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04-01-08

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

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

**ASSIGNED COMMISSIONER'S RULING PROVIDING GUIDANCE FOR
LOW-INCOME ENERGY EFFICIENCY
2009-2011 BUDGET APPLICATIONS**

Attached to this Ruling is a document providing guidance to Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE) and Southern California Gas Company (SoCalGas) (collectively, Utilities) for their upcoming 2009-2011 Low-Income Energy Efficiency (LIEE) budget applications, due May 15, 2008. This guidance document provides an outline for the filings and discusses the specific elements which need to be included in each section of the outline. Utilities should contact Energy Division for accompanying spreadsheets that provide templates for the required quantitative information to be submitted.

In Decision (D.) 07-12-051, the Commission directed the Utilities to file their results of LIEE cost-effectiveness tests adopted in D.02-08-034. As part of the 2009-2011 budget applications, Utilities should explain "assumed values and variables and other model components." The applications "shall also follow the guidance provided in D.02-08-034 with respect to treatment of program measures according to their cost-effectiveness."

In addition to the results of cost-effectiveness tests using the currently adopted Utility Cost Test and Participant Test for LIEE, Utilities should also submit results of the Total Resource Cost test from the Standard Practice Manual (SPM). The currently adopted LIEE cost-effectiveness tests should be used by the Utilities in constructing their portfolios. The results of the SPM cost-effectiveness tests should be filed as "information only."

IT IS RULED that:

1. Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE) and Southern California Gas Company (SoCalGas) (collectively, Utilities) shall follow the guidance provided in the attached document and tables in their May 15, 2008 Low-Income Energy Efficiency Applications.

2. As part of their May 15, 2008 Low Income Energy Efficiency Applications, and in addition to the requirements of Commission Decision 07-12-051, Utilities shall also submit results of the Total Resource Cost test from the Standard Practice Manual as information.

Dated April 1, 2008, at San Francisco, California.

/s/ DIAN M. GRUENEICH

Dian M. Grueneich
Assigned Commissioner

R.07-01-042 DGX/DMG/rbg

Guidance Document for LIEE Budget Applications PY 2009 - 2011

**GUIDANCE DOCUMENT FOR LOW-INCOME ENERGY EFFICIENCY
(LIEE) BUDGET APPLICATIONS FOR PROGRAM YEARS 2009, 2010,
AND 2011**

California Public Utilities Commission
March 2008

The following document is presented to Pacific Gas and Electric (PG&E), Southern California Edison (SCE), Southern California Gas (SoCalGas), and San Diego Gas and Electric (SDG&E) as guidance for preparation of the PY 2009-2011 LIEE Budget Applications due for submission on May 15th, 2008. In addition to the information requested in this guidance, the IOUs may include any further information they feel relevant for consideration in their respective budget applications.

I. OVERVIEW

Provide a basic introduction of the LIEE program and cite the legal and practical reasons for filing this application.

Provide a high level overview of your budget application. Include narrative summary of:

- How elements (i.e., programs, program components, measures) in the 2009-2011 portfolio are specifically designed to reflect the Strategic Plan;
- How initiatives or activities will meet the key policy objective of making LIEE a reliable energy resource and accomplish the programmatic initiative of reaching $\frac{1}{4}$ of all willing and eligible households in the 2009-2011 budget cycle; and
- Estimates of budgets and energy savings for these new approaches, including those that may be realized in budget periods subsequent to the 2009-2011 application period.

Include a short description of utility programs and costs, summary tables and pie charts of LIEE portfolios for each year and corresponding costs, as well as portfolios for the entire budget cycle. Also provide estimates of energy and demand savings for each year and for the budget cycle.

II. BACKGROUND

Provide a brief history of the program, how it helps the low-income customers, how it is funded along with a guideline of how the program has expanded and changed over the years including an overview of the guidance received from the Commission.

III. PROGRAM GOALS

This section will address the utility's goals for LIEE programs during the 2009-2011 budget years. The section will include reference to the California Energy Efficiency Strategic Plan where appropriate.

A. Program Achieves $\frac{1}{4}$ of Programmatic Initiative

Describe the utility's goals for achieving approximately $\frac{1}{4}$ of the Commission's programmatic initiative that every willing and eligible low income household will

be treated with energy efficiency measures by 2020. Propose standard means of deriving the number of LIEE customers on which to base ¼ of the Commission's programmatic initiative.

B. Program Meets Policy Objectives

Discuss the utility's plans to meet the key policy objective for LIEE programs; providing cost-effective energy resources in the form of energy savings while reducing low-income customers' bills.

C. Goals by Population/Segments

Propose specific program participation goals in specific population sectors or segments and budgets designed to meet those goals. Explain information used in determining the program participation goals.

D. Program Meets Savings Goal

Include a description of anticipated savings for both gas and electric measures and how it supports the Energy Efficiency savings goal.

IV. COST EFFECTIVENESS & ENERGY SAVINGS

A. Benefit/Cost Ratio of Program

Discuss the overall program benefit/cost ratio and cost-effectiveness ratio of proposed measures using the Utility Cost Test and Modified Participant Cost Test, as adopted in D. 02-08-034. Explain assumed values and variables and other model components.

Discuss the overall program benefit/cost ratio and cost-effectiveness of measures using the Total Resource Cost (TRC) Test, as presented in the California Standard Practice Manual. Explain assumed values and variables and other model components.

B. Impact Evaluations

Included will be a discussion of the 2005 Impact Evaluation report (and possibly other reports) and its effect on the program for application years 2009-2011.

V. PROGRAM DESIGN

This section will describe how the utility intends to design its LIEE program during the 2009-2011 budget years. The section will include reference to the California Energy Efficiency Strategic Plan, when appropriate.

A. Section Overview

Discuss supporting assumptions for the program, the solutions that the program brings to the low income customer and how lost opportunities will be minimized in the program. Describe how the program design adopts a longer-term strategic approach and incorporates the following themes:

- Maximum savings by integrating customer demand-side programs
- Commitment to strategies, programs, measures and institutional structures that will provide long-term results
- Use of all available regulatory and market-based tools
- Engagement of a wider range of entities and institutions

B. Program Delivery

Discuss mechanics of the program and provide a brief description of marketing/implementation/research methods employed, including description of activities to be performed by third-parties and other stakeholders.

1. Program Delivery by Density/Segments

Discuss how program delivery will occur to meet specific program participation goals in specific population sectors. Include mention of regional and local variations in program delivery.

2. Increased Coordination Between Utilities

Discuss how utility will increase coordination with other LIEE providers in program delivery. Include discussion of cost savings.

C. Portfolio Composition

Discuss the proposed mix of measures and new measures. Describe how portfolio composition results in improved cost-effectiveness and explain how the utility composed the portfolio based on the cost-effectiveness results discussed in Section IV. Elaborate on how the measures maximize long-term and enduring energy savings while promoting the participants' quality of life. Also, please provide a justification for any measures that are included in your portfolio that do not meet the current criteria of cost effectiveness but serve other important policy objectives.

1. Assembly Bill 1109 (AB1109)

Explain how AB1109 may affect the program and the deployment of Compact Fluorescent Light Bulbs (CFLs) in California. Include information on how the program's measure installations and educational components may change as a result.

2. 10-Year Rule

Discuss the proposed elimination or modification of the 10-year go back rule and the impact it would have on the LIEE program. The discussion

should also clarify what the utility will do to avoid duplicative installations while still promoting the provision of new measures and technologies in all eligible households.

D. Marketing, Education and Outreach (ME&O)

Describe how the program will achieve its market penetration objectives and reflect best practices in market strategies, program design and/or implementation techniques. Discuss how market based tools will be used to achieve the strategic initiative. Describe the current ME&O efforts and any new methods to improve them.

1. Single statewide marketing campaign

Describe how the utilities will develop and use coordinated marketing efforts for the LIEE program, including a single tagline.

2. ME&O by population/segments

Describe ME&O efforts which take into account demographic and geographic characteristics as well as other efforts that target specific populations. Specifically:

- Describe whether and how ME&O will be tailored to promote program participation by customers with disabilities.
- Include a program element that targets renters.
- In terms of Section 8 and categorical eligibility, propose a process for automatically qualifying tenants of public housing consistent with LIEE eligibility requirements. Include ways to improve the delivery of information to public housing authorities.

3. Workforce Education and Training (WE&T)

Consistent with the required WE&T training plan submitted in the statewide strategic plan, discuss the utility's training strategy for the 2009-2011 budget years. Include specific training strategies for reaching disadvantaged communities. Describe how the utility will work with community stakeholders to assist in the development of training strategies.

E. Integration with Energy Efficiency

Describe how the utility intends to integrate the LIEE program with existing or future utility Energy Efficiency infrastructure. Discuss if and how the LIEE program can coordinate with other sectors as discussed in the Strategic Plan.

F. Leverage Available Resources

Discuss how the utility plans to leverage available resources and coordinate with others in doing so.

1. Coordination with other utility LIEE programs.

Discuss how the utility's program broadens its scope of efforts and coordinates with other LIEE programs in the implementation of LIEE programs.

2. Coordination with other programs and entities

Discuss how the utility's program broadens its scope of efforts and coordinates with other agencies and businesses in the implementation of LIEE programs. Include mention of how the utility plans to better coordinate and work with the list of organizations and resources for low-income programs as referenced in the Strategic Plan.

3. Coordination with California Solar Initiative (CSI) - Low Income Program

Describe how the low-income element of the CSI program will be coordinated with LIEE.

G. Pilots

Include a summary of new pilots that the utility proposes for the three year application period. Discuss how each pilot contributes to meeting the programmatic initiative.

H. Studies

Include a summary of new studies that the utility proposes for the three year application period. Discuss how each study contributes to meeting the programmatic initiative.

VI. BUDGET

A. Budget Discussion

Present a detailed budget discussion that clearly identifies specific strategies and programs for the budget years 2009-2011 and works towards accomplishing the LIEE programmatic initiative. Include details on pilots and studies.

B. Tracking Program Costs

Propose method for reporting costs and demonstrate how it is consistent across the utilities.

C. Budget Flexibility.

Propose ways to promote program continuity and long term LIEE investments with more flexible budgeting and funding rules, consistent with the practices and rules adopted in D.07-10-032 and D.07-12-051.

VII. REVENUE REQUIREMENTS AND RATE IMPACTS

Discuss the revenue requirements necessary to achieve the program plans and objectives proposed for the three year application period as well as the projected rate impacts that would arise due to the increased revenue requirements.

VIII. COMPETITIVE BID

Describe the competitive bid process for program administration being undertaken by affected utilities.

IX. CONCLUSION

(Request that the Commission approves the LIEE program plans and budgets for PY 2009, PY 2010 and PY 2011)

INFORMATION REGARDING SERVICE

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated April 1, 2008, at San Francisco, California.

/s/ ROSCELLA GONZALEZ
Roscella Gonzalez