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And Related Matters:	Application 14-11-009 Application 14-11-010 Application 14-11-011

THE OPENING COMMENTS OF

PROTEUS INC. AND LA COOPERATIVA CAMPESINA DE CALIFORNIA ON THE PROPOSED DECISION ON LARGE INVESTOR-OWNED UTILTIES' CALIFORNIA ALTERNATIVE RATES FOR ENERGY (CARE) AND ENERGY SAVINGS ASSISTANCE (ESA) PROGRAM APPLICATIONS in A.14-11-007 and RELATED MATTERS

Marco Lizarraga for
La Cooperativa Campesina de California and Proteus, Inc.
1107 9th Street, Suite 420
Sacramento, CA 95814
(916) 388-2220 (phone)
(916) 388-2425 (fax)
m2lizarraga@lacooperativa.org

October 13, 2016

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Introduction

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, La Cooperativa Campesina de California and Proteus Inc. respectfully submit their comments to the Proposed Decision (PD) of the Administrative Law Judge (ALJ) W. Anthony Colbert on the *Proposed Decision On Large Investor-owned Utilities' 2015-2017 California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Program Applications,* issued September 23, 2016.

The PD does not advance existing policies enough to establish a reasonable framework for CARE and ESA programs in this application cycle. It maintains the status quo, and it does little to advance low-income energy programs. The Proposed decision disregards lessons learned from the Aliso Canyon emergency on how to achieve significant energy savings by removing the three-measure minimum rule and eliminating the "go-back rule." The policies set forth in the PD will set off a costly chain reaction by causing service providers to face layoffs, and making payment of energy bills an even greater burden in these disadvantaged households. This unnecessary consequence could cause increased home energy costs for all. Finally, its author fails to recognize the urgency that effective change is needed in this program to better address efficiencies, and the health, safety and comfort mandate within the ESA program. As human services providers in some of the most temperature extreme areas of the state, we personally know the real hardship endured by low-income residents whose health, comfort and safety are threatened by an inability to access energy efficiency and affordability.

PD Ignores Low-Income Hardship

Low-income families live in less energy efficient housing and pay grossly more per square foot on energy costs than median-income households. We analyzed data from the U.S. Census Bureau's *American Housing Survey* for 2011 and 2013, the latest data available. The sample gathers information about households on income, and their housing and energy costs. We calculated the cost of energy as a percentage of household income in eight California cities. Our data analysis found the energy burden in low-income California households is between three to six times higher than that of non-low income homes. [1] Proteus Inc. and La Cooperativa Campesina de California question whether the statutory objectives of the CARE and ESA programs are currently being realized when the most recent five-year *American Community Survey* of the U.S. Census documents 889,000 California households earning an income at 50 percent the federal poverty level while paying more than 25 percent of that income to their home energy bills.[2] Customers in this category have greater difficulty paying their utility bills because of lack of disposable income, lack of savings and an inability to access affordable credit. Many families resort to high-interest pay day loans or face shut-offs that cause hazardous conditions and negative health impacts. Both consequences perpetuate the cycle of poverty. Based on Proteus and La Cooperativa's decades of experience providing human services and energy assistance services to low-income communities across rural California, we believe these unacceptable consequences are even more severe in Central Valley communities battling the most extreme heat in the state, but the *American Housing Survey* data, a national sample including energy costs and home data, is *not even collected* in these underserved areas where poverty is rampant. We urge the CPUC to directly address these data gaps in the upcoming Low Income Needs Assessment Report (LINA).

We can do better. Nationwide, three of the five U.S. cities with the lowest median energy burdens are in California (San Francisco, San Jose and San Diego.) Yet, residents earning below the poverty level in these and other California cities are systemically failed the opportunity to achieve energy efficiency and affordability. Those living in poverty pay proportionally six times more than the median energy costs as a ratio of their income - at 13.9 percent of their income, according to the data.[3] Households that spend a proportionately larger percentage of their income on energy have less to spend less on nutrition, healthcare and other basic necessities. They are more likely to face shut-offs, the costs of which are distributed to all ratepayers. For these reasons, La Cooperativa Campesina de California and Proteus Inc. cannot support the PD.

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[1] Energy burden is the percentage of total household income spent on energy bills. To calculate this figure we examined annual utility spending as percentage of income from the *American Housing Survey* of the U.S. Census Bureau for 2011 and 2013. Tables C-09-AO-M and C-10-AO-M.

[2] For *American Community Survey* U.S. Census data, bills are estimated using the U.S. Department of Energy's "energy intensities" most recently published in the Department of Energy's Residential Energy Consumption Survey.

[3] *American Housing Survey* of the U.S. Census Bureau for 2011 and 2013. Tables C-09-AO-M and C-10-AO-M.

Go-Back Rule

Proteus and La Cooperativa recommend eliminating the "go-back rule" to provide additional weatherization services to homes that were treated after 2002. This would allow customers to extend their ability to conserve energy and reduce their utility bills, putting more money back into their budgets to spend on healthy foods, medicines and the local economy. Investing in energy efficiency upgrades is no doubt a greater challenge for low-income customers who lack the upfront capital and/or credit needed to make improvements, but the impacts on their disproportionally high energy burden can be profound. Eliminating the "go back" rule encourages the introduction of new cost effective measures and technologies into communities, and maximizes energy efficiency where it is needed most.

The PD's rejection of the IOU's request to eliminate the "go-back rule" contradicts AB 793's amendments to the Public Utilities Code, specifically Section 2790, which requires the Commission to direct the IOUs to perform as many weatherization service installations for low-income customers that the Commission determines to be "feasible." Proteus Inc. and La Cooperativa Campesina de California support and agree with The Greenlining Institute's representation of the PD's faulty logic that the "go back rule" should not be modified because the IOUs' proposals are "less than ideal" and that they "may distract the IOUs from meeting their 2020 goals."[4] We concur with Greenlining in stating that "The reasons provided by the PD are not enough to prevent households in need of these services from receiving the benefits of ESAP. We cannot leave behind so many households that are in need of ESAP services simply because we are fearful of significant policy change."[5]

Eliminate 3-Measure Minimum Rule

Proteus Inc. and La Cooperativa Campesina de California urge the Commission to eliminate the three measure minimum (3MM.) Doing otherwise maintains the status quo and contradicts current legislation directing IOU's to provide as many weatherization services (which includes building

[4] PD *at* 40

[5] In *Opening Comments of The Greenlining Institute on the Proposed Decision and Alternate Proposed Decision on Large Investor-Owned Utilities' California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Program Applications*, Pg. 5.

conservation measures, energy management technology, energy efficient appliances and energy efficient programs) as determined feasible by the Commission. There is no basis for the PD's assumption that the 3MM positively impacts the ESA program's cost-effectiveness. Eliminating the 3MM rule can have a particularly positive impact when it comes to households that are serviced by multiple IOU's and with the possibility of energy/water education being established by the CPUC as a measure. Proteus and La Cooperativa have heard concerns from both contractors and IOU's that the current 3MM rule impedes complete energy assistance. It also creates unnecessary barriers to servicing eligible households with the full palette of measures to make low-income households as energy efficient as possible. Why maintain a broken status quo when an alternate method has proven results?

Proteus Inc. and La Cooperativa urge the Commission to carefully consider the mandate enacted by the Legislature in SB 350 for "creating high-quality jobs or other economic benefits, *including in disadvantaged communities*" to provide safer, more reliable or less costly gas and electrical services.[6]

Conclusion

Too many ESA contractors are going out of business. Why? Antiquated policies governing the program limit both cost and energy efficiencies. These guidelines must be updated if we are to optimize the ESA program. Also, the current go-back and three measure minimum guidelines limit energy efficiency work in qualified households. Home energy costs continue to be a crippling financial burden for low-income California households. The energy burden in California targeting low income or disadvantaged communities is really impacted by two factors. Number one, is the financial total of the utility bill at the end of the month that must be paid. Number two, is the ability for any community to pay that bill. The PD significantly extinguishes opportunity and benefit going to these disadvantaged communities for employment therefore having an exponential increase in their energy burden. The CPUC must choose not to go in that direction. These impoverished families experience negative long-term effects on their health, finances and well-being as a direct result of energy unaffordability. Vulnerable communities and households shoulder an unfair energy burden that in some places is more than six times the amount paid by median-income households for energy as a percentage of their

[6] SB-350 Clean Energy and Pollution Reduction Act of 2015; SEC. 31. 740.8(5).

income.[7] This leads to profound personal costs and a greater strain on other public resources. There is too much work left to do to adopt a plan that is not bold in creating meaningful changes that would help free low-income residents from the tentacles of poverty. There is too much opportunity at stake to adopt a plan that is not forward-thinking enough to achieve the clean energy California envisioned by the Legislature and a future California deserving for all citizens.

In conclusion, thank you for the opportunity to provide input and serve our respective communities.

Dated: October 13, 2016

Respectfully submitted,

By: __________/s/________________________

Marco Lizarraga
La Cooperativa Campesina de California
1107 9th Street, Suite 420 Sacramento, CA 95814
(916) 388-2220 (phone)
(916) 388-2425 (fax)
m2lizarraga@lacooperativa.org

[7] *American Housing Survey* of the U.S. Census Bureau for 2011 and 2013. Tables C-09-AO-M and C-10-AO-M.