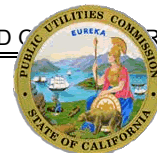


## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

**FILED**07/23/18  
04:07 PM

July 23, 2018

Agenda ID #16724  
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 15-02-001 ET AL.:

This is the proposed decision of Administrative Law Judge Fogel. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's August 23, 2018, Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties of record may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure.

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, ex parte communications are prohibited pursuant to Rule 8.3(c)(4)(B).

/s/ ANNE E. SIMON

Anne E. Simon  
Chief Administrative Law Judge

AES:jt2

Attachment

Decision PROPOSED DECISION OF ALJ FOGEL (Mailed 7/23/18)

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

In the Matter of the Application of  
Southwest Gas Corporation (U905G) for  
Approval of Low-Income Programs and  
Budgets for Program Years 2015-2017.

Application 15-02-001

And Related Matters.

Application 15-02-002  
Application 15-02-003  
Application 15-02-013  
Application 15-02-024  
Application 15-03-004

**DECISION ON SMALL AND MULTI-JURISDICTIONAL UTILITIES' 2018-2020  
ENERGY SAVINGS ASSISTANCE PROGRAM AND CALIFORNIA  
ALTERNATE RATES FOR ENERGY PROGRAM APPLICATIONS**

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**DECISION ON SMALL AND MULTI-JURISDICTIONAL UTILITIES' 2018-2020 ENERGY SAVINGS ASSISTANCE PROGRAM AND CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM APPLICATIONS****Summary**

This decision approves 2018-2020 budgets and program updates for the Energy Savings Assistance (ESA) and California Alternate Rates for Energy (CARE) programs offered by the Small and Multi-Jurisdictional Utilities (SMJUs) Liberty Utilities CalPeco Electric LLC, Golden State Water Company, on Behalf of Bear Valley Electric Service Division, PacificCorp D/B/A Pacific Power, Southwest Gas Corporation, Alpine Natural Gas Operating Company No. 1, and West Coast Gas. This decision aligns the SMJUs ESA and CARE programs to those of the large investor-owned utilities as approved in Decision 16-11-022. Appendices A and B to this decision summarize the SMJUs' adopted program budgets.

For the SMJUs' 2018-2020 ESA program and budget, this decision:

- Authorizes funding of \$24,695,808 through December 2020;
- Approves SMJU home treatment projections with some adjustments to include or increase go-back treatments for 2018-2020;
- Approves new program measures, including light emitting diodes and Tier 2 Smart Strips;
- Phases out compact fluorescent lightbulbs, effective immediately;
- Eliminates the go-back rule;
- Eliminates the modified three measure minimum rule;
- Removes caps on individual program measures;
- Adopts a 60% statewide willingness and feasibility to participate factor; and

- Directs development of SMJU-relevant appendices to the Statewide Policy and Procedure and Installations Standards Manuals.

For the SMJUs' 2018-2020 CARE program and budget, this decision:

- Authorizes funding of \$39,147,790 through December;
- Approves the SMJUs' proposed CARE program penetration goals through 2020; and
- Authorizes approaches to improve CARE customer retention and verification strategies.

For both the ESA and CARE programs, this decision directs the SMJUs to:

- File applications for Low-income Programs and Budgets for 2021-2023 no sooner than November 1, 2019.

This decision balances the goals of the ESA and CARE programs while recognizing that the SMJUs have a limited role in the overall scheme of these programs. Consistent with our historic approach to the SMJUs, we focus in this decision on ways in which the SMJUs can continue to effectively increase their contribution to the energy efficiency of the state's electric and gas customers.

## **1. General Background**

The Commission has always been cognizant of the size, resource limitations and other unique attributes, including customer demographics,<sup>1</sup> of California's Small and Multi-Jurisdictional Utilities' (SMJUs) – Liberty Utilities CalPeco Electric LLC (Liberty Utilities), Golden State Water Company, on Behalf

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<sup>1</sup> Generally, the SMJUs' territories differ from the large investor-owned utilities' (IOUs) territories. The SMJUs serve much smaller populations, and are single fuel utilities that provide either electric or gas service, but not both. Because the SMJUs are single fuel utilities, coordination with the companion companies that provide the other fuel for their customers is extremely important. In addition, the SMJUs' territories experience higher seasonal population fluctuations than the large IOUs' territories.

of Bear Valley Electric Service Division (Bear Valley), PacifiCorp D/B/A Pacific Power (PacifiCorp), Southwest Gas Corporation (Southwest), Alpine Natural Gas Operating Company No. 1 (Alpine), and West Coast Gas (West Coast). As a result, the Commission has typically exempted the SMJUs from the more complex requirements of the Energy Savings Assistance (ESA) and California Alternate Rates for Energy (CARE) programs.<sup>2</sup> Our approach for the SMJUs has been to issue our decision on the ESA and CARE programs in the large IOUs' proceeding and to thereafter issue a decision on the SMJUs' proceeding, with significantly fewer programmatic requirements. The Commission approves SMJU ESA and CARE programs and related budgets for each program cycle and directs the SMJUs' administration of those programs. We review the SMJUs' 2015-2017 applications and updated ESA and CARE proposals Program considering the parameters discussed below.

The SMJUs' ESA and CARE programs have been operating on month-to-month bridge funding since January 1, 2015, as approved in Decision (D.) 14-11-005. The SMJUs' 2015-2017 budget cycle has since concluded while the Commission was considering the large IOUs' 2015-2017 ESA and CARE program and budget applications. The Commission issued D.16-11-022 on the large IOUs' ESA and CARE program applications in 2016 and, in 2017, issued D.17-12-009

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<sup>2</sup> With respect to the SMJUs, we determined that extensive technical work on the ESA Program's cost-effectiveness, methodologies, and the application of those complex methodologies may impose disproportionate financial burdens on the SMJUs. Therefore, we allowed for alternative ways to promote cost-effective ESA Program priorities and delivery for the small companies. (*See* D.07-12-051, at 39.) Likewise, we also did not require SMJUs to include all of the specific ESA Program elements required of the larger utilities. Instead, we encouraged the SMJUs to modify their programs and portfolios in ways that would accomplish the adopted ESA Program objectives and programmatic initiative. (*Id.* at 77.)

resolving Petitions for Modification of D.16-11-022. The SMJUs' original 2015 applications and the requests therein became stale over this period but were updated by the SMJUs in 2017 in a Joint Post-Prehearing Conference Statement.<sup>3</sup> We consider these updated 2018-2020 program and budget requests today along with various program and policy changes proposed by the SMJUs in 2015 or as adopted in D.16-11-022.

The ultimate goal of the ESA program is to ensure that it delivers the benefits envisioned as an energy efficiency program by the California Long-Term Energy Efficiency Strategic Plan (Strategic Plan) of yielding energy savings while also contributing to the quality of life of low-income communities.<sup>4</sup> The Commission remains focused on the vision that the Commission adopted for the low-income communities in our Strategic Plan that "by 2020, 100% of eligible and willing customers will have received all cost-effective [Energy Savings Assistance Program] measures."<sup>5</sup> This goal was also codified by the legislature, as follows:<sup>6</sup>

1. By 2020, all eligible customers will be given the opportunity to participate in the ESA program.

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<sup>3</sup> Joint Post Prehearing Conference Statement, dated August 25, 2017

<sup>4</sup> D.08-11-031 at 2.

<sup>5</sup> See Strategic Plan

(<http://www.cpuc.ca.gov/NR/rdonlyres/D4321448-208C-48F9-9F62-1BBB14A8D717/0/EEStrategicPlan.pdf>); see also January 2011 Update to Strategic Plan ([http://www.cpuc.ca.gov/NR/rdonlyres/A54B59C2-D571-440D-9477-3363726F573A/0/CAEnergyEfficiencyStrategicPlan\\_Jan2011.pdf](http://www.cpuc.ca.gov/NR/rdonlyres/A54B59C2-D571-440D-9477-3363726F573A/0/CAEnergyEfficiencyStrategicPlan_Jan2011.pdf))

<sup>6</sup> Code § 382(e) provides, inter alia: The commission shall, by not later than December 31, 2020, ensure that all eligible low-income electricity and gas customers are given the opportunity to participate in low-income energy efficiency programs, including customers occupying apartments or similar multiunit residential structures. The commission and electrical corporations and gas corporations shall make all reasonable efforts to coordinate ratepayer-funded programs with other energy conservation and efficiency programs and to obtain additional federal funding to support actions undertaken pursuant to this subdivision.



2. The ESA program will be an energy resource by delivering increasingly cost-effective and longer-term savings.<sup>7</sup>

Our goal for the CARE program is to continue its current and successful course of providing the necessary assistance to eligible customers. The need for the assistance and relief provided through the CARE program remains critical. The CARE program should be effectively administered in ways that ensure that the CARE discount rates are delivered to the maximum number of eligible households.<sup>8</sup>

## 2. Procedural History

The Commission adopted the SMJUs' 2012-2014 ESA and CARE programs and budgets in D.14-05-004. D.14-11-005 subsequently approved month-to-month bridge-funding for the SMJU ESA and CARE programs at 2011 authorized levels starting January 1, 2015, continuing until a decision is reached on the ESA / CARE budget applications now before us.<sup>9</sup>

On February 2, 2015, Liberty Utilities, Bear Valley, PacifiCorp, and Southwest filed applications for approval of their respective CARE and ESA programs and budgets for program Years 2015-2017 (Applications). West Coast and Alpine submitted their CARE and ESA applications on February 9, 2015 and March 18, 2015 respectively. The applications reflect proposals for program budgets, homes treated targets, energy efficiency measures, and marketing, outreach and enrollment practices and other program and policy changes. The

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<sup>7</sup> *Id.* at 1.

<sup>8</sup> In this decision, the terms household and home (or dwelling unit or unit) may be used interchangeably, as the program enabling terms provide eligibility based on household-based criteria and the actual measures are delivered to homes, dwelling units or units.

<sup>9</sup> D.14-11-005, Ordering Paragraph 1.

applicants collectively request approximately \$24 million in ESA budgets and \$39 million for CARE budgets for the years 2018-2020. The applications were unopposed.

On April 1, 2015, the assigned Administrative Law Judge (ALJ) W. Anthony Colbert issued a ruling consolidating the proceedings in Application (A.) 15-02-001, A.15-02-002, A.15-02-003, A.15-02-013, A.15-02-024, and A.15-03-004, from which this consolidated proceeding follows as A.15-02-001 et al.<sup>10</sup>

On May 5, 2015, the assigned ALJ conducted a prehearing conference (PHC) in the consolidated proceeding. At the PHC, the assigned ALJ instructed the parties to file post-PHC statements by May 22, 2015 to respond to the proposed scope and list of issues, as well as raise other issues parties sought to be included within the scope of this proceeding. In their post-PHC statement, the Joint Parties<sup>11</sup> supported the proposed scope but requested that testimony, hearings, and briefing not be required, because the applications were uncontested and the parties' proposed modifications provide opportunity for meaningful stakeholder input. The Joint Parties also requested that Energy Division facilitate a workshop to review the programs proposed by the SMJUs; the assigned ALJ granted this request and the workshop occurred on June 29, 2015. On August 3, 2015 ALJ Colbert and then-Assigned Commissioner

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<sup>10</sup> Administrative Law Judge's Ruling Consolidating Proceedings and Setting Date for Prehearing Conference, April 1, 2015.

<sup>11</sup> Liberty Utilities, Bear Valley, Pacific Power, Southwest Gas, the Energy Efficiency Council and Proteus, Inc.

Catherine J.K. Sandoval issued a Scoping Memo for the SMJUs' consolidated proceeding.<sup>12</sup>

On November 21, 2016, the Commission issued D.16-11-022 approving budgets and goals for the CARE and ESA programs for years 2017-2020 in the consolidated large IOUs' Proceeding, A.14-11-007. Two Petitions for Modification (PFM) of D.16-11-022 were filed on March 24, 2017 and April 24, 2017 respectively.<sup>13</sup>

On June 2, 2017, ALJ Colbert and Assigned Commissioner Clifford Rechtschaffen issued an Amended Scoping Memo indicating that, as in previous SMJU ESA and CARE application proceedings, D.16-11-022 for the large IOUs would serve as a template for the decision in the instant proceeding. Noting the potential implications of the pending PFMs for D.16-11-022 on this proceeding, it revised the schedule for this proceeding but retained the issues as set forth in the August 3, 2015 Scoping Memo.<sup>14</sup>

On June 22, 2017, ALJ Colbert and Commissioner Rechtschaffen conducted a PHC in the instant proceeding followed by an annual public workshop at which the SMJUs provided performance overviews of their programs. During the PHC, the SMJUs were advised of the status of the large IOUs' proceeding and the pending PFMs. The SMJUs were directed, given D.16-11-022, to submit

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<sup>12</sup> Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge, August 3, 2015.

<sup>13</sup> One PFM was filed jointly by the large IOUs and an additional Joint PFM was filed by The Natural Resources Defense Council, California Housing Partnership Corporation and National Consumer Law Center. Both petitions for modification were resolved in in D.17-12-009, issued December 14, 2017.

<sup>14</sup> Assigned Commissioner and Administrative Law Judge's Joint Amended Scoping Memo and Ruling, June 2, 2017.

post-PHC statements with necessary updates to their respective 2015-2017 applications for continuation of the CARE and ESA programs through program year 2020, including: 1) budget augmentations; 2) homes treated projections; 3) modifications to existing/proposed measures; 4) policy adjustments; and 5) pilot/study proposals. On August 25, 2017, Southwest, Liberty Utilities, Bear Valley, PacifiCorp and Alpine (Joint Parties)<sup>15</sup> submitted a joint post-PHC statement with updates to their respective 2015-2017 applications for continuation of the CARE and ESA programs through program year 2020.<sup>16</sup> D.17-12-009, issued on December 14, 2017, resolved the two PFMs of D.16-11-022 and cleared the way for adoption of the SMJUs' 2015-2017 applications as modified by the joint post-PHC statement and with D.16-11-022, as modified, as the guiding decision.

### **3. Issues/Scope of the Consolidated Proceeding**

The August 3, 2015 Assigned Commissioner and Administrative Judge's Law Scoping Memo identified twenty-two issues within the scope of this proceeding, organized into the categories of: (A) program implementation; (B) studies, pilots, and other funding requests; and (C) questions requiring responses. The Scoping Memo identified thirteen issues specific to the ESA Program, two specific to the CARE Program, three CARE/ESA Program issues, three water-energy nexus and drought-related issues, and one safety issue.<sup>17</sup> This decision addresses all the issues and sub-issues raised in the Scoping Memo.

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<sup>15</sup> West Coast does not offer an ESA program.

<sup>16</sup> "Joint Post PHC Conference Statement Liberty, Southwest Gas, Bear Valley Electric, PacifiCorp and Alpine Natural Gas," August 25, 2017. West Coast Gas did not participate.

<sup>17</sup> Administrative Law Judge and Assigned Commissioner Scoping Memo Ruling at 7.

In approving the SMJUs' Applications for the 2015-2017 CARE and ESA program cycles we discuss how we have modified the programs in response to the joint post-PHC Statement and in response to the testimony and comments of the applicants. As indicated, D.16-11-022 serves as the template for this decision.

#### **4. Energy Savings Assistance Program and Budget**

Each of the SMJUs, excluding West Coast, offers ESA Program services to qualified households. West Coast serves natural gas customers at Mather Air Force Base and does not offer the ESA Program services due to the relatively new housing stock in their service territory.<sup>18</sup> The SMJUs have significantly smaller ESA programs and budgets in comparison to the IOUs in California and much smaller customer bases from which to recover program costs. The SMJUs have also typically had fewer ESA program reporting requirements than their IOU counterparts due to their program budgets, size, and staffing resource limitations.

For the SMJUs' 2015-2017 ESA program and budget, this decision:

- Authorizes funding of \$24,695,808 through December, 2020;
- Approves SMJU home treatment projections with some adjustments to include or increase go-back treatments for 2018-2020;
- Approves new program measures, including light emitting diodes (LEDs) and Tier 2 Smart Strips;
- Phases out compact fluorescent lightbulbs (CFLs), effective immediately;
- Eliminates the go-back rule;

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<sup>18</sup> West Coast's 2012-2014 ESA and CARE Programs and Budget Application at 2.

- Eliminates the modified three measure minimum rule;
- Removes caps on individual program measures;
- Adopts a 60% statewide willingness and feasibility to participate Factor (WFTP factor);
- Directs development of SMJU-relevant appendices to the Statewide Policy and Procedure and Installations Standards Manuals;
- Approves water-energy nexus measures;
- Approves Liberty Utilities multi-family common areas pilot;
- Provides direction on the SMJUs' energy education and multi-family programs; and
- Approves Bear Valley's proposed electric heater pilot.

#### **4.1. ESA Program Proposed Budgets and Homes Treated Targets**

The SMJUs initial 2015 – 2017 applications requested \$21,691,654 in funding for ESA program for the 2015-2017 program years.<sup>19</sup> The SMJUs subsequently augmented their ESA budget requests in their Joint Post-PHC Conference Statement to request a total of \$24,158,935 million in funding for the program years 2018 – 2020, an average of \$8 million per year.<sup>20</sup> A summary of the SMJUs' updated proposed ESA Program 2018-2020 budgets is provided in Table 1.

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<sup>19</sup> A.15-02-001, A.15-02-002, A.15-02-003, A.15-02-013, A.15-02-024, and A.15-03-004.

<sup>20</sup> SMJU Joint Post-Prehearing Conference Statement, August 25, 2017.

Table 1: SMJU 2018-2020 ESA Budget Request

Utility	2018	2019	2020	TOTAL
Southwest	\$6,000,000	\$6,324,695	\$6,671,981	\$18,996,676
PacifiCorp	\$740,000	\$807,500	\$876,750	\$2,424,250
Liberty	\$732,051	\$746,692	\$761,626	\$2,240,369
Bear Valley	\$137,055	\$137,055	\$137,055	\$411,165
Alpine	\$28,825	\$28,825	\$28,825	\$86,475
West Coast	NA	NA	NA	NA
Total	\$7,637,931	\$8,044,767	\$8,476,237	\$24,158,935

The requested budgets in some cases represent a substantial increase over the budgets approved for 2014-2017. This is largely because D.14-05-004 approved 2012-2014 budgets at 2011 levels and D.14-11-005 continued budgets at these levels until a decision was reached on the applications now before us.<sup>21</sup> The proposed SMJU 2018-2020 ESA budget increases also appear to stem from the SMJUs' efforts to reach or exceed the Commission's goal of providing 100% of eligible and willing customers with ESA program measures by 2020. To estimate the 100% level, the SMJUs generally apply a 60% "Willing and Feasible to Participate" (WFTP) factor, which we discuss and approve in Section 4.6 of this decision. Table 2 below summarizes the SMJUs' proposed budgets, homes treated targets and resulting estimated average cost per home. Table 3 compares the SMJUs' proposed 2018-2020 budgets, homes treated targets and average cost per home treated to the same figures for the year 2016. We discuss each SMJU's proposed budget and proposed homes treated targets below.

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<sup>21</sup> D.14-05-004, Ordering Paragraph 1. D.14-11-005, Ordering Paragraph 4.

Table 2: Proposed Budgets and Proposed Homes Treated Targets (2018-2020)

2018-2020	Total Proposed Budget	Homes Treated Target (2018-2020)	Average Cost Per Home (2018-2020)
Southwest	\$18,996,676	7,833	\$2,425
PacifiCorp	\$2,424,250	450	\$5,387
Liberty	\$2,240,369	1,500	\$1,494
Bear Valley	\$411,165	240	\$1,713
Alpine	\$86,475	60	\$1,441
Total	\$24,158,935	10,083	\$2,396

Table 3: Comparison of 2016 and 2018-2020 Average Per Home Costs

	2016			2018-2020		
	Budget	Homes Treated	Average Cost Per Home	Average Cost Per Home	Additional Cost Per Home	Increase in Average Cost/ Home
PacifiCorp	\$614,202	131	\$4,689	\$5,387	\$699	15%
Southwest	\$3,019,445	2133	\$1,416	\$2,425	\$1,010	71%
Liberty	\$211,943	194	\$1,092	\$1,494	\$401	37%
Bear Valley	\$156,368	143	\$1,093	\$1,713	\$620	57%
Alpine	\$22,500	22	\$1,023	\$1,441	\$419	41%
	\$4,024,458	2623	\$1,863	\$2,492	\$630	44%

## Southwest

Southwest estimates that it has 7,832 homes remaining to be treated in its service territory to reach 100% of its ESA-eligible population, and it proposes to treat 2,611 homes per year during the 2018-2020 period.<sup>22</sup> To reach these homes, Southwest proposes nearly doubling its annual budget from approximately \$3.6 million per year in 2016 to \$6.7 million per year from 2018-2020. An annual increase of \$2 million for weatherization costs (installed measures and energy

<sup>22</sup> To estimate this level, Southwest applies the 60% WFTP factor to its estimated 100% ESA-eligible population and then subtracts its number of treated homes. Post-Prehearing Conference Statement, Appendix 2 at 5.



education) accounts for most of the cost increases, but Southwest also proposes to substantially increase its outreach budgets (see Appendix A). These figures bring Southwest's proposed average cost per home treated for 2018-2020 to \$2,425 per dwelling, an increase of 71% over its average cost per home treated of \$1,416 in 2016 (see Table 3).

Southwest states that its per home costs are increasing as the easily-accessible, high-density population zip codes in its service territory become saturated.<sup>23</sup> We are sympathetic to these challenges but concerned about Southwest's rising per home costs. Southwest also proposes the largest percentage increase in budget per home served of all the SMJUs, as compared to costs per home in 2016 (Table 3). We believe it is reasonable to encourage Southwest to lower these costs somewhat by also setting targets for retreatment of previously treated homes (see discussion of this issue in Section 4.2 below). We therefore approve Southwest's proposed budget of \$18,996,676 and its proposed first-time homes treated goal of 7,832 dwellings. We further direct Southwest to retreat an additional 100 homes each year, to the extent feasible. This would bring Southwest's average cost per home treated more into alignment with the other SMJUs (see Table 6 below).

### **PacifiCorp**

PacifiCorp proposes a budget of \$2,424,250 and a target of 450 homes treated for the 2018-2020 period. PacifiCorp indicates that about 5,040 out of a total of 5,670 eligible homes (or 16% of the homes in its service territory) have already been treated through the ESA Program and other funding sources.<sup>24</sup>

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<sup>23</sup> *Id* at 5-6.

<sup>24</sup> During 2010-2012 many homes received services with federal American Recovery and Reinvestment Act funds.

PacifiCorp estimates that serving 150 homes per year in the upcoming program cycle will increase its penetration rate amongst ESA-eligible homes from its current 89% to approximately 96%.<sup>25</sup>

PacifiCorp's proposed budget and home treatment target of 450 total dwellings implies an average cost per home served for the 2018-2020 period of \$5,387 (see Table 2). This represents a 15% increase in costs as compared to 2016, a relatively low rate.<sup>26</sup> However, PacifiCorp's estimated average cost per home served during 2018-2020 is much higher than that of the other SMJUs— an estimated \$5,387 per dwelling as compared to \$2,396 for all SMJUs (see Table 2). PacifiCorp explains its higher costs as stemming from the increasing difficulty it has in identifying the remaining unserved, ESA-eligible homes in its service territory given its already high penetration rate. PacifiCorp also points to a lack of utility partners and the highly rural nature of its territory, with only 3.9 customers per square mile. This substantially increases its transportation and personnel costs, it states.<sup>27</sup>

While we acknowledge that PacifiCorp faces challenges within its service territory and has achieved high penetration rates despite this, we believe it is prudent to aim to align average costs per home treated amongst the SMJUs as much as feasible. We therefore approve PacifiCorp's proposed budget of \$2,424,250 and its target of 150 homes per year as a first-treated homes target and further direct PacifiCorp to seek to retreat an additional 16 homes per year. This

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<sup>25</sup> Post-Prehearing Conference Statement, Appendix 3 at 6.

<sup>26</sup> Post-Prehearing Conference Statement, Appendix 3 at 6-8.

<sup>27</sup> *Ibid.*

will somewhat decrease PacifiCorp's average costs to \$4,868 per home (see Table 6).

PacifiCorp describes eligible homes as those that use electricity as their heat source and that are inhabited by income-eligible households. However, PacifiCorp also reports including 756 homes (approximately 15%) that are not electrically heated in its homes treated estimates.<sup>28</sup> The ESA Statewide Policy and Procedures Manual indicates that non-electrically heated homes are eligible for treatment as long as they have central air conditioning.<sup>29</sup> Therefore, while PacifiCorp is correct to have treated a number of non-electrically heated homes within its service territory, it should also include these dwellings in its estimates of eligible homes.<sup>30</sup> To address this misalignment, we direct PacifiCorp to continue to seek out all ESA-eligible homes that meet the criteria for treatment pursuant to the general service eligibility conditions outlined in the Statewide ESA Policy and Procedure Manual and to install all feasible measures in these homes. This includes homes that are non-electrically heated but that have central air conditioning.

If in the process of implementing this approach PacifiCorp determines that the total number of ESA-eligible homes in its service territory is higher than it

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<sup>28</sup> Post-Prehearing Conference Statement, Appendix 3 at 7

<sup>29</sup> The Statewide Energy Savings Policy and Procedure Manual, General Service Eligibility Conditions section states "In the event that a non-IOU heating fuel is used *and* the home has air conditioning, the electric IOU will be the provider of weatherization measures other than infiltration-reduction measures." (At 18, emphasis in original). We interpret "air conditioning" here to mean central air conditioning as the primary source of cooling and not add on and/or supplemental window air conditioners or wall-mounted air conditioners.

<sup>30</sup> *Ibid.*

has previously reported, it should file a Tier 2 advice letter with updated ESA eligibility calculations and household treatment targets within 60 days.

### **Liberty Utilities**

Liberty Utilities proposes a budget of \$2,240,369 and 1500 homes treated for the 2018-2020 budget cycle. This increases its estimated average cost per home treated during 2018-2020 by 37% as compared to 2016 (see Table 3). Liberty Utilities indicates several reasons for these cost increases: increased measure and administrative costs since 2009 (the last time its budget was adjusted), the inclusion of newly-approved measures, including LEDs, and a significantly expanded outreach program.

Liberty Utilities states that leveraging with Southwest is critical to serving its low-income customers. However, doing so requires that the two utilities adopt similar unit targets and propose sufficient budgets to treat these units, which raises overall costs, it says, although some administrative costs can be shared. Applying a 60% WFTP factor, Liberty Utilities estimates it has 822 units remaining to be treated in its service territory out of a total of 3,760 eligible units. Beyond that, Liberty Utilities proposes to treat 570 more units in order to leverage with Southwest and to retreat 108 additional homes with efficient refrigerators.<sup>31</sup> Thus, Liberty Utilities proposes to treat 500 homes per year, at an average cost of \$1,494 per home.<sup>32</sup> We find Liberty Utilities' proposed budget and homes treated targets to be reasonable and they are approved.

### **Bear Valley**

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<sup>31</sup> Units to be leveraged with Southwest Gas include both retreat and first treatment units.

<sup>32</sup> Post-Prehearing Conference Statement, Appendix 4 at 4-10.

Bear Valley indicates that it has treated 1,441 homes since 2002 and that it only has about 240 homes remaining to be treated to reach the goal of 100% participation of ESA-eligible households by 2020, assuming a 60% WFTP factor. Bear Valley requests a new budget authorization of \$411,165 for 2018-2020 (\$137,055 annually). This budget level suggests Bear Valley is proposing to decrease its budget as compared to its previous annual budgets of approximately \$229,625 per year. However, Bear Valley also indicates that it has an over-collection of \$536,873 in its ESA balancing account and that it intends to use this carry-over funding to augment its requested budget for the program years 2018-2020, pursuant to Ordering Paragraph 138 of D.16-11-022.<sup>33</sup> With these additional funds, Bear Valley's total proposed 2018-2020 budget averages \$316,013 per year. This is significantly higher than needed for the proposed 240 first time treatments at average cost per home of \$1,713. Therefore, we adjust Bear Valley's homes treated target accordingly.

We find Bear Valley's proposed household treatment goals of 240 to be reasonable as first touch treatment targets and these are approved. Bear Valley's requested new 2018 – 2020 budget of \$411,165 is also approved. We also find Bear Valley's proposal to use carry-over funds of \$536,873 from its ESA Balancing Account towards its 2018-2020 ESA program to be reasonable and this is approved. This brings Bear Valley's total approved 2018-2020 budget to \$948,038. Similarly, we find it reasonable that Bear Valley should concurrently adopt targets to retreat previously treated homes alongside this larger budget. We direct Bear Valley to aim to retreat an additional 105 previously treated

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<sup>33</sup> Post-Prehearing Conference Statement, Appendix 5 at 4-9.

homes per year over the 2018-2020 period. This would bring Bear Valley's total homes treated target to 555 dwellings and its total annual target to 185 dwellings (80 first treatments and 105 retreatments). Its average cost per home treated would be approximately \$1,708 per home, very close to its original proposal (Table 6).

**Alpine**

Alpine proposes a 2018-2020 budget of \$86,475 and a homes treated target of 60 homes total. Alpine indicates that it has treated about 91 out of a total 150 estimated ESA-eligible homes in its service territory. Applying the 60% WFTP factor, zero homes remain to be treated, it says, but Alpine proposes nonetheless to treat 20 homes per year from 2018-2020, including both first time and go-back treatments. Alpine estimates an approximate cost of \$1,441 to serve each home for 2018-2020 as compared to an average of \$1,023 per home in 2016.<sup>34</sup> We find Alpine's proposed budget of \$86,475 and its proposed homes treated target of 60 homes to be reasonable and these are approved.

**Summary**

Tables 4 and 5 below summarize the SMJUs' approved budgets and homes treated targets for 2018-2020, including both first touch treatments and retreated homes. Table 6 estimates the SMJUs' average cost per home treated for the 2018-2020 period, using the approved budgets and approved homes treated targets.

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<sup>34</sup> Post-Prehearing Conference Statement, Appendix 6 at 2-7.

Table 4: ESA Program Approved Budgets, 2018-2020

Utility	2018	2019	2020	TOTAL
Southwest	\$6,000,000	\$6,324,695	\$6,671,981	\$18,996,676
PacifiCorp	\$740,000	\$807,500	\$876,750	\$2,424,250
Liberty	\$732,051	\$746,692	\$761,626	\$2,240,369
Bear Valley	\$316,012	\$316,013	\$316,013	\$948,038
Alpine*	\$28,825	\$28,825	\$28,825	\$86,475
Total	\$7,816,888	\$8,223,725	\$8,655,195	\$24,695,808

Table 5: ESA Program Approved Homes Treated Targets 2018-2020

Utility	1 <sup>st</sup> Touch	Retreat	1 <sup>st</sup> Touch	Retreat	1 <sup>st</sup> Touch	Retreat	1 <sup>st</sup> Touch	Retreat
Southwest	2611	100	2611	100	2611	100	7,833	300
PacifiCorp	150	16	150	16	150	16	450	48
Liberty	464	36	464	36	464	36	1392	108
Bear Valley	80	105	80	105	80	105	240	315
Alpine*	20		20		20		60	

\*Number of treatments includes both first time treatments and retreated homes.

Table 6: ESA Program Estimated Average Cost per Home Treated, 2018-2020

2018-2020	Approved Budget	Approved Homes Treated	Average Cost per Home*
Southwest	\$18,996,676	8,133	\$2,336
PacifiCorp	\$2,424,250	498	\$4,868
Liberty	\$2,240,369	1500	\$1,494
Bear Valley	\$948,038	555	\$1,708
Alpine	\$86,475	60	\$1,441
Total	\$24,695,808	10,746	\$2,298

\*Average cost per home includes administrative costs such as outreach, inspections, Energy Division and utility staffing, workshops, hearings, travel, etc.

## 4.2. Go-Back Rule

In the past, and with certain exceptions, the Commission restricted eligible households from participating in the ESA program more than once in a 10-year

period. This rule, called the “10-year go-back rule” was designed to promote equity when considering the utilities’ constrained budgets.<sup>35</sup>

In D.08-11-031, the Commission revised the 10-year go-back rule to require the utilities to provide ESA measures to households that had not been treated since 2002, as the ESA program added many new measures in that year. The revised rule became known as the “go-back rule” and allowed program administrators to return to households treated before 2002 on the condition that they first seek to serve households that had not yet been treated.<sup>36</sup> This directive supported an equitable approach and satisfied the Commission’s belief that energy efficiency retrofits should be targeted to households with the greatest need for energy savings, as previously untreated households were deemed more likely to have pressing energy needs that could result in increased energy burden and energy insecurity.

With the high transient rate of the low-income community, customers currently living in a previously treated household may not be the same occupants who were living there at the time of ESA participation.<sup>37</sup> Because of this, retreating these households with energy education and conservation practices may yield added energy savings. Even in instances where the same customer is still living in the household, the energy education information previously provided to the household may be outdated, so returning to these households allows for a refresher to learn about energy-saving behaviors.

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<sup>35</sup> D. 07-12-051 at p.53.

<sup>36</sup> ESA Statewide Policy and Procedure Manual section 2.7.

<sup>37</sup> Low-income Needs Assessment Final Report December 16, 2013, Volume I at viii.



D.16-11-022 eliminated the go-back rule for the IOUs; the SMJUs similarly support its elimination.<sup>38</sup> We agree that retreating some of the ESA-eligible homes treated in SMJU territories prior to 2002 would be beneficial to customers and would assist in our goal of energy savings for low-income families at reasonable cost. We therefore eliminate the go-back rule in SMJU service territories. As with the large IOUs, however, we adopt some guiding principles on targeting households to be retreated and how these households get retreated.

The Commission has an interest in maximizing the long-term savings potential of the ESA Program portfolio. Go-backs should therefore be tailored to the specific home, prioritize households with the highest energy usage that were treated the greatest number of years previously, and be efficiently delivered. Where feasible, the SMJUs shall track the number of “first touches” (households that have not received ESA treatment) versus go-backs in their annual reports. The Commission will use this information to refine the WFTP factor and household treatment goals in future program cycles.

#### **4.3. Modified Three-Measure Minimum Rule**

The Modified Three- Measure Minimum Rule, (modified 3MM Rule) allows utilities to treat an ESA-eligible dwelling if it qualifies for at least three measures or if the total energy savings achieved by all measures combined yields at least 125 kilowatt-hours (kWh) annually or 25 therms annually. This rule had its inception in D.01-03-028, which prohibited the IOUs from installing measures in a home that did not require at least three measures (3MM Rule). D.01-03-028 determined that it would be imprudent to indiscriminately treat all homes,

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<sup>38</sup> Joint PHC Statement Appendix 1 Listing of D.16-11-022 Ordering Paragraphs Supported by the Joint Parties.

including those that needed only a few measures, as that would reduce spending on households that had not yet been treated at all.<sup>39</sup>

In D.08-11-031, the Commission modified the 3MM Rule to allow the IOUs to treat homes needing fewer than three measures “as long as the total energy savings achieved by either measure or measures combined yield(s) energy savings of at least either 125 kWh annually or 25 therms annually.”<sup>40</sup> This came to be called the “modified Three- Measure Minimum” or the modified 3MM Rule.

The modified 3MM Rule was aimed at ensuring a base level of deemed and long-term energy savings while increasing leveraging opportunities with partner programs.<sup>41</sup> The intent was that the new energy savings threshold would support program-level cost effectiveness while also ensuring the provision of measures to all eligible and willing customers.<sup>42</sup>

D.16-11-022 eliminated the modified 3MM Rule for the large IOUs. It also adopted new reporting requirements for ESA-eligible households served by more than one energy utility and clarified its definition of “treated” and

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<sup>39</sup> D.12-08-044 at 121 (citing D.01-03-028).

<sup>40</sup> See, e.g. D.08-11-031 (modifying the 3MM Rule by creating an exception in response to those concerns to allow the IOUs to treat home needing fewer than three measures, “as long as the total energy savings achieved by either measure or measures combined yield(s) energy savings of at least either 125 kilowatt-hours (kWh)/annually or 25 therms/annually”); D.09-06-026 clarified that for the purpose of qualifying a home, the measures used are individual measures, not group measures.

<sup>41</sup> Low-income Home Energy Assistance Program/ Weatherization Assistance Program (LIHEAP/WAP).

<sup>42</sup> D.16-11-022 at 81.

“weatherized” homes.<sup>43</sup> In their joint post-PHC statement, filed August 25, 2017, the SMJUs supported elimination of the modified 3MM rule.<sup>44</sup>

The Commission in D.16-11-001 found that the modified 3MM rule appears to “prioritize treatment of households needing three measures over treatment of high-energy using households or energy efficient treatment designed to reduce energy hardship,” and that the modified 3MM rule is a “barrier to customer participation in the ESA Program.”<sup>45</sup> D.16-11-022 concluded that the “ESA Program focus should be promoting reasonably cost-effective energy savings, along with providing health, comfort, and safety benefits. Eliminating the Modified 3MM Rule will serve that goal as the program shifts to an energy efficiency savings goal.”<sup>46</sup>

In considering whether to also eliminate the modified 3MM Rule for the SMJUs, we note that California Public Utilities Code Section 2790(b)(2) requires the Commission to direct any electrical or gas corporation to provide “as many... measures as are feasible for each eligible low-income dwelling unit.”<sup>47</sup> We interpret this directive as one aimed at promoting, rather than restricting, treatment of ESA-eligible low-income households. Notably, the statute does not

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<sup>43</sup> “A treated home receives the greater number of services: weatherization, energy assessment/audit, energy education, appliance replacement, and [compact fluorescent light bulbs](#) or other energy-efficient lighting such as Light Emitting Diodes. A weatherized home receives only ceiling attic/insulation, weather stripping, caulking, low-flow showerheads, water heater blankets, and building envelope repairs that reduce infiltration.” D.14-05-004 at 24.

<sup>44</sup> Joint PHC Statement Appendix 1 Listing of D.16-11-022 Ordering Paragraphs Supported by the Joint Parties.

<sup>45</sup> D.16-11-022 at 81.

<sup>46</sup> D.16-11-022 at 82.

<sup>47</sup> Public Util. Code Section 2790(b)(2).

limit “feasible” low-income program measure installations to those that are cost-effective; rather, it designates cost-effectiveness as a co-equal goal to that of “reducing the hardships facing low-income households.”<sup>48</sup>

Regarding what constitutes a “measure,” D.16-11-022 determined that the IOUs may provide energy education to all qualifying low-income households but that households that only receive energy education should not count as “treated” and should be separately tracked in annual compliance reports.<sup>49</sup> As with the large IOUs, we clarify that the SMJUs shall not count a household as “treated” until all of the feasible measures have been installed.

The SMJUs’ ESA program focus should be promoting reasonably cost-effective energy savings and health, comfort, and safety benefits. Eliminating the modified 3MM rule will support statutory goals of installing as many measures as feasible for ESA-eligible households and reducing energy-related hardships. We therefore eliminate the modified 3MM rule for the SMJUs. The additional flexibility this provides will allow the SMJUs to better serve their low-income customers.

#### **4.4. Removal of Individual Program Measure Caps**

D.16-11-022 eliminated measure caps for all large IOU individual program measures as a means to support an integrated water-energy nexus approach and the needs of multi-family buildings. The Commission in D.16-11-022 reasoned that ESA-eligible households should receive the total number of measures to reduce energy burden that they need as indicated by the most recent

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<sup>48</sup> Public Util. Code Section 2790(a).

<sup>49</sup> D.16-11-022 at 420.

Low-income Needs Assessment (LINA) study, including measures addressing health, safety and comfort. D.16-11-022 recognized the energy benefits of removing measure caps for relatively low-cost measures that contribute significant energy savings.<sup>50</sup>

Bear Valley and PacifiCorp indicated that they do not currently have any measure caps. Southwest indicates that it doesn't limit the total measures per home but does limit the number of a specific type of measure to ensure that all households receive an equal level of benefit. Liberty Utilities does not have caps on the total number of measures allowed per household, but does cap the number of a specific type of measures that each household can receive in certain instances.<sup>51</sup>

The SMJUs support removing measure caps for individual program measures including the number of faucet aerators and low-flow showerheads allowed per household.<sup>52</sup> The Commission's reasoning on removing measure caps for the IOUs is equally applicable to the SMJUs. Removing measure caps is consistent with the ESA program's directive to focus on increasing energy efficiency and reducing hardships on low-income consumers while meeting their health, safety, and comfort in a cost-effective manner. Eliminating individual program measure caps is particularly useful to address drought and multi-family unit needs. However some safeguards should be implemented.

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<sup>50</sup> D. 16-11-022 at 120.

<sup>51</sup> See August 14-15, 2015 Party Comments on ALJ Ruling.

<sup>52</sup> Joint Post-PHC Statement Appendix 1 Listing of D.16-11-022 Ordering Paragraphs Supported by the Joint Parties at 3.

The SMJUs shall not install more ESA program lighting and water conservation measures than are needed or replace more of these measures than are currently installed. The SMJUs' approach to installing multiple program measures must aim to reduce energy hardships, as indicated by the most recent LINA study, while meeting the health, safety, and comfort needs of ESA clients. Additionally, all program measures must be physically installed by the contractor in the home. The ESA Program contractor must remove any unit being replaced to ensure that the customer does not re-install the old inefficient unit and to ensure proper disposal. The SMJUs shall continue to track ESA measures and program costs.

#### **4.5. Approval, Removal, and Retirement of Program Measures**

##### **4.5.1. New Measures Proposed**

Liberty Utilities, Southwest, Bear Valley, PacifiCorp, and Alpine all propose new measures in the Applications to generate water and/or energy savings. Table 7 below summarizes the new measures as proposed by utility.

Table 7: New ESA Measures Proposed

Measure/Category	Liberty Utilities	Bear Valley	PacifiCorp	Alpine	Southwest
<b>Appliances</b>					
Second Refrigerators	X				
<b>Lighting</b>					
Screw-in A19 lamps		X	X		
Hard-wired LED fixtures		X	X		
<b>Heating</b>					
High efficiency furnace					X
Pilot – efficient space heaters		X			
Unit standing pilot light kit				X	
Furnace clean and tune				X	
<b>Water</b>					
Thermostatic showerheads		X	X	X	
Thermostatic tub spouts					X
Faucet aerators		X			
High efficiency clothes washers,		X			
Water heater blankets; pipe wraps		X			

#### 4.5.2. Discussion

##### 4.5.2.1. Liberty Utilities

Liberty Utilities proposes to replace and install second refrigerators in eligible homes with six or more residents. Many homes housing multiple generations or multiple families that operate a second refrigerator are present in Liberty Utilities' territory. Liberty Utilities proposed a small budget increase for the replacement of second refrigerators in these specific situations.<sup>53</sup>

Liberty Utilities proposes that adding second refrigerators to its measure mix in homes with six or more residents will cost-effectively provide additional energy savings for ESA program participants. This measure is currently offered

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<sup>53</sup> Joint PHC Statement Appendix 4 Liberty Modification to Existing/Proposed Measures at 7-8

in climate zone 16 where Liberty Utilities operates, is reasonable and should be approved.

#### **4.5.2.2. Southwest**

Southwest proposes to add thermostatic tub spouts and high efficiency furnaces to its existing measure portfolio.<sup>54</sup> The proposed measures would allow Southwest to offer additional energy saving measures to further reduce gas and water usage. Each of these program measures are currently offered in climate zones 14, 15 and 16 where Southwest operates, are reasonable and should be approved.

#### **4.5.2.3. Bear Valley**

Bear Valley plans to expand the list of eligible measures to include the following lighting and water saving measures:

- Screw-in A19 lamps and hard-wired LED fixtures;
- Thermostatically-controlled shower heads;
- Faucet aerators;
- High efficiency clothes washers; and
- Water heater blankets.<sup>55</sup>

Each of these program measures are currently offered in climate zone 16 where Bear Valley operates, are reasonable and should be approved.

Further, as directed in D.14-05-004, Bear Valley indicates that it has expanded its offering of water saving measures to customers who have a water-heating fuel source other than natural gas supplied by Southwest Gas Company.

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<sup>54</sup> D.16-11-022; Ordering Paragraph 30(b) and Ordering Paragraph 15.

<sup>55</sup> Joint PHC Statement Appendix 5, Bear Valley; Modifications to Existing/Proposed Measures at 5-6.



**4.5.2.4. Alpine**

Alpine proposes to add three measures to its ESA program portfolio:

- Thermostatic shower valves;
- Standing pilot conversion lights; and
- Furnace clean and tune

Alpine did not propose to retire any existing ESA program measures.

Both thermostatic shower valves and standing pilot conversion lights are currently offered by other utilities in climate zone 12, are reasonable and are approved. Furnace clean and tune is not currently offered in climate zone 12 where Alpine operates.<sup>56</sup> However, it has been approved for climate zones throughout many parts of the state, including the southern California coastal climates, where winters are either similar to or warmer than climate zone 12. Accordingly, the furnace clean and tune measure proposed by Alpine is approved, subject to approval of a request to amend the ESA Statewide Policy and Procedures Manual to authorize the measure in climate zone 12.

**4.5.2.5. PacifiCorp**

PacifiCorp proposed expanding its list of eligible ESA measures to include the following:

- Thermostatic shower valves;
- LED bulbs; and
- Hard-wired LED fixtures.

The program measures proposed by PacifiCorp are currently offered in climate zones 1 and 16 where PacifiCorp operates, are reasonable and should be approved.

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<sup>56</sup> Energy Savings Assistance (ESA) Statewide Policy and Procedures Manual, Table 5-1.

**4.5.3. CFL Phase-Out, LED Phase-In**

D.16-11-022 adopted a complete phase-out of CFLs in the ESA program for the large IOUs, effective no later than January 1, 2018. It also directed the incremental phase-in of LED bulbs that meet the California Energy Commission's LED lamp specification requirements, directing the IOUs to immediately begin offering LED bulbs that are in compliance with this new standard, and any future updates.<sup>57</sup> These requirements are reasonable for the SMJUs as well, as they will ensure continued energy savings and benefits for ESA-eligible households.

PacifiCorp supported the CFL phase-out, observing that LEDs provide a substantially longer effective useful life than CFLs, their costs have decreased, and LED bulbs have become more accessible. PacifiCorp requested, however, that its phase-out date for CFLs be extended beyond January 1, 2018 to provide a reasonable amount of time to deplete PacifiCorp's current supply of CFLs.<sup>58</sup>

We concur with PacifiCorp's request to extend its phase-out of CFLs for LED bulb from the January 1, 2018 date adopted for the IOUs, as this date has already passed. Because of the time delay, it is more practical for PacifiCorp to complete a phase-out of CFLs effective immediately upon adoption of this decision. Further, it is our understanding that Liberty Utilities and Bear Valley have already fully phased out CFLs within their ESA programs; however, if they have not, we direct them to do so, effective immediately upon adoption of this decision. Similarly, PacifiCorp, Liberty Utilities and Bear Valley shall

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<sup>57</sup> D.16-11-022, Ordering Paragraph 19.

<sup>58</sup> Joint PHC Statement Appendix 3 PacifiCorp -Modifications to Existing/Proposed Measures at 8-9.

incrementally phase-in LED bulbs that meet the California Energy Commission's new LED lamp standard and any future updates, effective upon adoption of this decision.

#### **4.5.4. Tier 2 Smart Strips**

D.16-11-024 as modified in D.17-12-009 authorized the electric IOUs to add a Smart Strip Tier 2 measure to their ESA portfolios in addition to the Tier 1 Smart Strips they currently offer. The SMJUs supported adding Tier 2 Smart Strips to their ESA program measures alongside their current Tier 1 Smart Strip offering.<sup>59</sup> This is a reasonable step for the SMJUs offering electric services and is approved for Bear Valley, Liberty Utilities and PacifiCorp.

#### **4.6. Willingness to Participate Factor**

The Commission's goals for the ESA program, as outlined in D.07-12-051 and the Strategic Plan, are that: "By 2020, 100% of eligible and willing customers will have received all cost effective Low-income Energy Efficiency measures."<sup>60</sup> In Decision D.14-05-004, the Commission directed the SMJUs to continue all efforts to increase ESA program participation, while tracking eligible and willing households and reasons for customers' unwillingness to participate.<sup>61</sup>

D.16-11-022 modified the ESA "Willingness to Participate Factor" and renamed it the "Willingness and Feasibility to Participate" (WFTP) factor. D.16-11-022 also adopted a statewide 60% WFTP factor, basing this on data collected from ESA household surveys, outreach and assessments, which show

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<sup>59</sup> Joint Post-PHC statement, August 25, 2017, Appendix 1.

<sup>60</sup> California Long-Term Energy Efficiency Strategic Plan, August 2008, at 25.

<sup>61</sup> D.14-05-004 at 22.

an average statewide willingness and feasibility factor in 2015 of about 60%.

D.16-11-022 observed that changes to the go-back rule and elimination of the modified 3MM rule would likely increase the number of eligible customers who have demonstrated a willingness to participate but have been unable to do so.<sup>62</sup>

The SMJUs' budget applications included estimates of the number of ESA-eligible households in each SMJU's service territory and outlined plans to reach these during the 2015-2017 program cycle. The SMJUs updated this information in their post-PHC statement as summarized in Section 4.1 above.<sup>63</sup>

The SMJUs support adoption of a statewide 60% WFTP Factor.<sup>64</sup> Southwest also proposes tracking the reasons customers choose not to participate in the ESA program and sending follow-up letters to ESA program recipients encouraging continued energy savings. Southwest notes that tracking customers' unwillingness to participate has been helpful in the past in documenting the households that it attempted to assist.<sup>65</sup> PacifiCorp supports the 60% WFTP factor but requests an exemption from tracking unwilling, infeasible, or ineligible households because this would be burdensome to partnering CBOs.<sup>66</sup>

The Commission adopted WFTP tracking and reporting requirements when it adopted the statewide 60% WFTP factor in D.16-11-022. In doing so, the Commission observed that tracking customer responses will help determine

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<sup>62</sup> D.16-11-022 at 267-269.

<sup>63</sup> Joint Post-PHC statement, August 25, 2017.

<sup>64</sup> Joint PHC Statement Appendix 1 Listing of D.16-11-022 Ordering Paragraphs Supported by the Joint Parties. Southwest Gas 2015-2017 Budget Application at 23.

<sup>65</sup> Southwest Gas 2015-2017 Budget Application at 23

<sup>66</sup> Appendix 3. PacifiCorp -Modifications to Existing/Proposed Measures at8-9

whether the ESA program is meeting its goals of serving all low-income Californians, while considering cost-effectiveness, and can provide a factual basis to determine if any program adjustments are merited.<sup>67</sup>

A statewide 60% WFTP factor is reasonable and should be applied to SMJU service territories. We direct the SMJUs to use an overall base WFTP factor of 60% to estimate ESA-eligible and willing households. Where it is feasible, we also find it reasonable to encourage the SMJUs to track and report on customer responses related to the WFTP factor to assist in program delivery and attainment of Commission goals.

#### **4.7. Water Energy Nexus**

As California grapples with decreasing water supplies, diminishing certainty of access, and growing cost, the Commission's responsibility is to consider what role the SMJU energy programs for low-income customers can play in mitigating these impacts. The ESA program, with its large scope and reach and direct-install program design, can help provide water bill relief and reduce water consumption by improving the water conservation practices of low-income households. Ongoing and successful coordination between the CARE program and a variety of water utilities and agencies' low-income programs demonstrates that when these programs work together, benefits and cost savings can be maximized.<sup>68</sup>

The SMJUs have proposed a variety of new measures and programs to promote water conservation in their service territories including water-focused

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<sup>67</sup> D.16-11-022 at 269.

<sup>68</sup> D.16-11-022 at 127.

energy education.<sup>69</sup> Southwest and Bear Valley suggested adding several new measures and coordination activities with local water agencies to leverage costs and share information about water leaks.<sup>70</sup> Bear Valley proposes additional measures including high efficiency clothes washers, water heater blankets, pipe wraps and leak detection tablets. Bear Valley is currently leveraging water saving measures with Southwest and is in contact with local water agencies, which donate leak detection tablets for Bear Valley ESA program participants. Bear Valley provides water conservation information as part of its outreach.<sup>71</sup> PacifiCorp proposes that community-based organizations (CBOs) use dye tablets in toilets to detect water leaks when auditing homes.<sup>72</sup>

Liberty Utilities proposes to add low-flow toilets, toilet valve replacement, and leak detection measures to its ESA program. These measures are not currently in the ESA Policy and Procedure or Installations Standards Manuals, so Liberty Utilities proposes that the measures are first added to the manuals to be appropriately qualified and restricted to specific conditions. If approved, Liberty Utilities requests an additional \$20,000 per year be added to its ESA program budget to fund a pilot program associated with these measures. Liberty Utilities also proposes to promote installation of the maximum number of practical water-saving measures in eligible customer homes. For example, the installation

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<sup>69</sup> Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge Ruling August 3, 2015.

<sup>70</sup> 2015-2017 Budget Applications: Southwest Gas at 23, PacifiCorp at 19, Liberty at 15, Bear Valley at 14.

<sup>71</sup> Joint Post Prehearing Conference Statement Bear Valley Appendix 5 at 6.

<sup>72</sup> PacifiCorp's response to August 3<sup>rd</sup>, 2015 Scoping Memo and Ruling dated August 14, 2015 at 4.

of high efficiency washers is currently restricted to households with four or more occupants where Liberty Utilities supplies the water heating. Liberty Utilities proposes a temporary relaxation of these criteria such that it may install high efficiency washers for households with two or more persons to whom it is not supplying water heating. It argues that these steps will lead to increased water savings as well as energy savings.<sup>73</sup>

According to the ESA Policy and Procedures Manual, renters are only eligible to receive measures with the property owner's approval. Southwest proposes to change this to allow the installation of "simple measures" without the property owner's approval. Southwest opines that simple measures do not alter the home's structure, including cover plates, faucet aerators, low-flow showerheads, thermostatic shower valves and water heater blankets. Southwest proposes that allowing it to install simple measures would allow it to treat additional homes and supports the Commission's 2020 goal.

Collectively, the SMJUs' proposals address water-energy nexus issues by offering water-focused energy education and outreach, new ESA program measures and enhanced leveraging efforts between each other and with local water entities. To the extent newly proposed program measures comply with the ESA Statewide Policy and Procedure Manual, those measures are approved. We also support the proposed initiatives on enhanced energy education and leveraging and encourage continued exploration in this area.

Liberty Utilities' requests to include low-flow toilets and toilet valve replacement as measures and to relax occupancy restrictions on other

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<sup>73</sup> Liberty Utilities' response to August 3, 2015 Scoping Memo and Ruling, dated August 14, 2015 at 5.

water-saving measures such as high efficiency washers is denied. The existing household occupancy restriction is applicable statewide and lifting and/or adjusting it at this time is unjustified. We must keep on track with our current initiatives to continue to administer the ESA program cost-effectively to yield maximum energy savings at a reasonable level of expenditure. However, we approve Liberty Utilities' request to offer leak detection kits and PacifiCorp's proposal to utilize dye tablets to detect water leaks as these are both low-cost and effective water-energy nexus measures.

We deny Southwest's proposal to allow the installation of "simple measures" without the property owner's approval. This proposal contradicts the ESA Statewide Policy and Procedure Manual, which prohibits rental units from receiving program services and measures without receipt of a property owner's waiver. Property owner approval of ESA measures must cover the participation of the unit in the program and the installation of specific measures.<sup>74</sup>

D.16-11-022 directed the IOUs to develop cold water measure plans in coordination with water agencies and companies operating in their service territories. It also directed the IOUs to include water-energy calculator results in these plans and to identify any major differences and overlaps between the water conservation aspects of the ESA program and the components of each water agency or utility's no-cost or low-income-targeted residential water-saving programs.

Given ongoing concerns about drought in California, we believe it is reasonable for the SMJUs to adopt similar approaches. We therefore direct the

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<sup>74</sup> Statewide Policy and Procedure Manual, Section 2.6.



SMJUs to monitor this IOU activity and to consider potential best practices for additional cost effective water and energy savings measures that the effort identifies.

#### **4.8. Statewide Policy and Procedure and California Installations Manual**

The ESA Statewide Policy and Procedure Manual is a single repository for ESA program policy and procedure content. The Commission intends that the manual reflect the most recent governing Commission decisions authorizing ESA program budgets, measures and policy updates. For instance, D.14-05-004 approved all new ESA measures proposed by the SMJUs as reflected in the Policy and Procedure Manual (Table 5-1) for the requested housing types and climate zones. D.14-05-004 also directed the SMJUs to make all good faith and reasonable efforts to comply with the manuals, to the extent practicable, and advised the SMJUs to follow and adapt to these manuals as they are constantly evolving and being updated as part of the large IOU proceeding.<sup>75</sup>

With the exception of Bear Valley, which indicated it adheres to the most current approved ESA Statewide Policy and Procedure and the California Installation Standards Manuals pursuant to D.14-05-004, the SMJU budget applications and joint post-PHC statement were generally silent regarding SMJUs' use of these manuals.<sup>76</sup>

D.16-11-022 reconvened the IOU mid-cycle working group previously established in D.12-08-044 and tasked the working group with updating the ESA

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<sup>75</sup> D.14-05-004 at 25. See "Energy Savings Assistance Program Policy and Procedure Manual," 2013 at <http://www.cpuc.ca.gov/iqap/>

<sup>76</sup> Bear Valley 2015-2017 Budget Application at 21.

Policy and Procedure and Installation Standards Manuals.<sup>77</sup> This work was recently completed and both manuals are in the process of being finalized.<sup>78</sup>

Our goal is to expedite future updates to the Statewide Policy and Procedure and Installation Standards Manuals while ensuring that content reflects the most current governing Commission decisions. We intend that the Statewide Policy and Procedure Manual incorporate and complement Commission decision directives and be used as a guide in terms of ESA program policy and procedure. The Installation Standards Manual addresses the technical components of the ESA program including compliance with relevant title codes and specifications.

The ESA Statewide Policy and Procedure Manual also outlines safety requirements for all ESA contractors, including for natural gas appliance testing, equipment repairs and contractor training and eligibility requirements.<sup>79</sup> This is the primary safety reference for the ESA program and parties raised no safety concerns in their applications or statements.

We direct the SMJUs to continue to make all good faith and reasonable efforts to comply with Statewide Policy and Procedure and Installation Standards Manuals updates, to the extent practicable. In addition, we believe it would be beneficial to develop SMJU-specific appendices to the Statewide Policy and Procedure and Installation Standards Manuals to provide guidance to the SMJUs given their unique service territories and housing stock. Funding should

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<sup>77</sup> D.16-11-022 at 236.

<sup>78</sup> The Mid-cycle working group hosted a public workshop via webinar on January 31, 2018 to solicit stakeholder input regarding proposed updates to both manuals.

<sup>79</sup> Statewide Policy and Procedure Manual, Sections 6-10.

be made available to accomplish this in the simplest way possible and the effort should be administered in consultation with Energy Division. Directing the SMJU with the largest 2018-2020 ESA Program budget to fund updating of the ESA Statewide Policy and Procedure and Installation Standards Manual is the simplest option available. We therefore direct Southwest Gas to fund development of SMJU-specific appendices to the ESA Statewide Policy and Procedure and Installation Standards Manuals out of its budget as approved today, at a level not to exceed \$15,000.

#### **4.9. Energy Education Programs**

Until D.16-11-022 was adopted, the ESA program limited the delivery of energy education to income-eligible households that met the modified three minimum measure program requirement. Households that did not meet this threshold were not eligible to receive in-home energy education. Topics covered by the ESA program's in-home energy education module include:

- The general levels of usage associated with specific end uses, installed program measures and appliances
- The impacts on usage of individual energy efficiency measures offered through the ESA program or other programs offered to low-income customers by the utility
- Practices that diminish the savings from individual energy efficiency measures, as well as the potential cost of such practices
- Ways of decreasing usage through changes in practices
- Information on CARE, the Medical Baseline program, Family Electric Rate Assistance (FERA), LIHEAP, Community Help and Awareness of Natural Gas and Electric Services (CHANGES), and other available programs
- Appliance safety information
- Understanding utility bills and current utility rates

- Greenhouse gas emissions
- Water conservation
- CFL disposal and recycling<sup>80</sup>

Southwest indicates that it targets all low-income customers with periodic home energy reports to provide customized energy education and uses home energy reports as an outreach tool for customers whose homes it has not yet treated. Southwest increased its proposed 2018-2020 outreach budget to cover the cost of these efforts.<sup>81</sup> Southwest also proposes providing energy education to all income-eligible customers.<sup>82</sup>

Liberty Utilities indicates that its contractors provide energy education at the time of installation of ESA measures and that it plans to update its printed materials to make them more applicable and relevant for consumers.<sup>83</sup>

PacifiCorp plans to discuss energy education best practices as part of its leveraging efforts with its CBO partners and to provide funding to enhance their energy education programs.<sup>84</sup> Bear Valley reviewed the recommendations in the 2013 ESA Program Energy Education Final Report<sup>85</sup> and works with its implementation contractor to ensure that field personnel are well trained. Bear Valley will provide energy cost saving information to its customers and proposes to follow up via telephone or in person as a part of its ESA

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<sup>80</sup> 2018-2020 Statewide ESA Policy and Procedure Manual at 34.

<sup>81</sup> Joint Post Prehearing Conference Statement, Southwest Gas Appendix 2 at 6.

<sup>82</sup> Southwest Gas 2015-2017 Budget Application at 16.

<sup>83</sup> Liberty 2015-2017 Budget Application at 20.

<sup>84</sup> PacifiCorp 2015-2017 Budget Application at 15.

<sup>85</sup> See <https://pda.energydataweb.com/#/>

post-installation verification process. It also plans to distribute a joint brochure produced in conjunction with the Department of Water and Power in Big Bear Lake and the California Department of Community Services and Development (CSD) to offer water conservation tips for its customers.<sup>86</sup>

D.12-08-044 authorized the large IOUs to perform an ESA Program Energy Education report and a 2013 LINA study to inform future ESA Program cycles. Both studies independently concluded that utilities should provide energy education during the ESA home assessment process. These findings are important and the SMJUs' ESA program should reflect them. We therefore approve in-home energy education as a stand-alone ESA program measure for all income-qualified SMJU households.

#### **4.10. Pilots**

Bear Valley proposed to conduct a pilot to replace inefficient portable electric space heaters with more efficient units. Most of Bear Valley's customers have a primary space heating system fueled by a source other than electricity.<sup>87</sup> However, Bear Valley indicates that its customer service representatives continually field questions concerning costs to operate electric portable space heaters. Based on this and on other anecdotal evidence, Bear Valley believes that a significant number of customers utilize portable electric space heaters as an auxiliary source to complement their main heating system.<sup>88</sup>

Bear Valley reports that Energy Star does not rate portable space heaters, but the U.S. Department of Energy states that they can be more efficient than

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<sup>86</sup> Bear Valley 2015-2017 Budget Application at 16.

<sup>87</sup> Bear Valley currently has just eighteen customers on its all-electric rate.

<sup>88</sup> Bear Valley 2015-2017 Budget Application at 15.

running a main heating source such as a central system at a higher temperature throughout the home. Bear Valley indicates that there have been advancements in the efficiency and safety of these units.

Bear Valley proposes to add replacement of portable electric space heaters with more energy efficient space heaters as a pilot measure in 2018-2020 limited to one hundred units. It proposes that customer space heater units be eligible for replacement under the following conditions:

- The customer must regularly use a portable electric space heater in lieu of their main space heating system;
- The existing unit must be inefficient relative to new products (i.e., BTU per Watt). Bear Valley plans to identify energy efficiency criteria as part of the pilot;
- New units will be as energy efficient as possible and also have the following features:
  - Carry an Underwriter's Laboratory label;
  - Thermostatically controlled to avoid wasting energy;
  - Have a tip-over safety switch.

Bear Valley proposes to collect customers' old space heaters and test them to estimate the energy savings. Once units are tested and the data recorded, the units will be recycled. Upon completion of the pilot program, Bear Valley will provide a report to the Commission's Energy Division with pilot findings. If the Commission approves the measure as viable, Bear Valley will request to offer it as an eligible measure in its future programs.

Bear Valley also proposes to monitor the success of any new or pilot measures offered by the large IOUs and to request authority to implement any measures approved for their programs. If any new measures approved for other IOU programs would be appropriate for Bear Valley's program, Bear Valley will

work with the Commission's Energy Division to include such measures. No other SMJUs proposed any pilots.

We appreciate Bear Valley's proposal to offer more efficient electric space heaters to eligible ESA households but require more information. Bear Valley's proposed electric space heater pilot is reasonable and is approved. If Bear Valley still intends to pursue this pilot, it shall submit a Pilot Implementation Plan (PIP) on its space heater pilot proposal via a Tier 2 Advice Letter using the ESA program PIP template provided in Appendix C.

#### **4.11. Multi-family Sector**

The treatment of low-income occupied multi-family properties by the ESA program has been a central issue in the consolidated IOU proceeding for a number of years. We recognize that program changes are necessary to serve this building type and its occupants for the SMJUs as well, while being sensitive to the potentially high costs of widespread, comprehensive retrofits.

The SMJUs provided information on their multi-family building plans in response to the August 3, 2015 Scoping Memo.<sup>89</sup> Liberty Utilities indicated that its current ESA program does not include common area-specific measures or funding with respect to the multi-family sector. Liberty Utilities requested that the Commission approve specific measures for use in multi-family common areas and requested an additional \$50,000 for its ESA program budget to implement such measures.

Liberty Utilities also proposes to conduct targeted outreach to the property owners and landlords who own and operate multi-family buildings within its

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<sup>89</sup> "Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge," August 3, 2015.

service territory. Under its proposal, Liberty Utilities would permit its contractor to execute a single property owner agreement for multiple units and/or multiple properties, suggesting that this would streamline enrollment for both the residents and owners of the multi-family buildings.<sup>90</sup>

Bear Valley does not have a significant number of multi-family complexes in its service area. It reports that the 2010 U.S. Census shows that just 516, or 2.4%, of Bear Valley customers live in multi-family properties with five or more unit complexes. Bear Valley believes its multi-family customers to be mostly concentrated in smaller properties (less than 10 units) or rented condominiums. It states that the smaller properties are likely cabins in small master metered groups that were originally developed as vacation rentals and that these customers may be difficult to find.

Bear Valley proposes to reach out to rental agencies to inform property owners that some of their tenants could be eligible for services under the ESA program. Additionally, Bear Valley's Business Lighting program offers rebates for exterior common area lighting that can be made available at little to no cost to multi-family building property owners. Bear Valley believes that its ESA contractor can leverage the Business Lighting program funds and ESA funds to make both programs more efficient.<sup>91</sup>

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<sup>90</sup> In "Liberty Utilities Post Workshop Comments," August 14, 2015, Liberty requests an additional \$50,000 per year for its ESA program budget during its 2018-2020 program cycle to install measures in multi-family common areas.

<sup>91</sup> "Bear Valley Electric Service, A Division of Golden State Water Company, Responses to Questions in Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge," August 14, 2015.



PacifiCorp includes multi-family units in its ESA program, includes the multi-family sector in its marketing efforts and encourages CBOs to target multi-family units for weatherization services. Marketing techniques include providing information on PacifiCorp's website, in billing messages and inserts, and in radio and newspaper advertising. CBOs working with PacifiCorp also send direct mail post cards promoting the ESA program to all customers subscribed to the CARE program. Such mailings encourage customers, including renters, to call the CBOs for more information on the ESA program. PacifiCorp provides CBOs with lists of CARE customers so that they can specifically target income-eligible customers with additional outreach and marketing efforts.

PacifiCorp does not have a high number of multi-family unit customers in its largely rural service territory. Accordingly, PacifiCorp does not expect multi-family participation in the ESA program to become a substantial percentage of overall ESA customer participation. PacifiCorp does not typically cover common multi-family areas in its ESA program given that the customer for common areas is most often a separate, non-eligible commercial customer. However, in the cases where 66% of customers in a multi-family unit building are income eligible for the ESA program, PacifiCorp proposes to deploy weatherization service for all of the building units.<sup>92</sup>

Southwest offers the CARE and ESA program to all eligible residential customers regardless of housing type. It encourages and supports use of the "80%/20%" measures rule, which allows treatment of an entire multi-family

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<sup>92</sup> "Response of PacifiCorp to August 3, 2015 Scoping Memo and Ruling," August 14, 2015.

building as long as a minimum of 80% is occupied by income-qualified households. Although its ESA program does not allow treatment of common areas, Southwest's ESA installation contractors provide multi-family property owners with information on Southwest's commercial rebates program, which offers rebates for the purchase and installation of energy efficient equipment such as tankless water heaters, boiler equipment and furnaces.<sup>93</sup>

D.16-11-022 approved establishment of a Multi-family Working Group to review data on treatment of common areas in multi-family buildings. It ordered the working group to file a progress report on activities in December, 2018, and a final report in December, 2019. SMJU proposals to treat and outreach to multi-family households that are aligned with the ESA Statewide Policy and Procedure and Installations Standards Manuals are reasonable and are approved.

We also find Liberty Utilities' proposal to conduct targeted outreach to property owners and landlords to be reasonable and we approve this activity along with Liberty Utilities' funding requests for an additional \$50,000 for its ESA program budget to implement multi-family common measures. We authorize Liberty Utilities to pursue this effort on a pilot basis and to submit a Pilot Implementation Plan via a Tier 2 Advice Letter using the PIP provided in Appendix C. Liberty Utilities shall monitor and report on the outcomes of the pilot in its annual reports to the Commission. Depending on the outcome of the Multi-family Working Group's activities, multi-family common area measures may be considered as a permanent offering as part of the SMJUs' next program cycle.

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<sup>93</sup> "Southwest Gas Corporation Response to Ruling Questions," August 14, 2015.

Bear Valley's plans to reach out to rental agencies and leverage its Business Lighting program lighting measure rebates with ESA funds to make both programs more efficient are reasonable and are approved.

PacifiCorp's practice of qualifying an entire multi-family building where 66% are income eligible for the ESA program should be revised to align with multi-family treatment in the large IOU proceeding.<sup>94</sup> Effective immediately, only buildings where 80% of the occupants are ESA income-eligible are eligible for weatherization services for 100% of the units. PacifiCorp's outreach and marketing strategies are acceptable and are approved to continue.

Southwest's practices of abiding by the 80%/20% rule and leveraging its commercial rebates program are acceptable and are approved to continue.

It is evident that the SMJU multi-family population is quite small when compared to that of the IOUs. Nonetheless, the SMJU multi-family housing sector, no matter how small, must be afforded the opportunity to participate in the ESA Program. To accomplish this, the SMJUs must ensure that their ESA marketing and outreach materials address the multi-family population and should strive to increase multi-family treatments in their respective service territories. To the extent practicable, the SMJUs should also closely monitor D.16-11-022 activities to improve ESA program participation in the multi-family housing sector.

#### **4.12. West Coast ESA Program**

Because of its relatively new housing stock and lack of opportunity for cost effective energy savings, West Coast's low-income assistance program is

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<sup>94</sup> D.16-11-022 at 185.

currently limited to CARE activities. However, for the 2018-2020 program cycle, West Coast seeks to continue its ESA program practice of providing customers with conservation information. We approve this request but direct West Coast to ensure that the conservation information provided addresses the energy education components specified below, as outlined in the ESA Statewide Policy and Procedure Manual:

- The general levels of usage associated with specific end uses, installed program measures and appliances;
- The impacts on usage of individual energy efficiency measures offered through the ESA program or other programs offered to low-income customers by the utility;
- Practices that diminish the savings from individual energy efficiency measures, as well as the potential cost of such practices;
- Ways of decreasing usage through changes in practices;
- Information on CARE, the Medical Baseline program, FERA, LIHEAP, CHANGES, and other available programs;
- Appliance safety information;
- Understanding utility bills and current utility rates;
- Greenhouse gas emissions;
- Water conservation; and
- CFL disposal and recycling.

We also direct West Coast to ensure compliance with the current and any subsequent versions of the ESA Statewide Policy and Procedure Manual, to the extent practicable.<sup>95</sup> In addition, we intend in the future to re-visit West Coast's

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<sup>95</sup> See "Energy Savings Assistance Program Policy and Procedure Manual," 2013 at <http://www.cpuc.ca.gov/iqap/>

exemption from offering ESA in subsequent program cycles. This is reasonable given the time lapse since we approved this exemption. As the households in West Coast's service territory age they may become candidates for energy efficiency retrofits and/or appliance replacement.

## **5. California Alternate Rates for Energy Program and Budget**

In this section, we approve the SMJUs' CARE program budget and penetration rates for 2018-2020. By 2020, all SMJUs propose to achieve or exceed the Commission's adopted CARE penetration goal of 90%. We also approve three SMJU proposals to increase the retention and verification of participating CARE households.

### **5.1. CARE Program Budget and Penetration Rates**

The SMJUs requested a total of \$39 million in CARE budgets through 2020, or about \$13 million per year on average. Table 7 summarizes the SMJUs' budget requests.

Table 7: CARE Program Adopted Budget Summary 2018-2020

CARE Adopted Budget Summary 2018-2020				
Utility	2018	2019	2020	Total
Southwest	\$7,389,038	\$7,455,593	\$7,530,390	\$ 22,375,021.00
PacifiCorp	\$4,050,000	\$4,160,000	\$4,270,000	\$ 12,480,000.00
Liberty	\$972,603	\$1,032,190	\$1,093,021	\$ 3,097,814.00
Bear Valley	\$347,614	\$364,945	\$374,216	\$ 1,086,775.00
Alpine	\$27,000	\$28,000	\$29,000	\$ 84,000.00
West Coast	\$8,060	\$8,060	\$8,060	\$ 24,180.00
Total	\$12,794,315	\$13,048,788	\$13,304,687	\$ 39,147,790.00

In D.08-12-019 we established and D.14-05-004 retained a SMJU CARE penetration goal of 90% of eligible customers.<sup>96</sup>

The SMJUs' proposed CARE penetration rates through 2020 are provided below in Table 8. The targets proposed by Bear Valley, Southwest, West Coast and Alpine exceed 90% each year. The targets proposed by Liberty Utilities and PacifiCorp start at seventy and 87% respectively in 2018 but increase to 90% in each case by 2020. The SMJUs' proposed CARE penetration rates for 2018-2020 align with previous Commission direction. They are reasonable and are approved.

Table 8: Approved CARE Penetration Rates 2018-2020

Approved CARE Penetration Rates 2018-2020			
<i>Utility</i>	2018	2019	2020
Southwest Gas	93%	94%	95%
PacifiCorp	87%	89%	90%
Liberty <sup>97</sup>	70%	80%	90%
Bear Valley	92%	92%	93%
Westcoast Gas <sup>98</sup>	100%	100%	100%
Alpine Natural Gas	92%	96%	96%

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<sup>96</sup> D.14-05-004 at 3.

<sup>97</sup> Liberty's consultant identified additional CARE eligible customers in its service territory, not previously identified by its predecessor Sierra. This finding resulted in a CARE penetration level below 90%.

<sup>98</sup> West Coast's projections are estimated based on data provided in budget application for 2015-2017 program years.

In light of the approved SMJU CARE penetration targets, we find the SMJUs' proposed budgets to be reasonable and approve them as summarized in Table 8 and in Appendix B.

## **5.2. CARE Household Retention Strategies**

A major lesson learned in the past few program cycles is that the CARE program has an extremely high attrition rate. As a result, we concluded that certain aspects of the CARE program design should be tightened up to ensure that the CARE discount rate and subsidy are not being unlawfully diverted to ineligible customers at the expense of ratepayers.<sup>99</sup> D.14-05-004 encouraged the SMJUs to identify ways to improve outreach, enrollment, retention, and verification strategies for the CARE Program.<sup>100</sup>

Three of the SMJUs proposed to update methods to improve CARE customer retention and verification. Southwest requests authority to allow customers with fixed income sources at the time of enrollment to re-certify their eligibility for the CARE program every four years instead of every two years. It opines that customers' income levels are unlikely to change within two years and that their proposal will reduce customer burden. Southwest also requests that customers be removed from CARE for 24 months, or until income documentation is provided, if they fail to provide proof-of-income during post-enrollment verification processes. Southwest notes that these two recommendations are consistent with the large IOUs' CARE programs.<sup>101</sup>

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<sup>99</sup> D.12-08-044 at 13.

<sup>100</sup> D.14-05-004 at 56.

<sup>101</sup> Southwest Gas 2015-2017 Budget Application at 10.

PacifiCorp requests authority to partner with CBOs to select a random sample of customers (2% of total) enrolled in CARE that will be required to provide appropriate documentation demonstrating eligibility for the CARE program.<sup>102</sup> Consistent with the high usage direction provided in the last cycle, PacifiCorp is updating its post-enrollment verification process for CARE customers at 400-600 % of baseline consumption levels, which will be administered through its CBOs.<sup>103</sup>

Liberty Utilities requests the ability to accept an affidavit of cash income up to specified income levels and/or to accept an affidavit of no income to assist customers whose compensation is paid in cash or who otherwise have no evidence of income level.<sup>104</sup>

Bear Valley does not request CARE program design changes but reports that it has worked diligently over the years to increase its CARE penetration rate to above 90%. It indicates that its participation numbers were greatly affected by the implementation of the CARE high customer usage rule, which Bear Valley began implementing in 2015.<sup>105</sup>

Collectively, the SMJUs' have requested administrative and program changes that enhance the effectiveness of the CARE program and ensure that only eligible households are retained. The proposed approaches are reasonable and are consistent with IOU practices and the ESA Statewide Policy and

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<sup>102</sup> D.16-11-022 at 278.

<sup>103</sup> PacifiCorp Budget Application 2015-2017 at 8.

<sup>104</sup> Liberty Utilities 2015-2017 Budget Application at 21.

<sup>105</sup> Joint Filing Appendix 5 Bear Valley Electric Service Division at 1.



Procedure Manual.<sup>106</sup> Expanding these practices throughout SMJU service territory is beneficial as this increases the statewide consistency of the CARE Program. We approve the following for all SMJUs: (1) Southwest's request to allow households on fixed incomes to recertify every two years and to deny CARE participation for 24 months, or until income documentation is provided, for households that fail to provide this during post-enrollment verification processes; (2) PacifiCorp's request to sample 2% of CARE participant households to demonstrate CARE eligibility; and, (3) Liberty Utilities' request to accept affidavits of cash income for CARE applicants whose compensation is paid in cash or who otherwise have no evidence of income level.

## **6. Combined ESA and CARE Program Elements**

### **6.1. Fund Shifting**

D.14-05-004 adopted ESA and CARE program fund shifting rules for the SMJUs. In D.14-05-004, for both ESA and CARE programs, we authorized the SMJUs to:

- (1) Anticipatorily commit funds for expenditure during the next program cycle for long-term projects that require funding beyond the current budget program cycle but that will not yield savings in the current cycle, with certain limitations;
- (2) Shift funds from one year to another within the current three-year budget cycle without prior approval;

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<sup>106</sup> Affidavits from an employer, who pays the applicant cash wages must include the company name, address and phone number. It must also include the name of the applicant, total amount paid to the applicant, and the frequency of payments, and must contain a signature from the employer's authorized representative. If the applicant receives cash wages for jobs like mowing lawns, babysitting, handyman services, casual day labor, etc., a self-employment affidavit from the applicant is acceptable if it meets all program criteria.

- (3) Shift and “borrow” from the next budget cycle, without prior approval, if the next cycle budget portfolio has been approved by the Commission and such fund shifting is necessary to avoid interruptions of those programs continuing into the next cycle (and for start-up costs of new programs);
- (4) Carry over all remaining, unspent funds from program year to program year or budget cycle to budget cycle (including all anticipated carry over funds in the upcoming budget applications) without prior approval;
- (5) File a motion pursuant to Article 11 of the Commission’s Rules of Practice and Procedure and obtain an Administrative Law Judge’s prior written approval for any: (a) shifting of funds into or out of different program categories; (b) shifting of funds into or out of the Education subcategory; (c) shifting of funds between electric and gas programs; and/or, (d) shifting of funds totaling 15% or more of the total current annual ESA program budget; and,
- (6) Track and maintain a clear and concise record of all fund shifting transactions and submit a well-documented record of such transactions in their compliance reports relevant to the period in which they took place.<sup>107</sup>

In their 2015-2017 Applications, Alpine and Bear Valley request authorization to shift CARE and ESA funds by program category. They request flexibility to continue to manage ESA funds between program categories and program years and to shift funds between these categories as needed to respond to changing market conditions and actual activities encountered in the programs.<sup>108</sup>

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<sup>107</sup> D.14-05-004 at 49-52.

<sup>108</sup> Alpine 2015-2017 Budget Application at 18 and Bear Valley 2015-2017 Budget Application at 18.

Southwest and PacifiCorp request that the Commission continue to permit fund shifting by category for CARE and ESA and the flexibility to manage funds over each program year in the event of a delay in the Commission's decision authorizing subsequent years' budgets.<sup>109</sup> PacifiCorp indicated that it annually submits Advice Letters to alter its ESA and CARE surcharges, when warranted, and does not object to the current carry-over funds process.<sup>110</sup>

Southwest requests the ability to shift CARE and ESA administration funds between subcategories (i.e., outreach, inspections, processing, certification, verification and general administration) without the need for prior approval. It does not request authority to shift funds between CARE administration and discount budgets, however. Southwest similarly requests the ability to move funds from the ESA administration budget to the ESA weatherization budget should additional funding be required for treatment or weatherization services but does not propose shifting funds out of the ESA weatherization budget. Southwest requests this authority to allow it more flexibility in meeting the ESA and CARE participation targets.<sup>111</sup>

Alpine requests the ability to move administrative funds between subcategories (i.e. outreach, inspections and general), in accordance with program needs and to continue to meet the ESA Program treatment targets. Alpine does not request flexibility to move any funding out of the ESA weatherization funding but, like Southwest, proposes flexibility in moving

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<sup>109</sup> PacifiCorp 2015-2017 Budget Application p.22 and Southwest Gas 2015-2017 Budget Application at 28.

<sup>110</sup> Joint SMJU Post Prehearing Conference Statement Appendix 3, PacifiCorp at 2.

<sup>111</sup> Joint SMJU Post Prehearing Conference Statement Southwest Gas Appendix 2 at 2-4.

funds from the administration budget category to the weatherization budget category if more weatherization funding is required than originally projected.<sup>112</sup>

Although D.16-11-022 altered the fund shifting rules for the large IOUs, permitting them to file an Advice Letter to request authorization to shift funds in certain situations as opposed to a motion, we decline today to adopt this change for the SMJUs. The SMJUs operate with significantly lower budgets than do the large IOUs, currently have authority to shift up to 15% of program funds between program categories, have very infrequently requested authorization to shift funds beyond this level and did not request the same fund-shifting authority granted to the large IOUs in D.16-11-022. Therefore, we decline to alter the SMJUs' fund shifting rules to align them with those adopted for the large IOUs as we see no need. The SMJUs shall continue to adhere to the fund-shifting rules adopted D.14-05-004 for ESA and CARE programs.

However, this decision also removed limits on "go-back" treatments and directed the SMJUs to prioritize allocation of any unused funds towards this purpose (see Section 4.2). We reiterate here that SMJUs should utilize any over-collected funds towards ESA Program treatment goals, including retreated homes or "go-backs," rather than prioritizing return of over-collected funds and a corresponding reduction of ESA Public Purpose Program Surcharges as was authorized in D.14-05-004<sup>113</sup> and D.08-12-019.<sup>114</sup>

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<sup>112</sup> Joint SMJU Post Prehearing Conference Statement Alpine Appendix 6 at 2

<sup>113</sup> D.14-05-004 at 24 and Ordering Paragraph 10.

<sup>114</sup> D.08-12-019, Ordering Paragraph 22.

## 6.2. Leveraging and Coordination

D.14-05-004 directed the SMJUs to continue their leveraging activities and to explore additional coordination opportunities going forward to increase their efficiency and to minimize duplication, wherever possible. D.14-05-004 also identified the large IOUs, CBOs and the CSD as particularly valuable leveraging partners.<sup>115</sup> Leveraging is particularly important for the SMJUs since, excluding PacifiCorp, they share service territories with other providers and offer just one fuel type, electric or gas. In this section, we investigate the SMJUs' vision on new leveraging opportunities with CBOs, other utilities and other aspects of CSD program offerings.

Alpine coordinates with the electric provider in its service territory, PG&E, to improve delivery of ESA.<sup>116</sup> Each of the utilities that overlap with Southwest's service territory, Liberty Utilities<sup>117</sup> and Bear Valley,<sup>118</sup> leverage that relationship to increase customer acquisitions and achieve cost reductions. Southwest also describes its plans to coordinate with: (1) Lifeline agencies to target messaging to newly low-income households; (2) CBOs, by maintaining its current capitation fee of \$15, which it might raise to \$20; and, (3) Southern California Edison, with whom it shares contractors and ESA lead staff.<sup>119</sup>

PacifiCorp does not overlap with any other utilities, either large or small but partners with CBOs like Great Northern Services in Siskiyou County,

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<sup>115</sup> D.14-05-004, Ordering Paragraph 14.

<sup>116</sup> Alpine 2015-2017 Budget Application at 5.

<sup>117</sup> Liberty 2015-2017 Budget Application at 21.

<sup>118</sup> Bear Valley 2015-2017 Budget Application at 7

<sup>119</sup> Southwest Gas 2015-2017 Budget Application at 11-12 and 22.

Del Norte Senior Center covering Del Norte County and Redwood Community Action Center serving Modoc County residents. PacifiCorp receives funding from the CSD, which administers state and federal funds from the U.S.

Department of Health and Human Services and the U.S. Department of Energy for low-income weatherization services, and intends to partner with the CSD and two additional CBOs – Great Northern Services in Siskiyou County and Redwood Community Action Agency serving Modoc and Del Norte Counties – to increase program participation. PacifiCorp also plans to enhance its relationships with the Yurok Tribal Housing Authority, Elk Valley Rancheria and Smith River Rancheria Housing Authority and other local agencies to promote the ESA program.<sup>120</sup>

Bear Valley intends to continue to coordinate and expand data sharing with local water agencies including the Department of Water and Power and the Community Service District in Big Bear City to leverage efforts and costs where feasible.<sup>121</sup>

In D.16-11-022, the Commission directed the large IOUs to work to create efficiencies between LIHEAP grant agencies and the IOU customer databases. The intent of this action was to reduce administrative costs and time delays for those customers seeking utility payment assistance. D.16-11-022 also directed the IOUs to develop coordination plans between the ESA Program and CSD's Weatherization Assistance Program in order to develop a referral process for customers with high-energy burdens using non-IOU fuel sources.

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<sup>120</sup> Joint Post Prehearing Conference Statement PacifiCorp Appendix 3 at 6.

<sup>121</sup> Joint Post Prehearing Conference Statement Bear Valley Appendix 5, Bear Valley at 6.

The SMJUs' proposed leveraging activities are reasonable and are approved to continue. Further, it is reasonable to apply the LIHEAP coordination approaches adopted for the large IOUs to the SMJUs as well, as this will benefit low-income customers and streamline payment assistance. We direct the SMJUs to coordinate with their IOU counterparts to develop similar referral processes as ordered in D.16-11-022 to identify and address the needs of customers with high-energy burdens and alternate fuel sources.

### **6.3. Low-Income Needs Assessment Budget and Scope**

In August of 2012, the CPUC issued D.12-08-044, directing the Large IOUs to conduct a LINA study.<sup>122</sup> The objective of the study was to provide updated information to support program and regulatory decisions and to better address the needs of low-income customers. The IOUs issued the first LINA report in December 2013.<sup>123</sup> The report provided useful insight into the participation rates of targeted CARE/ESA program customers and recommendations to increase participation.

In 2013, the California legislature passed Assembly Bill (AB) 327. Among other things, the bill mandated that a LINA study be conducted every three years to "evaluate low-income program implementation and the effectiveness of weatherization services and energy efficiency measures in low-income households... [and to] consider whether existing programs adequately address low-income electricity and gas customers' energy expenditures, hardship,

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<sup>122</sup> Prior to that, the Large IOUs completed the last LINA in 2007.

<sup>123</sup> "2013 Low-income Needs Assessment Final Report," December, 2013. <http://www.cpuc.ca.gov/iqap/>.

language needs, and economic burdens.”<sup>124</sup> In D.16-11-022, the Commission in response to AB 327 directed the IOUs to conduct LINA studies every three years. The IOUs completed the most recent LINA study in December 2016<sup>125</sup> and the next iteration is due by December 31, 2019.

The SMJUs submitted budget requests relating to the authorized LINA study. PacifiCorp, for example, requests funding for a needs assessment study in its service territory. It indicates that its intent is to understand better the number of homes remaining to be weatherized in order to refine its ESA goals.<sup>126</sup> Liberty Utilities also requests an additional \$15,000 per year to fund the administrative expenses of participating in the LINA process.<sup>127</sup> Liberty Utilities indicates that it has attempted to incorporate the LINA study findings, the Impact Evaluation Report, the Multi-family Segment Study, and the Energy Education Study in its program enhancements as directed in D.14-05-004.<sup>128</sup>

The 2019 LINA Study is currently underway in the consolidated IOUs proceeding, pursuant to D.16-11-022 and AB 327. As with prior ESA and CARE Program studies, the outcome of this study should inform both the large and small utilities regarding best practices and recommended paths forward. While we appreciate PacifiCorp and Liberty Utilities’ willingness to initiate independent LINA studies, this is not practical at this time due to time and resource constraints. It is reasonable, however, for the SMJUs to follow and

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<sup>124</sup> Public Utilities Code Section 382(d).

<sup>125</sup> “2016 Low-income Needs Assessment Final Report,” December 15, 2016, <http://www.cpuc.ca.gov/iqap/>.

<sup>126</sup> PacifiCorp 2015-2017 Budget Application at 9.

<sup>127</sup> Liberty Utilities Comments on Ruling Questions, August 14, 2015.

<sup>128</sup> See D.14-05-004, *mimeo* at 55–56.



participate in upcoming workshops for the 2019 LINA study with the goal of ensuring the study develops applicable findings for their service territories. We direct them to take these steps.

#### **6.4. Instructions for 2021-2023 Programs and Budgets**

D.16-11-002 instructs the large IOUs to file their applications for low-income programs and budgets for program years 2021-2023 on or before June 1, 2019.<sup>129</sup> Historically, the SMJUs have filed their applications after having the opportunity to review those filed by the large IOUs. The SMJUs request in their post-PHC statement that they be directed to file their applications for low-income programs and budgets for program years 2021-2023 no sooner than November 1, 2019.<sup>130</sup> This is reasonable and is approved.

#### **7. Comments on Proposed Decision**

The proposed decision of ALJ Fogel in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on \_\_\_\_\_, and reply comments were filed on \_\_\_\_\_ by \_\_\_\_\_.

#### **8. Assignment of Proceeding**

Commissioner Rechtschaffen is the assigned Commissioner and Cathleen A. Fogel and W. Antony Colbert are the assigned Administrative Law Judges in this proceeding.

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<sup>129</sup> D.16-11-022, Ordering Paragraph 150.

<sup>130</sup> Post-PHC Statement, August 25, 2015 at 6.

**Findings of Fact**

1. Since filing their 2015-2017 ESA and CARE applications, the SMJUs have been awaiting finalization of program updates in the IOUs' ESA and CARE proceeding.

2. D.16-11-022 serves as a template for this decision.

3. The SMJUs have been using bridge funding since early 2015 to continue their ESA and CARE programs at funding levels authorized in 2014 and based on 2011 budgets.

4. In mid-2017, the SMJUs' submitted updated budget and homes treated projections and updated proposals for new measures, pilots and policy changes for the years 2018-2020.

5. The Commission has traditionally issued a decision on the ESA and CARE programs in the large IOUs proceeding and thereafter issued a decision on the SMJUs with fewer programmatic requirements.

6. The ultimate goal of the ESA program is to ensure that it delivers the energy efficiency benefits envisioned by the Strategic Plan of energy savings and contributing to the quality of life of low-income communities.

7. The Commission's goal for the CARE program is that it continues to efficiently provide discount rate benefits to the maximum number of eligible households.

8. Each of the SMJUs, excluding West Coast, offers ESA program services to qualified households.

9. The SMJUs collectively requested approximately \$24 million in ESA program funding and \$39 million in CARE program funding for the 2018 to 2020 program cycle.

10. The SMJUs' requested budgets in some cases represent a substantial increase over the budgets approved for 2014-2017, largely because D.14-05-004 approved 2012-2014 budgets at 2011 levels and D.14-11-005 continued budgets at these levels until a decision was reached on the current applications.

11. The proposed SMJU 2018-2020 ESA budget increases stem from the SMJUs' efforts to reach the Commission's goal of providing 100% of eligible and willing customers with ESA program measures by 2020.

12. The Commission in D.16-11-022 adopted a statewide Willingness and Feasibility to Participate factor of 60%.

13. Applying the 60% WFTP factor, all of the SMJUs have homes-treated projections that are on track to achieve or to exceed the Commission's goal for treatment of 100% of ESA-eligible and willing homes by 2020.

14. ESA program delivery costs are rising because of the difficulty of identifying remaining ESA-eligible homes, rising transportation, labor and outreach costs, expanded measure lists and additional leveraging costs.

15. The SMJUs reported treating 2,623 homes in 2016 at an average cost of \$1,534 per home.

16. The SMJUs have collectively proposed to treat over 10,000 ESA-eligible homes between 2018 and 2020 at an average cost of \$2,396 per home.

17. On average, the SMJUs' cost to treat each ESA-eligible home has increased 41% since 2016.

18. Southwest Gas proposes the largest percent increase in budget per home served of all of the SMJUs as compared to 2016.

19. PacifiCorp's proposed budget and home treatment target implies a per home treatment cost of \$5,387 per dwelling, an increase of 15% over 2016 and much higher than the SMJUs collective average cost of \$2,396 per home.

20. PacifiCorp's transportation and personnel costs are increased due to the rural nature of its service territory and its lack of a utility partner.

21. PacifiCorp included 756 homes (approximately 15%) that are not electrically heated in its estimate of the number of homes has treated.

22. Pursuant to the ESA Statewide Policy and Procedures Manual, homes that are income eligible that are not electrically heated but have central air conditioning are eligible for the ESA program.

23. Liberty Utilities proposes a budget of \$2,240,369 and 1500 homes treated for the 2018-2020 budget cycle, which increases its estimated average cost per home treated during 2018-2020 to \$1,496, an increase of 37% as compared to 2016.

24. Bear Valley requested new budget authorization of \$411,165 for 2018-2020, or \$137,055 annually.

25. Bear Valley had an over-collection of \$536,873 in its ESA balancing account and requested to use this carry-over funding to augment its requested new budget for 2018-2020, thus bringing Bear Valley's total proposed 2018-2020 budget to \$948,038, or \$316,013 per year.

26. A total Bear Valley budget of \$948,038 for 2018-2020 is more than is necessary to treat 240 homes.

27. Alpine proposes a 2018-2020 budget of \$86,475 and a homes treated target of 60 homes, at an average cost of \$1,441 per home.

28. D.08-11-031 adopted the ESA Program go-back rule, which allowed program administrators to return to households treated prior to 2002 on the condition that they first seek to serve households that had not yet been treated.

29. D.16-11-022 eliminated the go-back rule for the large IOUs.

30. Customers currently living in a previously treated household may not be the same occupants who were living there at the time of initial ESA participation and re-treating these households may yield added energy savings.

31. The Commission has an interest in maximizing the long-term savings potential of the ESA program.

32. The SMJUs support elimination of the go-back rule.

33. Authorizing Bear Valley and the other SMJUs to utilize over-collected ESA funds to plan and implement go-back treatments will help ensure that the ESA program addresses the energy burden of low-income customers effectively over time.

34. D.08-11-031 adopted a Modified 3MM Rule.

35. D.16-11-001 found that the Modified 3MM Rule prioritizes treatment of households needing three measures over treatment of high-energy using households or treatment designed to reduce energy hardship.

36. Decision D.16-11-022 eliminated the Modified 3MM Rule for the large IOUs.

37. The SMJUs support elimination of the Modified 3MM Rule.

38. D.16-11-022 determined that energy education can be provided to all qualifying low-income households but that households that only receive this should not count as “treated” and should be tracked in annual compliance reports.

39. Public Utilities Code Section 2790(b)(2) does not limit low-income program measure installations to those that are cost-effective.

40. D.16-11-022 eliminated large IOU measure caps for all individual program measures.

41. Removing measure caps is consistent with the ESA program's directive to focus on increasing energy efficiency and reducing hardships on low-income consumers while meeting their health, safety, and comfort needs in a cost-conscious manner.

42. Eliminating individual program measure caps is particularly useful to address drought and multi-family unit needs but some safeguards are needed.

43. D.16-11-022 directed the large IOUs to not install more ESA program lighting or water conservation measures than are needed or to replace more of these measures than are currently installed.

44. Bear Valley and PacifiCorp do not currently have measure caps while Southwest Gas and Liberty Utilities do.

45. The SMJUs all support removing measure caps for individual program measures.

46. The replacement and installation of second refrigerators is currently offered in climate zone 16 where Liberty Utilities operates.

47. Thermostatic tub spouts and high efficiency furnaces are currently offered in climate zones 14, 15 and 16 where Southwest operates.

48. Screw-in A19 lamps, hard-wired LED fixtures, thermostatically controlled shower heads, faucet aerators, high efficiency clothes washers and water heater blankets are currently offered in climate zone 16 where Bear Valley operates.

49. Thermostat-controlled shower valves, LED bulbs and hard-wired LED fixtures are currently offered in climate zones 1 and 16 where PacifiCorp operates.

50. Thermostatic shower valves and standing pilot conversion lights are currently offered in climate zone 12 where Alpine operates.

51. The furnace clean and tune measure is not currently offered in climate zone 12 where Alpine operates, but is offered in many other areas of the state, including areas with similar or warmer winters.

52. D.16-11-022 adopted a complete phase-out of CFLs in the ESA Program for the large IOUs, effective no later than January 1, 2018.

53. D.16-11-022 directed the large IOUs to incrementally phase-in LED bulbs that meet the California Energy Commission's LED lamp specification requirements and, moving forward, to offer LED bulbs that are in compliance with this new standard and any future updates.

54. It is reasonable for PacifiCorp, and all electric SMJUs, to complete a phase out of CFLs effective immediately upon adoption of this decision.

55. D.16-11-024 as modified in D.17-12-009 authorized the large IOUs to add the Smart Strip Tier 2 measure to their ESA portfolios, in addition to the Tier 1 Smart Strips currently offered by electric utilities.

56. The SMJUs supported adding Tier 2 Smart Strips to their ESA program measures alongside their current Tier 1 Smart Strip offering.

57. D.16-11-022 renamed the ESA "Willingness to Participate Factor" as the "Willingness and Feasibility to Participate factor."

58. The SMJUs support adoption of a 60% Willingness and Feasibility to Participate Factor.

59. D.16-11-022 adopted tracking requirements for the large IOUs on the 60% WFTP factor, including specifying eight categories for data collection to ensure accuracy and consistency.

60. It is reasonable that SMJUs track ESA-eligible household penetration rates, where feasible and useful.

61. The SMJUs' ESA proposals address water-energy nexus issues in varying ways including water focused energy education and outreach, new ESA program measures and enhanced leveraging efforts.

62. Low- flow toilets and toilet valve replacements are not currently authorized in the ESA Policy and Procedure or Installations Standards Manuals.

63. Installation of high efficiency washers is currently restricted statewide to households with four or more occupants where the utility supplies the water heating.

64. Liberty Utilities' proposal to offer leak detection kits and PacifiCorp's proposal that CBOs utilize dye tablets to detect water leaks when auditing homes are reasonable.

65. The ESA Statewide Policy and Procedure Manual states that renters are only eligible to receive measures with the property owner's approval.

66. It is reasonable to approve the SMJU-proposed water-energy nexus program measures that comply with the Statewide Policy and Procedure Manual.

67. D.16-11-022 directed the large IOUs to develop leveraging plans with water agencies in their service territories, to include water-energy calculator results in these plans, to identify differences across agency programs and to propose additional cold-water measures.

68. It is reasonable for the SMJUs to consider best practices that leverage water agency programs developed by the IOUs.

69. The large IOU mid-cycle working group has finalized updates to the ESA Statewide Policy and Procedure and Installation Standards Manuals.



70. It would be beneficial to develop SMJU-specific appendices to the ESA Statewide Policy and Procedure and Installation Standards Manuals to provide guidance to the SMJUs given their unique service territories and housing stock.

71. The SMJUs currently offer a variety of ESA energy education programs.

72. The 2013 Low-income Needs Assessment and Phase 1 Energy Education Study concluded that utilities should provide energy education during the ESA home assessment process.

73. D.16-11-022 approved in-home energy education as a stand-alone ESA program measure for all income-qualified large IOU households.

74. Treatment of low-income occupied multi-family properties by the ESA program has been a central issue in the consolidated IOU ESA proceeding for several years and program changes are necessary to serve this building type and its occupants.

75. D.16-11-022 approved establishment of a Multi-family Working Group to review data on treatment of common areas in multi-family buildings and ordered the working group to file a progress report on activities in December, 2018 and a final report in December, 2019.

76. The SMJU multi-family population is relatively small when compared to the IOU multi-family population.

77. Liberty Utilities' proposal to conduct targeted outreach to multi-family property owners and landlords is reasonable.

78. Bear Valley's plans to reach out to rental agencies and leverage its Business Lighting Program rebates with ESA funds to serve multi-family buildings are reasonable.

79. PacifiCorp's outreach and marketing strategies are reasonable.

80. PacifiCorp currently qualifies all of the units in a multi-family building for treatment if just 66% of the residents are income-eligible for the ESA program.

81. The large IOU proceeding requires that only multi-family buildings where 80% of the occupants are ESA-eligible may be treated with weatherization services for 100% of the units.

82. Southwest's practices of abiding by the 80%/20% rule and leveraging its commercial rebates program to support multi-family installations are reasonable.

83. West Coast's low-income assistance program is currently limited to CARE activities due to its relatively new housing stock and lack of opportunity for cost effective energy savings.

84. West Coast seeks to continue its current ESA Program practice of providing customers with conservation information only for the upcoming program cycle.

85. The ESA Statewide Policy and Procedure Manual outline a number of required energy education components.

86. The ESA Statewide Policy and Procedure and Installations Standards Manuals include safety requirements for ESA contractors, including for natural gas appliance testing, equipment repairs and contractor training and eligibility requirements.

87. The Commission has established a CARE penetration goal of 90% of eligible customers for the SMJUs.

88. All SMJUs propose to achieve or exceed the Commission's adopted CARE penetration goal of 90% by 2020.

89. The CARE program experiences high attrition rates and the Commission has encouraged the SMJUs to investigate ways to improve CARE enrollment, retention and verification strategies.

90. The SMJUs proposed three methods to improve CARE customer retention and verification, all of which align with the ESA Statewide Policy and Procedure Manual.

91. Applying updated customer retention and verification strategies throughout SMJU service territory will increase statewide ESA program consistency.

92. D.14-05-004 adopted ESA and CARE program fund shifting rules for the SMJUs.

93. The SMJUs' applications request to continue current ESA and CARE fund shifting rules.

94. The SMJUs operate with significantly lower budgets than do the large IOUs, currently have authority to shift up to 15% of program funds between program categories and have very infrequently requested authorization to shift funds beyond this level.

95. D.14-05-004 directed the SMJUs to continue their leveraging activities and to explore additional coordination opportunities going forward.

96. Leveraging is particularly important for the SMJUs since, with the exception of PacifiCorp, they share service territories with other providers and offer just one fuel type.

97. The SMJUs are undertaking various leveraging and coordination activities as directed in D.14-05-004.

98. D.16-11-022 directed the large IOUs to work to create efficiencies between LIHEAP grant agencies and the IOU customer databases.

99. It is reasonable to urge the SMJUs to coordinate with their IOU counterparts to develop similar processes.

100. AB 327 mandated that a LINA Study be conducted every three years.

101. The next iteration of the LINA Study is due by December 2019.

102. The 2019 LINA Study outcome should inform both the large and small utilities regarding best practices and recommended paths forward.

103. It is reasonable for the SMJUs to follow and participate in upcoming workshops for the 2019 LINA study with the goal of ensuring the study develops applicable findings for their service territories.

104. D.16-11-002 instructs the large IOUs to file their low-income programs and budgets for program years 2021-2023 on or before June 1, 2019.

105. Historically, the SMJUs have filed their applications after having the opportunity to review those filed by the large IOUs.

### **Conclusions of Law**

1. It is reasonable for the Commission to adopt ESA and CARE program changes for the SMJUs based on decisions adopted in the IOUs' ESA and CARE proceeding, with less stringent requirements.

2. It is reasonable for the Commission to approve SMJU 2018-2020 ESA budgets sufficient for them to reach the Commission's goal of providing 100% of eligible and willing customers with ESA Program measures by 2020.

3. It is reasonable to encourage Southwest to lower its per home treatment costs somewhat by also setting targets for retreatment of previously treated homes and in this way bringing Southwest's average cost per home treated more into alignment with that of the other SMJUs.

4. It is prudent for PacifiCorp to align its average cost per home treated to that of the other SMJUs as much as feasible.

5. It is reasonable for PacifiCorp to retreat 16 additional homes per year in addition to its first-touch treatment goals, in this way decreasing its average costs to \$4,868 per home.

6. Although PacifiCorp correctly treated a number of non-electrically heated homes in its service territory, it should have also included non-electrically heated homes with central air conditioning in its estimates of eligible homes.

7. It is reasonable for PacifiCorp to file a Tier 2 advice letter with updated ESA eligibility calculations and proposing updates to its approved household treatment targets if it determines that the total number of ESA-eligible homes in its service territory is higher than it has previously reported.

8. Pursuant to the Statewide ESA Policy and Procedure Manual, it is reasonable for PacifiCorp to seek out all ESA-eligible homes that meet the criteria for treatment and install all feasible measures in these homes. This includes homes that are non-electrically heated but that have central air conditioning.

9. It is reasonable for PacifiCorp to determine whether the total number of ESA-eligible homes in its service territory is higher than it has previously reported, and to require PacifiCorp to file a Tier 2 advice letter with updated ESA eligibility calculations, treatment targets, and/or potential budget modifications, as needed.

10. Liberty Utilities' proposed budget and homes treated targets are reasonable.

11. Bear Valley's proposed household treatment goals of 240 homes are reasonable as first touch treatment targets.

12. Bear Valley's requested new 2018 – 2020 budget of \$411,165 for first time treatments is reasonable.

13. Bear Valley's proposal to use carry-over funds of \$536,873 from its ESA Balancing Account towards its 2018-2020 ESA program is reasonable.

14. Bear Valley's total proposed budget of \$948,038, or \$316,013 per year, is reasonable.

15. It is reasonable to adjust Bear Valley's homes treated target to reflect an increased annual budget.
16. Bear Valley should aim to retreat an additional 105 previously treated homes per year over the 2018-2020 period.
17. Alpine's proposed budget of \$86,475 and its proposed homes treated target of 60 homes are reasonable.
18. Retreating some households previously treated by the ESA program would be beneficial to customers and assist the Commission's goal of energy savings.
19. It is reasonable for the Commission to eliminate the go-back rule for the SMJUs.
20. It is reasonable for SMJU go-back treatments of ESA-eligible households to be tailored to the specific home, to prioritize households with the highest energy usage that were treated the greatest number of years previously and to be efficiently delivered.
21. Using over-collected ESA funds to plan and implement go-back treatments would help ensure that the ESA program effectively addresses the energy burden of low-income customers over time.
22. Where feasible, it is reasonable for the SMJUs to track the number of go-back treatments they provide including any repeat go-backs and to summarize the measures installed in their annual compliance reports.
23. The focus of the SMJUs' ESA program should be promoting reasonably cost-effective energy savings and health, comfort, and safety benefits.
24. Eliminating the Modified 3MM Rule will allow the SMJUs the flexibility needed to better serve their low-income customers while advancing the twin goals of promoting reasonably cost-effective energy savings and providing health, comfort, and safety benefits.

25. It is reasonable to eliminate the Modified 3MM rule for the SMJUs.
26. It is reasonable for households that only receive energy education to not count as treated and to be separately tracked by the SMJUs in annual compliance reports.
27. It is reasonable for each ESA-eligible household to receive the number of measures to reduce energy burden that it needs, including health, safety and comfort, as indicated by the 2013 LINA.
28. It is reasonable that the SMJUs do not install more ESA program lighting or water conservation measures than are needed and do not replace more of these measures than are currently installed in ESA-eligible households.
29. It is reasonable for the SMJUs to only install multiple program measures that reduce energy hardships, as indicated by the most recent LINA study, and that meet the health, safety, and comfort needs of their ESA clients.
30. It is reasonable for the SMJUs to require that their contractors physically install all program measures and remove all units being replaced to ensure that the customer does not re-install the old inefficient unit, and to ensure proper disposal.
31. Liberty Utilities' proposal to add replacement and installation of second refrigerators in eligible homes in its service territory with six or more residents is reasonable and should be approved.
32. Southwest's proposal to add thermostatic tub spouts and high efficiency furnaces is reasonable and should be approved.
33. Alpine's proposal to add thermostatic shower valves and standing pilot conversion lights is reasonable and should be approved.
34. Approval of Alpine's proposed furnace clean and tune measure is reasonable, subject to approval of a request to amend the ESA Statewide Policy

and Procedures Manual to authorize this measure for climate zone 12, and should be approved.

35. PacifiCorp's proposal to add screw-in A19 lamps, hard-wired LED fixtures and thermostatic showerheads is reasonable and should be approved.

36. It is reasonable for PacifiCorp, and all electric SMJUs, to complete a phase out of CFLs effective immediately upon adoption of this decision.

37. It is reasonable for all electric SMJUs to incrementally phase-in LED bulbs that meet the California Energy Commission's LED lamp specification requirements and to offer LED bulbs that are in compliance with this new standard and any future updates.

38. It is reasonable for the electric SMJUs to add the Smart Strip Tier 2 measure to their ESA portfolios in addition to the Tier 1 Smart Strips they currently offer.

39. It is reasonable for the SMJUs to apply a 60% Willingness and Feasibility to Participate factor to estimate ESA-eligible and willing households to treat.

40. It is reasonable to authorize the SMJUs to track and report household responses related to the WFTP factor in their annual reports.

41. It is reasonable to approve SMJU proposed water-energy nexus program measures that comply with the ESA Statewide Policy and Procedure and Installations Standards Manuals and to deny those that do not.

42. It is reasonable for the SMJUs to monitor and consider the best practices to leverage water agency programs developed by the large IOUs.

43. The existing household occupancy restrictions on installation of high efficiency washers are applicable statewide and lifting and/or adjusting these at this time is unjustified.



44. It is reasonable for the SMJUs to make all good faith efforts to comply with Statewide Policy and Procedure and Installation Standards Manuals updates, to the extent practicable.

45. It is reasonable for the SMJUs, in consultation with Energy Division, to develop SMJU-specific appendices to the ESA Statewide Policy and Procedure and Installations Standards Manuals.

46. It is reasonable to direct the SMJU with the largest 2018-2020 ESA Program budget to fund development of SMJU-specific appendices to the ESA Statewide Policy and Procedure and Installation Standards Manual.

47. It is reasonable for the SMJUs' ESA programs to reflect the findings of the 2013 LINA and the ESA Program Energy Education Study that utilities should provide energy education during the home assessment process.

48. It is reasonable to require Bear Valley to submit an Advice Letter on its proposed electric space heater pilot using the ESA Program Implementation Plan template.

49. Bear Valley's proposed electric space heater pilot is reasonable and should be approved.

50. The SMJU proposals that align with the provisions of the ESA Statewide Policy and Procedure and Installations Standards Manuals on multi-family households are reasonable and should be approved.

51. Liberty Utilities' proposal to pilot certain multi-family common area measures is reasonable and should be approved.

52. The CARE penetration rates proposed by the SMJUs are reasonable and should be approved.

53. The CARE 2018-2020 budgets proposed by the SMJUs are reasonable and should be approved.

54. The CARE enrollment, retention and verification strategies proposed by the SMJUs are reasonable and should be approved.

55. Current ESA and CARE fund shifting rules should be retained for the SMJUs.

56. It is reasonable to require the SMJUs to utilize over-collected ESA program funds to plan and implement go-back treatments with certain conditions and prioritizations.

57. The SMJUs' proposed leveraging activities are reasonable should be approved.

58. It is reasonable for the SMJUs to monitor the LIHEAP coordination approaches that the large IOUs are exploring for future consideration.

59. It is reasonable for the SMJUs to follow and participate in upcoming public workshops for the 2019 LINA study with the goal of ensuring the study develops applicable findings for their service territories.

60. The SMJUs' proposal to be directed to file their applications for low-income programs and budgets for program years 2021-2023 no sooner than November 1, 2019 is reasonable and should be approved.

**O R D E R**

**IT IS ORDERED** that:

1. Southwest Gas Corporation (Southwest), Liberty Utilities LLC (Liberty Utilities), Golden State Water Company/Bear Valley Electric (Bear Valley), West Coast Gas Company, PacifiCorp D/B/A Pacific Power (PacifiCorp), and Alpine Natural Gas Operating Company (Alpine) are directed to implement the California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) programs and budgets for the 2018-2020 period as detailed in Appendices A and B to this decision and summarized below:

ESA Program Adopted Budget (2018-2020)

Utility	2018	2019	2020	TOTAL
Southwest	\$6,000,000	\$6,324,695	\$6,671,981	\$18,996,676
PacifiCorp	\$740,000	\$807,500	\$876,750	\$2,424,250
Liberty	\$732,051	\$746,692	\$761,626	\$2,240,369
Bear Valley	\$316,012	\$316,013	\$316,013	\$948,038
Alpine	\$28,825	\$28,825	\$28,825	\$86,475
Total	\$7,816,888	\$8,223,725	\$8,655,195	\$24,695,808

CARE Program Adopted Budget (2018-2020)

Utility	2018	2019	2020	Total
Southwest	\$7,389,038	\$7,455,593	\$7,530,390	\$ 22,375,021.00
PacifiCorp	\$4,050,000	\$4,160,000	\$4,270,000	\$ 12,480,000.00
Liberty	\$972,603	\$1,032,190	\$1,093,021	\$ 3,097,814.00
Bear Valley	\$347,614	\$364,945	\$374,216	\$ 1,086,775.00
Alpine	\$27,000	\$28,000	\$29,000	\$ 84,000.00
West Coast	\$8,060	\$8,060	\$8,060	\$ 24,180.00
Total	\$12,794,315	\$13,048,788	\$13,304,687	\$ 39,147,790.00

2. Southwest Gas Corporation (Southwest), Liberty Utilities LLC (Liberty), Golden State Water Company/Bear Valley Electric (Bear Valley), West Coast Gas Company (West Coast), PacifiCorp D/B/A Pacific Power (PacifiCorp), and Alpine Natural Gas Operating Company (Alpine) are directed to implement the California Alternate Rates for Energy (CARE) Penetration Rates and Energy Savings Assistance (ESA) Home Treated Targets as summarized below:

ESA Program Approved Homes Treated Targets (2018-2020)

Utility	1 <sup>st</sup> Touch	Retreat	1 <sup>st</sup> Touch	Retreat	1 <sup>st</sup> Touch	Retreat	1 <sup>st</sup> Touch	Retreat
Southwest	2611	100	2611	100	2611	100	7,832	300
PacifiCorp	150	16	150	16	150	16	450	48
Liberty	464	36	464	36	464	36	1392	108
Bear Valley	80	105	80	105	80	105	240	315
Alpine	20		20		20		60	

CARE Program Approved Penetration Rates (2018-2020)

Utility	2018	2019	2020
Southwest	93%	94%	95%
PacifiCorp	87%	89%	90%
Liberty	70%	80%	90%
Bear Valley	92%	92%	93%
Westcoast Gas	100%	100%	100%
Alpine Natural Gas	92%	96%	96%

3. PacifiCorp D/B/A Pacific Power shall continue to seek out all Energy Savings Assistance (ESA)-eligible homes that meet the criteria for treatment pursuant to the general service eligibility conditions outlined in the Statewide ESA Policy and Procedure Manual and to install all feasible measures in these

homes. This includes homes that are non-electrically heated but that have central air conditioning.

4. PacifiCorp D/B/A Pacific Power shall determine whether the total number of Energy Savings Assistance (ESA)-eligible homes in its service territory is higher than it has previously reported when it includes income eligible non-electrically heated households with central air conditioning. Within 60 days of this Decision it should file a Tier 2 advice letter with any updated ESA eligibility calculations and/or home treatment targets, as needed.

5. We eliminate the go-back rule for Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company.

6. Where feasible, Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company should report in their annual reports to the Commission the number of “first touches” and “go backs,” including any repeat “go backs” where a household is treated more than once during a program cycle, and shall summarize the measures installed in their annual reports to the Commission.

7. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company shall spend over-collections of Energy Savings Assistance program funds to plan and implement go-back treatments during the program cycle for which the funds were originally authorized and shall prioritize households with the highest energy usage that were treated the greatest number of years previously and tailor the treatment to the specific home.

8. The Modified Three Measure Minimum Rule for Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company is eliminated.

9. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company shall not count a household as treated until all of the required measures, as determined by the most recent needs assessment or audit at that household, have been installed.

10. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company shall install multiple program measures when these reduce energy hardship and meet the health, safety and comfort needs, shall not install more Energy Savings Assistance program lighting or water conservation measures than are needed or replace more of these measures than are currently installed, and shall require their contractors to physically install all program measures and remove all units being replaced to ensure proper disposal and that the customer does not re-install the old inefficient unit.

11. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company shall separately track households that only receive energy education in their annual compliance reports to the Commission.

12. Liberty Utilities LLC shall add replacement and installation of second refrigerators in eligible homes in its service territory with six or more residents to its Energy Savings Assistance portfolio.

13. Southwest Gas Corporation shall add thermostatic tub spouts and high efficiency furnaces to its existing measure portfolio.

14. Golden State Water Company/Bear Valley Electric shall expand its list of eligible Energy Savings Assistance measures to include screw-in A19 lamps and hard-wired light emitting diode fixtures, thermostatically controlled shower heads, faucet aerators, high efficiency clothes washers and water heater blankets.

15. Alpine Natural Gas Operating Company shall add thermostatic shower valves and standing pilot conversion lights to its Energy Savings Assistance portfolio.

16. Alpine Natural Gas Operating Company may add furnace clean and tune to its measure mix, subject to approval of a request to amend the Energy Savings Assistance Statewide Policy and Procedure Manual to authorize the measure for climate zone 12.

17. PacifiCorp shall expand its list of eligible measures to include thermostat-controlled shower valves, light emitting diode (LED) bulbs for lighting and hard-wired LED fixtures.

18. PacifiCorp, Liberty Utilities LLC and Golden State Water Company/Bear Valley Electric shall complete a phase-out of compact fluorescent lightbulbs effective immediately on adoption of this decision.

19. PacifiCorp, Liberty Utilities LLC and Golden State Water Company/Bear Valley Electric shall incrementally phase-in light emitting diode (LED) bulbs that meet the California Energy Commission's LED lamp specification requirements effective upon adoption of this decision and, moving forward, shall offer LED bulbs that are in compliance with this new standard and any future updates.

20. PacifiCorp, Liberty Utilities LLC and Golden State Water Company/Bear Valley Electric shall add the Smart Strip Tier 2 measure to their Energy Savings Assistance portfolios in addition to the Tier 1 Smart Strips they currently offer.

21. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company shall use a 60% Willingness and Feasibility to Participate Factor to estimate Energy Savings Assistance program participation levels.

22. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company should, as feasible, track and report household responses related to the Willingness and Feasibility to Participate Factor in their annual compliance reports.

23. Liberty Utilities LLC's request to offer leak detection kits and PacifiCorp's proposal for community-based organizations to utilize dye tablets to detect water leaks when conducting audits is approved.

24. Liberty Utilities LLC and Southwest Gas Corporation's proposed approaches and program measures that do not comply with the Energy Savings Assistance Statewide Policy and Procedure Manual are denied.

25. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company shall monitor the investor-owned utilities' water agency leveraging activities and shall consider potential best practices for additional potential cost effective water and energy savings measures that the effort identifies.



26. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, Alpine Natural Gas Operating Company and West Coast Gas Corporation shall continue to make all good faith and reasonable efforts to comply with Statewide Policy and Procedure and Installation Standards Manuals updates, to the extent practicable.

27. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, Alpine Natural Gas Operating Company and West Coast Gas Corporation shall collaborate with Energy Division staff to develop appendices specific to the Small and Multi-jurisdictional Utilities to the Energy Savings Assistance program Statewide Policy and Procedure and Installation Standards Manuals.

28. Southwest Gas Corporation is directed to spend up to \$15,000 to fund development of appendices specific to the Small and Multi-jurisdictional Utilities to the Energy Savings Assistance program Statewide Policy and Procedure and Installation Standards Manuals out of its budget as approved in this decision.

29. Southwest Gas Corporation (Southwest), Liberty Utilities LLC (Liberty Utilities), Golden State Water Company/Bear Valley Electric (Bear Valley), West Coast Gas Company, PacifiCorp D/B/A Pacific Power (PacifiCorp), and Alpine Natural Gas Operating Company (Alpine) shall implement in-home energy education as a stand-alone Energy Savings Assistance program measure for all income-qualified households in their service territories.

30. Golden State Water Company/Bear Valley Electric's electric space heater pilot is approved and Bear Valley shall submit a Pilot Implementation Plan (PIP) via a Tier 2 Advice Letter using the PIP template provided in Appendix C.

31. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine

Natural Gas Operating Company's proposals that are aligned with the multi-family household provisions of the Energy Savings Assistance program Statewide Policy and Procedure and Installations Standards Manuals are approved.

32. Liberty Utilities LLC is directed to conduct targeted outreach to multi-family property owners and landlords.

33. Liberty Utilities LLC's funding request for an additional \$50,000 to implement multi-family common measures as part of its Energy Savings Assistance program is approved. Liberty Utilities shall monitor and report the outcomes of this pilot in its annual reports to the Commission.

34. Golden State Water Company/Bear Valley Electric shall leverage its Business Lighting program lighting measure rebates with Energy Savings Assistance funds for multi-family properties.

35. Effective immediately, only buildings in the service territories of the Small and Multi-Jurisdictional utilities where 80% of the occupants are Energy Savings Assistance Program income-eligible, are eligible for weatherization services for 100% of the units.

36. Southwest Gas Corporation shall leverage its commercial energy efficiency rebates program to support multi-family units.

37. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company shall ensure that their Energy Savings Assistance marketing and outreach materials address the multi-family population and shall strive to increase multi-family treatment in their respective service territories.

38. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, and Alpine Natural Gas Operating Company shall, to the extent practicable, closely monitor Decision (D.)16-11-022 directives and activity to improve Energy Savings Assistance program participation in the multi-family housing sector.

39. West Coast Gas Corporation shall continue its Energy Savings Assistance (ESA) program practice of providing customers with energy education information as outlined in the ESA Statewide Policy and Procedure Manual.

40. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, Alpine Natural Gas Operating Company and West Coast Gas Corporation are authorized to implement the following: (1) to allow California Alternate Rates for Energy (CARE) participation for 24 months, or until income documentation is provided, for households that fail to provide this during post-enrollment verification processes; (2) to sample 2% of CARE participant households to demonstrate CARE eligibility; and, (3) to accept affidavits of cash income for CARE applicants whose compensation is paid in cash or who otherwise have no evidence of income level.

41. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, Alpine Natural Gas Operating Company and West Coast Gas Corporation shall continue to adhere to the fund-shifting rules adopted in Decision (D.)14-05-004 for the Energy Savings Assistance and California Alternate Rates for Energy programs.

42. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, Alpine Natural Gas Operating Company and West Coast Gas Corporation should, as feasible,

coordinate with their investor-owned utility counterparts to develop similar referral processes as those ordered in Decision (D.)16-11-022 to identify and address customers with high-energy burden and alternate fuel sources.

43. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, Alpine Natural Gas Operating Company and West Coast Gas Corporation shall strive to follow and participate in upcoming public workshops for the 2019 Low-income Needs Assessment study with the goal of ensuring the study develops applicable findings for their service territories.

44. Southwest Gas Corporation, Liberty Utilities LLC, Golden State Water Company/Bear Valley Electric, PacifiCorp D/B/A Pacific Power, Alpine Natural Gas Operating Company and West Coast Gas Corporation shall file their Applications for Low-income Programs and Budgets for Program Years 2021-2023 no sooner than November 1, 2019.

45. Application A.15-02-001 et al. is closed.

This order is effective today.

Dated \_\_\_\_\_, at San Francisco, California.

# Appendix A

**Appendix A: Approved 2018-2021 ESA Budgets by Utility**

<b>Table 1 - Southwest Gas Approved ESA Budgets PYs 2018-2020</b>				
<b>Budget Categories</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Totals</b>
Outreach	\$348,889	\$401,222	\$461,406	\$1,211,517
Inspections	\$250,028	\$250,028	\$250,028	\$750,084
General	\$74,868	\$86,098	\$99,013	\$259,979
<b>Subtotal Administration</b>	<b>\$673,785</b>	<b>\$737,349</b>	<b>\$810,447</b>	<b>\$2,221,581</b>
Weatherization	\$5,326,215	\$5,587,346	\$5,861,534	\$16,775,095
<b>Total Program</b>	<b>\$6,000,000</b>	<b>\$6,324,695</b>	<b>\$6,671,981</b>	<b>\$18,996,676</b>

<b>Table 2 - PacifiCorp Approved ESA Budgets PYs 2018-2020</b>				
<b>Budget Categories</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Totals</b>
Outreach	\$30,000	\$35,000	\$40,000	\$105,000
Inspections	\$8,000	\$9,000	\$10,000	\$27,000
General	\$137,000	\$148,500	\$161,750	\$447,250
<b>Subtotal Administration</b>	<b>\$175,000</b>	<b>\$192,500</b>	<b>\$211,750</b>	<b>\$579,250</b>
Weatherization <sup>1</sup>	\$550,000	\$600,000	\$650,000	\$1,800,000
Measures	\$0	\$0	\$0	\$0
Energy Education	\$15,000	\$15,000	\$15,000	\$45,000
<b>Subtotal Program</b>	<b>\$565,000</b>	<b>\$615,000</b>	<b>\$665,000</b>	<b>\$1,845,000</b>
<b>Total Program</b>	<b>\$740,000</b>	<b>\$807,500</b>	<b>\$876,750</b>	<b>\$2,424,250</b>

<sup>1</sup> Weatherization includes Measures and Energy Education in 2014 and 2015. PacifiCorp does not differentiate between weatherization and measure costs.

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**CONFIDENTIAL; Deliberative Process Privilege****Table 3 - Liberty Approved ESA Budgets PYs 2018-2020**

<b>Budget Categories</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Outreach	\$69,200	\$70,584	\$71,996	\$211,780
Inspections	\$4,174	\$4,257	\$4,343	\$12,774
General	\$86,551	\$88,282	\$90,048	\$264,881
<b>Subtotal Admin</b>	<b>\$159,925</b>	<b>\$163,124</b>	<b>\$166,386</b>	<b>\$489,435</b>
Weatherization/ Measures	\$495,401	\$505,309	\$515,415	\$1,516,125
Measures (New in 2017)	\$0	\$0	\$0	\$0
<b>NEW Multi Family Common Treatment</b>	<b>\$50,000</b>	<b>\$51,000</b>	<b>\$52,020</b>	<b>\$153,020</b>
Energy Education	\$26,725	\$27,260	\$27,805	\$81,790
<b>Subtotal Program</b>	<b>\$522,126</b>	<b>\$532,569</b>	<b>\$543,220</b>	<b>\$1,597,915</b>
<b>Total Program</b>	<b>\$732,051</b>	<b>\$746,693</b>	<b>\$761,626</b>	<b>\$2,240,369</b>

**Table 4 - Bear Valley Electric Service Approved ESA Budgets PYs 2018-2020**

<b>Budget Categories</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Totals</b>
Outreach	\$12,500	\$12,500	\$12,500	\$37,500
Inspections	\$1,000	\$1,000	\$1,000	\$3,000
General	\$37,475	\$37,475	\$37,475	\$112,425
<b>Subtotal Administration</b>	<b>\$50,975</b>	<b>\$50,975</b>	<b>\$50,975</b>	<b>\$152,925</b>
Measures	\$86,080	\$86,080	\$86,080	\$258,240
Energy Education				
<b>Total Program</b>	<b>\$137,055</b>	<b>\$137,055</b>	<b>\$137,055</b>	<b>\$411,165</b>
<b>Carry over</b>	<b>\$178,958</b>	<b>\$178,958</b>	<b>\$178,958</b>	<b>\$536,874</b>
<b>Total Program (including carry over)</b>	<b>\$316,012</b>	<b>\$316,013</b>	<b>\$316,013</b>	<b>\$948,038</b>

<b>Table 5- Alpine Natural Gas Approved ESA Budgets PYs 2018-2020</b>				
<b>Budget Categories</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Totals</b>
Outreach	\$1,000	\$1,000	\$1,000	\$3,000
Inspections	\$2,750	\$2,750	\$2,750	\$8,250
General	\$4,500	\$4,500	\$4,500	\$13,500
<b>Subtotal Administration</b>	<b>\$8,250</b>	<b>\$8,250</b>	<b>\$8,250</b>	<b>\$24,750</b>
Weatherization	\$20,000	\$20,000	\$20,000	\$60,000
<b>Total Program</b>	<b>\$28,825</b>	<b>\$28,825</b>	<b>\$28,825</b>	<b>\$86,475</b>

(End of Appendix A)



# Appendix B

**Appendix B: Approved 2018-2020 CARE Budgets by Utility**

<b>Budget Categories</b>	<b>2018</b>	<b>2018</b>	<b>2020</b>
Outreach	\$143,000	\$164,450	\$189,118
Processing/ Certification/ Verification	\$20,000	\$23,000	\$26,450
General	\$65,000	\$71,300	\$81,995
<b>Subtotal Administration</b>	<b>\$228,000</b>	<b>\$258,750</b>	<b>\$297,563</b>
CARE Program Discounts	\$7,161,038	\$7,196,843	\$7,232,827
<b>Total Program Costs</b>	<b>\$7,389,038</b>	<b>\$7,455,593</b>	<b>\$7,530,390</b>

<b>CARE Budget Categories</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Outreach	\$60,000	\$70,000	\$80,000
Processing/Certification/ Verification	\$15,000	\$15,000	\$15,000
General	\$55,000	\$55,000	\$55,000
<b>Total Expenses</b>	<b>\$130,000</b>	<b>\$140,000</b>	<b>\$150,000</b>
CARE Program Discount	\$3,920,000	\$4,020,000	\$4,120,000
<b>Total Program Costs</b>	<b>\$4,050,000</b>	<b>\$4,160,000</b>	<b>\$4,270,000</b>

<b>Budget Categories</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Outreach	\$82,907	\$84,810	\$86,760	\$254,477
Processing/Certification/Verification	\$85,833	\$87,550	\$92,301	\$265,684
<b>Total Expenses</b>	<b>\$168,740</b>	<b>\$172,360</b>	<b>\$179,061</b>	\$520,161
CARE Program Discount	\$803,863	\$859,830	\$913,960	\$2,577,653
<b>Total Program Costs</b>	<b>\$972,603</b>	<b>\$1,032,190</b>	<b>\$1,093,021</b>	\$3,097,814

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<b>Budget Categories</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Outreach	\$7,020	\$7,020	\$7,020	\$21,060
Processing/Certification/ Verification	\$0	\$0	\$0	\$0
General	\$1,500	\$1,500	\$1,500	\$4,500
<b>Total Expenses</b>	<b>\$8,520</b>	<b>\$8,520</b>	<b>\$8,520</b>	25,560
CARE Program Discount	\$339,094	\$356,425	\$365,696	\$1,061,215
<b>Total Program Costs</b>	<b>\$347,614</b>	<b>\$364,945</b>	<b>\$374,216</b>	\$1,086,775

<b>Budget Categories</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Outreach	\$1000	\$1000	\$1000	\$3000
Processing/ Certification/ Verification	\$500	\$500	\$500	\$1,500
General	\$3,500	\$3,500	\$3,500	\$10,500
<b>Subtotal</b>				
<b>Administration</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	\$15,000
CARE Program Discounts	22,000	\$23,000	\$24,000	69,000
<b>Total Program Costs</b>	<b>\$27,000</b>	<b>\$28,000</b>	<b>\$29,000</b>	\$84,000

<b>Budget Categories</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Outreach	\$280	\$280	\$280	\$840
Processing/ Certification/ Verification	\$280	\$280	\$280	\$840
General	\$500	\$500	\$500	\$1,500
<b>Subtotal</b>				
<b>Administration</b>	<b>\$1,060</b>	<b>\$1,060</b>	<b>\$1,060</b>	\$3,180
CARE Program Discounts	7,000	\$7,000	\$7,000	21,000
<b>Total Program Costs</b>	<b>\$8,060</b>	<b>\$8,060</b>	<b>\$8,060</b>	\$24,180

(End of Appendix B)

# Appendix C

**Appendix C: Pilot Implementation Plan Submittal Formal**

**All submitted pilots should include the following information, if applicable:**

**1. Pilot Administrator:**

- a. Requesting Entity

**2. Pilot Description and Summary**

- a. Purpose and Goal, including a specific statement of the concern, gap, or problem that the pilot seeks to address and the likelihood that the issue can be addressed cost-effectively through utility programs.
- b. Timeline: Projected start and finish dates, reporting frequency, assessment timeline and final assessment date and method of presentation;
- c. Overview of Budget Requested: Categories displaying material costs, administration, data collection and analysis, reporting costs, etc., should be included along with a brief paragraph explaining the breakdown;
- d. Anticipated Outcome, Results, including contribution to programmatic goals;
- e. and a proposed Evaluation, Measurement and Verification (EM&V) plan.

**3. Pilot Rationale and Expected Outcome**

- a. A specific statement of the concern, gap, or problem that the pilot seeks to address and the likelihood that the issue can be addressed cost-effectively through utility programs;
- b. A description of how the pilot will help achieve the ESAP and/or CARE goals and strategies;
- c. Specific objectives and goals for the pilot;
- d. Specific outcomes to be achieved including:
  - Estimated Energy Savings: (Measure Pilots; Measure pilots involve trials of new technology and/or energy efficiency hardware on a small scale, with the intention of expanding the measure to the entire utility and/or sharing results with other utilities if proven successful);
  - Estimated Resources Leveraged/Saved: (Non-Measure Pilots; Non-Measure pilots consist of partnership, leveraging, education, training and/or other types of trial initiatives that involve increased leveraging or more efficient use of utility resources in execution of its low-income programs);
  - Combined Estimate of Energy Savings/Shared Resources: (Combined Pilots; Combined pilots have elements of both measure and non-measure pilots);
  - Non energy benefits or other benefits;

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Other impacts on the existing program Information on relevant standards or metrics or a plan to develop a standard against which the pilot outcomes can be measured;

- f. A proposed Evaluation, Measurement and Verification (EM&V) plan; and
- g. A concrete strategy to identify and disseminate best practices and lessons learned from the pilot to all California utilities and to transfer those practices to resource programs, as well as a schedule and plan to expand the pilot to utility and hopefully statewide usage.

**4. Pilot Implementation Plan**

- a. Target Area
- b. Customer Eligibility Requirements
- c. Customer Assessment
- d. Number of households/customers/units to be piloted
- e. Delivery and Installation
- f. Non-Feasibility Criteria
- g. Other Policies

**5. Pilot Budget Table**

Details of Budget Breakdown: categories displaying material costs, administration, data collection and analysis, reporting costs, etc., should be included along with a brief paragraph explaining the breakdown.

Example Budget Table for Pilot Project		
Cost Category	Units	Date
HE2 Clothes Washers		
Recycling		
Administration		
Measurement and Evaluation		
Materials		
Evaluation		
Inspection		
Total		

**6. Pilot Evaluation Plan**

Overview of Pilot Evaluation Plan (PEP): The PEP should identify target data to capture as well as information on relevant standards or metrics or a plan to develop a standard against which the pilot outcomes can be measured. The PEP should specify data capture activities, state how the Pilot administrators will provide results

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for estimated energy savings, resources leveraged/saved or other non-energy related benefits gained, give relevant dates and deadlines, and set forth a definition of success for the pilot, as well as a schedule and plan to expand the pilot to utility and hopefully statewide usage.

- a. Target Data to Capture
- b. Data collection activities
- c. Description of estimated savings/resources leveraged methodology
- d. Definition of Success
- e. Dates and Deadlines (incl. Monthly Reporting; Final Report; Public Presentation)

**7. Pilot Timeline and Milestones**

Example Timeline for Pilot Project	
Item	Target Date
Project Initiation Meeting	
Training	
Installations	
Conclude Pilot	
Reporting	
Evaluation	
Draft Report	
Final Report	
Public Presentation	

**8. Pilot Final Report**

The Pilot Final Report should document all of the above complete with evaluated results.

(End of Appendix C)+