BEFORE THE PUBLIC UTILITIES COMMISSION OF THE

STATE OF CALIFORNIA

In the Matter of the Application of Southern California Edison Company (U 338-E) for Approval of its 2012-2014 California Alternative Rates for Energy (CARE) and Energy Savings Assistance Programs and Budgets.	)))))	A. 11-05-017 (Filed May 16, 2011)

SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) REPLY TO PROTESTS OF ITS APPLICATION FOR APPROVAL OF ITS CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE), ENERGY SAVINGS ASSISTANCE, AND COOL CENTER PROGRAMS AND BUDGETS FOR 2012-2014

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I.

INTRODUCTION

Pursuant to Rule 2.6(e) of the Commissions Rules of Practice and Procedure, Southern California Edison Company (SCE) hereby submits its reply comments in A.11-05-17. SCE received responses/comments/protests to its Application for Approval of its California Alternate Rates for Energy (CARE), Energy Savings Assistance Program (ESAP), and Cool Center Program and Budgets for 2012-2014 (Application) from California Housing Partnership Corporation (CHPC), Disability Rights Advocates (DisabRA), Division of Ratepayer Advocates, (DRA), Donald Vial Center on Employment in the Green Economy (The Vial Center), Energy Efficiency Council, Greenlining Institute (Greenlining), National Consumer Law Center (NCLC), Natural Resources Defense Council (NRDC), Synergy Companies (Synergy), and a joint protest from The East Los Angeles Community Union (TELACU), the Maravilla Foundation (Maravilla), and the Association of California Community and Energy Services (ACCES) (TELACU, Maravilla, and ACCES is jointly referred to as the Joint CBOs).

II.

ESAP

A. Multifamily buildings

Parties provided comments related to improving ESAP for multifamily buildings. The parties' comments included a number of recommendations related to services for multifamily buildings. CHPC advocates for inclusion of heating, cooling, and hot water systems for common area and other whole-building energy efficiency improvements in multifamily rental buildings.[1] NCLC suggested ways to increase services to multifamily buildings including services that may be provided directly to the tenants and owners.[2]

As stated in SCE's Application, SCE is working to rollout the multifamily component of the Energy Upgrade California (EUCA) program. SCE proposes to coordinate service delivery through ESAP with delivery of EUCA. While it is currently premature to know the exact design and scope of EUCA services, SCE is committed to working with CHPC and other stakeholders to ensure property owners can participate in a performance-based whole building approach to improve the efficiency of common areas while maximizing energy efficiency and lowering bills for low-income tenants through ESAP. However, SCE does not support extending ESAP incentives to common area measures for multifamily property owners who do not meet income qualification for ESAP. ESAP typically covers the entire measure cost for low-income households who lack financial resource to pay the upfront costs for energy efficient measures.

Further, CHPC claims eligible households in multifamily housing are underserved through ESAP.[3] CHPC asserts that because of the number of eligible households living in multifamily housing who are underserved by ESAP, the Commission should establish multifamily household expenditure targets similar to that established for persons with

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[1] Response of the California Housing Partnership Corporation (CHPC) to Application for Approval of 2012-2014 ESAP Programs and Budgets [From Southern California Edison Company, Southern California Gas Company, Pacific Gas and Electric Company, and San Diego Gas and Electric Company] (CHPC's Response), p. 3.

[2] Response of the National Consumer Law Center (NCLC's Response), p. 2-3.

[3] CHPC's Response, at 11.

disabilities.[4] However, in D.08-11-031, the Commission set enrollment goals not expenditure targets for persons with disabilities.[5] Moreover, SCE has treated and is projecting to treat multifamily tenants in proportion to the total number of estimated multifamily tenants in SCE's service territory.

Lastly, SCE supports the Joint CBOs opposition to CHPC's proposed "carve-out" of ESAP funds solely for the investors/owners of assisted deed-restricted housing.[6] ESAP funding should not be diverted away from installing measures that can help eligible low-income households reduce energy use and save money on their bills to assist investors/owners of assisted deed-restricted housing.

B. Measure Selection Process

The parties raised concerns about incorporation of study results, declining cost effectiveness, appropriate cost effectiveness results, and the 2009 Impact Evaluation relating to measure selection. Regarding incorporation of study results, SCE applied the results from all studies in the development of its Application. SCE discussed the studies in detail in its Application and testimony.

1. Cost Effectiveness

Several parties[7] provided comments relating to the current ESAP cost effectiveness methodology. SCE filed its Application in accordance with direction provided by the Commission on cost effectiveness in the March 30, 2011 Assigned Commissioner's Ruling and Scoping Document, and in D.08-11-031. SCE agrees that it may be appropriate to review and determine whether it may be desirable to revise the

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4 *Id.*

5 D.08-11-031, OP 29.

6 The Joint Protest of The East Los Angeles Community Union (TELACU, the Maravilla Foundation, and the Association of California Community and Energy Services (ACCES) regarding the Applications of Pacific Gas and Electric Company (U 39 M), Sand Diego Gas & Electric Company (U 902E), Southern California Gas Company (U 904G) and Southern California Edison Company (U 388-E) for Approval of their 2012-2014 Energy Savings Assistance and California Alternative Rates for Energy Programs and Budgets (Joint CBOs' Protest), p. 12-13.

7 Including DRA, CHPC, The Vial Center, among others.

measure selection process for future program cycles so as not to remove specific measures based on whether they achieve a 0.25 benefit cost ratio.[8] Accordingly, SCE in its Application did not propose to remove measures that have narrowly failed cost effectiveness analysis. SCE believes that developing a cost effectiveness threshold at the portfolio level would more clearly comply with Public Utilities Code Section 2790(c).[9] If the Commission wishes to review and perhaps modify cost effectiveness criteria and application of cost effectiveness for portfolio composition and measure selection, the review should be completed in a manner that informs and provides guidance to future funding cycles (i.e., 2015-2017).

DRA states that "the Joint Utilities failed the Commission's test to show that 'energy savings of the LIEE portfolio are increasing over time with a closer correlation between program spending and energy savings than shown.'"[10] However, SCE's ESAP budget for 2012-2014 is equivalent to SCE's 2009-2011 budget and is projected to produce greater energy savings than SCE's 2009-2011 portfolio. Also, DRA questions the current inclusion of specific Non-Energy Benefits (NEBs) values in cost effectiveness and suggests modifications to the tests may be appropriate.[11] SCE agrees it would be desirable to revisit the appropriate tests and methods for conducting cost effectiveness of ESAP and has suggested that a NEBs multiplier(s) could be used for other tests including the Total Resource Cost test and the Utility Cost Test. While SCE agrees that such a review is desirable, SCE believes that such a review will require a substantial amount of time and therefore should occur on a going forward basis and apply to future program cycles (i.e. 2015-2017). SCE submitted this Application in accordance with the Commission's currently approved cost effective criteria and it should be evaluated according to those cost-effective criteria.

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8 Synergy agrees that "Now is not the time to chip away at the energy savings we can achieve in a low-income residence." Opening Comments of Synergy, p. 3.

9 Public Utilities code Section 2790(c) includes the phrase "taking into consideration for all measures both the cost-effectiveness of the measures as a whole".

10 Protest of the Division of Ratepayer Advocates (DRA's Protest), p. 5.

11 *Id.* at 6-7.

The Vial Center and CHPC question ESAP's business model and labor practices. The Vial Center suggests that in some cases the installation of measures through ESAP may have been followed by higher energy use and attempts to link these circumstances to ESAP's business model and labor practices.[12] However, the Vial Center has provided no evidence on the matter and their unsupported allegations are not a basis to restructure SCE's ESAP as called for in the Vial Center's Statewide WE&T Needs Assessment. The business model referenced in the Vial Center's comments[13] is not used by SCE to select community-based organizations (CBOs) and/or private contractors. Most SCE contractors have performed services in multiple program cycles and have demonstrated their commitment to providing high quality services to SCE's customers. SCE has procured its services in accordance with State law and Commission policy.

Additionally, CHPC requests the Commission restructure ESAP bidding process to support best-value rather than low-cost bidding.[14] SCE bulk-purchases appliances thereby inducing market competition to obtain the best price for equipment that meets SCE's specifications. SCE negotiates contracts with CBOs and private contractors to provide high quality services for customers and maintains a robust inspection process to ensure installations are done properly. CHPC and other respondents erroneously presume that SCE has attempted to drive down labor costs to deliver the program. SCE continues to focus on process improvements to produce greater cost efficiency, including the introduction of Tablet PCs, scheduling and routing software. These innovations are expected to increase cost efficiency in 2012-2014.

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[12] Response of the Donald Vial Center on Employment in the Green Economy to Pacific Gas and Electric Company, Southern California Gas Company, Southern California Edison Company, and San Diego Gas and Electric Company's Applications for Approval of their 2012-2014 Energy Savings Assistance Programs and Budgets (The Vial Center's Response), p. 5.

[13] *Id.*

[14] CHPC's Response, p. 14-15.

2. Impact Evaluation

Parties expressed concerns relating to the 2009 Impact Evaluation. SCE agrees that the 2009 Impact Evaluation produced lower estimates of energy savings for reasons that are not fully understood.

In addition, the 2009 Impact Evaluation produced cooling measure savings that are not useful for SCE's measure selection or screening in a cost effectiveness analysis. Savings for room air conditioners were reported as being equivalent to savings for central air conditioners. Savings estimates were not produced for other measures and in some cases, savings for measures in certain housing types and climate zones are not available. As a result, SCE has maintained central air conditioners in its portfolio as an "add back" measure.

SCE concurs with DRA that the analytical framework for selecting measures for the ESAP can be improved.[15] However, SCE disagrees with DRA that these issues will readily be resolved in one year as estimated by DRA. An Impact Evaluation typically requires approximately two years to complete. Therefore, even under DRA's alternate schedule, a new Impact Evaluation will not be completed in time to inform measure selection and program composition for this program cycle.

Further, Synergy raises an issue regarding the reporting of electric energy savings for measures installed by Southern California Gas Company (SoCalGas).[16] Conversely, gas savings may also accrue for certain SCE measures. SCE believes that the issue that can be considered when performing the next Impact Evaluation.

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15 DRA's Protest, p. 7-8.

16 The Opening Comments of Synergy Companies regarding the Applications of Pacific Gas and Electric Company (U 39 M), San Diego Gas & Electric Company (U 902E), Southern California Gas Company (U 904G) and Southern California Edison Company (U 388-E) for Approval of their 2012-2014 Energy Savings Assistance and California Alternative Rates for Energy Programs and Budgets (Synergy's Comments), p .9.

3. 3-Measure Minimum Rule

The parties expressed concerns that program rules may prevent the installation of measures at the household even if the measures are cost effective. SCE shares this concern and recommends eliminating the 3-Measure Minimum Rule to alleviate this problem. In SCE's Application, SCE addressed the 3-Measure Minimum Rule in the context of providing CFLs and requested a reversion back to the CFL policy in place prior to 2009. The effects of the 3-Measure Minimum Rule may be more pervasive. A secondary factor for SCE's proposal to retire evaporative cooler maintenance and air conditioner maintenance from ESAP was due to the fact that neither measure could comply with the revised 3-Measure Minimum Rule.[17]

SCE and SoCalGas face additional challenges as single-fuel utilities in implementing a coordinated series of services to customers. The 3-Measure Minimum Rule adds to these challenges and deprives SCE's customers in temperate climates of measures they could more readily receive from dual-fuel utilities.

Additionally, the Joint CBOs maintain that the difference in goals set for treated homes by SCE (220,000 units) and SoCalGas (330,000 units) may make it difficult for these utilities to meet their goals since each utility will need the other utility's measures to be applied to dwellings in order to qualify for the 3-Measure Minimum Rule.[18] This is another unintended consequence that results in fewer homes receiving measures due to the 3-Measure Minimum Rule. SCE notes the difference in goals between the two utilities is indicative of the difference in eligible populations for program services. Therefore, eliminating the 3-Measure Minimum Rule would increase SCE's ability to install cost effective measures and allows SCE to focus on delivering all feasible measures to eligible customers in order to maximize program savings.

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[17] The 2009 Impact Evaluation also did not attribute any energy savings to these measures.
[18] Joint CBO's Protest, p. 9.

4. Eligible Population

The parties raised a series of concerns regarding how the utilities determine their eligible, willing, and able populations. Specifically, parties questioned SCE's proposal to increase the percentage of unwilling or unable to participate to 15%.

SCE's data indicates that 24% of customers are unwilling or unable to participate.[19] SCE has proposed a 15% level to account for use of the statewide brand and additional marketing to improve customer acceptance. Setting a realistic estimate of customer willingness to participate helps determine the level of resources that will be required to deliver services, treat customers and maintain progress toward meeting the Commission's programmatic initiative.

The Energy Efficiency Council incorrectly asserts SCE's Low Income Home Energy Assistance Program (LIHEAP) participation estimates have been inflated to reflect increased American Recovery and Reinvestment Act of 2009 (ARRA) funding during the 2009-2010 period.[20] As noted in SCE's testimony, SCE used the 2002-2007 LIHEAP participation numbers adopted by the Commission and conservatively projected activity from 2008 – 2020 at 90% of the 2002-2007 average annual homes treated through LIHEAP. Further, SCE did not use response data for customers that were determined to have income in excess of the program limit of 200% of Federal Poverty Guidelines to develop its unwillingness to participate estimate.

SCE opposes CHPC's recommendation to substitute Area Median Income (AMI) for the Federal Poverty Guidelines currently in use for ESAP and mandated by California

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19 SCE notes that while it has "conflated" unwilling customers with customers who are unable to participate, it has done so based on available data and conservatively has estimated the customers to be treated based on 15% of customers being unwilling or unable to participate.

20 Opening Comments of the Energy Efficiency Council on Application of Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SCG), Southern California Edison (SCE), and San Diego Gas and Electric's (SDG&E) 2012-2014 Energy Savings Assistance and California Alternate Rates for Energy Programs and Budget (Energy Efficiency Council's Comments), p. 5.

law for determining CARE eligibility.[21] The AMI varies by county and would add to the complexity in marketing a statewide program.[22]

Finally, SCE is willing to discuss opportunities to streamline procedures for documenting income qualification for tenants that have qualified for housing programs under guidelines that fall within ESAP income limit of 200% of Federal Poverty Guidelines.

5. Additional Studies Would Be Beneficial To Esap

SCE has proposed an Energy Education and Assessment Study for the upcoming program cycle and is willing to work with other parties to consider aspects to include in the study, including exploring the use of home energy reports as recommended by NRDC[23] and how to most effectively deliver energy education to customers. However, DRA does not support funding the Energy Education and Assessment Study and suggests that SCE should incorporate recommendations from prior studies.[24] SCE believes energy education can empower customers with the ability to recognize how their behavior can influence energy use and costs. SCE expects the study will be able to build on some of the research from the prior cycle, but believes the proposed study can greatly increase the effectiveness of outreach and service delivery for ESAP.

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21 CHPC's Response, p. 10-11.

22 CHPC acknowledges AMI varies across counties. CHPC's Response, p. 10.

23 *See* Response of the Natural Resources Defense Council (NRDC) to Pacific Gas and Electric Company, Southern California Gas Company, Southern California Edison Company, and San Diego Gas and Electric Company's Applications for Approval of their 2012-2014 Energy Savings Assistance and California Alternate Rates for Energy Programs and Budget, p. 13-15.

24 DRA's Protest, p. 11.

III.

CARE

A. Categorial Enrollment

Greenlining opposes revisions to categorical enrollment in the CARE program.[25] SCE fully supports categorical enrollment as a viable way to increase program participation. However, SCE supports a review of programs included in categorical enrollment to ensure that the programs properly align with CARE income guidelines.

B. Disconnection Issues Should Remain In Rulemaking 10-02-005

DRA recommends that the Commission consider metrics for making energy affordable and accessible to all customers within the scope of this proceeding including issues being considered in the disconnection Rulemaking 10-02-005.[26] The Commission at DRA's request established Rulemaking 10-02-005 for consideration of these issues thus those issues are clearly beyond the scope of this proceeding. All disconnect issues should remain within the disconnect proceeding. The same issues should not be addressed in two different ongoing proceedings.

C. Varying Discount Levels

DRA recommends the Commission explore crafting CARE to be more than a "one-size fits all" discount.[27] This policy review would add significant complexity to the marketing and delivery of CARE, would require significant rate design analysis to determine potential effects on rates, and would require complex revisions to the CARE tariffs. SCE submitted its CARE administration proposals with the presumption that SCE would be refining outreach and administration procedures for the CARE rate as currently structured. Administering a more complex program could require significant revisions to SCE's proposed administrative budget. SCE opposes this recommendation.

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[25] Response of the Greenlining Institute to the Application of Southern California Edison Company, p. 2.
[26] DRA's Protest, p. 20-21.
[27] *Id.*, at 21.

IV.

DRA'S PROPOSED SCHEDULE CONTAINS INAPPROPRIATE AND NEEDLESS DELAY

In DRA's protest, DRA requested a bifurcation of CARE and ESAP[28] because CARE-specific issues can be resolved by the end of this year while ESAP requires additional program design.[29] While SCE agrees that ESAP may be improved by modifying program rules and policies, SCE does not believe that it is prudent to delay the implementation and funding for this program cycle while those issues are discussed and explored. SCE believes that some of the matters raised by DRA can be addressed much sooner than indicated in their proposed schedule while others cannot be resolved even within DRA's proposed schedule. As a result, SCE believes that it will be more prudent to address the issues that can be addressed within SCE's proposed schedule and expeditiously approve the current Application. The remaining issues should be discussed over the course of this program cycle and any necessary improvements can be implemented in the next program cycle (i.e. 2015-2017). DRA's proposed schedule contains inappropriate and needless delay and therefore should be rejected in favor of SCE's proposed schedule.

V.

CONCLUSION

SCE has reviewed the comments and protests submitted by the parties and has not identified any issues that warrant a delay beyond January 1, 2012 in providing SCE's proposed CARE, ESAP and Cool Center process improvements and measures and approving the program budgets. No party opposes any of the measures proposed by SCE for inclusion in ESAP. The parties generally support modification or elimination of the 3-Measure Minimum Rule, the addition of power saving surge protectors to ESAP, and over-the-phone CARE enrollments.

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[28] DRA's Protest, p. 22-23.

[29] DRA subsequently released an Ex Parte Communication requesting an extension of both the Energy Savings Assistance Program and CARE schedules.

SCE acknowledges there may be benefits to revisiting the approved cost effectiveness tests and procedures for ESAP. However, SCE believes that it is more prudent to review and develop the improved impact data during the course of this program cycle in order to inform the policies, rules and guidance for the 2015-2017 applications. SCE opposes the bridge funding requests and urges the Commission to proceed with a schedule that allows timely implementation of SCE's 2012-2014 proposed programs. SCE requests the Commission schedule workshops to discuss issues raised by parties that can be timely resolved in order to proceed with the timely implementation of the 2012-2014 programs on January 1, 2012.

Respectfully submitted,

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