' annual reports and 2011 energy savings figure is based on the IOUs' December 2011 monthly reports, since 2011 annual reports are not due for filing until May 1, 2012.

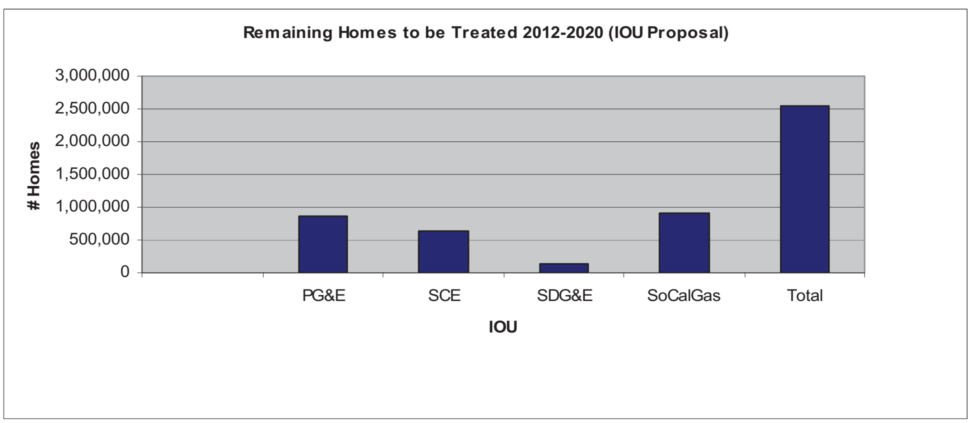
21 2009 and 2010 homes treated figures are based on the IOUs' annual reports, and 2011 homes treated figures are based on the IOUs' December 2011 monthly reports, since 2011 annual reports are not due for filing until May 1, 2012.

22 PG&E updated its homes treated projections in its reply testimony. Program cycle total is unchanged but year by year projections were modified.

Some notable lessons learned from the last program cycle are that:

1. The ESA Program is armed with a more experienced and poised administration and workforce, ready and "fully ramped up" in most of the IOUs' territories. During the last program cycle, the treated homes numbers steadily climbed, and in some instances, more dramatically climbed, to confirm this observation; and
2. The IOUs' impressive 2011 treated homes figures also illustrate that the ESA Program has the capacity to treat more homes than the above conservative 2012-2014 projections proposed by the IOUs.

Projection of Remaining Homes to be Treated by IOUs for PY 2012-2020[23]



It seems reasonable to proactively anticipate that as we near the 2020 date, the final remaining homes to be treated will be increasingly tougher to identify, target and perhaps even more costly to treat. That said, we challenge the IOUs in this program cycle with the strategies, directions and significant budgets we provide in this decision to take advantage of the current program momentum and available workforce to find smarter ways (e.g. integration, leveraging, etc.)

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[23] The variance between the IOUs' projections and the Commission's projections reflect the difference between the IOUs' estimates of eligible but unwilling low income homes which are higher than the Commission's estimates for that population. IOUs' estimate

Footnote continued on next page

to treat significantly more than their proposed and projected number of homes to be treated during the 2012-2014 cycle. Based on our observations of the IOUs' successes during the last cycle, this challenge is reasonable, and such a raised goal is fully in the IOUs' reach. By treating more homes in the 2012-2014 than currently projected, the IOUs would be ready to apply even more focus to tailor their programs to the remaining and for more difficult to reach untreated low income households during the final two cycles, 2015-2017 and 2018-2020.

3.1. Integration of Low Income Programs with Other Utility Demand-Side Programs

3.1.1. Introduction

Integrating demand side program offerings has been an objective of the Commission since 2007.[24] We reemphasize and direct the IOUs to continue all their ongoing integration efforts amongst the IOUs' ESA Program, CARE Program, Energy Efficiency programs, Demand Response programs, California Solar Initiative, and any other of the IOUs' demand side programs.

Recognizing the current general Integrated Demand Side Management Taskforce (IDSM Taskforce) efforts, being undertaken in the general energy efficiency docket pursuant to D.09-09-047, are more broadly focused, we direct that a separate working group (ESA Integration Working Group) be formed to develop an ESA Program specific integration plan, as set forth in 5.3.8 of this decision.

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for that sector of low income household is 7% and the Commission's estimate is 5%. See section 5.3.1 of this decision generally discussing the Commission's 5% estimate.

[24] In this decision, use of the terms and acronyms "integrated demand side management," "IDSM," "DSM," and integrated "Demand Side Resources" refer to all three primary demand side energy resources: energy efficiency (including low income programs), demand response, and distributed generation, and also to energy storage, where appropriate.

3.1.2. Background

Since 2007, the Commission has provided consistent directions to the IOUs to streamline the disparate approaches and offerings of energy efficiency, demand response, and distributed generation programs, where appropriate, toward a more integrated format. On October 19, 2007, the Commission issued D.07-10-032 outlining its objective of achieving maximum savings by providing integrated customer demand-side programs. The Commission reaffirmed this policy and program guidance specifically for the ESA Program in D.07-12-051, including the following integration goal:

> … [ESA] programs should be integrated with other energy efficiency programs to allow the utilities and customers to take advantage of the resources and experience of energy efficiency programs, promote economies of scale and scope, and improve program effectiveness.[25]

Specifically, we directed the IOUs in their ESA Program to "emphasize long term energy savings that … are, to the extent cost effective and practical, integrated with other demand-side programs, such as energy efficiency programs, solar installations, demand response and other programs."[26] In D.07-12-051, the Commission specifically directed the IOUs to integrate the ESA Program "with other demand-side programs, such as energy efficiency programs, solar installations, demand response and other programs."[27]

In D.09-09-047, a decision in the general mainstream energy efficiency docket, the Commission directed the IOUs to establish the IDSM Taskforce to coordinate, influence, and work with other utility staff and subject matter

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25 D.07-12-051 at 11.

26 *Id*. at 88.

27 D.07-12-052, Conclusion of Law 7.

experts.[28] That taskforce was to develop a clear plan for how they would interact with the utility market sector and with workforce, education and training and emerging technology programs; engage external subject matter experts, outside stakeholders, and Commission staff on the taskforce; and disseminate best practices and lessons learned to promote demand side integration. Specifically, in that proceeding, the IOUs were directed to:

- Pursue integrated marketing, education, and outreach for demand side programs to better leverage ratepayer funding for more effective results by developing marketing messages that offer bundles of DSM programs targeted to specific customer groups as well as a statewide integrated marketing plan.
- Initiate integrated pilot programs to test integrated marketing strategies.
- Promote operational improvements (i.e., integrated audits recommending the full range of DSM options available to the customer).
- Promote optimization via emerging technologies that support integration at the customer's site, test integrated cost-effectiveness and attribution methodologies.
- Develop an online integrated tool that includes several characteristics such as comprehensiveness (including gas and electric DSM technologies and integration optimization technologies), site-specific, verifiable, and compatible with the statewide California Solar Initiative program.

Energy Division was directed to supervise an independent third party evaluator to assess the success of the IDSM Taskforce efforts in the 2010–2012

[28] Under the auspice of the energy efficiency budget proceeding, Application (A.) 98-07-021, et al., the Commission authorized the IDSM Taskforce. *See* D.09-09-047 at 215, Ordering Paragraph (OP) 33.

general energy efficiency portfolio to develop lessons learned for consideration of DSM integration efforts in future program cycles.

Consistent therewith, in D.07-12-051, the Commission directed the IOUs to integrate the ESA Program with other Energy Efficiency programs administered by the IOUs. D.08-11-031 explicitly reaffirmed the need for integration and set clear definitions, metrics, strategies and reporting requirements for such integration efforts envisioned for the ESA Program. To that end, in D.08-11-031, the Commission defined the term "integration" in the context of the ESA Program, as follows:

> Integration constitutes an organization's *internal* efforts among its various departments and programs to identify, develop, and enact cooperative relationships that increase the effectiveness of customer demand side management programs and resources. Integration should result in more economic efficiency and energy savings than would have occurred in the absence of integration efforts.

The Commission, in D.08-11-031, also set forth the below metrics to evaluate an integration effort noting that an integration effort must accomplish at least two of the following four goals to be deemed successful:

(i) *Interdepartmental Coordination:* Increased coordination in work efforts between departments within the utility. This type of integration results in cost and/or resource savings as well as one or both of the following:

a. Consolidation of work efforts; and
b. Elimination of overlapping and/or repetitive tasks.

(ii) *Program Coordination:* Increased coordination between multiple programs managed by the utility. This type of integration results in cost and/or resource savings as well as one or both of the following:

a. Increased services provided to customers; and
b. Greater number of customers served by a program.

(iii) *Data Sharing:* Increased information and data sharing between departments within the utility and/or multiple programs managed by the utility. This type of integration results in cost and/or resource savings as well as one or both of the following:

a. Greater number of customers served; and
b. Consolidation of work efforts.

(iv) *ME&O Coordination:* Consolidation of marketing, education and outreach for multiple programs managed by the utility. This type of integration results in cost and/or resource savings as well as any or all of the following:

a. Greater number of customers reached;
b. More cost effective marketing, education and/or outreach to customers; and
c. Elimination of customer confusion.

In their Applications and all of the responses to the December 2011 Ruling, the IOUs provided details of their active and continuing integration efforts, which are further elaborated in the various reports issued by the IDSM Taskforce.

3.1.3. Parties' Positions

There is a general agreement among the parties that the integration of the ESA Program with the Energy Efficiency, Demand Response and Distributed Generation efforts provides more opportunities for energy savings and greater occasion for low income customers to save money, energy, and improve their health, comfort and safety.

However, several parties questioned the pace and/or direction of the IDSM Taskforce efforts, especially as they affect the ESA Program and the low income communities. For instance, TELACU et al. point out that many low income customers in particular do not understand the concept of demand response and therefore many of them are not participating in the programs such as the air conditioner cycling program because, "[t]o date little if any effort has been focused on providing low income, hard-to-reach, non-technical ratepayers with appropriate information" on the program.

NRDC states that integration can only move forward if the Commission provides a clear policy of aligning the ESA Program's success metrics, and cost-effectiveness tests with those of other demand-side programs.

TURN believes there is not yet enough information about issues such as the specific barriers to participation faced by low income customers and the extent to which low income customers are currently participating in programs such as air conditioner cycling. TURN suggests the IOUs develop integrated marketing targeted to low income customers and recommends we focus on information gathering during the 2012-14 cycle.

La Cooperativa states that "ESAP should be redesigned as an evolving program of services and smart infrastructure producing a wide array of benefits to qualified low income customers" and the organization supports a redesigned integrated delivery model with "... a single service provider to offer and install all demand side measures, rate assistance services and efficiency education even though each service may be sponsored by different utilities."

3.1.4. Discussion

We reemphasize our stated objective for integration of programs and direct the IOUs to continue all their ongoing integration efforts among the IOUs' ESA Program, CARE Program, Energy Efficiency programs, Demand Response programs, California Solar Initiative, and any other IOU demand side programs. We acknowledge the parties' concerns that low income communities and the ESA Program present unique concerns relative to integration and that there must be due consideration given to how effectively and appropriately the ESA Program can realize a thoughtful integration with those other programs.

We require the IOUs to continue their tracking and reporting to update us on the status of their ESA Program specific integration efforts, using the guidance set forth in D.08-11-031 and to devise and refine such efforts, as necessary. To minimize unnecessary or otherwise duplicative reporting, the IOUs are directed to coordinate their filings and streamline, wherever possible, to avoid unnecessary duplications in the energy efficiency docket and the ESA Program docket. The IOUs are directed to continue to present the results of those efforts in their annual report submitted to the Commission each May. In cases where the ESA Program's integration effort does not meet at least two of the above four goals, the IOUs shall provide a reasonable explanation in their annual report.

We direct the Energy Division to review the reports and work with IOUs to enhance integration during the cycle if our metrics are not met. The IOUs are directed to cooperate with the Energy Division's guidance or recommendations on the integration efforts, as appropriate. Energy Division shall make recommendations to the Commission if the IOUs' integration efforts are failing to meet the above metrics, and the IOUs shall cooperate with the Energy Division, as necessary, to follow through with the Energy Division's request for assistance in development of recommendations.

In addition, TELACU et al. make an excellent point that some low income customers may not understand the concept of demand response, and that could prove to be a notable barrier for success of the integration effort for the low income communities. As suggested by many parties in this proceeding, we believe that the solution to such barriers lie in the effective delivery of information, specifically tailored to low income communities. This is an important point, since the overall approach currently taken in the IDSM Taskforce is often without much consideration of the low income population's more particularized concerns. The focus of the IDSM Taskforce has been on developing pilot projects that include aspects of Energy Efficiency, Demand Response, and Distributed Generation.

That said, rather than having to "start from scratch" by developing new programs and pilots, we can incorporate the lessons learned from our experiences to date with overall direction and efforts of the IDSM Taskforce and explore more low income segment specific program enhancements, consistent with the overall integration goals. Such efforts could include refining the IOUs' current ESA Program integration efforts or adding or new integration activities, where appropriate.

Moreover, while there is general agreement and support among the parties to this proceeding about the overall goal of the IDSM Taskforce efforts, the parties have aptly raised legitimate concerns as to whether the IDSM Taskforce's approaches and directions adequately take into account the ESA Program's concerns. We therefore direct that a Working Group (ESA Integration Working Group) be formed to develop an ESA Program specific integration plan, as set forth in 5.3.8 of this decision.

The ESA Program integration plan should include a timetable for introducing any refinements and/or additional low income specific integration activities in the 2012-2014 cycle and looking ahead towards ultimately achieving a full program integration stage before or within the 2015-2018 cycle. The plan should include, at a minimum, a specific list of activities that the ESA Program must engage in and when, a plan for any needed training for ESA Program providers, a research plan, any additional metrics needed to measure success, an evaluation plan and a list of regulatory changes and attendant funding that would be needed. The ESA Integration Working Group should coordinate with the IDSM Taskforce to maintain consistency and directional alignment with the IDSM Taskforce, wherever practicable.

3.2. Leveraging Low Income Programs

3.2.1. Introduction

The IOUs are directed to find and take advantage of all leveraging opportunities for ESA and CARE Programs with other programs offered in California, as discussed here.

3.2.2. Background

We defined leveraging in D.08-11-031, as follows:

> …an IOU's effort to coordinate its … [ESA Program] with programs outside the IOU that serve low income customers, including programs offered by the public, private, non-profit or for-profit, local, state, and federal government sectors that result in energy efficiency measure installations in low income households.

During the past program cycles, we learned that the IOUs' leveraging efforts resulted in partnerships and other collaboration with non-IOU sources, and most importantly, resulted in dollar savings, energy savings and benefits, and/or increased program enrollment. We required these efforts be demonstrable to ensure that only those leveraging efforts that yield direct benefits to low income households and the ESA Program overall are undertaken. Specifically, we required the IOUs' leveraging projects to meet one or more of the following three objective criteria:

(1) Increase energy savings;

(2) Result in new customer enrollments; or

(3) Reduce program costs.

In setting forth a strategic direction for energy efficiency, D.07-10-032 emphasized the need to leverage resources by looking beyond the boundaries of utility territories, Commission jurisdiction, and even other non-Commission energy efficiency programs. In D.07-12-051, the Commission reiterated this same emphasis for the ESA Program and required the IOUs to think outside the box to broaden the scope of their efforts and coordinate with other agencies and businesses in designing, delivering and implementing the ESA Program.

In the Strategic Plan, we again set the strategy of increasing collaboration and leveraging of other low income programs and services as one of the key tools toward making the ESA Program an energy resource. We direct the IOUs to work with various participants in the industry to identify key areas where data sharing is possible and advantageous; seek legislative changes to ease barriers to data sharing between agencies; and develop partnerships with community organizations and other agencies to leverage resources available from local governments, federal, state, and private funding sources.

3.2.3. Leveraging with LIHEAP and WAP

One of the most obvious leveraging opportunities the Commission previously identified was and still is the federal Low Income Home Energy Assistance Program (LIHEAP) and the Department of Energy (DOE) Weatherization Assistance Program (WAP), administered by the California Department of Community Services and Development (CSD).

On March 17, 2009, the Commission and CSD executed a Memorandum of Understanding (MOU) with the mutual goal of effective leveraging to decrease duplications and increase the total number of low income households in California treated under both programs through increased coordination between the agencies. Among other efforts, the Commission and CSD agreed to facilitate collaboration between the IOUs and the Local Service Providers to accomplish one or more of the following objectives:

- Promote education, information sharing and collaboration between the administrators and providers of both programs to facilitate awareness of opportunities for leveraging and coordination;
- Minimize the differences between the ESA Program and LIHEAP and DOE's WAP programs in eligibility and allowable measures;
- Coordinate outreach and related activities of each program to maximize the penetration and impact in low-income communities and among vulnerable populations;
- Develop a universal eligibility and intake assessment form;
- Develop a database of information about administration, scheduling and service delivery that both ESA Program providers and LSPs can use to coordinate services to eligible homes where possible and coordinate funding streams to maximize the number of energy saving and health and safety measures installed in low income households;
- Develop a referral and/or credit system between the programs;
- Develop and implement pilot projects for partnerships that can be replicated throughout the state, that demonstrate measurable outcomes; and
- Develop and implement data logging projects to measure energy consumption, renewable energy generation and carbon emissions.

Following the signing of the MOU and based upon the reviews of the IOUs' reports, we learned that progress has been less than ideal due, in part, to the following factors:

- Data sharing among IOUs and corresponding Local Service Providers proved difficult with different tracking systems, software and data reporting requirements; and
- CSD was unable to give this leveraging issue its highest priority as the American Recovery and Reinvestment Act of 2009 and the funds CSD received may have depleted

staffing resources to those activities and away from the MOU leveraging process-improvement targets.

Despite the challenges we experienced during this last program cycle, the Commission is still committed to the important objectives of the MOU.

3.2.4. IOUs' Leveraging Proposals

3.2.4.1. PG&E

PG&E proposes to continue leveraging resources with LIHEAP/WAP by continuing to coordinate the ESA Program's modified 3 Measure Minimum Rule (modified 3MM Rule), supporting federal legislation, and continuing the refrigerator leveraging program. PG&E proposes strategies to change the ESA Program and LIHEAP/WAP home weatherization rules concerning ways to qualify a home for treatment. PG&E expresses its willingness to waive the modified 3MM Rule with the Commission's approval, which would allow homes, referred from LIHEAP/WAP, to receive additional measures feasible under the ESA Program, and to work with CSD and the DOE so that this rule may be waived for LIHEAP/WAP agencies receiving referrals from PG&E. PG&E states it is proposing to continue its successful refrigerator leveraging program with LIHEAP/WAP providers. Under this program, interested LIHEAP/WAP agencies that are not ESA Program contractors may contract with PG&E to provide refrigerators to eligible low income PG&E customers.

By providing the refrigerator under ESA Program funding, the LIHEAP/WAP agencies can cost-effectively offer more services to more homes. PG&E will pay for the replacement refrigerators and recycling at the same negotiated discount cost that it pays for refrigerators under the ESA Program. Additionally, in 2010, PG&E implemented a leveraging pilot (the Avenues Weatherization Project) with Community Resource Project, Inc. and Sacramento

Municipal Utility District and proposes to work with CSD and the Commission to initiate more efficient leveraging strategies.

3.2.4.2. SCE

SCE proposes no new efforts other than to continue its current course. Over the 2009-2011 program years, SCE has provided LIHEAP/WAP contractors the ability to utilize SCE's ESA Program workflow database (Energy Management Assistance Map System or EMAPS) to identify previously serviced customers with an enhancement to the Duplicate Measure Research Inquiry (DMRI) function. This has streamlined processes and has helped contractors avoid visiting a previously participating customer's home.

SCE states that until CSD has established a database of all homes treated and measures installed, coordination cannot effectively be implemented between the two agencies' programs. SCE also notes that because the Commission has no jurisdiction over CSD, this database coordination plan has been and will be exceedingly difficult without CSD's cooperation. SCE requests that the IOUs be afforded a place at the table in future discussions about this issue between the Commission and CSD.

SCE proposed, for the 2009-2011 program cycle, to leverage the ESA Program with the mainstream energy efficiency California Advanced Homes Program (CAHP), where SCE would pay the full incremental cost of installing higher-efficiency equipment, such as 16.0 SEER Heating Ventilation and Air Conditioning (HVAC) systems and refrigerators in units designated by the builder for low income occupants meeting the ESA Program's income guidelines. SCE found this leveraging effort to be unsuccessful due in large part to changed economic conditions resulting in a near stoppage of residential new construction in SCE's service area. Due to the ongoing slowdown in residential construction, SCE does not propose to continue this initiative in the 2012-2014 program cycle.

3.2.4.3. SoCalGas

With respect to CSD, SoCalGas proposes to continue to participate in discussions toward developing a data sharing framework. SoCalGas states that it was successful in creating a LIHEAP/WAP leveraging model by working closely with select LIHEAP/WAP agencies, who also provide ESA Program services, and implementing the developed framework. SoCalGas intends to expand the LIHEAP/WAP leveraging model, not only to continue leveraging available resources, but to also assist SoCalGas in meeting the modified 3MM Rule and increasing customer enrollment.

3.2.4.4. SDG&E

Two of SDG&E's contractors received federal energy efficiency funds and have been able to expand their outreach efforts through the CSD programs, allowing for additional leveraging across the ESA Program and CSD programs as these agencies have funding available to provide more measures and services to customers. SDG&E states that its collaboration with these contractors has allowed for more customers to receive as many measures as possible between the programs, while increasing transparency and reducing the number of customer home visits.

3.2.5. Discussion

In general, the IOUs and the ESA Program contractors are to be commended for the diverse leveraging efforts they each undertook during the 2009-2011 program cycle. Each of the IOUs worked with and around various constraints, employed versatility and creativity, and figured out different ways to stretch the ESA Program dollars through these successful leveraging efforts. As for some that were not as successful and have experienced some setbacks, the IOUs should still take away the lessons learned from those efforts.

With that, we approve SCE's request to discontinue its current efforts to leverage the ESA Program with CAHP. We direct the IOUs to continue their current leveraging efforts, except CAHP, and we also approve the IOUs' proposed leveraging efforts for program cycle 2012-2014. Moreover, in this cycle, we challenge and direct the IOUs to go even a step further:

- To share successful leveraging models and to try and duplicate the successes of other IOUs' leveraging efforts; and
- To actively explore new opportunities and coordinate actual program delivery to promote long term enduring energy savings and cost efficiency.

We reiterate that the leveraging efforts and associated benefits must be measurable. We will continue to measure the success of each leveraging effort, by employing the three criteria we set forth in D.08-11-031:

> *(i) Dollars saved.* Leveraging efforts are measurable and quantifiable in terms of dollars saved by the IOU (Shared/contributed/ donated resources, elimination of redundant processes, shared/contributed marketing materials, discounts or reductions in the cost of installation, replacement, and repair of measures, among others are just some examples of cost savings to the IOU).
>
> *(ii) Energy savings/benefits.* Leveraging efforts are measurable and quantifiable in terms of home energy benefits/ savings to the eligible households.
>
> *(iii) Enrollment increases.* Leveraging efforts are measurable and quantifiable in terms of program enrollment increases and/or customers served.

We will continue to require that the IOUs measure each of the existing and proposed leveraging efforts listed in their Applications using these metrics and continue to report the status of each in their annual reports provided each May to the Commission. The IOUs, therein, shall identify the level to which the proposed leveraging efforts meet each criterion, and in cases where the leveraging effort or relationship does not meet a criterion, shall provide a reasonable explanation and discussion of the lessons learned. Energy Division shall make recommendations to the Commission if the IOUs' leveraging efforts are failing to meet the objective metrics we establish here. The IOUs shall cooperate with the Energy Division, as necessary to assist the Energy Division in making its recommendations.

In the current landscape of so many exciting energy efficiency efforts, these types of leveraging efforts are essential, and even critical, to transforming the ESA Program into a more effective resource program that yields home energy benefits to the low income community while also creating cost savings for the IOUs and the ratepayers. As identified in the Strategic Plan, successful leveraging is one of the goals that will in the end help streamline and improve customer identification and program delivery. We therefore provide the above criteria to act as guide posts and to encourage and support the continued and improved beneficial leveraging partnerships, where appropriate.

Looking at the accomplishments during the 2009-2011 program years, the IOUs' leveraging strategies are generally on the right track, but there is still room for improvements to achieve optimal leveraging with CSD and many other programs.

D.08-11-031 initiated the execution of the MOU between the Commission and CSD which memorialized the shared commitment to effectively leverage and coordinate between both the state and local levels as well as facilitating collaboration between the IOUs and the local service providers. D.08-11-031 also directed the IOUs to address the database sharing issue and to use whatever means available to them to close data gaps,[29] but to date, little has been accomplished.

Some of the same barriers continue to exist today as they did three years ago where service providers still do not always know if a house has had any previous weatherization treatment until they arrive at a home. This wastes time, effort and outreach resources. Based on the record and the IOUs' reports, this limited leveraging progress with CSD in 2009-2011 program cycle does not appear to be entirely due to the IOUs' lack of effort. As SCE has correctly point out, CSD has yet to develop a central database with the pertinent information, or at least one that has been shared with the IOUs. As such, we cannot place full responsibility on the IOUs to gather information that does not exist for them.

Moving ahead, the IOUs, CSD, and the Commission must reiterate and reinvigorate a joint commitment to the programmatic goals to leverage and cooperate as outlined in our 2009 MOU. As stated in the Applications, the IOUs will continue their current efforts of utilizing dual providers (CSD and ESA Program) in program delivery. In this program cycle, the IOUs shall focus their leveraging efforts with CSD in refining the data sharing activities with LIHEAP/WAP and to devise a CSD leveraging plan, which at a minimum includes:

1. A coordinated LIHEAP/WAP and ESA Program contractor training component created to have the both program personnel trained and knowledgeable of both program offerings. This would foster a closer working relationship between programs and ensure that ESA Program personnel are well aware of the nature and

[29] D.08-11-031 at 131-132.

services of the LIHEAP/WAP program to know when and where to effectively leverage the programs, as appropriate;

2. A referral system to allow for flexibility between program participation where customers can be referred to the LIHEAP/WAP should a service or measure not be provided in one program;
3. Data sharing; and
4. Tracking system to show customer referrals in the program database and measures installed by ESA Program or LIHEAP/WAP to avoid duplicative efforts.

The IOUs are directed to begin immediate coordination with the Energy Division to convene and begin discussions, on as-needed frequency, with CSD representatives to aide in this invaluable leveraging opportunity and to develop and implement an effective leveraging plan between the ESA Program and CSD's programs.

3.3. Program Design and Delivery Model

The IOUs' Applications largely propose continuing the current ESA Program design and delivery model as one which provides prescriptive, direct-install measures for income qualified customers. The current model involves outreaching and marketing to potential customers, determining and enrolling eligible customers and assessing their households for eligible cost-effective measures in compliance with program rules, installing measures, and in some instances, inspecting those installations at a later time.

This model has been designed specifically to give the necessary guidance to the contractors while also affording contractors, including the assessment contractors, a level of flexibility and operational discretion to best adapt their program delivery to each household. This model allows the assessment contractors to assess each household to determine and tailor measures offerings for individual households in accordance to program rules as well as to devise and deliver tailored energy education. Utilizing each IOU's sophisticated workflow database, installation contractors are then dispatched to customer households to install energy efficiency measures.

3.3.1. Parties' Positions

3.3.1.1. DRA

In its protest, DRA questions whether the current ESA Program design and delivery model, using the traditional comprehensive whole house approach, can adequately deliver enough benefits at the household level to make the program sufficiently cost-effective. DRA therefore suggests that there should be a discussion of other potential program delivery models or approaches that may better suit the mix of products and services proposed in this program. DRA believes the Applications do not explore and discuss comparative advantages of other potential delivery approaches as compared to the ESA Program delivery approach and that the record therefore should be developed exploring alternative delivery approaches with regard to the merits of other potential delivery approaches.

As a possible alternative model, DRA's opening testimony proposes a "Tangible Bill Saver" design and delivery model. In general, DRA suggests that since the most tangible benefits provided by the ESA Program are bill savings, the program design should perhaps be reviewed with that in mind to allow the IOUs to increase delivery of measures such as lighting, refrigerator replacement and water conservation for the 2012-2014 cycle, while at the same time restricting the delivery of measures that provide very low bill savings to only high energy users and/or extreme climates. DRA explains that its proposed model will yield higher, tangible bill savings. As part of this proposed model, DRA proposes that we replace the modified 3MM Rule with a savings target schema that tailors, by household, a measure mix that delivers an estimated energy savings rate of 4%

of that household's average annual CARE use. To do this, DRA proposes utilizing energy audit software in the ESA Program to facilitate this energy savings analysis and delivery.

DRA's proposed model anticipates that the ESA Program outreach and assessment contractors install more measures during the initial outreach and assessment visit, including domestic hot water measures, lighting measures, and possibly other measures, such as smart power strips, etc. DRA also suggests that the Commission determine if and when utilizing energy audit software, modeling or diagnostic tools would be merited to improve savings for participants. In addition, DRA recommends the IOUs "borrow" from their own approved Whole House Retrofit program approaches such as utilizing the Home Energy Efficiency Surveys (HEES)[30] as an entry point to identify opportunities for energy efficiency improvements and develop additional criteria based on energy usage and/or climate zone. In its opening brief, DRA also notes that "there may be other measures that should also be included in the package of "Tangible Bill Savers" than those DRA had referenced to date.

In its response to the December 2011 Ruling, DRA clarifies that the outreach and assessment contractors retraining to implement DRA's proposed program model could occur in conjunction with the IOUs' proposed expansions

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[30] HEES programs are administered by the IOUs and provide customers with information to help them become familiar with ways to control and reduce energy and water usage in their homes by offering customers up to four options (mail-in survey, on-line survey, phone survey, and in-home survey) in multiple languages, including an action plan for implementation. The program also provides survey results to enable participants to understand how their energy use varies throughout the year and how their household compares with similar households. The "official" program implementation plan can be found at the attached link. (http://www.cpuc.ca.gov/NR/rdonlyres/3A357638-9BF5-4A64-A073-5462B40AD1AE/0/SCESWResAudit.pdf)

of outreach worker tasks (i.e. Smart Meter technology education, etc.). DRA, noting SDG&E's difficulties in teaching outreach specialists about the In-Home Display (IHD) Pilot[31] and delivering that information to the ESA Program customers, modified its proposed alternative delivery model such that outreach specialists and the installation contractors would be sent to the home for a joint initial assessment visit.

3.3.1.2. NRDC

NRDC generally supports the IOUs' overall movement away from the paper-based operation of the ESA Program, as set forth in their Applications, as well as DRA's proposal which puts "refocus" on bill savings relative to costs.

3.3.1.3. TELACU et al.

In their reply testimony, TELACU et al. argue that DRA's proposed model would "effectively dismantle the current program, turning it in to an appliance delivery service" that omits consideration of non-energy benefits, including job creation, economic development, and greenhouse gas (GHG) reductions. TELACU et al. assert that since "a substantial portion of unit costs" are associated with finding and qualifying ESA Program eligible homes, there is little program savings in shifting to the current delivery model to DRA's proposed model with 4% energy savings threshold. TELACU et al. continue that the cost of requiring the DRA's proposed energy audit diagnostic tool will only add costs (of roughly $120-$360, or $800) to the cost of treating a unit.

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[31] SDG&E's IHD Pilot was designed to test technology that could provide real-time energy use and billing information to qualified low income customers. However, recruitment and fielding for the pilot became an issue as ESA outreach specialists did not have the technical expertise to discuss the product with customers due to the complexity and uniqueness of the technology being offered.

Footnote continued on next page

In their response to the December 2011 Ruling, TELACU et al., share and underscore the concerns of EEC, explaining that outreach and enrollment contractors do not have the specialized skills and licensing needed to install measures, as even showerhead installation can require repair skills.

3.3.1.4. EEC

In its opening testimony, EEC contends that the program has an undue reliance on paperwork and that further paperwork reduction is necessary. EEC, therefore, recommends Commission's authorization for (1) the purchase of related hardware and expenses from program funds to further the use of paperless forms, (2) the development of a leave behind energy education DVD, and (3) the education and CFLs be allowed at the time of enrollment regardless of the modified 3MM Rule.

EEC, in its reply testimony, opposes DRA's proposal to modify the ESA Program delivery schema to the proposed "tangible bill savers" model, arguing that the layoffs and reorganization required by DRA's proposal would be cataclysmic for the current ESA Program workforce. Furthermore, EEC contends that the proposed "tangible bill savers" model with 4% energy savings design would introduce disruption and delays into the program from restructuring and retraining that would be necessary, and as proposed, would leave out energy savings measures.

(https://www.pge.com/regulation/LowIncomeProgramPY12-14/Other-Docs/SDGE/2012/LowIncomeProgramPY12-14_Other-Doc_SDGE_20120201_228591.pdf.)

In their response to the December 2011 Ruling, EEC agrees with TELACU et al. and explains that outreach and enrollment contractors do not have the specialized skills and sometime licensing needed to install measures. They both indicate that the sales skills of outreach and assessment contractors do not overlap with installers. Both groups note that the DRA's proposed model also does not address licensing requirements and that delivering and installing refrigerators at the time of enrollment is infeasible.

3.3.1.5. TURN

In its opening testimony, TURN recommends that the Commission require that the IOUs use the same contractors for overlapping territories and that the IOUs expand contractors' skill sets so that one contractor can perform additional weatherization and retrofit services. TURN also recommends the Commission consider certain concepts recently introduced by the Local Government Sustainable Energy Coalition (LGSEC), which includes a "Cash for Energy Savings" program[32] providing rebates equal to the electric and natural gas energy bill savings.

In its reply testimony, TURN supports DRA's "refocus" on bill savings relative to costs. TURN supports a program model that provides those least bill saving measures only to customers with higher energy use and/or live in extreme climates. TURN supports DRA's recommendation that the ESA Program use modeling or diagnostic energy audit software and reduce overall paperwork requirements in the program.

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[32] TURN describes this concept as a program that provides rebates to customers. The rebate amount would equal the electric and natural gas energy bill savings a customer achieves. TURN claims such program would have no minimum energy savings threshold to participate and no cap on the amount of rebate paid.

In response to the December 2011 Ruling, TURN recommends that utility billing and energy use data required for the DRA's "tangible bill saver" model should be provided to the contractor enrolling customers prior to the installation of any measures so that contractor could perform (or be trained to perform) this analysis prior to these initial installations.

In its brief, TURN restates its recommendation in support of the program model that utilizes (1) paperless enrollments, (2) use of energy audit software, and (3) same contractors be used in the IOUs' overlapping territories. TURN also introduces a new suggestion of having one contractor install all energy efficiency measures at one visit.

3.3.1.6. Joint Parties

In its reply testimony, the Joint Parties generally support DRA's "tangible bill savers" model.

3.3.2. IOUs' Positions

In their opening testimonies, the IOUs indicate that they plan to integrate several service improvements gleaned from the lessons learned during the previous program cycle and the various studies into the program. Such improvements include: using customer testimonials in marketing efforts, revising property owner waiver forms for easier program access, instituting standardized pre-appointment letters or calls to remind customers of installation appointments, and reducing the overall program paperwork requirements, among other new initiatives.

3.3.2.1. SCE

In its reply testimony, SCE argues that instead of instituting energy audit software as proposed by DRA as part of the "tangible bill savers" model, it would be more appropriate for the ESA Program to use the California Integrated Customer Energy Audit Tool (CA-ICEAT) that is currently under development by the IOUs to be hosted on each IOU's website and would be free of charge.

In their response to the December 2011 Ruling, SCE argues that their current service model already delivers easy-to-install measures such as CFLs, smart power strips, etc. at the time of assessment and enrollment. SCE agrees with EEC that it is simply infeasible to install measures such as refrigerators during an initial visit.

3.3.2.2. SoCalGas

SoCalGas' reply testimony argues that DRA's request to focus program delivery on high usage customers runs counter to directives in D.08-11-031 that customers not be segmented by energy use in the direct installation of measures. SoCalGas notes that it would take additional funding and at least six months to rewrite current contracts, retrain contractors, and update its current Home Energy Assistance Tracking (HEAT)[33] database to implement DRA's proposal.

3.3.2.3. SDG&E

SDG&E's reply testimony too argues that DRA's request to focus program delivery to high usage customers runs counter to directives in D.08-11-031 that customers not be segmented by energy use in the direct installation of measures. In their response to the December 2011 Ruling, SDG&E reiterates the

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[33] The HEAT System is SoCalGas' ESA Program workflow database used to track program activity and expenditures.

Commission directive of providing all eligible measures to all customers and adds that the ESA Program database currently used is designed as a workflow management system for the current program delivery schema and that integrating energy consumption data into that database would be complex and costly.

3.3.2.4. PG&E

In their response to the December 2011 Ruling, PG&E also emphasizes that it is infeasible to install refrigerators during an initial visit. While PG&E does not note any potential problems with retraining its Energy Specialists, with the exception of refrigerators, PG&E does project that it would need an unknown amount of additional funding for its Training Centers to significantly revamp its training requirements to adapt to DRA's proposed "tangible bill savers" model.

3.3.3. Discussion

We agree that the ESA Program, as with all mature programs, can benefit from design and delivery improvements. We however do not agree with the DRA's proposal to overhaul the current ESA Program design and delivery model. As the parties note, there are many operational and licensing concerns that DRA's proposal fails to fully explore and address. Moreover, there are notably overlooked aspects of the DRA's proposal (e.g. the training and skills sets of the current workforce) that suggest the current workforce cannot reasonably be expected to execute this new program model in this cycle. In addition, the DRA's proposal impacts the current overall program cost-effectiveness framework which is being reviewed in the second phase of this proceeding. With that backdrop, we are not convinced of the need or the benefits of such overhaul at this point in the proceeding to justify the anticipated disruption to the program and the workforce.

Instead, we see a more reasoned approach in improving the program delivery as laid out in the 2009 Process Evaluation of the ESA Program, and therefore, are persuaded by those recommendations.[34] The 2009 Process Evaluation correctly describes the ESA Program as "a mature program with protocols at each step of the process: marketing and outreach, enrollment and assessment, installation, and inspection" and recommends several areas where some improvements can be made, as follows:

- The IOUs should look into creating forms and updating databases to allow for more robust descriptions of customer homes so that enrollment and assessment contractors can better document special circumstances or potential problems in a home in order to better prepare the installation contractors for their initial visit and reduce the chance for a second visit.
- The IOUs should consider further upgrades to their databases to potentially allow contractors to edit information after uploading it.
- The IOUs that share territories should look into using single intake forms and list the same requirements for proof of income.

These recommendations address some key points made by the parties to this proceeding that (1) the program should move towards paperless operations, and (2) the program should provide outreach and assessment contractors with more information before getting into a home to better prepare and enable them to understand that household and tailor measures to the household, while also reducing visits, wherever feasible to complete installations in a single visit.

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[34] Final Report: Low Income Energy Efficiency Process Evaluation, dated June 10, 2011 (2009 Process Evaluation).

We direct IOUs to implement the above 2009 Process Evaluation recommendations. Such efforts should include review of the property owner waiver and co-pay forms. As we point out in 3.10.6.3 of this decision, the property owner waiver and co-pay forms should be simplified, made uniform among the IOUs and made available in languages other than English, if there is sufficient need justifying such expenditure. Furthermore, once fully implemented, SCE should report to the other IOUs on the effectiveness of its integrated schedule manager and routing tool[35] for possible statewide adoption.

We agree, in part, with DRA's recommendation and therefore direct the IOUs to integrate their HEES programs and the CA-ICEAT into the ESA Program so that ESA contractors can use this information for easier enrollments and assessments. Additionally, the IOUs are directed to review the training curriculum of outreach and assessment contractors to help determine, and report to the Energy Division, each IOU's projected budget necessary to train and otherwise enable, including any licensing, its assessment contractors to install lighting measures (CFLs), hot water measures[36] and smart power strips to income

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[35] SCE is in the process of implementing automated routing and scheduling functionality into its central database. This functionality will provide proximity-based scheduling of jobs, mileage and time calculations, and route maps to and in between appointments allowing contractors to utilize the program's database as their single reference tool for scheduling jobs. This will improve customer service by allowing any one person speaking to the customer to respond to appointment inquiries. This technology will also enable ESA Program field crews to receive and close out new work orders through their smart phones. The use of this technology will result in faster response times and potentially reduce phone calls, paperwork and overhead costs. *See* SCE's Budget Application at 8-9.

[36] Including faucet aerators, low flow showerheads, water heater pipe wrap/insulation and water heater blankets.

qualified customers who have passed the modified 3MM Rule, during the initial visit.

While we do not agree with major overhaul of the ESA Program delivery model, we direct the IOUs to implement the foregoing delivery enhancements.

3.4. Marketing Education and Outreach (ME&O)

We have gained significant experience over the years in how to reach the low income communities, both effectively and cost effectively, which enables us to ultimately reach more low income customers to deliver the program benefits. Through the IOUs' creative and innovative outreach efforts during prior program cycles, one of the most notable barriers in effective penetration was identified as lack of trust in the low income communities which was further compounded by cultural and language barriers that stifled the low income communities' understanding of the ESA and CARE Programs.

To overcome these barriers and to reach the hardest to reach low income customer segments, we found that community, local and ethnic contacts, community leaders and venues often helped facilitate the breakdown of those trust barriers. We therefore believe that an effective media outreach efforts in the low income programs should likewise include community, local and ethnic media to better engage these communities and be tailored to the particular low income communities that are the hardest to reach. This can be done by effectively combining the IOUs' current efforts with, inter alia, the use of the community, local, regional, ethnic and ethnically-owned media, such as newspapers, radio, and television.

Consistent therewith, the IOUs' ME&O strategies should embrace and recognize the importance of community, local, regional, ethnic as well as ethnically-owned media as ways of effectively reaching and penetrating some of the most difficult to reach pockets of the low income communities. They are ready and available tools that are clear and direct gateways to many of these low income communities to help tear down some of those barriers. The IOUs should track and report on the progress of these outreach efforts in their annual report, and the reporting should indicate specific activities and contracts, actual expense, as well as quality and quantity of resulting enrollment from each effort. We direct the IOUs to continue to conduct their current ME&O efforts as directed in this decision.

Similarly, the Commission also encourages the IOUs to utilize, where appropriate, community based organizations as a resource in the outreach efforts. Many community based organizations have proven track records within the low income communities and have earned the low income communities' trust. Information from those trusted community based organizations with proven track record therefore will likely be received in that community with more trust and confidence since it is coming from local and trusted community sources. Such coordination with the community based organizations will also yield added benefit of creating jobs within those communities. As such, the Commission supports those efforts to partner with the community based organizations that have a proven track record with the IOUs' outreach efforts and a trusted grassroots presence in the community.

We find that the above ME&O approach completely consistent with the Legislature's and Commission's long standing support for encouraging greater economic opportunity for women, minority, and disabled veteran business enterprises.[37] The Commission's General Order 156 as well as its amendment further reaffirms this.[38]

In addition, Commission has stressed the need for the IOUs to integrate and coordinate marketing messages for customers. In D.07-12-051 and D.08-11-031, the two preceding low income energy efficiency proceeding dockets, the Commission took detailed steps, aligned with the general energy efficiency proceeding dockets, to direct the IOUs to integrate statewide energy efficiency and demand response marketing by reducing redundancies in marketing efforts and to have one contract with a single marketing agency for both statewide marketing campaigns.

Between 2009 and 2010, the Commission engaged in a careful evaluation of prior statewide marketing and branding efforts as well as market and demographic research to understand how best to encourage energy awareness as well as energy efficiency action. Much of this work and research is still extremely relevant to tailoring education and outreach messages to certain communities and groups.

Residential (including low income) and small business consumers are also typically, as a group, less informed about the particulars of program offerings available from the IOUs and third parties to help meet their energy needs. Part of

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37 Code §§ 8281 *et seq.* which provides: "it is the declared policy of the state to aid the interests of women, minority, and disabled veteran business enterprises in order to preserve reasonable and just prices and a free competitive enterprise, to ensure that a fair proportion of the total purchases and contracts or subcontracts for commodities, supplies, technology, property, and services for regulated public utilities, including, but not limited to, renewable energy, wireless telecommunications, broadband, smart grid, and rail projects, are awarded to women, minority, and disabled veteran business enterprises, and to maintain and strengthen the overall economy of the state."

38 D.11-05-019.

the Commission's goal for some time with our statewide ME&O efforts, particularly in the most recent energy efficiency and demand response program and budget proceedings, is to develop one integrated approach that includes multiple demand-side options depending on the needs of the consumer.

Our ultimate plan is a unified approach. Yet our efforts to deliver an integrated message have been hampered by differing program cycles and proceedings among energy efficiency, demand response, distributed generation, and low income programs, among other reasons.

To help bring these efforts together under one umbrella with one unified approach, the Commission, for the first time, is considering in a pending proposed decision in its general energy efficiency docket Rulemaking (R.) 09-11--14, an approach which requires all four IOUs to file separate Applications outlining their approach to statewide ME&O for all demand-side programs as well as generalized energy education (ME&O Applications). We recognize that some programs such as low income programs will need to be addressed with some tailored strategies to align with the overall statewide ME&O direction, where appropriate, and such issues will have to be carefully examined.

At this time, we direct the IOUs to be aware of the current ME&O course and directions in R.09-11-014, plan accordingly by being poised for potential filing of their ME&O applications in possibly a separate proceeding by the date set forth in the imminently anticipated Guidance Decision in R.09-11-014 or be poised to follow any other applicable ESA Program ME&O directions in that anticipated Guidance Decision. If ME&O applications are ordered in the adopted Guidance Decision for filing in a separate proceeding, the IOUs are directed to ensure that such filings meaningfully incorporate low income programs' ME&O issues consistent with the directions in this decision. In the mean time, we direct the IOUs to continue to conduct their approved ME&O

efforts for the ESA Program but to anticipate and make plans for potential mid-cycle changes for the ESA Program ME&O to align with our directions in the anticipated Guidance Decision and/or the ME&O Applications proceeding.

3.5. ESA Program and Cost-Effectiveness

3.5.1. Introduction

Following the Strategic Plan, in D.07-12-051 and D.08-11-031,[39] the Commission outlined the current cost-effectiveness framework for the ESA Program, including overall cost-effectiveness methodologies applying a measure based analysis with two tests, threshold values and exceptions for certain circumstances. Consistent therewith, for this 2012-2014 cycle, we direct the IOUs to continue the current course and focus on providing cost-effective measures within this ESA Program cost-effectiveness framework, as discussed below.

3.5.2. Background

The Commission, in D.02-08-034, first established its overall methodologies for the ESA Program cost-effectiveness analysis, set forth applicable general principles, and adopted two tests. The first was the Modified Participant Cost (PCm) Test, a test that emphasizes measures benefits to participating customers and the total costs of the ESA Program, and the other was the Utility Cost Test (UCT), a test that measures utility's resource costs and the resulting benefits, including non-energy benefits of the program.[40] Both tests incorporate non-energy benefits[41] as well as direct energy-related benefits.

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39 D.09-06-026 clarified D.08-11-031.

40 Issued August 9, 2002 in R.01-08-027.

41 Non-energy benefits capture a variety of effects, such as changes in comfort and reduction in hardship, that are not captured by the energy savings estimates derived from load impact billing evaluations, and are ignored in more traditional cost effectiveness approaches like the Total Resource Cost (TRC) Test.

Based on the two tests and measure-based evaluation, in D.08-11-031, the Commission held a measure is deemed to have "passed" the ESA Program cost-effectiveness test if its benefit-cost ratio, according to the UCT and PCm testss, is greater than or equal to the 0.25 benefit-cost ratio benchmark for that utility. The Commission also noted that, under certain circumstances, exceptions would be made. Parties have consistently questioned this measure based evaluation approach as well as the overall cost-effectiveness framework and have raised concerns that the Commission reexamine them.

3.5.3. Parties' Concerns

During the last program cycle and in this current proceeding, some parties raise the concern that the current benefit-cost methodologies do not adequately reflect the social equity values promoted by the ESA Program, such as health, comfort and safety. Others also suggest benefit-cost calculations should give more consideration to avoided costs and non-energy benefits, such as environmental benefits in addition to energy savings over the life of installation. Some parties suggest potential refinements to the current methodologies such as adopting a portfolio based cost-effectiveness analysis instead of the current measure-by-measure analysis. There are yet others who question the overall effectiveness of the current cost-effectiveness framework as a way of achieving significant energy savings.

On October 24, 2011, the Commission held a workshop on this topic. The workshop yielded robust and thoughtful discussion among the parties. Most parties, in their responses to the December 2011 Ruling, restated that the cost-effectiveness framework currently used to evaluate the ESA Program measures needs to be revisited. In essence, while parties acknowledge that the ESA Program is an energy resource program and that achieving significant energy savings is an essential part of such cost-effectiveness framework, they also argue that it is an equity program. As such, with dual purposes of energy savings and equity factors, a proper balance must be struck as to the prominence in recognizing both aspects of the program.

Toward refining the ESA Program's current cost-effectiveness framework, if possible, the Commission endeavors to explore ways of stretching the limited ratepayer funds to (1) producing significantly more energy savings than today and (2) also significantly increasing the low income households' energy bill savings than today.

The parties generally support the concept of a working group, to be led by the Commission's Energy Division, and formed to fully explore this issue in depth toward formulating a cost-effectiveness framework that balances and recognizes the ESA Program as both a resource and an equity program. Most parties agree such an in-depth review could not be completed to its useful completion within the 2012-2014 cycle and that such effort should be undertaken during the 2012-2014 cycle to yield a report, findings and recommendations to be ready in time for 2015-2017 cycle applications preparation.

3.5.4. Working Group on Cost Effectiveness Methodology Review

Because the program stakeholders bring decades of program implementation expertise as well as invaluable program insight and perspective to the proceeding, we must accord these stakeholders' comments due deference. We therefore find that the current cost-effectiveness framework used in the ESA Program should be reviewed. This review can only help the program by better informing the Commission and the parties and perhaps even lead to thoughtful and meaningful change, if such change is found to be needed to garner greater energy savings and provide greater health, safety and comfort benefits to the low income community in the most cost-effective way possible.

While there was little agreement among parties about the merits of their varying proposals and what specific changes should be made, there does seem to be a consensus among parties on the questions that a working group should examine the ESA Program's cost-effectiveness methodology to review the following:

(i) What type of cost-effectiveness framework should ESA Program use? Should the cost-effectiveness analysis of the ESA Program be determined by cost-effectiveness evaluation of the entire program? Should such cost-effectiveness analysis be done solely at the individual measure level to evaluate the cost-effectiveness of the individual measure to determine the approval of individual measure? Should such analysis be done using some type of hybrid approach, looking at both the cost-effectiveness of the program and measures? Should such analysis be done using any other potential approach? And if so, what and how?

(ii) Should the Commission continue to use the Modified Participant Test (PC_{m}) and the Utility Cost Test (UTC) to measure the ESA Program cost-effectiveness, or should the Commission instead (or additionally) use the Total Resource Cost (TRC) test? Do these tests require any modification to be better suited for use by the ESA Program?

(iii) Should all measures, both equity and resource measures, be subject to cost-effectiveness analysis? How do we define which measures are considered resource measures and which are considered equity measures? Should they be treated differently? Should we have specific goals or metrics for equity measures? How should those goals or metrics be defined?

(iv) What is the appropriate use of non-energy benefits in the cost-effectiveness analysis? Which cost-effectiveness tests should include which non-energy benefits? How should the various non-energy benefits be measured? Are there additional non-energy benefits which should be included, or current non-energy benefits which should be excluded?

We find this working group approach reasonable and sound, and we direct the Energy Division to promptly allocate resources toward convening the ESA Program cost-effectiveness working group (CE Working Group). The CE Working Group should comprise of IOUs' representatives, Energy Division staff and representatives from other interested parties in the ESA Program proceeding. To manage the size and therefore productivity as well as to achieve balance and optimize the benefits of the cost-effectiveness expertise among parties, the CE Working Group should be made of no more than two representatives from each segment of the parties (IOUs, contractors, community based organizations, DRA, consumer advocates, and other special interest groups) that have the expertise in the issues relating to cost-effectiveness tests and methodologies.

The process the CE Working Group will use to develop a proposal and recommendation for a feasible cost-effectiveness framework will be as follows:

1. The Energy Division will take the lead role in the CE Working Group.
2. The Energy Division will send a request to the service list of this proceeding to solicit CE Working Group members as soon as practicable after this decision is issued to form the CE Working Group consistent with the directives in this decision, including the directions for the makeup of the CE Working Group. In response, no more than two representatives from each industry should be nominated and those nominees should have expertise and/or knowledge to be able to contribute substantially to the CE Working Group process.
3. The Energy Division will select the members of the CE Working Group based on its review of the industry representatives who can provide helpful insight and expertise on the subject, subject to reasonable guidelines

established by the ALJ, to ensure the CE Working Group's size and composition do not work against thoughtful and meaningful discussion and examination of the issues.

4. By February 15, 2013, the CE Working Group will convene at least two publically noticed meetings. Any more meetings will be up to the Energy Division's discretion.
5. The Energy Division staff, in coordination with the CE Working Group, will issue a white paper on the subject of the CE Working Group within 180 days after this decision is issued.
6. The white paper will examine the suggestions and comments made by parties in this proceeding, and present a proposal and recommendation for a revised cost-effectiveness framework for parties to comment on.
7. CE Working Group shall review all comments and thereafter develop a final proposal and recommendation for a revised cost-effectiveness framework.
8. By June 1, 2013, the CE Working Group shall submit its Final Proposal and Recommendation (Recommendation) to the ALJ. The ALJ thereafter shall circulate the Recommendation for comments to the service list of this proceeding. The final Recommendation for any proposed revised cost-effectiveness framework should be forward looking and shall take into account the ESA Program goals and the goals of the Strategic Plan.
9. If adequate cost-effectiveness justification consistent with the overall Strategic Plan vision supports such Proposal and Recommendation for cost-effectiveness framework, it may thereafter be adopted in a decision with directions to the IOUs to use the framework as they design their portfolio for subsequent program applications for program cycle 2015-2018.

3.6. Approved ESA Program Measures

3.6.1. Introduction

The Strategic Plan requires that ESA Program serve as an energy resource for California, while continuing to enhance low income customers' quality of life.

Goal 2 of the Low Income Residential Segment of the Strategic Plan explicitly provides that the ESA Program be an energy resource by delivering increasingly cost-effective and longer-term savings.[42] Thus, in this 2012-2014 budget cycle while we are reviewing the ESA Program cost-effectiveness framework and methodologies through the CE Working Group process outlined in the forgoing section, the IOUs must continue to diligently ensure installation of the list of measures we approve today based on the current cost-effectiveness framework.

3.6.2. ESA Program Measure Cost-Effectiveness Test

D.08-11-031 set out the current measure-by-measure cost-effectiveness test (CE Test) for the ESA Program to determine whether a specific measure is cost effective (taking into account the housing type as well as climate zone (CZ)) and set forth an approach to screening each measure for cost-effectiveness. The IOUs followed that CE Test and applied it to each measure they propose for the ESA Program measure portfolio for approval here in their 2012-2014 ESA Program measure portfolios. Today, we adopt and apply the same methodologies, outlined in D.08-11-031, for this cycle for evaluating cost-effectiveness of each proposed measure (taking into account the housing type as well as climate zone), including when we grant exceptions to such CE Test as follows:

> CE Test: Measures that have both a PCm and a UCT benefit-cost ratio greater than or equal to 0.25 (taking into consideration the housing type and climate zone for that measure) for that utility pass the CE Test and shall be included in the ESA Program. This rule applies for both existing and new measures.
>
> Two exceptions to CE Test are:

[42] Strategic Plan at 24.

> (1) Existing measures that have either a PC_m or a UCT benefit-cost ratio less than 0.25 (taking into consideration the housing type and climate zone for that measure) is deemed to have passed the CE Test and shall be retained in the ESA Program; and (2) Existing and new measures with both PCm and UCT test results less than 0.25 (taking into consideration the housing type and climate zone for that measure) for that utility may be included in the ESA Program for health safety and comfort reasons as add back measures, by first securing Commission's approval for such exception; and all approved add back measures are subject to additional reporting requirements.[43]

Under the add back measures provision, 2(b) above, we allow the IOUs to offer certain measures that fall below the 0.25 threshold, with additional attendant reporting requirements to track and better understand those add back measures' impact to the program budget and energy savings.

The additional reporting we require for the add back measures will occur in two steps. First, within 30 days of the effective date of this decision, the IOUs shall forecast, for 2012-2014 (per year and for the full three year period), for any measure that we include in the program that falls below the 0.25 cost effectiveness threshold test, the following:

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[43] Currently, the Commission does not allow air conditioning in moderate climates, consistent with our prior decisions. Likewise, the Commission does not allow furnace repair and replacement or water heater repair and replacement work, consistent with our conclusions in D.07-12-051 and D.08-11-031, that heating and water heating in rented housing are not the responsibility of ratepayers but in fact the responsibility of the landlord to make the unit habitable. *See* D.08-11-031 at 53; and *See Green v. Superior Court* (1974) 10 Cal.3d 616 [111 Cal.Rptr. 704], which held that all residential leases and rental agreements contain an implied warranty of habitability. Under the implied warranty, the landlord is legally responsible for repairing conditions that seriously affect the rental unit's habitability. That is, the landlord must repair substantial defects in the rental unit and substantial failures to comply with state and local building and health codes.

1. The measure type and climate zone;
2. How many such measures the IOU anticipates installing in 2012-2014 in each add-back climate zone;
3. The budget impact of the add-backs; and
4. The energy savings impacts of the add-backs, based on the assumption that installation of measures that do not already exist in a home will increase, rather than decrease, energy usage.

Second, the IOUs would also report in their annual reports, due in May of each year. The IOUs shall report, for the prior year, the actual figures in each of the foregoing four categories. If the add-backs will compromise the IOUs' ability to meet the 2020 Strategic Plan goal that 100% of eligible and willing customers will have received all cost effective ESA Program measures, they should include a narrative in their annual reports on how they propose to address the shortfall in other parts of their ESA Program.

3.6.3. IOUs' ESA Program Measure Portfolio Proposals

The IOUs propose to add new measures that pass the CE Test, retire other measures that do not meet the CE Test, and propose several add back measures, as detailed below.

3.6.3.1. PG&E

Proposed New Measures (PG&E)

Thermostatic Low-Flow Showerheads	Passes the 0.25 CE Test Threshold
Smart Air Conditioner Fan Delays	Passes the 0.25 CE Test Threshold
1993-1998 Refrigerator Replacements	Passes the 0.25 CE Test Threshold
Microwaves	Passes the 0.25 CE Test Threshold

Proposed Measures to be Retired (PG&E)

Duct Test and Seal (DTS)	Failed CE Test Threshold and show very low savings in the 2009 Impact Evaluation
Microwaves	Failed CE Test Threshold and show very low savings in the 2009 Impact Evaluation

Proposed Add Back Measures (PG&E)

Attic Insulation	2009-11 status quo basis with addition of climate zone 14 for single family.
Envelope and Air Sealing Measures	In all Climate Zones and housing types. Includes outlet cover plate gaskets, attic access weatherization, door weather-stripping, caulking and minor home repairs. Although they provide low savings, they are also low-cost.
Water Conservation Measures	In all housing types for multifamily. Includes low-flow showerheads, water heater blankets, water heater pipe insulation, and faucet aerators. Exceeded the CE threshold for all housing types but multifamily. Low-cost and are often the easiest to provide measures available to multifamily.
Furnace and Water Heater Repair/Replacement	These two measures have never been cost-effective, and have always been included for homeowners based on comfort, health and safety. Furnaces and water heaters are repaired or replaced when the existing measure fails natural gas appliance test and is in a hazardous condition. PG&E proposes to continue this safety element for homeowners.

3.6.3.2. SCE

Proposed New Measures (SCE)

Smart Power Strips	Measure eliminates "vampire load" which is estimated to account for 4%-11% of a home's total energy usage. Inexpensive, simple to install, and require no landlord approval.
Variable-Speed Pool Pumps	SCE proposes to replace existing pool pumps with highly efficient variable-speed pool pumps.

Proposed Measures to be Retired (SCE)

Evaporative Coolers Maintenance	Evaporative Coolers Maintenance - During the 2009-2011 program cycle, SCE offered evaporative cooler maintenance to customers to help ensure the units previously installed by SCE would continue to operate at peak efficiency and operate effectively throughout the expected life span of the units. In the 2012-2014 program cycle, SCE will retire this measure in order to focus delivery of

	program services to customers who have not received services through ESA Program in order to continue progress toward achieving the Commission's Programmatic Initiative.
Air Conditioner Service	SCE intends to retire the Central Air Conditioner service measure by which ESA Program contractors go back to maintain Central Air Conditioners previously installed by ESA Program. This retirement will help to hold the line on program costs while still allowing for the continued replacement of the oldest, most inefficient Central Air Conditioners.

Proposed Add Back Measures (SCE)

Envelope and Air Sealing	Provides health, safety, and comfort, reduces infiltration.
Room Air Conditioner	For all housing types in climate zones 10, 13, 14, and 15.
Central Air Conditioner	For single family climate zones 14-15, and multifamily in climate zone 14.
Heat Pumps	For single family climate zone 15, multifamily climate zone 15.

3.6.3.3. SoCalGas

Proposed New Measures (SoCalGas)

Thermostatic Shower Valve Measure	Reduces hot water flow to a trickle when the water temperature reaches a specific temperature, resulting in energy savings and decreased water usage.

Proposed Measures to be Retired (SoCalGas)

Tankless Water Heater	Failed CE test, installation costs can be significant and also the yearly maintenance of the system is burdensome for low income customers. Also poses onerous installation and maintenance requirements heavily outweigh the long-term benefits.
Duct Seal and Test	Failed CE test in all climate zones and dwelling types. SoCalGas notes that the elimination of this measure increases the challenge of meeting the modified 3MM Rule. But anticipates only minimal impacts to program delivery based on the frequency of installations

Proposed Add Back Measures (SoCalGas)

Furnace and Water Heater Repair and Replacement	Provides health, safety, and comfort, reduces infiltration.
Envelope and Air Sealing Measures	Provides health, safety, and comfort, reduces infiltration. Additionally, removing these measures will negatively impact SoCalGas' ability to meet the 3MM rule, specifically for multifamily.

3.6.3.4. SDG&E

Based on its review of the 2008-2011 approved ESA Program measures, SDG&E proposes to add new measures which passes the CE Test, retire other measures that do not meet the CE Test, and proposes several add back measures, as detailed below.

Proposed New Measures (SDG&E)

Smart Strip Measure	SDG&E proposes the inclusion of the smart strip measure into the mix of measures currently authorized by the Commission for the Energy Savings Assistance Program. The smart strip will allow customers to shut off vampire loads on electronic devices with one switch. The relevant cost effectiveness of the measure is shown in Attachment A-7.

Proposed Measures to be Retired (SDG&E)

Central Air Conditioner	Failed CE test in all climate zones and dwelling types. In addition, this measure is being retired rather than added back, because during the 2009-2010 program years, there were no low income households that required a Central Air Conditioner.
Duct Testing and Sealing	Failed CE test in all climate zones and dwelling types. In addition, this measure is being retired rather than added back, because during the 2009-2010 program years, its expenditures only 1% of the total program expenditures.
Evaporative Cooler Cover	Failed CE test in all climate zones and dwelling types. In addition, this measure is being retired rather than added back, because of low customer demand. During the 2009-2010 program

	years, no evaporative coolers were installed in the program.

Proposed Add Back Measures (SDG&E)

Furnace and Water Heater Repair and Replacement	Provides health, safety, and comfort.
Room Air Conditioner	For single family, multifamily climate zone 10 provides health, safety, and comfort.

3.6.4. Parties' Positions

3.6.4.1. EEC

EEC, in its protest, recommends increasing the levels of the minimum threshold requirements for receiving attic insulation up to a minimum of R-value[44] (R-38, from R-19) under the program; likewise, EEC proposes to increase the program cap which sets the maximum allowed for installation of the attic insulation. EEC contends that its research found no program where the recommended level of ceiling insulation is adequate at R-12. EEC instead claims that most programs they found require the home to be insulated to an R-value of 38 to receive a rebate or performance payment.

EEC recommends air sealing and envelope measures for all housing types, and recommends that all IOUs add this measure back in all climate zones where it was removed in the 2009-2011 cycle. Likewise, EEC recommends water conservation measures for all housing types, regardless of whether it passes the CE Test.

EEC opposes retirement of Duct Testing and Sealing arguing that it is a measure required by the California Energy Commission (CEC) to be Title 24 compliant when installing a new furnace. EEC also opposes retirement of central and room air conditioning measure. EEC recommends directing PG&E to offer

[44] R-value indicates insulation's resistance to heat flow -- the higher the R-value, the greater the insulating effectiveness.

furnace tune up and clean as a measure and recommends lifting the current program cap of 5 CFLs per household and reinstitution of installing CFLs during the enrollment and education stage of the process.

3.6.4.2. TELACU et al.

TELACU et al. recommend adding back all measures being proposed by the IOUs to be retired.

3.6.4.3. NRDC

NRDC opposes the retiring of any measures as proposed by the IOUs, and urges Commission to revisit the methodology for how measures are introduced, retired, and evaluated for their cost-effectiveness. NRDC recommends that PG&E be directed to add smart power strips to its program. NRDC also recommends that Duct Testing and Sealing should be considered separately and the IOUs' Weatherization Installation Standards (WIS) manual should be updated to match Title 24 standards. NRDC supports a change to the current prohibition of using the ESA funds to work on heating and hot water systems in tenant housing, while recognizing that the ESA Program may not or should not shoulder the full replacement costs for such measure, if they are allowed in the program.

3.6.4.4. Synergy

Synergy recommends that SoCalGas be required to add back infiltration measures in climate zones where the measure did not rate high enough in multifamily dwellings. Synergy recommends increasing the levels of the minimum threshold requirements for receiving attic insulation, up to a minimum of R-value of R-38, from R-12, under the program; likewise, EEC proposes to increase the program cap which sets the maximum allowed for installation of the attic insulation. Synergy recommends that all IOUs should add: (1) air sealing and envelope measures for all housing types, and all climate zones where it was removed in the 2009-2011 cycle, and (2) water conservation measures for all housing types, regardless of whether it passes the CE Test.

Synergy opposes retirement of Duct Test and Seal and Central and Room Air Conditioner.

3.6.4.5. CHPC, NCLC, NHLP (CHPC et al.)

CHPC et al.'s recommendation centers on measures and other concerns relating to the multifamily segment of low income population. In general, CHPC et al. seek Commission's revision of various aspects of the ESA Program to include measures for multifamily units such as:

- Whole-building, investment-grade energy audits;
- HVAC—Heating Systems, repair and replacement: (Boiler/heater repair and replacement, Heating pipe insulation, Boiler plant controls, Boiler blankets, Heat pumps);
- Thermostats and Thermostatic Radiator Valves;
- Water Heater, repair and replacement: (Domestic hot water heater repair and replacement, Domestic Hot Water Pipe Insulation, High Efficiency Pump Motors/Heating Loop Pump, Recirculation Controls, Water Heater blankets);
- Common Area Lighting; and
- Roof/Attic Insulation.

3.6.4.6. DRA

DRA recommends that air sealing and envelope measures which produce very low bill savings and have low health, safety and comfort benefits should only be allowed for high energy users and/or in extreme climate zones. DRA recommends the refrigerator replacement criterion should be modified to pre-2001 levels, not pre-1999 levels.

DRA recommends that smart power strips should be introduced by PG&E, SCE, and SDG&E as pilots until the next Impact Evaluation provides a more consistent and accurate estimate, because the energy savings estimates provided by SCE (29.35 kWh) and SDG&E (75.00 kWh) vary and may not be accurate. DRA supports the addition of high efficiency forced air units (FAU) to all IOUs' portfolios based on SoCalGas pilot results. DRA recommends approval of repair and replacement of non-operable furnaces and water heaters in renter-occupied households, so long as landlords are required to contribute 50% of the cost of these measures in tenant occupied dwellings. DRA recommends that homes with potential for lighting savings receive a larger number of the current types of CFLs.

3.6.4.7. Niagara

Niagara supports including ultra-high efficiency (1 gallon or less) showerheads, faucet aerators, and toilets to the program as approved measures.

3.6.4.8. TURN

TURN opposes any retirement of measures, but recommends that while a full menu of measures should be available, only measures that make reasonable economic sense be installed.

3.6.5. Discussion

D.08-11-031 adopted the current CE Test for determining whether a specific measure is cost effective (taking into account the housing type as well as climate zone) and set forth an approach to screening each measure for ESA Program, including some exceptions. While the parties seem to object to most of the proposed retirement of several measures that do not meet the current CE Test, the essence of their objections seem to lie with the underlying ESA Program cost-effectiveness methodologies, CE Test and the overall vision of the portfolio which are being reviewed in the next phase of this proceeding. We, therefore, reserve for further review and consideration of these objections to a potential subsequent decision in the context of our cost-effectiveness framework review. In the meantime, in this decision, we address the specific measures at issue in the upcoming cycle, so that the IOUs are able to proceed with uninterrupted implementation of the ESA Program for the 2012-2014 cycle.

3.6.5.1. Retirements and Add Back Measures

3.6.5.1.1. Attic Insulation (PG&E)

PG&E proposes to add back the attic insulation measure. This measure did not pass the CE Test in PG&E service territory. In part, PG&E attributes this to the low savings figures from the 2009 Impact Evaluation Study. PG&E speculates that another reason for such low savings may be based on low income customers' energy use pattern. PG&E refers to the 2007 KEMA Needs Assessment and other research to illustrate that low income energy users generally wear warmer clothes instead of turning up their heat and similarly turn to less layers to cool down instead of turning on cooling measures.

We recognize that attic insulation is a measure that's savings derive specifically from energy use. In other words, the more energy one uses, the more one will see the effects by discernible savings through lowered bill. Conversely, households that do not use significant energy by heating or cooling in an effort to save money on their bills will not see significant savings benefit (reflected in their bills) from attic insulation, even if they feel the direct non-energy benefit of increased comfort due to the decreased draft. Moreover, PG&E contends that the non-energy benefits for attic insulation may be greater than what is captured in the current cost-effectiveness analyses. PG&E therefore proposes attic insulation that was included in the 2009-2011 ESA Program be kept in the 2012-2014 cycle.[45]

EEC and Synergy both recommend raising the minimum set R-value to receive attic insulation (from R-19 to R-38), as well as increasing the maximum to be installed under the program. They state that R-12 is not considered an adequate level of insulation by the CEC standards, Department of Energy (DOE) standards or the insulation and energy conservation industry.[46] Moreover, both parties claim that they cannot find any program where the recommended level of ceiling insulation is adequate at R-12. They assert that most programs require the home to be insulated to an R-value of 38 to receive a rebate or performance payment.

Although the attic insulation measure does not meet the CE Test, we are persuaded that PG&E should be allowed to add back attic installation in the climate zones and housing types approved for the 2009-2011 program year with the addition of climate zone 14 for single family homes. We agree that one of the contributing factors leading to this measure not accruing and showing large energy savings may be because of the low energy consumption of low income customers.

Because attic insulation is a measure whose savings derive specifically from energy use, it does make sense that we may not be able to see all the savings benefiting from attic insulation, including the direct non-energy benefits of increased comfort due to the decreased draft. In addition, we agree that the non-energy benefits for attic insulation may be greater than what is captured in

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[45] PG&E Testimony at 1-77 - 1-78.

[46] EEC Protest at 11-13 and Synergy Protest at 5-6.

the current CE Test and analysis. For 2012-2014 ESA Program, we therefore approve adding back this measure in the housing types and climate zones as previously approved in the 2009-2011 and also approve adding back this measure in climate zone 14 for single family homes in PG&E's service area.

With regard to increasing the minimum standards of the installation of attic insulation, we deny EEC's and Synergy's proposal. We find that EEC's and Synergy's claim that IOUs' installation standards are not in line with the CEC and DOE standards is somewhat misleading. The Commission has reviewed the ceiling insulation criteria in the following standards: IOUs' WIS Manual, CSD Weatherization Installation Standards (CSD WIS Manual), and the Title 24 Building Energy Efficiency Standards Residential Compliance Manual. Upon this review, we understand that all three standards specify the same minimum "Total R-values," which are: R-30 in climate zones 2-15, and R-38 in climate zones 1 and 16.

The only difference between the programs lies in the "threshold" at which retrofit ceiling insulation is added. The IOU's and CSD's standards, although having different thresholds, both utilize cost-effectiveness analyses to determine at what existing R-values it is feasible to add insulation. Title 24 does not state a threshold. It requires ceiling insulation to be brought up to the specified "Total R-values" but only when an alteration of the attic occurs (new installation). Below is the summary of the comparison:

Standards Comparison Summary

Standard	Climate Zone	Existing R-value	Bring Attic Up To ("Final" R-value) [1]
IOU WIS	**2 – 15**	**> R-11**	**R-30**
	1 & 16	> R-19	R-38
CSD WIS	**2 – 15**	**> R-19**	**R-30**
	1 & 16	> R-27	R-38
CEC Title 24	**2 – 15**	**Any**	**R-30** [2]
	1 & 16	Any	R-38 [2]

[1] "Final" R-value is the R-value of the existing insulation plus R-value of added insulation.

[2] These Title 24 minimum R-values are required only when insulation is installed as part of an Addition or Alteration. Retrofit weatherization programs do not involve attic alteration, so there is no Title 24 requirement to add insulation.

Potentially allowing for installation of less than R-19 to bring the final R-value to R-30 for climate zones 2-15 or R-38 for climate zones 1 and 16 has shown not to be cost effective in the ESA Program. It may also significantly increase program expenditures, with the possibility of contractors adding as little insulation as R-1. We recognize that the IOUs and CSD currently utilize different "thresholds" at which an attic insulation retrofit can be performed and that the ESA Program and CSD utilize different cost-effectiveness methodologies as well as different program standards. We further recognize that each program operates with differing budgetary priorities and allowances for such measures. Nonetheless, the IOUs should revisit the cost-effectiveness analyses used to determine whether there is adequate justification to raise the current R-values to be in line with the CSD standards. Such consistency in standards, where appropriate, will lend itself to improved leveraging between ESA Program and CSD going forward.

Therefore, we direct the IOUs to review cost-effectiveness as part of their next round of annual updates to the IOUs' WIS Manual. Any potential changes should be brought forth to the Commission as a proposed new or revised measure standard in the next budget application cycle.

3.6.5.1.2. Envelope and Air Sealing Measures (PG&E, SCE, and SoCalGas)

PG&E, SCE, and SoCalGas propose that the Air Sealing and Envelope measures be added back, even though they do not pass the CE Test, for many of the housing types and climate zones. This measure group includes the following individual elements: outlet cover plate gaskets, attic access weatherization, door weather-stripping, caulking and minor home repairs. (Minor home repairs predominantly are door jamb repair or replacement, door repair, and window putty.) These measures, as proposed, are approved as add back measures.

EEC and Synergy both recommend that these be approved as added back measures for all housing types, and that they be expanded to all climate zones. DRA, on the other hand, proposes that such measures which produce very low bill savings and have low health, safety and comfort benefits should only be provided to high energy users and/or in extreme climate zones.

Although these measures do not meet the current CE Test, and statistically result in small energy savings, we are persuaded that they are often low-cost, easy to install, and yield high non-energy benefits for health, safety and comfort. As part of the traditional “Big Six” weatherization measures that are the foundation of low income programs throughout the country, we agree that these measures should continue to be provided to all qualifying customers as proposed by PG&E, SCE, and SoCalGas.

3.6.5.1.3. Water Conservation Measures (PG&E)

PG&E proposes to add back water conservation measures (low-flow showerheads, water heater blankets, water heater pipe insulation, and faucet aerators). These measures, as proposed, are approved as add back measures for PG&E.

These measures exceed the 0.25 cost-effectiveness threshold for all housing types and pass the CE Test, except in multifamily, in PG&E's territory. PG&E believes that these measures should be available to qualifying multifamily customers. PG&E contends these water conservation measures are generally low-cost and are often the only measures available to multifamily residents. PG&E contends that if such measures are not made available to low income multifamily customers, the ESA Program may essentially be unavailable to many of PG&E's low income customers residing in multifamily units.

The EEC and Synergy recommend that the Commission approve water conservation measures for all housing types, regardless of CE Test. Niagara proposes that the Commission require ultra-high efficiency (1 gallon or less) showerheads, faucet aerators, and toilets in the program.

Although water conservation measures do not pass the CE Test in PG&E territory for their multifamily segment, we understand the same measures pass the CE Test in other IOUs' territories for both single family and multifamily units. We also note that often these measures prove to be low-cost and easy to install, and assist the IOUs in meeting the modified 3MM Rule, which is discussed in section 3.7.1 to this decision, to treat many homes that otherwise would not be eligible. Therefore, given our commitment to serving more multifamily units, we approve the PG&E's proposal to add back the water conservation measures for its multifamily households and approve other IOUs' existing water conservation measures which pass the CE Test to be provided to all qualifying customers, including those in multifamily units. This action will help all the IOUs meet the modified 3MM Rule and reach the multifamily units more easily.

We do not approve providing only the ultra-high efficiency measures as proposed by Niagara. Without further evidence on how this would affect the ESA Program budget, homes to be treated, change in energy savings goals from the current water conservation portfolio mix, and the overall cost-effectiveness of the program, we are not persuaded by the value of Niagara's proposal and therefore reject it.

3.6.5.1.4. Furnace and Water Heater Repair/Replacement (PG&E, SoCalGas, and SDG&E)

PG&E, SoCalGas and SDG&E propose to add back furnace and water heater repair/replacement measures for eligible owner-occupied homes. These measures do not pass the CE Test but have historically been approved as add back measures on health, safety and comfort basis. These measures, as proposed, are approved as add back measures.

With regards to tenant-occupied homes, or specifically multifamily units, CHPC et al. propose that the Commission reverse its prior decisions and mandate the inclusion of heating, cooling, and hot water systems as well as common area and other whole-building energy efficiency improvements as ESA Program eligible measures for multifamily units. They state that excluding multifamily and rental units from heating system and hot water system repair and replacement creates an unnecessary and discriminatory distinction among classes of ESA Program-eligible households. Similarly, they argue that this policy ignores a significant energy efficiency opportunity that can reduce GHG and defeats the whole-building approach before it has begun. CHPC et al. also contend that not allowing such heating and hot water systems to multifamily units would miss "energy savings opportunities" and that in virtually all climate zones, improvements to one or more central systems can save considerable amounts of energy, improve household comfort, health and safety and be cost-effective. CHPC et al. therefore propose several central systems[47] be approved in the ESA Program for multifamily units.

NRDC also supports removing the prohibition of using ESA funds for heating and hot water systems in multifamily rental units; however, NRDC does not support a schema that would have the ESA Program be the sole source to fully fund such costly central system measures.

In response to the December 2011 Ruling, the IOUs provide some examples of estimated costs for providing just the repair or replace functioning furnaces and water heaters in the multifamily units,[48] as proposed by CHPC et al.:

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[47] Central systems measures CHPC et al. propose include: (1) Whole-building, investment-grade energy audits; (2) HVAC—Heating Systems, repair and replacement: (Boiler/heater repair and replacement, Heating pipe insulation, Boiler plant controls, Boiler blankets, Heat pumps); (3) Thermostats and Thermostatic Radiator Valves; (4) Water Heater, repair and replacement: (Domestic hot water heater repair and replacement, Domestic Hot Water Pipe Insulation, High Efficiency Pump Motors/Heating Loop Pump, Recirculation Controls, Water Heater blankets); (5) Common Area Lighting; and (6) Roof/Attic Insulation.

[48] PG&E estimates are based on its Response to ALJ December 2011 Ruling at 24; SDG&E's estimates are based on their 2011 data which shows that contractors repaired and/or replaced 945 space heaters and 152 hot water heaters in owner occupied units. In 2011, SDG&E enrolled approximately 22,751 homes of which 71% were rental units. This estimate assumes a consistent ratio of homes requiring this service, (SDG&E's Response to ALJ December 2011 Ruling at 13); and SoCalGas estimated number of appliance installations was calculated by applying the same rates of furnace and water heater repairs and replacements in owner-occupied units from 2009 through November 2011 to the projected number of rental units to be treated during the 2012-2014 period, (SoCalGas' Response to ALJ December 2011 Ruling Response at 1).

	Annual Cost	2012-2014 Total Cost
PG&E	$ 4,900,000.00	$ 14,700,000.00
SDG&E	$ 940,000.00	$ 2,820,000.00
SoCalGas	$ 8,033,333.33	$ 24,100,000.00
Total	$ 13,873,333.33	$ 41,620,000.00

CHPC et al. also present their more comprehensive cost estimates using their own cost-effectiveness methodology[49] for the various measures they propose for the multifamily units, as follows[50]:

Measure	Range of Property Size	Range of Cost Per Unit	Range of Savings to Investment Ratio (SIR)
HVAC—Heating Systems, repair and replacement	30-306 units	$140-$1824	0.5-1.5
Heat Pumps	48-81 units	$600-$1599	1.0-3.3
Thermostats and Thermostatic Radiator Valves	58-98 units	$390-$438	1.1-1.6
Water Heater, repair and replacement	24-348 units	$75-$931	0.7-2.5
Common Area Lighting	32-98 units	$5-$97	0.7-2.1
Roof/Attic Insulation	32-177 units	$114-$510	0.8-1.2

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Common Area Lighting	32-98 units	$5-$97	0.7-2.1
Roof/Attic Insulation	32-177 units	$114-$510	0.8-1.2

49 These figures are based on a different cost-effectiveness methodology used by CHPC for their projects. The CHPC's methodology is not consistent with ESAP's current cost-effectiveness methodology.

50 Measures (based on whole-building investment-grade audits for almost four dozen properties from across the state), Ruling Response at 10.

DRA recommends a compromise solution and asks that the Commission consider extending SDG&E's current co-pay policy for refrigerators and air conditioner replacements, which require the landlord to contribute 50% of the cost of the appliance, to be applied to replacements of water heaters and furnaces in tenant-occupied dwellings.

According to the IOUs, providing these central measures (e.g. repair or replace functioning furnaces and water heaters) at no-cost to multifamily units would cost an additional $41.6 million over the 2012-2014 program cycle. The IOUs note that this represents a 31% budget increase from the currently proposed HVAC Domestic Hot Water budget (from $134 million to $175 million over the 2012-2014 program years). In fact, projecting from CHPC et al.'s own estimates, the costs could be substantially greater if looking towards the higher end of the data provided.[51] For instance, the inclusion of centralized heating, cooling, and hot water system measures in multifamily rental units can be as low as $215 per unit to as high as $2800 per unit. In addition, these substantial estimates only account for measure costs for each multifamily building, and do not account for any of the costs associated with administration, installation or other attendant program costs which may also be quite significant and undefined as yet.

We are not persuaded by the evidence that allowing such measures for multifamily rental units would in fact be cost effective or that it would yield the benefits to the multifamily tenants as stated. We are also not persuaded that adequate showing has been made that we should reverse our prior position, to not allow these measures in multifamily rental units, on this extraordinarily

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[51] CHPC/NCLC Ruling Response at 10.

costly issue. With the current record of this proceeding, we simply cannot justify including centralized heating, cooling, and hot water system measures in these multifamily rental units, which in turn would significantly deplete the available ESA budget otherwise dedicated to other cost effective measures and qualifying low income customers. As we determined before, furnace repair and replacement or water heater repair and replacement work in multifamily rental units are not and should not be the responsibility of ratepayers but in fact are the responsibility of the landlord as part of making the unit habitable.[52]

Therefore, until we are able to further review the multifamily segment issues in the second phase of this proceeding, we only approve water heater repair and replacement, and furnace repair and replacement in owner-occupied homes, as we previously approved.

3.6.5.1.5. Cooling Measure (SCE)

SCE proposes to add back Central Air Conditioner for single family households in climate zones 14 and 15, and for multifamily in climate zone 14 as an add back measure for health, safety and comfort reasons. These are uncontested measures. Consistent with our prior determinations for approval of measures for health, safety and comfort reasons, we approve these measures for those climate zones.

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[52] *See* D.08-11-031 at 53; and *See also Green v. Superior Court* (1974) 10 Cal.3d 616 [111 Cal.Rptr. 704].

3.6.5.1.6. Heat Pumps for Single Family Climate Zone 15, Multifamily Climate Zone 15 (SCE)

SCE proposes to add back heat pumps for all housing types in climate zone 15 for health, safety and comfort reasons. We approve adding back heat pumps for in all housing types in climate zone 15 for SCE consistent with our prior determination that health, safety and comfort reasons for these climate zones justify approval of these measures for this climate zone.

3.6.5.1.7. Room Air Conditioner for all Housing Types in Climate Zones 10, 13, 14, 15 (SCE)

SCE proposes to add back Room Air Conditioner for all housing types in climate zones 14 and 15. We approve adding back Room Air Conditioner for all housing types in climate zones 14 and 15, consistent with our prior determination that health, safety and comfort reasons for these climate zones justify approval of these measures for those climate zones. We do not approve adding back Room Air Conditioner for all housing types in climate zones 10 and 13, also consistent with our prior determination that health, safety and comfort reasons for these climate zones do not adequately justify approval of these measures for these climate zones.

3.6.5.1.8. Room Air Conditioner for all Housing Types in Climate Zone 10 (SDG&E)

SDG&E proposes to add back Room Air Conditioner for all housing types in climate zone 10 in their territory. We do not approve adding back Room Air Conditioner for all housing types in climate zone 10, consistent with our prior determination that health, safety and comfort reasons for this climate zone do not adequately justify approval of this measure for this climate zone.

3.6.5.1.9. Cooling Measures – Proposed for Retirements (PG&E and SDG&E)

PG&E proposes to retire Room and Central Air Conditioners in all climate zones and dwelling types which failed the CE Test and show very low savings in the 2009 Impact Evaluation. SDG&E proposes to retire Central Air Conditioner, which failed the CE Test, in all climate zones and dwelling types. This measure is being proposed for retirement by both PG&E and SDG&E rather than being proposed as an add back measure, because during the 2009-2011 program years, there were very few low income households that required a Central Air Conditioner (see below tables). We approve PG&E's and SDG&E's proposed cooling measure retirements.

PG&E 2009-2011 Room Air Conditioner (AC) Units Installed Figures

PG&E-AC/Replacement – Room	Units Installed	% receiving measure/Homes Treated	Cost	Cost/Unit
2009	1748	2.15%	$ 1,731,184	$ 990
2010	3,039	2.28%	$ 3,069,203	$ 1,010
2011	3,086	2.44%	$ 3,552,428	$ 1,151
Total/Avg	**7,873**	**2.31%**	**$ 8,352,815**	**$ 1,061**

PG&E 2009-2011 Central Air Conditioner (AC) Units Installed Figures

PG&E- Central AC	Units Installed	% receiving measure/Homes Treated	Cost	Cost/Unit
2009	39	0.05%	$ 91,362	$ 2,343
2010	78	0.06%	$ 147,944	$ 1,897
2011	75	0.06%	$ 168,019	$ 2,240
Total/Avg	**192**	**0.06%**	**$ 407,325**	**$ 2,121**

SDG&E 2009-2011 Central Air Conditioner (AC) Units Installed Figures

SDG&E- Central AC	Units Installed	% receiving measure/Homes Treated	Cost	Cost/Unit
2009	3	0.01%	10,840	$ 3,613
2010	0	0.00%	$ -	$ -
2011	58	0.28%	228,045	$ 3,932
Total/Avg	**61**	**0.10%**	**$ 238,885**	**$ 3,916**

Although, several parties such as EEC, Synergy, TELACU et al., NRDC and TURN oppose the retirement of any measures, including Central and Room Air Conditioners, these measures simply do not meet the CE Test. In addition, we cannot find adequate basis to justify making an exception for health, safety and comfort reasons as we have before. Even looking to the health, comfort and safety reasoning, the climate zones within these PG&E and SDG&E's territories where these measures are being proposed for retirement are not considered to be as extreme as climate zones 14 and 15 where these measures have traditionally been found to meet health, comfort and safety needs. Moreover, these measures are prohibitively costly, and as illustrated above, have been infrequently installed during the past three years. In turn, we can infer that the low income population will experience minimal impact if these low-demand cooling measures are retired, as proposed. SDG&E even noted that they are not considering having these measures as an add back specifically because so few homes required them.

Based on the foregoing, we agree with PG&E and SDG&E that these measures, in these less-extreme climate zones, should be retired as proposed. These measures are unduly costly, shown not to be cost-effective, and are difficult to install. Instead, we direct the IOUs to log the instances where the low income customers may benefit from a Room or Central Air Conditioner replacement and require the IOUs to assist such customers in a direct referral to the CSD program for such a measure. In addition, we note the CSD weatherization program has a greater per home budget allocation, and does offer such system replacements. Thus, this is an ideal instance where we can take the opportunity to leverage the programs (where the ESA Program will provide all feasible measures on the approved list, and CSD thereafter provides all other measures), and assist the customers in a more seamless process by working directly with CSD to install this measure. This should result in a win-win situation for all parties involved.

3.6.5.1.10. Duct Test and Seal – Proposed for Retirement (PG&E, SoCalGas, and SDG&E)

PG&E, SoCalGas, and SDG&E propose to retire the Duct Test and Seal measure. This measure failed the CE Test in all climate zones and dwelling types, and is being proposed for retirement rather than added back, because it accounts for a very small portion of the portfolio (1% of the total program expenditures).

EEC and Synergy oppose retirement of Duct Test and Seal measure arguing that it is required by the California Energy Commission (CEC) Title 24 for installing a new furnace.[53] Therefore, they recommend that either the IOUs will have to capture all Duct Test and Seal installations under the furnace repair and replacement program and not report the energy savings for this measure or list the measure separately and report those savings. Secondly, they argue that

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[53] NRDC proposes that Duct Test and Seal be considered separately from duct sealing and the WIS manual should be updated to match Title 24 standards. The IOUs' current practice with regards to Duct Test and Seal is consistent with Title 24 standards. If there is a repair and replacement completed in a single family home, Title 24 require Duct Test and Seal , as it is currently in the ESA Program now. Duct Test and Seal performed as a prescriptive measure when Repair and Replacement (R&R) is not performed,

Footnote continued on next page

virtually all programs, whether rebate or performance based, require the ducts to be tested and sealed if necessary in order for participants to receive the rebate or performance payment. As an anecdotal support for this assertion, EEC & Synergy refer to IOUs' rebate programs as well as Energy Upgrade California. Currently, the ESA Program allows for duct testing and repairs as needed when there is no repair and replacement. Our review of the CEC's Title 24 requirements indicate that if a repair and replacement of an HVAC system is completed in a single family unit, CEC does require Duct Test and Seal, but only in some of the climate zones (climate zones 2 and 9-16).

Based thereon and given the IOUs' reporting that Duct Test and Seal has not been a cost effective measure, we conclude Duct Test and Seal measure should remain in the program as an add back measure under following limited circumstances: (1) it should be performed in the instances where it accompanies an approved HVAC repair and/or replacement by the ESA Program; or (2) it should be performed only in those climate zones and dwelling types under conditions when required under Title 24. Under all other circumstances, we do not allow that Duct Test and Seal be performed as a standalone measure as it does not meet the CE Test.

Furthermore, within 45 days, the IOUs are directed to file estimates for the Duct Test and Seal related costs, energy savings values, as well as the quantity by housing type and in the climate zones projected for installation, as approved here, for each program year. Those projections will be reviewed and incorporated into the approved budget to augment the budget in a subsequent decision, if such budget augmentation is later determined necessary. Duct Test

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actually exceeds Title 24 standards. Therefore, we do not find that WIS manual requires

Footnote continued on next page

and Seal costs and savings values shall continue to be reported as is, and separate from the furnace repair and replacement program.

3.6.5.1.11. Evaporative Coolers Maintenance – Proposed for Retirement (SCE)

During the 2009-2011 program cycle, SCE offered Evaporative Cooler Maintenance to customers to help ensure the units previously installed by SCE would continue to operate at peak efficiency and operate effectively throughout the expected life span of the units. In the 2012-2014 program cycle, SCE proposes to retire this measure. The retirement of this measure is approved in order for the IOUs to focus delivery of program services to customers who have not received any service through ESA Program to date and to continue progress toward achieving the Commission's Programmatic Initiative.

3.6.5.1.12. Central Air Conditioner Service (SCE)

SCE proposes to retire the Central Air Conditioner service measure by which ESA Program contractors go back to maintain Central Air Conditioners previously installed by the ESA Program. While SCE contends this proposed retirement will help hold the line on program costs while still allowing for the continued replacement of the oldest, most inefficient Central Air Conditioners, we deny SCE's request and direct this measure be retained for the reasons discussed below.

Heating Ventilation and Air Conditioning (HVAC) is a key component of the Big/Bold Strategies adopted by the Commission in 2007.[54] The intent of the initiative was to fundamentally reshape commercial and residential HVAC market. The Commission, with input from HVAC industry stakeholders, created

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such update.

[54] Strategic Plan at 57–65.

four high level goals aimed at reshaping the HVAC sector in California. Making quality HVAC installation and maintenance the norm at all levels of the market is one of those four goals. To further that goal, the IOUs have established teams that have designed HVAC quality maintenance (QM) programs for the residential HVAC market.

With this backdrop, SCE is presently proposing to eliminate its current air conditioning unit service offering from the ESA Program. In view of the Commission's Strategic Plan goals for HVAC, and the current Commission's efforts to advance QM through mainstream energy efficiency programs, we believe the Central Air Conditioner service offering in the ESA Program should be aligned with those initiatives and made consistent whenever possible. Therefore, we direct SCE to retain this measure in the ESA Program.

We also direct the IOUs to work with the Energy Division and consult with their mainstream energy efficiency HVAC QM program staff to investigate approaches to align, coordinate, or integrate these ESA offerings with the mainstream HVAC QM program. To design and implement a HVAC QM program on a statewide basis in low-income communities will require further review, as set forth below.

The IOUs shall, within 120 days from the effective date of this decision, submit a final report to the ESA Program and general energy efficiency proceeding service lists documenting their findings with regard to the feasibility of aligning these programs and, if feasible and appropriate, how they would propose to modify their ESA offerings to conform to the Commission's HVAC QM objectives (Final Report). The IOUs shall have first secured public comment on the Final Report, and if appropriate, have also held a workshop to address any outstanding issues.

Within 180 days from the effective date of this decision, the IOUs shall file, (1) if necessary, a Tier 2 Advice Letter seeking to modify their Central Air Conditioner service offering and budgets or propose new program designs in accordance with the findings of their Final Report and in response to stakeholders' feedback; or (2) a report to the Energy Division Director explaining the rationale for their decision not to file a Tier 2 Advice Letter.

The IOUs shall consider the following central issues in the Final Report:

(1) Duct Test and Seal: Duct Test and Seal is a logical component of any comprehensive HVAC QM program, however recent evaluations from the 2006-2008 mainstream energy efficiency program cycle raised serious questions about the cost-effective of Duct Test and Seal as a stand-alone measure and about the effectiveness of past program designs. In this decision we have denied Duct Test and Seal as a stand-alone measure, and only allow it in conjunction with an HVAC installation. In this report, we ask whether it is appropriate to consider Duct Test and Seal as a measure in conjunction with the maintenance service the ESA Program. If not, what is an appropriate package of maintenance measures for the low-income market segment?

(2) Market segment: How should HVAC maintenance programs be designed and targeted to the single-family and multi-family market segments?

(3) Maintenance service delivery: The mainstream HVAC QM program provides specialized training and requires participating contractors to utilize trained technicians that follow certain service protocols. ESA Program contractors would need to either (a) receive training for their own technicians or (b) partner with contractors who have trained staff, or (c) the Commission would need to devise other appropriate approaches ensure HVAC QM is executed in the field. Which program deliver model makes the most sense for the ESA Program?

(4) Funding: Who should pay for repair and ongoing maintenance? Since these systems are only offered to owner occupied low income homes, should this be offered at a 100% subsidy, co-pay or are there other approaches to consider?

3.6.5.1.13. Evaporative Cooler Cover – Proposed for Retirement (SDG&E)

SDG&E proposes to retire evaporative cooler cover. This measure failed CE Test in all climate zones and dwelling types. In addition, this measure is being proposed for retirement rather than added back, because of low customer demand. In fact, SDG&E reports that during the 2009-2010 program years, no evaporative cooler covers were installed in the program. Due to the measure's failing the CE Test as well as the infrequency for such service installations, SDG&E's proposal to retire evaporative cooler covers is approved.

3.6.5.1.14. Tankless Water Heater – Proposed for Retirement (SoCalGas)

SoCalGas proposes to retire the Tankless Water Heater measure. Not only does this measure fail the CE Test, the installation costs proved to be significant and the yearly maintenance of the system is burdensome for low income customers who are shouldered with the maintenance obligations of this measure. The costs therefore heavily outweigh the benefits. We therefore approve this proposed retirement.

3.6.5.2. New 2012-2014 Measures

The IOUs propose the following new measures to be added to the 2012-2014 ESA Program measure portfolios. All these measures pass at least one of the three criteria of the CE Test and are shown to result in energy savings at a reasonable cost, are easy to install, as well as help in treating more multifamily rental units. The Commission approves these newly proposed measures in the housing types and climate zones for program year 2012-2014, as proposed by the IOUs.

- PG&E: Thermostatic Low-Flow Showerheads, Smart Air Conditioner Fan Delays, and Microwaves;
- SCE: Smart Power Strips and Variable-Speed Pool Pumps;
- SoCalGas: Thermostatic Shower Valve Measure; and
- SDG&E: Smart Power Strips.

DRA recommends that smart power strips should be introduced by PG&E, SCE, and SDG&E as pilots until the next Impact Evaluation provides a more consistent estimate, because the energy savings estimates provided by SCE (29.35 kWh) and SDG&E (75.00 kWh) vary and may not be accurate.

The estimates provided by SCE and SDG&E differ, and we agree that this measure should be one that is further evaluated in the next Impact Evaluation. However, even at the energy saving levels provided, this measure still passes the CE Test. Therefore, we do not find DRA's proposal that this measure first be piloted persuasive. Accordingly, this measure as recommended by SCE and SDG&E, is approved and added to the portfolio mix for the 2012-2014 program years.

NRDC recommends that PG&E add smart power strips into their portfolio. Before we require PG&E to add this measure to their portfolio, we first must understand the costs and energy savings estimates in the PG&E service territory. Therefore, we direct PG&E to file, within 60 days of the effective date of this decision, (1) CE values for this measure for each of the different housing types and climate zones that they cover, to see if they meet the CE Test, and (2) an estimate for the costs, energy savings values, as well as the quantity (by housing type and climate zone) of this measure would be projected to be installed for each program year. Those projections will be reviewed and incorporated into the approved budget to augment as necessary.

3.6.5.3. Other 2012-2014 Measures

3.6.5.3.1. High Efficiency Forced Air Unit (FAU)

DRA recommends that the High Efficiency Forced Air Unit should be added to the IOUs' portfolios based on the 2009-2011 SoCalGas pilot results. SoCalGas did not include these piloted Forced Air Units because since that time, new and more efficient Forced Air Units have been introduced into the market. Because the costs of these units are unknown, SoCalGas did not include them in this portfolio. Likewise, without the cost or energy savings data for the new Forced Air Units, we cannot assess cost-effectiveness of this measure. Therefore, we will not require the IOUs to include these specific units into the program until further data and CE values are brought forth to the Commission for evaluation.

3.6.5.4. Conclusion

Appendices H-K reflect and itemize the IOUs' measures lists for 2012-2014. The measures are segregated by climate zones[55] as well as housing types. Measures we approve as add back measures are subject to additional monthly and annual reporting requirements for add back measures described above, in 3.6.2 of this decision.

To the extent the IOUs have proposed to add back or otherwise add proposed new measures to the ESA Program for 2012-2014 program cycle in their Applications that fail the CE Test and/or we did not expressly approve the

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[55] A climate zone map appears at the following link: http://www.energy.ca.gov/maps/renewable/building_climate_zones.html.

proposed measures in this decision, such measures are not approved. The IOUs shall make appropriate revisions to the Statewide Policy and Procedures Manual by incorporating the Appendices H-K therein.

In planning for the 2015-2018 program cycle and applications, we direct the IOUs to continue to apply the same cost-effectiveness methodology used in this 2012-2014 cycle to their 2015-2018 ESA Program, unless the Commission provides a different direction.

3.7. Current Modified 3 Measure Minimum Rule (Modified 3MM Rule)

3.7.1. Background

The Strategic Plan has established a clear focus on cost effective energy efficiency measures and requires that "by 2020, 100% of eligible and willing customers will have received all cost effective … [ESA Program] measures."[56] To make the ESA Program a resource program that delivers significant energy savings, while also contributing to the quality of life of low income customers, the Commission has established the current measure-based evaluation framework and CE Test, with some exceptions. Generally speaking, those measures that pass the CE Test, meet or exceed the 0.25 threshold under either or both PCm and UCT tests. In addition to the CE Test, the Commission also has in place the modified 3MM Rule to further the ESA Program's programmatic cost-effectiveness.

This current modified 3MM Rule had its start in D.01-03-028. The Commission was persuaded by some of the IOUs' recommendation and recognized that it would not be reasonable from programmatic cost-effectiveness standpoint for the IOUs to treat homes that needed only a "few measures." The

56 Strategic Plan at 25.

Commission therefore determined that it would be imprudent to indiscriminately treat all homes, including those that needed only a few measures, as such efforts would take away from the overall dollars to be spent on homes that have not yet received any energy efficiency upgrades. That rule became known, over the years, as the three measure minimum rule (3MM Rule). The 3MM Rule prohibited the IOUs from installing measures in a home that does not require at least three measures.[57]

As part of the last program cycle applications for 2009-2011, some of the IOUs proposed eliminating the 3MM Rule, citing, among other barriers, challenges in being able to treat income qualified homes, including multifamily units that may require less than three measures. In D.08-11-031,[58] the Commission rejected the IOUs' proposal to eliminate the 3MM Rule and instead modified the 3MM Rule by creating an exception in response to those concerns to allow the IOUs to treat home needing less than three measures, "as long as the total energy savings achieved by either measure or measures combined yield(s) energy savings of at least either 125 kilowatt-hours (kWh)/annually or 25 therms/annually." As a result, that 3MM Rule then evolved to what we have come to refer to today as the "modified 3 Measure Minimum" or the modified 3MM Rule.

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[57] D.08-11-031 at 95.

[58] D.09-06-026 clarified that for the purpose of qualifying a home, the measures used are individual measures, not measures groups, so that the 3MM Rule could be met by meeting the energy savings threshold (measures must achieve energy savings of at least either 125 kWh/annually or 25 therms/annually).

D.08-11-031 noting the rising outreach, enrollment and other programmatic costs, emphasized that programmatic cost-effectiveness is crucial to the ESA Program's success, and that a mechanism such as the modified 3MM Rule is necessary to make the most of the finite ESA Program funds toward treating maximum number of households. With the modified 3MM Rule, the Commission ensured a base level of energy savings and ensured that the ESA Program remains in compliance with the goal of achieving long-term and enduring energy savings and increased leveraging opportunities with LIHEAP/WAP. In addition, the new energy savings threshold ensured increased program-level cost effectiveness and measure provision to all eligible and willing customers.

3.7.2. SCE's Request to further Change the Modified 3MM Rule

In SCE's 2012-2014 Application, SCE requests further modification to the modified 3MM Rule to again allow for yet another exception to the rule to permit the installation of CFLs at the time of home assessment regardless of whether that household meets the modified 3MM Rule. SCE contends, before 2009, its contractors were able to install CFLs at the time a home was assessed without being required to meet the 3MM Rule through an exception that was made in the Statewide Policy and Procedure Manual because CFLs were deemed highly cost-effective and quick to install.

SCE's states that its request is consistent with Code § 2790(b)(2) which states, "The commission shall direct any electrical or gas corporation to provide as many of these measures as are feasible for each eligible low-income dwelling unit." SCE argues that CFLs continue to be highly cost-effective and feasible in nearly all cases. SCE believes providing interested income-eligible customers, who do not meet the modified 3MM Rule with at least one measure will build support for the ESA Program as participating customers proceed to network with friends.

SCE believes customer expectations and enthusiasm for the ESA Program can be raised to help build positive brand awareness by returning to the prior policy on CFL installations. Therefore, SCE requests the Commission to direct the IOUs to update the Statewide Policy and Procedure Manual to incorporate this CFL policy changes for 2012-2014.

3.7.3. Other IOUs' Position

PG&E, SDG&E, and SoCalGas[59] are not proposing any revisions to the modified 3MM Rule.

3.7.4. Other Parties' Comments

3.7.4.1. DRA

DRA states that the current modified 3MM Rule can become a loophole for measures that generate lesser savings. It could also permit a household be counted as "treated" even if these measures deliver little or no bill savings, and create ambiguity regarding the achieved energy savings per household. DRA therefore argues that using an energy savings threshold such as the DRA's "tangible bill savers" model would assure that minimum energy savings targets are satisfied regardless of the number of measures installed.

DRA therefore proposes to replace the modified 3MM Rule, which is premised on counting the numbers of measures, with an approach of establishing a threshold of minimum energy savings to be set to 4% of the

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[59] SoCalGas requested as an add back measures that do not meet the CE Test that would increase health and comfort, but also make it easier to meet the 3MM Rule, as modified in D.08-11-031, specifically in multifamily dwellings. These include envelope and air sealing measure be offered as an add back measure for all dwelling types and climate zones. (See section 3.6.2 of this decision, this request is approved).

average CARE customer's previous year usage levels for each utility. DRA proposes that this new energy savings threshold approach will promote greater program efficiency and larger energy savings per household. DRA believes that contractors would aim to meet the energy savings threshold for each household and for each fuel separately.

3.7.4.2. EEC

EEC recommends that bundling in-home services (income qualification, home assessment, energy education and CFL installation) is the most cost effective way of delivering energy efficiency services to low income customers. EEC believes that the modified 3MM Rule denies the provision of in-home energy education and CFL installation, overlooks a unique leveraging opportunity. Moreover, EEC believes this measure is in conflict with the Commission's policies. EEC therefore recommends instituting the policy to install CFLs during the enrollment and education process as well as lifting any program cap for CFLs that could be given to each household.

3.7.4.3. TELACU et al.

TELACU et al. state that the modified 3MM Rule is arbitrary and unduly limits the number of homes that can be treated. They propose eliminating the rule completely and allowing all income eligible customers to receive energy education and CFLs regardless of the modified 3MM Rule.

3.7.5. Additional Comments by the IOUs

3.7.5.1. SCE's Response to December 2011 Ruling

SCE contends that during the 2009-2011 program cycle, over 278,000 homes received energy education services and were assessed for eligible energy efficiency measures. Of these homes an estimated 180,000 (65%) either met the modified 3MM Rule or exceeded the minimum kWh savings threshold. The remaining 35%, either had no eligible measures recommended through the assessment or had less than three measures recommended, and therefore they were ineligible to receive any measures. Because it is likely at least one CFL could be installed in each remaining customer home, SCE states that almost all 98,000 homes should be considered as failing to meet the modified 3MM Rule.

For program years 2012-2014, SCE projects that up to 93% of homes in SCE's territory will meet the modified 3MM Rule by qualifying for and receiving a smart power strip and five CFLs. Excluding CFLs from the restrictions of the modified 3MM Rule would therefore enable SCE to install CFLs in the remaining 7% of homes, corresponding to a 7.53% increase in quantity (from 1,115,096 CFLs to 1,199,028) and inventory and labor cost (from $7,810,135 to $8,397,995) over a full three year 2012-2014 cycle. With the current five CFL maximum per home policy, SCE installs an average of roughly 4.5 CFLs per home in which CFLs are installed, and therefore SCE does not expect a significant increase in the average number of CFLs installed per home if the five CFL cap was eliminated.

Even though SCE believes that their contractors can implement DRA's 4% threshold proposal, SCE claims that while the proposal would resolve the issue pertaining to CFLs, it raises other concerns. SCE states that no threshold at all is preferable to the current modified 3MM Rule or DRA's proposed minimum savings threshold. SCE argues that under DRA's proposal, if electric measures are identified that would produce a 6% savings in electricity usage and gas measures are identified that would produce a 2% savings in gas usage, the ESA Program contractor would not be able to install the gas measures. DRA's proposal would therefore deny the incremental gas measures to customers in this instance or electric measures in an opposite instance, which would serve merely to deny additional energy saving measures to customers when service providers will already be returning to the customer's home to install additional measures.

SCE's position is that contractors should have much more flexibility to determine whether a measure installation should be deemed feasible in the ESA Program cost-effectiveness paradigm and whether to install such measures during the assessment and enrollment visit or a return visit. SCE believes the contractors should be able to make those decisions without being encumbered to meet the modified 3MM Rule.

3.7.5.2. PG&E's Response to December 2011 Ruling

PG&E states that it cannot specifically estimate the percentage of homes that are initially enrolled in ESA Program and later determined ineligible for any services because they do not meet the modified 3MM Rule. However, PG&E does have records which show that up to 16% of homes that were enrolled or received energy education during 2009-2011 cycle ended up not receiving any ESA Program services due to several different reasons[60] including a determination that home did not meet the modified 3MM Rule.

PG&E believes that allowing CFLs to be provided as an exception to the modified 3MM Rule, as proposed by SCE, could cost the program an additional $1.8 million on average per year. PG&E contends that an additional $3.6 million per year or $10.7 million would be needed over the three year period if the current 5 CFLs per household cap is lifted. PG&E's estimate is based on a 10 CFL maximum and based on application cost per measure per year.

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[60] Reasons, other than the modified 3MM Rule provided by PG&E include: (1) customer refusal; (2) contractor inability to reach customer to schedule measure

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3.7.5.3. SDG&E's Response to December 2011 Ruling

As for SCE's proposal, SDG&E contends that based on its 2009-2011 data, less than 1% of homes enrolled ended up not qualifying for any ESA Program services because they do not meet the modified 3MM Rule. There were only approximately 800 instances where the modified 3MM Rule was cited as a reason for disqualifying a household from being treated. SDG&E estimates, based on an average of four CFLs installed per enrollment, additional CFL costs of approximately $22,100[61] for the 2012-2014 program cycle would be expected if CFLs were excluded from having to meet the modified 3MM Rule, as SCE has proposed.

SDG&E argues that in order to meet DRA's 4% energy savings threshold proposal, an average ESA Program customer with a monthly consumption of 4,800 kWh and 415 therms of annual consumption would need to have savings of 192 kWh and 16.6 therms per year. SDG&E contends the only measures in the program with reasonable cost-effectiveness are refrigerators, torchiere light fixtures, attic insulation, and furnace standing pilot change outs, and moving to the DRA's proposed 4% energy savings threshold would effectively eliminate many customers with moderate to low consumption from participating in the program unless they were eligible for a refrigerator replacement. SDG&E points out that customers who might benefit from low cost measures and a tailored energy education piece would not be served under this proposal. SDG&E also

installation, (3) contractor inability to get a signed property owner waiver, (4) customer over income limit, and (5) customer with incomplete enrollment paperwork.

[61] SDG&E claims that there would be no impact to its overall ESA Program budget since SDG&E, in accordance with Section 4.6 of the California Statewide Low Income Energy

Footnote continued on next page

notes that enrollment/assessment contractors have limited customer information and that they do not have customer energy consumption data. SDG&E contends the current contracts would need to be revised to include treatment of this customer data and the secure data transfer process and requirements. As such, SDG&E believes that the contractors are not set up to perform the energy savings analysis required to implement the 4% energy savings threshold.

3.7.5.4. SoCalGas' Response to December 2011 Ruling

As for SCE's proposal, SoCalGas estimates that approximately 2.7% of homes that enrolled in the ESA Program in 2009-2011 ended up not qualifying for any services because they did not meet the modified 3MM Rule.

SoCalGas shares SDG&E's concerns and states that the contractors would not be able to readily implement DRA's proposed 4% energy savings threshold in lieu of the current modified 3MM Rule. SoCalGas points out that the energy savings threshold for single fuel gas utility may exclude some homes where the modified 3MM Rule is feasible but the energy savings could be less than the 4%. SoCalGas also notes that the fluctuations in the annual CARE customer energy usage data could further complicate and impact SoCalGas' ability to service homes each year if the projected energy savings and feasible measure combinations do not meet the energy savings thresholds proposed in DRA's 4% approach. SoCalGas additionally emphasizes that there are funding and timing considerations (which have not fully been assessed by SoCalGas) which are necessary in order to make such program changes (i.e. changes to operation and database to incorporate annual consumption data, etc.). Lastly, SoCalGas

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Efficiency Policy and Procedures Manual, does not currently place a limit on the number of CFLs installed per home.

echoes SDG&E's position that the contractors are not currently poised and able to implement this 4% threshold proposal and to do so would require time and additional contractor training to conduct an assessment using this new approach.

3.7.6. Discussion

For SDG&E and SoCalGas, the 2009-2011 estimates of customers that did not meet the modified 3MM Rule are quite low (less than 1% for SDG&E and about 2.7% for SoCalGas). PG&E cannot accurately estimate the percentage of enrolled customers that did not meet the modified 3MM Rule, but estimates that it is embedded within the 16% that fall into the six categories: 1) customer refusal, 2) contractor unable to reach customer to schedule measure installation, 3) contractor unable to get a signed property owner waiver, 4) customer over income limit, 5) incomplete enrollment paperwork, and 6) customer did not meet the modified 3MM Rule. Based on 2009-2011 enrollment results, SCE estimates that approximately 35% of their customers either qualify for no measures or less than three. It seems that the modified 3MM Rule has posed the greatest challenge for SCE, though exactly how much is unclear as SCE claims it does not specifically track this figure.

Summary of IOUs' Modified 3MM Rule Concerns

IOU	Estimated % of enrolled customers not meeting modified 3MM Rule	Annual Cost to provide CFLs to those customers not meeting modified 3MM Rule	Annual Cost differential if the cap of 5 CFLs/home is removed
SCE	35% currently but includes those that qualify for no measures or less than 3; but expect that approx 7% will not meet the modified 3MM Rule in '12-14 (pending the approval of smart power strips)	$195,953.33	$ -
PG&E	16% but includes 6 categories: customer refused, contractor unable to reach customer to schedule measure installation, unable to get a signed property owner waiver, customer over income, incomplete enrollment paperwork, and/or did not meet the modified 3MM Rule.	$1,800,000.00	$3,600,000.00

SDG&E	<1%	$7,366.67	$ -
SoCalGas	2.70%	$ -	$ -

However, looking forward, with the approval of smart power strips as a new measure addition to SCE's portfolio, SCE projects that this issue becomes less significant as only 7% of homes will be unqualified based on the modified 3MM Rule. Based on the data provided by the IOUs and having approved the smart power strip,[62] we are not convinced that the modified 3MM Rule creates a significant barrier as presented by some of the parties. Now more than ever with program costs rising ever so rapidly, we find value in the modified 3MM Rule consistent with our finding in 2001 that a provision to ensure overall programmatic cost-effectiveness.

As proposed by SCE, providing CFLs, but no other measures for homes that fail the modified 3MM Rule, we would simply be touching these homes on the surface and increasing program costs (effectively lowering the overall programmatic cost-effectiveness) while simultaneously permitting a household be counted as "treated" even if these measures deliver little in bill savings. If we are to truly approach the ESA Program as an energy resource program, we cannot myopically focus on the number of homes treated, while ignoring bill and energy savings.

The modified 3MM Rule ensures increased program-level cost-effectiveness toward cost-effectively treating all eligible and willing customers as envisioned by the Strategic Plan. In principle, we agree with DRA that the focus should be on promoting more efficient and larger energy savings per household, and we therefore find SCE's proposal to change the policy to allow CFLs alone to be contrary to ESA Program goals. While DRA's 4% energy savings threshold proposal to strive at deeper energy savings per household raises excellent policy objectives that we should work towards, we do not support DRA's 4% threshold proposal because of the operational complexities it presents combined with the fact that the IOUs are not able to readily overhaul the delivery framework and workforce requirements to implement it.

Based on the foregoing, we make no changes to the modified 3MM Rule, as modified in D.08-11-031 and clarified in D.09-06-026, and we: (1) deny SCE's proposal to install CFLs at the time a home is assessed without being required to meet the modified 3MM Rule, (2) deny SCE's proposal to count a home as "treated" with the receipt of only CFLs and energy education, (3) deny DRA's proposal to replace the modified 3MM Rule with a 4% Threshold Approach, (4) deny EEC's recommendation of instituting the policy to install CFLs during the enrollment and education process as well as lifting the cap of 5 CFLs per household, and (5) deny TELACU's proposal to eliminate the rule and allow all income eligible customers to receive energy education and CFLs regardless of the modified 3MM Rule requirement. Lastly, as outlined below in section 5.2.5.2 of this decision, without quantifiable energy savings figures, energy education alone cannot, at this time, be considered a standalone measure applicable towards the modified 3MM Rule.

3.8. Refrigerator Replacement Criteria

In their Applications, PG&E, SCE, and SDG&E request to change the ESA Program refrigerator replacement criteria from pre-1993 units to pre-1999 units.

[62] Smart power strip is approved as a measure that passes the CE Test (See section 3.6.5.2.1 of this decision).

In their opening testimony, DRA proposes an even more aggressive update to the refrigerator replacement criteria and argues that the second revision of the Federal Appliance Standard in 2001 supports expanding the proposed criteria from pre-1993 to include pre-2001 refrigerators.

For the 2012-2014 cycle, PG&E indicates that replacing pre-2001 refrigerators may cost the program an additional $30 million dollars, while for SDG&E and SCE, they estimate an additional $1.4 million and roughly $20 million dollars respectively would be needed to expand the criteria. In sum, DRA's expanded proposal could cost roughly $52 million and would propose to replace an additional 65,000 refrigerators over the next three-year period.

We find the additional expense of roughly $17.5 million annually for DRA's proposal is excessive and the demonstrable energy savings may not fully justify the associated expense. Additionally, as indicated in DRA's opening testimony, some pre-2001 units already meet the 2001 Federal Appliance Standard and are energy efficient.

Moreover, the costs to require the IOUs to develop, field, and maintain a database of refrigerators that fail to meet the 2001 Federal Appliance Standard are unknown. As the Refrigerator Degradation Study[63] has found, developing such a list may be impractical and there are questions as to the ESA Program workforce's ability to field such a list or tool in an effective and reliable manner.

Therefore, we believe the IOUs' request to change the refrigerator replacement criteria from pre-1993 units to pre-1999 units is a more reasonable option, and therefore, we approve it.

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[63] Updated ESA Program Refrigerator Replacement Eligibility Criteria Memo (Refrigerator Degradation Study), dated December 02, 2011.

3.9. Compact Fluorescent Lamps (CFLs)

The Strategic Plan sets forth the Commission's vision for the lighting market with regard to support for basic Compact Fluorescent Lamps (CFLs):

> Utilities will begin to phase traditional mass market Compact Fluorescent Lamps bulb promotions and giveaways out of program portfolios and shift focus toward new lighting technologies and other innovative programs that focus on lasting energy savings and improved consumer uptake.[64]

While there has been some debate over the value of CFLs, their cost-effectiveness and associated energy savings, we have found that CFLs continue to provide low income customers the opportunity for significant energy savings in a relatively cost effective manner because they are relatively inexpensive, and we can still capture energy savings by switching low income customers from high energy use incandescent bulbs to CFLs.[65]

Likewise, in a proposed Guidance Decision we are currently reviewing in R.09-11-014, in our general energy efficiency proceeding, it is acknowledged that we should not ignore available cost effective savings that basic CFLs can still provide.[66] In that decision, the IOUs in the mainstream energy efficiency proceeding are therefore being directed to propose upstream rebates in the Basic Lighting subprogram for basic CFLs, during the next cycle.[67]

Consistent with the Strategic Plan which envisioned phasing out support for basic CFLs, we are directingthe IOUs in the general energy efficiency proceeding, in D.______, to propose a much smaller basic CFLs program for the

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64 Strategic Plan at 11.

65 D.08-11-031 at 78-79.

66 D.________, OP __.

67 *Id.*

transition period as a step toward the phasing out process envisioned by the Strategic Plan.

Here, we follow the general approach we are taking in our general energy efficiency proceeding, D._______. We, therefore, direct the IOUs to take note of Section 10.1.2 in that decision and coordinate their ESA Program activities in the 2012-2014 cycle consistent with the directions and approaches we provided in D._________, where appropriate.

We also direct the IOUs to continue to install all CFLs they give to ESA Program customers. As we noted in D.08-11-031, we acknowledge that this requirement will add cost to the program, but since 20%-30% of CFLs given away to customers are not installed, we cannot continue to allow such wasteful giveaways. Neither customers nor Californians as a whole will benefit from the energy savings light bulbs contribute to the program if they are never installed. We expect the IOUs to remove old bulbs after installing CFLs, unless a customer asks to keep the old bulbs.

3.10. Multifamily (MF) Housing Segment

3.10.1. Introduction

In their Applications, SoCalGas, SCE, and PG&E generally acknowledge some of the challenges they experienced and that the multifamily segment of the low income population has been, to varying degrees, underserved and has seen some barriers in entry to the ESA Program. DRA does not disagree with claims that perhaps the ESA Program poses some barriers as it interfaces the low income multifamily segment and suggests that, despite such potential barriers, this segment has not been significantly underserved. Based in part thereon, DRA recommends the issue of better serving multifamily properties (in proportion to their occurrence in the overall low income population) be given lower priority than those households with high-energy burden, high-energy insecurity, or high-energy usage.[68]

During the October 21, 2011 workshop and the two PHCs as well as the testimonies, briefs, and other filings, the parties have vigorously debated the nature and magnitude of how the low income multifamily segment has or has not been underserved and how it may be better served by the ESA Program. With that backdrop, CHPC et al.'s opening brief makes the following observation:

> …after years of running successful programs, the utility companies have picked much of the lower-hanging fruit and now need to serve the harder-to-reach customers as well as achieve deeper savings in each building they serve… and passage of… Assembly Bill 32 has amplified the need for intensive energy efficiency efforts across California.[69]

CHPC et al.'s above observation correctly focuses and orients us to the Commission's two ultimate goals for the low income programs, and in turn correctly puts this multifamily segment issue in perspective today. At issue is not just the treatment of the multifamily segment, but instead the overall vision and goals of reaching all eligible low income households by 2020, and the effective design and implementation of the ESA Program as envisioned. Thus, if a segment of the low income population is underserved or could be better served, then the ESA Program must undertake reasonable efforts to remedy that identified concern. In the end, such conscious and proactive efforts to

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[68] DRA's Opening Brief at 23. DRA also contends "high-energy use is recommended by both the 2005 and 2009 ESAP Impact Evaluations as criteria to identify households with the highest potential for savings" and suggest that there is high potential for energy savings that could be gained from that segment.

[69] NCLC's Opening Brief at 4-5.

understand the remaining untreated low income households are necessary for this program to realize the lofty goal of reaching the 100% eligible households by 2020.

While much of the debate centered on the treatment of the multifamily segment, the proposed solutions, ideas, pilots and program critiques all bring attention to how the ESA Program can more effectively be administered, to providing all feasible measures and delivering the health, safety and comfort benefits of this program to the low income community. It is fair to say all the parties are, in good faith, engaged in this proceeding in an effort to improve the delivery of the program, and we encourage and direct the parties to continue to remain engaged on this issue as we further examine this issue in the second phase of this proceeding.

3.10.2. IOUs' Multifamily Housing Segment Strategy Proposals

In the Applications, most of the IOUs[70] recognize the need and propose to increase their focus in this coming cycle on the multifamily housing segment. The IOUs' proposals, for the 2012-2014 program cycle, include coordination of ESA Program with Energy Upgrade California (EUC) and the Middle Income Direct Install (MIDI) programs in accordance with the Strategic Plan. Specifically, the IOUs propose coordination amongst those programs such that, for multifamily dwellings, the IOUs would first administer the ESA Program to treat low income multifamily households and thereafter refer the remainder of the work to EUC. The work that is completed by the EUC program would then include those additional measure installations in units and areas not authorized

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[70] SCE, in its reply comments, opines that there is no need to emphasize on MF households by ESA Program.

to be treated under ESA Program but that such work would be coordinated and completed in a timely and subsequent visit with the property manager actively engaged in such effort.

In its reply testimony, PG&E reiterates that integration of the ESA Program and EUC multifamily strategy is the most efficient and effective route to treat multifamily households and that information gleaned from the PG&E Segmentation Study will help better target marketing and outreach to customer segments, including multifamily housing.

SCE, in its reply comments, opines that there is no need to emphasize on multifamily households in the ESA Program and therefore opposes expanding ESA Program incentives, which is a no-cost giveaway to low income households, to cover costly common area measures to benefit the non-low income multifamily property owners.

SDG&E proposes its plan to streamline multifamily household participation in ESA Program by simplifying the property owner authorization form and to work directly with multifamily landlords to obtain program authorization. SDG&E also disputes some parties' claims that measure offerings are unequal across housing types, arguing that instead, measure offerings are determined by household occupancy type as dictated by the Commission.

In their reply testimony, SDG&E and SoCalGas reiterate that other IOU programs, including Multifamily Energy Efficiency Rebate (MFEER) program and EUC, are currently in place and should be utilized to help non-low income multifamily property owners fund their tenant occupied furnace repair and replacements instead of relying on the ESA Program's limited no-cost giveaways.

3.10.3. Multifamily Comments and Proposals of NCLC, CHPC, and NHLP (NCLC et al.) and TELACU et al.

3.10.3.1. Multifamily Comments and Proposals of NCLC et al.

NCLC protests all four IOUs' Applications and urges the Commission to revise the IOUs' ESA Program to include: (1) targeted outreach to owners of multifamily properties; (2) program redesign that allows for "one-stop" applications; (3) full integration of any ESA Program and other programs for which the owner and tenants may be eligible; (4) use of an energy audit tool that is appropriate for use in larger, multifamily buildings; (5) inclusion of all cost-effective measures including work on heating and hot water systems; and (6) a review of the income eligibility rules with the goal of removing any unnecessary barriers.

CHPC's protest echoes much of NCLC's protest, specifically requesting that the Commission direct the ESA Program to: (1) adopt a whole house approach to multifamily buildings; (2) reverse the relevant portions of prior decisions and mandate the inclusion of heating, cooling, and hot water systems as well as common area and other whole-building energy efficiency improvements as ESA Program eligible measures for multifamily rental buildings; (3) establish ESA Program Categorical Eligibility for buildings and units in properties listed on the federal WAP list of eligible properties given the similarity of eligibility standards; (4) require the establishment of a single point of contact for participants to access ESA Program resources as well as all other utility energy efficiency resources that potentially could be combined; and (5) expand ESA Program marketing, outreach and education efforts (including establishing a nominal "referral fee") to focus on multifamily building owners and managers—particularly to those buildings with predicted populations of qualifying households.

NCLC et al., in their joint testimony, offer further detail on the requests for the ESA Program to: (1) remove "housing subsidies" as an income source in regards to program enrollment; (2) adopt an expedited enrollment process for multifamily properties currently used by HUD-DOE WAP; (3) adopt a whole-building approach by removing prohibitions on heating and hot water systems replacements in multifamily rental housing; and (4) require the IOUs to offer a single point of contact for multifamily rental housing owner/operators for ESA Program and other energy efficiency offerings.

NCLC et al.'s reply testimony also offers several critiques of TELACU et al.'s pilot proposal including: (1) many of the groups' initial proposals do not need piloting; (2) the TELACU et al.'s pilot is too small in scope and budget; (3) its "charge back" for pre-installation audits that do not lead to 20% energy savings is inappropriate and will be a barrier for participation; (4) the adherence to the current practice of making central "furnace and domestic hot water heaters for building owners" ineligible for ESA Program assistance will hinder the pilot; (5) a 20% energy savings threshold is too difficult for multifamily buildings to attain; (6) the pilot's Energy Efficiency Manager position should be an IOU employee or direct contractor; (7) the pilot administration should be competitively bid; (8) the market assessment and database portion of the pilot is unnecessary; and (9) the pilot will take too long to address AB 758[71] objectives. The reply testimony goes on to outline other states' multifamily energy efficiency

[71] NCLC et al. characterize AB 758 (Skinner, 2009) as an effort which created the Comprehensive Energy Efficiency in Existing Buildings Law that requires the energy efficiency retrofit of all buildings by 2020.

housing programs as more comprehensive in measure offerings and program design and argues that those should serve as a model for the ESA Program.

In response to the December 2011 Ruling, NCLC et al. elaborated that the ESA Program should fund following measures:

- Whole-building, investment-grade energy audits.
- HVAC—Heating Systems, repair and replacement:

  Boiler/heater repair and replacement
  Heating pipe insulation
  Boiler plant controls
  Boiler blankets
  Heat pumps
- Thermostats and Thermostatic Radiator Valves
- Water Heater, repair and replacement:

  Domestic hot water heater repair and replacement
  Domestic Hot Water Pipe Insulation
  High Efficiency Pump Motors/Heating Loop Pump
  Recirculation Controls
  Water Heater blankets
- Common Area Lighting
- Roof/Attic Insulation

To be eligible for the new measures, NCLC et al. propose above:

a. The owner must agree to a whole-building, performance-based approach that is projected to result in at least a 20 percent reduction in energy consumption.

b. At least 66 percent of units must be occupied by households who income-qualify for ESA Program.

c. The multifamily building owner must enter into an agreement committing to not raise rents and otherwise ensure that the benefits received by the owner will accrue primarily to the tenants, in a manner similar to the requirements imposed by CSD WAP. These owner commitments should continue for a reasonable period after completion of the energy efficiency work.

As proposed, the amount of ESA Program assistance should be limited to:

- A per-building cap for whole-building audits of no more than $100 per income eligible unit, up to a maximum of either the actual cost of the audit or $15,000, whichever is less.
- A per-building cap for all energy measures (excluding the audit) of no more than a pre-set amount per income-eligible unit.

3.10.3.2. Multifamily Comments and Proposals of TELACU et al.

In their initial protest, TELACU et al. too agreed that the ESA Program presents some barriers for the low income multifamily segment from participating in the program, and that those barriers should be examined. However, TELACU et al. opposes any proposal for "carve out" of program funds solely for the investor/owners of the assisted, deed restricted housing segment.

Instead, TELACU et al., in their opening testimony, provide a graduated multi-phased ($21.2 Million/6,800 unit or $3.2 Million/1,700 unit) Multifamily Segment pilot proposal aimed at addressing various aspects of the coordinated ESA Program multifamily housing delivery issues raised by NCLC and CHPC. TELACU et al.'s pilot[72] proposes to "address the market intelligence, policy and programmatic barriers that have limited penetration in the multifamily housing sector" by comprehensively leveraging existing ESA, EUC, MIDI and other IOU Energy Efficiency programs. The TELACU et al.'s pilot is a non-measure pilot that proposes to investigate the feasibility of combining existing IOUs' incentive programs (ESA, mainstream energy efficiency, MFEER, and EUC programs) and to find ways to effectively leverage those with other non-IOU program funds (PACE-Commercial, DOE WAP, LIHEAP, etc.) as well as owner financing into a unified program for saving energy in multifamily developments.

This pilot proposes to utilize a multifamily energy efficiency manager who will provide effective coordination and access to information regarding all available funding sources to help cover the investment costs in extensive measures targeted at delivering deeper energy savings that are not covered by ESA Program funding for these measures will come from EUC and other energy efficiency rebate programs. As proposed, this pilot envisions four phases as follows:

> **Phase 1: (Small Scale Pilot Installation/Program Incentives of 1,700 units for an ESA budget of $1,020,000 and Comprehensive EUC Audits of 42 Buildings with an EUC budget of $315,000) -** Small Scale Pilot will serve roughly 1,700 units with this delivery model and will provide 42 buildings with an EUC comprehensive audit and measures.
>
> **Phase 2: (Evaluation and Modification: Development of Market Segmentation Database ($200,000), Interim Pilot Phase 1 Evaluation Report ($175,000), and Development of Multifamily Program Installation and Policy and Procedures ($125,000)) -** Phase 2 will see the $200,000 development of the Market Segmentation Data Warehouse that will provide investors and regulators with data to better develop energy and assisted housing policy and assist the Commission in developing a methodology for revised future allocation of energy costs to owners (annual Utility Allowance provide for units) and provide utilities with a more detailed and accurate way of segmenting and profiling energy savings potential within the existing multifamily housing stock. Phase 2 also develops a $175,000 Phase 1 Interim Pilot Evaluation Report and the

[72] TELACU et al.'s Opening Testimony, Pilot Proposal at 1-31.

$125,000 Multifamily Program Installation and Policy and Procedures manual.

Phase 3: (Large Scale Pilot: Installation/Program Incentives of 6,800 units for an ESA budget of $4,080,000 and Comprehensive EUC Audits of 168 Buildings with an EUC budget of $1,260,000) - The phase 3, Large Scale Pilot, will ramp up the services to 6,800 multifamily units and audits of 168 buildings.

Phase 4: Comprehensive Evaluation and Reporting Phase (Final Pilot Report ($125,000), EM&V ($250,000), and Administrative Costs Budget ($547,500)) - This final phase includes Comprehensive Evaluation and Reporting will include a Final Pilot Report and $250,000 for an Evaluation, Measurement, and Verification plan that will compare (by climate zone, size, vintage, and other characteristics) the number and type of measures installed on a per unit and per building basis between typical ESA Program installations and the piloted program.

3.10.4. IOUs' Responses to NCLC et al.'s and TELACU et al.' Proposals

3.10.4.1. IOUs' Responses to NCLC et al.'s Proposal

SDG&E, SoCalGas and SCE support the NCLC et al.'s recommendation of single point of contact schema for the integration of ESA Program and other IOUs' mainstream energy efficiency offerings. Conversely, SDG&E, SoCalGas, and SCE oppose the NCLC et al.'s recommendation to use ESA Program funds for common area measures in multifamily housing as it is not practical for an IOU to establish requirements[73] similar to the DOE's Weatherization Assistance Program (WAP) to ensure such improvements benefit individual tenants.

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[73] U.S. Department of Energy's guidance on accrual of benefits to low-income tenants in multi-family buildings under the Weatherization Assistance Program (April 8, 2010)

Footnote continued on next page

SCE also opposes other aspects of NCLC's proposal. SCE argues that housing subsidies should remain as a source of income in determining customer eligibility for the ESA Program. SCE contends that all buildings with a tenant eligibility rate of 66% to 80% would receive ESA Program benefits at 66%-80% of the total measure installation cost rather than the current full subsidized level. SCE's current multifamily ESA offerings are proportional and equitable. SCE believes NCLC et al.'s recommendations need to be considered within the context of IOU integration initiatives underway in ESA and mainstream energy efficiency programming.

PG&E's opening brief supports the single point of contact concept and refers to the EUC-ESA Program multifamily pilot program in R.09-11-014,

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states: "In instances in which tenants of multi-family buildings pay directly for energy, the accrual of benefits requirement can be assured by demonstrating a reduction in the tenants' energy bills. However, DOE recognizes that there are instances in which a tenant does not pay directly for energy (e.g., energy costs are paid through rent, or under certain housing assistance programs, energy costs are paid for through vouchers). In instances in which a tenant does not pay for energy directly, a combination of several categories of benefits could be used to demonstrate that the benefits of the weatherization accrual primarily to the tenant. Benefits that could be combined, include, but are not limited to:

• Longer term preservation of the property as affordable housing;
• Continuation of protection against rent increases beyond that required under the WAP regulations (10 CFR 440.22(b)(3)(ii));
• Investment of the energy savings in facilities or services that offer measurable direct benefits to tenants;
• Investment of the energy savings from the weatherization work in specific health and safety improvements with measurable benefits to tenants;
• Improvements to heat and hot water distribution, and ventilation, to improve the comfort of residents; and
• Establishment of a shared savings programs.

(http://waptac.org/data/files/website_docs/government/guidance/2010/wpn%2010-15a.pdf) arguing that the results of that pilot should be reviewed before implementing any ESA Program changes in respects to multifamily segment.

3.10.4.2. IOUs' Responses to TELACU et al.'s Proposal

SCE supports TELACU et al.'s opposition to any potential budget "carve-out" for the investors/owners of assisted deed-restricted multifamily housing.

SDG&E argues that the number of buildings to be targeted in the TELACU et al.'s pilot proposal in its territory is too large and disproportionate to its territory size and that any such pilot should be implemented through the IOUs' current programs instead of creating yet another pilot program that will cause customer confusion. SDG&E also states that if the Commission were to authorize a multifamily pilot, it should be competitively bid.

SoCalGas is generally supportive of the TELACU et al.'s multifamily pilot proposal but stresses that it would need to evaluate the results of the pilot's Phase 1 and 2 before making recommendations on Phase 3.

PG&E is generally supportive of the TELACU et al.'s multifamily pilot proposal with several proposed changes, including: (1) measures not currently offered by the ESA Program should be subject to a rebate or co-pay to pay for the measure; (2) the "data warehousing" component of the pilot is premature and unnecessary; (3) the pilot has higher installation costs than in the traditional ESA Program and such cost factor should be addressed; (4) that some type of energy education or collateral be provided to pilot participants; and (5) that only contractors approved in a specific program (i.e. ESA, EUC, etc.) should be permitted to perform installations in the pilot.

3.10.5. Other Parties' Comments on Multifamily Segment Issues and Proposals

3.10.5.1. DRA

In its opening testimony, DRA notes that multifamily buildings are the easiest places to implement the whole neighborhood type of approach. While not all IOUs actually track the effectiveness of their property owner waiver forms to determine which practices work best, DRA believes the IOUs should develop a better property owner waiver and should follow SDG&E's lead in tracking the number of property owner waivers that had been signed as a metric to determine the effectiveness of their multifamily building strategies.

Furthermore, DRA proposes that rather than funding additional multifamily pilot proposals to answer questions about energy savings, expedited enrollment and 'one-stop' program integration, the Commission should instead review the variety of recently completed multifamily projects performed under other state and federal programs. Lastly, DRA argues that the IOUs have historically served multifamily households in proportion of their percentage of all low income households and that claims of under-serving this demographic are unfounded.

DRA's reply testimony asks the Commission to maintain the prohibition on replacing furnaces and hot-water heaters in multifamily dwellings until better information about energy savings opportunities associated with these installations is available. DRA later retracts its prior position and instead argues that the ESA Program should fund only installations that tenants pay the energy bill and the investment grade audit that includes either heating or hot water measures should predict at least 20% savings.

3.10.5.2. TURN

TURN proposes: (1) "relaxing" the ESA Program's cost-effectiveness methodology for easier collaboration with EUC; (2) the ESA Program should look to local government programs for implementation with EUC; (3) SCE use segmentation study results to make EUC and the ESA Program neighborhood approaches more effective; (4) pilot a "cash for energy savings" program as was done by Los Angeles County in the EUC program; and (5) support a single point of contact for ESA Program and EUC integration. TURN supports certain aspects of NCLC et al.'s recommendation of a single point of contact, proposed multifamily rental whole-building performance-based approach that includes heating and hot-water measures, and general effort to focus more attention to the multifamily housing sector and the barriers in the low income multifamily market. TURN's opening brief supports TELACU et al.'s multifamily pilot proposal.

3.10.5.3. CforAT

CforAT's reply brief "generally supports the proposals of NCLC/CHPC/NHLP regarding effective enrollment and treatment of multi-family residences."[74]

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[74] CforAT's Reply Brief at 6.

3.10.5.4. G4A

In its reply testimony, G4A comment that while they do not have an opinion on the fielding of a multifamily pilot program, the Commission should: (1) set clear guidelines and hiring criteria for participating contractors; (2) prevent any perception of conflict of interest in the contracting process; and (3) consider a third-party administrator to implement any multifamily pilot.

3.10.5.5. The Joint Parties

The Joint Parties support certain aspects of NCLC et al.'s recommendation of a single point of contact, proposed multifamily rental whole-building performance-based approach that includes heating and hot-water measures, and general effort to focus more attention to the multifamily housing sector and the barriers in the low income multifamily market.

In the opening brief, the Joint Parties recommend that ESA Program do the following: (1) lift its prohibition of replacing working heating and hot water appliances in tenant occupied multifamily households; (2) provide a single point of contact for building owners/property managers to access utility financed energy efficiency programs; (3) expedite enrollment for tenants in multifamily properties (in both assisted and market-rate housing); and (4) integrate ESA Program direct install measures with other applicable efficiency programs, rebates, incentives and financing options in one application and enrollment process (to enable whole building retrofits and upgrades).

3.10.5.6. NRDC

NRDC generally supports: (1) a single point of contact for ESA Program other energy efficiency programs' integration; (2) that housing subsidies not be considered as a source of income under ESA Program rules; and (3) an expedited enrollment process for multifamily housing properties as proposed by NCLC et al. NRDC is generally supportive of the TELACU et al.'s multifamily pilot proposal and believes the proposed changes are well-founded and should be expanded to the larger program. Additionally, NRDC argues that the $10.1 million project ramp up portion of Phase 3 (which treats up to 6,800 units for a cost of up to, comprehensive EUC audits, installations and program incentive delivery, and conclusion) of TELACU et al.'s multifamily pilot be scaled up in terms of unit goals and measure offerings.

NRDC agrees with the Joint Parties and CforAT, and recommends that the ESA Program: (1) lift its prohibition of replacing working heating and hot water appliances in tenant occupied multifamily households; (2) provide a single point of contact for building owners/property managers to access utility financed energy efficiency programs; (3) expedite enrollment for tenants in multifamily properties (in both assisted and market-rate housing); and (4) integrate ESA Program direct install measures with other applicable efficiency programs, rebates, incentives and financing options in one application and enrollment process (to enable whole building retrofits and upgrades).

3.10.6. Discussion

3.10.6.1. Background

In D.06-12-038, we directed the IOUs in their future ESA Program budget applications to include participation goals in population sectors or segments, with budgets designed to meet those goals. This requirement is in line with Code § 2790(d),[75] which reads, "Weatherization programs shall use the needs assessment pursuant to Code § 382.1 to maximize efficiency of delivery."

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[75] Unless otherwise stated, statutory references are to the California Public Utilities Code.

Likewise, again in D.07-12-051, the Commission held that "[t]he complementary objectives of … [ESA] programs will be to provide an energy resource for California while concurrently providing low income customers with ways to reduce their bills and improve their quality of life."[76] In order to meet these objectives, we directed the IOUs to devise goals determined by population segments.

Most recently, in the update to the Strategic Plan, we stated:

> Approximately one-third of all [Californian] households live in multi-family structures…. About one-third (approximately 4 million) of [those] … households qualify for low income energy efficiency [ ] programs extended to households with annual income less than or equal to 200 percent of federal Poverty Guidelines.[77]

The IOUs have filed the 2012-2014 Applications with proposals generally consistent with these prior directions, including the goals based approaches and with proposals for their strategies for the multifamily segment. The Commission's Energy Division too have been reviewing the IOUs' progress in penetrating the multifamily segment and continuously looking for ways to ease any barriers faced by the multifamily segment of the low income population and entry into the ESA Program.

3.10.6.2. Need

The 2007 KEMA Low Income Needs Assessment Report and its findings, state that 43% of all low income households reside in multifamily dwelling type (with 5 or more units). While some parties dispute the assumptions, scope,

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[76] D.07-12-051 at 5.

[77] Strategic Plan at 9.

methodology and therefore resulting accuracy of some of the findings, we will look to that estimate as a basic starting point to begin the discussion, until that figure is updated. Irrespective of the exact percentage, this segment of the low income community comprises a significant portion of the overall low income population we must serve.

First, we recognize that IOUs have time and again updated their strategies each program cycle toward reaching their full penetration goal by 2020 and employed creative ways to do so. However, we recognize today that the ESA Program can certainly be improved to better serve this multifamily housing segment and the overall low income residential segment. We will direct the IOUs to do so going forward.

We note that in the course of this proceeding, through the Applications, PHCs, opening and reply testimonies, and comments responsive to the December 2011 Ruling, the IOUs and all the parties presented many concerns, objections, insights, information, approaches and even pilot proposals for the Commission to examine various potential barriers that might prevent eligible customers residing in multifamily units from enrolling in the ESA Program. Citing the IOUs' data reported in their annual reports, DRA's opening brief, Table 6, also illustrates that in comparing the IOUs' 1997-2006 multifamily homes treated figures[78] to the IOUs' 2007-2010 multifamily homes treated figures, with the exception of SDG&E, each IOU's multifamily homes treated figures dipped during the last program cycle.

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[78] PG&E's figures were from its 2000-2006 annual reports. Other IOUs' reports were from their 1997-2006 annual reports.

- PG&E dropped from 27% multifamily homes treated in 2000-2006 timeframe to 18% multifamily homes treated in 2007-2010 timeframe;
- SCE dropped from 45% multifamily homes treated in 1997-2006 timeframe to 23% multifamily homes treated in 2007-2010 timeframe;
- SoCalGas dropped from 36% multifamily homes treated in 1997-2006 timeframe to 25% multifamily homes treated in 2007-2010 timeframe; and
- SDG&E increased from 49% multifamily homes treated in 1997-2006 timeframe to 54% multifamily homes treated in the 2007-2010 timeframe.

Thus, perhaps lessons learned and best practices could be shared to understand these trends. Moreover, these numbers and trends suggest that we need to better understand the field of eligible population and particularly this multifamily segment to be able to devise effective strategies to reach them. If the ESA Program is not effectively reaching the multifamily segment or even the overall eligible low income population, then that has to be identified, understood and addressed in the time remaining as we near 2020. Thus, during the 2012-2014 period, we will examine this issue to devise a full set of comprehensive multifamily segment strategies, as discussed in section 3.10.6.3 of this decision.

As for some of the more costly measures being proposed for multifamily buildings, we must act cautiously. The ESA Program is a ratepayer funded program with an annual expenditure in excess of $300 million and a goal to reach 7% of California's low income population each year. With the current budget realities, we cannot justify increasing the ESA Program's no-cost measure offerings to include such costly replacements of working central systems in tenant-occupied multifamily buildings -- especially if other Commission or non-Commission programs may be available.

Indeed, from NCLC et al.'s own figures, provided in response to the December 2011 Ruling, the inclusion of 14 new (see above) measures can increase program costs from $1,324 to $5,399 per unit **in addition** to the costs of current multifamily rental measure offerings. Extrapolating these new measure costs to the ESA Program's historic averages of multifamily unit treatments, such new program elements could increase the IOUs' budgets by hundreds of millions of dollars annually. These are hundreds of millions of ratepayers' dollars we must collect from other ratepayers and must expend with due caution. Thus, while we fully appreciate that the multifamily sector presents an area with a sizeable energy savings potential, we are not confident that limited program funds can now be expanded to cost-effectively replace operating central systems, such as heating and domestic hot water systems in rental properties.

As for some parties' proposal that the ESA Program provide expensive investment grade energy audits to multifamily rental properties without clearly identifying either the costs of such audits or how or which IOUs' program would pay for such audits, we again note caution. Lacking a full understanding of the costs and attendant benefits, such proposals are premature and cannot be thoughtfully evaluated at this time. Moreover, with competing audit tools available in the multifamily sector, the ESA Program, as a ratepayer funded program should require significant public engagement before the selection of one audit tool over another can be made.

Meanwhile, we appreciate and applaud the committed, thoughtful and informative ideas, discussions and insights the parties brought into this proceeding to inform and aid the Commission on this important issue. While there is not yet a consensus on how to tackle this issue, we see the need for attention to this segment and we see several immediate strategies the IOUs and the parties proposed and which we can pursue here as set forth below.

3.10.6.3. Multifamily Segment Strategies

As part of a parallel, two-pronged approach, the IOUs are directed to immediately roll out the nine Multifamily Segment Strategies described below, including additional approved measure offerings to multifamily households. In addition, the IOUs are directed to simultaneously begin developing and advancing more long-term and comprehensive multifamily segment strategies as discussed in section 3.10.6.4 of this decision.

Based upon the IOUs' and the parties' proposals and comments, as well as the 2007 KEMA Needs Assessment Report and 2009 Process Evaluation, we find the following to be immediately feasible strategies and efforts to be deployed as soon as practicable. These are strategies that should ultimately ease the barriers of entry into the ESA Program and in turn yield greater overall energy savings from this program and increase overall penetration rate as well.

Strategy 1 – Whole Neighborhood Approach: As recommended in the 2009 Process Evaluation Report[79] and as proposed and acknowledged by several parties, a whole neighborhood approach, if tailored properly, can be an effective tool for the multifamily segment. The IOUs are therefore directed to implement multifamily segment strategies based on the whole neighborhood approach, whenever practicable, to reduce the travel time and costs of efficiently reaching the maximum number of multifamily households.

The whole neighborhood approach to ESA Program implementation should result in more efficient and cost-effective program delivery which eases scheduling difficulties and reduces the burden the report program participation places on low income multifamily customers. The 2009 Process Evaluation

[79] 2009 Process Evaluation Report at 43-44 and 60.

found that while the whole neighborhood approach did not yield successes in many contexts of ESA Program delivery for a variety reasons, the contractors suggested that the whole neighborhood approach worked more successfully in the context of multifamily buildings. The following describes in detail a particularly successful approach, reported in the 2009 Process Evaluation Report, to engaging multifamily customers using this strategy:

> First, the contractor distributed door hangers advertising the program. Next, the firm set up tents in which tenants present qualifying documentation to enroll in the program. In a single day, qualifying individuals received energy education in groups of 10; assessment crews identified measures for installation, and installation crews completed measure installation. The respondent further noted that such events were particularly successful when combined with customer giveaways or raffles.[80]

We direct the IOUs to incorporate such whole neighborhood approach strategy as part of the IOUs' multifamily segment strategy, where applicable.

Strategy 2 – Property Owner Waiver Update: As observed by the parties and the 2009 Process Evaluation Report, one of the key barriers to penetrating the multifamily segment appears to be associated with the challenges of getting the needed property owner waiver form for these multifamily properties. As generally proposed by SDG&E, in its effort to streamline multifamily household participation in the ESA Program, the IOUs should coordinate with each other and develop a uniform and simplified property owner authorization form. The IOUs are then directed to use that simplified form to work directly with multifamily landlords and property

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[80] *Id*. at 53-54.

managers to obtain the needed authorization. The simplified and streamlined property owner waiver form should, at the very least, address the following concerns to ease the entry into ESA Program:

(i) Eliminate potential duplications wherein ultimately only one form would be necessary for properties served by multiple IOUs; and

(ii) Eliminate, to the extent feasible, the need for multiple forms for multifamily dwellings being served by more than one IOU program through the integration and leveraging efforts.

Also, as part of this simplifying and streamlining effort, we direct the IOUs to align all attendant co-pay costs for currently permitted multifamily measure offerings amongst the IOUs. The IOUs are also directed to work with multifamily stakeholders to clarify owner obligations in the ESA Program property owner waiver forms and to develop, where needed, simplified property owner waiver forms in different languages when a need for such is identified. Lastly, the IOUs should immediately begin tracking completed property owner waiver rates among household types, as recommended by DRA.

Strategy 3 – Updated Marketing Approach to Multifamily Homes: Targeted outreach to owners of multifamily properties is one of the elements of NCLC's recommendations. DRA correctly proposes and we direct the IOUs to utilize the recent lessons learned from the Segmentation Studies to update and target their marketing to multifamily owner/operators.

Consistent therewith, many contractors in the 2009 Process Evaluation reported reaching out to property owners directly in their own program marketing activities. Contractors reported such efforts to engage with property owners and managers as very beneficial because it can open opportunities to gaining approval to provide services to multiple customers. The 2009 Process

Evaluation Report notes anecdotal benefits to this approach while also noting that such approach may prove to be costly. Thus, this strategy is merely a tool being offered to the contractors to use to roll out an effective whole neighborhood approach to the low income multifamily segment, where appropriate.

Strategy 4 – EUC/MIDI/MFEER Coordination: The IOUs' proposal to formally coordinate the ESA Program with EUC and the MIDI programs is approved, and such effort should be further coordinated with the Multifamily Energy Efficiency Rebate (MFEER) program.

Strategy 5 – Single Point of Contact: The concept of single point of contact to coordinate the varying IOU programs for multifamily segment was recommended in different forms by varying parties. Relative to the IOUs' internal programs, the proposed concept of single point of contact is approved. The IOUs are directed to offer a single point of contact for multifamily rental housing owner/operators for ESA Program and other energy efficiency programs offerings by the IOUs.

Strategy 6 – Referral Coordination: The IOUs are directed to coordinate with CSD and LIHEAP/WAP to develop a referral program for measure replacements not currently offered by ESA Program, including centralized heating and domestic hot water systems. With a projected decrease in CSD funding for 2013, a prompt and effective referral system could "stretch" limited CSD funds by indirectly focusing that program on offering additional measures to ESA Program-treated households. Furthermore, utilizing the ESA Program as a referral service for additional measures can save CSD outreach and marketing funds, while stretching both agencies' funds.

Strategy 7 – Same Day Enrollment, Assessment, and Installation: The 2009 Process Evaluation Report also found that the contractors who had employed the approach of performing the installation on the same day as enrollment and assessments could expedite program processes, improve customer experience by reducing customer inconvenience, and eliminate potential need for additional appointments. Many of those contractors reported that such expedited same-day approaches were effective in multifamily complexes or other situations in which multiple customers live in similar types of units thus allowing for ability to anticipate and plan for those units' measure needs. For instance, a contractor noted that a same-day approach worked well in apartment buildings in which multiple units frequently qualified for similar measures.[81] In concert with the whole neighborhood approach strategy (Strategy 1) as well as tailored multifamily marketing and coordination strategies (Strategies2-6) we set forth for in the preceding sections of this decision, the IOUs are directed to employ such an expedited same day process, whenever practicable.

Strategy 8 – Streamline Practice and Service Delivery: As recommended in the 2009 Process Evaluation Report, the IOUs shall immediately begin streamlining their practices and efficiencies in service delivery to the low income multifamily segment that may be available without the need for lengthy or cumbersome program redesign or budgetary increases. The IOUs should take all reasonable efforts therefore to promote and share the IOUs' best practices of utilizing group outreach and enrollment and group energy education for eligible households living in multifamily complexes.

Strategy 9 – Providing Feasible Measures for Multifamily Segment Including Retention of Measures Proposed for Retirement for Program

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[81] *Id*. at 33.

Cycle 2012-2014: The following measures proposed for retirement by the IOUs in their 2012-2014 Applications shall be retained and these ESA Program measures shall be made available for renter occupied multifamily units:

- Attic insulation
- Air Sealing/Envelope Measures
- CFLs and Hardwire lighting
- Hot water conservation measures
- Water heater blankets
- Water heater pipe insulation
- Pre-1999 refrigerators
- Furnace clean and tune

In addition, we anticipate with effective referral and coordination, Strategy 6, above, CSD's list of measure offerings for multifamily properties should complement the ESA Program measure offerings to cover the installation of below additional measures:

- Window Replacement
- Water heater repair and replacement
- Kitchen Exhaust Installation Repair and Replacement
- Cooking Appliance Repair and Replacement
- Cooling System Repair and Replacement
- Duct testing and sealing

Effective implementation of Strategy 4, above, should further complement measure offerings for the multifamily segment. For instance, other IOUs' programs (including MFEER) offer rebates for multifamily properties for the below list of measure offerings which will further complement the ESA Program measures:

- Central System Natural Gas Water Heater

- Central System Natural Gas Boilers for Water and Space Heating
- Natural Gas Storage Water Heater3
- Energy-efficient Electric Storage Water Heaters
- Central Natural Gas Furnace
- Central Natural Gas Furnace with Built-In Variable-Speed Motor (VSM)
- Energy-efficient Package Terminal Air Conditioners and Heat Pumps
- High-efficiency Clothes Washers
- High Performance Dual-pane Windows
- Attic and/or Wall Insulation
- Energy Star Room Air Conditioner Replacement Multiple-Speed or Variable Speed Motor (VSM)
- Ducted Evaporative Cooling System Level 1 and Level 2
- Package Terminal Air Conditioner (PTAC) and Package Terminal Heat Pump (PTHP)

With the coordinated delivery of the measures offered in the above complementary programs funded through those various ratepayer funds, most, if not all, of the energy efficiency needs of multifamily buildings should be met.

3.10.6.4. Comprehensive Multifamily Segment Strategies Formulation and Implementation

The IOUs are directed to begin developing and advancing more long-term and comprehensive multifamily segment strategies as outlined below. The IOUs are directed to set aside a reasonable estimated amount of their measurement and evaluation (M&E) budget for a Multifamily Segment Study ordered in this decision below.

Within 30 days of the effective date of this decision, the Energy Division and IOUs are directed to hold a one-day public workshop to garner input from interested stakeholders and parties on the development of the third party consultant request for proposal (RFP) for a Multifamily Segment Study.

Within 60 days of the effective date of this decision, with the public and stakeholders' input, the IOUs and Energy Division are directed to develop and release the joint statewide RFP for a third party Multifamily Segment Study consultant (Consultant).

The IOUs and Energy Division are directed to co-manage and oversee the Consultant once retained. The IOUs and Energy Division are directed to take all reasonable actions to ensure award of contract for the Multifamily Segment Study, within 90 days of the effective date of this decision. The IOUs and Energy Division are directed to take all reasonable actions to ensure ample public review of the Consultant's work after the contract is awarded and a final recommendation is timely presented, as ordered in this decision. At a minimum, the Multifamily Segment Study and related Consultant's work shall include the following:

1) Gather data on the state's multifamily housing stock and ownership profiles, including a statewide demographic and programmatic assessment of California's low-income multifamily housing stock (by each IOU territory):
2) Catalogue multifamily energy efficiency programs, including Commission programs and those administered by other government agencies, utilities and organizations within the state of California, as well as recent and ongoing multifamily energy efficiency programs administered in other jurisdictions across the country;
3) Evaluate and further examine comments, objections and proposals from parties to the proceeding in the context of the ESA Program decisions, the current Commission directions and Strategic Plan;
4) Review existing Commission's multifamily programs within the overall context of the ESA Program;

5) Review other recently completed multifamily projects performed under other state programs;
6) Conduct field studies, as needed;
7) Review and investigate the cost and budget implications of a multifamily program implementation;
8) Review and investigate coordination concerns related to any new delivery methods that streamline the ESA process with external financing and energy efficiency options such as how a single point of contact will be responsible for coordinating IOU-administered energy efficiency, renewable, incentive, and financing programs as well as non-IOU- administered, external multifamily efficiency, renewable, incentive, and finance programs in California;
9) Identify available energy efficiency financing options, and develop a funding and implementation schema utilizing the variety of energy efficiency programs available for multifamily housing owner/operators;
10) Develop overall recommendations for multifamily strategies looking toward 2020 vision of 100% penetration;
11) Hold public meetings to obtain, document, review and consider all stakeholders' input;
12) Deliver a draft report by February 15, 2013, which will be circulated for comments; and
13) By May 1, 2013, prepare and ultimately propose a feasible long-term multifamily treatment strategy (Final Report) for the ESA Program.

The Final Report shall be submitted to the ALJ and shall summarize all of the key findings, address public and stakeholders' comments and input, recommend the proposed comprehensive long term multifamily segment strategies and best-practices, taking into account the IOUs' implementation and any interagency constraints, all operational and fiscal constraints, all relevant coordination issues with other agencies and programs and overall program budgets. This Final Report is due prior to May 1, 2013, with recurring stakeholder workshops held throughout and leading to its development. The Final Report shall include recommendations on:

1) How the ESA Program can be modified to better meet the needs of its low income multifamily residents;
2) How multifamily segment measure offerings should be modified (including central system needs) and develop possible co-pay or financing framework that comply the ESA cost-effectiveness approach; and
3) How to modify the current service delivery approach to address multifamily energy efficiency programming concerns, based on:

   - Past studies and other programs, develop targeted and integrated outreach and marketing to low income multifamily housing owner/operators; and

   - An understanding of the issues faced by contractors who will participate in the new approach to the low income multifamily housing segment, including training, certifications, service workflow, etc.

Upon receipt of the Final Report and recommendations, the ALJ may convene an evidentiary hearing at that time. Alternatively, if the ALJ deems the recommendations to be reasonably sound, the ALJ shall issue a ruling directing the IOUs to prepare and submit implementation action plans on those programming recommendations for Multifamily Segment Study.

3.11. Workforce Education and Training (WE&T)

3.11.1. Background

In D.07-12-051, the Commission stated that the ESA Program strategies, in general, should "include specific training strategies for reaching disadvantaged communities [and] the IOUs should also work with community stakeholders to assist them in the development of training strategies."[82] The Strategic Plan also set forth two broad WE&T goals: (1) establish energy efficiency education and training at all levels of California's educational systems, and (2) ensure that minority, low income and disadvantaged communities fully participate in training and education programs at all levels of the energy efficiency industry.

Following the direction we set in the Strategic Plan, D.08-11-031 challenged the IOUs to devise and implement outreach and training efforts to teach minority, low income, and other disadvantaged communities the skills needed to succeed at jobs that support the ESA Program by acting "as a catalyst to change by implementing several foundational activities that are necessary to accurately identify specific WE&T needs and recommendations for action."[83] With this direction, however, we also stressed that the IOUs are but one link in the overall chain of a statewide WE&T strategy. In the chain, there are stakeholders supporting action toward developing "green jobs" with other funding and training coming from taxpayers, community-based and nonprofit organizations, educational institutions, the business community, and labor organizations.

In D.09-09-047, the Commission, in approving the 2010-2012 Energy Efficiency Portfolios and Budgets, reaffirmed the Strategic Plan's vision for WE&T programming and implementation. That decision further clarified the Commission's direction on the completion of the Statewide Workforce, Education, and Training (WE&T) Needs Assessment to study "critical workforce

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[82] D.07-12-051 at 48.

[83] Strategic Plan at 80.

needs" and to identify "opportunities to help identify and fulfill those needs through collaboration and fund sharing." D.09-09-047 also called for the Statewide WE&T Needs Assessment to include a "detailed inventory of…workforce education and training programs across the state and [the identification of] collaborative opportunities to make the three-year portfolio of IOU training programs responsive to [Statewide WE&T] Needs Assessment findings."

The California Workforce Education and Training Needs Assessment for Energy Efficiency, Distributed Generation, and Demand Response, California Workforce Education and Training Needs Assessment for Energy Efficiency, Distributed Generation, and Demand Response, dated March 3, 2011, (Statewide WE&T Needs Assessment), has just been completed. While there were few tangible recommendations specifically applicable to the ESA Program because the study was *not* specifically focused on developing recommendations for the ESA Program, there was one significant recommendation we found timely and applicable to the ESA Program:

> …for fully subsidized low income programs, modify program objectives to include workforce outcomes. Assess current workforce outcomes and if they are not adequate, use high-road agreements and sector strategies to pilot incorporation of the new national DOE skill standards and certifications or other strategies to improve both energy efficiency and workforce outcomes.[84]

The recently completed Statewide WE&T Needs Assessment and 2009 Process Evaluation Report, *inter alia*, also note that the ESA Program implementers' pay structure may potentially be leading to poor installation and

[84] WE&T Needs Assessment at 293.

in turn diminished energy savings as a result.[85] The Statewide WE&T Needs Assessment also recommends that ratepayer dollars should be invested in improving worker skills rather than promoting competitive markets that drive costs (and wages) down to below a living wage standard.

3.11.2. IOUs' Post Statewide WE&T Needs Assessment Position

3.11.2.1. PG&E

PG&E contends its present WE&T program is reasonable and that requiring the IOUs to alter their relationships with contractors, community based organizations, and Community Colleges would be unduly costly and therefore detrimental to the purpose of the ESA Program. PG&E also claims that requiring IOUs to incorporate WE&T goals into the contractor selection process for ESA Program would be costly and unnecessary. Lastly, PG&E contends that requiring IOUs to track increasing amounts of data that are not essential for program delivery will result in unnecessary added cost to ratepayers.

While PG&E recognizes that its program provides many jobs across its service area, PG&E does not believe that green job creation and training should be core components of the ESA Program. PG&E also notes that there are a finite number of jobs in the program, and training too many workers for the number of jobs that exist is not fair to people looking toward the promise of employment. PG&E also claims that it currently provides appropriate trainings to prepare its ESA Program workforce to understand program rules and to implement the program appropriately and is pleased to work with community and technical colleges to help develop energy efficiency assessment and installation

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[85] Process Evaluation at 40-41.

certification or curricula.[86] Finally, PG&E generally objects to data gathering concerning wages and quality of contractor performance and contends that the ESA Program work quality and training is not in question.[87]

3.11.2.2. SCE

SCE contends its 2012-2014 Application complies with the Commission's WE&T directives in the Strategic Plan and contends its program in 2012-2014 will maintain a steady workforce. SCE in its testimony describes the training it currently provides to contractors and particularly community based organizations that are situated in low income and disadvantaged communities, and that it provides jobs within these communities.[88] In its current Application, SCE is proposing to provide additional training to its current suite of courses that will not only increase the effectiveness of its ESA service providers, but will also provide skills that can create additional employment opportunities for workers in the ESA Program.[89]

SCE's expanded training catalog would focus on computer-based training for advanced computer skills, effective communication, and customer service skills. All of the developed skill sets would not only be applicable for the employees' current jobs, but could also be transferred to other fields thereby creating a potential new career path for individuals working in the ESA Program. To increase trainee knowledge, SCE also proposes creating workshops that will educate participants about the regulated electric industry, and how

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86 PG&E's Testimony at 1-62.

87 PG&E's Reply Testimony at 31-32.

88 SCE's Testimony at 35-36.

89 SCE's Application at 26-27; SCE's Testimony at 52-53.

energy efficiency programs are structured within this environment in order to enhance the energy education component of the ESA Program.[90]

To ensure high-quality installations and maximize energy savings, SCE also plans to provide additional technical training related to the installation of measures and delivery of services provided under the ESA Program. In sum, SCE does not support any changes to its current plans and current ESA Program relationships with contractors, community based organizations, or community colleges.

SCE objects to the changes proposed by some parties that include specified hiring goals, data tracking requirements, contractor selection criteria, and sourcing outreach jobs currently fulfilled in many cases by community based organizations from specific training programs. These changes would likely result in significant increased costs, which would be detrimental to the overall program. SCE correctly notes the IOUs are currently under no requirement under the Strategic Plan to integrate the ESA Program into their Sector Strategy Action Plans as outlined in the Joint IOUs' WE&T Advice Letter, as being suggested by some of the parties.[91]

Finally, SCE suggests the WE&T Taskforce meetings currently underway in the general energy efficiency dockets are a potentially logical venue for interested stakeholders to collaborate on WE&T-related matters in energy efficiency.

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[90] SCE's Application at 15-17; SCE's Testimony at 28.

[91] Advice 2588-E-B, approved effective October 29, 2011.

3.11.3. Parties' Positions

3.11.3.1. DRA

DRA recommends that IOUs be directed to track and improve workforce training and job standards and that the Commission require the IOUs to develop more explicit labor standards such as wage floors in order to ensure the success of the ESA Program in recruiting workers from low income and disadvantaged communities. In turn, we will create opportunities for economic improvement by these workers.

3.11.3.2. Brightline and Green for All (G4A)

Initially, in their opening testimonies, Brightline and G4A proposed significant workforce reporting, hiring, and contracting changes to be mandated by the Commission on the IOUs. Some of these recommendations asked that the Commission require the IOUs to: (1) incorporate WE&T goals as an integral part of the selection process for ESA contractors; (2) refine partnerships with community colleges and community-based organizations to offer sector-based training and transferrable credentials; and (3) track data and document progress towards achieving WE&T goals.

In response to the December 2011 Ruling, Brightline and G4A suggest that they do not feel the IOUs' Sector Strategy Action Plans identified in their 2010-2012 Statewide WE&T Program Modifications Advice Letters meet the WE&T needs outlined in the Strategic Plan for two reasons, namely: 1) few details are given about the ESA Program WE&T improvements in the letters, and 2) while the IOUs describe a sector strategy to meet many of the training goals called for in the Strategic Plan, they fail to plan for transition into "rewarding careers in energy services."

In their reply brief, Brightline and G4A also support the plan that DRA has set forth to track and improve workforce training and job standards and support

DRA's recommendation that the Commission require the IOUs to develop more explicit labor standards such as wage floors in order to ensure that the success of the ESA Program in recruiting workers from low income and disadvantaged communities.

Brightline and G4A also support all recommendations to track data related to how workers are paid, what wages workers are paid, what benefits workers are offered, where workers are recruited from (e.g. low income status or targeted communities), and how many workers are hired from training programs.

3.11.3.3. G4A

G4A, in its reply testimony, responds to TELACU et al. G4A contends that fluctuating workloads in ESA Program does not negate the need for ESA Program specific workforce training and standards, nor does the need for cost-effectiveness invalidate the need for wage floors or living wages within the program. G4A concurs with DRA that at a minimum, the Commission should require the IOUs to ensure all ratepayer funded jobs adhere to minimum wage standards. Additionally, G4A indicates that within the current bidding and selection process, some contractors can pay beyond minimum amounts without cutting into their ability to install measures for the cost required by the IOUs and that this warrants further exploration. The Donald Vial Center, via the G4A's reply testimony, counters TELACU et al.'s and Richard Heath and Associates, Inc.'s claims that the Statewide WE&T Needs Assessment "seriously mischaracterizes the low income programs" by indicating that the report clearly delineated the non-low income market (which is heavily regulated and policy driven) from the mainstream, rebate-driven residential market. G4A opines that the Commission should 1) set clear guidelines and hiring criteria for participating contractors, 2) prevent any perception of conflict of interest in the contracting process, and 3) consider a third-party administrator to implement any multifamily pilot.

3.11.3.4. Joint Parties

In reply testimony, the Joint Parties voiced support for Brightline's and G4A's recommendation to require IOUs to track data and document progress towards WE&T goals and also propose that the IOUs focus WE&T efforts to diverse business enterprises with annual revenues of $1 million or less.

3.11.3.5. EEC

EEC concludes that mandated wage floors and additional requirements for "non-ESA" related training would lead to increased program costs and a decreased number of households served.

3.11.3.6. Brightline

In their reply testimony, Brightline proposes its own $100,000 WE&T pilot proposal in conjunction with the San Francisco Office of Economic and Workforce Development (SF OEWD). This Brightline pilot proposal would train 25 low-income residents for entry-level positions as Weatherization Specialist and Energy Specialists.

3.11.4. IOUs' Responses to Other Parties

3.11.4.1. PG&E

PG&E, in its reply testimony, reiterates that PG&E adheres to all Commission rules on contractor selection, that the ESA Program does not have specific WE&T goals, that PG&E is already engaged in WE&T sector-strategies, and that for Brightline and G4A's claims of poor quality installations in the ESA Program are unfounded.

3.11.4.2. SoCalGas and SDG&E

SoCalGas and SDG&E in their reply testimony reiterated commitment to the Strategic Plan and voiced opposition to the Joint Parties' request that WE&T efforts be focused to diverse business enterprises with annual revenues of $1 million or less as unnecessary, excessively restrictive and burdensome.

3.11.4.3. SCE

SCE's reply testimony restates its position that revamping the IOU-community based organization-contractor relationship process is costly, unnecessary and would reduce the number of homes treated by the program. SCE argues that while many of the goals advocated by Brightline and G4A may be laudable, they have not been tested adequately in the marketplace and will drive program delivery costs higher and may impair the ability of community based organizations and contractors to operate other programs and services they provide to communities by mandating different hiring strategies, salaries and benefits for employees that work on different contractor projects. SCE also argues that increased WE&T tracking data would be onerous and costly to both the IOUs and to contractors.

3.11.5. Discussion

3.11.5.1. Statewide WE&T Needs Assessment Recommendations

Statewide WE&T Needs Assessment made a significant and timely recommendation for the ESA Program:

> …for fully subsidized low income programs, modify program objectives to include workforce outcomes. Assess current workforce outcomes and if they are not adequate, use high-road agreements and sector strategies to pilot

> incorporation of the new national DOE skill standards and certifications or other strategies to improve both energy efficiency and workforce outcomes.[92]

While a few anecdotal accounts of contractor performance issues were raised by some parties and the 2009 Process Evaluation Report,[93] we acknowledge that there is not enough evidence to suggest there to be a program-wide performance concern or that ESA Program delivery by the IOUs and contractors fall below any performance standard. Moreover, there was no evidence in the record to suggest that IOUs and the contractors are violating health, safety, labor or wage laws to begin directing they comply with such existing laws.

That said, the above recommendation merely suggests reviewing "workforce outcomes" and taking actions as appropriate upon such review. That is a good program WE&T approach for the ESA Program. To know the state of the current workforce and the quality of their performance in the ESA Program is just the beginning of effectively managing the program workforce,

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[92] WE&T Needs Assessment at 293.

[93] Findings from the Process Evaluation noted that during ride-along observations, enrollment and assessment contractors' employment structures influenced the amount of time they spent enrolling homes, impacting the quality of enrollment and assessment contractors' work. Process Evaluation also refers to interviews and focus group findings suggesting that incentive structures may also impact how installation contractors approach their work. Process evaluation also refers to interviews with contractors and stated that piecework incentive structures, coupled with firm directives to focus on profitable measures, may encourage installation contractors to focus their time on installation of measures that the program reimburses at a higher rate. As the report indicates, these findings are not exhaustive as the data is not statistically sufficient; however there may be merit to the concerns raised. (Process Evaluation at 40-41.)

the needs of that workforce, and the quality of the products being produced by that workforce.

3.11.5.2. Proactive WE&T Needs Assessment and Planning

Going a step further, an appropriate approach should be looking at not just reactively to the ESA Program workforce's current needs, but actively overseeing, quality assuring work, anticipating and planning for future workforce needs of the ESA Program through the three remaining program cycles heading to the Strategic Plan target. The record of this proceeding reflects the limited information and data being collected and reviewed and available to illustrate the reality of the current ESA Program workforce. Likewise, there is little indication of a forward looking anticipation and planning for the ESA Program's workforce needs of tomorrow.

Instead of objecting to additional data collection and claiming it as unnecessary burdensome and costly, the IOUs should be proactively collecting, reviewing and acting on those same information to manage the workforce needs of today and planning for tomorrow. As a program funded entirely by ratepayers, the IOUs' ESA Program-specific WE&T plan for the remaining three cycles creates potential opportunities for job creation, incubation, or development for displaced and disadvantaged workers. We therefore strongly encourage IOUs to explore all opportunities and thoughtfully plan for and take full advantage of any such opportunity, wherever it makes sense, and do so consistent with the broad WE&T goals of the Strategic Plan.

The programmatic and legislated goal of ESA Program is to weatherize low income households and help reduce the energy burden experienced by these vulnerable populations. To that end, we find there is a nexus between the quality of ESA Program delivery (proper enrollments, assessments, installations, etc.) and the quality of the ESA workforce. Since maintaining the highest quality workforce is synonymous with the goal of an ever-effective ESA Program delivery model, the IOUs must make every effort to understand its workforce to adjust, support, empower and otherwise manage it in a way that yields the highest quality of service and outcomes.

3.11.5.3. Focuses for ESA Program WE&T

The Commission's most urgent charge in the ESA Program is realizing the Strategic Plan[94] vision that by 2020, 100 percent of eligible and willing customers will have received all cost-effective low income energy efficiency measures. Keeping that vision in the foreground, the Commission and the IOUs should therefore view this WE&T issue with a broader perspective of successfully meeting the ESA Program needs for the next three cycles but with the focus towards:

(1) Assessing the education and training needs, if any, of the existing ESA Program workforce in yielding effective and quality program outcomes;

(2) Providing the support and framework for the necessary training and education for the existing ESA Program workforce to yield effective and quality program outcomes;

(3) Determine what ESA Program workforce needs will be for the remaining three cycles, until 2020;

(4) Anticipate and plan for in the workforce needs to support the ESA Program in the remaining three cycles, until 2020;

[94] Strategic Plan, updated January 2011 at 23.

(5) In workforce planning, explore ways to leverage (with green jobs programs, community-based and nonprofit organizations, educational institutions, the business community, and labor organizations, etc.) wherever possible and incorporate teaching minority, low income, and other disadvantaged communities the skills needed to meet the ESA Program needs, where feasible;

(6) Consider possible pilot programs (as recommended in the Needs Assessment) to test new quality standards for ESA Program weatherization projects accompanied by necessary training, increased pay for performance for contractors, and links to job placement for completing the training then initiate the evaluation below; and

(7) Participate and maintain alignment to the extent possible with the IOUs' statewide WE&T efforts.

By doing so, we will effectively raise ESA Program delivery performance by elevating the quality of the workforce's performance and achieve ESA Program delivery success which will also foster mindful job creation, incubation and training, without unduly interfering with the IOUs' contracting and operational discretion often needed to effectively manage the workforce and contracts.

The above focused direction should not be viewed as a condemnation of the IOUs' or the ESA Program contractors' current performance by any means. It is but a framework and a roadmap to enable the ESA Program to better understand and manage its current and anticipated workforce needs and effectuate added social benefits of creating and/or supporting employment for minority, low income, and other disadvantaged communities with the skills necessary to meet the ESA Program needs.

3.11.5.4. Preliminary Reports and WE&T Working Group

To that end, the IOUs are directed to immediately begin collecting the following data in these six WE&T areas: (1) contractor and subcontractor contract terms (competitive bid, direct award, etc.); (2) contractor and subcontractor compensation schemes (hourly, piecemeal, salaried, etc.); (3) number of inspection failures and the types of failures (including the number of enrolled customers later deemed ineligible, number of incorrectly assessed households and instances of measure installation inspection failures); (4) level and type of IOU training participation these specific contractors have completed; (5) customer feedback for these contractors, positive and negative; and (6) the IOU's assessment of any other needs of the existing workforce to meet the current and future ESA Program demands.

Within next 180 days, each IOU is directed to submit a report showing each IOUs' preliminary findings and summary of WE&T data collected in the six WE&T areas for program year 2012 to begin assessing its workforce, education and training needs, if any, of the existing ESA Program workforce in yielding effective and quality program outcomes. While each IOUs is directed to submit a separate report, the IOUs should work together to develop a single, uniform reporting template.

With the IOUs' reports (IOUs' Reports) containing the above information, the WE&T Working Group generally organized and administered under sections 3.11.5.4, 3.11.5.5, and 5.3.8 of this decision shall evaluate the data submitted and develop and present recommendations addressing the aforementioned six areas. Additionally, the IOUs are directed to work with the Energy Efficiency WE&T Working Group to share any pertinent overlapping information from the ESA Program WE&T Working Group efforts.

(a) Within 90 days after the IOUs' submission of the IOUs' Reports, the ESA Program WE&T Working Group shall prepare and submit a progress report of its findings and recommendation(s), if any. If no agreed upon recommendation(s) is/are reached, the working group shall submit a progress report nonetheless of its activities since inception and a detailed description of the status of its efforts with justification showing good cause for any additional and estimated time it may require;

(b) Unless directed otherwise by the ALJ, ESA Program WE&T Working Group shall, by no later than June 1, 2013, submit to the ALJ, its final report of findings and recommendation(s), if any. If no agreed upon recommendation(s) is/are reached, the working group shall submit a progress report nonetheless of its activities since inception and detailed description of the status of its efforts; and

(c) The term of the ESA Program WE&T Working Group expires 45 days after its final report and recommendations are submitted to the ALJ.

3.11.5.5. General Energy Efficiency WE&T Coordination

In the context of the general energy efficiency proceeding, D.09-09-047, and in response to the Statewide WE&T Needs Assessment, the IOUs have already begun the preliminary work of splitting trade and professional level categories of trainings to consider Sector Strategy application. Low income weatherization industry was identified in the Advice Letters filed in response to D.09-09-047 as an industry that could benefit from a Sector Strategy review and possible refinement by the IOUs' WE&T Programs. WE&T efforts in the low income programs should not operate completely independent of efforts underway in response to D.09-09-047 and that both advances should progress in parallel, while coordinating efforts whenever possible.

As part of the general energy efficiency WE&T efforts, the IOUs have drafted their plans of action, namely to use the current mainstream energy efficiency filing period to identify specific goals and objectives for targeting sectors that support general Credentials and Certifications Sector Strategy goals and objectives. The IOUs have also pre-identified opportunities to organize existing energy efficiency courses into series and presented that they will pursue development of a certification strategy on a coordinated statewide basis leveraging the expertise and resources of other partnership organizations with similar goals and objectives.

In the ESA Program proceeding, the IOUs are therefore directed to follow, and where appropriate, provide the ESA Program's weatherization and outreach job classifications and courses. The IOUs are also directed to submit cost estimates and budget categories associated with the integration of ESA Program into the mainstream Energy Efficiency WE&T sector strategy efforts and shared funding where applicable.

Furthermore, in the filed Advice Letters in response to D.09-09-047, the IOUs have identified a plan of action to use a Sector Strategy approach around the inclusion of disadvantaged workers to attain strategies that improve awareness of Energy Center training resources among these worker populations and drive results that show reasonable participation. In this decision, the IOUs should be reminded that ESA Program participants are a potential pool of easily identifiable disadvantaged worker populations and that a marketing collaboration of both ESA and Energy Center training opportunities could be fruitful for both programmatic goals and promote cost savings.

3.11.5.6. Brightline's WE&T Pilot Proposal

Brightline's last minute WE&T pilot proposal is denied as it is untimely, fails to include a comprehensive pilot implementation or evaluation plan, is ill-defined as it lacks serious goals, outcomes, metrics for success, and does not incorporate lessons learned from the 2009-2011 ESA Program WE&T Pilot.[95] We encourage parties to work with the IOUs to find ways to explore leveraging possibilities for such efforts.

3.11.5.7. Joint Parties' Recommendation

The Joint Parties' proposal that the IOUs focus WE&T efforts to diverse business enterprises with annual revenues of $1 million or less is denied as it is vague, ambiguous, excessively restrictive and burdensome for the IOUs to implement. Moreover, here is no information in the record indicating its needs are justified.

4. CARE Program and Budget

4.1. Proposed and Adopted CARE Budgets

In this decision, we approve the IOUs' proposed 2012-2014 CARE program budgets, with some modifications. As part of the 2012-2014 CARE Applications, the IOUs seek an approximately 19% increase in their overall administrative expenses from the budget authorized for 2009-2011 program cycle.

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[95] The 2010 Low Income Energy Efficiency Workforce Education & Training (WE&T) Pilot Project aimed to recruit and train residents of disadvantaged, low income communities to install energy efficiency measures in households as part ESA Program Proposal teams were required to include partners from educational institutions, ESA Program implementation contractors, and IOUs. Each team proposed to develop and implement a certificate program (offered through an educational institution) that included both in-class and hands-on training that could be used to train students in the core competencies they would require to find work as Energy and Weatherization Specialists in the IOU ESA Programs. Results can be found at http://liob.org/docs/ACF9D9.pdf.

We expected and find that the IOUs' budget needs have increased because of various factors including the higher costs of reaching each new customer as IOUs' CARE penetration rates climb. Some of these escalating costs are also attributed to increasing postage and mailing costs over the recent years, higher capitation fees for contractors as the program expands, and more individualized reasons, including the additional need for supervision and oversight of the program as penetration rates increase. The IOUs propose to gear up their outreach efforts to offset the expected high attrition rate the IOUs experience in CARE Program in order to maintain the current penetration rates.

Based thereon, we find the proposed budgets reasonable and approve the IOUs' proposed CARE budgets, with some reductions as summarized and discussed below.

IOUs' Proposed CARE Program Budgets 2012-2014				
	CARE			
Utility	2012	2013	2014	Cycle Total
PG&E	$672,301,000	$644,316,000	$617,600,000	$1,934,217,000
SCE	$335,551,000	$382,365,000	$422,422,000	$1,140,338,000
SDG&E	$77,589,684	$86,588,094	$87,588,301	$251,766,080
SoCalGas	$136,764,829	$137,639,959	$139,006,654	$413,411,441
Total	$1,222,206,513	$1,250,909,053	$1,266,616,955	$3,739,732,521

Adopted CARE Budget Summary 2012-2014				
	CARE			
Utility	2012	2013	2014	Cycle Total
PG&E	$675,724,512	$647,486,512	$620,756,512	$1,943,967,537
SCE	$342,742,814	$389,317,814	$429,373,814	$1,161,434,442
SDG&E	$79,093,723	$87,969,690	$89,007,449	$256,070,862
SoCalGas	$145,684,041	$146,018,283	$147,508,040	$439,210,364

Total	**$1,243,245,090**	**$1,270,792,299**	**$1,286,645,816**	**$3,800,683,205**

For each utility, the proposed and adopted CARE budgets are summarized and attached in Appendix A and are detailed on the attached Appendix M to this decision.

4.2. CARE Administrative Expenses - Outreach Budget Component

In the Applications, the IOUs request a total outreach budget of $42 million an increase of approximately 8% over the 2009-2011 cycle. PG&E requests an authorization to spend $1 million to inform CARE customers of a new Tier 3 rate that was implemented for CARE customers on November 1, 2011.

4.2.1. Parties' Positions

4.2.1.1. DRA

DRA proposes a significant downward adjustment to the outreach portions of the IOUs' CARE administrative budgets since the IOUs plan only to maintain, rather than increase, their penetration rates in the upcoming cycle. DRA objects to the proposed CARE budget increases for PG&E, SCE and SoCalGas and argues that they are unreasonable in light of the substantially fewer additional projected enrollments for the 2012-2014 program cycle.

DRA also opposes PG&E's request for authorization to spend $1 million to inform CARE customers of a new Tier 3 rate that was implemented for CARE customers on November 1, 2011. While DRA has supported, and continues to support, special notifications to CARE customers in *advance* of bill increases to alleviate the volatility that can make it difficult for CARE customers to pay their bills, DRA does not support funding the notice to CARE customers *subsequent* to the delivery of the increased bill.

DRA, in its response to the December 2011 Ruling, explained that to develop its alternative recommended CARE Outreach budgets, DRA first estimated how many customers would enroll in the CARE program. Then it calculated the average cost per enrollee. DRA recommends connecting the outreach costs to penetration rates because program administrators should not continually require more funding when CARE penetration has reached its goal, as DRA believe it has. DRA notes that it is mindful that not only do the IOUs mass-market the CARE Program though the CARE outreach budget, but they also duplicate these efforts through their overall general customer information campaigns pursuant to recent directives in other proceedings. Finally, as more and more residential customers enroll in CARE, DRA opines the outreach efforts should be easier as the CARE program becomes better advertised.

4.2.1.2. Joint Parties

In contrast to DRA's position, the Joint Parties first recommended tripling of the outreach and enrollment budget for each IOU for both ESA and CARE Programs and in subsequent testimony recommended doubling of such budgets instead. The Joint Parties recommended the original tripling of CARE administration outreach funding based on increased costs associated with the outreach efforts (e.g. higher gas costs, etc.). In addition, the Joint Parties recommend outreach be conducted in Tagalog or Taglish and any other South East Asian or Pacific languages.

The Joint Parties argue that by doubling the IOUs' outreach and enrollment budget, the IOUs can focus on paying community based organizations sustainable wages and focus more marketing efforts towards the hardest-to-reach customers through door-to-door campaigns.[96]

4.2.1.3. Greenlining

Greenlining supports the Joint Parties' request that PG&E should include Tagalog as one of the languages it conducts outreach in and also suggests that SDG&E and SoCalGas consider adding Tagalog to the languages in which they will communicate with CARE (and ESA Program) customers.

4.2.2. IOUs' Positions and Responses to Objections

4.2.2.1. PG&E

In the 2012-2014 budget cycle, PG&E's plan is to maintain the current volume of households on the program at its current CARE penetration rate of 90 percent. To do so, PG&E believes it will need to acquire new households at approximately the same rate as in the 2009-2011 program cycle. This projection is based on PG&E's experience that a substantial number of new enrollments would be needed each year in order to maintain the current program volume and the penetration rate, accounting for the expected attrition rate which continues to be a significant factor.

Table 2-1 in PG&E's testimony demonstrates that in the 2012-2014 program cycle, attrition is projected to be approximately 371,000 households per year. Table 2-2 in PG&E's testimony demonstrates that the majority (51%) of this attrition is due to closed accounts, with 32 percent estimated to come from failure to recertify and 17 percent from ineligible or Post Enrollment Verification failure.

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[96] Joint Parties' Response to December 28, 2011 Ruling at 14.

At the end of program year 2011, PG&E reported that 409,000 new CARE enrollments will have been added during the 2009-2011 program cycle—at a net increase of 34,000 CARE customers. PG&E attributes this low net increase to the high levels of attrition noted above. For the 2012-2014 program cycle, PG&E therefore will be required to enroll 387,000 new households per year in order to maintain a 90 percent penetration rate, while accounting for the attrition rate experienced in the past cycle.

Taking the attrition factors into account, DRA's proposed outreach budget of $4,700,000 for the 2012-2014 program cycle would result in a severe decrease of the penetration rate as PG&E would not have the funds to enroll the necessary number of CARE customers (see table in section 4.2.5 of this decision).

In response to concerns about the CARE Tier 3 Rate outreach plan, PG&E noted that Phase I of the comprehensive, multi-lingual, Tier 3 Electric Rate Outreach Campaign was conducted in September-October 2011, educating customers before the new rate went into effect on November 1, 2011. The campaign consisted of a number of initiatives, including English and Spanish bill inserts to all CARE electric customers, direct mail and email in seven languages, and distribution of the communication piece through internal and external partners. In PG&E's 2012-2014 CARE Application, PG&E seeks authorization for an additional funding in 2012 to conduct Phase II of the Tier 3 Electric Rate Outreach Campaign, to remind customers about this change before the summer months, when CARE customers are likely to be most affected by the new rate.

4.2.2.2. SCE

SCE contends DRA's proposal is unfounded and will result in a significant decrease in enrollments and the inability of SCE to continue to operate administrative portions of the CARE Program. SCE's outreach budget is not used exclusively for new enrollment activity. Rather, similar to PG&E, it includes funding for efforts critical to maintaining SCE's current penetration rate.

4.2.2.3. SDG&E

SDG&E disagrees with the assertion made by DRA that SDG&E does not justify its increased CARE outreach budget and its recommendation that the outreach budget should instead be reduced to a 15% increase or at a cost of $24.00 per enrollment. SDG&E asserts that DRA provides no foundation for its recommended reduction and it should, therefore, be rejected by the Commission.

SDG&E points to its Application, *Multi Lingual Multi Cultural Outreach, Outreach to Disabled Communities,* and *CARE Outreach Application and Community Outreach Collateral Material* represents efforts to support more aggressive, targeted approaches for reaching the most hard-to-reach customers. SDG&E therefore planned for the costs associated with targeted, in-language outreach initiatives. These costs are significantly higher than traditional outreach such as automated phone campaigns, direct mail, or email campaigns.

4.2.2.4. SoCalGas

SoCalGas has identified hard-to-reach customers as a priority for the 2012-2014 program cycle. Communicating with hard-to-reach customers will require additional resources, but because these customers represent some of SoCalGas' most vulnerable customers, the additional resources are appropriate. Both traditional and innovative tactics will be required, e.g., increasing multi-lingual translations of print collateral, increased attendance at community events, use of advocates within targeted communities, multi-format collateral (such as Braille and large-font format as discussed below), multi-format mass media (such as closed captioned and/or sign language), and more. SoCalGas will continue to build relationships with organizations, such as the Braille

Institute and the California Council of the Blind. SoCalGas will also be translating its Customer Assistance Programs pamphlet into Braille. Moreover, in 2012, SoCalGas will be translating more and more material into large font formats.

4.2.3. Discussion

The IOUs provide more than adequate justifications in support of their respective CARE outreach budgets and correct assertions made in DRA's testimony. The IOUs also identify aggressive and necessary outreach efforts to combat the attrition rate and to reach the hardest to reach CARE customers and initiatives that are expected to impact outreach expenditures including CARE capitation fee increase, data sharing requirements as outlined in D.11-05-020, marketing campaigns and communication in new languages, and outreach to customers with disabilities.

We believe that DRA's recommended proposal would have a tragic effect on the outreach efforts the CARE Program requires. DRA's proposed outreach figures as compared to the IOUs' proposed outreach budgets to carryout the needed outreach are set forth below. These are not minor reductions but are significant and will hamper the IOUs' ability to maintain the CARE penetration rate.

2012-2014 IOUs' Proposed CARE Outreach Budget versus DRA Proposal

	PG&E	SDG&E	SCE	SoCalGas
IOUs' Proposed	$18,470,000	$6,652,933	$6,305,000	$11,505,188
DRA Recommended	$4,700,000	$4,421,000	$1,359,000	$4,114,000
Variance	**- $13,770,000**	**- $2,231,933**	**- $5,944,100**	**-$7,391,188**

We have learned that the CARE population is constantly changing, rendering the aggressive outreach efforts as proposed by the IOUs necessary in order to enroll and retain eligible customers in the CARE Program.

We find the proposed increases in CARE administrative costs and budgets are warranted and supported by the attrition figures and the challenges faced by the IOUs. We agree with the IOUs that it costs more to reach customers once penetration levels increase, since the customers that are easiest to reach are already enrolled in the program. We find it reasonable that increased penetration require additional staffing and management, raises capitation payments, and increases associated with recertification costs.

We therefore approve the IOUs' CARE outreach budgets, as proposed, with minor reductions. As for PG&E's request for funding in 2012 to conduct Phase II of the Tier 3 Electric Rate Outreach Campaign, reminding customers about this change before the summer months, we agree with DRA on this issue that subsequent notification is unnecessary, and therefore, this request is denied.

As each electric IOU funds cooling centers differently, we address the cooling center issue separately in the following section of this decision.

4.3. CARE Administrative Expenses – Cooling Centers

The cooling center budgets proposed by SCE, PG&E, and SDG&E in their Applications are outlined in the table below. Consistent with prior program cycles, SDG&E and PG&E are requesting to fund the centers as part of CARE administrative expenses, while SCE is requesting continued funding for its cool centers through a recovery account apart from CARE.

Overview of IOUs'
Authorized 2009-2011 Cooling Center Budgets compared to Proposed 2012-2014
Cooling Center Budgets

Utility	# of Cooling Center Facilities	Authorized D.08-11-031	Projected Expenses 2012-2014
SCE	20	$2,300,000	$2,300,000
PG&E	65	$1,200,000	$708,000
SDG&E	119	$162,000	$177,000

4.3.1. IOUs' Proposals

4.3.1.1. SCE

SCE requests approval of its 2012-2014 program budgets, plans and ratemaking for the Cool Center program. Specifically, SCE requests:

- Approval of $767,000 in 2012; $768,000 in 2013; and $776,000 in 2014 for Cool Center program administration and implementation;
- Consistent with Advice Letter 2011-E and D.06-12-038, as modified by D.07-06-004, and as authorized in D.08-11-031, SCE proposes to continue to record the 2012-2014 Cool Center program expenses to the Public Purpose Programs Adjustment Mechanism (PPPAM)[97] by modifying Preliminary Statement, Part FF, PPPAM, to record up to $767,000 in 2012; $768,000 in 2013; and $776,000 in 2014 as incremental Cool Center program costs associated with implementing the 2012, 2013, and 2014 Cool Center programs; and
- SCE proposes that the Commission modify the PPPAM to record all incremental Cool Center program-related expenses incurred during the summers of 2012 and 2013 and 2014, not to exceed $767,000 in 2012; $768,000 in 2013; and $776,000 in 2014.[98]

4.3.1.2. SDG&E

SDG&E partners with the Aging and Independence Services of San Diego County to administer the Cool Zone program in SDG&E's service territory. The program's purpose is to encourage seniors and disabled persons to visit local

[97] The PPPAM balance is consolidated in SCE's Public Purpose Programs Charge (PPPC) revenue requirement and included in PPPC rate levels in SCE's annual Energy Resource Recovery Act (ERRA) forecast proceeding. The Cool Center program costs may be reviewed by the Commission, along with all entries recorded in the PPPAM, in SCE's April 1 ERRA Review application.

[98] SCE's Application at 65-77.

designated air conditioned public sites to stay cool during summer months. For program years 2012-2014, SDG&E plans to continue to support the County of San Diego's Cool Zone program as one of its' CARE outreach efforts and has budgeted $57,456 for PY2012, $59,122 for PY2013 and $60,778 for program year 2014 for the same services as those approved by the Commission for program cycle 2009–2011, which represent 9% increase from the previous program cycle.[99]

4.3.1.3. PG&E

PG&E's Cooling Centers are facilities opened to the public and operated during hot summer months to provide shelter from heat as the use of Cooling Centers can reduce the risk of experiencing heat-induced ailments for the targeted population of elderly and low income citizens. PG&E's Cooling Centers Program worked with local governments to support their existing cooling centers, to educate targeted customers on heat preparedness, and to publicize the location and accessibility of Cooling Center locations within PG&E's service area.

PG&E requests the following estimated budget to continue its Cooling Center Program: $229,000 for program year 2012, $236,000 for program year 2013, and $243,000 for program year 2014. These figures reflect PG&E's Cooling Center budget decreases to adjust to previous cycle expenditure.[100]

4.3.2. Background

Commission Resolutions[101] approved Advice Letters to fund Cool Centers as pilots for SCE and SDG&E in 2004 and subsequently for PG&E in 2007. Each resolution directed those IOUs to provide outreach materials to cool center attendees and to track program enrollment. SDG&E and PG&E were directed to

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[99] SDG&E's Testimony (SW) at 14-15.

[100] PG&E's Application at 2-31 - 2-33.

record cool center expenses as part of CARE outreach. SCE was granted permission to record its costs in a separate Cool Center Program Memorandum Account (CCPMA) and seek recovery of these costs in its April 1, 2005 ERRA reasonableness application.[102]

D.05-04-052 authorized cool centers funds for SCE and SDG&E as part of CARE outreach[103] and barred certain expense categories including with rent, utilities, insurance, janitorial services, other overhead costs, transportation (bus passes, vehicle rental, fuel costs), staffing at Cool Centers, or snacks and beverages.

4.3.3. Conclusion

During prior budget cycles, PG&E, SDG&E and SCE have each funded cooling center activities very differently. During the 2009-2011 budget cycle, SCE supported approximately 20 cooling centers; PG&E supported approximately 65 centers; and SDG&E supported approximately 119 cool zone facilities.

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101 SCE E-3885, SDG&E E-3873, PG&E E4040.

102 OP #5 D.06-11-016 Opinion On The Reasonableness And Prudence Of Southern California Edison Company's Energy Resource Recovery Account And Other Regulatory Accounts SCE is authorized to close nine regulatory accounts no longer serving regulatory purposes. Those accounts are the Block Forward Market Memorandum Account, PX Credit Audit Memorandum Account, Songs 2 & 3 Permanent Closure Memorandum Account, Palo Verde Permanent Closure Memorandum Account, Independent Evaluator Costs Memorandum Account, Bill Format Modification Memorandum Account, Voluntary Power Reduction Credit Memorandum Account, Cool Center Program Memorandum Account, and Electric Transaction Administration Costs Memorandum Account**.** Revisions to its Tariff reflecting the closing of these accounts shall be filed by SCE within 30 days after the date of this order

103 D.05-04-052, OPs 7-8.

The Applications filed by PG&E and SDG&E describe existing partnerships with local government entities, specifically financial support is provided to city and county agencies to fund cooling centers, while SCE works primarily with community based organizations and faith based organizations to provide similar services. SCE's budget has been substantially higher than PG&E and SDG&E while the number of facilities in SCE's territory has remained the lowest. SCE's proposed cooling center budget represents approximately three of its CARE outreach cost, in comparison to PG&E's and SDG&E's respective proposed budgets which are approximately 4% and 3% of overall outreach costs.

Recommendations outlined in SCE's 2009 Cool Center Program Evaluation also adds to our concern by repeatedly pointing out instances where cooling centers were found to be costly to operate, overstaffed, under attended, lacked actual outreach efforts, and not strategically located or noticed, which all provide further evidence that utilization of third parties to operate cooling centers increase expenses without increasing benefits.

To better understand the costs and benefits of these efforts and to achieve the goal of actually providing relief from heat and high energy bills to California residents during extreme heat conditions while ensuring ratepayer funds are appropriately managed, the IOUs are directed to report on November 15th of each year, 30-days after cooling center activity concludes on October 15, tracking information by cooling center facility including, attendance, low income program enrollments, and itemized expenses. The IOUs are further directed to describe the energy education and marketing materials provided at each cooling center facility during the prior year.

The Commission may, upon review of the reports, determine whether or not to continue or otherwise augment cooling center budgets for subsequent program years. The IOUs are also directed to post on their websites a list of designated cooling center locations as well as days and hours of operation. Furthermore, PG&E, SDG&E, and SCE are directed to coordinate with local government agencies to establish and streamline emergency notification and cooling center designation processes, avoid duplication of services, and ensure exemptions for cooling centers from rotating outages.

The proposals by PG&E and SDG&E to continue to fund the cooling centers as part of their CARE Administration budgets and SCE's request to utilize a separate memorandum account under ERRA for funding are reasonable and therefore granted. At this time, since the IOUs have not presented specific plans to add additional facilities or service during the 2012-2014 program cycle, the Commission authorizes the IOUs' proposed cooling center budgets, at the modified levels.

The approved cooling center budgets are reduced from the proposed levels and reflect exclusions based on D.05-04-052. These include apparent expenses designated for categories associated with rent, utilities, insurance, janitorial services, other overhead costs, transportation (bus passes, vehicle rental, fuel costs), staffing at cool centers, or snacks and beverages as we previously indicated as inappropriate cooling center expenditure, under D.05-04-052.

Furthermore, SCE's proposal to spend $30,000 to conduct a subsequent evaluation of its cooling center program is denied. Such funds would be more appropriately spent on statewide evaluation and coordination efforts aimed to better align the cooling center funds and activity among the IOUs and with similar services provided by local, state and federal agencies. The approved cooling center budgets for PG&E and SDG&E amount to approximately 2% of authorized outreach cost, while SCE's authorized budget amounts to approximately 5% of its outreach expenses. SCE is encouraged to work with the other IOUs, community based organizations and faith based organizations to identify alternate funding approaches to minimize cost while maximizing the number of quality cooling center locations.

Proposed and Approved Cooling Center Budgets 2012-2014

Utility	IOUs' Proposed 2012-2014 Cooling Center Budgets	IOUs' Adopted 2012-2014 Cooling Center Budgets	Disallowances
*SCE	$2,300,000	$315,250	$1,984,750
PG&E	$708,000	$383,537	$324,463
SDG&E	$177,000	$102,621	$74,379

*SCE's cool center program is funded through a separate ERRA memorandum account apart from CARE, therefore overall CARE budget will not be impacted.

4.4. CARE Categorical Eligibility and Enrollment, Post Enrollment Verification, and Recertification

The IOUs, in their Applications, have identified a significant concern that the current enrollment process that enables the low income customers to be eligible for the CARE program benefits through an expedited process commonly referred to as Categorical Eligibility or Enrollment Program leads to CARE subsidies being diverted from legitimate CARE eligible customers and ratepayers to ineligible households.

4.4.1. Categorical Eligibility and Enrollment

In their Applications, PG&E, SDG&E, and SoCalGas request the Commission reexamine the various programs used in their Categorical Eligibility and Enrollment Program. The Categorical Eligibility and Enrollment Program permits a low income customer to be deemed income qualified and therefore eligible for the CARE program benefits, if they happen to be enrolled in one or more of the pre-approved listed governmental low income programs. It assumes that the other approved low income assistance program has already verified that customer's income and that verified income level aligned with the CARE income threshold of 200% federal poverty guideline. The IOUs however contend that many of the programs pre-approved for the Categorical Eligibility and Enrollment Program currently have income levels, definitions of income, and other income eligibility concerns that are not in alignment with the CARE income threshold. The IOUs have therefore proposed that the Commission hold a workshop with the goal of adding and removing some of public service programs from the current Categorically Eligibility and Enrollment Program pre-approved list.

4.4.2. Post Enrollment Verification

The IOUs, in their Applications, also propose to begin Post Enrollment Verification for all categorically enrolled customers because they have found in their experience a significant number of self-submitted income information from those customers who have enrolled via the Categorical Eligibility and Enrollment Program show actual incomes at a higher household income levels than currently permitted by CARE. Therefore, ineligible (non-income qualifying) households have proven to have enrolled in the CARE program through this process.

4.4.2.1. SCE's Post Enrollment Verification Proposal

To address this concern, SCE has requested an additional $5 million for increased Post Enrollment Verification, an automated verification stratified selection model, internal file sharing with ESA and its Energy Assistance Fund to share program verifications, to create a
centralize database for customer communications/program letters, and to enhance the CARE/FERA application and related systems to allow customers

the ability to select preferred method for future communications. SCE proposes to increase CARE verification to 5% of participating customers annually in the 2012-2014 program cycle. Additionally, SCE requests that for CARE customers who fail to respond to an income verification request, those customers be barred from any self-certified re-enrollment in the CARE Program for 24 months. However, if at any time during the 24 months, those customers verify their income eligibility, they will be placed back on the CARE Program. After 24 months, those customers will be able to enroll in CARE by self-certifying their household and income eligibility.

4.4.2.2. PG&E's Post Enrollment Verification Proposal

PG&E proposes to modify certain elements of its recertification and Post Enrollment Verification processes as well as the method by which customers are selected for Post Enrollment Verification. These modifications may increase the number of requests processed, however PG&E did not specifically detail the proposed modifications. PG&E seeks approval to allow its network of Community Outreach Contractors to receive up to $18.00 fee for Post Enrollment Verification assistance. PG&E has also proposed adoption of a standard income verification document for users between 400 and 600 percent of baseline which may require these customers to provide a state or federally verified form of income proof, such as the household's annual tax returns.

4.4.2.3. SoCalGas' Post Enrollment Verification Proposal

SoCalGas proposes to require Categorically Enrolled customers to provide income documentation during the Post Enrollment Verification process and to remove customers from the program if their total household income exceeds the CARE program guidelines. SoCalGas' CARE program intends to modify the

Post Enrollment Verification selection process and will increase the number of income verification requests and is requesting an additional full time employee to support this effort.

4.4.2.4. SDG&E's Post Enrollment Verification Proposal

SDG&E requests authorization to require categorically enrolled customers to provide income documentation, in addition to providing proof of participation in one of the categorical programs, when and if randomly selected for post-enrollment verifications.

4.4.3. Other Parties' Positions

SFCP seems generally supportive of the need to tighten the oversight over the CARE enrollment and funds and presents information that between 2000 and 2009, CARE expenditures in PG&E's service territory jumped by almost 2,222 percent, from $27 million to $481 million.[104] SFCP also cites statistics that show that electricity consumption paid for through the CARE Program have almost tripled over the past decade in PG&E's and SCE's service territories.[105]

Most other parties oppose any tightening of the Categorical Eligibility and Enrollment Program, but prefer to examine that issue in workshops to explore ways to address gaps in the current process. DRA, CforAT, and Greenlining express that they do not agree in limiting Categorical Eligibility but are in favor of workshops on the issue. DRA indicates that Categorical Enrollment eliminates administrative costs for both CARE and ESA Programs by reducing

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[104] SFCP Opening Testimony at 6; and SFCP also argues that the CARE discount rate inadvertently mutes price signals to low income customers that would otherwise prompt conservation or inspire efficiency investments. *Ibid.*

[105] *Id.* at 10.

efforts needed to income qualify households and is supportive of SCE's efforts for internal file sharing with ESA/EAF to share program verifications.[106] TURN's reply testimony also opposes the IOUs' request to limit Categorical Eligibility and argues that the number of CARE customers Categorically Enrolled whose income exceeds the CARE income limits "is insignificant" and that there are administrative savings associated with categorical enrollment.

4.4.4. IOUs' Response to Other Parties' Positions

In their reply testimonies, SoCalGas, SDG&E, and PG&E clarify that they do not seek elimination of Categorical Eligibility and Enrollment program and that they are instead seeking program alignment with Code § 739.1 4[107] and CARE Program administration that ensures that CARE discount rates are received *only* by those lawfully intended to receive them.

4.4.5. Discussion

After more than 20 years of outreach and enrollment efforts, the CARE Program is looking at extraordinarily high enrollment figures and penetration rates that should raise some eyebrows for the stewards of ratepayer funds. The IOUs are correct in identifying the loopholes in the CARE Program and to proactively devise solutions to address these problem areas as they have done so in their Applications. The CARE Program has a growing subsidy expected to exceed $3.6 billion dollars in the 2012-2014 cycle. Under the current enrollment

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106 DRA Reply Testimony at 5; and DRA's reply testimony argues against SFCP's claims that the CARE program rate encourages energy overconsumption, and instead presents information that in except for the smallest dwellings, low income customers use significantly less electricity than similarly situated higher income customers. *Ibid.*

107 Code § 739.1 4 provides that tiers 1, 2, and 3 CARE rates shall not exceed 80 percent of the corresponding tiers 1, 2, and 3 rates charged to residential customers not participating in the CARE Program.

approach and projections, CARE participation/penetration rate is reaching (and may exceed) 100% of the CARE eligible population within many of the IOUs' territories.

On the one hand, we can attribute these high penetration figures as showing the progress we made in outreaching to the low income community. On the other hand, those impressive figures also raise some glaring concerns as pointed out by the IOUs. Over the course of the past several years, we have been looking at the increasingly growing CARE subsidy costs and budgets while also seeing the extraordinarily high CARE penetration rates. The reality is that we have not seen those similarly high penetration numbers in the ESA Program, although ESA Program has an identical income eligibility threshold. While we understand that the two programs are different in several ways which likely attributes to some of the differences in those penetration figures, we cannot ignore the reality that the current CARE penetration numbers and projections, all confirm that there is a sizable number of ineligible customers enrolled in the CARE program and receiving CARE subsidy rates to which they are not entitled. We therefore must ensure that CARE funds and programs are effectively managed and administered to ensure the benefits reach the intended eligible customers, and to plug holes where we might to ensure the benefits reach the intended eligible customers.

While DRA, TURN and others assert that Categorical Eligibility program results in CARE administrative savings, we are not convinced that such savings necessarily permit us to look the other way under these circumstances. Moreover, the 2009 Process Evaluation Report indicates that ESA Program outreach leads are often generated directly from CARE enrollment lists, but that those leads do not often lead to cost-effective enrollments for ESA Program. Instead, "[ESA Program] contractors found that some CARE participants were not eligible for … [ESA Program] because their income could not be verified or was too high."[108] This indicates that any perceived or projected CARE administrative savings may even be lower or negated by costs borne by these programs, such as referral costs, costs to pursue unsuccessful, leads that result in ineligible enrollments, or otherwise leads that result in no enrollment at all, as well as the discount subsidy unlawfully paid to these ineligible customers, at the expense of the ratepayers. Moreover, the estimated cost savings estimates associated with tightening of this Categorical Eligibility process are astoundingly high.

SoCalGas estimates the costs of a new policy requiring customers to include income documentation during recertification to be $3.57 million annually. SDG&E estimates costs of a new policy requiring customers to include income documentation during recertification will be a one-time cost of $120,000 and $420,000 annually. SCE estimates costs of a new policy requiring customers to include income documentation during recertification will be $4 million annually. PG&E estimates costs of a new policy requiring customers to include income documentation during recertification will be $4 million annually.

PG&E has estimated the cost of a single Post Enrollment Verification at $5.22, with a Post Enrollment Verification rate of 25% projecting to cost $2 million annually as compared to $105 million in CARE subsidy savings annually. SCE has estimated the cost of a single Post Enrollment Verification at $10.15, with a Post Enrollment Verification rate of 25% projecting to cost $3.6 million as compared to $35.3 million in CARE subsidy savings annually. SDG&E has estimated the cost of a single Post Enrollment Verification at $6.50, with a Post

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108 2009 Process Evaluation at 43.

Enrollment Verification rate of 25% projecting to cost $420,000 annually but has not provided estimated figure of CARE subsidy savings. SoCalGas has estimated the cost of a single Post Enrollment Verification at $6.04, with a Post Enrollment Verification rate of 25% projecting to cost $2.4 million - $3.9 million annually as compared to $30.1 million in annual CARE subsidy savings.

We therefore find that we should retain our current Categorical Eligibility and Enrollment Program to continue to allow ease of access for enrolling into the CARE Program. However, we also find several program changes are necessary to ensure that only the eligible customers stay enrolled in the program. Specifically:

- We remove our past emphasis on a 90% CARE penetration target outlined in D.08-11-031 and we redirect the IOUs' focus to delivering the program to only those customers for whom it was designed.
- All prior pre-approved categorical enrollment programs are to be retained; however, the IOUs are directed to verify all Categorically Enrolled customers to undergo Post Enrollment Verification within three months of enrollment. Additionally, Categorical Eligibility is to be retained for the enrollment of new CARE customer enrollments only and that all CARE recertifications will require income documentation verification for renewal. No customers shall be allowed to self-recertify without providing income documentation.
- The IOUs should raise their number of Post Enrollment Verifications of its CARE customers to 25% of enrolled customers per year.
- In addition to tracking the number and reason for each CARE customer dropped during the Post Enrollment Verification process (either through customer non-response or deemed ineligible for the program), the IOUs are directed to begin tracking information concerning those dropped and ineligible customers and how they were

initially enrolled in the CARE Program (e.g. capitation agency, self-certification, categorical enrollment, etc.).

- We approve SCE's request for CARE customers who fail to respond to an income verification request be barred from self-certified re-enrollment in the CARE Program for 24 months. However, if at any time during the 24 months a removed customer verifies eligibility, they will be placed back on the CARE rate. After 24 months, those removed customers may be able to enroll in CARE by again self-certifying their household and income eligibility. To ensure consistency statewide, the other IOUs are directed to implement identical CARE program rules.

We support the movement towards quality enrollments. We approve PG&E's request to allow CARE capitation contractors to aid in the Post Enrollment Verification process for an "up to $18.00" per capita fee, and direct all other IOUs to institute similar outreach programs. The IOUs are also directed to develop and field a uniform quality control audit protocol for CARE/Post Enrollment Verification capitation contractors.

SCE's requests for $2.9 million in information technology program upgrades are reasonable and is be granted. SCE's request for $2.1 million for increased verification processing is approved. SCE as well as other IOUs may need to seek authorization to augment their budgets to reflect the increased Post Enrollment Verification ordered in this decision. With these additional controls, we therefore do not see a need for a workshop on the Categorical Eligibility issue.

4.5. CARE Egregious Usage Customers

4.5.1. PG&E's Proposal

In its Application, PG&E requests specific CARE Program rule changes to address egregious electric users enrolled in the CARE Program and potentially receiving CARE discount rates unlawfully. PG&E proposes to: (1) require customers with energy usage above 600% of baseline be removed from the CARE subsidy program if they cannot drop their usage within 180 days; and (2) customers with usage levels between 400%-600% must undergo post-enrollment verification and participate in the ESA Program or be removed from the CARE program. PG&E has also proposed the adoption of a standard income verification document for users between 400 and 600 percent of baseline which may require these customers to provide a state or federally verified form of income proof, such as the household's annual tax returns. PG&E estimates that these new methods will have a one-time cost of $73,000 in the 2012 CARE Program and requests authorization for said budget.

4.5.2. Background

PG&E found that the top 1% of its electric users account for 10% of overall electric usage and its record shows that $42.4 million in CARE subsidies support those users. For SCE and SDG&E, 0.7-0.92% of their CARE electric residential customers had annual usage during 2010 between 400% and 600% of baseline, and 0.1-0.2% of CARE electrical residential customers had usage over 600% of baseline.

4.5.3. Other Parties' Positions

In their testimonies, Greenlining, CforAT, and TURN have offered modifications to PG&E's potential CARE Program rule changes including the requirement that customers with usage above 600% undergo Post Enrollment Verification within 45 days of receiving notice and agreement to participate in ESA Program within 45 days of notice (the same rules would apply for customers with usage of 400%-600%). Some have asked PG&E to provide such customers with in-depth notices in multiple languages and formats and an ability to appeal their CARE participation termination. NRDC supports these proposed modifications to PG&E's proposal.

SCE has stated that any high usage program rules changes be made applicable statewide.

SoCalGas requests exclusion from any adoption of PG&E's CARE high usage proposals since as a gas-only utility, SoCalGas does not have similar issues.

4.5.4. Discussion

During the 2009-2011 program cycle and in this proceeding, the parties, members of the public, print media and even the legislature have brought forth this issue as a significant concern. A workshop was held in this proceeding in October 2011 wherein this issue was further examined. Parties provided anecdotal evidence that a small number of customers maybe using the CARE rates to subsidize (unlawful activities such as marijuana growing operations) and the legislature and media have similarly reported these concerns.

Naturally, CARE funds should be set aside solely for eligible customers and for lawful purposes only. We have been working toward tightening the CARE program and its administration and in doing so any misuse, abuse or potentially fraudulent allocation of CARE funds is carefully monitored and reconciled.

Based on the foregoing, we find that PG&E's proposed CARE Program changes to address the egregious electric users on the CARE rate are reasonable and timely. We approve it, with modifications, and also require implementation statewide for all electric IOUs. The statewide program changes should include:

- CARE electric customers with usage above 600% of baseline have 60 days to drop usage substantially or be removed and barred from the program for 24 months.
- CARE electric customers with usage between 400%-600% of baseline must undergo Post Enrollment Verification and apply for ESA Program within 45 days of notice. The electric IOUs should develop and field a

standard income verification document for these instances which may require customers to provide a state or federally verified form of income proof, such as the household's annual tax returns.

4.6. CARE Capitation Fee

4.6.1. PG&E's Request to Increase Capitation Fee

In its Application, PG&E requests an increase of the capitation fee from up to $15.00 to up to $18.00 for each new enrollment for program year 2012-2014.[109] The main justification for PG&E's request for a capitation fee increase is that because PG&E has exceeded the 90 percent CARE penetration rate, PG&E anticipates some added barriers in reaching the last of the remaining eligible customers. In addition, PG&E also notes the costs of fuel have risen considerably in recent years, making the Community Outreach Contractor outreach program more expensive to conduct. We approve PG&E's request, as modified and discussed below.

4.6.2. Joint Parties' Request for Increase in Capitation Fee and More

The Joint Parties, in their testimony, propose a significantly broader proposal relating to the capitation fee which includes (1) increasing the capitation fee to $20 for each enrollment or more, and (2) providing capacity building grants to community based organizations so they can provide hourly wages of $20 per hour plus administrative costs for their outreach staff. In their part, they echo the similar increased costs (mileage reimbursement, insurance, etc.)[110] noted by PG&E to support their proposed capitation fee increase and

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[109] No IOUs other than PG&E request increased capitation fee.

[110] Joint Parties' Response (dated January 13, 2012) to December 28, 2011 ALJ Ruling Seeking Comments Set #1.

grant concept. In their subsequent comments, the Joint Parties increased that proposed capitation fee increase figure from $20 to $25, in some instances, when community based organizations enroll customers through a door to door campaign events.[111]

4.6.3. Discussion

D.01-06-010 and D.02-01-040 authorized a capitation fee of up to $12.00 for each new CARE enrollment to compensate the community based organizations for the incremental increased costs incurred by the community based organizations that are directly associated with the signing up process, for which that the community based organizations do not get a separate compensation by their other primary funding sources. That cap was increased in D. 06-12-038 and has remained at the current "up to $15.00" per enrollment level since 2006. Confirming the intent and purpose of the capitation fee, CforAT correctly notes in their comments that "enrolling low income clients in CARE is not a task that requires dedicated staff" but one of many efforts being offered in the overall process by these organizations to provide assistance to the clients.[112] Thus, while CforAT was not opposed to and in fact welcomed any potential additional funding via an increased capitation fee, CforAT did not specifically seek a capitation fee increase nor provided added justification for the Joint Parties' proposals.

As to the Joint Parties' proposals (to increase capitation fee from $20 to $25 or a "large" additional capacity building grant for the community based organizations to pay "$20 per hours plus administrative costs" to the staff), we

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[111] *Ibid*.

[112] CforAT's Response (dated January 13, 2012) to December 2011 Ruling, Set #1.

are not persuaded. There are aspects to their proposals we find inaccurate, misleading, vague, ambiguous and therefore unreliable.

For instance, in support for their proposals, the Joint Parties minimize the fiscal ramifications by misstating that "the CARE capitation fee ranges from $15-$18, depending on the IOU." Pursuant to D.06-12-038, the IOUs are currently only authorized to pay up to $15 per new enrollment, not $15-$18. The Joint Parties also incorrectly contend that their proposed CARE capitation fee is only approximately 10% more than what PG&E presently pays. The Joint Parties proposal to increase the capitation fee to $20 and $25 respectively are significant and are in fact 33% and 66% higher than the current capitation fee cap of $15. These may simply be calculation errors made by the Joint Parties, but it undermines the reliability of the proposals. Likewise, the Joint Parties' grant proposals are not well defined nor are the costs adequately presented, analyzed or justified as necessary within the current CARE Program. Based thereon, the Joint Parties' proposals are denied.

As for PG&E's request to increase the capitation fee from "up to $15.00" to "up to $18.00" for each new CARE enrollment for program year 2012-2014, we find the request reasonable and justified. We are persuaded by PG&E that there are additional expenses and barriers associated with reaching and enrolling the remaining eligible customers and that reasonably justifies the reasonable capitation fee increase from "up to $15" to "up to $18" per enrollment, consistent with the prior rate of increases the Commission previously adopted.

In addition, in this decision we have challenged the IOUs as some of them have proposed in their Applications to carefully monitor and strategically intensify their outreach and enrollment efforts to increase the number of quality enrollments and to begin to strategize on how to reach the remaining hardest to reach of the low income communities in anticipation of the challenges we expect in the last two program cycles (2015-2017 and 2018-2020) before 2020. To allow for additional and potential strategic capitation fee needs associated with the new aggressive directions we provide in this decision, we authorize additional cushion increase of $2 in capitation fee to total of "up to $20" to allow to be used for the enrollment of the hardest to reach customers in this program cycle, as the IOUs find necessary and consistent with the directions we provide in this decision.

PG&E's proposal to increase the capitation fee cap from "up to $15" to "up to $18" is reasonable and consistent with prior decisions and the approach we have taken on this issue. To allow for additional and potential strategic capitation fee needs associated with the directions we provide in this decision, we further authorize an additional increase of $2 in capitation fee to total of "up to $20" per enrollment to allow to be used toward the enrollment of the hardest to reach customers in this program cycle, as the IOUs find necessary and justified.

While not all of the IOUs sought increase in capitation fee cap, we recognize that the inflationary factors and barriers associated with being at near-full penetration rates are issues that may prove imminent for the other IOUs. Likewise, the additional and potential strategic capitation fee needs associated with the directions we provide in this decision affect all of the IOUs. In view thereof, we will approve an increase in capitation fees to "up to $20 per enrollment" to be applied to all IOUs.

5. Pilots, Studies, and other Miscellaneous Proposals

5.1. Overview and Background

The Commission has always encouraged creativity and innovation in the design and delivery of the ESA and CARE Programs. During the 2009-2011 cycle, however, we experienced numerous delays and budget overruns relating to the approved pilots and studies. We also found that, even during and after the pilots or studies were completed, they may not have been carefully monitored and overseen. Furthermore, we have noticed that the resulting findings had not been timely and/or effectively compiled, reported or otherwise communicated across all of the IOUs and stakeholders to truly yield optimal benefits of such efforts in informing the Commission and the stakeholders for all future changes concerning ESA and CARE Programs.

Based on these experiences and as we approve these historic ratepayer funded budgets in this decision, we cannot help but be cautious enough in our review and consideration of the parties' multitude of proposals. Therefore, we have carefully examined each proposal to ensure that we authorize only those pilots, studies and other proposals that are well thought out, justified and presented with sufficient detailed and meaningful framework for a pilot proposal, and specifically designed to further and meet the goals of the ESA and CARE Programs.

Again, as we have done in prior decisions, we remind and direct the IOUs to meet, collaborate and/or coordinate actively with Energy Division staff, the other IOUs, and other stakeholders to review the results of any pilot, study or other proposal we approve in this decision. With this proviso, we approve and authorize the following proposals and deny others. Even if not specifically denied, any proposal not expressly approved or authorized are deemed denied.

The following are the budgets we approve for pilots, studies and other proposals we approve for 2012-2014:

Utilities	Study/Pilot Name	Budget Requested				Budget Authorized			
		2012	2013	2014	Total Requested	2012	2013	2014	Total Authorized
Joint Utility	**Energy Education Assessment Study**				**$300,000**				**$300,000**
	PG&E Share	$30,000	$30,000	$30,000	$90,000	$30,000	$30,000	$30,000	$90,000
	SCE Share	$30,000	$30,000	$30,000	$90,000	$30,000	$30,000	$30,000	$90,000
	SoCalGas Share	$25,000	$25,000	$25,000	$75,000	$25,000	$25,000	$25,000	$75,000
	SDG&E Share	$15,000	$15,000	$15,000	$45,000	$15,000	$15,000	$15,000	$45,000
	Impact Evaluation of the 2012 ESA Program (Programmatic M&E)				**$600,000**				**$600,000**
	PG&E Share	$60,000	$60,000	$60,000	$180,000	$60,000	$60,000	$60,000	$180,000
	SCE Share	$60,000	$60,000	$60,000	$180,000	$60,000	$60,000	$60,000	$180,000
	SoCalGas Share	$50,000	$50,000	$50,000	$150,000	$50,000	$50,000	$50,000	$150,000
	SDG&E Share	$30,000	$30,000	$30,000	$90,000	$30,000	$30,000	$30,000	$90,000
	CHANGES Pilot				**$0**				**$720,000**
	PG&E Share	$0	$0	$0	$0	$216,000	$0	$0	$216,000
	SCE Share	$0	$0	$0	$0	$216,000	$0	$0	$216,000
	SoCalGas	$0	$0	$0	$0	$180,000	$0	$0	$180,000
	SDG&E Share	$0	$0	$0	$0	$108,000	$0	$0	$108,000
	CHANGES Pilot Evaluation				**$0**				**$80,000**
	PG&E Share	$0	$0	$0	$0	$24,000	$0	$0	$24,000
	SCE Share	$0	$0	$0	$0	$24,000	$0	$0	$24,000
	SoCalGas	$0	$0	$0	$0	$20,000	$0	$0	$20,000
	SDG&E Share	$0	$0	$0	$0	$12,000	$0	$0	$12,000

The projected pilot budget for 2012-2014 is approximately $800,000, which includes Community Help and Awareness with Natural Gas and Electricity Services (CHANGES) Pilot and related evaluation. The combined projected studies budget for 2012-2014 is $900,000.

During the 2012-2014 funding cycle, we are particularly intent on heightening the scrutiny of all pilots, studies and proposals we approve, authorize and evaluate. We also raise the accountability for both timing and deliverables resulting from the authorized pilots, studies and proposals so that the ESA and CARE Programs receive benefits from these initiatives without undue delay.

Below, we review the positions of the parties, approve or disapprove individual and/or joint pilot programs, studies, and other miscellaneous proposals, and provide general guidance for the implementation, reporting, and assessment of these activities.

5.2. Pilots and Studies

5.2.1. CHANGES Pilot Program

On November 19, 2010, the Commission issued Resolution CSID-004 and approved a one-year in-language pilot program referred to as CHANGES and authorized its funding through the CARE Program budget. The CHANGES pilot program launched in February of 2011 and began providing energy-related (electric and natural gas) education, resolution of needs and disputes, and outreach services for limited English proficient consumers in their preferred languages through an existing statewide network of community based organizations.

On November 10, 2011, the Commission issued Resolution CSID-005 and authorized continued CARE Program funding for the CHANGES pilot program and extended the duration of the CHANGES pilot program to allow time for additional data collection and pilot evaluation, as well as time to review and address the appropriateness of continued authorization of CARE Program funding, if any, to this pilot through this current proceeding. In Resolution CSID-005, we directed the Consumer Service and Information Division (CSID) and the Energy Division, along with an independent consultant, to review 12 months of data collected concerning this pilot program to determine its ability to effectively assist limited English proficient consumers and evaluate the benefits of this pilot's use of CARE funds. A final report based on that evaluation was ordered to be submitted to the ALJ in this proceeding, by July 15, 2012, for the Commission's review, consideration and decision in the fall of 2012.

Under CSID-005, the funding for this pilot is set at a level not to exceed $60,000 per month, from CARE funds, not to exceed $720,000 collectively for 2012.

On March 9, 2012, both Directors of the Energy Division and CSID submitted, and electronically served, a joint request letter pursuant to the Commission's Rules of Practice and Procedure, Rule 16.6, to the Executive Director, Paul Clanon, of the Commission, and the service list of R.10-02-005 and this proceeding, requesting an extension of time for the due date of the final evaluation report ordered in CSID-005 from July 15, 2012 to September 1, 2012. The basis for the joint request letter was that the CSID and Energy Division had encountered unforeseen circumstances during the contracting process and the requested additional time was needed to complete the needed evaluation and submit the final evaluation report. On March 12, 2012, the Executive Director, Paul Clanon, granted the requested extension of time for the due date of the final evaluation report ordered in CSID-005 from July 15, 2012 to September 1, 2012.

We intend to revisit the issue of continued CARE funding of CHANGES pilot program in a subsequent decision in the second phase of this proceeding, expected in the fall 2012 after the independent consultant's final evaluation report is submitted and reviewed. The evaluation of the CHANGES pilot program will be completed consistent with the current Energy Division's pilot evaluation procedures and cannot exceed a total of $80,000 collectively from the IOUs' CARE Program Measurement and Evaluation (M&E) budget at an amount not to exceed 10% of the total pilot budget.

5.2.2. CARE Customer Choice Pilot Proposal (Choice Pilot) and Split Incentive Study Proposal (Split Incentive Study)

SFCP, in its opening testimony proposed a pilot program and a study: the Customer Choice Pilot and Split Incentive Study. The Customer Choice Pilot proposal seeks Commission's authorization for $3 million to allow 900 CARE customers a choice to redirect a portion of their CARE subsidy to purchase energy efficient appliances, in lieu of the CARE discount. The Split Incentive Study proposal seeks Commission's authorization for $200,000 to study third-party ownership of energy efficient appliances to review the split-incentive barriers in multi-tenant settings.

Many parties commented on these proposals. SCE, SoCalGas, SDG&E, TURN, and DRA all have raised concerns and have opposed these proposals.[113] We too share those concerns. Notably, the Customer Choice Pilot proposal failed to include a comprehensive pilot implementation or evaluation plan, and, as proposed, it lacks serious goals and outcomes. There are no proposed measures for the pilot's success, and overall, the proposal is ill-defined and redundant of some of the current ESA Program offerings and efforts. Similarly, the Split Incentive Study proposal also lacks defined study goals. In their responses to the December 2011 Ruling, SFCP modified some elements of the original proposals, e.g. to include a survey regarding measures. However, these modifications further confused the scope and size of the study being proposed.

Overall, SFCP's proposals are incomplete, ill-defined and redundant of current ESA Program efforts. Therefore, we do not approve SFCP's proposed

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[113] SoCalGas' Reply Testimony, SoCalGas' Reply Testimony, SCE Reply Testimony, DRA's Reply Testimony, TURN's Reply Testimony.

Customer Choice Pilot, and we do not approve SFCP's proposed Split Incentive Study.

5.2.3. Opower, Inc. Home Energy Report Pilot

Opower, Inc. submitted a proposal for a pilot program which involves a two-year deployment of home energy reports to 200,000 ESA Program customers at a cost of $10-$15 per customer for at an estimated 1.5-3.5% in per customer energy savings.[114] The total proposed pilot cost and budget requested would be $500,000 - $750,000. NRDC supports this pilot.[115] Several other parties, including TELACU et al., SCE, SoCalGas, SDG&E, and TURN have raised various objections and concerns about this pilot proposal.[116]

At a first glance, with the cost of $10-$15 per participant and with estimation of per customer energy savings levels of 1.5-3.5%, Opower, Inc.'s pilot proposal seems cost effective, and promising. In fact, Opower, Inc. has current Home Energy Report pilots in both PG&E and SDG&E territories (for their mainstream customers) and the results of those pilots are waiting to be evaluated. Thus, rather than to authorize, fund and initiate yet another pilot program and potentially duplicate ongoing piloting efforts, it makes better sense to revisit this proposal and/or issues raised by this proposal when those evaluation results are in.

Furthermore, Opower, Inc. is only one of several companies that can provide home energy reporting, and we must be mindful that any ratepayer

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[114] Opower's Opening Testimony.

[115] NRDC's Reply Testimony.

[116] TELACU et al.'s Reply Testimony; SoCalGas' Reply Testimony; SDG&E's Reply Testimony; SCE's Reply Testimony; and TURN Reply Testimony.

funded pilot project should be competitively bid to ensure the best cost, innovative design, fairness and transparency.

Based on the foregoing, we do not approve the Opower, Inc.'s proposal. Once the findings of the current mainstream Opower, Inc.'s pilot programs are concluded and formally evaluated, the Commission may revisit this proposal and then direct the IOUs to permit a competitively bid behavior-based energy efficiency pilot for the ESA Program.

5.2.4. PC Tablet Proposal

The 2009 Process Evaluation Report recommended that the IOUs work with contractors to determine cost-effective ways to use tablet PCs that enable quick in-home data entry, electronic signatures, and scanning or uploading of digital photos of customer documents to an online ESA Program database. The recommendation concluded the use of the same kind of tablet PCs across the IOUs, would enable them to make the enrollment and assessment process smoother for contractors working in multiple territories. The recommendation suggested the IOUs may also want to re-examine the current practice of requiring contractors to both electronically enter data and provide paper copies of enrollment and assessment forms. The recommendation also noted that a review of forms could also reduce some of the redundancy of customer and contractor data requested on multiple application forms.

PG&E explains that its program database supports the laptop or tablet interfaces and PG&E presently does not dictate but instead allows contractors to determine what equipment to use as long as data is entered daily. PG&E updates data collection forms annually as needed, and also reviews the priority, expense and feasibility of database enhancements regularly. Many types of data regarding the home are already collected for its program data files, including photos and other supporting documentation.

SCE plans to expand its current tablet PC technology to all contractors. SCE opines that this will streamline the enrollment processes for the customer as it will minimize duplicative and unsuccessful visits. Through the tablet PC technology, SCE presents that its customer service experience has been improved in two ways: the customer benefits from a more efficient enrollment process and the customer is ensured that the information gathered is complete and correct.

SCE however notes that the cost for the tools needed by ESA Program service providers is an appropriate *contractor expense*, and that all costs associated with delivering services including such costs as labor, fuel, vehicles and in this case tablet PCs, are embedded in the reimbursement rates IOUs negotiate with contractors. SCE goes on to state that, as is the case with other tools needed to deliver program services, the responsibility to provide tools to service provider employees to perform their jobs should remain with the service providers. Additionally, SCE suggests that the technology should yield significant savings to both SCE and contractors which in turn should result in no increased fees.

To improve and facilitate customer enrollment, SoCalGas proposes to continue to increase automation of customer data by increasing the use of tablet PCs by its Outreach Specialists. According to SoCalGas, automation will reduce paper and increase the availability of near real time customer information (such as PRIZM codes and past participation data) during appointment setting and canvassing activities. Likewise, the use of tablet PCs will also enable quick in-home data entry, electronic signatures, and scanning or uploading of required customer documents to the online HEAT database. SoCalGas also agrees that use of the tablet PCs will increase the productivity of its Outreach Specialists, by increasing efficiencies and reducing enrollment time.

5.2.4.1. Other Parties' Comments and Positions

NRDC generally supports the IOUs' efforts to streamline program delivery and encourage all of the IOUs to transition to paperless customer enrollment. NRDC specifically supports SCE's proposal to expand the use of tablet PCs to all contractors and to the inspection process moving forward. EEC likewise recommends that the Commission should require the use of paperless enrollments wherever feasible and the Commission should authorize the purchase of related hardware and source those expenses from program funds.

5.2.4.2. IOUs' and EEC's Costs and Savings Estimates

In response to the December 2011 Ruling, the IOUs provided some very preliminary and rough costs and cost savings estimates relating to the PC tablet proposal.

SCE explains that the costs to purchase computer-related hardware will vary depending on the type of equipment purchased. The equipment package utilized by SCE for testing and training, which includes the tablet, portable thermal printer, and mobile scanner cost approximately $1,100. The cost to maintain the hardware is similar to the cost of maintaining a regular PC/laptop. There is no cost, except minimal labor cost (time to download software is less than 15 minutes) to enable the paperless tool. SCE estimates a resultant savings in the 2012-2014 program of approximately $200,000 recognizing the additional monetary savings may be observed in other areas.

PG&E estimates (using information provided from SCE) the costs to purchase and maintain, including administration costs, of enabling paperless via PC tablets/notebook computers for the three years is $4.9 million or $1.63 million per year. PG&E estimates that there could be a cost savings of as much as $122,000 per year in reduced printing and administrative costs. As the tablets are incorporated into each contractor's business, PG&E would hope and expect to see cost savings at the measure level as contractors are able to reduce overhead costs cost associated with data entry. PG&E would also hope to see immediate customer enrollment cost savings due to the planned reduction of printing costs. At the measure level, PG&E would hope to see cost savings in the 2013 program year which would allow for time to roll out the tablets and verify performance in 2012.

SDG&E provides an estimate of $340,000. It is unclear what that estimate includes exactly and whether that is per year or per cycle cost estimate; however, SDG&E explains that it is still in the evaluation phase of potentially going completely paperless and is not poised to provide credible cost estimates without further research. SDG&E provides an estimated cost savings of $48,000 annually or approximately $144,000 over the 2012-2014 program cycles. This estimate only includes a reduction in printing costs. The estimate does not include potential savings to contractors and IOU program staff may realize since it is not known how the use of the equipment will impact contractor's internal processes. Savings that would be realized will occur in two areas: elimination of the costs of forms and the data entry not required by contractor personnel. These costs savings would be reflected in the General Administration category of the ESA Program budget.

In August 2011, SoCalGas implemented the use of tablet PCs as part of its Go Green initiative and has proposed, in its Application, to increase the use of tablet PCs during the 2012-2014 cycle to support data collection, reduce customer visits, and minimize hard copy documentation collection. SoCalGas' estimated fixed costs to purchase tablet PCs including any related equipment is approximately a one-time cost of $3,120 per tablet with recurring costs related to maintaining the tablet PCs and equipment, including, but not limited to, HEAT system upgrades, paper, and wireless charges at an average of $1,753 per tablet PC per year. The estimated recurring costs do not include additional charges related to the increase storage costs for storing electronic records related to tablet PC efforts.

SoCalGas' estimated savings for fully implementing the use of Tablet PCs for SoCalGas' current Go Green initiative are not estimated to occur until 2015 based on preliminary estimates of the costs of purchasing the tablets and associated equipment. These savings estimates are based on the number of enrollments projected in SoCalGas' 2012-2014 Application filing and its current model for implementing its Go Green initiative. SoCalGas will work on exploring other methods of executing the Go Green initiative in an effort to achieve savings at a faster rate than projected under its current delivery model. However, currently estimated avoided costs savings are $226,000 in 2015 and $1.24 million annually after 2015. SoCalGas expects to see savings in the General Administration (because there would be avoided costs related to not having to increase the workforce to address the large volume of paperwork associated with increased enrollment goals) and Outreach and Assessment (because there would be a potential reduction in full document enrollments).

Aside from the obvious reduction in paper usage, SoCalGas explains some other benefits from the use of the tablet PCs include: (1) the value to Outreach Specialist of having access to real time data on a potential customer during canvassing activities; (2) the benefit of having the tablet onsite to obtain copies of documents for the customer file which will reduce overall enrollment time and reduce data entry errors; and (3) overall efficiency and improved accuracy in one time enrollment entry to minimize time spent and errors made in re-processing invoices for payments for both contractors and SoCalGas.

EEC estimates a full equipment setup, including a notebook computer, scanner, printer and WiFi network card would cost around $1250 per unit. EEC estimates implementation will bring with printing, shipping, storing, and administration cost savings by reducing documents associated with the programs. Based on 2010 estimated costs, and using PG&E as an example, EEC estimates that contractors may save the program $1,454,400 (with PG&E's savings an additional $182,029 and $195,614 in general administration costs), which would translate into approximately $13.74 saved per home.

5.2.4.3. Discussion

Each party has provided vastly different estimates for the cost of such PC tablets (and their ongoing maintenance) as well as the estimated potentials for savings to be achieved from their implementation. The range for the purchase and maintenance of such equipment starts from $1,100 up to an amount four times greater. And while all parties generally acknowledge that there are savings and efficiencies to be gained, there is also a significant spread in the savings estimates to the overall program from $48,000 in program and administration cost savings for SDG&E to the $1.8 million for PG&E in total program savings as estimated by EEC. The estimates also vary vastly from one utility to the next. Thus, at this time, it is difficult to truly evaluate the net benefit to the efficiency of the program delivery that can be gained from approving this proposal based on such preliminary and inconsistent set of information. Moreover, the savings estimates provided have only been accounted for on the IOU program side, without more definitive estimates of program and measure savings from the contractors end.

It is reasonable to infer that the implementation of such equipment would not only result in IOU program administration and outreach savings but also savings at the measure level as contractors are able to reduce overhead cost associated with data entry. However, these estimates were not provided. Additionally, the time savings on the customer side have not been documented nor accounted for.

Based thereon, while we can surmise that technology will yield some savings, we must conclude at this time that the proposal is overly vague and the cost and savings estimates provided are not reliable enough for the Commission to fully assess how such a proposal would impact the program budgets and what amount if, any, the Commission should authorize for such proposal. At best the record is incomplete on to conduct any basic cost-benefit evaluation. Without more detailed and accurate data, we cannot fully understand, justify and therefore approve the wholesale purchase of the PC tablets for contractors and approve that such a large expenditure should be borne by the ratepayers and the ESA Program.

Most compelling of the argument is the SCE's argument. We agree with SCE that the cost for the tools needed by service providers to provide ESA Program services is an appropriate contractor expense. All costs associated with delivering services, including labor, fuel, vehicles and in this case, tablet PCs, are embedded in the reimbursement rates to contractors and should continue to be a contractor expense. As is the case with other tools needed to deliver program services, the responsibility to provide tools to service provider employees to perform their jobs should remain with the service provider.

Based thereon, for now, the funding for PC tablets should remain as it is and be assumed as part of the contractors' expenses. We support the movement towards going paperless, and we believe the IOUs and contractors can do that without the approval of this PC tablet proposal to be funded by the ESA Program. The PC tablet proposal is denied.[117]

5.2.5. SCE's Energy Education/Energy Education Evaluation Study and SoCalGas' Leave-behind Energy Education DVD

Both the 2009 Process Evaluation and 2009 Impact Evaluation found deficiencies in the consistency and quality of energy education being delivered in the ESA Program by each of the IOUs.[118] In their Applications, the IOUs request $600,000 to implement an Education Assessment and Needs Analysis Study to identify ways to optimize and/or improve the educational component of ESA Program and examine the current and potential value of this energy education. SoCalGas has also indicated that they intend to spend an additional $65,000 to develop a multimedia DVD energy education tool that will be reviewed with the customer during enrollment and be left with the customer for future reference.

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[117] As part of the proposed General Administration cost category of the SoCalGas' Application, SoCalGas has included general program delivery improvements including PCs in the amount of $17,697,191. To the extent, such figures represent funding for any PC tablets, those requested proposal are denied in this decision. SoCalGas' general administration cost category should be augmented to reflect elimination of such funding.

[118] 2009 Process Evaluation Final Report, Low Income Energy Efficiency Program, dated June 10, 2011 at VII, 46-49, and 2009 Impact Evaluation of the 2009 Low Income Energy Efficiency Program, date June 10, 2011 at ES-15, 97.

5.2.5.1. Parties' Comments and Positions

In their opening testimonies, EEC asks that energy education be provided at the time of customer enrollment and not be dependent on whether that household qualifies for ESA Program measures under the modified 3MM Rule. TELACU et al. recommends that all income-qualified customers should be eligible to receive energy education and CFLs regardless of the modified 3MM Rule. In support of providing energy education, irrespective of whether a customer qualifies under the modified 3MM Rule, DRA indicated that in 2009, approximately one-third of SCE's 63,000 ESA Program participating households received only energy education and no other measures.

In the reply testimonies, PG&E and NRDC support EEC's and TELACU et al.'s recommendation to continue to provide energy education and CFLs to all income-verified customers regardless of the modified 3MM Rule. NRDC further asserts that energy education should be deemed a reimbursable measure, where in instances where contractors provide in-home education to a potential or prospective customer but that customer later never receives any measures, that contractor should still get reimbursement for the delivered energy education. SDG&E noted in its reply testimony that if all IOUs are required to develop an energy education DVD, their cost would be roughly $400,000.

5.2.5.2. Discussion

We approve the IOUs' request for a $600,000 shared energy education evaluation study. While the final scope and details of the study must be finalized during the design phase, at a minimum, we direct that the evaluation should test whether the current energy education program (or a modified version) results in *actual* energy savings. We propose that an experimental group be added to this study consisting of "high-energy" CARE participants with usage of 200%-400% of baseline, and the new/existing education could be tested on this experimental group to study any *actual* energy savings from energy education. The study should also look at all feasible methods of aligning and integrating ESA Program energy education with information from other demand-side programs offerings including the California Integrated Customer Energy Audit Tool (CA-ICEAT) that is currently under development by the IOUs that will be hosted on each IOU's website and is free of charge.

This study will be invaluable in determining whether there are the energy savings associated with ESA Program energy education and whether this justifies energy education be considered a cost-effective, standalone measure. Without quantifiable energy savings figures, energy education cannot be considered a standalone measure, at this time. Once the energy education evaluation is completed, the IOUs can then petition for energy education to be counted as a measure - but only if the education component demonstrably results in actualized energy savings.

In the meantime, the IOUs are restricted to provide energy education only to income-verified customers who have passed the modified 3MM Rule. Moreover, as SCE's interpretation of pages 203-204 in D.08-11-031 conflicts with the Statewide Policy and Procedure Manual (Section 4.4) on when education can be provided, we will make the following clarifications:

- At this time, households that receive energy education and no other measures are not to be defined as a "treated" home.
- All energy education provided should be "tailored" to cover the measures installed (e.g. proper use of evaporative coolers, information about measure-specific demand side programs, etc.)
- Without quantifiable energy savings, energy education cannot (at this time) be considered a standalone measure.

SoCalGas' request for $65,000 for a leave-behind energy education DVD is reasonable and we approve it. We do not approve TELACU et al., Joint Parties, NRDC's and other parties' shared suggestion that all income-verified customers should be given energy education and CFLs at the time of enrollment regardless of the modified 3MM Rule.

5.2.6. Next Impact Evaluation Study and Report

5.2.6.1. Background

The 2009 Impact Evaluation presents results for the ESA Program (formerly LIEE) for program year 2009. As discussed below, various parties have objected to different aspects of the 2009 Impact Evaluation Report with an emphasis on objections to various assumptions and evaluation methodologies used, arguing that the results underestimate and otherwise present inaccurate energy savings figures. While the particulars of the parties' objections and merits thereof are not in total agreement, the IOUs generally agree that another impact evaluation could be helpful, and we agree. As discussed below, we direct and approve the IOUs to conduct a new impact evaluation report as discussed below.

5.2.6.2. 2009-2011 Impact Evaluation

The IOUs commissioned the 2009 Impact Evaluation at the Commission's direction, and the Energy Division assisted in the commissioning and management of this evaluation. The evaluation team was led by ECONorthwest, with extensive analytical and data collection assistance provided by West Hill Energy & Computing, Wirtshafter Associates, Michaels Engineering, Quantum Market Research, and John Stevenson from the University of Wisconsin Survey Research Center.

The primary objectives of the 2009 Impact Evaluation was to evaluate the program year 2009 impact, by: (1) estimating first year gas and electric energy savings and coincident peak demand reduction; (2) estimating savings in aggregate and also by measure and by housing type; and (3) exploring additional billing regression models and attempt to improve the savings estimates for certain key measures, including evaporative coolers, furnace repair, and furnace replacements.

A billing analysis was chosen for estimating savings supplemented by additional data collected via phone surveys and on-site audits to provide context on how energy is used within low income households targeted by the program. The billing analysis and the results of the data collection were combined to produce estimates of first-year electric and gas for the 2009 program year ESA Program measures. This study was designed to be consistent with the *California Energy Efficiency Evaluation Protocols: Technical, Methodological, and Reporting Requirements for Evaluation Professionals*, adopted by the Commission on June 19, 2006.

A range of analysis options for evaluating the specific measures covered in the ESA Program were considered, including an engineering analysis and simulations of whole building energy use. The engineering option was not viable because it required access to detailed pre-installation data at each home, the time for pre-metering had already passed for program year 2009 and developing alternative estimates for all ESA Program measures would have been prohibitively expensive. Also, the ESA Program tracking data does not include sufficient detail regarding the pre-installation conditions of the home to apply engineering methods.

Estimating savings using simulations of whole building energy use was also eliminated as an option as it too was prohibitively expensive and not likely to produce superior results. A regression-based billing analysis was the only viable alternative given the characteristics of the program, available data, evaluation timeframe, and the budget.

2009 Impact Evaluation and Energy Savings Results:

- PY2009 estimates are lower than those found in the PY2005 evaluation, even though the same general method for estimating savings was used in both evaluations.
- PY2009 electric savings decreased approximately 22% compared to PY2005, with the largest decrease occurring in SCE's service territory.
- PY2009 gas savings decreased almost 50% from PY2005, but as a share of consumption, it is similar to PY2005 (from 3% to 4% of consumption).

The impact estimates derived are within the range found in previous studies.

5.2.6.3. IOUs' Proposals

The IOUs have used the 2009 Impact Evaluation results in their 2012-2014 Applications to calculate energy savings, and according to the IOUs, using the those savings estimates did not result in any measures being taken off the eligible list. The IOUs have proposed another joint impact evaluation that will include a more robust evaluation of calculating savings.

5.2.6.4. Other Parties' Comments and Positions

EEC & Synergy: EEC's and Synergy's protests clarify that the 2009 Impact Evaluation's Report fails to accurately recognize the non-energy benefits associated with the installation of some measures such as evaporative coolers and furnaces provided to the customers through the ESA Program. While they acknowledge that in fact these measures are new appliances that these customers are now using, which they did not have nor use before, the focus should be on the fact that the benefits are serving the elderly, neediest, and the general low income population. As a result, the 2009 Impact Evaluation should be touting the success of providing such services to the most needy, not removing measures from the program and walking away from those who need the service most.

In addition, EEC and Synergy seem to object to the 2009 Impact Evaluation's approach of using single individual measure evaluation as a way to evaluate the program. Instead, they opine that the whole house should be serviced for a more comprehensive final retrofit and this program too should be approaching evaluation from more of a whole house approach perspective.

EEC and Synergy note such an impact evaluation study should clearly express the importance of attic insulation and duct testing in a comprehensive ESA Program effort and the importance of considering lifecycle savings, even if this is not a direct function of the requested impact evaluation.

TELACU et al.: TELACU et al.'s protest states the results of the study appear problematic for policy making, both because of data issues and because of conflicts between cost-effectiveness and goal-setting. TELACU et al. refer to the Joint community based organizations' consulting economists' firm, JBS Energy, that reviewed the draft report and suggest that a problem might have arisen because the evaluation study may have screened out large users, the very people who could save significant amounts of energy from insulation and other weatherization measures.

TELACU et al. note the initial screen removed anyone using over 1500 kWh of electricity in any month or over 100 therms of gas in any month. As a result of screening out these large energy usage customers, TELACU et al. assert that the ECONorthwest report found that the average base usage of customers served by low income programs – before conservation - was almost 25% less in the 2009 study than in the earlier 2005 study. Because of the smaller initial usage, savings were also therefore smaller. TELACU et al. suggest that this result by itself is suspect unless it can be explained by the ECONorthwest's analysts. TELACU et al. further note that it is unlikely that the population of low income customers receiving services actually uses 25% less in 2009 than those served in 2005 and that it is more likely that the change in defining eligible customers had this effect.

TELACU et al. also explain that ECONorthwest subsequently re-ran its analysis to include high users, and found that average savings actually went down. In other words, including high users in the sample presumably reduced average savings per household. The only explanation is that higher users saved less not only percentagewise but in absolute terms than lower users. TELACU et al. therefore assert that this makes little sense and question ECONorthwest's explanations. TELACU et al. claim that the regression analysis is extremely sensitive to outliers and bad data yield bad results, regardless of whether legitimate large users are excluded or skewed data are included. Similarly, TELACU et al. reiterate that a regression method of measuring savings is a standard methodology, but when it produces purportedly strange results like those presented, it renders a report unusable for policy making until it is examined and necessary corrections are made.

Moreover, TELACU et al. argue that there is a serious underestimate of electric savings resulting from insulation and other weatherization activities paid for by the gas companies. TELACU et al. also note the problem is bigger for SoCalGas than for PG&E (a dual fuel utility) but affects both utilities. In neither the 2005 nor the 2009 Impact Evaluation studies did the analysts consider electric savings resulting from insulation and other weatherization activities paid for by SoCalGas. The bulk of the electricity savings will be reaped by SCE, but considerable amounts will accrue to Southern California municipal utilities and a small amount by PG&E (in parts of Santa Barbara and San Luis Obispo Counties). Similarly, TELACU et al. claim PG&E and the analysts are ignoring electric savings accruing to SMUD and other municipal utilities that arise from PG&E's gas weatherization programs. As a result, TELACU et al. claim the statewide savings from weatherization are being underestimated; making this program appear less cost-effective than it really is; and it is affecting program design.

TELACU et al. also suggest the 2009 Impact Evaluation overlooked the water savings from Domestic Hot Water (DHW) measures, as their embedded electricity costs, were not included. TELACU et al. found that with all the work being done trying to measure embedded electricity savings in water, leaving water savings out of low income energy efficiency DHW programs was is not reasonable.

Finally, TELACU et al. contend, in addition to the calculation of the amount of savings, one more key item should to be considered is cost-effectiveness analysis. Low income programs, such as ESA Program, reduce CARE subsidies paid by all other customers. While this is a transfer payment within the Total Resource Cost test, it is not a transfer from the participant to other customers (as would be participant bill savings in excess of marginal costs), but is a transfer that reduces costs paid by other ratepayers. Reducing CARE subsidies provides a reason beyond equity both to continue low income programs even if they are not fully cost-effective and to consider targeting larger electric users because the electric CARE subsidy reduction is larger for large customers due to tiered electric rates.

DRA: DRA states the differences between the energy savings estimates provided in the draft and the final 2009 Impact Evaluation Report should be investigated and the reasons should be fully considered in designing any changes to the ESA Program. DRA also suggests the IOUs should use savings estimates from the previous 2005 Impact Evaluation generally while selectively choosing savings estimates from the 2009 Impact Evaluation and/or DEER data estimates as estimates from the 2009 Impact Evaluation are derived from very small samples, are inconsistent with other external studies, or were likely to have been skewed by the illogical screens applied to the records.

5.2.6.5. IOUs' Replies

PG&E, in its reply to protests explained that because various parties have raised concerns about the results from the 2009 Impact Evaluation, the IOUs are proposing that an additional Impact Evaluation study be prepared in the next program cycle. In the interim, PG&E believes that there is no substantial change or limitation in the measures being proposed by PG&E resulting from that study. Therefore, PG&E continues to propose all measures that had been determined to meet the minimum cost effectiveness threshold in 2008 be retained, with the exception of room air conditioning, central air conditioning and Duct Test and Seal. Air conditioning measures were installed in a limited subset of PG&E's customers' homes in certain geographical areas and will no longer be installed under PG&E's proposal. In addition, Duct Test and Seal is also a measure that appears to have minimal heat and energy savings as documented in the 2009 Impact Evaluation Study.

PG&E agrees that the upcoming Impact Evaluation will provide additional data for the IOUs and parties to again evaluate the cost-effectiveness of the various components of the ESA Program process. Thus, while it could be argued that other additional measures should be removed from the program, the prudent path would seem to involve making only minimal changes until a future Impact Evaluation can be performed, compared and contrasted with the 2009 Impact Evaluation study.

SCE agrees that the 2009 Impact Evaluation showed lower estimates of energy savings for reasons that are not fully understood. In addition, the 2009 Impact Evaluation produced cooling measure savings that are not useful for SCE's measure selection or screening in a cost effectiveness analysis. Savings for Room Air Conditioners were reported as being equivalent to savings for Central Air Conditioners. Savings estimates were not produced for other measures and in some cases, savings for measures in certain housing types and climate zones are not available. As a result, SCE has maintained Central Air Conditioners in its portfolio as an add back measure.

SCE concurs with DRA that the analytical framework for selecting measures for the ESA Program can be improved. However, SCE disagrees with DRA that these issues will readily be resolved in one year as estimated by DRA. An Impact Evaluation typically requires approximately two years to complete. Therefore, even under DRA's proposed schedule, a new Impact Evaluation will not be completed in time to inform measure selection and program composition for this program cycle.

SCE also makes the point concerning reporting of electric energy savings for measures installed by SoCalGas. Conversely, gas savings may also accrue for certain SCE measures. SCE believes that such issue that can be considered when performing the next Impact Evaluation.

5.2.6.6. Discussion

We recognize that there are concerns from the parties regarding the results as well as the methodology used in this 2009 Impact Evaluation. However, we want to reiterate that this study was conducted through an open and public process, with input from stakeholders being proactively sought out. There were numerous opportunities during public workshops and written comment periods after such workshops were held, for parties to provide feedback on the draft research plan, the methodology, the sample size, the initial study results, etc. The parties that have provided comments in this proceeding criticizing the 2009 Impact Evaluation were all a part of this process leading to the final 2009 Impact Evaluation and had representatives that attended the workshops leading thereto.

Thus, we find it disappointing that substantive comments and significant objections and concerns, about flawed assumptions regarding the 2009 Impact Evaluation and its plan are being lodged only after the 2009 Impact Evaluation is finalized and not during the 2009 Impact Evaluation's draft and public review and comment processes.

In any event, to the extent practicable, the parties' comments and objections to the 2009 Impact Evaluation results have been addressed by the 2009 Impact Evaluation's consultant who provided responses to the parties' objections as well as explanations and justifications for the differences in the 2009 Impact Evaluation as compared to the 2005 Impact Evaluation. The final 2009 Impact Evaluation also clearly sets forth the following explanations for the lower saving results relative to the 2005 Impact Evaluation to which many parties have objected:

- The lower 2009 savings relative to 2005 may be a reflection of the inherent difficulty in estimating savings from a billing regression model for residences where expected savings values are a small fraction of total energy use and where there can be substantial variation across households and program years (such as economic conditions) that cannot be entirely controlled for in the model.
- Some of the lower impact estimates may be a sign of diminishing savings available. Program savings may be less because the most opportune homes have already been treated and households have over the years adopted some of the measures, such as CFLs, previously supplied.
- A change in weather conditions relative to 2005 is a third possible explanation of the lower impact estimates. A closer examination of the weather conditions in the current evaluation indicates that a shift in participation to milder climate conditions may explain at least some of the decrease in estimated savings relative to the 2005 impact evaluation. This was evidenced by a substantial shift in participation to milder climate zones for some weather-dependent measures as well as lower heating degree days (HDDs) experienced in the current evaluation for some high usage customers installing these measures.

We further address some of the parties' concerns below. With respect to the objections raised by EEC and Synergy concerning heating measures, we largely find those objections moot. All of the heating measures have been added back in all climate zones and housing types as well as cooling measures in the extreme climate zones.[119] These measures, along with other add backs measures

[119] See Section 3.6.5.1 of this decision.

proposed by the IOUs may not pass the CE Test, perhaps due to the lower energy savings estimates provided by the 2009 Impact Evaluation, or possibly due to other inputs into the equation, but ultimately are not affected because they are being added back for health comfort and safety reasons. Therefore, PG&E and SCE are correct that there is no substantial change or limitation in the measures being proposed in this upcoming cycle resulting from the 2009 Impact Evaluation.

As for the objection as to single measure evaluation approach used in the 2009 Impact Evaluation, it is unclear what specific change to the 2009 Impact Evaluation the parties are proposing. What we do understand is that estimating savings using simulations of whole building energy, as proposed, was an approach considered in the 2009 Impact Evaluation, but later eliminated as an option because it was prohibitively costly and not likely to produce superior results. Therefore a billing regression to estimate impacts for the majority of measures covered in the 2009 program year was used instead.

As for the various parties' contention that the 2009 Impact Evaluation should perhaps have screened out the outliers and that using the results with the outliers produced the underestimation of energy savings for some measures, we will note once again that no substantial changes or limitations in the IOUs' upcoming measures offerings have been made as a result of the 2009 Impact Evaluation. We therefore find such objection to be moot for this upcoming 2012-2014 cycle and suggest those concerns be looked at in the upcoming Impact Evaluation study that will be completed during this cycle in preparation for the next cycle.

As for TELACU et al.'s concern that DHW measures (and their embedded electricity usage) are not included, the IOUs have proposed, and we are approving, the water conservation measures as an add back into the program. Therefore, this is also a moot point.

DRA and other parties have raised various objections concerning the merits of the evaluation framework and methodology used for the 2009 Impact Evaluation. We will note that irrespective of the merits of these objections, measures have been added back for health, comfort and safety reasons.

5.2.6.7. Conclusion

In all, we find the 2009 Impact Evaluation results to be generally sound, given the parameters and scope of the work. However, we do agree with parties that a more robust evaluation may be beneficial and that another impact evaluation should be conducted during the 2012-2014 cycle. We therefore approve the IOUs' Impact Evaluation proposal, as described in SCE's testimony in Appendix A, Attachment A-9. The upcoming Impact Evaluation is approved with following conditions:

(1) Energy Division's Demand-Side Management Branch should share oversight and review of the evaluation plan and results of the study in collaboration with the IOUs, consistent with the evaluation, measurement and verification (EM&V) processes we set out in D.10-04-029. In D.10-04-029, the Commission laid out the EM&V processes for the 2010-2012 mainstream energy efficiency program cycle. Specifically, the Commission directed the IOUs to submit their evaluation projects for Energy Division approval prior to implementation. We expect the IOUs to adhere to this same process here;

(2) The draft research plan for the approved Impact Evaluation study and all relevant documents, including draft versions of an interim and/or final report, should be posted to Energy Division's document-sharing website (https://energydivision.basecamphq.com/login), and the project would feature its own Project Coordination Group that may facilitate review among the IOUs and Energy Division staff;

(3) The draft research plan and draft interim and/or final report will be shared publicly by also being posted to the Energy Division's Public Download Area website (http://www.energydataweb.com/). This website will be used to solicit and post public comment on the IOUs' and Energy Division's evaluation plans and reports;

(4) The IOUs' ESA Program Impact Evaluation study, as proposed and approved here, should look for opportunities to leverage existing Energy Division or IOUs' studies in their mainstream energy efficiency programs. Collaboration may be possible for evaluation or other research projects currently in the field and future studies such as the Residential Appliance Saturation Survey (RASS) and the California Lighting and Appliance Saturation Survey (CLASS), in order to inform the project and produce more robust results. Leveraging existing studies may reduce evaluation costs and open opportunities to understand the whole residential market potential for energy efficiency; and

(5) By no later than August 31, 2013, the Final Impact Evaluation Report must be posted Energy Division's Public Download Area website (http://www.energydataweb.com/).

5.3. Miscellaneous Administration and Delivery Proposals

First and foremost, the Commission extends deep appreciation for the passionate and thoughtful participation by the parties in this proceeding that formed the foundation for even greater success in the ESA and CARE Programs in the upcoming program cycles. Some proposals are timely, reasonable and poised for resolution. However, not all issues are so readily poised for resolution and will benefit from further research, development and/or collaboration in the months ahead amongst the stakeholders and parties. Therefore, we approve and authorize the following proposals and deny others. Even if not specifically denied, any proposals not expressly approved and authorized are deemed rejected.

5.3.1. Calculating Eligible Population

In calculating the eligible low income population, the IOUs used the joint utility methodology adopted by the Commission in D.01-03-028. Eligibility estimates for the ESA Program were developed concurrently with the CARE estimates according to the joint utility methodology that is used to annually estimate the number of customers eligible for ESA and CARE Program services, for each utility area, and for the state as a whole. The IOUs then escalated the 2010 estimate by one percent annually to obtain the number of estimated eligible ESA Program customers as of 2020. The Commission adopted a one percent escalation rate to account for customer growth in D.08-11-031. The 2020 estimate is then further adjusted by: (1) deducting customers who are unwilling or unable to participate; (2) deducting homes that have been already treated through the ESA Program during 2002-2011; and (3) deducting actual and projected LIHEAP/WAP activity through 2020. After making the above deductions, the IOUs identified the homes that are estimated to require treatment in 2012-2020 in order to meet the Commission's programmatic initiative. And because the 2012-2014 program cycle consists of three of the remaining nine years to achieve the Commission's Programmatic Initiative, the IOUs then take one-third of the 2012-2020 homes remaining to be treated as their goal to obtain the number of homes that are to be treated during the 2012-2014 cycle.

Regarding the unwillingness and inability to participate factor, D.08-11-031 authorized a 5% unwillingness factor to establish the homes treated goal for the 2009-2011 program cycle. The basis for the 5% unwillingness factor adopted was the 1,530 responses to the survey question in the Household Energy Needs Survey section of the 2007 KEMA Phase II Low-Income Needs Assessment. In this cycle, the IOUs have proposed that the Commission adopt a 15% unwillingness factor for 2012-2014 cycle based on data gathered by SCE. During the 2009-2010 program cycle, SCE had tracked the number of homes that SCE ended up not being able to participate in the ESA Program for a variety of reasons. From this figure, SCE concluded that approximately 24% of SCE's eligible low income customers were unwilling or unable to participate in ESA Program for various reasons. Moreover, other IOUs used the SCE's figure to suggest that the 5% unwillingness factor is underestimated and have proposed to increase the unwillingness factor from 5% to 15% or 19%, further discussed below.

5.3.1.1. IOUs' Positions

PG&E, SCE, and SDG&E have all projected a 15% unwilling or unable to participate factor while SoCalGas proposes a 19% unwilling or unable to participate factor.

5.3.1.2. Other Parties' Positions

Greenlining believes that further investigation is needed and wishes to ensure that increasing the estimate of unwilling or unable customer will not result in failure to reach the goals for full implementation of the ESA Program by 2020.

The EEC states that the IOUs' "unwilling to participate" numbers are too aggressive and inaccurate.

NRDC states that any proposed modification to the 5% unwillingness factor should be based on evidence limited only to customers identified as unwilling or uninterested in the program. While they do not support the proposed increase of 15% or even 19%, the NRDC wonders if these proposed high figures reflect and illustrate that income documentation to be a key barrier to participation in the ESA Program. So rather than relieve the IOUs from an obligation to serve customers who cannot overcome this barrier, NRDC encourages the Commission to authorize the IOUs to employ new strategies to reach customers identified as unlikely to participate in the program as currently structured.

DRA recommends that the Commission deny the IOUs' requests to deduct 15% (PG&E, SDG&E, and SCE) and 19% (SoCalGas) from the estimate of the households remaining to be served, and recommends that the Commission retain a 5% deduction.

TURN agrees with Greenlining's recommendation that the ESA Program should "strive for higher enrollment" and advises the Commission to reject the IOUs' proposal to expand the "unwilling" category to include "ineligible" households.

5.3.1.3. IOUs' Responses

In its reply testimony, SCE states that DRA mischaracterizes SCE's testimony. SCE proposed an additional category to include customers, "Unable to Participate – After initiating contact with enrollment contractor, customer is unable to provide documentation, such as income or owner's authorization." The mischaracterization is important, because DRA asserts that instead of increasing the percentage of unwilling customers, the Commission should order rule changes to the installation criteria for measures in terms of modifications to the modified 3MM Rule, natural gas appliance testing, and measures for single fuel utilities. DRA's proposed rule changes, however, do not resolve the issue at hand for customers who are unable to participate because they are unable to provide documentation related to proof of income or the property owner's authorization to install measures. SCE took a conservative approach in developing its estimates and believes the estimates are reasonable for 2012-2014. Should policy changes and data collection reflect different trends during the 2012-2014 program, revised estimates can be presented for the 2015-2017 program cycle. Therefore, SCE argues the Commission should approve SCE's 15% adjustment for customers unwilling or unable to participate.

Additionally, SoCalGas maintains that its estimate is accurate since it developed its estimates for unwilling and ineligible customers based on customer feedback as reported by contractors as a means of further refining estimates applicable to its service territory. For example, SoCalGas used a weighted average from 2009 and 2010 data trends to project that 19% of customers will be unwilling or ineligible to participate in the ESA Program.

SDG&E also states that the parties fail to offer any factual basis for rejecting its proposal. Rather, their objections are based on statements such as "its too aggressive and inaccurate" and "that the estimates may be more dependent on the practices used by utilities and its service contractors." Yet, SDG&E's proposed revision to the unwillingness factor is based on factual information tracked during 2009-2010 and was based on better information than what was available during the Applications for the 2009-2010 program cycle. Therefore, SDG&E requests that the Commission adopt its proposed revision to the "unwillingness factor."

5.3.1.4. Discussion

In D.08-11-031, the Commission weighed these concerns and adopted 5% of the given population from each annual eligible population estimate as the unwilling population.[120] D.08-11-031 also indicated that future estimates of willingness may be more precise and may be considered for future budget cycles, however, at this time the Commission still does not have adequate data to modify this figure.

5.3.1.5. Conclusion

The IOUs and commenting parties including DRA, TURN, Greenlining, NRDC, and EEC do not agree regarding the percentage of customers that are unwilling and/or unable to participate in low income programs. The IOUs have proposed increases in their 2012-2014 Applications from 5% to 15% (19% in the case of SoCalGas). Most of the parties oppose the IOUs' proposed increase and support the current 5% unwillingness factor adopted in D.08-11-031 which is consistent with 2007 KEMA report findings. Additional information and

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[120] D.08-11-031 at 110.

evidence is required in order to determine whether the increase proposed by IOUs is reasonable.

The IOUs are directed to track and report customer unwilling/unable percentages during the 2012-2014 budget cycle. In addition, the IOUs are directed to document the reasons why customers are unwilling and/or unable to participate in the program during the 2012-2014 program cycle. This information will be evaluated to determine the reasonableness of the IOU's joint proposal to increase the unwillingness factor for future program cycles.

Therefore, the Commission rejects the IOUs proposed increases of the unwillingness factor and require that current 5% unwillingness factor continue be used for 2012-2014.

5.3.2. CARE and ESA Program Eligibility and Federal Poverty Guideline

5.3.2.1. Introduction

The Joint Parties propose the Commission use the Census Bureau's new poverty figures to take into account housing, food subsidies, geographic differences, transportation costs, and medical costs rather than the current methodology use to calculate poverty levels in determining low income customer's income eligibility in the CARE Program. The Joint Parties contend that such new methodology, used in the Census,[121] should be utilized by the Commission in this cycle in order to more accurately define poverty and provide

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[121] In 2011, the US Census Bureau released a new poverty metric called the Supplemental Poverty Measure that takes into account housing, food subsidies, geographic differences, transportation costs, and medical costs.

services to those who need it most.[122] TURN supports Joint Parties' request for a workshop to address this topic.

5.3.2.2. Background

The Commission's CARE Program customer income eligibility is set forth in Code § 739.1(b)(1) which provides:

> The commission shall establish a program of assistance to low-income electric and gas customers with annual household incomes that are no greater than 200 percent of the federal poverty guideline levels, the cost of which shall not be borne solely by any single class of customer. The program shall be referred to as the California Alternate Rates for Energy or CARE program. The commission shall ensure that the level of discount for low-income electric and gas customers correctly reflects the level of need.

5.3.2.3. Discussion

The Joint Parties' request assumes that the Commission uses an elaborate poverty calculation separate from the Census data. However, it is Code § 739.1(b)(1) which defines how the Commission determines the CARE income threshold (poverty level) and the Commission does so by taking the latest Census figure each year and doubling that as required by statutory direction. There is no methodology or mystery here. If the above statutory threshold is an issue, the solution is legislative. The Commission does not have the authority to modify this requirement absent legislative updates. Therefore, the Commission rejects the proposals to review the issue of redefining its poverty guideline. Likewise, we reject the request for workshops to address

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122 Joint Parties' Opening Testimony at 12.

replacement of the federal poverty guideline requirement with the Supplemental Poverty Measure as proposed by TURN on similar grounds[123].

While reviewing this federal poverty guideline issue however, we noticed a discrepancy in the current administration of this very issue that we are correcting now in this decision. The Commission's Energy Division issues the annual CARE eligibility letters to all of the IOUs based upon the latest federal poverty guideline data released. In them, until last year, one-person households were lumped in with two-person households in eligibility calculation. The result was that if you were a one-person household, you would easily qualify for ESA and CARE Programs since your eligibility threshold was same as two-person households.

Energy Division will ensure that all future annual CARE eligibility letters comply with the Code § 739.1(b)(1) mandate.

5.3.3. Customers with Disability

In their opening testimony CforAT supports the continuation of the current 15% enrollment goal established in D.08-011-031 for the segment of low income population with disability, with some refinements in the identification process. SCE in its reply testimony supports maintaining the 15% disability penetration goal and allowing an optional customer questionnaire. We approve the proposed continuation of the 15% enrollment goal; however, we will not address any specific refinements to the IOUs' enrollment process. We do not intend to micromanage the IOUs implementation efforts as some discretion is critical for the IOUs to maintain and effectively administer the overall program. Instead we direct the IOUs and CforAT to work cooperatively to resolve those

[123] TURN Reply Testimony at 5.

logistical concerns toward effectively enrolling this segment of low income population with a disability.

5.3.4. Natural Gas Appliance Testing Policy

5.3.4.1. DRA's Recommendation

DRA recommends that repair and replacement of natural gas appliance test failure "red tagged" appliances be expedited by establishing a co-pay system for gas appliances similar to that used for refrigerators and air conditioners and seeks to reform the natural gas appliance testing policy to expedite those repairs, and with owner consent, charging owners a co-pay for non-covered repairs and replacements.

5.3.4.2. CHPC et al.'s Position

CHPC et al. contend that the prohibition on heating and hot water system replacements and repairs in renter occupied households under D.08-11-031 may be hindering important energy efficiency savings that could otherwise be obtained. In that decision, the Commission decided that no furnace repair and replacement or water heater repair and replacement work shall occur in violation of D.07-12-051 which decided that heating and water heating in rented housing are the responsibility of the landlord under § 1941.1 of the California Civil Code.

5.3.4.3. SoCalGas' and SDG&E's Position

SoCalGas disagrees with CHPC et al.'s assertion that D.08-11-031 which prohibits "heating and hot water replacements and repairs … may be hindering important energy efficiency savings that could otherwise be obtained." SoCalGas contends that aside from the ESA Program, the Energy Upgrade California (EUC) energy efficiency program is an adequate and existing alternative program established to encourage landlords to upgrade furnaces and water heaters and realize energy efficiency savings.

Pursuant to the EUC program, SoCalGas notes the landlords would receive an incentive to replace inefficient furnaces and water heaters with new more efficient ones. SoCalGas explains the difference between the proposal of CHPC et al. and SoCalGas is that under SoCalGas' EUC program, landlords will need to pay for the purchase of the equipment, although at a lower cost due to the incentive provided by SoCalGas' EUC energy efficiency program. In contrast to CHPC et al.' proposal for the ESA Program to provide such upgrades at no cost to the landlord, SoCalGas fully supports this incentive avenue for landlords to pursue energy efficiency savings which is consistent with the Commission directives that the landlord (and not ratepayers) be responsible for the replacement of functioning furnace and water heaters.

Therefore, SoCalGas and SDG&E argue that their proposed integration with other energy efficiency programs and/or the TELACU pilot to provide landlord incentives to replace furnaces and water heaters would be a better alternative than having ratepayers bear the entire costs of these measures, as DRA or CHPC et al. propose. Similarly, SDG&E considers that its proposed integration with other energy efficiency programs to provide landlord incentives to replace furnaces and water heaters is a better alternative to having utility ratepayers bear the entire costs of these costly measures.

5.3.4.4. PG&E's Response

PG&E contends that its policy is to only replace furnaces when the furnace or hot water heater is not working properly and is in an unsafe condition, failing the natural gas appliance test. There are no other instances when furnaces are replaced by PG&E. If the Commission elects to include such costly measures that are not otherwise available through the current ESA Program in the context of multifamily housing pilot program, PG&E recommends that these measures be available through rebated costs borne by the landlords with both the low income tenants and the landlords realizing greater energy efficiency and lower costs. Even so, PG&E requests that costs be fully considered to be sure that the ESA Program is adequately budgeted to cover any increase in the number of measure units forecast.

5.3.4.5. Discussion

California Civil Code §§ 1941.1 (c) and (d) specifically require the landlord to provide heating and hot water in tenant occupied dwellings. In D.08-11-031, we concluded that "no furnace repair and replacement or water heater repair and replacement work shall occur in violation of our holding in D.07-12-051 that heating and water heating in rented housing are the responsibility of the landlord."

In its testimony and responses to the December 2011 Ruling, DRA references the various co-pay policies of the electric utilities have established for refrigerator and air conditioner replacements and recommends adoption of SDG&E's 50% co-pay amount to apply to water heater and furnace replacements in tenant occupied dwellings.

DRA's and SDG&E's co-pay policy proposal is inconsistent with Commission policy, existing program rules and does not recognize landlord obligations with respect to heating and hot water under § 1941.1 of Civil Code. In addition, such proposal would require upward adjustments to the IOUs' proposed budgets, as noted by PG&E, at substantial expense to the ratepayers. According to the estimates provided by the IOUs, in response to the December 2011 Ruling, an additional $20.8 million in funding would be required during the 2012-2014 program cycle in order to support DRA's proposal.

IOU	Annual Estimate	Projected Expense 12-14 Cycle
PG&E	$4.9M	$14.7M
SDG&E	$940k	$2.82M
SoCalGas	$7-9M	$24.1M $41.62M X (50%) = $20.8M in ratepayer funds

The IOUs correctly reference existing programs such as EUC and the MFEER, in their testimonies, as both appropriate and viable alternatives to such co-pay proposal. We too agree that these other programs are better suited and equipped to upgrade inefficient appliances while offering rebates and incentives to landlords. Statewide Energy Efficiency programs such as EUC and MFEER are designed specifically to achieve energy savings. As a result, costs are appropriately distributed eliminating the need to burden ratepayers with additional program expenses for which they are not ultimately responsible.

The current program policy and procedures, prior decisions, the Commission's interpretation and application of Civil Code § 1941.1, and available alternatives through existing statewide programs suggest that DRA's recommendation/proposal is imprudent and unnecessary.

We therefore deny DRA's proposal to establish a co-pay system for gas appliances to expedite repair and replacement of natural gas appliance test failure "red tagged" appliances including furnaces and water heaters. However, as noted in previous sections of this decision, within 30 days of the effective date of this decision, the Energy Division is directed to convene and facilitate discussions, on an as-needed frequency, with CSD and the IOUs to better coordinate with CSD and LIHEAP/WAP by developing a referral program for measure replacements not currently offered by the ESA Program. Included in these expedited program referrals we expect will be the "red tagged" furnaces and water heaters.

5.3.5. ESA Program Contractor Reimbursement/Charge Back

In their testimony, EEC raised a potential concern for the Commission's consideration that service providers can only explain the program requirements and ask the customer to provide the documents but cannot compel a customer to provide all income documents upon enrollment. Therefore they should not he held responsible if, upon an audit or further inspection, that customer is found to not qualify for the program after already receiving services. EEC explains that, currently, the service provider is liable, resulting in a "charge back" to the contractor who enrolled and installed the services for that home.

5.3.5.1. EEC's Position

EEC states that service providers can ask the customer to provide income documents but cannot compel the customer to provide all income documents required upon enrollment. If a customer only provides a portion of their income documents or provides inaccurate information, service providers have no way of knowing and should not be held responsible. EEC suggests that the CARE program does not "charge back" the customer after they fail an audit or further verification, and therefore neither should ESA Program.

EEC recommends that all customers should be required to watch a brief DVD video about of the requirements to participate in the ESA Program and such DVD be provided to customers in addition to the current practice of signing several enrollment forms. Thereafter, if the customer fails an audit, the IOUs can support the service provider knowing they did their part in explaining the program properly and the Commission can support the IOUs knowing due diligence was done. EEC believes the Commission should authorize the IOUs a line item in the budget and authorize an IOU Program Manager to approve reimbursement for measures installed in good faith to ineligible customers.

5.3.5.2. IOUs' Propositions

In response to the December 2011 Ruling seeking more detailed explanation and magnitude of the potential issue raised by EEC, the IOUs provided the following comments.

SCE estimated the percentage of homes enrolled in SCE's ESA Program that have been later deemed not eligible and therefore resulting in a chargeback is less than 0.5%. Based on its experience, SCE elaborated and explained the reasons for why this 0.5% no longer qualifying include:

- Customer received a special needs replacement refrigerator (side-by-side or bottom freezer), but proof of disability did not meet program requirements. Since the contractor is responsible for obtaining valid proof of disability prior to installing a side-by-side or bottom freezer, a charge back is required.
- The contractor installed an evaporative cooler but did not verify if the customer's home owners association approved the installation. Since the contractor is responsible for verifying approval by the home owners association, a charge back is required.
- A customer received a measure but the proper documents are not on file. For example, a renter was eligible for a refrigerator and the contractor performed outlet grounding without a completed property owner waiver. Because the contractor is responsible for obtaining a property owner waiver, a charge back is required.
- The contractor completes an installation while a customer account is inactive. Because the contractor is responsible for verifying that the account is active at the time of installation, a charge back is required.

PG&E estimates that in 2009-11 cycle, 308 homes out of the recorded 341,193 enrolled homes, or less than 1% of enrolled customers, received services and were later deemed ineligible resulting in a "charge back" to the service provider. Based on its experience, PG&E elaborated and explained the reasons for this less than 1% no longer qualifying include:

- Customers that were determined to be over income threshold fro the ESA Program during audits of contractor paperwork by RHA (PG&E's ESA Program prime administrator), or PG&E.

SDG&E too estimates that less than 1% of the homes that are enrolled in its ESA Program receives services and measures but end up not qualifying because they are later deemed ineligible resulting in a "charge back" to the service provider. Based on its experience, SDG&E elaborated and explained the reasons for this less than 1% no longer qualifying include:

- Customer did not provide sufficient income documentation to prove their eligibility; and
- Not meeting the Three Measure Minimum rule.

Based on SoCalGas' 2009-11 results, 7.3% of homes were enrolled in SoCalGas' ESA Program and received services and measures but were later deemed ineligible resulting in a charge back to the service provider. Based on its experience SoCalGas elaborated and explained the reasons for this 7.3% no longer qualifying include:

- Documentation issues for customer file (incomplete documentation, missing signatures, missing correct income documentation, addresses do not match records in customer file, etc.).
- Home does not meet the three measure minimum requirements due to the condition of the home (e.g. major repairs are required before measures are feasible for installation), combustion ventilation and air issues exist in the home which prevent infiltration measures from being

installed, and/or the customer refuses the installation of one or more measures.

5.3.5.3. Discussion

We understand that the service provider can only ask the customers to provide them with accurate information and documentation. We also agree that they cannot compel the customers to provide all income documents required upon enrollment and that service providers have no way of knowing when customers only provide a portion of their income documents or provide inaccurate information. The Commission is sympathetic to this concern. However, based on the data provided from the IOUs, the frequency in which this issue occurs is less significant than as suggested by EEC.

PG&E, SCE and SDG&E all state that these charge backs occur less than 1% of the time and cite reasons for the instances of the charge backs as largely relating to the quality of service providers' due diligence. As for the occurrences of these incidences in SoCalGas' service territory, they are more frequent at 7.3%, and again the same service providers' due diligence is cited as part of the cause. But without further information, it is unknown as to why this occurs more frequently in SoCalGas' territory. Aside the from service providers' due diligence, other factors resulting in charge backs could include the audit/inspection rate, the variety in different contractors utilized in each IOU, selection criteria for homes to be audited, etc. With the data provided by the IOUs and the parties in this proceeding, we cannot clearly define how significant this issue is from IOU to IOU, if at all.

What we do understand are the reasons provided by the IOUs for why the service provider was "charged back." Based on the IOUs' data, we find that the reasoning does not support the suggestion by EEC (where the customer is not upfront and neglectful of providing full income documentation); but rather in most instances, it is due to the contractor not collecting all the documents required in order to provide that specific service or measure. In all these instances, the "charge back" to the service providers seem reasonable.

The Commission has the responsibility to ensure that only those qualified for the program are serviced. The need to mitigate fraud in the program is becoming ever so important, and allowing for EEC's proposal to be approved may lead to a potential loophole for errors as well as provide a perverse incentive for service providers to be less vigilant in their enrollment efforts and more aggressive in their installment efforts as many measures as possible, even if the home in question may not qualify. We also are not convinced that a DVD is necessarily the answer at this time. We therefore deny EEC's proposal to authorize a line item in the budget to approve reimbursement for measures installed when the customer is deemed not to qualify.

5.3.6. Annual Family Electric Rate Assistance (FERA) and CARE Income Eligibility Letter Release Date

Resolution E-3524, adopted February 19, 1998, required the Director of the Energy Division to communicate new annual income levels *no later than* May 1st of each year. In their Applications, SDG&E and SoCalGas request that the Commission move its CARE annual income letter release date from May 1st to April 1st each year to afford adequate lead time for the IOUs to update their computer generated and web-based forms. No party has commented on this proposal. SDG&E's and SoCalGas' request is reasonable. The FERA update also should be simultaneously released by Energy Division with the CARE letter by April 1st of each year. We approve this request and direct Energy Division to release the CARE annual income letter by April 1st each year and to eliminate duplication, simultaneously release the FERA update.

5.3.7. Studies and Reports Completion Due Date

In their Applications, SDG&E and SoCalGas request that the Commission require that the final reports for any pilot or study conducted during the previous program cycle be issued a minimum of three months prior to the due date of the low income assistance program budget applications. This issue was not addressed by any party in comments. During the 2009-2011 budget cycle, the late findings from the pilots and studies from the last program cycle caused a clear domino effect on the rushed review and rushed efforts to incorporate all of the lessons learned from them into the Applications initiating this current consolidated proceeding.

We share this concern. In fact, we believe three months prior to the IOUs' filing of their next set of low income assistance program budget application affords insufficient lead time. As experience has shown us, more than three months lead time is necessary. First, the Commission will need time to review all reports and determine and provide meaningful pre-application guidance to the IOUs, and the IOUs, in turn, will need and should be afforded adequate time to incorporate the findings from any report into their applications.

As for the studies, the IOUs have jointly proposed only two studies with proposed completion dates in 2013 and 2014. We note each study's schedule is determined when the scope is being designed and managed and that the IOUs, as active members in the study advisory teams, and as the holders of study contracts are a large part of this process. We therefore direct the IOUs to actively and cooperatively design, direct and manage the contracts in a way to ensure due dates for the final reports at the time of bidding and later while the scope is being developed.

Thus, we direct the filing of all final reports for any pilot or study conducted during this program cycle by the dates ordered in this decision.

5.3.8. Mid-Cycle Program Changes by Tier 2 Advice Letter/Move Quarterly Public Meetings to Annually/New Method to Update P&P Manual and WIS Manual/Working Groups

In their Applications, the IOUs request that the Commission allow Tier 2 Advice Letters (ALs) for program changes rather than the Petition for Modification (PFM) process. The IOUs generally argue that the Commission's PFM process is time consuming and consequently does not facilitate the IOUs' abilities to make timely and needed mid0cycle adjustments to the CARE and ESA Programs. In the IOUs' proposed Tier 2 AL process, if the proposed adjustments and program changes require an increase in the authorized budget, the IOUs propose to incorporate the budget increases in its Annual Update to the Public Purpose Surcharge filed in October of each year.

PG&E has also asked that in order to comply with water utility data sharing required by R.09-12-017, the Commission allow the IOUs to seek additional funding in this area through a Tier 2 AL in the event that any unforeseen substantial costs are incurred.

SDG&E, SoCalGas, and PG&E have requested that the Quarterly Public Meetings be moved from quarterly to annually as while they support the concept of these meetings as a means of soliciting public input, the meetings have been poorly attended and not proven to be viable. SoCalGas proposes that the annual meetings or another public meeting, similar to those conducted for the Statewide WIS Manual updates, replace the current requirement of a Commission decision for mid-program cycle adjustments to make timely and needed adjustments to the CARE and ESA Programs

5.3.8.1. Other Parties' Comments and Positions

Most parties are generally silent on the IOUs' proposal to forego the Quarterly Public Meetings and instead conduct one annual meeting. Only Greenlining argues that the proposal to replace the Quarterly Public Meetings requires more investigation.

NRDC, in its opening testimony proposes a possible solution if marrying several different proposals/requests in this proceeding, including the IOUs' proposal to forego the Quarterly Public Meetings and instead conduct one annual meeting. NRDC proposes, instead of the Quarterly Public Meetings, the Commission should convene an advisory group, which NRDC refers to as working group. Such a group would facilitate incorporation of best practices across the IOUs and would be comprised of representatives of each of the IOUs, ESA Program contractors, community based organizations, DRA, Energy Division, an environmental organization and a consumer advocacy organization. Additionally, NRDC recommends that such a group could operate as a subcommittee of the Low Income Oversight Board (LIOB) to provide additional oversight and avoid duplication.

In reply testimony, DRA, the Joint Parties, SoCalGas, SDG&E, and SCE are generally supportive of the NRDC's advisory group or working group concept. However, the IOUs do not support the concept of the working group's role overlapping with that of the LIOB. Several parties, including DRA,[124] agree that

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[124] DRA proposes that working groups could take on the following issues: (1) update installation and skill standards, and consider adopting parts or all of the Department of Energy's voluntary skill standards; (2) revise the cost-effectiveness methodology,

Footnote continued on next page

an ongoing working group, as a concept, would be critical in moving the ESA Program forward from the current scaled-up ESA Program.

5.3.8.2. Discussion

The IOUs' request for Tier 2 ALs process for mid-cycle changes to CARE and ESA Programs is ambiguous. Without specifically identifying what particular mid-cycle issues are anticipated, we do not see the need and the IOUs have not provided a convincing justification for such a mid-cycle process that the current decision and PTM process do not afford. In addition, the IOUs still may file Tier 2 ALs to recover costs associated with data-sharing with water utilities in compliance with D.11-05-020. These Tier 2 ALs must also report on the corresponding costs borne by partnering water utilities that are filed in accordance with R.09-12-017.

Concerning the Quarterly Public Meetings, however, we appreciate the IOUs' sharing of its experiences and the parties' foregoing comments and feedbacks on process improvements. The record in this proceeding and the 2009-2011 budget proceeding, A.08-05-022 et al., confirm that the IOUs have repeatedly found the Quarterly Public Meetings, particularly the final Quarterly Public Meeting of each year unnecessary or otherwise more burdensome than beneficial.

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(3) update and incorporating values and assumptions; (4) consider new program measures, technologies and program delivery approaches; (5) Integrate with other ratepayer-funded Demand Side Management programs; and (6) Draft an ESAP policy manual, as suggested by SCE and consistent with Commission direction. TURN agrees with DRA's suggested functions for such a working group.

The Quarterly Public Meetings were initially mandated by D.06-12-038[125] with the main purpose of allowing public access to the IOUs and a public forum to "facilitate program improvements" as set in that 2006 decision. That was six years ago, and we now find those Quarterly Public Meetings have understandably lost focus and direction over the years. Such efforts take away from, instead of adding to, the improvement in delivery of these very important program while diverting IOUs' and stakeholders' strained resources and attention away from core efforts.

On the other hand, in reviewing these issues in light of the current Applications and the issues raised by them, we believe the parties have delivered various program and process improvement ideas and proposals that could ideally be hosted and facilitated using similar public forum. As we have seen, the workshops in this proceeding have been quite useful - affording education, public debate, sharing of expertise and insights and yielding often informative discussions.

Based thereon, we agree with the IOUs' proposal that they should be relieved of the Quarterly Public Meetings as previously ordered in D.06-12-038. However, we also note that similar public meetings can be revamped once again to become an active tool for the CARE and ESA Programs, as they were originally envisioned but with a new focus provided in this current decision.

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[125] D.06-12-038, OP 7.

5.3.8.3. Conclusion

Based on the foregoing, we do not approve the IOUs' request for a Tier 2 ALs process for mid-cycle program changes. We do approve IOUs' request concerning the Quarterly Public Meetings, as modified in this decision. The IOUs are relieved of the Quarterly Public Meetings ordered in D.06-12-038. Instead, the IOUs shall convene a minimum of one public meeting per year, within 60 days of their filing of the annual report, and other public meetings as deemed necessary by either the IOUs, the Energy Division, the ALJ, or the Commission.

In the upcoming 2012-2014 program cycle, we will test the IOUs' meetings as a forum to host the working group concept generally proposed by NRDC, as modified and set forth below:

(a) Unless we have specified otherwise in other parts of this decision, within 60 days of the effective date of this decision, Energy Division and NRDC are charged with the task of soliciting and putting together the following working groups:

  (i) ESA Integration Working Group, as outlined and discussed in section 3.1.4 of this decision;

  (ii) Cost-Effectiveness (CE) Working Group, as outlined and discussed in section 3.5.4 of this decision;

  (iii) WE&T Working Group, as outlined and discussed in sections 3.11.5.4 and 3.11.5.5 of this decision;

  (iv) Mid-Cycle Working Group, and other(s) as Energy Division determines necessary and appropriate for this program cycle. (The charge for the Mid-Cycle Working Group will be to review: (1) Weatherization and Installation (WIS) Manual Updates[126];

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[126] SCE, SDG&E and SoCalGas have all sought Commission's authorization in this proceeding to permit them to make "minor changes" to the Statewide ESA Program

Footnote continued on next page

(2) Statewide Policy and Procedure Manual Updates; (3) Streamlining of IOU Reporting Requirements; (4) IOUs' Best Practices; (5) General Mid-cycle Program and Process Improvements; and (6) Potential 2015-2018 Application and Cycle Issues[127]);

(b) Unless we have specified otherwise in other parts of this decision, the size and makeup of a particular working group will be determined by Energy Division and NRDC to yield a fair, informed, balanced and productive review and exploration of the issues that the working group must review;

(c) The IOUs shall host, notice, facilitate and provide public working group meetings, as needed and requested by each of the working group during 2012-2013 program years;

(d) The IOUs should continue to equitably rotate the responsibility of facilitating these meetings, recording minutes and ensuring recommendations, reports and other progress reports are submitted to the proceeding service list and the Commission for review and consideration for inclusion in the record, subsequent Rulings and/or Decisions;

(e) These newly structured IOUs' public meetings can either be solely dedicated to a particular topic or working group or could accommodate more than one topic or working

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Policy and Procedures Weatherization Installation Standards Manuals, with appropriate public input, to reflect Commission direction in this proceeding for the 2012-2014 program cycle or similar changes related to updated and/or new code requirements, such as Title 24.

[127] SCE requests that a comprehensive ESA Program policy document be developed in this cycle. We do not believe such a document is timely nor necessary at this time, particularly as the ESA Program is going through changes, with multiple critical components being reviewed during this cycle (e.g. cost-effectiveness methodology, etc.). This and other relevant Commission decisions with the backdrop of current Strategic Plan will suffice. SCE's request is denied.

group, as needed, to address the needs of the working groups authorized in this decision;

(f) Unless we have specified a different schedule and deadlines for the particular working group, in other parts of this decision, each working group must, by no later than December 31, 2012, submit to the ALJ, the working group's progress report of findings and recommendation(s), if any. If no agreed upon recommendation(s) is/are reached, the working group shall submit a progress report nonetheless of its activities since inception and a detailed description of the status of its efforts in each of the subject areas it is charged to review in this decision with justification showing good cause for any additional and estimated time it may require;

(g) Unless we have specified a different schedule and deadlines for the particular working group, in other parts of this decision, each working group must, by no later than March 31, 2013, submit to the ALJ, its final report of findings and recommendation(s), if any. If no agreed upon recommendation(s) is/are reached, the working group shall submit a progress report nonetheless of its activities since inception and detailed description of the status of its efforts in each of the subject areas it is charged to review in this decision; and

(h) With the exception of CE Working Group and WE&T Working Group, the terms of all working groups expire on March 31, 2013, unless further extended by the ALJ in writing for good cause. The term of CE Working Group expires on June 1, 2013, unless further extended by the ALJ in writing for good cause. The term of the WE&T Working Group expires 45 days after its final report and recommendations are submitted to the ALJ.

5.3.9. 2015-2018 Application Due Date and Projected 2015-2017 Guidance Document Due Date

In their Applications, SDG&E and SoCalGas request that the Commission change the usual due date for the budget ESA and CARE applications from May to July, making the next cycle applications due date July 1, 2014. This request is reasonable and therefore approved.

In addition, SDG&E and SoCalGas request that the 2015-2017 Guidance Document be issued by the Commission by no later than December 31, 2013. While we understand the concerns underlying this request, the timing of 2015-2017 Guidance Document is affected by myriad of preceding studies and reports as well as other Commission's activities, in and outside of this proceeding, all of which inform the Commission. As such, setting of a firm date is infeasible. However, assuming necessary studies and reports are timely completed, the IOUs should reasonably expect that the Commission would issue 2015-2017 Guidance Document by January, 2014.

That said, the IOUs are directed to assist and use the Mid-cycle Working Group as a way to review the current IOUs' reporting requirements with an eye to streamline and reduce unnecessary and redundant reporting as well as make recommendations to update the application process to make any related process improvements.

5.3.10. Customer Referral Incentive/Contractor Referral Incentive/Contractor Common Uniforms/Enrollment Kit

SoCalGas requests $2,500,000 and SDG&E requests $2,250,000 to implement a Customer Reward program that offers a grocery gift card or similar reward, up to $50 per enrolled customer, who refer other successfully enrolled customers in the ESA Program. SDG&E also requests $130,275 to allow its installation contractors a $15 referral fee to encourage increased ESA Program customer enrollments. SoCalGas also requests $15,000 to encourage its contractors to wear common uniforms, including an ESA Program brand name and logo, which will assist customers in easily identifying Outreach Specialists or Installation Crews as representatives of the ESA Program. Lastly, SoCalGas requests $10,000 to develop a new Enrollment Kit to assist the Contractor Outreach Specialists in demonstrating potential ESA Program offerings in order to "get in the door."

In their opening testimony, DRA strongly opposes SDG&E's budget request for these customer incentives on the grounds that bill savings are incentive enough for participation and SDG&E has not demonstrated the need for these customer incentives in order to reach SDG&E's projected customer enrollment for 2012-2014 program cycle.

In its reply testimony, SDG&E contends that cancelled or missed appointments cost the ESA contractors *and* program when contractor crews come to a customer home and the customer does not show up for the appointment. By offering a nominal stipend to the customer, SDG&E believes customers will view the overall program offering as having greater value. In their reply testimony, the Joint Parties opposes DRA's position and instead support SDG&E's request to provide gift cards as an appointment incentive.

We agree in part with DRA in that without better showing of how much the ESA Program will benefit from such incentive programs, it would be imprudent to invest the funds in such efforts at this time. The funding for incentive programs requested by SDG&E and SoCalGas for this budget cycle, as proposed, are denied as unreasonable and the benefits to the program tenuous and unproven. SoCalGas' proposal for Common Uniform and Enrollment Kit and proposed costs are reasonable and therefore approved.

5.3.11. SoCalGas' Customer Assistance Representative Positions

In their Application, SoCalGas requests authority to recover $3.1 million in overhead costs associated with proposed Customer Assistance Representative positions to be created using meter readers displaced by the installation of advanced meters. In their opening comments, UWUA Local 132 voiced support for SoCalGas' budget request. EEC questioned the possible impact of the new CAR positions on the existing network of community based organizations.

In D.10-04-027, the Commission's Decision on Application of Southern California Gas Company for Approval of Advanced Metering Infrastructure, we augmented SoCalGas' meter reader retention and retraining budget by $1 million to a total of $1,117,000. SoCalGas was directed to utilize this budget to extend severance, vocational training, and other transitional opportunities to affected meter reading employees. SoCalGas currently has funds remaining to provide educational and career development opportunities for displaced meter readers employed by SoCalGas.

We find that SoCalGas' request for an additional $3.1 million for reader reassignment via the ESA Program will not increase the ESA Program's cost-per-enrollment and is therefore reasonable and approved.

5.3.12. IT Costs for Water Utility Data Sharing

In their Application, SoCalGas estimates that there would be $90,000 in CARE IT costs for the first data sharing effort with a water utility and $25,000 for each additional collaboration effort. Any on-going IT labor costs would be small and should be included as part of the regular CARE IT maintenance budget.

As explained in D.11-05-020, the IOUs were directed to anticipate incurring one-time implementation costs to establish data sharing. The IOUs were directed to include the information technology and administrative costs associated with data sharing, not already included in rates, in the low income budget contained in the program applications for 2012-2014. Likewise, the IOUs were directed to include their costs incurred in 2011 and not already included in rates to be included in the low income budget Application for 2012-2014.[128]

As data sharing has yet to occur, SoCalGas' request is denied. Instead, to recover costs associated with water utility data sharing, SDG&E, SoCalGas, PG&E, and SCE are directed to file a Tier 2 AL. These Tier 2 ALs must also report on the corresponding costs borne by partnering water utilities that are filed in accordance with D.11-05-020.

5.3.13. CARE Estimate Deadline

D.06-12-038 directs the IOUs to file, by or before October 15 of each year, their annual estimates of customers eligible for the CARE Program. On February 16, 2012, the IOUs finally filed their latest annual estimates of customers eligible for the CARE Program (CARE Filing) which was originally due on October 15, 2011. The IOUs sought and received three prior approvals for those extensions to accommodate issues including but not limited to the unavailability of critical data, additional complexity due to factors related to partial transition to Census 2010 data geography among the various data sources, and vendor and Census Bureau adjustments to changing geographies – i.e., changes in block, tract, city, and zip code tabulation area definitions from 2000 to 2010 Census blocks.

In years prior, the IOUs similarly experienced the need for extension from October 15 deadline due to unavailability of certain critical data before the October 15th due date. Based on their experiences, in the CARE Filing, the IOUs

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128 R.09-12-017 at 8, and D.11-05-020 at 36.

request that this deadline be changed to December 31 of each year which they project as more feasible annual due date with the exception of unique issues that may arise during post-Census transition years.

This request is reasonable and therefore approved. The annual estimates of customers eligible for the CARE Program will now be due by December 31 of each year.

6. General Administration

6.1. Evaluation, Measurement and Verification (EM&V) Process

Unless the Commission specifies otherwise, Energy Division's Demand-Side Management Branch will share in oversight and review of the all studies, pilots and evaluations ordered in this decision and that role will be shared in collaboration with the IOUs, consistent with the general EM&V processes we adopted and set out in D.10-04-029. In D.10-04-029, the Commission laid out the EM&V processes for the 2010-2012 energy efficiency program cycle.

Specifically, the Commission directed the IOUs to submit their evaluation projects for Energy Division approval prior to implementation. We expect the IOUs to adhere to this same process when evaluating pilots and any other activities ordered in this consolidated proceeding. This includes compliance with Commission's direction in D.10-04-029, which laid out guidelines for stakeholder input and Energy Division review and approval of IOU-led energy efficiency evaluation projects. Specifically, evaluation projects will be posted to the public document website (www.energydataweb.com) as well as Energy Division's internal file-sharing website (https://energydivision.basecamphq.com/login). In this manner, stakeholders and Energy Division will provide comment on and review of IOU evaluation project research plans, draft reports, and other documents integral to the evaluation project(s).

We firmly believe the success of California's energy efficiency efforts is ultimately tied to effective EM&V. In D.05-01-055, we established the administrative structure for energy efficiency activities, under which the Energy Division was assigned management and contracting responsibilities for EM&V projects. Over the last several years, the Energy Division has overseen an unprecedented scope of EM&V activity in order to estimate energy savings resulting from the mainstream energy efficiency utility portfolios, and to evaluate program effectiveness, among other purposes.

ESA Program EM&V activities shall be planned and implemented to achieve the following core objectives in order to support the Commission's oversight function of ensuring the efficient and effective expenditure of ratepayer funds within the energy efficiency portfolios. All activities should be undertaken to meet the overarching goals of clarity, consistency, cost-efficiency, and timeliness. The core objectives are:

- **Savings Measurement and Verification** - Measurement and verification of savings resulting from energy efficiency measures, programs, and portfolios serve the fundamental purpose of developing estimates of reliable load impacts delivered through ratepayer-funded efficiency efforts. Measurement and verification work should reflect a reasonable balance of accuracy and precision, cost, and certainty, and be designed for incorporation into in procurement planning activities.

- **Program Evaluation** - Evaluation of program-specific qualitative and quantitative measures, such as the program performance metrics discussed earlier in this decision and process evaluations, serves a key role in providing feedback for the purposes of improving performance and supporting forward-looking corrections to utility programs and portfolios. In order to maximize return on ratepayer dollars, program evaluations must be completed on a timeline which informs mid-course corrections and/or program planning for the following cycle.

- **Market Assessment** - In a constantly evolving environment, market assessments are an essential EM&V product needed to set the baseline for strategic design and improvement of programs and portfolios. Saturation studies, surveys of emerging technologies and other such analyses which inform estimates of remaining program potential and forward-looking goal-setting are key aspects of market assessment.

- **Policy and planning support** - Consistent with prior program cycles, it is essential to reserve funding to support overarching studies and advisory roles which support Commission policy goals. Over the last program cycle this has been inclusive of potential and goals studies, maintenance of the DEER database, developing databases of best practices for program design and delivery, program design mix, and other means which support the Commission's oversight role, but do not fall under the core EM&V categories described above.

- **Financial and Management audit** - Supporting the Commission's oversight function of ensuring the efficient and effective expenditures of ratepayer funds within the utilities' energy efficiency portfolios is another objective of EM&V activities. Rigorous financial and management audits overseen by Commission staffs.

In restating our overarching goals for EM&V, our intent is to guide EM&V activities over the upcoming program cycle.

6.2. Fund Shifting Rules

D.08-11-031 sets forth the applicable rules for fund shifting in the ESA and CARE Programs, which has been clarified and modified by D.10-10-008 (Fund Shifting Rules). Specifically, SCE proposes a change to the Fund Shifting Rules for carrying funds forward or backward within the authorized 2012 - 2014 program cycle. SCE suggests that such movement of funds should not be considered fund shifting if the funds that are carried forward or backward remain within the budgeted category or subcategory. SCE therefore requests the Commission to issue policy direction that addresses carrying funds forward or backward within a program cycle independently from guidance provided for shifting funds among categories or subcategories

In their respective Applications, PG&E, SDG&E, and SoCalGas do not request any change in the Fund Shifting Rules. Instead, PG&E, SDG&E, and SoCalGas request authorization to continue the fund shifting flexibility by retaining the existing Fund Shifting Rules.

We are not persuaded by SCE of any need justifying the proposed change to the Fund Shifting Rules. We only recently issued D.10-10-008, and thus far the Fund Shifting Rules seem to generally meet the fiscal management and oversight needs of the Commission while affording the flexibility the IOUs require. In fact, our review of the proceeding records for A.08-05-022 et al. (2009-2011 ESA and CARE Budget Applications) and this current proceeding, A.11-05-017 et al., do not demonstrate that the application of the Fund Shifting Rules have caused any ill-effect on administration and management of the CARE and ESA Programs. Instead, the application of the Fund Shifting Rules effectively caused the IOUs to review and manage the budgets, and in several instances, bring to light fund shifting issues that required Energy Division or ALJ's attention.

Our conclusion is further bolstered by the PG&E, SDG&E, and SoCalGas' Applications, wherein no change to Fund Shifting Rules is proposed, and in fact those other IOUs support the current scheme as meeting their needs. Moreover, we are even more convinced that rules such as the Fund Shifting Rules are necessary in proper fund management and administration as evidenced by several recent fund shifting issues in the CARE and ESA Programs. Some of the issues arose in the context of pilots and other fund management oversight issues resulting in need for last minute shifting of funds.

Following the various fund shifting requests that were filed by the IOUs and rulings issued by the ALJ facilitating the shifts, where appropriate, at the end of the prior budget cycle 2009-2011, in proceeding A.08-05-022 et al., we reaffirm the Fund Shifting Rules, as a necessary oversight and management tool. We further remind and direct the IOUs to devise and implement more careful management of all funds authorized in the ESA and CARE Programs, including all pilots and studies.

With pilots and studies, especially with their tighter scope of the tasks and timeframe, the budget augmentation should occur exceptionally rarely. In those rare and extraordinary instances, some fund shifting may be justified where reallocation is needed to prevent overspent funds. If a pilot is approved to be administered by a party other than a utility, the duty to carefully manage all pilot programs and funds extends to that party and Fund Shifting Rules should be viewed only as an option under extraordinary circumstances.

D.10-10-008 clarified D.08-11-031 in response to a petition to modify Decision 08-11-031 filed by SCE. We have not been persuaded by SCE's request to change the Fund Shifting Rules. SCE's request to modify the Fund Shifting Rules is denied. We therefore authorize and direct the IOUs to continue to follow the fund shifting rules, as outlined in D.08-11-031 and modified in D.10-

10-008, in the CARE and ESA Programs in the 2012-2014 program cycle, as follows:

a. **COMMITMENT OF FUTURE FUNDING FOR LONG-TERM PROJECTS**: For those long-term projects that require funding beyond the current budget program cycle and that will not yield savings in the current cycle, if applicable, the IOUs may anticipatorily commit funds for such projects for expenditure during the next program cycle, under strict limitations as follows:

(1) The IOUs shall seek authorization for such long-term projects and current and future cycle funding commitment by itemization of each long-term project in the utility portfolio plan, including an estimate of the total costs broken down by year and an estimate of associated energy savings, if any;

(2) The IOUs shall seek authorization and commitment of all funding for long-term projects in the current program cycle and actually encumber such funds in the current program cycle;

(3) All contracts with any and all types of implementing agencies and businesses must explicitly allow completion of long-term project related work beyond the current budget program cycle;

(4) The amount of next cycle funds encumbered for long-term projects may not exceed 20% of the current program cycle budget;

(5) The IOUs shall separately track and report all long-term projects and obligations, including all information regarding funds encumbered and estimated date of project completion until such project is completed; and

(6) Energy savings for projects with long lead times shall be calculated by defining the baseline as the codes and standards applicable at the time the building permit for the project is issued.

b. **<u>ESA PPROGRAM FUND SHIFTING AND LIMITATIONS</u>**: IOUs are permitted to shift funds under the following conditions in the ESA Program.

(1) Within 2009-2011 Budget Cycle: Except for the shifting of funds described in subsection b(3) below, IOUs are permitted to shift funds from one year to another within the 2009-11 cycle without prior approval.

(2) Fund Shifting Between 2009-2011 Budget Cycle and Future Budget Cycle:

i. "Carry back" Funding: Except for the shifting of funds described in subsection b(3) below, IOUs are permitted to shift and borrow from the next budget cycle, without prior approval of such fund shifting, if (a) the next cycle budget portfolio has been approved by the Commission; and (b) such fund shifting is necessary to avoid interruptions of those programs continuing into the next cycle and for start-up costs of new programs; and

ii. "Carry forward" Funding: IOUs are permitted to carry over all remaining, unspent funds from program year to program year or budget cycle to budget cycle and shall include all anticipated carry over funds in the upcoming budget applications.

(4) Administrative Law Judge's Prior Approval: For any shifting of funds, within or out of cycle, except for "carry forward" funding considered by the Commission through budget applications, the Administrative Law Judge's prior written approval is required if any of the following applies:

i. Shifting of funds into or out of different program categories including, but not limited to: (a) administrative overhead costs, (b) regulatory compliance costs, (c) measurement and evaluation, and (d) the costs of pilots and studies;

ii. Shifting of funds into or out of Education subcategory;

iii. Shifting of funds between gas/electric programs; and/or

iv. Shifting of funds totaling 15% or more of the total current annual ESA Program budget.

(4) The IOUs shall secure prior written approval of the fund shift from the Administrative Law Judge when required by subsection b(3) above, of this ordering paragraph, by filing a motion pursuant to Article 11 of the Commission's Rules of Practice and Procedure. Upon showing of good cause, the Administrative Law Judge may issue a ruling approving the requested fund shift. IOUs, in the motion, must show good cause by setting forth the following:

i. The reason(s) why such fund shifting is necessary;

ii. The reason(s) why such motion could not have been brought sooner; and

iii. Justification supporting why the proposed shifting of funds would promote efficient, cost effective and effective implementation of the ESA Program.

(5) IOUs shall track and maintain a clear and concise record of all fund shifting transactions and submit a well-documented record of such transactions in their monthly and annual reports relevant to the period in which they took place.

c. **CARE FUND SHIFTING AND LIMITATIONS**: The IOUs are permitted to shift CARE funds in the same manner as they did in the 2006-08 budget cycle, but shall report all such shifting.

6.3. Review of Reports

Energy Division should continue to conduct its review of all of the IOUs' monthly and annual reports and submit any concerns to the ALJ if the IOUs are not meeting the directives and goals of this decision and of the ESA Program especially regarding aspects of the Strategic Plan. If the ALJ determines there is merit to the Energy Division report update noting concerns, the issue should be raised to the Commission and we reserve the right to change the funding we allocate in this decision if we determine that the IOUs are not meeting the requirements of this decision and the Strategic Plan.

7. Conclusion

After decades of lessons and growth, both CARE and ESA Programs have achieved tremendous accomplishments and have now reached full maturity. For that, we applaud the IOUs and the stakeholders who made the programs what they are today.

With the backdrop of significant progress and with the reminder of our Strategic Plan vision, the Commission examines the IOUs' Applications for 2012-2014 program cycle and face issues unique to mature programs and ever changing landscape of energy.

We approve the following budgets and number of homes to be treated during the upcoming 2012-2014 program cycle:

Adopted Budget Summary 2012-2014				
	ESAP			
Utility	2012	2013	2014	Cycle Total
PG&E	$132,321,707	$160,743,662	$166,401,955	$459,467,324
SCE	$68,205,427	$67,866,929	$67,965,700	$204,038,057
SDG&E	$21,587,407	$22,011,237	$22,386,950	$65,985,594
SoCalGas	$104,435,701	$109,691,308	$113,143,742	$327,270,751
Total	**$326,550,243**	**$360,313,136**	**$369,898,347**	**$1,056,761,726**
	CARE			
	2012	2013	2014	Cycle Total

PG&E	$675,724,512	$647,486,512	$620,756,512	$1,943,967,537
SCE	$342,742,814	$389,317,814	$429,373,814	$1,161,434,442
SDG&E	$79,093,723	$87,969,690	$89,007,449	$256,070,862
SoCalGas	$145,684,041	$146,018,283	$147,508,040	$439,210,364
Total	**$1,243,245,090**	**$1,270,792,299**	**$1,286,645,816**	**$3,800,683,205**

	Adopted Number of Homes to be Treated			
Utility	2012	2013	2014	Total Cycle
PG&E	119,940	119,940	119,940	359,820
SCE	87,389	87,389	87,389	262,166
SDG&E	20,316	20,316	20,316	60,948
SoCalGas	136,091	136,091	136,091	408,272
Total	**363,735**	**363,735**	**363,735**	**1,091,206**

Based on our observations of the IOUs' successes during the last cycle, the adopted number of homes treated above should be viewed as the minimum number of homes to be treated this cycle, and we strongly urge and challenge the IOUs to exceed their projected 1/3 of the remaining homes for treatment by the end of the 2012-2014 cycle.

To the extent this decision does not explicitly approve certain aspects of the IOUs' ESA and CARE Applications, they are not approved today.

8. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Code § 311 and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on ________________, and reply comments were filed on _______________ by _________________________________.

9. Assignment of Proceeding

Timothy Alan Simon is the assigned Commissioner and Kimberly H. Kim is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. According to the KEMA Needs Assessment, one in three of California's households or approximately 4.1 million of the 12.53 million households in California are low income households.

2. In D.07-12-051 and the Strategic Plan, the Commission stated its long-term vision for the ESA Program: "By 2020, 100 percent of eligible and willing customers will have received all cost-effective [Energy Savings Assistance Program] … measures."

3. The Strategic Plan adopted by the Commission establishes two goals the ESA Program that: (a) By 2020, all eligible customers will be given the opportunity to participate in the ESA Program; and (b) The ESA Program will be an energy resource by delivering increasingly cost-effective and longer-term savings.

4. The CARE Program is a low income energy rate assistance program that dates back to 1980s and is aimed at providing eligible low income households with a 20% discount on their electric and natural gas bills.

5. This decision follows an extensive record that precedes it, including detailed prepared testimonies and ruling responses, the parties' oral input at the PHCs and various studies and reports prepared by or on behalf of the IOUs, the Commission, and parties to the proceeding.

6. The parties to the proceeding contributed thoroughly and meaningfully through testimonies, comments and other filings to help advise the Commission and the utilities on ways to achieve our ultimate vision such that (a) the ESA Program effectively evolves into a resource program that garners significant

energy savings in our state, as envisioned in the Strategic Plan, while providing an improved quality of life for California's low income population; and (b) the CARE Program continues its current and successful course of effectively providing the necessary assistance to those eligible customers.

7. While some parties claim that there should have been an evidentiary hearing held, they did not raise any disputed issues of material fact that were ripe and poised for hearing.

8. The issues raised by the parties requesting hearing focused on several issues which the Assigned Commissioner and the ALJ concluded required further exploration in the months to come, during the second phase of this consolidated proceeding, following this decision and as directed in this decision; thus, those issues were not hearing ready.

9. In D.07-12-051, the Commission held that "[t]he complementary objectives of ESA Program will be to provide an energy resource for California while concurrently providing low income customers with ways to reduce their bills and improve their quality of life."

10. In D.08-11-031, the Commission announced and affirmed a clear direction to the IOUs that the ESA Program "must evolve into a resource program that garners significant energy savings in our state while providing an improved quality of life for California's low income population."

11. The ESA Program measures offered are generally selected based upon cost-effectiveness evaluation and vary by IOU territory and other factors, such as climate zones and housing types.

12. The ESA Program cost-effectiveness approach is designed to ensure that most efficient use is made of finite ratepayer funds to yield optimal ESA Program success and energy savings.

13. The ESA Program has made great strides in the recent years and has treated over 1 million low income homes and gained 16,132,316 kilowatt hour (kWH) savings and 232,979,182 therms savings during the 2009-2011 program years.

14. The ESA Program successes are in part due to the program's focus on the programmatic cost-effectiveness as well as cost-effectiveness of installed measures, promoting and encouraging workforce education and training, using smarter, flexible and creative approaches towards outreach (including a whole neighborhood approach), and, where appropriate, focusing on customers with high energy use, burden and insecurity.

15. Some notable lessons learned from the last program cycle in the ESA Program are that:

(a) The ESA Program is armed with a more experienced and poised administration and workforce, ready and "fully ramped up" in most of the IOUs' territories. During the last program cycle, the treated homes numbers steadily climbed, and in some instances, more dramatically climbed, to confirm this observation; and

(b) The IOUs' impressive 2011 treated home figures also illustrate that the ESA Program has the capacity to treat more homes than the conservative 2012-2014 projections proposed by the IOUs.

16. Based on our observations of the IOUs' successes during the last cycle, the adopted number of homes targeted treated should be viewed as the minimum number of homes to be treated this cycle, and we strongly urge and challenge the IOUs to exceed their projected 1/3 of the remaining homes for treatment by the end of the 2012-2014 cycle.

17. By treating more homes in the 2012-2014 than currently projected, the IOUs would be ready to apply more focus to tailor their programs to the remaining and more difficult to reach untreated low income households during the final two cycles, 2015-2017 and 2018-2020.

18. In D.08-11-031, the Commission determined that Code § 2790 does not contain the language "all feasible measures."

19. Integrating demand side program offerings has been an objective of the Commission since 2007.

20. In D.07-12-051, the Commission reaffirmed this policy and program guidance specifically for the ESA Program, including the following integration goal that "… [ESA Program] should be integrated with other energy efficiency programs to allow the utilities and customers to take advantage of the resources and experience of energy efficiency programs, promote economies of scale and scope, and improve program effectiveness.

21. In D.08-11-031, the Commission determined that "integration" constitutes an organization's internal efforts among its various departments and programs to identify, develop, and enact cooperative relationships that increase the effectiveness of customer demand side management programs and resources. Integration should result in more economic efficiency and energy savings than would have occurred in the absence of integration efforts.

22. D.08-11-031 explicitly reaffirmed the need for integration and specified clear definitions, metrics, and strategies and reporting requirements for such integration efforts envisioned for the ESA Program.

23. The current general IDSM Taskforce efforts, being undertaken in the general energy efficiency docket pursuant to D.09-09-047, are more broadly focused.

24. There is a general agreement among the parties in this proceeding that the integration of the ESA Program with the Energy Efficiency, Demand Response and Distributed Generation efforts provides more opportunities for energy savings and greater occasion for low income customers to save money, energy, and improve their health, comfort and safety.

25. In D. 08-11-031, we defined leveraging as "… an IOU's effort to coordinate its … [ESA Program] with programs outside the IOU that serve low income customers, including programs offered by the public, private, non-profit or for-profit, local, state, and federal government sectors that result in energy efficiency measure installations in low income households."

26. In D.08-11-031, the Commission required these efforts be demonstrably successful to ensure that leveraging efforts yield direct benefits to low income households and the ESA Program overall by meeting one or more of the following three objective criteria: (1) increase energy savings, (2) result in new customer enrollments, or (3) reduce program costs.

27. During the past program cycles, we learned that the IOUs' leveraging efforts resulted in partnerships and other collaboration with non-IOU sources, and most importantly, resulted in dollar savings, energy savings and benefits, and/or increased program enrollment.

28. One of the most obvious leveraging opportunities the Commission previously identified was and still is the federal LIHEAP and the DOE WAP, administered by the CSD.

29. On March 17, 2009, the Commission and CSD executed a MOU with the mutual goal of decreasing duplications and increasing the total number of low income households in California treated under both programs through increased coordination between the agencies.

30. Among other efforts, the Commission and CSD agreed to facilitate collaboration between the IOUs and the local service providers.

31. Despite the challenges we experienced during this last program cycle, the Commission is still committed to the important objectives of that MOU.

32. In the current landscape of so many exciting energy efficiency efforts, these types of leveraging efforts are essential, and even critical, to transforming the ESA Program into a more effective resource program that yields home energy benefits to the low income community while also creating cost savings for the IOUs and the ratepayers.

33. Looking at the accomplishments during the 2009-2011 program years, the IOUs' leveraging strategies are on the right track, but there is still room for improvements to achieve optimal leveraging with CSD and many other programs.

34. Some of the same barriers continue to exist today as they did three years ago where service providers still do not always know if a house has had any previous weatherization treatment until they arrive at a home. This wastes time, effort and outreach resources.

35. The current ESA Program design and delivery model provides the necessary guidance to the contractors while also affording contractors, including the assessment contractors, a level of flexibility and operational discretion to best adapt their program delivery to each household.

36. This model allows the assessment contractors to assess each household to determine and tailor measures offerings for individual households in accordance to program rules as well as provide tailored energy education.

37. Utilizing each IOU's sophisticated workflow database, installation contractors are then dispatched to customer households to install energy efficiency measures.

38. The ESA Program can benefit from some design and delivery improvements.

39. The Commission has time and again stressed the critical importance of integrated demand side management and the need for the IOUs to integrate and coordinate marketing messages for customers.

40. The Strategic Plan mandates a single statewide ME&O program that combines low income and non-low income energy efficiency messages, uses a single program name and tagline, and targets all eligible communities.

41. In D.07-12-051 and D.08-11-031, the two preceding low income energy efficiency proceeding dockets, the Commission took detailed steps, aligned with the general energy efficiency proceeding dockets, to direct the IOUs to integrate statewide energy efficiency and demand response marketing by reducing redundancies in marketing efforts and to have one contract with a single marketing agency for both statewide marketing campaigns.

42. Between 2009 and 2010, the Commission engaged in a careful evaluation of prior statewide marketing and branding efforts as well as market and demographic research to understand how best to encourage energy awareness as well as energy efficiency action.

43. Our ultimate plan is a unified ME&O approach. Yet our efforts to deliver an integrated message have been hampered by differing program cycles and proceedings among energy efficiency, demand response, distributed generation, and low income programs, among other reasons.

44. To help bring these efforts together under one umbrella with one unified approach, the Commission is planning to set some directions in the imminently anticipated guidance decision in R.09-11-014, Guidance Decision.

45. In D.08-11-031, the Commission determined that ethnic marketing is a key way of reaching language minorities and communities of color.

46. Through the IOUs' creative and innovative outreach efforts during prior program cycles, one of the most notable barriers in reaching the low income segment was identified as lack of trust in the low income community which was further compounded by cultural and language barriers which stifled the low income communities' understanding of the ESA and CARE Programs.

47. To overcome these barriers and to reach these harder to reach low income customer segments, an effective media outreach therefore should include local and ethnic media to better engage these communities and be tailored to those low income communities they are striving to penetrate.

48. Local, regional, ethnic as well as ethnically-owned media are ready and available tools that are clear and direct gateways to many of these low income communities to help tear down some of those barriers.

49. The Commission also encourages the IOUs to utilize, where appropriate, community based organizations as a resource in the outreach efforts.

50. Many community based organizations have proven track records within the low income communities and have earned the low income communities' trust.

51. Information from such community based organizations therefore is received in that community with more trust and confidence since it is coming from local and trusted community sources.

52. Such coordination with the community based organizations will also yield added benefit of creating jobs within those communities.

53. With the backdrop of the over two decades of program experience, the Strategic Plan, D.07-12-051 and D.08-11-031, the Commission has devised the current cost-effectiveness framework for the ESA Program, including overall cost-effectiveness methodologies applying a measure based analysis with two tests, threshold values and some exceptions.

54. The Modified Participant Cost (PC_m) Test emphasizes measures benefits to participating customers and the total costs of the ESA Program, and the Utility Cost Test (UCT) measures utility's resource costs and the resulting benefits, including non-energy benefits of the program.

55. Both tests incorporate non-energy benefits as well as direct energy-related benefits.

56. In D.08-11-031, the Commission, using those two tests and measure-based evaluation, held that, for the ESA Program, a measure is deemed to have "passed" the ESA Program cost-effectiveness test if its benefit-cost ratio, according to the UCT and PCm tests, is greater than or equal to the 0.25 benefit-cost ratio benchmark for that utility.

57. In D.08-11-031, the Commission also noted that under certain circumstances, exceptions would be made.

58. Leading to and since D.08-11-031, the parties have consistently questioned this measure based evaluation approach as well as the ESA Program's overall cost-effectiveness framework and have raised concerns that the Commission reexamine them.

59. On October 24, 2011, the Commission held a workshop on this topic which yielded robust and thoughtful discussion amongst the parties.

60. The December 2011 Ruling sought comments from the parties, which included four specific questions directed at the stakeholders, dealing with various aspects of the general ESA Program's current cost-effectiveness framework.

61. Most parties, in their responses, restated that the cost-effectiveness framework currently used to evaluate ESA Program measures needs to be revisited.

62. D.08-11-031 set out the current measure-by-measure cost-effectiveness test (CE Test) for the ESA Program to determine whether a specific measure is cost effective (taking into account the housing type as well as climate zone) and set forth an approach to screening each measure for cost-effectiveness.

63. Today, we adopt and apply the same methodologies, outlined in D.08-11-031, for this cycle for evaluating cost-effectiveness of each proposed measure (taking into account the housing type as well as climate zone), including when we grant exceptions to such CE Test, as follows:

(a) CE Test: Measures that have both a PC_m and a UCT benefit-cost ratio greater than or equal to 0.25 (taking into consideration the housing type and climate zone for that measure) for that utility pass the CE Test and shall be included in the ESA Program. This rule applies for both existing and new measures.

(b) Two exceptions to CE Test are:

(i) Existing measures that have either a PC_m or a UCT benefit-cost ratio less than 0.25 (taking into consideration the housing type and climate zone for that measure) is deemed to have passed the CE Test and shall be retained in the ESA Program; and

(ii) Existing and new measures with both PC_m and UCT test results less than 0.25 (taking into consideration the housing type and climate zone for that measure) for that utility may be included in the ESA Program for health safety and comfort reasons as add back measures, by first securing Commission's approval for such exception; and all approved add back measures are subject to additional reporting requirements.

64. Under the add back measures provision of the ESA Program's CE Test, the Commission recognizes and prioritizes the equity needs of the ESA Program customers and allow the IOUs to offer certain measures that fall below the 0.25 threshold, with additional attendant reporting requirements to track and better understand those add back measures' impact to the program budget and energy savings.

65. Any proposed add back measure or proposed new measures to the ESA Program for 2012-2014 program cycle in the IOUs' Applications that fail the CE Test and/or we did not expressly approve in this decision, have been denied.

66. In addition to the CE Test, the Commission also has in place the modified 3MM Rule to further the ESA Program's programmatic cost-effectiveness.

67. In D.01-03-028, the Commission adopted 3MM Rule and determined that it would be imprudent to indiscriminately treat all homes, including those that needed only a few measures, as such efforts would take away from the overall dollars to be spent on homes that have not yet received any energy efficiency upgrades.

68. D.08-11-031 and D.09-06-02 established the modified the 3MM Rule by creating an exception in response to the concerns to allow the IOUs to treat homes needing less than three measures, "as long as the total energy savings achieved [in that home] by either measure or measures combined yield(s)

energy savings of at least either 125 kilowatt-hours (kWh)/annually or 25 therms/annually."

69. Based on the data provided by the IOUs and having approved the smart power strip, we are not convinced that the modified 3MM Rule creates a significant barrier as presented by some of the parties.

70. Now more than ever with program costs rising ever so rapidly, we find value in the modified 3MM Rule consistent with our finding in 2001 that a provision to ensure households receive a minimal level of measures is necessary to maintain overall programmatic cost-effectiveness.

71. While there has been some debate over the value of CFLs, cost-effectiveness issues and associated energy savings, we have found that CFLs continue to provide low income customers the opportunity for energy savings in a relatively cost effective manner, because they are relatively inexpensive, all low income households use and need lighting, and we can still capture energy savings by switching low income customers from high energy use incandescent bulbs to CFLs.

72. As we noted in D.08-11-031, we found that 20%-30% of CFLs given away to customers are not installed and concluded that we cannot continue to allow such wasteful giveaways.

73. During the October 21, 2011 workshop and the two PHCs as well as the testimonies, briefs, and other filings, the parties have vigorously debated the nature and magnitude of how the low income multifamily segment has or has not been underserved and how it may be better served by the ESA Program.

74. While much of the debate centered on the treatment of the multifamily segment, the proposed solutions, ideas, pilots and program critiques all bring attention to how the ESA Program can more effectively be administered, to

providing all feasible measures and delivering the health, safety and comfort benefits of this program to the low income community.

75. We note that in the course of this proceeding, through the Applications, PHCs, opening and reply testimonies, and comments responsive to the December 2011 Ruling, the IOUs and all the parties presented many concerns, objections, insights, information, approaches and even pilot proposals for the Commission to examine various potential barriers that might prevent eligible customers residing in multifamily units from enrolling in the ESA Program.

76. Citing the IOUs' data reported in their annual reports, DRA's opening brief, Table 6, also illustrates that in comparing the IOUs' 1997-2006 multifamily homes treated figures to the IOUs' 2007-2010 multifamily homes treated figures, with the exception of SDG&E, each IOU's multifamily home treated figures dipped during the last program cycle.

- PG&E dropped from 27% multifamily homes treated in 2000-2006 timeframe to 18% multifamily homes treated in 2007-2010 timeframe;
- SCE dropped from 45% multifamily homes treated in 1997-2006 timeframe to 23% multifamily homes treated in 2007-2010 timeframe;
- SoCalGas dropped from 36% multifamily homes treated in 1997-2006 timeframe to 25% multifamily homes treated in 2007-2010 timeframe; and
- SDG&E increased from 49% multifamily homes treated in 1997-2006 timeframe to 54% multifamily homes treated in the 2007-2010 timeframe.

77. If the ESA Program is not effectively reaching the multifamily segment or even the overall eligible low income population, then that has to be identified, understood and addressed in the time remaining as we near 2020.

78. While there is not yet a consensus on "how" to increase penetration of this multifamily segment, there is a need for attention to this segment.

79. In D.07-12-051, the Commission stated that the ESA Program strategies, in general, should "include specific training strategies for reaching disadvantaged communities [and] the IOUs should also work with community stakeholders to assist them in the development of training strategies."

80. The Strategic Plan also set forth two broad WE&T goals: (1) establish energy efficiency education and training at all levels of California's educational systems, and (2) ensure that minority, low income and disadvantaged communities fully participate in training and education programs at all levels of the energy efficiency industry.

81. In D.08-11-031, the Commission challenged the IOUs to devise and implement outreach and training efforts to teach minority, low income, and other disadvantaged communities the skills needed to succeed at jobs that support the ESA Program by acting "as a catalyst to change by implementing several foundational activities that are necessary to accurately identify specific WE&T needs and recommendations for action."

82. With this direction, however, D.08-11-031 also stressed that the IOUs are but one link in the overall chain of a statewide WE&T strategy. In the chain, there are stakeholders supporting action toward developing "green jobs" with other funding and training coming from taxpayers, community-based and nonprofit organizations, educational institutions, the business community, and labor organizations.

83. The Statewide WE&T Needs Assessment made a recommendation we found timely and applicable to the ESA Program:

> …for fully subsidized low income programs, modify program objectives to include workforce outcomes. Assess current workforce outcomes and if they are not adequate, use high-road agreements and sector strategies to pilot incorporation of the new national DOE skill standards and certifications or other strategies to improve both energy efficiency and workforce outcomes.

84. While a few anecdotal accounts of contractor performance issues were raised by some parties and the 2009 Process Evaluation Report, we acknowledge that there is not enough evidence to suggest there to be a program-wide performance concern or that ESA Program delivery by the IOUs and contractors fall below any performance standard.

85. There was no evidence in the record to suggest that IOUs and the contractors are violating health, safety, labor or wage laws to begin directing they comply with such existing laws.

86. The Needs Assessment's recommendation suggests reviewing "workforce outcomes" and taking actions as appropriate upon such review, which is a good program WE&T approach for the ESA Program.

87. To know the state of the current workforce and the quality of their performance in the ESA Program is just the beginning of effectively managing the program workforce, the needs of that workforce, and the quality of the products being produced by that workforce.

88. The record of this preceding reflects the limited information and data being collected and reviewed and available to illustrate the reality of the current ESA Program workforce.

89. Likewise, there is little indication of a forward looking anticipation and planning for the ESA Program's workforce needs of tomorrow.

90. As a program funded entirely by ratepayers, the IOUs' ESA Program-specific WE&T plan for the remaining three cycles creates potential opportunities for job creation, incubation, or development for displaced and disadvantaged workers

91. We find there is a nexus between the quality of ESA Program delivery (proper enrollments, assessments, installations, etc.) and the quality of the ESA workforce.

92. CARE Program has made incredible progress over the past program cycle including the IOUs' showings of impressively high penetration rates during the 2009-2011 program cycle of reaching, more or less, the 90% CARE penetration goal set in D.08-11-031 by the Commission.

93. In D.08-11-031, the Commission acknowledged that a CARE penetration goal of 100% may not be attainable because of the difficulty in identifying and reaching certain customers; the fact that certain customers have a very low energy burden; and unwillingness to participate.

94. Much of the successes in the CARE Program have been achieved without substantial increase in the CARE outreach budget in the last budget cycle and by increasing the enrollment efficiencies through streamlining the screening, eligibility, and retention of participants in the CARE Program.

95. Some of the major lessons learned during the last program cycle suggest, CARE Program experiences extremely high attrition rate and the program design may need to be tightened so to ensure that CARE discount rate and subsidy are not being unlawfully diverted to ineligible customers, at the expense of the ratepayers.

96. Some have estimated much of the approximate remaining 10% percent of the CARE eligible households may be unwilling or unlikely to participate in CARE Program.

97. We therefore recognize and acknowledge that the per-household efforts and associated costs to identify, target and reach the remaining CARE eligible population (ranging from 1% in SCE territory to approximately 15% in SDG&E territory) will invariably be more difficult and costly.

98. The CARE Program experiences high attrition rates, and to maintain and even build on the current penetration rates, we must aggressively outreach to enroll more customers each program year to offset the number of customers who we lose through various attrition factors.

99. For the 2012-2014 budget cycle specifically, we recognize and therefore will focus on strategies to aggressively carryout outreach efforts to maintain and increase the current penetration rates, wherever feasible.

100. For the 2012-2014 budget cycle, we also will focus on strategies to further streamline the program administration toward cost-effectively identifying, targeting and reaching the remaining hardest to reach CARE eligible population.

101. The IOUs' total proposed outreach budget of $42 million is an increase of approximately 8% over the 2009-2011 cycle.

102. The proposed increases in CARE administrative costs and budgets are warranted and supported by the attrition figures and the challenges faced by the IOUs in the coming cycle.

103. During prior budget cycles, PG&E, SDG&E and SCE have each funded cooling center activities very differently.

104. During the 2009-2011 budget cycle, SCE supported approximately 20 cooling centers; PG&E supported approximately 65 centers; and SDG&E supported approximately 119 cool zone facilities.

105. The Applications filed by PG&E and SDG&E describe existing partnerships with local government entities, specifically financial support is provided to city and county agencies to fund cooling centers, while SCE works primarily with community based organizations and faith based organizations to provide similar services.

106. SCE's budget has been substantially higher than PG&E and SDG&E while the number of facilities in SCE's territory has remained the lowest. SCE's proposed cooling center budget represents approximately 36% of its CARE outreach cost, in comparison to PG&E's and SDG&E's respective proposed budgets which are approximately 4% and 3% of overall outreach costs.

107. Recommendations outlined in SCE's 2009 Cool Center Program Evaluation also adds to our concern by repeatedly pointing out instances where cooling centers were found to be costly to operate, overstaffed, under attended, lacked outreach efforts, and not strategically located or noticed, which all provides further evidence that utilization of third parties to operate cooling centers increases expenses without increasing benefits.

108. The IOUs, in their Applications, have identified a significant concern that the current enrollment process that enables the low income customers to be eligible for the CARE program benefits through an expedited process commonly referred to as Categorical Eligibility or Enrollment Program leads to CARE subsidies being diverted from legitimate CARE eligible customers and ratepayers to ineligible households.

109. The Categorical Eligibility and Enrollment Program permits a low income customer to be deemed income qualified and therefore eligible for the CARE program benefits, if they happen to be enrolled in one or more of the pre-approved listed governmental low income programs.

110. It assumes that the other approved low income assistance program has already verified that customer's income and that verified income level aligned with the CARE income threshold of 200% federal poverty guideline.

111. After more than 20 years of outreach and enrollment efforts, the CARE Program is looking at extraordinarily high enrollment figures and penetration rates that should raise some eyebrows for the stewards of ratepayer funds.

112. The CARE Program has a growing subsidy expected to exceed $3.6 billion in the 2012-2014 cycle.

113. Under the current projections, CARE participation/penetration rate is reaching (and may exceed) 100% of the CARE eligible population within many of the IOUs' territories.

114. The IOUs correctly identify the loopholes in the CARE Program and to proactively devise and propose solutions to address these problem areas as they have done so in their Applications.

115. During the 2009-2011 program cycle and in this proceeding, the parties, members of the public, print media and even the legislature have brought forth the issue of CARE egregious usage customers issue as a significant concern.

116. We have been working toward tightening the CARE Program and its administration and in doing so any misuse, abuse or potentially fraudulent allocation of CARE funds is carefully monitored and reconciled.

117. During the 2009-2011 cycle we experienced numerous delays and budget overruns relating to the approved pilots and studies and also found that, even during and after the pilots or studies were completed, they may not have been carefully monitored and overseen.

118. We have further noticed that the resulting findings have not been timely and/or effectively compiled, reported or otherwise communicated across all IOUs and stakeholders to truly yield optimal benefits of such efforts in informing the Commission and the stakeholders for all future changes concerning ESA and CARE Programs.

119. The projected and approved pilot budget for 2012-2014 is approximately $800,000, which includes CHANGES Pilot and related evaluation. The combined projected studies budget for 2012-2014 is $900,000.

120. During the 2012-14 funding cycle, we are particularly intent on heightening the scrutiny of all pilots, studies and proposals we approve, authorize and evaluate.

121. We also raise the accountability for both timing and deliverables resulting from the authorized pilots, studies and proposals so that the ESA and CARE Programs benefit directly from these initiatives without undue delay.

122. On November 19, 2010, the Commission issued Resolution CSID-004 and approved a one-year in-language pilot program referred to as CHANGES and authorized its funding through the CARE Program budget.

123. The CHANGES pilot program launched in February of 2011 and began providing energy-related (electric and natural gas) education, resolution of needs and disputes, and outreach services for limited English proficient consumers in their preferred languages through an existing statewide network of community based organizations.

124. On November 10, 2011, the Commission issued Resolution CSID-005 and authorized continued CARE Program funding for the CHANGES pilot program and extended the duration of the CHANGES pilot program to allow time for additional data collection and pilot evaluation, as well as time to review and

address the appropriateness of continued authorization of CARE Program funding, if any, to this pilot through this current proceeding.

125. In Resolution CSID-005, we directed the CSID and the Energy Division, along with an independent consultant, to review 12 months of data collected concerning this pilot program to determine its ability to effectively assist limited English proficient consumers and evaluate the benefits of this pilot's use of CARE funds.

126. A final report based on that evaluation was ordered to be submitted to the ALJ in this proceeding, by September 1, 2012, for the Commission's review, consideration and decision thereafter.

127. Opower, Inc.'s proposal for a pilot program, Home Energy Report Pilot, maybe premature and may potentially duplicate its other ongoing piloting efforts.

128. We support the movement towards going paperless, and we believe the IOUs and contractors can do that without the approval of this PC tablet proposal to be funded by the ESA Program.

129. The cost for the tools needed by service providers to provide ESA Program services is an appropriate contractor expense, and all costs associated with delivering services, including labor, fuel, vehicles and in this case, tablet PCs, are embedded in the reimbursement rates to contractors and should continue to be a contractor expense.

130. The IOUs' shared energy education evaluation study will be invaluable in determining whether there are the energy savings associated with ESA Program energy education and whether this justifies energy education be considered a cost-effective, standalone measure.

131. Without quantifiable energy savings figures, energy education should not be considered a standalone measure, at this time.

132. There are concerns from the parties regarding the results as well as the methodology used in this 2009 Impact Evaluation.

133. To the extent practicable, the parties' comments and objections to the 2009 Impact Evaluation results have been addressed by the 2009 Impact Evaluation's consultant who provided responses to the parties' objections as well as explanations and justifications for the differences in the 2009 Impact Evaluation as compared to the 2005 Impact Evaluation.

134. The final 2009 Impact Evaluation also clearly sets forth detailed explanations for the lower saving results relative to the 2005 Impact Evaluation to which many parties have objected.

135. In all, we find the 2009 Impact Evaluation results to be generally sound, given the parameters and scope of the work.

136. We do agree with many of the parties that a more robust evaluation may be beneficial and that another impact evaluation should be conducted during the 2012-2014 cycle.

137. In D.08-11-031, the Commission weighed these concerns and adopted 5% of the given population from each annual eligible population estimate as the unwilling population.

138. D.08-11-031 also indicated that future estimates of willingness may be more precise and may be considered for future budget cycles, however, at this time the Commission still does not have adequate data to modify this figure.

139. Code § 739.1 (b) (1) defines how the Commission determines the CARE income threshold (poverty level) and the Commission does so by taking the latest Census figure each year and doubling that as required by statutory direction.

140. In D.08-11-031, the Commission determined that persons with disabilities are disproportionately low income, and serving the disabled community with the ESA Program outreach and especially measure installation will enhance penetration of the ESA Program in the low income community.

141. California Civil Code §§ 1941.1 (c) and (d) specifically require the landlord to provide heating and hot water in tenant occupied dwellings.

142. In D.08-11-031, we concluded that "no furnace repair and replacement or water heater repair and replacement work shall occur in violation of our holding in D. 07-12-051 that heating and water heating in rented housing are the responsibility of the landlord."

143. In addition, such proposal would require upward adjustments to the IOUs' proposed budgets, as noted by PG&E, at substantial expense to the ratepayers which we cannot justify at this time.

144. The IOUs correctly reference existing programs such as EUC and the MFEER, in their testimonies, as both appropriate and viable alternatives to such co-pay proposal and are better suited and equipped to upgrade inefficient appliances while offering rebates and incentives to landlords.

145. Statewide Energy Efficiency programs such as EUC and MFEER are designed specifically to achieve energy savings; thus, the costs are appropriately distributed, between property owner and tenants, eliminating the need to burden ratepayers with additional program expenses for which they are not ultimately responsible.

146. Based on the IOUs' data, we find that the reasoning does not support the suggestion by EEC (where the customer is not upfront and neglectful of providing full income documentation); but rather in most instances, it is due to the contractor not collecting all the documents required in order to provide that specific service or measure.

147. The Commission has the responsibility to ensure that only those qualified for the program are serviced.

148. The need to mitigate fraud in the program is becoming ever so important, and allowing for EEC's proposal to be approved could lead to a potential loophole for errors as well as provide a perverse incentive for service providers to be less vigilant in their enrollment efforts and more aggressive in their installment efforts as many measures as possible, even if the home in question may not qualify.

149. Concerning the Quarterly Pubic Meetings, the record in this proceeding and the 2009-2011 budget proceeding, A.08-05-022 et al., confirm that the IOUs have repeatedly found the Quarterly Public Meetings, particularly the final Quarterly Public Meeting of each year unnecessary or otherwise more burdensome than beneficial.

150. The Quarterly Public Meetings were initially mandated by D.06-12-038 with the main purpose of allowing public access to the IOUs and a public forum to "facilitate program improvements" as set in that 2006 decision.

151. After six years, those Quarterly Public Meetings have understandably lost focus and direction and have become more of burden to the program than benefit, by diverting IOUs' and stakeholders' strained resources and attention away from core efforts.

152. The pilots, proposals, suggestions, recommendations and studies we do not expressly approve today are untimely, not adequately described by the proponents, or are otherwise inconsistent with the program goals set forth in this decision at this stage of the program implementation.

153. As anticipated in the September 26, 2011 Scoping Memo Ruling, on November 10, 2011, we adopted a bridge funding decision, D.11-11-010, for the IOUs to expend an amount not to exceed 50% of their respective 2011 budget

levels, from January 1, 2012 until June 30, 2012 to continue their ESA and CARE Programs until the Commission adopts a final decision on the IOUs' ESA Program and CARE Program Budget Applications for 2012-2014.

154. Today, we resolve numerous poised issues in this decision based on the record of this proceeding, including the directions and budgets necessary to continue the ESA and CARE Programs during the 2012-2014 program cycle.

155. We find that several of the more complex issues should be further investigated, examined, explored, debated and brought back to the Commission through the frameworks we set in this decision during the second phase of this proceeding, including the working groups and studies.

Conclusions of Law

1. These are ratepayer funded programs, and as the Commission approves these sizable budgets, the Commission must be vigilant in its duty to the ratepayers to carefully oversee the IOUs' administration of the programs in the upcoming cycle, as well as monitoring the attendant management and expenditure of those funds we direct.

2. The ESA Program must be directed, administered and delivered in a manner so as to yield significant energy savings.

3. To achieve optimal energy savings, the ESA Program must be administered cost-effectively to yield maximum energy savings at reasonable costs.

4. In this program cycle, with the strategies, directions and significant budgets we provide, the IOUs should take advantage of the current ESA Program momentum and available workforce to find smarter ways (e.g. integration, leveraging, etc.) to exceed their projected 1/3 of the remaining homes for treatment by the end of the 2012-2014 cycle.

5. The low income communities and the ESA Program present unique concerns relative to integration; thus, there must be due consideration given to those unique concerns so to effectively and appropriately integrate the ESA Program with those other programs.

6. The low income programs' ME&O approach should incorporate tailored strategies to align with the overall statewide ME&O direction and such issues will have to be fully examined.

7. The IOUs' ME&O strategies should embrace and recognize the importance of community, local, regional, ethnic as well as ethnically-owned media as ways of effectively reaching and penetrating some of the most difficult to reach pockets of the low income communities.

8. The IOUs should track and report on the progress of these outreach efforts in their annual report, and the reporting should indicate specific activities and contracts, actual expense, as well as quality and quantity of resulting enrollment from each effort.

9. The Commission should take actions necessary to ensure that the CARE Program is efficiently and effectively administered and delivered in ways that ensure that the benefits (CARE discount rate) are delivered to the maximum number of households that are eligible.

10. The Commission should resolve the issues in this decision that are poised based on the record of this proceeding, including the directions and budgets necessary to continue the ESA and CARE Programs during the 2012-2014 program cycle.

11. Several of the more complex issues should be further investigated, examined, explored, debated and brought back to the Commission through the

frameworks we set in this decision during the second phase of this proceeding, including the pilots, working groups and studies.

12. As a mature and largely successful program, it is imprudent to make whole-sale changes to the ESA Program, unless proposed changes are likely to yield significantly more benefits and the costs associated with those same changes are outweighed by the benefits to be attained.

13. The approach for the ESA Program going forward therefore, should be to build upon its successes, with forward looking vision, smarter and streamlined program implementation by increasing consistency and coherence in delivery of demand side programs, and by promoting and encouraging creativity, innovation and efficiency through tailored, adaptable and flexible program delivery.

14. The Commission should update the CARE Program to ensure that CARE discount rate and subsidy are not being unlawfully diverted to ineligible customers, at the expense of the ratepayers.

15. The Commission should remove the past emphasis on a 90% CARE penetration target outlined in D.08-11-031 and redirect the IOUs' focus to delivering the CARE Program to only those customers for whom it was designed.

16. Categorical Eligibility and Enrollment Program should not be eliminated but it should be updated to ensure that CARE discount rate and subsidy are not being unlawfully diverted to ineligible customers, at the expense of the ratepayers.

17. The IOUs should income verify all Categorically Enrolled customers through Post Enrollment Verification within three months of enrollment.

18. The IOUs should raise their number of Post Enrollment Verifications of the CARE customers to 25% of the total enrolled customers per year.

19. The IOUs should track the number and reason for each CARE customer dropped during the Post Enrollment Verification process (either through customer non-response or deemed ineligible for the program).

20. The IOUs should track information concerning those dropped and ineligible CARE customers and how they were initially enrolled in the CARE Program (e.g. capitation agency, self-certification, categorical enrollment, etc.).

21. Categorical Eligibility and Enrollment process should be made available only to new CARE customer enrollments.

22. The IOUs should not allow any CARE customers to self-recertify without providing income documentation.

23. SCE's proposal that CARE customers who fail to respond to a utility's request for income verification should be barred from self-certified re-enrollment in the CARE Program for 24 months is reasonable.

24. The CARE customers who fail to respond to a utility's request for income verification and therefore are removed from the CARE enrollment should be reinstated in the CARE Program and discount rate once the customer provides income verification to confirm CARE eligibility.

25. To ensure consistency statewide, all of the IOUs should implement the CARE Program rule changes to bar those CARE customers who fail to respond to a utility's request for income verification for 24 months.

26. All of the IOUs should institute outreach programs, similar to that proposed by PG&E, to allow CARE capitation contractors to aid in the Post Enrollment Verification process for an up to $18.00 per capita fee is reasonable.

27. PG&E's proposed CARE Program changes to address the egregious electric users on the CARE rate are reasonable.

28. PG&E's proposed CARE Program changes to address the egregious electric users on the CARE rate, as modified in this decision, should be adopted and the resulting CARE Program rules changes should apply to all of the electric utilities to implement the statewide program changes.

29. The increase the capitation fee from "up to $15.00" to "up to $20.00" for each new CARE enrollment for program year 2012-2014 is adequately justified and reasonable, and the resulting capitation fee increase should apply to all of the IOUs in this proceeding to implement statewide.

30. The IOUs should continue their tracking and reporting to update us on the status of each of their ESA Program specific integration efforts, using the guidance set forth in D.08-11-031 and to devise and refine such efforts, as necessary.

31. The IOUs should coordinate their ESA Program integration related filings and streamline, wherever possible, to avoid unnecessary duplications in the energy efficiency docket and the ESA Program docket.

32. The IOUs should continue to present the results of their ESA Program integration related efforts in their annual report submitted to the Commission each May.

33. In cases where their ESA Program integration effort does not meet at least two of the goals we set in this decision, the IOUs should provide a reasonable explanation in their annual report.

34. The Energy Division should review the IOUs' ESA Program integration related reports, work with IOUs to enhance integration during the 2015-2018 cycle if our metrics are not met, and make recommendations to the Commission if the IOUs' integration efforts are failing to meet the above metrics,.

35. The IOUs should cooperate with the Energy Division's guidance or recommendations on the ESA Program integration efforts, as appropriate.

36. The ESA Program integration plan should include a timetable for introducing any refinements and/or additional low income specific integration activities in the 2012-2014 cycle and looking ahead towards ultimately achieving a full program integration stage before or within the 2015-2018 cycle.

37. The plan should include, at a minimum, a specific list of activities that the ESA Program must engage in and when, a plan for any needed training for ESA Program providers, a research plan, any additional metrics needed to measure success, an evaluation plan, and a list of regulatory changes and attendant funding that would be needed.

38. The ESA Integration Working Group should coordinate with the IDSM Taskforce to maintain directional alignment with the IDSM Taskforce.

39. The IOUs should take advantage of all leveraging opportunities for ESA and CARE Programs with other programs offered in California.

40. The IOUs' leveraging projects should be designed to yield direct benefits to low income households and the ESA Program overall by meeting one the following three criteria: (a) increase energy savings, (b) result in new customer enrollments, or (c) reduce program costs.

41. The IOUs should continue to work with various participants in the industry to identify key areas where data sharing is possible and advantageous; seek legislative changes to ease barriers to data sharing between agencies; and develop partnerships with community organizations and other agencies to leverage resources available from local governments, federal, state, and private funding sources.

42. SCE's request to discontinue its current efforts to leverage ESA Program with CAHP is reasonable.

43. The IOUs should continue their current leveraging efforts, except CAHP.

44. The IOUs proposed leveraging efforts are reasonable.

45. In this cycle and going forward, the IOUs should:

(a) share successful leveraging models and to try and duplicate the successes of other IOUs' leveraging efforts; and

(b) Actively explore new opportunities and coordinate actual program delivery to promote long term enduring energy savings and cost efficiency.

46. The IOUs should continue to measure each of the existing and proposed leveraging efforts listed in their Applications using these metrics and continue to report the status of each in their annual reports provided each May to the Commission.

47. The IOUs should identify the level to which the proposed leveraging efforts meet each criterion, and in cases where the leveraging effort or relationship does not meet a criterion, shall provide a reasonable explanation and discussion of the lessons learned.

48. Energy Division should make recommendations to the Commission if the IOUs' leveraging efforts are failing to meet the objective metrics we establish here.

49. The IOUs should cooperate with the Energy Division, as necessary to assist the division in making its recommendations.

50. Moving ahead, the IOUs, CSD, and the Commission must reiterate and reinvigorate a joint commitment to the programmatic goals to leverage and cooperate as outlined in our 2009 MOU.

51. The IOUs should continue their current efforts of utilizing dual providers (CSD and ESA Program) in program delivery and should focus their leveraging effort with CSD in refining the data sharing activities with LIHEAP/WAP and to devise a CSD leveraging plan.

52. The IOUs should begin immediate coordination with the Energy Division to convene and begin discussions, on as-needed frequency, with CSD and the IOUs to aide in this invaluable leveraging opportunity and to develop and implement an effective leveraging plan between the ESA Program and CSD.

53. The DRA's proposal to overhaul the current ESA Program design and delivery model is not justified.

54. While we are planning to examine the ESA Program cost-effectiveness framework, we see a more moderate and reasoned approach in improving the program delivery as laid out in the 2009 Process Evaluation of the ESA Program, and therefore, are persuaded by those recommendations.

55. The IOUs should implement the above 2009 Process Evaluation recommendations, including review of the property owner waiver and co-pay forms.

56. The property owner waiver and co-pay forms should be simplified, made uniform among the IOUs and made available in languages other than English, if there is sufficient need justifying such expenditure.

57. Once fully implemented, SCE should report to the other IOUs on the effectiveness of its integrated schedule manager and routing tool for possible statewide adoption.

58. The IOUs should integrate their HEES programs and the CA-ICEAT into the ESA Program so that ESA contractors can use this information for easier enrollments and assessments.

59. Consistent with the Strategic Plan which envisioned phasing out support for basic CFLs, the IOUs should to implement a much smaller basic CFLs program for the transition period as a step toward the phasing out process envisioned by the Strategic Plan, consistent with the directions and approaches we provided in the mainstream energy efficiency docket, where appropriate.

60. The IOUs should review the training curriculum of outreach and assessment contractors to help determine, and report to the Energy Division, each IOU's projected budget necessary to train and otherwise enable, including any licensing, its assessment contractors to install lighting measures (CFLs), hot water measures and smart power strips to income qualified customers who have passed the modified 3MM Rule, during the initial visit.

61. The IOUs should continue to provide cost-effective measures within the existing Energy Savings Assistance Program cost-effectiveness framework.

62. The IOUs should be poised for potential mid-cycle ME&O course change and to follow any applicable ME&O directions we provide in the Guidance Decision.

63. The IOUs' ME&O strategies should embrace and recognize the importance of community, local, regional, ethnic as well as ethnically-owned media as ways of effectively reaching and penetrating some of the most difficult to reach pockets of the low income communities.

64. The IOUs should track and report on the progress of their outreach efforts in their annual report, and the reporting should indicate specific activities and contracts, actual expense, as well as quality and quantity of resulting enrollment from each effort.

65. Toward refining the ESA Program's current cost-effectiveness framework, if possible, the Commission should endeavor to explore ways of stretching the limited ratepayer funds to (1) producing significantly more energy savings than today and (2) also significantly increasing the low income households' energy bill savings than today.

66. The parties generally support the concept of a working group, to be led by the Commission's Energy Division, and that such group should be formed to fully explore this issue in depth toward formulating a cost-effectiveness

framework that balances and recognizes the ESA Program as both a resource and an equity program.

67. We find the working group approach reasonable and sound, and the Energy Division should promptly allocate resources toward convening this ESA Program CE Working Group.

68. If the add back measure(s) will compromise the IOUs' ability to meet the 2020 Strategic Plan goal that 100% of eligible and willing customers will have received all cost effective ESA Program measures, they should include a narrative in their annual reports on how they propose to address the shortfall in other parts of their ESA Program.

69. SCE's request to further modify the modified 3MM Rule is not reasonable and should be denied.

70. The modified 3MM Rule, as modified in D.08-11-031 and clarified in D.09-06-026, should not be further modified and we should deny: (a) SCE's proposal to install CFLs at the time a home is assessed without being required to meet the modified 3MM Rule, (b) SCE's proposal to count a home as "treated" with the receipt of only CFLs and energy education, (c) DRA's proposal to replace the modified 3MM Rule with a 4% Threshold Approach, (d) EEC's recommendation of instituting the policy to install CFLs during the enrollment and education process as well as lifting the cap of 5 CFLs per household, and (e) TELACU's proposal to eliminate the rule and allow all income eligible customers to receive energy education and CFLs regardless of the modified 3MM Rule requirement.

71. Without quantifiable energy savings figures, energy education alone should not, at this time, be considered a standalone measure applicable towards the modified 3MM Rule.

72. The IOUs' request to change the refrigerator replacement criteria from pre-1993 units to pre-1999 units is reasonable and should be approved.

73. The IOUs should continue to install all CFLs they give to ESA Program customers.

74. The IOUs should remove old bulbs after installing CFLs, unless a customer asks to keep the old bulbs.

75. To better understand the field of eligible population and particularly this multifamily segment to be able to devise effective strategies to reach them,during the 2012-2014 period, we should examine this issue to devise a full set of comprehensive multifamily segment strategies.

76. We cannot justify increasing the ESA Program's no-cost measure offerings to include costly replacements of working central systems in tenant-occupied multifamily buildings especially if other Commission or non-Commission programs may be available.

77. The IOUs should improve their penetration of the multifamily segment of the low income population, by immediately implementing the nine Multifamily Segment Strategies set forth in this decision, including additional approved measure offerings to multifamily households, which in turn should also increase the overall ESA Program's penetration rate.

78. During the 2012-2014 program cycle, to the IOUs should simultaneously begin developing and advancing more long-term and comprehensive multifamily segment strategies as discussed in decision.

79. The IOUs' WE&T approach should actively be looking at the ESA Program workforce's current needs, but should be actively overseeing, quality assuring work, anticipating and planning for future workforce needs of the ESA Program through the three remaining program cycles heading to the Strategic Plan target.

80. Instead of objecting to additional data collection and claiming it as unnecessary, burdensome and costly, the IOUs should be proactively collecting, reviewing and acting on those same information to manage the workforce needs of today and planning for tomorrow.

81. The IOUs should explore all opportunities and thoughtfully plan for and take full advantage of any such opportunity, wherever it makes sense, and do so consistent with the broad WE&T goals of the Strategic Plan.

82. Since maintaining the highest quality workforce is synonymous with the goal of an ever-effective ESA Program delivery model, the IOUs must make every effort to understand its workforce to adjust, support, empower and otherwise manage it in a way that yields the highest quality of service and outcomes.

83. The Commission and the IOUs should therefore view this WE&T issue with a broader perspective of successfully meeting the ESA Program needs for the next three cycles but with the focus towards:

1. Assessing the education and training needs, if any, of the existing ESA Program workforce in yielding effective and quality program outcomes;
2. Providing the support and framework for the necessary training and education for the existing ESA Program workforce to yield effective and quality program outcomes;
3. Determine what ESA Program workforce needs will be for the remaining three cycles, until 2020;
4. Anticipate and plan for in the workforce needs to support the ESA Program in the remaining three cycles, until 2020;
5. In workforce planning, explore ways to leverage (with green jobs programs, community-based and nonprofit organizations, educational institutions, the business community, and labor organizations, etc.) wherever possible and incorporate teaching minority, low income,

and other disadvantaged communities the skills needed to meet the ESA Program needs, where feasible;

6. Consider possible pilot programs (as recommended in the Needs Assessment) to test new quality standards for ESA Program weatherization projects accompanied by necessary training, increased pay for performance for contractors, and links to job placement for completing the training then initiate the evaluation below; and
7. Participate and maintain alignment to the extent possible with the IOUs' statewide WE&T efforts.

84. While each IOUs is directed to submit a separate report, the IOUs should work together to develop a single, uniform reporting template.

85. WE&T Working Group should be formed.

86. With the IOUs' reports containing the above 2012 WE&T information, the WE&T Working Group should evaluate the data submitted and develop and present recommendations addressing the aforementioned six areas.

87. WE&T efforts in the low income programs should not operate completely independent of efforts underway in response to D.09-09-047 and that both advances should progress in parallel, while coordinating efforts whenever possible, as directed in this decision.

88. The Joint Parties' proposal that the IOUs focus WE&T efforts to diverse business enterprises with annual revenues of $1 million or less should be denied as it is excessively restrictive and burdensome for the IOUs to implement, and there is no information in the record indicating its needs are justified.

89. The IOUs' proposed 2012-2014 CARE program budgets are generally reasonable and justified and should be approved with some modifications.

90. The IOUs provide more than adequate justifications in support of their respective CARE outreach budgets.

91. PG&E's request for funding in 2012 to conduct Phase II of the Tier 3 Electric Rate Outreach Campaign, reminding customers about this change before the summer months, is unnecessary and should be denied.

92. To better understand the costs and benefits of these efforts and to achieve the goal of actually providing relief from heat and high energy bills to California residents during extreme heat conditions while ensuring ratepayer funds are appropriately managed, the IOUs should report on November 15th of each year, 30-days after cooling center activity concludes on October 15, tracking information by cooling center facility including, attendance, low income program enrollments, and itemized expenses.

93. The IOUs reports on cooling centers should also describe the energy education and marketing materials provided at each cooling center facility.

94. The IOUs should post on their websites a list of designated cooling center locations as well as days and hours of operation.

95. PG&E, SDG&E, and SCE should coordinate with local government agencies to establish and streamline emergency notification and cooling center designation processes, avoid duplication of services, and ensure exemptions for cooling centers from rotating outages.

96. The proposals by PG&E and SDG&E to continue to fund the cooling centers as part of their CARE Administration budgets and SCE's request to utilize a separate memorandum account under ERRA for funding are reasonable and therefore should be approved.

97. The IOUs' proposed cooling center budgets should be reduced from the proposed levels and should reflect exclusions based on D.05-04-052.

98. SCE's proposal to spend $30,000 to conduct a subsequent evaluation of its cooling center program is not justified and therefore unreasonable.

99. SCE should work with the other IOUs, community based organizations and faith based organizations to identify alternate funding approaches to minimize cost while maximizing the number of quality cooling center locations.

100. We must ensure that CARE funds and programs are effectively managed and administered to ensure the benefits reach the intended eligible customers, and to plug holes where we might to ensure the benefits reach the intended eligible customers.

101. We should retain our current Categorical Eligibility and Enrollment Program to continue to allow continued ease of access for enrolling into the CARE Program.

102. We should also make several changes to Categorical Eligibility and Enrollment Program to ensure that only the eligible customers stay enrolled in the program, as ordered in this decision.

103. The IOUs should focus on delivering the program to only those customers for whom it was designed.

104. All prior pre-approved categorical enrollment programs should be retained; however, the IOUs should verify all Categorically Enrolled customers to undergo Post Enrollment Verification within three months of enrollment.

105. Categorical Eligibility should be retained for the enrollment of new CARE customer enrollments only.

106. All CARE recertifications should require income documentation verification for renewal, and no customers should be allowed to self-recertify without providing income documentation.

107. The IOUs should raise their number of Post Enrollment Verifications of its CARE customers to 25% of enrolled customers per year.

108. In addition to tracking the number and reason for each CARE customer dropped during the Post Enrollment Verification process (either through

customer non-response or deemed ineligible for the program), the IOUs should begin tracking information concerning those dropped and ineligible customers and how they were initially enrolled in the CARE Program (e.g. capitation agency, self-certification, categorical enrollment, etc.).

109. SCE's request, for CARE customers who fail to respond to an income verification request be barred from self-certified re-enrollment in the CARE Program for 24 months, is reasonable and should be approved.

110. However, if at any time during the 24 months a removed customer verifies eligibility, they should be placed back on the CARE rate, and after 24 months, those removed customers may be able to enroll in CARE by again self-certifying their household and income eligibility.

111. To ensure consistency statewide, the other IOUs are directed to implement identical CARE program rules.

112. The IOUs should develop and field a uniform quality control audit protocol for CARE/Post Enrollment Verification capitation contractors.

113. SCE's requests for $2.9 million in information technology program upgrades are reasonable and should be approved.

114. SCE's request for $2.1 million for increased verification processing is reasonable and should be approved.

115. CARE funds should be set aside solely for eligible customers and for lawful purposes only.

116. PG&E's proposed CARE Program changes to address the egregious electric users on the CARE rate are reasonable, timely and should be approved with some modifications as ordered in this decision, and should also be implemented statewide for all electric IOUs.

117. Based on these experiences and as we approve these historic ratepayer funded budgets in this decision, we should carefully examine each proposal to ensure that we authorize only those pilots, studies and other proposals that are well thought out, justified and presented with sufficient detailed and meaningful framework for a pilot proposal, and specifically designed to further and meet the goals of the ESA and CARE Programs.

118. The IOUs should also meet, collaborate and/or coordinate actively with Energy Division staff, the other IOUs, and other stakeholders to review the results of pilots, studies or other proposal we approve in this decision.

119. Even if not specifically denied, any proposal not expressly approved or authorized should be deemed denied.

120. The evaluation of the CHANGES pilot program should be completed consistent with the current Energy Division's pilot evaluation procedures and should not exceed a total of $80,000 collectively from the IOUs' CARE Program Measurement and Evaluation (M&E) budget at an amount not to exceed 10% of the total pilot budget.

121. SFCP's proposals are incomplete, ill-defined and redundant of current ESA Program services and therefore should not be approved.

122. Opower, Inc.'s proposal for a pilot program, Home Energy Report Pilot, is not timely and should be denied.

123. As is the case with other tools needed to deliver program services, the responsibility to provide tools to service provider employees to perform their jobs should remain with the service provider.

124. The funding for PC tablets should remain as it is and be assumed as part of the contractors' expenses.

125. The PC Tablet proposal is not justified and should be denied.

126. The IOUs' request for a $600,000 shared energy education evaluation study is reasonable and should be approved.

127. In the meantime, the IOUs should be restricted to provide energy education only to income-verified customers who have passed the modified 3MM Rule.

128. SoCalGas' request for $65,000 for a leave-behind energy education DVD is reasonable and should be approved.

129. The IOUs' Impact Evaluation proposal, as described in SCE's testimony in Appendix A, Attachment A-9 is reasonable and should be approved, with the modification we order in this decision.

130. Additional information and evidence should be collected and reviewed in order to thoughtfully evaluate the reasonableness of the increases proposed by the IOUs or any increase at all.

131. The IOUs should track and report customer unwilling/unable percentages during the 2012-2014 budget cycle.

132. The IOUs should document the reasons why customers are unwilling and/or unable to participate in the program during the 2012-2014 program cycle.

133. The IOUs proposed increases of the unwillingness factor are not adequately justified and should be rejected.

134. The current 5% unwillingness factor should continue be used for 2012-2014.

135. The 15% enrollment goal established in D.08-011-031 for the segment of low income population with disability should continue in this cycle.

136. DRA's and SDG&E's co-pay policy proposal for certain central systems in multifamily unit is inconsistent with Commission policy, existing program rules and does not recognize landlord obligations with respect to heating and hot water under § 1941.1 of Civil Code.

137. The current program policy and procedures, prior decisions, the Commission's interpretation and application of Civil Code § 1941.1, and available alternatives through existing statewide programs suggest that DRA's recommendation/proposal is imprudent and unnecessary.

138. EEC's proposal to authorize a line item in the budget to approve reimbursement for measures installed when the customer is subsequently deemed not to qualify is not adequately justified and should be rejected.

139. The Commission should move its CARE annual income letter release date from May 1st to April 1st each year to afford adequate lead time for the IOUs to update their computer generated and web-based forms.

140. The FERA update also should be simultaneously released by Energy Division with the CARE letter by April 1st of each year, for efficiency so to eliminate duplication.

141. The IOUs' request for Tier 2 ALs process for mid-cycle changes to CARE and ESA Programs is ambiguous and therefore should be rejected.

142. The IOUs' proposal that they should be relieved of the Quarterly Public Meetings as previously ordered in D.06-12-038 is reasonable.

143. Similar public meetings can be revamped once again to become an active tool for the CARE and ESA Programs, as they were originally envisioned but with a new focus provided in this current decision.

144. The IOUs should convene a minimum of one public meeting per year, within 60 days of their filing of the annual report, and other public meetings as deemed necessary by either the IOUs, the Energy Division, the ALJ, or the Commission.

145. In the upcoming 2012-2014 program cycle, the IOUs should test the IOUs' public meetings as a forum to host the working groups we authorize and order in this decision, including (a) ESA Integration Working Group; (b) Cost-Effectiveness (CE) Working Group; (c) WE&T Working Group; and (d) Mid-Cycle Working Group, and other(s) as Energy Division determines necessary and appropriate for this program cycle.

146. The Mid-Cycle Working Group should be formed to review and make recommendations on the following issues: (a) Weatherization and Installation (WIS) Manual Updates; (b) Statewide Policy and Procedure Manual Updates; (c) Streamlining of IOU Reporting Requirements; (d) IOUs' Best Practices; (e) General Mid-cycle Program and Process Improvements; and (f) Potential 2015-2018 Application and Cycle Issues).

147. The funding for incentive programs requested by SDG&E and SoCalGas for this budget cycle, as proposed, should be denied as unreasonable and the benefits to the program tenuous and unproven.

148. SoCalGas' proposal for Common Uniform and Enrollment Kit and proposed costs are reasonable and therefore should be approved.

149. The SoCalGas' request for an additional $3.1 million for reader reassignment via the ESA Program will not increase the ESA Program's cost-per-enrollment and is therefore reasonable and should be approved.

150. The annual estimates of customers eligible for the CARE Program should be due by December 31 of each year.

151. Unless the Commission specifies otherwise, Energy Division's Demand-Side Management Branch should share in oversight and review of the all studies, pilots and evaluations ordered in this decision and that role should be shared in collaboration with the IOUs, consistent with the general EM&V processes we adopted and set out in D.10-04-029.

152. The IOUs should continue to follow the fund shifting rules, as outlined in D.08-11-031 and modified in D.10-10-008, in the CARE and ESA Programs in the 2012-2014 program cycle, as ordered in this decision.

O R D E R

IT IS ORDERED that:

1. The 2012-2014 Energy Savings Assistance Program and California Alternate Rates for Energy Program budgets of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are adopted as follows:

Adopted Budget Summary 2012-2014				
	ESAP			
Utility	2012	2013	2014	Cycle Total
PG&E	$132,321,707	$160,743,662	$166,401,955	$459,467,324
SCE	$68,205,427	$67,866,929	$67,965,700	$204,038,057
SDG&E	$21,587,407	$22,011,237	$22,386,950	$65,985,594
SoCalGas	$104,435,701	$109,691,308	$113,143,742	$327,270,751
Total	$326,550,243	$360,313,136	$369,898,347	$1,056,761,726
	CARE			
	2012	2013	2014	Cycle Total
PG&E	$675,724,512	$647,486,512	$620,756,512	$1,943,967,537
SCE	$342,742,814	$389,317,814	$429,373,814	$1,161,434,442
SDG&E	$79,093,723	$87,969,690	$89,007,449	$256,070,862
SoCalGas	$145,684,041	$146,018,283	$147,508,040	$439,210,364
Total	$1,243,245,090	$1,270,792,299	$1,286,645,816	$3,800,683,205

2. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall treat at least 1 million households over the 2012-2014 budget cycle with the Energy Savings Assistance Program Budget approved in this decision.

3. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall continue all their ongoing integration efforts among the Energy Savings Assistance Program, California Alternate Rates for Energy Program, Energy

Efficiency programs, Demand Response programs, California Solar Initiative, and any other of the utility demand side programs.

4. Within 60 days after this decision is issued, the Energy Division and the Natural Resources Defense Council shall form Energy Savings Assistance Program Integration Working Group, Energy Savings Assistance Program Workforce, Education and Training Working Group, and Mid-Cycle Working Group to review those components of the Commission's Energy Savings Assistance Program and California Alternate Rates for Energy Programs to make recommendations for refinements to improve, wherever possible, the design, administration, delivery and ultimate success of these programs.

5. Effective immediately, the Quarterly Public Meetings held by Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall be modified as follows:

a. These utilities shall be relieved of the Quarterly Public Meetings ordered in Decision 06-12-038.

b. These utilities shall convene a minimum of one public meeting per year, within 60 days of their filing of the annual report, and other public meetings as deemed necessary by either the utilities, the Energy Division, the ALJ, or the Commission.

c. In the upcoming 2012-2014 program cycle, these utilities shall use these meetings as a forum to host the working groups concept generally proposed by Natural Resources Defenses Council (NRDC) and approved here, as modified and set forth below:

(i) Within 60 days after this decision is issued, Energy Division and NRDC are charged with the task of soliciting and putting together the following working groups;

(ii) Energy Savings Assistance Program Integration Working Group, as outlined and discussed in section 3.1.4 of this decision;

(iii) Cost-Effectiveness (CE) Working Group, as outlined and discussed in 3.5.4 of this decision;

(iv) Workforce Education and Training (WE&T) Working Group, as outlined and discussed in sections 3.11.5.4 and 3.11.5.5 of this decision; and

(v) Mid-Cycle Working Group, and other(s) as Energy Division determines necessary and appropriate for this program cycle.

d. These utilities shall host, notice, facilitate and provide support for public working group meetings, as needed and requested by each of the working group during 2012-2013 program years.

6. By December 31, 2012, Energy Savings Assistance Program Integration Working Group and Mid-Cycle Working Group shall submit to the ALJ their Progress Reports of findings and recommendation(s), if any, and if no agreed upon recommendation(s) is/are reached by then, those working groups shall submit a progress report nonetheless of its activities since inception and a detailed description of the status of its efforts in each of the subject areas it is charged to review in this decision with justification showing good cause for any additional and estimated time it may require.

7. By March 31, 2013, Energy Savings Assistance Program Integration Working Group and Mid-Cycle Working Group shall submit their Final Reports and Recommendations.

8. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall immediately begin collecting the following data in these six Workforce Education and Training areas: (a) contractor and subcontractor contract terms (competitive bid, direct award, etc.); (b) contractor and subcontractor

compensation schemes (hourly, piecemeal, salaried, etc.); (c) number of inspection failures and the types of failures, (including the number of enrolled customers later deemed ineligible, number of incorrectly assessed households and instances of measure installation inspection failures); (d) level and type of utility training participation these specific contractors have completed; (e) customer feedback for these contractors, positive and negative; and (f) the utility's assessment of any other needs of the existing workforce to meet the current and future Energy Savings Assistance Program demands.

9. Within next 180 days after this decision is issued, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall work together to develop a single, uniform reporting template and shall submit a report showing each utility' preliminary findings and summary of Workforce Education and Training data collected in the six Workforce Education and Training areas for program year 2012 to begin assessing its workforce and the education and training needs, if any, of the existing Energy Savings Assistance Program workforce in yielding effective and quality program outcomes.

10. Within 90 days after the submission of the reports by Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company of their preliminary findings and summary of the six categories of Workforce Education and Training issues, the Energy Savings Assistance Program Workforce Education and Training Working Group shall evaluate the data submitted and develop and present recommendations and shall submit a progress report of its findings and recommendation(s), if any, and if no agreed upon recommendation(s) is/are reached, the working group shall submit a progress report nonetheless of its activities since inception and a detailed description of the status of its efforts

with justification showing good cause for any additional and estimated time it may require.

11. By February 15, 2013, the Energy Savings Assistance Program Cost-effectiveness Working Group shall convene minimum of two public workshops.

12. Within 180 days after this decision is issued, the Energy Division is directed to form Energy Savings Assistance Program Cost-effectiveness Working Group and to issue a white paper on the subject of Energy Savings Assistance Program and its cost-effectiveness methodologies and framework.

13. By June 1, 2013, the Energy Savings Assistance Program Cost-effectiveness Working Group shall submit to the assigned Administrative Law Judge its Final Proposal and Recommendation, and the assigned Administrative Law Judge thereafter shall circulate the Recommendation for comments to the service list of this proceeding.

14. By June 1, 2013, Energy Savings Assistance Program Workforce Education and Training Working Group shall submit its Final Report and Recommendation.

15. The terms of Energy Savings Assistance Program Integration Working Group and Mid-Cycle Working Group shall expire on March 31, 2013, unless further extended by the ALJ in writing for good cause.

16. The term of Energy Savings Assistance Program Workforce Education and Training Working Group shall expire 45 days after its final report and recommendations are submitted to the ALJ, unless further extended by the ALJ in writing for good cause.

17. The term of Cost Effectiveness Working Group expires on June 1, 2013, unless further extended by the ALJ in writing for good cause.

18. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall continue their tracking and report to the Commission on the status of each of their Energy Savings Assistance Program specific integration efforts in their annual report submitted in May of each year, following the guidance set forth in Decision 08-11-031, shall identify and explain if those efforts meet at least two of the four Energy Savings Assistance Programs integrations goals and to devise and refine such efforts, as necessary.

19. The Energy Division shall review the annual reports submitted by Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company and work with them to enhance integration during the 2015-2018 cycle if our metrics are not met and shall update and make recommendations to the Commission on these efforts toward meeting the four Energy Savings Assistance Programs integrations goals.

20. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall cooperate with the Energy Division's guidance or recommendations on the integration efforts, as appropriate.

21. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall proactively find and take advantage of all leveraging opportunities for Energy Savings Assistance and California Alternate Rates for Energy Programs with other programs offered in California.

22. Southern California Edison Company's request to discontinue its current efforts to leverage Energy Savings Assistance Program with California Advanced Homes Program is approved.

23. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall continue their current leveraging efforts, except California Advanced Homes Program.

24. The leveraging efforts proposed by Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are adopted.

25. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall:

- Share successful leveraging models and duplicate the successes of other Utilities' leveraging efforts; and
- Actively explore new opportunities and coordinate actual program delivery to promote long term enduring energy savings and cost efficiency.

26. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company (shall continue to measure each of the existing and proposed leveraging efforts listed in their 2012-2014 Application for Energy Savings Assistance and California Alternate Rates for Energy Programs using the metrics in Decision 08-11-031.

27. Energy Division shall recommend to the Commission if the leveraging efforts of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are failing to meet the objective of the Decision 08-11-031 leveraging efforts metrics.

28. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall continue their current efforts of utilizing dual providers (California Department

of Community Services and Development and Energy Savings Assistance Program) in program delivery.

29. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall focus their leveraging effort with California Department of Community Services and Development in refining the data sharing activities with CSD's Low Income Home Energy Assistance Program (LIHEAP) / Weatherization Assistance Program (WAP) and to devise an effective leveraging plan, which at a minimum, shall includes:

a. coordinated LIHEAP/WAP and Energy Savings Assistance Program contractor training component created to have the both program personnel trained and knowledgeable of both program offerings. This would foster a closer working relationship between programs and ensure that ESA Program personnel are well aware of the nature and services of the LIHEAP/WAP program to know when and where to effectively leverage the programs, as appropriate;

b. A referral system to allow for flexibility between program participation where customers can be referred to the LIHEAP/WAP should a service or measure not be provided in one program;

c. Data sharing; and

d. Tracking system to show customer referrals in the program database and measures installed by ESA Program or LIHEAP/WAP to avoid duplicative efforts.

30. Within 45 days after this decision is issued, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall begin coordination and discussions, on as-needed frequency, with California Department of Community Services and Development to develop and implement an effective leveraging

plan between the Energy Savings Assistance Program and California Department of Community Services and Development.

31. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall implement the 2009 Process Evaluation recommendations by updating, simplifying and making uniform the property owner waiver and co-pay forms and making the forms available in languages other than English, if there is sufficient need justifying such expenditure.

32. Within 90 days of full implementation by Southern California Edison Company, Southern California Edison Company shall report to the Energy Division and Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Gas Company on the effectiveness of its integrated schedule manager and routing tool for possible statewide adoption.

33. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall integrate their Home Energy Efficiency Surveys programs and the California Integrated Customer Energy Audit Tool into the Energy Savings Assistance Program so that Energy Savings Assistance contractors can use this information for easier enrollments and assessments.

34. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall review the training curriculum of outreach and assessment contractors to help determine, and report to the Energy Division, each utility's projected budget necessary to train and otherwise enable, including any licensing, its assessment contractors to install lighting measures (e.g. CFLs), hot water measures and smart power strips to income qualified customers who have passed the modified Three Measure Minimum Rule, during the initial visit.

35. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall continue to conduct their current Marketing, Education and Outreach efforts as directed in this decision.

36. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall anticipate and make plans for potential Marketing, Education and Outreach mid-cycle changes to align with the Commission's directions set forth in the imminently anticipated Guidance Decision in Rulemaking 09-11-014 or be poised to follow any other applicable Marketing, Education and Outreach directions in that Guidance Decision.

37. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall continue to provide cost-effective measures within the existing Energy Savings Assistance Program cost-effectiveness framework.

38. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall ensure installation of the measures based on the current cost-effectiveness framework, with continued focus on the measures that meet the 0.25 thresholds, with those exceptions discussed in this decision.

39. The methodologies and Cost Effectiveness Test (CE Test), outlined in Decision 08-11-031 are adopted for the 2012-2014 cycle for evaluating cost-effectiveness of each measure (taking into account the housing type as well as climate zones), including exceptions to such CE Test as follows:

a. CE Test: Measures that have both a Modified Participant Cost Test (PC_m) and a Utility Cost Test (UCT) benefit-cost ratio greater than or equal to 0.25 (taking into consideration the housing type and climate zone for that measure) for that utility pass the CE Test and shall be included in the Energy Savings Assistance (ESA) Program. This rule applies for both existing and new measures.

b. Two exceptions to CE Test are:

(i) Existing measures that have either a PC_m or a UCT benefit-cost ratio less than 0.25 (taking into consideration the housing type and climate zone for that measure) is deemed to have passed the CE Test and shall be retained in the ESA Program; and

(ii) Existing and new measures with both PC_m and UCT test results less than 0.25 (taking into consideration the housing type and climate zone for that measure) for that utility may be included in the ESA Program for health safety and comfort reasons as add back measures, by first securing Commission's approval for such exception; and all approved add back measures are subject to additional reporting requirements.

40. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall to follow the two step reporting for the add back measures:

a. Within 30 days after this decision is issued, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall forecast, for 2012-2014 (per year and for the full three year period), for any measure that we include in the program that falls below the 0.25 cost effectiveness threshold test, the following:

(i) The measure type and climate zone;

(ii) How many such measures the IOU anticipates installing in 2012-2014 in each add-back climate zone;

(iii) The budget impact of the add-backs; and

(iv) The energy savings impacts of the add-backs, based on the assumption that installation of measures that do not already exist in a home will increase, rather than decrease, energy usage.

b. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall report in their annual reports, due in May of each year for the prior year, the actual figures in each of the foregoing four categories. If the add-backs will compromise these utilities' ability to meet the 2020 Strategic Plan goal that 100% of eligible and willing customers will have received all cost effective Energy Savings Assistance Program measures, they shall include a narrative in their annual reports on how they propose to address the shortfall in other parts of their Energy Savings Assistance Program.

41. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall add back the attic insulation measure in the housing types and climate zones as approved in the 2009-2011 Energy Savings Assistance Program Program in the 2012-2014 ESA Program, with the addition of climate zone 14 for single family homes in Pacific Gas and Electric Company's service area.

42. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall review the issue of whether there is a need or justification for increasing the minimum standards of the installation of attic insulation, as part of their next round of annual updates to the Weatherization Installation Standards Manual.

43. The Air Sealing and Envelope measures, as proposed by Pacific Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company are approved as added back measures.

44. Pacific Gas and Electric Company's proposed water conservation measures (low-flow showerheads, water heater blankets, water heater pipe insulation, and faucet aerators) are approved as add back measures.

45. The Furnace and Water Heater Repair/Replacement measures, as proposed by Pacific Gas and Electric Company, San Diego Gas and Electric Company, and Southern California Gas Company, are approved as add back measures for eligible owner-occupied homes.

46. The Furnace and Water Heater Repair/Replacement measures for tenant-occupied homes shall not occur without significant review and deliberation of the issue to occur in the second phase of this proceeding.

47. Southern California Edison Company's proposals to add back Central Air Conditioner measure for single family households in climate zones 14 and 15, and for multifamily households in climate zone 14 are approved.

48. Southern California Edison Company's proposal to add back Heat Pumps for single family and multifamily households in climate zone 15 is approved.

49. Pacific Gas and Electric Company's and San Diego Gas and Electric Company's proposed cooling measure retirements in all climate zones for single family and multifamily households is approved.

50. We partially approve the proposed retirement of the Duct Test and Seal measure, by Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Gas Company, as follows:

a. Duct Test and Seal shall remain in the program only under following limited circumstances as an add back measure: (i) it should be performed in the instances where it accompanies an approved Heating, Ventilation and Air Conditioning (HVAC) repair and/or replacement by the Energy Savings Assistance Program (ESA) Program; or (ii) it should be performed only in those climate zones and dwelling types under conditions when required under Title 24; and

b. Under all other circumstances, we do not allow that Duct Test and Seal be performed as a standalone measure, and we approve the proposed retirement of this measure for all other climate zones and housing types, with the exceptions noted in this paragraph.

51. Within 45 days after this decision is issued, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall file estimates for the Duct Test and Seal related costs, energy savings values, as well as the quantity by housing type and in the climate zones projected for installation, as approved here, for each program year. Duct Test and Seal costs and savings values shall continue to be reported as is, and separate from the furnace repair and replacement program.

52. Southern California Edison Company's proposed retirement of evaporative cooler maintenance measure is approved.

53. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall work with the Energy Division and consult with their mainstream energy efficiency Heating, Ventilation and Air Conditioning Quality Maintenance (HVAC QM) program staff to investigate approaches to align, coordinate, or integrate these Energy Savings Assistance Program offerings with the mainstream HVAC QM program.

54. Within 120 days after this decision is issued, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall submit a final report to the Energy Savings Assistance (ESA) Program and general energy efficiency

proceeding service lists documenting their findings with regard to the feasibility of aligning these programs and, if feasible and appropriate, how they would propose to modify their ESA offerings to conform to the Commission's Heating, Ventilation and Air Conditioning Quality Maintenance (HVAC QM) program objectives (Final Report). These utilities shall have first secured public comment on the Final Report, and if appropriate, have also held a workshop to address any outstanding issues.

55. Within 180 days after this decision is issued, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall file, (a) if necessary, a Tier 2 Advice Letter seeking to modify their Central Air Conditioner service offering and budgets or propose new program designs in accordance with the findings of their Final Report and in response to stakeholders' feedback; or (b) a report to the Energy Division Director explaining the rationale for their decision not to file a Tier 2 Advice Letter.

56. San Diego Gas and Electric Company's proposed retirement of evaporative cooler cover measure is approved.

57. Southern California Gas Company's proposed retirement of Tankless Water Heater measure is approved.

58. The below list of newly proposed measures in the housing types and climate zones for program year 2012-2014, as proposed by Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company, are approved:

- <u>Pacific Gas and Electric Company</u>: Thermostatic Low-Flow Showerheads, Smart AC Fan Delays, and Microwaves
- <u>Southern California Edison Company</u>: Smart Power Strips and Variable-Speed Pool Pumps

- Southern California Gas Company: Thermostatic Shower Valve Measure
- San Diego Gas & Electric Company: Smart Power Strips

59. Within 60 days after this decision is issued, Pacific Gas and Electric Company shall file (a) cost effectiveness values for this measure for each of the different housing types and climate zones that they cover, to see if they meet the Cost-effectiveness Test (CE Test), and (b) an estimate for the costs, energy savings values, as well as the quantity (by housing type and climate zone) of this measure would be projected to be installed for each program year.

60. Appendices H-K, which reflect and itemize the e approved measures lists for 2012-2014 for Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are adopted.

61. To the extent Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company have proposed to add back or otherwise add proposed new measures to the Energy Savings Assistance Program for 2012-2014 program cycle in their Applications that fail the Cost-effectiveness Test and/or we did not expressly approve the proposed measures in this decision, such measures are not approved.

62. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall make appropriate revisions to the Statewide Policy and Procedures Manual by incorporating the Appendices H-K of this decision.

63. In planning for the 2015-2018 program cycle and applications, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall apply the same cost-effectiveness methodology used in 2012-2014 cycle to their 2015-2018 Energy Savings Assistance Program, unless the Commission provides a different direction.

64. We retain and make no changes to the Energy Savings Assistance Program's modified Three Measure Minimum Rule, as modified in Decision 08-11-031 and clarified in Decision 09-06-026.

65. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company's proposal to change the Energy Savings Assistance Program refrigerator replacement criteria from pre-1993 units to pre-1999 units, is approved.

66. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall follow the directions, guidance or requirements in the imminently anticipated general energy efficiency Guidance Decision, in Rulemaking 09-11-014, concerning Compact Fluorescent Lamps and coordinate their Energy Savings Assistance Program activities in the 2012-2014 cycle consistent with the directions and approaches we provide therein, where appropriate.

67. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall continue to install all Compact Fluorescent Lamps they give to Energy Savings Assistance Program customers.

68. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall improve their penetration of the multifamily segment of the low income population, by immediately rolling out the nine immediate Mutifamily Segment Strategies, including additional measure offerings approved in this decision, as follows:

Strategy 1 – Whole Neighborhood Approach.

Strategy 2 – Property Owner Waiver Update.

Strategy 3 – Updated Marketing Approach to Multifamily Homes.

Strategy 4 – EUC/MIDI/MFEER Coordination.

Strategy 6 – Referral Coordination.

Strategy 7 – Same Day Enrollment, Assessment, and Installation.

Strategy 8 – Streamline Practice and Service Delivery.

Strategy 9 – Providing Feasible Measures for Multifamily Segment Including Retention of Measures Proposed for Retirement for program cycle 2012-2014.

69. As part of a parallel, two-pronged approach, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall work with the Energy Division to examine the Multifamily Segment issue to devise a full set of comprehensive multifamily segment strategies, as discussed in section 3.10.6.4 of this decision, including developing and advancing more long-term and comprehensive Multifamily segment strategies.

70. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall set aside a reasonable estimated amount of their measurement and evaluation budget for a Multifamily Segment Study ordered in this decision.

71. Within 30 days after this decision is issued, the Energy Division, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall hold a one-day public workshop to garner input from interested stakeholders and parties on the development of the third party consultant request for proposal for a Multifamily Segment Study.

72. Within 60 days after this decision is issued, with the public and stakeholders' input, the Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company and Energy Division shall develop and release the joint statewide request for proposal for a third party Multifamily Segment Study consultant.

73. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company and the Energy Division shall co-manage and oversee the Multifamily Segment Study and its consultant once retained.

74. Within 90 days after this decision is issued, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company and Energy Division shall take all reasonable actions to ensure award of contract for the Multifamily Segment Study.

75. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company and Energy Division shall take all reasonable actions to ensure ample public review of the Multifamily Segment Study consultant's work after the contract is awarded and a final recommendation is timely presented.

76. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company and Energy Division shall take all reasonable actions to ensure that at a minimum, the Multifamily Segment Study and related consultant's work shall include the following:

(a) Gather data on the state's multifamily housing stock and ownership profiles, including a statewide demographic and programmatic assessment of California's low-income multifamily housing stock (by each utility's territory).

(b) Catalogue multifamily energy efficiency programs, including Commission programs and those administered by other government agencies, utilities and organizations within the state of California, as well as recent and ongoing multifamily energy efficiency programs administered in other jurisdictions across the country.

(c) Evaluate and further examine comments, objections and proposals from parties to the proceeding in the context of the ESA Program decisions, the current Commission directions and Strategic Plan;

(d) Review existing Commission's multifamily programs within the overall context of the ESA Program;

(e) Review other recently completed multifamily projects performed under other state programs.

(f) Conduct field studies, as needed;

(g) Review and investigate the cost and budget implications of a multifamily program implementation.

(h) Review and investigate coordination concerns related to any new delivery methods that streamline the ESA process with external financing and energy efficiency options such as how a single point of contact will be responsible for coordinating IOU-administered energy efficiency, renewable, incentive, and financing programs as well as non-IOU- administered, external multifamily efficiency, renewable, incentive, and finance programs in California

(i) Identify available energy efficiency financing options, and develop a funding and implementation schema utilizing the variety of energy efficiency programs available for multifamily housing owner/operators;

(j) Develop overall recommendations for multifamily strategies looking toward 2020 vision of 100% penetration;

(k) Hold public meetings to obtain, document, review and consider all stakeholders' input;

(l) Deliver a draft report by February 15, 2013, which will be circulated for comments; and;

(m) By May 1, 2013, prepare and ultimately propose a feasible long-term multifamily treatment strategy, Final Report, for the ESA Program.

77. By May 1, 2013, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company and Energy Division shall take all reasonable action to ensure that the Multifamily Segment Study and related Final Report is submitted to the assigned Administrative Law Judge and shall summarize all of the key findings, address public and stakeholders' comments and input, recommend the proposed multifamily segment strategies and best-practices, taking into account the utilities' implementation and any interagency constraints and all operational and fiscal constraints, for coordination issues with other agencies and programs and overall program budgets.

78. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company and Energy Division shall take all reasonable action to ensure that the Multifamily Segment Final Report shall be preceded by recurring stakeholder workshops held throughout and leading to its development, and includes recommendations on:

(a) How the ESA program can be modified to better meet the needs of its low income multifamily residents;

(b) How multifamily segment measure offerings should be modified (including central system needs) and develop possible co-pay framework that comply the ESA cost-effectiveness approach; and

(c) How to modify the current service delivery approach to address multifamily energy efficiency programming concerns, based on: (i) Past studies and other programs, develop targeted and integrated outreach and marketing to low income multifamily housing owner/operators; and (ii) An understanding of the issues faced by contractors who will participate in the new approach to the low income multifamily housing segment, including training, certifications, service workflow, etc.

79. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall submit their cost estimates and budget categories associated with the integration of Energy Savings Assistance Program into the mainstream Energy Efficiency Workforce Education and Training Sector Strategy efforts and shared funding, where applicable.

80. The proposed 2012-2014 California Alternate Rates for Energy Program budgets of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company, are adopted with some modifications, as follows:

Adopted Budget Summary 2012-2014				
	CARE			
Utility	**2012**	**2013**	**2014**	**Cycle Total**
PG&E	$675,724,512	$647,486,512	$620,756,512	$1,943,967,537
SCE	$342,742,814	$389,317,814	$429,373,814	$1,161,434,442
SDG&E	$79,093,723	$87,969,690	$89,007,449	$256,070,862
SoCalGas	$145,684,041	$146,018,283	$147,508,040	$439,210,364
Total	**$1,243,245,090**	**$1,270,792,299**	**$1,286,645,816**	**$3,800,683,205**

81. The California Alternate Rates for Energy Program outreach budgets, as proposed by Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company, are adopted with minor reductions, as reflected in Appendix M of this decision.

82. By November 15 of each year, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall file a report on cooling center facility activities including, attendance, low income program enrollments, and itemized expenses and describing the energy education and marketing materials provided at each cooling center facility.

83. Within 30 days after this decision is issued, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall post on their websites a list of designated cooling center locations as well as days and hours of operation.

84. The proposals of Pacific Gas and Electric Company and San Diego Gas & Electric Company to continue to fund the cooling centers as part of their California Alternate Rates for Energy Administration budgets and proposal of Southern California Edison Company to utilize a separate memorandum account under Energy Resource Recovery Act for funding are approved.

85. The proposed cooling center budgets of Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company are approved with some modifications as follows:

Approved Cooling Center Budgets 2012-2014

Utility	Utilities' Adopted 2012-2014 Cooling Center Budgets
SCE	$315,250
PG&E	$383,537
SDG&E	$102,621

86. Southern California Edison Company's proposal to spend $30,000 to conduct a subsequent evaluation of its cooling center program is denied.

87. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall retain and follow our current Categorical Eligibility and Enrollment Program to continue to allow continued ease of access for enrolling into the California Alternate Rates for Energy (CARE) Program with the following new modification:

(a) We remove our past emphasis on a 90% CARE penetration target outlined in Decision 08-11-031 and we redirect the Utilities' focus to delivering the program to only those customers for whom it was designed.

(b) All prior pre-approved categorical enrollment programs are to be retained; however, the Utilities are directed to verify all Categorically Enrolled customers to undergo Post Enrollment Verification within three months of enrollment. Additionally, Categorical Eligibility is to be retained for the enrollment of new CARE customer enrollments only and that all CARE recertifications shall require income documentation verification for renewal. No customers shall be allowed to self-recertify without providing income documentation.

(c) The Utilities are directed to raise their number of Post Enrollment Verifications of the CARE customers to 25% of enrolled customers per year.

(d) In addition to tracking the number and reason for each CARE customer dropped during the Post Enrollment Verification process (either through customer non-response or deemed ineligible for the program), these utilities are directed to begin tracking information concerning those dropped and ineligible customers and how they were initially enrolled in the CARE Program (e.g. capitation agency, self-certification, categorical enrollment, etc.).

88. Southern California Edison Company's request to bar California Alternate Rates for Energy (CARE) customers who fail to respond to an income verification request from self-certified re-enrollment in the CARE Program for 24 months is approved with following additional requirements:

(a) If at any time during the 24 months a removed customer verifies eligibility, they must be placed back on the CARE rate. After 24 months, those removed customers may be able to enroll in CARE by again self-certifying their household and income eligibility; and

(b) To ensure consistency statewide, Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall also implement the CARE program rule change.

89. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall implement the California Alternate Rates for Energy (CARE) Program rule changes below:

(a) We remove our past emphasis on a 90% CARE penetration target outlined in Decision 08-11-031 and we redirect these utilities' focus to delivering the program to only those customers for whom it was designed.

(b) All prior pre-approved categorical enrollment programs are to be retained; however, these utilities are directed to verify all Categorically Enrolled customers to undergo Post Enrollment Verification within three months of enrollment. Additionally, Categorical Eligibility is to be retained for the enrollment of new CARE customer enrollments only and that all CARE recertifications shall require income documentation verification for renewal. No customers shall be allowed to self-recertify without providing income documentation.

(c) These Utilities are directed to raise their number of Post Enrollment Verifications of the CARE customers to 25% of enrolled customers per year.

(d) In addition to tracking the number and reason for each CARE customer dropped during the Post Enrollment Verification process (either through customer non-response or deemed ineligible for the program), these utilities are directed to begin tracking information concerning those dropped and ineligible customers and how they were initially enrolled in the CARE Program (e.g. capitation agency, self-certification, categorical enrollment, etc.).

90. Pacific Gas and Electric Company's request to allow California Alternate Rates for Energy Program capitation contractors to aid in the Post Enrollment Verification process for an up to $18.00 per capita fee is approved.

91. Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall institute similar outreach programs as Pacific Gas and Electric Company by allowing California Alternate Rates for Energy Program capitation contractors to aid in the Post Enrollment Verification process for an up to $18.00 per capita fee is approved.

92. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall

develop a uniform quality control audit protocol for California Alternate Rates for Energy/ Post Enrollment Verification capitation contractors.

93. Southern California Edison Company's request for $2.9 million in information technology program upgrades is approved.

94. Southern California Edison Company's request for $2.1 million for increased verification processing is approved.

95. Pacific Gas and Electric Company's proposed California Alternate Rates for Energy (CARE) Program changes, as modified below, is approved, and to ensure consistency statewide, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (electric utilities) shall implement the statewide program changes, as follows:

(a) CARE electric customers with usage above 600% of baseline have 60 days to drop usage substantially or be removed and barred from the program for 24 months; and

(b) CARE electric customers with usage between 400%-600% of baseline must undergo Post Enrollment Verification and apply for Energy Savings Assistance Program within 45 days of notice. The electric Utilities should develop and field a standard income verification document for these instances which may require customers to provide a state or federally verified form of income proof, such as the household's annual tax returns.

96. We adopt an increase in the capitation fee from "up to $15.00" to "up to $20.00" for each new California Alternate Rates for Energy Program enrollment for program year 2012-2014, and similarly adopt that increased capitation fee cap to apply statewide to all of the Utilities.

97. We approve the following budget for pilots, studies and evaluations for the program cycle 2012-2014:

Utilities	Study/Pilot Name	Budget Requested				Budget Authorized			
		2012	2013	2014	Total Requested	2012	2013	2014	Total Authorized
Joint Utility	**Energy Education Assessment Study**				**$300,000**				**$300,000**
	PG&E Share	$30,000	$30,000	$30,000	$90,000	$30,000	$30,000	$30,000	$90,000
	SCE Share	$30,000	$30,000	$30,000	$90,000	$30,000	$30,000	$30,000	$90,000
	SoCalGas Share	$25,000	$25,000	$25,000	$75,000	$25,000	$25,000	$25,000	$75,000
	SDG&E Share	$15,000	$15,000	$15,000	$45,000	$15,000	$15,000	$15,000	$45,000
	Impact Evaluation of the 2012 ESA Program (Programmatic M&E)				**$600,000**				**$600,000**
	PG&E Share	$60,000	$60,000	$60,000	$180,000	$60,000	$60,000	$60,000	$180,000
	SCE Share	$60,000	$60,000	$60,000	$180,000	$60,000	$60,000	$60,000	$180,000
	SoCalGas Share	$50,000	$50,000	$50,000	$150,000	$50,000	$50,000	$50,000	$150,000
	SDG&E Share	$30,000	$30,000	$30,000	$90,000	$30,000	$30,000	$30,000	$90,000
	CHANGES Pilot				**$0**				**$720,000**
	PG&E Share	$0	$0	$0	$0	$216,000	$0	$0	$216,000
	SCE Share	$0	$0	$0	$0	$216,000	$0	$0	$216,000
	SoCalGas	$0	$0	$0	$0	$180,000	$0	$0	$180,000
	SDG&E Share	$0	$0	$0	$0	$108,000	$0	$0	$108,000
	CHANGES Pilot Evaluation				**$0**				**$80,000**
	PG&E Share	$0	$0	$0	$0	$24,000	$0	$0	$24,000
	SCE Share	$0	$0	$0	$0	$24,000	$0	$0	$24,000
	SoCalGas	$0	$0	$0	$0	$20,000	$0	$0	$20,000
	SDG&E Share	$0	$0	$0	$0	$12,000	$0	$0	$12,000

98. We approve the request for a $600,000 shared energy education evaluation study proposed by Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company.

99. Southern California Gas Company's request for $65,000 for a leave-behind energy education DVDs is approved.

100. The Southern California Edison Company's proposed Impact Evaluation is approved with following conditions:

(a) Energy Division's Demand-Side Management Branch should share oversight and review of the evaluation plan and results of the study in collaboration with these utilities, consistent with the evaluation, measurement and verification processes we set out in Decision 10-04-029. In Decision 10-04-029, the Commission laid out the evaluation, measurement and verification processes for the 2010-2012 mainstream energy efficiency program cycle. Specifically, the Commission directed the Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company to submit their evaluation projects for Energy Division approval prior to implementation. We expect these Utilities to adhere to this same process here;

(b) The draft research plan for the approved Impact Evaluation study and all relevant documents, including draft versions of an interim and/or final report, should be posted to Energy Division's document-sharing website (https://energydivision.basecamphq.com/login), and the project would feature its own Project Coordination Group that may facilitate review among these Utilities and Energy Division staff;

(c) The draft research plan and draft interim and/or final report will be shared publicly by also being posted to the Energy Division's Public Download Area website (http://www.energydataweb.com/). This website will be used to solicit and post public comment on the Utilities' and Energy Division's evaluation plans and reports;

(d) The Utilities' ESA Program Impact Evaluation study, as proposed and approved here, should look for opportunities to leverage existing Energy Division or Utilities' studies in their mainstream energy efficiency programs. Collaboration may be possible for evaluation or other research projects currently in the field and future studies such as the Residential Appliance Saturation Survey and the California Lighting and Appliance Saturation Survey, in order to inform the project and produce more robust results. Leveraging existing studies may reduce evaluation costs and open opportunities to understand the whole residential market potential for energy efficiency; and

(e) By no later than August 31, 2013, the Final Impact Evaluation Report must be posted Energy Division's Public Download Area website (http://www.energydataweb.com/).

101. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall track and report customer unwilling/unable percentages during the 2012-2014 budget cycle, including the reasons why customers are unwilling and/or unable to participate in the program during the 2012-2014 program cycle.

102. The proposals by Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company to increase the unwillingness factor are rejected.

103. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall continue to use the current 5% unwillingness factor for 2012-2014.

104. We approve the proposed continuation of the 15% disabled households penetration enrollment goal.

105. Within 30 days after this decision is issued, the Energy Division is directed to convene and facilitate discussions, on an as-needed frequency, with California Department of Community Services (CSD) and Development and Pacific Gas and Electric Company, Southern California Edison Company,

Southern California Gas Company and San Diego Gas & Electric Company to better coordinate with CSD and Low Income Home Energy Assistance Program / Weatherization Assistance Program by developing a referral program for measure replacements not currently offered by the Energy Savings Assistance Program.

106. The proposals of San Diego Gas and Electric Company and Southern California Gas Company to move the Commission's California Alternate Rates for Energy (CARE) annual income letter release date from May 1st to April 1st each year is approved, and we also move up the Family Electric Rate Assistance (FERA) update date so that the CARE and FERA updates are simultaneously released.

107. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall actively and cooperatively design, direct and manage all of their contracts in a way to ensure due dates for all of the deliverables, including final reports, at the time of bidding and later while the scope is being developed.

108. The proposal by Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company for Tier 2 Advice Letter process for mid-cycle changes, as an alternative to petition to modify process, to California Alternate Rates for Energy and Energy Savings Assistance Programs is denied.

109. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company are directed to assist and use the Mid-cycle Working Group as a way to review the current IOUs' reporting requirements with an eye to streamline and reduce unnecessary and redundant reporting as well as make recommendations to update the application process to make any related process improvements.

110. Southern California Gas Company's request for $2,500,000 and San Diego Gas and Electric Company's request for $2,250,000 to implement a Customer Reward programs is denied.

111. San Diego Gas and Electric Company's request for $130,275 to allow its installation contractors a $15 referral fee is denied.

112. Southern California Gas Company's request for $15,000 to encourage its contractors to wear common uniforms is approved.

113. Southern California Gas Company's request for $10,000 to develop a new Enrollment Kit to assist the Contractor Outreach Specialists is approved.

114. Southern California Gas Company's request for authority to recover $3.1 million in overhead costs associated with proposed Customer Assistance Representative positions to be created using meter readers displaced by the installation of advanced meters is approved.

115. Southern California Gas Company's' request for California Alternate Rates for Energy Program IT costs for the first data sharing effort with a water utility and additional collaboration effort pursuant to Decision 11-05-020 is denied.

116. Once the data sharing begins, Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company are directed to file a Tier 2 AL, and the these Tier 2 ALs must report on the corresponding costs borne by partnering water utilities that are filed in accordance with Decision 11-05-020.

117. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall file in this proceeding their annual estimates of customers eligible for the California Alternate Rates for Energy Program due by December 31 of each year.

118. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company, consistent with the general Evaluation, Measurement & Verification processes we adopted and set out in Decision 10-04-029, shall:

A. Submit their evaluation projects for Energy Division approval prior to implementation; and

B. Adhere to this same process when evaluating pilots and any other activities ordered in this consolidated proceeding. This includes compliance with Commission's direction in Decision 10-04-029, which laid out guidelines for stakeholder input and Energy Division review and approval of IOU-led energy efficiency evaluation projects. Specifically, evaluation projects will be posted to the public document website (www.energydataweb.com) as well as Energy Division's internal file-sharing website (https://energydivision.basecamphq.com/login). In this manner, stakeholders and Energy Division will provide comment on and review of IOU evaluation project research plans, draft reports, and other documents integral to the evaluation project(s).

119. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall implement Energy Savings Assistance Program's Evaluation, Measurement & Verification (EM&V) processes and activities to achieve the following core objectives in order to support the Commission's oversight function of ensuring efficient and effective expenditure of ratepayer funds within the energy efficiency portfolios. All activities must be undertaken to meet the overarching goals of clarity, consistency, cost-efficiency, and timeliness. The core objectives we adopt are:

- **Savings Measurement and Verification** - Measurement and verification of savings resulting from energy efficiency measures, programs, and portfolios serve the fundamental purpose of developing estimates of reliable load impacts delivered through ratepayer-funded efficiency efforts. Measurement and verification work should reflect a reasonable balance of accuracy and precision, cost, and certainty, and be designed for incorporation into in procurement planning activities.

- **Program Evaluation** - Evaluation of program-specific qualitative and quantitative measures, such as the program performance metrics discussed earlier in this decision and process evaluations, serves a key role in providing feedback for the purposes of improving performance and supporting forward-looking corrections to utility programs and portfolios. In order to maximize return on ratepayer dollars, program evaluations must be completed on a timeline which informs mid-course corrections and/or program planning for the following cycle.

- **Market Assessment** - In a constantly evolving environment, market assessments are an essential EM&V product needed to set the baseline for strategic design and improvement of programs and portfolios. Saturation studies, surveys of emerging technologies and other such analyses which inform estimates of remaining program potential and forward-looking goal-setting are key aspects of market assessment.

- **Policy and planning support** - Consistent with prior program cycles, it is essential to reserve funding to support overarching studies and advisory roles which support Commission policy goals. Over the last program cycle this has been inclusive of potential and goals studies, maintenance of the Database for Energy Efficient Resources, developing databases of best practices for program design and delivery, program design mix, and other means which support the

Commission's oversight role, but do not fall under the core EM&V categories described above.

- **Financial and Management audit** - Supporting the Commission's oversight function of ensuring the efficient and effective expenditures of ratepayer funds within the utilities' energy efficiency portfolios is another objective of EM&V activities. Rigorous financial and management audits overseen by Commission staffs.

120. We reject Southern California Edison's proposal to change the Fund Shifting Rules.

121. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall devise and implement more careful management of all funds authorized in the Energy Savings Assistance and California Alternate Rates for Energy Programs, including all pilots and studies, and if a pilot is approved to be administered by a party other than the Utilities, this duty to carefully manage all pilot programs and funds extends to that party and Fund Shifting Rules should be viewed only as an option under extraordinary circumstances.

122. Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall continue to follow the Fund Shifting Rules in the Energy Savings Assistance (ESA) and California Alternate Rates for Energy (CARE) Programs in the 2012-2014 program cycle, as follows:

(a) **COMMITMENT OF FUTURE FUNDING FOR LONG-TERM PROJECTS**: For those long-term projects that require funding beyond the current budget program cycle and that will not yield savings in the current cycle, if applicable, these utilities may anticipatorily commit funds for such projects for expenditure during the next program cycle, under strict limitations as follows:

(i) These utilities shall seek authorization for such long-term projects and current and future cycle funding commitment by itemization of each long-term project in the utility portfolio plan, including an estimate of the total costs broken down by year and an estimate of associated energy savings, if any;

(ii) These utilities shall seek authorization and commitment of all funding for long-term projects in the current program cycle and actually encumber such funds in the current program cycle;

(iii) All contracts with any and all types of implementing agencies and businesses must explicitly allow completion of long-term project related work beyond the current budget program cycle;

(iv) The amount of next cycle funds encumbered for long-term projects may not exceed 20% of the current program cycle budget;

(v) These utilities shall separately track and report all long-term projects and obligations, including all information regarding funds encumbered and estimated date of project completion until such project is completed; and

(vi) Energy savings for projects with long lead times shall be calculated by defining the baseline as the codes and standards applicable at the time the building permit for the project is issued.

(b) **ESA PPROGRAM FUND SHIFTING AND LIMITATIONS**: IOUs are permitted to shift funds under the following conditions in the ESA Program.

(i) Within 2009-2011 Budget Cycle: Except for the shifting of funds described in subsection b(3) below, IOUs are permitted to shift funds from one year to another within the 2009-11 cycle without prior approval.

(ii) Fund Shifting Between 2009-2011 Budget Cycle and Future Budget Cycle:

a. “Carry back” Funding: Except for the shifting of funds described in subsection b(3) below, IOUs are permitted to shift and borrow from the next budget cycle, without prior approval of such fund shifting, if (a) the next cycle budget portfolio has been approved by the Commission; and (b) such fund shifting is necessary to avoid interruptions of those programs continuing into the next cycle and for start-up costs of new programs; and

b. "Carry forward" Funding: IOUs are permitted to carry over all remaining, unspent funds from program year to program year or budget cycle to budget cycle and shall include all anticipated carry over funds in the upcoming budget applications.

(iii) Administrative Law Judge’s Prior Approval: For any shifting of funds, within or out of cycle, except for “carry forward” funding considered by the Commission through budget applications, the Administrative Law Judge’s prior written approval is required if any of the following applies:

a. Shifting of funds into or out of different program categories including, but not limited to: (a) administrative overhead costs, (b) regulatory compliance costs, (c) measurement and evaluation, and (d) the costs of pilots and studies;

b. Shifting of funds into or out of Education subcategory;

c. Shifting of funds between gas/electric programs; and/or

d. Shifting of funds totaling 15% or more of the total current annual ESA Program budget.

(iv) These utilities shall secure prior written approval of the fund shift from the Administrative Law Judge when required by subsection b(3) above, of this ordering paragraph, by filing a motion pursuant to Article 11 of the Commission's Rules of Practice and Procedure. Upon showing of good cause, the Administrative Law Judge may issue a ruling approving the requested fund shift. IOUs, in the motion, must show good cause by setting forth the following:

a. The reason(s) why such fund shifting is necessary;

b. The reason(s) why such motion could not have been brought sooner; and

c. Justification supporting why the proposed shifting of funds would promote efficient, cost effective and effective implementation of the ESA Program.

(v) IOUs shall track and maintain a clear and concise record of all fund shifting transactions and submit a well-documented record of such transactions in their monthly and annual reports relevant to the period in which they took place.

(c) **CARE FUND SHIFTING AND LIMITATIONS**: These utilities are permitted to shift CARE funds in the same manner as they did in the 2006-2008 budget cycle, but shall report all such shifting.

123. We delegate authority to the assigned Commissioner and Administrative Law Judge to make changes to the dates set forth in this decision at their discretion.

124. Within 30 days after this decision is issued, Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall consult with Energy Division on to the format for all the reports ordered in this decision.

125. Unless expressly approved, all other proposals made in the Applications of Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company or by other parties in this proceeding are denied.

126. Unless otherwise provided in this decision, all required Advice Letters shall be Tier 2 Advice Letters pursuant to General Order 96-B.

127. The due date for the Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets applications for 2015-2018 is July 1, 2014.

128. Application (A.) 11-05-017, A.11-05-018, A.11-05-019, and A.11-05-020 shall remain open, until the completion of the second phase of the consolidated proceeding.

This order is effective today.

Dated _____________________________, at San Francisco, California.

Table of Appendices and Description

APPENDIX A

IOU Proposed Budgets 2012-2014				
	ESAP			
Utility	2012	2013	2014	Cycle Total
PG&E	$137,904,000	$167,525,000	$173,422,000	$478,851,000
SCE	$53,289,000	$59,859,000	$58,235,000	$171,383,000
SDG&E	$22,044,929	$22,462,163	$22,832,030	$67,339,122
SoCalGas	$99,909,056	$82,121,475	$84,178,885	$266,209,415
Total	**$313,146,984**	**$331,967,638**	**$338,667,915**	**$983,782,537**
	CARE			
	2012	2013	2014	Cycle Total
PG&E	$672,301,000	$644,316,000	$617,600,000	$1,934,217,000
SCE	$335,551,000	$382,365,000	$422,422,000	$1,140,338,000
SDG&E	$77,589,684	$86,588,094	$87,588,301	$251,766,080
SoCalGas	$136,764,829	$137,639,959	$139,006,654	$413,411,441
Total	**$1,222,206,513**	**$1,250,909,053**	**$1,266,616,955**	**$3,739,732,521**

Adopted Budget Summary 2012-2014				
	ESAP			
Utility	2012	2013	2014	Cycle Total
PG&E	$132,321,707	$160,743,662	$166,401,955	$459,467,324
SCE	$68,205,427	$67,866,929	$67,965,700	$204,038,057
SDG&E	$21,587,407	$22,011,237	$22,386,950	$65,985,594
SoCalGas	$104,435,701	$109,691,308	$113,143,742	$327,270,751
Total	**$326,550,243**	**$360,313,136**	**$369,898,347**	**$1,056,761,726**
	CARE			
	2012	2013	2014	Cycle Total
PG&E	$675,724,512	$647,486,512	$620,756,512	$1,943,967,537
SCE	$342,742,814	$389,317,814	$429,373,814	$1,161,434,442
SDG&E	$79,093,723	$87,969,690	$89,007,449	$256,070,862
SoCalGas	$145,684,041	$146,018,283	$147,508,040	$439,210,364
Total	**$1,243,245,090**	**$1,270,792,299**	**$1,286,645,816**	**$3,800,683,205**

	Proposed Number of Homes to be Treated			
Utility	2012	2013	2014	Total Cycle
PG&E	125,000	125,000	125,000	375,000
SCE	68,200	77,000	74,800	220,000
SDG&E	20,000	20,000	20,000	60,000
SoCalGas	129,106	100,249	100,249	329,604
Total	**342,306**	**322,249**	**320,049**	**984,604**
	Adopted Number of Homes to be Treated			
Utility	2012	2013	2014	Total Cycle
PG&E	119,940	119,940	119,940	359,820
SCE	87,389	87,389	87,389	262,166
SDG&E	20,316	20,316	20,316	60,948
SoCalGas	136,091	136,091	136,091	408,272
Total	**363,735**	**363,735**	**363,735**	**1,091,206**

END OF APPENDIX A

APPENDIX B

PY 2012-2014 ESAP Proposed Electric & Gas Budget
Pacific Gas and Electric Company

	PY2011 Authorized	PY 2012 Proposed	PY 2013 Proposed	PY 2014 Proposed	3-Year Request PY 2012 - 2014
Energy Savings Assistance Program					
Energy Efficiency	$126,597,157				
Appliances [1]		$29,189,000	$36,041,000	$37,324,000	$102,554,000
Domestic Hot Water [2]		$9,221,000	$11,397,000	$11,802,000	$32,420,000
Enclosure [3]		$33,985,000	$41,950,000	$43,444,000	$119,379,000
HVAC [4]		$3,787,000	$4,719,000	$4,884,000	$13,390,000
Maintenance		$0	$0	$0	$0
Lighting [5]		$24,699,000	$30,488,000	$31,573,000	$86,760,000
Miscellaneous [6]		$9,487,000	$11,523,000	$11,932,000	$32,942,000
Customer Enrollment	$1,654,446	$1,570,000	$1,877,000	$1,944,000	$5,391,000
In Home Education	$14,890,018	$13,188,000	$16,279,000	$16,859,000	$46,326,000
Pilot	$516,666	$0	$0	$0	$0
Energy Efficiency Total	**$143,658,287**	**$125,126,000**	**$154,274,000**	**$159,762,000**	**$439,162,000**
Training Center	$942,706	$914,000	$944,000	$976,000	$2,834,000
Inspections	$5,917,128	$5,847,000	$6,046,000	$6,252,000	$18,145,000
Marketing and Outreach	$1,988,195	$1,856,000	$1,913,000	$1,980,000	$5,749,000
Statewide Marketing Education and Outreach	$0	$120,000	$123,000	$127,000	$370,000
Measurement and Evaluation Studies [7]	$0	$90,000	$93,000	$95,000	$278,000
Regulatory Compliance	$289,752	$346,000	$404,000	$371,000	$1,121,000
General Administration [8]	$3,892,750	$3,550,000	$3,673,000	$3,804,000	$11,027,000
CPUC Energy Division [9]	$100,220	$55,000	$55,000	$55,000	$165,000
TOTAL PROGRAM COSTS	**$156,789,038**	**$137,904,000**	**$167,525,000**	**$173,422,000**	**$478,851,000**
Funded Outside of Energy Savings Assistance Program Budget					
Indirect Costs [10]	N/A	N/A	N/A	N/A	N/A
NGAT Costs [11]	N/A	N/A	N/A	N/A	N/A

PY 2012-2014 ESAP AUTHORIZED Electric & Gas Budget
Pacific Gas and Electric Company

	PY 2012 Authorized	PY 2013 Authorized	PY 2014 Authorized	3-Year Authorized PY 20012- 2014
Energy Savings Assistance Program				
Energy Efficiency				
Appliances [1]	$28,007,442	$34,582,076	$35,813,141	$98,402,660
Domestic Hot Water [2]	$8,847,738	$10,935,655	$11,324,260	$31,107,653
Enclosure [3]	$32,609,302	$40,251,883	$41,685,406	$114,546,591
HVAC [4]	$3,633,704	$4,527,977	$4,686,298	$12,847,979
Maintenance	$0	$0	$0	$0
Lighting [5]	$23,699,195	$29,253,859	$30,294,939	$83,247,994
Miscellaneous [6]	$9,102,970	$11,056,554	$11,448,998	$31,608,522
Customer Enrollment	$1,506,447	$1,801,020	$1,865,308	$5,172,775
In Home Education	$12,654,156	$15,620,033	$16,176,555	$44,450,744
Pilot	$0	$0	$0	$0
Energy Efficiency Total	**$120,060,955**	**$148,029,057**	**$153,294,905**	**$421,384,917**
Training Center	$877,002	$905,787	$936,492	$2,719,281
Inspections	$5,610,316	$5,801,261	$5,998,922	$17,410,498
Marketing and Outreach	$1,780,870	$1,835,563	$1,899,850	$5,516,283
Statewide Marketing Education and Outreach	$115,142	$118,021	$121,859	$355,023
Measurement and Evaluation Studies [7]	$86,357	$89,235	$91,154	$266,747
Regulatory Compliance	$331,994	$387,646	$355,982	$1,075,622
General Administration [8]	$3,406,298	$3,524,319	$3,650,016	$10,580,632
CPUC Energy Division [9]	$52,774	$52,774	$52,774	$158,321
TOTAL PROGRAM COSTS	**$132,321,707**	**$160,743,662**	**$166,401,955**	**$459,467,324**
Funded Outside of Energy Savings Assistance Program Budget				
Indirect Costs [10]	N/A	N/A	N/A	N/A
NGAT Costs [11]	N/A	N/A	N/A	N/A

Footnotes

[1] Includes: Refrigerators, Evap coolers, Room & Window AC, LIHEAP Leveraging, and Microwaves
[2] Includes: Water heater repair, water heater replacement, water heater blanket, water heater pipe wrap, faucet aerators, shower start
[3] Includes: Weatherization/ Minor Home Repairs
[4] Includes: Central AC Tune-Up, Central AC, Furnace Repair, Furnace Replacement, R&R Service Calls
[5] Includes: Occupancy sensors, interior hardwire fixtures, CFLs, hard wired porch lights, torchieres
[6] Includes: Attic insulation, and SmartFan Delay
[7] M&E includes funding for the two Joint Utility Studies - the Impact Evaluation and the Energy Education Study.

[8] Includes PG&E costs such as Smarter Energy Line. Cost escalation was applied using labor escalation rates from the union contract and non-labor escalation rates developed by Global insights in Q2 2010
[9] CPUC Energy Division budget was developed based on historical spend 2009-10
[10] Indirect costs are funded outside of the ESA Program budget.
[11] NGAT costs are funded outside of the ESA Program budget

END OF APPENDIX B

APPENDIX C

PY 2012-2014 ESAP Proposed Electric & Gas Budget
Southern California Edison

	PY2011 Authorized	PY 2012 Proposed	PY 2013 Proposed	PY 2014 Proposed	3-Year Request PY 2012 - 2014
Energy Savings Assistance Program					
Energy Efficiency					
Appliances		$16,404,000	$18,521,000	$17,991,000	$ 52,916,000
Domestic Hot Water		$40,000	$45,000	$44,000	$ 129,000
Enclosure		$210,000	$237,000	$229,000	$ 676,000
HVAC		$21,302,000	$24,049,000	$23,373,000	$ 68,724,000
Maintenance		$0	$0	$0	$ -
Lighting		$2,554,000	$2,884,000	$2,801,000	$ 8,239,000
Miscellaneous		$3,689,000	$4,165,000	$4,046,000	$ 11,900,000
Customer Enrollment		$4,381,000	$4,947,000	$4,805,000	$ 14,133,000
In Home Education		$972,000	$1,098,000	$1,066,000	$ 3,136,000
Pilot		$0	$0	$0	$ -
Energy Efficiency Total		**$49,552,000**	**$55,946,000**	**$54,355,000**	**$159,853,000**
Training Center		$315,000	$306,000	$279,000	$ 900,000
Inspections		$1,319,000	$1,329,000	$1,352,000	$ 4,000,000
Marketing and Outreach		$1,252,000	$1,414,000	$1,373,000	$ 4,039,000
Statewide Marketing Education and Outreach		$120,000	$120,000	$120,000	$ 360,000
Measurement and Evaluation Studies		$90,000	$90,000	$90,000	$ 270,000
Regulatory Compliance		$581,000	$594,000	$606,000	$ 1,781,000
CPUC Energy Division		$60,000	$60,000	$60,000	$ 180,000
TOTAL PROGRAM COSTS	**$63,414,000**	**$53,289,000**	**$59,859,000**	**$58,235,000**	**$171,203,000**
Not Subject to This Application - Funded Outside of ESAP Program Budget					
Indirect Costs	N/A	N/A	N/A	N/A	N/A
NGAT Costs	N/A	N/A	N/A	N/A	N/A

The budget categories and subcategories for 2012-2014 were revised by the Commission and do not fully align with the categories and subcategories that were

SCE Total Sums Table as submitted below is inaccurate. Above table refelcts accurate totals**********

	PY2011 Authorized	PY 2012 Proposed	PY 2013 Proposed	PY 2014 Proposed	3-Year Request PY 2012 - 2014
Energy Savings Assistance Program					
Energy Efficiency					
Appliances		$16,404,000	$18,521,000	$17,991,000	$ 52,916,000
Domestic Hot Water		$40,000	$45,000	$44,000	$ 129,000
Enclosure		$210,000	$237,000	$229,000	$ 676,000
HVAC		$21,302,000	$24,049,000	$23,373,000	$ 68,724,000
Maintenance		$0	$0	$0	$ -
Lighting		$2,554,000	$2,884,000	$2,801,000	$ 8,239,000
Miscellaneous		$3,689,000	$4,165,000	$4,046,000	$ 11,900,000
Customer Enrollment		$4,381,000	$4,947,000	$4,805,000	$ 14,133,000
In Home Education		$972,000	$1,098,000	$1,066,000	$ 3,136,000
Pilot		$0	$0	$0	$ -
Energy Efficiency Total		**$49,552,000**	**$55,946,000**	**$54,356,000**	**$ 159,854,000**
Training Center		$315,000	$306,000	$279,000	$ 900,000
Inspections		$1,319,000	$1,329,000	$1,352,000	$ 4,000,000
Marketing and Outreach		$1,252,000	$1,414,000	$1,373,000	$ 4,039,000
Statewide Marketing Education and Outreach		$120,000	$120,000	$120,000	$ 360,000
Measurement and Evaluation Studies		$90,000	$90,000	$90,000	$ 270,000
Regulatory Compliance		$581,000	$594,000	$606,000	$ 1,781,000
CPUC Energy Division		$60,000	$60,000	$60,000	$ 180,000
TOTAL PROGRAM COSTS	**$63,414,000**	**$57,718,000**	**$64,528,000**	**$62,971,000**	**$ 185,217,000**
Not Subject to This Application - Funded Outside of ESAP Program Budget					
Indirect Costs	N/A	N/A	N/A	N/A	N/A
NGAT Costs	N/A	N/A	N/A	N/A	N/A

PY 2012-2014 ESAP AUTHORIZED Electric & Gas Budget
Southern California Edison

	PY 2012 Authorized	PY 2013 Authorized	PY 2014 Authorized	3-Year Authorized PY 20012- 2014
Energy Savings Assistance Program				
Energy Efficiency				
Appliances	$21,019,404	$21,019,806	$21,018,838	$ 63,058,048
Domestic Hot Water	$51,254	$51,071	$51,405	$ 153,731
Enclosure	$269,085	$268,975	$267,540	$ 805,601
HVAC	$27,295,497	$27,293,630	$27,306,615	$ 81,895,742
Maintenance	$0	$0	$0	$ -
Lighting	$3,272,589	$3,273,102	$3,272,401	$ 9,818,092
Miscellaneous	$4,726,931	$4,726,931	$4,726,931	$ 14,180,794
Customer Enrollment	$5,613,631	$5,614,437	$5,613,669	$ 16,841,737
In Home Education	$1,245,480	$1,246,139	$1,245,405	$ 3,737,025
Pilot	$0	$0	$0	$ -
Energy Efficiency Total	**$63,493,873**	**$63,494,092**	**$63,502,804**	**$ 190,490,769**
Training Center	$403,628	$347,285	$325,955	$ 1,076,868
Inspections	$1,690,112	$1,508,305	$1,579,538	$ 4,777,955
Marketing and Outreach	$1,604,261	$1,604,773	$1,604,072	$ 4,813,106
Statewide Marketing Education and Outreach	$153,763	$136,190	$140,196	$ 430,149
Measurement and Evaluation Studies	$115,322	$102,143	$105,147	$ 322,612
Regulatory Compliance	$744,469	$674,141	$707,988	$ 2,126,598
CPUC Energy Division	$60,000	$60,000	$60,000	$ 180,000
TOTAL PROGRAM COSTS	**$68,205,427**	**$67,866,929**	**$67,965,700**	**$ 204,038,057**
Not Subject to This Application - Funded Outside of ESAP Program Budget				
Indirect Costs	N/A	N/A	N/A	N/A
NGAT Costs	N/A	N/A	N/A	N/A

END OF APPENDIX C

APPENDIX D

PY 2009-2011 ESAP Proposed Electric & Gas Budget
San Diego Gas & Electric Company

	PY2011 Authorized	PY 2012 Proposed	PY 2013 Proposed	PY 2014 Proposed	3-Year PY 2009 - 2011
Energy Savings Assistance Program					
Energy Efficiency [1]					
Appliances	-	$4,701,644	$4,523,692	$4,443,374	$ 13,668,709
Domestic Hot Water	-	$1,557,722	$1,603,093	$1,651,185	$ 4,812,000
Enclosure	-	$3,138,071	$3,229,471	$3,326,355	$ 9,693,898
HVAC	-	$1,474,200	$1,517,424	$1,562,945	$ 4,554,569
Maintenance	-	$530,185	$545,627	$561,996	$ 1,637,808
Lighting	-	$2,577,454	$2,652,526	$2,732,101	$ 7,962,082
Miscellaneous	-	$450,000	$463,500	$477,000	$ 1,390,500
Customer Enrollment	-	$3,549,357	$3,929,832	$4,014,925	$ 11,494,114
In Home Education	-	$399,658	$411,299	$423,638	$ 1,234,595
Pilot	-	$0	$0	$0	$ -
Energy Efficiency Total	$17,196,378	$18,378,291	$18,876,463	$19,193,519	$ 56,448,274
Training Center	$0	$0	$0	$0	$ -
Inspections	$62,694	$54,877	$56,581	$58,284	$ 169,743
Marketing and Outreach	$714,341	$1,173,730	$1,135,788	$1,146,595	$ 3,456,113
Statewide Marketing Education and Outreach	$100,000	$60,000	$60,000	$0	$ 120,000
Measurement and Evaluation Studies	-$45,864	$135,000	$0	$60,000	$ 195,000
Regulatory Compliance	$286,006	$306,554	$339,384	$322,214	$ 968,152
General Administration	$1,969,103	$1,891,477	$1,948,947	$2,006,417	$ 5,846,841
CPUC Energy Division	$44,948	$45,000	$45,000	$45,000	$ 135,000
TOTAL PROGRAM COSTS	**$20,327,606**	**$22,044,929**	**$22,462,163**	**$22,832,030**	**$ 67,339,122**
Funded Outside of ESAP Program Budget					
Indirect Costs [2]	-	-	-	-	$ -
					$ -
NGAT Costs	$300,000	$535,000	$535,000	$535,000	$ 1,605,000

PY 2009-2011 ESAP AUTHORIZED Electric & Gas Budget
San Diego Gas & Electric Company

	PY2011 Authorized	PY 2012 Authorized	PY 2013 Authorized	PY 2014 Authorized	3-Year Authorized PY 20012- 2014
Energy Savings Assistance Program					
Energy Efficiency [1]					
Appliances	-	$4,775,958	$4,595,194	$4,513,607	$ 13,884,759
Domestic Hot Water	-	$1,582,344	$1,628,431	$1,677,284	$ 4,888,059
Enclosure	-	$3,187,672	$3,280,517	$3,378,932	$ 9,847,121
HVAC	-	$1,497,501	$1,541,408	$1,587,649	$ 4,626,559
Maintenance	-	$538,565	$554,251	$570,879	$ 1,663,695
Lighting	-	$2,618,194	$2,694,452	$2,775,285	$ 8,087,931
Miscellaneous	-	$457,113	$470,826	$484,540	$ 1,412,478
Customer Enrollment	-	$2,799,492	$3,185,982	$3,272,419	$ 9,257,893
In Home Education	-	$405,975	$417,800	$430,334	$ 1,254,109
Pilot	-	$0	$0	$0	$ -
Energy Efficiency Total	$17,196,378	$17,862,814	$18,368,861	$18,690,928	$ 54,922,603
Training Center	$0	$0	$0	$0	$ -
Inspections	$62,694	$55,745	$57,475	$59,206	$ 172,426
Marketing and Outreach	$714,341	$1,192,282	$1,153,740	$1,164,718	$ 3,510,741
Statewide Marketing Education and Outreach	$100,000	$60,948	$60,948	$0	$ 121,897
Measurement and Evaluation Studies	-$45,864	$137,134	$0	$60,948	$ 198,082
Regulatory Compliance	$286,006	$311,399	$344,748	$327,307	$ 983,455
General Administration	$1,969,103	$1,921,374	$1,979,752	$2,038,131	$ 5,939,256
CPUC Energy Division	$44,948	$45,711	$45,711	$45,711	$ 137,134
TOTAL PROGRAM COSTS	**$20,327,606**	**$21,587,407**	**$22,011,237**	**$22,386,950**	**$ 65,985,594**
Funded Outside of ESAP Program Budget					
Indirect Costs [2]	-	-	-	-	$ -
					$ -
NGAT Costs	$300,000	$535,000	$535,000	$535,000	$ 1,605,000

[1] The budget for 2011 was not authorized using the new 2012-2014 reporting categories, therefore SDG&E is unable to allocate the bugeted dollars for the subcategories under the Energy Effiicency category.

[2] SDG&E does not budget or project indirect costs.

END OF APPENDIX D

APPENDIX E

PY 2012-2014 ESAP Proposed Electric & Gas Budget
Southern California Gas Company

	PY2011 Authorized	PY 2012 Proposed	PY 2013 Proposed	PY 2014 Proposed	3-Year Request PY 2012 - 2014
Energy Savings Assistance Program					
Energy Efficiency					
Appliances	$3,963,911.00	$4,273,045	$4,725,254	$5,069,638	$ 14,067,937
Domestic Hot Water	$4,298,090.00	$14,053,437	$11,084,205	$11,260,521	$ 36,398,164
Enclosure	$18,725,309.00	$29,982,892	$23,940,183	$24,599,087	$ 78,522,163
HVAC	$17,345,119	$16,053,624	$12,780,810	$13,073,791	$ 41,908,225
Maintenance	$5,800,598	$2,303,685	$1,828,838	$1,868,898	$ 6,001,421
Lighting	$0.00	$0	$0	$0	$ -
Miscellaneous	$0.00	$0	$0	$0	$ -
Customer Enrollment	$17,211,246.00	$20,368,129	$16,032,969	$16,235,643	$ 52,636,741
In Home Education	$2,188,110.00	$2,427,634	$1,844,475	$1,854,400	$ 6,126,510
Pilot	$28,127.00	$0	$0	$0	$ -
Energy Efficiency Total	**$69,560,510**	**$89,462,446**	**$72,236,735**	**$73,961,979**	**$ 235,661,160**
Training Center	$320,587	$505,117	$486,403	$498,992	$ 1,490,512
Inspections	$1,701,533	$2,618,378	$2,093,899	$2,156,375	$ 6,868,652
Marketing and Outreach	$1,050,293	$1,013,000	$931,900	$878,000	$ 2,822,900
Statewide Marketing Education and Outreach	$0	$100,000	$100,000	$100,000	$ 300,000
Measurement and Evaluation Studies	$0	$225,000	$0	$0	$ 225,000
Regulatory Compliance	$272,837	$295,333	$295,333	$295,333	$ 886,000
General Administration	$5,264,735	$5,603,781	$5,891,204	$6,202,206	$ 17,697,191
CPUC Energy Division	$85,774	$86,000	$86,000	$86,000	$ 258,000
Funded Outside of LIEE Program Budget					
TOTAL PROGRAM COSTS	**$78,256,269**	**$99,909,056**	**$82,121,475**	**$84,178,885**	**$ 266,209,415**
Funded Outside of ESAP Program Budget					
Indirect Costs[1]					
NGAT Costs	$1,600,000	$4,200,000	$4,200,000	$4,200,000	$ 12,600,000

[1] SoCalGas does not budget or project for indirect costs.

PY 2012-2014 ESAP AUTHORIZED Electric & Gas Budget
Southern California Gas Company

	PY 2012 Authorized	PY 2013 Authorized	PY 2014 Authorized	3-Year Authorized PY 20012- 2014
Energy Savings Assistance Program				
Energy Efficiency				
Appliances	$4,504,216	$6,414,654	$6,882,165	$ 17,801,035
Domestic Hot Water	$14,813,726	$15,047,096	$15,286,449	$ 45,147,270
Enclosure	$31,604,961	$32,499,418	$33,393,898	$ 97,498,277
HVAC	$16,922,122	$17,350,281	$17,748,009	$ 52,020,411
Maintenance	$2,428,314	$2,482,695	$2,537,077	$ 7,448,086
Lighting	$0	$0	$0	$ -
Miscellaneous	$0	$0	$0	$ -
Customer Enrollment	$20,591,625	$20,633,899	$20,909,034	$ 62,134,558
In Home Education	$2,558,969	$1,844,475	$2,517,396	$ 6,920,840
Pilot	$0	$0	$0	$ -
Energy Efficiency Total	**$93,423,932**	**$96,272,518**	**$99,274,028**	**$288,970,477**
Training Center	$532,444	$660,305	$677,395	$ 1,870,143
Inspections	$2,760,032	$2,842,522	$2,927,335	$ 8,529,889
Marketing and Outreach	$1,067,803	$1,265,078	$1,191,908	$ 3,524,789
Statewide Marketing Education and Outreach	$105,410	$135,753	$135,753	$ 376,915
Measurement and Evaluation Studies	$237,172	$0	$0	$ 237,172
Regulatory Compliance	$311,311	$400,923	$400,923	$ 1,113,156
General Administration	$5,906,945	$7,997,462	$8,419,655	$ 22,324,061
CPUC Energy Division	$90,653	$116,747	$116,747	$ 324,147
Funded Outside of LIEE Program Budget				
TOTAL PROGRAM COSTS	**$104,435,701**	**$109,691,308**	**$113,143,742**	**$327,270,751**
Funded Outside of ESAP Program Budget				
Indirect Costs[1]				
NGAT Costs	$4,200,000	$4,200,000	$4,200,000	$ 12,600,000

END OF APPENDIX E

APPENDIX F

Projected Number of Homes to be Treated 2012-2014

Utility	2012 IOU Proposed	2012 CPUC Projection	2013 IOU Proposed	2013 CPUC Projection	2014 IOU Proposed	2014 CPUC Projection	2012-2014 IOU Proposed	2012-2014 CPUC Projection	Remaining Homes to be treated 2012-2020 (IOU Proposed)	Remaining Homes to be treated 2012-2020 (CPUC Projection)
PG&E	125,000	119,940	125,000	119,940	125,000	119,940	375,000	359,820	862,552	1,079,461
SCE	68,200	87,389	77,000	87,389	74,800	87,389	220,000	262,166	625,429	786,498
SDG&E	20,000	20,316	20,000	20,316	20,000	20,316	60,000	60,948	144,243	182,845
SoCalGas	129,106	136,091	100,249	136,091	100,249	136,091	329,604	408,272	902,237	1,224,816
Total	342,306	363,735	322,249	363,735	320,049	363,735	984,604	1,091,206	2,534,462	3,273,619

SUPPORT: Delta Between Proposed and 5% Ineligibility Factor

PG&E (App 1-17)

	15%	5%
Filed 12/30/2010 Estimated Eligible Homes	1,983,285	1,983,285
Filed 12/30/2010 estimated eligible escalated by 1% to 2020	2,169,090	2,169,090
Less % of 2020 estimate due to unwilling or unable to participat	325,364	108,455
Less PG&E Homes Treated 2002 - 2010	629,143	629,143
Less PG&E Estimated Homes Treated 2011	126,248	126,248
Less LIHEAP Homes Treated 2002-2007 (D08-11-031)	76,537	76,537
Less LIHEAP Homes Treated 2008-2020 (90% of 2002-2007 Av	149,247	149,247
Remaining to be Treated 2012-2020	862,552	1,079,461
2012-2014 Minimum Homes Treated =1/3 of homes remaining 2	287,517	359,820
per yr	95,839	119,940

SCE (App- p24)

	15%	5%
Filed 12/30/2010 Estimated Eligible Homes	1,458,131	1,458,131
Filed 12/30/2010 estimated eligible escalated by 1% to 2020	1,610,684	1,610,684
Less % of 2020 estimate due to unwilling or unable to participat	241,603	80,534
Less SCE Homes Treated 2002 - 2010	474,916	474,916
Less SCE Estimated Homes Treated 2011	73,800	73,800
Less LIHEAP Homes Treated 2002-2007 (D08-11-031)	66,080	66,080
Less LIHEAP Homes Treated 2008-2020 (90% of 2002-2007 Av	128,856	128,856
Remaining to be Treated 2012-2020	625,429	786,498
2012-2014 Minimum Homes Treated =1/3 of homes remaining 2	208,476	262,166
per yr	69,492	87,389

SDG&E (SW-14)

	15%	5%
Filed 12/30/2010 Estimated Eligible Homes	352,952	352,952
Filed 12/30/2010 estimated eligible escalated by 1% to 2020	386,018	386,018
Less % of 2020 estimate due to unwilling or unable to participat	57,903	19,301
Less SDG&E Homes Treated 2002 - 2010	138,398	138,398
Less SDG&E Estimated Homes Treated 2011	20,384	20,384
Less LIHEAP Homes Treated 2002-2007 (D08-11-031)	7,700	7,700
Less LIHEAP 2008 100% of 2002-2007 LIHEAP average	1,283	1,283
LIHEAP 2009-2010 Actual	3,277	3,277
Less LIHEAP Homes Treated 2008-2020 (90% of 2002-2007 Av	12,830	12,830
Remaining to be Treated 2012-2020	144,243	182,845
2012-2014 Minimum Homes Treated =1/3 of homes remaining 2	48,081	60,948
per year	16,027	20,316

SCG (DM 16)

	19%	5%
Filed 2/16/2012 Estimated Eligible Homes	2,106,758	2,106,758
Filed 2/16/2012 estimated eligible escalated by 1% to 2020	2,304,130	2,304,130
Less % of 2020 estimate due to unwilling or unable to participat	437,785	115,207
Less SCG Homes Treated 2002 - 2010	548,110	548,110
Less SCG Estimated Homes Treated 2011	165,000	165,000
Less LIHEAP Homes Treated 2002-2007 (D08-11-031)	73,780	73,780
Less LIHEAP 2008 100% of 2002-2007 LIHEAP average	12,297	12,297
Less LIHEAP 2009-2010 LIHEAP 2009-2010 actual	41,954	41,954
Less LIHEAP Homes Treated 2011-2020 (90% of 2002-2007 Av	122,967	122,967
Remaining to be Treated 2012-2020	902,237	1,224,816
2012-2014 Minimum Homes Treated =1/3 of homes remaining 2	300,746	408,272
per year	100,249	136,091

END OF APPENDIX F

APPENDIX G

	PGE				SCE			
Issue	2012	2013	2014	Cycle	2012	2013	2014	Cycle
ORIGINAL ESAP BUDGET	**$ 137,904,000.00**	**$ 167,525,000.00**	**$ 173,422,000.00**	**$ 478,851,000.00**	**$ 53,289,000.00**	**$ 59,859,000.00**	**$ 58,235,000.00**	**$ 171,383,000.00**
Contractor Customer Referral Incentive	$0	$0	$0	**$0**	$0	$0	$0	**$0**
Customer Referral Incentive (Gift Card)	$0	$0	$0	**$0**	$0	$0	$0	**$0**
Total Deduction	$0	$0	$0	$0	$0	$0	$0	$0
New Budget	$137,904,000	$167,525,000	$173,422,000	**$478,851,000**	$53,289,000	$59,859,000	$58,235,000	**$171,383,000**
Original Budget $ per Orig Number of Home Est.	$1,103	$1,340	$1,387	$1,277	$781	$777	$779	$779
New Budget $ per Orig Number of Home Est.	$1,103	$1,340	$1,387	**$1,277**	$781	$777	$779	**$779**
New Authorized Budgets Based on New Projected Homes to be Treated	**$132,321,707**	**$160,743,662**	**$166,401,955**	**$459,467,324**	**$68,282,309**	**$67,935,024**	**$68,035,798**	**$204,230,837**
Projected Difference Between Proposed and Authorized Budget	($5,582,293)	($6,781,338)	($7,020,045)	**($19,383,676)**	$14,993,309	$8,076,024	$9,800,798	**$32,847,837**
WORK AREA								
IOU Proposed Budgets	$137,904,000	$167,525,000	$173,422,000	$478,851,000	$53,289,000	$59,859,000	$58,235,000	$171,383,000
IOU Original Proposed Elig. Customers	125,000	125,000	125,000	**375,000**	68,200	77,000	74,800	**220,000**
CPUC New Projected Elig. Customers	119,940	119,940	119,940	**359,820**	87,389	87,389	87,389	**262,166**
Escalation Factor	96%	96%	96%	96%	128%	113%	117%	119%
Proportion of Total ESAP Budget	14.02%	17.03%	17.63%	**48.67%**	5.42%	6.08%	5.92%	**17.42%**

	SDGE				SoCalGas				Total
Issue	2012	2013	2014	Cycle	2012	2013	2014	Cycle	
ORIGINAL ESAP BUDGET	**$ 22,044,928.55**	**$ 22,462,163.02**	**$ 22,832,030.32**	**$ 67,339,121.89**	**$ 99,909,055.86**	**$ 82,121,474.95**	**$ 84,178,884.50**	**$ 266,209,415.31**	**$ 983,782,537.20**
Contractor Customer Referral Incentive	($43,425)	($43,425)	($43,425)	**($130,275)**	$0	$0	$0	**$0**	**($130,275)**
Customer Referral Incentive (Gift Card)	($750,000)	($750,000)	($750,000)	**($2,250,000)**	($833,333)	($833,333)	($833,333)	**($2,500,000)**	**($4,750,000)**
Total Deduction	($793,425)	($793,425)	($793,425)	($2,380,275)	($833,333)	($833,333)	($833,333)	($2,500,000)	($4,880,275)
New Budget	$21,251,504	$21,668,738	$22,038,605	**$64,958,847**	$ 99,075,722.53	$81,288,142	$83,345,551	**$263,709,415**	**$978,902,262**
Original Budget $ per Orig Number of Home Est.	$1,102	$1,123	$1,142	$1,122	$774	$819	$840	$808	$999
New Budget $ per Orig Number of Home Est.	$1,063	$1,083	$1,102	**$1,083**	$767	$811	$831	**$800**	**$994**
New Authorized Budgets Based on New Projected Homes to be Treated	**$21,587,407**	**$22,011,237**	**$22,386,950**	**$65,985,594**	**$98,528,757**	**$110,350,755**	**$113,143,742**	**$326,649,939**	**$1,056,333,694**
Projected Difference Between Proposed and Authorized Budget	($457,521)	($450,927)	($445,080)	**($1,353,528)**	($1,380,299)	$28,229,280	$28,964,857	**$60,440,524**	**$72,551,157**
WORK AREA									
IOU Proposed Budgets	$22,044,929	$22,462,163	$22,832,030	$67,339,122	$ 99,909,055.86	$ 82,121,474.95	$84,178,885	$266,209,415	$983,782,537
IOU Original Proposed Elig. Customers	20,000	20,000	20,000	**60,000**	129,106	100,249	100,249	**329,604**	**984,604**
CPUC New Projected Elig. Customers	20,316	20,316	20,316	**60,948**	136,091	136,091	136,091	**408,272**	**1,091,206**
Escalation Factor	102%	102%	102%	102%	105%	136%	136%	124%	111%
Proportion of Total ESAP Budget	2.24%	2.28%	2.32%	**6.84%**	10.16%	8.35%	8.56%	**27.06%**	**100.00%**

END OF APPENDIX G

APPENDIX H.1

Energy Savings Assistance Program Cost-Effectiveness - Weather Sensitive Measures
Pacific Gas and Electric Company

	Measure	Measure Group	Type of Home	Electric or Gas	Climate Zone	Ratio of Benefits Over Costs*: Utility Cost Test	Modified Participant Test	Total Resource Cost Test	Approved
			(SF, MH, MF)	(E,G)	(Number)				
New	AC TIME DELAY MH/CZ13	HVAC	MH	E	13	2.03	6.43	1.73	X
New	AC TIME DELAY MH/CZ14	HVAC	MH	E	14	2.02	6.43	1.73	X
New	AC TIME DELAY MH/CZ11	HVAC	MH	E	11	1.95	5.34	1.68	X
New	AC TIME DELAY MH/CZ12	HVAC	MH	E	12	1.87	4.35	1.62	X
New	AC TIME DELAY MH/CZ4	HVAC	MH	E	4	1.65	3.09	1.42	X
	A/C Tune-up- Central w/CZ14 w/SF	HVAC	SF	E	14	1.64	3.08	1.40	X
New	AC TIME DELAY MH/CZ16	HVAC	MH	E	16	1.64	3.06	1.42	X
	A/C Tune-up- Central w/CZ14 w/MH	HVAC	MH	E	14	1.62	3.00	1.39	X
New	AC TIME DELAY MH/CZ2	HVAC	MH	E	2	1.55	2.56	1.34	X
New	AC TIME DELAY SF/CZ13	HVAC	SF	E	13	1.54	2.55	1.32	X
New	AC TIME DELAY SF/CZ14	HVAC	SF	E	14	1.53	2.55	1.31	X
New	AC TIME DELAY SF/CZ11	HVAC	SF	E	11	1.45	2.14	1.25	X
	A/C Tune-up- Central w/CZ14 w/MF	HVAC	MF	E	14	1.37	2.01	1.18	X
	A/C Tune-up- Central w/CZ13 w/SF	HVAC	SF	E	13	1.36	1.96	1.17	X
	A/C Tune-up- Central w/CZ11 w/SF	HVAC	SF	E	11	1.30	1.71	1.12	X
New	AC TIME DELAY MH/CZ5	HVAC	MH	E	5	1.20	1.66	1.02	X
New	AC TIME DELAY MH/CZ6	HVAC	MH	E	6	1.20	1.66	1.02	X
	A/C Tune-up- Central w/CZ13 w/MH	HVAC	MH	E	13	1.25	1.63	1.07	X
New	AC TIME DELAY MF/CZ14	HVAC	MF	E	14	1.23	1.59	1.06	X
New	AC TIME DELAY MF/CZ13	HVAC	MF	E	13	1.24	1.59	1.06	X
New	AC TIME DELAY MH/CZ3	HVAC	MH	E	3	1.19	1.44	1.03	X
	A/C Tune-up- Central w/CZ11 w/MH	HVAC	MH	E	11	1.18	1.42	1.02	X
	A/C Tune-up- Central w/CZ13 w/MF	HVAC	MF	E	13	1.14	1.38	0.98	X
New	AC TIME DELAY SF/CZ12	HVAC	SF	E	12	1.18	1.35	1.03	X
New	AC TIME DELAY MF/CZ11	HVAC	MF	E	11	1.13	1.30	0.98	X
	A/C Tune-up- Central w/CZ12 w/SF	HVAC	SF	E	12	1.11	1.22	0.96	X
	A/C Tune-up- Central w/CZ11 w/MF	HVAC	MF	E	11	1.05	1.15	0.91	X
	Evap Coolers R&R SF/CZ13	HVAC	SF	E	13	1.03	1.15	0.88	X
	Evap Coolers R&R SF/CZ14	HVAC	SF	E	14	1.02	1.15	0.88	X
	Evap Coolers R&R SF/CZ16	HVAC	SF	E	16	1.03	1.14	0.88	X
	Air Sealing / Envelope MH/CZ13/G-wAC	HVAC	MH	EG	13	0.53	1.08	0.45	X
	Air Sealing / Envelope MH/CZ14/G-wAC	HVAC	MH	EG	14	0.52	1.08	0.45	X
	A/C Tune-up- Central w/CZ12 w/MH	HVAC	MH	E	12	1.03	1.07	0.89	X
New	AC TIME DELAY SF/CZ16	HVAC	SF	E	16	1.00	1.07	0.86	X
	Evap Coolers R&R MH/CZ14	HVAC	MH	E	14	0.97	1.06	0.83	X
	Evap Coolers R&R MH/CZ13	HVAC	MH	E	13	0.98	1.06	0.83	X
	Air Sealing / Envelope SF/CZ13/G-wAC	ENCLOSURE	SF	EG	13	0.52	1.04	0.44	X
	Air Sealing / Envelope SF/CZ14/G-wAC	ENCLOSURE	SF	EG	14	0.52	1.04	0.44	X
	Air Sealing / Envelope MH/CZ16/G-wAC	ENCLOSURE	MH	EG	16	0.49	0.98	0.41	X
	Air Sealing / Envelope SF/CZ16/G-wAC	ENCLOSURE	SF	EG	16	0.48	0.95	0.41	X
	Air Sealing / Envelope MH/CZ11/G-wAC	ENCLOSURE	MH	EG	11	0.48	0.94	0.40	X
	Air Sealing / Envelope SF/CZ11/G-wAC	ENCLOSURE	SF	EG	11	0.45	0.88	0.38	X
New	AC TIME DELAY MF/CZ12	HVAC	MF	E	12	0.91	0.87	0.79	X
	Air Sealing / Envelope MH/CZ12/G-wAC	ENCLOSURE	MH	EG	12	0.44	0.84	0.38	X
	A/C Tune-up- Central w/CZ16 w/SF	HVAC	SF	E	16	0.84	0.83	0.72	X
	Evap Coolers R&R MH/CZ11	HVAC	MH	E	11	0.85	0.81	0.73	X
New	AC TIME DELAY SF/CZ4	HVAC	SF	E	4	0.83	0.81	0.71	X
	Evap Coolers R&R SF/CZ11	HVAC	SF	E	11	0.84	0.81	0.73	X
	Evap Coolers R&R SF/CZ12	HVAC	SF	E	12	0.84	0.78	0.73	X
	Air Sealing / Envelope SF/CZ12/G-wAC	ENCLOSURE	SF	EG	12	0.41	0.77	0.35	X
	Air Sealing / Envelope MF/CZ14/G-wAC	ENCLOSURE	MF	EG	14	0.40	0.75	0.35	X
	Air Sealing / Envelope MF/CZ13/G-wAC	ENCLOSURE	MF	EG	13	0.40	0.75	0.35	X
	Evap Coolers R&R MH/CZ12	HVAC	MH	E	12	0.82	0.75	0.71	X
	Air Sealing / Envelope MH/CZ13/E-wAC	ENCLOSURE	MH	E	13	0.40	0.74	0.34	X
	Air Sealing / Envelope MH/CZ14/E-wAC	ENCLOSURE	MH	E	14	0.40	0.74	0.34	X
	Air Sealing / Envelope SF/CZ13/E-wAC	ENCLOSURE	SF	E	13	0.40	0.73	0.34	X
	Air Sealing / Envelope SF/CZ14/E-wAC	ENCLOSURE	SF	E	14	0.39	0.73	0.34	X
	Air Sealing / Envelope MF/CZ14/E-wAC	ENCLOSURE	MF	E	14	0.39	0.73	0.34	X
	Air Sealing / Envelope MF/CZ13/E-wAC	ENCLOSURE	MF	E	13	0.40	0.73	0.34	X
	A/C Tune-up- Central w/CZ16 w/MH	HVAC	MH	E	16	0.76	0.72	0.65	X
New	AC TIME DELAY MF/CZ16	HVAC	MF	E	16	0.77	0.72	0.66	X
	Air Sealing / Envelope MH/CZ1/G-wAC	ENCLOSURE	MH	EG	1	0.34	0.72	0.29	X
	Air Sealing / Envelope MH/CZ1/G-noAC	ENCLOSURE	MH	G	1	0.35	0.72	0.29	X
	A/C Tune-up- Central w/CZ12 w/MF	HVAC	MF	E	12	0.75	0.66	0.65	X
	Air Sealing / Envelope SF/CZ1/G-wAC	ENCLOSURE	SF	EG	1	0.32	0.65	0.27	X
	Air Sealing / Envelope SF/CZ1/G-noAC	ENCLOSURE	SF	G	1	0.32	0.65	0.27	X
	A/C Tune-up- Central w/CZ4 w/SF	HVAC	SF	E	4	0.70	0.65	0.60	X
	Air Sealing / Envelope MF/CZ16/G-wAC	ENCLOSURE	MF	EG	16	0.35	0.64	0.30	X
	A/C Tune-up- Central w/CZ6 w/MH	HVAC	MH	E	6	0.63	0.62	0.53	X
	Air Sealing / Envelope MH/CZ2/G-wAC	ENCLOSURE	MH	EG	2	0.32	0.62	0.27	X
New	AC TIME DELAY MF/CZ4	HVAC	MF	E	4	0.67	0.61	0.58	X
	Air Sealing / Envelope MF/CZ16/E-wAC	ENCLOSURE	MF	E	16	0.34	0.61	0.29	X
	Air Sealing / Envelope SF/CZ16/E-wAC	ENCLOSURE	SF	E	16	0.33	0.58	0.28	X
	Air Sealing / Envelope SF/CZ2/G-wAC	ENCLOSURE	SF	EG	2	0.30	0.57	0.25	X
	Air Sealing / Envelope MH/CZ16/E-wAC	ENCLOSURE	MH	E	16	0.32	0.57	0.28	X
	Air Sealing / Envelope MH/CZ5/G-wAC	ENCLOSURE	MH	EG	5	0.28	0.57	0.23	X
	Air Sealing / Envelope MH/CZ6/G-wAC	ENCLOSURE	MH	EG	6	0.28	0.57	0.23	X
	A/C Tune-up- Central w/CZ6 w/SF	HVAC	SF	E	6	0.59	0.57	0.49	X
New	AC TIME DELAY SF/CZ2	HVAC	SF	E	2	0.65	0.56	0.56	X
	Air Sealing / Envelope MH/CZ4/G-wAC	ENCLOSURE	MH	EG	4	0.28	0.54	0.24	X
	Air Sealing / Envelope MH/CZ3/G-wAC	ENCLOSURE	MH	EG	3	0.27	0.53	0.23	X
	A/C Tune-up- Central w/CZ4 w/MH	HVAC	MH	E	4	0.61	0.53	0.52	X
	Air Sealing / Envelope SF/CZ5/G-wAC	ENCLOSURE	SF	EG	5	0.27	0.53	0.22	X
	Air Sealing / Envelope SF/CZ6/G-wAC	ENCLOSURE	SF	EG	6	0.27	0.53	0.22	X
New	AC TIME DELAY MH/CZ1	HVAC	MH	E	1	0.59	0.53	0.51	X
	Air Sealing / Envelope MF/CZ11/G-wAC	ENCLOSURE	MF	EG	11	0.30	0.52	0.26	X
	Air Sealing / Envelope MH/CZ11/E-wAC	ENCLOSURE	MH	E	11	0.30	0.51	0.26	X
	Air Sealing / Envelope SF/CZ4/G-wAC	ENCLOSURE	SF	EG	4	0.27	0.50	0.22	X
	Air Sealing / Envelope MF/CZ11/E-wAC	ENCLOSURE	MF	E	11	0.29	0.49	0.25	X
	A/C Tune-up- Central w/CZ16 w/MF	HVAC	MF	E	16	0.57	0.49	0.49	X
	Air Sealing / Envelope MH/CZ3/G-noAC	HVAC	MH	G	3	0.25	0.48	0.20	X
	Air Sealing / Envelope SF/CZ11/E-wAC	ENCLOSURE	SF	E	11	0.29	0.48	0.25	X
	Air Sealing / Envelope SF/CZ3/G-wAC	ENCLOSURE	SF	EG	3	0.25	0.47	0.21	X
	A/C Tune-up- Central w/CZ6 w/MF	HVAC	MF	E	6	0.51	0.47	0.43	X
	Air Sealing / Envelope MF/CZ12/G-wAC	ENCLOSURE	MF	EG	12	0.29	0.46	0.25	X
	Air Sealing / Envelope MH/CZ2/G-noAC	ENCLOSURE	MH	G	2	0.24	0.46	0.20	X
	Air Sealing / Envelope MH/CZ12/E-wAC	ENCLOSURE	MH	E	12	0.29	0.46	0.25	X
	Attic Insulation SF/CZ14/G-wAC	ENCLOSURE	SF	EG	14	0.50	0.44	0.43	X
	Attic Insulation SF/CZ13/G-wAC	ENCLOSURE	SF	EG	13	0.51	0.44	0.43	X
	Air Sealing / Envelope MF/CZ12/E-wAC	ENCLOSURE	MF	E	12	0.27	0.44	0.24	X
	A/C Tune-up- Central w/CZ2 w/MH	HVAC	MH	E	2	0.53	0.43	0.45	X
	Air Sealing / Envelope SF/CZ12/E-wAC	ENCLOSURE	SF	E	12	0.27	0.43	0.23	X
	Air Sealing / Envelope MH/CZ11/G-noAC	ENCLOSURE	MH	G	11	0.22	0.43	0.18	X
	A/C Tune-up- Central w/CZ2 w/SF	HVAC	SF	E	2	0.51	0.42	0.44	X
	Air Sealing / Envelope MH/CZ16/G-noAC	ENCLOSURE	MH	G	16	0.21	0.41	0.18	X
	Air Sealing / Envelope SF/CZ2/G-noAC	ENCLOSURE	SF	G	2	0.21	0.41	0.18	X
	Attic Insulation SF/CZ16/G-wAC	ENCLOSURE	SF	EG	16	0.47	0.41	0.40	X
	Air Sealing / Envelope MH/CZ5/G-noAC	ENCLOSURE	MH	G	5	0.20	0.41	0.17	X
	Air Sealing / Envelope MH/CZ6/G-noAC	ENCLOSURE	MH	G	6	0.20	0.41	0.17	X

APPENDIX H.1

Energy Savings Assistance Program Cost-Effectiveness - Weather Sensitive Measures
Pacific Gas and Electric Company

	Measure	Measure Group	Type of Home	Electric or Gas	Climate Zone	Ratio of Benefits Over Costs* Utility Cost Test	Modified Participant Test	Total Resource Cost Test	
	Air Sealing / Envelope SF/CZ11/G-noAC	ENCLOSURE	SF	G	11	0.21	0.40	0.17	X
	Air Sealing / Envelope SF/CZ3/G-noAC	ENCLOSURE	SF	G	3	0.20	0.38	0.16	X
	Air Sealing / Envelope MH/CZ12/G-noAC	ENCLOSURE	MH	G	12	0.20	0.38	0.16	X
	Air Sealing / Envelope SF/CZ16/G-noAC	ENCLOSURE	SF	G	16	0.20	0.38	0.16	X
	Attic Insulation SF/CZ11/G-wAC	ENCLOSURE	SF	EG	11	0.45	0.38	0.38	X
	Air Sealing / Envelope MH/CZ4/G-noAC	ENCLOSURE	MH	G	4	0.20	0.38	0.16	X
	Air Sealing / Envelope SF/CZ5/G-noAC	ENCLOSURE	SF	G	5	0.19	0.37	0.15	X
	Air Sealing / Envelope SF/CZ6/G-noAC	ENCLOSURE	SF	G	6	0.19	0.37	0.15	X
New	AC TIME DELAY MF/CZ2	HVAC	MF	E	2	0.46	0.36	0.40	X
	Attic Insulation MF/CZ14/G-wAC	ENCLOSURE	MF	EG	14	0.43	0.36	0.37	X
	Attic Insulation MF/CZ13/G-wAC	ENCLOSURE	MF	EG	13	0.44	0.36	0.37	X
	A/C Tune-up- Central w/CZ4 w/MF	HVAC	MF	E	4	0.44	0.36	0.38	X
	Air Sealing / Envelope SF/CZ12/G-noAC	ENCLOSURE	SF	G	12	0.18	0.34	0.15	X
	Air Sealing / Envelope MH/CZ14/G-noAC	ENCLOSURE	MH	G	14	0.17	0.34	0.15	X
	Air Sealing / Envelope MH/CZ13/G-noAC	ENCLOSURE	MH	G	13	0.18	0.34	0.15	X
	Air Sealing / Envelope SF/CZ4/G-noAC	ENCLOSURE	SF	G	4	0.18	0.34	0.15	X
	Attic Insulation SF/CZ13/E-wAC	ENCLOSURE	SF	E	13	0.39	0.31	0.33	X
	Attic Insulation SF/CZ14/E-wAC	ENCLOSURE	SF	E	14	0.39	0.31	0.33	X
	Attic Insulation SF/CZ12/G-wAC	ENCLOSURE	SF	EG	12	0.39	0.31	0.33	X
	Air Sealing / Envelope SF/CZ13/G-noAC	ENCLOSURE	SF	G	13	0.16	0.31	0.14	X
	Air Sealing / Envelope SF/CZ14/G-noAC	ENCLOSURE	SF	G	14	0.16	0.31	0.14	X
	Attic Insulation MF/CZ13/E-wAC	ENCLOSURE	MF	E	13	0.39	0.31	0.33	X
	Attic Insulation MF/CZ14/E-wAC	ENCLOSURE	MF	E	14	0.39	0.31	0.33	X
	A/C Tune-up- Central w/CZ2 w/MF	HVAC	MF	E	2	0.39	0.30	0.33	X
	Attic Insulation SF/CZ1/G-wAC	ENCLOSURE	SF	EG	1	0.30	0.27	0.25	X
	Attic Insulation SF/CZ1/G-noAC	ENCLOSURE	SF	G	1	0.31	0.26	0.26	X
	Attic Insulation SF/CZ16/E-wAC	ENCLOSURE	SF	E	16	0.32	0.25	0.28	X
	Attic Insulation MF/CZ12/G-wAC	ENCLOSURE	MF	EG	12	0.33	0.25	0.28	X
	Attic Insulation MF/CZ11/G-wAC	ENCLOSURE	MF	EG	11	0.32	0.25	0.27	X
	Attic Insulation SF/CZ2/G-wAC	ENCLOSURE	SF	EG	2	0.29	0.24	0.24	X
	Air Sealing / Envelope MF/CZ5/G-wAC	ENCLOSURE	MF	EG	5	0.12	0.22	0.10	X
	Air Sealing / Envelope MF/CZ6/G-wAC	ENCLOSURE	MF	EG	6	0.12	0.22	0.10	X
	Air Sealing / Envelope MF/CZ4/G-wAC	ENCLOSURE	MF	EG	4	0.13	0.22	0.11	X
	Attic Insulation SF/CZ11/E-wAC	ENCLOSURE	SF	E	11	0.29	0.21	0.25	X
	Attic Insulation SF/CZ4/G-noAC	ENCLOSURE	SF	G	4	0.24	0.21	0.20	X
	Attic Insulation SF/CZ5/G-noAC	ENCLOSURE	SF	G	5	0.24	0.21	0.20	X
	Attic Insulation SF/CZ6/G-noAC	ENCLOSURE	SF	G	6	0.24	0.21	0.20	X
New	AC TIME DELAY SF/CZ3	HVAC	SF	E	3	0.28	0.20	0.24	X
	Attic Insulation SF/CZ3/G-wAC	ENCLOSURE	SF	EG	3	0.24	0.20	0.21	X
	Evap Coolers R&R SF/CZ2	HVAC	SF	E	2	0.27	0.20	0.23	X
	Evap Coolers R&R SF/CZ3	HVAC	SF	E	3	0.27	0.20	0.23	X
	Evap Coolers R&R SF/CZ4	HVAC	SF	E	4	0.26	0.20	0.22	X
	Evap Coolers R&R SF/CZ1	HVAC	SF	E	1	0.25	0.20	0.22	X
	Attic Insulation MF/CZ12/E-wAC	ENCLOSURE	MF	E	12	0.27	0.19	0.24	X
	Attic Insulation MF/CZ11/E-wAC	ENCLOSURE	MF	E	11	0.26	0.19	0.23	X
	Air Sealing / Envelope MF/CZ4/E-wAC	ENCLOSURE	MF	E	4	0.12	0.19	0.10	X
	Air Sealing / Envelope MF/CZ5/E-wAC	ENCLOSURE	MF	E	5	0.11	0.19	0.09	X
	Air Sealing / Envelope MF/CZ6/E-wAC	ENCLOSURE	MF	E	6	0.11	0.19	0.09	X
	Air Sealing / Envelope MF/CZ2/G-wAC	ENCLOSURE	MF	EG	2	0.12	0.19	0.10	X
	Evap Coolers R&R MH/CZ2	HVAC	MH	E	2	0.26	0.19	0.22	X
	Evap Coolers R&R MH/CZ3	HVAC	MH	E	3	0.26	0.19	0.22	X
	Evap Coolers R&R MH/CZ4	HVAC	MH	E	4	0.25	0.19	0.21	X
	Evap Coolers R&R MH/CZ16	HVAC	MH	E	16	0.25	0.19	0.22	X
	Attic Insulation SF/CZ12/E-wAC	ENCLOSURE	SF	E	12	0.25	0.17	0.22	X
	Attic Insulation SF/CZ2/G-noAC	ENCLOSURE	SF	G	2	0.21	0.17	0.17	X
	Air Sealing / Envelope SF/CZ4/E-wAC	ENCLOSURE	SF	E	4	0.10	0.17	0.09	X
	Air Sealing / Envelope SF/CZ5/E-wAC	ENCLOSURE	SF	E	5	0.09	0.17	0.08	X
	Air Sealing / Envelope SF/CZ6/E-wAC	ENCLOSURE	SF	E	6	0.09	0.17	0.08	X
	Attic Insulation SF/CZ11/G-noAC	ENCLOSURE	SF	G	11	0.20	0.16	0.17	X
	Air Sealing / Envelope MH/CZ5/E-wAC	ENCLOSURE	MH	E	5	0.09	0.16	0.08	X
	Air Sealing / Envelope MH/CZ6/E-wAC	ENCLOSURE	MH	E	6	0.09	0.16	0.08	X
	Air Sealing / Envelope MH/CZ4/E-wAC	ENCLOSURE	MH	E	4	0.10	0.16	0.09	X
	Attic Insulation SF/CZ16/G-noAC	ENCLOSURE	SF	G	16	0.19	0.16	0.16	X
	Air Sealing / Envelope SF/CZ2/E-wAC	ENCLOSURE	SF	E	2	0.10	0.16	0.09	X
	Air Sealing / Envelope MH/CZ2/E-wAC	ENCLOSURE	MH	E	2	0.10	0.16	0.09	X
	Air Sealing / Envelope MF/CZ2/E-wAC	ENCLOSURE	MF	E	2	0.10	0.16	0.09	X
	Attic Insulation SF/CZ3/G-noAC	ENCLOSURE	SF	G	3	0.19	0.15	0.15	X
	Attic Insulation MF/CZ4/G-wAC	ENCLOSURE	MF	EG	4	0.19	0.14	0.16	X
	Attic Insulation MF/CZ5/G-wAC	ENCLOSURE	MF	EG	5	0.17	0.14	0.15	X
	Attic Insulation SF/CZ12/G-noAC	ENCLOSURE	SF	G	12	0.17	0.14	0.14	X
	Attic Insulation SF/CZ4/G-noAC	ENCLOSURE	SF	G	4	0.17	0.14	0.14	X
	Attic Insulation SF/CZ5/G-noAC	ENCLOSURE	SF	G	5	0.16	0.14	0.14	X
	Attic Insulation SF/CZ14/G-noAC	ENCLOSURE	SF	G	14	0.15	0.13	0.13	X
	Attic Insulation SF/CZ13/G-noAC	ENCLOSURE	SF	G	13	0.16	0.13	0.13	X
	Attic Insulation MF/CZ2/G-wAC	ENCLOSURE	MF	EG	2	0.17	0.13	0.14	X
	Attic Insulation MF/CZ3/G-wAC	ENCLOSURE	MF	EG	3	0.16	0.12	0.14	X
	Air Sealing / Envelope MF/CZ3/G-wAC	ENCLOSURE	MF	EG	3	0.07	0.12	0.06	X
	Air Sealing / Envelope SF/CZ3/E-wAC	ENCLOSURE	SF	E	3	0.06	0.09	0.05	X
	Air Sealing / Envelope MF/CZ3/E-wAC	ENCLOSURE	MF	E	3	0.06	0.09	0.05	X
	Attic Insulation MF/CZ2/G-noAC	ENCLOSURE	MF	G	2	0.09	0.07	0.07	X
	Attic Insulation MF/CZ3/G-noAC	ENCLOSURE	MF	G	3	0.08	0.06	0.06	X
	Attic Insulation MF/CZ12/G-noAC	ENCLOSURE	MF	G	12	0.07	0.05	0.06	X
	Attic Insulation MF/CZ11/G-noAC	ENCLOSURE	MF	G	11	0.07	0.05	0.06	X
	Air Sealing / Envelope MH/CZ3/E-wAC	ENCLOSURE	MH	E	3	0.03	0.05	0.03	X
	Air Sealing / Envelope MF/CZ1/G-wAC	ENCLOSURE	MF	EG	1	0.03	0.05	0.02	X
	Attic Insulation MF/CZ5/G-noAC	ENCLOSURE	MF	G	5	0.06	0.05	0.05	X
	Attic Insulation MF/CZ4/G-noAC	ENCLOSURE	MF	G	4	0.06	0.05	0.05	X
	Attic Insulation MF/CZ13/G-noAC	ENCLOSURE	MF	G	13	0.06	0.05	0.05	X
	Air Sealing / Envelope MF/CZ1/G-noAC	ENCLOSURE	MF	G	1	0.03	0.05	0.02	X
	Air Sealing / Envelope MF/CZ16/G-noAC	ENCLOSURE	MF	G	16	0.02	0.03	0.01	X
	Air Sealing / Envelope MF/CZ2/G-noAC	ENCLOSURE	MF	G	2	0.02	0.03	0.01	X
	Air Sealing / Envelope MF/CZ11/G-noAC	ENCLOSURE	MF	G	11	0.02	0.03	0.01	X
	Air Sealing / Envelope MF/CZ3/G-noAC	ENCLOSURE	MF	G	3	0.02	0.03	0.01	X
	Air Sealing / Envelope MF/CZ5/G-noAC	ENCLOSURE	MF	G	5	0.01	0.03	0.01	X
	Air Sealing / Envelope MF/CZ6/G-noAC	ENCLOSURE	MF	G	6	0.01	0.03	0.01	X
	Air Sealing / Envelope MF/CZ12/G-noAC	ENCLOSURE	MF	G	12	0.01	0.03	0.01	X
	Air Sealing / Envelope MF/CZ4/G-noAC	ENCLOSURE	MF	G	4	0.01	0.02	0.01	X
	Air Sealing / Envelope MF/CZ14/G-noAC	ENCLOSURE	MF	G	14	0.01	0.02	0.01	X
	Air Sealing / Envelope MF/CZ13/G-noAC	ENCLOSURE	MF	G	13	0.01	0.02	0.01	X
	Air Sealing / Envelope MF/CZ1/E-wAC	ENCLOSURE	MF	E	1	0.00	0.00	0.00	X
	Air Sealing / Envelope MH/CZ1/E-wAC	ENCLOSURE	MH	E	1	0.00	0.00	0.00	X
	Air Sealing / Envelope SF/CZ1/E-wAC	ENCLOSURE	SF	E	1	0.00	0.00	0.00	X
	Air Sealing / Envelope MF/CZ1/E-noAC	ENCLOSURE	MF	E	1	0.00	0.00	0.00	X
	Air Sealing / Envelope MF/CZ11/E-noAC	ENCLOSURE	MF	E	11	0.00	0.00	0.00	X
	Air Sealing / Envelope MF/CZ12/E-noAC	ENCLOSURE	MF	E	12	0.00	0.00	0.00	X
	Air Sealing / Envelope MF/CZ13/E-noAC	ENCLOSURE	MF	E	13	0.00	0.00	0.00	X
	Air Sealing / Envelope MF/CZ14/E-noAC	ENCLOSURE	MF	E	14	0.00	0.00	0.00	X
	Air Sealing / Envelope MF/CZ16/E-noAC	ENCLOSURE	MF	E	16	0.00	0.00	0.00	X
	Air Sealing / Envelope MF/CZ2/E-noAC	ENCLOSURE	MF	E	2	0.00	0.00	0.00	X
	Air Sealing / Envelope MF/CZ3/E-noAC	ENCLOSURE	MF	E	3	0.00	0.00	0.00	X

APPENDIX H.1

Energy Savings Assistance Program Cost-Effectiveness - Weather Sensitive Measures
Pacific Gas and Electric Company

Measure	Measure Group	Type of Home	Electric or Gas	Climate Zone	Ratio of Benefits Over Costs*: Utility Cost Test	Ratio of Benefits Over Costs*: Modified Participant Test	Ratio of Benefits Over Costs*: Total Resource Cost Test	
Air Sealing / Envelope MF/CZ4/E-noAC	ENCLOSURE	MF	E	4	0.00	0.00	0.00	X
Air Sealing / Envelope MF/CZ5/E-noAC	ENCLOSURE	MF	E	5	0.00	0.00	0.00	X
Air Sealing / Envelope MF/CZ6/E-noAC	ENCLOSURE	MF	E	6	0.00	0.00	0.00	X
Air Sealing / Envelope MH/CZ1/E-noAC	ENCLOSURE	MH	E	1	0.00	0.00	0.00	X
Air Sealing / Envelope MH/CZ11/E-noAC	ENCLOSURE	MH	E	11	0.00	0.00	0.00	X
Air Sealing / Envelope MH/CZ12/E-noAC	ENCLOSURE	MH	E	12	0.00	0.00	0.00	X
Air Sealing / Envelope MH/CZ13/E-noAC	ENCLOSURE	MH	E	13	0.00	0.00	0.00	X
Air Sealing / Envelope MH/CZ14/E-noAC	ENCLOSURE	MH	E	14	0.00	0.00	0.00	X
Air Sealing / Envelope MH/CZ16/E-noAC	ENCLOSURE	MH	E	16	0.00	0.00	0.00	X
Air Sealing / Envelope MH/CZ2/E-noAC	ENCLOSURE	MH	E	2	0.00	0.00	0.00	X
Air Sealing / Envelope MH/CZ3/E-noAC	ENCLOSURE	MH	E	3	0.00	0.00	0.00	X
Air Sealing / Envelope MH/CZ4/E-noAC	ENCLOSURE	MH	E	4	0.00	0.00	0.00	X
Air Sealing / Envelope MH/CZ5/E-noAC	ENCLOSURE	MH	E	5	0.00	0.00	0.00	X
Air Sealing / Envelope MH/CZ6/E-noAC	ENCLOSURE	MH	E	6	0.00	0.00	0.00	X
Air Sealing / Envelope SF/CZ1/E-noAC	ENCLOSURE	SF	E	1	0.00	0.00	0.00	X
Air Sealing / Envelope SF/CZ11/E-noAC	ENCLOSURE	SF	E	11	0.00	0.00	0.00	X
Air Sealing / Envelope SF/CZ12/E-noAC	ENCLOSURE	SF	E	12	0.00	0.00	0.00	X
Air Sealing / Envelope SF/CZ13/E-noAC	ENCLOSURE	SF	E	13	0.00	0.00	0.00	X
Air Sealing / Envelope SF/CZ14/E-noAC	ENCLOSURE	SF	E	14	0.00	0.00	0.00	X
Air Sealing / Envelope SF/CZ16/E-noAC	ENCLOSURE	SF	E	16	0.00	0.00	0.00	X
Air Sealing / Envelope SF/CZ2/E-noAC	ENCLOSURE	SF	E	2	0.00	0.00	0.00	X
Air Sealing / Envelope SF/CZ3/E-noAC	ENCLOSURE	SF	E	3	0.00	0.00	0.00	X
Air Sealing / Envelope SF/CZ4/E-noAC	ENCLOSURE	SF	E	4	0.00	0.00	0.00	X
Air Sealing / Envelope SF/CZ5/E-noAC	ENCLOSURE	SF	E	5	0.00	0.00	0.00	X
Air Sealing / Envelope SF/CZ6/E-noAC	ENCLOSURE	SF	E	6	0.00	0.00	0.00	X
Furnace Repair	MAINTENANCE	MF	E	System	0.00	0.00	0.00	X
Furnace Replacement	MAINTENANCE	MF	E	System	0.00	0.00	0.00	X

* Based on 2012 program year.

END OF APPENDIX H.1

APPENDIX H.2

Energy Savings Assistance Program Cost-Effectiveness - Non Weather Sensitive Measures
Pacific Gas and Electric Company

	Measure*	Measure Group	Type of Home (SF,MH,MF)	Electric or Gas (E,G)	Ratio of Benefits Over Costs*: Utility Cost Test	Modified Participant Test	Total Resource Cost Test	Approved
	Water Heater Pipe Insulation SF/CZ-All/Gas	Domestic Hot Water	SH	G	2.41	35.79	1.95	X
	Water Heater Pipe Insulation MH/CZ-All/Gas	Domestic Hot Water	MH	E	2.02	12.83	1.63	X
	Faucet Aerator SF/CZ-All/Elec	Domestic Hot Water	MH	G	1.63	6.83	1.32	X
	Water Heater Blanket MH/CZ-All/Elec	Domestic Hot Water	SH	E	1.47	5.42	1.19	X
	Faucet Aerator MH/CZ-All/Elec	Domestic Hot Water	MF	G	1.47	5.36	1.19	X
	Water Heater Pipe Insulation MF/CZ-All/Gas	Domestic Hot Water	SH	G	1.45	5.10	1.18	X
	Faucet Aerator SF/CZ-All/Gas	Domestic Hot Water	MH	G	1.23	3.68	1.00	X
	Faucet Aerator MH/CZ-All/Gas	Domestic Hot Water	SH	E	1.19	3.44	0.96	X
	Faucet Aerator MF/CZ-All/Gas	Domestic Hot Water	MH	E	1.19	3.44	0.96	X
New	Low Flow Shower Head SF/CZ-All/Elec	Domestic Hot Water	SH	E	1.07	2.97	0.87	X
New	Microwave-replacing gas oven MF/CZAll	Appliances	MH	E	1.10	2.77	0.89	X
New	Microwave-replacing gas oven SF/CZAll	Appliances	MF	E	1.10	2.77	0.89	X
New	Microwave-replacing gas oven MH/CZAll	Appliances	MH	E	1.10	2.77	0.89	X
	Water Heater Blanket SF/CZ-All/Elec	Domestic Hot Water	SH	E	0.98	2.59	0.80	X
New	Low Flow Shower Head MH/CZ-All/Elec	Domestic Hot Water	SH	G	0.97	2.54	0.78	X
	Torchiere - 55 W (D03-842 RES00AVTor55) w/CZ w/SF	Lighting	MH	G	1.27	2.04	1.03	X
New	Microwave-replacing electric oven SF/CZAll	Appliances	MH	G	1.25	1.95	1.03	X
New	Microwave-replacing electric oven MH/CZAll	Appliances	SH	G	1.25	1.95	1.03	X
New	Microwave-replacing electric oven MF/CZAll	Appliances	MF	E	1.25	1.95	1.03	X
New	Low Flow Shower Head MH/CZ-All/Gas	Domestic Hot Water	MH	E	0.80	1.85	0.65	X
	Water Heater Pipe Insulation MH/CZ-All/Elec	Domestic Hot Water	SH	E	0.75	1.74	0.61	X
	CFL - MF/CZ-All	Lighting	MF	G	1.15	1.72	0.94	X
	CFL - MH/CZ-All	Lighting	MH	G	1.05	1.46	0.86	X
	CFL - SF/CZ-All	Lighting	SH	E	1.04	1.43	0.85	X
New	Low Flow Shower Head SF/CZ-All/Gas	Domestic Hot Water	MH	E	0.65	1.39	0.53	X
	Water Heater Pipe Insulation SF/CZ-All/Elec	Domestic Hot Water	MF	G	0.54	1.12	0.43	X
	Water Heater Blanket MH/CZ-All/Gas	Domestic Hot Water	MF	E	0.54	1.09	0.44	X
	Refrigerator SFCZ-All	Appliances	SH	E	0.83	1.04	0.67	X
	Refrigerator MHCZ-All	Appliances	MH	E	0.82	1.03	0.67	X
	LIHEAP - Appliance SF/CZ-All	Appliances	SH	E	0.77	0.94	0.62	X
	LIHEAP - Appliance MH/CZ-All	Appliances	MH	E	0.77	0.93	0.62	X
	Exterior Hard wired CFL fixtures MF/CZ-All	Lighting	MF	E	0.69	0.86	0.56	X
	Water Heater Blanket SF/CZ-All/Gas	Domestic Hot Water	MF	E	0.43	0.82	0.34	X
	Refrigerator MFCZ-All	Appliances	SH	G	0.69	0.82	0.56	X
	Exterior Hard wired CFL fixtures SF/CZ-All	Lighting	SH	E	0.67	0.81	0.54	X
	Exterior Hard wired CFL fixtures MH/CZ-All	Lighting	MH	E	0.65	0.78	0.52	X
	Interior Hard wired CFL fixtures MF/CZ-All	Lighting	MF	E	0.66	0.75	0.54	X
	LIHEAP - Appliance MF/CZ-All	Appliances	ALL	E	0.64	0.74	0.52	X
	Interior Hard wired CFL fixtures SF/CZ-All	Lighting	MH	E	0.63	0.71	0.51	X
	Interior Hard wired CFL fixtures MH/CZ-All	Lighting	SH	E	0.61	0.68	0.50	X
	Occupancy Sensor All/CZ-All	Lighting	MF	G	0.51	0.53	0.41	X
	Water Heater Blanket MF/CZ-All/Gas	Domestic Hot Water	MF	G	0.17	0.29	0.13	X
New	Low Flow Shower Head MF/CZ-All/Gas	Domestic Hot Water	MF	E	0.14	0.24	0.11	X
	Faucet Aerator MF/CZ-All/Elec	Domestic Hot Water	MF	E	0.00	0.00	0.00	X
New	Low Flow Shower Head MF/CZ-All/Elec	Domestic Hot Water	MF	E	0.00	0.00	0.00	X
	Water Heater Blanket MF/CZ-All/Elec	Domestic Hot Water	MF	E	0.00	0.00	0.00	X
	Water Heater Pipe Insulation MF/CZ-All/Elec	Domestic Hot Water	ALL	E	0.00	0.00	0.00	X
	Water Heater R&R	Domestic Hot Water	ALL	E	0.00	0.00	0.00	X
	*** Water heater R&R added back in owner occupied homes, consistent with D0811031							

*Based on 2012 program year.

END OF APPENDIX H.2

APPENDIX I.1

Energy Savings Assistance Program Cost-Effectiveness - Weather Sensitive Measures
Southern California Edison

					Ratio of Benefits Over Costs			
Measure	**Measure Group**	**Type of Home** (SF, MH, MF)	**Electric or Gas** (E,G)	**Climate Zone** (Number)	**Utility Cost Test**	**Modified Participant Test**	**Total Resource Cost Test**	**Approved**
Envelope and Air Sealing	Enclosure	SF	E	6	0.02	0.02	0.02	X
Envelope and Air Sealing	Enclosure	SF	E	8	0.02	0.02	0.02	X
Envelope and Air Sealing	Enclosure	SF	E	9	0.13	0.13	0.12	X
Envelope and Air Sealing	Enclosure	SF	E	10	0.05	0.04	0.04	X
Envelope and Air Sealing	Enclosure	SF	E	13	0.16	0.16	0.14	X
Envelope and Air Sealing	Enclosure	SF	E	14	0.04	0.04	0.03	X
Envelope and Air Sealing	Enclosure	SF	E	15	0.41	0.40	0.33	X
Envelope and Air Sealing	Enclosure	SF	E	16	0.00	0.00	0.00	X
Envelope and Air Sealing	Enclosure	MF	E	6	0.02	0.02	0.01	X
Envelope and Air Sealing	Enclosure	MF	E	8	0.02	0.02	0.02	X
Envelope and Air Sealing	Enclosure	MF	E	9	0.05	0.05	0.04	X
Envelope and Air Sealing	Enclosure	MF	E	10	0.04	0.04	0.04	X
Envelope and Air Sealing	Enclosure	MF	E	13	0.15	0.15	0.14	X
Envelope and Air Sealing	Enclosure	MF	E	14	0.05	0.05	0.05	X
Envelope and Air Sealing	Enclosure	MF	E	15	0.05	0.05	0.04	X
Envelope and Air Sealing	Enclosure	MF	E	16	-	-	-	X
Envelope and Air Sealing	Enclosure	MH	E	6	0.02	0.02	0.02	X
Envelope and Air Sealing	Enclosure	MH	E	8	0.25	0.25	0.22	X
Envelope and Air Sealing	Enclosure	MH	E	9	0.18	0.18	0.16	X
Envelope and Air Sealing	Enclosure	MH	E	10	0.18	0.18	0.16	X
Envelope and Air Sealing	Enclosure	MH	E	13	0.33	0.32	0.27	X
Envelope and Air Sealing	Enclosure	MH	E	14	0.16	0.16	0.15	X
Envelope and Air Sealing	Enclosure	MH	E	15	0.18	0.18	0.16	X
Envelope and Air Sealing	Enclosure	MH	E	16	0.11	0.11	0.10	X
Room Air Conditioner	HVAC	SF	E	10	0.11	0.08	0.10	NO
Room Air Conditioner	HVAC	SF	E	13	0.09	0.07	0.09	NO
Room Air Conditioner	HVAC	SF	E	14	0.12	0.08	0.11	X
Room Air Conditioner	HVAC	SF	E	15	0.24	0.18	0.21	X
Room Air Conditioner	HVAC	MF	E	10	0.05	0.03	0.04	NO
Room Air Conditioner	HVAC	MF	E	13	0.06	0.04	0.06	NO
Room Air Conditioner	HVAC	MF	E	14	0.08	0.06	0.08	X
Room Air Conditioner	HVAC	MF	E	15	0.17	0.12	0.15	X
Room Air Conditioner	HVAC	MH	E	10	0.13	0.09	0.11	NO
Room Air Conditioner	HVAC	MH	E	13	0.18	0.13	0.16	NO
Room Air Conditioner	HVAC	MH	E	14	0.24	0.17	0.21	X
Room Air Conditioner	HVAC	MH	E	15	0.49	0.36	0.39	X
Central Air Conditioner	HVAC	SF	E	14	0.03	0.02	0.03	X
Central Air Conditioner	HVAC	SF	E	15	0.06	0.05	0.06	X
Central Air Conditioner	HVAC	MF	E	14	0.19	0.13	0.16	X
Central Air Conditioner	HVAC	MF	E	15	0.35	0.25	0.28	X
Central Air Conditioner	HVAC	MH	E	14	0.28	0.20	0.24	X
Central Air Conditioner	HVAC	MH	E	15	0.37	0.27	0.30	X
Heat Pump	HVAC	SF	E	14	0.26	0.24	0.21	X
Heat Pump	HVAC	SF	E	15	0.21	0.18	0.17	X
Heat Pump	HVAC	MF	E	14	0.27	0.26	0.22	X
Heat Pump	HVAC	MF	E	15	0.23	0.21	0.19	X
Heat Pump	HVAC	MH	E	14	0.39	0.34	0.31	X
Heat Pump	HVAC	MH	E	15	0.38	0.33	0.30	X
Evaporative Cooler	HVAC	SF	E	10	0.83	0.64	0.58	X
Evaporative Cooler	HVAC	SF	E	13	0.86	0.66	0.60	X
Evaporative Cooler	HVAC	SF	E	14	0.86	0.69	0.59	X
Evaporative Cooler	HVAC	SF	E	15	2.63	1.46	1.19	X
Evaporative Cooler	HVAC	SF	E	16	0.44	0.33	0.35	X
Evaporative Cooler	HVAC	MH	E	10	0.82	0.60	0.58	X
Evaporative Cooler	HVAC	MH	E	13	0.81	0.60	0.57	X
Evaporative Cooler	HVAC	MH	E	14	0.82	0.66	0.57	X
Evaporative Cooler	HVAC	MH	E	15	2.79	1.34	1.23	X
Evaporative Cooler	HVAC	MH	E	16	0.61	0.42	0.46	X

END OF APPENDIX I.1

APPENDIX I.2

Energy Savings Assistance Program Cost-Effectiveness - Non Weather Sensitive Measures
Southern California Edison

Measure	Measure Group	Type of Home (SF,MH,MF)	Electric or Gas (E,G)	Ratio of Benefits Over Costs: Utility Cost Test	Ratio of Benefits Over Costs: Modified Participant Test	Ratio of Benefits Over Costs: Total Resource Cost Test	Approved
Refrigerators	Appliances	SF	E	1.07	1.16	0.67	X
Refrigerators	Appliances	MF	E	0.84	0.91	0.56	X
Refrigerators	Appliances	MH	E	1.06	1.16	0.66	X
Domestic Hot Water Conservation	Domestic Hot Water	All	E	0.94	1.04	0.75	X
Compact Fluorescent Lamps	Lighting	SF	E	0.44	0.42	0.97	X
Compact Fluorescent Lamps	Lighting	MF	E	0.46	0.43	0.98	X
Compact Fluorescent Lamps	Lighting	MH	E	0.47	0.44	0.99	X
Hard Wired CFL Fixtures	Lighting	SF	E	0.72	0.13	0.65	X
Hard Wired CFL Fixtures	Lighting	MF	E	0.84	0.87	0.65	X
Hard Wired CFL Fixtures	Lighting	MH	E	0.84	0.87	0.65	X
Torchieres	Lighting	SF	E	3.51	3.65	1.48	X
Torchieres	Lighting	MF	E	3.51	3.65	1.48	X
Torchieres	Lighting	SF	E	3.51	3.65	1.48	X
Pool Pumps - Variable Speed	Miscellaneous	SF	E	1.32	1.19	0.78	X
Smart Power Strips	Miscellaneous	All	E	0.41	0.45	0.49	X

END OF APPENDIX I.2

APPENDIX J.1

Energy Savings Assistance Program Cost-Effectiveness - Weather Sensitive Measures
San Diego Gas & Electric Company

Measure	Measure Group	Type of Home	Electric or Gas	Climate Zone	Ratio of Benefits Over Costs			
		(SF, MH, MF)	(E,G)	(Number)	Utility Cost Test	Modified Participant Test	Total Resource Cost Test	Approved
AC Tuneup	HVAC	MF	E	6	0.80	1.42	0.75	X
AC Tuneup	HVAC	MF	E	7	0.77	1.30	0.72	X
AC Tuneup	HVAC	MF	E	8	0.94	1.85	0.88	X
AC Tuneup	HVAC	MF	E	10	1.03	2.17	0.96	X
AC Tuneup	HVAC	MF	E	14	1.00	2.07	0.93	X
AC Tuneup	HVAC	MF	E	15	1.00	2.07	0.93	X
AC Tuneup	HVAC	MH	E	6	0.80	1.42	0.75	X
AC Tuneup	HVAC	MH	E	7	0.77	1.30	0.72	X
AC Tuneup	HVAC	MH	E	8	0.94	1.85	0.88	X
AC Tuneup	HVAC	MH	E	10	1.03	2.17	0.96	X
AC Tuneup	HVAC	MH	E	14	1.00	2.07	0.93	X
AC Tuneup	HVAC	MH	E	15	1.00	2.07	0.93	X
AC Tuneup	HVAC	SF	E	6	0.77	1.33	0.72	X
AC Tuneup	HVAC	SF	E	7	0.74	1.24	0.69	X
AC Tuneup	HVAC	SF	E	8	0.99	2.05	0.93	X
AC Tuneup	HVAC	SF	E	10	1.07	2.35	1.00	X
AC Tuneup	HVAC	SF	E	14	1.04	2.22	0.97	X
AC Tuneup	HVAC	SF	E	15	1.04	2.22	0.97	X
Air sealing	Envelope	MF	E	6	0.06	0.48	0.06	X
Air sealing	Envelope	MF	E	7	0.09	0.70	0.08	X
Air sealing	Envelope	MF	E	8	0.09	0.70	0.08	X
Air sealing	Envelope	MF	E	10	0.11	0.81	0.10	X
Air sealing	Envelope	MF	E	14	0.12	0.93	0.11	X
Air sealing	Envelope	MF	E	15	0.10	0.76	0.09	X
Air sealing	Envelope	MH	E	6	0.06	0.48	0.06	X
Air sealing	Envelope	MH	E	7	0.08	0.64	0.08	X
Air sealing	Envelope	MH	E	8	0.09	0.70	0.08	X
Air sealing	Envelope	MH	E	10	0.11	0.82	0.10	X
Air sealing	Envelope	MH	E	14	0.10	0.76	0.09	X
Air sealing	Envelope	MH	E	15	0.07	0.51	0.06	X
Air sealing	Envelope	SF	E	6	0.11	0.82	0.10	X
Air sealing	Envelope	SF	E	7	0.09	0.66	0.08	X
Air sealing	Envelope	SF	E	8	0.09	0.70	0.08	X
Air sealing	Envelope	SF	E	10	0.10	0.79	0.09	X
Air sealing	Envelope	SF	E	14	0.10	0.78	0.09	X
Air sealing	Envelope	SF	E	15	0.09	0.65	0.08	X
Air sealing	Envelope	MH	G	7	0.13	1.12	0.11	X
Air sealing	Envelope	MH	G	10	0.14	1.21	0.12	X
Air sealing	Envelope	MH	G	14	0.13	1.18	0.12	X
Air sealing	Envelope	MH	G	15	0.15	1.31	0.13	X
Air sealing	Envelope	SF	G	7	0.10	0.87	0.09	X
Air sealing	Envelope	SF	G	10	0.11	0.99	0.10	X
Air sealing	Envelope	SF	G	14	0.37	1.41	0.35	X
Air sealing	Envelope	SF	G	15	0.34	1.30	0.33	X
Attic insulation	Envelope	MF	E	6	0.12	0.33	0.11	X
Attic insulation	Envelope	MF	E	7	0.12	0.32	0.11	X
Attic insulation	Envelope	MF	E	8	0.12	0.33	0.11	X
Attic insulation	Envelope	MF	E	10	0.12	0.33	0.11	X
Attic insulation	Envelope	MF	E	14	0.12	0.33	0.11	X
Attic insulation	Envelope	MF	E	15	0.12	0.33	0.11	X
Attic insulation	Envelope	SF	E	6	0.14	0.37	0.12	X
Attic insulation	Envelope	SF	E	7	0.12	0.32	0.10	X
Attic insulation	Envelope	SF	E	8	0.12	0.33	0.11	X
Attic insulation	Envelope	SF	E	10	0.13	0.35	0.11	X
Attic insulation	Envelope	SF	E	14	0.12	0.33	0.11	X
Attic insulation	Envelope	SF	E	15	0.12	0.33	0.11	X
Attic insulation	Envelope	SF	G	7	0.13	0.37	0.11	X
Attic insulation	Envelope	SF	G	10	0.14	0.42	0.13	X
Attic insulation	Envelope	SF	G	14	0.08	0.39	0.06	X
Attic insulation	Envelope	SF	G	15	0.08	0.39	0.06	X
Furnace Clean and Tune	HVAC	MF	G	7	0.58	2.30	0.40	X
Furnace Clean and Tune	HVAC	MF	G	10	0.58	2.30	0.40	X
Furnace Clean and Tune	HVAC	MF	G	14	1.08	4.76	0.75	X
Furnace Clean and Tune	HVAC	MF	G	15	1.08	4.76	0.75	X
Furnace Clean and Tune	HVAC	MH	G	7	0.58	2.30	0.40	X
Furnace Clean and Tune	HVAC	MH	G	10	0.73	2.98	0.51	X
Furnace Clean and Tune	HVAC	MH	G	14	1.08	4.76	0.75	X
Furnace Clean and Tune	HVAC	MH	G	15	0.58	2.30	0.40	X
Furnace Clean and Tune	HVAC	SF	G	7	0.58	2.30	0.40	X
Furnace Clean and Tune	HVAC	SF	G	10	0.46	1.81	0.32	X
Furnace Clean and Tune	HVAC	SF	G	14	0.58	2.30	0.40	X
Furnace Clean and Tune	HVAC	SF	G	15	0.27	1.02	0.19	X
Furnace Repair/Replacement	HVAC	MF	G	7	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	10	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	14	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	15	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	7	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	10	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	14	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	15	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	7	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	10	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	14	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	15	0.00	0.00	0.00	X
Room AC	HVAC	MF	E	10	0.00	0.00	0.00	No
Room AC	HVAC	MH	E	10	0.00	0.00	0.00	No
Room AC	HVAC	SF	E	10	0.14	0.17	0.13	No

*** Furnace R&R added back in owner occupied homes, consistent with D0811031

END OF APPENDIX J.1

APPENDIX J.2

Energy Savings Assistance Program Cost-Effectiveness - Non Weather Sensitive Measures
San Diego Gas & Electric Company

Measure	Measure Group	Type of Home (SF,MH,MF)	Electric or Gas (E,G)	Ratio of Benefits Over Costs: Utility Cost Test	Ratio of Benefits Over Costs: Modified Participant Test	Ratio of Benefits Over Costs: Total Resource Cost Test	Approved
CFL Lighting	Lighting	All	E	0.94	1.20	0.79	X
Faucet Aerators	Domestic Hot Water	MH	E	0.73	3.66	0.62	X
Faucet Aerators	Domestic Hot Water	SF	E	0.76	3.78	0.64	X
Faucet Aerators	Domestic Hot Water	MF	G	0.11	0.46	0.10	X
Faucet Aerators	Domestic Hot Water	MH	G	0.60	2.61	0.52	X
Faucet Aerators	Domestic Hot Water	SF	G	0.84	2.75	0.79	X
HE Clothes Washers	Appliance	All	E	0.65	3.27	0.54	X
HE Clothes Washers	Appliance	All	G	0.40	1.75	0.35	X
Interior Hardwire CFL Fixtures	Lighting	MF	E	0.57	0.77	0.46	X
Interior Hardwire CFL Fixtures	Lighting	MH	E	0.46	0.63	0.38	X
Interior Hardwire CFL Fixtures	Lighting	SF	E	0.52	0.71	0.43	X
LED Night Light	Lighting	All	E	1.05	1.28	0.92	X
Low Flow Showerhead	Domestic Hot Water	MH	E	0.63	2.91	0.54	X
Low Flow Showerhead	Domestic Hot Water	SF	E	0.68	3.00	0.60	X
Low Flow Showerhead	Domestic Hot Water	MF	G	0.11	0.32	0.10	X
Low Flow Showerhead	Domestic Hot Water	MH	G	0.56	1.97	0.50	X
Low Flow Showerhead	Domestic Hot Water	SF	G	0.46	2.06	0.40	X
Microwave	Appliance	All	E	1.33	1.68	1.10	X
Exterior Hardwire CFL Fixtures	Lighting	SF	E	0.61	0.92	0.46	X
Refrigerator	Appliance	MF	E	0.45	0.66	0.36	X
Refrigerator	Appliance	MH	E	0.53	0.77	0.42	X
Refrigerator	Appliance	SF	E	0.53	0.77	0.42	X
Smart Strip	Miscellaneous	All	E	0.95	1.25	0.77	X
FAU Standing Pilot Light Conversion	HVAC	All	G	0.78	0.89	0.67	X
Thermostatic Shower Valve	Domestic Hot Water	All	E	1.24	1.57	1.09	X
Thermostatic Shower Valve	Domestic Hot Water	All	G	0.87	0.91	0.78	X
Torchiere Lamp	Lighting	All	E	0.91	1.06	0.81	X
Water Heater Repair/Replacement	Domestic Hot Water	All	G	0.00	0.00	0.00	X
Water Heater Blanket	Domestic Hot Water	MH	E	0.57	0.54	0.52	X
Water Heater Blanket	Domestic Hot Water	SF	E	0.41	0.36	0.37	X
Water Heater Blanket	Domestic Hot Water	MH	G	0.47	0.34	0.43	X
Water Heater Blanket	Domestic Hot Water	SF	G	0.33	0.22	0.30	X
Water Heater Pipe Insulation	Domestic Hot Water	MH	E	1.08	1.41	0.86	X
Water Heater Pipe Insulation	Domestic Hot Water	SF	E	1.27	1.61	1.01	X
Water Heater Pipe Insulation	Domestic Hot Water	MF	G	0.55	0.69	0.45	X
Water Heater Pipe Insulation	Domestic Hot Water	MH	G	0.88	1.11	0.73	X
Water Heater Pipe Insulation	Domestic Hot Water	SF	G	1.20	1.49	0.98	X

END OF APPENDIX J.2

APPENDIX K.1

Energy Savings Assistance Program Cost-Effectiveness - Weather Sensitive Measures
Southern California Gas Company

Measure*	Measure Group	Type of Home (SF, MH, MF)	Electric or Gas (E,G)	Climate Zone** (Number)	Ratio of Benefits Over Costs*** Utility Cost Test	Modified Participant Test	Total Resource Cost Test	Approved
Envelope and Air Sealing	Enclosure	MF	G	4	0.03	0.23	0.02	X
Envelope and Air Sealing	Enclosure	MF	G	5	0.03	0.22	0.02	X
Envelope and Air Sealing	Enclosure	MF	G	6	0.02	0.13	0.01	X
Envelope and Air Sealing	Enclosure	MF	G	7	0.02	0.16	0.02	X
Envelope and Air Sealing	Enclosure	MF	G	8	0.02	0.13	0.01	X
Envelope and Air Sealing	Enclosure	MF	G	9	0.02	0.13	0.01	X
Envelope and Air Sealing	Enclosure	MF	G	10	0.02	0.14	0.01	X
Envelope and Air Sealing	Enclosure	MF	G	13	0.03	0.23	0.02	X
Envelope and Air Sealing	Enclosure	MF	G	14	0.03	0.23	0.02	X
Envelope and Air Sealing	Enclosure	MF	G	15	0.02	0.13	0.01	X
Envelope and Air Sealing	Enclosure	MF	G	16	0.02	0.16	0.02	X
Envelope and Air Sealing	Enclosure	MH	G	4	0.32	2.28	0.23	X
Envelope and Air Sealing	Enclosure	MH	G	5	0.32	2.28	0.23	X
Envelope and Air Sealing	Enclosure	MH	G	6	0.26	1.82	0.19	X
Envelope and Air Sealing	Enclosure	MH	G	7	0.28	1.98	0.20	X
Envelope and Air Sealing	Enclosure	MH	G	8	0.22	1.56	0.16	X
Envelope and Air Sealing	Enclosure	MH	G	9	0.22	1.58	0.16	X
Envelope and Air Sealing	Enclosure	MH	G	10	0.26	1.82	0.19	X
Envelope and Air Sealing	Enclosure	MH	G	13	0.31	2.18	0.22	X
Envelope and Air Sealing	Enclosure	MH	G	14	0.35	2.52	0.26	X
Envelope and Air Sealing	Enclosure	MH	G	15	0.23	1.61	0.17	X
Envelope and Air Sealing	Enclosure	MH	G	16	0.36	2.54	0.26	X
Envelope and Air Sealing	Enclosure	SF	G	4	0.16	1.15	0.12	X
Envelope and Air Sealing	Enclosure	SF	G	5	0.19	1.31	0.14	X
Envelope and Air Sealing	Enclosure	SF	G	6	0.12	0.86	0.09	X
Envelope and Air Sealing	Enclosure	SF	G	7	0.12	0.81	0.08	X
Envelope and Air Sealing	Enclosure	SF	G	8	0.12	0.83	0.09	X
Envelope and Air Sealing	Enclosure	SF	G	9	0.12	0.83	0.09	X
Envelope and Air Sealing	Enclosure	SF	G	10	0.13	0.94	0.10	X
Envelope and Air Sealing	Enclosure	SF	G	13	0.18	1.30	0.13	X
Envelope and Air Sealing	Enclosure	SF	G	14	0.21	1.48	0.15	X
Envelope and Air Sealing	Enclosure	SF	G	15	0.12	0.86	0.09	X
Envelope and Air Sealing	Enclosure	SF	G	16	0.15	1.08	0.11	X
Attic insulation	Enclosure	SF	G	5	0.18	0.33	0.13	X
Attic insulation	Enclosure	SF	G	13	0.19	0.35	0.13	X
Attic insulation	Enclosure	SF	G	14	0.20	0.36	0.14	X
Furnace clean and tune	Maintenance	MF	G	4	0.44	1.58	0.30	X
Furnace clean and tune	Maintenance	MF	G	5	0.44	1.58	0.30	X
Furnace clean and tune	Maintenance	MF	G	6	0.44	1.58	0.30	X
Furnace clean and tune	Maintenance	MF	G	7	0.44	1.58	0.30	X
Furnace clean and tune	Maintenance	MF	G	8	0.44	1.58	0.30	X
Furnace clean and tune	Maintenance	MF	G	9	0.44	1.58	0.30	X
Furnace clean and tune	Maintenance	MF	G	10	0.44	1.58	0.30	X
Furnace clean and tune	Maintenance	MF	G	13	0.44	1.58	0.30	X
Furnace clean and tune	Maintenance	MF	G	14	0.44	1.58	0.30	X
Furnace clean and tune	Maintenance	MF	G	15	0.44	1.58	0.30	X
Furnace clean and tune	Maintenance	MF	G	16	0.44	1.58	0.30	X
Furnace clean and tune	Maintenance	MH	G	4	0.43	1.54	0.30	X
Furnace clean and tune	Maintenance	MH	G	5	0.43	1.54	0.30	X
Furnace clean and tune	Maintenance	MH	G	6	0.43	1.54	0.30	X
Furnace clean and tune	Maintenance	MH	G	7	0.43	1.54	0.30	X
Furnace clean and tune	Maintenance	MH	G	8	0.43	1.54	0.30	X
Furnace clean and tune	Maintenance	MH	G	9	0.43	1.54	0.30	X
Furnace clean and tune	Maintenance	MH	G	10	0.51	1.83	0.35	X
Furnace clean and tune	Maintenance	MH	G	13	0.43	1.54	0.30	X
Furnace clean and tune	Maintenance	MH	G	14	0.43	1.54	0.30	X
Furnace clean and tune	Maintenance	MH	G	15	0.43	1.54	0.30	X
Furnace clean and tune	Maintenance	MH	G	16	0.43	1.54	0.30	X
Furnace clean and tune	Maintenance	SF	G	4	0.43	1.51	0.29	X
Furnace clean and tune	Maintenance	SF	G	5	0.43	1.51	0.29	X
Furnace clean and tune	Maintenance	SF	G	6	0.43	1.51	0.29	X
Furnace clean and tune	Maintenance	SF	G	7	0.43	1.51	0.29	X
Furnace clean and tune	Maintenance	SF	G	8	0.31	1.07	0.21	X
Furnace clean and tune	Maintenance	SF	G	9	0.28	0.96	0.19	X
Furnace clean and tune	Maintenance	SF	G	10	0.36	1.27	0.25	X
Furnace clean and tune	Maintenance	SF	G	13	0.43	1.51	0.29	X
Furnace clean and tune	Maintenance	SF	G	14	0.43	1.51	0.29	X
Furnace clean and tune	Maintenance	SF	G	15	0.23	0.80	0.16	X
Furnace clean and tune	Maintenance	SF	G	16	0.43	1.51	0.29	X
Furnace Repair/Replacement	HVAC	MF	G	4	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	5	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	6	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	7	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	8	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	9	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	10	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	13	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	14	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	15	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MF	G	16	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	4	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	5	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	6	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	7	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	8	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	9	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	10	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	13	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	14	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	15	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	MH	G	16	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	4	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	5	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	6	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	7	0.00	0.00	0.00	X

APPENDIX K.1

Energy Savings Assistance Program Cost-Effectiveness - Weather Sensitive Measures
Southern California Gas Company

Measure*	Measure Group	Type of Home (SF, MH, MF)	Electric or Gas (E,G)	Climate Zone** (Number)	Ratio of Benefits Over Costs*** Utility Cost Test	Modified Participant Test	Total Resource Cost Test	Approved
Furnace Repair/Replacement	HVAC	SF	G	8	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	9	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	10	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	13	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	14	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	15	0.00	0.00	0.00	X
Furnace Repair/Replacement	HVAC	SF	G	16	0.00	0.00	0.00	X

*** Furnace R&R added back in owner occupied homes, consistent with D0811031

END OF APPENDIX K.1

Appendix K.2

Energy Savings Assistance Program Cost-Effectiveness - Non Weather Sensitive Measures
Southern California Gas Company

Measure*	Measure Group	Type of Home (SF,MH,MF)	Electric or Gas (E,G)	Ratio of Benefits Over Costs*** Utility Cost Test	Modified Participant Test	Total Resource Cost Test	Approved
FAU standing pilot light conversion	HVAC	All	G	0.63	0.71	0.43	X
Faucet Aerator	Domestic Hot Water	MH	G	0.36	0.62	0.24	X
Faucet Aerator	Domestic Hot Water	SF	G	0.42	0.73	0.28	X
HE Clothes washer	Appliance	All	G	0.38	0.65	0.26	X
Low Flow Shower Head	Domestic Hot Water	MF	G	0.20	0.38	0.14	X
Low Flow Shower Head	Domestic Hot Water	MH	G	0.47	0.86	0.33	X
Low Flow Shower Head	Domestic Hot Water	SF	G	0.56	1.02	0.40	X
Thermostatic Shower Valve	Domestic Hot Water	All	G	0.67	0.81	0.47	X
Water Heater Blanket	Domestic Hot Water	MH	G	0.28	0.34	0.20	X
Water Heater Blanket	Domestic Hot Water	SF	G	0.33	0.41	0.24	X
Water Heater Pipe Insulation	Domestic Hot Water	MH	G	0.22	0.27	0.15	X
Water Heater Pipe Insulation	Domestic Hot Water	SF	G	0.48	0.59	0.34	X
Water heater repair and replace	Domestic Hot Water	MF	G	0.00	0.00	0.00	X
Water heater repair and replace	Domestic Hot Water	MH	G	0.00	0.00	0.00	X
Water heater repair and replace	Domestic Hot Water	SF	G	0.00	0.00	0.00	X

*** Water heater R&R added back in owner occupied homes, consistent with D0811031

END OF APPENDIX K.2

APPENDIX L

Utilities	Study/Pilot Name	Budget Requested				Budget Authorized				Difference
		2012	2013	2014	Total Requested	2012	2013	2014	Total Authorized	
Joint Utility	**Energy Education Assessment Study**				**$300,000**				**$300,000**	**$0**
	PG&E Share	$30,000	$30,000	$30,000	$90,000	$30,000	$30,000	$30,000	$90,000	$0
	SCE Share	$30,000	$30,000	$30,000	$90,000	$30,000	$30,000	$30,000	$90,000	$0
	SoCalGas Share	$25,000	$25,000	$25,000	$75,000	$25,000	$25,000	$25,000	$75,000	$0
	SDG&E Share	$15,000	$15,000	$15,000	$45,000	$15,000	$15,000	$15,000	$45,000	$0
	Impact Evaluation of the 2012 ESA Program (Programmatic M&E)				**$600,000**				**$600,000**	**$0**
	PG&E Share	$60,000	$60,000	$60,000	$180,000	$60,000	$60,000	$60,000	$180,000	$0
	SCE Share	$60,000	$60,000	$60,000	$180,000	$60,000	$60,000	$60,000	$180,000	$0
	SoCalGas Share	$50,000	$50,000	$50,000	$150,000	$50,000	$50,000	$50,000	$150,000	$0
	SDG&E Share	$30,000	$30,000	$30,000	$90,000	$30,000	$30,000	$30,000	$90,000	$0
	CHANGES Pilot				**$0**				**$720,000**	**$720,000**
	PG&E Share	$0	$0	$0	$0	$216,000	$0	$0	$216,000	$216,000
	SCE Share	$0	$0	$0	$0	$216,000	$0	$0	$216,000	$216,000
	SoCalGas	$0	$0	$0	$0	$180,000	$0	$0	$180,000	$180,000
	SDG&E Share	$0	$0	$0	$0	$108,000	$0	$0	$108,000	$108,000
	CHANGES Pilot Evaluation				**$0**				**$80,000**	**$80,000**
	PG&E Share	$0	$0	$0	$0	$24,000	$0	$0	$24,000	$24,000
	SCE Share	$0	$0	$0	$0	$24,000	$0	$0	$24,000	$24,000
	SoCalGas	$0	$0	$0	$0	$20,000	$0	$0	$20,000	$20,000
	SDG&E Share	$0	$0	$0	$0	$12,000	$0	$0	$12,000	$12,000

END OF APPENDIX L

APPENDIX M

PROPOSED & AUTHORIZED CARE BUDGETS PY 2012 - 2014

Pacific Gas and Electric (Proposed)

CARE Budget Categories	2011 Authorized	2012 Proposed	2013 Proposed	2014 Proposed	Total Cycle
Outreach	$ 5,900,000	$ 6,651,000	$ 5,818,000	$ 6,001,000	$ 18,470,000
Processing, Certification, Recertification	$ 2,000,000	$ 1,607,000	$ 1,667,000	$ 1,729,000	$ 5,003,000
Post Enrollment Verification (1)	$ -	$ 375,000	$ 388,000	$ 402,000	$ 1,165,000
IT Programming	$ 300,000	$ 751,000	$ 646,000	$ 651,000	$ 2,048,000
Cool Centers (2)	$ 450,000	$ 229,000	$ 236,000	$ 243,000	$ 708,000
Pilots	$ -	$ -	$ -	$ -	$ -
Measurement and Evaluation (3)	$ -	$ 45,000	$ 46,000	$ 48,000	$ 139,000
Regulatory Compliance	$ 115,000	$ 311,000	$ 316,000	$ 342,000	$ 969,000
General Administration	$ 550,000	$ 1,984,000	$ 2,042,000	$ 2,106,000	$ 6,132,000
CPUC Energy Division Staff (4)	$ 206,000	$ 128,000	$ 128,000	$ 128,000	$ 384,000
SUBTOTAL MANAGEMENT COSTS (5)	$ 9,521,000	$ 12,081,000	$ 11,287,000	$ 11,650,000	$ 35,018,000
Subsidies and Benefits (6)	$ 479,707,435	$ 660,220,000	$ 633,029,000	$ 605,950,000	$ 1,899,199,000
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	$ 489,228,435	$ 672,301,000	$ 644,316,000	$ 617,600,000	$ 1,934,217,000

Southern California Edison (Proposed)

CARE Budget Categories	2011 Authorized	2012 Proposed	2013 Proposed	2014 Proposed	Total Cycle
Outreach	$ 2,230,000	$ 2,050,000	$ 2,100,000	$ 2,155,000	$ 6,305,000
Processing, Certification, Recertification	$ 900,000	$ 530,000	$ 559,000	$ 588,000	$ 1,677,000
Post Enrollment Verification		$ 700,000	$ 700,000	$ 700,000	$ 2,100,000
IT Programming	$ 1,000,000	$ 950,000	$ 950,000	$ 1,000,000	$ 2,900,000
Cool Centers	N/A	N/A	N/A	N/A	$ -
Pilots	$ -	$ -	$ -	$ -	$ -
Measurement and Evaluation	$ 56,000	$ 50,000	$ 50,000	$ 50,000	$ 150,000
Regulatory Compliance	$ 145,000	$ 251,000	$ 265,000	$ 264,000	$ 780,000
General Administration	$ 948,000	$ 680,000	$ 702,000	$ 725,000	$ 2,107,000
CPUC Energy Division Staff	$ 206,000	$ 140,000	$ 140,000	$ 140,000	$ 420,000
SUBTOTAL MANAGEMENT COST!	$ 5,485,000	$ 5,351,000	$ 5,465,000	$ 5,622,000	$ 16,438,000
Subsidies and Benefits	$ 211,400,000	$ 330,200,000	$ 376,900,000	$ 416,800,000	$ 1,123,900,000
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	$ 216,885,000	$ 335,551,000	$ 382,365,000	$ 422,422,000	$ 1,140,338,000
Cool Centers* Funded Separately	N/A	$ 766,667	$ 766,667	$ 766,667	$ 2,300,000

San Diego Gas & Electric (Proposed)

CARE Budget Categories	2011 Authorized	2012 Proposed	2013 Proposed	2014 Proposed	Total Cycle
Outreach	$ 1,734,261	$ 2,069,410	$ 2,283,171	$ 2,300,352	$ 6,652,933
Processing, Certification, Recertification	$ 230,015	$ 209,305	$ 216,278	$ 223,296	$ 648,879
Post Enrollment Verification	$ -	$ 116,183	$ 118,626	$ 81,074	$ 315,883
IT Programming	$ 452,687	$ 560,195	$ 538,841	$ 544,887	$ 1,643,924
Cool Centers	$ -	$ 57,456	$ 59,122	$ 60,778	$ 177,356
Pilots	$ -	$ -	$ -	$ -	$ -
Measurement and Evaluation	$ 4,326	$ 22,500	$ 22,500	$ 22,500	$ 67,500
Regulatory Compliance	$ 196,401	$ 154,917	$ 160,136	$ 165,362	$ 480,415
General Administration	$ 423,927	$ 492,559	$ 505,430	$ 518,406	$ 1,516,395
CPUC Energy Division Staff	$ 102,900	$ 49,535	$ 53,002	$ 56,712	$ 159,249
SUBTOTAL MANAGEMENT COST!	$ 3,144,517	$ 3,732,059	$ 3,957,106	$ 3,973,368	$ 11,662,534
Subsidies and Benefits	$ 48,231,658	$ 73,857,625	$ 82,630,988	$ 83,614,933	$ 240,103,546
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	$ 51,376,175	$ 77,589,684	$ 86,588,094	$ 87,588,301	$ 251,766,080

Southern California Gas (Proposed)

CARE Budget Categories	2011 Authorized	2012 Proposed	2013 Proposed	2014 Proposed	Total Cycle
Outreach	$ 3,785,932	$ 3,909,220	$ 3,845,745	$ 3,750,223	$ 11,505,188
Processing, Certification, Recertification	$ 1,248,928	$ 1,027,881	$ 1,004,923	$ 1,036,958	$ 3,069,762
Post Enrollment Verification	$ -	$ 322,188	$ 333,083	$ 343,978	$ 999,249
IT Programming	$ 522,554	$ 1,539,760	$ 1,334,767	$ 1,468,725	$ 4,343,252
Cool Centers	$ -	$ -	$ -	$ -	$ -
Pilots	$ -	$ -	$ -	$ -	$ -
Measurement and Evaluation	$ 17,192	$ 17,639	$ 18,150	$ 18,659	$ 54,448
Regulatory Compliance	$ 236,919	$ 227,412	$ 234,962	$ 242,507	$ 704,881
General Administration	$ 604,963	$ 887,541	$ 915,488	$ 943,426	$ 2,746,455
CPUC Energy Division Staff	$ 171,500	$ 60,000	$ 60,000	$ 60,000	$ 180,000
SUBTOTAL MANAGEMENT COST!	$ 6,587,988	$ 7,991,640	$ 7,747,118	$ 7,864,477	$ 23,603,235
Subsidies and Benefits	$ 135,901,649	$ 128,773,189	$ 129,892,840	$ 131,142,177	$ 389,808,206
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	$ 142,489,637	$ 136,764,829	$ 137,639,959	$ 139,006,654	$ 413,411,441

Pacific Gas and Electric (Authorized)

CARE Budget Categories	2012 Authorized	2013 Authorized	2014 Authorized	Total Cycle
Outreach	$ 6,317,667	$ 5,484,667	$ 5,667,667	$ 17,470,000
Processing, Certification, Recertification	$ 3,607,000	$ 3,667,000	$ 3,729,000	$ 11,003,000
Post Enrollment Verification (1)	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 6,000,000
IT Programming	$ 751,000	$ 646,000	$ 651,000	$ 2,048,000
Cool Centers (2)	$ 120,846	$ 127,846	$ 134,846	$ 383,537
Pilots	$ 216,000	$ -	$ -	$ 216,000
Measurement and Evaluation (3)	$ 69,000	$ 46,000	$ 48,000	$ 163,000
Regulatory Compliance	$ 311,000	$ 316,000	$ 342,000	$ 969,000
General Administration	$ 1,984,000	$ 2,042,000	$ 2,106,000	$ 6,132,000
CPUC Energy Division Staff (4)	$ 128,000	$ 128,000	$ 128,000	$ 384,000
SUBTOTAL MANAGEMENT COSTS (5)	$ 15,504,512	$ 14,457,512	$ 14,806,512	$ 44,768,537
Subsidies and Benefits (6)	$ 660,220,000	$ 633,029,000	$ 605,950,000	$ 1,899,199,000
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	$ 675,724,512	$ 647,486,512	$ 620,756,512	$ 1,943,967,537

Southern California Edison (Authorized)

CARE Budget Categories	2012 Authorized	2013 Authorized	2014 Authorized	Total Cycle
Outreach	$ 2,050,000	$ 2,100,000	$ 2,155,000	$ 6,305,000
Processing, Certification, Recertification	$ 4,524,000	$ 4,553,000	$ 4,582,000	$ 13,659,000
Post Enrollment Verification	$ 3,657,814	$ 3,657,814	$ 3,657,814	$ 10,973,442
IT Programming	$ 950,000	$ 950,000	$ 1,000,000	$ 2,900,000
Cool Centers	N/A	N/A	N/A	$ -
Pilots	$ 216,000	$ -	$ -	$ 216,000
Measurement and Evaluation	$ 74,000	$ 50,000	$ 50,000	$ 174,000
Regulatory Compliance	$ 251,000	$ 265,000	$ 264,000	$ 780,000
General Administration	$ 680,000	$ 702,000	$ 725,000	$ 2,107,000
CPUC Energy Division Staff	$ 140,000	$ 140,000	$ 140,000	$ 420,000
SUBTOTAL MANAGEMENT COST!	$ 12,542,814	$ 12,417,814	$ 12,573,814	$ 37,534,442
Subsidies and Benefits	$ 330,200,000	$ 376,900,000	$ 416,800,000	$ 1,123,900,000
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	$ 342,742,814	$ 389,317,814	$ 429,373,814	$ 1,161,434,442
Cool Centers* Funded Separately	$ 105,083	$ 105,083	$ 105,083	$ 315,250

San Diego Gas & Electric (Authorized)

CARE Budget Categories	2012 Authorized	2013 Authorized	2014 Authorized	Total Cycle
Outreach	$ 2,069,410	$ 2,283,171	$ 2,300,352	$ 6,652,933
Processing, Certification, Recertification	$ 629,215	$ 636,188	$ 643,206	$ 1,908,609
Post Enrollment Verification	$ 419,910	$ 419,910	$ 419,910	$ 1,259,730
IT Programming	$ 1,245,390	$ 1,224,036	$ 1,230,082	$ 3,699,509
Cool Centers	$ 32,663	$ 34,329	$ 35,985	$ 102,977
Pilots	$ 108,000	$ -	$ -	$ 108,000
Measurement and Evaluation	$ 34,500	$ 22,500	$ 22,500	$ 79,500
Regulatory Compliance	$ 154,917	$ 160,136	$ 165,362	$ 480,415
General Administration	$ 492,559	$ 505,430	$ 518,406	$ 1,516,395
CPUC Energy Division Staff	$ 49,535	$ 53,002	$ 56,712	$ 159,249
SUBTOTAL MANAGEMENT COST!	$ 5,236,098	$ 5,338,702	$ 5,392,516	$ 15,967,316
Subsidies and Benefits	$ 73,857,625	$ 82,630,988	$ 83,614,933	$ 240,103,546
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	$ 79,093,723	$ 87,969,690	$ 89,007,449	$ 256,070,862

Southern California Gas (Authorized)

CARE Budget Categories	2012 Authorized	2013 Authorized	2014 Authorized	Total Cycle
Outreach	$ 3,909,220	$ 3,845,745	$ 3,750,223	$ 11,505,188
Processing, Certification, Recertification	$ 4,479,171	$ 4,456,213	$ 4,488,248	$ 13,423,632
Post Enrollment Verification	$ 3,925,350	$ 3,925,350	$ 3,925,350	$ 11,776,050
IT Programming	$ 3,204,520	$ 2,669,534	$ 2,937,450	$ 8,811,504
Cool Centers	$ -	$ -	$ -	$ -
Pilots	$ 180,000	$ -	$ -	$ 180,000
Measurement and Evaluation	$ 37,639	$ 18,150	$ 18,659	$ 74,448
Regulatory Compliance	$ 227,412	$ 234,962	$ 242,507	$ 704,881
General Administration	$ 887,541	$ 915,488	$ 943,426	$ 2,746,455
CPUC Energy Division Staff	$ 60,000	$ 60,000	$ 60,000	$ 180,000
SUBTOTAL MANAGEMENT COST!	$ 16,910,852	$ 16,125,442	$ 16,365,863	$ 49,402,158
Subsidies and Benefits	$ 128,773,189	$ 129,892,840	$ 131,142,177	$ 389,808,206
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	$ 145,684,041	$ 146,018,283	$ 147,508,040	$ 439,210,364

END OF APPENDIX M

APPENDIX N

	PGE				SCE				SDGE				SoCalGas				Total
Issue	2012	2013	2014	Cycle	2012	2013	2014	Cycle	2012	2013	2014	Cycle	2012	2013	2014	Cycle	
Proposed Management Costs	**$ 12,081,000.00**	**$ 11,287,000.00**	**$ 11,650,000.00**	**$ 35,018,000.00**	**$ 5,351,000.00**	**$ 5,465,000.00**	**$ 5,622,000.00**	**$ 16,438,000.00**	**$ 3,732,059.06**	**$ 3,957,106.34**	**$ 3,973,368.11**	**$ 11,662,533.52**	**$ 7,991,639.96**	**$ 7,747,118.48**	**$ 7,864,476.52**	**$ 23,603,234.96**	**$ 86,721,768.48**
CARE Tier Rate Change Notification (PGE)	($333,333)	($333,333)	($333,333)	**($1,000,000)**	$0	$0	$0	**$ -**	$0	$0	$0	**$ -**	$0	$0	$0	**$0**	**($1,000,000)**
25% PEV Increases	$1,625,000	$1,612,000	$1,598,000	**$4,835,000**	$2,957,814	$2,957,814	$2,957,814	**$8,873,442**	$303,727	$301,284	$338,836	**$943,847**	$3,603,162	$3,592,267	$3,581,372	**$10,776,801**	**$25,429,090**
Eligibility Proof at time of Recertification	$2,000,000	$2,000,000	$2,000,000	**$6,000,000**	$3,994,000	$3,994,000	$3,994,000	**$11,982,000**	$419,910	$419,910	$419,910	**$1,259,730**	$3,451,290	$3,451,290	$3,451,290	**$10,353,870**	**$29,595,600**
IT Program Costs				**$0**				**$0**	$685,195	$685,195	$685,195	**$2,055,585**	$1,664,760	$1,334,767	$1,468,725	**$4,468,252**	**$6,523,837**
Cooling Centers	($108,154)	($108,154)	($108,154)	**($324,463)**					($24,793)	($24,793)	($24,793)	**($74,379)**	$0	$0	$0	**$0**	**($398,842)**
CHANGES Pilot	$216,000	$0	$0	**$216,000**	$216,000	$0	$0	**$216,000**	$108,000	$0	$0	**$108,000**	$180,000	$0	$0	**$180,000**	**$720,000**
CHANGES Pilot Evaluation	$24,000	$0	$0	**$24,000**	$24,000	$0	$0	**$24,000**	$12,000	$0	$0	**$12,000**	$20,000	$0	$0	**$20,000**	**$80,000**
Net Balance	**$3,423,512**	**$3,170,512**	**$3,156,512**	**$9,750,537**	**$7,191,814**	**$6,951,814**	**$6,951,814**	**$21,095,442**	**$1,504,039**	**$1,381,596**	**$1,419,148**	**$4,304,783**	**$8,919,212**	**$8,378,324**	**$8,501,387**	**$25,798,923**	**$60,949,685**
Approved Management Costs	$ 15,504,512.33	$ 14,457,512.33	$ 14,806,512.33	$ 44,768,537.00	$ 12,542,814.00	$ 12,416,814.00	$ 12,573,814.00	$ 37,533,442.00	$ 5,236,098.17	$ 5,338,702.22	$ 5,392,516.00	$ 15,967,316.39	$ 16,910,852.10	$ 16,125,442.37	$ 16,365,863.18	$ 49,402,157.65	$ 147,671,453.04
Proposed Subsidy BUDGET	$ 660,220,000.00	$ 633,029,000.00	$ 605,950,000.00	$ 1,899,199,000.00	$ 330,200,000.00	$ 376,900,000.00	$ 416,800,000.00	$ 1,123,900,000.00	$ 73,857,625.00	$ 82,630,988.00	$ 83,614,933.00	$ 240,103,546.00	$ 128,773,188.80	$ 129,892,840.29	$ 131,142,177.09	$ 389,808,206.17	$ 3,653,010,752.17
Total Approved CARE Budget	**$ 675,724,512.33**	**$ 647,486,512.33**	**$ 620,756,512.33**	**$ 1,943,967,537.00**	**$ 342,742,814.00**	**$ 389,316,814.00**	**$ 429,373,814.00**	**$ 1,161,433,442.00**	**$ 79,093,723.17**	**$ 87,969,690.22**	**$ 89,007,449.00**	**$ 256,070,862.39**	**$ 145,684,040.90**	**$ 146,018,282.66**	**$ 147,508,040.27**	**$ 439,210,363.82**	**$ 3,800,682,205.21**
SCE Cooling Center* *Funded Separately*					($661,583)	($661,583)	($661,583)	**($1,984,750)**									**($1,984,750)**

END OF APPENDIX N