

Draft meeting notes

Thursday March 14, 9:30 AM – 3: 45 PM

In-person at Culver City Hall, Mike Balkman Council Chambers, 9770 Culver Blvd., Culver City, CA 9023

Virtual via Webex, Webinar number:2496 365 2057

Board Member Attendance:

Present (In-Person): Delgado-Olson, Stamas, Wimbley, Castaneda, Bierman, Tang, Watts

Present (Virtually): Irwin, Castilone, Medina

Absent: None (note: Commissioner vacancy due to Commissioner Shiroma resignation from the CPUC in February 2024)

Additional Attendance:

Present (In-Person): Commissioner Karen Douglas

Meeting Presentations: <https://liob.cpuc.ca.gov/previous-liob-meetings/>.

Please note: Agenda Items are listed in the order in which they were discussed.

1. Welcome and Introductions

Board Chair Delgado-Olson opened the meeting of the Low Income Oversight Board (LIOB) at approximately 9:30 AM. Board Chair Delgado-Olson provided welcome remarks and summarized the meeting agenda. The Board Chair used his remarks to acknowledge the service of Commissioner Shiroma and her commitment to low-income communities. Other Board Member introductions and acknowledgements of Commissioner Shiroma's contributions. Several Board Members also acknowledged International Women's Day.

Energy Division (ED) staff provided introductions and noted the addition of new staff and sections within ED to support the LIOB.

2. Approval of the December 15, 2023, Meeting Minutes – Action Item

Board Chair Delgado-Olson moved to approve the [minutes from the December meeting](#) This motion was seconded by a member in the room. The LIOB members in attendance approved the minutes unanimously.

3. Election of the LIOB Chair and LIOB Vice-Chair – Action Item

Board Chair Delgado-Olson opened this item by announcing that Board Vice-Chair Stamas would not be seeking reappointment to the LIOB after this meeting and thus would be stepping down as Vice-Chair. Board Member Castaneda commented on Board Member Stamas's work on the LIOB and thanked her for her service.

Board Member Castaneda spoke to Board Chair Delgado-Olson's leadership and nominated him for another term as Chair. This motion was seconded by Board Members Watts and Medina. Current Board Chair Delgado-Olson then nominated Board Member Wimbley as Vice-Chair and this was seconded by Board Member Castaneda. The election of Benito Delgado-Olson to LIOB Chair and Jason Wimbley to Vice-Chair was passed unanimously by the board.

4. Public Comment

Board Chair Delgado-Olson approved a request from Board Member Castaneda to provide three minutes to each public commenter. The Board received comments in-person and virtually via Webex:

- In-person:
 - Ron Garcia of Reliable Energy, an Energy Savings Assistance (ESA) contractor spoke to concerns within the program, asking for advance payments from SCE. Mr. Garcia spoke to the slow start up of the program in 2023, which caused contractors to have to take on many costs before getting reimbursed.
 - Jay Thomas of Energy Efficiency Resources, an ESA contractor for Southern California Edison (SCE) echoed Mr. Garcia's comments and added on by discussing supply chain issues. The lack of reliable funding and supply chain problems are affecting prices and the ability to plan for the program, as without funding commitments, the program, including appliances, cannot be scaled up.
- Webex:
 - Richard Villasenor of Telacu, a Southern California Gas (SoCalGas) contractor mentioned a letter that their organization had sent to SoCalGas on behalf of many contractors related to ESA concerns. The letter asked for an increased compensation schedule by 15-20%, and the ability to install health comfort safety measures, regardless of the term savings. Mr. Villasenor asked for program budget changes that allow for increases in the current compensation schedule, and for all contractors' costs to be covered by the program. Telacu and the other supporting contractors are looking for the Commission or Energy Division to step in to urge SoCalGas to act.
 - Jose Landeros of Proteus, Inc., an ESA contractor for Southern California Edison (SCE) spoke to the need for advanced funding quickly. Mr. Landeros mentioned that SCE sent a response letter to contractors requesting 45 days to decide, but this timeline would put the next action out in June, when half of the program year is already complete. Mr. Landeros requested action be implemented by mid-May.
 - Mauricio Blanco, of John Harris Contracting, echoed the concerns of the other commenters on the issues within the ESA program that are putting an undue burden on contractors. Mr. Blanco mentioned that these concerns were raised by contractors in the last proceeding. John Harris Contracting has had to lay off employees and close

locations due to the program transition. Mr. Blanco respectfully asked individuals with decision making authority at the Energy Division, Commission, and utilities to please discuss these key matters during today's meeting and act.

- Daniela Suarez of Central Coast Energy Services (CCES) spoke about the energy burden faced by low-income families and noted that CCES has provided a written version of their comments to the Board as well. The comments were made to the California Department of Community Services and Development (CSD)'s management of funds from the Department of Energy (DOE) Bipartisan Infrastructure Law (BIL) Weatherization Assistance program. Delays from CSD in distributing funds and services are negatively affecting low-income individuals in need of assistance.

5. Comment from Community Based Organizations – Pacific Asian Consortium in Employment (PACE)

Board Vice-Chair Wimbley introduced the presentation of a local Community Based Organization (CBO) that provides a variety of services, including CSD specific programs like Low Income Home Energy Assistance Program (LIHEAP) and Low Income Household Water Assistance Program (LIWAP). Kerry Doi, President & CEO, and Celia Andrade, Energy Director, presented on the work of Pacific Asian Consortium in Employment (PACE) in Los Angeles. PACE provides community development support in the areas of business, education, employment, housing, and energy. Their energy programs include weatherization services, utility bill assistance, outreach, and advocacy. Within their presentation, PACE staff provided recommendations to the LIOB on how to improve energy services.

Board Member Wimbley asked about the impacts that PACE is feeling at the local level since LIHEAP funding has normalized, meaning that additional funding that was provided in recent years has been spent. Ms. Andrade answered that the good news was that the Biden Administration has increased funding, but that that local service providers have barely scratched the surface of serving who is eligible. A change in presidential administration would likely lower funding levels.

Board Chair Delgado-Olson acknowledged PACE's comments on the need to collaborate to advocate for more funding for LIHEAP and LIWAP at the federal level.

Board Member Castaneda mentioned that Board Members are concerned and following media reporting on rising utility costs. Board Member Castaneda also acknowledged the recommendations of using Area Media Income (AMI), increased leveraging, and program alignment. PACE offered their assistance in help in advocating for better program support and alignment.

Board Member Stamas thanked PACE for their presentation and commented that the ESA program has \$184M in unspent funds that could be used for helping customers. Board Member Stamas also asked about the history of using Federal Poverty Guidelines (FPL) versus AMI. Board Chair Delgado-Olson and Board Member Bierman provided a bit of clarity of how the requirement is set in state law. Board Chair Delgado-Olson said that this question was the LIOB's proposed topic for the next Low Income Needs Assessment (LINA), however, that topic was not taken up. Board Member Castaneda responded that legislative action could be advocacy work for the Board to take on.

Board Member Tang commented on the presentation information on LIWAP and shared that there is broad support from the water industry for the creation of a permanent water arrearage assistance

program. Board Member Tang then asked about what happened to LIHEAP funding during the prior administration and Ms. Andrade clarified that while the White House proposed zeroing out the program budget, but Congress did end allocating funding for it.

6. CPUC Standing Reports

Kapil Kulkarni, of the CPUC Energy Division, provided an update on [Large IOUs ESA/CARE/FERA program cycle, Mid-cycle recommendations and report, ESA Working Group, Categorical Eligibility Programs Advice Letter, and Low Income Needs Assessment \(LINA\)](#).

Board Member Stamas asked if there is a process for responding to recommendations from the Mid-Cycle report. Mr. Kulkarni answered that the ESA Working Group will continue to discuss these recommendations, but additionally, parties could file a Petition for Modification (PFM), or that Energy Division could act through a variety of informal mechanisms.

Board Chair Delgado-Olson commented that nowhere on the agenda is the Board discussing rates and requested that rates be included as a standing report item for the Energy Division. The Board Chair requested information on where rates were pre-COVID and what they are now.

7. Subcommittee Reports

Board Chair Delgado-Olson and Board Member Castaneda spoke that the Low Income Energy Assistance Programs (LIEAP) subcommittee met on March 4th, 2024, to discuss concerns from ESA contractors in the Southern California area. However, since this topic was related to agenda items 8 and 9, Subcommittee Chair Castaneda requested to have a summary of this meeting included as part of broader discussion later in the agenda. Specifically, the subcommittee would like the full board to discuss three letters related to ESA contractor concerns.

The Water & Climate Change subcommittee met on March 5, 2024. The meeting provided updates on CPUC proceedings relevant to water, water arrearages, and the state water supply.

The Low Income Needs Assessment (LINA) subcommittee did not meet this quarter, but is scheduled to meet on April 12, 2024, to review the draft research plan for the current study.

The Legislative Subcommittee did not meet this quarter, but the Board Chair called attention to Senate Bill 1480 (Allen). This bill is a follow up to Senate Bill 1208 from last year and proposes expanding the size of the Board, the scope of the Board to include telecommunications, as well as reporting. This bill will be tracked by the Legislative subcommittee. Board Member Castaneda commented on SB 1480 by saying that the Board has a strong reputation to be included in active legislation, but expressed concerns that this would add a significant increase to the Board's scope.

Board Chair Delgado-Olson removed himself from the LINA and Water subcommittees. Board Members Castilone and Tang were added to the LINA subcommittee.

At this point in the meeting, the Board adjourned for lunch.

8. Contractor Labor Rate Transparency Exercise - Richard Heath & Associates, Inc. (RHA)

Board Member Castaneda introduced this agenda topic by speaking to the need for data for the ESA program related to the contractor costs of doing business. Board Member Castaneda asked RHA to [present on this topic](#) with their experience as a program implementer. Cynthia Bruno Rafferty, CEO, and Alexander Kaiser, Controller, were in attendance to present. RHA's presentation included information from a select sample of RHA ESA contractors with the goal of understanding how contractor costs may differ from current reimbursements on RHA implementer contracts.

Board Member Castenda responded that it is critical that Board act to triage several issues, including the lack of a good faith competitive solicitation process for ESA contractors and the ability of Energy Division to investigate this topic, as well as compensation levels and timeliness of payments.

Board Member Watts commented that many of these issues, such as inflation and minimum wage, are not unique to California. Board Member Watts said that there is no parity between what contractors must pay and what they are paid for.

Board Member Tang asked for clarification on the "Statistics by ESA Role" slide. RHA explained that these costs represent the costs that would be required to cover the costs of certain roles and overhead, however, this rate does not reflect contracted labor rates.

Board Chair Delgado-Olson spoke about the increasing costs of administrating lines of credit and borrowing money, as well as rising costs of procuring materials. Board Chair Delgado-Olson mentioned that one solution within his gainful employment has been an agreement with manufacturers that when they assume title of the product, it's insured so that if something happens to it. Ms. Rafferty answered that one challenge for this approach would be that to assume title, there would have to be tracking mechanisms to see where appliances were installed.

Board Vice-Chair Wimbley noted that this presentation spotlights how complex these business models are and that contractor advances are a useful tool but will not completely solve the problems. One larger problem is that contractor solicitations are not aligned with the actual available work for contractors. Ms. Rafferty responded supportively to these comments.

Board Member Castaneda agreed with the comments and expressed concern with the utility goals to dramatically ramp up production in 2024 given the low performance of the previous program years.

Board Member Bierman thanked RHA for the presentation and noted the various things that IOUs are juggling, such as the energy savings goals and customer rates. Board Member Castaneda asked for more engagement with the utilities to bring the issues of energy savings goals to the LIOB.

9. Joint Investor Owned Utilities Status Reports

[The utilities provided presentations on low-income programs, disconnections, and arrearage management to the Board in advance](#). Given the timing of the agenda, the Board moved directly to discussion and did not include any utility presentations in real time.

Board Chair Delgado-Olson shared that he requested an updated presentation on the [public purpose programs surcharges](#), which is included in the meeting materials. Given the data in this presentation, the

Chair concluded that public assistance programs are not driving the significant increase in rates that customers are experiencing.

Board Member Castaneda asked to discuss some of the ESA contractor related letters. He opined that a letter from SCE to contractors doesn't recognize the severity of concerns raised by contractors and the Commission. In response to this, Board Member Castaneda proposed a motion to request the Commission to get into direct communications with SCE on the advance payment issue and have some sort of response within ten days. Board Member Watts expressed support for this motion.

Board Member Wimbley asked how long contractors can survive to better understand where the timeline is at. Board Member Castaneda answered that what he has heard that they can't sustain past June without advance funding. Board Vice-Chair Wimbley responded that the Board should also acknowledge the need to ensure that contractors also have a sufficient work model after the receipt of advance payments so that this problem can be avoided in the future. Board Member Castaneda responded that the motion could encompass a more holistic approach.

In response to this discussion, Carter Prescott of SCE, provided their utility perspective. Mr. Prescott stated that SCE is taking the advance payment issue seriously and summarized key aspects of the letter. SCE has responded to these concerns by increasing meetings with contractors and Energy Division, shortening payment terms, expanding enrollment and installation incentives, supporting contract amendments, and increasing outreach efforts. Mr. Prescott also expressed concern that advance payments would not solve the problem issues in entirety.

Board Chair Delgado-Olson asked SCE why the letter states that the utility needs 45 days to decide on whether to do advance payments. Mr. Prescott responded that the ten-day request would not be feasible. Board Chair Delgado-Olson responded that previous conversations with Energy Division indicated that there was no Commission guidance prohibiting advance payments. SCE replied that advance payments are not part of standard business practice and that there is no way for SCE to recover these costs if they aren't paid back.

Board Member Stamas asked if wage adjustments were being considered and SCE answered that contract amendments could include this kind of adjustment.

Board Member Watts acknowledged Mr. Prescott's comments and the efforts that SCE has made to engage with contractors, while also commenting on the big picture issues facing contractors. Board Member Watts commented that any type of guarantee on advance payments, such as interest rates or running credit checks, would hurt contractors.

Board Member Castaneda expressed that this issue requires a response from Energy Division and a consideration to hold utilities harmless when it comes to some requirements, such as cost effectiveness. The Energy Division should try to mediate these competing concerns.

In response to the larger discussion, Andrew Steinberg and Octavio Verduzco requested to address the Board on the topic of ESA contractor concerns within SoCalGas territory. Mr. Steinberg clarified that SoCalGas is not waiting on Commission input to act, and in response to concerns raised, have added a performance-based bonus, increased enrollment, increased compensation, increased measure types, and will commit funds from 2023 budget for 2024 program year. SoCalGas recognizes many of the challenges, especially in terms of energy savings goals for a single fuel utility in a warmer climate, as well

as budget changing rules. Mr. Verduzco followed by sharing program successes despite these challenges, such as a significant increase in average therms savings. One persisting problem is that the budget is very flat and fixed, so funds cannot be shifted between years.

Board Member Stamas asked what it would take to change the budget related rules and SoCalGas answered that it would likely be a PFM. SoCalGas also shared that the ESA Working Group is a good venue to explore all potential solutions.

Board Member Watts stated that all the SoCalGas contractors are having the same issues and Telacu is representing these viewpoints fairly. Additionally, contractors have complications in working with different utilities in the same territory. Board Member Watts emphasized that customer acquisition costs are not adequate in either SCE or SoCalGas ESA programs.

In response to the Board's general discussion of a proposed motion, the CPUC Legal Liaison to the LIOB Galen Lemei asked if this item was listed as an action item on the agenda and the Board Chair answered that it was not, but that it is a standing part of the agenda. Since this motion was not clearly stated on the agenda and to prevent confusion, the Board decided to advise Energy Division based on discussion at the meeting today and to formally ratify the motion at a future meeting.

The Board requested the Commission to work with SCE and SCG to provide a response to the following issues within 10 business days:

1. Address Contractor advance payments in a more expedited fashion
2. Comprehensive look at insuring IOUs can make adjustments to compensation (for example, advance payments and contractor compensation increases) while balancing energy savings goals and be held harmless by the CPUC
3. IOUs to ensure that the program design and their systems do not have barriers to provide timely reimbursement to their contractors

Board Members Watts, Tang, Stamas, Delgado-Olson, Castaneda, Wimbley, Irwin, and Castilone expressed support. Board Members Bierman abstained from supporting and Board Member Medina had to depart the meeting early.

Outside of ESA program issues, Board Member Stamas asked about the success of the Arrearage Management Plans and how few participants can complete the duration of the program. Additionally, Board Vice-Chair Wimbley inquired about the status of an evaluation of the program. A representative from SCE answered that last December the utilities submitted recommendations related to the program and that there will be an evaluation later this year. These two actions will likely result in program changes.

At this point in the meeting, Board Chair Delgado-Olson had to depart and transferred meeting facilitation duties over to Board Vice-Chair Wimbley.

10. Long Term Natural Gas Planning rulemaking (R.20-01-007) & the Joint Agency Gas Transition White Paper – Energy Division

Commissioner Douglas introduced the next item on the agenda, as the assigned Commissioner to this proceeding. The Commissioner expressed appreciation to the LIOB for taking time to address this item, which focuses on the decarbonization of the gas system. One key element of this proceeding is to consider the impact on rates and low-income customers. The Commissioner wanted to take this opportunity to introduce the topic to the LIOB and begin opening a dialogue. Jean Spencer of the Energy Division [presented the intent and status of the proceeding](#).

Board Member Castaneda responded to the presentation by speaking to cultural differences that may cause customers to have a reluctance to transition certain appliances, such as ovens. To mitigate these cultural differences or perceptions, more education on health and safety risks is necessary. Related to the ESA program, there is the opportunity to better align decarbonization with weatherization measures as well as including the costs of panel upgrades into the program.

Commissioner Douglas thanked the Board for their perspective and interest in the topic, especially since it concerns approximately 90% of the state's housing stock. The Commissioner also spoke to potential avenues to help low-income customers, such as temporary rate assistance associated with decarbonization.

Board Member Wimbley mentioned his experience in participating in other state agency efforts on decarbonization and noted the need to align all these different state resources. Board Member Wimbley also asked if a community level approach is being considered within the proceeding. Commissioner Douglas answered that this question is being brought up in the proceeding especially as it relates to lowering infrastructure costs. There have been pilots where the goal is to get 100% participation in a certain community, but that goal has not yet been met. Board Member Wimbley also asked if this work is being coordinated by the utilities around infrastructure that needs to be upgraded anyways. Ms. Spencer answered that the pilots are not at that stage yet, but that there have been cases where a utility avoided the cost of having to upgrade a system by getting a certain number of customers to electrify.

Board Member Castaneda came back to the marketing of the program and suggested focusing on targeting propane customers, as switching to electric energy would bring their costs down.

Board Member Stamas thanked the Commissioner for considering vulnerable customer impacts early in the process. To this point, she suggested prioritizing low-income customers so they can be early adopters of decarbonization.

11. California Department of Community Services & Development Update

Board Vice-Chair Wimbley did not have any significant updates at this time.

12. Wrap Up & Closing Remarks

Board Vice-Chair Wimbley provided brief closing remarks and thanked all members and IOU representatives for this productive meeting.

The meeting adjourned at approximately 3:45 PM.

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