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Larry R. Cope
Senior Attorney
Larry.Cope@sce.com

June 20, 2005

VIA ELECTRONIC MAIL

Mr. Sean Gallagher
Director, Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Compliance with D.05-04-052, Ordering Paragraphs 11, 13, 20, and 26

Dear Mr. Gallagher:

In D.05-04-052, the Commission ordered SCE and the IOUs to provide information regarding the IOUs' budget for automatic enrollment, budget for the CARE audit, information regarding a workshop and enrollment of Migrant Housing Centers. That information was to consist of:

1. Automatic Enrollment Budget – Ordering Paragraph 11
2. CARE Audit Budget – Ordering Paragraph 13
3. SCE Workshops – Ordering Paragraph 20
4. Enrollment of eligible Migrant Farm Housing Centers – Ordering Paragraph 26
5. SCE's 2005 M&E Budget documentation – D.05-04-052, page 71

1. <u>SCE's 2005 Budget Request for Automatic Enrollment</u>

Ordering Paragraph 11 of D.05-04-052 requires SCE to evaluate its 2005 budget request for automatic enrollment to ensure that the budget request only includes amounts for transactions involving the Department of Community Services and Development (DCSD).

As directed in D.05-04-052, Ordering Paragraph 11, SCE has reevaluated its budget request in 2005 for automatic enrollment. The budgeted amount of $60,000 accounts for transactions involving DCSD records only. A significant amount of the budgeted resources are for manual activities that are required to match names on the DCSD list with SCE accounts. Therefore, the frequency of data files and the number of names that are provided by DCSD will be the major determinants in the actual costs that SCE will incur in 2005 for automatic enrollment. SCE notes that the two-

P.O. Box 800 2244 Walnut Grove Ave. Rosemead, California 91770 (626) 302-2570 Fax (626) 302-7740

way balancing account provisions for CARE administration and the required reasonableness of actual expenditures should protect both the interests of ratepayers and SCE in this matter. SCE has received three files from DCSD since the beginning of automatic enrollment which is what the 2005 budget of $60,000 was based on. We have not received any files so far in 2005. With limited history to rely on at this time, SCE believes the current budget of $60,000 in 2005 for automatic enrollment is reasonable.

2. CARE Audit Budget for 2005

Ordering Paragraph 13 of D.05-04-052 requires the IOUs to review their 2005 budgets to determine if the budget included expenditures for the CARE Audit. (The CARE Audit contract was canceled, see Finding of Fact 14.)

SCE reviewed its 2005 budget as requested by Ordering Paragraph 13. SCE did not include costs for the CARE Management and Financial Audit in its proposed 2005 CARE administrative budget, therefore, SCE does not need to back out such funding from its 2005 budget.

3. SCE Workshops

Ordering Paragraph 20 required each IOU to conduct a workshop within 60 days of filing their applications.

SCE included in its Application 05-06-009, notice of 3 workshops to be held June 14, 16 and 17. SCE also provided notice on June 3, 2005 to all parties in R.04-01-006. (See Attachment A)

SCE held the workshops noted in Rosemead, Fontana and Tulare on June 14, 16 and 17, respectively. A copy of SCE's presentation is attached as Attachment B.

4. Enrollment of Eligible Migrant Farm Housing Centers

Ordering Paragraph 26 requires the IOUs to use their best efforts to enroll the residents of Office of Migrant Services Facilities and non-profit migrant farm housing centers within 60 days.

On June 10, 2005, SCE submitted Advice 1896-E, which created an application for Migrant Farm Worker Housing Centers. SCE identified 148 potentially eligible migrant farm housing centers. On June 16, 2005, SCE mailed a letter and an application form to each of the entities that SCE identified as potentially qualified. (See Attachment C) SCE plans to follow up in approximately 30 days with each of the potentially eligible facilities that have not responded.

5. SCE's 2005 M&E Budget

Page 71 of D.05-04-052 directs SCE to provide justification for its 2005 M&E budget to Energy Division. As a matter of background, SCE has been trying to estimate and budget M&E costs by the year in which they will occur. That is the way we submitted our budgets for 2006 and 2007, and it is the way we are proposing to revise and explain our 2005 LIEE M&E budget. (The alternative is to budget the full cost of every study in the year that it is expected to begin, and then try to retain funding to carry over until the study is completed.)

Consistent with our approach of budgeting by the year in which the activity will occur, we propose one change to the PY 2005 M&E budget. We propose to reduce our M&E budget for 2005 by $54,000 to reflect the fact that the utilities are not doing a 2004 program impact evaluation. Instead, the plan is to evaluate the 2005 program with a budget that has doubled from the budget that was submitted in our application last year. Consequently, we are proposing to retain a small budget of $36,000 for the estimated 20% of work that West Hill will perform this year, and we have requested the remainder of the study costs (80%) in our 2006 and 2007 budget request that was filed yesterday.

PY 2005 M&E Budget Adjustments

SCE 30% Share of $300,000 PY 2004 Evaluation – 100% of study costs in 2005	-$90,000
SCE 30% Share of $600,000 PY 2005 Evaluation – 20% of costs in 2005	$36,000
M&E Budget reduction – funds redirected to measure installations	-$54,000

We believe that since the Commission has adopted a total LIEE program budget of $27,400,000 for 2005, that we have the flexibility to reallocate the $54,000 to the installation of program measures in 2005.

$ 36,000	PY2005 Program Evaluation
$ 7,500	Annual Bill Savings Analysis
$ 47,500	SCE M&E Labor and Expenses
$ 50,000	Reserve for Additional Studies or Costs
$141,000	Total

The $7,500 is SCE's 30% share of the approximate $25,000 cost of completing the Annual Bill Savings Analysis.

The SCE labor and expenses covers the staff time and expenses of administering these studies (or participating in their administration through a study administrative committee), gathering the necessary data for them, and responding to M&E-related requests of regulatory staff and program managers.

The $50,000 reserve could cover some additional costs from the needs assessment study, an early start on reviewing non-energy benefits, or other issues that may be raised during the remainder of the year.

Please feel free to contact me at (626) 302-2570 should you have any questions regarding this material.

Very truly yours,

Larry R. Cope

Attachments

cc: M. Galestan
S. Roscow
C. Velasquez
D. Wagoner
J. Webb

LRC:as:LW051640017.doc

ATTACHMENT B

Southern California Edison Company

Low Income Program Workshops
June 14, June 16, & June 17, 2005

A Look at SCE's Proposed Program Plan for 2006 - 2007

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Background

- Southern California Edison (SCE) has been in the business of providing services to low-income customers for over 20 years
- The energy crisis of the 80's fuel the cost of energy and brought to light the need for assistance to those who could least afford rising costs
- The Federal Residential Conservation Service was born to encourage installation of energy efficient measures
- In California incentive programs were created to encourage customers to install devices that would save energy. To ensure parity, SCE designed no cost energy efficiency programs targeted to income qualified customers
- With energy rates not seeing a decline and in fact rising, low income customers were paying a disproportionate amount of their income on utility bills. To reduce the rising utility costs California legislation was passed and in 1989 utilities began offering a 15% discount to income eligible customers. This was later increased to 20%.

SCE Income Qualified Programs

- The California Alternate Rates for Energy (CARE) Program is a rate discount program providing limited income families with assistance in paying their bills
  - PY2003 $4.7 million
  - PY2004 $2.8 million
  - PY2005 $4.9 million
- The Energy Management Assistance (EMA) program has provided energy services and appliances since 1985. The most recent funding requests have been substantial:
  - PY2003 $7.2 million
  - PY2004 $16.8 million
  - PY2005 $27.4 million

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CARE Discount Provides Relief

- CARE provides a 20% discount on electric bills to customers who meet basic income qualifications
- Current enrollment is 959,787

Eligible, Enrolled, Remaining

	2004	2005 (Est.)	2006 (Est.)	2007 (Est.)
Eligible	1,134,841	1,143,649	1,143,649	1,143,649
Enrolled	974,205	1,002,946	1,031,087	1,053,599
Remaining	160,636	183,862	112,562	90,050

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Eligible Customers

- Individually-metered
- Sub-metered tenants (apartments, mobile homes, RV parks)
- Non-profit group living facilities
- Agricultural employee housing
  (Migrant Farmworker Housing Centers, Licensed Privately-owned Employee Housing, Housing for Agricultural Employees operated by non-profit entities)

- Eligibility for individually-metered and sub-metered SCE customers is based on household size and income

- Eligibility for group living facilities and agricultural employee housing is based on all residents individually meeting the income requirements for a one-person household

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CARE Income Guidelines

- Program eligibility is based on a combination of household size and total maximum household income
- Income guidelines are set each year by the CPUC

Maximum Household Income

Effective as of June 1, 2005

Number of Persons Total Combined in Household	Annual Income
1 - 2	$24,200
3	$28,400
4	$34,200
5	$40,000
6	$45,800

Add $5,800 for each additional person

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An Overview of SCE's 2006 – 2007 CARE Program

- SCE seeks a cost of $4,199,000 in funding for each year. This represents no increase from 2005.
- Funding is to be expended in the basic areas of Outreach, Operations and administration

	PY 2006	PY 2007
Outreach & Marketing	$1,623,000	$1,533,000
Operations	$1,698,600	$1,825,600
Admin	$877,400	$892,400

Outreach and Marketing

- CARE Capitation
  - Third-parties assist SCE customers to complete a CARE application and get paid a "per-application" fee for new enrollments
- Direct Mail/Mass Media/Multilingual/Grass Roots
  - Annual solicitation; targeted mailings based on demographics
  - Applications mailed with assistance checks, messaging on bags in food banks, posters in welfare agencies, counter displays in stores, participation at events and festivals
  - SCE has a number of employee organizations promoting CARE including ethnic and cultural groups, Public Affairs and others.

Operations

- Enrollment
  - "Simply put, our goal is to reach 100% of low-income customers who are eligible for, and desire to participate in, the CARE program"
  - The CPUC has set SCE's enrollment at 93%
- Recertification
  - Every customer must reapply for CARE every two years by completing an application. This means over 200,000 recertification applications are processed annually
- Verification
  - SCE conducts post-enrollment verification. Customers are selected randomly and asked to provide income documentation to prove eligibility

Operations

- A critical part of operations is the development and support of all data and other required systems. In 2006 and 2007 system enhancements will focus on:
  - Identifying and enrolling eligible customers
  - Maintaining continued enrollment and reducing drop-offs
  - Combining and streaming processing functions
  - Increasing operational efficiencies
  - Expanding efforts to reach non-English speaking customers
  - Enhancing data sharing scope with other utilities
  - Synchronizing annual mailings

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Administration

- Measurement and Evaluation
  - This area provides SCE with a wealth of information to evaluate the program. Using demographic information and program participation data SCE can determine program penetration. With the assistance of demographic information SCE can also identify those underserved areas and target outreach and marketing efforts
- Regulatory Compliance
  - Analysis of CPUC directives, filing regulatory documents, reporting and representing SCE with the CPUC

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Administration

- Other Administration
  - Activities associated with general program management, compliance with regulatory directives, establishing policy for internal organizations, and representing SCE to outside entities
  - All staffing for CARE program
  - Travel related to Commission business

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Energy Management Assistance Program

The Assessment and Installation of Energy Efficient Appliances

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Energy Management Assistance Program

- The LIEE program is offered to all income qualified customers and begins with an assessment of the customer's electric appliances

- Assessments are conducted by local community-based organizations and private contractors

- Services available under this program include:
  - Compact fluorescent light bulbs
  - Refrigerator replacement
  - Evaporative cooler installation
  - Weatherization
  - And, more

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- EMA provides appliances or measures to help reduce energy use and conserve energy
- EMA works with SoCalGas and Low Income Home Energy Assistance Programs funded through the State to leverage funds and provide comprehensive services
- SCE provides LIHEAP contractors with free refrigerators to install in SCE customer homes
- SCE refers customers with gas heating to SoCalGas for participation in the weatherization program

Who Is Eligible

- You must be a residential customer with SCE
- Family household size and income must meet program requirements
- Household must not have participated in EMA within the past ten years
- Homeowners and renters are eligible for the program, however for some appliances renters must receive permission from the landlord

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Determining Eligible

- **The following table outlines eligible households**
- **Applicants for EMA must provide proof of their income, such as copies of pay stubs, social security checks, etc.**

# IN HOUSEHOLD	FIRST LEVEL CARE AND LIEE	SECOND LEVEL LIEE DISABLED/60+
1-2	$24,200	$27,700
3	$28,400	$32,500
4	$34,200	$39,200
5	$40,000	$45,900
6	$45,800	$52,600
For each additional household member over 6 add:	$5,800	$6,700

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2003 -2004 -2005

- During the energy crisis of 2001 utilities received a one-time allocation of funds to install electric measures
- With these funds gone SCE realized the urgent need to seek additional funding so SCE customers could receive comprehensive services
- In SCE's 2005 application an increase of $14.6 million, going from $15.8 million to $27.4 million
- In May 2005 SCE received approval from the CPUC to increase funding to $27.4 million
- This increase is unprecedented and SCE's arguments for increased funding received no protests, no opposing comments and did not require hearings

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2005 Projected Activities

- Our authorized budget is $27.4M
- We expect to treat over 49,000 homes, representing an increase of more than 100% from 2004
  - Approx. 200 window/wall air conditioners
  - Over 2,400 evaporative coolers
  - Approx. 30,000 refrigerators
  - Approx. 210,000 compact fluorescent lamps
  - Approx. 600 outdoor light fixtures
  - Weatherize approx. 1,100 homes
  - Provide energy education to 49,000 homes

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2006 – 2007 Funding Application

- SCE requests funding in the amount of $27.4 million each for 2006 and 2007
- Approximately $21 million will be spent directly on the purchase and installation of energy efficient appliances
- Almost $3 million will be used for outreach and assessment with another $500,000 each for inspections and energy education
- Finally, less than $1.8 million will be used for program administration (6.5%)

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2006 – 2007 Installations

- Where temperatures regularly exceed 100 degrees, SCE projects to install 1,200 window/wall air-conditioners in 2006 and 1,300 in 2007
- Evaporative coolers are targeted at eligible customers who reside in hot climate zones where coolers are most effective. SCE projects to install 5,300 evaporative coolers in 2006 and 5,400 in 2007.
- Refrigerators are the most efficient appliances in the home. New ones are installed and old ones recycled. SCE projects to install 24,000 refrigerators in 2006 and 24,100 in 2007.

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ENERGY MANAGEMENT ASSISTANCE PROGRAMS

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Low Income Program Workshops
June 14, June 16, & June 17, 2005

A Look at Reporting Requirements for LIEE and CARE

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Low Income
Reporting Requirements Manual (RRM)
Working Group

"The Reporting Requirements Manual (RRM) is the repository for the definitions, the formats and the methodologies for recording costs and effects of energy efficiency programs, including low-income assistance programs."

D.01-12-020, dated December 11, 2001

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Low Income Reporting Requirements Manual (RRM) Working Group (Continued)

- An ad hoc RRM Working Group (Working Group) has convened periodically through the years to address reporting issues.
- The group usually consists of Commission staff and representatives from the utilities, but is open to all interested parties.

Low Income
Reporting Requirements Manual (RRM) Working Group (Continued)

- Reporting Requirements for LIEE and CARE last updated on January 10, 2002.
- The RRM Working Group can file proposed revisions to reporting requirements under the Low Income Rulemaking R.04-01-006.
- CARE Annual Report filed May 1 each year.
- LIEE Annual Report filed May 1 each year.

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Low Income Monthly Reporting

- Monthly reporting as described in the RRM has been replaced with "Rapid Deployment" reporting which began in 2001 during the Energy Crisis and has been made permanent.
- Utilities submit a monthly report on LIEE and CARE activities on the 21st of the following month.

Low Income Monthly Reporting (Continued)

- SCE files a monthly report on LIEE & CARE activities on the 21st of the following month.
- Report originally included 30+ tables.
- 6 tables now are filed monthly with the full set of 30+ tables filed quarterly.
- Tables address LIEE and CARE expenses.
- Other tables address LIEE measure installations, and CARE penetration, etc.,

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«DATE»

«CUSTNAME»
«ADDRESS1»
«ADDRESS2»
«CITYSTATEZIP»

You may be eligible for a 20% or more discount off your electric bill every month

Dear Valued Customer,

Southern California Edison Company (SCE) offers qualifying agricultural housing facilities a 20% or more discount off electric bills through the California Alternate Rates for Energy (CARE) Program. CARE is established under the California Public Utilities Commission which establishes the criteria to qualify for the Program. Facilities that automatically qualify have been established in two categories:

1. A migrant farm worker housing center operated pursuant to Section 50710.1(e) of the California Health and Safety Code

2. A non-profit migrant farm worker housing center with an IRS 501.(c)(3) classification

Our records indicate you may operate a facility which automatically qualifies for CARE.

Please review the enclosed CARE application which contains information regarding eligibility and the responsibilities for migrant farm worker housing centers. If you believe you qualify, simply complete and mail the enclosed CARE application along with any requested documentation. Your discount will begin after your completed, signed application is received and approved by SCE.

If you operate an agricultural housing facility which does not fall into either of the two categories above, you may still qualify for CARE under different eligibility requirements and apply using a different application. Additional information is available by contacting us at the number referenced below.

If you have any questions about CARE or the application process, please call us toll-free at **1-800-447-6620**, 24 hours a day.

Sincerely,

Southern California Edison

Enclosure

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Application for California Alternate Rates for Energy (CARE) Program for Migrant Farm Worker Housing Centers (MFHC)

INSTRUCTIONS

1. PLEASE READ ALL information and instructions before you complete, sign, and date this application. If you have questions, call 1-800-447-6620, 24 hours a day.
2. DETERMINE if the facility can comply with Section 50710.1(e) of the California Health and Safety Code, or is a non-profit migrant farm worker housing center.
3. REVIEW the service accounts in this application to confirm that they are residential and included in your facility.
4. COMPLETE, SIGN, and DATE the application.
5. MAIL to:

   Southern California Edison Company
   California Alternate Rates for Energy (CARE)
   Attention: Susan Notheis
   P. O. Box 6400
   Rancho Cucamonga, CA 91729-9824

DISCOUNT

The CARE program provides a 20% or more discount off the SCE utility bill for MFHC facilities that meet program criteria. The discount and eligibility criteria were established by the California Public Utilities Commission. The discounted rates, upon formal approval by the California Public Utilities Commission, are available to qualified facilities. The facility will receive the discount after SCE receives the completed and signed application.

ELIGIBILITY CRITERIA FOR MFHC

Each MFHC MUST meet all of the following criteria:

- MFHC must be operated pursuant to Section 50710.1(e) of the California Health and Safety Code, or must be a non-profit migrant farm worker housing center with an IRS 501.(c)(3) classification.
- MFHC must be SCE's customer of record.
- MFHC must agree to use all CARE savings from a reduction in energy rates for the benefit of the occupants of the MFHC.

MFHC RESPONSIBILITIES

MFHC is REQUIRED to:

- Provide upon request a copy of current contract with the Office of Migrant Services, Department of Housing and Community Development, or a copy of Federal 501.(c)(3) tax exemption.
- Maintain supporting records and documentation of how savings from the reduction in energy rates benefited the occupants of the MFHC.
- Notify SCE of any change that would remove or add to eligible service accounts in this application. MFHC may be subject to rebilling if any of the service accounts in this application are no longer eligible for the CARE discount.
- MFHC will update its application annually when notified by SCE.

— *Please see the CARE Program Application on the back side of this form* —

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Application for California Alternate Rates for Energy (CARE) Program for Migrant Farm Worker Housing Centers (MFHC)

MFHC INFORMATION

Name on SCE Bill _____

Customer Account Number _____

Name of Facility _____

Facility Contact: (who to contact if SCE needs more information) _____

Daytime Phone _____ Fax _____

Billing Address _____
Street City State Zip

Mailing Address _____
(If different from above) Street City State Zip

SERVICE ACCOUNTS

Service Account #	Service Account Address
1.	
2.	
3.	
4.	
5.	

(Attach separate sheet for more than five (5) accounts)

DECLARATION

By signing this application I certify under penalty of perjury that the information contained herein is true and accurate and agree to comply with all the eligibility criteria and MFHC responsibilities contained herein for all of the Service Accounts listed in this application and I give my consent that the information herein may be shared with other energy utility companies. Please attach a copy of your 501.(c)(3) classification if applicable.

_____
Authorized Representative's Name (Please print)

_____
Authorized Representative's Title

_____
Authorized Representative's Signature

_____
Date

IF YOU HAVE ANY QUESTIONS:
Call Southern California Edison's CARE Helpline at 1-800-447-6620, 24 hours a day.