

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Application of Southern California Edison Company (U338E) for Approval of its 2012-2014 California Alternate Rates for Energy (CARE) and Energy Savings Assistance Programs and Budgets.	Application 11-05-017 (Filed May 16, 2011)
Application of Southern California Gas Company (U904G) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014.	Application 11-05-018 (Filed May 16, 2011)
Application of Pacific Gas and Electric Company for Approval of the 2012-2014 Energy Savings Assistance and California Alternate Rates for Energy Programs and Budget (U39M).	Application 11-05-019 (Filed May 16, 2011)
Application of San Diego Gas & Electric Company (U902M) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014.	Application 11-05-020 (Filed May 16, 2011)

THE GREENLINING INSTITUTE'S REPLY COMMENTS

ON THE PROPOSED DECISION

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Introduction

In accordance with Rule 14.3 of the California Public Utilities Commission's ("the Commission") Rules of Practice and Procedure, the Greenlining Institute (Greenlining) submits reply comments on the Proposed Decision (PD) regarding the Energy Savings Assistance (ESA) and California Alternate Rates for Energy (CARE) Programs of Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas), Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) (collectively "IOUs").

I. The PD Greatly Underestimates the Administrative Costs of and Time Needed for Its Changes to Categorical Eligibility.

The PD estimated the increased administrative costs for its changes to Categorical Eligibility at approximately \$7.6 million annually for SCE, \$6 million annually for PG&E, \$840,000 annually for SDG&E and \$5.97 million - \$7.47 million annually for SoCalGas.¹ However, as is evident from the IOUs comments, the PD greatly underestimated these costs.

As "[t]he PD does not ... take into consideration the impact of the policy shift toward income verification on program policies, procedures and reporting," SCE notes that it will need much more funds.² SCE details a long list of these unanticipated and unfunded changes, including "significant IT enhancements and other operational expenditures," "[u]nanticipated customer communication," the need to examine alternatives for the process to deal with a large volume of verification, maintaining confidentiality, etc.³ As SCE envisions many unanticipated expenditures, it proposes a reasonableness review in the future, after it has had the opportunity to determine the costs.⁴ Thus, while the PD professes to tally administrative costs, it is mistaken. In reality, the costs are currently undeterminable and will certainly be much higher than the PD anticipated.

SDG&E and SoCalGas also detail additional unanticipated measures that they must undergo in order to implement the PD's changes.⁵ All of these expenditures will add to the administrative

¹ See Greenlining's Opening Comments on the PD ("Greenlining Comments"), p.6, citing PD, pp. 178-79

² SCE's Opening Comments to the PD on Large IOUs 2012-2014 ESA (Formerly Referred to as Low Income Energy Efficiency or LIEE) and CARE Applications ("SCE Comments"), p. 3 & n. 5.

³ See SCE Comments, p. 3 & n.5.

⁴ See SCE Comments, p. 3.

⁵ See Opening Comments of SDG&E on Administrative Law Judge's PD ("SDG&E Comments"), pp. 9-10; Opening Comments of SoCalGas on Administrative Law Judges PD ("SoCalGas Comments"), pp. 13-14. It is safe to assume that PG&E will also incur unanticipated expenditures, although it does not discuss them in comments.

costs of the PD's changes.⁶ Moreover, both SDG&E and SoCalGas request additional time – up to 11 months – to complete all of the tasks needed to implement the PD's changes.⁷ The unanticipated tasks, expenditures, and time needed all point to the unplanned and disruptive nature of the PD's changes. A review of Categorical Eligibility should be well planned and for this reason many parties recommended workshops to examine the issue, especially before such sweeping changes.

II. Rather than Address the IOUs' Specific Proposals to Slightly Increase Verifications for Categorical Eligibility, the PD Effectively Eliminates It.

In their applications, the IOUs proposed some measures that made sweeping changes to Categorical Eligibility, eliminating the benefit of efficient enrollment and promising much higher administrative costs. For example, PG&E proposed to require *all* categorically enrolled customers to provide another form of income documentation.⁸ These proposals should have been rejected.

However, the IOUs also proposed some measures that were more finely tailored to address specific problems with Categorical Eligibility, but the PD adopted more sweeping changes:

In its Application, SDG&E and several other parties called upon the Commission conduct workshops to assess and revise the current Categorical Eligibility and Enrollment process pre-approved list. In lieu of conducting workshops, to address the loopholes in the Categorical Eligibility process, the Proposed Decision requires the utilities to [perform the changes detailed in Ordering Paragraph 89].⁹

Rather than sweeping changes that require income documentation from *all* Categorical Eligibility customers, the IOUs proposed to target Post Enrollment Verification (PEV) from smaller groups who have been identified as more likely to be ineligible. These targeted measures would be much less expensive to implement, and will be more likely to effectively address those small groups who may be income ineligible. The Commission should have explored these proposals, or established a workshop or other forum. The PD instead adopts the more expensive, less effective approach.

The IOUs' targeted measures include SCE's proposal to increase verification from 1% to 5% of customers.¹⁰ PG&E also proposed to increase the number of customers selected for PEV,

⁶ Just a slight measure of administrative costs may be revealed by the following statement: "processing an income verification request takes a minimum of four times longer to process than a program enrollment" SDG&E Testimony of Sandra Williams, SW-28.

⁷ See SDG&E Comments, pp. 9-10; SoCalGas Comments, pp. 13-14.

⁸ See PG&E Testimony in Support of Application for the 2012, 2013 and 2014 ESA Program and the CARE program ("PG&E Testimony"), p. 2-30.

⁹ See SDG&E Comments, pp. 2-3/

¹⁰ See Comments of the Division of Ratepayer Advocates on the PD on the Large IOUs' 2012-2014 ESA and CARE Programs ("DRA Comments"), p. 4 (citing PD, p. 174).

utilizing a variety of factors in selecting households for PEV that include enrollment source and usage levels based on baseline territory.¹¹ SDG&E proposed to increase customers targeted for PEV, based on a number of indicators.¹² The Division of Ratepayer Advocates (DRA) describes many of these processes and concludes:

Ultimately, this evidence shows that the CARE program administrators have amassed a wealth of knowledge about customers and that their systems target for verification those customers least likely to qualify for the CARE program.¹³

As DRA notes, the IOUs' applications for their changes were to be harmonized with the 90% enrollment goal, in contrast to the PD's refutation of that goal.¹⁴ While Greenlining believes that workshops to examine the issue is the best method of moving forward, we agree with DRA that the proposals by IOUs to slightly increase targeted verifications of Categorical Eligibility customers is a much better alternative than the sweeping elimination of Categorical Eligibility and the 90% enrollment goal.¹⁵

III. PG&E's Proposal to Eliminate Customers from CARE for Exceeding 600% of a Daily Baseline Quantity Should Be Rejected.

Greenlining and other parties notes that PG&E's final position regarding CARE customers with very high usage adopted many safeguards –to ensure that legitimate CARE customers were not removed from the program.¹⁶ Those safeguards accepted by PG&E should be ordered by the Commission. However, in opening comments PG&E makes a proposal that would lead to legitimate CARE customers being eliminated from the program. PG&E proposes that IOUs be allowed to eliminate customers from the program if after 60 days and a year thereafter the customer's usage during any time exceeds the average *daily* baseline quantities.¹⁷ High usage over a single day is simply not enough evidence of illegitimate usage. Monthly usage should be the standard, and PG&E's original timeline of 180 days should be retained.

¹¹ See DRA Comments, p. 4; PG&E Testimony, p. 2-11.

¹² See DRA Comments, p. 4 (citing SDG&E Testimony of Sandra Williams, p. SW-27 (describing random PEVs as well as "for cause" PEV for those customers SDG&E suspects may not be eligible).

¹³ DRA Comments, p. 5; See also SDG&E Testimony of Sandra Williams, pp. SW-9 to SW-10; PG&E Testimony, p. 2-11.

¹⁴ See DRA Comments, p. 5.

¹⁵ Greenlining adopts DRA's suggested revision of Conclusion of Law #15. See DRA Comments, Appendix, p. A-12.

¹⁶ See e.g. Comments of TURN on the PD of ALJ Kim ("TURN Comments"), pp. 11-14. These safeguards included effective notice, extension of the requirement for enhanced PEV and ESA participation to customers above 600% of baseline, assistance with income documentation and the opportunity to appeal removal because of extreme usage and ESA referral to Medical Baseline.

¹⁷ See Opening Comments of PG&E on PD of Administrative Law Judge Kimberley Kim on Large IOUs' 2012-2014 ESA and CARE Applications

IV. The Change in Eligibility for One Person Households Should Be Phased In.

Greenlining joins in The Utility Reform Network's (TURN) proposal to phase in the reduction of the CARE/ESAP income eligibility for one-person households.¹⁸ As TURN points out, the lowering of the annual income guideline to \$9,460 is dramatic, constituting a 30% reduction.¹⁹ Without meaningful notice, those households ineligible for CARE will experience a sudden, adverse rate shock. Greenlining joins in TURN's proposal for a year notice of the change in order to give customers and service providers an opportunity to adjust.²⁰

V. Data Collection Should Capture Demographic Data and Provide the Foundation for Tracking the Recruitment of Workers from Disadvantaged Communities.

The PD references data collection on workforce outcomes in Conclusions of Law 79 through 88. The goal is to capture the data to determine what responsive and proactive planning is necessary to plan for the workforce of tomorrow. The data currently required to be tracked, however, does not require reporting on demographic information, such as wages, recruitment of workers from training programs or disadvantaged communities, etc. If we are to increase hiring from disadvantaged communities, we must require that data tracking include demographic data. DRA, G4A/Brightline and Greenlining agree that IOUs should be directed to track and improve workforce training and job standards such that we can evaluate and improve the recruitment of workers from disadvantaged communities. Greenlining asks that the final decision clarify that IOUs and contractors track data related to wages, recruitment of disadvantaged workers (e.g. low income status or targeted communities), hiring from training programs, etc.

VI. The Commission Should Require the IOUs to Proactively Anticipate and Plan for Future Workforce Needs.

The PD directs that IOUs collect workforce data as a preliminary step to meet workforce goals. However, the PD fails to ensure that IOUs use the gathered data to create a workforce plan. The PD merely suggests that the IOUs should "explore" the use of the data "wherever it makes sense."²¹ These broad statements merely suggest and do not require IOUs to be accountable for meeting the Commission's goals. The Commission has stated goals to increase training and hiring

¹⁸ See TURN Comments, pp. 14-15, citing PD, p. 223.

¹⁹ See TURN Comments, p. 14.

²⁰ See TURN Comments, p. 15.

²¹ PD, p. 152

from disadvantaged communities in a number of past decisions. It is time to move from goals to plans and implementation.

The Commission's laudable goals are made meaningful only if workforce training and data tracking manifests into job placement into high-road employment opportunities for trainees. The goal of workforce development is ultimately job placement. Trainees invest time, money, and effort to attend training programs so that they may be placed in a high-road job. Trainees who are not hired after such investments will be disheartened by the process in whole and the training would have been wasted. Hiring better trained employees also increases the quality of work on projects and, as have been demonstrated, it increases the energy savings on work installations. As such, we ask that the CPUC require that the IOUs create plans, informed by the workforce data, for increasing the hiring of workers from training programs, especially training programs that serve disadvantaged communities. Their plans should detail how employees will gain access to jobs that are *not* short-term or "dead end jobs" – but jobs that have a career pathway and opportunity for workers move up the career ladder as they increase in skill.

Conclusion of Law 83 asks that the IOUs:

Consider pilot programs (as recommended in the Needs Assessment) to test new quality standards for ESAP weatherization projects accompanied by necessary training, increased pay for performance for contractors, and links to job placement for completing the training...

This is a laudable program and should be implemented. Rather than asking IOUs to "consider" this idea, we ask that the Commission direct IOUs to create this program.

VII. There Should Be Coordination Between the Energy Efficiency Programs.

It is essential to align Workforce Education and Training (WE&T) across the Commission's energy efficiency portfolio. This ensures that there is a shared pool of trained workers, valuable information and insight is shared across the program areas, and ensures that workers from disadvantaged communities have meaningful career pathways beyond the ESA Program to other residential, commercial, and industrial energy efficiency sectors. We ask that the Commission require this linkage as a conclusion of law. As such, we ask that the Commission align workforce strategies across the energy efficiency sectors.

Finally, we support the proposed WE&T Working Group as a body to help facilitate and implement the Commission's recommendations. Greenlining would be open to serving as a participating organization and/or to help facilitate the WE&T Working Group.

Respectfully submitted,

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