

## **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

### **The Opening Comments of TELACU and the Maravilla Foundation**

In R07-01-042 the Commission listed, and asked parties to comment on, the following LIEE issues:

1. Program Objectives and Priorities;
2. Goals-based budgeting;
3. Cost-benefit models;
4. Processes for Program Improvements;
5. Coordination with the California Solar Initiatives Program;
6. Evaluation, Measurement and Verification of Program Results;
7. Integrating LIEE programs with Other Energy Efficiency Programs;
8. Program Access for Master-Metered Customers (Assembly Bill (AB) 2104);
9. Program Access for Renters;
10. Gas Furnace Programs;
11. Water Conservation Efforts; and
12. Program Management and Administration

### **Requiring Urgent Attention: “Program Management and Administration” and Ongoing Program Changes**

Decision 06-12-036 approaches the issue of the “Process for Addressing Ongoing Program Modifications,” saying, “... we encourage the utilities to use the meetings as a resource for improving LIEE and CARE programs and building consensus. But the decision also says, “Processes for modifying programs would not change: where the utilities have discretion to make changes without Commission authority, these meetings would not change that discretion...”. We believe an important question to examine is “How much discretion do utilities have to make changes without Commission authority?” We strongly believe this question needs to be addressed immediately for the reasons stated below:

Beginning in 2003 and continuing to this day, Sempra's management of Southern California Gas Company (SCG) has been making unilateral program modifications which have the effect of

- adding restrictions LIEE eligibility
- adding unnecessary layers of program administration
- increasing the difficulty of qualifying potential LIEE customers
- making it increasingly difficult to reach program goals, which results in large amounts of unspent LIEE funds which must be carried over into follow program years

Those changes have been in the area of

- Program eligibility documentation
- Furnace repair and replacement
- Duct Testing
- Inspection procedures
- Measure eligibility

These changes have been unilaterally imposed with little or no opportunity for discussion or input from LIEE contractors or oversight by the Commission. The effect of these restrictions has been reduce services to low income households at a time when the low income population is steadily increasing. We believe these restrictions are major contributing factors to Sempra's unspent LIEE carryover of over \$10 million.

#### Sempra's Program Changes May Have a Statewide Effect

An Assigned Commissioner Ruling (ACR) dated March 25, 2005, ordered that any proposed changes to the statewide policies and procedures go through 5 steps of review and analysis to determine, among other things, "the estimated impacts on services to low-income customers relative to existing policies."

No such review or analysis has been conducted by Sempra. With the elimination of the Standardization Team, but with no replacement entity or process, Sempra has made adverse program changes with no input or oversight.

While the Sempra directives are not implemented statewide, they are implemented in the service territories of SoCalGas, SDG&E, and often, due to the inter-utility agreement, in the service area of SCE. It is not unreasonable to assume PGE&E, being the odd-man-out, would consider adopting the Sempra changes. Thus, Sempra's changes may affect the entire state.

### Who Determines “Utility Discretion” for Program Changes?

Decision 06-12-036 approaches the issue of the “Process for Addressing Ongoing Program Modifications.” It says, “we encourage the utilities to use the meetings as a resource for improving LIEE and CARE programs and building consensus. The utilities, and other parties would always have the right to file a petition to modify Commission orders where needed to affect program changes or where a party believes a utility decision is unlawful, inequitable or otherwise contrary to Commission policy.”

But the decision also says, “Processes for modifying programs would not change: where the utilities have discretion to make changes without Commission authority, these meetings would not change that discretion...”. We believe an important question to examine is “How much discretion do utilities have to make changes without Commission authority?” We strongly believe this question needs to be addressed immediately for the reasons stated below.

While Sempra characterizes its unilateral program changes as “normal business controls” and “normal checks and balances,” we believe there may be more at work here. In the recent past Sempra has expressed its concern about the “very, very heavy burden” of the low income programs on its large customers. (October 5, 2006 Full Panel Hearing) Sempra’s changes have resulted in reduced LIEE expenditures. The Commission must ensure that Sempra’s concern for its large customers does not prevent the company from carrying out the mandates of the Commission. For example, the CPUC’s directive in the “Winter Initiative” Program said, “During the winter months, the utilities shall make furnace benefits available to renters, where feasible.” But Southern California Gas simply ignored the Commission order and told its LIEE contractors the company would not make central air furnace benefits available to multi-family renters.

### This Issue Should Be Addressed Immediately

Decision 06-12-036 says, “In the coming year, we intend to consider the adequacy of the utility meetings as a forum to facilitate program improvements and will consider other, more formal forums if necessary.”

We submit this problem needs to be addressed immediately for the reasons stated above. We hope workshops could be productive, but hearings may be necessary.

## **Other Issues**

We prioritize the remaining issues, and recommended forums, as follows:

1. Program Access for Renters – Workshops and Public Participation Hearings
2. Program Objectives and Priorities – Workshops and Public Participation Hearings
3. Goals-based budgeting - Workshops
4. Gas Furnace Programs - Workshops
5. Processes for Program Improvements – Written Comments
6. Cost-benefit models - Hearings
7. Coordination with the California Solar Initiatives Program – Written Comments
8. Evaluation, Measurement and Verification of Program Results – Written Comments
9. Integrating LIEE programs with Other Energy Efficiency Programs - Workshops
10. Program Access for Master-Metered Customers (Assembly Bill (AB) 2104) – Written Comments
11. Water Conservation Efforts – Workshops

Respectfully submitted,



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February 26, 2007

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 "Opening Comments of TELACU and the Maravilla Foundation,"

[X] 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

[X] By Electronic Mail – serving the enclosed via e-mail transmission to each person the application lists as being authorized to receive service and to those on the service list of R. 07-01-042.

Dated at Sacramento, California this 26<sup>th</sup> day of February, 2007.

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