

Low Income Oversight Board (LIOB)

October 28, 2014

Fresno City Hall, 2nd Floor

2600 Fresno Street

Hearing Room #2165

Fresno, CA 93721

10:30am – 2:30pm

www.liob.org

Call - In Number 1-866-630-5989 - Passcode 3362110#

Meeting called to order by Chairman Hernandez at 10:00am

LIOB Board Members Present:

Chairman Jose A. Hernandez, Commissioner Catherine J.K. Sandoval, Ortensia Lopez, Dave Stephenson, Jason Wimbley, Maril Pitcock, Charlie Toledo, Robert Castaneda & Larry Gross (quorum present)

LIOB Members Absent: Janine Scancarelli & Patricia Watts

California Public Utilities Commission (CPUC) Staff Present:

Rami Kahlon, Tory Francisco, Ava Tran, Amy Baker, Zaida Amaya and Anna Jew

Public Present:

Mary O'Drain, Anna Solorio, Frances Thompson, Adam Avila, Jose Landeros, Chris Kleiber, Marco Lizarraga and Michael McCain and Shay Bakman

Participants via Conference:

Dennis Guido, Ted Humphrey, Andrew Steinberg and Alice Glasner

1. Welcome and Introductions— Jose Hernandez, LIOB Chair and Commissioner Catherine J.K. Sandoval - *Standing Item*

Chairman Hernandez welcomed all participants to the Low Income Oversight Board Meeting. The Board thanked Board Member Castaneda for hosting and arranging the Proteus tour. The Board also thanked the City of Fresno for welcoming the Board to their facility.

2. Announcement of the appointments to the LIOB -Commissioner Catherine J.K. Sandoval - *Informational Item*

Commissioner Sandoval announced the re-appointment of Board Member Dave Stephenson for the water representative position, his re-appointment was approved during the October 2, 2014 Commission meeting.

3. Public Comments— Facilitated by Jose Hernandez, LIOB Chair - *Informational/Standing item*

Ms. Anna Solorio from the Energy Efficiency Council and Community Housing Opportunities Corporation (CHOC) brought to the attention of the board the issue of the statewide low-income marketing funds. Decision [D.13-12-038](#) (The Statewide Wide Marketing Decision) authorized the California Center for

Sustainable Energy (CCSE) approximately \$1.15 million dollars for the energy upgrade rebranding efforts. The adopted Low Income [Needs Assessment](#) recommends that the best way to reach the low income communities is targeted outreach, cultural and language alignment, use of CBO', and direct one-on-one contact. Ms. Solorio mentioned that ESA contractors have reached record number of ESA eligible customers over the last 3 years and that the aggressive 2020 goal established by the CPUC has made it extremely difficult to find the remaining hard to reach customers. Ms. Solorio noted that over 95% of ESA customers, are identified by ESA contractors directly, and not by statewide IOU or CCSE marketing efforts. ESA contractors are paid \$10.00 per enrollment for marketing; in 2008 ESA contractors were paid \$100 per customer. Ms. Solorio emphasized that \$10.00 does not cover the cost of reaching or serving hard to reach customers and that re-directing low-income funds to mainstream marketing does not serve the low income community. Ms. Solorio urged the LIOB to advocate for better use of these funds, and stated that she would like to see more funds directed to the groups that can generate the best service to low-income community and believes that ESA contractors should be a key partner in this effort.

Mr. Michael McCain, Executive Director of Proteus, Inc. thanked the Board for taking the time to meet in the City of Fresno, the heart of agriculture of the world. Mr. McCain expressed concern over the current severe drought conditions, which affect the entire State. Mr. McCain mentioned that Fresno California is the epicenter of the drought and that there are communities in the surrounding counties that have zero water availability; he mentioned that in some areas, water is trucked in, and some communities depend on bottle water donations. He mentioned that as the municipalities and water districts have converted to water meters, rates have increased and the low-income population is paying more for water. He indicated that this is a serious scenario in California and urged the Board and the Commission to utilize the ESA Program, and Statewide Workforce already in place to supplement water conservation for residents throughout California and to pursue opportunities when the contractors are in the customers' homes under ESA, to be able to assist in water conservation efforts and also deliver cost savings measures to the low-income population.

The Board thanked Ms. Solorio and Mr. McCain for their comments.

4. Approval of the August 20, 2014 LIOB Meeting Minutes, Facilitated by Jose Hernandez, LIOB Chair - Action Item

A motion was made to approve the August 20, 2014 LIOB minutes. The motion was moved by Board Member Stephenson and seconded by Board Member Toledo (Motion passed unanimously).

5. Lifeline Telephone Program Update – Anna Jew, CPUC -Consumer Programs –Communications Division - Informational/Standing Item

- a) Lifeline Proceeding Update (*Standing Item*)
 - b) Update on Lifeline Direct Application Project
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Ms. Jew provided an update on the lifeline proceeding and the direct application project. Ms. Jew reported that there are 6 Lifeline Wireless providers, and 5 Federal Lifeline Wireless providers, with 7 California Lifeline providers pending and 9 Federal Lifeline providers pending. Currently, there are 1,254,572 California Lifeline and/or Federal Lifeline participants. Ms. Jew highlighted that there are 262,712 California Lifeline Wireless participants, which represents a 92% increase from the August 2014 report. Ms. Jew also provided the CA Lifeline penetration rates.

Commissioner Sandoval reiterated that the large carriers have been encouraged to apply and participate in these programs. The door has been open for them to participate in Federal program since February of 2011 and in the CA program since January 2014. Commissioner Sandoval also mentioned that the Commission has had dialogue with the FCC on the waiver request and will be submitting it to the FCC very soon.

Board Member Toledo asked for an update on the Enhanced Lifeline for Tribal Lands and the streamline process currently in place.

The Board requested a presentation on the marketing and outreach strategies the Lifeline providers use to outreach customers for their wireline and wireless program and to include penetration information by county/region as well as areas where there is high eligibility and low participation.

Ms. Jew's detailed presentation can be view and downloaded at:

<http://www.liob.org/docs/Item%205.%20California%20LifeLine%20Presentation%20LIOB%20October%202014.pdf>

The Board thanked Ms. Jew for her presentation.

6. Water Utilities' Current Issues – Rami Kahlon – Director, Division of Water and Audits Update/Informational/Standing Item

Rami Kahlon, Director of Division of Water and Audits, provided a report on water affordability and an update on the drought. Mr. Kahlon reported that September 30, 2014 marked the end of the water year for 2014, ending with one of the driest years on record with only 60% average precipitation. As previously reported, on January 17, 2014 Governor Brown declared a Drought State of Emergency calling for a 20% voluntary reduction in water use, and although many water agencies made progress toward the 20% goals, most did not make it. On January 31, 2014 the State Water Project announced no water deliveries due to record dry conditions and low storage levels and in February the Central Valley Project had a 50% cut for urban customers. On February 27, 2014 the Commission ordered the large utilities to put in place a 20% voluntary conservation. Mr. Kahlon has continued serving as a member of the Governor's Drought Task Force. On August 14, 2014 the Commission ordered the utilities to comply with SWRCB's (State Water Resources Control Board) mandatory use restrictions. The Commission has been monitoring vulnerable water systems along with division of drinking water at the State Board. Mr. Kahlon reported that none of the investor owned utilities have run out of water, which is not the case for some of the municipal and public agencies. The Commission regulates 114 water utilities, which serves over 6 million Californians or about 16% of the state's population and about \$1.4 Billion in total revenue. Mr. Kahlon continued with his presentation on water affordability reporting that the Michigan State University Institute of Public Utilities conducted a National Utility Cost Comparison in 2012, which shows the average consumer pays about 1/3 of what consumers pay for electricity and telephone service. Mr. Kahlon's presentation included the 2012-2014 annual average revenue increases as well as the average monthly bills for the regulated water utilities and this comparison is in line with the national average. Mr. Kahlon's also reported on the January 29, 2013 [Southeastern Los Angeles State Auditor's Report](#) and the July 8, 2014, [Antelope Valley Water Rates](#) State Auditor's Reports. Highlights of the findings on the January 29, 2013 report included that the rates charge by Golden State Water had risen mostly due to the increase in wholesale water rates. The report also references that the CPUC uses its ratepayer advocacy arm to protect the interests of consumers and it recommended that other retail water suppliers also adopt this practice. The findings on the July 8, 2014 report include the fact that purchased water has a

significant higher cost per acre-foot than pumped groundwater; Cal Water is the only utility reviewed that offers rate assistance program. Mr. Kahlon also reported on ratemaking, and explained that the two components are expenses and ratebase. On the low-income program, he reported that over 250,000 CPUC-regulated residential water customers participate in the income water assistance program, since the inception in 2006. The discount for low-income customers varies from about \$6.00 a month at San Jose Water Company to about \$15.00 a month at California American. All Class A utilities have in place discounts for low-income customers. On August 18, 2014 the Commission adopted [D.14-08-11](#), this decision adopted the proposed settlement agreement authorizing California Water Service Company's general rate increases for 2014, 2015, and 2016. The cap was raised to \$18.00 for non-rate support fund customers and \$30.00 for rate support customers. Also, on October 2, 2014 the Commission adopted [D.14-10-041](#), which provides guidance on rate balancing for Commission-regulated, multi-district water utilities for use in their next general rate case (GRC) applications or Tier 3 GRC Advice Letter (AL) filings. Lastly, Mr. Kahlon emphasized that these actions are a product of the [Water Action Plan](#), which was adopted in 2005 and updated in 2010.

Mr. Kahlon's detailed report can be view and downloaded at:

<http://www.liob.org/docs/Item%206.%20Water%20Utilities%20Current%20Issues.pdf>

The Board thanked Mr. Kahlon for his report.

7. Legislative Update – Nick Zanjani - CPUC- Office of Governmental Affairs – Informational/Standing Item

The Board requested a brief on the November 4th, 2014 general election. Mr. Zanjani reported that California voters will vote for statewide officers, members of the state Legislature, and Congressional representatives. They will also vote on whether to retain three appointed Supreme Court justices. There will be an odd number of districts in the Senate up for election in addition to the Assembly Districts which are re-elected every two years. Mr. Zanjani also informed the Board that every 10 years, after the federal census, California must re-draw the boundaries of its Congressional, State Senate, State Assembly, and State Board of Equalization districts, to reflect the new population data. The new even-numbered districts will go into effect for the 2014 election cycle, and the even-numbered districts previously established by the 2001 redistricting will continue to exist until 2014. These unique circumstances created some areas of overlap between the old and new districts ("accelerated areas") and some areas without coverage ("deferred areas"). The 2014 elections will conclude the redistricting confusion as all Californians fall into their new district boundaries. The passage of the term-limits measure will reduce the time a citizen can serve in the Legislature from 14 years to 12, but allow a member to serve the entire time in one house, this only applies to legislators first elected in 2014 and onward. He also informed the Board that a Special election will be held in February. Three sitting state senators won seats in the U.S. House of Representatives: Sens. Mark DeSaulnier, D-Walnut Creek; Steve Knight, R-Antelope Valley; and Mimi Walters, R-Irvine. They will need to resign from their positions in the state Legislature sometime in order to take their places in Congress. A fourth state Senate seat is already open from a vacancy created by the conviction and resignation of state Sen. Rod Wright, D-Inglewood. The Legislature will be back in session in December.

The Board thanked and acknowledged the Office of Governmental Affairs for all of their hard work.

8. Highlights of Upcoming Activities for Low-Income Energy Programs – Energy Division Staff - Standing Item

Tory Francisco of Energy Division provided an update on the highlights and upcoming activities for low-income energy programs, highlighting that the 2015-2017 IOU's Low Income Budget Applications due are November 18, 2014, with responses due on December 17th, 2014 and replies due December 29th, 2014. A similar process has been scheduled for the Small Jurisdictional Utilities (SMJU's) with their 2015-2017 Low Income Budget Applications, which are due January 17, 2015, responses due February 16th, 2015 and replies due February 25th, 2015.

Mr. Francisco provided a brief update on the three phase recent mainstream Energy Efficiency decision [D.14-10-046](#). The first phase of the decision relates to the budget, it authorizes the 4 IOU's, Marin Clean Energy, Southern California Regional Energy Network and Bay Area Regional Energy Network to collectively spend roughly \$1 billion dollars on energy efficiency (EE) activities in 2015 and it sets the 2015 savings goals which are based on the [Navigant potential study](#), which is the same study use by the CEC and CAISO. Phase II moves to implement rolling portfolios which will examine whether/how to move to alternative accounting for EE spending and it also directs the IOUs to establish pilot programs to yield additional data on existing versus code baseline issues. The scope for Phase III has yet to be set, but it will look at cost-effectiveness calculations and what should and should not include. This decision reflects the Commission's commitment to EE as the preferred energy resource in California. In return for the billion-dollar-a-year commitment of customer funds, the Program Administrators (PAs') are expected to yield measurable, verifiable, cost-effective energy savings.

Commissioner Sandoval informed the Board that the decision directs the IOU's to create "to-code pilots". In the next phase of the EE proceeding, the Commission will be looking in depth the issue of what is an appropriate baseline. The program has been designed to only provide incentives for going above code. Commissioner Sandoval added that this is a very important issue for California and for the low income community, adding that California has a huge stock of existing buildings, many of which were built before the time of the prohibitions on lead paint or asbestos. An estimated 40% of all Californian's are renters and a lot of these renters live on older homes or are business owners. The overwhelming majorities of schools in California were built before 1990 and do not comply with current codes. Parties commented that thru their observation of the program, many customers seemed interested in Energy Efficiency upgrades, but were not participating since the incentives only started with above code and the incentives were not attractive great enough for to generate any action. The IOU's were also directed to each file a program implementation plan (PIP) for a pilot program to better understand the extent to which there is below-code equipment that is not getting replaced quickly enough through natural turnover or existing programs. The pilots shall be designed to assess whether cost-effective ratepayer-funded programs can be developed to target this equipment when PAs receive savings credit and customer incentives are made available based on to-code, in addition to through-code, savings. The pilots were budgeted up to \$1m per IOU using program funds authorized in this decision. The Commission looks forward to the pilots and the valuable information and comments it will bring on these issues.

Board Member Castaneda commented that bringing these old structures in the low income community up to code not only provides benefit to the low income households in terms of comfort, safety and cost, but also a connection with the workforce issue in the Statewide Workforce. Many recruitments begin when installers or assessors are performing ESA services in disadvantaged communities, so by looking, identifying and targeting some of these low income households and becoming very robust in the

approach, there is an added benefit in connection with providing an economic development piece to bringing these home up to code.

Mr. Francisco's report can be viewed and downloaded at:

<http://www.liob.org/docs/Item%208.%20Highlights%20of%20Upcoming%20Activities%20for%20LI%20Energy%20Programs.ppt>

9. Subcommittees Reports and Updates – Facilitated by Jose Hernandez, LIOB Chair - *Standing /Action/Discussion Item*

a) Marketing & Outreach (Board Members Toledo, Gross, Watts & Pitcock)

The Marketing & Outreach subcommittee met on October 23, 2014. As requested by the subcommittee, Ms. Solorio provided comments on the issue of the statewide low-income marketing funds. The subcommittee discussed the request of the annual report from the IOU's on their marketing outreach, including ethnic media. The subcommittee also requested a similar report from the LifeLine providers.

b) ESAP and CARE Implementation (Board Members Castaneda, Pitcock, Wimbley, Watts and Lopez)

The ESAP and CARE Implementation Subcommittee met on October 3, 2014. The subcommittee reviews the most current quarterly reports; YTD expenditures, service activities, and overall performance trends. Board Member Castaneda reported that there was a discussion about framing the next reiteration of ESA programs, once the goal has been reached. There was an acknowledgement that these programs treat a significant percent of low income customers and housing stock, committee believes that ESA services are still needed to assist low income families manage their household expenditures. This is a discussion that PG&E is taking the lead with the other IOU's. There was discussion about water conservation and it focused on assessment and getting good data.

c) Workforce Education and Training (Board Member Hernandez & Castaneda)

The Workforce Education and Training did not meet; however, a meeting has been scheduled for November 5, 2014. The main discussion will focus on line items within the guidance document that the utilities are moving forward on.

d) Water Industry (Board Members Stephenson, Lopez and Castaneda)

Water Industry did not meet; however, there have been side discussion about the water-energy nexus measures and drought programs in the guidance document and to continue working on the education.

e) Emerging Issues/Climate Change (Board Member Toledo)

Board Member Toledo reported that there is a consensus that the drought is getting worse than originally thought. California needs to be looking at major water conservation and massive public education, including how to handle public emergencies. She reported that during the recent Napa earthquake, certain parts of the town did not have electricity and water for 10 days. There are still water lines that are breaking due to the earthquake, which means water is cut-off with no notice to impacted customers. Board Member Toledo emphasized the importance of public education and preparedness for natural disasters.

Commissioner Sandoval informed the Board that in PG&E's general rate case of July 2014, the CPUC approved the use of Picarro, which is a new technology to detect natural gas pipeline leaks thru a vehicle mounted device that measures and maps natural gas and methane plumes in the air as the vehicle drives through neighborhoods. During the August earthquake, PG&E was able to deploy Picarro within hours of the earthquake to identify immediate issues.

f) AB 327 Subcommittee (Board Members Hernandez, Lopez, Wimbley & Pitcock)

The AB 327 subcommittee did not meet.

10. Utilities' Reports— Utility Representative - *Standing /Action/Discussion Item*

- a) Current Penetration Rates for CARE & ESAP and % Budget Spent YTD**
 - b) High Usage Verification Update**
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Ms. O'Drain provided a report on the current IOU's penetration rates for CARE & ESAP as well as the % of YTD budget spent. The numbers presented were as of September 30, 2014. The most current numbers are reported in the monthly IOU's reports. Ms. O'Drain reiterated that as previously expressed, it is becoming more difficult to find and enroll customers as the utilities get closer to 2020. Ms. O'Drain explained that the budget was based on measures and numbers that P&GE forecasted several years back; however, it is difficult to predict what mix of measures each home is going to qualify for, so this could account for less of the budget being expensed. For the water energy nexus, PG&E has increased the number of water measures can install per household. Ms. O'Drain also reported that PG&E has started the implementation of the smart strips, noting that this is going to be a very important measure as almost every home is going to qualify for a smart strip.

Board Member Toledo inquired as to the possibility of providing smart strips to the CBO's who are conducting education outreach as an incentive method when they are educating about energy conservation.

Ms. O'Drain explained that the smart strip is offered as an energy savings measure as part of the ESA program, but will take this suggestion to the CARE CHANGES staff for their input.

Board Member Gross asked if the IOU's are backing off from reaching the 100% goal due to potential consequences if the budget is exceeded, and added that the 100% should not be seen as a hard ceiling.

Board Member Pitcock commented that the IOU's know how to go thru proper channels with the Commission if they anticipate exceeding the goal or budget, so this would not be a hard ceiling.

Ms. O'Drain commented that historically, for this particular program the 100%+ has been seen as a very hard ceiling, but that they have ideas that they could put into their applications for consideration.

Mr. Fasana agreed that for SCE it is viewed as a hard cap with potential consequences if the budget is exceeded.

Mr. Francisco commented that this became an issue when one of the utilities overspent their projected budgets because they didn't account for their contracting, which became an issue because there was fear that there would be work stoppage. Historically, the Commission has taken a plan first approach, but if the IOU's could develop an expenditure/ 3 year plan appropriately, they should be able to account for the even flow of the installation and how expenditures work in the program. The idea is not to set a budget that is not open ended because there could be problems down the road, so setting a specific budget tie to a goal tie to a target is common practice in the industry.

Ms. O'Drain continued with her report on the high usage verification. She noted that customers are notified when removed from the program via the general letter which is in both English and Spanish. If they are CARE customers PG&E often knows their preferred language.

Ms. Fasana explained that there is an appeals process, to determine whether the usage is reasonable if it is above the 600%. If the customer provides the income verification as requested, they can be re-enrolled in the rate.

Commissioner Sandoval commented that besides the income verification/eligibility verification for re-enrollment, it is also required that the customer agrees to ESA treatment. Part of the eligibility verification also looks at issues like number of people in the household. There is documentation that shows that the groups in the 400% to 600% range were more willing to provide verification and re-enroll in ESA program, which may suggest that this group may driven more by large families.

Ms. O'Drain commented that they have continued to do analysis on this issue and are tracking the types of customers and will continue to put this data together and would be happy to give the Board more information as they move forward.

The utilities' reports can be viewed and downloaded at:

<http://www.liob.org/docs/Item%2010.%20a%20IOU%20CARE%20Participation%202014-Oct%2028%20LIOB.ppt>

<http://www.liob.org/docs/Item%2010.%20b%20IOU%20CARE%20High%20Usage%202014-Oct-28%20LIOB.ppt>

<http://www.liob.org/docs/Item%2010.%20a%20IOU%20ESA%20Homes%20Treated%202014-Oct-28%20LIOB.ppt>

11. Discussion Items for the upcoming 2015 LIOB meetings

Staff will coordinate with the Board and Commissioner Sandoval's office on potential 2015 meeting dates. Locations to consider for the upcoming meetings: San Francisco, Santa Ana, Sacramento and the Monterey area.

As previously brought up the Board Member Toledo the issue of headwaters has been a topic of concern to this Board and to better understand the ECO system and how it affects the low income communities, Commissioner Sandoval will reach out to Ms. Celeste Cantú of the Santa Ana Watershed Project Authority (SAWPA), to understand more of their watershed and their vision of watershed management and their focuses on developing methods to ensure that the forests and headwaters within the Santa Ana River Watershed are kept as healthy as possible.

Meeting Adjourned at 2:15pm