

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the Commission's Proposed Policies and Programs Governing post-2003 Low-Income Assistance Programs.	Rulemaking 04-01-006 (Filed January 8, 2004)
In the Matter of the Application of PACIFICORP for Approval of 2005 Low-Income Assistance Program Budgets.	Application 04-06-038 (File June 30, 2004)
In the Matter of the Application of Southwest Gas Corporation (U 905 G) for Approval of Program Year 2005 Low-Income Assistance Program Budgets.	Application 04-07-002 (Filed June 30, 2004)
IN THE MATTER of the Application SIERRA PACIFIC POWER COMPANY (U 903), for an Order Approving its 2005 California Alternate Rates for Energy (CARE) and Low Income Efficiency (LIEE) Plans and Budgets.	Application 04-07-014 (Filed July 1, 2004)
In the Matter of the Application of Avista Corporation for Approval of Program Year 2005 Low-Income Assistance Program Budgets.	Application 04-07-015 (Filed July 1, 2004)
In the Matter of the Application of the SOUTHERN CALIFORNIA WATER COMPANY (U 133 W) Regarding Low Income Assistance Programs for its Bear Valley Electric Service Customers for Program Year 2005.	Application 04-07-020 (Filed July 8, 2004)
Application of Alpine Natural Gas Operating Company No. 1 LLC in Compliance with Decision 03-12-016 (PY 2004 Low Income Energy Efficiency ("LIEE") and California Alternate Rates For Energy ("CARE") program Plans).	Application 04-07-027 (Filed July 2, 2004)
In the Matter of the Application of West Coast Gas Company (U-910-G) For Approval of Program Year 2005 Low-Income Assistance Program Budgets.	Application 04-07-050 (Filed July 29, 2004)

The Comments of the Association of California Community and Energy Services (ACCES) on the Assigned Commissioner's Ruling Approving Proposed Amendments to the Workplan, Budget and Schedule for Phase 5 of the Low Income Energy Efficiency Standardization Project

Association of California Community and Energy Services (ACCES) members are Community Based Organizations (CBOs) which provide a variety of services to low-income households in the service territories of Pacific Gas and Electric (PG&E), Southern California Edison (SCE), Southern California Gas (SoCalGas), and San Diego

Gas and Electric (SDG&E) companies. The East Los Angeles Community Union (TELACU) and the Maravilla Foundation (Maravilla) are ACCES members.

The Assigned Commissioner's Ruling (ACR) dated June 7, 2005 granted certain changes to the Low Income Energy Efficiency (LIEE) Standardization Project's workplan, budget and schedule. In discussing the level of detail required in an analysis of proposed changes the ACR says, "For the smaller changes, rough estimates of impact, supported by a reasonable explanation, will suffice. Larger changes, with more significant potential impacts, are worthy of closer scrutiny. The Team, working with interested public participants, should be able to develop a logical and efficient approach to this analysis."

As an interested public participant, in these comments we provide a list of items we believe are worthy of closer scrutiny. We also bring to the attention of the Commission new information concerning health and safety issues surrounding LIEE furnace repair and replacement services which we believe requires the urgent and immediate attention of the Commission.

Items Worthy of Closer Scrutiny

We believe a list of items worthy of closer scrutiny should include, but not be limited to, the following items previously mentioned in comments by ACCES, TELACU, and Maravilla. (The page numbers below refer to the previously filed document, "Comments of The East Los Angeles Community Union and the Maravilla Foundation on the Standardization Project Team's Proposed Revisions to the LIEE Program Policy and Procedures and Weatherization Installation Standards Manuals").

1. Changes to furnace repair and replacement services made in 2004 by Southern California Gas. (Pages 10 – 14).
2. Standardization Team's proposal to recategorize furnace and water heater repair and replacement as a minor home repair. (Pages 14, 18).
3. Standardization Team's proposal to drop the 80% rule for income eligibility for all measures other than ceiling insulation in common attic spaces of multi-family buildings (Page 16, 17).
4. The CBO's proposal to install new furnaces to homes which have no heating system. (Page 17).

5. The CBO's proposal to lift the current restrictions on rental units. (Page 17).
6. The CBO's proposal to reduce the "Previous Program Participation" restriction to 4 years from the current 10 years. (Page 17).
7. The CBOs proposed changes to Combustion Appliance Assessment Protocols. (Page 20.)

SoCalGas' 2004 Furnace Repair and Replacement policy changes and the company's intent to continue those changes requires urgent and immediate consideration by the Commission

Two new pieces of information concerning furnace services are now available. First, TELACU and Maravilla compiled data on 8,280 homes in which they provided LIEE furnace repair or replacement services in the years 2000 through 2004. This data show that, following a SoCalGas policy change in 2004, the number of furnace replacements plummeted from a ratio of about 90 percent replacements and 10 percent repairs to a ratio of about 53 percent replacements and 47 percent repairs.

Second, on March 17, 2005, the California Air Resources Board (ARB) released a 333 page report on indoor air quality which cites the dangers of indoor air pollution. While indoor air pollution has long been know to be a serious problem, this new report quantifies the fact that air pollution indoors can be worse than outdoor air pollution and that the most seriously injured are children. This new information suggests that LIEE furnace repair and replacement policy may have serious health and safety implications for the low income community throughout the state and requires the urgent and immediate consideration by the Commission.

TELACU and Maravilla collected data on 8,280 homes in which they provided LIEE furnace repair or replacement services in the years 2000 through 2004. (Attachment 1 and 2). The data show that about 97 percent of the homes served by TELACU and Maravilla are over 40 years old. The age of the homes is important because 15 years ago, new, improved safety and efficiency standards were implemented in the manufacture of gas heating appliances. This means that, unless the furnaces in those homes are replaced by the owners or by the LIEE program, 97 percent of the homes served by TELACU and Maravilla will have heating appliances that are less safe and less

efficient than the newer ones which are manufactured under the new safety and efficiency standards. (The age of the home is readily available. Assuming that in most cases the low income homeowner has not purchased and installed a new heating system, the age of the home and its furnace are the same).

Before SoCalGas altered its furnace repair and replacement policy in 2004, Maravilla and TELACU had a ratio of about 90 percent replacements and 10 percent repairs. As described in detail in the March 13, 2005 Comments of TELACU and Maravilla, in 2004 SoCalGas, without Commission authorization and in contravention of approved LIEE Policy and Procedures, imposed new restrictions on the delivery of furnace repair and replacement services, thereby reducing services to low-income families. As a direct result of those policy changes, in 2004 the ratio changed to about 53 percent replacements and 47 percent repairs.

Data compiled by TELACU and Maravilla show the result of SoCalGas' 2004 "repair rather than replace" policy is that the number of installations of safer, more efficient new furnaces has plummeted while the repair of older furnaces has increased, resulting in a greater number of less safe, less efficient furnaces remaining in low income households than would have remained had not SoCalGas changed its policy in 2004.

Why is this so important that it requires the immediate attention of the Commission? Because on March 17, 2005, the California Air Resources Board (ARB) released a 333 page report on indoor air quality that cites the dangers of indoor air pollution and "the proven health and economic benefits to reducing indoor air pollution which is estimated to cost California \$45 billion per year." (The 333 page report may be obtained from the Air Resources Board website at:

<http://www.arb.ca.gov/research/indoor/ab1173/report0205/report0205.htm>). An ARB press release, (attached) says, "Indoor air quality is a serious concern," said Acting Chairman Barbara Riordan. "Californians spend a significant amount of their time indoors near air pollution sources that can cause significant health problems. In fact, a typical pollutant release indoors has a 1,000 times greater chance of being inhaled as the same release to urban air." Among the many sources of indoor air pollution, says the ARB, are combustion appliances such as furnaces.

The ARB says, “Children are particularly vulnerable to poor indoor air quality. Children's developing bodies are more susceptible to chemicals that may affect lung development and function, and their immune systems are not fully developed. Further, children and infants inhale more air and tend to be more active than adults in the same environment. These factors put youngsters at greater risk.” According to the California Department of Health Services, of the state’s 4.7 million low-income persons, about 1.8 million (40 percent) are children.

(See <http://www.dhs.ca.gov/hisp/chs/OHIR/tables/population/poverty.htm>.)

Consistent with the findings of the ARB is information on the website of SoCalGas which recommends replacement of furnaces more than 15 years old for reasons of safety and efficiency. The website says,

- “How do you know if it’s time to replace your old cooling and heating equipment...? Your furnace or boiler is more than 15 years old....”
- “If your furnace or boiler is old, worn out, inefficient, or significantly oversized, the simplest solution is to replace it with a modern high-efficiency model.”
- “If your furnace has a low energy-efficiency rating or is more than 15 years old, you might consider replacing it with a new energy-efficient model.”

Yet in 2004 SoCalGas altered its policy for the low income program *specifically to reduce the number of new furnaces installed in the low income community*. This was done without any discussion or analysis and in spite of the fact that the vast majority of low income homes have furnaces over 40 years old.

The reasons SoCalGas puts forward for its change in policy are reflected in the minutes of an April 16, 2004 meeting between SoCalGas and its LIEE contractors. The minutes say,

"To be able to serve more clients with the appliance funds available and to establish business controls, DAP [SoCalGas' Direct Assistance Program management] has implemented an appliance replacement pre-approval process. *DAP's goal is to complete more repairs than replacements and lower its repair vs. replacement rates to get more in line with the other utilities' rates.* Currently, SDG&E and PG&E's repair/replacement percentages are approximately 75% repairs vs. 25% replacements. At the beginning of 2004, SCG's rate was 15% repairs vs. 85% replacements.

DA would like to see the repair/replacement rate at a *more realistic* 60% repair vs. 40% replacement during PY2004." (Emphasis added) (Attachment 4, page2).

SoCalGas provided no examination or analysis of the purported repair/replacement ratios of SDG&E and PG&E, no analysis of housing stock, its age or condition, the demographics of the various service territories, or potential health effects. SoCalGas simply asserted the ratios of SDG&E and PG&E were "more realistic" and then adopted them, unexamined, as the goals of the low income program of Southern California Gas Company.

The policy change has had the effect desired by SoCalGas, as the data cited above indicate. The number of new furnaces installed has plummeted. But is this a benefit to the low income community? We do not think so. The report from ARB and the data obtained by TELACU and Maravilla shows clearly that SoCalGas' 2004 policy change may have serious health and safety ramifications that were unexamined when the company announced its policy change in April of 2004 and remain unexamined to this day. We have similar concerns regarding furnace repair and replacement in the service territories of San Diego Gas and Electric and Pacific Gas and Electric.

The health and safety issues are clearly important and serious. But there is also the question of repairing a 40 year old furnace which, due to its age, is likely to need further repair. But because of the 10 year rule, once we have repaired the old furnace, we cannot help the low income family if the furnace, as is likely, needs further repair.

SoCalGas intends to continue this "repair rather than replace" policy now and into the future. The Standardization Team also proposes to recategorize furnace repair and replacement services so that it would no longer be a "measure" but would be instead a "minor home repair." As explained in the March 13, 2005 comments, this would have the effect of further reducing the number of furnaces replaced and could reduce the number of low income homes which would receive *any* LIEE services.

The policy decision made by SoCalGas management in 2004 has serious statewide ramifications which should be closely examined by the Commission and should not be unilaterally decided by utility program management.

We urge the Commission to direct Southern California Gas Company to revert to its pre-2004 policy while the Commission examines this issue in the programs of SoCalGas, SDG&E and PG&E.

Respectfully submitted,

June 14, 2005

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**Maravilla Foundation
So Cal Gas Furnace Program
Five Year Summary
2000 thru 2004**

Year	Replaced		Repaired		Total		% Over 20yrs old	% Over 40yrs old
	#	%	#	%	#	%		
2000	290	87.3	42	12.7	332	100	99.1	97.6
2001	428	86.5	67	13.5	495	100	99.6	97.2
2002	917	91.3	87	8.7	1004	100	99.6	94.8
2003	1355	90.2	147	9.8	1502	100	99.1	95
*2004	991	52.6	894	47.4	1885	100	99.6	97.1
Total	3981	76.3	1237	23.7	5218	100	99.4	96.3

***2004** So Cal Gas altered its' procedures regarding repair and replacement of furnaces:



Release 05-6

**FOR IMMEDIATE
RELEASE**

March 17, 2005

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Air Board Forwards Indoor Air Quality Report to Legislature

SACRAMENTO - Today the California Air Resources Board (ARB) approved an indoor air quality report that will be sent to the California legislature. The report cites proven health and economic benefits to reducing indoor air pollution; which is estimated to cost California \$45 billion per year.

"Indoor air quality is a serious concern," said Acting Chairman Barbara Riordan. "Californians spend a significant amount of their time indoors near air pollution sources that can cause significant health problems. In fact, a typical pollutant release indoors has a 1000 times greater chance of being inhaled as the same release to urban air."

California adults spend an average of 87 percent of their time indoors, while children under the age of 12 spend about 86 percent of their time indoors. According to the report, working adults spend about 25 percent of their time at indoor locations such as office buildings, stores and restaurants, while children spend about 21 percent of their time in school. Seniors also spend a significant amount of time indoors. Because of these time budgets, people's proximity to indoor air pollution sources and the trapping effect of buildings, the likelihood that people will be exposed to indoor air pollution is much higher than outdoor exposures

Health effects associated with indoor air pollution are significant. Irritant effects, asthma, allergies, cancer, respiratory and heart disease, and premature death are some of the health effects associated with indoor air pollution. Irritant effects include eye, nose, throat and respiratory tract irritation and can be reactions to pollutants and oxidants. These are sometimes associated with sick building syndrome. Premature death and respiratory disease are linked to indoor environments due to exposure to particle pollution, carbon monoxide, nitrogen oxides, ozone and communicable diseases.

Children are particularly vulnerable to poor indoor air quality. Children's developing bodies are more susceptible to chemicals that may affect lung development and function, and their immune systems are not fully developed. Further, children and infants inhale more air and tend to be more active than adults in the same environment. These factors put youngsters at greater risk.

There are many sources of indoor air pollution, including biological contaminants, building materials and furnishings, secondhand smoke, consumer products, pesticides, combustion appliances, household and office equipment, air cleaners that emit ozone, architectural coatings, chlorinated water and soil containing radon gas. Yet, there are also many simple things that can be done, most at little or no cost, which can quickly improve indoor air quality. These include better ventilation, operation, and cleaning practices, proper building maintenance, and professional training and education.

The report, developed in response to Assembly Bill 1173 (Keeley, 2002), details the health risks, sources, economic consequences and mitigation options for indoor air pollution. California continues to work diligently to reduce outdoor air pollution, while indoor air pollution sources have not been addressed in a comprehensive manner. Existing standards and regulations on indoor air pollution are scattered among many government agencies at the federal, state and local levels. A comprehensive management program would help protect public health. Reducing indoor air pollution lowers premature deaths, lost worker productivity and medical costs.

For a copy of the report, please click [here](#).

The Air Resources Board is a department of the California Environmental Protection Agency. ARB's mission is to promote and protect public health, welfare, and ecological resources through effective reduction of air pollutants while recognizing and considering effects on the economy. The ARB oversees all air pollution control efforts in California to attain and maintain health based air quality standards.

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**DAP Delegate Contractor Meeting
Friday, April 16, 2004**

ATTENDEES

Louie Reta	Maravilla
Villasenor, Richard	TELACU
Winegar, Monte	Winegard Energy
Shaw, Richard	Assert
Garcia, Ron	REMCO
Michael Ryan	Riverside
Ford, Kathy	LA Works
Warren, Bill	San Bernardino
Jennings, Rod	SoCal Gas
Allen, Craig	SoCal Gas
Kifaya, Kathy	OCCDC
Sturgeon, Karen	SoCal Gas
Lawless, Gregg	SoCal Gas
Trujillo, Elsa	SoCal Gas - DAP

Welcome

Second contact person - email for GasCo communications with Contractors or vice versa:

In the event the recipient of an email forwarded by DAP is not available to distribute the information to his/her staff or respond as may be indicated, DAP would like each contractor to provide additional contact information. Attached is a form to capture contractor contact information. Please complete the form and email to Elsa at etrujillo@semprautilities.com. Additionally, attached is a revised DAP contact list reflecting DAP office and Olympic staff contacts.

Data Base Enhancements:

All contractors should now be able to update their database reports. Database questions should be referred to Ornett Mack at 213 244-3209 or at Omack@semprautilities.com or Iris Montoya at 213-244-3354 or at Imontoya@semprautilities.com.

Contractor Issue: when CO test fee is added to the database, the system is not paying per home, but per appliance.

DAP comments:

DAP has since tested the system following the same instructions provided to all contractors in the April 1st Program Update and the database pays per home. Contractor should contact Ornett Mack for further discussion.

Other database enhancements:

Deleted: 1

- Combustion venting analysis (CVA) is now available as a measure.
- CO – you can enter CO information on line.

The reason why DAP has added CO options on the database work order screen is to accommodate CPUC requests.

Contractor issue: Extra work is being performed by contractor employees due to changes incurred since database implementation. Some contractors are even engaging in double data input based on their existing systems and DAP's database.

DAP comments: DAP is currently reviewing the entire database system since the San Diego system is up for revision. Two options are currently being considered – a completely new system for both SCG and SDGE or major enhancements to SCG's existing database. Whatever option is decided, SDG&E's new system should be operational by November 2004 and the direction taken for that system will impact SCG's current system. Further, none of the DAP contractors were consulted when SCG's current database was designed. Contractor input will be solicited this time around.

Check Details – current process:

DAP forwards a hard copy version of contractor's check detail with the checks, however the check details are visible on-line. *Do contractors still prefer receiving hard copies of the details?* Contractors voted to retain receiving hard copy details especially in the case of multi family jobs since screen version does not currently provide all info the hard copy does.

Automatic Deposits:

Contractors asked if any way DAP could automatically deposit payments into their accounts. DAP will check and get back to contractors with an answer. DAP has researched and found that Direct Deposits cannot be done.

Appliance replacement process:

To be able to serve more clients with the appliance funds available and to establish business controls, DAP has implemented an appliance replacement pre-approval process. DAP's goal is to complete more repairs than replacements and lower its repair vs. replacement rates to get more in line with the other utilities rates. Currently, SDG&E and PG&E's repair/replacement percentages are approximately 75% repairs vs. 25% replacements. At the beginning of 2004, SCG's rate was 15% repairs vs. 85% replacements. DAP would like to see the repair/replacement rate at a more realistic 60% repair vs. 40% replacement during PY2004. To help achieve that goal, procedures have been designed to achieve that goal. If a furnace can be repaired then the DAP contractor is authorized to do so up to the limits established in the contracts. However, if contractor determines furnace should be replaced, contractor will need authorization from DAP before proceeding with the replacement. As outlined in the comprehensive contracts, DAP will then send out a representative to verify the status of the furnace. If the furnace can be repaired instead of replaced, the DAP representative will repair it. Should the furnace require replacement, the DAP representative will notify DAP and DAP, in turn, will notify the contractor and provide replacement approval. DAP intends to monitor this process closely and to individually tailor authorization activities based on each contractor's repair/replacement rates. If a contractor achieves and maintains an acceptable repair vs. replacement rate, then DAP may choose to only send out an appliance representative randomly instead of inspecting every

job. For now however, DAP will be inspecting 100% of all pending appliance replacements – (pertains to furnaces and water heaters).

Procedures for requesting appliance replacement approval from DAP are listed in the comprehensive contracts, however, a brief overview of those procedures and other activities related to furnace replacement requests follows:

- Email or fax Ornett Mack or Iris Montoya using the attached appliance replacement authorization form.
- Once received, DAP will send out an appliance representative to assess the appliance. If appliance can be repaired, DAP's appliance representative will make the repair and the contractor no longer has any liability regarding the appliance service provided to customer. If the appliance cannot be repaired and needs to be replaced, the DAP appliance representative will notify DAP. DAP, will in turn, authorize the contractor to proceed with the appliance replacement.

Contractor issue: The appliance repair 90 day parts/labor warranty. Contractor explained that sometimes an appliance is repaired and then another part goes out during the 90 days (or even afterwards). The contractor may not be able to purchase the part that went out if the furnace is really old so Contractor is left with a liability issue that in contractor's mind, could have been solved up front by replacing the old furnace in the first place. Since automatic appliance replacements are no longer an option for DAP contractors, this contractor does not like being in this position when replacing the entire appliance in the first place would have solved the problem.

DAP comments: DAP asked contractor how often this situation happens. Contractor stated almost never. Since the appliance 90 day parts/labor warranty is honored by the other investor owned utilities and this is not a frequent issue, the warranty will remain as is. DAP did agree to handle any "out of the norm issues" on a case-by-case basis.

Agencies Production Report/Goals:

DAP will issue this report monthly to each agency (sample attached). DAP will also be working with each contractor individually to proactively address low production, exceeding the average unit cost, or any other issues that may jeopardize contractor's ability to reach its goals.

Contractors Uniforms:

DAP has received complaints on contractor employees unprofessionally attired. All contractors must ensure that their employees wear clean, appropriate uniforms at all times when interacting with customers.

Customer Satisfaction Survey

DAP Customer satisfaction Survey – DAP will provide results of the latest survey (attached).

CERTIFICATE OF SERVICE

I hereby certify, pursuant to the Commission's Rules of Practice and Procedure, that I have this day served a true copy of the "Comments of the Association of California Community and Energy Services on the Assigned Commissioner's Ruling Approving Proposed Amendments to the Workplan, Budget and Schedule for Phase 5 of the Low Income Energy Efficiency Standardization Project"

By by first class U.S. mail, postage prepaid, to the Administrative Law Judge assigned to this proceeding, to the Assigned Commissioner, and to all parties listed with no e-mail address on the official service list referred to below.

AND

By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed with an e-mail address on the official service list for R.04-01-006.

Dated at Sacramento, California this 14th day of June, 2005.

James L. Hodges