STATE OF CALIFORNIA EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

~~August 16,~~September 23, 2016

Agenda ID #15104
and
Alternate Agenda ID #15105
Ratesetting

TO PARTIES OF RECORD IN APPLICATION 14-11-007 ET AL.:

Enclosed are the ~~proposed decision~~original Proposed Decision (PD) of Administrative Law Judge (ALJ) W. Anthony Colbert previously designated as the presiding officer in this proceeding and the ~~alternate proposed decision~~Revision 2 of the Alternate Proposed Decision (APD) of Commissioner Catherine J.K. Sandoval~~. The proposed decision and the alternate proposed decision will not appear on the Commission's agenda sooner than 30 days from the date they are mailed~~ previously served to the parties of A.14-11-007 et al. The PD and the alternate PD are now been served to the service list for following proceedings: Applications (A.) 11-05-017, A.11-05-018; A.11-05-019; A.11-05-020 (consolidated), which culminated in Decisions (D.) 12-08-044 and D.14-08-030, and A.08-05-022; A.08-05-024; A.08-05-025; A.08-05-026 (consolidated), which culminated in D.08-11-031, as modified by D.09-06-026 and D.09-10-029. The PD and the APD appeared on September 15, 2016 as Items 50 and Item 50a and further held to October 13, 2016 Commission Meeting.

~~Pub. Util. Code § 311(e) requires that the alternate item be accompanied by a digest that clearly explains the substantive revisions to the proposed decision. The digest of the alternate proposed decision is attached.~~In accordance with California Public Utilities Code 1708, we hereby give notice and an opportunity to comment to parties to the following proceedings that we propose to modify the decisions listed below by the attached PD and APD (with any modifications). The PD and APD, and the decisions we propose to modify, all were issued in the California Public Utilities Commission's proceedings allocating budgets to the Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and San Diego Gas and Electric Company for their ratepayer-funded Low Income Energy Efficiency (name later changed to Energy Savings Assistance) programs (LIEE and ESAP) and California Alternate Rates for Energy (CARE) programs. The APD adds new programs to be funded by ratepayer dollars awarded in the decisions listed below. While the PD does not add new programs, in an abundance of caution we are allowing comment on the PD as well. Any parties to the foregoing proceedings that did not have an opportunity to comment on the attached PD and/or APD may file comments no later than October 13, 2016, and reply comments no later than October 18, 2016. Any parties that already had an opportunity to comment on the PD and/or APD may not file additional comments.

This matter was categorized as ratesetting and is subject to Pub. Util. Code § 1701.3(c). Upon the request of any Commissioner, a Ratesetting Deliberative Meeting (RDM) may be held. If that occurs, the Commission will prepare and publish an agenda for the RDM 10 days beforehand. When an RDM is held, there is a related ex parte communications prohibition period. (*See* Rule 8.3(c)(4).)

When the Commission acts on these agenda items, it may adopt all or part of the decision as written, amend or modify them, or set them aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the ~~proposed decision~~PD and alternate ~~proposed decision~~PD as provided in Pub. Util. Code §§ 311(d) and 311(e) and in Article 14 of the Commission's Rules of Practice and Procedure (Rules), accessible on the Commission's website at www.cpuc.ca.gov. Pursuant to Rule 14.3, opening comments shall not exceed 15 pages.

Comments must be filed pursuant to Rule 1.13 either electronically or in hard copy. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Colbert at wac@cpuc.ca.gov and Commissioner Sandoval's advisor Michael Colvin at michael.colvin@cpuc.ca.gov. The current service list for this proceeding is available on the Commission's website at www.cpuc.ca.gov.

/s/ ~~DOROTHY J. DUDA~~KEVIN DUDNEY for
Karen V. Clopton, Chief
Administrative Law Judge

KVC: lil

# DIGEST OF DIFFERENCES BETWEEN ADMINISTRATIVE LAW JUDGE COLBERT'S PROPOSED DECISION AND THE ALTERNATE PROPOSED DECISION OF COMMISSIONER SANDOVAL

Pursuant to Public Utilities Code Section 311(e), this is the digest of the substantive differences between the proposed decision (PD) of Administrative Law Judge W. Anthony Colbert (mailed on August 16, 2016) and the alternate proposed decision (APD) of Commissioner Catherine J.K. Sandoval (also mailed on August 16, 2016) in the matter of Application (A.) 14-11-007 et al., Application of Southern California Edison Company (U338E) for Approval of its Energy Savings Assistance (ESA) and California Alternate Rates for Energy (CARE) Programs and Budgets for Program Years 2015-2017 and related items.

The alternate proposed decision of Commissioner Sandoval establishes funding for the ESA and CARE programs:

1. Authorizes funding for program years 2017-20;
2. Adopts an energy efficiency savings target, informed by prior program activity and future energy savings potential;
3. In light of the energy savings target, the APD eliminates the modified three measure minimum, the go-back rule and individual measure caps for all measures;
4. Mandates that eligible customers must enroll in either a dynamic tariff or in a demand response program to receive ESA measures;
5. For multi-family buildings, the APD authorizes 100% funding for common area measures (including high efficiency central air conditioning and water heaters, lighting, and water/energy nexus measures approved by this Decision) for properties that are deed-restricted, owned by non-profits, government; for multi-family buildings that are 80% low-income tenant occupied, the APD allows for up to 80% of common area measures to be funded by ESA; for the remaining multi-family unit stock, the APD employs the Single Point of Contact (SPOC) model;
6. For multi-family buildings, the APD provides funding for whole building audits; and directs SCE and SoCal Gas to establish technical assistance programs for low-income multifamily energy efficiency retrofits in the areas affected by the Aliso Canyon State of Emergency;
7. Authorizes additional water/energy nexus activities in wake of the drought, including toilet replacements and high efficiency clothes washers, PG&E's $136,000 leveraging pilot, establishes overall priorities for areas most impacted by the drought, denies the use of evaporative coolers instead of central air conditioners because of how water-constrained the state is with the drought; and requires the replacement of Evaporative coolers with traditional air conditioners;
8. Gives additional direction to a working group before consideration of an ESA Cost Effectiveness Test; authorizes the addition of new measures with a TRC of 0.5 or above via AL or 0.25 for the area affected by the Aliso Canyon State of Emergency;
9. Enables deployment of second refrigerators for high occupancy households in addition to those on medical baseline (consistent with the Proposed Decision) or if the additional unit will save at least 25% when compared with its replacement; changes the refrigerator replacement eligibility requirement from manufacture date of 2001 to the date of the most

recent ESA treatment (8-10 years or more prior to the date of treatment);

10. Mandates the near-term retirement of all CFLs and switch over to LEDs;
11. Allows for central air conditioners in additional climate zones;
12. Allows for high efficiency furnace replacements in all climate zones and housing types in Southern California Gas' service territory;
13. Directs electric IOUs to replace evaporative coolers with traditional air conditioners to households in communities in highly drought-impacted areas;
14. Clarifies the use of an advice letter process for mid-cycle updates; allows for the proposal of new measures, programmatic adjustments and other refinements to occur during the mid-cycle update via an Advice Letter;
15. With the elimination of the Go Back Rule, increases household treatment goals 2017-2020;
16. Directs the IOUs to consult with local Lifeline providers in designing these mobile websites and apps to develop effective means to reach low-income customers who are on both CARE and Lifeline; allows Lifeline providers to request funding from CARE Program to help support the cost of a Lifeline smartphone for CARE and ESA Program purposes and follow-up;
17. Declines to order mandatory ESA participation to long-time CARE customers below statutory mandated thresholds;
18. Gives additional guidance on the role of cooling centers and their transfer to the IOU's General Rate Cases;
19. Authorizes additional CARE/ESA Pilots, including part of the MCE LIFT pilot and several PG&E pilots;
20. Allows the IOUs to file a Advice Letter to apply the CARE discount to CARE-eligible GTSR customers with the goal of a 30% discount threshold; and
21. Grants use of unspent funds from 2009 and forward for all program changes, new measures and MF efforts approved in this APD.

In most other major respects, the PD and the APD arrive at the same outcome.

**ATTACHMENT**

ALJ/WAC/jt2/lil **PROPOSED DECISION**

Agenda ID #15104
and
Alternate Agenda ID # 15105
Ratesetting
9/15/2016

Decision **PROPOSED DECISION OF ALJ COLBERT (Mailed August 16, 9/23/2016))**

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

| | |
|---|---|
| Application of Southern California Edison Company (U338E) for Approval of its Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for Program Years 2015-2017. | Application 14-11-007<br>(Filed November 18, 2014) |
| And Related Matters. | Application 14-11-009<br>Application 14-11-010<br>Application 14-11-011 |

(See Appendix M for Appearances)

**DECISION ON LARGE INVESTOR-OWNED UTILITIES' 2015-2017 CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) AND ENERGY SAVINGS ASSISTANCE (ESA) PROGRAM APPLICATIONS**

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## DECISION ON LARGE INVESTOR-OWNED UTILITIES' 2015-2017 CALIFORNIA ALTERNATE RATES FOR ENERGY (CARE) AND ENERGY SAVINGS ASSISTANCE (ESA) PROGRAM APPLICATIONS

### Summary

This Decision approves, as modified, the applications of the four major California Investor-Owned Utilities (IOUs): Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company (collectively IOUs or Utilities), and sets forth the parameters for the administration and participation in the 2015-2017 California Alternate Rates for Energy (CARE) Program and the Energy Savings Assistance (ESA) Program. The CARE and ESA Programs are the Commission's two main low-income energy assistance programs. The CARE program is funded by non-participating ratepayers as part of a statutory "public purpose program surcharge" that appears on their monthly utility bills.[1] Both participating and non-participating ratepayers fund the ESA Program in a similar fashion. For each budget cycle, the Commission approves budgets for, and directs the IOUs' administration of, the ESA and CARE Programs for the next program cycle. The Commission also monitors these programs to ensure that they deliver the benefits envisioned in the California Long-Term Energy Efficiency Strategic Plan. This would help ensure that the ESA Program continues to be an effective resource program that garners significant energy savings in our state, while providing an improved quality of life for California's low-income population,[2] and that the CARE Program continues its current and successful course of providing necessary assistance to reduce the energy bills of eligible customers. With this decision we affirm the important roles that these

[1] California Public Utilities Code Section 382. All references to Code hereinafter refer to California Public Utilities Code.
[2] Decision (D.) 08-11-031 at 2.

two programs play in the lives of Californians in low-income households and communities.

We are well aware of the economic challenges faced by many Californians and recognize that the assistance and relief provided through the CARE Program is critical. The challenge for the Commission is to ensure that the CARE Program continues to be efficiently and effectively administered and delivered in ways that ensure that the benefits (CARE discount rate) are delivered to the maximum number of eligible households.

We are also mindful that the ESA Program is a critical program that contributes to the health, safety, comfort and quality of life of low-income communities in California. As we stated in D.12-08-044, at its core, the ESA Program is an energy efficiency program and must be directed, administered and delivered in a cost-effective manner to yield maximum energy savings.[3]

## 1. Relevant Procedural and Substantive Background

On November 18, 2014, the four large Investor-Owned Utilities (IOUs), Pacific Gas and Electric Company (PG&E),[4] Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) submitted their applications for the 2015-2017 California Alternate Rates for Energy (CARE) and ESA Programs. These applications reflect proposals for program budgets, homes treated targets, energy efficiency measures, IOU marketing, outreach and enrollment practices, and program and policy changes.

[3] D.12-08-044 at 3.

[4] On November 5, 2015, PG&E filed and served an amended budget application to correct an error that reduces PG&E's Energy Savings Assistance (ESA) Program budget forecast for 2015-2017. The error is the incorrect inclusion of funding for Natural Gas Appliance Test (NGAT) Quality Assurance (QA) tests as part of the ESA "Inspections" Budget. PG&E filed a subsequent motion on February 18, 2016, to submit a revised budget forecast removing funding related to NGAT training and additional costs for NGAT QA testing.

### 1.1. ESA Program

The ESA Program was originally offered as an assistance program directly from a few IOUs in the 1980s, and then was adopted by the legislature in 1990.[5] The original objective of the program was to promote equity and to help relieve low-income customers of the burden of rising energy prices.[6] In the California Long-Term Energy Efficiency Strategic Plan (Strategic Plan), the Commission made it clear that the ESA Program was also meant to be a resource program and achieve energy savings. The IOUs were directed to implement the ESA Program in order to achieve statewide energy savings while improving the quality of life for low-income customers.[7]

The ESA program achieves the above objectives by providing no-cost home weatherization services and energy efficiency measures to help low-income households: (1) conserve energy; (2) reduce energy costs; and (3) improve health, comfort and safety. The program also provides information and education to promote a more energy efficient culture in low-income communities. Finally, the Commission's Strategic Plan sets an aspirational goal to treat all of the eligible and willing low-income homes by 2020.[8] This goal was later codified into Public Utilities Code Section 382(e).

### 1.2. CARE Program

The CARE Program is a low-income energy rate assistance program instituted in 1989, providing a discount on energy rates to low-income households with incomes at or below 200% of the Federal Poverty Guideline.

[5] Pub. Util Code § 2790.
[6] Decision (D.) 07-12-051.
[7] Qualified customers consist of those living in residential single-family households, multifamily households and mobile homes with incomes at or below 200% of the Federal Poverty Guideline (Pub. Util. Code § 739.1(a).
[8] D.12-08-044 at 18-20.

Qualified customers consist of various individuals, including residents in single-family households, sub-metered residential facilities, non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers. The minimum discount, originally established at 15% in 1989, was increased to 20% in 2001. Currently, electrical corporations serving 100,000 customers or more must provide a discount of 30 to 35% on average to eligible CARE Program participants, relative to the equivalent non-CARE customer bill.[9]

The IOUs are responsible for executing strategies to cost-effectively identify, target and reach those who are CARE and ESA Program eligible, but not currently served by the programs. The IOUs must balance the need to serve the maximum number of eligible households with the need to verify that those enrolled in the program are eligible.[10]

### 1.3. Procedural History

On January 6, 2015, the assigned Administrative Law Judge (ALJ) issued a ruling consolidating the proceedings in Application (A.) 14-11-007 (SCE), A.14-11-009 (SDG&E), A.14-11-010 (PG&E), and A.14-11-011 (SoCalGas), from which this consolidated proceeding follows as A.14-11-007 et al.[11] On January 12, 2015, the Commission's Office of Ratepayer Advocates (ORA), the Center for Accessible Technology (CforAT), the Natural Resources Defense Council (NRDC), the National Consumer Law Center (NCLC), the California Housing Partnership Corporation (CHPC), the Greenlining Institute (Greenlining), and The Utility Reform Network (TURN) filed protests to the IOUs' Applications. On the same date, the Interstate Renewable Energy Council, Inc. (IREC) filed a

[9] Pub. Util. Code § 739.1(c)(1).
[10] D.12-08-044.
[11] E-mail ruling removing A.14-11-012 from e-mail ruling issued December 19, 2014 and adding A.14-11-007.

response to the Applications. In addition, the Maravilla Foundation (Maravilla), the East Los Angeles Community Union (TELACU) and Association of California Community and Energy Services (ACCES), as well as PROTEUS, Inc. (Proteus) and La Cooperativa Campesina de California filed a joint response to the Applications.[12]

SDG&E and SoCalGas filed replies to the protests and responses on January 20, 2015. PG&E and SCE filed their replies to the protests and responses on January 22, 2015. On that same date, Brightline Defense Project (Brightline) filed a motion for party status. On January 23, 2015 the Energy Efficiency Council (EEC) filed responses to the Applications. Greenlining and TURN also provided reply comments on that date.

On February 11, 2015, Marin Clean Energy (MCE) filed a motion for party status. Similarly, Home Energy Analytics (HEA) requested party status on February 25, 2015.

On February 20, 2015, the assigned ALJ, W. Anthony Colbert, and assigned Commissioner, Catherine J.K. Sandoval, conducted a prehearing conference (PHC) in the consolidated proceeding. At the PHC, the parties were instructed to file post-PHC statements by March 2, 2015, to respond to the Energy Division's 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 statements, the parties generally supported the Energy Division's proposed scope.

On April 10, 2015, the assigned Commissioner and assigned ALJ issued the Scoping Memo and Ruling (Scoping Memo) in the consolidated proceeding. The Scoping Memo and Ruling sets forth the procedural schedule, assigns the

[12] We will refer to the entities that filed protests and responses as the Parties.

presiding officer, addresses the scope of this proceeding, as well as other procedural matters.

On May 29, 2015, the assigned ALJ issued an e-mail ruling granting the motions of the ORA, the NCLC, the NRDC, and the CHPC[13] requesting evidentiary hearings. As set forth in § 5 of the Scoping Ruling, hearings were scheduled to commence on June 17, 2015 at 10:00 a.m. and conclude on June 18, 2015, with a workshop on June 19, 2015. The hearings were limited in scope and addressed the specific issues of: the Water-Energy Nexus, Green Tariff Shared Renewables, CARE Admin Expenses and ESA Program Expenses. The June 19 Workshop addressed Multifamily Issues, Energy Savings Goals, and Proposed Pilots. The introductions at the start of the Workshop and the summaries at the end were transcribed. All other issues in the proceeding were to be addressed in briefs.

On June 12, 2015, the assigned ALJ issued a ruling in order to obtain further clarification and information regarding particular aspects of the CARE and ESA Programs. The ruling contained forty-seven additional questions for the Parties. These questions and the responses thereto, were separate and distinct from the issues to be addressed in the evidentiary hearings, workshops and/or briefs.

On July 3, 2015, the assigned ALJ issued a ruling in order to obtain further clarification and information from the four IOUs regarding particular aspects of the ESA Program. The questions focused on the IOUs' proposed water-saving measures in their applications and how each IOU considered the energy saving benefits of those measures. In addition, the IOUs were asked to review the proposed Water-Energy Calculator and comment on whether the

[13] Collectively, NRDC et al.

consideration/application of this tool would affect their (then) currently proposed measure mix. Specifically, the questions asked what water-saving measures, if any, might become more cost effective and appropriate for the ESA Program that previously did not meet the program's energy savings goals and whether the application of the Water Energy Calculator proposed in Rulemaking (R.) 13-12-011[14] would affect the IOUs' proposed measure mix.

Opening briefs were filed and served by the Parties on July 13, 2015. Reply briefs were filed and served on August 4, 2015. Also on August 4, the assigned Commissioner issued an Assigned Commissioner Ruling (ACR) noticing a workshop to be held in the instant proceeding on August 19, 2015, as part of the California Public Utilities Commission's (Commission) Low Income Oversight Board's (LIOB) public board meeting being held on said date in Santa Ana, California.

As previously noted, reply briefs in the instant proceeding were filed and served on August 4, 2015. Pursuant to Rule 13.14(a), the case would have been submitted as of that date. On August 18, 2015, the assigned Commissioner issued an ACR to set aside submission and reopened the record in order to conduct the workshop and for a report to be produced. The workshop was held and a Workshop Report has been produced by Commission staff. That Workshop Report was admitted into the record by the assigned ALJ in a ruling issued on September 23. Parties were invited to comment on the Workshop Report. Comments were filed and served on September 28, 2015, and Reply Comments were filed and served on October 2, 2015.

On November 13, 2015, a Proposed Decision (PD) was issued authorizing Bridge Funding for the large IOUs to expend an amount not to exceed 50% of

[14] The Water-Energy Calculator is available on the Commission's website, www.cpuc.ca.gov.

their respective 2015 authorized budget level, from January 1, 2016 until June 30, 2016, to continue their ESA and CARE Programs, or until the Commission adopts a final decision on the IOUs' ESA and CARE Program budget applications for 2015-2017. On December 17, 2015, the Commission issued D.15-12-024 approving the Bridge Funding PD.

On November 17, 2015, a PD and an Alternate Proposed Decision (APD) were issued in the instant proceeding for the establishment of the Community Help and Awareness of Natural Gas and Electricity Services (CHANGES) as an ongoing statewide program, effective January 1, 2016. The ongoing CHANGES program will provide outreach, education, and bill issue assistance on natural gas and electricity bills and services to limited English proficient (LEP) consumers in the language of their choice through a statewide network of community-based organizations. CHANGES is currently funded from the CARE Program and thus provides services in the service territories of the Large IOUs. Until a long-term CPUC funding source can be established through budgetary and/or legislative channels, the ongoing CHANGES program will be funded as a reimbursement from the CARE Program, through the end of the current 2015-2017 program cycle, and may be renewed by the Commission at the end of 2017, as needed into the next CARE cycle. On December 17, 2015, the Commission issued D.15-12-047 approving CHANGES as an ongoing statewide program funded from the CARE Program.

On October 25, 2015, SoCalGas notified the Commission of a natural gas leak at the Aliso Canyon Storage Facility located in Northern Los Angeles County. SoCalGas owns and operates the facility at Aliso Canyon. The leak was within one of the wells at the Aliso Canyon site. The leak was sealed on

February17, 2016. However, reliability concerns remain about the sufficiency of natural gas resources in the area served by Aliso Canyon.

On January 6, 2016, Governor Brown proclaimed a state of emergency at Aliso Canyon. The proclamation directs all agencies of state government to "ensure a continuous and thorough response to this incident" and further directs the Commission to "take all actions necessary to maximize daily withdrawals of natural gas from the Aliso Canyon Storage Facility for use or storage elsewhere." The proclamation also directs the Commission to "take all actions necessary to ensure the continued reliability of natural gas and electricity supplies in the coming months during the moratorium on gas injections into the Aliso Canyon Storage Facility."

On March 14, 2016, in response to the Aliso Canyon leak and the Governor's Emergency Proclamation, Commissioner Catherine Sandoval, the assigned Commissioner in the instant proceeding, issued an ACR. In the ACR Commissioner Sandoval noted that the safety and ratemaking issues, and broader implications of the natural gas leak at Aliso Canyon, including how to maintain system reliability and ameliorate greenhouse gas emissions, would be addressed in other proceedings.[15] Commissioner Sandoval went on to note that certain actions may be appropriate within the ESA Program dockets to mitigate the impact of reliability issues arising from Aliso Canyon to energy customers, particularly low-income energy customers eligible for ESA Program measures. The ACR indicated that several offerings within the ESA portfolio may reduce the demand for natural gas in the geographic regions most impacted by the leak at Aliso Canyon, amongst others issues.

[15] Sandoval Aliso Canyon ACR at 2.

In addition to requiring SoCalGas and SCE to take immediate action,[16] the ACR requested that Parties to the instant proceeding comment on the proposed suspension of administrative remedies such as the "three measure minimum" and the "go-back rule" as potential solutions to facilitate deeper energy savings in the geographic regions impacted by this emergency. Parties were required to contain their responses to the Aliso Canyon emergency response efforts. Comments were to be filed and served no later than 10 days from the date of mailing of the ACR. Comments to the ACR were filed on March 23 and 24.

The PD and APD were mailed to the parties on April 12, 2016. Comments were filed on April 15, 2015. Reply comments were filed on April 19, 2016. D.16-04-040 was issued on April 21, 2016 and directs SoCalGas and SCE to take immediate steps to enhance their ESAP efforts in low-income communities affected by the Aliso Canyon Gas Storage Facility natural gas leak. In the Decision the Commission directs SoCalGas and SCE to suspend the "three measure rule" and "go-back rule" and serve a previously served household when that will allow the companies to target significant savings, of at least 3%, in a particular home or building. The Decision also directs the utilities to intensify existing programmatic efforts in the geographic regions most impacted by the

[16] SoCalGas shall: 1) Intensify all efforts within its existing Energy Savings Assistance Program (ESAP) authority to assist ESAP-eligible low-income customers affected by the Aliso Canyon incident; 2) Prioritize near-term natural gas savings, including measures that save natural gas by saving water; 3) Intensify all efforts within its existing ESAP authority to assist ESAP-eligible low-income customers affected by the Aliso Canyon incident. SCE shall prioritize near-term electric savings, especially peak savings and other measures that will minimize the use of natural-gas fired electric generation in areas affected by the Aliso Canyon incident; 4) Target their intensified efforts to geographic regions most impacted by emergency at Aliso Canyon. They shall immediately consult with Commission Energy Division staff to identify these regions; and 5) Track and report on a monthly basis all of its intensified efforts related to the emergency response. This tracking shall include energy savings, geographic region, building type and expenditures and serve monthly reports of this emergency response to the service and update the Low Income Oversight Board at the remaining 2016 meetings.

natural gas leak, to suspend certain administrative rules to facilitate near-term electric and natural gas savings, and to utilize underspent and unspent funds already collected from ratepayers for the emergency response effort to the Aliso Canyon Gas Storage Facility natural gas leak.

On April 29, 2016, Chief ALJ, Karen Clopton issued a notice of oral argument in the instant proceeding. The oral argument was held May 9, 2016, at 9:00 a.m., in the Commission's Auditorium before a quorum of the Commission and the assigned ALJ.

On June 9, 2016, the Commission issued D.16-06-018 approving Bridge Funding for the large IOUs to expend an amount not to exceed 50% of their respective 2015 authorized budget level, from July 1, 2016 until December 30, 2016, to continue their ESA and CARE Programs, or until the Commission adopts a final decision on the IOUs' ESA and CARE Program budget applications.

## 2. Issues/Scope of the Consolidated Proceeding

The Scoping Memo identified twenty-three issues, labeled A-W and related sub-issues in the instant consolidated proceeding. There were 13 issues specific to the ESA Program, three specific to the CARE Program and seven CARE/ESA Program issues. This decision addresses all the issues and sub-issues raised in the scoping ruling. In total, these issues and related sub-issues encompass the totality of the CARE and ESA Programs and the proposals set forth in the IOUs' applications. In approving the IOUs' Applications for the 2015-2017 CARE and ESA program cycles, we will discuss how we have modified the Programs as set forth in the Applications and in response to the testimony, comments and briefs of the IOUs and the Parties.

## 3. ESA Program Discussion

The initial question in the Scoping Memo is: what criteria might be appropriate for evaluation of the IOUs' proposed ESA Program budgets and underlying assumptions and estimates? And in light of these criteria, should the budgets, assumptions, and estimates be approved, or modified in some way?

ORA recommends that the Commission adopt cost-effectiveness as the primary metric for evaluating ESA Portfolios. In their joint opening brief, NRDC et al. state that Parties have reached broad consensus during this proceeding that the Commission should adopt a cost-effectiveness threshold that accounts for energy and non-energy benefits and adjusts program portfolios to account for non-resource measures. They go on to state that revising the cost-effectiveness framework alone will not be sufficient given that a significant portion of the total benefits are comprised of non-resource savings. They contend that due to the other considerations the utilities must weigh in designing their ESA Programs, including budgetary constraints and aggressive homes treated targets (for ever more difficult to reach customers), the Commission should provide clear policy direction on an energy savings goal to move the ESA Program in the direction of delivering more meaningful benefits for customers.

NRDC et al. have clearly and accurately identified and stated the appropriate criteria for our evaluation of the IOUs' proposed ESA Program budgets, underlying assumptions and estimates. We have reviewed the applications and approve the proposals as indicated below.

### 3.1. ESA Budget

#### 3.1.1. ESA Proposed Budget & Homes treated Goals

**Total IOU Proposed Budgets**

| Utility | Proposed ESAP | | | |
|---|---|---|---|---|
| | 2015 | 2016 | 2017 | 3- Year Total |
| PG&E | $160,133,351 | $152,928,421 | $155,920,833 | $468,982,605 |
| SCE | $77,088,002 | $62,375,617 | $62,540,498 | $202,004,117 |
| SDG&E | $23,772,250 | $30,649,505 | $31,631,921 | $86,053,676 |
| SoCalGas | $119,310,646 | $126,782,639 | $129,251,729 | $375,345,014 |
| Total | $380,304,249 | $372,736,182 | $379,344,982 | $1,132,385,413 |

2015-17 Sources: PG&E: 2-31; SCE: Att. A1-a; SDG&E: 22; SoCalGas: 1

* SDG&E includes a fund shift amount of $3,132,739 for 2015, totaling $26,904,989 budgeted, $23,772,250 requested.

**PG&E's Proposed ESA Budget**

| PG&E | PY 2015 Authorized per D.14-08-030 | PY 2016 Year-End Projected | PY 2017 Year-End Projected |
|---|---|---|---|
| **Energy Savings Assistance Program** | | | |
| Energy Efficiency | | | |
| *Appliances* | $37,534,521 | $25,071,000 | $25,915,000 |
| *Domestic Hot Water* | $10,682,341 | $11,930,000 | $12,331,000 |
| *Enclosure* | $49,250,726 | $43,456,000 | $45,200,000 |
| *HVAC* | $5,346,947 | $7,080,000 | $7,326,000 |
| *Maintenance* | $0 | $0 | $0 |
| *Lighting* | $28,575,478 | $25,203,000 | $26,043,000 |
| *Miscellaneous* | $0 | $0 | $0 |
| *Customer Enrollment* | $1,777,032 | $10,386,000 | $10,369,000 |
| In Home Education | $15,258,294 | $12,257,000 | $12,666,000 |
| Pilot | $0 | $652,000 | $352,000 |
| **Energy Efficiency Total** | **$148,425,339** | **$136,035,000** | **$140,202,000** |
| | | | |
| Training Center | $976,000 | $977,000 | $989,000 |
| Inspections | $4,270,162 | $3,815,421 | $3,923,833 |
| Marketing and Outreach | $1,899,850 | $3,296,000 | $3,517,000 |
| Statewide Marketing Education and Outreach | $127,000 | $0 | $0 |
| Measurement and Evaluation Studies | $205,000 | $302,000 | $164,000 |
| Regulatory Compliance | $371,000 | $403,000 | $417,000 |
| General Administration | $3,804,000 | $8,045,000 | $6,653,000 |
| CPUC Energy Division | $55,000 | $55,000 | $55,000 |
| | | | |
| **TOTAL PROGRAM COSTS** | **$160,133,351** | **$152,928,421** | **$155,920,833** |
| **Funded Outside of ESAP Program Budget** | | | |
| Indirect Costs | $2,085,000 | $2,085,000 | N/A |
| | | | |
| NGAT Costs | $3,788,000 | $3,876,000 | $3,876,000 |

NGAT-Natural Gas Appliance Testing

## SCE's Proposed ESA Budget

| SCE | PY 2015 Authorized per D.14-08-030 | PY 2016 Year-End Projected | PY 2017 Year-End Projected |
|---|---|---|---|
| **Energy Savings Assistance Program** | | | |
| Energy Efficiency | | | |
| *Appliances* | $ 23,386,523 | $ 20,565,439 | $ 20,565,439 |
| *Domestic Hot Water* | $ 16,980 | $ 10,490 | $ 10,490 |
| *Enclosure* | $ 288,750 | $ 178,150 | $ 178,150 |
| *HVAC* | $ 30,898,944 | $ 19,835,977 | $ 19,835,977 |
| *Maintenance* | $ 129,300 | $ 87,300 | $ 87,300 |
| *Lighting* | $ 2,670,878 | $ 4,914,583 | $ 4,914,583 |
| *Miscellaneous* | $ 4,407,670 | $ 3,095,361 | $ 3,095,361 |
| *Customer Enrollment* | $ 6,562,500 | $ 4,931,454 | $ 4,931,454 |
| In Home Education | $ 1,093,750 | $ 812,500 | $ 812,500 |
| New Measures | $ - | $ 725,046 | $ 725,046 |
| Pilot | $ - | $ - | $ - |
| **Energy Efficiency Total** | $ 69,455,296 | $ 55,156,301 | $ 55,156,301 |
| | | | |
| Training Center | $ 371,317 | $ 376,212 | $ 381,240 |
| Inspections | $ 1,245,058 | $ 883,634 | $ 887,102 |
| Marketing and Outreach | $ 830,000 | $ 950,000 | $ 950,000 |
| Statewide Marketing Education and Outreach | $ 120,000 | $ - | $ - |
| Measurement and Evaluation Studies | $ 225,000 | $ 220,000 | $ 220,000 |
| Regulatory Compliance | $ 641,817 | $ 659,152 | $ 676,949 |
| General Administration | $ 4,139,514 | $ 4,070,318 | $ 4,208,906 |
| CPUC Energy Division | $ 60,000 | $ 60,000 | $ 60,000 |
| | | | |
| **TOTAL PROGRAM COSTS** | **$77,088,002** | **$62,375,617** | **$ 62,540,498** |
| **Funded Outside of ESAP Program Budget** | | | |
| Indirect Costs | $ 1,356,242 | $ 1,379,073 | $ 1,397,490 |
| | | | |
| NGAT Costs | $0 | $0 | $0 |

NGAT-Natural Gas Appliance Testing

## SDG&E's Proposed ESA Budget

| SDG&E | PY 2015 Authorized per D.14-08-030 | PY 2016 Year-End Projected | PY 2017 Year-End Projected |
|---|---|---|---|
| **Energy Savings Assistance Program** | | | |
| Energy Efficiency | | | |
| *Appliances* | $4,932,533 | $5,079,788 | $5,232,181 |
| *Domestic Hot Water* | $2,055,518 | $2,117,184 | $2,180,699 |
| *Enclosure* | $4,589,847 | $4,727,520 | $4,869,344 |
| *HVAC* | $3,927,857 | $4,045,422 | $4,166,785 |
| *Maintenance* | $570,879 | $588,005 | $605,646 |
| *Lighting* | $2,775,285 | $3,539,066 | $3,645,238 |
| *Miscellaneous* | $484,540 | $618,041 | $636,582 |
| *Customer Enrollment* | $3,385,641 | $4,015,210 | $4,135,667 |
| In Home Education | $430,334 | $443,244 | $456,541 |
| Pilot | | | |
| Fund Shifting Offset | -$3,132,739 | $0 | $0 |
| **Energy Efficiency Total** | $20,019,695 | $25,173,480 | $25,928,683 |
| | | | |
| Training Center | $42,500 | $469,445 | $325,154 |
| Inspections | $98,570 | $147,838 | $151,848 |
| Marketing and Outreach | $1,240,563 | $1,827,695 | $2,137,066 |
| Statewide Marketing Education and Outreach | $0 | $60,000 | $60,000 |
| Measurement and Evaluation Studies | $77,500 | $77,500 | $77,500 |
| Regulatory Compliance | $261,743 | $268,592 | $275,757 |
| General Administration | $1,986,680 | $2,579,956 | $2,630,913 |
| CPUC Energy Division | $45,000 | $45,000 | $45,000 |
| | | | |
| **TOTAL PROGRAM COSTS** | $23,772,250 | $30,649,505 | $31,631,921 |
| **Funded Outside of ESAP Program Budget** | | | |
| Indirect Costs | | | |
| | | | |
| NGAT Costs | $368,000 | $368,000 | $368,000 |

NGAT-Natural Gas Appliance Testing

**SoCalGas' Proposed ESA Budget**

| SoCalGas | PY 2015 Authorized per D.14-08-030 | PY 2016 Year-End Projected | PY 2017 Year-End Projected |
|---|---|---|---|
| **Energy Savings Assistance Program** | | | |
| Energy Efficiency | | | |
| *Appliances* [2] | $16,376,778 | $16,741,980 | $17,117,000 |
| *Domestic Hot Water* | $14,528,361 | $19,793,179 | $20,236,546 |
| *Enclosure* | $30,974,228 | $31,664,954 | $32,374,249 |
| *HVAC* | $22,472,621 | $22,973,761 | $23,488,373 |
| *Maintenance* | $1,853,937 | $1,895,280 | $1,937,734 |
| *Lighting* | - | - | - |
| *Miscellaneous* | - | - | - |
| *Customer Enrollment* | $17,715,201 | $18,110,250 | $18,515,920 |
| In Home Education | $3,633,788 | $3,714,821 | $3,798,033 |
| Pilot | - | - | - |
| **Energy Efficiency Total** | $107,554,914 | $114,894,224 | $117,467,855 |
| | | | |
| Training Center | $986,832 | $885,711 | $908,314 |
| Inspections | $2,256,181 | $2,306,256 | $2,357,651 |
| Marketing and Outreach | $2,480,291 | $2,558,973 | $2,600,256 |
| Statewide Marketing Education and Outreach | - | - | - |
| Measurement and Evaluation Studies | $195,833 | $195,833 | $195,833 |
| Regulatory Compliance | $327,469 | $335,621 | $344,307 |
| General Administration | $5,423,125 | $5,520,021 | $5,291,513 |
| CPUC Energy Division | 86,000.00 | 86,000.00 | 86,000.00 |
| | | | |
| **TOTAL PROGRAM COSTS** | $119,310,646 | $126,782,639 | $129,251,729 |
| **Funded Outside of ESAP Program Budget** | | | |
| Indirect Costs | | | |
| | | | |
| NGAT Costs | | | |

NGAT-Natural Gas Appliance Testing

### 3.1.2. Discussion

Below is the trend in the IOUs' ESA budget and resulting benefits. The 2009-2014 figures are based on actual expenditures whereas the 2015-2017 figures are based on what was proposed in the utility applications.

| PGE | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| $/home treated (measures) | $ 909 | $ 884 | $ 939 | $ 927 | $ 937 | $ 952 | $ 1,223 | $ 1,388 | $ 1,438 |
| $/home treated (total program costs) | $ 1,136 | $ 1,078 | $ 1,139 | $ 1,138 | $ 1,151 | $ 1,181 | $ 1,335 | $ 1,699 | $ 1,732 |
| kWh Savings/Home treated | 408 | 374 | 373 | 325 | 347 | 349 | 392 | 406 | 406 |
| Therm Savings/Home treated | 20 | 20 | 20 | 10 | 16 | 16 | 17 | 21 | 21 |

| SCE | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| $/home treated (measures) | $ 560 | $ 405 | $ 401 | $ 620 | $ 645 | $ 586 | $ 719 | $ 930 | $ 930 |
| $/home treated (total program costs) | $ 712 | $ 538 | $ 537 | $ 803 | $ 806 | $ 726 | $ 881 | $ 1,155 | $ 1,158 |
| kWh Savings/Home treated | 380 | 288 | 254 | 391 | 448 | 418 | 414 | 572 | 572 |

| SDGE | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| $/home treated (measures) | $ 535 | $ 594 | $ 634 | $ 653 | $ 686 | $ 572 | $ 973 | $ 1,041 | $ 1,073 |
| $/home treated (total program costs) | $ 774 | $ 875 | $ 928 | $ 939 | $ 1,017 | $ 869 | $ 1,170 | $ 1,509 | $ 1,557 |
| kWh Savings/Home treated | 310 | 337 | 325 | 400 | 350 | 322 | 307 | 282 | 282 |
| Therm Savings/Home treated | 14 | 20 | 18 | 14 | 18 | 16 | 18 | 16 | 16 |

| SCG | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| $/home treated (measures) | $ 379 | $ 410 | $ 429 | $ 608 | $ 664 | $ 757 | $ 817 | $ 880 | $ 900 |
| $/home treated (total program costs) | $ 588 | $ 611 | $ 635 | $ 849 | $ 912 | $ 1,009 | $ 1,085 | $ 1,153 | $ 1,175 |
| Therm Savings/Home treated | 19 | 19 | 19 | 10 | 29 | 34 | 31 | 45 | 46 |

***[1] Measures costs include in-home education for PY2015-PY2017 but not for previous program years;***

***[2] Totals include homes treated by SCE, PG&E, and SDG&E for kWh savings and homes treated by SoCalGas, PG&E, and SDG&E for therm savings.***

As evidenced in the above data, we see both measure costs and program costs increasing significantly over the years while the savings per home treated are not increasing proportionately. Rather than seeing cost efficiencies in the

program, we see that it is becoming increasingly expensive per unit of energy savings. We had expected that the IOUs' budget needs would increase due to various factors including the increasing costs to treat harder to reach households as we approach our 2020 goals and have fewer willing customers remaining untreated. Some of these escalating costs are understandably attributable to the addition of new measures and their increasing installation costs, information technology (IT) and database updates, as well as some new strategies around enrollment and outreach efforts.

However, for some of the IOUs, the total cost to treat a household has more than doubled since 2009 (specifically SDG&E and SoCalGas). When we look further at the specific areas of increase we see that for the most part, the trend is in the increase in measure and installation costs per household treated, with some exceptions. For example, in addition to SDG&E's measure costs per household treated doubling, other program costs have also nearly doubled, mainly in SDG&E's administrative costs for mass media, increased inspections, general administration, and marketing and outreach categories.

Although some increasing expenditures are expected, there should also be greater efficiencies in how the program is delivered. We expect there to be increasing energy savings per home treated associated with the newly approved measures, and overall increased cost effectiveness of the program. Therefore, we modify the IOUs' proposals as summarized below and discussed in the various sections throughout this decision.

There are also areas where new budgets need to be proposed because of various changes, initiatives directed, and timing of this decision (summarized in the list below). However, rather than not authorizing any budget until the revised proposals can be considered, we instead authorize the amounts shown

below in order to avoid program disruption. Due to the timing of this Decision, all budgets have been extended and shifted by one year (2015 and 2016 has been bridged, the 2017 approved budget is based on the requested 2016 budgets with adjustments, and the 2018 approved budget is based on the 2017 requested budgets with adjustments as discussed below). We expect each utility to submit revised budgets reflecting the directives in this Decision (and remaining time within this program cycle) within 90 days of this Decision, via a Petition for Modification (PFM). The PFM shall also include updated tables reflecting the proposed budget, approved measures with a uniform and statewide naming convention, planning assumptions, penetration goals, cost effectiveness values, and any other updated factors.

We authorize the following maximum ESA budgets for the IOUs:

| Utility | Authorized ESA | | | | |
|---|---|---|---|---|---|
| | 2015 (Decision 14-08-030) | 2016 (Decisions 15-12-024 and 16-06-018) | 2017 | 2018 | Total 2 Year (2017-2018) Authorized |
| PG&E | $161,862,111 | $161,862,111 | $152,113,444 | $154,564,551 | $306,677,995 |
| SCE | $72,736,630 | $72,736,630 | $63,037,482 | $62,662,363 | $125,699,845 |
| SDG&E | $23,772,251 | $23,772,251 | $30,617,486 | $30,904,902 | $61,522,388 |
| SoCalGas | $132,417,190 | $132,417,190 | $126,099,795 | $128,193,885 | $254,293,680 |
| **Total** | **$390,788,182** | **$390,788,182** | **$371,868,207** | **$376,325,702** | **$748,193,909** |

Please see Appendices for each IOU's specific approved budget table. Also included in the appendices are tables that summarize the adjustments made to arrive at the above adopted budget as further detailed in various sections throughout this ecision. We make note that the 2017 approved budget is based on the requested 2016 budgets with adjustments made, and the 2018 approved budget is based on the 2017 requested budgets with adjustments made. We also identify additional issues that may require additional budget adjustments that

we expect the IOUs to propose via a PFM as discussed in various sections of this decision.

Additionally, there are various sections where the Commission requires a report to be filed within 60 days or 90 days of this Decision. These reports will also be referred to as the 60-day report or 90-day report.

### 3.2. ESA Program Energy Savings Goal

#### 3.2.1. Parties' Positions

In their joint protest to the IOU applications, NRDC et al. recommend that the Commission establish an energy savings goal—either via cost-effectiveness tests or as a wholesale kilowatt hours (kWh) or therms saved per year standard for the ESA Program.[17] In their joint testimony, the groups argue that in contrast to the clear outreach and enrollment goals provided in the "households served/homes treated" targets established by the Commission, the IOUs lack any directive to pursue actualized energy savings for the program. Citing recent impact evaluation findings, the group believes that the ESA Program's energy and bill savings are simply byproducts of the homes treated goals. This, they believe, runs counter to the Strategic Plan's call for the ESA Program to focus more on serving as a reliable energy resource for California.[18]

NRDC et al. provide additional fodder for thought. Specifically, the groups claim that by establishing an energy savings goal and authorizing clear authority at each IOU to tailor measure offerings to customer segments based on energy savings potential, the program can increase energy savings and mitigate the challenges associated with a program that is becoming more costly and serving fewer, more hard-to-reach customers.[19] Citing previous Low Income

[17] NRDC et al., Protest at 9.
[18] NRDC et al., Stamas Testimony at 8-15.
[19] *Id.*

Needs Assessment report findings, the groups outline that fixed program costs (outreach, administration, etc.) detached from actual measure installations may actually outweigh the increased costs of offering a tailored, more impactful mix of measures per customer home.[20] Unfortunately, while few data are presented to illustrate this claim, we do know that the program incurs significant costs associated with the identification of customers to target and enroll in the program.

The groups argue that to set an energy savings target for the ESA Program, the Commission could leverage the potential study conducted in the general energy efficiency proceeding that already produces an estimate of energy savings potential in the ESA eligible population as part of its Residential whole building findings. The Commission could then assign a target to each utility based on these estimates of achievable potential for each service territory. The target could be expressed either in kWh and therms, or in British Thermal Units (Btu) equivalents to allow for aggregation. With targets developed per utility, the goal would then guide the development of IOUs' resource measure portfolios under the new portfolio-level, cost-effectiveness framework for the program. In the long-run, the groups recommend that the Commission conduct a potential study specific to the ESA Program to ensure that goals reflect the true cost-effective potential.

In testimony provided by NRDC et al., the groups independently and proactively collected a sample of other low-income energy efficiency programs to determine the prevalence of energy savings goals in similar programs. We applaud the thoughtfulness and initiative set forth in this effort. The level of serious review is not to be discounted.

[20] *Id.*

The review of the sample found that, "While energy-related goals are the primary expectation for non-low-income energy efficiency programs . . . it is not unusual for low-income programs also to have savings goals. The majority of states interviewed have some version of energy goals from these low-income programs – in some cases absolute kWh and Therm goals, and others, percentage-based. Some note that the energy savings from the low-income program are designed to contribute to the savings expected from the entire energy efficiency portfolio."[21]

Rebuttal testimony from NRDC et al. reiterate the policy tension between spending "exorbitant" amounts of money in an effort to reach and enroll those least willing to participate and, perhaps, least likely to yield deep savings; and treating fewer households per year with more energy saving measures.[22] The groups also recommend that the Commission re-examine how it values energy savings for new measures, and ensure that these estimates are calculated from existing conditions, not above code, so that they are consistent with the analysis conducted in impact evaluation studies.

In its rebuttal testimony, PG&E agrees with NRDC et al.'s recommendation to allow the IOUs additional flexibility in tailoring measures to eligible customers based on energy savings potential. However, PG&E believes this topic could be teed up during the design of the next program cycle beyond 2017 and more appropriately discussed at a workshop or working group session. PG&E further disagrees with the adoption of an energy savings goal for the ESA Program, arguing that it would require a change in the 2020 goals mandated by the

[21] NRDC et al., Skumatz Testimony at 3.
[22] NRDC et al., Rebuttal Testimony at 11.

Commission. PG&E believes that this discussion too, is more appropriate for a workshop or working group.[23]

While SoCalGas' rebuttal testimony voices general support for the ESA Program to be more focused on producing energy savings and demonstrates higher cost-effectiveness, the utility asks that the Commission "be mindful and not make changes to program features that serve the energy savings and cost effectiveness objectives but may disproportionately impede the health, comfort and safety objectives."[24] TELACU et al.[25] also believe that a workshop is necessary to delve into the issue of the feasibility of deriving longer term savings from the ESA Program particularly as the easier-to-find customers have already been served and the remaining are hard-to-reach or remain underserved.[26]

TURN recommends that the Commission move to adopt an ESA Program energy savings target in a second phase of this proceeding.[27] TURN notes that the most recent analysis of energy efficiency potential, the Energy Efficiency Potential and Goals Study for 2015 and Beyond, prepared by Navigant Consulting, includes a calculation of energy savings potential in the low-income sector but that these modeled savings were based on outdated savings estimates provided by the 2007 Low Income Needs Assessment (LINA). TURN does not oppose the adoption of an interim ESA Program energy savings goal, to be applied in this program cycle, based on the 2015 Potentials and Goals Study results.[28]

[23] PG&E, Rebuttal Testimony at 2-17, 2-18.
[24] SoCalGas, Rebuttal Testimony at DJR-12, DJR-13.
[25] EEC, TELACU, Maravilla, ACCES, and Brightline are collectively referred to as TELACU et al.
[26] TELACU et al., Rebuttal Testimony at 6-7.
[27] TURN, Rebuttal Testimony at 3-4.
[28] TURN, Rebuttal Testimony at 3-6.

TURN then moves to recommend a four-step process and timeline to resolve this issue:

(1) Direct the 2017 Energy Efficiency (EE) Potential Study to include a robust analysis of ESA Program potential;

(2) Provide a meaningful opportunity for public input including, but not limited to, a workshop into the methodology used to conduct this analysis;

(3) Once the potential analysis is complete, issue a ruling in this proceeding seeking comment on both the results and the ESA Program energy savings goals that should be adopted;

(4) Issue a Phase II Decision in the first quarter of 2017, adopting a specific ESA Program energy savings goal, along with additional guidance for the utilities to inform their next cycle applications, to the extent such guidance has not been provided in the Decision expected to be issued in the Fall of 2015.[29]

#### 3.2.2. Discussion

We have noticed that within this proceeding and in light of great changes in the mainstream EE docket, an underlying theme has emerged for the ESA and CARE Programs. In particular, as approaches and expectations are explored as new tools for the ESA Program, we are beginning to question whether the current approach of low savings, direct install interventions with increasing budgets, is sustainable or sufficient for the needs of the modern grid and low-income customers.

TURN and NRDC et al. have provided a thorough and rigorous analysis that has influenced this discussion. These parties should also be recognized for the forward thinking approaches they have brought to the discussion that will help pull the ESA Program into the future of energy efficiency design and delivery. With that said, we must take caution and bring change to the program

[29] TURN, Rebuttal Testimony at 6.

with careful consideration and deliberation as we move towards completing our goal of reaching all eligible and willing households by 2020.

The parties are correct in pointing out that energy savings has never been a "hard" goal for the ESA Program. The program has grappled with the societal and prudent need to have some level of energy savings from a program with Energy Savings as the core of its title. While there are many perspectives on "why" this low-income program was conceived and funded, a long history has transpired that demonstrates the flexibility, ingenuity and responsiveness of the IOUs and our talented contractor workforce to deliver such a large program with such professionalism and persistence. It is with this ability to adapt that we begin the arduous move towards creating an increasing energy saving program.

TURN and NRDC et al. are correct in their characterization of the low-income-centric work that will be conducted in the EE Potential and Goals Study. This study will be using updated low-income data inputs from the most recent (2013) Low Income Needs Assessment, rather than rely on the grossly outdated inputs from the previous Needs Assessment report. That Assessment, while completed in 2007, relied on research and data gathered several years prior. The newest draft of the Study provides results with the updated data. Furthermore, as these groups have correctly pointed out, the methodology employed to help determine the savings potential has yet to be revisited or revised. We are uncomfortable with developing an energy savings goal from a dated methodology especially as such a move may have large impacts on our program design and focus for this budget cycle. In addition to the questions regarding current methodologies, this program is in the midst of considering a new cost-effectiveness framework. Loaded on top of this work is the additional analysis to be done that will determine what measures are to be deemed resource

versus non-resource measures and the forthcoming non-energy benefits and revamped impact assessment studies.

We are generally supportive of the creation and adoption of an energy savings goal for the ESA Program. In fact, as the program shifts from its pre-2020 "all homes treated" paradigm to a more sophisticated and targeted program with more integrated benefits, an energy savings goal may provide the necessary framework or structure to help re-envision the program. However, we find it premature to adopt an energy savings goal for the ESA Program for this cycle. There are many weighty issues vying for limited resources in the instant proceeding. TURN's recommendation for a four-part approach to developing this energy savings goal is reasonable and timely.

We direct Commission staff to work with the 2017 EE Potential Study consultant to include the specific task of providing an analysis and determination of ESA Program potential. The budget for this work is not to exceed $300,000, and we direct that it be funded by the 2017 ESA Program budgets co-funded between the four IOUs with the following split: PG&E - 30%; SCE - 30%; SoCalGas - 25%; and SDG&G - 15%. The ESA Program potential work will follow our established evaluation, measurement and verification (EM&V) stakeholder input process, allowing ample opportunity for input into the methodology used to conduct this updated analysis. The Demand Analysis Working Group (DAWG), which includes representation from the California Energy Commission (CEC), California Independent System Operator (CAISO), IOUs and other interested stakeholders, acts as the established forum for providing input into the scope, modeling and analysis of results associated with EE Potential Study. Rather than reproduce the procedural process established to formally recognize the Energy Efficiency Potential and Goals Study findings, we

will "piggyback" on that effort and incorporate the ESA Program potential results and findings into the ESA Program Decision providing guidance for the 2019-2020 Program Years.

### 3.3. Go Back Rule/Re-Treatment of Households

The current "Go Back rule" allows the IOUs to go back and treat any household not treated since 2002; however, these households do not get counted towards the IOUs' 2020 goals. The IOUs are required to first seek out and prioritize new households that have not yet been treated by the ESA Program.

In the past, and with certain exceptions, the Commission has limited households from participating in the ESA Program more than once in a 10-year period. This rule, previously called the "10-Year Go Back Rule" was designed to promote equity (e.g., treatment of households previously not provided ESA Program measures), considering the utilities' constrained budgets. In order to achieve the broader objectives of the Strategic Plan and the 2020 low-income programmatic initiative, D.07-12-051 suspended this rule and directed the IOUs to address how the low-income programs would avoid duplicative installations and promote the installation of new measures and technologies in all households.

In D.08-11-031, the Commission revised the 10-year Go Back Rule to require the utilities to provide ESA Program measures to households not treated since 2002, because many new measures were added to the ESA Program in that year. The revised rule is simply known as the "Go Back Rule." This revision allowed program administrators to return to households treated prior to 2002 with the condition that they first seek to serve households that have never been treated. This directive ensured equity among the low-income population. Moreover, it satisfied the Commission's conviction 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 insecurity.

#### 3.3.1. IOU Proposals

PG&E proposes to allow previously-treated households to participate in the ESA Program after eight years, arguing that this would be a more reasonable period for re-treatment than 10 years, given the effective useful lives of measures typically installed. PG&E is also proposing to implement a new ESA II component to help ameliorate the presumed 2020 "cliff effect."[30] Through the ESA II initiative, PG&E proposes to treat previously treated ESA Program households with all measures for which they qualify. Although PG&E would "go back" to re-treat these qualifying low-income households, the utility has resisted labelling ESA II as simply a "Go Back" Program. ESA II households are those households that have not participated in the ESA Program for at least eight years. PG&E believes that after such a period the occupants of these households probably do not remember the energy savings education they received. In addition, many installed measures would have degraded past their effective useful life. Also, some of these customers were not the original household occupants and may never have participated themselves.[31] PG&E plans to prioritize high energy users, if its proposal is adopted.[32]

SCE proposes modification or elimination of the Go Back Rule and also intends to focus on outreach and program delivery to households not yet treated. SCE argues that two facts demand revisiting the current go back policy; first, technologies have evolved significantly over the past several years, and many of the previously treated households would be eligible for recently introduced

[30] PG&E, Application at 2-16.
[31] PG&E, Application at 2-119-120.
[32] PG&E, June 12 ALJ Ruling Response at 2-3.

measures but cannot receive them because they are considered treated, resulting in significant missed opportunities for cost-effective delivery of ESA Program measures to these treated households. Secondly, the number of willing, untreated households is decreasing, resulting in SCE treating a lower number of new households each year between now and 2020. To avoid having a dramatic reduction in the overall scope of the ESA Program, SCE believes it is appropriate to offer measures when assessors conducting outreach find themselves in households that have already been treated by the program.[33]

SoCalGas proposes that the Commission return to a 10-Year Go Back Rule and treat households that have not received measures within the preceding 10 years. SoCalGas proposes to provide energy education to all income-eligible households, and perform in-home assessments that may lead to the provision of new measures not available at the time of initial participation and/or replacement of old measures that are no longer operable or that have exceeded their useful life. Consistent with requirements of the current Go Back Rule, SoCalGas would first seek out new households that have not yet been treated before re-treating households. SoCalGas also proposes to target customers considered high energy users, and to target customers based on health, comfort and safety criteria, in order to maximize both energy and non-energy benefits. A household would also be eligible to receive energy education alone if it did not qualify for any other measures, and in such instances would still be counted as treated under the proposed 10-Year Go Back Rule.

SDG&E proposes to change the existing policy and return to a 10-Year Go Back Rule once the 2020 programmatic initiative goal of treating all eligible and willing households is met. Based on its proposed unwillingness factor, SDG&E

[33] SCE, Application at 100.

anticipates meeting the 2020 treated household goal early in the 2019-2020 program cycle. If SDG&E is successful in achieving its treated households goal earlier than anticipated, i.e., this program cycle, SDG&E would like to implement the 10-Year Go Back Rule at that time to be able to continue the program without interruption. SDG&E would still continue offering the ESA Program to new, qualified households that were not previously treated. In addition, SDG&E proposes to return to households treated less than 10 years ago for changes such as: introduction of new cost effective measures/technologies into the ESA Program; modification in program guidelines, such as the change in the requirement for refrigerator replacement; or change in household occupancy to a new customer willing to install measures that were refused by the prior resident.[34]

#### 3.3.2. Parties' Positions

Greenlining argues for a clearer plan on how the utilities will continue to address the current issue of reaching eligible but untreated households. Once the utilities provide more details in their proposals, Greenlining may support the go back rule only if the IOUs can sufficiently demonstrate that they have treated all eligible and willing households, or a plan to simultaneously treat untreated households. Greenlining is cautious to support PG&E's proposal and requests a clear demonstration from PG&E that ESA II will not cause the IOU to lessen its efforts in reaching households that have yet to be treated.[35] For the ESA Program to continue past 2020 and to help achieve California's overall energy savings goals, Greenlining states that it makes sense to eliminate the Go Back Rule but that the IOUs should screen for and prioritize communities with households that have the highest energy burden or are the most energy insecure. Additionally,

[34] SDG&E, Application at 19.
[35] Greenlining, Protest at 4.

the IOUs should also prioritize the deployment of new cost-effective measures that were unavailable to a particular household (such as water measures) or were refused by a previous tenant/resident of the household.[36]

ORA supports SDG&E's proposal of completing treatment of households served prior to 2002 before starting to revisit households serviced since 2002 because it believes that is the only proposal that leaves enough time for the Commission, program administrators, and program implementers to define the appropriate strategy for a post-2020 ESA Program. The next round of ESA, ORA argues, should include both hot and cold water saving measures coordinated and leveraged with water utilities, reduced costs for marketing and outreach, varied program delivery strategies based on the needs of the household, and cost savings from better use of data prior to the in-person assessment. ORA opposes both SoCalGas and PG&E's proposals because it believes the ESA Program should be refined before going back to previously treated households. It states that visits to previously-treated households should be distinct from those visits that are "starting from scratch" and should identify a more tailored and cost-effective strategy given what is known about a household or area from the previous visit. Until a strategy for repeat service is better developed, ORA opposes the initiation of repeat service.

TURN is generally supportive of a shortened Go Back period and agrees that it provides an opportunity to restore degraded measures and also to provide newer technologies and services in furtherance of additional energy savings. However, TURN cautions against changes to the current Go Back Rule before the utilities have accomplished the ESA Program goal of treating all eligible and willing households by 2020. Any changes must be implemented with care to

[36] Greenlining, June 12 ALJ Ruling Response at 1-2.

avoid inadvertently de-prioritizing low-income households that are the hardest, and thus most expensive, to reach, including those that may have too hastily been deemed "unwilling to participate." Likewise, TURN argues that it will be critical to carefully define what re-treatment will entail, including appropriate procedures and measures, to maximize the energy efficiency benefits and minimize the costs.[37] Additionally, TURN recommends that the Commission direct the reconvened Mid-Cycle Working Group to propose criteria for Go Back treatment under a 10-Year Rule, and supports two specific criteria: (1) prioritizing households with refrigerators manufactured before 1999, as suggested by PG&E, and (2) targeting higher energy users for re-treatment, given the likelihood that these criteria will lead to households with greater energy savings opportunity. In the event that the Commission intends to resolve this issue in the forthcoming decision without seeking input from a working group, TURN supports ORA's recommendation that the utilities prioritize previously treated households for retreatment by customers who (1) have high energy use, and (2) have high energy burden and have high energy insecurity.[38]

EEC supports PG&E's recommendation for an eight-year go back rule and recommends that the other IOUs follow PG&E's lead on this issue.[39] EEC states that there are significant energy savings that can be gained by servicing households that have previously participated in the program. Reasons for retreatment include: updated fixtures and new water saving measures that were not part of the program eight years ago; most measures in the program have a useful life of 11 years or less so that measures installed 8-10 years ago may simply be worn out and ineffective; and that new measures have been introduced

[37] TURN, Protest at 9-10.
[38] TURN, June 12 ALJ Ruling Response at 1-3.
[39] EEC, Protest at 7.

since 2002 or have undergone significant increases to energy saving standards since 2002. Additionally, go backs should be based on need, and not based on housing type, customer disability, or hard-to-reach status.[40]

Proteus does not recommend adopting a particular IOU proposal, but instead recommends utilizing the best practices approach and adopting specific recommendations from the SoCalGas, SCE, and PG&E proposals to establish the policy. It recommends a) allowing IOUs to install new offerings if a household was recently serviced, and b) allowing households to enroll in the program every 10 years to deliver measures. Additionally, Proteus argues that light emitting diodes (LEDs) should be part of any activities for the upcoming program cycle and should also be part of the Go Back policy ordered by the CPUC.[41]

TELACU et al. support PG&E's eight-year Go Back proposal.[42] TELACU et al. argue that the Go Back rules should be modified for the following reasons:

a. The Governor's Declaration of a drought emergency to support measures that address the drought (the eight-year rule would allow customers to receive updated fixtures and new water saving measures that were not part of the program at the time the household was first treated);

b. The known useful life of existing measures (according to DEER[43], most measures in the program have a useful average life of eight years or less);

c. Approximately 20 new or upgraded measures have been introduced to the program since 2002; and

d. New energy efficiency installation standards that have been created since 2002 (most importantly new Title 24 standards, one of which requires all water fixtures in a household, including

[40] EEC, Testimony at 4-5.
[41] Proteus, June 12 ALJ Ruling Response at 4-8.
[42] TELACU et al., Protest at 5.
[43] Database of Energy Efficient Resources.

toilets, to be upgraded when pulling a permit for any other measure in the home).

TELACU et al. state that any prioritization of households, for any reason, that includes a requirement to "treat first" will increase contractor outreach costs as well as IOU marketing costs and thus increase costs to the program. The least expensive way to serve these households, they argue, is to do so during the initial visit and to serve as many households within one neighborhood at one time. TELACU et al. state that it would be very costly to knock on a customer's door, review their history and walk away because this household does not fit into a particular prioritization model. Even for households that do call in to the contractor or IOU call centers, a prioritization with a "treat first" caveat would cause contractors to serve, for example, a high energy user while their neighbor must wait for a revisit to the neighborhood at another time. They further state that if ESA Program contractors have to serve customers on a priority basis, or off of a list provided by the IOUs, each crew person would need to drive to several neighborhoods each day; a type of delivery system that they argue is inefficient and would increase costs to the program as well as the program's carbon footprint.[44]

HEA states that previously treated households may benefit from additional measures, making a second visit fruitful. The difficulty is in determining which households would benefit and which would not. This determination can be made inexpensively utilizing existing technology, HEA argues. HEA notes that it has proved in several community energy efficiency programs that smart meter data can be remotely analyzed to pinpoint quantified opportunities for savings and the most cost effective measures for a particular household. The Go Back Rule should therefore be modified, HEA states, to require a remote analysis of

[44] TELACU et al., June 12 ALJ Ruling Response at 2-5.

previously treated households using smart meter data. HEA argues that modifying the Go Back Rule without also requiring energy analysis could lead to a waste of time and resources by either installing ineffective measures or not deploying valuable energy saving options. HEA proposes that the actual energy use of the household be measured and analyzed to determine which households have significant energy savings opportunities, which measures will be most beneficial, and the expected energy savings. HEA further states that measure installation decisions should not be made based on "typical" or "average" households, because usage can vary widely.[45]

MCE suggests that the Commission modify the Go Back Rule to encourage retreatment of households that have been treated since 2002 because these households may not have been served as comprehensively as possible and/or may have efficiency measures that are outdated. California's climate and drought-related goals will also be served, MCE argues, if additional energy and water savings can be captured in households that have already received ESA Program treatment. MCE further states that modifying the Go Back Rule should not be limited to installing water-savings measures in a previously treated household. Additionally, MCE believes that going back to a treated household should not count toward the 2020 households treated goal because the same household would be counted twice, and it suggests that the Commission consider prohibiting replacement of installed measures during a Go Back treatment when 60% or more of the effective useful life remains.[46]

NRDC et al. state that PG&E's ESA II proposal, which they view as a continuation of the current program, should be denied because different approaches are needed for different household segments. PG&E's ESA II

[45] HEA, ALJ Ruling Response at 2-3.
[46] MCE, June 12 ALJ Ruling Response at 3-4.

proposal, they argue, would be unfocused and fail to maximize energy savings and associated benefits. They state that because utilities are approaching their household treated goals, and because the energy resource goal has thus far been given lower priority by the Commission (relative to the number of households served), they instead recommend that the trajectory of the ESA Program shift towards offering more measures and achieving deeper savings for fewer households. They agree with ORA that any repeat service should be further developed, for example, by exploring the program design improvements recommended by the LINA. They also recommend that the multifamily sector receive increased attention in any ESA II proposal.[47]

At the same time, NRDC et al. believe that it is worth considering an exception to the go back rule when the assessor is already in the previously-served customer's household and has reason to believe that a minimum level of savings (at least 10% reduction in consumption) can be achieved by installing new measures and/or replacing or upgrading previously installed measures.[48]

#### 3.3.3. Discussion

We agree that some modification to the Go Back Rule would benefit low-income customers. We further agree that with the current rule, many previously treated households will likely have measures that have surpassed their effective useful life. We also see benefit in returning to these households to provide the various new and upgraded measures introduced into the program since 2002. With the high transiency rate of low-income customers,[49] the customers currently living in a previously treated household may not be the

[47] NRDC et al., Rebuttal Testimony at 10-12; NRDC et al., June 12 ALJ Ruling Response at 3-5.
[48] NRDC et al., June 12 ALJ Ruling Response at 3-5.
[49] Low Income Needs Assessment (LINA) Final Report, December 16, 2013, Volume I at viii.

same customers who were living there at the time of ESA Program participation. Re-treating 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 information previously provided during the energy education is dated, so returning to these households would allow for a refresher to learn about energy-saving behaviors. We are convinced that re-treating some of these households would benefit customers as well as assist in our goal of energy savings.

However, we have concerns that allowing the IOUs to return to previously treated households without any criteria on which households to target and prioritize, and how to target and prioritize, is less than ideal. Doing so may also distract the IOUs from meeting their 2020 goals. While the Commission believes that the Go Back Rule should be modified, there should be some guiding principles and directives around targeting which households are to be re-treated and how these households get re-treated. We are also not convinced by TELACU et al.'s argument that any sort of prioritization of households would be inefficient and increase overall costs to the programs. Instead, we agree with SoCalGas that these households could be targeted in an efficient manner (based on high usage and/or in the course of identifying other eligible households).

Therefore, we reject the IOU proposals at this time, finding that they are premature. Revisiting of previously treated households should occur as part of larger changes to the ESA Program, which are expected to be implemented upon achievement of the 2020 households treated goals. We agree with ORA that the appropriate strategy for the next round of the ESA Program should include delivering new measures not originally offered, lower costs for better marketing and outreach, and varied, cost-effective program delivery strategies. The

Commission has an interest in maximizing the long-term savings potential of the ESA Program portfolio, and therefore believes that any go backs authorized beyond the 2020 ESA Program goals should be targeted, tailored to the specific home, and efficiently delivered. We believe it makes sense to prioritize households and not to reach households that only need an energy education refresher.

Therefore, we decline to modify the Go Back Rule at this time, and instead direct the utilities to continue to focus their efforts on their 2020 homes treated goals. However, we direct the mid-cycle working group to consider potential household retreatment prioritization models, implementation and outreach strategies, and other aspects of a post-2020 ESA Program. This process will make efficient use of the resources involved in implementing the ESA Program, and allow for a steady transition toward a post-2020 ESA Program by minimizing potential disruption of program contractors and administrators. We understand that this is a new area and that further best practices not currently recognized in this decision may arise over time. We therefore encourage parties to bring forth such recommendations through the mid-cycle working group final report for Commission consideration. That report should be delivered to this proceeding's service list as discussed in Section 3.13 addressing the mid-cycle issues.

The only exception to this rule is with respect to low-income communities affected by the Aliso Canyon Gas Storage Facility natural gas leak, as detailed in D.16-04-040.

### 3.4. Modified Three-Measure Minimum Rule for ESA Program Treatment

The Modified 3 Measure Minimum, (modified 3MM) allows the IOUs to treat a qualifying dwelling with at least three measures[50] or less than three if the total energy savings achieved yield(s) energy savings of at least either 125 kilowatt-hours (kWh) annually or 25 therms annually.

The current modified 3MM Rule had its inception in D.01-03-028. The Commission determined that it would be imprudent to indiscriminately treat all homes, including those that needed only a few measures, as such efforts would take away from the overall budget to be spent on households that have not yet received any energy efficiency measure installations. That rule became known, over the years, as the three measure minimum rule (3MM Rule). The 3MM Rule prohibited the IOUs from installing measures in a home that did not require at least three measures.

Over time, some of the IOUs proposed eliminating the 3MM Rule, citing, among other barriers, challenges in being able to treat income qualified homes, including renter-occupied multifamily households that may require less than three measures. In D.08-11-031, the Commission rejected the IOUs' proposal to eliminate the 3MM Rule and instead modified the 3MM Rule by creating an exception in response to those concerns to allow the IOUs to treat homes needing less than three measures, "as long as the total energy savings achieved by either

[50] Energy Efficiency measures available through the ESA Program may include but are not limited to: attic insulation, caulking, weather-stripping, low flow showerhead, water-heater blanket, door and building envelope repairs that reduce air infiltration. "Weatherization" may also include other building conservation, measures, energy management technology, energy-efficient appliances, and energy education programs determined by the commission to be feasible, taking into consideration for all measures both the cost-effectiveness of the measures as a whole and the policy of reducing energy-related hardships facing low-income households.

measure or measures combined yield(s) energy savings of at least either 125 kilowatt-hours (kWh) annually or 25 therms annually."

As a result, that 3MM Rule then evolved to what we have come to refer to today as the "modified 3 Measure Minimum" or the modified 3MM Rule. With the modified 3MM Rule, the Commission ensured a base level of energy savings and ensured that the ESA Program remained in compliance with the goal of achieving long-term and enduring energy savings and increased leveraging opportunities with the Low Income Home Energy Assistance Program/Weatherization Assistance Program (LIHEAP/WAP) and other external measure installation programs. In addition, the new energy savings threshold ensured increased program-level cost effectiveness and measure provision to all eligible and willing customers.

#### 3.4.1. IOU Proposals

PG&E proposes that Energy Education be counted toward the modified 3MM Rule. It states that the new, enhanced Energy Education will provide meaningful energy saving tools to low-income customers and help them better understand and control their energy use and expenses. Most households qualify for more than one or two measures, but homes with the most difficulties are single-fuel homes that do not need appliances providing high energy savings. Allowing Energy Education to count as one of the three measures will allow more homes to receive services, especially in rural areas. The up-front expense (in terms of both time and cost) of going to a home for the initial assessment visit has already been incurred. PG&E argues that it is more beneficial for qualified households to receive whatever measures they qualify for, rather than receiving nothing at all, including in-depth, customized in-home energy education. This is

particularly true if measures are low-cost measures that can be provided during that same visit.[51]

SCE proposes to eliminate this rule and provide all income-qualified customers with eligible measures and energy education at the time of the assessment. SCE states that eliminating the modified 3MM Rule will remove program hurdles and simplify program administration. SCE states that it expends costly resources on the modified 3MM Rule administration and compliance. Most SCE customers use gas for space and water heating, so space and water heating upgrades (and weatherization services) can only rarely be provided by SCE, an electric-only utility. However if the Commission retains the modified 3MM Rule, SCE proposes that it be further modified to allow contractors to deliver simple to install measures at the time of assessment where feasible and to allow energy education to be delivered regardless of meeting the modified 3MM rule. SCE states that these simple measures are highly cost-effective and can typically be easily installed at the time of the assessment. Additionally, this proposal is consistent with the overall strategy of reducing the number of contractor visits to a home, identified as a key barrier to treating homes in the ESA Program.[52]

SoCalGas requests to waive the modified 3MM requirements when treating multifamily units. Further, once a unit has been determined to require three measures (or otherwise meet the 3MM), SoCalGas proposes that the rule be interpreted to allow the installation of one or two measures, when the third (or other 3MM qualifying) measure is expected to be provided by another installation crew, including that of a different utility. SoCalGas states that this modification will benefit its ability to target multifamily customers, as well as

[51] PG&E, Application at 2-13.
[52] SCE, Application at 98-100.

improving SoCalGas' coordination efforts with SCE.[53] In areas served by multiple utilities, the minimum number of measures would be defined as if the household were served by a combined gas and electric utility, and the utilities would use a referral system to ensure the installation of all feasible measures.

SoCalGas requests that the following definition be established for the modified 3MM Rule: A dwelling must require a minimum of three measures to receive services from the ESA Program. A dwelling is also eligible to receive services if it requires one or two measures that individually, or in combination, yield energy savings of 25 therms or 125 kWh annually. For dwellings that are served by multiple utilities with customers eligible for ESA Program services, in order to coordinate the provision of comprehensive services, a dwelling may receive one or two measures from one provider if it is determined at the time of enrollment to require a total of three measures or meet the 25 therm/125 kWh energy savings threshold. The service providers will make reasonable efforts to return to the dwelling to install the remaining measures to meet this requirement.[54]

SDG&E does not propose any changes to the current rule.

#### 3.4.2. Parties' Positions

Greenlining supports SCE's recommendation to eliminate the modified 3MM Rule, and adds that, at the very least, the Commission should consider counting in-home energy education towards the 3MM Rule requirements. It states that customers should not have to wait until they qualify for measures and have completed the walkthrough to receive energy information that could easily be provided at the first visit. Greenlining argues that providing energy education

[53] SoCalGas, Application at 15-16.
[54] *Id.* at 30-32.

during the initial contact maximizes the presence of the outreach and assessor contractor.[55]

Proteus supports SCE's proposal, but with modifications and guidelines that establish that IOUs should not count an income-qualified home that only receives basic (simple) measures as a "treated home." Proteus proposes that households that only receive simple measures be given priority under the proposed Go Back policy. This change would allow these households to participate in the ESA Program in the future, to receive any additional measure(s). Proteus supports a working group to best determine these modifications and guidelines to address these and other complex issues revolving around changes in the ESA program.[56] They also recommend that the LIOB ESA/CARE Implementation working group be immediately tasked with developing a proposal addressing any modification or change to the 3MM Rule.[57]

TELACU et al. state that the 3MM Rule should be eliminated to support leveraging between single fuel utilities and to support leveraging between an IOU and a municipal utility. Should the Commission believe some minimum measure rule is needed, they suggest allowing Enhanced Energy Education to count as a measure.[58]

ORA supports elimination of the rule because it does not have the desired effect of directing the best use of resources. It states that the rule was established during a different era of the ESA Program and has been carried over even though the program now has access to other metrics and tools to drive energy savings. ORA states that the utilities and contractors have outlined multiple problems with the 3MM Rule, noting that contractors have to skip over income qualified

[55] Greenlining, Protest at 7.
[56] Proteus, Protest at 11.
[57] Proteus, June 12 ALJ Ruling Response at 9.
[58] TELACU et al., June 12 ALJ Ruling Response at 5.

dwellings if the rule is not met. ORA notes that the 2005 impact evaluation includes a salient example of how the 3MM has unintended consequences: As program protocols require that three measures be identified at the initial assessment to enable further work at the home, this method of compensation creates a strong incentive to turn as many initial assessments as possible into paid work by finding three eligible measures, whether the measures could reasonably be expected to achieve energy savings or not.[59]

CforAT states that the 3MM rule should include energy education, which should be provided to all customers at the initial home visit to determine the appropriateness of additional participation in the ESA Program.[60]

HEA states that requiring a minimum of three measures seems arbitrary. When providing measures for a home, it argues, the decision of which or how many measures should be implemented should be made based on the benefit of the measures, which it believes can be reasonably determined using smart meter analysis. The actual energy savings from installed measures can be tracked following their installation to facilitate a process of continuous improvement in the ESA Program. By analyzing actual energy savings achieved by different installed measures, program administrators will be able to continually tune the programs to achieve the greatest energy savings while also reducing overall program cost. HEA states that the CARE and ESA programs should employ smart meter analysis techniques to determine the most cost-effective measures before a home visit, rather than rely on a minimum measures rule.[61]

MCE states that the 3MM Rule should be modified to include additional common area measures. It states that common area measures that provide a

[59] ORA, June 12 ALJ Ruling Response at 6.
[60] CforAT, June 12 ALJ Ruling Response at 1-2.
[61] HEA, June 12 ALJ Ruling Response at 3-4.

service to tenant units, such as a boiler replacement, should be an eligible measure under the 3MM Rule. Common area measures that do not provide a service directly to tenant units, such as common area lighting, would not be included as an eligible measure for the purposes of meeting the three-measure minimum. MCE argues that this modification would increase the ESA Program measures available and increase coordination with property owners and landlords, thus increasing the quality of service to multifamily buildings. MCE further recommends that the Commission consider a whole building alternative to the three-measure minimum rule. Under this alternative, a property could choose to participate in a whole building program in lieu of being held to the 3MM Rule. These programs would include minimum savings thresholds to ensure the treated homes are still achieving deep savings and would require a water savings assessment. The whole building approach would advance the state's energy savings goals, in MCE's view, because it would encourage consideration of the most significant savings measures for each treated building. If the 3MM Rule is lifted, MCE further argues that the Commission should adopt quantitative portfolio-level cost-effectiveness requirements. Such requirements would ensure that program administrators be using funds efficiently, while also providing program administrators with flexibility to focus funding and achieve deeper savings on a project-by-project basis.[62]

NRDC et al. recommend that the 3MM Rule only be modified to allow IOUs to meet the requirements by combining the measures they collectively install in a single household. This modification simply puts the single-fuel utilities on a comparable footing with the combined utilities; otherwise they do not propose eliminating or modifying the 3MM Rule unless the Commission

[62] MCE, June 12 ALJ Ruling Response at 4-5.

adopts an energy savings goal. In their view, the 3MM Rule serves as an imperfect, but still important proxy for ensuring that the significant expenditures made by the ESA Program overall, and the much smaller per-household expenditures made to conduct outreach, enroll customers and visit the home, result in energy savings. However, if the Commission adopted an energy savings goal together with a 1.0 Adjusted ESA Cost-Effectiveness Test (ESACET) threshold[63] as recommended by the Cost Effectiveness Working Group, they would have greater confidence that treatments would result in sufficient benefits and energy savings from a programmatic cost-effectiveness standpoint. Under these conditions, they would support a modified 3MM Rule.[64]

TURN supports elimination of the 3MM Rule, and agrees with ORA's assessment that the 3MM Rule, while well intended, does not have the desired effect of directing the best use of ESA Program resources. TURN recommends that the Commission look to the Cost-Effectiveness Working Group's proposed "Adjusted ESACET" with a 1.0 target threshold to ensure that ESA Program treatments result in sufficient benefits and energy savings from a programmatic cost-effectiveness standpoint.[65]

#### 3.4.3. Discussion

As discussed in the energy education section of this decision (Section 3.8), the Commission has determined that energy education can be provided to all qualifying low-income households, regardless of whether they meet the modified 3MM Rule. We reiterate that the original intent of the rule was to ensure a reasonable level of programmatic cost-effectiveness for the ESA Program, rather

[63] The Adjusted ESACET is designed in a way that allows a logical value of 1.0 to be set as the target. The Adjusted ESACET is "adjusted" by removing those measures of the ESA program that should not be subject to cost-effectiveness because they are not installed for energy savings purposes.

[64] NRDC et al., June 12 ALJ Ruling Response at 6-7.

[65] TURN, June 12 ALJ Ruling Response at 3-4.

than allowing contractors and the IOUs to merely "treat" households with minimal measures that do not provide meaningful energy savings. The data provided by the parties does not support a change.

Using data from Table 4 and Table 8 of the IOUs' 2013 and 2014 Annual Reports, for all of the IOUs, with the exception of SCE, less than 1% of homes approached during program years 2013-2014 were denied treatment due to the Modified 3MM Rule. For SCE, the figures are higher, coming in between 2% and 3%. Of all the IOUs, it seems as though the modified 3MM Rule has posed the greatest challenge for SCE. Even so, the IOU data do not support the claim that this rule is a significant barrier.

Based on the above data and analysis, we find that the number of households that are deemed ineligible due to insufficient feasible measures (failing the modified 3MM test) is much lower than suggested by the parties. We are not convinced that the current modified 3MM Rule is as large a barrier as presented by some of the parties. We consider it likely that treating these additional households would decrease the overall portfolio cost effectiveness. We continue to support our 2001 finding that a provision to ensure that households receive a minimal level of measures is necessary to maintain overall programmatic cost effectiveness, especially given the absence of a determination on the portfolio cost effectiveness threshold and an energy savings goal in the ESA Program.

The Commission believes that the ESA Program focus should be on promoting reasonably cost-effective energy savings, along with providing health, comfort, and safety benefits, and that eliminating the modified 3MM Rule is contrary to that goal. Therefore, we decline to eliminate the Modified 3MM Rule, and we further clarify that the IOUs' proposal to count a household as "treated"

if provided energy education alone is denied. In addition, we believe that allowing energy education to be counted as a measure and the adoption of additional easy to install measures (e.g. lighting, Tier II advanced power strips, Thermostat-controlled shower valves, etc.), including our suite of water-saving measures, will reduce the current barriers to the 3MM Rule significantly, without requiring its elimination or other more significant modifications.

With regard to single-fuel utilities, we agree that single-fuel IOUs have a greater challenge in meeting the Modified 3MM Rule compared to the dual-fuel IOUs, as evidenced in the 2013-2014 data. Thus, we clarify that ESA Program qualified households that are served by multiple utilities may receive one or two measures from one provider if it is determined at the time of assessment to require a total of three measures or meet the 25 therm/125 kWh energy saving threshold. Additionally, to promote leveraging between ratepayer funded programs, measures installed by third party, local government, and AC cycling programs should also be counted towards the modified 3MM Rule. This further modification of the 3MM Rule applies to all dwelling types: single-family, multifamily, and mobile homes.

However, we are not satisfied with the IOUs simply making a "reasonable effort" to return to the dwellings to ensure that installation of the remaining measures occurs. The Commission has always encouraged the IOUs to coordinate more effectively, and we expect that these efforts and strategies have been refined over time and are by now quite sophisticated. Therefore, we will allow a one- or two-measure intervention by a single fuel utility, but with the condition that a coordination protocol is in place that tracks and ensures that the household will receive all the remaining eligible measures by all the designated IOUs, partner agencies, third party, local government, or AC cycling programs

delivering natural gas or electricity-saving measures from their own programs. These leveraged measure installations must be performed before the household is counted as treated.

At the same time, we would like to track the extent to which this coordinated treatment requirement results in customers receiving measures from one single fuel IOU, but never completing treatment and receiving the remaining eligible measures from the other IOU or partner program. To better understand the magnitude of the issue, and how many households are impacted, we direct the single fuel utilities to track households receiving coordinated treatment and to report in their annual reports those households that received measures from one utility, but did not receive additional measures from another utility or partnering program, and the reasons why, if known. From these data we can better understand the magnitude of the issue and any underlying causes and potential solutions.

SoCalGas also proposes to waive the modified 3MM Rule when treating multifamily households because it feels that the overhead involved in enrolling incremental multifamily units can be mitigated by the close proximity of the units. We are not convinced by SoCalGas' argument for waiving the rule for multifamily households, and reiterate that existing IOU data do not support the claim that this rule is a significant barrier, especially now that energy education will count as a measure. However, to promote multifamily building retrofit and coordination efforts with other multifamily programs, we will make an exception and waive the 3MM Rule for multifamily households where the whole building is being retrofitted and the ESA Program is being leveraged.

In summary, we maintain the modified 3MM Rule, but further modify it as follows:

1. A household must require a minimum of three measures to receive services from the ESA Program, including the new measures (e.g., energy education) adopted in this decision.
2. A household is also eligible to receive services if it requires one or two measures that individually or in combination yield energy savings of 25 therms or 125 kWh annually.
3. For households that are served by multiple utilities with customers eligible for ESA Program services, a household may receive one or two measures from one provider if it is determined at the time of assessment that it qualifies for at least three measures or meets the 25 therm/125 kWh energy savings threshold from both utilities' ESA Programs combined. The utilities may not count the households treated until all of the required measures have been installed. The utilities are further required to include in their annual reports the number of households receiving such coordinated treatment, the number that received ESA measures from the reporting utility but not from the partner utility or program, and the reasons for those failed coordination attempts (to the extent known).
4. The 25 therm/125 kWh threshold can be met via a combination of electric and natural gas savings. If the combined threshold is greater than or equal to 1, the household qualifies as expressed below:

$$\frac{Gas\ Savings\ [therms]}{25\ therms} + \frac{Electricity\ Savings\ [kWh]}{125\ kWh} \geq 1$$

5. Multifamily households participating in a whole building retrofit program, where the ESA Program is being leveraged with other multifamily energy efficiency programs, are exempt from having to meet the modified 3MM Rule.

The only exception to this rule is with respect to low-income communities affected by the Aliso Canyon Gas Storage Facility natural gas leak, as detailed in D.16-04-040.

We also reiterate that a household is not to be counted as "treated" if it does not meet the provisions above. All income qualifying households that do not meet the modified 3MM Rule shall be tracked and reported separately in the annual report, consistent with how it is reported today.

### 3.5. Introducing, Evaluating or Retiring Measures For/From the ESA Program

#### 3.5.1. Proposed Portfolio Measure Mix

In September 2008, the Commission adopted the California Energy Efficiency Strategic Plan in D.08-09-040, and made clear that the ESA Program was meant to be a resource program that achieved energy savings while also improving low-income customers' quality of life. Current implementation of the ESA Program works to achieve both of these objectives by providing no-cost home weatherization services and energy efficiency measures to help low-income households: (1) conserve energy; (2) reduce energy costs; and (3) improve health, comfort and safety. D.14-11-025, the guidance document for the 2015-2017 ESA and CARE Programs, directed the IOUs to propose a portfolio mix that would achieve these objectives while also putting an emphasis on how they would be addressing the harder to reach populations, including the multifamily sector, and on new measures to address the current drought conditions. Thus, in this budget cycle, while the ESA Program is refining its cost-effectiveness framework and methodologies, the IOUs must continue to diligently ensure installation of the list of measures that we approve today based on the above objectives.

The IOUs have proposed the following new measures:

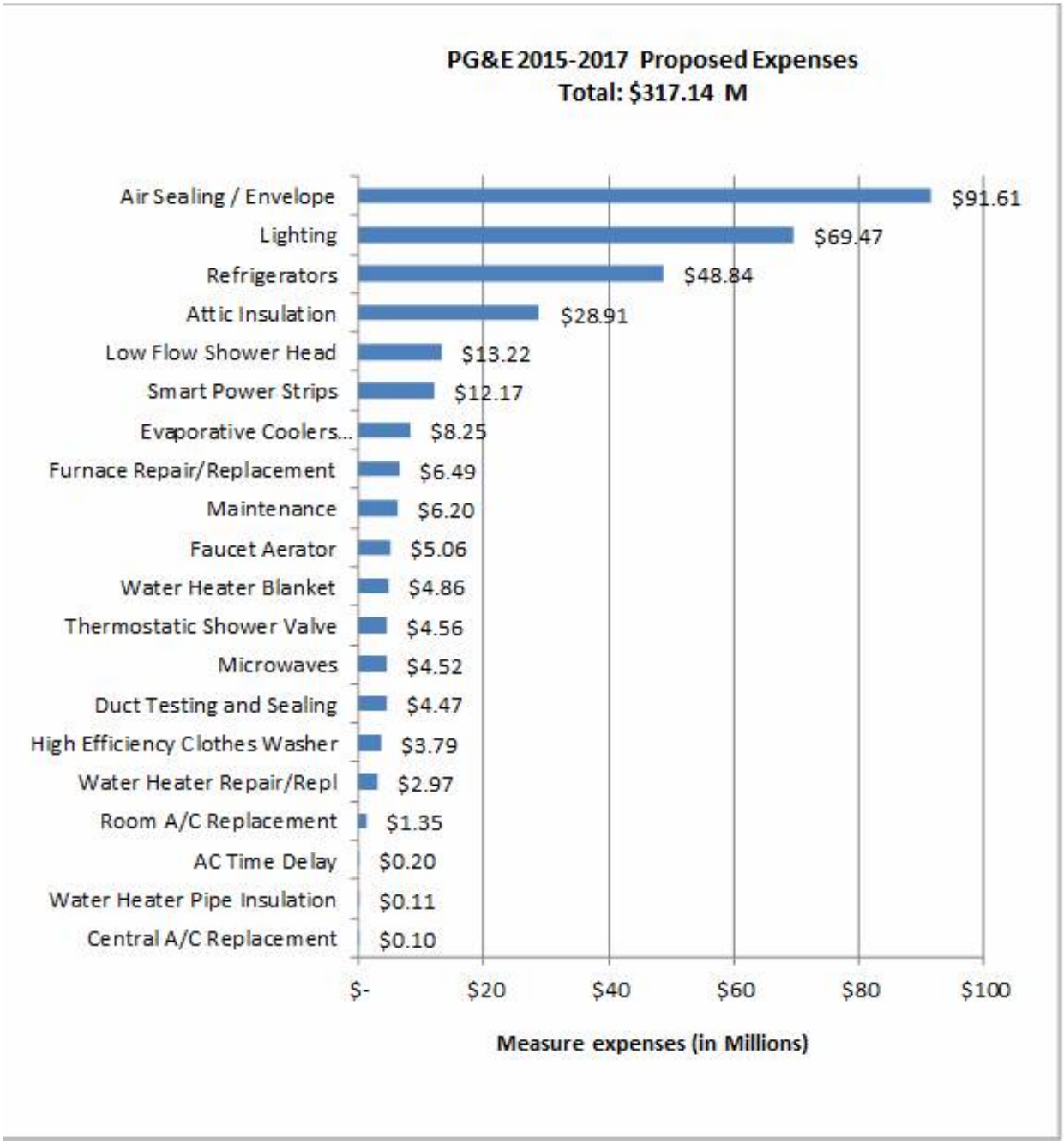
***New Measures Proposed:***

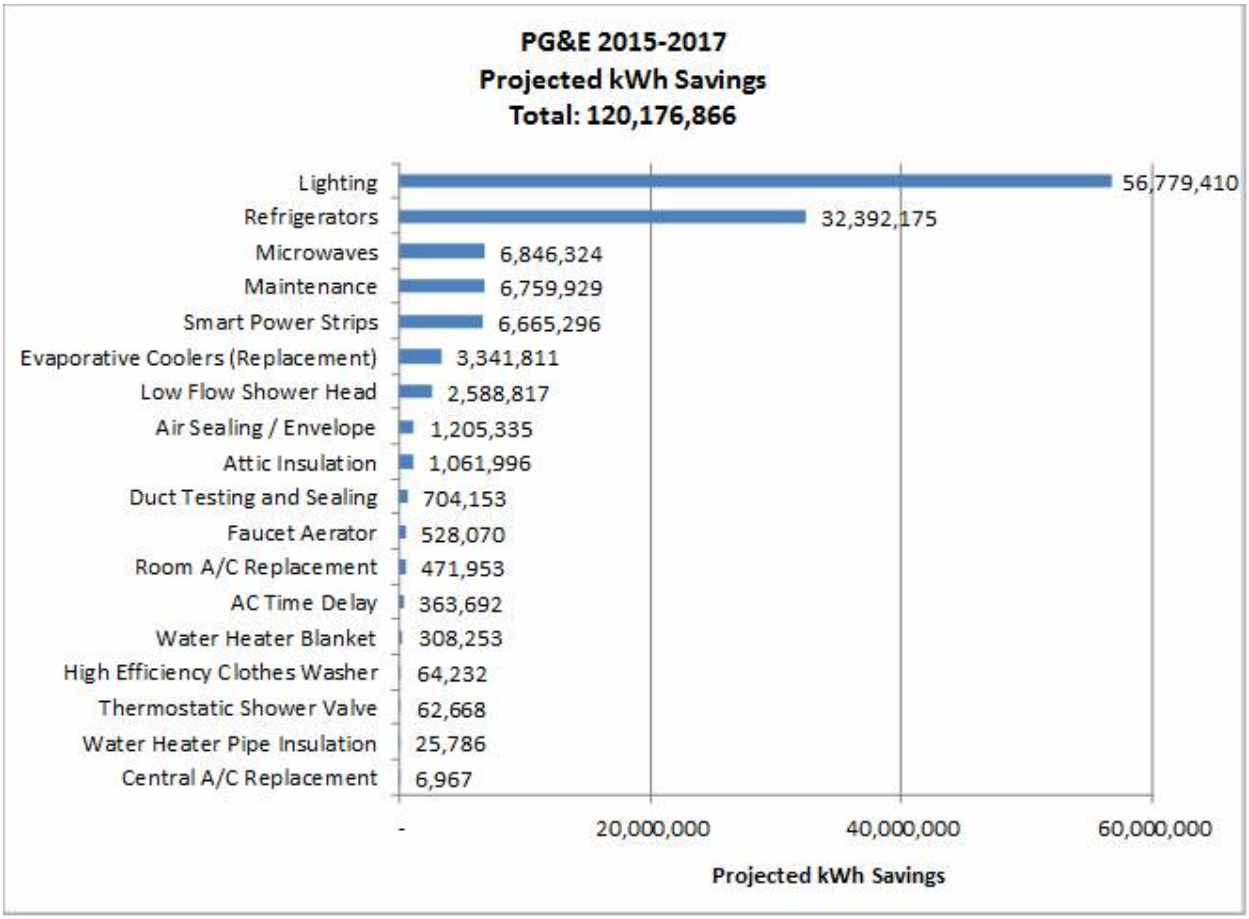
| Type/End Use | Measure | PG&E | SCE | SDG&E | SoCalGas |
|---|---|---|---|---|---|
| Lighting | LED A-lamps | | X | | |
| | LED Reflector downlights | X | X | X | |
| | Led reflector downlight retrofit | X | | | |

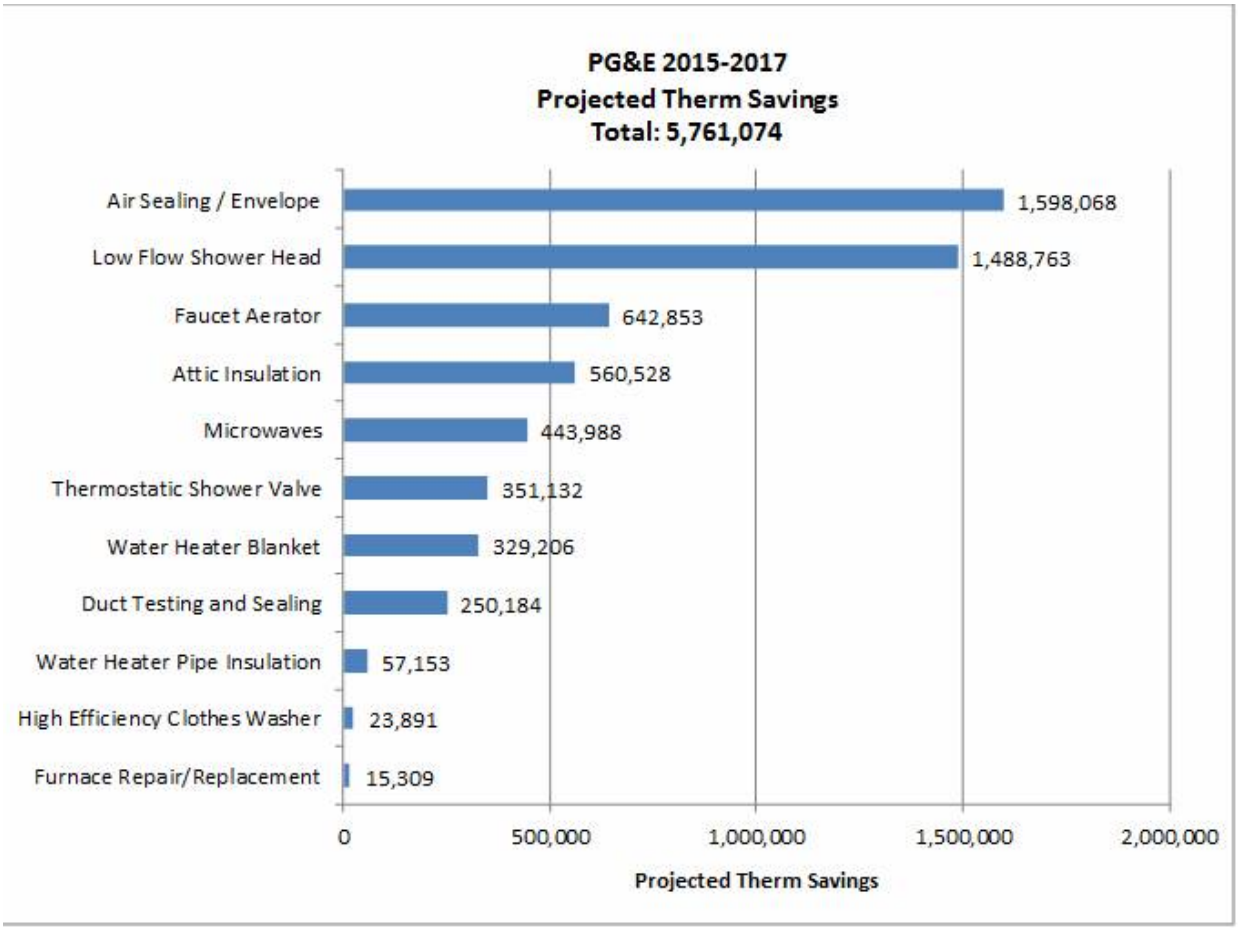
| | | | | | |
|---|---|---|---|---|---|
| | kits | | | | |
| | LED diffuse A-type lights | X | | X | |
| AC | Electronic fan control for CAC | | X | X | |
| | Central AC in additional climate zones | X | | | |
| Fridges | Replace refrigerators 15 years or older | | X | | |
| | Replace 2nd refrigerators | | X | | |
| Energy/Water | Thermostat-controlled shower valve | | X | | |
| | Combined showerhead/ thermostatic shower valve | | | X | |
| | Tub diverter | | | X | |
| | Thermostatic tub spout | | | | X |
| Clothes Washers | High efficiency clothes washers | X | | | |
| Hot Water | Heat Pump Water Heater | | | X | |
| | High efficiency forced air unit furnace | | | | X |
| Other | Tier II Power Strips | | | X | |

The IOUs have proposed to retire the following measures: SoCalGas proposes to retire Duct testing and sealing other than as required by Title 24, and SCE proposes to discontinue installation of Compact Florescent Lamps (CFLs), and phase in LED A-lamps instead.

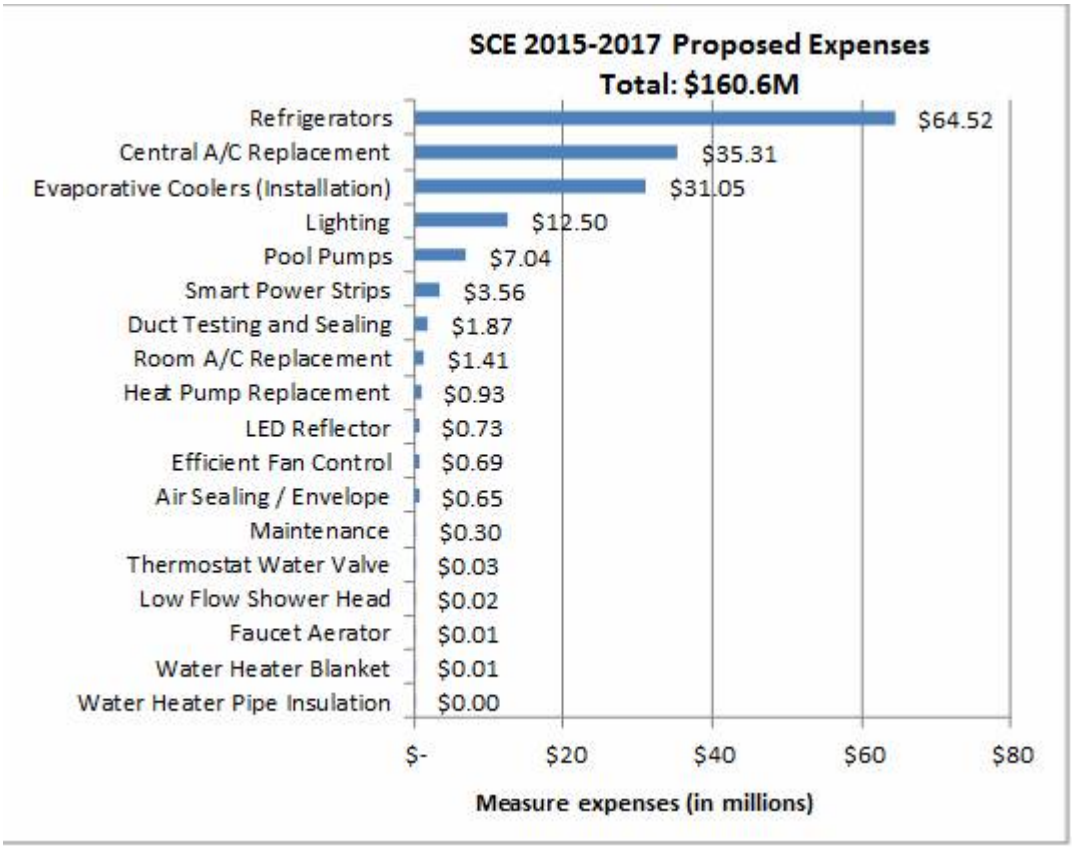
PG&E: PG&E proposes the following measure mix, budget, and estimated savings. For the cost effectiveness values of each measure by housing type and climate zone, please refer to PG&E's application Tables A-6 and A-7. These charts display proposed budgets only for proposed measures; authorized budgets are addressed in Section 3.1.

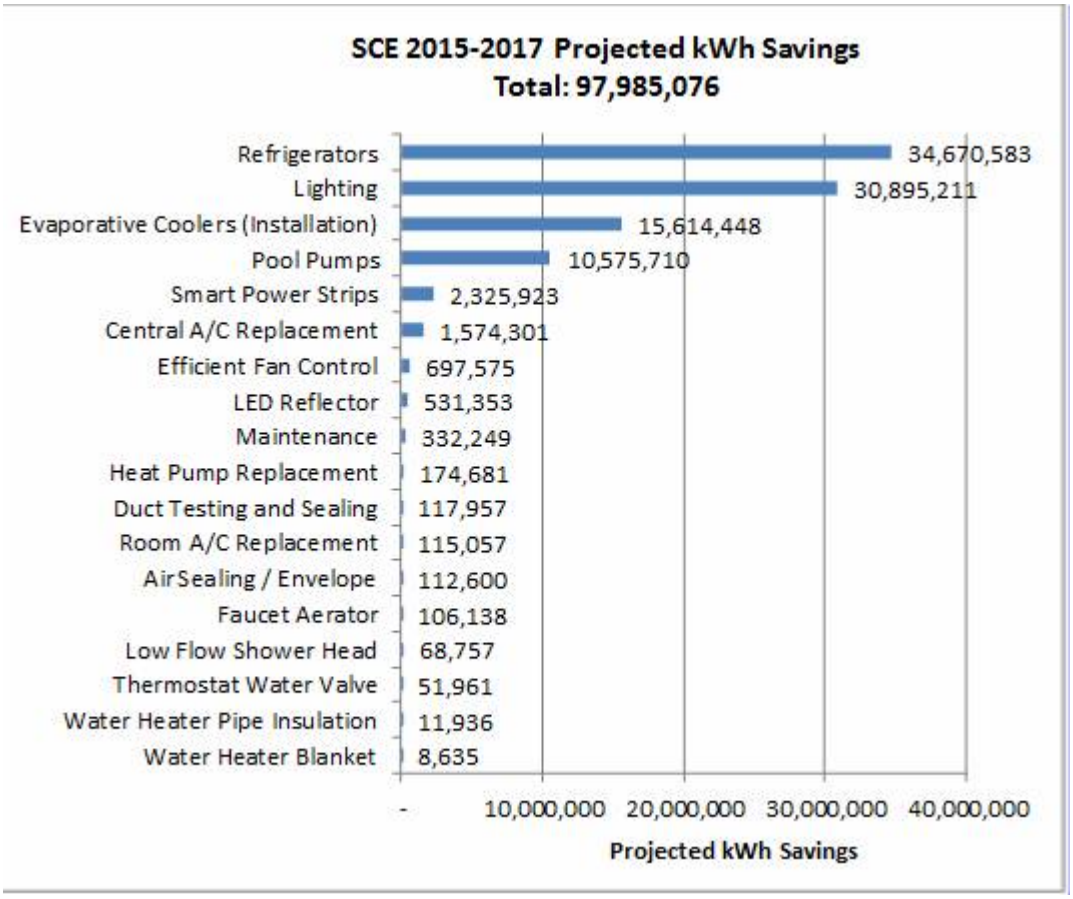



PG&E 2015-2017
Projected kWh Savings
Total: 120,176,866
Lighting
Refrigerators
Microwaves
Maintenance
Smart Power Strips
Evaporative Coolers (Replacement)
Low Flow Shower Head
Air Sealing / Envelope
Attic Insulation
Duct Testing and Sealing
Faucet Aerator
Room A/C Replacement
AC Time Delay
Water Heater Blanket
High Efficiency Clothes Washer
Thermostatic Shower Valve
Water Heater Pipe Insulation
Central A/C Replacement
56,779,410
32,392,175
6,846,324
6,759,929
6,665,296
3,341,811
2,588,817
1,205,335
1,061,996
704,153
528,070
471,953
363,692
308,253
64,232
62,668
25,786
6,967
-
20,000,000
40,000,000
60,000,000
Projected kWh Savings

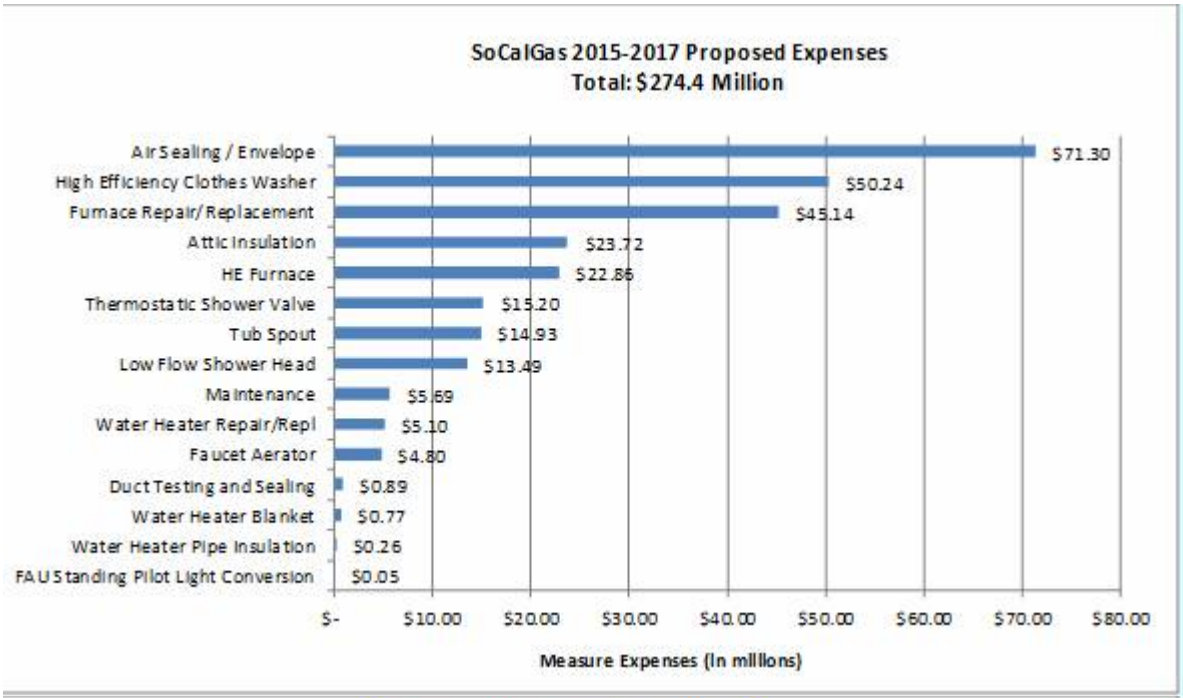

PG&E 2015-2017
Projected Therm Savings
Total: 5,761,074
Air Sealing / Envelope
1,598,068
Low Flow Shower Head
1,488,763
Faucet Aerator
642,853
Attic Insulation
560,528
Microwaves
443,988
Thermostatic Shower Valve
351,132
Water Heater Blanket
329,206
Duct Testing and Sealing
250,184
Water Heater Pipe Insulation
57,153
High Efficiency Clothes Washer
23,891
Furnace Repair/Replacement
15,309
0
500,000
1,000,000
1,500,000
2,000,000
Projected Therm Savings

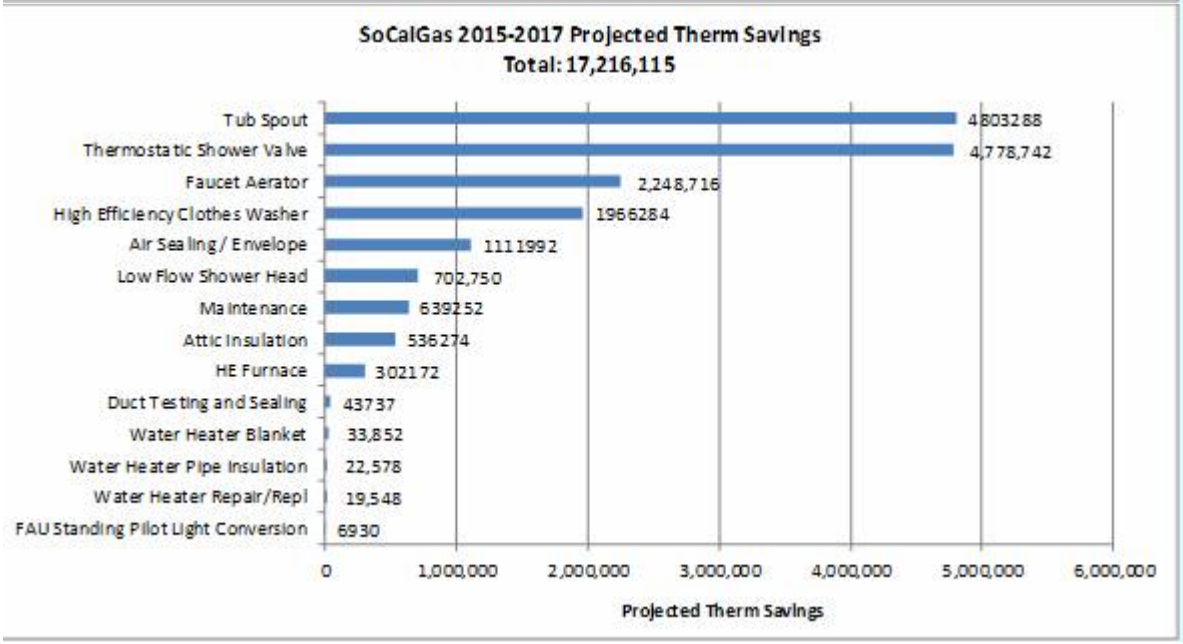
SCE: SCE proposes the following measure mix, budget, and estimated savings. For the cost effectiveness values of each measure by housing type and climate zone, please refer to SCE's application Tables A-6 and A-7. These charts display proposed budgets only for proposed measures; authorized budgets are addressed in Section 3.1 .



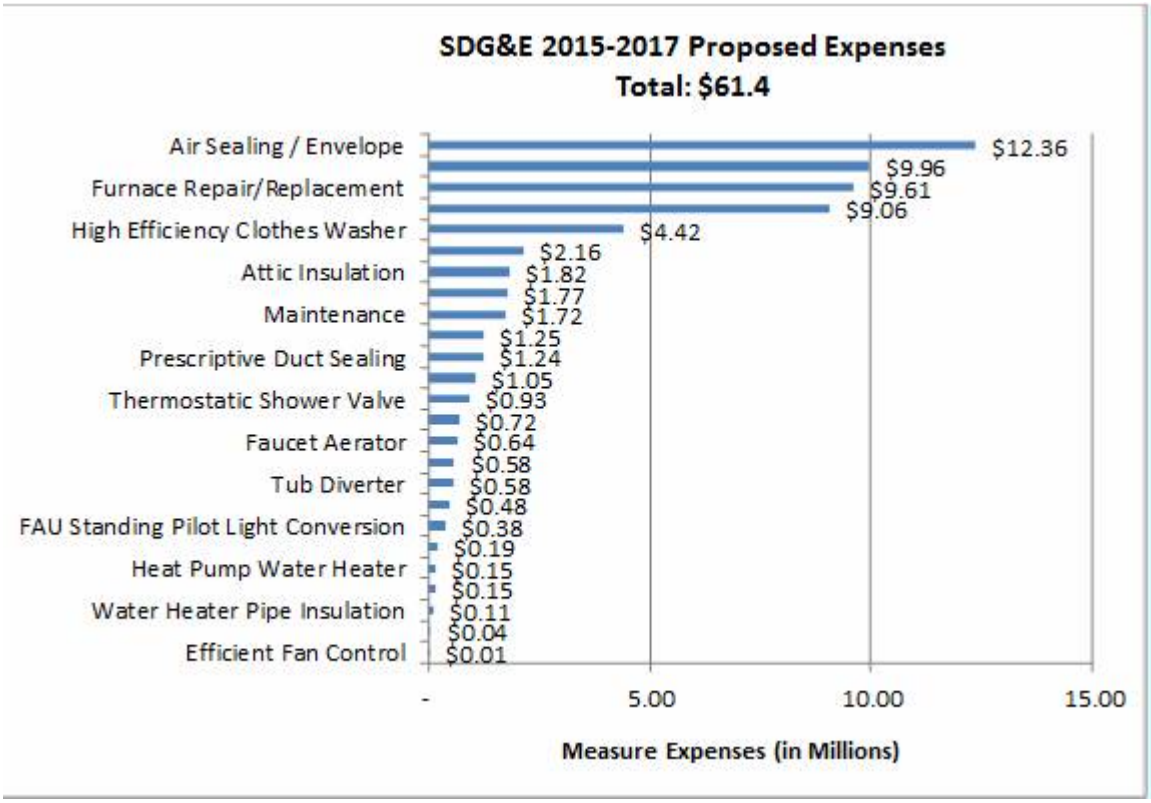

SCE 2015-2017 Projected kWh Savings
Total: 97,985,076
Refrigerators
34,670,583
Lighting
30,895,211
Evaporative Coolers (Installation)
15,614,448
Pool Pumps
10,575,710
Smart Power Strips
2,325,923
Central A/C Replacement
1,574,301
Efficient Fan Control
697,575
LED Reflector
531,353
Maintenance
332,249
Heat Pump Replacement
174,681
Duct Testing and Sealing
117,957
Room A/C Replacement
115,057
AirSealing / Envelope
112,600
Faucet Aerator
106,138
Low Flow Shower Head
68,757
Thermostat Water Valve
51,961
Water Heater Pipe Insulation
11,936
Water Heater Blanket
8,635
-
10,000,000
20,000,000
30,000,000
40,000,000
Projected kWh Savings

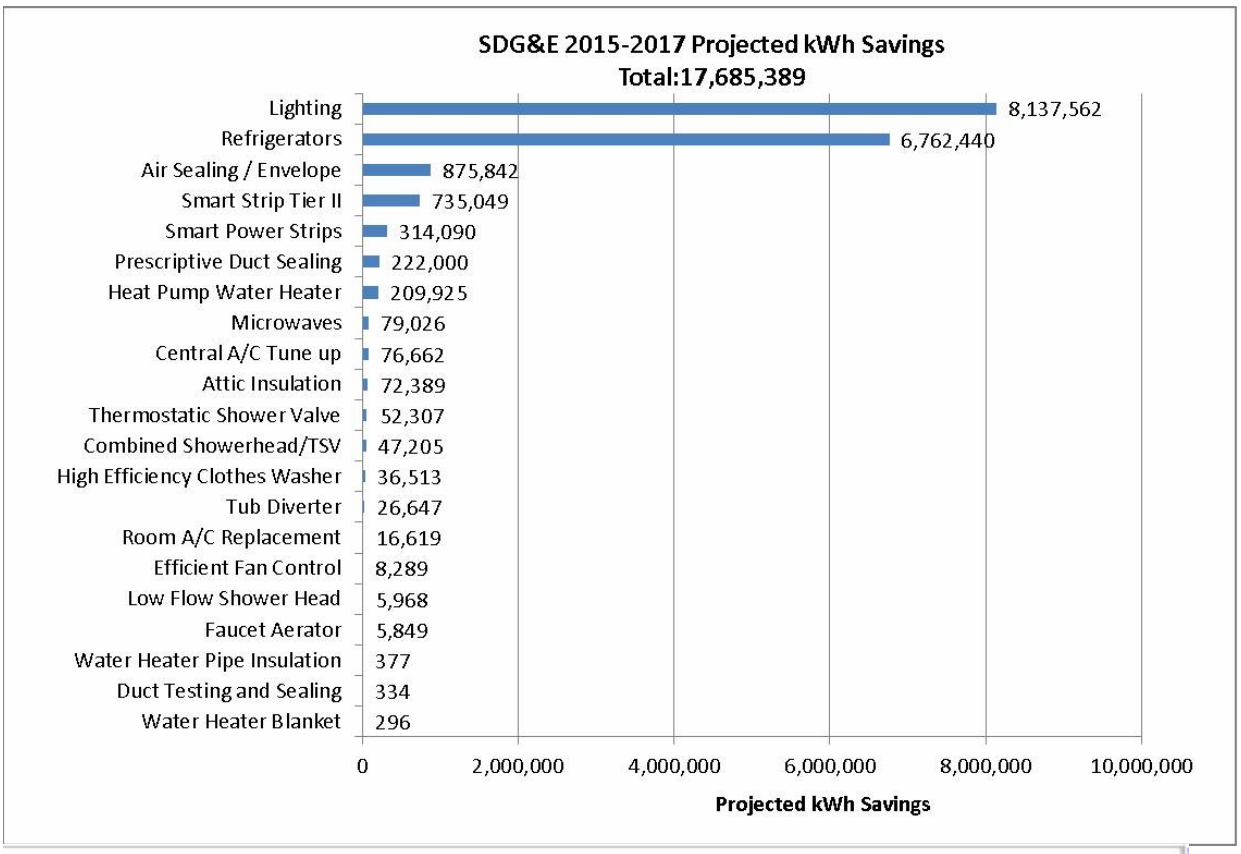
SoCalGas: SoCalGas proposes the following measure mix, budget, and estimated savings. For the cost effectiveness values of each measure by housing type and climate zone, please refer to SoCalGas' application Tables A-6 and A-7. These charts display proposed budgets only for proposed measures; authorized budgets are addressed in Section 3.1.

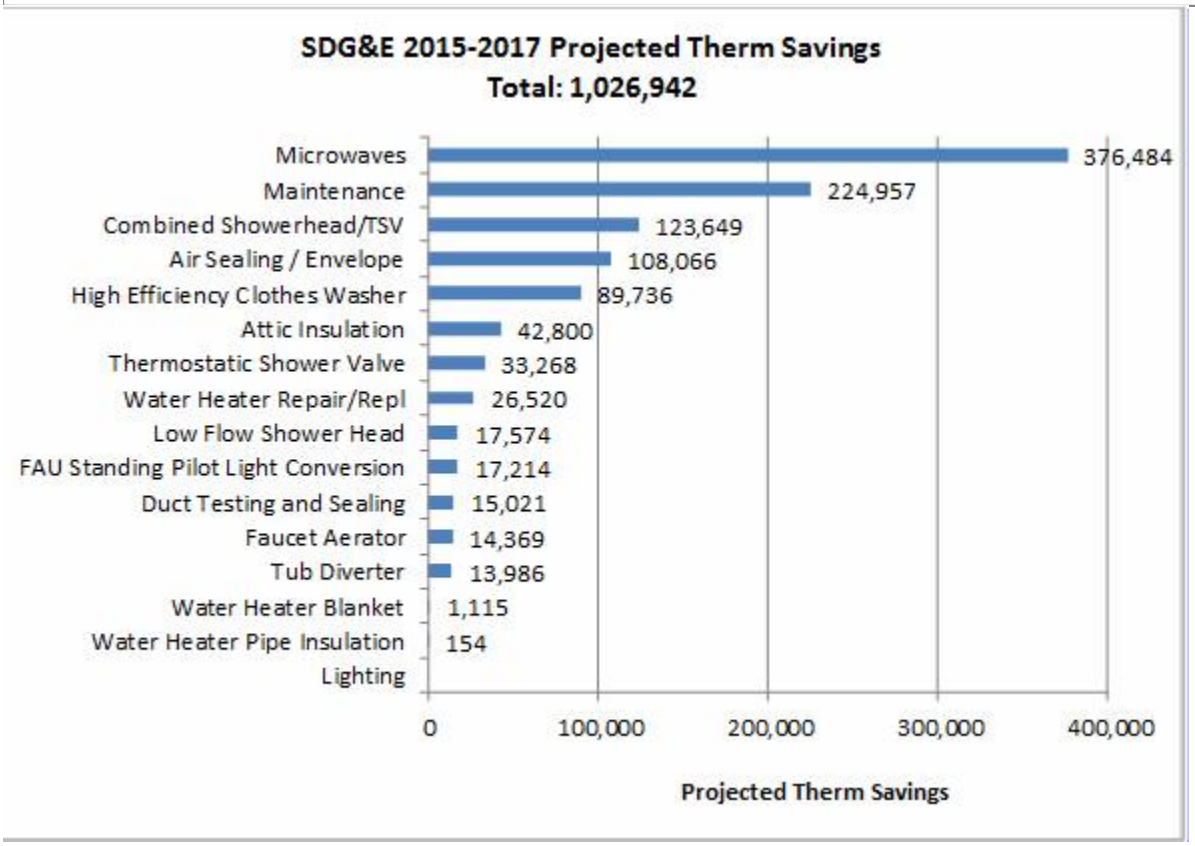


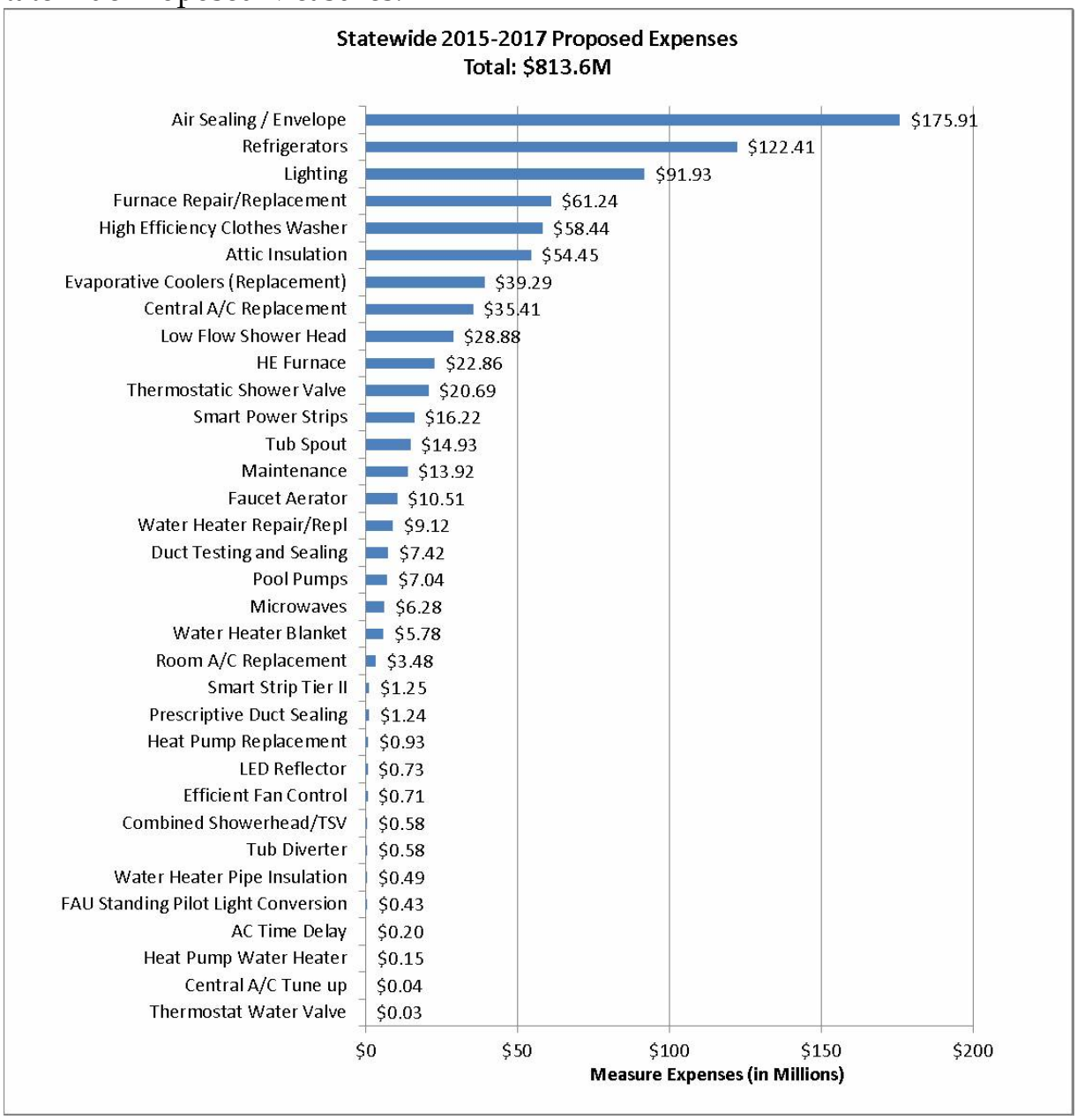
SDG&E: SDG&E proposes the following measure mix, budget, and estimated savings. For the cost effectiveness values of each measure by housing type and climate zone, please refer to SDG&E's application Tables A-6 and A-7. These are proposed budgets only for proposed measures; authorized budgets are addressed in Section 3.1.

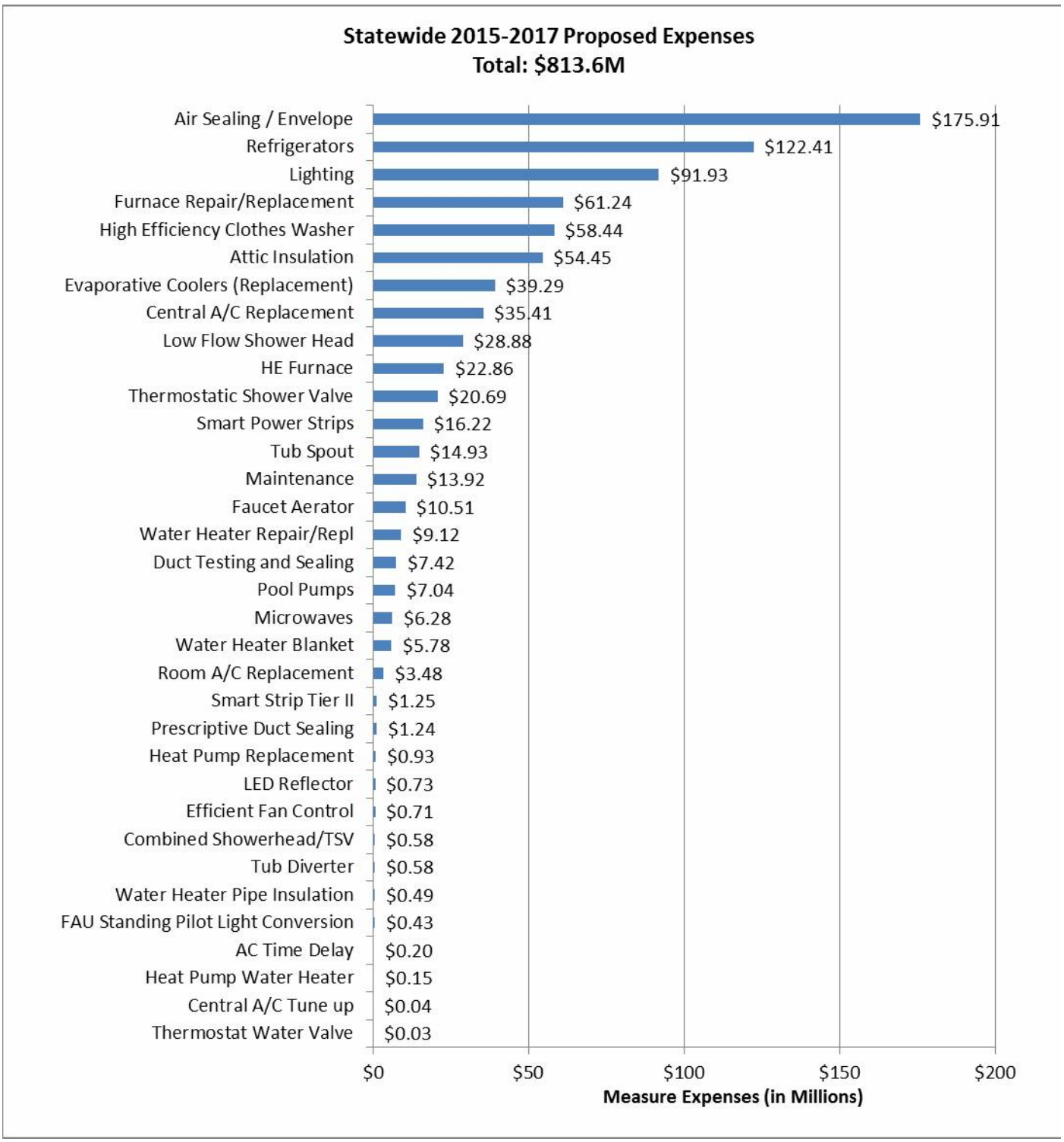


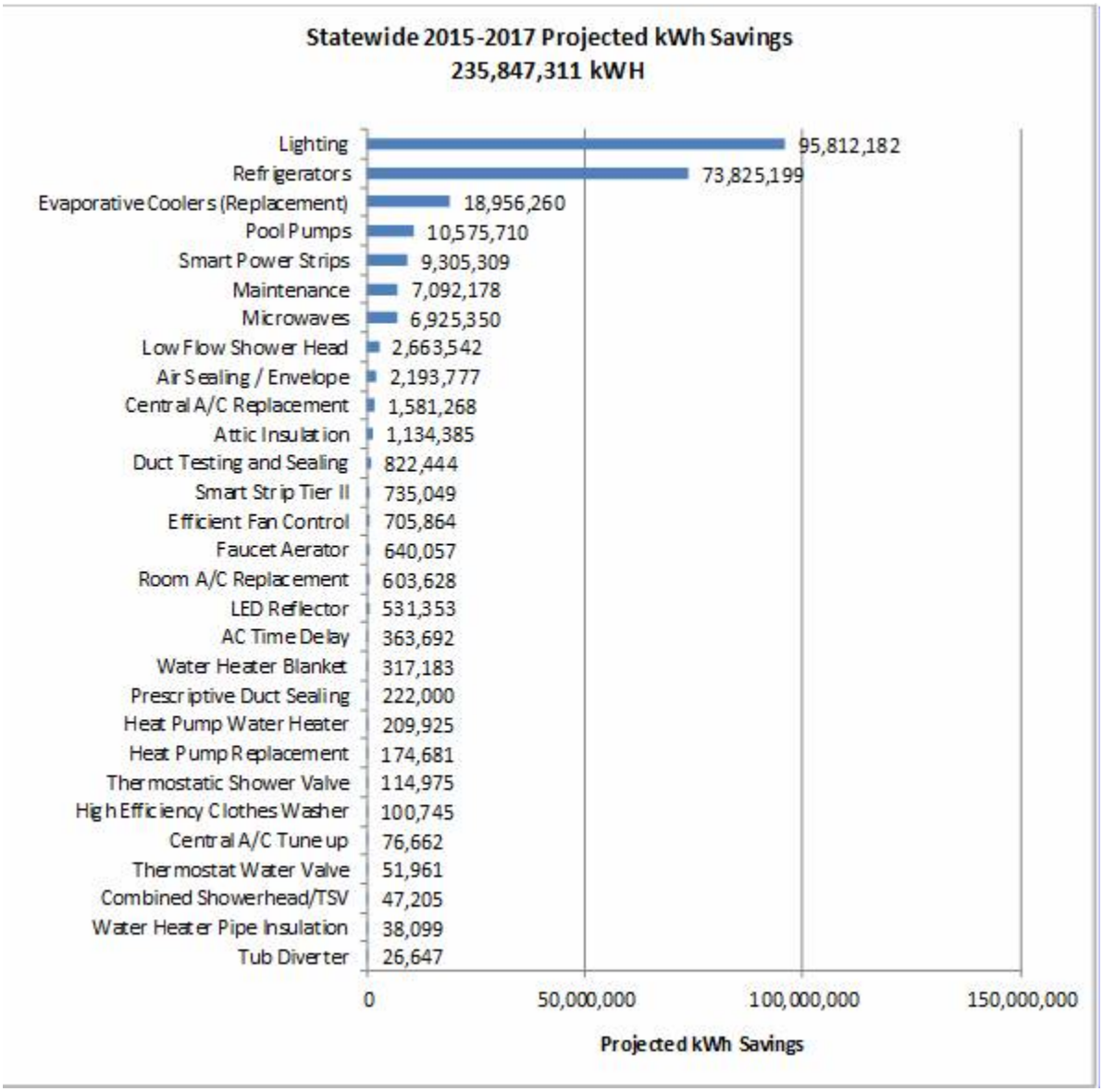

SDG&E 2015-2017 Projected kWh Savings
Total:17,685,389
Lighting 8,137,562
Refrigerators 6,762,440
Air Sealing / Envelope 875,842
Smart Strip Tier II 735,049
Smart Power Strips 314,090
Prescriptive Duct Sealing 222,000
Heat Pump Water Heater 209,925
Microwaves 79,026
Central A/C Tune up 76,662
Attic Insulation 72,389
Thermostatic Shower Valve 52,307
Combined Showerhead/TSV 47,205
High Efficiency Clothes Washer 36,513
Tub Diverter 26,647
Room A/C Replacement 16,619
Efficient Fan Control 8,289
Low Flow Shower Head 5,968
Faucet Aerator 5,849
Water Heater Pipe Insulation 377
Duct Testing and Sealing 334
Water Heater Blanket 296
0
2,000,000
4,000,000
6,000,000
8,000,000
10,000,000
Projected kWh Savings

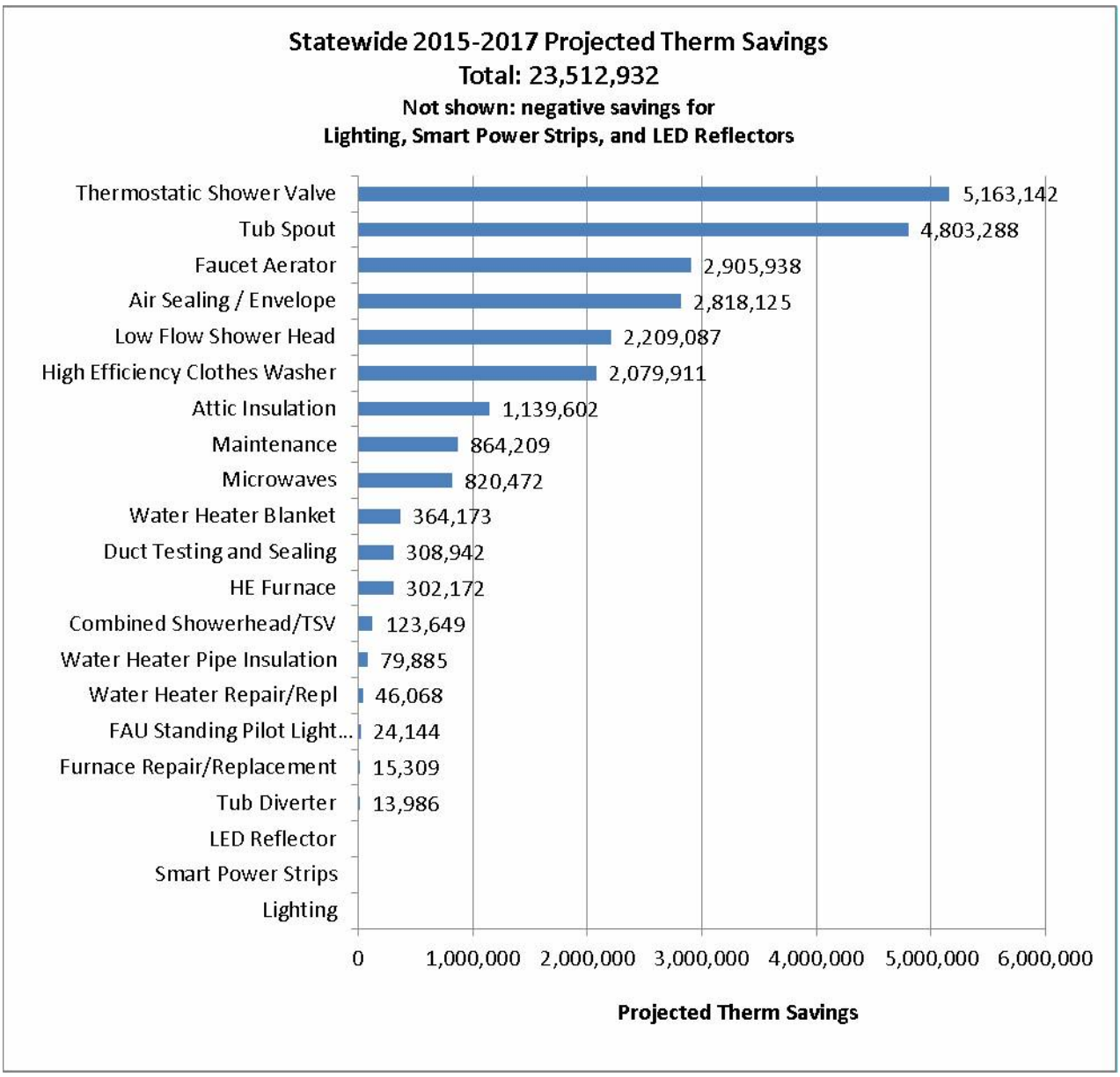

SDG&E 2015-2017 Projected Therm Savings
Total: 1,026,942
Microwaves 376,484
Maintenance 224,957
Combined Showerhead/TSV 123,649
Air Sealing / Envelope 108,066
High Efficiency Clothes Washer 89,736
Attic Insulation 42,800
Thermostatic Shower Valve 33,268
Water Heater Repair/Repl 26,520
Low Flow Shower Head 17,574
FAU Standing Pilot Light Conversion 17,214
Duct Testing and Sealing 15,021
Faucet Aerator 14,369
Tub Diverter 13,986
Water Heater Blanket 1,115
Water Heater Pipe Insulation 154
Lighting
0
100,000
200,000
300,000
400,000
Projected Therm Savings

Statewide Proposed Measures:




Statewide 2015-2017 Proposed Expenses
Total: $813.6M
Air Sealing / Envelope $175.91
Refrigerators $122.41
Lighting $91.93
Furnace Repair/Replacement $61.24
High Efficiency Clothes Washer $58.44
Attic Insulation $54.45
Evaporative Coolers (Replacement) $39.29
Central A/C Replacement $35.41
Low Flow Shower Head $28.88
HE Furnace $22.86
Thermostatic Shower Valve $20.69
Smart Power Strips $16.22
Tub Spout $14.93
Maintenance $13.92
Faucet Aerator $10.51
Water Heater Repair/Repl $9.12
Duct Testing and Sealing $7.42
Pool Pumps $7.04
Microwaves $6.28
Water Heater Blanket $5.78
Room A/C Replacement $3.48
Smart Strip Tier II $1.25
Prescriptive Duct Sealing $1.24
Heat Pump Replacement $0.93
LED Reflector $0.73
Efficient Fan Control $0.71
Combined Showerhead/TSV $0.58
Tub Diverter $0.58
Water Heater Pipe Insulation $0.49
FAU Standing Pilot Light Conversion $0.43
AC Time Delay $0.20
Heat Pump Water Heater $0.15
Central A/C Tune up $0.04
Thermostat Water Valve $0.03
$0
$50
$100
$150
$200
Measure Expenses (in Millions)


Statewide 2015-2017 Projected kWh Savings
235,847,311 kWH
Lighting 95,812,182
Refrigerators 73,825,199
Evaporative Coolers (Replacement) 18,956,260
Pool Pumps 10,575,710
Smart Power Strips 9,305,309
Maintenance 7,092,178
Microwaves 6,925,350
Low Flow Shower Head 2,663,542
Air Sealing / Envelope 2,193,777
Central A/C Replacement 1,581,268
Attic Insulation 1,134,385
Duct Testing and Sealing 822,444
Smart Strip Tier II 735,049
Efficient Fan Control 705,864
Faucet Aerator 640,057
Room A/C Replacement 603,628
LED Reflector 531,353
AC Time Delay 363,692
Water Heater Blanket 317,183
Prescriptive Duct Sealing 222,000
Heat Pump Water Heater 209,925
Heat Pump Replacement 174,681
Thermostatic Shower Valve 114,975
High Efficiency Clothes Washer 100,745
Central A/C Tune up 76,662
Thermostat Water Valve 51,961
Combined Showerhead/TSV 47,205
Water Heater Pipe Insulation 38,099
Tub Diverter 26,647
0
50,000,000
100,000,000
150,000,000
Projected kWh Savings




### 3.5.2. Analysis and Recommendation

#### 3.5.2.1. Water Savings Measures

Please see the water-energy nexus section (3.6) for discussion on water-energy saving measures.

#### 3.5.2.2. Refrigerators

**IOU Proposals**

SCE proposes to replace refrigerators 15 years and older and also to replace second refrigerators in eligible homes. PG&E is not proposing to offer or replace second refrigerators because it prefers to encourage ESA Program customers to remove and recycle second refrigerators. SDG&E currently offers replacements of second refrigerators.

**Parties' Positions**

TURN supports SCE replacing second refrigerators with a higher efficiency unit in instances of large households with an existing eligible second refrigerator. However, TURN strongly recommends that SCE initially offer the household a significant rebate for recycling the second refrigerator and not replacing the second unit.[66]

ORA supports SCE's proposal to replace customers' second refrigerators, based on the expected energy savings and also the fact that it was a direct recommendation in the 2013 LINA. It further states that the second refrigerator program should be implemented with plans in place to encourage and incentivize customers to remove the second refrigerator, with replacement as a secondary strategy.[67] ORA also supports PG&E's proposal to encourage the recycling of second units, but states that PG&E should be required to report and track how many second refrigerators are encountered in ESA Program-serviced households each month, and how many second refrigerators are removed by the ESA Program. If it appears, after several months of tracking, that PG&E ESA Program contractors are unsuccessful in convincing customers to give up their

[66] TURN, Mitchell Testimony at 17-18.
[67] ORA, Watts-Zagha Testimony at 18-19.

second refrigerators, ORA recommends that PG&E start to replace inefficient second refrigerators.[68]

NRDC et al. recommend that the standard for eligible refrigerators should be revised either by: (1) requiring replacement for refrigerators that are 8-10 years old on a rolling cycle, thereby not setting a specific year; or (2) setting a year as currently done, with commitment to review and update that year annually.

**Discussion**

We understand the significant level of savings that refrigerators contribute to the ESA Program. Statewide they are expected to account for about 30% of the program's kWh savings, while only accounting for about 15% of the measure costs for this program cycle. However, we are not persuaded that replacement of second units is merited in most cases. Although the "exploration" of replacing second refrigerators was mentioned by the 2013 LINA report, the Commission believes that it may not always be the most cost effective solution for all households, especially if customers are given a more efficient first refrigerator. The LINA study did not state that the program *should* offer second refrigerator replacements, but rather recommended that the Commission explore the tradeoffs in offering such replacements for households that demonstrate a need for it (e.g., based on size of household or medical need). The LINA also recommends that for those customers who have a second refrigerator that is not needed, the program may want to consider offering a significant rebate for surrendering the unit for recycling.[69]

[68] ORA, Watts-Zagha Testimony at 27-29.

[69] Needs Assessment for the Energy Savings Assistance and the California Alternate Rates for Energy Programs, Volume 1: Summary Report at 3-47.

At the same time, while having a second refrigerator is relatively uncommon (a second refrigerator is present in 23% of the low-income households), it does consume more energy in those households in which it is present, and potentially costs those customers hundreds of dollars each year. However, we are not certain if most of these second refrigerators are only used for convenience or special occasions, or if they are legitimately needed on a regular basis for larger families or medical use. Encouraging the use of a second refrigerator without fully understanding the need for such refrigerators would run counter to California's energy conservation ethos. Therefore, we deny the proposals to replace second refrigerators, with certain exceptions described below, and instead direct the IOUs to encourage customers to recycle these units. We believe that this process will move us towards greater energy savings and would be more cost effective than offering a second unit.

While second refrigerators are not always essential appliances, there may be instances where a household may demonstrate a need for a second unit based on its household size or other medical or health reasons. Therefore, we direct the IOUs to offer replacements of second refrigerators as a measure for households with at least six people living in the household or with medical conditions that warrant such use (on medical baseline).

Additionally, to start understanding how prevalent this issue may be, we direct all the electric IOUs to track the number of households treated where there is an inefficient second refrigerator[70] onsite that would otherwise be eligible for replacement under the ESA Program rules. Using this data, the IOUs should be able to determine whether it is most effective to offer a second refrigerator replacement to all or to limit replacements to certain criteria or groups, and can

[70] Refrigerators manufactured prior to 2001.

make appropriate proposals for the next ESA program cycle. Finally, we find that a 5-to-8-year refrigerator replacement cycle, as proposed by some parties, is inappropriate given that refrigerator efficiency codes have not changed enough to warrant replacement of working 5-to-8-year old refrigerators. A longer time frame would be more reasonable. Therefore, we deny this policy proposal and will approve replacement of refrigerators manufactured prior to 2001, since refrigerators manufactured under the 2001 appliance standards provide an efficiency level that does not yet warrant retirement for efficiency improvements alone.

#### 3.5.2.3. High Efficiency (HE) Furnaces

**IOU Proposals**

SoCalGas plans to install about 3,000 HE furnaces each year, with estimated annual savings across all dwelling types and climate zones of 34 therms/installed furnace, based upon an assumption that the furnace being replaced is already at code efficiency, which is greater than 80 Annual Fuel Utilization Efficiency (AFUE). SoCalGas also proposes lifting the cap on minor home repairs when an HE furnace is installed. PG&E did not originally propose to add this measure, stating that it had considered including HE furnaces for customers with very high usage but determined not to propose this due to its very low cost benefit score, and also because these furnaces did not score significantly higher than the moderately efficient furnaces ESA Program currently uses to replace furnaces. SDG&E does not propose to add this measure because it states that very few households in its service territory would be eligible for this measure, and because it was found not to be cost effective based on a cost-effectiveness analysis performed in 2012.

**Parties' Positions**

ORA supports SoCalGas' introduction of the HE furnace, but states that the estimated savings it quotes should be adjusted since SoCalGas plans to limit HE Furnaces only to those dwellings that have furnaces at or below 65 AFUE. ORA also supports lifting the cap on minor home repairs when an HE furnace will be installed, as it makes sense in order to get a valuable measure in the households of the most needy. ORA also recommends that the Commission should require PG&E to calculate cost-effectiveness for these units using a 65% AFUE furnace as a baseline, rather than an 80% AFUE furnace, to see if this increases the measure's cost-effectiveness. At a minimum, ORA argues that PG&E should be directed to include HE furnaces in its proposed Consumption Driven Weatherization Pilot.[71]

TURN strongly supports the addition of HE forced air units (FAU) furnaces as a measure by SoCalGas, arguing that the default practice should be to install a HE furnace. TURN states that the Commission should require SoCalGas to provide a specific justification for each instance in which a standard FAU furnace is installed, instead of a HE furnace, for health, safety, and comfort reasons. TURN finds that SoCalGas has done the necessary work to optimize savings and minimize costs for furnace replacement, both when the replacement is a resource measure (working unit replacement), and when the replacement is a non-resource measure (replacement of a non-working unit).[72] For PG&E, TURN found that the Measure Total Resource Cost (TRC) of this measure in climate zone 16 (0.30) compared very favorably to SoCalGas' Measure TRC (0.26), and argues that because there may be additional benefits to HE furnaces not captured in the cost effectiveness analysis (space cooling savings and below code conditions), PG&E should include HE furnaces over standard furnaces in a

[71] ORA, Watts-Zagha Testimony at 27-29.
[72] TURN, Mitchell Testimony at 3-7.

similar manner as SoCalGas. That is, TURN proposes that PG&E target lower efficiency furnaces (0.65 < AFUE) and higher users predominately in climate zone 16. TURN additionally recommends that PG&E count both gas and electric savings and benefits from HE gas furnaces in its analysis and program. TURN does not extend this recommendation to SDG&E, given its predominately coastal temperate climate.[73]

**Discussion**

The Commission approves SoCalGas' introduction of the HE furnace on the condition that these will go to those most in need and also those with the greatest potential to save energy. The following criteria shall be used: installation of HE furnaces with an AFUE of 0.95 to replace existing furnaces with AFUE less than or equal to 0.65, provide this measure only to customers with usage above 400 therms in the winter season, and require that households receiving this measure also qualify for and receive infiltration reduction measures under the ESA Program. In instances of split heating and cooling systems, we direct SoCalGas to partner with SCE in replacing furnaces where SCE will be replacing the air conditioning unit. We also approve lifting the cap on minor home repairs when an HE furnace will be installed.

We further require that PG&E and SDG&E re-run the measure TRC cost effectiveness test using 65% AFUE baseline, as used by SoCalGas to determine if this measure proves more cost effective as compared to the existing FAU furnaces currently offered. The results of these calculations, along with supporting documentation, shall be sent to the service list within 60 days of this Decision. If the score is higher than the lower efficiency furnaces that the ESA Program currently provides, then PG&E and SDG&E must provide this measure

[73] TURN, Mitchell Testimony at 7-9.

instead of the standard furnaces in the same targeted manner described above (only for high users and those with the greatest potential to save energy). If it is determined to be cost effective, PG&E and SDG&E must propose to add this measure mid cycle, along with cost-effectiveness documentation and a budget proposal, via a petition for modification as appropriate (as discussed in Section 3.13). The petition for modification must be received within 90 days of the issuance of this Decision. The Commission expects that any collections that might ordinarily be required for any additional funding will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA Program funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

#### 3.5.2.4. High Efficiency Washers and SoCalGas' Cold Water Default Clothes Washer

Please see water-energy nexus section (§ 3.6) for discussion of these measures.

#### 3.5.2.5. Duct Testing and Sealing (DTS)

**IOU Proposals**

SoCalGas proposes to retire DTS and states that retiring DTS when not required by Title 24 will improve the cost effectiveness of the portfolio. In 2013, the majority of the DTS measure costs resulted in testing and not actual duct sealing. Because of this, SoCalGas proposes to retire DTS as a program measure, but will continue to provide it as a means of Title 24 compliance.

**Parties' Positions**

ORA supports SoCalGas' proposal to eliminate DTS as an ESA Program measure, except in cases where DTS is required by Title 24. The recent Heating, Ventilation and Air Conditioning (HVAC) Impact Evaluation showed no

measurable savings for DTS. Until the benefits of this measure can be better established, ORA argues that SoCalGas is managing costs appropriately by eliminating this measure.[74]

TURN recommends that SoCalGas adopt the new approach to DTS that SDG&E proposes in this proceeding, called Prescriptive Duct Sealing. SDG&E plans to update its DTS measure currently being offered through the program by applying a different approach, which requires a visual inspection of ductwork by weatherization contractors and the sealing of unsealed or improperly sealed ducts. TURN believes that having SoCalGas follow SDG&E in "updating" this measure, instead of eliminating it altogether, is a reasonable and appropriate way to reduce costs by avoiding the costly "Duct Testing" component while still providing energy savings from Duct Sealing.[75]

TELACU et al. opposes SoCalGas' proposed elimination of DTS. Instead, it supports SDG&E's proposed Prescriptive Duct Sealing.

**Discussion**

The Commission acknowledges the cost effectiveness challenges of this measure, however we are hesitant to retire the measure altogether for SoCalGas. Instead, we direct SoCalGas to adopt SDG&E's Prescriptive Duct Sealing approach, which maintains duct sealing as a measure but reduces costs associated with duct testing. After applying this approach, if SoCalGas still believes that this measure results in very minimal savings and low cost effectiveness results, SoCalGas may propose to retire this measure in the next cycle.

[74] ORA, Watts-Zagha Testimony at 12-14.
[75] TURN, Rebuttal Testimony at 1-2.

#### 3.5.2.6. Minor Home Repair (MHR)[76]

**Parties' Positions**

Energy Efficiency Council (EEC) supports raising the MHR cap[77] since it has not been increased since 2006, and it proposes that furnaces and water heaters be removed from the MHR category because it restricts the IOUs' ability to provide this measure.

TELACU et al. states that non-functioning furnace and water heater repairs and replacements should not be included in the MHR category. When a non-functioning furnace is repaired or replaced, that household's energy use increases. But, Commission decisions have included furnace repair and replacement in the ESA Program, not for energy savings, but for the Non-Energy Benefits of health, safety, and comfort. If furnaces and water heaters are not removed from the MHR category, TELACU et al. states that the cap on fees should be increased to an amount that covers both repairs and replacements of furnaces and water heaters. PG&E agrees with TELACU et al. and states that it does not currently report furnace or water heater repairs or replacements within the minor home repair category.

**Discussion**

All IOUs are directed to follow PG&E's practice of excluding the repair and replacement of non-functional furnaces and water heaters from the MHR

[76] Minor home repairs are constituted by services that either reduce infiltration, mitigate a hazardous condition, or accommodate the installation of Program measures. For owner occupied households, furnace repairs and replacements fall under the category of minor home repairs, and are provided only when necessary to mitigate Natural Gas Appliance Testing (NGAT) fails and pursuant to the installation of infiltration-reduction measures. Water heater repairs and replacements are also considered minor home repairs, and are provided only to mitigate NGAT fails or to replace leaking water heater tanks.

[77] There are two types of limits on costs incurred for home repairs: 1) Average Cost Limit, which limits the average cost of categories of service across all homes; and 2) Individual Home Limits, defined as limits on the cost that can be incurred for an individual home without the specific approval of the utility Program Manager.

category. However, at this time, we do not remove the individual caps placed on each of the individual services as these limits are meant to provide for equity in the distribution of program funds across individual households, while still providing ESA Program Managers enough flexibility to respond to individual customer needs and hardship situations.[78]

#### 3.5.2.7. LEDs

**IOU Proposals**

PG&E proposes several new LED measures: LED Reflector downlights, LED reflector downlight retrofit kits, and LED diffuse A-type lights. PG&E did not propose a complete phase out of CFLs and transition to LEDs in this Application cycle because of costs of full LED implementation. Although LED costs are decreasing, PG&E states that it does not believe this technology is mature enough to warrant a complete phase out of CFLs. PG&E currently plans to transition to LEDs in 2016 for those high-energy-using, CARE-enrolled customers who are required to participate in ESA Program to remain on the CARE discount rate. PG&E plans to assess a full transition to LEDs for the 2019-2020 program cycle.

SCE proposes the following new LED measures: LED A-lamps, and LED Reflector downlights. SCE plans the transition from installing CFLs to installing LEDs no later than the second quarter of 2016. In preparation, SCE has been monitoring inventory levels of CFLs and is coordinating with its supplier of CFLs so that there are adequate supplies to serve eligible customers prior to the November 2015 approval. SCE is also monitoring CFL inventory levels to ensure that large inventory levels do not exist when LEDs are approved for the ESA Program. During the fourth quarter of 2015, SCE plans to issue a Request For

[78] 2013 ESA Statewide Policy and Procedures Manual at 36.

Proposals (RFP) for LED products that will balance the price, quality and availability of product. Based on the results of the RFP, a qualified supplier will be selected to provide the selected products, and coordinate the delivery of product to Service Providers so that the installation of LEDs can begin as soon as the CFL transition has been completed. The installation of LEDs in 2016–2017 is included in SCE's budget request.

SDG&E proposes the following LEDs: LED Reflector downlights and LED diffuse A-type lights. Additionally, SDG&E plans to phase out CFLs by the end of the 2018 in accordance with California Assembly Bill (AB) 1109.[79] SDG&E did not identify a specific date for the complete phase out of CFLs, but SDG&E will begin phasing-in the installation of LEDs.

**Parties' Positions**

TURN supports SCE's and SDG&E's proposals to discontinue CFLs in 2016 and install LEDs in 2016-2017. TURN does not support PG&E's approach of continuing to install large numbers of CFLs in 2016-2017, while incrementally adding a relatively modest number of LEDs to the measure mix. PG&E cited the increase in program costs of replacing CFLs with LEDs as an obstacle to full program adoption at this time, and proposed to provide LEDs only to CARE high energy users. However, TURN believes that PG&E's proposal does not include the more basic LED-A lamp as a replacement for screw-in incandescent lamps or CFLs, but rather only more sophisticated and expensive LED reflector downlights and LED reflector downlight kits. Also, TURN notes that PG&E's cost assumption for LED reflector downlights is 56% greater than the equivalent product comparison for SCE. TURN believes that PG&E's cost-effectiveness assessment of LEDs is skewed by its failure to include LED A-Lamps (which SCE priced at $15.20 per unit) and only including LED Reflector Downlights, priced at

[79] California AB 1109 will phase out traditional, low efficiency incandescent lamps by 2018.

$37.49 per unit (more than SCE's $24.00 per unit) and very expensive $56.77 "kits" for LED Reflector Downlights. TURN recommends that PG&E utilizes LED products at costs aligned with SCE's, and urges the Commission to direct PG&E to follow SCE's and SDG&E's lead and replace CFLs with LEDs in 2016.[80]

TELACU et al. states that LEDs should fully replace CFLs for all IOUs providing lighting measures moving forward in the ESA Program, because they save more energy than any other type of lighting on the market and are the future of lighting.[81]

MCE supports a full transition to LED technology in all sectors due to the associated energy savings and environmental benefits.[82] NRDC et al. recommends that all the IOUs target no later than the second quarter of 2016 for the full phase-in of LEDs. They recommend that the CPUC approve LED measures in its final decision and ensure that specifications are defined and included in the Installation Manual by the second quarter of 2016 at the latest. With regard to specifications in the Installation Manual, they recommend, to the extent possible, that utilities align ESA Program LED specifications with other efforts, including California Voluntary Quality Specifications, Title 24, and Title 20.[83]

**Discussion**

The February 24, 2015 scoping ruling in R.13-11-005 envisioned programmatic changes for lighting under consideration in 2016 including, but not limited to, "changes to standardize statewide programs across PAs."[84] The Commission supports the IOUs' proposals to begin the phase out of CFLs and

[80] TURN, Mitchell Testimony at 9-13.
[81] TELACU et al., June 12 ALJ Ruling Response at 10-11.
[82] *Id.* at 7-9.
[83] NRDC et al., Opening Brief at 30.
[84] R.13-11-005, Scoping Ruling at 7.

phase-in of LEDs. However, we will not require a specific date at which a complete phase out of CFLs in the ESA Program will occur, mainly due to the cost differentials between CFLs and LEDs and the unknown cost impacts to the ESA Program.We do support incrementally adding LEDs to the measure mix, and therefore approve the specific LED measures as proposed by each IOU. We understand that the CEC will soon be updating their LED lighting specifications[85] and we direct this program to begin offering LED bulbs that are in compliance with this new standard and any future updates.

We further require that PG&E re-run the measure TRC cost effectiveness test for the basic LED-A lamp as a replacement for screw-in incandescent lamps or CFLs, similar to those used by the other IOUs, to determine if this measure proves to be more cost effective. The results of these calculations, along with supporting documentation, shall be sent to the service list within 60 days of this Decision. If shown to be cost effective, PG&E must propose to add this measure along with cost-effectiveness documentation and a budget proposal, via a petition for modification, as appropriate (as discussed in Section 3.13). The petition for modification must be received within 90 days of the issuance of this Decision. The Commission expects that any collections that might ordinarily be required for any additional funding authorized at that time will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA Program funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1. In addition while we are conscious of the cost implications and the obstacles to full program adoption at this time, we direct the IOUs to coordinate their ESA Program efforts with their activities in the Energy

[85] The CEC Voluntary LED specification for December 2014 can be located here: http://www.energy.ca.gov/2015publications/CEC-400-2015-001/CEC-400-2015-001.pdf

Efficiency proceeding, R.13-11-005, and present plans for full adoption in their next ESA Program cycle applications.

#### 3.5.2.8. Tier II Advanced Power Strips

**IOU Proposals**

SDG&E proposes to update its smart power strip measure currently offered through the program with an advanced version known as the Tier II Advanced smart power strip. The Tier II version utilizes remote control infrared signals and/or an occupancy sensor signal to determine when devices are being used and when they have been left on unintentionally. PG&E did not propose this measure stating concerns regarding the accuracy of manufacturer proposed energy savings, the measure cost effectiveness, and customer experience. PG&E proposes to wait for SDG&E's pilot results in order to reevaluate offering this measure.

SCE is considering offering this measure as part of a mid-cycle adjustment. TURN supports SDG&E's proposal to add the Smart Strip Tier II Advanced power strip measure in 2016-2017, replacing the older version of Smart Strips currently offered.

**Parties' Positions**

TURN supports PG&E and SCE's approach to await the refined costs and savings results and add the measure mid-cycle if appropriate.[86]

**Discussion**

The Commission approves this measure for SDG&E, PG&E and SCE. PG&E and SCE shall add this measure via a petition for modification as appropriate (as discussed in Section 3.13). The petition for modification must be received within 90 days of the issuance of this Decision, and must include

[86] TURN, Mitchell Testimony at 14-15.

cost-effectiveness work papers and a proposed budget. The Commission expects that any collections that might ordinarily be required for any additional funding authorized at that time will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

#### 3.5.2.9. Heat Pumps and Water Heaters

**IOU Proposals**

SDG&E proposes this as a new measure. SCE did not propose this measure because it does not find it to be cost effective.

**Discussion**

The Commission approves SDG&E's request because its ratio of benefits over costs is greater than 1 for all housing types in SDG&E's service territory. If any other IOUs determine this measure to be cost effective, they may propose to add this measure mid cycle, along with a budget proposal via a petition for modification as appropriate (as discussed in Section 3.13). The petition for modification must be received within 90 days of the issuance of this Decision, and must include cost-effectiveness work papers and a proposed budget. The Commission expects that any collections that might ordinarily be required for any additional funding authorized at that time will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

#### 3.5.2.10. Air Conditioners (AC)

**IOU Proposals**

PG&E proposes to add Central Air Conditioning (CAC) in additional climate zones for single family homes. Currently, PG&E only offers this program measure in climate zone 14. SCE proposes to add Efficient Fan Controls (EFCs)

for Split Central Air Conditioners under certain criteria. SCE states that these units allow the blower motor to run after the compressor has shut off, for as long as the evaporator is cool enough to provide significant cooling to the passing air. SCE plans to install EFCs in two scenarios: (1) when installing new split CAC systems; and (2) when maintaining previously installed ESA split CACs that do not have such a controller installed already. SCE also proposes to install evaporative coolers as an alternative to existing ACs that consume more energy. SCE will target installations to eligible customers who reside in hot and dry climate zones (10, 13, 14, 15, and 16) where evaporative coolers are most effective. SCE bulk purchases the evaporative coolers and has the units shipped directly to service providers, who deliver program services to customers. Proteus recommends using a portion of the unspent funds in SCE's service territory to offer CACs to low-income residents in Climate Zone 13. SDG&E proposes Electronic Fan Controls for CAC.

**Discussion**

The Commission denies PG&E's proposal to offer CAC in additional climate zones because this measure was not sufficiently supported. More information and analysis is needed from PG&E in order for the Commission to make an informed decision pertaining to this measure. Additionally, based on PG&E workpapers, PG&E only plans on installing 12-18 units per year, which represents a very limited savings impact. For SCE and SDG&E, the Commission approves the EFC measure under the specific circumstances proposed because the workpapers show that this measure is cost effective, provides energy savings, and may also provide non-energy benefits not captured. We deny Proteus' recommendation to use unspent funds in SCE's service territory to offer CACs in Climate Zone 13. The previous decision found this measure in climate zone 13

not cost effective and no new information has been provided since that time to persuade us otherwise.

We approve SCE's proposal to allow installing evaporative coolers in place of high energy using AC units in climate zones 10, 13, 14, 15, and 16.

#### 3.5.2.11. Home Improvement Salesperson Registration (HISR)[87]

**Parties' Position**

TELACU et al. states that the Home Improvement Salesperson Registration (HISR) requirements are an obstacle to program efficiency and should be modified. Each potential ESA Program household must be assessed by a trained home assessor, but it currently takes 90 to 120 days for an ESA Program assessor to receive their HISR issued by the CSLB. TELACU et al. states that this waiting period makes it difficult for contractors to hire assessors and it severely impacts their ability to enroll customers. They propose that the Commission direct the IOUs to allow assessors to work with a temporary badge while awaiting their HISR badge.

**Discussion**

We deny TELACU et al.'s request for changing the HISR process. The HISR requirements are in place to ensure the safety of our ESA Program participants and should not be bypassed.

#### 3.5.2.12. Quantity Measure Caps

**Parties' Position**

[87] A home improvement salesperson is defined in Business and Professions Code Section 7152 as a person who is employed by a licensed contractor to solicit, sell, negotiate or execute contracts under which home improvements may be performed, a swimming pool constructed, or home improvement goods or services installed or furnished. One must register with the Contractors State License Board (CSLB) in order to solicit, sell, negotiate or execute home improvement contracts for a licensed contractor outside the contractor's normal place of business.

TELACU et al. support removing the measure caps, specifically the existing limitations on the number of installed units for an individual program measure.[88]

MCE states that the Commission should eliminate the caps on the number of installed units for relatively low-cost measures. To the extent that these caps are self-imposed by program administrators, the Commission should direct those administrators to eliminate the caps. These measures tend to be among the most cost-effective measures available to a program administrator and removing the caps may be an efficient way to increase energy savings.[89]

**Discussion**

We recognize the value in removing caps on the number of physically installed units for relatively low-cost measures that contribute significant energy savings. These may include, but are not limited to, lighting measures and water-saving measures; however, parties have not proposed a specific list of appropriate measures, and none of the IOUs has put forth proposals to remove any of the existing caps in place, with the exception of certain water saving measures. Therefore, we direct the IOUs to submit cap-removal proposals for low-cost energy-saving measures for Commission consideration. The proposals should include measures to be implemented by the IOUs to raise or eliminate a cap, and must also outline a process to ensure that program costs are managed appropriately. The IOUs must also identify any budget impacts associated with the proposed changes. All proposed measures must be physically installed by the contractor in the home. The contractor must also remove the unit being replaced to ensure that the customer does not re-install the old inefficient unit and/or sell the new measure. The proposals must be submitted within 90 days

[88] TELACU et al., June 12 ALJ Ruling Response at 14.
[89] *Id.* at 10-11.

of this Decision via petition for modification and must include cost-effectiveness work papers and a proposed budget. The Commission expects that any collections that might ordinarily be required for any additional funding authorized at that time will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

#### 3.5.2.13. Adopting a Common Set of Core Measures

**Parties' Position**

NRDC et al. recommend that the Commission adopt a common core set of measures for all utilities. For example: interior CFL lighting and linear fluorescents; interior LEDs; low flow showerheads; thermostatic showerheads; faucet aerators; HVAC tune up; water heater repair; water heater replacement; weatherization; pipe insulation; and Tier 2 Power Strips.[90] The parties state that over the years, significant discrepancies have emerged in the measures available to customers across utility service territories that are unrelated to differences in climate zone or gas/electric service and unrelated to a measure being "unproven" in a specific service territory. Including a common core set of measures will provide consistency in standards and terminology, provide consistency across property owner's portfolio of buildings, and maximize energy savings by fully adopting proven measures. They believe that approving a common core set of measures does not mean the utilities should in turn be required to deliver each approved measure to every participating household. They argue that the Commission should clarify and encourage the IOUs (via an energy savings goal or cost-effectiveness threshold) to tailor measure offerings within their eligible populations to achieve more cost-effective savings. They

[90] Exhibit No. NRDC-NCLC-CHPC-05, Testimony of Amy Dryden.

argue that a common core set of measures would complement those approaches by ensuring a consistent and robust menu of measures is available to draw from to serve low income households, regardless of the service territory in which they reside. NRDC et al. also recommended that ESA Program measures approved for IOUs be consistent across the state, while accommodating necessary variations for climate zones and fuel source of each IOU.

NRDC et al. contend that adopting proven measures across all utility service territories would simplify the process and participation for a number of participants, compared to the current system where individuals are required to navigate multiple lists depending on the utility territory. The parties state that common core measures should be based on the most commonly used measures in the programs, and that this would also provide consistency in the products installed in a property owner's buildings.

In addition to urging the Commission to adopt a common set of core measures, NRDC et al. recommend that the Commission evaluate the following new measures:[91]

- Package terminal air conditioners and heat pumps
- Energy Star Qualified cooling fans
- Refrigerant charge verification
- Bathroom exhaust fans
- Bathroom exhaust fan controls
- Window film

**Discussion**

The Commission understands the rationale behind the parties' comments that it would make sense for all the IOUs to adopt a core set of measures to be offered. However, differences in each IOU service territory with regard to

[91] NRDC et al., Dryden Testimony at 11-12.

climate zones, housing stock, and contractor and community based organization (CBO) relationships that can result in significant differences in the feasibility and cost effectiveness of measures proposed warrant slight variations across the IOUs. Therefore, we deny NRDC et al.'s recommendation. The IOUs are allowed to continue to propose distinct measures that are proven to be cost-effective in their service territory as appropriate for each climate zone and housing type.

On the issue of additional measures proposed by NRDC, some of the IOUs have stated that some of these measures such as the ceiling/house fans, and window films had previously been offered in the ESA Program, but are no longer being offered due to customer dissatisfaction with these measures over time. We appreciate NRDC et al. bringing forth new measures for consideration and direct the IOUs to evaluate these measures in the next cycle. However, at this time the Commission will not require the IOUs to add these measures because they may not be cost effective, and the variations in each IOU service territory with regard to climate zones, housing types, and even contractor and CBO relationships, can result in significant differences in feasibility and cost effectiveness.

But we note that if any of the IOUs determine any of these measures to be cost effective in its portfolio in the future, it may propose to add this measure mid cycle, via a petition for modification as appropriate (as discussed in Section 3.13), and should include a budget proposal and workpapers documenting measure cost-effectiveness. If this does not occur prior to the end of the program cycle, the IOUs are directed to submit cost-effectiveness workpapers for these measures as part of their Applications for the next ESA Program cycle, and to either include these measures in their proposals or explain why they are not included.

#### 3.5.2.14. Process for Adding/Removing Measures

**Parties' Position**

NRDC et al. recommend that the Commission establish a clear and public process for adding and retiring measures for the ESA Program, including a new process to allow stakeholders (in addition to utilities) to submit new measures for consideration and propose retirement of measures. This will provide the opportunity to revise measures according to code changes or changes in efficiency standards, as well as identify new opportunities. Associated with this process, NRDC et al. recommend that the Commission develop some clear criteria for measure approval.

**Discussion**

The process for considering which measures to include in the ESA Program is largely dependent on the cost-effectiveness framework and criteria in place. Because the Commission is actively revisiting its cost-effectiveness framework, we find NRDC et al.'s recommendation to be premature at this time. Additionally, in the interim, we allow for IOU submission of new measures that are cost-effective according to the Resource TRC test, via a PFM. These options are described further in Section 3.13.

#### 3.5.2.15. Co-Payments

**IOU Proposals**

SCE proposes to eliminate the co-payments in 2016-2017 for CAC replacement and heat pump replacement. For these two measures, SCE currently requires the property owner of renter-occupied units to make a $500 co-payment to offset some of the measure cost.

**Discussion**

The Commission will allow SCE the flexibility to determine what co-payments should be in place as long as the measures follow the direction laid out in the multifamily section and relevant cost-effectiveness sections of this decision.

### 3.6. Water-Energy Nexus Issues

California's historic and devastating drought has cast a long shadow over this proceeding, its participants, and the state. As California grapples with decreasing water supplies, diminishing certainty of access, and growing cost – it is our responsibility to consider what role the IOU energy programs for low-income customers can play in mitigating these difficult impacts. The ESA Program, with its large scope and reach, and direct install program design, seems to be a perfect fit to help provide water bill relief and reduced water consumption by improving the water efficiency and conservation of low-income households. Similarly, ongoing and successful coordination between the CARE Program and a variety of water utilities and agencies' low-income programs demonstrate that when these programs work in harmony, benefits and cost savings can be maximized.

In our Guidance Document (Attachment Q) of D.14-08-030, June 12, 2015 Administrative Law Judge's Ruling Requiring Response to Additional Questions Regarding CARE and ESA Programs, and July 3, 2015 Administrative Law Judge's Ruling Requiring Responses To Additional Questions Regarding The Energy Savings Assistance Program, we asked a variety of questions regarding

the water energy nexus.[92] In particular, we directed the IOUs to propose new water savings measures, new water agency and utility leveraging activities, and a variety of supporting documentation to aide in our decision making on this effort. At our directed proceeding hearings and workshop, we learned about specific IOU program rules and proposed pilots that may help in our effort to assist in California's water woes.

#### 3.6.1. IOU Proposals

In their applications, the IOUs responded to our direction regarding the drought by proposing new water saving measures to complement their current measure offerings. SoCalGas seeks to add Thermostatic Tub Spouts as a measure in 2015 or once they become commercially available.[93] SoCalGas also seeks to include shower timers and general drought awareness to be incorporated into SoCalGas' energy education package. SoCalGas also proposes to provide income eligible customers with a Toilet Tank Efficiency Kit that includes a master fill cycle diverter, a toilet tank water displacement device, and leak detection tablets along with instructions and an insert with water saving tips. In total, the modified materials included in SoCalGas' proposed budget add $5.8 million to the Energy Education budget over three years, or $16.62 per treated customer.[94]

SDG&E proposes to add a tub diverter and a combination low-flow showerhead and thermostatic valve device to its measure offerings.[95] SDG&E also requests $3,630,000 in greenhouse gas (GHG) allowance proceeds to fund

[92] The water-energy nexus is the relationship between how much energy it takes to collect, clean, move, store, and dispose of water and conversely, how much water is used in the production and supply of energy. One of the state's largest end uses of electricity is in the treatment, heating, and conveyance of water in California, and cooling water in power plants is a significant use of water in the state. The water energy nexus is the focus of R.13-12-011.

[93] SoCalGas, Application at DR-14.

[94] SoCalGas, Application at MA-68.

[95] SDG&E, Application at SW 95.

work with local water agencies and water utilities and offer energy savings measures that also conserve water beyond existing SDG&E Energy Efficiency programs.[96] SDG&E also plans to offer customers a comprehensive water audit during the time of ESA Program enrollment; this leveraging effort would be paid solely by the San Diego County Water Authority.[97]

SCE proposes to augment energy education to increase awareness of the California drought and opportunities to reduce water usage.[98] SCE is also proposing the addition of thermostat-controlled shower valves for homes with electric water heating.[99]

PG&E proposes inclusion of high-efficiency clothes washers into its measure mix and proposes the introduction of a water conservation component (water Frequently Asked Questions along with water saving tips) into the in-home Energy Education provided to each ESA Program participant.[100] Additionally, PG&E proposes to add a new budget category—referred to as Water/Drought - to track costs related to PG&E's support of California's drought-related activities. The new budget category would aid in quantifying measures installed for this specific purpose and in calculating any assigned energy savings.

PG&E also proposes an Energy-Water Conservation Pilot Plan to address the water-energy nexus and the consequences of California's ongoing drought. PG&E denotes this as a "plan" rather than as a "pilot," as the plan expressly aims to address system-wide water-energy nexus issues. Under this effort, PG&E proposes to develop a strategic plan to leverage existing water conservation

[96] SDG&E, Application at AYK 20-21.
[97] SDG&E, Application at SW 14-15.
[98] SCE, Application at 12.
[99] SCE, Application at SCE-02, 9.
[100] PG&E, Application at 2-8, 2-67.

program offerings with the ESA Program. The plan will identify water utilities and their existing conservation programs, develop a training and certification component, build a tablet-based assessment and survey tool and database for data collection, and conduct stakeholder outreach. PG&E proposes a budget of $136,000 and a timeline of 12 months to complete this plan.[101] The plan will include adding cold-water measures to the ESA Program and will make recommendations concerning cost sharing, administrative oversight, reporting, cost controls, quality assurance, and identified barriers for agreements between the IOUs and water utilities.[102]

PG&E's also notes in its opening brief that it is currently working with California American Water and the East Bay Municipal Utilities District to develop a pilot, which will examine costs associated with leveraging. These are expected to include: co-funded measures; interagency cooperation; development of a tablet-based audit, survey, and reporting tool; improvement of existing water efficiency programs; and water utility measures that PG&E contractors could implement.[103]

In response to ruling questions asking why IOUs did not propose new water saving measures, SCE states that it did not propose tub diverters or thermostatic tub spouts because very few of its customers (0.5 percent) would be eligible for these measures.[104] SoCalGas' responses indicate that the utility believes its proposed tub spout measure includes the same technology as SDG&E's proposed thermostatic tub spouts and that vendor-supplied savings claims make this a highly cost effective measure.[105] PG&E notes in its response

[101] PG&E, Application at Attachment C2-2.
[102] PG&E, Application at Attachment C2-3.
[103] PG&E, Opening Brief at 12.
[104] SCE, June 12 ALJ Ruling Response at 30.
[105] SoCalGas, June 12 ALJ Ruling Response at 42-43.

that because the thermostatic tub spouts are not commercially available, no workpapers exist to demonstrate energy savings. Once available, PG&E is open to reevaluating this measure and potentially adding it to the program.[106]

Question 33 of the June 12 Ruling Questions directed the IOUs to provide a list of all water agencies and utilities in their service territories, a list of free or rebated water measures, and submit a leveraging plan for working with these programs and offerings.

PG&E provided a list of the 254 largest water agencies in their service area. They provided a list showing which kinds of water conservation and rebate measures are offered by which agencies. They did not provide information on the amounts of rebates offered or their specific leveraging efforts with each of these agencies. Instead, their leveraging efforts are focused around their Energy-Water Leveraging Pilot, which was mentioned earlier in this section.

SCE also provided a list of the roughly 800 water agencies in its service area. SCE did not provide information on rebate programs or specific leveraging efforts for each of these water agencies. Instead, SCE highlighted past examples of their other relevant leveraging efforts with water agencies in their service area. This included ongoing data sharing arrangements and work SCE had done previously to integrate water assessments into SCE energy audits.

In its response, SoCalGas focused on the main water wholesaler in its service area: the Metropolitan Water District of Southern California (MWD). SoCalGas did not provide details regarding water agencies in its service area not served by MWD. SoCalGas listed the member agencies and sub-groups that MWD serves and provided some details on the kinds of rebated water measures that MWD offers. Its leveraging efforts with MWD include its plan to submit

[106] PG&E, June 12 ALJ Ruling Response at 49.

water rebate applications to MWD in bulk for high efficiency clothes washers installed through the ESA program. It also has leverage plans with other water agencies, such as the Eastern Municipal Water District, which co-funds low flow shower heads and faucet aerators.

The only water agency in SDG&E's service area is the San Diego County Water Authority (SDCWA). SDG&E provided a list of the member agencies that SDCWA serves and a list of its rebated water measures including the amounts of rebates available. SDG&E's described its leveraging efforts with SDCWA. These include the integration of water conservation information into its ESA energy education; the integration of a water audit into its In-Home assessment; and the provision by SDCWA of 10,000 water shut-off nozzles for use in the ESA program.

#### 3.6.2. Parties' Positions

In opening comments, TELACU et al. and Proteus support the additional measure offerings and augmented energy education proposed by the IOUs.[107] NRDC et al. are also supportive of PG&E's proposal to increase per-home caps on current water conservation measures (faucet aerators, low flow showerheads, and thermostatic shower valves) for multifamily properties.[108] ORA reserved comment on SoCalGas' water saving proposal until it had the opportunity to thoroughly review the proposal.[109]

NRDC et al. recommend that all the IOUs target no later than the second quarter of 2016 for the installation of Thermostatic Tub Spouts. Thermostatic tub spouts will be commercially available in 2016, with pilots being completed in California through the fourth quarter of 2015. Therefore, the groups recommend

[107] TELACU et al., Comments at 5; Proteus, Comments at 7, 8, 13.
[108] NRDC et al., Comments at 23.
[109] ORA, Comments at 10.

that this measure be included as part of this application cycle, and have a targeted implementation date of the second quarter of 2016. Preliminary specification sheets have been developed and water savings calculations have been documented and provided to utilities through pilots for review. They also propose that showerheads be required to meet current California Building Code Part 11 requirements for both wall-mounted or hand held devices. They state that this will address the performance of the showerheads, for increasing satisfaction and allowing savings to persist, as a higher quality product is more likely to remain installed and less likely to be changed out by tenants.[110]

In its testimony, TURN supports PG&E's proposal to include HE clothes washers in the program for both electric and gas customers, although electric washers receive much higher Resource Measure TRC cost-effectiveness scores than gas washers – ranging from 0.65 to 0.70 for electric and 0.23 to 0.24 for gas. TURN notes that the currently adopted cost-effectiveness calculation does not include avoided cost values for the energy embedded in water, resulting in less cost effective values for this measure.[111] TURN believes that SCE should add this measure given the drought emergency and that the Commission should "creatively" use the cost effectiveness analysis to "compensate" SCE as an all-electric utility for "gifting" SoCalGas, a gas only utility, water heating gas savings from HE electric clothes washers (to the extent the home treated by SCE is also served by SoCalGas). TURN recommends that the Commission direct the ESA Cost-Effectiveness Working Group to provide recommendations on adjustments to the cost effectiveness calculation for this measure when offered by SCE, as well as on how to account for electric and gas savings.[112]

[110] NRDC et al., Opening Brief at 30.
[111] TURN, Mitchell Testimony at 13-14.
[112] TURN, Mitchell Testimony at 13-14.

In regard to the SoCalGas and SDG&E proposed Thermostatic Tub Spouts, TURN supports inclusion of this measure and notes that SoCalGas' cost-effectiveness analysis does not include water embedded energy savings for this measure.[113] TURN recommends that PG&E be directed to include tub and shower energy/water savings measures given the apparent commercial availability of such products.[114] ORA echoes similar support for the tub spout measures and for PG&E's inclusion of these measures.[115] ORA also states that the IOUs should account for the water savings of water measures in the cost-effectiveness tests to help better reflect the energy savings benefits they may generate.[116] In NRDC et al.'s testimony, similar support is given for the introduction of tub spout measures.[117]

In ORA's rebuttal testimony, it states that it would be ideal if the ESA Program address water savings education in conjunction with the customer's water agency, with the result being more consistent messaging and co-funding with a given water utility. ORA also believes that PG&E does not need a pilot to identify water utilities in its service territory.[118]

SoCalGas largely agrees with ORA that the IOUs should be able to reflect the benefits of total water savings (in the form of water conservation and energy reduction) for all applicable measures, but states that this is a difficult task and that at the time of the rebuttals, the Water-Energy Nexus proceeding had not developed a new water-energy nexus calculator.[119] Additionally, SoCalGas proposes in rebuttal testimony that the proposed Equity Criteria and Non-Energy

[113] TURN, Mitchell Testimony at 15-17.
[114] TURN, Mitchell Testimony at 15-18.
[115] ORA, Watts-Zagha Testimony at 13.
[116] ORA, Watts-Zagha Testimony at 44.
[117] NRDC et al., Dryden Testimony at 26.
[118] ORA, Combined Rebuttal Testimony at 1-1, 1-2.
[119] SoCalGas, Rebuttal Testimony at MA/HY-22.

Benefits Evaluation Joint Study review these measures using the results of the Water-Energy Nexus calculator.[120] SDG&E's rebuttal testimony reiterates the request for authorized funding for new water/energy nexus efforts from the GHG forecasted revenues consistent with the forecast set aside for incremental energy efficiency and clean energy programs authorized in D.14-10-033.[121] SCE agrees with TURN that new, high efficiency clothes washers in homes with electric water heating may warrant further review. Noting new federal minimum efficiency standards, SCE suggests that the additional electric savings may offset the high cost of these appliances. SCE expresses a willingness to analyze the options presented by TURN and consult with SoCalGas on how best to implement this measure if it is approved by the Commission and found to be feasible for both gas and electric water heating scenarios.[122] PG&E's rebuttal testimony reiterates that it is in favor of introducing the thermostatic tub spout measure as soon as it is commercially available.[123]

On July 3, 2015, the assigned ALJ issued a Ruling Requiring Responses to Additional Questions Regarding the Energy Savings Assistance Program and Water Saving Measures. Specifically, the Commission sought to understand: (1) how the IOUs considered the embedded energy saving benefits of the proposed water measures; and (2) using the newly developed Water Energy Calculator from the Water Energy Nexus proceeding (R.13-12-011), what water-saving measures, if any, might become more cost effective and appropriate for the ESA Program that previously did not meet the program's energy goals and objectives.

The IOUs' responses to the first question were similar. PG&E indicated its proposed water conservation measures, like all other proposed ESA measures,

[120] SoCalGas, Rebuttal Testimony at MA/HY-23.
[121] SDG&E, Rebuttal Testimony at AK-1.
[122] SCE, Rebuttal Testimony at 19.
[123] PG&E, Rebuttal Testimony at 2-29.

were analyzed using the ESACET and Resource Measure TRC test. The Resource Measure TRC test does not include embedded energy savings from water beyond the energy used to heat water; the ESACET includes water bill savings benefits, but not embedded energy savings benefits beyond the energy cost reflected in the water rates themselves, which is often not an accurate proxy.[124] SCE's response reiterated that it did not have access to the Water-Energy Calculator at the time its Application was developed and filed in November 2014 and SCE did not provide water-savings measures other than those primarily related to electric water-heating savings.[125] SoCalGas echoed PG&E, stating that it built only the direct gas savings into its TRC test calculations for its proposed water-saving measures, and in calculating ESACET results, water saving benefits in the form of water bill savings to participants of the ESA Program were included for all water saving measures. This is consistent with the practice for calculating results for the ESACET.[126] SDG&E similarly stated that for its proposed water measures, embedded energy savings were not included, as the methodology for estimating those values had not yet been approved and direction for including those savings was not provided by the Commission in the guidance document.[127]

PG&E ran the embedded water energy calculator developed in R.13-12-011 for five measures: faucet aerators, low flow showerheads, toilets, toilet flappers and toilet water displacement bags. PG&E states that calculation results suggest only lower cost water measures that are easy to install, such as toilet flappers and toilet water displacement bags, may provide reasonably cost effective water opportunities.[128]

[124] PG&E, July 3 ALJ Ruling Response at 1-2.
[125] SCE, July 3 ALJ Ruling Response at 1-2.
[126] SoCalGas, July 3 ALJ Ruling Response at 1-2.
[127] SDG&E, July 3 ALJ Ruling Response at 1-2.
[128] PG&E, July 3 ALJ Ruling Response at 1-2.

SCE calculated the avoided costs of three water-saving measures (toilets, toilet banks, and clothes washers) using the embedded water energy calculator and found that in no instance did the cost effectiveness results provide a TRC result sufficient to support inclusion of the measure in the ESA Program.[129]

SoCalGas did not run any additional water savings measures through the new calculator, but stated that doing so would improve the cost effectiveness results in the TRC and ESACET tests for the previously proposed measures.[130] SDG&E followed a similar course – it did not run any additional measures through the updated calculator, but states that adding embedded energy savings to the current ESA Program cost effectiveness tests would increase the cost effectiveness of the program as long as the other inputs to the calculation remain the same.[131]

In June 2016, SoCalGas released a process evaluation of their Cold Water Default Clothes Washer – a measure offering provided through SoCalGas' Plug Load and Appliance Program. Originally funded in 2009-2013 via SoCalGas' Emerging Technology Program (ETP), SoCalGas collaborated with clothes washer manufacturers to develop and field test a cold water default clothes washer that also had features deemed desirable by customers. By default, five of the six wash cycle settings use only cold water, including the "Normal" setting. The one setting labeled "Heavy Duty" (with sub-label "hot wash") uses warm water wash (95°F) and a cold water rinse. The user must manually select the water temperature via a knob.

SoCalGas conducted a three-month field trial with 90 households to demonstrate the Cold Water Default Clothes Washer's market and savings

[129] SCE, July 3 ALJ Ruling Response at 1-2.
[130] SoCalGas, July 3 ALJ Ruling Response at 1-2.
[131] SDG&E, July 3 ALJ Ruling Response at 1-2.

potential. The study found that customers were highly satisfied with the machine and the study demonstrated a 58% reduction in energy use associated with clothes washing.

#### 3.6.3. Discussion

The drought has had a persistent presence in this proceeding, and we commend the IOUs' and parties' thoughtfulness, ingenuity, and creativity in envisioning how the ESA and CARE Programs can help mitigate this unfortunate reality. At the same time as we wish to do all in our power to help low-income customers reduce their water consumption, as stewards of energy ratepayer dollars, we are bound by program rules, codified law, and the obligation to use these funds in a pertinent and relevant manner.

At this time, we cannot approve the replacement of toilets to be funded with ESA Program funds. Regardless of which cost-effectiveness calculator is used, the numbers do not justify the change. While the cost of the toilet may not necessarily be the barrier, the potential home repair costs and liability associated with removing and installing a new toilet and subfloor can be both daunting and expensive. Our program, and its installer workforce, may not be qualified or certified to repair or replace bathroom subfloors or to mitigate plumbing issues uncovered during the toilet replacement process.

Additionally, while proposed projects are well-intentioned, certain activities proposed in the utility applications and subsequent filings may be better funded via other sources. In particular, SDG&E's request to use $3.63 million in GHG allowance proceeds for water energy nexus efforts is one such proposal. Per statute:

> The commission may allocate up to 15 percent of the [greenhouse gas allowance proceeds], including any accrued interest, received by an electrical corporation […] for clean energy and energy efficiency

> projects established pursuant to statute that are administered by the electrical corporation that are not otherwise funded by another funding source.[132]

Such projects are required to meet the following criteria: (1) they must exclusively benefit the electric IOUs' retail ratepayers, and not benefit other entities or persons;[133] (2) must be consistent with the goals of AB 32;[134] (3) must not be an existing program already funded by ratepayers;[135] and (4) must have GHG emissions reductions as a measurable and stated goal.[136] D.14-10-033 also specifies that a clean energy or energy efficiency project must be approved before GHG allowance proceeds can be set aside for the project.

In considering SDG&E's request to use GHG allowance proceeds to fund water-energy measures, it appears that SDG&E has not met all of the criteria outlined above. While the proposal is certainly consistent with the state's drought-mitigation efforts, and might also be broadly consistent with the goals of AB 32, which are focused on maximum technologically feasible and cost-effective GHG emission reductions, SDG&E provides no defined GHG savings goal, estimate of GHG savings, or description of how it would measure GHG savings from this effort. This is a key omission – as any GHG allowance funded effort must have clear GHG emissions reductions as a measurable and stated goal.

In light of the above considerations, we reject SDG&E's proposal to use GHG allowance proceeds to fund its proposed water energy nexus efforts. To the extent that such efforts are cost-effective or otherwise aligned with the ESA Program mandates, they can and should instead be undertaken as part of the standard ESA Program. At the same time, we strongly encourage SDG&E and

[132] Stats. 2012, Ch. 39, Sec. 110. (SB 1018), Effective June 27, 2012.
[133] 17 California Code of Regulations § 95892(d)(3).
[134] *Id.*
[135] Code § 748.5(c); D.12-12-033 at 81-83.
[136] D.12-12-033 at 46.

the other IOUs to propose leveraging programs with water agencies (wholesalers or retailers) to enable the cost-effective installation of cold-water measures using a combination of water agency and ESA Program funds, as further described later in this section.[137]

Sharing some similarities with the SDG&E effort outlined above, PG&E has proposed a $136,000 Water-Energy Leveraging Pilot in which the utility would develop a strategic plan that provides for the integration of existing water conservation program offerings with ESA Program offerings. Again, we appreciate the pilot submission and its intentions. However, we see no reason to approve a pilot since the IOUs have already provided the information in the pilot in response to the Ruling Questions.

In addition, we direct the IOUs to remove any "caps" on the number of faucet aerators and low flow showerheads allowed per household. We also approve the consideration of thermostatic tub spouts in the ESA Program as they become commercially available. The IOUs are directed to file workpapers to substantiate manufacturer savings claims per Commission rules; any workpapers submitted for measures in the ESA program are subject to the same review and approval requirements as workpapers submitted in the mainstream energy efficiency portfolio.

For PG&E, we approve the inclusion of high efficiency clothes washers into its ESA Program, consistent with the other gas serving IOUs, SoCalGas and SDG&E, and in accordance with the measure cost effectiveness. We direct SoCalGas to prioritize the installation of the Cold Water Default Clothes Washer over other HE washers in eligible ESA Program households. If the other gas serving IOUs determine this measure to be cost effective, they must propose to

[137] The IOUs may also propose non-leveraged cold-water measures, provided that they also submit the cost-effectiveness information outlined later in this section.

add this measure, along with providing cost-effectiveness documentation and a budget proposal, via a petition for modification. This petition for modification must be received within 90 days of the issuance of this Decision. At this time, we do not have sufficient information to authorize SCE to offer HE clothes washers in its ESA Program. We direct SCE and SoCalGas to work together on how best to implement this measure if it is found to be feasible for both gas and electric water heating scenarios. If SCE determines this measure to be cost effective, SCE must propose to add this measure, along with providing cost-effectiveness documentation and a budget proposal, via a petition for modification. This petition for modification must be received within 90 days of the issuance of this Decision. SCE and SoCalGas may also file a joint PFM of this Decision to include washers. This PFM should include a well-designed savings attribution schema that is feasible for both gas and electric water heating scenarios. We also approve SoCalGas' proposal to provide income qualified households with a give-away Toilet Tank Efficiency Kit that includes a master fill cycle diverter, a toilet tank water displacement device, and leak detection tablets along with instructions and an insert with water saving tips. We direct all of the IOUs to work together to provide a similar kit, to integrate the offering into the ESA Program Energy Education component, and to bulk procure these low cost items. As we have heard in workshops and elsewhere in the record, while these items have very limited energy saving values, they are also simple and inexpensive.

Noting the persistent residential water usage reductions brought about by California's drought awareness, these cold water saving measures may pique interest in the ESA Program from reluctant property owners who pay the water bill. For both rented and owner-occupied households, the ESA Program may benefit from piggybacking on drought awareness to garner interest in the ESA

Program and other measure offerings. At the same time, rather than rely on ratepayer funds as the default source for paying for these cold water saving interventions, we direct the utilities to partner with water agencies or companies (wholesalers or retailers) to fund these measures and should only use ESA Program Marketing and Outreach Budgets as a backstop. The IOUs should document their coordination efforts in their annual reports. As discussed in other sections of this Decision, should water leveraging activities drive additional and unforeseen costs, the IOUs are authorized to file a PFM for cost recovery. The IOUs may also propose water-energy measures via a PFM of this decision, as described below. The IOUs should document these costs separately in their annual reports.

We agree with ORA that PG&E's Energy-Water Conservation Pilot Plan proposal appears to collect data that PG&E should already possess. We find the justifications for implementing this proposal as a pilot is lacking in light of the current importance of Water-Energy Nexus issues. It is important to note that in response to the Additional Ruling Questions, the IOUs, including PG&E, were able to run a cursory inventorying exercise that identified many water agency and utilities and their corresponding water-saving offerings, with both limited time and bandwidth. This effort was touted as a main component of the pilot's proposed deliverables, casting further doubt on the need for these pilot activities. We find that further delay in leveraging energy-water conservation opportunities is unwarranted. As such, this proposal should be implemented as a system-wide enhancement to the ESA Program, using existing funding sources.

This directive is extended to all four IOUs to explore Water-Energy efficiency and conservation programs, ideally leveraging with water utilities across their service territories. We therefore direct the utilities to set up

coordination programs with the largest water wholesalers and retailers (water agencies and companies) in their service territories, modeled in part on what SDG&E has proposed with the SDCWA. As part of these water-energy programs, the IOUs may propose cold-water measures as ESA Program measures, provided that these proposals include water-energy calculator results. We expect that these proposals consider the relative magnitudes of the energy and water benefits, and include a good faith effort to co-fund or leverage these offerings with the identified water wholesalers, in light of the magnitude of benefits associated with each commodity. However, non-leveraged water-energy measures will also be considered, along with their water-energy calculator cost-effectiveness results, if no partner agency or company can be found. These water-energy programs should be proposed via a PFM of this Decision, as described in Section 3.13; we expect that additional collections that would otherwise be required for any additional funding authorizations at that time will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

Developments at other California agencies provide further opportunities to address the drought. Contingent upon approval of the forthcoming California State Budget, the CEC recently outlined plans for a $15 million infusion to help install water saving devices and measures in low income California households. Under this initiative, our sister agency, the Department of Community Services and Development (CSD), will begin installing faucet aerators, low flow showerheads and other water saving measures. In a separate, but simultaneous effort, CSD in conjunction with the Department of Water Resources (DWR) will

use an additional $6 million to also install low flow toilets in low income households, utilizing its workforce of local service providers.[138]

To aid in stretching these DWR/CSD funds, we direct the IOUs to create a new, one-time balancing account to fund *only* those hot water measures offered by the ESA Program – namely, low-flow showerheads, water heater blankets, water heater pipe insulation, thermostatic shower valves, tub diverters, faucet aerators, and thermostatic tub spouts.[139] Using projected installation rates for these specific authorized ESA Program water measures, together with IOU measure and installation costs, the IOUs are to work with CSD to calculate the projected funding level for this cost-sharing arrangement. The CSD weatherization program has discretion to offer measure installation services to non-IOU fuel customers and to customers with non-IOU fuel water heating. In these instances, hot water measures are ineligible for ESA Program funding and should be paid for out of CSD/CEC and CSD/DWR budgets.

The goal is to co-fund the CSD/CEC and CSD/DWR efforts for those measures currently provided by the ESA Program, preserving the remaining funding for use to install toilets and other water measures in low-income households that are not provided by the ESA Program. With this in mind, the IOUs are required to track and report the households treated under this joint funding mechanism separately. These households do not count towards the IOUs' households treated goals. However, because they have been treated by CSD, they are no longer eligible for the ESA Program. Therefore, these

[138] Information on this effort can be retrieved here: http://www.water.ca.gov/toiletretrofit/ http://www.water.ca.gov/toiletretrofit/

[139] If the CSD program later chooses to add other ESA Program approved water-saving measures not listed here, these may also be funded via the balancing account, upon approval of a Tier 1 Advice Letter requesting this addition.

households should be removed from the remaining eligible population pool to be treated by the IOUs by 2020.

This is not our first effort to mobilize low-income ratepayer dollars to address an emergency situation and utilize balancing accounts to leverage external funding sources to help customers. In Resolutions E-4327, E-4328, G-3444, and G-3446, the IOUs were granted the authority to utilize CARE dollars to act as a matching source to secure American Recovery and Reinvestment Act (ARRA) funds that were appropriated for the Temporary Assistance to Needy Families (TANF) Emergency Contingency Fund (Emergency Fund). The Commission found that the additional funding made available through a combination of ratepayer funds and the TANF Fund would provide much needed relief to low-income customers who were experiencing extreme financial hardship, and that this additional funding would help reduce substantial amounts of past due bills for many low-income families and avoid service disconnections. While the ARRA/CARE co-funded Temporary Energy Assistance for Families Fund program only ran for five weeks, thousands of customers were granted millions of dollars to aid in arrearages and prevent disconnection.

The IOUs must submit a budget proposal for this effort via a petition for modification. This petition for modification must be received within 90 days of the issuance of this Decision. We foresee the creation of a specified sub-account within each IOUs' existing ESA Program balancing account that will record the costs of these efforts. Furthermore, this is a one-time effort with a sunset date that will coincide with the conclusion of the CSD/CEC and CSD/DWR efforts. Any unspent ratepayer funds remaining at the conclusion of the Utility Drought Mitigation Program will be returned to the ESA Program balancing accounts in

concurrence with the sunset date outlined in the guidelines for the CSD/DWR and CSD/CEC programs. The Commission expects that any collections that would ordinarily be required for this additional funding authorization will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

In further coordination with the CSD/DWR effort, we direct the IOUs, in accordance with the redesign of the energy education component of the ESA Program, to require ESA Program assessors to begin gathering toilet information during ESA Program assessments. As the CSD/DWR toilet replacement program is designated for DWR identified Groundwater Basin Priority Areas, ESA Program contractors in these areas should attempt to gather toilet age and gallon per flush data from tank nameplates or through other means. This effort could be coordinated with any roll-out of Toilet Efficiency Kits, as it is a natural fit to document the age and water efficiency of the toilet when educating a customer on the installation of any or all of these items. This data should be collected for all toilets in a participating household; the number of toilets assessed should not be capped. Toilet information is to be tracked and shared with CSD for follow up and potential toilet replacement under the CSD/DWR campaign. We expect the IOUs to use recommendations and lessons learned from the implementation and evaluations of PG&E's Single Family Low Income High Efficiency Toilets Pilot and SCE Multifamily Low Income High Efficiency Toilet Pilot that were authorized by Decision D.07-12-050. Lastly, and as noted supra, within 90 days of this Decision, the IOUs should file a PFM describing new leveraging plans with identified water wholesalers and retailers (water agencies and companies) operating in their service territories, as well as

proposals for any other cold-water measures requested. These plans must include water-energy calculator results, and should also identify any major differences and overlaps between the water conservation aspects of the ESA Program, as updated in this Decision, and what is covered by each water agency or utility's no-cost or low income-targeted residential water-saving programs. Similarly, as noted above, the IOUs should outline how they plan to share toilet age, size and gallons per flush information collected by ESA Program contractors with the water agencies and utilities in their respective service territories. The IOUs may submit a budget proposal for this effort via a petition for modification; however, based on prior experience we expect any costs here to be minimal or nonexistent.

### 3.7. Marketing and Outreach

#### 3.7.1. Outreach To Hard To Reach Populations

In D.14-08-030, Attachment Q, the Commission directed the utilities to discuss their marketing, education, and outreach improvements that will target hard to reach low-income customers, including renters, those in high poverty areas, and rural customers. We further stated that these plans should coordinate and leverage other efforts such as the LifeLine Program.

##### 3.7.1.1. IOU Proposals

In their applications, the IOUs propose four marketing and outreach (M&O) strategies that they plan to pursue in 2016 – 2017. They propose promoting the brand identity to build the trust of the participating customers. Additionally they propose: (1) coordinating between the ESA and Lifeline programs; (2) targeting key populations such as renters, rural populations, and high poverty locations; and (3) increasing utilization of community-based

organizations.[140] Table 1 below shows M&O budget requests by IOUs, as well as previously authorized amounts.

**Table 1. IOU Marketing & Outreach Budget Requests**

| IOU | 2012 – 2014 Authorized Budget | 2016 - 2017 Requested Budget |
|---|---|---|
| **PG&E** | $5,516,283 | $6,813,000 |
| **SCE** | $4,039,000 | $1,900,000 |
| **SDG&E** | $3,570,741 | $3,964,761 |
| **SoCalGas** | $3,544,095 | $5,159,229 |

In the July Ruling Questions, the IOUs were also asked to discuss how they would recover outreach costs for communications to low-income customers about their enrollment status and rate changes associated with AB 327. Only PG&E responded to this Ruling Question. PG&E proposed to fund costs via CARE Outreach until a final decision that confirms the schedule for implementing CARE rate changes was issued in the Residential Rate OIR proceeding. Therefore, costs for informing CARE customers prior to the effective date of the discount/rate changes are included within PG&E's proposed CARE budget only through 2017. CARE Outreach costs after rate implementation would be recovered through the General Rate Case (GRC). PG&E further noted that it tracks CARE AB 327 costs in its CARE budget by assigning a separate order number to prevent any double recovery.[141]

#### 3.7.1.2. Parties' Positions

Several parties comment on how vague the descriptions of IOU's M&O strategies are, arguing that they provide little justification for approval.[142] EEC

[140] SCE, Application at 37; PG&E, Application, Chapter 2 at 2-42; SDG&E, Application at 37; SoCalGas, Application at 41.
[141] PG&E, July 3 ALJ Ruling Response at 57.
[142] Greenlining, Comments on Applications at 5.

specifically states that it is unclear how proposed efforts will translate into enrolled and treated customers.[143] ORA argues that the applications do not sufficiently identify how CARE outreach will be effective, accessible and targeted.[144] ORA further notes that IOUs' outreach reporting does not fully disclose costs, and it finds that the utilities fail to prioritize cost effective methods.[145]

Parties identified six areas for improvement in the IOU proposals. First, ORA asserts that there is a need to identify existing barriers to ESA Program participation in order to determine if outreach proposals are adequate and effective.[146] Second, EEC contends that the proposals should clearly outline the budgets for and cost differences between IOU marketing efforts and ESA Program contractor canvassing.[147] Third, NRDC et al. recommends that the proposals need to include details for outreach to market-rate property owners.[148] Fourth, Greenlining argues that proposals should identify a consistent way of tracking and measuring the impact of the IOUs' M&O efforts.[149] Specifically, Greenlining contends that there has been very little evidence that M&O has had any success, and that therefore the IOUs should "track how many enrolled participants result from a particular M&O effort."[150] Fifth, Greenlining also suggests that there should be standard metrics for measuring success across participating IOUs. Sixth, TELACU et al. suggests that contractors need funds

[143] EEC, Comments on Applications at 1-2.
[144] ORA, Comments on Applications at 5.
[145] ORA, Reply Briefs at 13.
[146] ORA, Comments on Applications at 5.
[147] EEC, Comments on Applications.
[148] NRDC et al., Comments on Applications at 17.
[149] Greenlining, Reply Briefs at 3-4.
[150] Greenlining, Reply Comments at 3-4.

for outreach activities because their efforts will directly result in customer enrollment.[151]

Greenlining proposes a process to develop metrics, and also suggests that there should be a mid-cycle evaluation that includes evaluation of CBOs' specific strategies.[152] Specifically, Greenlining recommends that the Commission create a working group to develop and recommend a set of metrics to the utilities. Greenlining further recommends that the utilities submit a Tier 2 Advice Letter with the proposed metrics, and the utilities use the metrics to guide program planning for the next cycle.[153] Greenlining also urges the Commission to closely look at the utilities' M&O proposals and budgets related to the implementation of AB 327. We address accounting for cost recovery in this section; other AB 327-related issues are addressed in Sections 4.2 (CARE/ESA Outreach and Innovative Outreach and Enrollment Strategies) and 3.8 (ESA Program Energy Education and Proposal for Phase II Study).

ORA recommends that the Commission reduce PG&E's proposed M&O budget, and in particular its customer enrollment budget. ORA notes that the utility proposed an M&O budget that is 630% of its 2013-2014 average actual spend, without adequate justification. It also notes that the utility proposes a customer enrollment budget that is 313% above PG&E's 2013-2014 average actual spend on this line item.[154] Below is a table ORA included in its comments comparing M&O and customer enrollment cost increases being requested by each IOU:

[151] TELACU et al., Comments on Applications at 5.
[152] Greenlining, Comments on Applications at 5.
[153] Greenlining, Reply Briefs at 3-4.
[154] ORA, Opening Comments at 13.

**Increases to Marketing and Outreach Customer Enrollment Costs by Utility (2016-2017 Averages)**

| Utility | Increased Marketing & Outreach Costs (as percentage of 2013-2014 average) | Increased Customer Enrollment (as percentage of 2013-2014 average costs) |
|---|---|---|
| SCE | 108% | -5% |
| SoCalGas | 108% | 23% |
| SDG&E | 168% | 36% |
| PG&E | 630% | 313% |

ORA recommends that the Commission align increases in enrollment costs across utilities. Specifically, ORA suggests reducing PG&E's customer enrollment costs from $20.8 million to $4.8 million to be consistent with increases proposed by other utilities.[155]

In response to ORA's comments, PG&E clarified that it is not seeking a 630% increase in its marketing budget. The utility explained that it is requesting a 180% increase of its previously authorized budget, which represents a 235% increase over its actual 2013-2014 expenditures. PG&E laid out its authorized and actual 2013-2014 expenditures, along with its 2016-2017 proposed M&O budget, as shown in the table below. At the same time, PG&E acknowledged the need to better convey the details of its M&O efforts, and proposed to hold a workshop on the subject.[156]

[155] ORA, Opening Briefs at 14.
[156] PG&E, Reply to Protests at 9 -11.

| PG&E ESA Marketing and Outreach Budget | | | | | |
|---|---|---|---|---|---|
| | 2013 Authorized | 2014 Authorized | 2016 Projected | 2017 Projected | % Increase for PY16-17 |
| | $ 1,835,563.00 | $ 1,943,151.00 | $ 3,296,000.00 | $ 3,517,000.00 | |
| **Average** | **$1,889,357** | | **$3,406,500** | | **180%** |
| | 2013 Actual Spend | 2014 Actual Spend | | | |
| | $ 1,113,801.00 | $ 1,788,107.00 | | | |
| **Average** | **$1,450,954** | | | | **235%** |

ORA also recommends that the Commission deny SDG&E's $555,375 M&O budget for mass media activities. ORA notes that mass media was not included in any study recommendations that SDG&E is implementing and argues that SDG&E can leverage the statewide marketing mass media campaign.[157] ORA suggests that the Commission reduce SDG&E's M&O budget by 10%, so that the utility has flexibility to use its budget in other ways.[158] SDG&E refutes ORA's comments by referring to the 2013 LINA's recommendation to use a multiple touch approach to reach low-income participants, of which mass marketing is a component.[159]

#### 3.7.1.3. Discussion

With regard to the M&O budget concerns raised by ORA, we acknowledge that across the board the IOUs request significant increases in order to target harder to reach low income customers. Based on our review of the proposed applications and party comments, we find that the IOUs' request lacks justification of these increases and clear description of how the IOUs plan to pursue their M&O efforts in this program cycle. We address these concerns by putting modifications in place to require more transparency of the IOUs' low-income M&O plans and budgets.

[157] ORA, Opening Briefs at 14.
[158] ORA, Opening Briefs at 14.
[159] SDG&E, Reply Comments at 4.

We direct the IOUs to provide more detailed M&O plans, as well as further clarification for their budget requests. We recommend that the IOUs use the Center for Sustainable Energy (CSE's) Finance Marketing Plan as a guide to create a plan that includes clear, detailed, cooperative, and evaluable strategies. We agree with PG&E's recommendation and direct an ESA Program specific M&O workshop to coincide with the workshop directed in D.16-03-029, as specified below. This joint IOU workshop must be noticed to the service list at least ten days prior to its occurrence. At this workshop, the IOUs must provide detailed presentations (to be shared with the service list prior to the workshop) of preliminary 2017-2018 CARE and ESA Programs M&O plans that include:

- Enumeration of existing barriers to enrollment, and strategies to address these barriers
- Strategies should include, but not be limited to:
  - how IOUs will target hard to reach low-income customers (renters, customers in high poverty areas, customers in market-rate multifamily properties, and rural customers),
  - plans for engaging CBOs in their M&O strategies
  - consideration of cooperative marketing between IOUs and contractors[160] that includes either justification for not conducting cooperative marketing, or a plan to carry out a cooperative marketing strategy.
- The goals for and metrics used to track their success with these strategies. When possible and applicable, these metrics should align with those to be used to measure rate reform M&O effectiveness as adopted in R. 12-06-013.
- The budgets associated with each strategy, and a summary of past, aggregated ESA Program contractor canvassing budgets as a comparison, and

[160] *See* The Center for Sustainable Energy's Finance Marketing Plan at 50-52.

- How they will track the distinct impacts of outreach conducted by program contractors, the IOUs, and community based organizations.

At the workshop, the IOUs should solicit input from workshop participants on the format of the final M&O plans. The IOUs must take and publicize joint post-workshop notes.

Within thirty days of the workshop, the IOUs will submit revised, detailed M&O plans, incorporating input gathered from the workshop. While the information in the plans will be pertinent to each IOU, the format and types of information included must be standardized by the IOUs, in consultation with Energy Division staff.

The M&O plans should expand upon all of the details that the IOUs are directed to include in their presentations, and should be informed by recommendations proposed by parties, such as better coordination between electric only and gas only utilities,[161] "bundled" community engagement efforts,[162] and better budget tracking linked to performance metrics.[163] Plans should also include a clear description of how the IOUs will leverage and coordinate with M&O activities currently under consideration in the mainstream Energy Efficiency Proceeding (R.13-11-005), the Residential Rate Reform Proceeding (R.12-06-013), and the Statewide Marketing Proceeding (A.12-08-007).

If the proposed budgets do not exceed the amounts authorized in Table 2 below, the marketing plans may simply be submitted via distribution to this proceeding's service list. If an IOU's proposed marketing plan requires a larger budget than authorized in this Decision, the IOU must submit the plan and associated budgets as part of a petition for modification. This petition must be

[161] Proteus, Reply Brief at 18.
[162] Proteus, Comments on Applications at 8.
[163] ORA, Comments on Applications at 5.

received within 90 days of the issuance of this Decision. To further our commitment to delivering a unified customer experience with IOU marketing, we direct, if feasible, CARE and ESA Program M&O plans be incorporated into the R.12-06-013 mandated Tier 3 advice letter filings of utility-specific ME&O plans that SCE, SDG&E, and PG&E must file by June 1, 2017.

Until the marketing plans are developed by the IOUs, vetted by stakeholders, and considered by the Commission, large increases in M&O budgets are not justified. For this reason, we limit the IOU's low-income marketing budgets to no more than the annualized amounts that were approved for 2012 – 2014, or to 110% of the maximum annual, actual expenditures during that period, whichever is greater. The 10% adder is included to allow for inflation and unforeseen costs. Table 2 below shows the approved M&O budgets for each IOU:

**Table 2. Annualized M&O Budget Requests and Authorizations**

| | PG&E | SCE | SDG&E | SoCalGas |
|---|---|---|---|---|
| **Requested Budget, 2016 - 2017** | $6,813,000 | $1,900,000 | $3,964,761 | $5,159,229 |
| **Requested Budget, Annualized** | $3,406,500 | **$950,000** | $1,982,381 | $2,579,615 |
| **2012 – 2014 Authorization** | $5,516,283 | $4,039,000 | $3,570,741 | $3,544,095 |
| **2012 – 2014 Authorization, Annualized** | $1,838,761 | $1,346,333 | **$1,190,247** | $1,181,365 |
| **Maximum Annual Expenditures, 2012 - 2014** | $1,788,107 | $649,020 | $739,804 | $1,310,142 |
| **Maximum Annual Expenditures, plus 10%** | **$1,966,918** | $713,922 | $813,784 | **$1,441,156** |
| **Authorized Annualized Budget, 2017 & 2018**[164] | $1,966,918 | $950,000 | $1,190,247 | $1,441,156 |
| **Total Authorized M&O Budget, 2017 – 2018** | **$3,933,835** | **$1,900,000** | **$2,380,494** | **$2,882,312** |

[164] Program year 2016 has been bridged so the new authorized amounts are for 2017- 2018.

### 3.7.2. Statewide Marketing, Education, and Outreach (ME&O)

On July 13, 2015, CSE filed its opening brief which described past 2014 CSE marketing efforts related to the ESA program that were pursued in conjunction with statewide energy efficiency ME&O. The brief proposed 2015-2017 ESA marketing activities to be considered within this proceeding. The Commission issued a decision in the statewide ME&O proceeding (A.12-08-007) on August 27, 2015, that addresses statewide marketing issues. In March 2016, the CPUC passed another decision (D.16-03-029) in A.12-08-007 which authorizes a competitive RFP for statewide ME&O from 2017 onward. The decision also requires that the Statewide ME&O contractor lead a planning process that includes a five-year ME&O Strategic Roadmap and annual implementation plans. When a contractor for post-2016 ME&O is decided on per the RFP process, we will revisit the role of low income programs in the planning process detailed in D.16-03-029.

**Parties' Positions**

During opening briefs for the instant proceeding, parties commented that the record does not contain sufficient information about whether this program cycle's funds should be authorized for Statewide ME&O efforts to support ESAP.[165] In its reply brief, CSE requested an opportunity to seek approval for its proposed Statewide ESA Outreach Program by filing a Tier 1 Advice Letter and attached its proposal for 2016-2017 ESAP ME&O activities. In reaction to CSE's request, Greenlining states that there is no clear venue for Statewide ESAP ME&O budget requests and "until the CPUC clarifies this issue, it must continue to allow the statewide program administrator(s) to request the statewide ESAP

[165] Greenlining, Opening Brief at 7.

budget in this current proceeding."[166] The IOUs have suggested that 2016-2017 ESAP statewide ME&O funding considerations should be deferred to A.12-08-007.

#### 3.7.2.1. Discussion

Based on the record in A.12-08-007, we conclude all statewide ESA Program ME&O efforts should be included in the D.16-03-029 scheduled workshop that discusses the results of the two upcoming evaluation, measurement, and verification studies related to statewide marketing, education and outreach. The workshop also includes the 2017 vision, goals, budget and governance structure of the program.

As described supra, D.16-03-029 authorizes a five-year "ME&O Strategic Roadmap" and annual communications action plans for the Statewide Marketing effort. We do not find it appropriate to approve a budget for CSE through the end of 2017 in this instant proceeding. We also find that there is not a sufficient record upon which to base any ESA-specific statewide ME&O authorizations at this time.

For the reasons stated above we deny, without prejudice, CSE's requests for funding in 2017.

### 3.8. ESA Program Energy Education and Proposal for Phase II Study

As described in Section 3.4, supra, the Modified 3MM Rule allows the IOUs to treat only income-qualified households that qualify for at least three ESA Program measures or yield a total combined energy savings of at least 125 kWh annually or 25 therms annually. Currently, in-home energy education is delivered to all income-eligible households that meet this program requirement.

[166] Greenling, Reply Briefs at 7.

Households that do not meet this requirement are not eligible to receive in-home energy education.

Specific topics covered by the ESA Program's in-home energy education module include:

- The general levels of usage associated with specific end uses 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, and other available programs;
- Appliance safety information;
- How to read a utility bill;
- Greenhouse gas emissions;
- Water conservation, CFL disposal and recycling; and
- The procedures used to conduct natural gas appliance testing (if applicable).

In D.12-08-044, the Commission authorized a study and budget of $300,000 and directed the IOUs to conduct an Energy Education Study (Study). The intent of the Study was to inform the Commission regarding existing and potential delivery methods for in-home energy education and to identify which practices should be retained, discontinued, and/or otherwise modified. Another objective of the Study was to determine whether energy and/or bill savings were associated with ESA Program energy education. The initial phase of the Energy

Education Study was completed in October 2013, and resulted in a number of key findings and recommendations. However, the subsequent portion of the Study (Phase 2) was deferred until this program cycle as a result of budget and time constraints.

#### 3.8.1. IOU Proposals

PG&E proposes to include in-home energy education as a measure that satisfies the Modified 3MM Rule and also proposes changes to its in-home energy education offerings based on feedback received from customer evaluations and Phase 1 of the Energy Education Study. Moving forward, PG&E plans to reach customers through an enhanced and customized initial energy education session, and also intends to stress personalized follow-ups and on-going reinforcement of energy education messages. PG&E also proposes to add a new water conservation component into its in-home energy education providing water saving tips and detecting toilet leaks, as well as a toilet leak detection assessment during the initial home visit for all ESA Program participant households.

SCE proposes to offer in-home energy education to all qualified ESA Program households, rather than restricting energy education to only those customers that meet the Modified 3 MM Rule. SCE argues that the in-home assessment is an effective customer interface, representing a unique opportunity to communicate one-on-one with a customer and provide information and hands-on, personalized assistance to encourage participation in relevant programs. As support and justification, SCE cites Phase 1 of the Study, which concluded that the information provided via in-home energy education assisted customers by helping them save money on their energy bills and addressing household-specific barriers that may impede their ability to reduce consumption.

SCE provides further justification by referencing a recommendation from the 2013 LINA which similarly suggested that the IOUs consider "…providing energy efficiency education and basic measures during the outreach and assessment visit for homes that are income-qualified but fail the modified three measure minimum rule." Like PG&E, SCE's budget application proposes to include water education alongside its in-home energy education.

SoCalGas also proposes to allow energy education for income qualified households that do not meet the Modified 3MM Rule, and to incorporate water savings and enhance its existing in-home energy education in response to recommendations from Phase 1 of the Energy Education Study. The enhancements SoCalGas will implement include: (1) the Energy Wheel; (2) Outreach Specialist Script; (3) ESA Program-branded Shower Timer; (4) Toilet Tank Efficiency Kit; (5) Energy Education coloring and activity book; and (6) additional giveaways such as an ESA Program-branded reusable tote.

SDG&E plans to continue to provide energy education at the time of outreach and assessment to eligible and qualified ESA Program participant households and also plans to implement one new aspect, which will include water conservation tips and provide shower timers. In response to findings from the initial Phase of the Energy Education Study that identified SDG&E as the only IOU that does not conduct contractor training, SDG&E also proposes to implement a Contractor Training Program that will focus on providing standardized training to residential outreach specialists.

As directed in D.14-08-030, the utilities jointly request $350,000 in funding to conduct and complete Phase 2 of the Energy Education Study. The objective of this subsequent phase is to assess the savings potential of the in-home energy

education component of the ESA Program and determine whether measureable savings can be attributed to the current education offered.

#### 3.8.2. Parties' Positions

TELACU et al. and EEC support inclusion of energy education as part of the Modified 3MM Rule. TELACU et al. questions the reasonableness of requiring customers to provide income documentation to receive only energy education, and recommends self- certification for households if energy education is approved as a stand-alone measure. CforAT expresses its concern regarding adequacy, accessibility, and timing of energy education and emphasizes the importance of minimizing bills in light of potential rate impacts resulting from activity in the Retail Rates Order Instituting Rulemaking (RROIR) docket (R.12-06-013).

Greenlining states that the IOUs' Energy Education Study Phase II proposals are insufficient because many of the Phase 1 recommendations have not been implemented, a prerequisite for Phase II to measure their effectiveness. Regarding the IOUs' joint proposal for $350,000 to complete Phase II of the Energy Education Study, Greenlining believes the IOUs failed to justify the additional time and money requested.

#### 3.8.3. Discussion

The Energy Education Study (Phase 1) and 2013 LINA were both ordered in D.12-08-044 to inform the current, and future, program cycles. Both studies independently concluded that energy education should be provided during the ESA Program assessment process. As a result of these key findings and recommendations, we approve in-home energy education as a stand-alone ESA Program measure for all income qualified households. Commencing with this ESA Program cycle, the IOUs are authorized to count energy education towards

the Modified 3MM Rule. Additionally, a household does not need to meet the Modified 3MM Rule in order to receive energy education (as further described in the Modified 3 MM Section of this decision). However, households that do not meet the Modified 3MM Rule and only receive Energy Education will not count as "treated." The IOUs are required to track and report all households that only receive Energy Education in their monthly and annual compliance reports. Households receiving only education will not be permitted to self-certify as requested by TELACU et al. These households will be required to demonstrate their eligibility to receive energy education.

We share CforAT's concerns regarding potential rate impacts resulting from activity in the RROIR docket (R.12-06-013). Therefore, we direct the electric IOUs to update their energy education modules to include information on the rate reform, its anticipated impacts, and opportunities and options to mitigate such impacts via energy efficiency and demand response programs, conservation, and other available alternatives. The utilities are also directed to coordinate internally to align ME&O strategies and campaigns across the Low Income and Rates proceedings.

As mentioned in Section 4.5, below, ESA Program contractors responsible for delivering energy education are also directed to enroll all ESA Program customers with an active e-mail address and home/mobile internet access into the My Energy/My Account platforms, and educate customers on the website offerings using the customer's device of choice. Customers may opt out of this effort; however, opt-outs must be reported (with the opt-out rationale) in the ESA Program annual reports. The IOUs are directed to incorporate the My Energy/ My Account tools into the updated energy education modules to reduce any redundancies in subject matter. Furthermore, the electric IOUs are to integrate

the newly developed individual CARE household end use disaggregation reports into the in-home energy education module, once they become available.

Regarding the utilities' funding request for a subsequent phase (Phase II) of the Energy Education study, we acknowledge Greenlining's concerns and recognize the inconsistencies across the IOUs with respect to the existing delivery models for in-home energy education as well as planned implementation strategies for Phase 1 recommendations. This is evidenced by the IOUs' differing responses to the Additional Ruling Questions pertaining to Energy Education. As a result, we deny the requested budget of $350,000 for a subsequent (Phase II) Study.

Instead, we direct the IOUs to hold a public day-long workshop within 120 days of the date of this Decision, to present their existing and planned energy education modules. The workshop will cover each of the IOU energy education components as specified above and in the Statewide policy and procedures (P&P) Manual, costs per home, approximate time spent on each module, Phase 1 recommendations implemented, plans to implement additional Phase 1 recommendations, newly implemented or planned in-home energy education delivery models, and any additional elements identified by Energy Division staff prior to the workshop. The IOUs are further directed to prepare a workshop report and circulate it to this proceeding's service list for comment following the workshop. We believe this workshop will be informative and valuable to interested stakeholders as participants will be able to learn about and compare energy education that is being delivered across the state. Additionally, in the next ESA Program cycle, the Commission may consider the workshop report and comments in evaluating the IOUs' energy education proposals.

### 3.9. ESA Program Plan for Treatment and Penetration for the Multifamily Sector

The treatment of low-income occupied multifamily properties by the ESA Program has been a central issue as this proceeding has unfolded. We recognize that program changes are necessary to better serve this building type, and its occupants, while also being sensitive to the potentially high costs of widespread, comprehensive retrofits. Building on the history and record developed in prior low-income decisions, the Guidance Decision (Attachment Q) asked 12 pointed questions regarding the IOUs' plans to identify, outreach, and service multifamily buildings. The utilities' applications addressed these questions with varying degrees of comprehensiveness and thoroughness.

#### 3.9.1. IOU Proposals

In response to questions regarding using new data opportunities to target properties, the IOUs proposed vague and undeveloped plans to utilize external data sources to preemptively find properties undergoing "trigger-points" to target for ESA Program outreach and marketing. PG&E states that it is "open to exploring a notification process through the Low Income Housing Tax Credit Program (LIHTC)," but stipulates that not all of those properties will be eligible for the ESA Program.[167] SCE proposes similarly vague "investigations" into the availability of data related to low-income multifamily buildings planning a recapitalization event.[168] Only SDG&E and SoCalGas proposed concrete activities – stating that they intend to participate in California Tax Credit Allocation Committee (TCAC) noticed workshops, "to learn about the LIHTC process alongside potential project applicants, including multifamily building developers and building owners." Both IOUs then propose to conduct follow-up

[167] PG&E, Application at 2-77.
[168] SCE, Application at 80.

outreach based on project application submissions that are publicly available on the State Treasurer's website. This ESA Program outreach would focus on properties that are identified as rehabilitation or acquisition and rehabilitation projects.[169]

When prompted to demonstrate how the IOUs will utilize lender, government, and other data sources to identify *market-rate* low-income properties or owners, the IOUs presented even more vague responses. Rather than provide insight into how IOU/local government partnerships or IOU/banking account relationships could be leveraged to derive leads, the utilities simply mention how the ESA Program will be co-marketed to property owners alongside the ongoing multifamily financing pilots.[170] SDG&E and SoCalGas do propose limited data leveraging with the California Housing and Community Development Department and the US Department of Agriculture's directories to identify rental housing in their service territories' specific counties.[171]

When asked about how they would outreach and market to potentially eligible properties and their owners, the IOUs proposed largely uniform approaches. PG&E outlined that it would design, educate and distribute enhanced marketing material that leverages the benefits of building upgrades from an investment perspective to the property owner outlining the "no-cost," "low-cost" and "retro-fit" opportunities for increased energy efficiency and property management profitability.172 SoCalGas proposes an integrated multifamily marketing piece, namely a brochure, to present all SoCalGas multifamily energy programs and services, including the ESA Program to

[169] SoCalGas, Application at ESA 76; SDG&E, Application at ESA 69.
[170] *See* PG&E, Application at 2-78; SCE, Application at ESA-80; SoCalGas, at ESA-77; SDG&E, Application at 77.
[171] SoCalGas, Application at ESA-78; SDG&E, Application at ESA 72.
172 PG&E, Application at 2-75.

property owners.[173] SoCalGas also proposes to provide renters program information with pre-paid postage that they can pass on to their landlords on behalf of SoCalGas' ESA Program.[174] SDG&E proposes to conduct education and outreach efforts like events, presentations, trainings and other activities with organizations like real estate, property manager and appropriate trade associations that serve property owners/operators using new messaging to communicate the benefits of building upgrades from an investment perspective.[175] Lastly, SoCalGas notes that the utility worked with all IOUs to create a Joint IOU Property Owner Waiver (POW) that would be accepted across the IOUs to prove owner authorization for ESA Program services. SoCalGas will seek to develop a sharing process between non joint contractors to fully leverage the Joint POW by its Contractor Network and continue to look into other opportunities to collaborate with other IOUs and streamline processes and paperwork.[176]

In regard to program delivery and ESA Program measure offerings made available in the multifamily sector, the IOUs propose a "layering" or "loading order" approach that relies on integrating and incrementally delivering the ESA Program alongside current EE offerings to eligible and willing properties. SCE proposes the clearest plan for this integrated delivery. In its application, SCE outlines that it will target property owners/managers with large portfolios of properties, given that 54% of SCE tenant units are located in 14% of properties. Utilizing the single point of contact (SPOC)/account manager model, SCE SPOCs will engage and develop an overall strategy and implementation plan for these portfolios of properties, present the property owners/managers with available

[173] SoCalGas, Application at ESA-75.
[174] SoCalGas, Application at ESA-94.
[175] SDG&E, Application at ESA 68.
[176] SoCalGas, Application at ESA-98.

energy efficiency direct install programs, including the ESA Program and lower middle income households with the Moderate Income Direct Install (MIDI) program. Deeper energy saving programs (Multifamily Energy Efficiency Rebate Program or whole building programs) will be pitched to building owners based on building qualifications and the financial ability/interest among owners to make these costlier energy efficiency investments. SCE then proposes that multifamily building owners/managers be further encouraged to enroll in and utilize ENERGY STAR Portfolio Manager and its benchmarking capabilities.[177]

The utilities also propose some cross program streamlining efforts to assist in the proposed SPOC-driven "layered service" approach. PG&E's ESA and EE teams are reviewing forms and planning to implement a single intake process for the combined programs. Additionally, all PG&E programs needing natural gas testing currently accept the ESA Program NGAT test as the only acceptable natural gas safety test, reducing an additional integration barrier.[178] SDG&E is exploring a single intake form for all of its multifamily programs, but current rules, changes to requirements, and different program authorizations and proceedings for each of the programs may not make this possible.[179] However, SDG&E plans to issue an RFP for a "one-stop-shop EE contractor" who would implement all multifamily energy efficiency programs. SDG&E also plans to redesign the ESA Program/EE multifamily program processes to consolidate program delivery so that the same program contractors can work across programs, where applicable. SDG&E also proposes potential plans to explore providing cross-program contractor trainings and greater "uniformity" of product offerings.[180] Lastly, SDG&E is upgrading current home energy assistance

[177] SCE, Application at ESA 71-73.
[178] PG&E, Application at 2-85.
[179] SDG&E, Application at ESA 79.
[180] SDG&E, Application at ESA 77.

tracking (HEAT) database system to a new platform that will allow more automated data sharing between market-rate EE Programs and the ESA Program.[181]

In discussions about streamlining whole-building enrollment in the ESA Program, SCE proposes to automatically income-qualify all tenants in multifamily properties within small geographic areas where Census data indicates at least 80% of households are at or below 200% of federal poverty guidelines.[182] SoCalGas and SDG&E propose a self-certification policy change wherein a whole building would qualify for ESA Program enrollment if:

- the building is located in a PRIZM Code[183] or census tract where 80% of households are at or below 200% of federal poverty guidelines; and/or
- the building is registered as low-income affordable housing, with ESA Program qualified income documents less than 12 months old on file.

These properties could enroll in the ESA Program without the need for door-to-door income documentation if the owner or authorized representative provides a signed affidavit certifying that at least 80% of onsite residents meet the ESA Program income qualification requirements, based on the program's existing definition of income and categorical programs.[184]

In regard to providing specific measure resources to the multifamily market, the IOU applications are unanimous: their applications do not seek any ESA Program funds for central systems or common area measures. The IOUs

[181] SDG&E, Application at ESA 80.
[182] SCE, Application at ESA 83.
[183] Nielsen PRIZM is a set of geo-demographic segments for the United States, developed by Claritas Inc., which was then acquired by The Nielsen Company. It was a widely used customer segmentation system for marketing in the United States in the 1990s and continues to be used today.
[184] SoCalGas, Application at ESA 81; SDG&E, Application at ESA 73-74.

argue that their proposed "layered" approaches and current EE programs offer cost-effective rebates and program designs that effectively provide these measures already.[185]

The utilities demonstrate some variation in the ESA Program funding commitment to the SPOC approach. Both SCE and SDG&E will create a single full time employee equivalent (FTE) SPOC position. SDG&E has specified that the funding, staff time, and other resources needed to support the SPOC will be shared between its ESA/EE program teams.[186] SoCalGas will add two FTE SPOCs and two FTEs to support this effort.[187] PG&E's application supports the SPOC, but does not outline what level of funding, staff time, or other ESA Program resources will support this effort.[188]

#### 3.9.2. Parties' Positions

In protests to the IOU applications, NRDC et al. argue that the IOUs failed to comply with Ordering Paragraphs (OP) 41 and 42 of D.14-08-030 by not proposing new cost-effective measures for the multifamily market and that they failed to comply with directives in D.14-08-030 to coordinate among multifamily programs, including providing proposals to pool funds.[189] NRDC et al. further criticizes the IOU applications as vague and narrowly complying or failing to comprehensively propose plans for: (1) implementing an expedited enrollment process; (2) coordinating with the State Treasurer's TCAC; (3) outreaching to market-rate property owners; and (4) planning or analysis of benchmarking and associated data infrastructure needs required to meet the guidance document's directive on benchmarking.[190]

[185] SoCalGas, Application at ESA 83; SCE, Application at ESA 71-73.
[186] SDG&E, Application at 76.
[187] SoCalGas, Application at 82.
[188] PG&E, Application at 2-82.
[189] NRDC et al., Protest at 11-12.
[190] NRDC et al., Protest at 14-15.

Greenlining voices general support for SDG&E and SoCalGas' multifamily affidavit proposal, but argues that the Commission should allow time to review the process and the affidavit to ensure that it will achieve the program's goals.[191] EEC's protest suggests that the IOUs should lower the level for determining which areas are allowed to self-certify, from 80% to 70%, so as to include additional areas of high low-income, hard to reach populations.[192]

In its reply to the protests, SCE countered NRDC et al.'s claims, arguing that the utility is unaware of any central system or common area measures that produce savings that exceed costs resulting in a TRC test benefit cost ratio greater than 1.0. As a result, SCE believes it has appropriately responded to the D.14-08-030 requirements.[193] PG&E argues that its "loading order" approach is in compliance with the D.14-08-030 requirements and reiterated that it is "exploring" ways to coordinate with TCAC to determine recapitalization cycles, and efforts to target market-rate low-income multifamily property owners. PG&E also reiterates that it is looking at options to pool funding between the multifamily programs to help building owners take advantage of opportunities to participate in the coordinated offerings. PG&E suggests that a multifamily Working Group including EE program representatives, ESA Program staff, and stakeholders explore these issues.[194]

In their testimony, NRDC et al. propose a plethora of well-substantiated recommendations for the multifamily sector. The groups make the following recommendations:

- Order the utilities to spend a minimum of 32% of their budgets on multifamily properties. This is the calculated average

[191] Greenlining, Protest at 3.
[192] EEC, Protest at 12.
[193] SCE, Reply to Protests at 4.
[194] PG&E, Reply to Protests at 6.

percentage of the low-income population that resides in multifamily buildings.[195]

- Create a new ESA Multifamily program or program component designed to serve the sector effectively, and ensure it is combined or coordinated with existing utility programs.[196]
- Develop and utilize a consensus derived, flat-rate ESA-adder, which is defined as an additional incentive per unit provided to a multifamily owner accessing Multifamily Home Upgrade (MF HUP) Program or other whole building program. This ESA Program funded per unit adder could augment the incentives from a whole-building program resulting in smaller out-of-pocket costs for a building owner to invest in the most cost-effective measures, based on a comprehensive audit, reducing the administrative burdens for building owners and utilities.[197]
- The new ESA Multifamily program should work directly with building owners as the program participant.
- The new ESA Multifamily program should adopt an opt-out policy for tenants, where they are given the opportunity to opt-out of measures if a building owner has granted whole-building approval.
- Ensure that the utilities provide meaningful, comprehensive services to building owners through expanded single point of contact processes.
- Allow income verification to be accomplished through owner affidavit using government-verified tenant income data, as recommended by SoCalGas and SDG&E.
- Allow for projects participating in other IOU programs and the ESA Program to use American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Level II audit findings to inform ESA Program installations.
- Allow building-level audits conducted through other programs or independently, as long as they meet or exceed the standards

[195] NRDC et al., Testimony at 24.
[196] NRDC et al., Testimony at 26.
[197] NRDC et al., Dryden Testimony at 7.

developed for the ESA Program and are not more than three to five years old, to fulfill ESA Program requirements and inform installations.

- Require (and fund) ASHRAE Level I energy audits for all buildings participating in the multifamily component of the ESA Program and consider requiring ASHRAE Level II audits for projects that involve major capital improvements. The Commission could require owner cost-shares for these audits—especially the ASHRAE Level II audit.
- Require the utilities to comply with D.14-08-030 by providing specific common area measures and central heating, cooling, and hot water measures, subject to energy assessment findings and owner co-pays as appropriate.
- Explicitly approve the use of audits to determine which central system measures are cost-effective when combined with other sources of funding (building owner co-pays or other non-ESA Program funds). Or consider such measures, subject to other limitations, e.g., climate zone, incentive caps, etc.
- Mandate investment in in-unit measures that directly reduce energy bills, primarily because decreasing operating costs for building owners has enabled them to preserve the affordability of the building and helped owners provide healthier and more comfortable homes for their residents.
- Order the utilities to benchmark multifamily properties through Environmental Protection Agency Portfolio Manager, beginning with master-metered buildings.
- Enable contractor choice for ESA Program participating building owners.
- Establish an ongoing multifamily stakeholder group to implement the above recommendations and assess the status of utility progress and program offerings.

In its rebuttal testimony, EEC questions NRDC et al.'s claims that a separate multifamily track or program is necessary, arguing that the IOUs have almost doubled the amount of multifamily households participating in the ESA

Program per year since implementation of the eight multifamily strategies outlined in D.12-08-044.[198] EEC further questions the equity of many of NRDC et al.'s positions – particularly the recommendation that the ESA Program pay for a portion of common area measures in multifamily buildings, while not providing those same services to renters of single-family dwellings. EEC further suggests that research findings from the LINA contradict prioritizing multifamily building treatment over other household types because multifamily households have a lower energy burden than other housing type occupants.[199]

TELACU et al. similarly argue that there is no indication that the IOUs are ignoring the directives to "vigorously address the multifamily market" and that the applications' establishment of the SPOC is evidence to the contrary. TELACU et al. state that there is no "compelling argument" that would necessitate a separate budget, administration, or advisory group to reach Commission multifamily goals, and further argue that a "carve out" of 32% of the ESA Program budget for multifamily properties would reduce the program's ability to serve all willing and eligible customers, many of whom do not live in multifamily dwellings.[200]

PG&E argues that the ESA Program does not require a new, separate program for affordable housing properties and that NRDC et al.'s proposed budget is unreasonable and should be rejected because it potentially serves only affordable housing, which houses just 6% of low income multifamily customers.[201] PG&E further claims that rent-assisted multifamily properties are already well-served by the PG&E MF HUP. SCE believes that since multifamily dwellings have lower energy usage than single-family dwellings, NRDC et al.'s

[198] EEC, Rebuttal Testimony at 6.
[199] EEC, Rebuttal Testimony at 7-8.
[200] TELACU et al., Rebuttal Testimony at 9.
[201] PG&E, Rebuttal Testimony at 2- Attachment B1.

proposal does not appropriately balance overall program funding between the multifamily and single family sectors.[202] SDG&E believes the "separate track" recommendation fails to provide any substantive reasons why low-income customers living in affordable housing should be treated differently than the general population of low-income customers—ignoring a fundamental premise of the ESA Program: to provide energy efficiency measures and services to all low-income customers, irrespective of their dwelling types.[203]

PG&E states that the utility analyzed potential measures and conducted the Commission-directed ESA Program cost effectiveness tests, and found no new multifamily measures to be cost effective. SCE's rebuttal testimony argues that cost effective common area measures for electric central heating and hot water systems are extremely limited in SCE's service area and that the IOU has not found applicable central systems for consideration. SDG&E's rebuttal testimony argues that while NRDC et al. provided examples of successful programs that result in "cost effective energy savings," there is no discussion of whether similar energy savings could be achieved in California's warm or mild climates. In addition, SDG&E states that there is no explanation of how the term "cost effectiveness" is defined, or of how the definition used by NRDC et al. compares to the Commission's adopted cost effectiveness criteria for the ESA Program.[204]

In discussing the ESA-adder concept, SoCalGas interprets the proposal as simply providing a cash incentive to building owners who qualify for whole building programs, with unclear conditions for the use of funds and no representation of cost-effectiveness.[205] PG&E believes the adder concept is

[202] SCE, Rebuttal Testimony at 7.
[203] SDG&E, Rebuttal Testimony at AK-5.
[204] SDG&E, Rebuttal Testimony at AK-7.
[205] SoCalGas, Rebuttal Testimony at DJR-25.

unnecessary and does not see the advantage of using an adder. SCE states that the MF HUP programs offer customized measures with incentives based on performance and an adder model may disrupt these calculations.[206] Lastly, SoCalGas believes the adder proposal is not specific, and that there is no information provided to support claims that it would "leverage greater funding to achieve greater energy retrofits while meeting goals, avoid multiple applications, comply with program rules that are currently not consistent, allow multifamily property owner participation to increase, decrease administrative costs, [… or that it] may provide opportunities for contractors to expand services."[207]

In regard to the NRDC et al. proposal regarding a tenant opt-out and other provisions, PG&E argues that property owners have the right to upgrade and retrofit their properties, but it supports an opt-out for measures that concern the tenant's personal property. SCE states that its proposed integrated multifamily approach includes flexibility that allows tenants who wish to participate or to opt-out. PG&E supports the affidavit process for government-subsidized and other affordable housing where the owner maintains the income documentation. PG&E does not believe the ESA Program should fully fund assessment audits and technical assistance, and that any common area measures should be provided through co-pays or rebates rather than at no cost. PG&E does not oppose benchmarking properties, but believes the proposal has significant legal barriers as customer privacy regulations restrict the sharing of customer data with building owners.[208]

[206] SCE, Rebuttal Testimony at 9.
[207] SoCalGas, Rebuttal Testimony at DJR-25.
[208] PG&E, Rebuttal Testimony at 2-6 through 2-14.

Greenlining supports NRDC et al.'s testimony about developing a more comprehensive approach to low-income energy efficiency in the multifamily sector.[209] ORA's rebuttal testimony agrees with NRDC et al.'s recommendation for a separate multifamily track and that a comprehensive multifamily strategy beyond what is proposed in the utility applications is appropriate. ORA's view of the separate track would include a comprehensive strategy using a SPOC, investment grade audits, and addressing individual dwelling units within a building, as well as building common areas such as lobbies, hallways, parking areas, and laundry rooms. ORA adds that several ARRA funded comprehensive multifamily pilot projects resulted in energy and bill savings. ORA notes that these programs were "not cost-effective, but demand … continues to exceed available funds, so the program has been successful in developing the market."[210]

TURN's rebuttal testimony voices support for the ESA-adder concept, citing the California Energy Commission's (CEC) March 2015 Draft AB 758 California Existing Buildings Energy Efficiency Action Plan, which defers to the Commission, and to this docket in particular, to implement the integration approach outlined in Strategy 5.7.3, which calls for "integrat[ing] low-income household services with building owner eligibility for regular EE programs to increase efficiency levels in multifamily buildings with low-income occupants." TURN argues that this strategy differentiates between integrating IOU multifamily programs and coordinating these programs as the latter approach does not adequately reach the market sector and maximize benefits to tenants.

#### 3.9.3. Discussion

We understand that a large portion of low-income households reside in multifamily buildings, and that a small fraction of them live in deed-restricted

[209] Greenlining, Rebuttal at 5.
[210] ORA, Rebuttal Testimony at 3-1 through 3-5.

affordable housing. We also understand that due to the realities of energy usage in multifamily housing, these households use less energy than their single-family, and perhaps mobile home, counterparts. The multifamily sector also provides a textbook case of the economic barrier often referred to as the "split incentive." In the multifamily sector, when occupants or tenants pay their own energy and water bills, the building's owner/operator has little incentive to invest in efficiency upgrades either before or after burnout. Unlike the single-family residential market, the multifamily sector has a plethora of ownership and operational profiles that further complicates any attempt to address the retrofit decision-making process. Added to this challenge are the difficulties of reaching a competitive market sector characterized by a focus on return on investment, short-term ownership and aversion to tenant disruption. In addition, we are mindful of using ratepayer funds to subsidize owners of multi-unit market-rate housing.

In response to this need, the IOUs have developed a series of direct install, behavior, rebate, and whole-building retrofit approaches and programs designed to address the energy savings potential in the multifamily market. These have been historically siloed programs that have been difficult to integrate and leverage. Recognizing this barrier to coordination and program cohesion, the IOUs have supported the SPOC design and proposed incremental program integration improvements.

Determining how the ESA Program, a direct install program that has been traditionally targeted to single-family households, can better serve the multifamily market has been a source of debate and contention for several proceeding cycles. The multifamily advocates in this proceeding have been instrumental in highlighting the gaps in our programs and successes in other

jurisdictions for treating this housing type. We applaud their efforts and motivations.

From the IOU applications, the workshops, and the extensive proceeding documents on this issue, it is clear that the IOUs and the parties are earnest in their recognition of the multifamily conundrum. We are more than aware of the need in this market for energy efficiency solutions and agree that substantial energy savings exist. We also share many parties' concerns regarding the use of ESA Program funds to provide heavily subsidized or fully subsidized central system and common area upgrades. Moreover, there are many unknowns inherent in this market sector, particularly cost – specifically, what are the costs of comprehensively treating multifamily properties, and is it appropriate to burden ratepayers with these costs?

The IOUs have hinged their multifamily treatment strategy upon the "layered" or "loading order" approach where direct install, rebates and then whole-building offerings are delivered to properties. However, we have heard time and again that the IOUs' whole building programs are too small to realistically treat the number of low-income (and other income) occupied multifamily properties in their service territories. But it is important to note – the small design and limited budgets of these programs is intentional, for they are pilots.[211] The rationale for relatively small budgets is due to the fact that there are far too many unknowns with treating this market. Testing program designs prior to scaling is the prudent approach to using ratepayer dollars. ORA and the IOUs have documented this issue repeatedly – whole building multifamily programs, to this date, have not proven to be cost-effective.

[211] Energy Upgrade California Multifamily Advice Letters SCE 2681-E-B, PG&E 3268-G-B/3972 -E -B, SoCalGas 4312 -G-B, and SDG&E 2320-E-B/2081 -G-B in compliance with Decision (D.) 09-09-047 and D.10-12-054.

Recent impact evaluation findings for IOU and Program Administrator interventions in this market are less than reassuring. The freshly completed 2013-2014 Regional Energy Network and Community Choice Aggregation Impact Assessment, as well as 2013-2014 Multifamily Impact Evaluation have found that many of these whole building programs are failing to deliver their projected energy savings and are far from cost-effective. While low cost effectiveness may be partially attributable to the "new" and "innovative" approaches being fielded, even the mature Multifamily Energy Efficiency Rebate (MFEER) program suffers from high free ridership rates and a failure to meet projected energy savings commitments.

Some may argue that the low-income program need not be cost-effective and has not been limited by cost-effectiveness in the past. However, as described in Section 3.10, the Commission is now pursuing a more robust approach to cost-effectiveness, and in keeping with this direction, we are reluctant to authorize ratepayer funds for programs that do not show commensurate benefits.

Additionally, not all low-income properties have the appetite, funding, or need for comprehensive energy efficiency overhauls or retrofits; for many of these properties, the traditional direct install approach of the ESA Program is sufficient. With that said, there are significant opportunities to improve the ESA Program and its accessibility to multifamily owners and tenants. To do so, we direct all of the IOUs to follow SDG&E and SoCalGas' lead in participating in TCAC noticed workshops, and to network with potential project applicants, including multifamily building developers and building owners, to encourage their participation in the ESA Program and all applicable common area energy efficiency programs. The IOUs should also conduct outreach to properties made public on the State Treasurer's website. To reduce the administrative burden on

multifamily property owners, we also direct the IOUs to integrate their intake processes and forms to the greatest extent possible. The IOUs are also directed to follow SoCalGas' lead with providing renters with information and pre-paid postage that they can pass to their landlords on behalf of the ESA Program. We ask that SDG&E provide an update on its RFP process for a "one-stop shop EE contractor" that will deliver both ESA and other EE programs. These efforts are to be reported in the IOU annual reports.

We similarly direct all of the IOUs, within 60 days of this Decision, to develop and implement an owner or authorized representative affidavit process for buildings located in a PRIZM Code or census tract where 80% of households are at or below 200% of federal poverty guidelines, and/or the building is registered as low-income affordable housing with ESA Program qualified income documentation less than 12 months old on file. These buildings will be eligible for whole building enrollment without the need for door-to-door tenant income documentation. The process should allow for large portfolio owners/operators to simultaneously submit affidavits for many properties in multiple service territories at one time. This self-certification affidavit should also act as a POW form for ESA Program and other EE program installations. This process should be submitted to the Commission for approval via a Tier 1 advice letter.

Other solutions to better serve our State's multifamily tenants and buildings may be occurring outside of this proceeding. As noted by NRDC et al. in rebuttal testimony, our sister agency, CSD, has initiated a new Low-Income Weatherization Program (LIWP) that is funded through cap-and-trade auction proceeds directed through the California State Budget. LIWP has received $75 million in fiscal year 2014-2015 according to the Governor's 2015 May Budget Proposal, and has received an additional $140 million in fiscal years 2015-2016 for

single family, small multifamily, and large multifamily components that will provide energy efficiency and renewable services through separate delivery designs. Utilizing a single expert implementer, the CSD LIWP for large multifamily property presents an excellent opportunity for treating this population while our ratepayer funded programs continue to work towards more cost-effective approaches.

To leverage these dollars and energy efficiency upgrades, we direct the creation of an ESA Program balancing account that will establish funding for leveraging with the LIWP multifamily effort. This effort will mirror our direction to leverage with the CSD/CEC and CSD/DWR Drought Mitigation Efforts. To aid in stretching the limited LIWP funds, we direct the IOUs to create a new balancing account to fund only measures currently offered by the ESA Program and approved for multifamily households. Using projected installation rates for these measures, coupled with IOU costs for both labor and the measures, the IOUs are to work with CSD to calculate the projected funding level for this effort. The goal here is to fund the CSD LIWP efforts for those measures provided by the ESA Program, preserving the remaining CSD funding for use to install central systems and common area measures not provided by the ESA Program. The IOUs are required to track and report the households treated under this joint funding mechanism separately. These households do not count towards the IOUs' households treated goals. However, because they have been treated by CSD, they are no longer eligible for the ESA Program. Therefore, these households should be removed from the remaining eligible population pool to be treated by the IOUs by 2020. The IOUs should work with CSD to determine the attribution of energy (and GHG emissions) savings claimed for these projects.

Within 90 days of this Decision, the IOUs must submit a budget proposal for this effort via a petition for modification. We foresee the creation of a specified sub-account within each IOU's existing ESA Program balancing account that will record the costs of these efforts. We also direct that the petition for modification include coordination plans and funding augmentations for the MFEER. For those LIWP provided measures that also qualify for an MFEER rebate, the IOUs maintain the option to file for funding augmentations Advice Letters in the R.13-11-005 proceeding to set aside projected rebate amounts to be made available to CSD to drive down the cost of these LIWP installed measures. Any unspent, uncommitted ratepayer funds authorized for this initiative that remain at the conclusion of this ESA Program cycle must be returned to the ESA Program balancing accounts at that time. The Commission expects that any collections that would ordinarily be required for this additional funding authorization will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

We also direct the IOUs to investigate coordination with the California Advanced Services Fund (CASF) that promotes deployment of high-quality advanced communications services to all Californians, including those residing in public, multifamily housing. On December 18, 2014, the Commission approved the rules implementing the new Broadband Public Housing Account (BPHA). Under the BPHA, the Commission will award up to $20 million in grants and loans to a publicly supported community, as defined in the statute. Many of these recipients are low-income multifamily housing providers and this program serves as a natural leveraging point to deliver both communication upgrades and energy efficiency upgrades simultaneously. Successful BPHA

recipients are noticed on Commission websites. These coordination efforts shall be described in the IOUs' annual reports.

We emphasize our support for SDG&E's innovative efforts to use its RFP process to procure a "one-stop shop EE contractor" that will deliver both ESA and other EE programs. This is the type of thoughtful, serious and truly integrative approach that the low-income multifamily market requires. As documented by NRDC et al.'s extensive research in support of their procedural findings, CPUC funded evaluations,[212] and demonstrated by CSD's approach[213] to the multifamily market, a single program implementer program design may overcome many of the administrative barriers experienced by this housing sector. While the Commission rarely weighs in on the IOUs' direct contracting practices, this contracting innovation may bring about significant improvements to program delivery. We are watching the results of SDG&E's and CSD's efforts closely and may consider modifying the ESA Program delivery design based on lessons learned for future program cycles.

Lastly, findings from a variety of evaluation studies on the multifamily segment and the developed record for this proceeding indicate that lack of access to investment capital and lack of technical assistance to property owners are

[212] "Lessons Learned through Piloting Energy Upgrade California™ Multifamily Programs," Heschong Mahone Group, a TRC company, July 2013 at 19.⊥
"2010-2012 PG&E and SCE Multifamily Energy Efficiency Rebate Program (MFEER) Process Evaluation and Market Characterization Study," The Cadmus Group, Inc., April 2013 at 33, 67.⊥
"ESA Program Multifamily Segment Study," The Cadmus Group, Inc., December 2013 at 22, 206-207.⊥
"Improving California's Multifamily Buildings: Opportunities and Recommendations for Green Retrofit & Rehab Programs," California Home Energy Retrofit Coordinating Committee, 2010.

[213] *See* CSD Low-Income Weatherization Program (Large Multifamily) – DRAFT Program Guidelines at 2, 8-9 Retrievable here: http://www.csd.ca.gov/Portals/0/Documents/LIWP%20LMF%20Draft%20Program%20Guidelines%20150821.pdf

persistent barriers to the successful delivery of energy efficiency into this market segment and in particular to the low income occupied multifamily housing sector. Understanding these challenges, and looking at the lay of the land of existing financing and multifamily programs currently available to the market, we direct the IOUs to reexamine their current On-Bill Financing (OBF) programs to create an onramp for multifamily properties serving low-income residents.

As summarized in D.13-09-044, the Decision Implementing 2013-2014 Energy Efficiency Financing Pilot Programs, the IOUs' longstanding OBF programs provide no interest loans to non-residential customers for comprehensive EE projects. Qualification for the OBF program is primarily based on a good utility bill payment history and the prospect that the loans can be repaid by savings within five years for most borrowers. OBF is funded 100% by ratepayers, without private capital, to leverage more funds to fully meet customer market demand. The programs are designed to integrate with existing IOU and Third Party energy efficiency programs and with direct install options including the ESA and MIDI programs.

At this time, we note that very few multifamily properties, either deed-restricted or market-rate, have participated in IOU OBF programs. While the program has been largely outreached to commercial and other non-residential customers, the program could alleviate financial barriers experienced by multifamily property owners who rent to low income customers. It appears that the underutilization of the OBF program among multifamily properties is the result of a lack of awareness and an unwillingness to tap into loans of up to $100,000 with five-year payback terms, which sheds further light on the dramatic costs associated with retrofitting the multifamily market sector.

D.13-09-044 established two additional financing pilots for the multifamily sector, but they both have limitations. The Master-Meter Multifamily On-Bill Repayment Pilot will be deployed in 2017, and is limited by design to only address the affordable master-metered multifamily segment. From the ESA Program Multifamily Segment Study, we recognize that this segment, both the master metered and/or deed-restricted, represents only a small fraction of California's multifamily properties that are occupied by low-income households. D.13-09-44 also approved a multifamily capital advance pilot for the Bay Area Regional Energy Network (BayREN) for the market sector. However, this pilot is very limited in size and scope, as it is limited to nine counties and has a $2 million budget.

As noted earlier, the IOUs have hinged their multifamily program approach on the SPOC, but have committed very limited ESA Program resources to this effort. Statewide, the IOUs have proposed dedicating **only five** FTEs for the SPOC role (one for SCE, one for SDG&E, two for SoCalGas, and none identified for PG&E), which is insufficient given the identified needs of this market sector from both research findings in this proceeding and findings from EM&V efforts in the general energy efficiency portfolio. This limited commitment from the IOU ESA Program demonstrates either an underestimation of the need or an unwillingness to commit resources to this market sector. In either case, we seek to rectify this insufficiency through a mandated co-funding directive described below.

Given the limitations of the existing financing opportunities for the market rate multifamily sector, the Commission finds it reasonable to recommend modifications to OBF to make it more attractive to non-master metered, multifamily properties that rent to low-income tenants. In light of the Rolling

Portfolio changes in the mainstream energy efficiency proceeding, the IOUs will be issuing new business plans in November 2016. At that time, we expect the utilities to file program implementation plan addendums for the OBF programs.

The plans should aim to: (1) better integrate OBF with the ESA Program SPOC model that has been further established and empowered in this Decision; and (2) consider and, if warranted, propose modified loan terms that are more accessible to the multifamily market. Additionally, the plans should identify strategies, update program design, and include detailed marketing plans to reach the multifamily sector, including the low-income occupied multifamily housing sector. It is unclear what source each utility uses to fund its ESA SPOC program, however, utilities must identify how they will utilize SPOC budgets to include technical assistance for multifamily OBF financing projects.

We expect changes to the OBF program and ESA SPOC program will help address the technical assistance gap so clearly documented for this market sector and enable more seamless enrollment of multifamily properties into the OBF program. In light of recent Decisions D.16-01-023 and D.16-01-045, the Commission directed SCE and SDG&E to coordinate provision of electric vehicle infrastructure to low income customers, residing in eligible Disadvantaged Communities, through the SPOC's interaction with interested and eligible multifamily properties[214] and their owners. We reiterate here that the IOUs' SPOC shall communicate low income EV opportunities to interested and eligible multifamily properties and owners.[215]

In response to results from OBF technical assistance effort, we direct the IOUs to propose pilot plans in their applications for the 2019-2020 program cycle

[214] D.16-01-023 and D.16-01-045 refer to multifamily properties and their subsequent housing units as multiunit dwellings.

[215] SDG&E D.16-01-045 Guiding Principle #13 Attachment 2 at 3, SCE D.16-01-023 at 40.

that would establish technical assistance programs for low-income multifamily energy efficiency retrofits, in order to achieve higher penetration in this hard to reach market.

### 3.10. ESA Program Cost-Effectiveness Threshold Recommendation(s)

In D.12-08-044 (OP 4), the Commission directed the Energy Division to convene an ESA Program Cost-Effectiveness Working Group (Working Group) for the purpose of reviewing the current cost effectiveness framework and making recommendations to garner greater energy savings and health, safety, and comfort benefits in the ESA program. The Energy Division convened the ESA Program Cost-Effectiveness Working Group in the latter part of 2012. This group, facilitated by Energy Division staff, consisted of representatives from ORA, PG&E, SCE, SoCalGas, SDG&E, TELACU/ACCES/Maravilla, Synergy, NRDC, and TURN. This Working Group produced the Energy Savings Assistance Program Cost-effectiveness White Paper, which was submitted to the service list of A.11-05-017 in February of 2013, and then produced the Addendum to the White Paper, which was submitted to the service list in July 2013.

On August 14, 2014, the Commission issued D.14-08-030, which provided guidance to the utilities for the 2015–2017 ESA and CARE program cycle. The decision also considered the recommendations of the ESA Cost-Effectiveness Working Group. The decision states:

> We do not adopt a cost-effectiveness threshold to be used for program approval at this time. To build on the consensus already developed in the Cost-Effectiveness Working Group, we order Energy Division to reconvene a Working Group for the narrow purpose of developing a program-level cost-effectiveness threshold as expeditiously as possible."[216]

[216] D.14-08-030 at 66.

The ESA Cost-Effectiveness Working Group convened again in February of 2015.[217] The Working Group built off of its earlier cost-effectiveness threshold recommendations to identify additional recommendations, which were entered into the record via Ruling on June 17, 2015.[218] The majority's recommendations are listed below:

1. The Working Group will continue to meet to develop a consistent set of criteria for categorizing measures into resource and non-resource categories for the purpose of including them in the appropriate test. The Working Group has already made some progress on this task by agreeing that, at minimum, the two measures currently identified as non-resource in Table 1 of the Addendum to the White Paper (furnace repair/replace and hot water heater repair/replace) are non-resource measures and should be excluded from the proposed Adjusted ESACET test described below. The Working Group requests the Commission acknowledge the outcome of this continuing activity shall be reflected in the cost-effectiveness tests for the post-2017 program cycle.
2. Results for the two newly adopted tests, the ESACET and the Resource TRC, will continue to be reported without a threshold. These two tests will be used for information purposes only and will not be used for program approval.
3. The utilities will calculate an Adjusted ESACET that excludes at minimum the two non-resource measures currently identified as non-resource in Table 1 of the Addendum to the White Paper. The Adjusted ESACET test will include all benefits and costs to the program, including non-energy benefits (NEBs), minus the benefits and costs that are directly attributable to the measures excluded from the Adjusted ESACET test. The majority of members (seven of the nine) in the Working Group recommend

[217] The working group convened by Energy Division staff included the same member organizations as previously represented: ORA, PG&E, SCE, SoCalGas, SDG&E, TELACU/ACCES/Maravilla, Synergy, NRDC, and TURN.

[218] "Energy Savings Assistance Program Cost-Effectiveness Recommendations," June 15, 2015, at 2.

that the Adjusted ESACET be subject to a 1.0 benefit cost ratio target threshold.

4. Each utility should include in their cost effectiveness tests and reporting any applicable savings for both gas and electric related to their installed measures, regardless of the commodity they serve.
5. While the program level target for the Adjusted ESACET benefit cost ratio is 1.0, the Working Group recommends that utilities be allowed to submit for consideration by the Commission a proposed program design that is less than the 1.0 target threshold if they provide with it a reasonable explanation of why the proposal is lower than the threshold and why meeting the threshold would compromise important program goals. The Commission may approve the application as submitted if it is deemed consistent with ESA Program objectives and reasonable. The utilities agree to make a good faith effort to explore all identified program design approaches to increase cost effectiveness and overall program benefits.

The recommendations above are based on an adjusted ESACET of 1.0, representing a target threshold used for ex ante program design purposes only and not for ex post evaluation of the overall performance and value of the program. The working group was explicit in its recommendation that the IOUs still be permitted to propose programs below the 1.0 threshold if they provide a reasonable explanation for why meeting the threshold would compromise important program goals. The working group also identified several tasks that need to be addressed prior to the application of the adjusted ESACET methodology, as listed below:[219]

1. Categorize measures previously considered "uncertain" as either resource or non-resource.

[219] "Energy Savings Assistance Program Cost-Effectiveness Recommendations," June 15, 2015, at 4.

2. Develop a method to allocate administrative costs related to non-resource measures so that these can be excluded from the Adjusted ESACET test along with the non-resource benefits.
3. Develop a work scope for an upcoming study to improve the non-energy benefits (NEBs) calculations used in the ESA cost effectiveness tests and to conduct an Equity Evaluation on all ESA measures. The work scope will include a process for updating the NEBs, assessing the health comfort and safety attributes of all program measures, establishing consistency among the IOUs, and recommending a process for future updates.

While the majority of the working group recommended an adjusted ESACET target threshold of 1.0 and agreed on additional tasks needed to be addressed before the adjusted ESACET can be implemented, TELACU et al. developed a Non-Consensus Statement that was attached to the working group recommendation describing why the threshold should not be implemented immediately. This document identifies similar objectives for considering cost-effectiveness issues for the ESA program as the majority recommendation, such as categorizing uncertain measures into resource and non-resource and not requiring a 1.0 threshold for the ESA program at this time.

#### 3.10.1. Parties' Positions

TELACU et al. submitted comments reiterating what was included in its Non-Consensus Statement, supra. Proteus supports TELACU et al. Non-Consensus Statement's "staunch advocacy for rejecting an arbitrary cost-effectiveness threshold that will severely impact the Central Valley's low-income residents facing extreme temperatures and hardships."[220] SCE recommends, absent agreement on a threshold to be applied immediately, "that

[220] Proteus, Reply Brief at 19-20.

the CPUC use the ESACET and TRC results for SCE's 2015-2017 portfolio as the threshold for SCE."[221]

TURN, ORA, and NRDC et al., all of which were represented in the working group, reiterated their support for the group's recommendations. Greenlining noted that a primary task of the cost-effectiveness working group is to "complete the categorization of ESAP measures that provide health, safety, and comfort and to recommend how the CPUC should treat and measure non-energy benefits."[222] NRDC et al. states that it "recommend[s] that a combination of a 1.0 adjusted ESACET and an energy savings goal is the ideal way to design and approve ESA programs."[223] ORA states that a "cost-effective target of 1.0 will assure the CPUC that the right level of investment is being made."[224]

Several parties (ORA, NRDC et al., and TURN) responded directly to rebut TELACU et al.'s comments and Non-Consensus Statement related to the Working Group recommendations. NRDC et al. observe in its Reply Briefs that TELACU et al. objects to implementing a target TRC threshold until all measures are identified as resource or non-resource, and states that this was already recommended by the working group majority recommendations, clarifying that "the working group recommended a 1.0 benefit cost threshold be applied to the ***Adjusted ESACET,***" which would exclude health, comfort, and safety-focused measures that are not focused on reducing energy use (and would therefore lower the overall program cost-effectiveness if they were included). NRDC et al. further states that "the working group's proposal noted that additional measures

[221] SCE, Comments at 17.
[222] Greenlining, Reply Brief at 8.
[223] NRDC et al., Comments at 19.
[224] ORA, Comments at 3.

may later be suggested to be removed from the Adjusted ESACET calculation."[225] ORA responds to TELACU et al.'s concerns that "when a cost-effectiveness threshold is established, the IOUs will need to juggle the mix of measures in order to reach that threshold and may result in the reduction of the frequency of core infiltration measures" a core health, comfort and safety measure, by stating that the ESA Program's goals are to improve health, comfort and safety ***and*** reduce energy use, and that establishing a 1.0 benefit cost target for the Adjusted ESACET, which considers both energy and non-energy benefits, is therefore not in conflict with Public Utilities Code Section 2790, as TELACU et al. had asserted.[226]

TURN states in its reply brief: "While TURN appreciates TELACU's concern for preserving equity impacts of the ESA program, we disagree with TELACU's critique of the Working Group recommendations."[227] TURN goes on to identify several reasons it believes the Working Group recommendations should be adopted, including "the recommendations reflect thoughtful balancing of the dual objectives of the ESA Program," "the Working Group intends to complete the measure categorization and recommend the exclusion of measures not provided for energy savings purposes before the adjusted ESACET takes effect," and "the methodology for quantifying NEBs will be improved during this program cycle for application in the post-2017 program." TURN explicitly states that it "shares TELACU's concerns about the application of the Adjusted ESACET threshold before all existing measures have been vetted to determine whether they should be included or excluded from the test, but the Working Group recommendations appropriately address this issue by prioritizing the

[225] NRDC et al., Reply Brief at 8.
[226] ORA, Reply Brief, Section B.
[227] TURN, Reply Brief, Section D.

categorization of measures previously considered "uncertain" as either "resource" or "non-resource," after which the Working Group will propose their inclusion in or exclusion from the Adjusted ESACET, before the threshold is to be applied.

#### 3.10.2. Discussion

A major complexity of the ESA Program is that it simultaneously pursues energy efficiency savings and health, comfort, and safety benefits for an often hard to reach population. Certain measures, particularly those that impact safety, should generally be implemented regardless of the measures' apparent lack of cost-effectiveness. However, the majority of program offerings should be subject to a cost-effectiveness threshold that considers all of the relevant program benefits and avoided costs. We find that the working group's recommendations provide an appropriate approach to both implementing essential measures and providing cost-effectiveness guidance on the remainder of the ESA Program measures.

While the Working Group has recommended an adjusted ESACET threshold of 1.0 as a target threshold, we agree that several tasks need to be completed prior to considering this threshold, as summarized below from the working group recommendations:

1. Identify which measures should be included in the Adjusted ESACET;
2. For measures excluded from the Adjusted ESACET calculation, develop a methodology to exclude from the calculation all administrative costs and any non-energy benefits associated with those measures, including those costs and benefits that may be attributable to the whole program and are not clearly tied to any specific measure; and

3. Revise as needed the non-energy benefits (NEBs) ascribed to ESA Program measures.

We direct the working group to continue to meet in order to complete the first two tasks above. In doing so, the working group shall ensure compliance with D.16-06-007[228] which requires a single avoided cost model for all proceedings for any cost-effectiveness analysis conducted. With regard to the third task, we note that consistent with the working group's 2013 recommendations adopted by the Commission in D.14-08-030, the utilities have jointly proposed to spend $150,000 to conduct a study during this program cycle to improve the calculation of NEBs, which we hereby approve. As TURN describes in its reply briefs, "this study will provide additional information for the recommended Equity Evaluation and NEBs in order to better understand the value of the ESA Program and justify the benefits of measures that may not otherwise be justified on the basis of generating meaningful energy savings."

We direct the IOUs to coordinate with the cost-effectiveness working group to incorporate the working group's input into the NEBs study work plan and provide the group with an opportunity to review and comment on draft study deliverables. In order for the next program cycle to be informed by the outcomes of this effort, we direct the IOUs to complete this study in 2017 and to distribute it to the service list when complete. The Commission may consider this study, along with the cost-effectiveness working group deliverables, in a possible subsequent decision to this proceeding. Further guidance is provided to the Working Group below.

The Working Group is directed to submit a proposed schedule and work plan to the low-income proceeding service list no later than 30 days after the date

[228] Decision issued in R.14-10-003 on June, 15, 2016 to update portions of the Commission's current cost-effectiveness framework.

this Decision is approved. This plan will identify interim milestones and deadlines for the Working Group to finalize recommendations to inform the post-2017 program cycle. The final recommendations shall be distributed to this proceeding's service list no later than June 1, 2017, and shall identify: (1) which measures should be included and excluded from the Adjusted ESACET calculation; (2) how to appropriately allocate administrative costs and non-energy benefits across program measures; and (3) to the extent available, how revised NEB values should be incorporated into the adjusted ESACET. If the Working Group is unable to complete its recommendations by June 1, 2017, it may instead submit a progress report, including any completed deliverables and a revised schedule and work plan for the remaining deliverables to the applicable service list for this proceeding. The Working Group need not achieve consensus; instead, a majority proposal and an alternative proposal may be recommended on any given topic. The Commission will then consider these final recommendations, and adoption of an adjusted ESACET threshold, in a possible subsequent decision to this proceeding.

### 3.11. Evaluation, Measurement and Verification (EM&V) Funding

In the Guidance Decision,[229] the IOUs were asked to provide a summary of any new studies and/or evaluations they were proposing, and to describe how each study or evaluation contributes to meeting any ESA and CARE Program initiatives. Directives also required any new study and evaluation proposals to include proposed budgets and detailed justifications for being implemented.

#### 3.11.1. IOU Proposals

SCE, PG&E, and SoCalGas all request an additional $200,000 in EM&V funds for "rapid feedback research and analysis." These funds are proposed to

[229] D.14-11-025 at 28 (Section H: STUDIES AND EVALUATIONS).

be used to conduct smaller-scale research projects and data analyses that may arise over the course of the program cycle. They state that the research budgets will allow each utility to address program specific needs as they arise in an expedient and cost-effective manner. The IOUs indicate that these "rapid feedback research and analysis" projects may obtain or analyze data to support questions regarding ongoing program quality monitoring, answering a particular question that arises during the course of running the program and receiving stakeholder feedback, or building off existing or ongoing research by activities such as conducting new analyses of existing data. The IOUs argue that, as appropriate, some of these funds may be used to leverage and integrate with other relevant EM&V projects (for example, general energy efficiency multifamily evaluation work). The utilities estimate that these projects are expected to cost between $3,000 for a small scale analysis, and $50,000 for a more involved and directed process-related study that may require additional data collection.[230]

Separate from this rapid feedback and analysis discussion, SoCalGas proposes to conduct a regional study in 2016 to assess undocumented residents' trust barriers, as some customers may be concerned that because of their citizenship status, ESA or CARE Program participation could make them vulnerable to immigration enforcement. The study has a limited scope and will utilize in-depth interviews to inform SoCalGas' marketing and outreach to this customer segment. The projected cost is estimated at approximately $40,000 based on a $20 per minute in-depth interview. SoCalGas proposes enough funding to conduct approximately 24 in-depth interviews that would each last 60

[230] SCE, Application at 140, 145-146; PG&E, Application at 2-145, 2-146; SoCalGas, Application at 122, 50, CAR-38.

minutes.[231] SoCalGas proposes that the total cost for this effort will be funded equally by both the ESA and CARE Programs.[232]

In addition to the regional study, SoCalGas also seeks to enhance partnerships with advocacy organizations that serve undocumented residents, and address trust barriers. Given this, SoCalGas is planning to conduct interviews with advocacy organizations to solicit feedback on ways to increase participation among eligible customers within this community. Early testing and implementation of communication recommendations will include a series of direct mail and/or e-mails that track the success of unique messages that address undocumented customer enrollment barriers. The plan, to work with these advocacy groups who serve undocumented residents, builds on existing outreach efforts planned for this program cycle's timeframe.[233] It is unclear from the application as to whether the cost of this outreach will be a part of the previously referenced undocumented customer study that is projected to cost $40,000 and split between the CARE and ESA Program Marketing and Outreach budgets.[234]

SoCalGas is also proposing a one-time, $35,000 CARE Customer Service Representative (CSR) Enrollment Study in 2016. This market research study will aim to troubleshoot and determine whether there are any improvement needs and/or issues that can be identified, and where changes or enhancements to the process can be made. The total cost of this study is included in the 2016 CARE General Administration budget line item.[235]

[231] SoCalGas, Application at 138.
[232] SoCalGas, Application at 138.
[233] SoCalGas, Application at 26, 50-51.
[234] SoCalGas, Application at 16.
[235] SoCalGas, Application at CAR-66.

### 3.11.2. Parties' Positions

In its protest, Greenlining expresses appreciation for SoCalGas' work towards maintaining a collaborative relationship with CBOs in its territory, but opposes the undocumented advocacy organization study proposal for three reasons: (1) there are questions whether the study will yield information not already addressed in various other low-income ME&O efforts; (2) immigrant groups are not monolithic and SoCalGas has failed to specify its CBO selection criteria for participation in the study; and (3) as these residents are reluctant to self-identify as undocumented, it will be necessary for trusted CBOs to create a tailored survey, find participants, and implement the study. Greenlining indicates that it might support a proposal that directs funding for this study to the CBOs.[236]

In later rebuttal testimony, Greenlining posits that SoCalGas' undocumented studies could be potentially duplicative of the efforts of the 2015-2016 LINA study. Given the funding amount and effort that is currently being spent on that study, Greenlining believes that it would be unwise to award extra money to a separate administrator of a separate study with goals that are very similar to the LINA.[237]

### 3.11.3. Discussion

We understand that in the general energy efficiency proceeding (R.13-11-005), the IOUs are granted much more flexibility and much larger budgets for EM&V efforts and that the budgets, rather than the scope, of the EM&V research is approved by the Commission. That flexibility has enabled the IOUs to respond to new research needs more quickly. With this model in mind, we approve the IOUs' request for a $200,000 Rapid Feedback and Analysis

[236] Greenlining, Protest at 7.
[237] Greenlining, Rebuttal Testimony at 2.

budget line item. While SDG&E did not request this funding, we believe that there is value in uniformly approving these budgets; particularly as this program cycle unfolds, cross-over research needs may appear between this proceeding, and its customers and other research activities. While the funding for this Rapid Feedback will come from the ESA Program, we believe that because ESA Program customers are also CARE customers, it is appropriate to allow CARE Program research needs be funded from this effort.

Rather than create a separate process for the oversight of these IOU EM&V efforts in this proceeding versus what has been longstanding within the mainstream Energy Efficiency proceeding, we look to the *Energy Division & Program Administrator Energy Efficiency Evaluation, Measurement and Verification Plan Version 5*[238] for guidance. Specifically, in Section 5 of that document, clear direction is provided on the requirements for the formation, description, tracking, review and approval, and initiation of an EM&V project. We adopt those guidelines here for the ESA Program Rapid Feedback and Analysis projects.

We decline to approve SoCalGas's one-off, single jurisdiction study of undocumented residents. While this is a worthy and laudable request by SoCalGas, we are in agreement with Greenlining that the LINA study should incorporate the needs of this customer segment into its research scope. We are unconvinced that the needs of undocumented ratepayers vary across service territory lines in a significant manner that cannot be assessed in the LINA, and therefore believe that a more comprehensive look at these customers and their

[238] Retrievable here: http://www.energydataweb.com/cpucFiles/pdaHomeDocs/4/EMV%20Evaluation%202013-2-2015%20Plan%20V5_2015_05-01_Final_pdf.pdf

needs is warranted – one beyond what is proposed by SoCalGas, but within the scope of the LINA.

We do not object to SoCalGas' proposed $35,000 CARE CSR Enrollment Study, but funding should come from the newly established $200,000 Rapid Feedback and Analysis budget line item, and thus will not receive separate authorization. Furthermore, we expect SoCalGas and SCE to utilize funds from this newly authorized Rapid Feedback and Analysis budget for any EM&V efforts required to measure the impact of the D.16-04-040 directed ESA Program efforts in the low-income communities affected by the Aliso Canyon Gas Storage Facility natural gas leak.

### 3.12. Studies

#### 3.12.1. ESA Program Impact Evaluation Study Budget

In prior ESA Program cycles, Commission decisions authorizing the three-year program cycle and related budgets included authorization for program cycle impact evaluations that would provide savings estimates for ESA Program measures. There have been four impact evaluation studies since D.03-10-041, which authorized the 2002 study. The most recent study was authorized by D.12-08-044 and provided savings estimates for measures installed in program year 2011.

Both the 2009 and the 2011 studies were hampered by an abbreviated timeline and were therefore limited to a relatively simple billing analysis. NRDC et al., PG&E, SCE and SoCalGas are in agreement on the need for a 2015-2017 impact evaluation with a timeframe that spans a minimum of 12-18 months of the program cycle. They posit that this longer timeframe will allow an evaluation contractor to go beyond a short-term billing analysis and conduct research that

will provide accurate measure-level savings estimates related to how what occurs in participants' homes, such as occupancy and measure usage, may affect measure performance. Prior studies have produced inconsistent savings estimates, and it is unclear, based on the limited nature of the billing analysis research, what may have been driving these fluctuations in calculated measure savings.[239]

In light of the IOUs' and stakeholders' support for a more robust 2015-2017 impact evaluation, Commission staff and the IOUs initiated the contractor selection process in the fourth quarter of 2015. A RFP was issued on November 16, 2015. Proposals were submitted on December 28, 2015, and after a review and scoring process, DNVGL was selected on February 17, 2016. Although the IOUs may use a small amount of funding from an alternative source for preliminary work on the study, the primary work will begin once an evaluation budget is authorized by Commission Decision.

NRDC et al. proposed the establishment of a stakeholder oversight group for the 2015-2017 impact evaluation, in order to improve transparency and minimize perceived disputes.[240] We see value in stakeholder participation; however, we believe that can be meaningfully achieved within the stakeholder process that exists today. Rather than create a separate process for the oversight of these IOU EM&V efforts in this proceeding versus what has been longstanding within the mainstream Energy Efficiency proceeding, we look to the *Energy Division & Program Administrator Energy Efficiency Evaluation, Measurement and Verification Plan Version 5* for guidance. Specifically, in Section 5 of that document, clear direction is provided on the requirements for the formation,

[239] NRDC et al., Rebuttal Testimony at 5-7; PG&E, Rebuttal Testimony at 2-21; SCE, Rebuttal Testimony at 23-24; SoCalGas, Rebuttal Testimony at MA-HY 24.
[240] NRDC et al., Rebuttal Testimony at 6.

description, tracking, review and approval, and initiation of an EM&V project. We adopt those guidelines here for the ESA Program Impact Evaluation.

Key aspects of the impact evaluation, including the draft research plan, will be distributed to this proceeding service list for public review and comment. Stakeholder input will be considered and acted on, where warranted. As for NRDC et al.'s proposal to explore evaluation alternatives, such as those offered by energy management technology software-as-a-service platforms,[241] we defer to the discussion in Section 4.4 of this Decision, in which the role of Advanced Metering Initiative (AMI) data and existing EM&V processes are considered.

In an effort to move towards more seamless and integrated energy efficiency program offerings and to also promote a more accurate picture of the savings generated by the ESA Program, we have become increasingly aware that our continued reliance on billing analyses may have limitations. Recognizing these limitations, as well as similarities among measures in both the ESA program and mainstream direct install EE offerings, beginning in 2018, the ESA Program will utilize deemed savings values for all program measures, in alignment with mainstream EE program activity.

#### 3.12.2. ESA and CARE Low Income Needs Assessment (LINA)

In August of 2012, the Commission issued D.12-08-044, directing the IOUs to conduct a LINA study. Prior to that, the last needs assessment was completed in 2007. The objective of the study was to provide updated information to support important program and regulatory decisions related to better addressing the needs of low-income customers. The final report was issued in December 2013 and provided useful insight into the participation rates of targeted

[241] NRDC et al., Rebuttal Testimony at 7.

CARE/ESA Program customers as well as recommendations to increase participation.

With the passage of AB 327 in October 2013, the Commission was mandated to conduct a LINA study every three years, subdivision (d) of Section 382 of the Public Utilities Code was amended to read:

> …an assessment of the needs of low-income electricity and gas ratepayers shall be conducted periodically by the commission with the assistance of the Low-Income Oversight Board. A periodic assessment shall be made not less often than every third year. The assessment shall evaluate low-income program implementation and the effectiveness of weatherization services and energy efficiency measures in low-income households. The assessment shall consider whether existing programs adequately address low-income electricity and gas customers' energy expenditures, hardship, language needs, and economic burdens.

In response to AB 327, in D.14-08-030, the Commission directed the IOUs to propose an attendant scope, schedule, and budget in their 2015-2017 CARE and ESA Program budget applications; the study was required to be completed by no later than December 31, 2016.

#### 3.12.2.1. Discussion

In their budget applications, the IOUs proposed a combined budget of $500,000 with the following high level scope. Per D.14-08-030, the proposed study must at a minimum:

1. Produce estimates of remaining energy potential;
2. Provide updated assessments of energy insecurity and energy burden;
3. Assess the level of burden in providing income documentation for CARE; and
4. Identify the most beneficial program measures.

The overall purpose of this next needs assessment study is to learn more about the nature and needs of California's low-income customers in service of identifying ways to better serve them and improve the CARE and ESA Programs. It is expected that the results from this new needs assessment study will complement and build upon what has been learned via prior studies, leverage and coordinate with ongoing studies covering similar topics, and address some research-related gaps that have been identified over the course of executing prior studies.

As directed in D.14-08-030, the IOUs must consider methodologies to estimate remaining potential for the CARE and ESA programs. Additionally, the general EE proceeding (R.13-11-005) mandated a cross-cutting Potential and Goals Study that addresses all sectors, including low-income households. To avoid duplication of efforts, the IOUs and Energy Division staff leveraged the Energy Efficiency Potential and Goals Study being conducted in R.13-11-005 to address the directive in D.14-08-030. The IOUs and Energy Division staff also worked with the Potential and Goals Study team to update data inputs.

The 2015 Potential and Goals Study now incorporates two key updated data inputs: (1) unit energy savings (savings per participant); and (2) forecasted number of participants. Unit energy savings data inputs were gathered from the ESA Annual Reports in order to provide the most accurate and transparent approach to defining unit energy savings. The number of participants forecasted was also updated per the latest LINA report, as well as with current CPUC policy that states all eligible and willing ESA customer participants would be served by 2020.[242] The "Energy Efficiency Potential and Goals Study for 2015 and Beyond"

[242] *Energy Efficiency Potential and Goals Study for 2015 and Beyond, Stage 1 Final Report*, Navigant Consulting, Inc., September 2015 at 42 – 43.

was finalized on September 16, 2015 and sent to the Energy Efficiency Service List (R.13-11-005).[243]

We find this leveraging approach reasonable and consistent with the Commission direction expressed in D.14-08-030. At the same time, we believe it is important to consider what methodological changes, beyond the data updates already completed, may be warranted to improve the accuracy of future Potential and Goals Studies, including the new feasible and willing to participate factor adopted in this decision. Thus, we direct Commission staff to work with the 2017 Potential and Goals Study consultant to consider methodological updates to the study that are specific to the low-income sector, and ensure the implementation of a robust methodology in assessing the savings potential in the low-income sector.

**Other Topics to Be Addressed by the LINA Study**:

In order to meet the December 31, 2016 study completion date and statutory deadline, the study is currently underway and we cap the authorized budget at $500,000 utilizing the traditional (PG&E-30%, SCE-30%, SCG-25%, SDG&E-15%) IOU funding split. At a minimum, this study will address the three remaining topics identified in D.14-08-030:

- Provide updated assessments of energy insecurity and energy burden;
- Assess the level of burden in providing income documentation for CARE; and
- Identify the most beneficial program measures.

[243] *Energy Efficiency Potential and Goals Study for 2015 and Beyond, Stage 1 Final Report*, Navigant Consulting, Inc., September 2015. http://www.cpuc.ca.gov/NR/rdonlyres/0C4CF052-0E02-4776-A69A-88C619AC8DFB/0/2015andBeyondPotentialandGoalsStudyStage1FinalReport92515.pdf.

A draft report will be circulated in October 2016 and will be followed by a public workshop to allow stakeholders and interested parties to comment and provide input on the study before it is finalized.

### 3.13. Mid-Cycle Issues

SCE and SoCalGas propose an Advice Letter process to implement newly identified ESA Program measures.[244] SCE argues that this approach would provide greater program flexibility and responsiveness and requests authorization to identify the funding source for the new measures as part of a Tier 2 Advice Letter filing. Similarly, SoCalGas seeks authorization for ESA Program administrators, mid-cycle, to file an Advice Letter in circumstances where the delivery of all feasible measures requires restatement of the homes treated goal, rebalancing of the energy efficiency portfolio, and performance of associated fund shifts.

Specifically, SoCalGas requests authorization to allow ESA Program administrators to report, through an Advice Letter process, if new measures, which IOUs may have limited or no field experience with, qualify for installation at a higher rate than forecasted, resulting in a significant budgetary impact. The Advice Letter process would allow the IOUs to rebalance their ESA Program energy efficiency measure portfolios, restate the number of homes that can be treated given the budget impact, and to adjust the authorized budget between cost categories consistent with the fund shift rules. Upon approval of the Advice Letter, the program administrator would operate from that point forward with the new program goal to meet within the existing total budget.

As previously mentioned, SoCalGas also proposes establishment of a mid-cycle working group, consistent with the approach conducted after the

[244] SCE, Application at 103; SoCalGas, Application at 39.

issuance of the PY2012–2014 decision, to work collaboratively to update the Policy and Procedure Manual for changes authorized by the Commission for PY2015-2017.[245] In its Reply Brief, SCE concurs with the idea of a working group, specifically for purposes of establishing measure replacement criteria.[246]

### 3.13.1. Parties' Positions

In its reply comments, TELACU et al. supports updating the statewide installation standards and ESA Policy and Procedure Manual through a working group.[247] TURN also supports such a Working Group for purposes of determining go-back criteria, addressing mid-cycle changes, and providing an ongoing forum for stakeholders.[248] PG&E recommends the creation of a Mid-cycle Working Group to address ongoing manual updates and other mid-cycle processes and technical concerns as appropriate.[249] PG&E also agrees that potential go-back criteria and priorities could be addressed by such a Working Group.[250]

Proteus supports the LIOB ESA/CARE Implementation subcommittee's recommendation that a working group comprised of the subcommittee, the IOUs, and contractors be formed and charged with how to best implement changes to 3MM and determine goals for post 2020.[251] NRDC et al. recommends the Commission reconvene the Mid-Cycle Working Group for the purposes of enhancing the public process, updating the weatherization installation standards (WIS) and P&P Manuals, updating measure caps, resolving technical

[245] SoCalGas, Application at 38, 46.
[246] SCE, Reply Brief at 6.
[247] TELACU et al., Testimony at 3.
[248] TURN, Mitchell Testimony at 21-22.
[249] PG&E, Reply at 8.
[250] PG&E, Rebuttal Testimony at 2-17.
[251] Proteus, Joint Comments at 9-10.

inconsistencies, and disseminating best practices.[252] NRDC et al.'s opening brief clarifies their support for such a working group to address the introduction, evaluation, and retirement of measures,[253] and they specifically request the Commission consider deferring the question of refrigerator replacement to the working group.[254] In their reply brief, NRDC et al. further envision the working group as a forum for new technology providers, and P&P they counter SCE's argument that the IOUs are adequately incentivized to garner stakeholder participation, absent a formal setting.[255] NRDC et al. further supports the IOUs' proposal to implement mid-cycle modifications with a Tier 2 Advice Letter process.[256]

The EEC also supports instituting a working group to address Policy and Procedure Manual updates, as well as mid-cycle measure caps, co-pays, and retirement criteria.[257]

Likewise, TURN recommends that the Commission reconvene the Mid-Cycle Working Group[258] and permit the utilities to propose measure changes mid-cycle via Tier 2 Advice Letter. TURN also recommends that the Commission direct the utilities to consult with the Mid-Cycle Working Group prior to submitting a Tier 2 Advice Letter, unless the Mid-Cycle Working Group fails to convene within 30 days of a utility's request for a meeting to vet a proposed ESA Program measure change.[259]

SCE reiterates its proposal to utilize the Tier 2 Advice Letter process during the program cycle to introduce new measures or retire measures and

[252] NRDC et al., Stamas Testimony at 16-17.
[253] NRDC et al., Opening Brief at 28.
[254] *Id.* at 30.
[255] NRDC et al., Reply Brief at 14.
[256] *Id.* at 17.
[257] EEC, Rago Testimony at 2-3.
[258] TURN, Opening Brief at 34.
[259] TURN, Opening Brief at 37.

states that no party objects to this proposal, and it is consistent with the Commission's adopted processes for introducing new program elements into the utilities' Energy Efficiency and Demand Response portfolios. SCE further proposes new measures to increase cost-effectiveness and benefits to customers.[260]

It is SCE's position that the utilities have a reasonable incentive to consult with the Energy Division and other stakeholders in advance of proposing mid-cycle changes. Therefore, SCE does not believe a formal working group is necessary to review the utilities' evaluations of new measures or proposals to retire existing measures. However, to the extent the Commission forms a mid-cycle working group, it should consist of representation from Energy Division, ORA, TURN, the utilities, and stakeholders with the requisite knowledge and resources to actively participate in the review of the utilities' mid-cycle measure evaluations.[261]

Lastly, ORA supports the Advice Letter process option, arguing that "a Mid-Cycle Working Group will be more time-consuming and less structured," in comparison to the Advice Letter filing and protest timeline.[262]

#### 3.13.2. Discussion

Although there is some support for SCE and SoCalGas' request to resolve mid cycle issues for CARE And ESA through an advice letter process, we note that the Advice Letter process referenced by SCE for the Energy Efficiency and Demand Response portfolios is guided by strict cost-effectiveness criteria that are set in advance via Commission Decision. This is not the case for the ESA Program, which must also balance health, comfort, and safety considerations.

[260] SCE Application at 5.
[261] SCE, Opening Brief at 7.
[262] ORA, Reply Brief at 10.

Other activities, such as budget augmentations, also lack clear criteria for approval. Without clearly defined criteria to apply, Energy Division staff cannot dispose of an Advice Letter. The current PFM process, in contrast, allows for the Commission to review justifications for requested mid-cycle changes in the record, and to further build the record with new evidence such as new budget tables and supporting testimony as necessary. Therefore, we maintain the PFM process requirement for such changes.

All proposals must include budgets and cost effectiveness calculations, incorporating results from the recently adopted water-energy calculator, if applicable. The proposals shall include the measure, pilot or initiative's Measure TRC.

Concerning the request of various Parties to reconvene the Mid-Cycle Working Group, we appreciate the consensus on the practicality of such a Working Group. We also acknowledge the usefulness of maintaining such a forum for stakeholder participation, which we have seen in the workshops in the instant and prior proceedings, as well as in previous working group setting. We therefore approve the request to reconvene the Mid-Cycle Working Group. We do not approve the IOUs' request to resolve general mid-cycle modifications to the CARE and ESA programs by means of the Tier 2 Advice Letter process. Instead, the primary purpose and focus of this Working Group will be to implement specific directives of this decision as outlined below:

1. The Mid Cycle Working Group is reconvened and modified as set forth below:

   (a) The Energy Division and IOUs are jointly charged with soliciting and re-establishing the Mid-Cycle Working Group, which must convene within 30 days of this Decision.

2. The Mid-Cycle Working Group will be charged with the following tasks:

(a) Making recommendations for updates to the Statewide Policy and Procedure Manual to align it with this Decision and to resolve inconsistencies, including any updates necessary for compliance with policy modifications such as the Modified 3MM Rule, Energy Education, and the Willingness to Participate Factor.

(b) Making recommendations for updates to the California Installation Standards (IS) Manuals to align them with this decision and to resolve inconsistencies, considering new and/or retired program measures, household and measure price caps, measure installation limits, categorization of program measures, etc.

(c) Provide recommendations on the adoption of on-line data reporting systems (ODRS) for the ESA Program to help the IOUs and Commission better understand how these systems collect and report workforce data. This assessment should help determine the value of adopting ODRS for the ESA Program into IOU operations, its cost-benefits, and identify any administrative burdens to implement by either contractor or utility.

(d) Making recommendations for updates to monthly and annual reporting criteria.

(e) Making recommendations for the household retreatment prioritization models, implementation and outreach strategies, and other aspects of a post-2020 ESA Program, including any changes to the "Go Back Rule" criteria.

3. The size and makeup of the Mid-Cycle Working Group will be determined in consultation with the Energy Division to yield a balanced and productive exploration of the aforementioned issues.

4. The Mid-Cycle Working Group must, by no later than 120 days of this Decision, submit to the service list the working group's initial recommendations in each of the subject areas outlined above and schedule a workshop to present its proposed updates to the reporting criteria, and to the Statewide P&P and CA Installation Standards Manuals, for vetting by the public and/or interested

stakeholders. At its discretion, Energy Division may direct the Mid-Cycle Working Group to submit a workshop report to the service list within 30 days of the workshop, and may solicit informal comments.

5. Once the directives specified above, regarding the submission of the working group's initial recommendations, and a public workshop to review the manual updates is held, the Mid-Cycle Working Group may write to the service list requesting an ALJ Ruling directing it to explore and consider issues that may be ripe for subsequent program cycles. If the Mid-Cycle Working Group does not make such a request within 90 days of the submission of its initial recommendations to the service list, or if the ALJ declines to grant the Working Group's request within 15 days, the Mid-Cycle Working Group shall be dissolved.
6. Considering the recommendations of the Mid-Cycle working group, as well as the outcome of the workshop, Energy Division shall issue final monthly and annual reporting templates once consensus has been reached. Once the new reporting templates have been issued by ED, all prior ESA and CARE reporting requirements will be superseded.

If not approved as part of this Decision, all other proposals in the record concerning mid-cycle program changes are denied.

### 3.14. ESA Program Statewide Policy & Procedure Manual Updates

The P&P Manual is a single repository for ESA Program policy and procedure related content. Ideally, the Statewide P&P manual is reflective of the most recent governing Commission Decision authorizing ESA Program budgets, measures and policy updates. However, this has not been the case in recent years and prior ESA Program cycles. The Statewide P&P manual for the 2009-2011 ESA Program was approved via a Joint AC/ALJ Ruling on August 31, 2010, approximately halfway through the 2009-2011 program cycle. The next version of the Statewide P&P manual (applicable to the 2012-2014 program cycle)

was not approved until the third quarter of 2014, via Commission Decision D.14-08-030.

### 3.14.1. Parties' Positions

SCE recommends that the Energy Division, in conjunction with the IOUs, develop a policy manual to be adopted by the Commission for the ESA Program to guide policy in place of numerous sequential decisions that, at times, conflict with prior directives. SCE further notes this approach as a "best practice" that is used by the Commission for complex programs such as the California Solar Initiative. Absent the development of a separate policy manual, SCE proposes enhancement of the Statewide P&P Manual as a reasonable alternative.[263] SoCalGas' application recommends a mid-cycle working group, consistent with the approach conducted after the issuance of the PY2012–2014 decision, to work collaboratively to update the Statewide P&P Manual for changes authorized by the Commission for PY2015–2017.[264]

TELACU et al. provides support for establishment of a working group (including non-IOU parties) to update the Statewide P&P Manual and California Weatherization Installation standards.[265] PG&E's reply comments also support the concept of the creation of a Mid-cycle Working Group in 2016 to address ongoing manual updates and other mid-cycle processes and technical concerns as appropriate.[266]

### 3.14.2. Discussion

Updates to the Statewide P&P Manual have not been provided in a timely manner in recent years for several reasons. One reason is that it was determined

[263] SCE, Application at 125.
[264] SoCalGas, Application at 4, 46.
[265] TELACU et al., Joint Response at 5-6; EEC, Response at 16.
[266] PG&E, Reply at 8.

that a Commission decision (and not a Ruling) is required to authorize the proposed changes to the Statewide P&P manual.[267] In addition, D.12-08-044 established a mid-cycle working group and directed the working group to update the Statewide P&P Manual as one of its deliverables. While the mid-cycle working group accomplished its goal by the specified deadline, the proposed updates were not adopted for approximately two years following that directive because a subsequent Phase 2 decision was required to adopt the updates.

The Statewide P&P manual is not updated frequently enough to reflect changes ordered by Commission decisions. In many cases, ESA Program rules change more often than the Statewide P&P Manual. This can limit the success of the utilities and contractors if they are bound to outdated rules. This issue can also be problematic when ESA Program audits are conducted, as it can be difficult, if not impossible, to verify compliance when manual updates are not made in a timely manner and/or are in conflict with governing Commission decisions. The amount of time that is required to revise, publically vet, submit changes, and receive Commission approval has proven to be challenging and a source of uncertainty for stakeholders. In considering SCE's request to revise the current Statewide P&P Manual as an alternative to development of a separate policy manual, we note that the manual underwent significant revisions late in the 2012-2014 program cycle. The revisions resulted in approximately half of the document text being transferred to the CA Installation Standards Manual due to its technical content. While SCE's recommendation to enhance the manual is reasonable, we believe further enhancements beyond what is specified below in this section could delay the update and approval process, as has been the case in the past. Our goal is to expedite future updates to the Statewide P&P Manual

[267] D.12-08-044 at 68.

while ensuring the content reflects the most current governing Commission Decision. To that end, in the preceding section addressing mid-cycle issues, we have granted the parties' proposal to reconvene the mid-cycle working group and assign the tasks of updating the existing manual in accordance with all applicable components of this decision.

The Statewide P&P Manual is intended to incorporate and complement Commission decision directives and be used as a guide in terms of ESA Program policy and procedure. The working group's final deliverable will be an updated and enhanced Statewide P&P Manual that can be formally considered for adoption by the Commission. Further enhancements to the Statewide P&P Manual may occur with subsequent Commission decisions.

### 3.15. Contracting Initiatives for Low Income Program Activities

SDG&E requests that the Commission explicitly authorize the utilities to engage in joint contracting for statewide program activities to further the goals of the low-income program during this program cycle.[268]

OP 7 of D.14-08-030 approved SDG&E's request for the Commission to expressly adopt specific language authorizing the IOUs to engage in joint contracting for statewide program activities for the 2012-2014 program cycle, with the goal to avoid potential legal issues regarding joint utility cooperation posed by antitrust laws.

SDG&E repeats its request for the 2015-2017 program cycle and asks that the Commission re-affirm the language adopted in OP 7 of D.14-08-030 related to joint contracting during the 2015- 2017 program cycle, with slight modification, for future program cycles. SDG&E recommends the following:

[268] SDG&E, Application at AYK35-36; SDG&E, Opening Brief at 6.

a. Joint cooperative consultations between the utilities and energy efficiency contractors to determine contract requirements of their cooperatively administered and funded energy efficiency and low income programs.

b. One lead utility nominated to manage the sourcing and negotiation of joint contracts for the programs, subject to the approval and review by the other utilities before submission of the contracts to the Commission for its approval.

c. Other joint and collaborative activities as deemed necessary by the utilities for implementation of the statewide energy efficiency and low income programs, subject to the Commission's oversight.

#### 3.15.1. Parties' Positions

Other parties did not comment regarding this particular issue.

#### 3.15.2. Discussion

SDG&E's request for the Commission to adopt the same language, with modifications, adopted in OP 7 of D.14-08-030 related to joint contracting during the future program cycles was not contested by any of the parties. The slight modification requested by SDG&E is the addition of references to low-income programs as noted above. The additional clarifying language is reasonable and justified.

SDG&E's request is uncontested and aligns with prior directives; therefore, we approve it here for the future program cycles and across all four IOUs. We also direct the IOUs to notify the proceeding service list when a Request for Proposals (RFP) of any type is announced, and to notify the proceeding service list of the selected bidder and contract term, upon contract signing.

### 3.16. AB 327 Coordination

Among other rate changes, D.15-07-001 directed the flattening of rates and a strategy for the reduction in SDG&E and PG&E's CARE discount to 35%[269] by

[269] PG&E and SDG&E both currently have effective CARE discounts above 35%.

2019, in accordance with AB 327. These changes will have significant effect on low-income ratepayers. Due to the anticipated rate impacts, it is important for the IOUs to coordinate their CARE and ESA Program marketing and outreach with the ME&O plans directed in D.15-07-001. As described in Sections 4.2 (CARE/ESA Outreach and Innovative Outreach and Enrollment Strategies) and 3.8 (ESA Program Energy Education and Proposal for Phase II Study), we direct the IOUs to proactively coordinate and integrate ESA Program marketing in alignment with the D.15-07-001 ME&O Working Group.

Finally, the Commission expects that there will be costs associated with communications to customers about their enrollment status and about rate changes related to AB 327. It is appropriate to fund this effort through CARE outreach activities' budget; however D.15-07-001 has allowed the IOUs to establish memorandum accounts to track expenditures related to AB 327 outreach and education. While we approve the use of CARE outreach budget to go towards this effort, in order to prevent double-recovery of such costs, we caution each IOU to ensure that these CARE outreach/retention costs are being tracked correctly. Whether these costs are being tracked and recovered in the D.15-07-001 memorandum account, or if they are being recovered through this proceeding's CARE outreach and/or education budget, the costs and accounting thereof must be included in the IOUs' annual reports, for transparency and also to prevent any over-collection.

### 3.17. Disability Enrollment Goals

In D.08-011-031 and D.12-08-044, the Commission set a 15% minimum enrollment goal for the IOUs to enroll customers with disabilities. PG&E and SoCalGas support continuation of this enrollment goal.

#### 3.17.1. Parties' Positions

CforAT supports the continuation of the 15% minimum disability enrollment goal and refinements of the identification process to encourage self-identification without requiring immediate disclosure of a disability. In particular, CforAT supports improvements in methods to encourage voluntary self-identification for people with disabilities, and offers to work with the IOUs to develop forms and scripts. CforAT also recommends that the IOUs continue to track and report their success at meeting the 15% enrollment goal.

Finally, CforAT continues to recommend that the Commission require each IOU to take steps to ensure that data identifying households containing a person with a disability are incorporated into its main customer information database so that it can draw on this information to support any other efforts it makes to ensure that its services and customer information are accessible to people with disabilities.

In addition to maintaining the direct 15% minimum enrollment goal for households containing a person with a disability, CforAT states that the ESA program should continue to appropriately prioritize customer comfort and safety, which have long been recognized as non-energy benefits provided to households that enroll in the ESA Program.[270] Additionally, due to the high prevalence of disability in the CARE/ESA-eligible population, CforAT reiterates the importance of ensuring that all communications regarding these programs be provided effectively in accessible formats and mechanisms. This includes accessible versions of all printed material, from outreach and enrollment to education and recertification. Accessible formats include large print (14 point, sans serif font), Braille, electronic, and audio formats.

[270] CforAT, Testimony at 9-10.

CforAT further argues that ESA contractors should be prepared to communicate effectively with households where the primary resident is deaf; this is consistent with efforts to provide for communications with a Limited English Proficient (LEP) household. CforAT notes that it may not be sufficient to rely on written material to communicate with a person who is deaf, since many people who are deaf have minimal literacy in English. In these situations, CforAT argues that the contractor must be prepared to provide an ASL translator either in person or through video relay, rather than relying on a household member to translate.

CforAT further states that all information on CARE and/or ESAP provided online should be in a format that is accessible to screen readers and otherwise consistent with the web access standards set out in WCAG 2.0 AA, the widely accepted accessibility standards for internet content. Moreover, CforAT argues that mobile web sites and any apps that are recommended to customers (either developed by the utilities or recommended third-party apps to address issues such as efficiency) should be evaluated for accessibility.

At the same time, CforAT notes that the CARE/ESA-eligible population is among the most likely to have limited or nonexistent access to the internet. Therefore, CforAT argues that all information regarding the low-income programs should be available through alternative mechanisms, to ensure that unconnected households are not left out. This includes energy education materials and other content that may be primarily provided through a website.[271]

PG&E disagrees with the recommendation to identify disabled customers in its primary customer database, Customer Care and Billing (CC&B). PG&E notes that it already captures information on customers with disabilities in its

[271] CforAT, Testimony at 12-13.

EPO database, which is specific to the ESA Program. PG&E agrees with CforAT that the disability goal should be 15% of enrolled households.[272]

SoCalGas supports the CforAT proposal to maintain the 15% goal for the 2015–2017 period.[273]

### 3.17.2. Discussion

We approve the proposed continuation of the 15% enrollment goal and also direct the IOUs to incorporate the recommendations made by CforAT. Specifically, we direct the IOUs to work with CforAT to improve methods for voluntary self-identification on forms, and also improve their database to ensure better identification of households containing a person with a disability so as to draw on this information to support any other efforts it makes to ensure that its services are accessible to people with disabilities.

We also reiterate the importance of ensuring that all communications regarding these programs is provided effectively and appropriately in accessible formats and mechanisms. This includes, at a minimum, accessible versions of printed material, from outreach and enrollment to education and recertification, in large print, Braille, electronic, and audio formats.

However, we will not mandate any other specific refinements to the IOUs' enrollment and outreach process as we feel that the 15% enrollment goal sufficiently incentivizes the IOUs to take into considerations all feasible and reasonable improvements. We direct the IOUs and CforAT to continue to work cooperatively to resolve the logistical challenges in effectively enrolling the segment of the low-income population with a disability. If CforAT and the IOUs are unable to resolve these challenges on their own, they may jointly seek input from the mid-cycle working group established earlier in this Decision.

[272] PG&E, Rebuttal Testimony at 2-18.
[273] SoCalGas, Rebuttal Testimony at DJR-14.

The IOUs must also continue to report their success at meeting the 15% enrollment goal, including discussion of any outreach approaches introduced or retired, in their annual reports to the Commission.

### 3.18. Length of Program Cycle

The Strategic Plan envisioned that ESA would have four program cycles of three years each, between 2009 –2020. However, the first two program cycles have stretched longer than three years. The 2009-2011 program was continued in 2012 via bridge funding, and the Decision authorizing the 2012-2014 program was issued in August 2012. The Commission proactively extended the 2012-2014 program cycle through 2015 in D.14-08-030, as requested by the IOUs.

#### 3.18.1. Parties' Positions

ORA requests that the Commission convene a workshop to plan the length of the next program cycle. ORA argues that if multiple checkpoints can be built in, with opportunities for parties to comment on program changes, a longer cycle may be more efficient. ORA states that based on the pattern of bridge funding in past cycles, it would be most realistic to authorize ESA and CARE for at least four years in this proceeding. A longer program cycle would still allow for program changes and improvement throughout the cycle, as the utilities have proposed in their applications. Therefore, in ORA's view, a longer program cycle has the following advantages: adequate time to design, implement and review studies; less program uncertainty in the final year(s); and more consistency with the Energy Efficiency "rolling portfolio" approach. ORA further notes that the IOU applications contain several proposals to "explore," "consider" and "further investigate." ORA believes that if the Commission were to shift efforts away from preparing another application, time could instead be spent implementing

and reviewing the various vague proposals. ORA further states that a longer program cycle timeline would also improve study results.

At the same time, ORA argues that the utilities should be required to propose clear metrics and milestones for their ESA and CARE activities over the longer application cycle, to enable monitoring and review of utility performance in key areas. Then, the Commission could require compliance filings via Advice Letter, in which the utilities would demonstrate progress toward the metrics and milestones, and propose changes to the program should projections not materialize.[274]

SoCalGas has concerns regarding the establishment of a four year term, which would make the instant application minimally cover program years 2015-2018. A primary deficiency, in SoCalGas' view, is the absence of IOU proposals for 2018. SoCalGas is also concerned that extending the cycle will shorten the term of the final cycle. SoCalGas recommends aiming for the next Application to cover a three year period beginning in 2018, in the event IOUs encounter difficulties serving the remaining customer segment to meet the 2020 goal. In that event, should it be necessary to propose and implement new approaches to serve the hardest-to-reach customers, sufficient time would be available for implementation and deployment of such tactics.

Given that recent cycles have covered a span of four years, SoCalGas does not see a need for additional Advice Letter compliance filings to be performed every year, as proposed by ORA, or for additional metrics or milestones. The IOUs currently file monthly and annual reports containing metrics that allow for the monitoring of activities and progress, and SoCalGas believes these to be

[274] ORA, Watts-Zagha Testimony at 46-48.

sufficient. SoCalGas does not believe that a final determination of program cycle term needs to be made at this point in time.[275]

#### 3.18.2. Discussion

The Commission agrees with ORA regarding the length of recent program cycles. As a result of bridge funding in recent cycles, authorizing ESA and CARE for at least four years seems reasonable in this proceeding. As ORA states, this approach would still allow for program changes and improvement throughout the cycle, as the utilities have proposed in their applications. We therefore, extend this program cycle through 2018 as proposed by ORA.

### 3.19. Willingness to Participate

The willingness to participate (WTP) factor indicates the percentage of ESA-qualified low-income customers that are willing to participate in the program. In D.08-11-031 and D.12-08-044, we authorized the IOUs to use a 5% unwillingness factor (equivalent to a 95% willingness factor). The 5% factor was derived from the KEMA Phase II LINA study completed in 2007, which was an upper bound estimate. In the past, the IOUs suggested that the five percent unwillingness factor was underestimated due to the limited nature of the study's survey inquiry, and in light of additional information from SCE's program tracking data sources regarding customers who were unwilling and unable to participate. Also, many more households have participated since the time of that study, possibly leaving a harder to reach non-participant pool that may be less willing than the non-participant population in 2004, when the prior research was conducted. Based on this information, the IOUs proposed to increase the unwillingness factor in the 2012-2014 Low Income Program Applications to between 15 and 19%. However, in Decision 12-08-044, the Commission denied

[275] SoCalGas, Rebuttal Testimony at DJR-19.

use of a 15% factor, stating that additional information was required in order to determine whether the increase proposed by the IOUs was reasonable. Decision 12-08-044 further noted that the 2013 LINA should inform the Commission on this issue for this program cycle.

#### 3.19.1. LINA Study

The recently completed 2013 LINA Study provided new data, using three distinct data collection methods to approach the issue: (1) telephone surveys; (2) web-based surveys; and (3) in-home visits. We note that this factor does not take into account the percentage of willing customers who may be unable to participate due to environmental safety or toxicity issues.

The study identified the main reasons for unwilling customers' lack of participation: (1) Renter-specific barriers: Landlord permission was required and it was not worth the customer's time to obtain this permission (23%); (2) Lack of perceived need: customers did not believe they had any need to participate in the Program because they had an efficient home already (21%) or customers did not believe they had any need to participate in the Program because their appliances seem to be working well (11%); (3) Lack of program awareness: customers did not believe that the Program was legitimate and not a scam, either because they distrusted the utility or because they were skeptical that "you could get something for nothing" (9%); (4) Other barriers mentioned included the need to be home during the visits, taking time off work, having contractors in the home, trusting contractors, and the enrollment/scheduling/sign up process. When asked what might make this group decide to participate in the program, the most commonly cited reason was to lower their bills/save money, followed by the program offering them something they needed.

The LINA study also offers the following recommendations for addressing these barriers:

1. The IOUs should explore ways to increase the participation among renter households by developing a package of measures that could be offered to landlords to increase participation, or expanding the basic measures that can be installed without landlord agreement.
2. The program should explore the tradeoffs of adding additional measures such as solar water heaters, light emitting diode (LED) lamps and fixtures and lighting controls, as well as the replacement of second refrigerators. Additionally, the ESA program should explore the tradeoffs associated with offering certain targeted customers expanded measure eligibility criteria based on their high energy burden and insecurity.
3. The program could target households that re-enroll in CARE after moving to ensure that those who move around a lot participate in the program in greater numbers.
4. The program could continue refining its outreach strategies to try to overcome the barrier of customers who do not want a "handout." Sharing information about how many households in their neighborhood have participated and how much energy has been saved might also be explored, since often people are motivated to do what they perceive is the norm.
5. The program could continue refining its implementation strategies to reduce the number of visits so that households that refuse to enroll due to difficulties being home for multiple visits may participate in greater numbers. The IOUs could also explore offering households more limited participation based on measures that could be installed during a single outreach visit, such as energy education, lighting and basic weatherization measures. Such households could be recorded as partially treated and put on a list for contact to try to schedule follow-up visits. The IOUs could track data to determine the cost-effectiveness of such a practice.
6. The program should continue coordinating with community organizations and contracting with them to conduct outreach to

overcome barriers related to lack of trust in contractors. The IOUs use both private and non-profit contractors to implement the ESA program, and they should continue their partnerships with community-based organizations for outreach to help reach households who lack trust in contractors and are more likely to sign up with a trusted individual from their own neighborhood.

7. The IOUs should continue to coordinate with each other and improve the experience of households that have service with two different IOUs, and coordinate with LIHEAP to improve treatment of households that use a non-IOU heating fuel source.

The LINA further notes that if the 52% WTP factor is used to update ESA program treatment goals, any efforts being made to address the reasons for not being willing to participate should be considered (e.g., efforts to assist customers who are not willing to participate because they do not want to ask their landlord for permission).

### 3.19.2. IOU Responses to LINA Study

In response to the recommendations identified in the LINA to potentially address the barriers, the IOUs have made a number of recommendations or proposals.

PG&E states that it has deployed a number of outreach and implementation strategies to increase participation including:[276]

- Hiring workers from the communities they serve to inspire community trust, through their understanding of community culture and local languages;
- Preparing program materials in multiple languages;
- Hiring customer service representative that speak multiple languages;
- Partnering with trusted CBOs;

[276] PG&E, Application Chapter 2 at 2-27 through 2-28.

- Building brand name recognition through participation in local events;
- Encouraging "grassroots" neighbor-to-neighbor marketing efforts through word-of-mouth from satisfied ESA participants;
- Developing a varied ESA contractor work schedule to accommodate customer work schedules, including evening and weekend appointments;
- Minimizing the number of visits required to install measures (more ESA visits are a hassle and increase customer time commitments);
- Requiring better contractor communication protocols, such as notifying customers in advance if they will arrive late to an appointment;
- Developing a contractor kit with customizable door hangers postcards and flyers to provide contractors with outreach tools; and
- Increasing multifamily outreach targeting both tenants and landlords in a more "top-down" approach to ESA program participation.

SCE states that it has deployed a number of outreach and implementation strategies to increase participation including:[277]

- Continuing to work with CBOs to support outreach campaigns that are community-based and delivered through trusted CBOs and private contractors;
- Continuing to work with local cities, energy efficiency partnerships, Faith Based Organizations, and other community organizations, entities, and groups through joint outreach events bringing the ESA Program together with community functions, festivals, church events, and culture-specific celebrations;
- Enhancing its Schedule Manager and Routing Tool (SMART) to address lack of customer availability for appointments to include an appointment reminder feature, allow customers to confirm

[277] SCE, Application at 22-25.

appointments via phone or e-mail, and allow customers to choose from a list of available appointment dates and times, to reduce scheduling issues and allow customers more flexibility in scheduling;

- Increasing customer awareness and education of the benefits of energy efficiency and ESA through an enhanced educational component that provides specific tips on things households can do to save energy, and additional information outlining some of the concrete benefits households will receive from participation in the ESA Program;
- Enhancing its customer database and expanding its paperless enrollment initiative in 2016 so that ESA Program Representatives can access information to be used to address specific customer needs;
- Increasing marketing efforts to relevant multifamily property owners and managers, implementing a simplified joint utility property owner's authorization form that is easier for owners and managers to understand, developing a property owner's brochure that covers key components of the ESA Program (including benefits to both owners and tenants, a description of available measures, and a description of the enrollment process), and redesigning the multifamily service delivery system to better integrate energy efficiency and income-qualified programs; and
- Implementing the installation of "simple" measures during enrollment, which helps to overcome some of the barriers identified in the LINA by ensuring that several energy saving measures get installed during the initial visit.

SDG&E states that it has deployed a number of outreach and implementation strategies to increase participation including:[278]

- Reducing the number of visits to a home for measure implementation by installing simple measures at the time of outreach and assessment;
- Targeting high usage households using a multi-tactic marketing and outreach approach consisting of a direct or electronic mail as

[278] SDG&E, Application, Williams & Tantum Testimony IV at 61-63.

the first contact, followed up by a phone call and then door to door outreach;

- Employing a single point of contact contractor for the SDG&E and SoCalGas overlapping service areas.

SoCalGas' approaches to reducing unwillingness and increasing enrollments include:[279]

- Working with the other utilities on a statewide property owner waiver;
- Providing interested renters with prepaid postcards to be sent to the landlord;
- Building a stronger brand and more professional and uniform appearance to address the trust issues with contractors;
- Coordinating with SCE in overlapping territories;
- Pursuing and expanding partnerships with water agencies, and other leveraging agreements;
- Expanding efforts including SPOC to improve the program's appeal to multifamily customers; and
- A variety of marketing initiatives summarized under "Plans for Meeting Participation Goals."

In calculating the eligible low-income population, the IOUs used the joint utility methodology adopted by the Commission in D.01-03-028. They also applied a one percent escalation rate to account for customer growth, a factor that had been adopted by the Commission in D.08-11-031.[280] Eligibility estimates for the ESA Program were developed concurrently with the CARE Program estimates according to the joint utility methodology that is used to annually

[279] SoCalGas, Application at 22; SoCalGas, June 12 ALJ Ruling Response at 13-15.

[280] Macroeconomic conditions and overall population growth impact the size of the total eligible population for the CARE and ESA programs. During the proceeding approving applications for the 2009-2011 program cycle, the Commission desired to accurately take population growth into consideration for projections of the total eligible population. This led to the adoption of 1% as the annual growth rate for the IOUs' methodology for projecting future ESA Program eligibility.

estimate the number of customers eligible for ESA and CARE Program services in each utility area, and for the state as a whole.

The latest CARE annual eligibility estimates were filed with the Commission on February 15, 2014. In their applications, the IOUs escalated those estimates by the annual one percent growth factor to obtain the number of estimated eligible ESA Program customers remaining to be treated between 2015 and 2020. The IOUs then adjusted their estimates by: (1) deducting customers who are unwilling participate (using the latest LINA WTP factor); (2) deducting homes that were treated through the ESA Program since 2002 ; and (3) deducting actual and projected LIHEAP/WAP activity through 2020. After making the above deductions, the IOUs identified the number of households that are estimated to require treatment in 2015-2020 in order to meet the Commission's programmatic initiative.

However, even though each of the IOUs use the same methodology adopted above, each one applies the WTP factor differently, as described below.

### 3.19.3. IOU Unwillingness Factor Proposals

PG&E proposes a 48% unwillingness factor, or a 52% WTP, and applies it to only the remaining non-participating population (as opposed to the total low-income population) from 2015-2020.[281] PG&E contends that its proposed approach offers the most accurate representation of the remaining eligible population. PG&E states that in addition to customers who are unwilling to participate, there are certain customer dwellings where treatment is infeasible, and since that is not accommodated by the 48% unwillingness factor recognized in the 2013 LINA, 48% is a conservative, fact-based estimate of the eligible low-income customer base remaining to be treated by the ESA Program,

[281] PG&E, Application at 2-25.

incorporating both unwillingness and infeasibility. PG&E believes the basic approach to estimating the eligible population should be the same, although some customization to the specific factor should be allowed (for example, based on IOU-specific population growth--or decline, region-specific barriers, infeasible housing stock, etc.).[282]

SCE proposes a 45.3% unwillingness factor, or 54.7% WTP factor, and applies it to the remaining eligible population for 2013, and a 21.5% unwillingness factor applied to customer growth from 2014-2020 to obtain the 2015-2020 remaining eligible population. SCE contends that its approach to estimating the WTP by IOU offers the most accurate representation of the remaining eligible population because it incorporates the number of remaining eligible households at each IOU and updates the WTP factor for one percent customer growth from 2013. Application of SCE's forecasting method results in a WTP factor that varies slightly by IOU.[283]

SDG&E proposes a 48% unwillingness factor for the remaining population, which it states is equivalent to 19% of the total CARE-eligible population in the SDG&E territory. The 19% unwillingness factor is applied to the total CARE-eligible population. SDG&E states that the approach and application for this estimation does not need to be different across IOUs; moreover, since each IOU was able to show that the remaining estimated eligible and willing households can be served by 2020 and that the programmatic initiative could be reached with the proposed program design, SDG&E argues that any differences across IOUs are not significant to reaching the program goals.[284]

[282] PG&E, June 12 ALJ Ruling Response at 7-11.
[283] SCE, June 12 ALJ Ruling Response at 6-7.
[284] SDG&E, June 12 ALJ Ruling Response at 5.

SoCalGas proposes that a 48% unwillingness factor be applied to remaining non-participants, resulting in an overall 24% unwillingness factor across the total CARE-eligible population. SoCalGas' approach was to subtract previously treated and LIHEAP-treated units from its 2013 eligible population estimate (the year of the LINA study), and apply the 52% WTP factor to the remaining untreated eligible population, deemed to be the population studied in LINA. From there, SoCalGas calculated an estimate of willingness/unwillingness as a percentage of the eligible population as a whole. The resulting figure was then used in a calculation identical to that adopted in prior decisions.

SoCalGas further contends that while each IOU generally uses the same WTP factor, the need to translate that figure to an unwillingness factor among all eligible customers, and account for any necessary regional or time-related considerations, naturally results in different outcomes by ESA Program Administrator.[285]

#### 3.19.4. Parties' Positions

Proteus and La Cooperativa state that the Commission should not adopt a WTP threshold until the process to determine the most recent WTP factor is thoroughly researched and evaluated. This research, evaluation, and possible revisions should also include the evaluation of IOU marketing efforts to increase program awareness. They recommend continuation of the initial WTP adopted by commission in D.08-11-031 until the issue can be thoroughly vetted and researched.

Proteus and La Cooperativa further believe that the IOUs' marketing and outreach strategies have reached their peak and that their ME&O strategies and

[285] SoCalGas, June 12 ALJ Ruling Response at 13-15.

budgets should be modified to reflect this reality together with tailored approached that best address contact and follow up with the landlord. They recommend that the CPUC and the IOUs meet with ESA contractors to determine best practices. They argue that a different ME&O approach should be defined to address the WTP factor, perhaps with a series of pilot programs that represent the nuances, differences and diverse socio-demographics of the eligible ESA populations (e.g., seniors, non-English speaking, immigrant population, renters, the disabled, rural remote locales, etc.). This WTP pilot could utilize enhanced data to better define gaps and target unserved populations.[286]

TELACU et al. believes that a 52% WTP factor is not the appropriate factor to use. They state that before the estimated eligible population is lowered, the Commission should examine the policies that lead to the reasoning behind LINA's recommendation, with the goal of adjusting the policies to encourage more customer participation, not less. They also argue that the Commission should wait to see if the recommendations put forth in the applications for increasing participation through policy changes and increased efforts actually work. If, after the 2016 and 2017 programs years, the new policies have not increased penetration, then TELACU states the Commission can lower the WTP numbers for the 2017-2020 cycle. TELACU et al. assumes that the process and policy improvements proposed by the IOUs will be successful and increase the percentage of eligible customers willing to participate.[287]

Greenlining states that the 52% WTP factor is inappropriate to use in determining whether the IOUs have reached their households treated goals, because it reflects known and solvable barriers to participation that can still be mitigated (and that, if mitigated, would result in a higher willingness to

[286] Proteus & La Cooperativa, June 12 ALJ Ruling Response at 11.
[287] TELACU et al., June 12 ALJ Ruling Response at 6-8.

participate). The Commission should only be willing to consider such low WTP factors, Greenlining argues, when the IOUs can show that there are no appropriate or attainable solutions to these barriers. Greenlining urges the Energy Division to evaluate whether the IOUs' proposals appropriately address the barriers to participation to ESA Program. Additionally, absent clear reason why the WTP approach should be different for each IOU territory, Greenlining believes that the approach and application should be the same for all IOUs.[288]

#### 3.19.5. Discussion

The WTP factor should take into account how the IOUs could address, or have already addressed, the barriers to increase participation; it should also take into account feasibility, and be renamed the Willing and Feasible to Participate (WFTP) factor. The LINA study notes that if the 52% WTP factor is used to update ESA program treatment goals, and the barriers identified could be addressed by the program, then this should be taken into account. Various stakeholders who are skeptical of such a low willingness factor further echo this in the record. We further note that the IOUs have already taken steps to address the barriers to participation identified in the LINA, as described above. We also recognize that, if successfully implemented, these strategies should lead to increased enrollments, and therefore raise the WTP factor from the 52% identified in the LINA.

However, the LINA study was unable to determine what the WTP factor would be if these barriers were successfully addressed, making it unclear what the appropriate WTP factor should be. Although we agree that successful implementation of these strategies should raise the willingness factor, quantifying the potential impacts of IOU efforts on the WTP factor is difficult.

[288] Greenlining, June 12 ALJ Ruling Response at 2-4.

Additionally, we note that the WTP factor identified in the LINA does not take into consideration the increasing unwillingness rate over time as more participants enroll into the program. As more of the willing participants receive treatment, the percentage of unwilling participants becomes greater, which in turn lowers the willingness factor (as it reflects the willingness of remaining untreated customers, not the willingness of all CARE-eligible customers).

Depending on the relative impacts of addressing barriers to participation and of the reduction in average willingness of the remaining eligible but untreated customers over time, the WTP factor could either increase or decrease. However, based on the tracking data from the IOU annual reports, we see that the percentage of homes approached that are deemed ineligible or unwilling, as defined by each IOU,[289] has increased over the years, which is to be expected.

[289] PG&E defines these as "customers that were not successfully enrolled due to income verification failure or to a technical infeasibility or those that specifically state that they are not interested or request to be added to PG&E's "do not call" list. These numbers do not include non-responses to mailings, canvassing or other attempted contacts. SCE's numbers include households that are denied service due to the Modified 3MM rule, households where the owners refuse to make required copayments, postponements are requested, owners do not grant approval or submit authorization forms, accounts are not active, homes have been served through another program such as LIHEAP, documents are incomplete/missing, or customers are not interested. SoCalGas includes households that do not result in a customer enrollment based on one of the following reasons: customer refused; home does not meet minimum measure requirement; customer is moving; over income; owner refused for renter occupied single family; household is unable to provide homeownership documentation; or home weatherized under another program. SDG&E does not define "ineligible and unwilling" in the annual report tables.

**Low Income Customers approached that are "eligible and willing", as reported by the IOUs**

| Program Year | PG&E | SCE | SoCalGas | SDG&E | Statewide |
|---|---|---|---|---|---|
| 2009 | 96.50% | 7.66% | 95.91% | 75.79% | 87.52% |
| 2010 | 94.16% | 74.64% | 84.20% | 71.30% | 83.09% |
| 2011 | 91.74% | 78.91% | 87.145% | 72.83% | 85.49% |
| 2012 | 91.61% | 71.20% | 82.62% | 74.01% | 82.86% |
| 2013 | 75.38% | 64.83% | 89.68% | 56.71% | 75.39% |
| 2014 | 65.55% | 65.47% | 90.26% | 58.34% | 70.61% |
| 2015 | 54.62% | 48.62% | 90.11% | 53.87% | 60.47% |

Source: These Figures represent - "ineligible or unwilling" households as a percentage of total homes approached (those treated + those ineligible or unwilling to participate), as reported by each IOU in their annual reports from 2009-2015).

We also note that the above data combine both eligibility and willingness, while the WTP factor identified in the LINA does not consider the potential infeasibility of willing and eligible households (i.e., households that qualify and are willing to participate, but cannot be treated for reasons such as physical or environmental hazards). We believe that ideally both feasibility and willingness should be considered in determining the number of households that the IOUs must treat.

We understand that the above figures are not the most accurate possible representation of the willing and feasible population, and are also inconsistently defined among the utilities. Nevertheless, they represent extensive primary data collected from real-world ESA outreach and assessments, making them the most complete dataset available on the willingness and eligibility of customers approached for ESA treatment. These data show an average willing and feasible factor of about 60% statewide, in 2015.

This 60% willing and feasible factor is slightly higher than the 52% willingness factor estimated in the LINA report. We believe this is because the LINA estimate was limited to surveys as opposed to actual program participation data. Moreover, unlike the LINA, the program tracking data are able to reflect the impact of efforts to address participation barriers since the LINA was published. We are persuaded by these data that that IOUs have been successful in addressing some of the barriers identified in the LINA and that the success of these efforts should be reflected in the WTP factor used in estimating the remaining eligible and willing low-income population. We are also hopeful that the additional efforts outlined by the IOUs will result in even higher willingness to participate; however, we find that the potential impacts of such efforts cannot be quantified at this time.

Based on the latest reporting data available, the Commission adopts a statewide 60% willingness to participate factor for all IOUs. At this time, we do not adopt varying factors specific to each IOU, even though the data reported may suggest potentially varying willingness factors, because of the inconsistent reporting definitions and criteria used to report these figures, and because the variation may in part be due to varying success in addressing participation barriers, which we expect to improve and become more consistent as the IOUs iterate and coordinate over time to adopt best practices. Moving forward, we direct the IOUs to more accurately and consistently track households that are unwilling, infeasible, or ineligible to participate in their annual reports, with sub-categories as follows:

- Customers who explicitly state to an ESA Program Contractor or live IOU telemarketer that they are not interested in the program (or asked to be put on the "do not call" list);
- Customers whose landlords refuse to authorize participation;

- Households that are unable to provide necessary documentation;
- Households that enroll in the program but cannot be treated due to scheduling conflicts/missing appointments;
- Households that enroll in the program but cannot be treated due to hazardous environments, or other circumstances that make it impossible for the contractor to treat the home;
- Households that do not meet the 3MM rule; and
- Ineligible - Other
- Infeasible - Other
- Unwilling - Other

Additionally, because the new willingness to participate factor actually incorporates both willingness and feasibility considerations, going forward we rename this factor to the "willing and feasible to participate" (WFTP) factor. This name will more accurately reflect the elements incorporated into this factor, as well as the ultimate purpose of this factor, which is to aid in calculating the number of ESA-eligible households that each utility should be expected to treat (as opposed to the number of households each utility is expected to approach). To be treatable by the IOU, the household must be ESA-eligible, willing to be treated, and feasible to treat. This consideration of feasibility is consistent with the Commission's vision, outlined in the Strategic Plan, that "by 2020, 100 percent of eligible and willing customers will have received all cost-effective low income energy efficiency measures."[290]

The IOUs shall use consistent definitions and criteria for reporting, as determined through the Mid-Cycle working group, so that these estimates can form the basis for the IOUs' proposed WFTP factors in the next program cycle, as we expect this factor to change over time. Lastly, we commend the IOUs for their

[290] California Long-Term Energy Efficiency Strategic Plan, August 2008 at 25. Available at http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/eesp/.

efforts in addressing this harder to reach population and urge them to continue to market, educate and outreach through innovative strategies, and expect these strategies to successfully drive more enrollments into the program.

The WFTP Factor and approach used should be consistent. We find that although the overall methodology used in calculating the estimated eligible ESA Program population is generally consistent among the IOUs, there are various differences in the IOUs' approach including:

- The calculated projected LIHEAP penetration for the coming cycles;
- The estimate of the eligible population for the starting year used, (PG&E uses 2014 for its starting year, and it includes a 4.5% growth in the estimated eligible population from the previous year's LINA estimate, whereas the other IOUs start with 2013 and project out at 1% growth each year); and
- WTP factor used and its approach.

When asked why these variations exist and which approach offers the most accurate representation of the remaining population, the IOUs responded as previously described in section 3.19.3 above. . The Commission agrees with the IOUs to some extent that some variation should exist based on IOU-specific characteristics, such as population growth/decline, region-specific barriers, coordination efforts with CSD and the LIHEAP program, and so forth. We accept each IOU's projection of LIHEAP penetration for the coming cycles. We also direct use of the overall base WFTP factor of 60%, as discussed above. The application of the WFTP factor and the starting year shall also be consistent across utilities. Therefore, we direct the IOUs to refile their eligible population estimates based on the following modifications:

- Use the methodology adopted in D.01-03-028 to estimate eligible households;

- Use the latest available Athens Research estimate of eligible households (specific to each IOU)
- Factor out the IOU's treated households from 2002-2015;
- Factor out the LIHEAP treated households in each IOU service territory from 2002-2015);
- Allow use of each IOU's own projected/estimated LIHEAP penetration rate; and
- Apply the 60% WFTP factor to obtain the remaining willing and eligible population.

We conclude that the 1% annual growth factor should be revisited going forward: Both macroeconomic conditions and overall population growth impact the size of the total eligible population for the CARE and ESA programs. The current 1% annual growth rate was a best estimate from a 2008 ORA (then, DRA) analysis, which may or may not reflect the true eligible population growth rate today.

We believe that macroeconomic conditions may have caused the total eligible population to increase faster than 1% per year. We note, without prejudice, that PG&E's 2014 eligibility estimates, per Athens Research, are 4.5% higher than its estimate per the 2013 LINA.

Since macroeconomic indicators are neither accurate, nor as current as we desire, we do not suggest revising the 1% annual growth rate for purposes of calculating the remaining eligible population within this cycle. Rather, we note that macroeconomic conditions may cause an expansion in the total eligible population that is not captured by the current growth rate being used. Therefore, we ask the IOUs to propose an updated and more informed growth factor in the next program cycle for consideration based on the then current conditions.

For all the above reasons we require the IOUs to:

1. Change the factor to WFTP;

2. Adopt a statewide 60% WFTP factor in calculating the willing and feasible population;
3. Apply the WFTP factor consistently in calculating the remaining willing and eligible population as described above;
4. Refile new eligibility estimates for the remaining years of this program cycle in a petition for modification to be filed within 90 days of this Decision; and
5. Continue to use the current 1% eligible population growth factor for the current program cycle, but propose an updated growth factor in the next application cycle for Commission consideration.

### 3.20. Household Treatment Goals

Each of the IOUs proposes to use the methodology adopted by the Commission in D.01-03-028 to calculate the eligible low-income population for 2015-2017 (see Section 3.19, on willingness to participate). This method entails an annual estimation of the number of willing and eligible customers for the CARE and ESA Programs, and is calculated for small areas (e.g., block group, Census tract, ZIP+2), for each IOUs' service territory, and for the state as a whole. Based on each IOU's calculation of the remaining willing and eligible population for its service territory, each utility proposes annual treatment goals that, if met, will enable it to achieve the mandate of treating all eligible and willing low-income households by the year 2020. In their applications, some IOUs propose to re-treat certain parts of the low-income population based on proposed changes to the go-back rule, and to be allowed to include this population in the treatment goals.

#### 3.20.1. IOU Proposals

**Proposed Total Households Treated Goals (by IOU)**

| Program Year | PG&E | SCE | SDG&E | SoCalGas | Total IOUs |
|---|---|---|---|---|---|
| 2015 | 119,940 | 88,325 | 20,316 | 110,000 | 338,581 |

| | | | | | |
|---|---|---|---|---|---|
| 2016 | 90,030 | 54,509 | 20,316 | 110,000 | 274,855 |
| 2017 | 90,030 | 54,509 | 20,316 | 110,000 | 274,855 |
| **Total** | **300,000** | **197,343** | **60,948** | **330,000** | **888,291** |

PG&E's projection is based on the remaining homes that are estimated to be willing and eligible for the ESA Program through 2020. PG&E states that as it gets closer to achieving 100% ESA penetration by 2020, new households that have not already been treated since 2002 are becoming increasingly difficult to find and enroll. PG&E anticipates that it may not be able to achieve this goal during 2015 without the types of changes proposed through ESA II. PG&E expects to enroll and treat about 120,000 households during 2015, using the 2020 goal ESA criteria (under which only household untreated since 2002 are eligible). If it is unable to meet its 2015 homes treated goal, PG&E proposes to meet that goal by treating additional houses in 2016-2017 program years, in order to achieve the total 3-year cycle goal of 300,000 (including both homes untreated since 2002 and "go-back" retreatments of more recently treated homes). Starting in 2016, PG&E proposes to split the annual ESA Program goal of treating 90,030 households to: (1) treat households that have never been treated (or were treated pre-2002) and count these households toward the 2020 goal; and (2) treat households through its ESA II Program criteria, whereby households that have not been treated by the ESA Program within the previous eight years are eligible to be re-treated. PG&E would set a limit on the number of ESA II households treated, and these households would not be counted again towards the 2020 goal. PG&E argues that this approach would mitigate the "cliff effect" created by the rapidly decreasing number of eligible households remaining to be treated each year as the program moves toward achieving its 2020 goal.

SCE does not propose an "ESA II" program.

SoCalGas proposes to prioritize households not yet treated since 2002. In order to do so, SoCalGas proposed to control the outreach and enrollment activities of contractors, and to develop the needed systems and controls during 2015. These efforts consist of system enhancements to track and limit authorization of contractors to work leads on post-2002 reenrollments, as well as some new program rules and contract provisions. SoCalGas argues that returning to a 10-year go-back rule may add flexibility to target high poverty areas and other priority customer segments, as further described in Section 3.3.

#### 3.20.2. Discussion

As discussed in Section 3.3, we do not approve any changes to the go-back rule, nor do we approve any ESA II initiatives. Additionally, as discussed in Section 3.19, we direct changes to the willing and feasible to participate factor and its application in determining the remaining willing and eligible population. Given the new Willing and Feasible to Participate factor, the remaining willing and eligible population is greater than originally calculated, and we believe that the proposed total households treated goals above are feasible even with no changes to the go-back rule and the denial of ESA II. We therefore direct the following homes treated goals for the 2016-2018 program cycle:

| Program Year | PG&E | SCE | SDG&E | SoCalGas | Total |
|---|---|---|---|---|---|
| 2017 | 90,030 | 54,509 | 20,316 | 110,000 | 274,855 |
| 2018 | 90,030 | 54,509 | 20,316 | 110,000 | 274,855 |
| **2 Year Total** | **180,060** | **109,018** | **40,632** | **220,000** | **549,710** |

Additionally, based on the revised approach to calculating the remaining eligible population and use of the Willing and Feasible to Participate factor adopted in this decision, each IOU shall re-calculate and estimate the new

remaining eligible population accordingly, shall include that number in its annual report, and shall use that number in its next program cycle application.

## 4. CARE Program Elements

### 4.1. Uniformity, Clarification and New Processes to Retain Eligible Households in the CARE Program

#### 4.1.1. CARE Post Enrollment Verification and Recertification Processes

It is imperative that the process to retain eligible households in the CARE Program continue to be refined and improved. Based on the responses of the IOUs to the Guidance Document (Attachment Q) of D.14-08-030 and the comments of other parties, we have further refined the processes related to CARE recertification, post enrollment verification (PEV), and issues related to CARE high usage customers.

Attachment Q asked the IOUs to provide proposals about significant changes to the PEV probability models for the 2015-2017 CARE budget cycle and to respond to proposed uniform changes to the PEV process. In their responses, the IOUs have largely proposed to continue the PEV processes implemented in D.12-08-044 and in their supplemental advice letters (SDG&E 2515-E-A/ 2224-G-A, SoCalGas 4537-G-A, PG&E 3410-G-A/4279-E-A, and SCE 2936-E-A) as these have proven largely effective.

When prompted to see how the 2013 LINA will inform proposed changes to the PEV models or practices, SoCalGas notes that the 21 factors in its current probability model "effectively locate CARE-ineligible customers" and that "SoCalGas [will] adopt only one of the LINA Study recommendations…to test the rural/urban factor in the next model update."[291] Rather than provide an

[291] SoCalGas, Application at CAR-51.

analysis in their budget application, SDG&E states that it will re-examine its PEV model to "evaluate the efficacy of including LINA identified variables." When and if this examination yields results "SDG&E will update its PEV model and submit an advice letter outlining the update process and results."[292] SCE, too, expresses vague plans in "exploring other factors that can be used to enhance its PEV model."[293] At the time of the application, PG&E states that it "will compare the findings in the LINA Study with the Long Term Model and work with its consultant to implement any relevant factors during the next Long Term Model review/enhancement in 2015."[294] It is unclear as to whether any update has occurred.

While we learned of some variation in the development of the PEV probability models in prior proceedings and advice letter filings, we have also seen that the application of the probability model differs amongst the IOUs. Furthermore, we learned from responses to the Guidance Document that the IOUs' models yield varying PEV rates amongst their CARE customer base. D.12-08-044 ordered that the utilities maintain verification levels at no more than 200% of their 2011 PEV rates. Using these tools and under this guidance, PG&E expects to continue verifying approximately 8% of all CARE customers annually,[295] SCE will verify 7% of its CARE customers,[296] SoCalGas less than 4%,[297] and SDG&E claimed a PEV rate of 6%.[298]

[292] SDG&E, Application at CARE-47.
[293] SCE, Application at CARE 19.
[294] PG&E, Application at 3-37.
[295] PG&E, Application at 3-38.
[296] SCE, Application at CARE-19.
[297] SoCalGas, Application at CAR-46.
[298] SDG&E, Application at CARE 49.

#### 4.1.1.1. Parties' Positions

In comments and testimony on the utility applications, several parties raise issue with the PEV process and request clarification of the PEV and recertification requirements across the IOUs. Specifically, TURN protests PG&E's practice of requiring CARE customers who enrolled through categorical eligibility to provide documentation of all household income during PEV and recertification. TURN recommends that the Commission clarify that during the PEV and recertification process, customers that enroll through categorical eligibility should be allowed to provide proof of continuing enrollment in the qualifying program, rather than proof of income to fulfill the PEV or recertification requirement. The exception would be those CARE program participants whose electricity usage, in any monthly or other billing period, exceeds 400% of baseline usage.[299] In its testimony, ORA agrees with TURN's requests.[300]

CforAT argues that the IOU applications do not provide sufficient information to fully address concerns regarding the "failure to respond" issues that have plagued the post enrollment verification process.[301] ORA adds in their comments that the IOUs should leverage information already gathered from contractors, agency partners and other IOUs regarding non-responders before budgeting any new studies to study this phenomenon.[302] In testimony, ORA questions SCE's proposed budget, arguing that the utility's request for PEV budget in the 2015-2017 cycle far outweighs its realized spending in 2014.

In reply comments, PG&E believes TURN has mischaracterized PG&E's PEV process for categorically enrolled CARE customers.[303] PG&E does concede

[299] TURN, Opening Comments at 11-12; TURN, Goodson Testimony at 3.
[300] ORA, Testimony at 6-1, 6-2.
[301] CforAT, Opening Comments at 5.
[302] ORA, Opening Comments at 12.
[303] PG&E, Reply Comments at 14.

that its PEV website could be clarified and will be updated. In its rebuttal testimony, PG&E "agrees in principal with ORA's recommendations" but states that the "recommendations need to be further analyzed for cost implications."[304]

SCE claims that its proposed increase in PEV funding was developed without established historical data. Using updated figures, SCE proposes an updated forecast of $2.155 million for 2015-2017 PEV activities and results in a $2.97 million reduction from SCE's original forecast of $5.13 million.[305]

SCE suggests rejecting ORA's recommendation to follow-up a written PEV notification with a phone call from a customer counselor.[306] Similarly, PG&E believes this follow-up effort is infeasible due to the large number of potential phone calls.[307] SDG&E concurs that this personalized follow-up approach would be cost prohibitive, but is willing to explore the feasibility of implementing automated follow-up calls for customers that require PEV.[308]

#### 4.1.1.2. Discussion

The PEV and recertification processes have shown great adaptability and improvement as they have matured alongside the CARE program. However, some room for improvement, uniformity and innovation, remain. Even with the sophistication and complexity of the IOUs' probability models, we still grapple with the issue of non-responders. Key questions about this group remain: are there commonalities across this group of customers? How many of these customers return to the CARE program? Why are they not responding? Puzzled by these questions, we are encouraged that the next iteration of the LINA will take a specific look at these customers and this issue in a more holistic and

[304] PG&E, Rebuttal Testimony at 3-4.
[305] SCE, Reply Comments at 27.
[306] SCE, Rebuttal Testimony at 32.
[307] PG&E, Rebuttal Testimony at 3-5.
[308] SDG&E, Rebuttal Testimony at SW/HT-7.

methodological approach than our previous small scale research activities or IOU-specific focus groups.

In regard to categorical enrollment and the PEV/recertification process, at this time, we are in agreement with the interveners and approve some of their proposals. Specifically, with the exception of CARE electric customers with usage above 400% of baseline, customers that have enrolled in the CARE program through categorical eligibility are allowed to provide proof of continuing enrollment in the qualifying program to fulfill the PEV and recertification requirements, and the IOUs must revamp their PEV printed collateral and websites to clearly state this. Furthermore, we appreciate ORA's discussion of the appropriateness of SCE's proposed PEV budget, and SCE's reconciliation to reduce that budget amount to historically and factually supported amounts (Section 4.12 of this decision discusses recommendations for improved linking of historical spends to authorized amounts). At this time, we reject the proposal to mandate live follow-up phone calls to CARE customers undergoing the PEV process. Instead, we invite the IOUs to investigate the use of automated voice messaging (AVM), website, and in-app messaging to these customers instead, and report their findings on phone-based or online/mobile customer follow up in their 60-Day Reports.

Specifically, the IOUs are directed, by June 1, 2017, to update their My Account/My Energy websites for mobile versioning (i.e. must be viewable from a mobile browser or device). These updates, among other upgraded functions, must allow a customer to be able to facilitate secure CARE recertification and post enrollment verification (including income documentation capture and submittal). Similarly, if they have not already done so, by June 1, 2017, all of the IOUs must develop mobile phone apps that allow, among other specified

functions, secure CARE recertification and post enrollment verification (including income documentation capture and submittal).

#### 4.1.2. New Processes and Clarification of Existing Policies: CARE High Usage Customers

D.12-08-044 and D.14-08-030 created and subsequently refined the CARE high usage process. In concert with increased income verification for CARE users at or above 600% of baseline and a directive to reduce usage, this process requires participation in the ESA Program if a CARE customer reaches 400% of baseline.

This effort has been largely successful. The IOUs and ESA Program contractors are to be applauded for initiating, and subsequently outreaching, assessing, and installing ESA Program measures to close the loop on this successful effort.

In regard to new CARE high usage customer process modifications, SDG&E has proposed an alert system, "High Use Alerts," to notify customers when they are at risk of reaching the >600% baseline threshold.309 SCE has a seemingly similar, but vague proposal to provide customized usage reports to CARE customers with high usage.[310] In addition to recommending a greater and more thoughtful connection between CARE, the Single-Family Affordable Solar Housing (SASH), and the Multifamily Affordable Solar Housing (MASH) programs,[311] SCE proposes plans to enhance its customer service system (CSS) to streamline CARE High Usage processes, in an effort to reduce end-to-end cycle time.[312]

309 SDG&E, Application at CARE 18.
[310] SCE, Application at Attachment B-8.
[311] SCE, Application at 108-109.
[312] SCE, Application at CARE 16.

#### 4.1.2.1. Parties' Positions

In opening comments, ORA voices support for SCE's proposal to introduce notices to high use customers in order to provide usage information "…that may help them stay within the prescribed usage limits to avoid removal from the CARE program," and it is "exploring opportunities" to use data to personalize high use notice letters. ORA is also supportive of SDG&E's alert system to notify customers when they are at risk of reaching 600% of baseline. ORA further suggests that the electric IOUs should notify CARE customers when they exceed 300%of baseline and suggests that exceeding 400% baseline would necessitate High Usage notice procedures.[313]

#### 4.1.2.2. Discussion

According to data provided in response to the June 8, 2015 ALJ E-mail Ruling Requesting Additional Data in the R.12-06-013 (Phase 1) Proceeding, the CARE high usage process has resulted in significant subsidy savings for all ratepayers and substantial energy (and bill) savings for targeted customers. While each of the electric IOUs initiated the CARE high usage process at different times, and while each IOU has a different level of automation integrating the CARE and ESA Program referral and tracking processes, the results are both encouraging and concerning. For SCE, 236 High Usage customers have been dropped due to failing the income requirements and 570 requested to be removed from the rate after undergoing the verification process. SDG&E reports that 450 failed the income requirements and 928 requested to be removed. For PG&E, 3,449 customers have been dropped for failing income requirements. Other targeted customers have failed to meet the obligations of undergoing an

[313] ORA, Glasner Testimony at 2-17.

ESA Program assessment: 220 CARE customers for SCE, 471 for SDG&E, and 3,923 for PG&E.

More heartening than weeding out those ineligible for CARE, we have learned that for SCE, 1,542 high usage customers completed ESA Program enrollments, assessments and installations. For SDG&E this total was either 1,235 or 789 customers as the response conflated the ruling questions. In PG&E service territory, 13,480 high usage customers completed the ESA Program requirement.

Of particular interest and concern, and in relation to our earlier discussion about PEV and non-responders, a large percentage of CARE high users fail to respond to requests for income documentation. SCE recorded 32,846 CARE high usage customers who failed to respond to the income verification request. SDG&E reported 13,407 customers and PG&E had 60,946 CARE high usage customers fail to respond. We reiterate that we need further information about these customers to understand what is driving the non-response factor. Hopefully, our research in the latest LINA may shed light as to whether high usage non-responders differ from lower usage CARE non-responders and if so, why.

Regardless of the unknowns, we have begun to see the fruit of our labors in the magnitude and benefit of the high usage effort. When we compare the number of CARE high usage customers undergoing mandated ESA Program participation and the average post-ESA Program assessment and installation savings for these customers, the impact becomes clear. From data reported in response to the June 8, 2015 ALJ E-mail Ruling Requesting Additional Data in the R.12-06-013 (Phase 1) Proceeding, it is evident that by better connecting policy between the CARE and ESA Program, thousands of CARE customers with very high usage and subsequent energy burden are seeing significant bill savings from

participating in the ESA Program. Additionally, when a CARE customer reduces usage, the subsidy savings are realized by all contributing ratepayers. It is with these same benefits in mind that we direct mandatory ESA Participation for "long-time" CARE customers, as described in Section 4.7 of this Decision.

Additionally, as part of our current CARE high usage appeals process, some CARE households are unable to reduce their usage for a variety of reasons outside of their control. These customers appeal to the electric IOUs directly, and many appeals are accepted, resulting in high usage customers remaining on the CARE rate. At this time, we direct the electric IOUs to screen these approved appeals for owner occupied status and on a monthly basis, provide a list of these high usage CARE customers to the SASH Program Administrator, GRID Alternatives. These CARE customers are excellent potential leads for the SASH program as they are very likely to meet the program's income and homeownership requirements. If eligible to participate in the SASH program, these high-usage customers may be able to substantially reduce their monthly electric bills by installing a PV system, while simultaneously reducing their CARE subsidy and larger grid impacts.

While our CARE high usage efforts have been directed primarily at the electric utilities, we understand that there may be CARE gas customers exhibiting high usage. While we are not establishing any additional requirements for these gas high users, we direct SoCalGas, SDG&E and PG&E to proactively assist a subset of these customers to participate in the California Solar Initiative (CSI) Thermal Low-Income Program. We direct the gas serving IOUs to screen their ESA Program databases to identify past program participant households with gas water heating that are demonstrating high usage. These customers should be characterized as those exhibiting above 200% of baseline gas quantity usage

during non-winter periods. It is logical that high non-winter usage may be an indication of high domestic hot water gas usage. The gas IOUs shall submit Tier 1 Advice Letters describing their CSI-Thermal Low-Income Program coordination efforts within 90 days of this Decision.

In light of the IOUs' proposals and ORA's recommended modifications regarding high usage customers and the Aliso Canyon Emergency, we approve and clarify the following:

1. By June 1, 2017, all of the electric IOUs shall begin implementation of a high usage alert system for CARE customers exceeding 300% of baseline. Upgrades to the IOUs' My Energy/ My Account systems and new IOU smartphone apps will provide CARE high usage notification alerts for customers above 300% of baseline. Other customers should be reached via AVM and direct mailers. Costs for these activities are to be paid for via the authorized $137,500 for 2017 and 2018 set aside for the CARE Rate Comparison/ Home Energy Reports (HERs) integration effort discussed further in Section 4.6.

2. As discussed in more detail in Section 4.6, similar to the Rate Education Reports, to reduce "messaging fatigue" and reduce costs, we direct that these mailers and e-mails be combined with the IOUs' HERs as a single mailer/e-mail for those selected HERs customers.

3. In accordance with our drive for improved customer side integration efforts, we direct the electric IOUs to provide the SASH Program Administrator, currently GRID Alternatives, with a monthly list of owner occupied single-family households that have completed the ESA Program requirements of CARE high usage process. Additionally, the electric IOUs are to provide the SASH Program Administrator a list of CARE high usage customers in owner occupied single family households who have previously participated in the ESA Program or have successfully appealed their removal from the CARE rate. These referral lists should contain, at a minimum, the ESA Program workflow outputs with the customer of record's name, address, phone number, preferred language, household income and size. All of

these referrals must be tracked in the CARE and ESA Program annual reports.

4. We approve SCE's requested plans to enhance its customer service system (CSS) to streamline the CARE High Usage processes.
5. To further clarify program rules, those CARE High Usage customers targeted for PEV shall not be counted towards the D.12-08-044 (OP 92 at 397) PEV rate ceiling/requirement. The High Usage PEV effort is unique from the "general" PEV process and should be treated and monitored separately.
6. In regard to the CARE High Usage Appeals Process, with the goal of equality and uniformity across service territories, we direct the electric IOUs to align their internal CARE high usage appeals boards. These review boards should use the same criteria and evaluation of customer appeals.

### 4.2. CARE/ESA Outreach and Innovative Outreach and Enrollment Strategies

The IOUs propose a variety of outreach and enrollment strategies to augment their traditional marketing and outreach practices. In particular, they propose:

1) working with California LifeLine program (CLP)[314] providers, Covered California, and other low-income centric assistance agencies for joint outreach and enrollment;
2) utilizing My Energy/My Account for integrated CARE/ESA Program messaging and customer interaction;
3) utilization of Advanced Metering Infrastructure (AMI) data in the outreach and enrollment of low income customers in the CARE, ESA, and other electric rate product programs;
4) development and distribution of rate education reports and other methods to communicate the benefit of the CARE and ESA

[314] The California LifeLine Program provides discounted home phone and cell phone services to qualified households. The Federal Lifeline wireless program allows four approved service providers to use federal funding for the federal Lifeline program on various phone service pricing options.

Programs to potentially eligible non-CARE/non-ESA Program customers; and

5) miscellaneous other IOU-specific outreach and enrollment proposals.

#### 4.2.1. IOU Proposals for Third Party Outreach and Enrollment with California LifeLine, Covered California, and other Agency Coordination

In its application, PG&E proposes to increase the number of Community Outreach Contractor (COCs) partnerships. Currently, PG&E partners with up to 64 Community Outreach Contractors, who support outreach activities by enrolling their constituents into the CARE Program. The increase would expand COCs to all 48 counties in PG&E's service territory and to encourage its high-performing COCs to become Community Ambassadors, a new role for COCs willing to take on increased community responsibilities within the low-income programs. These partners' additional responsibilities will include conducting further education and outreach around CARE enrollment, retention, and post enrollment verification activity.[315]

SCE is planning to partner with the California LifeLine mobile phone program to further improve the outreach of the CARE Program. One option it proposes is to request lists of customers enrolled in California LifeLine on a recurring basis. SCE may then leverage this information to provide information on the CARE Program and other eligible SCE programs and services.[316] Program information can be sent to smartphones owned by eligible customers who opt into these types of communications. For the ESA Program, SCE suggested in its application that the utility could leverage CARE enrollments gained from California LifeLine data sharing and create strategic alliances with California

[315] PG&E, Application at 3-22 through 3-24.
[316] SCE, Application at CARE 25.

LifeLine wireless retailers and relevant nonprofit organizations to market CARE and ESA programs concurrently with California LifeLine. SCE also expressed interest in working to include opt-in language at California LifeLine sign-up to allow other utilities to offer additional income-eligible programs via automated outreach efforts directed towards California LifeLine mobile phones.[317]

SoCalGas' application outlines a request to see mobile enrollment platforms leveraged with low-income cellular service providers, so that new phone customers are informed about CARE and learn that they can apply for CARE on their phones. In 2014, SoCalGas conducted a joint outreach event with Telscape to target eligible customers for both the California LifeLine and CARE.[318] SoCalGas proposes to solicit low-income cellular service providers to pre-load a SoCalGas smartphone application onto customer phones, so that customers will have CARE information immediately at their fingertips. SoCalGas projected the cost of these mobile upgrades is $405,460, included in the Information Technology (IT) Programming cost category, to be split between program years 2015 and 2016.

In PYs 2015–2017, SoCalGas proposes to expand efforts to work with Veterans Affairs Supportive Housing (VASH) programs, IRS sponsored Volunteer Income Tax Assistance (VITA) agencies, and Tribal TANF administrators to reach and enroll shared customers.[319] SoCalGas proposes to work with California LifeLine providers to identify ways to share information about CARE and the ESA Program. For example, SoCalGas has recently begun and will continue to expand conducting joint-outreach events with California LifeLine providers.[320]

[317] SCE, Application at 49-50.
[318] SoCalGas, Application at CAR-22.
[319] SoCalGas, Application at 10-11.
[320] SoCalGas, Application at 56.

SDG&E identifies organizations including CBOs, tribal organizations, and other public and private organizations that work in conjunction with the California LifeLine and/or the Covered California agencies. SDG&E anticipates using the services of an outside contractor to develop and implement a grassroots program to support California LifeLine leveraging efforts.[321] SDG&E has budgeted $80,000 in 2015, $81,930 in 2016, and $83,868 for 2017, in support of this initiative.[322] SDG&E has evaluated opportunities to utilize data sharing, and at this time finds it to be cost prohibitive to share data with these agencies due to costs to adhere to SDG&E's information security protocols and cost in developing a data sharing interface. SDG&E believes it is more effective and efficient to leverage these agencies by providing them a marketing incentive for each qualified enrollment processed by working with the California LifeLine and Covered California agencies which SDG&E believes will increase ESA Program enrollment through the mobile phone application. SDG&E is requesting approximately $46,000, which represents a onetime administration fee and a marketing incentive to the agencies for ESA Program enrollments.[323]

#### 4.2.2. Parties' Positions

Parties are largely silent on these innovative new enrollment and outreach strategies. However, ORA, Greenlining, TURN and EEC question the transparency of grouping marketing and outreach budgets together for both the ESA and CARE Programs. Greenlining and ORA challenge that the IOU applications are too vague as they pertain to leveraging and California LifeLine integration. EEC and TELACU et al. state that the IOU marketing and outreach proposals do not clearly reflect the cost or value of contractor outreach; they

[321] SDG&E, Application at AYK-13.
[322] SDG&E, Application at CARE-37.
[323] SDG&E, Application at 50-51.

argue that contractors should have specific outreach budgets separate from those dedicated to IOU outreach. These comments are also referenced in Section 3.7.1.3 of this Decision. Most pertinent to the discussion of new approaches, Greenlining's opening comments state there are few meaningful proposals in the IOU applications on how to leverage California LifeLine to facilitate customer education, outreach, and income verification.[324]

#### 4.2.3. Discussion

While we approve the IOUs' proposals, we direct additional discrete activities to ensure coordination with the California LifeLine, Covered California, and other aligned low-income centric outreach efforts. Specifically, we direct that CARE and ESA Program marketing material be proactively distributed to California LifeLine providers, stores and kiosks. California LifeLine vendors should be automatically enrolled in the CARE Capitation Program, unless they choose to opt out or are otherwise ineligible. We extend this directive to include Veterans Affairs Supportive Housing (VASH) program partners, IRS Volunteer Income Tax Assistance (VITA) providers and Covered California outreach and enrollment agencies. Enrollments driven through these efforts should be tracked (through unique CARE/ESA URLs, toll-free numbers, or other methods) and reported in the IOUs' annual CARE/ESA reports.

The only IOU to provide costs estimates for this type of effort is SDG&E. SDG&E requested $46,000 (an ESA Program one time amount) and, from the CARE Administration line item, $80,000 for 2015, $81,930 for 2016, and $83,868 for 2017 for these cross-promotional activities. These efforts should be co-funded and coordinated between the ESA and CARE programs. We therefore approve $104,933 for 2017 and 2018 for this effort to be split between ESA and CARE

[324] Greenlining, Comments at 8.

Administrative line items. This amount represents the total ESA funded amount ($46,000) split over 2017 and 2018, added with the averaged CARE Administration costs ($81,933) for the same program years. This budget allocation is further adopted and directed for SoCalGas, PG&E, and SCE. Additional collections that would ordinarily be required for this funding authorization will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

Additionally, we direct the IOUs to issue a joint Tier 2 Advice Letter within 90 days of the issuance of this Decision that outlines a data sharing plan with specific California LifeLine providers to generate bidirectional automatic leads between LifeLine participants and CARE and ESA Program participants. While those data sharing activities have yielded no additional costs to the IOUs, a PFM may be filed by the IOUs to seek additional funding in the event that any unforeseen substantial costs are incurred through data sharing with California LifeLine.

We further encourage the IOUs to consider other opportunities to work with LifeLine providers or engage in other innovative partnerships, and to propose these to the Commission in the future.

In regard to the accounting, tracking and reporting of IOU and contractor marketing and outreach budgets, see 3.7 for further discussion.

### 4.3. Information Technology Upgrades and Funding

#### 4.3.1. IOU Proposals

The IOUs propose a variety of IT upgrades for their ESA and CARE Programs.

For the CARE Program, PG&E proposes enhancements to its website and My Energy for mobile optimization to permit online enrollment, and to provide access via mobile devices such as smart phones or tablets. PG&E also proposes continued enhancements to its Customer Care and Billing system to incorporate CARE propensity model scores, add system alerts, and capture customer contact information.[325] For its ESA Program, PG&E proposes vague efforts to leverage technological advancements in customer data tracking, security, and user-friendly capabilities for customers while also transitioning to increased online and mobile processes that will offer more customers the opportunity for real-time energy management.[326] PG&E is also proposing to replace its outdated Energy Savings Assistance Program Online Database (EPO) system, which has become inadequate for ESA Program daily needs, with the replacement to include installation and budget tracking and reporting, and ability to data share. PG&E also notes that it continues to work on going paperless with forms and marketing materials.[327]

SCE plans to enhance its ESA Program customer database and expand its paperless enrollment initiative in 2016 so that ESA Program Representatives can access information to be used to address specific customer needs.[328] SCE plans on further expanding its Schedule Manager and Routing Tool (SMART) to directly interface with customers to allow them to choose from a list of available appointment dates and times, while also providing appointment reminders to minimize missed appointments and improve the customer experience.[329]

[325] PG&E, Application at 16-17.
[326] PG&E, Application at Attachment A-31.
[327] PG&E, Application at 2-37.
[328] SCE, Application at ESA 23.
[329] SCE, Application at ESA 34.

For its CARE Program, SoCalGas proposes IT expenditures of $2,374,010 for the PY2015-2017 program years ($912,906 for PY2015, $791,085 for PY2016, and $670,020 for PY2017) to maintain CARE functions in SoCalGas' billing and telephone systems, CARE web pages, the CARE on-line application, the CARE database, system reports, and data exchanges with other assistance programs, and to implement system changes to comply with regulatory mandates and improve program participation and operational efficiencies. SoCalGas believes these IT enhancements are necessary to support implementation of the over-the-phone enrollment of customers and for the formation and design of the CARE application on mobile devices, which accounts for approximately one-third of these IT costs. These enhancements are slated for implementation in 2016.[330]

For the ESA Program, SoCalGas is proposing other, standalone IT enhancements, primarily linking its Home Energy Assistance Tracking (HEAT)[331] database with its main customer database (CIS) to send records of ESA Program customers who are identified as having a disability and to facilitate customer targeting and improved customer service.[332] SoCalGas' ESA Program General Administration budget category includes additional non-labor costs that include $2.2 million over 2015-2017 for information systems maintenance and enhancements, including further development of the tools that will allow SoCalGas to coordinate more closely with SCE, and allow enhanced reporting

[330] SoCalGas, Application at CAR 74.

[331] The Home Energy Assessment Tracking (HEAT) application is the primary system used to manage, process and track key aspects of SoCalGas' ESA Program operations from customer lead generation to contractor payment and is the central repository of customer information and Program activity.

[332] SoCalGas, Application at ESA 97.

capability to enable SoCalGas management to more effectively monitor contractor activity and identify spending trends.[333]

SDG&E's application contains plans for improving the CARE Program by better integrating its underlying systems and databases with other utility functions, with the goal to improve data integrity, create processing efficiencies, and deliver program information more efficiently and effectively. SDG&E proposes funding of $1,098,580, $1,375,387 and $1,485,444 for 2015, 2016, and 2017 respectively for this effort.[334] The effort would increase automation of income verification, recertification and enrollment between SDG&E's Customer information system (CISCO), the ESA Program through the Energy Efficiency Collaboration Platform (EECP), and the CARE system. This effort would also improve the automation of ESA Program referrals. SDG&E also proposes to evaluate CARE integration into the EECP by conducting a gap analysis to determine whether it would be cost effective to move the CARE program processing to the EECP system. As all Energy Efficiency programs and the ESA Program will be operating out of this system, SDG&E believes the integration will offer more opportunities for program participation data that will allow for easier, faster and more meaningful analysis to be able to serve low income customers seamlessly with all relevant services. SDG&E states that if the migration to EECP does not prove to be a cost effective solution to CARE integration, other avenues to integrate the CARE program data with other SDG&E systems will be explored.[335]

[333] SoCalGas, Application at ESA 139.
[334] SDG&E, Application at CARE 58.
[335] SDG&E, Application at CARE 30.

#### 4.3.2. Parties' Positions

In testimony, TURN argues that the IOU budgets have been developed and proposes using previous years' authorized funding levels and not the realized or actual spend rates for these specific activities. While this pattern of over-authorization leading to inflated cost projections is not unique to the CARE Information Technology line item or the ESA Program General Administration budget (where IT costs are held), TURN argues that a correction is necessary and due.

For PG&E, TURN is recommending an IT Programming budget of $1.202 million for 2015, 2016, and 2017, based on a three-year average of PG&E's 2012-2014 recorded costs, adjusted to include incremental costs presented by the utility. This is $1.284 million less than PG&E's proposed 2015-2017 cycle budget and $0.995 million less than PG&E's request for 2016 and 2017.[336] For SCE, TURN is recommending an IT Programming budget of $2.250 million ($0.750 million per year), based on a two-year average of 2013-2014 recorded costs. TURN's proposal is $750,000 less than SCE's total request of $3 million for 2015-2017.[337] For SoCalGas, TURN argues for authorizing an annualized IT budget of $791,000 in each of 2015, 2016, and 2017.[338] Lastly, for SDG&E, TURN argues for an annual IT Programming budget of $1.099 million for 2015, 2016, and 2017, which is the same amount SDG&E forecasts spending in 2015. This is a $0.664 million reduction to SDG&E's proposed 2015-2017 budget.[339]

ORA argues that SCE's enhancement to Schedule Manager and Routing Tool (SMART) should not be funded as it cannot overcome the barrier of

[336] TURN, Testimony at 14-25.
[337] *Id.*
[338] *Id.*
[339] *Id.*

customers being at home for an ESA visit.340 ORA argues that instead, SCE should offer appointments when customers may be able to be home, such as on evenings and weekends.341 Similarly, in discussing PG&E's request for $5.7 million to replace its outdated Energy Partners Online database, ORA's testimony states that it should not be funded at this time. ORA argues that the utility has not clearly identified any problems experienced with the current system and that it may be more prudent to wait to install a new database until the Commission determines whether or not some redesign to the ESA Program is appropriate.[342]

PG&E disagrees with TURN's recommendation to reduce PG&E's IT budget. Specifically, PG&E does not agree that historical costs of past program activities should be used as a basis to forecast future planned activities. On this basis, PG&E disagrees with TURN's proposed annualized budget of $1.202 million. It further argues that even if past recorded costs were appropriate, TURN's calculation inappropriately uses 2012 recorded costs when 2012 was a bridge year, and program activities and budget were the same as 2011. PG&E notes that 2013 and 2014 recorded costs could provide a more useful comparison.[343]

SCE counters both ORA's and TURN's comments. In response to ORA's proposal to deny the utility's request to improve SMART, SCE claims that the IOU does offer night and weekend appointment options for ESA Program customers and that the SMART enhancements go beyond simply allowing after-hours appointments. SCE states that its funding request includes updates to SMART to help streamline scheduling customer appointments, provide

340 ORA, Testimony at 19.
341 Ibid.
342 ORA, Watts-Zagha Testimony at 24.
343 PG&E, Rebuttal Testimony at 3-9.

door-to-door directions, and provide contractors the most efficient driving routes.[344] Additionally, SCE argues that the IT funding request also provides funds for the development of joint tablet computer enrollment forms with SoCalGas as part of the paperless enrollment initiative and updates SCE's Energy Management Assistance Partnership System to provide two additional functions: (1) the ability to track individual units of a larger multifamily property, allowing development of a master agreement that would enable multifamily property owners to grant authorization to serve the entire complex; and (2) real-time reporting of households and measures against goals to help improve program reporting and tracking.[345]

In regard to TURN's recalculated IT budgets for SCE's CARE Program, SCE does not oppose TURN's recommendation, but submits that the Commission should use SCE's corrected 2014 recorded IT costs of $1.001 million as reported in SCE's 2014 Annual Report, filed on May 1, 2015. Using TURN's forecast method and the 2013 and 2014 recorded adjusted IT costs of $736,000 and $1.001 million, respectively, the revised 2015-2017 annual IT-related CARE budget is $869,000 (an annual decrease of $131,000 from the proposed average annual budget of $1.0 million).[346]

SoCalGas similarly challenges TURN's testimonial claims as incorrect. SoCalGas states that an organizational structure change in 2012, which moved from a shared services structure between SoCalGas and SDG&E staff towards one where IT support is provided solely by SoCalGas staff, skewed reported IT costs. SoCalGas claims that further underspending in previous years was linked to a data exchange project between the utility with the water companies that

[344] SCE, Rebuttal Testimony at 4.
[345] SCE, Rebuttal Testimony at 5-6.
[346] SCE, Rebuttal Testimony at 28.

budgeted $290,000 for fully automated data exchange and automatic enrollment of the water companies' low income program participants. However, those automated efforts never came to fruition as Commission decisions on water companies' low-income programs exempted some from participation in the data exchange, and because many of the data exchanges required extensive manual processing. SoCalGas is proposing a revised IT funding amount of $912,906 for 2015, $791,085 for 2016, and $670,020 for 2017.[347]

SDG&E cites similar externalities that prevented it from utilizing its authorized IT budget amounts. In rebuttal testimony, SDG&E claims that during the 2012-2014 cycle, the utility could not complete all planned, and budgeted, system enhancements proposed in its applications due to personnel resource constraints. SDG&E believes resources are now available to implement these projects, and that the requested budget for 2015-2017 is appropriate and should not be reduced.[348]

#### 4.3.3. Discussion

In other sections of this Decision, we direct the IOUs to pursue a variety of new and innovative approaches that will have budget impacts on the IOUs' CARE IT and ESA Program General Administration budgets. Specifically, we have directed the IOUs to implement various upgrades in their services for mobile devices, as described in Section 4.5.

At this time, we agree in part with TURN. We are concerned by program budget authorizations that consistently and significantly exceed actual expenditures. A key component to preventing this from continuing in the future is aligning projecting spending authorizations to historical spend rates.

[347] SoCalGas, Rebuttal Testimony at CR/HT-7 through CR/HT-12.
[348] SDG&E, Rebuttal Testimony at SW/HT-2 through SW/HT-4.

For SoCalGas and SDG&E, the IOUs with largest budget differential from what was originally proposed to what TURN's analysis uncovered, we are concerned that the IOUs cite technological or personnel challenges that were not recorded in the applicable IOUs' annual reports. Specifically, these reports ask the IOUs to discuss any issues and/or events that significantly affected program management in the reporting period and how these issues were addressed. SDG&E's 2012, 2013,2014 and 2015 CARE Annual Reports offer no mention of personnel resource constraints and the impacts of these constraints upon planned IT enhancements. Additionally, for SoCalGas, there is no discussion of staffing reorganization or water utility data sharing issues in the annual reports from this time period. Given that SoCalGas and SDG&E did not deem their IT-related constraints to be significant enough to be mentioned in their annual reports, we cannot accept these IOUs' arguments that the constraints merit consideration when setting budgets for the coming program cycle.

In regard to the IOUs' proposed IT enhancements, we approve SoCalGas' request for information systems maintenance and enhancements and SCE's plans to expand its SMART to assist in ESA Program scheduling. We approve PG&E's request that upgrades to the utility's outdated Energy Savings Assistance Program Online Database (EPO) system are necessary and needs replacement.

Additionally, as noted in other portions of this Decision, particularly in the section that discusses Rapid Feedback and Analysis and EM&V, Energy Division requires additional information in order to fulfill the regulatory oversight role that includes independent evaluation, measurement and verification. Part of the oversight process dictates that the IOUs upgrade their current customer information systems, CARE databases, and ESA Program workflow databases to allow for monthly data transfers to the Energy Division (or its consultants) for

independent review, modeling, and, where appropriate, public demonstration on a website. At this time, we authorize, for 2017, $300,000 for each of the IOUs CARE IT Programming budgets and $300,000 in ESA Program Regulatory Compliance budgets to cover these necessary updates. The IOUs and Energy Division are to work together to determine the scope needed to complete such work. Additional collections that would ordinarily be required for this funding authorization will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1. Furthermore, we expect the IOUs to coordinate these IT upgrades with any planned IT upgrades directed in other proceedings, including the new energy efficiency financing pilot programs directed in Decision 13-09-044, to leverage economies of scale and reduce overall IT upgrade costs. We also direct Energy Division to pursue any necessary internal IT solutions to enable it to effectively process the more detailed data to be provided by the IOUs.

As noted in our discussion of the IOUs' Proposed CARE Administration Budgets, we similarly adjust the IOUs' proposed CARE IT budgets and align them more closely with actual 2015 expenditure levels, capping increases at not more than 15% over actual 2015 expenditures in 2017, and not more than 20% over 2015 expenditures in 2018, to account for inflation as well as any unforeseen costs.

With that said, we approve an additional $202,730 for each IOU in CARE IT Programming funds for program years 2017 and 2018 to cover costs associated with making specific improvements to the IOUs' My Energy/My Account platforms. We further authorize for 2017, $300,000 for each of the IOUs CARE IT Programming budgets to cover any aforementioned and necessary IT updates

required to meet the Energy Division's expanded evaluation, measurement and verification (EM&V) needs.

### 4.4. The Role of Advanced Metering Infrastructure (AMI) Data, Utilization of My Energy/My Account Platforms

In responses to the June 12 Ruling Questions, among many issue topics, we received information on:

- the rate of low-income participation in IOU Demand Response (DR) programs and IOU My Account/My Energy websites; and
- the role of AMI data in the delivery and design of ESA, CARE and IOU DR programs.

For the electric IOUs, CARE participation, on average, lags behind non-CARE participation in DR programs, Time-of-Use (TOU) rates, and Critical Peak Pricing (CPP) rates. This runs contrary to the fact that many of these customers would see some form of bill discount by participating in these types of programs. When prompted in the June 12 Ruling Questions to gauge the value of big data analysis of AMI outputs to guide marketing and outreach and to better coordinate these types of demand side programs with the CARE and ESA Programs, the IOUs provided minimal information. SCE responded that it does not currently incorporate this data into its income-qualified programs' outreach and targeting and further stated that big data analysis is not needed to meet current goals.[349] SDG&E expressed abstract interest in future plans to make this data actionable,[350] and PG&E stated that it wants further study of the value of this type of data.[351]

[349] SCE, June 12 ALJ Ruling Response at 35-36.
[350] SDG&E, June 12 ALJ Ruling Response at 34-35.
[351] PG&E, June 12 ALJ Ruling Response at 54-55.

#### 4.4.1. Parties' Positions

Parties' comments are overwhelmingly supportive of making AMI data available to both ESA Program outreach and education contractors, as well as of making such data an integral part of the IOU administration of the CARE and ESA Program. ORA argues that Big Data is key to delivering energy efficiency to low-income households,[352] while Home Energy Analytics (HEA) detailed the multifaceted role AMI analysis could play in the improvement of the ESA Program. HEA notes that AMI analysis could: (1) help identify low-income households with excessive energy use in specific end uses; (2) provide ESA outreach and assessment contractors a detailed analysis of households' energy use prior to an in-home visit; (3) document energy changes post ESA Program participation; and (4) produce potentially more accurate and less expensive measurement and validation.[353]

On the discussion of providing contractors remotely disaggregated or non-intrusive load monitoring reports, EEC, TELACU et al., ORA, and HEA are in favor of providing this additional information prior to an ESA Program visit. Benefits identified by these parties include:

- an added perception of legitimacy to the outreach contractor;
- improved and tailored energy education, and;
- improved efficiencies in the identification of energy usage problem areas in an eligible household.

#### 4.4.2. IOU Responses

The IOUs' responses to the June 12 Ruling Questions demonstrate less enthusiasm for the adoption of these types of tools. SCE believes that use of this technique will increase costs associated with ambiguous "system modifications

[352] ORA, Opening Comments at 8-9,
[353] HEA, Opening Comments at 4-5.

or enhancements" required to capture this information and provide it to contractors. SCE also believes costs will increase because each enrollment visit will require additional time provide to present this new information. Lastly, SCE states that ESA Program Representatives will require additional training because they do not have the expertise necessary to analyze and present this information to customers.[354] SDG&E states that its ESA Program outreach and assessment contractors primarily enroll eligible ESA Program customers as they canvass neighborhoods through door-to-door efforts and that the current approach would need to be modified to allow for these reports be generated and available prior to canvassing. SDG&E also warns that the energy usage reports may be too general because they would not contain details on the end uses and demographics specific to each customer household.[355] PG&E raised many of the same potential barriers as outlined by both SCE and SDG&E.[356]

At the same time, several of the IOUs do believe that utilization of AMI data for program delivery may hold promise, with some limitations. PG&E suggests that its "Consumption Driven Weatherization Pilot" will study this effort in greater detail and that education regarding monitoring a household's energy use is a natural fit within an enhanced energy education module wherein customers will learn how to view and understand their own energy reports out of PG&E's My Energy website.[357] SCE states that these reports may provide similar information from what is available to customers enrolled in My Account and that because ESA Program rules dictate that all feasible measures must be installed, these reports may yield few customizable installations.[358] SDG&E does

[354] SCE, June 12 ALJ Ruling Response at 45.
[355] SDG&E, June 12 ALJ Ruling Response at 40.
[356] PG&E, June 12 ALJ Ruling Response at 59.
[357] PG&E, June 12 ALJ Ruling Response at 60.
[358] SCE, June 12 ALJ Ruling Response at 40.

not believe the load monitoring reports are needed prior to the in-home assessment because the outreach specialist is provided a copy of the customers' bill at the time of the visit and reviews the usage with the customer during the energy education.[359]

#### 4.4.3. Discussion

We believe that the time is overdue for the IOUs to proactively use customer AMI data to refine and drive energy efficient program design and delivery. From the IOUs' own 2013-2014 Residential Program Implementation Plans (PIPs) filed under the R.13-11-005 proceeding, the IOUs describe how AMI data will support long-term behavior strategies to reduce consumption. As a means of supporting the Residential goals outlined in the California Long-Term Energy Efficiency Strategic Plan (Strategic Plan), the IOUs would "manage research into new and advanced cost-effective innovations to reduce energy use in existing homes. The IOUs will work collaboratively to promote the commercialization of home energy management tools, including AMI-based monitoring and display tools."[360] Additionally, AMI technology was proposed by the IOUs to "offer residential customers the unique opportunities to participate in DR and AMI-enabled technologies services."[361] These opportunities should be made available to all residential customers, including low-income customers.

Specifically, under guidance of Commission staff, and with this vision in mind, we direct the IOUs, by June 1, 2017, to jointly conduct two statewide RFPs.

[359] SDG&E, June 12 ALJ Ruling Response at 40.
[360] California Statewide Subprograms for Residential Energy Efficiency, Statewide Plug-Load & Appliance Program Implementation Plan at 48.
[361] *Id.*

The first RFP will procure a remote disaggregation/non-intrusive load monitoring vendor that will provide the IOUs the ability to generate electric (and gas, if available) end-use profiles for their CARE population.

The second joint RFP will procure a big data analytics vendor to develop CARE and non-CARE residential electric usage profiles. These profiles should segment the CARE population into groups that would see realized bill savings benefits for load shifting, critical peak pricing enrollment, time of use rates, or other demand response programs. The IOUs should collaborate on the marketing, outreach and enrollment of these identified customers into CARE, ESA, and Demand Response programs. We also expect these efforts to be made available for evaluation and measurement purposes to determine the effectiveness and impact of these new approaches.

In light of the recent approval of Resolution E-4728 and Resolution E-4754, which approve the first year and second years, respectively, of the Demand Response Auction Mechanism (DRAM), we further direct the IOUs to share these vendor-developed load profiles with potential DRAM bidders in accordance with customer privacy provisions. As the DR Auction pilot establishes a 20% residential set-aside, we expect the provision of these CARE (and non-CARE) usage profiles will be instrumental in helping ensure that low-income residential customers contribute to this burgeoning market that delivers benefit to both participants and the grid. Due to the timing of the launch of the DRAM, and the issuance of this Decision, usage profiles should be provided to potential DRAM bidders (in adherence with current customer privacy protections) in year two of the DRAM pilot (2017). Furthermore, as the DRAM pilot includes evaluation by an independent consultant, we expect that an assessment of the usefulness and

value of these load profile segments be included in the scope of that evaluation work.

Similarly, for ESA Program customers with high AC loads, we expect to see an integrated approach that ensures that these customers are also educated and outreached about the benefits of the electric IOUs' AC Cycling DR programs. We therefore direct the electric IOUs to coordinate their eligible ESA Program contractors that install ESA Program provided AC measures to, where feasible, simultaneously install AC Cycling program controls and vice versa. For the customers whose load profiles would demonstrate bill savings from AC Cycling or other DR program enrollment, the IOUs are directed to create metrics to track the success of these efforts and report them in the CARE and ESA Annual Reports.

Additionally, the selected disaggregation vendor, or its subcontracted vendor, will be tasked to create individual CARE customer reports that disaggregate household usage by end use over time. These reports are to be accessible to ESA Program contractors and customers (barring any privacy restrictions noted in accordance to any privacy requirements specified in D.14-05-016 and R.08-09-133) and should be coordinated with the My Energy/My Account platforms. These reports, their analysis and the results should be incorporated into the newly reformatted ESA Energy Education component discussed elsewhere in this Decision. A more robust and accessible My Energy/My Account platform that uses customer-specific AMI to provide actionable benefit to customers is a promising venue to utilize existing, ratepayer funded resources to bring additional benefit to residential customers.

At this time, residential gas end-use disaggregation is not currently available. As these are electric only initiatives, the funding split for this initial

effort will mirror that which was adopted in the California Solar Initiative Decision, D.06-12-033. That funding split was based on total electric sales for budget allocation. This resulted in a funding split of 43.7% for PG&E, 46% for SCE, and 10.3% for SDG&E. This same funding split is directed for this effort and is to be funded out of the CARE and ESA Program Regulatory Compliance budgets. The IOUs must submit a budget proposal for this effort via a petition for modification. This petition for modification must be received within 90 days of the issuance of this Decision. The Commission expects that any collections that would ordinarily be required for this additional funding authorization will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

Additionally, we note that because several proceedings will benefit from the development of these end-use and electric usage profiles, it is important to carefully track their costs, so that these costs can be considered in this and other proceedings' decision-making related to cost-effectiveness. Otherwise, the CARE and ESA programs will appear more costly than they truly are (given that all costs are allocated to them, but only some of the benefits), and programs in other proceedings will appear less costly than they truly are (because they receive the benefits of these efforts, without being allocated their costs). We therefore direct the IOUs to track the costs of the above efforts in a separate subaccount, to identify all of the programs or initiatives that will be able to benefit from the availability of the end-use and electric usage profiles, and to coordinate with the relevant proceedings so that the relevant costs can be considered in those proceedings' cost-effectiveness decision-making.

The electric IOUs should begin immediate coordination with Energy Division to convene and begin discussions, on as-needed frequency, to develop timelines, metrics, and goals for this effort. The IOUs should also meet, collaborate and/or coordinate actively with Energy Division staff and other stakeholders to review the results of this effort across the relevant low-income, demand response, and other proceedings.

Furthermore, during the energy education component of the ESA Program delivery, contractors are directed to enroll all ESA Program customers with an active e-mail address and home/mobile internet access into the My Energy/My Account platforms and to educate customers on the website offerings using the customer's device of choice. Customers may opt out of this effort; however opt outs must be reported (with the opt-out rationale) annually in the ESA Program annual reports. The IOUs will incorporate the My Energy/My Account tools into the updated ESA Program Energy Education component to reduce any redundancies in subject matter.

### 4.5. AB 793, Energy Management Technologies and the My Energy/My Account Platforms

In understanding the challenge of energy burden on low-income households, we seek to encourage solutions that help empower customers to better understand and control their household energy usage. To do so, and in recognition of the growing reliance of low-income households on smartphones for internet connectivity, we direct, by June 1, 2017, all of the IOUs to develop mobile apps that allow for ESA/CARE program enrollment, post enrollment verification, and recertification. For the electric IOUs, these apps should allow viewing of household hourly interval energy usage for energy management purposes. We direct all IOUs to investigate joint solicitation with California

LifeLine wireless providers to pre-install these mobile apps on California LifeLine provided smartphones and report their findings in the 60-Day Reports. Funding for this effort is directed to be paid for from the CARE IT Programming and ESA General Administration Budgets respectively. The IOUs must submit a budget proposal for this effort via a PFM this Decision. This PFM must be received within 90 days of the issuance of this Decision. The Commission expects that any collections that would ordinarily be required for this additional funding authorization will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

All of the IOUs are further directed, by June 1, 2017, to update their My Account/My Energy websites for mobile versioning (i.e., must be viewable from a mobile browser or device). These updates must allow a customer to be able to increase the font size on the screen, be available in the main LEP languages in the IOU service territory, allow for ESA/CARE enrollment, allow ESA/CARE application processing status updates, and facilitate secure CARE recertification and post enrollment verification (including income documentation capture and submittal). To prevent the enrollment of ineligible households into the CARE Program, and the generation of false leads into the ESA Program, the IOUs should prescreen My Account/My Energy customers so that those with a high likelihood of CARE eligibility are provided a customized or tailored My Energy/My Account experience that allows for ESA/CARE enrollment. This prescreening process should mimic the logic employed by the IOUs' mature and sophisticated probability modeling utilized in the CARE post-enrollment verification process. For the electric IOUs, the upgrades will provide CARE high usage notification alerts for customers above 300% of baseline, and allow

customers to enroll in CPP/TOU rates and other DR programs in conjunction with an easy to use online batch rate comparison tool.

Our efforts to update the My Energy/My Account platforms and development of mobile apps is our first step to meet the requirements of AB 793 (Quirk) Stats. 2015, Ch. 589. This bill directs the IOUs, among other activities, to incorporate energy management technologies into the ESA Program measure offerings. The bill defines energy management technologies as a product, service, or software that allows a customer to better understand and manage electricity or gas use in the customer's home. While the bill simultaneously directs the IOUs to develop both an incentive program and an educational program focusing on energy management technologies, we note that the direct install program design of the ESA Program makes it a natural testbed for the fielding and piloting of these technologies.

Funding for these My Energy/My Account efforts are directed to be paid for from the CARE IT Programming and ESA General Administration Budgets respectively. SoCalGas was the only IOU to provide costs estimates for this type of effort and requested $405,460 (split for 2015 and 2016) in the CARE Program Information Technology (IT) Programming cost category for these efforts. We approve this total amount for program years 2017 and 2018. The funding for this effort will require $202,730 spread across 2017 and 2018 from both the CARE IT Programming and ESA General Administration Budgets. This amount is adopted for SDG&E, PG&E, and SCE as well. Additional collections that would ordinarily be required for this funding authorization will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

Additionally, as with the end-use and electric usage profiles discussed above, we note that because several proceedings will benefit from the development of these mobile apps and My Energy/My Account upgrades, it is important to carefully track their costs, so that these costs can be considered in this and other proceedings' decision-making related to cost-effectiveness. Otherwise, the CARE and ESA programs will appear more costly than they truly are (given that all costs are allocated to them, but only some of the benefits), and programs in other proceedings will appear less costly than they truly are (because they receive the benefits of these efforts, without being allocated their costs). We therefore direct the IOUs to track the costs of the above efforts in a separate subaccount, to identify all of the programs or initiatives that will be able to benefit from them, and to coordinate with the relevant proceedings so that the relevant costs can be considered in those proceedings' cost-effectiveness decision-making.

### 4.6. Rate Education Reports, Home Energy Reports, and Leveraging the Relationship between CARE Participation and the ESA Program

In its initial application, we learned that SDG&E is proposing Rate Education Reports, a direct mail piece with a customized rate education report that will include information on potential bill savings if the receiving customer were to enroll in CARE.[362] The goal of these mailings would be to use a potential eligible household's energy usage to inform that household of the bill discount they would receive from enrolling in the CARE Program.

Currently, and in parallel to this proceeding, all of the IOUs, out of their "mainstream" energy efficiency portfolios, are fielding an online and

[362] SDG&E, Application at AYK-8.

paper-based informational program called the Home Energy Reports (HERs) program. This program tracks a household's energy use using a rolling 12 month usage chart and demonstrates how that household's energy use changes over time and across seasons. The tool also compares households to determine if participants are using more or less energy than other similar households in their area based on home size, type and heating source. By enabling customers to visualize energy usage, and by comparing households to create a sense of competition, the program is intended to motivate participating households to lower their energy usage.

From the IOU responses to the June 12, 2015 Ruling Questions, we found that for SCE and SoCalGas, between 4% and 9% of CARE customers are participating in the Home Energy Reports (HERs) program. We are encouraged by the performance of the PG&E and SDG&E HERs efforts, which have much higher CARE customer participation.

We also learned that PG&E is reluctant to introduce Rate Education Reports due to uncertainties in the Rate Redesign Order Instituting Rulemaking (R. 12-06-013). Now that a Decision, D.15-07-001, has been rendered in that proceeding, any such hesitance is no longer warranted in our view.

At this time, we explicitly approve, and direct all of the IOUs to implement SDG&E's proposed delivery of Rate Education Reports, which will contain personalized energy use information with a focus on a comparison between the household's current utility bill and the household's utility bill if the customer qualified for and received the CARE discount. To prevent the enrollment of ineligible households into the CARE Program, and the generation of false leads into the ESA Program, the IOUs should prescreen these customers so that those with a high likelihood of CARE eligibility are provided the Rate Education

Reports. This prescreening process should mimic the logic employed by the IOUs' mature and sophisticated probability modeling utilized in the CARE post-enrollment verification process.

These reports should be delivered via e-mail or direct mail, dependent upon a customer's communication preference or other justification. However, to reduce "messaging fatigue" and reduce costs, we also direct that these mailers be combined with the IOUs' Home Energy Reports as single mailer/e-mail for those customers already participating in HERs.

We set a goal for all of the IOUs that for 2017, 10% of all CARE customers participate in the Home Energy Report effort. For 2018, we set that goal at 15%. Following the program design of the HERs, higher usage CARE customers should be targeted and prioritized for participation to help fulfill the HERs program savings goals.

The only IOU to provide costs estimates for the Rate Education Reports effort is SDG&E. SDG&E requested $125,000 for 2016 and $150,000 for 2017 in CARE Administrative costs for the Rate Education Reports activity. These efforts should be co-funded and coordinated between the Home Energy Report effort and CARE Outreach budget. Therefore, we approve the averaged amount of $137,500 for 2017 and 2018 for this effort. This amount is adopted for SoCalGas, PG&E, and SCE as well. Additional collections that would ordinarily be required for this funding authorization will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle as described in Section 5.1.

### 4.7. Leveraging the Relationship between CARE Participation and ESA Program Outreach and Participation

The CARE and ESA Programs have a long history of working together to generate enrollments for both programs. Information is routinely shared across programs and the IOUs and their contractors have made great strides in promoting and implementing both programs to help those in need. In its response to the June 12 Ruling Questions, SDG&E outlined its current manual process that compares the SDG&E billing system and the current home energy assistance tracking (HEAT) database system to enable the utility to identify and target eligible customers for ESA Program outreach. SDG&E notes that as the ESA Program moves into the Energy Efficiency Collaborative Platform, this process will become automated.[363] Additionally, from its original application, we learned that SoCalGas has a process wherein when a CARE customer stops service at one address and then starts service at another address, the CARE discount is automatically transferred. We applaud these efforts, but also learned from the June 12 Ruling responses that the IOUs have varying degrees of communication and integration between the CARE and ESA Programs as it pertains to recently moved CARE customers.

Parties are in favor of coordinating between the ESA Program and newly moved CARE customers. CforAT, ORA, TELACU et al., and Proteus were all in favor of targeting the ESA Program to newly moved CARE customers. ORA proposed that the IOUs should implement an expanded process compared to the one developed by SDG&E - wherein by 2016, the IOU will electronically track CARE customers moving within its territory in order to facilitate retention. We are in concurrence with these parties and direct the IOUs in that direction.

[363] SDG&E, June 12 ALJ Ruling Response at 38.

At this time, if not currently implemented, all IOUs are directed to automatically transfer a customer's CARE participation when a CARE customer stops service at one address and starts service at a new address. The ESA Program will screen this new address for prior treatment and, pursuant to the go-back rule further clarified in Section 3.3, this customer will be provided as a lead to ESA Program outreach contractors. The information provided to the contractors will also include information that that customer recently started service at the new address, and whether the customer participated in the ESA Program at his or her previous address (and if so, when). Additionally, we are directing uniformity amongst the IOUs in the leads that they provide to their ESA Program outreach contractors. ESA Program leads should include new CARE customers, CARE customers with high energy usage, those recently moved, and those who have provided income documentation for the CARE certification and recertification process (excluding any customers who have already participated in the ESA Program at their current address). Where applicable, all leads should be provided within 6 months of the triggering event, and should indicate what the triggering event was, so that contractors can tailor their outreach to the specific customer's situation.

Additionally, as addressed in other sections of this Decision we must implement innovative and integrated approaches to encourage participation in the ESA Program. Attachment Q recognized that a significant proportion of CARE customers have resided at their current addresses and used their current meters for many years and have not participated in the ESA Program. In their applications, the IOUs failed to present specific solutions to this phenomenon. PG&E admitted that its "response to enrolling non-transient customers [is] the

same as for all customers in its service territory."[364] SCE and SDG&E provide vague proposals for future marketing efforts to these customers, and SoCalGas simply "believes these customers would have already been marketed to through the existing targeted outreach."[365]

Current outreach and enrollment efforts for these customers are not sufficient and not working. In addition to reducing the overall CARE subsidy provided by ratepayers, reducing a CARE household's energy consumption through the ESA Program yields bill savings as well as health, comfort, and safety benefits for the participants, and societal benefits for all Californians. In the areas affected by natural gas constraints resulting from the Aliso Canyon Gas Storage Facility leak, electric and gas efficiency program participation both reduces participating customers' natural gas usage and reduces their cumulative electric load on impacted natural gas fueled electric generators. Mandating efficiency efforts are one step towards meeting Governor Brown's emergency proclamation that directs all agencies of state government to "take all actions necessary to ensure the continued reliability of natural gas and electricity supplies in the coming months during the moratorium on gas injections into the Aliso Canyon Storage Facility."

Recognizing these integrated and multifaceted benefits and the challenges with willingness to participate in the ESA Program, we seek to extend the mandatory ESA Program participation for long-time CARE customers as modelled after our successfully implemented efforts for CARE high usage customers in D.12-08-044. In the areas affected by natural gas constraints resulting from the Aliso Canyon Gas Storage Facility leak, mandating electric and gas efficiency participation for these long-term CARE customers may

[364] PG&E, Application at 2-49.
[365] SCE, Application at 43; SDG&E, Application at 41; SoCalGas, Application at 47.

simultaneously reduce these customers' natural gas usage and reduce their cumulative electric load on impacted natural gas fueled electric generators. These efforts are another step towards meeting Governor Brown's emergency proclamation.

Specifically, we adopt new directives for the IOUs to target CARE electric customers at or above the 90th percentile of usage amongst those not subject to our current High Usage PEV process (namely those who have never exceeded 400% of baseline consumption), who have also been on the CARE rate at the same meter for at least 6 years and have not participated in the ESA Program at their current meter location.

These CARE customers must be provided as a lead to the ESA Program outreach contractors. In order to stay in the program, these CARE customers must apply for the ESA Program within 45 days of notice, consistent with the process and protections laid out for CARE high usage customers in D.12-08-044. To the extent possible and where necessary, all notifications must be accessible to customers with disabilities and to customers without English language proficiency.

The electric IOUs should use discretion set forth in D.14-08-030 in regard to setting a monthly referral ceiling to address and deal with the pacing of program implementation and delivery in the implementation of this program directive. The goal is to target those CARE customers with the highest usage and longest tenancy on the CARE rate and prioritize their outreach and mandatory enrollment into the ESA Program to help them reduce their monthly bills. Similar to rules outlined in D.12-08-044 and D.14-08-030 for CARE high usage customers, if a long-time CARE customer required to participate in the ESA Program as a condition of continued enrollment in CARE fails to keep at least

one of the two appointments made with an ESA Program contractor or fails to provide access to any portion of the metered property in question, or refuses to allow a post-participation quality control inspection, that customer will be de-enrolled from the CARE Program and barred from re-enrolling in the CARE Program for 24 months.

We direct the electric IOUs to provide further details of this targeted marketing effort in the marketing plans directed in Section 3.7, and to ensure that any marketing and outreach to these customers is also coordinated with education on the recent changes to residential rates. The IOUs must include in their annual reports:

1) The number of customers at or above the 90th percentile of usage amongst those not subject to our current High Usage PEV process who have also been on the CARE rate at the same meter for at least 6 years, and the percentage of those who had not yet participated in the ESA program prior to receiving targeted marketing;
2) the number of long-term tenancy CARE customers who have applied for the ESA Program within 45 days of targeted notice;
3) the number of these enrollments that have led to measure installations; and,
4) the number of long-term tenancy CARE customers who have NOT applied for ESA within 45 days of notice and have therefore been removed from the CARE program.

### 4.8. Outreach and Enrollment Administrative Costs

In regard to CARE and ESA Program Outreach and Enrollment, the IOUs presented individual, and primarily uncontested, proposals for administrative cost authorizations. In particular, SoCalGas requested $2.6 million for three years in CARE Administrative costs, including costs for 15 Full Time Equivalent (FTE) staff to support CARE program enrollment through its Customer Contact

Centers.[366] This proposal is approved, but due to the timing of the issuance of this Decision, the authorized amount for this effort is reduced to $866,666 for both program years 2017 and 2018, respectively. Similarly, SDG&E is requesting its CARE Administrative budget fund $78,608 for 2016 and $80,738 for 2017 for 1.5 FTEs to support CARE program enrollment through its customer contact center and to fund this activity through the use of CARE program funds, rather than to base rates.[367] SDG&E has also requested concurrent funding for this effort as part of its Test Year (TY) 2016 GRC Application. As funding has been approved in the GRC for these positions, SDG&E's request for funding is hereby denied within this proceeding.

### 4.9. Cooling Centers

Cooling Centers are facilities where people can go during the summer months to escape the heat and reduce their energy usage. PG&E and SDG&E currently fund cooling center activity as part of their CARE Administration budgets, while SCE utilizes a separate memorandum account under its Energy Resource Recovery Account (ERRA) to fund its cooling center program. PG&E and SDG&E leverage partnerships with local government entities and provide financial support to city and county agencies to fund those agencies' existing cooling centers. During prior program cycles, SCE coordinated primarily with community based and faith based organizations to provide similar services, but transitioned to a different delivery model in 2015. SCE's new cooling center model leverages its authorized cooling center funding to promote awareness of county-run centers, but does not provide financial grants to these centers.

Although cooling centers are open to the general public, funding to support these centers has historically been requested and authorized in

[366] SoCalGas, Application at 29.
[367] SDG&E, Application at AYK-31.

low-income proceedings, with the expectation that many visitors may be low-income customers; CARE program applications and outreach materials must also be made available for cooling center patrons.[368] Guidance provided in D.14-08-030 directed SCE, PG&E and SDG&E to "describe existing and planned leveraging efforts with local government and to propose cooling center budgets consistent with the requirements and restrictions outlined in D.12-08-044 for the upcoming 2015-2017 program cycle."

#### 4.9.1. IOU Proposals

Beginning in 2015, SCE seeks authorization to include cooling centers in its CARE program budget, to discontinue operation of its independently run cooling centers, and to instead offer grants to support local agencies' existing cooling centers, similar to PG&E and SDG&E. In addition, SCE requests removal of funding restrictions on staff and overhead costs in order to allow this new leveraging effort to proceed. SCE also requests relaxed reporting requirements for this new model, given that SCE will have minimal leverage to obtain data from the county-run sites. Lastly, SCE is exploring opportunities to enhance marketing activities by developing a mapping function on its website so customers can more easily find the nearest cooling centers.

PG&E also requests exemption from specific funding restrictions, including transportation expenses (i.e., bus passes, vehicle rental, and fuel costs), utility staffing expenses, and snack and beverage expenses. SDG&E proposes to continue the existing partnership it has with the County and does not propose any changes to SDG&E's current program structure.

Table 4a below reflects the cooling center budgets approved for 2015-16, as well as the budgets proposed by the utilities for the 2017program year.

[368] SCE E-3885, SDG&E E-3873, PG&E E4040.

**Table 4a – 2015-2017 Authorized and Proposed Cooling Center Budgets**

| Utility | Authorized Annual Budget (Bridge Fund PY 2015) | Authorized Annual Budget (Bridge Fund PY 2016) | Proposed Annual Budget (PY 2017) |
|---|---|---|---|
| SCE | $107,921 | $107,921 | $110,835 |
| PG&E | $134,846 | $134,846 | $161,000 |
| SDG&E | $ 35,985 | $ 35,985 | $ 37,725 |
| Totals | $278,752 | $278,752 | $309,560 |

*Source: 2015-16 is per Decisions D.15-12-024 and D.16-06-018, and 2017 per Budget Applications, filed November 18, 2014.*

#### 4.9.2. Parties' Positions

In response to the Assigned ALJ's Additional Questions Ruling regarding the incremental benefit provided by grants to local governments' existing centers, the utilities identified benefits such as marketing, outreach, education materials, low-income program applications, awareness, and extended hours in some cases. PG&E's response to the ALJ's Additional Questions Ruling states that it sees no need for consistency to exist in essential services or temperature triggers across service territories, because each IOU's cooling centers and overall service territories are located in different climate zones. PG&E claims if the Commission requires all cooling centers to open with the same trigger, this could result in a negative budget impact to some centers that may have to open more than necessary for their designated climate zone, while some centers may not open at all because the temperature in their areas may never reach the trigger temperature.[369]

SDG&E's response recommends the Commission provide general guidelines for cooling centers, including a statement of the overall goal of the program, and standardized reporting metrics. However, SDG&E requests that

[369] PG&E, June 12 ALJ Ruling Response at 28.

each company be able to customize its partnership and outreach plan and tactics to best serve the unique needs of the customers residing within each service area.[370]

CforAT notes that cooling centers must be effectively publicized and welcoming for all customers. While the expectation is that cooling centers will primarily serve the low-income population, CforAT understands that there has never been any screening at cooling centers, and believes this to be appropriate. CforAT's comments also promote accessibility for people with disabilities and/or with limited English proficiency. CforAT recommends to the extent that there are amenities such as snacks or activities, care should be given to cultural competence. CforAT further recommends that the utilities provide additional outreach and energy education to customers who take advantage of cooling centers, since their visit provides an opportunity to directly connect with households that clearly have some level of vulnerability. CforAT suggests inclusion of education for all customers who visit cooling centers on how their customers' utility rates are calculated and how they can take simple (low or no cost) steps to reduce their usage and save on their bills.[371]

#### 4.9.3. Discussion

We note that the IOUs' requested cooling center budgets are closely aligned with the amounts authorized for 2015. However, this does not mean that the proposals are necessarily reasonable. In addition, as we begin to adapt to climate change, which may increase the frequency of heat waves and outages due to extreme weather, it is worth noting that cooling centers provide basic services that are relevant to more than just the low-income population. This begs the question as to whether these services should continue to be funded via

[370] SDG&E, June 12 ALJ Ruling Response at 20.
[371] CforAT, June 12 ALJ Ruling Response at 3-4.

low-income program dollars. As a result, we direct the utilities to include cooling center costs in their GRC Proceedings going forward. In the interim, we will continue to utilize CARE administrative dollars for cooling center activity, but only until each utility's next GRC.

In doing so, we direct the utilities during this program cycle to ensure and demonstrate that all authorized cooling center funding results in incremental benefit to existing local government cooling center patrons, in an increase in the number of patrons, and/or in an increase in the availability and accessibility of cooling centers (e.g., longer hours or more locations); they must also demonstrate that the cooling centers specifically benefit the low-income population.

The utilities' additional Ruling responses describe how they leverage local government agencies and rely on criteria and forecasts set by the National Weather Service to determine when to make cooling centers accessible to the public. We direct the utilities to continue current coordination efforts with local entities with respect to cooling center operations, and approve cooling center budgets for SCE, SDG&E, and PG&E that are more closely aligned with actual expenditures for prior program years, instead of relying solely on previously authorized amount. We also approve SCE's request to include cooling centers funding as part of its CARE program budget instead of its Energy Resource Recovery Account. The authorized 2017-2018 cooling center budgets for SCE, SDG&E, and PG&E are specified below in Table 4b.

**Table 4b - 2015- 2018 Authorized Cooling Center Budgets**

| Utility | Authorized Annual Budget (Bridge Fund PY 2015) | Authorized Annual Budget (Bridge Fund PY 2016) | Authorized Annual Budget (PY 2017) | Authorized Annual Budget (PY 2018) |
|---|---|---|---|---|
| SCE | $107,921 | $107,921 | $41,461 | $43,264 |
| PG&E | $134,846 | $134,846 | $137,221 | $143,187 |
| SDG&E | $ 35,985 | $ 35,985 | $41,275 | $43,069 |
| Totals | $278,752 | $278,752 | $219,957 | $229,520 |

Moreover, we direct the utilities to generate awareness regarding places where vulnerable people can go during summer months to escape heat, how cooling center patrons can minimize their own energy usage, and what low-income and other programs are available to further assist cooling center patrons. We also direct the utilities to ensure information is available to cooling center patrons regarding how customer bills may be impacted by the recently adopted retail rates reform and on what customers can do to offset bill increases, such as conserving, participating in demand response programs, and participating in the ESA or other energy efficiency programs. This outreach should be conducted in coordination with any ME&O directed in R.12-06-013 and aligned with all updates to the utilities' ESA Energy Education modules.

As discussed above, we direct the utilities to ensure and demonstrate that ratepayer funds are being spent effectively. Therefore, we decline SCE and PG&E's requests to eliminate the restrictions previously imposed in D.05-05-042 and restated in D.12-08-044. Amenities such as snacks, activities, and transportation will not be funded. Since many, if not all, of these cooling center locations are selected and administered by local agencies in conjunction with

State offices tasked with emergency preparedness, they are presumably selected with resiliency, service, and access by public transportation in mind.

We also retain the cooling center compliance annual report, but may in the future revisit the existing metrics and modify where appropriate. At a minimum, the reports must inform the Commission of how ratepayer funds are being utilized to support and promote cooling centers and simultaneously encourage low-income program enrollments and participation throughout the state. The reports must also include a description of any changes to cooling center operations that were enabled by ratepayer funding, such as extended hours or the opening of additional locations; if no such changes occurred, that must still be reported.

The utilities must also ensure that their websites are updated for future cooling center seasons with user-friendly information regarding availability of public cooling centers in their service territories. The websites should clearly display site names, locations, and hours of operation. This information should be easily viewable from both desktop computers and mobile devices. E-mail blasts, bill inserts, print/radio ads, and specific targeting to medical baseline customers must also be utilized to promote cooling center awareness and generate program enrollments, along with any other marketing and outreach tactics the IOU deems effective. To the extent possible, all printed materials should be made available in formats accessible to disabled and limited English speaking populations, as suggested by CforAT. As previously discussed, educational materials provided in the cooling centers should also include outreach regarding the recently adopted changes to retail rates.

We further direct SCE to develop a mapping function on its website so that customers can more easily determine the locations of the nearest cooling centers,

similar to PG&E's online cooling center locator and SDG&E's interactive cooling center map. All of the electric IOUs are encouraged to include all cooling centers in their online maps, including those centers funded from non-ratepayer funds. Lastly, the utilities are directed to continue to coordinate with local entities regarding heat triggers in their respective service territories and to ensure that there are plans in place to meet the needs of communities when high temperatures occur either before or after the cooling center season, which generally runs each year from May 15 through October 15. The utilities are directed to include these shoulder season plans in their annual reports.
All other proposals regarding cooling centers, if not explicitly approved here, are rejected.

### 4.10. Integration with the Residential Rate Reform Efforts in R.12-06-013 and D.15-07-001

In tandem with this proceeding, the Commission has been heavily involved in the deliberation of the future of residential rates and the electric utilities transition to time varying and dynamic rates. Among a plethora of rate changes, D.15-07-001 directed the flattening of rates and a glide path for the reduction in SDG&E and PG&E's CARE discount to 35% by 2020. These changes will have substantial effect on low-income ratepayers and it is imperative that the IOUs coordinate the marketing and outreach of the ESA Program (and related residential demand response) programs with the ME&O plans directed in that Decision. We direct the IOUs in this proceeding to proactively coordinate and integrate ESA Program marketing in alignment with the D.15-07-001 MEO Working Group. Furthermore, the IOUs are to provide detailed summaries of this coordination in their CARE/ESA Program annual reports.

### 4.11. Interaction of the CARE Discount with the Green Tariff Shared Renewables (GTSR) and Energy Cost Recovery Rate Structures

The Scoping memo for the instant proceeding raised the questions of how the CARE discount legally interacts with the GTSR and Enhanced Community Renewables rate structures, and how CARE rates may apply the GTSR program.[372]

#### 4.11.1. Parties' Positions

PG&E states that the CARE discount cannot be applied to GTSR Program charges, which apply solely to the generation component of rates. The GTSR Program incorporates a "nonparticipant ratepayer indifference" requirement[373] that prohibits shifting GTSR Program costs to non-GTSR participants. Applying the CARE discount to the generation component of the bills of customers participating in the GTSR Program could increase the costs charged to other GTSR participants, PG&E argues, a result that is inconsistent with the GTSR Program requirements per Senate Bill 43. By retaining the current approach of applying the entire CARE discount to non-generation rates, the Commission would preserve the ratepayer indifference required by the statutory provisions governing the GTSR program.[374]

MCE recommends that the Commission allow CARE customers to participate in the GTSR program, and maintain the CARE discount for these customers, in order to ensure affordable access to renewable energy for all communities.[375]

[372] Scoping Memo, Section P at 9.
[373] See Public Utilities Code Section 2831 (h)
[374] PG&E, Brief at 20-21.
[375] PG&E, Brief at 25-26.

TURN states that the CARE discount provided to GTSR Program participants should not be adjusted to account for any premiums associated with participation. Pursuant to Public Utilities Code Section 739.1(c)(1), "The average effective CARE discount shall not be less than 30% or more than 35% of the revenues that would have been produced for the same billed usage by non-CARE customers." TURN argues that the inclusion of this new provision in AB 327 provides some measure of flexibility in the development of new CARE discount structures, so long as the program provides the discount in the form of a direct credit to customer bills and the average discount for the entire CARE customer class remains within the statutory range. For example, in the recently adopted residential rate reform decision, the Commission approved SDG&E's proposal to apply the entire CARE discount as a single line-item discount off the bill "calculated at standard rates," which results in the same total discount being provided to a CARE customer regardless of whether they take retail service from an Investor-Owned Utility, Community Choice Aggregator (CCA) or Electric Service Provider (ESP). TURN believes that calculating the CARE discount based on "standard rates" should also be used for CARE customers served under the GTSR program. And in order to ensure "nonparticipant ratepayer indifference," CARE customers subscribing to GTSR should receive the same discount as if the customer were served under the standard CARE rate. Under this approach, the decision of a CARE customer to subscribe to the GTSR program would have no impact on the size of the overall CARE discount, and therefore maintains nonparticipating ratepayer indifference. TURN therefore urges the Commission to retain the current approach of applying the entire CARE discount to non-generation rates.[376]

[376] TURN, Brief at 72-75.

#### 4.11.2. Discussion

The Commission believes in allowing CARE customers equitable access to the Green Tariff rate; however, we need to keep in mind the Legislature's original intent to maintain nonparticipant ratepayers' indifference, prohibiting any shifting of GTSR Program costs to non-GTSR participants. In light of that prohibition, while we agree that CARE customers should have access to this rate, we are hesitant to apply the traditional CARE discount to the GTSR rate because this could significantly increase charges to other, non-CARE GTSR participants as the costs for a CARE subsidy cannot be borne by non-GTSR participants.

We agree with TURN that AB 327 provides flexibility for how the CARE discount is applied to a CARE customer's bill, and the unique features of the GTSR program require that we exercise that flexibility in this case. GTSR bills are distinct from any other utility bill in that they contain extra charges and credits that no other residential bundled customer faces. For example, customers participating in an Enhanced Community Renewables project under GTSR will receive an overall generation credit on their utility bills, rather than a charge; it is unclear how the CARE discount would apply in that context. Because of the unique and complicated features of GTSR rate design and billing, and the lack of information on the record addressing these particular issues, we find that the CARE discount should not apply to the GTSR-specific charges and credits on a customer's bill at this time.

Because the GTSR premium is expected to be relatively small, maintaining CARE discounts for distribution charges only will likely keep a CARE bill at an overall 30-35% discount. However, in their annual CARE/ESA Program reports, the IOUs are directed to document the number of CARE customers that make up the GTSR customer base (and the percentage of the same), and the average total

bill discount that CARE-enrolled GTSR customers receive (in percentage terms) from the CARE discount on the distribution portion of their bill. In the event that average bill discounts for CARE-GTSR customers are reported to be below the 30% overall CARE discount threshold, this policy may be revisited.

Pursuant to D.16-05-006, PG&E, SCE, and SDG&E shall file Tier 3 Advice Letters to apply Commission-approved CARE and FERA discounts to GTSR program participants as required in D.15-01-051.

### 4.12. Proposed and Authorized Overall CARE Budgets

Below are the tables containing the IOUs' proposed overall CARE Budgets and that we have authorized:

| Utility | CARE Proposed Administrative Budgets | | | |
|---|---|---|---|---|
| | 2015 | 2016 | 2017 | Total |
| PG&E | $14,946,832 | $16,946,000 | $18,020,000 | $49,912,832 |
| SCE | $7,550,247 | $8,185,028 | $8,217,726 | $23,953,001 |
| SDG&E | $5,485,965 | $6,647,204 | $6,835,212 | $18,968,381 |
| SoCalGas | $8,523,913 | $9,846,021 | $9,600,835 | $27,970,769 |
| **Total** | **$36,517,957** | **$41,624,253** | **$42,673,773** | **$120,804,983** |
| Utility | **CARE Proposed Subsidies and Benefits** | | | |
| | 2015 | 2016 | 2017 | Total |
| PG&E | $605,950,000 | $580,353,000 | $587,313,000 | $1,773,616,000 |
| SCE | $441,926,569 | $457,873,645 | $482,397,449 | $1,382,197,663 |
| SDG&E | $71,766,318 | $69,916,644 | $73,102,151 | $214,785,113 |
| SoCalGas | $130,453,111 | $131,338,535 | $132,351,979 | $394,143,625 |
| **Total** | **$1,250,095,998** | **$1,239,481,824** | **$1,275,164,579** | **$3,764,742,401** |
| Utility | **CARE Proposed Administrative Budgets and Subsidies** | | | |
| | 2015 | 2016 | 2017 | Total |
| PG&E | $620,896,832 | $597,299,000 | $605,333,000 | $1,823,528,832 |
| SCE | $449,476,816 | $466,058,673 | $490,615,175 | $1,406,150,664 |
| SDG&E | $77,252,283 | $76,563,848 | $79,937,363 | $233,753,494 |
| SoCalGas | $138,977,024 | $141,184,556 | $141,952,814 | $422,114,394 |
| **Total** | **$1,286,602,955** | **$1,281,106,077** | **$1,317,838,352** | **$3,885,547,384** |

| Utility | Authorized CARE Administrative Budgets | | | | |
|---|---|---|---|---|---|
| | 2015 (D.14-080-030) | 2016 (D.15-12-024 and D | 2017 | 2018 | 2 year Total |
| PG&E | $ 14,942,512 | $ 15,247,192 | $ 17,208,454 | $ 17,601,453 | $34,809,906 |
| SCE | $ 7,125,454 | $ 7,430,134 | $ 6,424,661 | $ 6,348,277 | $12,772,938 |
| SDG&E | $5,483,805 | $5,636,145 | $6,911,207 | $6,870,918 | $13,782,126 |
| SoCalGas | $16,364,513 | $16,618,413 | $8,938,505 | $8,978,671 | $17,917,176 |
| **Total** | **$43,916,284** | **$ 44,931,884** | **$ 39,482,827** | **$ 39,799,319** | **$ 79,282,146** |
| Utility | **Authorized CARE Subsidies and Benefits** | | | | |
| | 2015 (D.14-08-030) | 2016 (D.15-12-024 and D | 2017 | 2018 | 2 year Total |
| PG&E | $605,950,000 | $605,950,000 | $580,353,000 | $587,313,000 | $1,167,666,000 |
| SCE | $416,800,000 | $416,800,000 | $457,873,645 | $482,397,449 | $940,271,094 |
| SDG&E | $83,614,933 | $83,614,933 | $69,916,644 | $73,102,151 | $143,018,795 |
| SoCalGas | $131,142,177 | $131,142,177 | $131,338,535 | $132,351,979 | $263,690,514 |
| **Total** | **$1,250,095,998** | **$1,237,507,110** | **$1,239,481,824** | **$1,275,164,579** | **$2,514,646,403** |
| Utility | **CARE Authorized Administrative Budgets and Subsidies** | | | | |
| | 2015 (D.14-080-030) | 2016 (D.15-12-024 and D | 2017 | 2018 | 2 year Total |
| PG&E | $620,892,512 | $ 621,197,192 | $597,561,454 | $604,914,453 | $1,202,475,906 |
| SCE | $423,925,454 | $424,230,134 | $464,298,306 | $488,745,726 | $953,044,032 |
| SDG&E | $89,098,738 | $89,251,078 | $76,827,851 | $79,973,069 | $156,800,921 |
| SoCalGas | $147,506,690 | $147,760,590 | $140,277,040 | $141,330,650 | $281,607,690 |
| **Total** | **$1,281,423,394** | **$1,282,438,994** | **$1,278,964,651** | **$1,314,963,898** | **$2,593,928,549** |

Please see Appendices H and I for each IOU's specific approved budget table as well as tables detailing the adjustments made to arrive at the above adopted budget as further detailed in various sections throughout this Decision.

Additionally, there are some issues that may require additional budget adjustments, and we expect the IOUs to propose via a PFM as discussed in various sections of this Decision. The summary of these adjustments are in Appendix G.

### 4.12.1. IOUs' Proposed CARE Administrative Budgets

CARE Administrative budgets include management costs required to administer the CARE Program. These expenses are above and beyond the CARE rate subsidy and include budget categories such as: (1) Outreach; (2) Processing, Certification, Recertification; (3) IT programming; (4) Cool Centers; (5) Pilots; (6) Measurement and Evaluation; (7) Regulatory Compliance; (8) General Administration; and (9) CPUC Energy Division Support. CARE administrative expenses, like CARE subsidy dollars, are based on estimates and are adjusted annually.

During the 2012-2014 program cycle, the IOUs collectively increased their CARE administrative budget proposals by approximately 19% over the 2009-2011 program cycle. In D.12-08-044, the Commission recognized that the IOUs' budget needs increased because of various factors, including the higher costs of reaching each new customer, increased postage and mailing costs, higher capitation fees for contractors, and the additional need for supervision and oversight. In addition, the increases accounted for the gearing up of the IOUs' outreach efforts to offset attrition rates experienced in an effort to maintain penetration levels. As a result, the overall proposed CARE administrative budget increases were deemed reasonable and approved with minimal modification. Of the total amount authorized for 2012-2014 CARE administration, approximately $130.1M, the IOUs collectively spent approximately $75.6M, or 58% of their respective administrative budgets, meaning the expenses were overestimated by approximately 42% ($54.5M). Table 5 below further outlines the percentages spent by each IOU.

**Table 5 - Actual and Authorized 2012-2014 CARE Administrative Expenditures**

| Utility | 2015 Actual | 2014 Actual | 2013 Actual | 2012 Actual | 2012-2014 Actual | 2012-2014 Authorized | % Spent 2012-2014 |
|---|---|---|---|---|---|---|---|
| **PG&E** | $14,135,806 | $12,281,846 | $8,826,133 | $8,696,825 | $29,804,803 | $45,280,691 | 66% |
| **SCE** | $4,807,440 | $5,094,434 | $4,797,688 | $4,038,722 | $13,930,843 | $19,540,110 | 71% |
| **SDG&E** | $5,346,303 | $4,530,706 | $3,453,771 | $3,030,892 | $11,015,369 | $16,156,523 | 68% |
| **SoCalGas** | $7,014,825 | $8,021,604 | $6,831,747 | $5,997,153 | $20,850,504 | $49,218,108 | 42% |
| **Total** | $31,304,374 | $29,928,590 | $23,909,338 | $21,763,591 | $75,601,519 | $130,195,432 | 58% |

For the upcoming 2015-2017 program cycle, the IOUs propose CARE administrative budget increases that collectively exceed annualized *actual* 2014 expenditures by approximately 17% for 2015, 33% for 2016 and 36% for 2017.

These proposed 2015-2017 budgets also represent increases of 10% for PG&E, 23% for SCE, and 17% for SDG&E over their respective 2012-2014 *authorized* budgets. SoCalGas' proposed 2015-2017 budget represents a 43% *decrease* over its 2012-2014 authorized budget. The requested 2015-2017 CARE Administrative budgets are included below by IOU in Table 6.

**Table 6 Proposed 2015-2017 CARE Program Administrative Budgets**

| Utility | 2015 | 2016 | 2017 | Total |
|---|---|---|---|---|
| **PG&E** | $14,946,832 | $16,946,000 | $18,020,000 | $49,912,832 |
| **SCE** | $7,550,247 | $8,185,028 | $8,217,726 | $23,953,001 |
| **SDG&E** | $5,485,965 | $6,647,204 | $6,835,212 | $18,968,381 |
| **SoCalGas** | $8,534,913 | $9,846,021 | $9,600,835 | $27,981,769 |
| **Total** | $36,517,957 | $41,624,253 | $42,673,773 | $120,815,983 |

#### 4.12.2. Parties' Positions

ORA, in its protest to the utilities' budget applications, opposes the budget proposals and states that the IOUs' proposals lack sufficient evidence to allow parties to assess the CARE strategies presented, or to consider their appropriateness and potential for achieving high penetration rates in a cost effective manner.[377] In addition, ORA requests uniformity and increased transparency with respect to the IOUs' compliance reporting. ORA also challenges the practice of using previously authorized budgets as a basis to determine new budgets and argues this may not be the best approach.[378]

TURN's protest to the utilities' budget applications argues that further investigation is warranted with respect to the utilities' proposed administrative costs for CARE IT upgrades. TURN also believes that utility administrative

[377] ORA, Protest at 3.
[378] ORA, Glasner Testimony at 2-4.

practices should also be reviewed as part of promoting the integrity of the CARE program.[379]

#### 4.12.3. Discussion

While we understand the importance of maintaining momentum and managing attrition rates in terms of CARE Program enrollment and participation, we also see merit in the concerns raised by protesting parties. As a result, we do not approve the CARE Administrative budgets as proposed. With the exceptions made in the Outreach, IT, Energy Division, General Administration and CHANGES budget categories, we adjust the proposed CARE administrative budgets and align them more closely with actual 2015 expenditure levels, capping increases at not more than 15% over actual 2015 expenditures in 2017, and not more than 20% over 2015 expenditures in 2018, to account for inflation as well as any unforeseen costs. The previously authorized CARE administrative budget funded the Community Help and Awareness of Natural Gas and Electricity Services (CHANGES) pilot at $61,200 per month, utilizing the traditional IOU split (PG&E-30%; SCE- 30%; SoCalGas-25%; and SDG&E- 15%). Decision D.15-12-047 ordered CHANGES continue as an ongoing program[380] funded at a level not to exceed $1.75M annually from the CARE budget of the large IOUs in the areas served by those utilities through the end of the program cycle that ends in 2017, and the Commission may consider funding CHANGES through CARE for future CARE cycles if CHANGES is not funded by another source such as the Commission's reimbursable budget. As a result, we adjust the monthly CHANGES budget from $61,200 per month to $145,834 per month and retain the traditional IOU contribution split outlined above.

[379] TURN, Protest at 11.
[380] D.15-12-047 at Ordering Paragraph 4.

There have been ongoing delays in starting the new TEAM & CHANGES contract, ordered in D.15-12-047, due to internal CPUC processes in approving new contracts. These delays have meant that the requirement to complete an evaluation of the CHANGES program by June 2017 is no longer feasible. This requirement is included in D.15-12-047, Ordering Paragraph 32:

> 32. Consumer Service and Information Division, with the input of Energy Division shall oversee an independent, third-party evaluation study to be produced by June 30, 2017, to inform the next California Alternate Rates for Energy program cycle.

Finally, we agree with ORA regarding the need for transparency and uniformity with respect to the IOUs' compliance reports. To resolve this issue, we task the mid-cycle working group with developing recommendations for updated monthly and annual compliance report contents and formatting to comply with the directives contained in this decision. As part of this task, working group participants must also ensure that the IOUs' reporting methodologies (including budget categories and sub-categories) are consistent across the IOUs. Further direction regarding the mid-cycle working group can be found in Section 3.13 of this decision.

## 5. Combined ESA and CARE Program Elements

### 5.1. ESA Fund Shifting and Carry-Over

In D.12-08-044, we reiterated existing ESA Program fund shifting and budget carry-over rules. As summarized by SCE in its briefs, these fund shifting rules include: (1) allowing the IOUs to anticipatorily commit funds for expenditure during the next program cycle for long-term projects that require funding beyond the current budget program cycle and that will not yield savings in the current cycle, with certain limitations; (2) allowing the IOUs to shift funds from one year to another within the current three-year budget cycle without

prior approval; (3) allowing the IOUs to 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) allowing the IOUs to 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) requiring ALJ's prior written approval for any shifting of funds into or out of different program categories, shifting of funds into or out of the Education subcategory, shifting of funds between electric and gas programs, and/or shifting of funds totaling 15% or more of the total current annual ESA Program budget; and (6) requiring utilities to track and maintain a clear and concise record of all fund shifting transactions and submit a well-documented record of such transactions in their monthly and annual reports relevant to the period in which they took place.[381]

[381] SCE, Brief at 25-26.

**Table 7- Historical Carry-Forward Activity since 2009**

| Carry-Over Year | PG&E | % of Budget | SCE | % of Budget | SDG&E | % of Budget | SoCalGas | % of Budget | Total |
|---|---|---|---|---|---|---|---|---|---|
| 2009 | $16,660,957 | 15% | $11,690,440 | 21% | $4,983,605 | 24% | $470,028 | 1% | $33,805,030 |
| 2010 | $7,329,719 | 5% | ($3,565,801) | -6% | $2,293,486 | 11% | $3,340,800 | 4% | $9,398,204 |
| 2011 | $10,888,059 | 7% | $13,073,483 | 21% | -$622,903 | -3% | -$23,973,579 | -31% | ($634,940) |
| 2012 | $19,836,694 | 13% | $33,082,951 | 46% | $1,925,832 | 9% | $44,947,134 | 41% | $99,792,611 |
| 2013 | $14,181,962 | 9% | $17,035,200 | 23% | $5,520,795 | 25% | $32,791,521 | 28% | $69,529,478 |
| 2014 | $15,921,662 | 10% | $16,850,397 | 23% | $4,628,968 | 17% | $38,635,835 | 29% | $76,036,862 |
| 2015 | $27,171,433 | 17% | $21,405,444 | 29% | $6,416,654 | 27% | $57,599,603 | 43% | $112,593,134 |
| ***Total*** | ***$111,990,486*** | ***11%*** | ***$109,572,114*** | ***23%*** | ***$25,146,437*** | ***16%*** | ***$153,811,342*** | ***21%*** | ***$400,520,379*** |

The table above was developed by Energy Division Staff utilizing the Investor-Owned Utilities' ESAP Annual Reports.

In light of the significant unspent funds remaining from the 2009-2015 ESA Program years, summarized in Table 7 above, it is clear that changes are needed to better report, monitor, and track unspent ESA Program funds. The size of the above carry-over budgets raises the question of why funds are not being spent, or whether program budget estimates are drastically inaccurate. The Commission must also consider what to do with accumulated unspent funds.

ESA Program funds are collected via the Public Purpose Programs surcharge. Funds are recorded in the IOUs' energy efficiency balancing accounts, where they can be tracked and used in the current program cycle, carried over to a future cycle, carried backwards to cover expenditures from a past cycle, or returned to ratepayers, subject to Commission direction and regulation.

D.14-08-030 directed the IOUs to explain their ESA Program carry-over funds and why they exist. The Decision also asked the IOUs to propose treatment of unspent funds for the current cycle. Based on IOU the responses to these questions included in their applications, unspent funds appear to be a

result of budget estimates that are based on the maximum level of program activity possible.[382] This practice can sometimes result in higher budget estimates (and related budget authorizations) than actual program expenditures.

ESA Program budget estimates and resulting authorizations have been based on an expectation that the "households treated goal" (which incorporates an estimated willingness to participate factor) will be met by each IOU, and that each household will install the projected number of allowable measures provided by the program. Actual budget expenditures depend on the actual number of eligible households that are willing and successfully able to participate, and on the number of measures actually installed in participating households.

Despite participation rates being lower than the number of potentially eligible customers who could participate, the IOUs employ a practice of optimistically forecasting budget needs in order to avoid budget shortfalls. Current carry-over rules allow the IOUs to propose to carry-over unspent funds as part of their budget application. For carry forward and fund shifting that is not included in the budget applications, a motion is required in certain instances such as carrying forward funds that are in excess of 15% of the total ESA budget or shifting funds into different program categories.

As previously mentioned, the IOUs are required to "include all anticipated carry-over funds in the upcoming budget applications."[383] The current applications show that the carry-forward funds from 2009 to 2014 have accumulated to equate to just shy of one entire program year's budget. To address its large accumulation of unspent funds, SCE filed Advice Letter 3134-E in November of 2014, requesting to return $72 million dollars of unspent ESA

[382] PG&E, Application at 2-35; SCE, Application at 28; SDG&E, Application at 29; SoCalGas, Application at 31.
[383] D.12-08-044 at 291-296.

Program funds to ratepayers. This request was later withdrawn, because the issue of unspent funds is being considered and decided here. We provide guidance below to the IOUs for what to do with accumulated unspent funds. Clearly, closer and more regular examination of carry-over allowances is needed.

#### 5.1.1. Parties' Positions

The IOUs contend that the Commission should maintain existing fund shifting and carry over and carry back rules, and SDG&E even proposes relaxing existing rules when it comes to shifting funds between electric and gas budget categories.[384] Per existing rules, the IOUs are permitted to shift funds between gas and electric budget categories by "filing a motion pursuant to Article 11 of the Commission's Rules of Practice and Procedure. Upon showing of good cause, the Administrative Law Judge may issue a ruling approving the requested fund shift."[385]

SoCalGas requests the Commission "make PY 2016–2017 the first two years for determining the next cycle goals and fund shifting activities."[386] This comment suggests that SoCalGas prefers to wait until PY 2016–2017 before implementing revised fund shifting rules, and requests these rules not go into effect in the 2015 program year. SCE suggests an annual advice letter filing to identify unspent funds, while retaining 10% to true-up the source program year and offsetting the next year's revenue requirement with the remaining 90% of unspent funds.[387] PG&E suggested multiple changes to program cost categories to minimize unspent funds.[388] These are quoted below:

- Create a new budget category for water measures;

[384] SDG&E, Opening Comments at 12.
[385] *Id.*
[386] SoCalGas, Rendler Testimony at 9.
[387] SCE, Opening Comments at A-1.
[388] PG&E, Application at 2-153.

- Moving the budgets allocated for "Customer Enrollment" into the "Marketing & Outreach" Category; and
- Moving the budgets allocated for "Pilots" into the "Measurement & Evaluation Studies" Category.

SDG&E supports reconsideration of the ESA Program's Fund Shifting Rules and recommends that the Commission permit the utilities to use an Advice Letter process consistent with the Fund Shifting Rules adopted for the general energy efficiency programs, in lieu of a motion to request a fund shift of carry over funds between its gas and electric departments. Utilizing the Advice Letter process, SDG&E argues, would permit a more efficient administrative review process and would result in a more timely decision on the fund shifting request.[389]

SCE proposes that the Commission maintain the fund shifting requirements for the ESA Program adopted in D.12-08-044.

Only three parties commented on the carry-over funds issue. Proteus recommends that SCE utilize unspent carry-over funds to offer central air conditioners to low-income residents in Climate Zone 13,[390] while TELACU et al. suggests carry-over funds be used in 2015 to increase reimbursement rates for program contractors "because of the lack of adequate fee increases for labor and materials generally." TELACU further states that "budgets between program cycles show only a 2.5% increase, but contractors have experienced increases of 4% to 6% per year."[391]

ORA comments that there are a "variety of reasons that underspending may occur, including lower than expected customer participation, or the condition of customer's homes being different than forecasted…Therefore

[389] SDG&E, June 12 ALJ Ruling Response at 41.
[390] Proteus, Reply Brief at 10.
[391] TELACU et al., Reply Brief at 3.

meeting authorized budgets tells the Commission little or nothing about how well the programs are being run."[392]

#### 5.1.2. LIOB Workshop and Workshop Report

The issue of unspent funds was also a topic of discussion at the LIOB August 19th meeting. A workshop report for the LIOB meeting was sent to the service list on September 23, 2015. At this meeting the IOUs were asked what barriers contributed to unspent funds and for their thoughts on how to minimize these barriers. Below is an excerpt from Energy Division's workshop report, summarizing the IOUs' responses:[393]

> SCE indicated that removal of the three measure minimum, relaxing go back rules, inclusion of water-energy measures, and more easy-to-install measures would help. On the multifamily side, SCE indicated more integration with programs for common area measures would also help as well as being able to include mid-cycle measures. SoCalGas noted that in its application, it suggested returning unspent funds to ratepayers; these funds were originally collected as part of the Public Purpose Programs (PPP) Surcharge. SDG&E indicated that a majority of its 2009-2014 unspent funds are in the measures category and suggested the ability to transfer unspent funds between electric and gas measures would help. SDG&E would also like to offset revenue requirements with some of the unspent funds, and to add additional measures with the remainder. SDG&E stated that it also proposes [to use unspent funds] to work with landlords in order to increase penetration. PG&E stated that it is sensitive to the need not to overspend its budget, so it anticipates there will always be some unspent funds and explained that a big portion of the unspent funds was due to the shifting of PG&E's Natural Gas Appliance Testing (NGAT) funds into the General Rate Case (GRC) and out of the ESA budget.

[392] ORA, Reply Brief at 5.

[393] LIOB August 19, 2015 Workshop Report: http://liob.org/docs/9-23-15%20Workshop%20Report%20of%20the%20IOUs%20and%20SMJUs%20held%20on%208-19-15.pdf.

The board members also asked clarifying questions, and Board Member Toledo suggested that the funds could go towards projects to assist low-income customers.

Parties provided opening and reply comments to the workshop report, which were also submitted to the service list. Greenlining, NRDC et al., SDG&E, SoCalGas, and PG&E have submitted comments related to unspent funds. Greenlining suggests that unspent funds should be used to support statewide ESA ME&O efforts for 2016–2017, and the IOUs' recommendations to return unspent funds to ratepayers should be rejected.[394] PG&E, SoCalGas, and SDG&E disagree with Greenlining's recommendation and claim that statewide ME&O funding for CSE has already been addressed for 2016 in proceeding D.15-08-033. The IOUs also claim that D.15-08-033 is the appropriate venue to consider future statewide ME&O issues.[395]

Additionally, Greenlining recommends that the Commission require the utilities to provide additional information on unspent funds and allow parties an opportunity to comment on the proper use of these funds.[396] In their reply comments, SDG&E, PG&E, and SoCalGas all disagree with Greenlining's recommendation to reopen the record, claiming that parties had plenty of opportunities to build the record and reopening it now will negatively impact the program by causing funding and implementation delays.[397]

NRDC et al. agree with Greenlining that additional formal discussion is needed regarding unspent funds and recommends the Commission postpone a decision to refund unspent funds until after the 2015-2017 ESA Program final

[394] Greenlining, Workshop Opening Comments at 3.
[395] SoCalGas, Workshop Reply Comments at 3; PG&E, Workshop Reply Comments at 2; SDG&E, Workshop Reply Comments at 2.
[396] Greenlining, Workshop Reply Comments at 2.
[397] SoCalGas, Workshop Reply Comments at 3; PG&E, Workshop Reply Comments at 2; SDG&E, Workshop Reply Comments at 2.

decision is approved.[398] NRDC et al. also state that before unspent funds are returned to ratepayers, the Commission should consider whether program goals have been met and, if not, whether these funds can be used to promote achievement of unmet goals.[399] NRDC et al. agree with PG&E that unspent funds could also be used to augment current ESA Program budgets to provide new measures and support pilots.[400]

#### 5.1.3. ESA Program Fund Shifting and Carry Over Discussion

We address statewide ME&O in Section 3.7.2 of this decision, and therefore will not discuss it again here. With respect to gathering more information on the state of unspent funds for the ESA Program, we decline to reopen the record now as proposed by Greenlining. We note that the unspent funds has been publicly identified in this proceeding since the IOUs first submitted their applications in November of 2014, has been in scope for the duration of this proceeding, and has been the subject of Ruling Questions soliciting additional information from parties that was issued in July.

We find that there has been ample opportunity for discovery on this issue via initial protests and comments on the applications, briefs, hearings, and response to ruling questions. We see no reason to delay disposition of this topic, which would result in 2009-2014 unspent funds being "parked" in balancing accounts for even longer. Moreover, we see value in implementing more rigorous monitoring, tracking, and carry-over processes immediately, to prevent a similar accumulation of unspent funds from recurring in the coming program cycle. These revised processes are described below.

[398] NRDC et al., Workshop Reply Comments at 3.
[399] NRDC et al., Workshop Reply Comments at 5.
[400] NRDC et al., Workshop Reply Comments at 6.

We maintain existing fund shifting rules pertaining to shifting funds between gas and electric budget categories, and decline to relax them as proposed by SDG&E. We do, however, enact modifications to the current carry-forward rules including how existing carry-forward budgets are reported and tracked. While we believe it is important to maintain a level of flexibility for carrying forward unspent funds, we also see a clear need for better accounting of the amounts of carry-forward funds over time, and for a strategy to minimize the accumulation of large quantities of unspent and uncommitted funds across program cycles. These modifications are anticipated to result in more robust IOU reporting requirements with regard to carrying over unspent funds to future program cycles and increased Commission oversight and awareness of these funds.

Revised carry-over rules and reporting requirements are described below, and concisely listed in Appendix J.

#### 5.1.4. Definitional Clarifications

For this discussion, we define "committed" funds to be funds that are committed to a specific contract or customer project. We define "uncommitted" funds to be unspent funds that are not committed to existing projects or contracts. "Unspent funds," without qualification, refers to all authorized yet unspent funds, whether committed or not, unless the term is qualified to specify whether funds are committed.

#### 5.1.5. Administering Unspent Funds

First, we adopt the principle that uncommitted unspent funds that are not carried forward should be used to offset future program year collections. This will ensure that these funds ultimately serve ESA Program participants, and will

help to mitigate any additional collections that would otherwise be required as a result of incremental program budget authorizations.

Year-to-year carry-over activities and reporting will be based on annual budgets. Funds carried over to a future year within a given program cycle will augment that future year's authorized budget, resulting in additional ESA Program funds being made available in that future year. We note that carry-over funds shall not count towards the future year's budget for the purposes of calculating the following year's carry-over threshold.

Carry-over funds must follow the revised fund-shifting rules adopted in Appendix J. For example, funds may not be carried over to a different budget line item, or be transferred between electric and gas measures. The IOU must file a motion if it wishes to shift or carry over funds in a manner that requires prior approval according to the revised fund-shifting rules. If applicable, the motion shall also identify the amount of unspent funds from that program year that will not be carried over, and will instead be used to offset future collections.

Additionally, we clarify that the above-mentioned carry-over rules cap the amount of unspent funds that can be carried over from program year to program year, within a given program cycle, to 15% of the prior year's program budget. This cap includes both committed and uncommitted unspent funds to be carried over. If an IOU wishes to carry over an amount in excess of the 15% limit, the IOU must first file a motion for Commission approval, as described above. If the IOU does not receive such approval, any unspent funds in excess of the 15% limit may not be carried over and must instead be used to offset future collections.

The IOUs shall include in their annual reports a summary of unspent funds, identifying both funds that are carried over and funds that are not carried over and are instead used to offset collections in the next program year. This

report should reference authorizing advice letters, resolutions, or rulings as appropriate. Amounts should be reported by program budget line-item. Unspent funds used to offset collections must be applied according to the original funding source: unspent electric funds must offset future collections from electric rates, while unspent gas funds must offset future collections from gas rates.

To increase transparency and oversight, we prohibit carrying over unspent funds from program cycle to program cycle. At the end of each program cycle, any unspent funds remaining from the program years within that program cycle must be reported in the annual report and used to offset collections in the following program cycle. Each IOU must also submit unspent funds reports to the applicable proceeding's service list as part of an advice letter filing to occur within the first two quarters of the start of the next program cycle. This advice letter will identify the amount of unspent funds remaining, and should reference authorizing advice letters, resolutions, or rulings as appropriate. Amounts should be reported by program budget line-item. Upon approval, all of these funds shall be used to offset future program collections. The first time each IOU submits such an advice letter, it shall be a Tier 2 Advice Letter. Thereafter, the IOUs shall submit Tier 1 Advice Letters. The first such Advice Letter shall be submitted in 2019, covering the 2017-2018 program cycle.

All unspent funds remaining are subject to this rule, regardless of past program cycle commitments. Prior to submission of the annual report and Advice Letter at the conclusion of the past program cycle, committed funds must either be spent (on prior program cycle commitments), or they must be reclassified as uncommitted funds. All unspent funds shall then be used to offset collections in the following program cycle. As in the case of within-cycle unspent

funds, any funds used to offset collections in the following program cycle must be applied according to the original funding source: unspent electric funds must offset future collections from electric rates, while unspent gas funds must offset future collections from gas rates.

#### 5.1.6. Direction for 2009-2015 Accumulated ESA Program Carry-Over Funds

Consistent with prohibiting carry-over of funds across program cycles, all current unspent funds shall be utilized to offset the 2017-2018 program collections that would otherwise have been required. These unspent funds are not to be used in addition to the budgets authorized for 2017 and 2018. The amount of unspent funds being used to offset future collections shall be reported in the IOUs' annual reports covering the 2016 program year, as described above.

These funds shall not be returned to ratepayers. Moreover, to the extent that new initiatives have been authorized by this decision, and to the extent that any new initiatives are approved via a future petition for modification (e.g., water-energy initiatives, IT upgrades, etc.), this use of 2009-2015 unspent funds to offset collections will mitigate or render unnecessary any additional collections that would otherwise have been required.

### 5.2. CARE Program Fund Shifting and Carry Over Discussion

The IOUs are permitted to shift CARE funds in the same manner as they did in the 2012-2014 budget cycle, and shall report all such shifting in the same manner as in that budget cycle.

### 5.3. Leveraging and Coordination with Third Parties

In other portions of this Decision, we have provided direction on new and innovative outreach and enrollment strategies that we expect for the IOU ESA

and CARE Programs. We have also noted how we expect the CARE and ESA Programs to utilize data sharing, co-marketing, expanded capitation, and joint solicitation to better integrate our low-income programs with the California Lifeline program and Covered California agencies and providers. We also discussed the integration of our programs with Veterans Affairs Supportive Housing (VASH) programs and IRS sponsored Volunteer Income Tax Assistance (VITA) agencies to provide bidirectional outreach and enrollments.

Furthermore, in an effort to grapple with the ESA Program's role in helping mitigate this historic drought, we have outlined our approach to leverage our ESA Program funding alongside the CSD/CEC and CSD/DWR cold water saving implementation plans. The overall objective in that directive is to help stretch the CSD/CEC and CSD/DWR directed funding to extend its breadth in the number of low flow toilets installed in low income customer households. Also, in our discussion of multifamily issues, we have specific direction regarding ESA Program coordination with CSD's new LIWP for the multifamily sector.

In this section, we seek to investigate the IOUs' leadership and vision on new leveraging and coordination efforts with community based organizations, other utilities, and other aspects of the CSD program offerings. In particular, we are interested in the IOUs' response to the corrected Attachment Q portion on each IOUs' plans to "(a) continue and improve upon the efforts to develop and implement an effective leveraging plan between the ESA Program and CSD; (b) continue and improve upon their current efforts of utilizing dual providers for ESA and CSD in program delivery, where feasible; and (c) continue and improve upon their current efforts toward refining the data sharing activities with CSD's LIHEAP/Weatherization Assistance Program (WAP)."

#### 5.3.1. IOUs' Proposals

In response to this directive, the IOUs proposed varying levels of coordination planning and outlines for further collaboration with CSD's WAP and LIHEAP offerings. SDG&E's application refers to vague plans to continue discussions with CSD on the coordination of LIHEAP grant services, technical issues and process updates.[401] SoCalGas presents equally vague plans and procedural improvements that may lead to "effective platforms" for collaboration with CSD's grant posting procedures.[402] While first proposing, and then rescinding, a $335,500 CSD leveraging pilot, PG&E's new coordination plans to work with CSD WAP are at this time unknown. We do know that PG&E will continue its refrigerator leveraging program with CSD WAP providers. PG&E also proposes exploring several enhancements to their customer credit and billing system that allow LIHEAP agencies an interface platform to allow "view only" access to customer balances, pledge with same-day action, pledge on multiple accounts without needing to provide any duplicate info (such as log-in credentials) and enhancing the current web form to allow these agencies to make multiple pledge requests on the same form. PG&E believes these potential enhancements will reduce the delay in applying LIHEAP crisis grants for CARE customers.[403]

SCE is the only IOU with a plan – proposing the continued provision by SCE of bulk-purchased appliances for installation by CSD in specified areas, and new SCE referral process wherein high energy burden and non-IOU fuel source customers are sent to CSD local service providers to better serve these customers and avoid overlap. SCE also mentions the provision of data to CSD to support

[401] SDG&E, Application at CARE-55.
[402] SoCalGas, Application at 11, CARE 25.
[403] PG&E, Application at 3-44.

their statutory obligation to provide LIHEAP services, and develop a tool to provide CSD and its service providers with a list of previous ESA Program participants in a given location to reduce duplication.[404]

#### 5.3.2. Parties' Positions

In opening comments, CSD argued that the IOU plans largely fail to meet the directives outlined in Attachment Q. CSD states that the directives in Attachment Q mandate the development at each IOU of a "leveraging plan" in coordination with CSD, with some level of reporting and accountability to the Commission in connection with the plan. CSD also believes that the Commission directives reference the development of a "statewide data base," or other methods for exchanging data. CSD mentions that if CSD were compelled to negotiate four distinct leveraging plans, data-sharing arrangements and coordination processes, the attainment of a truly statewide, comprehensive approach would be compromised.[405]

In reply comments, the IOUs largely defend their applications and the accompanied plans for coordination with CSD. The IOUs uniformly argue that the Commission should deny CSD's recommendation that the utilities amend their applications to address further coordination efforts with CSD.[406]

In testimony, ORA expresses deep reservations with PG&E's now rescinded coordination pilot with CSD, and also about the overall coordination between IOU programs and CSD arguing that the Commission should deny this request and associated funding because the goals and outcomes of the pilot are vague and ill-defined, and that we should not spend any more on arranging

[404] SCE, Application at 30, 93-94.
[405] CSD, Opening Comments at 4.
[406] SoCalGas, Reply Comments at 3; SDG&E, Reply Comments at 3; PG&E, Reply Comments at 15; SCE, Reply Comments at 7.

coordination between the ESA Program and CSD because six years of Commission direction to create a shared database has not been successful.[407]

In rebuttal testimony, NRDC et al. agree with ORA that after six years of Commission direction to create a shared database with CSD, those efforts have not been successful and that the outcomes and goals of PG&E's CSD pilot are lacking. However, NRDC et al. disagree with ORA that coordination with CSD should cease, and instead document CSD's new LIWP, which is funded through cap-and-trade auction proceeds directed through the California State Budget. NRDC et al. state that LIWP has received $75 million in fiscal year 2014-2015 and according to the Governor's May Budget Proposal, would receive additional funding in fiscal year 2015-2016 for single family, small multifamily, and large multifamily components that will provide energy efficiency and renewable services through separate delivery mechanisms. NRDC et al. argue that the creation of LIWP renews the importance of coordination between the ESA Program and CSD. NRDC et al. further recommend that the Commission host joint workshops, establish a stakeholder working group, and/or require utilities to file Advice Letters documenting progress and compliance on sharing data and better coordinating with CSD. They also recommend that the Commission require the IOUs to create and file templates documenting the ESA and CSD programs could be layered for various market segments, as well as openly report back on coordination efforts and receive feedback from program participants.[408]

#### 5.3.3. Discussion

We share the frustration of ORA and NRDC et al., but we also have some optimism. NRDC et al. are timely and correct in noting that CSD's WAP program has seen the influx of nearly $154 in appropriations from in GHG

[407] ORA, Testimony at 29.
[408] NRDC et al., Rebuttal Testimony at 9-10.

Reduction Fund dollars since 2014.[409] Importantly, tied to this new funding source are additional reporting requirements from the Air Resources Board and new requirements from the Federal Government. To fulfill these reporting requirements, CSD will need detailed energy usage and measure installation data from our IOUs. As noted by CSD and ORA, it is onerous to the IOUs, ratepayers, and CSD to further push for a statewide database and four individual data sharing agreements, especially when much, if not all, of this information is currently provided to Energy Division for ongoing measurement and evaluation activities on a semiannual or quarterly basis. We are encouraged to learn that a non-disclosure agreement between CSD and the Commission may finally resolve this data issue that has eluded the IOUs for so many years.

In regard to further coordinating the ESA and CARE programs with CSD, we approve and are encouraged by SCE's and PG&E's plans for creating efficiencies between LIHEAP grant agencies and the IOU customer databases. All of the IOUs are directed to take similar measures to help reduce administrative costs and time delays for those customers seeking utility payment assistance. Furthermore, we direct all IOUs to develop coordination plans between the ESA Program and CSD's WAP program to develop a referral process for identified customers with high energy burden and non-IOU fuel sources. Within 90 days of this Decision, the IOUs are to file Tier 2 advice letters, with CSD's active collaboration, that outline how this referral process will work. Finally, as previously noted, in our discussion of multifamily issues and the water-energy nexus, we provide specific direction regarding ESA Program

[409] Annual Report to the Legislature on California Climate Investments Using Cap-and-Trade Auction Proceeds: http://arb.ca.gov/cc/capandtrade/auctionproceeds/cci_annual_report_2016_final.pdf

coordination with CSD's new LIWP for the multifamily sector, and with the joint CSD/DWR drought mitigation efforts.

We are also confident that the IOUs' Green Button / Connect My Data program can assist CSD in its efforts to collect and quantify its programs' energy savings impacts and to help CSD with its reporting requirements. We hereby direct the IOUs' Green Button Connect My Data program staff to meet with CSD to streamline CSD's application to become an authorized third party. We expect that the IOUs' Green Button Connect My Data program customer authorization processes to be brought into alignment so that statewide partners, like CSD, can easily interface with the tool on a statewide basis. With CSD's active collaboration, the IOUs should outline how this referral process and Green Button/Connect My Data program coordination will work and report this information in their 60-day Reports.

### 5.4. Audit Reports

In 2013, the Commission's Utility Audits Financial Compliance Branch (UAFCB) completed four financial, management and regulatory compliance examinations of the 2009 and 2010 Energy Savings Assistant Programs of PG&E, SCE, SDG&E, and SoCalGas. UAFCB examined samples from $845.7 million in reported expenditures and found that, among other things, the utilities failed to demonstrate compliance with Commission directives, the statewide Policy and Procedures Manual, and their own internal accounting controls.

In addition, the UAFCB found that in some instances the utilities failed to maintain adequate documentation to support recorded expenditure costs, provided measures to unqualified recipients, installed ineligible measures, and reported inaccurate information in their annual reports filed with the

Commission. At the completion of the audits, UAFCB developed corrective action plans with the utilities.[410]

#### 5.4.1. Parties' Positions

ORA's protest to the utilities' 2015-2017 budget applications proposes consideration of the audits of all IOUs in this proceeding and recommends that the Commission ensure adequate resolution of reported program deficiencies, and that the IOUs put mechanisms in place to prevent similar reoccurrences in the future.[411]

ORA's Post PHC Statement suggests that many parties are unaware that the Commission conducts these public purpose program audits, and that the extent to which these reports may be publicly disclosed is unclear. As an example, ORA references the Energy Efficiency program, where the audits are publicly available and provided to the service list. Consequently, ORA proposes that the proceeding scope include a determination of how, and to what extent, the ESA/CARE program cycle audits should be made available to the public.[412]

ORA recommends that the Commission order that a Financial, Management and Regulatory Compliance Audit be conducted of each funding cycle, beginning with an audit covering the 2016-2017 period, and requests that auditing reports be posted to the relevant Low Income webpages on Energy Division's website for easy access by all parties.[413] ORA also recommends that new audits commence on May 1, 2017, in order to accommodate the IOUs' Annual Report filings.[414]

[410] CPUC 2013 Annual Report.
[411] ORA, Protest at 11.
[412] ORA, Post Pre-Hearing Conference Statement at 4.
[413] ORA, Cole Testimony at 10.
[414] ORA, Reply Brief at 2.

Lastly, ORA recommends that the IOU be ordered to file a response to the auditors' findings, including a plan for addressing the auditors' recommendations in an advice letter to Energy Division within 30 days of the conclusion of the audit. If the Utility does not plan to contest the audits findings, the response should be filed in a Tier 2 advice letter. In the event they do plan on contesting the findings of the auditors' report, ORA argues that the IOU should be required to do so in a Tier 3 advice letter.[415]

PG&E argues that all findings from the completed 2009-2010 ESA audit were addressed in PG&E's response to the UAFCB, dated July 16, 2013, available on Energy Division's website.[416] PG&E further asserts that the audit findings are beyond the scope of this proceeding.

SCE supports the audit recommendations of ORA, with three modifications: (1) if the Commission finds that previous audit results do not warrant the costs associated with regular audits across all four IOUs, then a less onerous option may be to audit two IOUs each program cycle, on an alternating basis; (2) IOU responses should accompany any posting of the final audit reports online; and (3) the Advice Letter process is unnecessary for the IOUs' audit responses, because these responses are already formally submitted to the Commission through the UAFCB.[417]

ORA responds to SCE to note that alternating audits as proposed by SCE do not constitute best practices, particularly considering the size of the total annual ESA Program budgets.[418]

[415] ORA, Cole Testimony at 10-11.
[416] PG&E, Reply Comments at 16
[417] SCE, Opening Brief at 29-30.
[418] ORA, Reply Brief at 2.

#### 5.4.2. Discussion

The Commission recognizes that the current practice does not result in transparent, publicly available draft audits, final audits, and utility responses, nor does the current process ensure full compliance with audit recommendations. However, program audits and their attendant processes represent significant demands of time and other resources. As conducted, the current audit process complies with relevant code, including Public Utilities Code Section 900, which reads in part:

> The commission may conduct compliance audits to ensure compliance with any commission order or resolution relating to the implementation of programs pursuant to Sections 739.1, 739.2, and 2790, and may conduct financial audits.

We emphasize the understanding that such audits are permissible but not mandated by code. The Financial Management and Regulatory compliance audits for the CARE and ESA programs are conducted in full compliance with code, and further auditing efforts must be carefully weighed against existing time and resource constraints.

Nonetheless, we acknowledge the concerns expressed by ORA and agree that best practices dictate continued audits, as well as a more robust approach to addressing issues raised by any future audit results. Considering the time, resources, and other process requirements that would attend to the Advice Letter approach recommended by ORA, we find the procedural aspects of ORA's proposal lacking in justification. Consequently, we recommend an alternative approach that accomplishes the same objectives with less complexity than the Advice Letter approach. This alternative is set forth below.

Energy Division shall coordinate with UAFCB, or an alternate third party auditor, to establish an enhanced audit process for future low income program

audits to address the concerns parties have raised regarding transparency. The process outlined below should be followed to resolve challenges encountered during previous program cycles with respect to low income program audits, including those challenges related to addressing findings, public vetting, transparency, and confidentiality.

1) Energy Division shall consult with UAFCB or an alternate third party auditor to determine and outline the audit scope, timeline, and related deliverables.
2) A preliminary draft of the audit findings shall be delivered to Energy Division to review. Following ED's review, an updated draft shall be shared simultaneously with Energy Division and the IOUs. A redacted version shall also be delivered to the public, via the service list, and shall be posted to the CPUC Income Qualified Programs webpage.
3) The IOUs shall respond to the draft findings within a timeframe to be determined collectively by the Energy Division and UAFCB or the alternate third party auditor. The IOUs shall simultaneously deliver their responses to ED and, where appropriate, to the other IOUs. The IOUs shall also deliver a redacted version to the public, via the service list, and work with ED to post the redacted version to the CPUC Income Qualified Programs webpage.
4) UAFCB or alternate third party auditor shall incorporate the IOUs' responses, formalize the audit recommendations, and simultaneously deliver its finalized audit recommendations to ED and the IOUs, deliver a redacted version to the public via the service list, and work with ED to post the redacted version to the CPUC Income Qualified Programs webpage.
5) The IOUs shall respond within a timeframe to be determined collectively by the Energy Division and UAFCB or the alternate third party auditor, after receipt of the finalized audit recommendations; the IOUs responses shall include actions plans to resolve or otherwise correct discrepancies identified therein. The IOUs shall simultaneously deliver their responses to ED and the other IOUs, deliver a redacted version to the public via the

service list, and work with ED to post the redacted version to the CPUC Income Qualified Programs webpage.

6) If the IOUs disagree with the finalized audit recommendations, they may utilize the Commission's Alternate Dispute Resolution (ADR) process. The case shall be conducted by an ALJ not assigned to the CARE/ESA proceeding. Should the ADR process successfully resolve the dispute, the agreement shall be submitted to the ALJ assigned to the CARE/ESA proceeding for final approval.

7) If the ADR process does not successfully resolve the dispute, or if the ALJ assigned to the CARE/ESA proceeding does not approve the ADR settlement, the Commission shall initiate an Order to Show Cause proceeding.

### 5.5. ESA/CARE Proposed Pilots Proposals

Attachment Q of the Guidance Decision[419] directed the IOUs to propose new pilots for both the ESA and CARE Programs. Eight new pilot proposals have been put forward by various parties during the course of the proceeding. This discussion is only regarding new proposals and does not pertain to issues resulting from pilots already implemented in previous program years, including the CHANGES pilot. Of the utilities, only PG&E proposed new pilot activities, with Marin Clean Energy (MCE), the Interstate Renewable Energy Council (IREC), and NRDC et al. proposing additional pilots. The various pilot proposals are addressed below.

PG&E has proposed three pilots in its opening testimony: (1) A CSD Leveraging Pilot; (2) an Energy-Water Conservation Planning Pilot; and (3) a Consumption-Driven Weatherization Pilot. At our June workshop and in its rebuttal testimony, PG&E signaled that it would be cancelling the CSD Leveraging Pilot and replacing it with a Home Area Network (HAN) Pilot. We

[419] D.14-11-025 at 27 (G. ESA PROGRAM PILOTS), 33 (D. CARE PROGRAM GOALS AND BUDGETS FOR THE 2015, 2016 AND 2017 PYs, Number 7), 38 (K. PILOTS 1. 2. 3).

will address the substance of the pilots later in this Decision. We note, however, that PG&E failed to submit its pilot proposals using the template required by the November 9, 2011 Administrative Law Judge's Ruling Re Pilot Proposals.[420]

PG&E's $136,000 Energy-Water Conservation Pilot Plan will develop a plan that has recommendations for an agreement between IOUs and water utilities including: cost sharing, operational and management oversight, reporting and cost controls, quality assurance, and identified issues and barriers.[421]

PG&E's Consumption-Driven Weatherization Pilot is a proposal to define new methods for identifying high energy usage CARE participants, based on analysis of Advanced Metering Initiative (AMI) Data. Specifically, smart meter data is proposed to be used to identify CARE customers with either: (1) high cooling loads; (2) high heating loads; or (3) high electric or gas base loads.[422] PG&E seeks to target these homes with customized weatherization measures that may fall outside of standard ESA Program restrictions. Analysis of smart meter data is expected to accomplish this goal by identifying high-priority measures within the ESA Program assessor home visit. 50 homes will be treated with alternative weatherization measures, as recommended by the new tool and by the ESA Program assessor. PG&E proposes a budget of $408,000 and a timeline of 10 months to carry out this pilot.[423]

PG&E's Home Area Network (HAN) proposes to deploy HAN devices in 50 to 100 high energy use CARE homes. This pilot was presented at the Pilot Proposal Workshop on June 19, 2015. PG&E seeks to build upon a previous

[420] Retrievable here: http://docs.cpuc.ca.gov/PublishedDocs/EFILE/RULINGS/148835.PDF, http://docs.cpuc.ca.gov/PublishedDocs/EFILE/RULINGS/148837.PDF
[421] PG&E, Application at Attachment C 2-3, 12-month completion timeline, Attachment C2-2.
[422] PG&E, Application at Attachment C3-1.
[423] PG&E, Application at Attachment C3-5.

program cycle's pilot, in which 400 In-Home Displays (IHDs) were deployed, providing customers with energy usage information and allowing PG&E to observe customer engagement with IHDs.[424] PG&E proposes this new pilot to apply lessons learned from the IHD pilot to target CARE customers who consume 600% or more of baseline. Results will be analyzed to determine recommendations to reduce energy usage by high-energy users who could otherwise lose eligibility for CARE participation. PG&E proposes a budget of $125,000 and a timeline of six months to carry out this pilot.

MCE proposes the Low Income Families and Tenants (LIFT) pilot. This pilot aims to identify low-income customers' barriers to participation in energy efficiency programs and test tailored program offerings. Specifically, MCE has identified a "hidden community" of customers and property owners who do not participate in energy efficiency programs due to fears of perceived negative consequences. These fears include enforcement of existing health and safety code violations, privacy infringements, immigration enforcement actions, and landlord retaliation. MCE proposes to pilot solutions to these barriers that may include exceptions to current low-income energy efficiency program rules. Solutions to be piloted include leveraging existing EE programs, relying on trusted messengers for enrollment and education, and using alternative approaches to assess eligibility. Income eligibility verification will be done during the EM&V process, while a proxy will be used to make an initial determination.

Further strategies proposed for this pilot include the installation of heat pumps, the development of mobile platforms for information sharing with low-income individuals, energy education workshops, the incorporation of

[424] This initial HAN deployment was implemented pursuant to Ordering Paragraph 11 of D.11-07-056, requiring the California investor-owned utilities (IOUs) to file HAN Implementation Plans.

MCE's on-bill repayment EE financing for multifamily properties, and single family Matched Energy Savings Accounts (MESA). CBOs will be relied upon for customer outreach and education. MCE proposes a budget of $4.6 million and a timeline of two years for this pilot. MCE expects this pilot will reach 2,700 residential units at up to $1,200 per unit, and will achieve savings of nearly 600,000 kWh in electric and 26,000 therms in gas.[425]

IREC proposes the "CleanCARE" pilot. Under this pilot, CARE funds would be used to purchase renewable (solar) generation from third-party developers. Customers who opt in to CleanCARE would forgo the direct rate discount and instead will be charged the standard retail rate for their tier of consumption. The CARE discount would ultimately still be applied, but in the form of bill credits for kilowatt-hours produced. CleanCARE would require the siting of any renewable generation financed with CARE funds in "disadvantaged communities," whether the renewable generation is on-site or shared. Generation would be procured by the utilities, through a request for offers.[426] To ensure that participating customers see the same or lower bills than the traditional CARE rate, IREC proposes that a third-party Program Administrator (PA) evaluate each customer according to a first-come-first-served queue, with the PA checking at two points whether that customer will see bill reductions: first, at enrollment, and second, prior to participation in the program after moving to the front of the queue; only those customers who pass both checks would be permitted to participate.[427] IREC proposes targeting Tier 3 CARE customers for the pilot phase, which will include 2 MW of small-scale solar and

[425] MCE, Menten Testimony at Exhibit C-5.
[426] IREC, Auck Testimony at Attachment SBA-2.
[427] IREC, Auck Testimony at 13.

three larger, shared 1 MW solar plants. IREC proposes shifting $1.7 million of CARE funds to the first year of the CleanCARE pilot.

NRDC et al. jointly propose two heat pump-related pilots. The first proposed pilot will test the replacement of gas heating (in-unit wall furnaces or forced air systems), with either single zone or multizone heat pump systems. Heat pump systems are generally more expensive than gas units, but they are also more energy efficient, and are expected to increase NEBs by mitigating health and safety concerns relating to in-unit gas combustion. NRDC et al. propose to target multifamily buildings with five or more units, in climate zones 12, 13, and 14.[428] Information gathered by this pilot is proposed to help inform decisions regarding the feasibility of sealing and capping old gas lines, the diverse impacts of heat pump technology in different climate zones, electric panel breaker capacity, installation costs and co-pay structures, differences between individual and master-metered buildings, and the cost-effectiveness of reducing in-unit gas combustion and NGAT. NRDC et al. do not propose a PA, budget, or timeline for this pilot.

The second NRDC et al. proposed pilot seeks to evaluate the replacement of central water heating systems with heat pump water heaters in multifamily buildings. NRDC recommends targeting multifamily buildings with five or more units, allowing the pilot to gather information about system sizing; efficiency performance; installation costs; electric panel breaker capacity; impacts to tenants and property owners from installation-related disruptions; differences between individual and master-metered buildings; and ancillary costs associated with drywall, painting, asbestos removal, and the like.[429] NRDC does not propose a PA, budget, or timeline for this pilot.

[428] NRDC et al., Dryden Testimony at 17.
[429] NRDC et al., Dryden Testimony at 18.

### 5.5.1. Parties' Positions

#### 5.5.1.1. PG&E CSD Leveraging Pilot

NRDC et al. state that leveraging WAP providers, such as CSD local service providers, has been a longstanding issue, and further notes that the Commission has already directed the IOUs to implement a database for data sharing with CSD. NRDC et al. therefore conclude that this pilot is unnecessary.[430] NRDC et al. recommend that the Commission instead require the IOUs to work directly with CSD to better leverage related programs and direct them to submit Advice Letters documenting progress towards meeting the requirement to develop a shared database.[431]

#### 5.5.1.2. PG&E Energy-Water Conservation Plan

In referring to PG&E's proposal to identify water utilities in its service territory testimony, ORA notes that "it seems PG&E should already know this information without a pilot," suggesting little support from ORA for this effort.[432] PG&E responds in its opening brief by re-asserting the need for coordination with water utilities in advance of implementing a system-wide conservation leveraging plan.

#### 5.5.1.3. PG&E Consumption-Driven Weatherization Pilot

NRDC et al. support this proposal as a permanent enhancement to the ESA Program, not as a pilot.[433]

#### 5.5.1.4. PG&E Potential HAN Pilot

The parties largely remain silent on this pilot proposal.

[430] NRDC et al., Stamas Testimony at 10.
[431] NRDC et al., Opening Brief at 57.
[432] ORA, Rebuttal Report at 1-2.
[433] NRDC et al., Opening Brief at 56.

#### 5.5.1.5. MCE's Low Income Families and Tenants (LIFT) Pilot

Parties supporting MCE's LIFT pilot include Greenlining, NRDC et al., and ORA. Greenlining offers modifications including, among others, recommendations to ensure that no ESA Program funds be spent on Health and Safety upgrades, to ensure robust reporting, to demonstrate the efficacy of energy education, to ensure details are provided for CBO engagement, and to create an advisory board for the pilot.[434] NRDC et al. characterize LIFT as an "ESA Adder" and strongly recommend the pilot, particularly due to its heat pump provisions and its "whole building" approach.[435] ORA offers modifications, including recommendations for MCE to further specify the alternative eligibility standard it will use for participation, the proxy it will use to make an initial eligibility determination, and the behavioral tool referenced in MCE's proposal.[436]

Parties objecting to LIFT include EEC, SoCalGas, SDG&E, and PG&E. EEC characterizes LIFT as "an expensive education and referral program" that encourages the circumvention of local health and safety codes, would increase customers' bills, and duplicates efforts already undertaken by the ESA Program.[437] SoCalGas objects that MCE has not met the Commission's

[434] Greenlining, Opening Brief at 16.
[435] NRDC et al., Stamas Rebuttal Testimony at 15.
[436] ORA, Rebuttal Report at 4-3.
[437] EEC, Rago Testimony at 6.

three-pronged approach[438] to determine if fuel-switching programs are appropriate, and notes that there are alternatives to fuel-switching for any technological challenges that arise.[439] SDG&E questions whether or not the pilot could be scaled and reiterates that the pilot duplicates previous or current utility efforts.[440]

PG&E rebuttal testimony voices additional agreement that the three-pronged test has not been met by MCE and offers four other objections, asserting that MCE's nomenclature for "hidden communities" is misleading and implies that PG&E ignores some low-income customers. PG&E also argues that MCE's leveraging plan will mix low-income and mainstream EE rules, as well as duplicating PG&E efforts. Furthermore, PG&E recommends that MCE be held to the same reporting standards as the IOUs, and that MCE's request to grant categorical eligibility to buildings, rather than tenants, be denied.[441]

#### 5.5.1.6. IREC CleanCARE Pilot

No parties offer clear support for CleanCARE as currently proposed. The utilities claim that CleanCARE is outside the scope of this proceeding and should

[438] The three-prong test must be met to allow for fuel-switching.⊥
The program/measure/project must not increase source-BTU consumption. Proponents of fuel substitution programs should calculate the source-BTU impacts using the current CEC-established heat rate.⊥
The program/measure/project must have TRC and PAC benefit-cost ratio of 1.0 or greater. The TRC and PAC tests used for this purpose should be developed in a manner consistent with Rule IV.4.⊥
The program/measure/project must not adversely impact the environment. To quantify this impact, respondents should compare the environmental costs with and without the program using the most recently adopted values for avoided costs of emissions. The burden of proof lies with the sponsoring party to show that the material environmental impacts have been adequately considered in the analysis. ⊥
Energy Efficiency Policy Manual, Version 5 (July 2013) at 24-25. Retrievable here: http://www.cpuc.ca.gov/NR/rdonlyres/7E3A4773-6D35-4D21-A7A2-9895C1E04A01/0/EEPolicyManualV5forPDF.pdf

[439] SoCalGas, Rendler Rebuttal Testimony at DJR-32.

[440] SDG&E, Opening Brief at 18.

[441] PG&E, Rebuttal Testimony at 2-32 to 2-34.

instead be addressed by the Net Energy Metering (NEM) proceeding, R.14-07-002.[442] SCE voices concern for potential customer confusion caused by the program.[443] ORA describes CleanCARE as "an idea in search of a program" and rejects CleanCARE's reference to leverage SASH and MASH, noting that SASH and MASH customers do not forgo their CARE discounts as CleanCARE customers would.[444] Both ORA and TURN agree that current statute does not permit the usage of CARE funds for any purpose beyond the provision of a discount on CARE customer bills. TURN additionally voices concerns regarding potential fraud, waste, and abuse by third party solar PV developers.[445] TURN also notes that IREC has not considered the implications of the ongoing NEM and GTSR proceedings on its proposal, with particular reference to nonparticipating ratepayer indifference; TURN argues that CleanCARE "could directly undermine the motivation of CARE customers to participate in the nascent GTSR program."[446]

IREC counters that CARE funds, rather than other funds, should be used for CleanCARE, as a matter of efficient usage of ratepayer dollars that bring greater benefits to bear at the same cost, without the negative economic effects of masking price signals for customers.[447] IREC disputes the claim that CleanCARE is an illegal "voucherization" of the CARE program, arguing that § 382(c) of the CA Public Utilities Code allows the Commission to offer CleanCARE and that § 738(c)(1) designates CARE funds shall to be spent such that the "entire discount

[442] SDG&E, Fang Rebuttal Testimony at CF-2; PG&E, Reply; SoCalGas, Rendler Rebuttal Testimony at DJR-12.
[443] SCE, Opening Brief at 32.
[444] ORA, Rebuttal Report at 5-1.
[445] TURN, Freedman Opening Testimony.
[446] TURN, Opening Brief at 78.
[447] IREC, Opening Brief at 7.

shall be provided in the form of a reduction in the overall bill for the eligible CARE customer," thereby permitting CleanCARE.[448]

#### 5.5.1.7. NRDC et al.'s Heat Pump Proposals

SoCalGas objects to both heat pump pilots proposed by NRDC et al., claiming that the basis for such efforts is not substantiated by the proposals. SoCalGas also argues that heat pump replacements are liable to increase electric demand in dry climate zones.[449]

### 5.5.2. Discussion

#### 5.5.2.1. PG&E CSD Leveraging Pilot

We note that leveraging with CSD has been an ongoing challenge for the IOUs. We agree that a pilot is not an appropriate venue to address this challenge, given the historical shortcomings of such an approach. We accept the discussion of this issue by PG&E and CSD on the record as sufficient evidence, prima facie or otherwise, to justify withdrawal of this pilot proposal. However, we note in other sections of this Decision that additional coordination activities with CSD are explicitly directed.

#### 5.5.2.2. PG&E Energy-Water Conservation Plan

As discussed in the Water-Energy Nexus portion of this Decision (§ 3.6), we deny this pilot plan as we find that further delay in leveraging energy-water conservation opportunities is unwarranted. As such, this proposal should be implemented as a system-wide enhancement to the ESA Program, using existing funding sources.

[448] IREC, Reply Brief at 2.
[449] SoCalGas, Rendler Rebuttal Testimony at DJR-33.

#### 5.5.2.3. PG&E Consumption-Driven Weatherization Pilot

We do not find sufficient evidence that this proposed intervention should be implemented as a pilot, rather than as a permanent enhancement to the ESA Program. We conclude that the ability to differentiate customers by various markers, including usage, is a basic function of AMI. PG&E has not adequately detailed the shortcomings of current AMI analysis methods or otherwise address the necessity of a pilot for new methods of differentiating high usage customers (or for that matter, why this differentiation was not largely achievable using monthly billing data that the utilities have always had, as most weatherization-driven usage would be reflected seasonal consumption changes, not hourly changes). If new methods, levels of granularity, or other AMI analysis innovations are cost-effective enhancements, we find no reason that a pilot should be necessary before implementing this change system-wide. This type of analysis should be business as usual for a program administrator, with or without AMI data, and we are not aware of any existing requirements that would prevent utilities from performing targeted marketing of measures at customers who would benefit most from them. We further discuss and direct load disaggregation and other AMI-related activities on a system-wide, non-pilot basis in Section 4.5 of this Decision.

We are, however, interested in the proposal to selectively offer additional weatherization measures that fall outside current ESA Program guidelines for high-usage, high-potential customers identified via AMI analysis. Once PG&E, or any electric IOU, has experience fielding AMI-informed ESA Programs, those utilities may opt to file a PFM to seek authorization for additional, cost-effective measures for specific customer segments.

#### 5.5.2.4. PG&E Potential HAN Pilot

There is a limited record to comment directly on the potential HAN pilot put forward by PG&E. However, to the extent that this pilot was described during the ESA/CARE workshops, we appreciate PG&E's effort to explore technological enhancements to the ESA Program.

PG&E proposes to build upon findings from a previous program cycle in-home display (IHD) pilot by deploying HAN devices in high energy usage CARE homes. We find that this approach does not accord with studies in the public record that indicate limited usefulness for IHDs,[450] nor does it sufficiently break new ground in areas of possible technological innovations in the ESA Program. However, we commend PG&E for focusing on high-energy-usage customers, proxied as high-cooling-load customers, and consequently encourage PG&E to implement a pilot that explores a more innovative approach to addressing the needs of this customer segment.

We direct PG&E to jointly consider three areas for technological innovation in this pilot: programmable communicating thermostats (PCTs) tied to alternative pricing mechanisms and mobile phone applications. PCTs are advanced thermostats that can receive and/or transmit information wirelessly, including pricing signals and directions submitted through a utility- or customer-accessed portal. Alternative pricing mechanisms specifically include TOU rates and CPP rates or rate add-ons. CARE customers are eligible for these

[450] "The question of energy reduction: The problem(s) with feedback," Kathryn Buchanan, Riccardo Russo, & Ben Anderson, Energy Policy, Volume 77, February 2015 at 89–96. "SMUD's IHD Checkout Pilot – Load Impact Evaluation" Karen Herter, Ph.D. Yevgeniya Okuneva.

rates, and research indicates[451] that many of these customers are very responsive to price signals associated with enrollment with these pricing products.

We support a pilot that would evaluate the potential usefulness of mobile phone applications to allow utility-to-customer communication of demand response events, peak times, energy efficiency tips, and other information. This communication opportunity should also allow for customer communication with the PCT, to allow for behavioral responses to demand-related information received from the IOU.

This proposed pilot should not be specific to PG&E. We note that all three electric IOUs have large numbers of CARE/ESA customers with high cooling loads. As such, we recommend that this potential pilot be expanded statewide, with budgets and timelines granted accordingly. We discuss the details of this recommended pilot in Appendix K, The Programmable Communicating Thermostat Pilot, and direct PG&E, SCE, and SDG&E to file a Tier 2 Advice Letter proposing a pilot aligned with these recommendations within 90 days of this Decision.

#### 5.5.2.5. MCE LIFT Pilot

MCE has shown a willingness to address a wide range of issues relating to the needs of ESA/CARE customers within its service territory. However, we agree with various parties that the LIFT proposal is overly broad in scope and may be at risk for duplication of previous, and current, IOU or PA efforts. Additionally, we maintain reservations regarding the magnitude of the LIFT goals, which seeks to reach 25% of MCE's "hidden communities" populations (up to 2,700 residential units). MCE has not provided support for such

[451] "Low Income Customers and Time Varying Pricing: Issues, Concerns, and Opportunities," Sanem Sergici, The Brattle Group, March 31, 2015. "The Impact of Dynamic Pricing on Low Income Customers," Ahmad Faruqui, Ph. D. & Jennifer Palmer, A.B., IEE Whitepaper, September 2010.

aggressive targets for this pilot. With no previous experience in administering the ESA Program, MCE should demonstrate its administrative capabilities on a more limited pilot scale, before approval of such a large package of measures.

We reject MCE's proposed heat pump installation measures. As the IOUs note, the current EE policy and procedure manual places a strict three-pronged burden of proof on any party proposing fuel-switching measures. More importantly, we find that any new heat pump pilots would be premature at this time. A study is currently scheduled to evaluate the costs and benefits of heat pump installations in multifamily settings, for both heating/cooling and domestic hot water.[452] As the findings for this study remain outstanding, we find it premature and duplicative to grant permission for MCE to conduct similar in-situ efforts. However, we may reconsider this issue in a future program cycle, once the study has been completed.

We also deny the education workshops component of the LIFT pilot. Commission Decision D.08-11-031 at page 149 denied ESA Program funded energy education workshops, finding that such workshops do not guarantee immediate energy savings from installed measures, and as we attempt to increase the cost effectiveness of the low-income program, these activities do not provide clear proof of their effectiveness. The LIFT pilot proposal does not provide any new information to sway us otherwise. Moreover, energy education workshops are already funded by the CARE program via the CHANGES pilot, which became an ongoing statewide program ongoing program beginning January 1, 2016.[453] Additional workshops would be duplicative.

[452] *Energy Division & Program Administrator Energy Efficiency Evaluation, Measurement and Verification Plan Version 5*, May 2015. (Residential-17) Economic Assessment of Electric Space and Water Heating Technologies for Multifamily Units.

[453] D.15-12-047, OP 1.

We find that the LIFT program's EE program leveraging efforts, single-family MESA, subsidized on-bill financing for SF and MF properties, and reliance on CBO partnerships are worthwhile pilot efforts. It is important to note that recently, in Advice Letter 10-E, MCE cancelled its Single-Family On-Bill Repayment Program, thereby also removing this program from the LIFT leveraging proposal. We are interested in encouraging innovation in program leveraging, and we appreciate the LIFT proposal's provisions regarding these remaining program integration issues. Additionally, we recommend that in the future MCE consider further development of its mobile communication platform, which is described as a tool for information-sharing with customers, to explore innovative ways to market and coordinate the aforementioned pilot activities. We encourage this approach, as these mobile options may present greater opportunities for customers to save energy than programs such as the Home Utility Report, which MCE suspended in 2016 in order to address programmatic issues revealed in a forthcoming impact evaluation. We are likewise interested in the "innovative web technology" for MESA that was described at the pilot workshop, and recommend MCE consider crossover opportunities between these web and mobile platforms.

While we encourage innovation to increase program participation, we share the concerns of various parties with regard to allowing MCE to apply different "rules" than the IOUs in determining program eligibility. Therefore, any future proposal from MCE must specify any proxy it intends to use for purposes of making initial eligibility determinations, any alternative eligibility criteria, and any planned behavioral tool including, but not limited to, those referenced in the proposal as "behavioral programs that empower participants to

conserve energy use at no cost."[454] In addition, MCE should specify the process by which income will be verified during the EM&V process. The LIFT proposal indicates that MCE expects to train representatives from CBOs to conduct income verification. Due to concerns with potential waste, fraud, and abuse, MCE would be required to use the standard methodology for determining eligibility. If this pilot were approved, pending substantial changes, MCE may use the owner affidavit process to declare whole buildings, rather than customers, as categorically eligible.

We note that MCE proposes to delay citizenship verification until EM&V. We find this proposal counterintuitive to the stated goal of targeting undocumented persons as a "hidden community," and we question the inclusion of citizenship verification in the program. We also find that parties' objections to MCE's delineation of key program metrics are justified. MCE should specify a more robust set of key metrics for program tracking. Specifically, the Commission would be interested in evaluating the efficacy of MCE's leveraging efforts, which we find ambiguous with regard to the proposed metrics.

There is not sufficient evidence to hold MCE to the same reporting standards as the IOUs are held to with regard to ESA Program funds. The ESA reporting requirements for the IOUs include substantial information that does not appear immediately applicable or relevant to MCE's proposed effort. Should this pilot be funded, we find it reasonable to expect MCE to file monthly progress reports, two interim reports with preliminary findings, and a final report upon conclusion of the pilot, as proposed. These reports shall be filed with Energy Division. We agree with MCE that the multifamily Project Coordination Group (PCG), the LIOB, and a stand-alone workshop (upon pilot EM&V completion)

[454] MCE, Menten Testimony at 2.

constitute appropriate channels for additional reporting of future pilot progress and results.

We direct MCE to refile this pilot proposal with commensurate budget, incorporating the changes and recommendations mentioned herein as a PFM. This petition should also provide further specification of its planned income verification process, if it wishes to implement that aspect of the LIFT pilot.

#### 5.5.2.6. IREC CleanCARE Pilot

We deny IREC's CleanCARE proposal, without prejudice. We agree with various parties in our appreciation of IREC's goal for expanding low-income persons' access to preferred resource generation and its attendant benefits. At this time, however, we note that regulatory proceedings R.14-07-002 for NEM and A.12-01-008 for GTSR are ongoing. IREC has not sufficiently addressed the overlap of its CleanCARE proposal with these proceedings, and there is consequently insufficient record at this time to evaluate IREC's proposal and its justifications.

We also find that CleanCARE has not adequately addressed various concerns, which remain outstanding. As parties have noted, foreseeable consequences to the CleanCARE proposal include customer confusion and the risk of waste, fraud, and abuse. Additionally, the proposal seeks to target only Tier 3 customers, and no evidence is provided that CleanCARE will be able to identify cost-effective means to expand into Tier 2 and Tier 1, relative to the CARE rate.

In addition, IREC fails to adequately address the matter of nonparticipating ratepayer indifference. As IREC notes, CleanCARE will require an information-sharing mechanism with the IOUs; however, IREC demonstrates little or no appreciation for the challenges associated with such efforts. Likewise,

we are not convinced that the administrative costs associated with CleanCARE can reasonably be expected not to exceed the costs associated with CARE. Also, IREC claims that EE programs can later be included within CleanCARE as an add-on, yet IREC offers no justification for how the costs of this add-on would be covered.

Lastly, we conclude that IREC does not offer an adequate plan or mechanism to ensure that participating CARE customers will not receive higher bills than they would have under the current CARE program. IREC's estimates for bill reductions rely on assumptions that merit further examination. The CleanCARE proposal assumes that soft costs will drop for solar PV technology, though IREC does not offer supporting evidence for this claim. CleanCARE also assumes that participating customers will receive the full retail rate of any kilowatt-hours produced from CleanCARE solar PV. As previously noted, this topic is being considered by the Commission in the ongoing R.14-07-002 NEM proceeding, and therefore CleanCARE's bill reductions estimates cannot be accurately evaluated at present.

The current record in this proceeding is insufficient to establish whether or not CleanCARE would meet the Commission's statutory obligation to provide overall bill reductions to CARE customers and therefore deny this proposal without prejudice. We agree with IREC and various parties that expanding options for low-income participation in renewable generation is an admirable goal, and we appreciate innovative proposals in this area.

#### 5.5.2.7. NRDC et al.'s Heat Pump Proposals

We deny NRDC et al.'s proposed heat pump pilots. As with MCE's proposal to pilot heat pump replacements in multifamily settings, NRDC et al.'s two heat pump pilot proposals are unripe for consideration at this time. We

reiterate that a current study is underway to examine many of the same questions that these parties propose to evaluate.

#### 5.5.3. Summary of ESA/CARE Pilot Recommendations

In summary, we accept PG&E's withdrawal of its CSD Leveraging Pilot proposal. However, we direct the IOUs to continue working with CSD to resolve all outstanding coordination issues as stated in other portions of this Decision.

We direct PG&E to commence energy-water conservation program leveraging with water utilities, as discussed in depth in other sections of this Decision. This effort shall be implemented as a permanent enhancement to the ESA Program, not as a pilot.

We deny PG&E's proposal to pilot new AMI-based methodologies to identify high-usage customers and treat them outside of the regular ESA Program guidelines.

We direct PG&E to continue implementing any and all cost-effective improvements to its AMI analysis as permanent system-wide enhancements to the ESA Program, not as a pilot. However, once PG&E, or any electric IOU, has experience fielding AMI informed ESA Program outreach and installations, those utilities may opt to file a Petition for Modification to seek authorization for new, cost-effective measures for specific customer segments.

We authorize PG&E, SCE, and SDG&E to implement a pilot to examine the demand and energy savings of a "package" consisting of a PCT, TOU-CPP rates, and a mobile phone application. Please see Attachment K for a model pilot proposal. Accordingly, we direct these three utilities to file a Tier 2 Advice Letter detailing new proposals for implementation of this pilot.

MCE may refile its LIFT pilot application, incorporating the modifications and recommendations made herein, as a PFM of this Decision.

We deny IREC's CleanCARE proposal, without prejudice.

We also deny without prejudice NRDC et al.'s two heat pump proposals, in their entirety.

### 5.6. 2019-2020 Application Due Date and Projected 2019-2020 Guidance Document Due Date

Noting the limited time remaining in this budget cycle for implementation, we direct the 2019-2020 IOU ESA and CARE Programs Budget Applications be filed no later than June 1, 2018. The IOUs should reasonably expect that the Commission will issue the 2019-2020 Guidance Document, setting forth guidance for the 2019-2020 program and budget applications for CARE and ESA Programs, by February 1, 2018.

## 6. Comments on Proposed Decision

The proposed decision of ALJ Colbert 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 _____.

## 7. Assignment of Proceeding

Catherine J.K. Sandoval is the assigned Commissioner and W. Anthony Colbert is the assigned ALJ in this proceeding.

## Findings of Fact

1. The ESA Program was originally offered as an assistance program directly from a few IOUs in the 1980s, and then was adopted by the legislature in 1990 in

order to achieve statewide energy savings while improving the quality of life for low-income customers.

2. The ESA program provides no-cost home weatherization services and energy efficiency measures to help low-income households: (1) conserve energy; (2) reduce energy costs; and (3) improve health, comfort and safety.

3. The CARE Program is a low-income energy rate assistance program instituted in 1989, providing a discount on energy rates to low-income households with incomes at or below 200% of the Federal Poverty Guideline.

4. On January 6, 2015, the assigned ALJ issued a ruling consolidating the proceedings in Application (A.) 14-11-007 (SCE), A.14-11-009 (SDG&E), A.14-11-010 (PG&E), and A.14-11-011 (SoCalGas), from which this consolidated proceeding follows as A.14-11-007 et al.

5. On December 17, 2015, the Commission issued D.15-12-024 authorizing Bridge Funding for the large IOUs to expend an amount not to exceed 50% of their respective 2015 authorized budget level, from January 1, 2016 until June 30, 2016, to continue their ESA and CARE Programs.

6. On June 9, 2016, the Commission issued D.16-06-018 approving Bridge Funding for the large IOUs to expend an amount not to exceed 50% of their respective 2015 authorized budget level, from July 1, 2016 until December 30, 2016, to continue their ESA and CARE Programs, or until the Commission adopts a final decision on the IOUs' ESA and CARE Program budget applications.

7. On October 25, 2015, SoCalGas notified the Commission of a natural gas leak at the Aliso Canyon storage facility owned and operated by SoCalGas.

8. On January 6, 2016, Governor Brown proclaimed a state of emergency at Aliso Canyon.

9. The proclamation directs all agencies of state government to "ensure a continuous and thorough response to this incident," and further directs the Commission to "take all actions necessary to maximize daily withdrawals of natural gas from the Aliso Canyon Storage Facility for use or storage elsewhere."

10. D.16-04-040 was issued on April 21, 2016, and directs SoCalGas and SCE to take immediate steps to enhance their ESA Program efforts in low-income communities affected by the Aliso Canyon Gas Storage Facility natural gas leak.

11. D.16-04-040 directs SoCalGas and SCE to suspend the "three measure rule" and "go back rule" and serve a previously served household when that will allow the companies to achieve significant savings, of at least 3%, in a particular home or building, and directs the utilities to intensify existing programmatic efforts in the geographic regions most impacted by the natural gas leak, to suspend certain administrative rules to facilitate near-term electric and natural gas savings, and to utilize underspent and unspent funds already collected from ratepayers for the emergency response effort to the Aliso Canyon Gas Storage Facility natural gas leak.

12. The Commission is generally supportive of the creation and adoption of an energy savings goal for the ESA Program.

13. It is premature to adopt an energy savings goal for the ESA Program for this cycle.

14. The current "Go Back rule" allows the IOUs to go back and treat any household not treated since 2002; however, these households do not get counted towards the IOUs' 2020 goals.

15. With certain exceptions, the Commission has limited households from participating in the ESA Program more than once in a 10-year period.

16. The "10-Year Go Back Rule" was designed to promote equity (e.g., treatment of households previously not provided ESA Program measures), considering the utilities' constrained budgets.

17. Some modification to the Go Back Rule would benefit low-income customers.

18. With the current Go Back Rule, many previously treated households will likely have measures that have surpassed their effective useful life.

19. Revisiting previously treated households should occur as part of larger changes to the ESA Program.

20. The Modified 3MM allows the IOUs to treat a qualifying dwelling with at least three measures or less than three measures meeting a minimum savings threshold.

21. Including the suite of water-saving measures will reduce the current barriers to the 3MM Rule significantly, without requiring its elimination or other more significant modification.

22. Energy education can be provided to all qualifying low-income households, regardless of whether they meet the modified 3MM Rule.

23. The number of households that are deemed ineligible due to insufficient feasible measures (failing the modified 3MM test) is much lower than suggested by the parties.

24. Single-fuel IOUs have a greater challenge in meeting the modified 3MM Rule compared to the dual-fuel IOUs.

25. While the ESA Program is refining its cost-effectiveness framework and methodologies, the IOUs must continue to diligently ensure installation of the list of measures that we approve today based on the above objectives.

26. Statewide refrigerators are expected to account for about 30% of the program's kWh savings, while only accounting for about 15% of the measure costs for this program cycle.

27. Encouraging the use of a second refrigerator without fully understanding the need for such refrigerators would run counter to California's energy conservation ethos.

28. San Diego Gas & Electric Company's proposal for Heat Pumps & Water Heaters ratio of benefits over costs is greater than one for all housing types in SDG&E's service territory.

29. There is value in removing caps on the number of physically installed units for relatively low-cost measures that contribute significant energy savings. The IOUs already offer a similar set of core measures with slight variations across their IOU service territories based on climate zones, housing stock, and contractor and CBO relationships.

30. The process for considering which measures to include in the ESA Program is largely dependent on the cost-effectiveness framework and criteria in place.

31. California's historic and devastating drought has cast a long shadow over this proceeding, its participants, and the state.

32. The Commission should consider what role the IOU energy programs for low-income customers can play in mitigating these difficult impacts.

33. Proposed water conservation measures, like all other proposed ESA measures, were analyzed using the ESACET and Resource Measure TRC test.

34. The Resource Measure TRC test does not include embedded energy savings from water beyond the energy used to heat water; the ESACET includes water bill savings benefits, but not embedded energy savings benefits beyond the

energy cost reflected in the water rates themselves, which is often not an accurate proxy.

35. Calculation results suggest only lower cost water measures that are easy to install, such as toilet flappers and toilet water displacement bags, may provide reasonably cost effective water opportunities for PG&E.

36. Cost effectiveness results provide a TRC result sufficient to support inclusion of the measure in the ESA Program for SCE.

37. Regardless of which cost-effectiveness calculator is used, the replacement of toilets to be funded with ESA Program funds is not justified.

38. Water savings measures proposed in the utility applications and subsequent filings may be better funded via other sources than the ESA Program.

39. The Department of Community Services and Development (CSD) will begin installing faucet aerators, low flow showerheads and other water saving measures and, in conjunction with the DWR, will use an additional $6 million to also install low flow toilets in low income households, utilizing its workforce of local service.

40. The initial phase of the Energy Education Study was completed in October 2013. However, the subsequent portion of the Study (Phase 2) was deferred until the next program cycle as a result of budget and time constraints.

41. The treatment of low-income occupied multifamily properties by the ESA Program has been a central issue in this proceeding.

42. The IOUs' proposed plans to utilize external data sources to preemptively find properties to target for ESA Program outreach and marketing are vague.

43. The IOUs have not provided how they will utilize lender, government, or other data sources to identify *market-rate* low-income properties or owners.

44. A uniform approach to outreach and market to potentially eligible properties and their owners by the IOUs is reasonable.

45. In regard to program delivery and ESA Program measure offerings made available in the multifamily sector, the IOUs propose a "layering" or "loading order" approach that relies on integrating and incrementally delivering the ESA Program alongside current EE offerings to eligible and willing properties.

46. In regard to providing specific measure resources to the multifamily market, the IOU applications are unanimous: their applications do not seek any ESA Program funds for central systems or common area measures.

47. SCE is unware of any central system or common area measures that produce savings that exceed costs resulting in a TRC test benefit cost ratio greater than 1.0.

48. EEC and TELACU et al., question NRDC et al.'s claims that a separate multifamily track or program is necessary.

49. The ESA Program Cost-Effectiveness Working Group produced the Energy Savings Assistance Program Cost-effectiveness White Paper, which was submitted to the service list of A.11-05-017 in February of 2013, and then produced the Addendum to the White Paper, which was submitted to the service list in July of 2013.

50. The P&P Manual is a single repository for ESA Program policy and procedure related content.

51. In D.15-07-004, the Commission directed the flattening of rates and a strategy for the reduction in SDG&E and PG&E's CARE discount to 35% by 2019, in accordance with AB 327.

52. In D.08-011-031 and D.12-08-044, the Commission set a 15% minimum enrollment goal for the IOUs to enroll customers with disabilities.

53. The Strategic Plan envisioned that ESA would have four program cycles of three years each, between 2009 –2020. However, the first two program cycles have stretched longer than three years.

54. The Commission proactively extended the 2012-2014 program cycle through 2015 in D.14-08-030.

55. ORA requests that the Commission convene a workshop to plan the length of the next program cycle.

56. The WTP factor indicates the percentage of ESA-qualified low-income customers that are willing to participate in the program.

57. It is estimated that 52% of eligible non-participant (remaining, untreated) low-income customers would be willing to participate in the ESA program, indicating that 48% of the remaining untreated low-income customers would not be willing to participate.

58. It is imperative that the process to retain eligible households in the CARE Program continue to be refined and improved.

59. The IOUs have largely proposed to continue the PEV processes implemented in D.12-08-044 and in their supplemental advice letters as these have proven largely effective.

60. D.12-08-044 and D.14-08-030 created and subsequently refined the CARE high usage process with increased income verification for CARE users at or above 600% baseline, a directive to reduce usage and participation in the ESA Program if a CARE customer reaches 400% of baseline.

61. In regard to new CARE high usage customer process modifications, SDG&E has proposed an alert system to notify customers when they are at risk of reaching the >600% baseline threshold.

62. ORA supports SCE's proposal to introduce notices to high use customers to provide usage information that may help them stay within the prescribed usage limits to avoid removal from the CARE program.

63. The IOUs propose a variety of outreach and enrollment strategies to augment their traditional marketing and outreach practices.

64. The IOUs propose a variety of IT upgrades for their ESA and CARE Programs.

65. For the electric IOUs, CARE participation, on average, lags behind non-CARE participation in DR programs, TOU rates, and CPP rates.

66. Parties are overwhelmingly supportive of making AMI data available to both ESA Program outreach and education contractors, as well as of making such data an integral part of the IOU administration of the CARE and ESA Program.

67. The CARE and ESA Programs have a long history of working together to generate enrollments for both programs.

68. A significant proportion of CARE customers have resided at their current addresses for many years and have not participated in the ESA Program.

69. Reducing a CARE household's energy consumption through the ESA Program yields bill savings, as well as health, comfort, and safety benefits for the participants, and societal benefits for all Californians.

70. In the areas affected by natural gas constraints resulting from the Aliso Canyon Gas Storage Facility leak, electric and gas efficiency program participation both reduces participating customers' natural gas usage and reduces their cumulative electric load on impacted natural gas fueled electric generators.

71. Mandating efficiency efforts are one step towards meeting Governor Brown's emergency proclamation that directs all agencies of state government to

"take all actions necessary to ensure the continued reliability of natural gas and electricity supplies in the coming months during the moratorium on gas injections into the Aliso Canyon Storage Facility."

72. Cooling Centers are facilities where people can go during the summer months to escape the heat and reduce their energy usage.

73. PG&E and SDG&E currently fund cooling center activity as part of their CARE Administration budgets, while SCE utilizes a separate memorandum account under its ERRA to fund its cooling center program.

74. SCE seeks authorization to include cooling centers in its CARE program budget, to discontinue operation of its independently run cooling centers, and to instead offer grants to support local agencies' existing cooling centers, similar to PG&E and SDG&E.

75. The Scoping memo for the instant proceeding raised the questions of how the CARE discount legally interacts with the GTSR and Enhanced Community Renewables rate structures, and how CARE rates may apply the GTSR program.

76. PG&E states that the CARE discount cannot be applied to GTSR Program charges, which apply solely to the generation component of rates.

77. TURN states that the CARE discount provided to GTSR Program participants should not be adjusted to account for any premiums associated with participation.

78. For the upcoming program cycle, the IOUs propose CARE administrative budget increases that collectively exceed annualized actual 2014 expenditures by approximately 17% for 2015, 33% for 2016 and 36% for 2017. These proposed 2015-2017 budgets also represent increases of 10% for PG&E, 23% for SCE, and 17% for SDG&E over their respective 2012-2014 authorized budgets.

79. SoCalGas' proposed 2015-2017 budget represents a 43% decrease over its 2012-2014 authorized budget.

80. In D.12-08-044, we reiterated existing ESA Program fund shifting and budget carry-over rules.

81. The IOUs have a combined unspent funds carryover of $400,520,379 for 2009-2015.

82. For carry forward and fund shifting that is not included in the budget applications, a motion is required in certain instances such as carrying forward funds that are in excess of 15% of the total ESA budget or shifting funds into different program categories.

83. We expect the CARE and ESA Programs to utilize data sharing, co-marketing, expanded capitation, and joint solicitation to better integrate our low-income programs with the California Lifeline program and Covered California agencies and providers.

84. In 2013, the CPUC's UAFCB completed four financial, management and regulatory compliance examinations of the 2009 and 2010 ESA Programs of PG&E, SCE, SDG&E, and SoCalGas.

85. The current audit practice does not result in transparent, publicly available draft audit reports, final audit reports, and utility responses, nor does the current process ensure full compliance with audit recommendations.

86. Program audits and their attendant processes represent significant demands of time and other resources.

87. Attachment Q of the Guidance Decision directed the IOUs to propose new pilots for both the ESA and CARE Programs.

88. Eight new pilot proposals have been put forward by various parties during the course of the proceeding.

### Conclusions of Law

1. The ESA Program focus should be on promoting reasonably cost-effective energy savings, along with providing health, comfort, and safety benefits, and eliminating the modified 3MM Rule is contrary to that goal.

2. The ESA Program must continue to be directed, administered and delivered in a manner so as to yield significant energy savings. There should be greater efficiencies and increasing energy savings per home treated associated with the newly approved measures.

3. The current CARE/ESA Program cycle should be extended through 2018.

4. The IOUs' ESA Program proposals should be modified as summarized and discussed in the various sections throughout this Decision.

5. The maximum two year ESA budgets for the IOUs should total $748,193,909.

6. Commission staff should work with the 2017 EE Potential Study consultant on providing an analysis and determination of ESA Program energy savings goal potential.

7. It is reasonable to "piggyback" the Energy Efficiency Potential and Goals Study findings into the ESA Program Decision providing guidance for the 2019-2020 Program Years.

8. Revisiting of previously treated households should occur as part of larger changes to the ESA Program, which are expected to be implemented upon achievement of the 2020 households treated goals.

9. Utilities should continue to focus their efforts on their 2020 homes treated goals.

10. The mid-cycle working group should consider potential household retreatment prioritization models, implementation and outreach strategies, and

other aspects of a post-2020 ESA Program, and produce a final report for Commission consideration.

11. It is reasonable to count energy education as a measure and the adoption of additional easy to install measures (e.g. lighting, Tier II Advanced power strips, Thermostat-controlled shower valves, etc.), including a suite of water-saving measures, that should reduce the current barriers to the 3MM Rule significantly, without requiring its elimination or other more significant modifications.

12. ESA Program qualified households that are served by multiple utilities should be able to receive one or two measures from one provider if it is determined, at the time of the assessment, that the household requires a total of three measures or meets the 25 therm/125 kWh energy saving threshold. To promote leveraging between ratepayer funded programs, measures installed by third party, local government, and AC cycling programs should also be counted towards the 3MM Rule.

13. There should be a coordination protocol in place that tracks and ensures that the household will receive all the remaining eligible measures by all the designated IOUs, partner agencies, third party, local government, or AC cycling programs delivering natural gas or electricity-saving measures from their own programs before the household is counted as treated.

14. The single fuel utilities should track households receiving coordinated treatment and should report (in their annual reports) those households that received measures from one utility, but did not receive additional measures from another utility or partnering program, and the reasons why, if known.

15. The Commission should make an exception and waive the 3MM Rule for multifamily households where the whole building is being retrofitted and the ESA Program is being leveraged.

16. The IOUs should offer replacements of second refrigerators, as a measure to households with at least six people living in the household or with medical conditions that warrant such use (on medical baseline).

17. The electric IOUs should track the number of households treated where there is an inefficient second refrigerator onsite that would otherwise be eligible for replacement under the ESA Program rules.

18. It is reasonable to offer replacement of refrigerators manufactured prior to 2001.

19. The Commission should approve SoCalGas' introduction of the HE furnace, on the condition that these will go to those most in need and also those with the greatest potential to save energy.

20. It is reasonable to install HE furnaces with an AFUE of 0.95 to replace existing furnaces with AFUE less than or equal to 0.65, provide this measure only to customers with usage above 400 therms in the winter season, and require that households receiving this measure also qualify for and receive infiltration reduction measures under the ESA Program.

21. In instances of split heating and cooling systems, SoCalGas should partner with SCE in replacing furnaces where SCE will be replacing the air conditioning unit.

22. There should not be a cap on minor home repairs when an HE furnace will be installed.

23. PG&E and SDG&E should re-run the measure TRC cost effectiveness test using a 65% AFUE baseline, as used by SoCalGas, to determine if this measure

proves more cost effective as compared to the existing FAU furnaces currently offered.

24. If the score is higher than the lower efficiency furnaces that the ESA Program currently provides, then PG&E and SDG&E should provide this measure instead of the standard furnaces, but only for high users and those with the greatest potential to save energy.

25. SoCalGas should adopt SDG&E's Prescriptive Duct Sealing approach.

26. All IOUs should follow PG&E's practice of excluding the repair and replacement of non-functional furnaces and water heaters from the Minor Home Repair category.

27. ESA Program Managers should have enough flexibility to respond to individual customer needs and hardship situations, thus we should not remove the individual caps placed on each of the individual services.

28. The IOUs' proposals to begin the phase out of CFLs and phase-in of LEDs are reasonable and the Commission should approve the specific LED measures as proposed by each IOU. The California Energy Commission will soon be updating their LED lighting specifications, and we direct the ESA Program to begin offering LED bulbs that are in compliance with this new standard and any future updates.

29. PG&E should re-run the measure TRC cost effectiveness test for the basic LED-A lamp as a replacement for screw-in incandescent lamps or CFLs, similar to those used by the other IOUs, to determine if this measure proves to be more cost effective.

30. The IOUs should coordinate their ESA Program efforts with their activities in the Energy Efficiency proceeding, R.13-11-005, and present plans for full adoption in their next ESA Program cycle applications.

31. SDG&E should be allowed to update its smart power strip measure currently offered through the program with an advanced version known as the Tier II Advanced smart power strip, which utilizes remote control infrared signals and/or an occupancy sensor signal to determine when devices are being used and when they have been left on unintentionally.

32. PG&E and SCE should add this measure via a petition for modification as appropriate.

33. The Commission should approve SDG&E's request for Heat Pumps and Water Heaters as a new measure for all housing types in SDG&E's service territory.

34. If any other IOUs determine the Heat Pumps and Water Heaters measure to be cost effective, they may propose to add this measure mid cycle, along with a budget proposal via a petition for modification.

35. The Commission should deny PG&E's proposal to offer Central AC in additional climate zones.

36. The Commission should approve SCE's and SDG&E's Efficient Fan Controls measure under the specific circumstances proposed in their applications.

37. SCE's proposal to allow installing evaporative coolers in place of high energy using AC units in climate zones 10, 13, 14, 15, and 16 should be approved.

38. The HISR requirements should not be changed as they are in place to ensure the safety of our ESA Program participants and should not be bypassed.

39. The IOUs should put forth proposals to remove any of the existing caps on physically installed units for relatively low-cost measures and also identify any related budget impacts.

40. The IOUs should be allowed to continue to propose distinct measures that are proven to be cost-effective in their service territory, as appropriate for each climate zone and housing type, and should not be required to adopt a core set of measures.

41. If any of the IOUs determine any of the proposed core set of measures to be cost effective in its portfolio in the future, it should be allowed to propose to add this measure mid cycle, via a petition for modification.

42. The IOUs should be allowed submission of new measures that are cost-effective according to the Resource TRC test, via a petition for modification.

43. It is reasonable to allow SCE the flexibility to determine what co-payments should be in place for CAC replacement and heat pump replacement within the cost-effectiveness parameters set forth in the instant Decision.

44. ESA Program funds should not be used for the replacement of toilets.

45. SDG&E's proposal to use GHG allowance proceeds to fund its proposed water energy nexus efforts should be denied.

46. It is reasonable to undertake the Water/Energy Nexus as part of the standard ESA Program to the extent that these efforts are cost-effective or otherwise aligned with the ESA Program mandates.

47. The IOUs should leverage their Water/Energy Nexus programs with water agencies (wholesalers or retailers) to enable the cost-effective installation of cold-water measures using a combination of water agency and ESA Program funds.

48. The IOUs should remove any "caps" on the number of faucet aerators and low flow showerheads allowed per household.

49. The IOUs should consider the installation thermostatic tub spouts in the ESA Program as they become commercially available.

50. The Commission should approve PG&E's request for inclusion of high efficiency clothes washers into its ESA Program, consistent with the other gas serving IOUs, SoCalGas and SDG&E, and in accordance with the measure cost effectiveness.

51. We direct SoCalGas to prioritize the installation of the Cold Water Default Clothes Washer over other HE washers in eligible ESA Program households where reasonable. If the other gas serving IOUs determine this measure to be cost effective, they must propose to add this measure, along with providing cost-effectiveness documentation and a budget proposal, via a petition for modification. This petition for modification must be received within 90 days of the issuance of this Decision. SoCalGas' proposal to provide income qualified households with a give-away Toilet Tank Efficiency Kit that includes a master fill cycle diverter, a toilet tank water displacement device, and leak detection tablets along with instructions and an insert with water saving tips, should be approved.

52. PG&E's Energy-Water Conservation Pilot Plan should be implemented as a system-wide enhancement to the ESA Program, using existing funding sources.

53. PG&E's Energy-Water Conservation Pilot Plan directive should be extended to all four IOUs to explore Water-Energy efficiency and conservation programs, ideally leveraging with water utilities across their service territories; therefore, the IOUs should set up coordination programs with the largest water wholesalers and retailers (water agencies and companies) in their service territories, modeled in part on what SDG&E has proposed with the SDCWA.

54. It is reasonable for the IOUs to propose cold-water measures as ESA Program measures, provided that these proposals include water-energy calculator results; proposals should consider the relative magnitudes of the energy and water benefits, and include a good faith effort to co-fund or leverage

these offerings with the identified water wholesalers, in light of the magnitude of benefits associated with each commodity.

55. It is reasonable to consider non-leveraged water-energy measures, along with water-energy calculator cost-effectiveness results, if no partner agency or company can be found.

56. The IOUs should create a new, one-time balancing account to fund only those hot water measures offered by the ESA Program – namely, low-flow showerheads, water heater blankets, water heater pipe insulation, thermostatic shower valves, tub diverters, faucet aerators, and thermostatic tub spouts. Using projected installation rates for these authorized ESA Program water measures, together with IOU costs for both labor and the measures, the IOUs should work with CSD to calculate the projected funding level for this effort.

57. The IOUs should be required to track and report the households treated under this joint funding mechanism separately, and these households should not count towards the IOUs' households treated goals and should be removed from the remaining eligible population pool to be treated by the IOUs by 2020.

58. There should be the creation of a specified sub-account within each IOU's existing ESA Program balancing account that will record the costs of the Utility Drought Mitigation Program efforts which should be one-time efforts with a sunset date that will coincide with the conclusion of the CSD/CEC and CSD/DWR efforts.

59. Any unspent ratepayer funds remaining at the conclusion of the Utility Drought Mitigation Program should be returned to the ESA Program balancing accounts, in concurrence with the sunset date outlined in the guidelines for the CSD/DWR and CSD/CEC programs.

60. The IOUs should, in accordance with the redesign of the energy education component of the ESA Program, require ESA Program assessors to begin gathering toilet information during ESA Program assessments.

61. ESA Program contractors should attempt to gather toilet age and gallon per flush data from tank nameplates or through other means, and this effort could be coordinated with any roll-out of Toilet Efficiency Kits.

62. Toilet age and gallon per flush data should be collected for all toilets in a participating household and shared with CSD for follow up and potential toilet replacement under the CSD/DWR campaign; the number of toilets assessed should not be capped.

63. Within 90 days of the effective date of this Decision, the IOUs should file a PFM describing new leveraging plans with identified water wholesalers and retailers (water agencies and companies) operating in their service territories, as well as proposals for any other cold-water measures requested.

64. The IOUs should outline how they plan to share toilet age, size and gallons per flush information collected by ESA Program contractors with the water agencies and utilities in their respective service territories.

65. The IOUs should use the Center for Sustainable Energy's Finance Marketing Plan as a guide to create a detailed M&O plan that includes clear, cooperative, and evaluable strategies as further clarification for their budget requests and there should be a M&O workshop where the IOUs should provide detailed presentations (to be shared with the service list prior to the workshop) of preliminary 2017–2018 CARE and ESA Programs M&O plans.

66. Until the marketing plans are developed by the IOUs, vetted by stakeholders, and considered by the Commission, there should be no large increases in M&O budgets and the IOUs' low-income marketing budgets should

be limited to no more than the annualized amounts that were approved for 2012-2014, or to 110% of the maximum annual, actual expenditures during that period, whichever is greater.

67. In-home energy education should be a stand-alone ESA Program measure for all income qualified households commencing with the 2017-2018 ESA Program cycle, and the IOUs should be authorized to count energy education towards the Modified 3MM Rule; however, a household should not need to meet the Modified 3MM Rule in order to receive energy education.

68. Households that do not meet the Modified 3MM Rule, and only receive Energy Education, should not count as "treated" and these household should be tracked by the IOUs in their monthly and annual compliance reports.

69. Households receiving only Energy Education should not be permitted to self-certify and these households should be required to demonstrate their eligibility to receive energy education.

70. The IOUs should update their energy education modules to include information on the rate reform in the RROIR docket (R.12-06-013), including its anticipated impacts and opportunities, as well as the options to mitigate such impacts via energy efficiency and demand response programs, conservation, and other available alternatives; the IOUs should coordinate internally to align ME&O strategies and campaigns across the Low Income and Rates proceedings.

71. Contractors responsible for delivering energy education should enroll all ESA Program customers with an active e-mail address and home/mobile internet access into the My Energy/My Account platforms, and should educate customers on the website offerings using the customer's device of choice.

72. Customers should be allowed to opt out of enrollment in the My Energy/My Account platforms; however, opt-outs should be reported (with the

opt-out rationale) in the ESA Program annual reports and the IOUs should incorporate the My Energy/My Account tools into the updated energy education modules to reduce any redundancies in subject matter. In addition, the electric IOUs should integrate the newly developed individual CARE household end use disaggregation reports into the in-home energy education module, once they become available.

73. The IOUs should hold a public day-long workshop within 120 days of the date of this Decision, to present their existing and planned energy education modules and should prepare a workshop report and circulate it to this proceeding's service list for comment following the workshop.

74. All of the IOUs should participate in the TCAC noticed workshops, and should network with potential project applicants, including multifamily building developers and building owners, to encourage their participation in the ESA Program and all applicable common area energy efficiency programs.

75. The IOUs should conduct outreach to multifamily properties that are listed on the State Treasurer's website.

76. The IOUs should provide renters with information and pre-paid postage that they can pass on to their landlords on behalf of the ESA Program.

77. SDG&E should provide an update on its RFP process for a "one-stop shop EE contractor" that will deliver both ESA and other EE programs, and these should be reported in the IOU annual reports.

78. Within 60 days of the instant Decision, the IOUs should develop and implement an owner or authorized representative affidavit process for buildings located in a PRIZM Code or census tract where 80% of households are at or below 200% of federal poverty guidelines and/or the building is registered as low-income affordable housing with ESA Program qualified income

documentation less than 12 months old, and these buildings should be eligible for whole building enrollment without the need for door-to-door tenant income documentation.

79. The self-certification process should allow for large portfolio owners/operators to simultaneously submit affidavits for many properties in multiple service territories at one time, and the self-certification affidavit should also act as Property Owner Waiver form for ESA Program and other EE program installations.

80. There should be an ESA Program balancing account that will establish funding for leveraging with the LIWP multifamily effort, which should mirror our direction to leverage with the CSD/CEC and CSD/DWR Drought Mitigation Efforts.

81. The IOUs should create a new balancing account to fund only measures currently offered by the ESA Program and approved for multifamily households; using projected installation rates for these measures, coupled with IOU costs for both labor and the measures. The IOUs should work with CSD to calculate the projected funding level for this effort.

82. The IOUs should track and report the households treated under the joint funding mechanism separately, and these households should not count towards the IOUs' households treated goals.

83. Households that have been treated by CSD should no longer be eligible for the ESA Program and should be removed from the remaining eligible population pool to be treated by the IOUs by 2020.

84. The IOUs should work with CSD to determine the attribution of energy (and GHG emissions) savings claimed for these joint projects and, within 90 days of this Decision, the IOUs should submit a budget proposal for this effort via a

petition for modification and the petition for modification should include coordination plans and funding augmentations for the MFEER program.

85. The IOUs should investigate coordination with the CASF and BPHA.

86. The OBF plans should aim to: (1) better integrate OBF with the ESA Program SPOC model that has been further established and empowered in this Decision; and (2) consider and, if warranted, propose modified loan terms that are more accessible to the multifamily market, and the plans should identify strategies, update program design, and include detailed marketing plans to reach the multifamily sector, including the low-income occupied multifamily housing sector.

87. The IOUs should identify how they will utilize SPOC budgets to include technical assistance for multifamily OBF financing projects and the IOU's SPOC shall communicate low income EV opportunities to interested and eligible multifamily properties and owners.

88. The IOUs should propose pilot plans in their applications for the 2019-2020 program cycle that would establish technical assistance programs for low-income multifamily energy efficiency retrofits, in order to achieve higher penetration in this hard to reach market.

89. The IOUs should the use the Center for Sustainable Energy's Finance Marketing Plan as a guide to create a detailed M&O plan that includes clear, cooperative, and evaluable strategies as further clarification for their budget requests, and there should be a M&O workshop within 60 days of the date this Decision is approved.

90. It is reasonable to implement certain ESA Program measures, particularly those that impact safety, regardless of the measures' apparent lack of cost-effectiveness.

91. The majority of ESA Program offerings should be subject to a cost-effectiveness threshold that considers all of the relevant program benefits and avoided costs.

92. The ESA Cost-Effectiveness Working Group should continue to meet in order to identify which measures should be included in the Adjusted ESACET, and for measures excluded from the Adjusted ESACET calculation, develop a methodology to exclude from the calculation all administrative costs and any non-energy benefits associated with those measures, including those costs and benefits that may be attributable to the whole program and are not clearly tied to any specific measure considering the ESACET threshold of 1.0.

93. The working group should ensure compliance with D.16-06-007,[455] which requires a single avoided cost model for all proceedings for any cost-effectiveness analysis conducted.

94. The IOUs should coordinate with the ESA Cost-Effectiveness Working Group to incorporate the working group's input into the NEBs study work plan and provide the group with an opportunity to review and comment on draft study deliverables.

95. In order for the next program cycle to be informed by the outcomes of this effort, the IOUs should complete this study in 2017 and distribute it to the service list when complete.

96. The ESA Cost-Effectiveness Working Group should submit a proposed schedule and work plan to the low-income proceeding service list no later than 30 days after the date this Decision is approved.

97. The final recommendations of the ESA Cost-Effectiveness Working Group should be distributed to this proceeding's service list no later than June 1, 2017,

[455] Decision issued in R.14-10-003 on June, 15, 2016 to update portions of the Commission's current cost-effectiveness framework.

and should identify: (1) which measures should be included and excluded from the Adjusted ESACET calculation; (2) how to appropriately allocate administrative costs and non-energy benefits across program measures; and (3) to the extent available, how revised NEB values should be incorporated into the Adjusted ESACET.

98. If the ESA Cost-Effectiveness Working Group is unable to complete its recommendations by March 1, 2017, it should instead submit a progress report, including any completed deliverables and a revised schedule and work plan for the remaining deliverables to the applicable service list for this proceeding.

99. It is reasonable to approve the IOUs' request for a $200,000 Rapid Feedback and Analysis budget line item.

100. It is reasonable to adopt Section 5 of the *Energy Division & Program Administrator Energy Efficiency Evaluation, Measurement and Verification Plan Version 5* as guidance for the ESA and CARE Program Rapid Feedback and Analysis projects.

101. Funding for SoCalGas' proposed $35,000 CARE CSR Enrollment Study should come from the newly established $200,000 Rapid Feedback and Analysis budget line item, and thus should not receive separate authorization.

102. It is reasonable to adopt Section 5 of the *Energy Division & Program Administrator Energy Efficiency Evaluation, Measurement and Verification Plan Version 5* as guidance for the ESA Program Impact Evaluation, and key aspects of the impact evaluation, including the draft research plan, should be distributed to the service list of the instant proceeding for public review and comment.

103. In order to meet the December 31, 2016 LINA study completion date and statutory deadline, the study is currently underway and we cap the authorized budget at $500,000 utilizing the traditional (PG&E-30%, SCE-30%, SCG-25%,

SDG&E-15%) IOU funding split and, at a minimum, this study will address the remaining topics identified in D.14-08-030.

104. In coordination with Energy Division, the IOUs should be required to host public workshops or webinars to allow stakeholders and interested parties to comment and provide input on the LINA study.

105. New ESA Program measures, pilots, or other initiatives should be approved if the proposals are found to be both cost effective and compliant with any other applicable directives outlined in this Decision.

106. All new ESA Program proposals should include budgets and cost effectiveness calculations incorporating results from the recently adopted water-energy calculator, if applicable, and should include the measure, pilot or initiative's Measure TRC.

107. If the IOU calculations indicate that new proposed ESA Program measures, pilots or other initiatives would not be cost effective (i.e., if the Measure TRC is less than one), then the proposal should still be allowed to be submitted via a PFM to this Decision.

108. The Mid Cycle Working Group should be reconvened and the Energy Division and IOUs should be jointly charged with soliciting and re-establishing the Mid-Cycle Working Group, which must convene within 30 days of this Decision.

109. The Mid-Cycle Working Group should be charged with the following tasks:

(a) Provide recommendations for updates to the Statewide Policy and Procedure Manual to align it with this Decision and to resolve inconsistencies, including any updates necessary for compliance with policy modifications such as the Modified 3MM Rule, Energy Education, and the Willingness to Participate Factor;

(b) Provide recommendations for updates to the California Installation Standards (IS) Manuals to align them with this Decision and to resolve inconsistencies, considering new and/or retired program measures, household and measure price caps, measure installation limits, categorization of program measures, etc.;

(c) Provide recommendations on the adoption of on-line data reporting systems (ODRS) for the ESA Program to help the IOUs and Commission better understand how these systems collect and report workforce data. This assessment should help determine the value of adopting ODRS for the ESA Program into IOU operations, its cost-benefits, and identify any administrative burdens to implement by either contractor or utility; and

(d) Provide recommendations for updates to monthly and annual reporting criteria and the household retreatment prioritization models, implementation and outreach strategies, and other aspects of a post-2020 ESA Program, including any changes to the "Go Back Rule" criteria.

110. The size and makeup of the Mid-Cycle Working Group should be determined in consultation with the Energy Division to yield a balanced and productive exploration of the aforementioned issues.

111. The Mid-Cycle Working Group should, no later than 120 days after this Decision, submit to the service list the working group's initial recommendations in each of the subject areas outlined above, and schedule a workshop for vetting by the public and/or interested stakeholders its proposed updates to the reporting criteria and to the Statewide P&P and CA Installation Standards Manuals.

112. The Mid-Cycle Working Group should be allowed write to the service list requesting an ALJ Ruling directing it to explore and consider issues that may be

ripe for subsequent program cycles. If the Mid-Cycle Working Group does not make such a request within 90 days of the submission of its initial recommendations to the service list, or if the ALJ declines to grant the working group's request within 15 days, the Mid-Cycle Working Group should be dissolved.

113. The Energy Division should consider the recommendations of the Mid-Cycle Working Group, as well as the outcome of the workshop, and should issue final monthly and annual reporting templates once consensus has been reached and once the new reporting templates have been issued by Energy Division; all prior ESA and CARE reporting requirements should be superseded.

114. All other proposals in the record concerning mid-cycle program changes should be denied.

115. The P&P Manual should be a single repository for ESA Program policy and procedure related content and should be reflective of the most recent governing Commission Decision authorizing ESA Program budgets, measures and policy updates.

116. One of the Mid-Cycle Working Group's final deliverable should be an updated and enhanced Statewide P&P Manual that can be formally considered for adoption by the Commission, and further enhancements to the Statewide P&P Manual should occur with/in subsequent Commission decisions.

117. SDG&E's request for the Commission to adopt the same language, with modifications, adopted in OP 7 of D.14-08-030, related to joint contracting during the future program cycles and across all four IOUs, should be approved.

118. In response to AB 327, the IOUs should proactively coordinate and integrate ESA Program marketing in alignment with the D.15-07-001 ME&O Working Group.

119. For transparency and to prevent any over-collection, whether being tracked and recovered in the D.15-07-001 memorandum account or if they are being recovered through this proceeding's CARE outreach and/or education budget, the costs associated with communications to customers about their enrollment status and about rate changes related to AB 327 should be included in the IOUs' annual reports.

120. The IOUs should ensure that all communications regarding the enrollment program for customers with disabilities is provided effectively and appropriately in accessible formats such as large print, Braille, electronic, and audio formats.

121. The IOUs should continue to report their success at meeting the 15% disabled enrollment goal, including discussion of any outreach approaches introduced or retired, in their annual reports to the Commission.

122. The Commission should adopt a statewide 60% willingness to participate factor for all of the IOUs and should not include varying factors specific to each IOU.

123. The IOUs should more accurately and consistently track households that are unwilling, infeasible, or ineligible to participate in their (the IOUs) annual reports, which should be broken into sub-categories.

124. The new willingness to participate factor incorporates both willingness and feasibility considerations and going forward it should be renamed the "willing and feasible to participate" (WFTP) factor.

125. The IOUs should refile new eligibility estimates for the remaining years of this program cycle in their 90-Day Petition for Modification of this Decision. The estimation process should use the methodology adopted in D.01-03-028 to estimate eligible households. It should use the latest available Athens Research estimate of eligible households (specific to each IOU) ; should factor out the

IOUs' treated households from 2002-2015; should factor out the LIHEAP treated households in each IOU service territory from 2002-2015; and should apply the 60% WFTP factor to determine the remaining willing and eligible population.

126. Based on the revised approach to calculating the remaining eligible population and use of the Willing and Feasible to Participate factor adopted in this Decision, each IOU should re-calculate and estimate the new remaining eligible population, should include that number in its annual report, and should use that number in its next program cycle application.

127. The proposal to mandate live follow-up phone calls to CARE customers undergoing the PEV process should be denied, and insteadthe IOUs should investigate the use of automated voice messaging, website, and in-app messaging to these customers and report their findings on phone-based or online/mobile customer follow up in their 60-Day Reports.

128. By June 1, 2017, the IOUs should update their My Account/My Energy websites for mobile versioning; among other upgraded functions, these updates should allow a customer to be able to facilitate secure CARE recertification and post enrollment verification and, if they have not already done so, all of the IOUs should develop mobile phone apps that allow, among other specified functions, secure CARE recertification and post enrollment verification.

129. The electric IOUs should screen the customers who are successful in the CARE high usage appeals process for owner occupied status on a monthly basis, and should provide a list of these high usage CARE customers to the SASH Program Administrator, GRID Alternatives.

130. SoCalGas, SDG&E and PG&E should screen their ESA Program databases to identify past program participant households with gas water heating that are demonstrating high usage, characterized as those exhibiting usage above 200% of

baseline quantity during non-winter periods. These IOUs should proactively assist CARE gas customers exhibiting high usage to participate in the California Solar Initiative (CSI) Thermal Low-Income Program.

131. By June 1, 2017, the electric IOUs should begin implementation of a high usage alert system for CARE customers exceeding 300% of baseline through upgrades to the IOUs' My Energy/My Account systems and new IOU smartphone apps. Customers should also be reached via AVM and direct mailers.

132. To reduce "messaging fatigue" and reduce costs, mailers and e-mails should be combined with the IOUs' HERs as a single mailer/e-mail for those selected HERs customers.

133. For enhanced program leveraging, the electric IOUs should provide the SASH Program Administrator, currently GRID Alternatives, with a monthly list of owner occupied single-family households that have completed the ESA Program requirements of the CARE high usage process or have successfully appealed their removal from the CARE rate.

134. SCE's requested plans to enhance its customer service system (CSS) to streamline the CARE High Usage processes should be approved.

135. CARE High Usage customers targeted for PEV should not be counted towards the D.12 08 044 (OP 92 at 397) PEV rate ceiling/requirement, as the High Usage PEV effort is unique from the "general" PEV process and should be treated and monitored separately.

136. There should be equality and uniformity across service territories in regard to the CARE High Usage Appeals Process and the electric IOUs should align their internal CARE high usage appeals boards to use the same criteria and evaluation review of customer appeals.

137. The IOUs' outreach and enrollment strategies to augment their traditional marketing and outreach practices should be approved and the IOUs should also ensure coordination with the California LifeLine, Covered California, and other aligned low-income centric outreach efforts.

138. The IOUs should proactively distribute CARE and ESA Program marketing material to California LifeLine providers, stores and kiosks. California LifeLine vendors should be automatically enrolled in the CARE Capitation Program, unless they choose to opt out or are otherwise ineligible. This directive should be extended to Veterans Affairs Supportive Housing (VASH) program partners, IRS Volunteer Income Tax Assistance (VITA) providers, and Covered California outreach and enrollment agencies. Enrollments driven through these efforts should be tracked and reported in the IOUs' annual CARE/ESA reports.

139. Each of the IOU's enhanced outreach and enrollment strategies should be co-funded and coordinated between the ESA and CARE programs via a funding split between the ESA and CARE Administrative budget line items.

140. Within 90 days of the issuance of this Decision, the IOUs should issue a joint Tier 2 Advice Letter that outlines a data sharing plan with specific California LifeLine providers to generate bidirectional automatic leads between LifeLine participants and CARE and ESA Program participants

141. The budgets for the IOUs proposed Information Technology (IT) upgrades for the ESA and CARE programs should be based on TURN's analysis and should be augmented to reflect additional directives noted in this Decision.

142. The proposed IT enhancements of the IOUs, specifically SoCalGas' request for information systems maintenance and enhancements, SCE's plans to expand its SMART to assist in ESA Program scheduling, and PG&E's request to upgrade

its outdated Energy Savings Assistance Online Database (EPO) system, should be approved.

143. The IOUs should coordinate their IT upgrades with any planned IT upgrades directed in other proceedings, including the new energy efficiency financing pilot programs directed in D.13-09-044.

144. The IOUs should initiate a RFP that will procure a remote disaggregation/non-intrusive load monitoring vendor that should provide the IOUs the ability to generate electric (and gas, if available) end-use profiles for their CARE population.

145. The IOUs should initiate a second RFP that will procure a big data analytics vendor to develop CARE and non-CARE residential electric usage profiles and these profiles should segment the CARE population into groups that would see realized bill savings benefits from load shifting, critical peak pricing enrollment, time of use rates, or other demand response programs, and the IOUs should collaborate on the marketing, outreach and enrollment of these identified customers into CARE, ESA, and Demand Response programs.

146. The IOUs should share the vendor-developed load profiles with potential DRAM bidders; in accordance with customer privacy provisions, usage profiles should be provided to potential DRAM bidders in year two of the DRAM pilot (2017).

147. The electric IOUs should direct their eligible ESA Program contractors that install ESA Program provided AC measures to simultaneously install AC Cycling program controls, and vice versa. For the customers whose load profiles would demonstrate bill savings from AC Cycling or other DR program enrollment, the IOUs should create metrics to track the success of these efforts and report them in the CARE and ESA Annual reports.

148. The IOUs' selected disaggregation vendor, or its subcontracted vendor, should be tasked to create individual CARE customer reports that should disaggregate household usage by end use over time, and these reports should be accessible to ESA Program contractors and customers, should be coordinated with the My Energy/My Account platforms; these reports, their analysis and the results should be incorporated into the newly reformatted ESA Energy Education component discussed elsewhere in this Decision.

149. Residential gas end-use disaggregation is not currently available and the funding split for the electric only initiatives should mirror that which was adopted in the California Solar Initiative Decision, D.06-12-033, and should be 43.7% for PG&E, 46% for SCE, and 10.3% for SDG&E and should be funded out of the CARE and ESA Program Regulatory Compliance budgets.

150. The IOUs should track the costs of AMI Data utilization programs in a separate subaccount, to identify all of the programs or initiatives that will be able to benefit from the availability of the end-use and electric usage profiles, and to coordinate with the relevant proceedings so that the relevant costs can be considered in those proceedings' cost-effectiveness decision-making.

151. All of the IOUs should develop mobile apps that allow for ESA/CARE program enrollment, post enrollment verification, and recertification. For the electric IOUs, these apps should allow viewing of household hourly interval energy usage for energy management purposes.

152. The IOUs should investigate joint solicitation with California LifeLine wireless providers to pre-install ESA/CARE program enrollment apps on California LifeLine provided smartphones and report their findings in the 60-Day Reports. Funding for this effort should be paid for from the CARE IT Programming and ESA General Administration Budgets.

153. By June 1, 2017, the IOUs should update their My Account/My Energy websites for mobile versioning (i.e., must be viewable from a mobile browser or device) and these updates should allow a customer to be able to increase the font size on the screen; should be available in the main LEP languages in the IOU service territory; should allow for ESA/CARE enrollment; should allow ESA/CARE application processing status updates; and should facilitate secure CARE recertification and post enrollment verification.

154. The IOUs should prescreen My Account/My Energy customers so that those with a high likelihood of CARE eligibility are provided a customized or tailored My Energy/My Account experience that allows for ESA/CARE enrollment, and this prescreening process should mimic the logic employed by the IOUs in the CARE post-enrollment verification process.

155. The IOUs' My Account/My Energy websites for mobile versioning should provide CARE high usage notification alerts for customers above 300% baseline, and allow customers to enroll in CPP/TOU rates and other DR programs in conjunction with an easy to use online batch rate comparison tool.

156. Funding for the My Energy/My Account efforts should be paid for from the CARE IT Programming and ESA General Administration Budgets.

157. The IOUs should track the costs of AB 793 related Energy Management Technologies programs in a separate subaccount, to identify all of the programs or initiatives that will be able to benefit from the availability of the end-use and electric usage profiles, and to coordinate with the relevant proceedings so that the relevant costs can be considered in those proceedings' cost-effectiveness decision-making.

158. All of the IOUs should implement SDG&E's proposed delivery of Rate Education Reports and these reports should be delivered via e-mail or direct

mail, dependent upon a customer's communication preference or other justification, and should be combined with the IOUs' Home Energy Reports as a single mailer/e-mail for those customers already participating in HERs.

159. Rate Education Reports activity should be co-funded and coordinated between the Home Energy Report effort and CARE Outreach budget.

160. The IOUs should automatically transfer a customer's CARE participation when a CARE customer stops service at one address and starts service at a new address; the ESA Program should screen the new address for prior treatment and, pursuant to the Go-Back Rule, this customer should be provided as a lead to ESA Program outreach contractors, and the information provided to the contractors should include information that that customer recently started service at the new address, and whether the customer participated in the ESA Program at his or her previous address.

161. There should be uniformity amongst the IOUs in the leads that they provide to their ESA Program outreach contractors; ESA Program leads should include new CARE customers, CARE customers with high energy usage, those recently moved, and those who have provided income documentation for the CARE certification and recertification process (excluding any customers who have already participated in the ESA Program at their current address). Where applicable, all leads should be provided within six months of the triggering event, and should indicate what the triggering event was, so that contractors can tailor their outreach to the specific customer's situation.

162. The IOUs should target CARE electric customers at or above the 90$^{th}$ percentile of usage amongst those not subject to the current High Usage PEV process (400% of baseline consumption), who have also been on the CARE rate at the same meter for at least six years and have not participated in the ESA

Program at their current meter location, as modeled after the efforts implemented for CARE high usage customers in D.12-08-04.

163. The IOUs should use the discretion set forth in D.14-08-030, in regard to setting a monthly referral ceiling for CARE customers at or above the 90th percentile of usage amongst those not subject to the current High Usage PEV process, to address and deal with the pacing of program implementation and delivery in the implementation of program directives, and should prioritize those CARE customers with the highest usage and longest tenancy on the CARE rate, and should prioritize their outreach and mandatory enrollment into the ESA Program to help them reduce their monthly bills.

164. If a CARE customer who is required to participate in the ESA Program as a condition of continued enrollment in CARE fails to keep at least one of the two appointments made with an ESA Program contractor or fails to provide access to any portion of the metered property in question, or refuses to allow a post-participation quality control inspection, that customer should be de-enrolled from the CARE Program and should be barred from re-enrolling in the CARE Program for 24 months.

165. The electric IOUs should provide details of the targeted marketing effort for high usage CARE Customers in their marketing plan to ensure that any marketing and outreach to these customers is also coordinated with education on the recent changes to residential rates.

166. SoCalGas' request for funding of CARE and ESA Outreach and Enrollment Program, including costs for 15 FTE staff to support CARE program enrollment through its Customer Contact Centers, should be denied as funding for these positions was approved in SoCalGas' recent GRC.

167. SDG&E's request for the CARE Administrative budget funding for 1.5 FTEs to support CARE program enrollment through its customer contact center is denied as funding for these positions was approved in SDG&E's recent GRC.

168. SCE, SDG&E, and PG&E should include cooling center costs in their GRC Proceedings going forward, but in the interim, should continue to utilize CARE administrative dollars for cooling center activity only until each utility's next GRC.

169. During the current program cycle, SCE, SDG&E, and PG&E should demonstrate that all authorized cooling center funding results in incremental benefit to existing local government cooling center patrons, in an increase in the number of patrons, and/or in an increase in the availability and accessibility of cooling centers and they should also demonstrate that the cooling centers specifically benefit the low-income population.

170. SCE, SDG&E, and PG&E should continue current coordination efforts with local entities with respect to cooling center operations.

171. Approved cooling center budgets for SCE, SDG&E, and PG&E should be more closely aligned with actual expenditures for prior program years, instead of relying solely on previously authorized amounts.

172. SCE's request to include cooling centers funding as part of its CARE program budget, instead of its Energy Resource Recovery Account, should be approved.

173. SCE, SDG&E, and PG&E should generate awareness regarding places where vulnerable people can go during summer months to escape heat, how cooling center patrons can minimize their own energy usage, and what low-income and other programs are available to further assist cooling center patrons. The electric utilities should ensure information is available to cooling

center patrons regarding how customer bills may be impacted by the recently adopted retail rates reform and on what customers, and this outreach should be conducted in coordination with any ME&O directed in R.12-06-013 and aligned with all updates to the utilities' ESA Energy Education modules.

174. SCE and PG&E's requests to eliminate the cooling center expenditure restrictions, previously imposed in D.05-05-042 and reinstated in D.12-08-044, should be denied.

175. It is reasonable to retain the cooling center compliance annual report and, at a minimum, the reports should inform the Commission of how ratepayer funds are being utilized to support and promote cooling centers and simultaneously encourage low-income program enrollments and participation throughout the state, and should also include a description of any changes to cooling center operations that were enabled by ratepayer funding, such as extended hours or the opening of additional locations; if no such changes occurred, that must still be reported.

176. SCE, SDG&E, and PG&E should ensure that their websites are updated for future cooling center seasons with user-friendly information regarding availability of public cooling centers in their service territories.

177. E-mail blasts, bill inserts, print/radio ads, and specific targeting to medical baseline customers should be utilized to promote cooling center awareness and generate program enrollments, along with any other marketing and outreach tactics and, to the extent possible, all printed materials should be made available in formats accessible to disabled and limited English speaking populations.

178. SCE should develop a mapping function on its website so that customers can more easily determine the locations of the nearest cooling centers, similar to

PG&E's online cooling center locator and SDG&E's interactive cooling center map.

179. The IOUs should proactively coordinate and integrate CARE/ESA Program marketing in alignment with the D.15-07-001 MEO Working Group, and the IOUs should provide detailed summaries of this coordination in their CARE/ESA Program annual reports.

180. The traditional CARE discount should not be applied to the GTSR-specific charges and credits on a customer's bill at this time because this could significantly increase charges to other, non-CARE GTSR participants as the costs for a CARE subsidy cannot be borne by non-GTSR participants.

181. In their annual CARE/ESA Program reports, the IOUs should document the number and the percentage of CARE customers that make up the GTSR customer base and the average total bill discount that CARE-enrolled GTSR customers receive (in percentage terms) from the CARE discount on the distribution portion of their bill, and if the average bill discounts for CARE-GTSR customers are reported to be below the 30% overall CARE discount threshold, this policy should be revisited.

182. In conformance with Decision D.15-12-047, the monthly CHANGES budget should increase from $61,200 per month to $145,834 per month and retain the traditional IOU contribution split (PG&E-30%; SCE- 30%; SoCalGas-25%; and SDG&E- 15%).

183. Due to ongoing delays in starting the new TEAM and CHANGES contract, ordered in D.15-12-047, Ordering Paragraph 32, the requirement to complete an evaluation of the CHANGES program by June 2017 should be extended to June 30, 2018.

184. In the ESA Program, the IOUs' existing fund shifting rules pertaining to shifting funds between gas and electric budget categories, as set forth in OP 135 of D.12-08-044, should be maintained.

185. It is reasonable to modify the current fund shifting carry-forward rules, including how existing carry-forward budgets are reported and tracked.

186. There should be better accounting of the amounts of carry-forward funds accumulated over time, and there should be a strategy to minimize the accumulation of large quantities of unspent and uncommitted funds across program cycles.

187. The revised carry-over rules and reporting requirements described, and listed in Appendix J, should be adopted.

188. The IOUs should be permitted to shift CARE funds in the same manner as they did in the 2012-2014 budget cycle, and shall report all such shifting in the same manner as in D.12-08-044.

189. SCE's and PG&E's plans for creating efficiencies between LIHEAP grant agencies and the IOU customer databases should be approved and adopted by SoCalGas and SDG&E. All IOUs should develop coordination plans between the ESA Program and CSD's WAP program to develop a referral process for identified customers with high energy burden and non-IOU fuel sources. All IOUs should meet with CSD to streamline CSD's application to become an authorized, statewide, third party for the IOUs' Green Button/Connect My Data program. In active collaboration with CSD, the IOUs should outline how this referral process and Green Button/Connect My Data program coordination will work and report this information in their 60-day Reports.

190. The Energy Division should coordinate with UAFCB, or an alternate third party auditor to establish an enhanced audit process for future low income program audits and outline the audit scope, timeline, and related deliverables.

191. The PG&E CSD Leveraging Pilot proposal should be withdrawn.

192. The PG&E Energy-Water Conservation Plan Pilot should be denied and the proposal should be implemented as a system-wide enhancement to the ESA Program, using existing funding sources.

193. The PG&E Consumption-Driven Weatherization Pilot should not be implemented as a pilot and should rather be a permanent enhancement to the ESA Program.

194. The PG&E HAN Pilot should be denied.

195. PG&E, SCE, and SDG&E should implement a pilot to examine the demand and energy savings of a "package" consisting of a PCT, TOU-CPP rates, and a mobile phone application.

196. MCE's proposed heat pump installation measures in its LIFT Pilot proposal should be denied and the education workshops component of the LIFT Pilot should also be denied.

197. MCE's proposed LIFT Pilot's EE program leveraging efforts, single-family MESA, subsidized on-bill financing for SF and MF properties, and reliance on CBO partnerships are worthwhile pilot efforts and MCE should refile this pilot proposal with commensurate budget, incorporating the changes and recommendations set forth in the Decision.

198. IREC's CleanCARE Pilot proposal should be denied without prejudice.

199. NRDC et al.'s proposed heat pump Pilots should be denied.

200. The 2019-2020 IOU ESA and CARE Programs Budget Applications should be filed no later than June 1, 2018.

## O R D E R

**IT IS ORDERED** that:

1. The California Alternate Rates for Energy and Energy Savings Assistance Programs for Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company 2017 budgets are approved based on the 2016 requested budget with adjustments made, and the 2018 budgets are approved based on the 2017 requested budgets with adjustments made.

2. The 2017-2018 Energy Savings Assistance Program budgets of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are authorized and adopted as follows:

| Utility | Authorized ESA | | | | |
|---|---|---|---|---|---|
| | 2015 (Decision 14-08-030) | 2016 (Decisions 15-12-024 and 16-06-018) | 2017 | 2018 | Total 2 Year (2017-2018) Authorized |
| PG&E | $161,862,111 | $161,862,111 | $152,113,444 | $154,564,551 | $306,677,995 |
| SCE | $72,736,630 | $72,736,630 | $63,037,482 | $62,662,363 | $125,699,845 |
| SDG&E | $23,772,251 | $23,772,251 | $30,617,486 | $30,904,902 | $61,522,388 |
| SoCalGas | $132,417,190 | $132,417,190 | $126,099,795 | $128,193,885 | $254,293,680 |
| **Total** | **$390,788,182** | **$390,788,182** | **$371,868,207** | **$376,325,702** | **$748,193,909** |

3. The 2015-2018 California Alternate Rates for Energy Program budgets of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are authorized and adopted as follows:

| Utility | Authorized CARE Administrative Budgets | | | | |
|---|---|---|---|---|---|
| | 2015 (D.14-080-030) | 2016 (D.15-12-024 and D | 2017 | 2018 | 2 year Total |
| PG&E | $ 14,942,512 | $ 15,247,192 | $ 17,208,454 | $ 17,601,453 | $34,809,906 |
| SCE | $ 7,125,454 | $ 7,430,134 | $ 6,424,661 | $ 6,348,277 | $12,772,938 |
| SDG&E | $5,483,805 | $5,636,145 | $6,911,207 | $6,870,918 | $13,782,126 |
| SoCalGas | $16,364,513 | $16,618,413 | $8,938,505 | $8,978,671 | $17,917,176 |
| **Total** | **$43,916,284** | **$ 44,931,884** | **$ 39,482,827** | **$ 39,799,319** | **$ 79,282,146** |
| Utility | Authorized CARE Subsidies and Benefits | | | | |
| | 2015 (D.14-08-030) | 2016 (D.15-12-024 and D | 2017 | 2018 | 2 year Total |
| PG&E | $605,950,000 | $605,950,000 | $580,353,000 | $587,313,000 | $1,167,666,000 |
| SCE | $416,800,000 | $416,800,000 | $457,873,645 | $482,397,449 | $940,271,094 |
| SDG&E | $83,614,933 | $83,614,933 | $69,916,644 | $73,102,151 | $143,018,795 |
| SoCalGas | $131,142,177 | $131,142,177 | $131,338,535 | $132,351,979 | $263,690,514 |
| **Total** | **$1,250,095,998** | **$1,237,507,110** | **$1,239,481,824** | **$1,275,164,579** | **$2,514,646,403** |
| Utility | CARE Authorized Administrative Budgets and Subsidies | | | | |
| | 2015 (D.14-080-030) | 2016 (D.15-12-024 and D | 2017 | 2018 | 2 year Total |
| PG&E | $620,892,512 | $ 621,197,192 | $597,561,454 | $604,914,453 | $1,202,475,906 |
| SCE | $423,925,454 | $424,230,134 | $464,298,306 | $488,745,726 | $953,044,032 |
| SDG&E | $89,098,738 | $89,251,078 | $76,827,851 | $79,973,069 | $156,800,921 |
| SoCalGas | $147,506,690 | $147,760,590 | $140,277,040 | $141,330,650 | $281,607,690 |
| **Total** | **$1,281,423,394** | **$1,282,438,994** | **$1,278,964,651** | **$1,314,963,898** | **$2,593,928,549** |

4. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company must continue to administer the Energy Savings Assistance Program cost-effectively to yield maximum energy savings at reasonable costs and shall achieve greater efficiencies and increased energy savings per home treated associated with the newly approved measures, and overall increased cost effectiveness of the program.

5. Staff of the Commission's Energy Division shall work with the 2017 Energy Efficiency Potential Study consultant to provide an analysis and determination of the Energy Savings Assistance Program energy savings goal potential. The budget for this work is not to exceed $300,000, and shall be funded by the 2016 Energy Savings Program budgets. Pacific Gas and Electric Company shall fund 30% of the study, Southern California Edison Company shall fund 30% of the study, San Diego Gas & Electric Company shall fund 25% of the study, and Southern California Gas Company shall fund 15% of the study. The Energy Efficiency Potential Study will follow the Commission's established Energy Measurement and Verification stakeholder input process. The Demand Analysis Working Group should act as the established forum for providing input into the

scope, modeling and analysis of results associated with Energy Efficiency Potential Study. Rather than reproduce the procedural process established to formally recognize the current Energy Efficiency Potential and Goals Study findings, the new Energy Efficiency Potential Study shall "piggyback" on that effort and incorporate the results and findings into the next Energy Savings Assistance Program Decision providing guidance for the 2019-2020 Program Years.

6. The Go Back Rule will not be modified, with the exception of those communities detailed in Decision 16-04-040. The Mid-Cycle Working Group is to consider potential household retreatment prioritization models, implementation and outreach strategies, and other aspects of a post-2020 Energy Savings Assistance Program.

7. The current Modified 3 Measure Minimum Rule will remain in effect, with the exception of those communities detailed in Decision 16-04-040. The four large Investor-Owned Utilities' (Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Edison Company) (IOUs') proposal to count a household as "treated" if provided energy education alone is denied. The four large IOUs must track and report all households that only receive Energy Education in their monthly and annual compliance reports. Households receiving only education will not be permitted to self-certify and these households will be required to demonstrate their eligibility to receive energy education.

8. Energy Savings Assistance Program qualified households that are served by multiple utilities may receive one or two measures from one provider if it is determined at the time of assessment to require a total of three measures or meet the 25 therm/125 kilowatt hour energy saving threshold. This further

modification of the Modified 3 Measure Minimum Rule applies to all dwelling types: single-family, multifamily, and mobile home.

9. Southern California Gas Company and Southern California Edison Company shall track those households receiving coordinated treatment and are to report in their annual reports the households that received measures from one utility, but did not receive additional measures from another utility or partnering agency, and the reasons why, if known.

10. Multifamily households participating in a whole building retrofit program, where the Energy Savings Assistance Program is being leveraged with other multifamily energy efficiency programs, are exempt from having to meet the Modified 3 Measure Minimum Rule.

11. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall offer, to households with at least six people living in the household or with medical conditions that warrant such use (on medical baseline), a replacement program for a customer's second refrigerator pursuant to Rulemaking 13-11-005, after first offering the customer a rebate under the Appliance Recycling Program.

12. Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company shall track the number of households treated under the Energy Savings Assistance Program where there is an inefficient second refrigerator onsite that would otherwise be eligible for replacement under the revised Program rules. Using this data, the Investor-Owned Utilities should determine whether it is most effective to offer a second refrigerator replacement to all, or to limit replacements to certain criteria or groups, and shall make appropriate proposals for the next Program cycle.

13. As part of the Energy Savings Assistance Program, Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company may replace refrigerators manufactured prior to 2001.

14. Southern California Gas Company's (SoCalGas) introduction of the High Efficiency (HE) furnace is approved under the following criteria: Install HE furnaces with an Annual Fuel Utilization Efficiency (AFUE) of 0.95 to replace existing furnaces with AFUE less than or equal to 0.65, provide this measure only to customers with usage above 400 therms in the winter season, and require that households receiving this measure also qualify for and receive infiltration reduction measures under the Energy Savings Assistance Program. In instances of split heating and cooling systems, SoCalGas shall partner with Southern California Edison Company (SCE) in replacing furnaces where SCE will be replacing the air conditioning unit. We also approve lifting the cap on minor home repairs when an HE furnace will be installed.

15. Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) shall re-run the measure Total Resource Cost cost-effectiveness test using the 65% Annual Fuel Utilization Efficiency baseline, as used by Southern California Gas Company and Southern California Edison Company to determine if the High Efficiency furnace proves more cost effective as compared to the existing Forced Air Unit furnace currently offered. The results of these calculations, along with supporting documentation, shall be sent to the service list within 60 days of this Decision. If the score is higher than the lower efficiency furnaces that the Energy Savings Assistance (ESA) Program currently provides, PG&E and SDG&E must provide this measure instead of the standard furnaces, in the same targeted manner set forth in Ordering Paragraph 14. If it is determined that the measure is cost effective, PG&E and SDG&E must

propose to add this measure mid cycle, along with cost-effectiveness documentation and a budget proposal, via petition for modification as appropriate. This petition for modification must be received within 90 days of the issuance of this Decision. The Commission expects that any collections that might ordinarily be required for any additional funding will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA Program funds, which will offset collections in the 2017-2018 Program cycle.

16. Southern California Gas Company (SoCalGas) shall adopt San Diego Gas & Electric Company's Prescriptive Duct Sealing approach, which maintains duct sealing as a measure but reduces costs associated with duct testing. If after applying this approach, SoCalGas still believes that this measure results in very minimal savings and low cost effectiveness results, it may propose to retire this measure in the next Program cycle.

17. Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall follow Pacific Gas and Electric Company's practice of excluding the repair and replacement of non-functional furnaces and water heaters from the Minor Home Repair category and the individual caps placed on each of the individual services is to remain in place.

18. No specific date to complete phase-out of Compact Fluorescent Bulbs in the Energy Savings Assistance (ESA) Program is adopted, but Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) may incrementally add light-emitting diode (LED) bulbs to their ESA Program as proposed in their applications. We direct SCE, SDG&E, and PG&E to begin offering LED bulbs that are in compliance with this new standard and any future updates.

19. Pacific Gas and Electric Company (PG&E) shall re-run the measure Total Resource Cost cost-effectiveness test for the basic Light Emitting Diode-A lamp as a replacement for screw-in incandescent lamps or Compact Fluorescent Bulbs, similar to those used by the other large Investor-Owned Utilities, to determine if this measure proves to be more cost effective. The results of these calculations, along with supporting documentation, shall be sent to the service list within 60 days of the effective date of this Decision. If shown to be cost effective, PG&E must propose to add this measure along with cost-effectiveness documentation and a budget proposal, via a petition for modification, as appropriate. This petition for modification must be received within 90 days of the effective date of this Decision. Any collections that might ordinarily be required for any additional funding will be mitigated or rendered unnecessary through the application of unspent 2009-2015 Energy Savings Assistance Program funds, which will offset collections in the 2017-2018 Program cycle.

20. San Diego Gas & Electric Company's proposal to add the Smart Strip Tier 2 measure to replace the older version of Smart Strips currently offered is approved. Pacific Gas and Electric Company and Southern California Edison Company shall add this measure via a petition for modification as appropriate. The petition for modification must be received within 90 days of the effective date of this Decision, and must include cost-effectiveness work papers and a proposed budget. Any collections that might ordinarily be required for any additional funding authorized at that time will be mitigated or rendered unnecessary through the application of unspent 2009-2015 Energy Savings Assistance (ESA) funds, which will offset collections in the 2017-2018 ESA Program cycle.

21. San Diego Gas & Electric Company's proposal for Heat Pumps and Water Heaters is approved. Any other of the four large Investor-Owned Utilities (Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Edison Company) that determines this measure to be cost effective, may propose to add this measure mid-cycle, along with a budget proposal via a petition for modification as appropriate. The petition for modification must be received within 90 days of the issuance of this Decision, and must include cost-effectiveness work papers and a proposed budget. Any collections that might ordinarily be required for any additional funding authorized at that time will be mitigated or rendered unnecessary through the application of unspent 2009-2015 Energy Savings Assistance Program funds, which will offset collections in the 2017-2018 Program.

22. Pacific Gas and Electric Company's proposal to offer Central Air Conditioning in additional climate zones is denied.

23. Southern California Edison Company's and San Diego Gas & Electric Company's proposal to install Efficient Fan Controls for Split Central Air Conditioners in two scenarios: (1) when installing new split Central Air Conditioners systems; and (2) when maintaining previously installed Energy Savings Assistance split Central Air Conditioners that do not have such a controller installed, is approved.

24. Southern California Edison Company's proposal to install evaporative coolers as an alternative to existing Air Conditioners that consume more energy is approved. Southern California Edison shall target installations to eligible customers who reside in hot and dry climate zones (10, 13, 14, 15, and 16) where evaporative coolers are most effective.

25. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall submit cap-removal proposals for low-cost energy-saving measures for Commission consideration. The proposals should include measures to be implemented by the four large Investor-Owned Utilities (Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Edison Company) to raise or eliminate a cap, and must also outline a process to ensure that program costs are managed appropriately. The utilities must also identify any budget impacts associated with the proposed changes. All proposed measures must be physically installed by the contractor in the home. The contractor must also remove the unit being replaced to ensure that the customer does not re-install the old inefficient unit and/or sell the new measure. The proposals must be submitted within 90 days of the effective date of this Decision via petition for modification and must include cost-effectiveness work papers and a proposed budget. Any collections that might ordinarily be required for any additional funding authorized at that time will be mitigated or rendered unnecessary through the application of unspent 2009-2015 Energy Savings Assistance Program funds, which will offset collections in the 2017-2018 Program cycle.

26. Southern California Edison Company may have the flexibility to determine what co-payments should be in place, as long as the measures follow the direction laid out in the multifamily section and relevant cost-effectiveness sections of this Decision.

27. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) (four large Investor-Owned Utilities) shall

take the following actions and implement the following measures within the Energy Savings Assistance (ESA) Program in response California's historic and devastating drought:

(a) Remove any "caps" on the number of faucet aerators and low flow showerheads allowed per household.

(b) Consider installation of thermostatic tub spouts as they become commercially available. The four large Investor-Owned Utilities are directed to file workpapers to substantiate manufacturer savings claims per Commission rules; any workpapers submitted for measures in the ESA Program are subject to the same review and approval requirements as workpapers submitted in the mainstream energy efficiency portfolio.

(c) PG&E may include high efficiency clothes washers into its ESA Program, consistent with offerings of SDG&E, and SoCalGas and in accordance with the measure cost effectiveness.

(d) SCE and SoCalGas shall work together on how best to implement the high efficiency clothes washers measure if it is found to be feasible for both gas and electric water heating scenarios. If SCE determines this measure to be cost effective, it must propose to add this measure, along with providing cost-effectiveness documentation and a budget proposal, via a petition for modification. This petition for modification must be received within 90 days of the issuance of this Decision. SCE and SoCalGas may also file a joint petition for modification this Decision to include high efficiency washers. This petition for modification should include a well-designed savings attribution schema that is feasible for both gas and electric water heating scenarios.

(e) SoCalGas's proposal to provide income-qualified households with a give-away Toilet Tank Efficiency Kit that includes a master fill cycle diverter, a toilet tank water displacement device, and leak detection tablets along with instructions and an insert with water saving tips is approved. PG&E, SCE, and SDG&E are to work together to provide a similar kit, to integrate the offering into the Energy Savings Assistance

Program Energy Education component, and to bulk procure these low cost items. The four Large Investor-Owned Utilities should partner with water agencies or companies (wholesalers or retailers) to fund these measures and should only use Energy Savings Assistance Program Marketing and Outreach Budgets as a backstop. The four Large Investor-Owned Utilities should document their coordination efforts in their annual reports.

(f) Should water leveraging activities drive additional and unforeseen costs, the four Large Investor-Owned Utilities are authorized to file a petition for modification for cost recovery. The four Large Investor-Owned Utilities may also propose water-energy measures via a petition for modification and should document these costs separately in their annual reports.

(g) SCE, SoCalGas, and PG&E should set up coordination programs with the largest water wholesalers and retailers (water agencies and companies) in their service territories, modeled in part on what SDG&E has proposed with the San Diego County Water Authority. As part of these water-energy programs, the four large Investor-Owned Utilities may propose cold-water measures as ESA Program measures, provided that these proposals include water-energy calculator results. These proposals must consider the relative magnitudes of the energy and water benefits, and include a good faith effort to co-fund or leverage these offerings with the identified water wholesalers, in light of the magnitude of benefits associated with each commodity. However, non-leveraged water-energy measures shall be considered, along with their water-energy calculator cost-effectiveness results, if no partner agency or company can be found. These water-energy programs should be proposed via a petition for modification of this Decision. Any additional funding authorizations should be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA Program funds, which will offset collections in the 2017-2018 Program cycle.

28. To support leveraging Department of Water Resources (DWR) and California Energy Commission (CEC) drought mitigation funds, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas &

Electric Company, and Southern California Gas Company (the four utilities) shall create a new, one-time balancing account to fund only those hot water measures currently offered by the Energy Savings Assistance (ESA) Program – namely, low-flow showerheads, water heater blankets, water heater pipe insulation, thermostatic shower valves, tub diverters, faucet aerators, and thermostatic tub spouts to be installed by the Department of Community Services and Development (CSD) efforts. Using projected installation rates for these authorized ESA Program water measures, together with their costs for both labor and the measures, the four utilities shall work with the CSD to calculate the projected funding level for this effort. Hot water measures that are ineligible for ESA Program funding should be paid for from the CSD, CEC and/or DWR budgets.

29. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) shall separately track and report the households treated under the joint Department of Community Services and Development (CSD), California Energy Commission (CEC) and/or California Department of Water Resources (DWR) funding mechanism separately. These households shall not count towards the four large Investor-Owned Utilities' (IOUs) households treated goals and will no longer be eligible for Energy Savings Assistance (ESA) Program, and should be removed from the remaining eligible population pool to be treated by the large IOUs by 2020. PG&E, SDG&E, and SCE must submit a budget proposal for this effort via a petition for modification. This petition for modification must be received within 90 days of the issuance of this Decision. PG&E, SCE, SDG&E, and SoCalGas shall create a specified sub-account within each of their existing ESA Program balancing accounts that

will record the costs of these efforts. This shall be a one-time effort with a sunset date that will coincide with the conclusion of the CSD, CEC and DWR efforts. Any unspent ratepayer funds remaining at the conclusion of the Utility Drought Mitigation Program will be returned to the ESA Program balancing account, in concurrence with the sunset date outlined in the guidelines for the CSD, CEC, and DWR.

30. In Department of Water Resources (DWR) identified Groundwater Basin Priority Areas, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall, in accordance with the redesign of the energy education component of the Energy Savings Assistance Program, require Program assessors to begin gathering toilet information during assessments. Program contractors in these areas should attempt to gather toilet age and gallon per flush data from tank nameplates or through other means, and should be coordinated with any roll-out of Toilet Efficiency Kits. This data shall be collected for all toilets in a participating household; the number of toilets assessed shall not be capped. Toilet information is to be tracked and shared with the CSD, for follow up and potential toilet replacement under the joint CSD/DWR campaign.

31. The 2017-2018 Energy Savings Assistance Program Marketing and Outreach budgets of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are adopted as follows:

| | PG&E | SCE | SDG&E | SoCalGas |
|---|---|---|---|---|
| **Authorized Annualized Budget** | $1,966,918 | $950,000 | $1,190,247 | $1,441,156 |
| **Requested Budget, 2016 -2017** | $6,813,000 | $1,900,000 | $3,964,761 | $5,159,229 |
| **Denied M&O Budget, 2016 – 2017** | $2,879,165 | $0 | $1,584,267 | $2,276,917 |
| **Authorized M&O Budget, 2017 – 2018** | **$3,933,835** | **$1,900,000** | **$2,380,494** | **$2,882,312** |

32. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall provide transparency in their low income Marketing and Outreach budget requests and plans, they are directed to use the Center for Sustainable Energy's Finance Marketing Plan as a guide to create a plan that includes clear, detailed, cooperative, and evaluable strategies.

33. Pacific Gas and Electric Company's recommendation to have a Marketing and Outreach workshop within 60 days of the date this Decision is approved. This joint large Investor-Owned Utility workshop must be noticed to the service list at least 10 days prior to its occurrence and should coincide with workshops directed in Decision 16-03-029. At this workshop, the four large utilities (Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Edison Company or IOUs) must provide detailed presentations (to be shared with the service list prior to the workshop) of preliminary 2017–2018 California Alternate Rates for Energy Program and Energy Savings Assistance (ESA) Program Marketing and Outreach plans that include:

(a) Enumeration of existing barriers to enrollment, and strategies to address these barriers.

(b) Strategies should include, but not be limited to:

1. how IOUs will target hard to reach low-income customers (renters, customers in high poverty areas, customers in market-rate multifamily properties, and rural customers);
2. plans for engaging Community-Based Organizations (CBOs) in their marketing and outreach (M&O) strategies;
3. consideration of cooperative marketing between IOUs and contractors[456] that includes either justification for not conducting cooperative marketing, or a plan to carry out a cooperative marketing strategy;

(c) The goals for and metrics used to track their success with these strategies. When possible and applicable, these metrics should align with those to be used to measure rate reform M&O effectiveness as adopted in Rulemaking 12-06-013;

(d) The budgets associated with each strategy, and a summary of past, aggregated ESA Program contractor canvassing budgets as a comparison; and

(e) How they will track the distinct impacts of outreach conducted by program contractors, the IOUs, and CBOs.

34. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) (collectively IOUs) shall work with the Commission's Energy Division at the Marketing and Outreach (M&O) workshop to encourage and seek useful input from workshop participants. Within 30 days of the workshop, PG&E, SCE, SDG&E, and SoCalGas shall submit revised, detailed M&O plans, incorporating input gathered from the workshop. These plans should include a clear description of how IOUs will leverage and coordinate with M&O activities currently under consideration in the mainstream Energy Efficiency Proceeding (Rulemaking (R.) 13-11-005) and in the Residential Rate Reform Proceeding (R.12-06-013).

[456] *See* The Center for Sustainable Energy's Finance Marketing Plan at 50-52.

35. If the proposed Marketing and Outreach budgets do not exceed the amounts authorized in Ordering Paragraph 31, above, the marketing plans may be submitted via distribution to this proceeding's service list. If any of the large Investor-Owned Utilities' (Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Edison Company) proposed marketing plan requires a larger budget than authorized in this Decision, that Utility must submit the plan and associated budgets as part of a petition for modification. This petition must be received within 90 days of the effective date of this Decision.

36. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall, if feasible, incorporate their California Alternate Rates for Energy Program and Energy Savings Assistance Program Marketing and Outreach plans into the Rulemaking 12-06-013 mandated Tier 3 advice letter filings for each utility's specific Marketing, Education, and Outreach plans that must filed by June 1, 2017.

37. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall update their energy education modules to include information on the Retail Rates Order Instituting Rulemaking rate reform, its anticipated impacts, and opportunities and options to mitigate such impacts via energy efficiency and demand response programs, conservation, and other available alternatives. The utilities are also directed to coordinate internally to align Marketing Education and Outreach strategies and campaigns across the Low Income and Rates proceedings.

38. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company

(IOUs) shall hold a public day-long workshop within 120 days of the effective date of this Decision, to present their existing and planned energy education modules. The workshop will cover each of the IOUs' energy education components as specified in the Statewide Policy and Procedures Manual, including: costs per home, approximate time spent on each module, Phase 1 recommendations implemented, plans to implement additional Phase 1 recommendations, newly implemented or planned in-home energy education delivery models, and any additional elements identified by Energy Division staff prior to the workshop.

39. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall prepare a workshop report and file it to this proceeding's service list for comment following the workshop.

40. Pacific Gas and Electric Company and Southern California Edison Company, shall join San Diego Gas & Electric Company and Southern California Gas Company in participating in California Tax Credit Allocation Committee-noticed workshops, and network with potential project applicants, including multifamily building developers and building owners, to encourage their participation in the Energy Savings Assistance Program and all applicable common area energy efficiency programs.

41. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall conduct outreach to the owners of multifamily properties made public on the State Treasurer's website to encourage participation in the Energy Savings Assistance Program.

42. Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company shall emulate Southern California Gas Company and provide renters residing in multifamily properties with information and pre-paid postage that they can pass on to their landlords on behalf of the Energy Savings Assistance Program.

43. San Diego Gas & Electric Company shall provide an update on its Request for Proposals process for a "one-stop shop Energy Efficiency contractor" that will deliver both Energy Savings Assistance Program measures and other Energy Efficiency programs.

44. Within 60 days of the effective date of this Decision, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall file a Tier 1 advice letter to develop and implement an owner or authorized representative affidavit process for buildings located in a PRIZM Code or census tract where 80% of households are at or below 200% of federal poverty guidelines, and/or the building is registered as low-income affordable housing with Energy Savings Assistance (ESA) Program qualified income documentation, that is less than 12 months old, on file. These buildings will be eligible for whole building enrollment without the need for door-to-door tenant income documentation. The process shall allow for large portfolio owners/operators to simultaneously submit affidavits for many properties in multiple service territories at one time. This self-certification affidavit shall also act as Property Owner Waiver form for ESA Program and other Energy Efficiency program installations. This process should be submitted to the Commission for approval via a Tier 1 advice letter.

45. In order to leverage Department of Community Services and Development (CSD) new Low-Income Weatherization Program dollars and energy efficiency

upgrades, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall each create an Energy Savings Assistance Program balancing account that will establish funding for leveraging with the Low-Income Weatherization Program multifamily effort. This effort will mirror the leveraging efforts with the CSD, California Energy Commission and California Department of Water Resources for Drought Mitigation.

46. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company (four large Investor-Owned Utilities) shall each create a new balancing account to fund only measures currently offered by the Energy Savings Assistance (ESA) Program and approved for multifamily households. Using projected installation rates for these measures, coupled with the four large Investor-Owned Utilities' costs for both labor and the measures, the four large Investor-Owned Utilities' are to work with the Department of Community Services and Development (CSD) to calculate the projected funding level for this effort, with the goal of funding the CSD's Low-Income Weatherization Program efforts for those measures provided by the ESA Program, preserving the remaining CSD's funding for use to install central systems and common area measures not provided by the ESA Program. The four large Investor-Owned Utilities shall track and report the households treated under this joint funding mechanism separately.

47. Households treated pursuant to the joint Energy Savings Assistance (ESA) Program/Low-Income Weatherization Program shall not count towards Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company's (four large

Investor-Owned Utilities) households treated goals and, because they have been treated by the Department of Community Services and Development (CSD), these households will no longer be eligible for the ESA Program. Therefore, these households shall be removed from the remaining eligible population pool to be treated by the four large Investor-Owned Utilities by 2020. The four large Investor-Owned Utilities shall work with the CSD and submit a Joint Utility petition for modification documenting the appropriate attribution of energy (and Green House Gas emissions) savings claimed for these projects.

48. Within 90 days of the effective date of this Decision, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall file a petition for modification that outlines coordination plans and funding augmentations for the Multifamily Energy Efficiency Rebate Program.

49. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company may file for funding augmentations Advice Letters in the Rulemaking 13-11-005 proceeding to set aside projected rebate amounts to be made available to the Department of Community Services and Development for those Low-Income Weatherization Program provided measures that also qualify for the Multifamily Energy Efficiency Rebate Program.

50. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (four large Investor-Owned Utilities) shall investigate coordination with the California Advanced Services Fund's new Broadband Public Housing Account, as this program serves as a natural leveraging point to deliver both communication upgrades and energy efficiency upgrades simultaneously. These coordination

efforts shall be described in each of the four large Investor-Owned Utilities' annual reports.

51. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall re-examine their current On-Bill Financing programs to alleviate financial barriers experienced by multifamily property owners who rent to low income customers.

52. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (four large Investor-Owned Utilities), in their program implementation plan, shall file addendums for their On-Bill Financing programs that should aim to: (1) better integrate On-Bill Financing with the Energy Savings Assistance Program Single Point Of Contact model that has been further established and empowered in this Decision and (2) consider and, if warranted, propose modified loan terms that are more accessible to the multifamily market. The plans shall identify strategies, update program design, and include detailed marketing plans to reach the multifamily sector, including the low-income occupied multifamily housing sector. The four large Investor-Owned Utilities must identify how they will utilize the Single Point Of Contact budgets to include technical assistance for multifamily On-Bill Financing projects.

53. Once they have the results of the On-Bill Financing technical assistance effort, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall propose pilot plans in their applications for the 2019-2020 program cycle that would establish technical assistance programs for low-income multifamily

energy efficiency retrofits, in order to achieve higher penetration in this hard to reach market.

54. In order to adopt a new Energy Savings Assistance (ESA) Program Cost-Effectiveness Test, the ESA Program Cost-Effectiveness Working Group, established in Decision 12-08-044, shall continue to meet in order to: (1) Identify which measures should be included in the Adjusted ESA Program Cost-Effectiveness Test; and (2) for measures excluded from the Adjusted ESA Program Cost-Effectiveness Test calculation, develop a methodology to exclude from the calculation all administrative costs and any non-energy benefits associated with those measures, including those costs and benefits that may be attributable to the whole program and are not clearly tied to any specific measure. The working group shall ensure compliance with Decision 16-06-007[457] which requires a single avoided cost model for all proceedings for any cost-effectiveness analysis conducted.

55. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (four large Investor-Owned Utilities) shall coordinate with the Energy Savings Assistance Program Cost-Effectiveness Working Group to revise as needed the non-energy benefits study work plan and provide the group with an opportunity to review and comment on draft study deliverable. The four large Investor-Owned Utilities are to complete this study in 2017 and to distribute it to the service list.

56. The Energy Savings Assistance (ESA) Program Cost-Effectiveness Working Group (Working Group) shall submit a proposed schedule and work plan to the low-income proceeding service list no later than 30 days after the date this

[457] Decision issued in R.14-10-003 on June, 15, 2016, to update portions of the Commission's current cost-effectiveness framework.

Decision is approved. This plan will identify interim milestones and deadlines for the Working Group to finalize recommendations to inform the post-2018 program cycle. The final recommendations shall be distributed to this proceeding's service list no later than June 1, 2017, and shall identify: (1) Which measures should be included and excluded from the Adjusted ESA Program Cost-Effectiveness Test calculation; (2) how to appropriately allocate administrative costs and non-energy benefits across program measures; and (3) to the extent available, how revised non-energy benefits values should be incorporated into the Adjusted ESA Program Cost-Effectiveness Test.

57. The Energy Savings Assistance Program Cost-Effectiveness Working Group (Working Group) may submit a progress report, including any completed deliverables, and a revised schedule and work plan for the remaining deliverables to the applicable service list for this proceeding if it is unable to complete its recommendations by June 1, 2017. The Working Group need not achieve consensus; instead, a majority proposal and an alternative proposal may be recommended on any given topic.

58. The request of Pacific Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company for an additional $200,000 in Evaluation, Measurement and Verification funds for "rapid feedback research and analysis" is approved. San Diego Gas & Electric Company is also approved for this funding.

59. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall apply Section 5 of the *Energy Division & Program Administrator Energy Efficiency Evaluation, Measurement and Verification Plan Version 5* for the oversight,

formation, description, tracking, review and approval, and initiation of their Evaluation, Measurement and Verification efforts.

60. Southern California Gas Company's proposed $35,000 California Alternate Rates for Energy Program Customer Service Representative Enrollment Study is approved, but funding must come from the newly established $200,000 Rapid Feedback and Analysis budget line item and will not receive separate authorization.

61. Section 5 of the *Energy Division & Program Administrator Energy Efficiency Evaluation, Measurement and Verification Plan Version 5* is adopted as the guideline for the Energy Savings Assistance Program's Impact Evaluation. Key aspects of the impact evaluation, including the draft research plan, shall be distributed to this proceeding service list by the evaluation consultant or leading utility for public review and comment.

62. Staff of the Commission's Energy Division shall work with the 2017 Potential and Goals Study consultant to consider methodological updates to the study that are specific to the low-income sector, as outlined in Attachment A to Appendix L and ensure the implementation of a robust methodology in assessing the savings potential in the low-income sector.

63. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (four large Investor-Owned Utilities) shall move forward with their proposed Low Income Needs Assessment study, with an authorized budget of $500,000. At a minimum, this study shall address the three remaining topics identified in Decision 14-08-030: (1) provide updated assessments of energy insecurity and energy burden; (2) assess the level of burden in providing income documentation for California Alternate Rates for Energy; and (3) identify the most beneficial

program measures. The Commission's Energy Division shall work with the four large Investor-Owned Utilities and their selected consulting firms to provide the necessary data and allow for stakeholder review and input during the course of the study. In coordination with Energy Division, the four large Investor-Owned Utilities shall host public workshops or webinars to allow stakeholders and interested parties to comment and provide input on the study.

64. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company may submit proposals for the approval and implementation process of cost effective mid-cycle new measures, pilots, and initiatives via a petition for modification. The measures, pilots, or other initiatives shall be approved if the proposals are found to be both cost effective and compliant with any other applicable directives outlined in this Decision.

65. All proposals for new mid-cycle measures submitted by Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (Utilities) must include budgets and cost effectiveness calculations incorporating results from the recently adopted water-energy calculator if applicable. The proposals shall include the measure, pilot or initiative's Measure Total Resource Cost. If the Utilities' calculations indicate that the measures, pilots or other initiatives would not be cost effective (i.e., if the Measure Total Resource Cost is less than 1.0), then the proposal may still be submitted via a petition for modification of this Decision.

66. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (IOUs) are jointly charged with soliciting and re-establishing the Energy Savings

Assistance (ESA) Program Mid-Cycle Working Group, which must convene within 30days of this Decision :

1) The Mid-Cycle Working Group will be charged with the following tasks:

   a) Making recommendations for updates to the Statewide Policy and Procedure (P&P) Manual to align it with this Decision and to resolve inconsistencies, including any updates necessary for compliance with policy modifications such as the Modified 3 Measure Minimum Rule, Energy Education, and the Willingness to Participate Factor.

   b) Making recommendations for updates to the California Installation Standards Manuals to align them with this Decision and to resolve inconsistencies, considering new and/or retired program measures, household and measure price caps, measure installation limits, categorization of program measures, etc.

   c) Making recommendations for updates to monthly and annual reporting criteria.

   d) Provide recommendations on the adoption of on-line data reporting systems (ODRS) for the ESA Program to help the IOUs and Commission better understand how these systems collect and report workforce data. This assessment should help determine the value of adopting ODRS for the ESA Program into IOU operations, its cost-benefits, and identify any administrative burdens to implement by either contractor or utility.

   e) Making recommendations for the household retreatment prioritization models, implementation and outreach strategies, and other aspects of a post-2020 Energy Savings Assistance Program, including any changes to the "Go Back Rule" criteria;

2) The size and makeup of the Mid-Cycle Working Group will be determined in consultation with the Energy Division to yield a balanced and productive exploration of the aforementioned issues;

3) The Mid-Cycle Working Group must, by no later than 120 days of this Decision, submit to the service list the working group's initial recommendations in each of the subject areas outlined above, and schedule a workshop to present its proposed updates to the reporting criteria and the Statewide P&P and CA Installation Standards Manuals, for vetting by the public and/or interested stakeholders. At its discretion, Energy Division may direct the Mid-Cycle Working Group to submit a workshop report to the service list within 30 days of the workshop, and may solicit informal comments.

4) Once the directives specified above, regarding the submission of the working group's initial recommendations, and a public workshop to review the manual updates is held, the Mid-Cycle Working Group may write to the service list requesting an Administrative Law Judge (ALJ) Ruling directing it to explore and consider issues that may be ripe for subsequent program cycles. If the Mid-Cycle Working Group does not make such a request within 90 days of the submission of its initial recommendations to the service list, or if the ALJ declines to grant the Working Group's request within 15 days, the Mid-Cycle Working Group shall be dissolved.

5) Considering the recommendations of the mid cycle working group, as well as the outcome of the workshop, Energy Division shall issue final monthly and annual reporting templates once consensus has been reached. Once the new reporting templates have been issued by Energy Division, all prior ESA and California Alternate Rates for Energy reporting requirements will be superseded.

67. The Mid-Cycle Working Group (Working Group) shall update the Energy Savings Assistance (ESA) Program Statewide Policy & Procedure (P&P) Manual in accordance with all applicable components of this Decision. The Statewide P&P Manual is intended to incorporate and complement Commission decision directives and be used as a guide in terms of ESA Program. The Working Group's final deliverable will be an updated and enhanced Statewide P&P Manual that can be formally considered for adoption by the Commission.

68. All other proposals in the record concerning mid-cycle program changes not specifically approved as part of this Decision are denied.

69. San Diego Gas & Electric Company's request for the Commission to adopt the same language, with modifications, adopted in Ordering Paragraph 7 of Decision 14-08-030, related to joint contracting during the 2017-2018 program cycle and across all four IOUs (Southern California Edison Company, Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company), is granted.

70. Southern California Edison Company, Pacific Gas and Electric Company, Southern California Gas Company, and San Diego Gas & Electric Company are authorized to engage in the following activities:

a. Joint cooperative consultations between the utilities and energy efficiency contractors to determine contract requirements of their cooperatively administered and funded energy efficiency and low income programs.

b. One lead utility nominated to manage the sourcing and negotiation of joint contracts for the programs, subject to the approval and review by the other utilities before submission of the contracts to the Commission for its approval.

c. Other joint and collaborative activities as deemed necessary by the utilities for implementation of the statewide energy efficiency and low income programs, subject to the Commission's oversight.

71. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall proactively coordinate and integrate Energy Savings Assistance Program marketing in alignment with the Decision D.15-07-001 Marketing, Education and Outreach Working Group.

72. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company may use California Alternate Rates for Energy Program funds to cover the costs associated with communications to customers about their enrollment status and about rate changes related to Assembly Bill 327.

73. To prevent double-recovery of such costs and to ensure that these outreach/retention costs are being tracked correctly, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must track the costs and accounting thereof in their annual reports.

74. The 15% enrollment goal for persons with disabilities into the Energy Savings Assistance Program is approved. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall apply the 15% enrollment goal and shall work with the Center for Accessible Technology to improve methods for voluntary self-identification on forms, and also to improve the utilities' databases to ensure better identification of households containing a person with a disability, so as to draw on this information to support any other efforts it makes to ensure that its services are accessible to people with disabilities.

75. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall

continue to report their success at meeting the 15% enrollment goal, including discussion of any outreach approaches introduced or retired, in their annual reports to the Commission.

76. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall ensure that all communication regarding the Energy Savings Assistance Program's Disability Program is provided effectively and appropriately in accessible formats and mechanisms. This includes, at a minimum, accessible versions of printed material, from outreach and enrollment to education and recertification, in large print, Braille, electronic, and audio formats.

77. The Willingness to Participate Factor shall be renamed the Willing and Feasible to Participate (WFTP) Factor and shall take into account how Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company could address, or have already addressed, the barriers to increased participation in the Energy Savings Assistance Program, and also take into account feasibility.

78. The Commission adopts a statewide 60% Willing and Feasible to Participate Factor for Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (four large Investor-Owned Utilities or IOUs). The four large Investor-Owned Utilities shall accurately and consistently track households that are unwilling, infeasible, or ineligible to participate in their annual reports, with sub-categories as follows:

a) Customers who explicitly state to an Energy Savings Assistance Program Contractor or live IOU telemarketer that they are not interested in the program (or asked to be put on the "do not call" list);

b) Customers whose landlords refuse to authorize participation;

c) Households that are unable to provide necessary documentation;

d) Households that enroll in the program but cannot be treated due to scheduling conflicts/missing appointments;

e) Households that enroll in the program but cannot be treated due to hazardous environments, or other circumstances that make it impossible for the contractor to treat the home;

f) Households that do not meet the 3 Measure Minimum rule; and

g) Ineligible – Other;

h) Infeasible – Other;

i) Unwilling – Other.

79. By June 1, 2017, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall update their My Account/My Energy websites for mobile versioning (must be viewable from a mobile browser or device). These updates, among other upgraded functions, must allow a customer to be able to facilitate secure California Alternate Rates for Energy Program Post Enrollment Verification and Recertification Processes.

80. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall continue to use the current 1% eligible population growth factor for the current Energy Savings Assistance Program cycle, but must propose an updated growth factor in the next application cycle for Commission consideration.

81. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall use the following household treated goals for the 2017-2018 program cycle:

| Program Year | PG&E | SCE | SDG&E | SoCalGas | Total |
|---|---|---|---|---|---|

| | | | | | |
|---|---|---|---|---|---|
| 2017 | 90,030 | 54,509 | 20,316 | 110,000 | 274,855 |
| 2018 | 90,030 | 54,509 | 20,316 | 110,000 | 274,855 |
| 2 Year Total | 180,000 | 109,018 | 40,632 | 220,000 | 549,710 |

82. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall recalculate and include an estimate for the new remaining Energy Savings Assistance Program eligible population in their annual reports, and shall use those numbers in their next program cycle applications.

83. Within 120 days of the effective date of this Decision, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall update their My Account/My Energy websites for mobile versioning (i.e. must be viewable from a mobile browser or device). These updates, among other upgraded functions, must allow a customer to be able to facilitate secure California Alternate Rates for Energy Program Post Enrollment Verification and Recertification Processes.

84. Within 120 days of the effective date of this Decision, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall, if they have not already done so, develop mobile phone apps that allow, among other specified functions, secure California Alternate Rates for Energy Program Post Enrollment Verification and Recertification.

85. By June 1, 2017, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (the three large electric Investor-Owned Utilities or IOUs) shall begin implementation of a high usage alert system for California Alternate Rates for Energy (CARE) Program

High Usage Customers exceeding 300% of baseline. Upgrades to the three large electric Investor-Owned Utilities' My Energy/My Account systems and smartphone apps will provide CARE Program high usage notification alerts for customers above 300% of baseline. Other customers should be reached via automated voice messaging and direct mailers. These mailers and e-mails should be combined with the electric large IOUs' Home Energy Reports as a single mailer/e-mail.

86. Starting January 1, 2017, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall provide the Single-family Affordable Solar Homes Program Administrator, currently GRID Alternatives, with a monthly list of owner occupied single-family households that have completed the Energy Savings Assistance (ESA) Program requirements of the California Alternate Rates for Energy (CARE) Program high usage process. These referral lists shall contain, at a minimum, the ESA Program workflow outputs with the customer of record's name, address, phone number, preferred language, household income and size. All of these referrals must be tracked in the CARE Program and ESA Program annual reports.

87. Southern California Edison Company's request to enhance its customer service system in order to streamline the California Alternate Rates for Energy High Usage Post Enrollment Verification and Recertification usage processes is approved.

88. California Alternate Rates for Energy Program High Usage customers targeted for Post Enrollment Verification and Recertification by Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall not count toward the High Usage Post Enrollment

Verification and Recertification rate ceiling requirement set forth in Ordering Paragraph 92 of Decision 12-08-044.

89. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (the three large electric Investor-Owned Utilities) shall align their internal California Alternate Rates for Energy Program High Usage Appeals Process with the goal of equality and uniformity across service territories. The three large electric Investor-Owned Utilities' High Usage Appeals Boards shall use the same criteria and evaluation of customer appeals.

90. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company proposals for Third Party Outreach and Enrollment with California LifeLine, Covered California, and other agency coordination for California Alternate Rates for Energy Program and Energy Savings Assistance Program enrollment, retention, and post enrollment verification activity, set forth in their applications, are approved.

91. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (the four large Investor-Owned Utilities) shall distribute California Alternate Rates for Energy (CARE) Program and Energy Savings Assistance (ESA) Program marketing material to California LifeLine providers, stores and kiosks. California LifeLine vendors shall be automatically enrolled in the CARE Program's Capitation Program, unless they choose to opt out or are otherwise ineligible. This directive includes Veterans Affairs Supportive Housing program partners, IRS Volunteer Income Tax Assistance providers and Covered California outreach and enrollment agencies. Enrollments driven through these efforts should be tracked (through unique CARE Program and ESA Program URLs, toll-free

numbers, or other methods) and reported in the four large Investor-Owned Utilities' annual CARE Program and ESA Program reports.

92. San Diego Gas & Electric Company's request for funding of its Third Party Outreach and Enrollment cross-promotional activities is approved, to be split between the California Alternate Rates for Energy Program and Energy Savings Assistance Program Administrative line items. This budget allocation is also adopted and directed for Pacific Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company.

93. Within 90 days of this decision, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall issue a joint Tier 2 Advice Letter that outlines a data sharing plan with specific California LifeLine providers to generate bidirectional automatic leads between LifeLine participants and California Alternate Rates for Energy Program and Energy Savings Assistance Program participants.

94. An Information Technology budget for the four large Investor-Owned Utilities (Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company) has been approved with the following Information Technology enhancements:

a) Southern California Gas Company's request for information systems maintenance and enhancements;

b) Southern California Edison Company's proposal to expand its Schedule Manager and Routing Tool to assist in Energy Savings Assistance (ESA) Program scheduling; and

c) Pacific Gas and Electric Company's request to upgrade and replace its ESA Program Online Database system.

95. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (the four large Investor-Owned Utilities) shall upgrade their current customer information systems, California Alternate Rates for Energy (CARE) Program databases and Energy Savings Assistance (ESA) Program workflow databases, to allow for monthly data transfers to the Commission's Energy Division (or its consultants) for independent review, modeling, and, where appropriate, public demonstration on a website. Each of the four large Investor-Owned Utilities is authorized $300,000 for each of their CARE Program Information Technology Programming budgets and $300,000 in ESA Program Regulatory Compliance budgets to cover these updates. Additional collections that would ordinarily be required for this funding authorization will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 program cycle.

96. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall coordinate their information technology upgrades with any planned Information Technology (IT) in other proceedings, including the new energy efficiency financing pilot programs directed in Decision 13-09-044, to leverage economies of scale and reduce overall IT upgrade costs.

97. In collaboration with staff of the Commission's Energy Division, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall, by June 1, 2017, conduct two statewide Request for Proposals (RFPs) concerning Advanced Metering Infrastructure Data:

a) The first RFP shall procure a remote disaggregation/non-intrusive load monitoring vendor that will provide the four large Investor-Owned Utilities (Pacific Gas and

Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company or IOUs') ability to generate electric (and gas, if available) end-use profiles for their California Alternate Rates for Energy (CARE) Program population.

b) The second joint RFP shall procure a big data analytics vendor to develop CARE Program and non-CARE Program residential electric usage profiles. These profiles should segment the CARE Program population into groups that would see realized bill savings benefits for load shifting, critical peak pricing enrollment, time of use rates, or other demand response programs. The four large IOUs shall collaborate on the marketing, outreach and enrollment of these identified customers into CARE Program and Energy Savings Assistance Program, and Demand Response programs.

98. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall share vendor-developed load profiles with potential Demand Response Auction Mechanism (DRAM) bidders in accordance with customer privacy provisions. Usage profiles shall be provided to potential DRAM bidders in year two of the DRAM pilot (2017). An assessment of the usefulness and value of these load profile segments shall be included in the scope of that effort's evaluation work.

99. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall direct their eligible Energy Savings Assistance (ESA) Program contractors that install program-provided Air Conditioning measures, where feasible, to simultaneously install Air Conditioning Cycling program controls and vice versa. For those customers whose load profiles would demonstrate bill savings from Air Conditioning Cycling or other Demand Response program enrollment, the four large Investor-Owned Utilities are directed to create metrics to track the success of

these efforts and report them in the California Alternate Rates for Energy Program and ESA Program Annual reports.

100. Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E)shall direct their selected disaggregation vendor, or its subcontracted vendor, to create individual California Alternate Rates for Energy (CARE) Program customer reports that illustrated disaggregate household usage by end use, over time. These reports are to be accessible to Energy Savings Assistance (ESA) Program contractors and customers (barring any privacy restrictions noted in accordance to any privacy requirements specified in Decision (D.) 14-05-016 and Rulemaking 08-09-133) and must be coordinated with the My Energy/ My Account platforms. These reports, their analysis and the results must be incorporated into the newly reformatted ESA Program Energy Education component. The funding split for this initial effort will mirror that which was adopted in the California Solar Initiative Decision 06-12-033, and is to be funded out of the CARE Program and ESA Program Regulatory Compliance budgets:

a) 43.7% for PG&E;
b) 46% for SCE; and
c) 10.3% for SDG&E.

101. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall track the cost of the programs and efforts set forth in Ordering Paragraphs 97-103 in a separate subaccount, to identify all of the programs or initiatives that will be able to benefit from the availability of the end-use and electric usage profiles, and to coordinate with the relevant proceedings so that the relevant costs can be considered in those proceedings' cost-effectiveness decision-making.

102. By June 1, 2017, Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall ensure that the mobile telephone apps that allow California Alternate Rates for Energy Program and Energy Savings Assistance Program Post Enrollment Verification and Recertification Processes also allow viewing of household hourly interval energy usage for energy management purposes.

103. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (four large Investor-Owned Utilities) shall investigate joint solicitation with California LifeLine wireless providers to pre-install these mobile apps on California LifeLine provided smartphones and report their findings in their 60-Day Reports. Funding for this effort is directed to be paid for from the California Alternate Rates for Energy Program Programming and Energy Savings Assistance (ESA) Program General Administration Budgets respectively. The four large Investor-Owned Utilities must submit a budget proposal for this effort in their 90-Day Petition for Modification of this Decision. Any collections that would ordinarily be required for this additional funding authorization will be mitigated or rendered unnecessary through the application of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 ESA Program cycle.

104. By June 1, 2017, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (the Investor-Owned Utilities) must update their My Account/My Energy websites for mobile versioning (i.e., must be viewable from a mobile browser or device). These updates must allow a customer to be able to increase the font size on the screen, be available in the main Limited English Proficient languages in the Investor-Owned Utility's service territory, allow for enrollment

in the California Alternate Rates for Energy Program (CARE) and Energy Savings Assistance (ESA) Program, allow for CARE Program and ESA Program application processing status updates, and as set forth in Ordering Paragraph 83, allow for secure CARE Program recertification and post enrollment verification (including income documentation capture and submittal).

105. To prevent the enrollment of ineligible households into the California Alternate Rates for Energy (CARE) Program Programming and the generation of false leads into the Energy Savings Assistance (ESA) Program, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (the four large Investor-Owned Utilities) must prescreen My Account/My Energy customers so that only those with a high likelihood of CARE Program eligibility are provided a customized or tailored My Energy/ My Account experience that allows for CARE Program and ESA Program enrollment. This prescreening process shall mimic the logic employed by the four large Investor-Owned Utilities' probability modeling utilized in the CARE Program post-enrollment verification process.

106. Funding for the Assembly Bill 793, Energy Management Technologies and the My Energy/My Account Platforms are directed to be paid for from the California Alternate Rates for Energy Program Information Technology Programming and Energy Savings Assistance (ESA) Program General Administration Budgets respectively. Southern California Gas Company's requested $405,460 (split for 2015 and 2016) for these efforts is approved and adopted for Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric for program years 2017 and 2018. Additional collections that would ordinarily be required for this funding authorization will be mitigated or rendered unnecessary through the application

of unspent 2009-2015 ESA funds, which will offset collections in the 2017-2018 Program cycle.

107. San Diego Gas & Electric Company's proposal to provide potential California Alternate Rates for Energy (CARE) Program customers with Rate Education Reports is approved and shall also apply to and be implemented by Pacific Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company. The Rate Education Report shall contain personalized energy use information with a focus on a comparison between the household's current utility bill and the household's utility bill if the customer qualified for and received the CARE Program. To prevent the enrollment of ineligible households into the CARE Program and the generation of false leads into the Energy Savings Assistance Program, the four large Investor-Owned Utilities (Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company) must prescreen these customers so that only those with a high likelihood of CARE Program eligibility are provided the Rate Education Reports.

108. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall deliver Rate Education Reports via e-mail or direct mail, dependent upon a customer's communication preference or other justification. These mailers shall be combined with the four large Investor-Owned Utilities' Home Energy Reports (HER) as a single mailer/e-mail for those customers already participating in the HER program.

109. For 2017, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas

Company shall have 10% of all California Alternate Rates for Energy Program customers participate in the Home Energy Report effort.

110. For 2018, the goal is that 15% of all California Alternate Rates for Energy Program customers participate in the Home Energy Report effort. Higher usage customers are to be targeted and prioritized for participation in the program.

111. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall each have an authorized budget for the Rate Education Reports effort of $137,500 for 2017 and 2018 to be co-funded and coordinated between the Home Energy Report effort and California Alternate Rates for Energy Program Outreach budget. Additional collections that would ordinarily be required for this funding authorization will be mitigated or rendered unnecessary through the application of unspent 2009-2015 Energy Savings Assistance Program funds, which will offset collections in the 2017-2018 Program.

112. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall automatically transfer a customer's California Alternate Rates for Energy Program participation when a customer stops service at one address and starts service at a new address. The Energy Savings Assistance (ESA) Program shall screen this new address for prior treatment and, pursuant to the Go-Back Rule, this customer will be provided as a lead to ESA Program outreach contractors. The information provided to the contractors shall also include information noting that the customer recently started service at the new address, and whether the customer participated in the ESA Program at his or her previous address (and if so, when).

113. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall provide consistent and uniform information to their Energy Savings Assistance (ESA) Program outreach contractors. ESA Program leads must include new California Alternate Rates for Energy (CARE) Program customers, CARE Program customers with high energy usage, those recently moved, and those who have provided income documentation for the CARE Program certification and recertification process (excluding any customers who have already participated in the ESA Program at their current address). Where applicable, all leads must be provided within six months of the triggering event, and shall indicate what the triggering event was, so that contractors can tailor their outreach to the specific customer's situation.

114. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall target California Alternate Rates for Energy Program customers at or above the 90$^{th}$ percentile of usage amongst those not subject to the current High Usage Post Enrollment Verification process (namely those who have never exceeded 400% of baseline consumption), who have also been on the CARE Program rate at the same meter for at least six years and have not participated in the Energy Savings Assistance (ESA) Program at their current meter location. These CARE Program customers must be provided as a lead to the ESA Program outreach contractors and, in order to remain in the program, these CARE Program customers must apply for the ESA Program within 45 days of notice, consistent with the process and protections laid out for CARE Program high usage customers in Decision 12-08-044. To the extent possible and where necessary, all notifications must be accessible to customers with disabilities and to customers without English language proficiency.

115. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (large electric Investor-Owned Utilities) shall use the discretion set forth in Decision 14-08-030 in regard to setting a monthly referral ceiling to address and deal with the pacing of program implementation and delivery in regard to customers who have usage at or above the 90th percentile amongst those not subject to the current High Usage Post Enrollment Verification process, have also been on the California Alternate Rates for Energy (CARE) Program rate at the same meter for at least six years, and have not participated in the Energy Savings Assistance (ESA) Program at their current meter location. The large electric Investor-Owned Utilities must first target CARE Program customers with the highest usage and longest tenancy on the CARE Program and prioritize their outreach and mandatory enrollment into the ESA Program.

116. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall de-enroll California Alternate Rates for Energy (CARE) Program customers that are required to participate in the Energy Savings Assistance (ESA) Program, if the customer fails to keep at least one of the two appointments made with an ESA Program contractor, fails to provide access to any portion of the metered property in question, or refuses to allow a post-participation quality control inspection. The customer shall be barred from re-enrolling in the CARE Program for 24 months.

117. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must include in their annual reports:

a) The number of customers at or above the 90th percentile of usage amongst those not subject to our current High Usage Post Enrollment Verification process who have also been on the California Alternate Rates for Energy (CARE) rate at the same meter for at least six years, and the percentage of those who had

not yet participated in the Energy Savings Assistance (ESA) Program prior to receiving targeted marketing;

b) the number of long-term tenancy CARE customers who have applied for the ESA Program within 45 days of targeted notice;

c) the number of these enrollments that have led to measure installations; and,

d) the number of long-term tenancy CARE customers who have NOT applied for ESA within 45 days of notice and have therefore been removed from the CARE program.

118. Southern California Gas Company's proposal for Outreach and Enrollment Administrative Costs for the California Alternate Rates for Energy Program, and the Energy Savings Assistance Program for 15 Full Time Equivalent staff is approved and the authorized amount is reduced to $866,666 for both program years 2017 and 2018, respectively.

119. San Diego Gas & Electric Company's request for Outreach and Enrollment Administrative Costs for the California Alternate Rates for Energy Program, and the Energy Savings Assistance Program is approved and authorized at $78,608 for 2017 and $80,738 for 2018, respectively for 1.5 Full Time Equivalent staff.

120. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (electric Investor-Owned Utilities) shall include cooling center costs in their General Rate Case Proceedings going forward. The electric Investor-Owned Utilities are authorized to continue to utilize California Alternate Rates for Energy Program administrative dollars for cooling center activity, only until each utility's next General Rate Case.

121. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (the electric Investor-Owned Utilities) must demonstrate that all authorized cooling center funding results in incremental benefit to existing local government cooling center patrons, in an

increase in the number of patrons, and/or in an increase in the availability and accessibility of cooling centers (for example: longer hours or more locations). The electric Investor-Owned Utilities must also demonstrate that the cooling centers specifically benefit the low-income population.

122. The authorized 2017-2018 cooling center budgets for Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company are:

| Utility | Authorized Annual Budget (Bridge Fund PY 2015) | Authorized Annual Budget (PY 2017) | Authorized Annual Budget (PY 2018) |
|---|---|---|---|
| SCE | $107,921 | 41,461 | $43,264 |
| PG&E | $134,846 | $137,221 | $143,187 |
| SDG&E | $ 35,985 | $41,275 | $ 43,069 |
| Totals | $278,752 | $219,957 | $229,520 |

123. Southern California Edison Company's request to include cooling centers funding as part of its California Alternate Rates for Energy Program budget, instead of its Energy Resource Recovery Account, is approved.

124. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall inform cooling center patrons how to escape heat, how to minimize energy usage, and what low-income and other programs are available to further assist cooling center patrons.

125. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must ensure information is available to cooling center patrons regarding how customer bills may be impacted by the recently adopted retail rates reform and on what customers can do to offset bill increases, such as conserving, participating in demand response programs, and participating in the Energy Savings Assistance (ESA) or other energy efficiency programs. This outreach should be conducted in coordination with any

Marketing Outreach and Education programs and aligned with all updates to the utilities' ESA Program Energy Education modules.

126. The cooling center restrictions set forth in Decision (D.)05-05-042 and restated in D.12-08-044 remain in effect.

127. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall continue to produce the cooling center compliance annual report, but may in the future revisit the existing metrics and modify where appropriate. The reports must inform the Commission of how ratepayer funds are being utilized to support and promote cooling centers and simultaneously encourage low-income program enrollments and participation throughout the state. The reports must also include a description of any changes to cooling center operations that were enabled by ratepayer funding, such as extended hours or the opening of additional locations. If no such changes occurred, that must still be reported.

128. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company must ensure that their websites are updated for future cooling center seasons with user-friendly information regarding availability of public cooling centers in their service territories. The websites should clearly display site names, locations, and hours of operation. This information should be easily viewable from both desktop computers and mobile devices. E-mail blasts, bill inserts, print/radio ads, and specific targeting to medical baseline customers must also be utilized to promote cooling center awareness and generate program enrollments, along with any other effective marketing and outreach tactics. To the extent possible, all printed materials must be made available in formats accessible to disabled and limited English speaking

populations. Educational materials provided in the cooling centers should also include outreach regarding the recently adopted changes to retail rates.

129. Southern California Edison Company must develop a mapping function on its website so that customers can more easily determine the locations of the nearest cooling centers, similar to Pacific Gas and Electric Company's online cooling center locator and San Diego Gas & Electric Company's interactive cooling center map.

130. Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company must include all cooling centers in their online maps, including those centers funded from non-ratepayer funds.

131. Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company must continue to coordinate with local entities regarding heat triggers in their respective service territories and to ensure that there are plans in place to meet the needs of communities when high temperatures occur either before or after the cooling center season, which generally runs each year from May 15 through October 15. The utilities are directed to include these shoulder season plans in their annual reports.

132. All other proposals regarding cooling centers, if not explicitly approved herein, are rejected.

133. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (the four large Investor-Owned Utilities) shall proactively coordinate and integrate their California Alternate Rates for Energy (CARE) Program and Energy Savings Assistance (ESA) Program marketing in alignment with the Decision 15-07-001 Marketing Education and Outreach Working Group. The four large

Investor-Owned Utilities shall provide detailed summaries of this coordination in their annual reports for the CARE Program and the ESA Program.

134. Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company shall include in their California Alternate Rates for Energy (CARE) Program, and the Energy Savings Assistance Program annual reports the number the number and percentage of customers in the Green Tariff Shared Renewables (GTSR) and Enhanced Community Renewables rate structures and the average total bill discount that CARE Program enrolled GTSR and Enhanced Community Renewables customers receive (in percentage terms) from the CARE Program discount on the distribution portion of their bill. In the event that average bill discounts for CARE Program/GTSR and Enhanced Community Renewables customers are reported to be below the 30% overall CARE Program discount threshold, this policy may be revisited.

135. Pursuant to D. 16-05-006, PG&E, SCE, and SDG&E shall file Tier 3 Advice Letters to apply Commission approved CARE and FERA discounts to GTSR program participants as required in D.15-01-051.

136. The proposed California Alternate Rates for Energy Program Administrative budgets for Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall be more closely aligned with actual 2015 expenditure levels, capping increases at not more than 15% over actual 2015 expenditures in 2017, and not more than 20% over 2015 expenditures in 2018, to account for inflation as well as any unforeseen costs.

137. The California Alternate Rates for Energy Program Administrative Budget funding the Community Help and Awareness of Natural Gas and Electricity Services (CHANGES) ongoing program is adjusted from $61,200 per month to

$145,834 per month, with the following contribution from each of the large Investor-Owned Utilities:

a) Pacific Gas and Electric Company, 30%;
b) Southern California Edison, 30%;
c) Southern California Gas Company, 25%;
d) San Diego Gas & Electric Company, 15%.

138. To ensure continued usefulness of the Community Help and Awareness of Natural Gas and Electricity Services (CHANGES) Program, and because it has been over three years since the last independent evaluation of the Pilot, we direct that an independent, third-party evaluation study of the ongoing CHANGES program be conducted. The Public Advisor's Office, with input from the Energy Division, shall oversee an independent, third-party evaluation study of the CHANGES program, to be produced by June 30, 2018. In relation to the timing of this evaluation, this language modifies the language included in the CHANGES Decision 15-12-047, Ordering Paragraph 32.

139. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall utilize the existing fund-shifting rules pertaining to shifting funds between gas and electric budget categories, as set forth in Ordering Paragraph 135 of Decision 12-08-044.

140. For the purposes of this Decision, the term "committed funds" is defined as funds that are committed to a specific California Alternate Rates for Energy (CARE) Program/Energy Savings Assistance (ESA) Program contract or customer project. The term "uncommitted funds" is defined as those unspent funds that are not committed to existing CARE Program/ESA Program projects or contracts. The term "unspent funds," without qualification, refers to all CARE

Program/ESA Program authorized yet unspent funds, whether committed or not, unless the term is qualified to specify whether funds are committed.

141. Uncommitted unspent funds that are not carried forward shall be used to offset future California Alternate Rates for Energy Program and Energy Savings Assistance (ESA) Program year collections for Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company. This will ensure that these funds ultimately serve ESA Program participants, and will help to mitigate any additional collections that would otherwise be required as a result of incremental program budget authorizations.

142. Year-to-year carry-over activities and reporting shall be based on annual California Alternate Rates for Energy Program and Energy Savings Assistance (ESA) Program budgets of Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (IOUs). Funds carried over to a future year within a given program cycle will augment that future year's authorized budget, resulting in additional ESA Program funds being made available in that future year. Carry-over funds shall not count towards the IOUs' future year's budget for the purposes of calculating the following year's carry-over threshold.

143. The carry-over rules for Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company must follow the revised fund-shifting rules adopted in Appendix J to this Decision. For example, funds may not be carried over to a different budget line item, or be transferred between electric and gas measures. The IOU must file a motion if it wishes to shift or carry-over funds in a manner that requires prior approval according to the revised fund-shifting rules. If

applicable, the motion shall also identify the amount of unspent funds from that program year that will not be carried over, and will instead be used to offset future collections.

144. The carry-over rules cap the amount of unspent funds that can be carried over from program year to program year, within a given program cycle, by Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company (large Investor-Owned Utility or IOU) to 15% of the prior year's program budget. This cap includes both committed and uncommitted unspent funds to be carried over. If a large Investor-Owned Utility wishes to carry over an amount in excess of the 15% limit, that Utility must first file a motion for Commission approval, as set forth in Appendix J. If the large IOU does not receive such approval, any unspent funds in excess of the 15% limit may not be carried over, and must instead be used to offset future collections.

145. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall include in their annual reports a summary of unspent funds, identifying both funds that are carried over and funds that are not carried over and are instead used to offset collections in the next program year. This report must reference authorizing advice letters, resolutions, or rulings as appropriate. Amounts must be reported by program budget line-item. Unspent funds used to offset collections must be applied according to the original funding source: unspent electric funds must offset future collections from electric rates, while unspent gas funds must offset future collections from gas rates.

146. Each large investor owned utility (IOU) (Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and

Southern California Gas Company or four large IOUs) must also submit unspent funds reports to the applicable proceeding's service list as part of an advice letter filing to occur within the first two quarters of the start of the next program cycle. This advice letter will identify the amount of unspent funds remaining, and must reference authorizing advice letters, resolutions, or rulings as appropriate. Amounts must be reported by program budget line-item. Upon approval, all of these funds shall be used to offset future program collections. Initially, each IOU shall submit such an advice letter, as a Tier 2 Advice Letter. Thereafter, the four large IOUs shall submit Tier 1 Advice Letters. The first such Advice Letter shall be submitted in 2019, covering the 2017-2018 program cycle. All unspent funds remaining shall be subject to this rule, regardless of past program cycle commitments.

147. Prior to submission of the annual report and Advice Letter at the conclusion of the past program cycle, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company must ensure that committed funds must either be spent (on prior program cycle commitments), or they must be reclassified as uncommitted funds. All unspent funds shall then be used to offset collections in the following program cycle. As in the case of within-cycle unspent funds, any funds used to offset collections in the following program cycle must be applied according to the original funding source: unspent electric funds must offset future collections from electric rates, while unspent gas funds must offset future collections from gas rates.

148. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall, consistent with prohibiting carry-over of funds across program cycles, utilize all

current 2009-2015 accumulated Energy Savings Assistance Program Carry-Over Funds to offset collections that would otherwise have been required in 2015-2018 program cycle. These funds shall not be returned to ratepayers. Moreover, to the extent that new initiatives have been authorized by this Decision, and to the extent that any new initiatives are approved via a future petition for modification, this use of 2009-2015 unspent funds to offset collections will mitigate or render unnecessary any additional collections that would otherwise have been required.

149. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company are permitted to shift California Alternate Rates for Energy funds in the same manner as they did in the 2012-2014 budget cycle, and shall report all such shifting in the same manner as in that budget cycle.

150. The following procedure shall be utilized to establish an enhanced audit process for future California Alternate Rates for Energy Program and Energy Savings Assistance Program budget audits to address concerns regarding transparency:

a) The Commission's Energy Division shall consult with the Commission's Utility Audits Financial Compliance Branch (UAFCB) or an alternate third party auditor to determine and outline the audit scope, timeline, and related deliverables.

b) A preliminary draft of the audit findings shall be delivered to the Commission's Energy Division to review. Following Energy Division review, an updated draft shall be shared simultaneously with Energy Division and the four large Investor-Owned Utilities (Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company or IOUs). A redacted version of the audit findings shall also be delivered to the public, via the service

list, and shall be posted to the Commission's Income Qualified Programs webpage.

c) The four large IOUs shall respond to the draft findings within a timeframe to be determined collectively by the Commission's Energy Division and UAFCB or the alternate third party auditor. The four large IOUs shall simultaneously deliver their responses to Energy Division and, where appropriate, to each other. The four large IOUs shall also deliver a redacted version to the public, via the service list, and work with Energy Division to post the redacted version to the Commission's Income Qualified Programs webpage.

d) UAFCB or alternate third party auditor shall incorporate the four large IOUs' responses, formalize the audit recommendations, and simultaneously deliver its finalized audit recommendations to the Commission's Energy Division and the four large IOUs, deliver a redacted version to the public via the service list, and work with the Energy Division to post the redacted version to the Commission's Income Qualified Programs webpage.

e) The four large IOUs shall respond within a timeframe to be determined collectively by the Energy Division and UAFCB or the alternate third party auditor, after receipt of the finalized audit recommendations. The four large IOUs responses shall include actions plans to resolve or otherwise correct discrepancies identified therein. The four large IOUs shall simultaneously deliver their responses to the Energy Division and each other. The four large IOUs' shall deliver a redacted version to the public via the service list, and work with the Energy Division to post the redacted version to the Commission's Income Qualified Programs webpage.

f) If the four large IOUs disagree with the finalized audit recommendations, they may utilize the Commission's Alternate Dispute Resolution (ADR) process. The case shall be conducted by an Administrative Law Judge (ALJ) not assigned to the California Alternate Rates for Energy (CARE) Program/ESA Program proceeding. Should the ADR process successfully resolve the dispute, the agreement shall be submitted to the ALJ

assigned to the CARE Program/ESA Program proceeding for final approval.

g) If the ADR process does not successfully resolve the dispute, or if the ALJ assigned to the CARE Program/Energy Savings Assistance (ESA) Program proceeding does not approve the settlement, the Commission shall initiate an Order to Show Cause proceeding.

151. Pacific Gas and Electric Company's withdrawal of its Department of Community Services and Development Leveraging Pilot is approved.

152. Pacific Gas and Electric Company's proposed Water Conservation Plan pilot is denied. This proposal must be implemented as a system-wide enhancement to the Energy Savings Assistance Program, using existing funding sources.

153. Pacific Gas and Electric Company's Consumption-Driven Weatherization Pilot is denied.

154. Pacific Gas and Electric Company's (PG&E) home area network pilot is denied. PG&E must continue implementing any and all cost-effective improvements to its Advanced Metering Infrastructure (AMI) analysis as permanent system-wide enhancements to the Energy Savings Assistance (ESA) Program, not as a pilot. Once PG&E, Southern California Edison Company, or San Diego Gas & Electric Company, has experience fielding AMI informed ESA Program outreach and installations, those utilities may opt to file a Petition for Modification to seek authorization for new, cost-effective measures for specific customer segments.

155. Pacific Gas and Electric Company,Southern California Edison Company, and San Diego Gas & Electric Company (electric IOUs) shall implement a pilot to examine the demand and energy savings of a "package" consisting of programmable communicating thermostats, Time-of-Use Critical Peak Pricing

rates, and a mobile phone application as set forth in Attachment K for a model pilot proposal. The electric IOUs shall file a Tier 2 Advice Letter detailing the proposals for implementing this pilot.

156. Marin Clean Energy's LIFT Proposal pilot is denied and it may refile a modified pilot proposal based on recommendations in the instant Decision.

157. Interstate Renewable Energy Council, Inc.'s CleanCARE proposal pilot is denied.

158. Natural Resources Defense Council et al.'s proposed two heat pump pilots are denied.

159. Each investor owned utility must submit revised budgets reflecting the directives in this Decision (and remaining time within this program cycle) within 90 days of this Decision, via a Petition for Modification (PFM). The PFM shall also include updated tables reflecting the proposed budget, approved measures with a uniform and statewide naming convention, planning assumptions, penetration goals, cost effectiveness values, and any other updated factors.

160. Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company and Southern California Gas Company shall file their 2019-2020 California Alternate Rates for Energy Program/Energy Savings Assistance Program applications no later than July 1, 2018.

This order is effective today.

Dated _____, at San Francisco, California.

# APPENDICES A - M

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| Utility | Authorized ESA | | | | |
|---|---|---|---|---|---|
| | 2015 (Decision 14-08-030) | 2016 (Decisions 15-12-024 and 16-06-018) | 2017 | 2018 | Total 2 Year (2017-2018) Authorized |
| PG&E | $161,862,111 | $161,862,111 | $152,113,444 | $154,564,551 | $306,677,995 |
| SCE | $72,736,630 | $72,736,630 | $63,037,482 | $62,662,363 | $125,699,845 |
| SDG&E | $23,772,251 | $23,772,251 | $30,617,486 | $30,904,902 | $61,522,388 |
| SoCalGas | $132,417,190 | $132,417,190 | $126,099,795 | $128,193,885 | $254,293,680 |
| **Total** | **$390,788,182** | **$390,788,182** | **$371,868,207** | **$376,325,702** | **$748,193,909** |

# Appendix A

Authorized ESAP and CARE 2017-2018 Program Budgets

| Utility | Authorized CARE Administrative Budgets | | | | |
|---|---|---|---|---|---|
| | 2015 (D.14-080-030) | 2016 (D.15-12-024 and D | 2017 | 2018 | 2 year Total |
| PG&E | $ 14,942,512 | $ 15,247,192 | $ 17,208,454 | $ 17,601,453 | $34,809,906 |
| SCE | $ 7,125,454 | $ 7,430,134 | $ 6,424,661 | $ 6,348,277 | $12,772,938 |
| SDG&E | $5,483,805 | $5,636,145 | $6,911,207 | $6,870,918 | $13,782,126 |
| SoCalGas | $16,364,513 | $16,618,413 | $8,938,505 | $8,978,671 | $17,917,176 |
| **Total** | **$43,916,284** | **$ 44,931,884** | **$ 39,482,827** | **$ 39,799,319** | **$ 79,282,146** |
| Utility | Authorized CARE Subsidies and Benefits | | | | |
| | 2015 (D.14-08-030) | 2016 (D.15-12-024 and D | 2017 | 2018 | 2 year Total |
| PG&E | $605,950,000 | $605,950,000 | $580,353,000 | $587,313,000 | $1,167,666,000 |
| SCE | $416,800,000 | $416,800,000 | $457,873,645 | $482,397,449 | $940,271,094 |
| SDG&E | $83,614,933 | $83,614,933 | $69,916,644 | $73,102,151 | $143,018,795 |
| SoCalGas | $131,142,177 | $131,142,177 | $131,338,535 | $132,351,979 | $263,690,514 |
| **Total** | **$1,250,095,998** | **$1,237,507,110** | **$1,239,481,824** | **$1,275,164,579** | **$2,514,646,403** |
| Utility | CARE Authorized Administrative Budgets and Subsidies | | | | |
| | 2015 (D.14-080-030) | 2016 (D.15-12-024 and D | 2017 | 2018 | 2 year Total |
| PG&E | $620,892,512 | $ 621,197,192 | $597,561,454 | $604,914,453 | $1,202,475,906 |
| SCE | $423,925,454 | $424,230,134 | $464,298,306 | $488,745,726 | $953,044,032 |
| SDG&E | $89,098,738 | $89,251,078 | $76,827,851 | $79,973,069 | $156,800,921 |
| SoCalGas | $147,506,690 | $147,760,590 | $140,277,040 | $141,330,650 | $281,607,690 |
| **Total** | **$1,281,423,394** | **$1,282,438,994** | **$1,278,964,651** | **$1,314,963,898** | **$2,593,928,549** |

# Appendix B

ESA Program Authorized Budget: Pacific Gas and Electric Company

| PG&E | PY 2015 (Bridge Year Decision D.12-08-044) | PY 2016 (Bridge Year Decisions D.15-12-024 and D. 16-06-018) | PY 2017 | PY 2018 | PY2017 + PY2018 |
|---|---|---|---|---|---|
| **Energy Savings Assistance Program** | | | | | |
| Energy Efficiency | | | | | |
| *Appliances* | $37,534,521 | $37,534,521 | $25,071,000 | $25,915,000 | $50,986,000 |
| *Domestic Hot Water* | $10,682,341 | $10,682,341 | $11,930,000 | $12,331,000 | $24,261,000 |
| *Enclosure* | $49,250,726 | $49,250,726 | $43,456,000 | $45,200,000 | $88,656,000 |
| *HVAC* | $5,346,947 | $5,346,947 | $7,042,740 | $7,287,436 | $14,330,176 |
| *Maintenance* | $0 | $0 | $0 | $0 | $0 |
| *Lighting* | $28,575,478 | $28,575,478 | $25,203,000 | $26,043,000 | $51,246,000 |
| *Miscellaneous* | $0 | $0 | $0 | $0 | $0 |
| *Customer Enrollment* | $1,777,032 | $1,777,032 | $10,386,000 | $10,369,000 | $20,755,000 |
| In Home Education | $15,258,294 | $15,258,294 | $12,257,000 | $12,666,000 | $24,923,000 |
| Pilot | $0 | $0 | $852,000 | $402,000 | $1,254,000 |
| **Total** | **$148,425,339** | **$148,425,339** | **$136,197,740** | **$140,213,436** | **$276,411,176** |
| | | | | | |
| Training Center | $976,000 | $976,000 | $977,000 | $989,000 | $1,966,000 |
| Inspections | $5,998,922 | $5,998,922 | $3,815,421 | $3,923,833 | $7,739,254 |
| Marketing and Outreach | $1,899,850 | $1,899,850 | $1,856,418 | $2,077,418 | $3,933,835 |
| Statewide Marketing Education and Outreach | $127,000 | $127,000 | $0 | $0 | $0 |
| Measurement and Evaluation Studies | $205,000 | $205,000 | $339,500 | $111,500 | $451,000 |
| Regulatory Compliance | $371,000 | $371,000 | $703,000 | $417,000 | $1,120,000 |
| General Administration | $3,804,000 | $3,804,000 | $8,169,365 | $6,777,365 | $14,946,730 |
| CPUC Energy Division | $55,000 | $55,000 | $55,000 | $55,000 | $110,000 |
| | | | | | |
| **TOTAL PROGRAM COSTS** | **$161,862,111** | **$161,862,111** | **$152,113,444** | **$154,564,551** | **$306,677,995** |
| **Funded Outside of ESAP Program Budget** | | | | | |
| Indirect Costs | $2,085,000 | | $2,085,000 | N/A | N/A |
| | | | | | |
| NGAT Costs | $3,788,000 | | $3,876,000 | $3,876,000 | $7,752,000 |

# Appendix C

ESA Program Authorized Budget: Southern California Electric Company

| SCE | PY 2015 (Bridge Year Decision D.12-08-044) | PY 2016 (Bridge Year Decisions D.15-12-024 and D. 16-06-018) | PY 2017 | PY 2018 | PY 2017 + PY 2018 |
|---|---|---|---|---|---|
| **Energy Savings Assistance Program** | | | | | |
| Energy Efficiency | | | | | |
| *Appliances* | $ 21,018,838 | $ 21,018,838 | $ 20,565,439 | $ 20,565,439 | $ 41,130,878 |
| *Domestic Hot Water* | $ 51,405 | $ 51,405 | $ 10,490 | $ 10,490 | $ 20,980 |
| *Enclosure* | $ 267,540 | $ 267,540 | $ 178,150 | $ 178,150 | $ 356,300 |
| *HVAC* | $ 27,306,615 | $ 27,306,615 | $ 19,835,977 | $ 19,835,977 | $ 39,671,955 |
| *Maintenance* | $ 233,333 | $ 233,333 | $ 87,300 | $ 87,300 | $ 174,600 |
| *Lighting* | $ 3,272,401 | $ 3,272,401 | $ 4,914,583 | $ 4,914,583 | $ 9,829,167 |
| *Miscellaneous* | $ 4,726,931 | $ 4,726,931 | $ 3,095,361 | $ 3,095,361 | $ 6,190,722 |
| *Customer Enrollment* | $ 5,613,669 | $ 5,613,669 | $ 4,931,454 | $ 4,931,454 | $ 9,862,908 |
| In Home Education | $ 1,245,405 | $ 1,245,405 | $ 812,500 | $ 812,500 | $ 1,625,000 |
| New Measures | $ - | | $ 725,046 | $ 725,046 | $ 1,450,092 |
| Pilot | $ - | | $ 200,000 | $ 50,000 | $ 250,000 |
| **Energy Efficiency** | **$ 63,736,137** | **$ 63,736,137** | **$ 55,356,301** | **$ 55,206,301** | **$ 110,562,602** |
| | | | | | |
| Training Center | $ 325,955 | $ 325,955 | $ 376,212 | $ 381,240 | $ 757,452 |
| Inspections | $ 1,579,538 | $ 1,579,538 | $ 883,634 | $ 887,102 | $ 1,770,736 |
| Marketing and Outreach | $ 1,373,000 | $ 1,373,000 | $ 950,000 | $ 950,000 | $ 1,900,000 |
| Statewide Marketing Education and Outreach | $ 120,000 | $ 120,000 | $ - | $ - | $ - |
| Measurement and Evaluation Studies | $ 200,000 | $ 200,000 | $ 257,500 | $ 167,500 | $ 425,000 |
| Regulatory Compliance | $ 606,000 | $ 606,000 | $ 959,152 | $ 676,949 | $ 1,636,101 |
| General Administration | $ 4,736,000 | $ 4,736,000 | $ 4,194,683 | $ 4,333,271 | $ 8,527,954 |
| CPUC Energy Division | $ 60,000 | $ 60,000 | $ 60,000 | $ 60,000 | $ 120,000 |
| | | | | | |
| **TOTAL PROGRAM COSTS** | **$ 72,736,630** | **$ 72,736,630** | **$ 63,037,482** | **$ 62,662,363** | **$ 125,699,845** |
| **Funded Outside of ESAP Program Budget** | | | | | $ - |
| Indirect Costs | $ 1,356,242 | | $ 1,379,073 | $ 1,397,490 | $ 2,776,562 |
| | | | | | |
| NGAT Costs | $0 | | $0 | $0 | |

# Appendix D

ESA Program Authorized Budget: San Diego Gas &Electric Company

| SDG&E | PY 2015 (Bridge Year Decision D.12-08-044) | PY 2016 (Bridge Year Decisions D.15-12-024 and D. 16-06-018) | PY 2017 | PY 2018 | PY 2017 + PY 2018 |
|---|---|---|---|---|---|
| **Energy Savings Assistance Program** | | | | | |
| Energy Efficiency | | | | | |
| *Appliances* | $4,932,533 | $4,932,533 | $5,079,788 | $5,232,181 | $10,311,969 |
| *Domestic Hot Water* | $2,055,518 | $2,055,518 | $2,117,184 | $2,180,699 | $4,297,883 |
| *Enclosure* | $4,589,847 | $4,589,847 | $4,727,520 | $4,869,344 | $9,596,864 |
| *HVAC* | $3,927,857 | $3,927,857 | $4,045,422 | $4,166,785 | $8,212,208 |
| *Maintenance* | $570,879 | $570,879 | $588,005 | $605,646 | $1,193,651 |
| *Lighting* | $2,775,285 | $2,775,285 | $3,539,066 | $3,645,238 | $7,184,303 |
| *Miscellaneous* | $484,540 | $484,540 | $618,041 | $636,582 | $1,254,624 |
| *Customer Enrollment* | $3,385,641 | $3,385,641 | $4,015,210 | $4,135,667 | $8,150,877 |
| In Home Education | $430,334 | $430,334 | $443,244 | $456,541 | $899,785 |
| Pilot | | | $200,000 | $50,000 | $250,000 |
| Fund Shifting Offset | -$3,132,739 | -$3,132,739 | $0 | $0 | $0 |
| **Total** | **$20,019,696** | **$20,019,696** | **$25,373,480** | **$25,978,683** | **$51,352,163** |
| | | | | | |
| Training Center | $0 | $0 | $469,445 | $325,154 | $794,599 |
| Inspections | $99,206 | $99,206 | $147,838 | $151,848 | $299,687 |
| Marketing and Outreach | $1,164,718 | $1,164,718 | $1,035,561 | $1,344,932 | $2,380,493 |
| Statewide Marketing Education and Outreach | $0 | $0 | $0 | $0 | $0 |
| Measurement and Evaluation Studies | $115,000 | $115,000 | $296,250 | $51,250 | $347,500 |
| Regulatory Compliance | $322,214 | $322,214 | $568,592 | $275,757 | $844,349 |
| General Administration | $2,006,417 | $2,006,417 | $2,681,321 | $2,732,278 | $5,413,599 |
| CPUC Energy Division | $45,000 | $45,000 | $45,000 | $45,000 | $90,000 |
| | | | | | |
| **TOTAL PROGRAM COSTS** | **$23,772,251** | **$23,772,251** | **$30,617,486** | **$30,904,902** | **$61,522,388** |
| **Funded Outside of ESAP Program Budget** | | | | | $0 |
| Indirect Costs | | | | | $0 |
| | | | | | $0 |
| NGAT Costs | $368,000 | | $368,000 | $368,000 | $736,000 |

# Appendix E

ESA Program Authorized Budget: Southern California Gas Company

| SoCalGas | PY 2015 (Bridge Year Decision D.12-08-044) | PY 2016 (Bridge Year Decisions D.15-12-024 and D. 16-06-018) | PY 2017 | PY 2018 | PY 2017 + PY 2018 |
|---|---|---|---|---|---|
| **Energy Savings Assistance Program** | | | | | |
| Energy Efficiency | | | | | |
| *Appliances* [2] | $16,738,575 | $16,738,575 | $16,741,980 | $17,117,000 | $33,858,980 |
| *Domestic Hot Water* | $16,843,374 | $16,843,374 | $19,793,179 | $20,236,546 | $40,029,725 |
| *Enclosure* | $41,983,756 | $41,983,756 | $31,664,954 | $32,374,249 | $64,039,202 |
| *HVAC* | $19,210,885 | $19,210,885 | $22,973,761 | $23,488,373 | $46,462,133 |
| *Maintenance* | $2,128,846 | $2,128,846 | $1,895,280 | $1,937,734 | $3,833,014 |
| *Lighting* | - | - | - | - | $0 |
| *Miscellaneous* | - | - | - | - | $0 |
| *Customer Enrollment* | $20,834,354 | $20,834,354 | $18,110,250 | $18,515,920 | $36,626,170 |
| In Home Education | $2,531,192 | $2,531,192 | $3,714,821 | $3,798,033 | $7,512,854 |
| Pilot | - | - | - | - | $0 |
| **Total** | **$120,270,982** | **$120,270,982** | **$114,894,224** | **$117,467,855** | **$232,362,079** |
| | | | | | |
| Training Center | $681,105 | $681,105 | $885,711 | $908,314 | $1,794,025 |
| Inspections | $3,361,051 | $3,361,051 | $2,306,256 | $2,357,651 | $4,663,907 |
| Marketing and Outreach | $1,198,436 | $1,198,436 | $1,420,514 | $1,461,797 | $2,882,311 |
| Statewide Marketing Education and Outreach | 100,000.00 | 100,000.00 | - | - | $0 |
| Measurement and Evaluation Studies | $91,667 | $91,667 | $227,083 | $152,083 | $379,167 |
| Regulatory Compliance | $295,333 | $295,333 | $635,621 | $344,307 | $979,928 |
| General Administration | $5,286,041 | $5,286,041 | $5,644,386 | $5,415,878 | $11,060,264 |
| Carry Back Funding | $1,046,575 | $1,046,575 | | | $0 |
| CPUC Energy Division | 86,000.00 | 86,000.00 | 86,000.00 | 86,000.00 | $172,000 |
| | | | | | |
| **TOTAL PROGRAM COSTS** | **$132,417,190** | **$132,417,190** | **$126,099,795** | **$128,193,885** | **$254,293,680** |
| **Funded Outside of ESAP Program Budget** | | | | | |
| Indirect Costs | | | | | |
| | | | | | |
| NGAT Costs | | | | | |

# Appendix F

| Program Year | PG&E | SCE | SDG&E | SoCalGas | Total |
|---|---|---|---|---|---|
| 2017 | 90,030 | 54,509 | 20,316 | 110,000 | 274,855 |
| 2018 | 90,030 | 54,509 | 20,316 | 110,000 | 274,855 |
| **2 Year Total** | **180,060** | **109,018** | **40,632** | **220,000** | **549,710** |

ESA Program Projected Homes to be Treated

| Issue | IOU | Budget Line Item | Authorized 2017 Budget Impact | Authorized 2018 Budget Impact |
|---|---|---|---|---|
| Denial of PG&E's CAC measure | PG&E | HVAC | $ (37,260) | $ (38,564) |
| Lifeline Coordination | PG&E | General Administration | $ 23,000 | $ 23,000 |
| Lifeline Coordination | SCE | General Administration | $ 23,000 | $ 23,000 |
| Lifeline Coordination | SoCalGas | General Administration | $ 23,000 | $ 23,000 |
| Lifeline Coordination | SDG&E | General Administration | $ - | $ - |
| My Energy/My Account Updates | PG&E | General Administration | $ 101,365 | $ 101,365 |
| My Energy/My Account Updates | SCE | General Administration | $ 101,365 | $ 101,365 |
| My Energy/My Account Updates | SoCalGas | General Administration | $ 101,365 | $ 101,365 |
| My Energy/My Account Updates | SDG&E | General Administration | $ 101,365 | $ 101,365 |
| IT Upgrades for ED 'real-time' Program Oversight | PG&E | Regulatory Compliance | $ 300,000 | $ - |
| IT Upgrades for ED 'real-time' Program Oversight | SCE | Regulatory Compliance | $ 300,000 | $ - |
| IT Upgrades for ED 'real-time' Program Oversight | SoCalGas | Regulatory Compliance | $ 300,000 | $ - |
| IT Upgrades for ED 'real-time' Program Oversight | SDG&E | Regulatory Compliance | $ 300,000 | $ - |
| NEW Rapid Feedback and Analysis | SDG&E | Measurement and Evaluation | $ 200,000 | $ - |
| Denial of Statewide ME&O budget | SDG&E | Statewide Marketing Education and Outreach | $ (60,000) | $ (60,000) |
| ESA Portion of Goals and Potential Study | PG&E | Measurement and Evaluation | $ 90,000 | $ - |
| ESA Portion of Goals and Potential Study | SCE | Measurement and Evaluation | $ 90,000 | $ - |
| ESA Portion of Goals and Potential Study | SoCalGas | Measurement and Evaluation | $ 75,000 | $ - |
| ESA Portion of Goals and Potential Study | SDG&E | Measurement and Evaluation | $ 45,000 | $ - |
| Denial of Energy Education Phase II Study | PG&E | Measurement and Evaluation | $ (52,500) | $ (52,500) |
| Denial of Energy Education Phase II Study | SCE | Measurement and Evaluation | $ (52,500) | $ (52,500) |
| Denial of Energy Education Phase II Study | SoCalGas | Measurement and Evaluation | $ (43,750) | $ (43,750) |
| Denial of Energy Education Phase II Study | SDG&E | Measurement and Evaluation | $ (26,250) | $ (26,250) |
| Marketing and Outreach | PG&E | Marketing and Outreach | $ (1,439,583) | $ (1,439,583) |
| Marketing and Outreach | SoCalGas | Marketing and Outreach | $ (1,138,459) | $ (1,138,459) |
| Marketing and Outreach | SDG&E | Marketing and Outreach | $ (792,134) | $ (792,134) |
| Programmable Communicating Thermostat Pilot | SCE | Pilots | $ 200,000 | $ 50,000 |
| Programmable Communicating Thermostat Pilot | SDG&E | Pilots | $ 200,000 | $ 50,000 |
| Programmable Communicating Thermostat Pilot | PG&E | Pilots | $ 200,000 | $ 50,000 |

# Appendix G

ESA Program Budget Impacts Calculation

# Appendix H

CARE Program 2017-2018 Authorized Budgets

PG&E

| CARE Budget Categories | 2015 (Bridge Year D.14-08-030) | 2016 (Bridge Year D.15-12-024 and D. 16-06-018) | 2017 | 2018 | Two Year Total 2017-2018 |
|---|---|---|---|---|---|
| Outreach | $ 5,667,666.00 | $ 5,667,666.00 | $ 9,955,688.78 | $ 10,382,566.55 | $ 20,338,255.33 |
| Processing, Certification, Recertification | $ 3,729,000.00 | $ 3,729,000.00 | $ 1,784,893.43 | $ 1,862,497.49 | $ 3,647,390.91 |
| Post Enrollment Verification | $ 1,920,000.00 | $ 1,920,000.00 | $ 1,516,534.85 | $ 1,582,471.15 | $ 3,099,006.01 |
| IT Programming | $ 651,000.00 | $ 651,000.00 | $ 1,567,372.62 | $ 1,318,068.60 | $ 2,885,441.22 |
| Cool Centers | $ 134,846.00 | $ 134,846.00 | $ 137,220.81 | $ 143,186.93 | $ 280,407.73 |
| *CHANGES Pilot Program | $ 216,000.00 | $ 520,680.00 | $ 520,680.00 | $ 520,680.00 | $ 1,041,360.00 |
| Measurement & Evaluation | $ 48,000.00 | $ 48,000.00 | $ 146,901.74 | $ 153,288.77 | $ 300,190.50 |
| Regulatory Compliance | $ 342,000.00 | $ 342,000.00 | $ 425,515.85 | $ 444,016.54 | $ 869,532.38 |
| General Administration | $ 2,106,000.00 | $ 2,106,000.00 | $ 1,025,645.64 | $ 1,066,676.63 | $ 2,092,322.27 |
| CPUC Energy Division | $ 128,000.00 | $ 128,000.00 | $ 128,000.00 | $ 128,000.00 | $ 256,000.00 |
| **Subtotal Management Costs** | **$ 14,942,512.00** | **$ 15,247,192.00** | **$ 17,208,453.71** | **$ 17,601,452.66** | **$ 34,809,906.37** |
| Subsidies and Benefits | $ 605,950,000.00 | $ 605,950,000.00 | $ 580,353,000.00 | $ 587,313,000.00 | $ 1,167,666,000.00 |
| **Total Program Costs & Customer Discounts** | **$ 620,892,512.00** | **$ 621,197,192.00** | **$ 597,561,453.71** | **$ 604,914,452.66** | **$ 1,202,475,906.37** |

SCE

| CARE Budget Categories | 2015 (Bridge Year D.14-08-030) | 2016 (Bridge Year D.15-12-024 and D. 16-06-018) | 2017 | 2018 | Two Year Total 2017-2018 |
|---|---|---|---|---|---|
| Outreach | $ 2,613,000.00 | $ 2,613,000.00 | $ 2,578,703.36 | $ 2,684,842.64 | $ 5,263,546.00 |
| Processing, Certification, Recertification | $ 588,000.00 | $ 588,000.00 | $ 934,470.53 | $ 975,099.68 | $ 1,909,570.21 |
| Post Enrollment Verification | $ 1,423,650.00 | $ 1,423,650.00 | $ 596,421.36 | $ 622,352.72 | $ 1,218,774.08 |
| IT Programming | $ 1,000,000.00 | $ 1,000,000.00 | $ 670,639.64 | $ 382,347.23 | $ 1,052,986.87 |
| Cool Centers | $ 105,804.00 | $ 105,804.00 | $ 41,461.47 | $ 43,264.14 | $ 84,725.61 |
| *CHANGES Pilot Program | $ 216,000.00 | $ 520,680.00 | $ 520,680.00 | $ 520,680.00 | $ 1,041,360.00 |
| Measurement & Evaluation | $ 50,000.00 | $ 50,000.00 | $ 4,451.25 | $ 4,644.78 | $ 9,096.03 |
| Regulatory Compliance | $ 264,000.00 | $ 264,000.00 | $ 451,782.87 | $ 471,425.60 | $ 923,208.47 |
| General Administration | $ 725,000.00 | $ 725,000.00 | $ 486,050.30 | $ 503,620.62 | $ 989,670.92 |
| CPUC Energy Division | $ 140,000.00 | $ 140,000.00 | $ 140,000.00 | $ 140,000.00 | $ 280,000.00 |
| **Subtotal Management Costs** | **$ 7,125,454.00** | **$ 7,430,134.00** | **$ 6,424,660.78** | **$ 6,348,277.42** | **$ 12,772,938.20** |
| Subsidies and Benefits | $ 416,800,000.00 | $ 416,800,000.00 | $ 457,873,645.00 | $ 482,397,449.00 | $ 940,271,094.00 |
| **Total Program Costs & Customer Discounts** | **$ 423,925,454.00** | **$ 424,230,134.00** | **$ 464,298,305.78** | **$ 488,745,726.42** | **$ 953,044,032.20** |

A.1

| CARE Budget Categories | 2015 (Bridge Year D.14-08-030) | 2016 (Bridge Year D.15-12-024 and D. 16-06-018) | 2017 | 2018 | Two Year Total 2017-2018 |
|---|---|---|---|---|---|
| Outreach | $ 3,750,223.00 | $ 3,750,223.00 | $ 4,601,878.67 | $ 4,795,982.09 | $ 9,397,860.76 |
| Processing, Certification, Recertification | $ 4,488,248.00 | $ 4,488,248.00 | $ 1,309,631.43 | $ 1,366,571.93 | $ 2,676,203.36 |
| Post Enrollment Verification | $ 3,744,000.00 | $ 3,744,000.00 | $ 148,381.90 | $ 154,833.29 | $ 303,215.19 |
| IT Programming | $ 2,937,450.00 | $ 2,937,450.00 | $ 1,011,278.23 | $ 737,796.20 | $ 1,749,074.43 |
| Cool Centers | | | $ - | $ - | $ - |
| *CHANGES Pilot Program | $ 180,000.00 | $ 433,900.00 | $ 433,900.00 | $ 433,900.00 | $ 867,800.00 |
| Measurement & Evaluation | $ 18,659.00 | $ 18,659.00 | $ - | $ - | $ - |
| Regulatory Compliance | $ 242,507.00 | $ 242,507.00 | $ 456,031.01 | $ 475,858.44 | $ 931,889.45 |
| General Administration | $ 943,426.00 | $ 943,426.00 | $ 917,403.94 | $ 953,728.76 | $ 1,871,132.70 |
| CPUC Energy Division | $ 60,000.00 | $ 60,000.00 | $ 60,000.00 | $ 60,000.00 | $ 120,000.00 |
| **Subtotal Management Costs** | **$ 16,364,513.00** | **$ 16,618,413.00** | **$ 8,938,505.18** | **$ 8,978,670.71** | **$ 17,917,175.89** |
| Subsidies and Benefits | $ 131,142,177.00 | $ 131,142,177.00 | $ 131,338,535.00 | $ 132,351,979.00 | $ 263,690,514.00 |
| **Total Program Costs & Customer Discounts** | **$ 147,506,690.00** | **$ 147,760,590.00** | **$ 140,277,040.18** | **$ 141,330,649.71** | **$ 281,607,689.89** |

# **Appendix H** (cont.)

CARE Program 2017-2018 Authorized Budgets

SDG&E

| CARE Budget Categories | 2015 (Bridge Year D.14-08-030) | 2016 (Bridge Year D.15-12-024 and D. 16-06-018) | 2017 | 2018 | Two Year Total 2017-2018 |
|---|---|---|---|---|---|
| Outreach | $ 2,300,352.00 | $ 2,300,352.00 | $ 3,062,861.58 | $ 3,190,051.22 | $ 6,252,912.80 |
| Processing, Certification, Recertification | $ 643,206.00 | $ 643,206.00 | $ 485,894.24 | $ 507,020.08 | $ 992,914.32 |
| Post Enrollment Verification | $ 403,200.00 | $ 403,200.00 | $ 341,647.05 | $ 356,501.27 | $ 698,148.32 |
| IT Programming | $ 1,230,082.00 | $ 1,230,082.00 | $ 1,636,566.75 | $ 1,390,271.18 | $ 3,026,837.93 |
| Cool Centers | $ 35,985.00 | $ 35,985.00 | $ 41,274.54 | $ 43,069.08 | $ 84,343.62 |
| *CHANGES Pilot Program | $ 108,000.00 | $ 260,340.00 | $ 260,340.00 | $ 260,340.00 | $ 520,680.00 |
| Measurement & Evaluation | $ 22,500.00 | $ 22,500.00 | $ - | $ - | $ - |
| Regulatory Compliance | $ 165,362.00 | $ 165,362.00 | $ 236,885.04 | $ 247,184.39 | $ 484,069.43 |
| General Administration | $ 518,406.00 | $ 518,406.00 | $ 789,025.97 | $ 819,769.14 | $ 1,608,795.11 |
| CPUC Energy Division | $ 56,712.00 | $ 56,712.00 | $ 56,712.00 | $ 56,712.00 | $ 113,424.00 |
| **Subtotal Management Costs** | **$ 5,483,805.00** | **$ 5,636,145.00** | **$ 6,911,207.16** | **$ 6,870,918.34** | **$ 13,782,125.51** |
| Subsidies and Benefits | $ 83,614,933.00 | $ 83,614,933.00 | $ 69,916,644.00 | $ 73,102,151.00 | $ 143,018,795.00 |
| **Total Program Costs & Customer Discounts** | **$ 89,098,738.00** | **$ 89,251,078.00** | **$ 76,827,851.16** | **$ 79,973,069.34** | **$ 156,800,920.51** |

# Appendix I

CARE Program Budget Impacts Calculation

| CARE Budget Line Item | Purpose | | 2017 Budget Impact | 2018 Budget Impact |
|---|---|---|---|---|
| CARE IT | CARE IT Portion of My Energy/My Account Updates | PG&E | $101,365.00 | $101,365.00 |
| CARE IT | CARE IT Portion of My Energy/My Account Updates | SCE | $101,365.00 | $101,365.00 |
| CARE IT | CARE IT Portion of My Energy/My Account Updates | SoCalGas | $101,365.00 | $101,365.00 |
| CARE IT | CARE IT Portion of My Energy/My Account Updates | SDG&E | $101,365.00 | $101,365.00 |
| CARE admin | Lifeline Coordination | PG&E | $81,933.00 | $81,933.00 |
| CARE admin | Lifeline Coordination | SCE | $81,933.00 | $81,933.00 |
| CARE admin | Lifeline Coordination | SoCalGas | $81,933.00 | $81,933.00 |
| CARE admin | Lifeline Coordination | SDG&E | $81,933.00 | $81,933.00 |
| CARE Outreach | Rate Education Reports | PG&E | $137,500.00 | $137,500.00 |
| CARE Outreach | Rate Education Reports | SCE | $137,500.00 | $137,500.00 |
| CARE Outreach | Rate Education Reports | SoCalGas | $137,500.00 | $137,500.00 |
| CARE Outreach | Rate Education Reports | SDG&E | $137,500.00 | $137,500.00 |
| CARE IT | Programming budget for CIS/database updates related to ED real-time program monitoring | PG&E | $300,000.00 | $ - |
| CARE IT | Programming budget for CIS/database updates related to ED real-time program monitoring | SCE | $300,000.00 | $ - |
| CARE IT | Programming budget for CIS/database updates related to ED real-time program monitoring | SoCalGas | $300,000.00 | $ - |
| CARE IT | Programming budget for CIS/database updates related to ED real-time program monitoring | SDG&E | $300,000.00 | $ - |

# Appendix J

Fund Shifting and Carry-Over Rules

## 8. Revised Carry Over, Carry Back, and Fund Shifting Rules for the ESA Program

The IOUs are permitted to shift unspent funds under the following conditions in the ESA Program:

(1) Carrying over and carrying back of unspent funds between the current program cycle and future program cycles is not permitted.

  i. Prior to submission of the final program year's annual report and unspent funds advice letter, committed funds must be either spent on current program

(2) Within a given program cycle, except for the shifting of funds described in subsection (3) below, the IOUs are permitted carry over or back funds from one year to another within the program cycle, without prior approval.

(3) For any shifting of funds or carrying over or back of unspent funds from program year to program year within a given program cycle (regardless of whether these funds are committed or uncommitted), the assigned Administrative Law Judge's prior written approval is required if any of the following applies:

  i. Funds are to be shifted into or out of different program budget categories as identified in the program application budget tables including, but not limited to: (a) administrative overhead costs, (b) regulatory compliance costs, (c) measurement and evaluation, (d) the costs of pilots and studies, and (e) the education subcategory;

  ii. Funds are to be shifted between gas/electric programs; and/or

  iii. The funds to be carried over or backward total 15% or more of the total annualized ESA Program budget in the year from which funds are being transferred.

(4) The IOUs shall secure prior written approval of the fund shift or carry-over from the Administrative Law Judge when required by subsection (3) above by filing a motion pursuant to Article 11 of the Commission's Rules of Practice and Procedure. Upon showing of good cause, the Administrative Law Judge may issue a ruling approving the

requested fund shift, carry-over, or carry-back. The IOUs, in the motion, must show good cause by setting forth the following:

i. The reason(s) why such fund shifting or carrying over or back of funds is necessary;

ii. Justification supporting why the proposed shifting or carrying over or back of funds would promote efficient, cost effective and effective implementation of the ESA Program.

(5) Uncommitted unspent funds that are not carried over into future program years must be used to offset future program year collections.

(6) The IOUs shall track and maintain a clear and concise record of all fund shifting, carry-over, or carry-back transactions, as well as of any unspent funds used to offset future program year collections. They must submit a well-documented record of such transactions in their monthly and annual reports relevant to the period in which they took place.

i. These reports shall reference authorizing advice letters, resolutions, or rulings as appropriate. Transactions should be reported by program budget line-item.

# Appendix K

Programmable Communicating Thermostat Pilot

**8.**

**9. Directions for the Development of a Pilot Implementation Plan**

Attachment Q of the Guidance Decision directed the IOUs to propose new pilots for both the ESA and CARE Programs, and specifically directed the IOUs to prioritize customers with high energy usage or energy burden.[1] Eight new pilot proposals were proposed by various parties during the course of the proceeding - with PG&E being the only utility to propose new pilot activities.

At the Pilot Proposal Workshop on June 19, 2015, PG&E submitted a Home Area Network (HAN) pilot that aims deploy HAN devices in 50 to 100 high energy use CARE homes. PG&E hopes to build upon a previous program cycle's pilot, in which 400 In-Home Displays (IHDs) were installed in customer households, providing customers with energy usage information and allowing PG&E to observe customer engagement with IHDs. For its new pilot, PG&E proposes to apply lessons learned from the IHD pilot to target CARE customers who consume 600% or more of baseline; the results will include recommendations for high-energy users, who could otherwise lose eligibility for CARE participation, to reduce energy usage. PG&E proposed a budget of $125,000 and a timeline of 6 months to carry out this pilot.

As noted in Section 5.4, we commend PG&E for focusing on high-energy-usage customers, proxied as high-cooling-load customers, and encourage PG&E (and the other electric IOUs) to implement a pilot that explores a more innovative approach to addressing the needs of this customer segment. However, we recommend that this type of pilot go beyond what was proposed (and arguably already studied in other utility jurisdictions) and integratively consider three areas for technological innovation for this pilot: programmable communicating thermostats (PCTs), alternative pricing mechanisms, and mobile phone applications.

PCTs are advanced thermostats that can receive and/or transmit information wirelessly, including pricing signals and directions submitted through a utility- or customer-accessed portal.

[1] D.14-08-030, Attachment Q, p. 10.

Alternative pricing mechanisms specifically include Time-of-Use (TOU) rates and Critical Peak Pricing (CPP) rates or rate add-ons. CARE customers are eligible for these rates, and research indicates[2] that many of these customers are very responsive to the price signals associated with enrollment with these pricing products.

The goal of the augmented pilot directed here is to explore and evaluate new innovations to meet the needs of high energy usage and high energy burden customers, reducing their energy consumption and consequent risk of removal from the CARE rate. Piloting these technologies is of particular importance in light of the passage of AB 793, which directs the IOUs to other programs which include adding energy management technologies (EMT) to the suite of weatherization options available to low-income customers. We believe that piloting these ideas in the low income area could help jumpstart the IOUs AB 793 effort and drive that forthcoming proposal towards a more innovative approach, which we believe was the intent of AB 793. We are particularly interested in a pilot to evaluate the potential value of mobile phone applications to allow utility-to-customer communication of demand response events, peak times, energy efficiency tips, and other information. Although we expect that the events will be automatically communicated from the IOU to the installed PCT, the mobile phone application should also allow for customer communication with the PCT, to facilitate remote changes to default event responses initiated by the IOU. For example, a typical default offset of 3 degrees might be increased to 4 or 6 degrees if the participant chooses to go elsewhere on the evening of an event. Giving participants the ability to make remote changes has the potential to improve both customer satisfaction and energy savings.

- **Pilot Description & Summary**

PG&E, SCE, and SDG&E are directed to develop a pilot to deploy and evaluate the energy savings and demand savings of a "package" of interventions in 100 high energy usage or high energy burden CARE customer households. High cooling load may be used as a proxy for high energy usage or high energy burden. This package should include four aspects:

(1) Enrollment in Time-of-Use (TOU) and Critical Peak Pricing (CPP) rates or rate add-ons;

[2] "Low Income Customers and Time Varying Pricing: Issues, Concerns, and Opportunities," Sanem Sergici, The Brattle Group, March 31, 2015. "The Impact of Dynamic Pricing on Low Income Customers," Ahmad Faruqui, Ph. D., Sanem Sergici, Ph. D., & Jennifer Palmer, A.B, IE E Whitepaper, The Brattle Group, September 2010.

(2) Installation of ESA Program eligible measures and a Programmable Communicating Thermostat (PCT) that can operate with the Smart Meter Home Area Network. The PCT should be preprogrammed with the following default settings, all of which can be changed by the customer at the PCT or via a mobile phone application:

a. Weekdays 7am – 9pm: Off-peak=74°F; Part-peak=76°F; Peak=80°F

b. Weekends 8 am – 10pm: Off-peak=76°F; Part-Peak=78°F

c. Event Offset: 3°F above Peak setting

(3) In addition to utilizing period definitions in existing residential TOU rates, the peak, off-peak and part-peak periods used should correspond with the periods used in the opt-in TOU pilots that will be deployed by each IOU in 2016, in compliance with D.15-07-001, as part of the R.12-06-013 proceeding. Ideally, to help improve both this PCT pilot and the opt-in TOU pilots starting in summer 2016, the pilots' efforts should be coordinated so that there is no cross contamination of pilot participants and lessons learned inform both effort.

(4) Mobile phone applications for utility-customer communication and customer-PCT communication.

PG&E, SCE, and SDG&E are directed to develop a mobile phone application to communicate with customers regarding the parameters for TOU and CPP rates, the forecasting and notification of demand events, recommendations for behavioral changes to save energy, instructions on PCT usage, and other relevant information, as appropriate. This application should also be capable of communicating with the customer's PCT, either directly or through interfacing with the existing application for the chosen PCT, using any of several available platforms designed to link apps together.

Customers will be covered by Bill Protection for the duration of the pilot. Any customer who participates in the pilot must receive credit for the difference if the customer's total bill for the duration of the pilot exceeds the amount it would have been under the customer's regular rate plan. Customers will also be given the option to opt-out of the pilot at any time. During the household visit, the ESA assessor will inform each participating customer of the Bill Protection and opt-out policies.

At the conclusion of the pilot, or should any customer opt out of the pilot before its conclusion, the electric IOUs will have discretion with regard to continuation of any HAN- and PCT-related services in those households treated by the pilot.

- **Purpose and Goal**

The purpose of this pilot is to examine the potential effects on customer behavior and load impact of deploying mobile (smartphone) applications in the high-usage CARE customer segment, as part of a package with PCT installations and TOU-CPP pricing. This pilot may target high cooling load CARE customers as a proxy for high energy usage and high energy burden CARE customers. This pilot will also assess the reliability of PCT technologies and the ability of the system to respond to a network outage or other communication failure.

Additionally, the IOUs will make particular effort to enroll submetered multifamily customers to test the interactivity and communication between installed PCTs and the unit submeter. This pilot should also attempt to leverage lessons learned and implementation strategies from PG&E's Smart Thermostat ETP Project ET14PGE8861. Where possible, this pilot should leverage with the $2.7 million EPIC funded grant to Electric Power Research Institute (EPRI) for a prototype thermostat for low income and senior housing that will overcome the lack of broadband access. The thermostat aims to reduce HVAC runtime and energy use, have diagnostic capabilities and provide consumers with access to energy use information. The prototype will be tested in low income and senior housing units in Northern and Southern California.

- **Timeline**

This pilot is targeted for operation during Program Year 2017, as outlined in the chart below. While this is an aggressive timeline, Energy Division and IOU program staff have been meeting since December 2015 to plan AB 793 directed activities across the demand response, low income, and mainstream energy efficiency proceedings.

| | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PCT Selection | | | | | | | | | | | | | |
| App Development | | | | | | | | | | | | | |
| Submit draft(1)/final(2) plans | 1 | | 2 | | | | | | | | | | |
| Develop marketing materials | | | | | | | | | | | | | |
| Recruitment and Enrollment | | | | | | | | | | | | | |
| Installation | | | | | | | | | | | | | |
| Pilot Operation and Data Collection | | | | | | | | | | | | | |
| Interim Analysis & Report (include first 4 events) | | | | | | | | | | | | | |
| Data Analysis & Draft Report | | | | | | | | | | | | | |

Recruitment and enrollment: PG&E, SCE, and SDG&E should identify, recruit, and enroll customers primarily during April, with additional enrollment and trouble-shooting into May.

Installation: Contractors should begin PCT installation and customer education in April, continuing through May. Installations and trouble-shooting may continue into June.

Pilot operation and data collection: As the vast majority of cooling degree days occur during the four months from June to September, most PCTs are expected to be in place and functioning by the beginning of June. Over the summer, PG&E, SCE, and SDG&E should track participating customers' electric consumption.

Interim report: At the end of August, PG&E, SCE, SDG&E will submit a Mid-Summer Report to Energy Division detailing preliminary findings and notable challenges regarding design and implementation.

Draft report: At the end of October, PG&E, SCE, and SDG&E will submit a draft report to Energy Division. This report will contain, at minimum, the following sections: Executive Summary; Introduction; Pilot Design & Methodology; Customer Selection; Implementation; Findings (including analyses of any energy saving and load impact findings); Recommendations/Lessons Learned.

Final report: Following incorporation of iterative comments from ED, PG&E, SCE, SDG&E will finalize the Draft Report and submit it to ED at the end of December. The Final Report shall be made available on calmac.org.

2018 work: In the event that the final report indicates that progress was made toward shifting load from peak periods and reducing average monthly bills, the pilot will be extended through the end of 2018 to determine the year-round effects of the pilot and collect two full summers' worth of data on the impacts of the pilot.

- **Authorized Budget**

| | Total Cost | PG&E Cost | SCE Cost | SDG&E Cost |
|---|---|---|---|---|
| 2017 | $600,000 | $200,000 | $200,000 | $200,000 |
| 2018 | $150,000 | $50,000 | $50,000 | $50,000 |

- **Anticipated Outcome and Results**

- Preliminary assessment of energy savings and load impacts, if any, of deploying smartphone applications in high energy usage CARE homes with TOU-CPP PCT users;
- Recommendations for addressing high energy usage and high energy burden customers;
- Development of energy education enhancements to target high energy users.

- **Pilot Rationale & Expected Outcome**

Recent studies offer mixed-to-positive results regarding the savings potential of PCT technology, making this an area ripe for further study. A rebate-based 2013 pilot by NV Energy supplied residential customers with Ecofactor thermostats, resulting in substantial savings, including an average reduction in AC energy usage by 11%, indicating AC cycling as a prime target area for further research into PCT effectiveness.[3] Since these customers were not

[3] Demand Response Program – NV Energy, Final Evaluation Report, ADM 2014.

specifically low-income, the findings may or may not be applicable to California's low income customer base. However, a low-income specific pilot by Sacramento Municipal Utility District (SMUD), found increases in demand and energy usage associated with the installation PCTs in low income homes, despite finding 1.6% energy savings across a general sample of SMUD customers in a separate PCT pilot.[4] This latter result is consistent with new research revealing customer underutilization and misapprehension of PCTs.[5] Overall, this suggests the need for further research that situates PCT deployment within energy education efforts.

The Commission is interested in customers' engagement with PCT technologies, particularly with regard to barriers and challenges faced in utilizing these technologies. Various studies suggest that customer engagement comprises a main obstacle to effective PCT utilization. To that end, the Commission suggests smartphone applications for pilot study, given the growing penetration of the Lifeline wireless smartphones in the low income community. Customer engagement through regular utility communication of demand events, energy savings tips, and other relevant information by means of a smartphone application may provide different outcomes than previous research into PCTs.

Considering the Commission's decision to adopt TOU pricing by 2019, TOU-CPP rates may be included in the pilot in order to provide lessons learned that remain as relevant as possible for future program cycles.

- **Pilot Implementation Plan**
- Develop and re-file a detailed plan of research. PG&E, SCE, and SDG&E will develop a plan that includes the following:
  - Recruitment plan with clear customer eligibility requirements:
    - Customer access to internet or mobile broadband, if needed;
    - Initial customer move-in date and possible plans to move in the near future; tenancy on the CARE rate at a given meter may be used as a determinant
    - Meter type (eg., exclusion of master, net, or bottom-fed meters);

[4] SMUD's Low Income Weatherization and Energy Management Pilot, Herter Energy Research Solutions for SMUD, 2014.

[5] Pritoni, Marco et al., Energy efficiency and the misuse of programmable thermostats: the effectiveness of crowdsourcing for understanding household behavior. *Energy Research & Social Science* 8 at 190-197 (2015).

    - Primary language used at home;
    - Minimum cooling load threshold.
  - Discrete treatment plans for customers above 600% of baseline and for customers between 400% and 600% of baseline;
  - Data collection plan:
    - Target data to capture;
    - Data collection activities;
  - Contractor management plan;
  - Evaluation plan;
      - Identify load disaggregation methodology to determine high cooling load homes;
      - Implement pilot:
  - Installation of PCTs;
  - Energy education;
  - Ongoing communication via smartphone application;
  - Collect pilot data.
      - Data analysis;
      - Filing of interim and final reports;
      - Determination of whether to continue the pilot through 2018.

# Appendix L

Energy Savings Assistance Program
Cost-Effectiveness Recommendations
*Low-Income Cost-Effectiveness Working Group*
*June 2015*

**Background**

In Decision 12-08-044 (OP 4), the Commission directed the Energy Division to form an Energy Savings Assistance (ESA) Program Cost-Effectiveness Working Group for the purpose of reviewing the current cost effectiveness framework and making recommendations to garner greater energy savings and health, safety, and comfort benefits in the ESA program. The Energy Division convened the ESA Program Cost-Effectiveness Working Group in the latter part of 2012. This group consisted of representatives from Energy Division, ORA, PG&E, SCE, SoCalGas, SDG&E, TELACU/ACCES/Maravilla, Synergy, NRDC, and TURN. This Working Group produced the Energy Savings Assistance Program Cost-effectiveness White Paper, which was submitted to the service list of A.11-05-017 in February of 2013 and the Addendum to the White Paper in July 2013. The White Paper and subsequent Addendum provided the recommendations listed below:

1. Categorize each individual ESA measure as "equity" or "resource;" measures that are difficult to categorize may be identified as "uncertain." This categorization will be used to determine which measures should be subject to the Equity Evaluation (see #3 below), and which measures should be included in certain proposed cost-effectiveness tests (see #2 below).

2. Base ESA program approval on the cost-effectiveness of the entire ESA program; use measure level cost-effectiveness results only as an informative tool. Retire the old tests and utilize two new tests: the ESACET and the Resource TRC.

3. Conduct an "Equity Evaluation." The Equity Evaluation will provide a qualitative analysis of ESA program measures to determine the extent to which any particular measure provides identifiable and specific quality of life benefits each measure brings to participants based on four specific criteria.

4. Update the inputs for certain specific NEBs and develop a NEB adder to estimate the value of the remaining NEBs; update the spreadsheet model to facilitate estimating NEBs.

5. Report cost-effectiveness results by household typologies in addition to the results of the ESACET and Resource TRC to better understand ESA program impacts and program design improvements. The household typology results would be informational only.

**2015 – 2017 Program Cycle Cost-Effectiveness Directives**

The Commission issued Decision (D.) 14-08-030 which provided guidance to the utilities for the 2015 – 2017 ESA and CARE program cycle. The decision also adopted the recommendations of the ESA Cost-Effectiveness Working Group. The decision also stated:

> "We do not adopt a cost-effectiveness threshold to be used for program approval at this time. To build on the consensus already developed in the Cost-Effectiveness Working Group, we order Energy Division to reconvene a Working Group for the narrow purpose of developing a program-level cost-effectiveness threshold as expeditiously as possible.
>
> Should the Working Group develop a consensus-based recommendation on a threshold in time for the filing of the 2015-2017 applications, the IOUs shall use that threshold. However, should the Working Group not achieve consensus by the time the 2015-2017 applications are filed, the lack of consensus shall not delay the filings. In the event that the Working Group does not achieve consensus by the time the 2015-2017 applications are filed, the reconvened Working Group shall continue its efforts toward developing a consensus-based recommendation on a threshold and submit its progress report by serving it to the service list, by March 1, 2015."

The ESA Cost-Effectiveness Working Group convened again in February of 2015. Due to timing and coordination issues the Working Group was not able to fully discuss or reach a consensus by March 1st. Instead, in conformance with the decision directive above, the Working Group submitted a progress report to the service list on February 27th, 2015. In the progress report the Working Group indicated it would continue to meet to discuss the possibility of developing a threshold for one or more of the cost effectiveness tests and to provide recommendations for doing so to the service list. The Working Group's recommendation is provided below.

**ESA Cost-Effectiveness Threshold Recommendation**

The ESA Cost-Effectiveness Working Group provides the following ESA program cost-effectiveness threshold recommendations to be implemented for the post-2017 program cycle:

1. The Working Group will continue to meet to develop a consistent set of criteria for categorizing measures into resource and non-resource categories for the purpose of including them in the appropriate test. The Working Group has already made some progress on this task by agreeing that, at minimum, the two measures currently identified

as non-resource in Table 1 of the Addendum to the White Paper (furnace repair/replace and hot water heater repair/replace) are non-resource measures and should be excluded from the proposed Adjusted ESACET test described below.[1] The Working Group requests the Commission acknowledge the outcome of this continuing activity shall be reflected in the cost-effectiveness tests for the post-2017 program cycle.

2. Results for the two newly adopted tests, the ESACET and the Resource TRC, will continue to be reported without a threshold. These two tests will be used for information purposes only and will not be used for program approval.

3. The utilities will calculate an Adjusted ESACET that excludes at minimum the two non-resource measures currently identified as non-resource in Table 1 of the Addendum to the White Paper. The Adjusted ESACET test will include all benefits and costs to the program, including NEBs, minus the benefits and costs that are directly attributable to the measures excluded from the Adjusted ESACET test.[2] The majority of members (seven of the nine) in the Working Group recommend that the Adjusted ESACET be subject to a 1.0 benefit cost ratio target threshold.[3]

4. Each utility should include in their cost effectiveness tests and reporting any applicable savings for both gas and electric related to their installed measures, regardless of the commodity they serve.

5. While the program level target for the Adjusted ESACET benefit cost ratio is 1.0, the Working Group recommends that utilities be allowed to submit for consideration by the Commission a proposed program design that is less than the 1.0 target threshold if they provide with it a reasonable explanation of why the proposal is lower than the threshold and why meeting the threshold would compromise important program goals. The Commission may approve the application as submitted if it is deemed consistent with ESA Program objectives and reasonable. Utilities agree to make a good faith effort to

[1] If furnace or hot water heater measures are proposed that would replace functional furnaces or hot water heaters with more efficient models (and result in energy savings), these measures would be designated as resource measures.
[2] Current "uncertain" measures that are later determined to be non-resource measures might also be excluded from the Adjusted ESACET, and the inclusion or exclusion of these measures will be recommended by the Working Group in the future.
[3] The Group did not reach consensus on this threshold.

explore all identified program design approaches to increase cost effectiveness and overall program benefits.[4]

**Use and Purpose of the Modified ESACET Cost-Effectiveness Threshold**

The purpose of adjusting the ESA cost effectiveness framework, and identifying a threshold of cost effectiveness, is to give updated direction and guidance in association with the desire to help move the Program forward in a more cost-effective way.

The Adjusted ESACET is designed in a way that allows a logical value of 1.0 to be set as the target. The Adjusted ESACET is "adjusted" by removing those measures of the ESA program that should not be subject to cost-effectiveness because they are not installed for energy savings purposes. The Working Group recognizes that if benefits for all measures could be quantified, it would not be necessary to remove measures from the ESACET. It is preferable for remaining ESA measures to have a target 1.0 ratio at the program level to deliver the highest benefits possible. The Adjusted ESACET allows the program to count both energy impacts and health, comfort and safety improvements as benefits, which reflects the dual goals of the program. These benefits accrue both to low income participants and to the state overall. A 1.0 threshold enhances the accountability of the program. It demonstrates that funds are well spent. Moreover, while a 1.0 threshold is desirable for the reasons noted above, the Working Group recognizes all benefits are not easily quantifiable, and a portfolio with a lower threshold can be proposed with justification.

The Adjusted ESACET will not be used for ex post evaluation of the overall performance and value of the program. It will be used only for ex-ante program design and approval.

**Additional Priorities to be Addressed**

The Working Group recommends that additional work be done on several topics that directly impact the cost effectiveness calculations. Specifically, the Working Group or a subcommittee appointed by the Group will need to address the following topics during the 2015 to 2017 program cycle:

1. Categorize measures previously considered "uncertain" as either resource or non-resource.

2. Develop a method to allocate administrative costs related to non-resource measures so these can be excluded from the Adjusted ESACET test along with the non-resource benefits.

3. Develop a work scope for an upcoming study to improve the non-energy benefits (NEBs) calculations used in the ESA cost effectiveness tests and to conduct an Equity Evaluation on all ESA measures.[5] The work scope will include a process for updating the NEBs,

[4] Some but not all members advocate for tailored delivery strategies as a means to increase cost effectiveness.

[5] The IOUs have proposed a limited study in their PY2015 to 2017 applications. Depending on the final work scope, that proposed budget for that study may need to be adjusted.

assessing the health comfort and safety attributes of all program measures, establishing consistency among the IOUs, and recommending a process for future updates.

**Other Recommendations**

The Working Group respectfully submits recommendations for two areas that directly affect the cost effectiveness tests.

- Impact Evaluation

The Working Group identified the need to have quality impact evaluations timed to be completed in a way that allows findings to be considered for program planning without compromising the quality of the results by limiting the time available for completion. The Group recommends that future evaluations be allowed sufficient time to develop defensible estimates that can be adequately reviewed and vetted by stakeholders.

- Water Benefits

There are definite benefits for including water measures that should be included in future programs once the embedded energy in water values are determined. ESA should incorporate the embedded energy of water as a benefit in the cost-effectiveness tests, once this is approved through the Water-Energy Nexus proceeding.

**Consensus and Non-Consensus of the ESA Cost-Effectiveness Working Group**

The recommendation described above reflects the consensus of the Working Group with regard to creating an Adjusted ESACET test and the broad categories of inputs that go into the adjusted test (and for future necessary refinements). This consensus is dependent on the acceptance of all the conditions described in the recommendation above. Should the Commission choose to change the conditions, or apply the threshold in a different manner or for different purposes, the result would not be representative of the Working Group's consensus recommendation.
The Working Group did not arrive at consensus, however, with regard to the current application of the 1.0 target threshold for the adjusted ESACET. Attached to this document is the Non-consensus Statement of TELACU, Maravilla Foundation, Association of California Community and Energy Services, and Synergy, Inc., describing their reasoning for disagreeing with the application of the 1.0 target threshold at this time. Also attached to this document is a written response to the non-consensus statement from ORA.

Notes

SoCalGas, in the course of its participation in the Working Group, presented a proposal for consideration that is attached to the above-referenced non-consensus statement of TELACU, et. al. SoCalGas' proposal was conceived in response to the Working Group's consideration of a threshold recommendation that would have been applied to the Resource TRC. Since these initial discussions, the Working Group has clarified that the recommended threshold included in this document (1.0) would be applied to the Adjusted ESACET, not the Resource TRC and the recommendation is to include the five threshold recommendations listed on pp. 2-4. As such, the

original SoCalGas proposal, currently attached to the non-consensus document identified as Attachment A is no longer applicable in light of the Working Group's final recommendation.

**ATTACHMENT A**
**Non-Consensus Statement**

June 12, 2015

To: ESA Cost Effectiveness Working Group

From: James Hodges

Re: The Non-consensus Statement of TELACU, Maravilla Foundation, Association of California Community and Energy Services, and Synergy, Inc.

**1. The Working Group has failed to follow its own recommended process to decide upon a cost effectiveness threshold and has, instead, arbitrarily decided upon a 1.0 threshold while ignoring the process that was recommended by the White Paper of February 15, 2013, the Addendum dated July 15, 2013, and the SDG&E proposal presented on May 29, 2015.**

The White Paper, the Addendum, and SDG&E Cost Effectiveness proposal all agree that the first step to take before establishing a threshold target is to categorize the measures into either Resource or Non-resource categories. The Working Group did not do that. Instead, they arbitrarily recommend a 1.0 TRC threshold and attempt to justify it by saying it is simply "logical." It is not "logical" that our first step should be to declare that ESA should have a 1.0 threshold without going through this process stated by the White Paper, the Addendum, and the SDG&E proposal. It is not "logical" to complete the measure categorization after choosing the 1.0 threshold as is now planned. It seems to us to be a prejudgment of convenience because a 1.0 target threshold is how non-low income EE programs are planned so, the thinking must be, why shouldn't low income programs be planned the same way?

The CE Working Group was established to evaluate the role of cost effectiveness as it relates to the ESA Program – an important and unique program possessing Resource and Non- Resource measures. The Commission determined that a CE Working Group is needed because the goals and objectives of ESA are more complicated than other EE programs and a process is needed to determine what, if any, threshold should be required for program approval. Our Group was established so that we could make an effort to move away from arbitrary measures of cost effectiveness toward something that was less arbitrary and based on fact.

We agree it would be logical, after careful review, to separate the measures into categories: Resource and Non-resource. But that careful review did not take place for the five categories of "Uncertain" measures. They are labeled "uncertain" because they serve a dual role in the program

by providing both energy savings (Resource benefits) and improvements in health, safety, and comfort, (Non-Resource benefits). Three of the five Uncertain measures are long standing "weatherization measures" which provide benefits described in the White Paper Addendum (pp. 10-13) 1

We support the position stated in the SoCalGas Cost Effectiveness Threshold Proposal presented to the Working Group on May 29 (attached), that "SoCalGas will not consent to a resource TRC threshold until it is determined which measures will be classified as resource and included for this test's purpose." (p.3). The categorization of the Uncertain measures is extremely important because, in the logical process proposed by SDG&E, those categorized as Non-resource would not be subject to a CE requirement. Thus, at the May 29 meeting, SDG&E's representative Brenda Gettig recommended that a subcommittee be established to decide if the uncertain measures should be categorized as Resource or Non-resource. The representative of TELACU et al., Jim Hodges, volunteered to be on that subcommittee. But, for reasons we do not understand, that recommendation was ignored by the rest of the Working Group and, instead, the recommendation was to simply deem the all of the uncertain measures as Resource Measures subject to the TRC without any deliberation on this crucial topic. Responding to our strong objection (and the concerns of SDG&E) the group later agreed to complete the categorization process but only after recommending a 1.0 threshold. Thus, 1.0 will still be adopted as the threshold target without taking the very first step recommended by the White Paper Addendum and the SDG&E proposal. This is not logical. It is simply convenient for those hoping to establish a 1.0 threshold.

The Commission should not adopt a TRC threshold before completing the process recommended by the White Paper, Addendum, and the SDG&E proposal.

**2. The Commission should not arbitrarily adopt for the ESA low income residential program a TRC threshold (1.0) that is more stringent than those achieved by Commission approved non-low income residential programs.**

Most Commission approved non-low income residential EE programs fail to reach a 1.0 TRC target but 1.0 is what this Working Group recommends as the threshold for ESA program approval. ORA has explained that a TRC of 1.0 means for each dollar spent a dollar is earned back. It is our belief that programs for low income ratepayers should not be required to pay a dollar back for each dollar spent when programs for non-low income residential rate have no such requirement.

We are aware that each IOU EE program portfolio, in order to be approved, generally is required to show a planned 1.0 target threshold. We have reviewed the information on the CPUC's Energy Efficiency Data Portal which shows the Net TRC evaluated cost effectiveness ratios of various Commission approved EE programs, which can be broken out by IOU and target sector. That information shows how few residential EE programs achieve a 1.0 level. (http://www.eestats.cpuc.ca.gov/Views/EEDataPortal.aspx).

While an IOU's overall portfolio may exceed 1.0 it appears it is only because the large commercial and industrial EE programs have very high TRC scores to make up for the very low TRC scores of residential programs. From this information it seems reasonable to anticipate that a low income residential program such as ESA is unlikely achieve 1.0.

And while the Commission has taken no adverse action against the programs that do not reach their 1.0 target, it does not seem reasonable to establish a 1.0 target and redesign the ESA program to attempt to reach that target, while knowing from real world EE program experience that it is unlikely ESA will reach that target. By that time the damage will have been done.

**3. A 1.0 TRC threshold is likely to cause dramatic and damaging ESA program changes.**

The only information presented to the Working Group concerning likely ESA program changes required to reach a 1.0 target threshold show substantial cut-backs on basic "weatherization" measures including air sealing (caulking and weather stripping) attic insulation, duct test and seal, and A/C in milder climate zones. We understand that, for PG&E, it was a "quick and dirty" estimate. But it is the only information presented to the Working Group on changes necessary to reach 1.0.

We take seriously the statement of SoCalGas in their Cost Effectiveness Threshold Proposal that, "to reach a 1.0 cost-effectiveness level *would require dramatic changes in the ESA Program services offered.*" (p. 3, emphasis added). For the Working Group to simply dismiss this stated concern without presenting any information to counter this concern is not reasonable.

We agree with SoCalGas that they should not be held to a 1.0 threshold target. We do not agree that a 1.0 requirement for each IOU throughout the state is a reasonable requirement.

**4. We do not agree that the "burden of proof" should be on an IOU which proposes program with a threshold lower than 1.0**

Concerning the idea that an IOU may propose a program under the 1.0 threshold if they provide a "reasonable explanation" which shows 1.0 would "severely" compromise the program, this "rebuttable presumption" seems to be based on the unfounded assumption that 1.0 is best and, therefore, the burden of proof should be on those who propose a program with a lower CE ratio. Given our concern that a 1.0 target will result in substantial measure cutbacks and job loss, we believe the burden of proof should be on IOUs which propose a program designed to reach a 1.0 threshold, clearly showing which measures, if any, are removed or reduced in frequency, by climate zones, and provide an explanation why their proposal is reasonable.

SoCalGas already states that 1.0 compromises the program and that even 0.8 is a stretch, and that such targets are not currently supported by any real-life facts concerning cost effectiveness in the SoCalGas portfolio of measures. It is not logical that we would suggest that an IOU must provide some future "reasonable explanation" about not achieving 1.0 when they are doing that right now in this CE Working Group.

In summary, to assert that our very first step in determining a threshold is to adopt a 1.0 threshold is not logical. To fail to carry out the evaluations listed above (and in our previous

email concerning an Equity Evaluation) but still adopt 1.0 is not reasonable. To adopt for a low income residential program a target TRC that is more stringent than those achieved by non-low income residential programs is unreasonable. To expect that currently known adverse consequences of adopting 1.0 might be mitigated by after-the-fact Equity Evaluation or NEB adjustments or other tweaking does not make sense. It is clear to us that adopting a process and then ignoring that process and, instead, just adopting a 1.0 threshold is unreasonable and is likely to be damaging to the ESA program

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1 Reduces or eliminates extreme temperatures and temperature variations inside the home/improves customer ability to manage in-home temperatures – Extreme temperatures in the home can lead to significant adverse health effects, including cold stress/hypothermia and heat stress/hyperthermia. Infiltration measures can help reduce temperature variation by minimizing air leakage into and out of the building envelope. Additionally, measures that reduce or eliminate extreme temperatures may also mitigate issues that arise from the use of inadequate, faulty and makeshift heating and cooling devices, leading to increased safety/security and decreased incidences of fire and asphyxiation. Attic insulation may help by decreasing the amount of conditioned air lost in the summer and the winter. Additional measures that address extreme temperatures may include new windows and heating/cooling units.

Improves air quality, ventilation and/or air flow (e.g., reduces drafts and leakage) – Poor air quality, ventilation and air flow can lead to increased health risks from mold, dust mites, and other contaminants. These risks may be mitigated by reducing the number of entry points for pollen, insects, rodents and other pests. Improved air quality and ventilation may also diminish condensation. Measures in this category, such as new windows and doors, duct sealing, and improved temperature/humidity control, may address one or more air quality issues, and can help reduce temperature variation by minimizing air leakage into and out of the building envelope. Reducing temperature variation within the home may also minimize the flow of warm air to cool spaces.

**ATTACHMENT A.1**

SoCalGas Cost Effectiveness Threshold Proposal
Presented to Cost Effectiveness Working Group on May 29, 2015

Southern California Gas (SoCalGas) Company is in a unique position as the only all-gas utility in regards to determining an appropriate cost-effectiveness threshold for the Energy Savings Assistance Program (ESA Program). SoCalGas would like consideration to have its own threshold for the following reasons:

**1. SoCalGas is not directly comparable to a dual fuel utility regarding measure savings and therefore cost-effectiveness calculations.**

Dual fuel utilities include both gas and electric savings in their cost-effectiveness models. This provides gas and electric energy savings as well as non-energy benefits in the cost-effectiveness calculations. SoCalGas only includes gas savings in their cost-effectiveness tests, even though

some measures do have electric energy savings and non-energy benefits, such as high efficiency clothes washers and air sealing. Therefore, SoCalGas true measure benefits are underestimated.

**2. The number of measures available to an all gas utility is limited compared to electric and mixed utilities (applicable to ESACET and TRC).**

| IOU | SCG | SCE | PG&E | SDG&E |
|---|---|---|---|---|
| Total # of Measures In Application | 15 | 21 | 26 | 27 |

With fewer measure options, SoCalGas has less flexibility in developing a program.

**3. Gas and electric residential rates are used in calculating energy savings and participant non-energy benefits, and gas rates are cheaper than electric rates (applicable to ESACET and TRC).**

Since gas rates are less costly than electric rates, the energy savings and participant non-energy benefits have the potential to be higher for electric measures.

**4. Avoided gas and electric costs are used to calculate utility/ratepayer non-energy benefits and the avoided costs of gas is less than the avoided cost of electric (applicable to ESACET.)**

The avoided costs of gas and electric service are taken from the CPUC Energy Efficiency Policy Manual Version 2, August 2003. Since avoided costs of gas are less than the avoided costs of electric, the utility/ratepayer non-energy benefits for electric measures have the potential to be higher than gas measures.

**5. Standard Error Considerations (applicable to all IOUs for ESACET and TRC).**

SoCalGas would like to point out that all models have some standard error. The LIPPT and E3 models used for calculating the ESACET and TRC are not regression models and therefore, there is not an easy way to calculate the standard error. A sensitivity analysis could be performed on the assumptions made in the models, especially the LIPPT model, to estimate a standard error. However, this would be an extremely time consuming task and as the LIPPT model may be updated in the coming cycle as part of the EM&V proposed study "Non-Energy Benefits and Equity Criteria Evaluation." SoCalGas does not advocate this task be undertaken at this time, and in connection with the discussion underway about establishing a cost-effectiveness threshold.

However, SoCalGas would like it to be recognized that some degree of modeling error is inherent and reflected in model results, and that should be considered when determining a threshold.

**Further Discussion**

SoCalGas made a concerted effort to have a 2012-2014 ESA Program that was cost-effective and offered measures that saved energy as well as provided customers with health, safety and comfort. SoCalGas' historical cost-effectiveness test results are:

| | ESACET | TRC |
|---|---|---|
| 2012 | 0.68 | 0.24 |
| 2013 | 0.72 | 0.43 |
| 2014 | 0.72 | 0.44 |

SoCalGas agrees that the Utilities should strive to become more cost-effective in future years.

Due to historical results and the four points mentioned above, SoCalGas proposes to have a gas only
ESACET threshold of 0.80 representing the projection of performance associated with the approved portfolio of measures and program rules. SoCalGas makes this proposal on the condition that the threshold applies to future year proposals (i.e., the aspiration), as it would not make sense to establish a threshold level that is higher than historical experience. If that condition is not set, the threshold should be set at an average of recent reported levels, and a stretch target should be set at a higher level with performance tracked and reported on. Projecting this threshold of 0.80 would be an increase in cost-effectiveness compared to recent years and allow some deviation from a 1.0, due to considerations mentioned above.

**Caveats:**

SoCalGas would like to place the following caveats that cost-effectiveness thresholds:

1. Should only be used for the next application (2018).
2. The threshold value should be reviewed and changed as warranted if the models structures and/or inputs substantially change previous to the 2018 application.
3. The threshold value should be reviewed and changed as warranted if the policies of the ESA Program substantially changes previous to the 2018 application.
4. Should not be strictly adhered to when new, innovative measures are not necessarily

   cost-effective but have the potential to be cost-effective in the future and/or provide

   substantial health, safety, comfort or water savings, etc. benefits. The applicable measure(s) would be excluded of the calculation associated with the threshold.

**Resource TRC Specific Discussion**

SoCalGas will not consent to a resource TRC threshold until it is determined which measures will be classified as resource and included for this tests purpose. Below is the classification of resource/non-resource and uncertain measures cited in the Cost-Effectiveness White Paper.

**Table 1: Measure Categorization**

| Category | Measure |
|---|---|
| Non-Resource | Furnace repair or replacement |
| Non-Resource | Hot water heater repair or replacement |
| Resource | Lighting |
| Resource | Refrigerators |
| Resource | Hot water conservation measures |
| Resource | Clothes dryer |
| Resource | Microwaves |
| Resource | Smart Strip |
| Resource | Furnace pilot light conservation |
| Resource | Central AC Tune-up |
| Resource | Air Sealing |
| Resource | Attic Insulation |
| Resource | Duct Test & Seal |
| Resource | Furnace Clean & Tune |
| Resource | Air conditioning in all climate zones |

The TRC results shown in the historical table above include all resource and uncertain measures, except duct test and seal. Using this determination, the highest TRC is 0.44 in 2014. This is significantly below 1.0, and to reach a 1.0 cost-effectiveness level would require dramatic changes in the ESA Program services offered. The TRC calculated for SoCalGas' application is similar to historical results for 2015 (0.40) and higher in 2016-2017 (0.57), but still substantially below 1.0, and dependent on approval of services not currently provided (and thus uncertain). As a sensitivity check, SoCalGas also performed an alternative calculation of the 2017 TRC, including only the measures listed as resource in the above table. For SoCalGas, this includes: hot water conservation measures, clothes washers and furnace pilot light conversion. When these measures are included, the comparable TRC = 1.12. This demonstrates that what measures are included in the TRC creates a considerable variation in test results.

In general, SoCalGas preferences expressed with regard to the ESACET above would apply to the TRC test (separate SoCalGas threshold value).

**ATTACHMENT B**

**Response to Non-Consensus Statement**

June 12, 2015

To: Cost Effectiveness Working Group

From: ORA

RE: Response to dissent

The ESACET is a benefit-cost calculation. An ESACET of 1.0 indicates the program is at least breaking even, generating benefits that are equivalent to its costs. An ESACET of 1.0 makes a compelling case for operating the ESA program. The investment of the ratepayers is returned, dependence on energy reduced, and low income customers are better off. An ESACET score of under 1.0 indicates that the value of the benefits generated by ESA program are less than the money spent on them. In other words, program participants would be better off if the State simply handed them the cash. This has been the state of affairs of years. An ESACET of 1.0 needs to be the goal of the program simply because that is the minimal value at which the program can justify itself.

An ESACET greater than 1.0 signals that not enough money is being spent and greater investment should be made. In the case of displacing fossil fuel generation, generating benefits in excess of 1.0 mean that more fossil fuel generation can be economically displaced. Therefore, an ESACET of 1.0 prevents overinvestment and underinvestment.

To prefer an ESACET other than 1.0 either demonstrates distrust in the costs or distrust in the benefits. To prefer no benefit-cost metric at all demonstrates an interest in spending without regard to result, which is irresponsible to the funding ratepayers and insulting to the low income beneficiaries.

The ESACET calculation must fairly attempt to capture all relevant benefits, with the best possible estimates. This has been the emphasis of the Working Group over several years. The process has been deliberative with opportunities for all members to present recommendations and

discuss. The current recommendation is inclusive in counting benefits and adding new benefits. Furthermore, the ESA Cost-effectiveness working group also puts in place several processes to continually refine and count benefits. Here are the benefits that the ESACET counts:

- Energy savings (same as California EE programs: avoided costs)
- Energy savings to both fuels (new to ESA)
- Environmental benefits (same as California EE programs: adder that internalizes the benefits of avoiding the emission of NOx, CO2, sulfur oxides (SOx), and volatile organic compounds (VOCs).
- Non-energy benefits (not counted in California EE programs)

The ESACET will be applied at the program level. This allows measures that program administrators feel have value but that have low ESACET scores to be included in the program.[1]

Prevention of hazardous conditions is an important aspect of the ESAC program that will not be subject to a test demonstrating "net economic benefit." The Working Group recommends excluding from the calculation the costs and benefits of correction of potentially lethal gas appliance failures. The Working Group will continue to discuss whether additional ESA program aspects should be excluded from the calculation.

Some parties have expressed concern that a 1.0 Adjusted ESACET threshold will force "dramatic" changes in the ESA program. Some members skeptical of changes to the ESA program seek to delay or oppose a 1.0 threshold. The complaint that the Working Group has ignored or made decisions unfairly is a delay tactic.

As to the magnitude of program change, let's look at how much current ESA proposals would have to change in 2016. The current benefit-cost comparison from the utility ESA program applications do not incorporate two recommended changes which will increase the

[1] For a basic explanation of how a program level, or portfolio level threshold allows non-economic aspects of a program, see p.3-9 of the November 2008 The National Action Plan for Energy Efficiency's *Understanding Cost Effectiveness of Energy Efficiency Programs: Best Practices, Technical Methods, and Emerging Issues for Policy Makers*

benefits side of the equation (removal of the gas appliance failure measures and without the addition of energy savings from "both fuels"). Without these changes, here is the ESACET for the four proposed portfolios:

- SoCalGas: 0.89
- SCE: 0.78[1]
- PG&E: 0.78
- SDG&E: 0.78

These values are based on the following benefits and costs. The percent of the benefits from non-energy sources is also shown.

- SoCalGas:
- SCE: $44 million benefits (18% non-energy),[2] $55 million costs
- PG&E: $121 million benefits (49% non-energy), $150 million costs
- SDG&E: $23 million benefits (55% non-energy), $31 million costs

The Working Group's charge is to establish an analytic framework for ESA program analysis and program planning. This is exactly what the ESACET does. The Working Group should not follow the demands to establish a framework only if it requires no program change. Nor should the working group be required to force a consensus policy upon itself by ignoring what is practical.

(End of Appendix L)

[1] (ORA contends SCE ESACET should be 0.91)
[2] ORA contends the SCE ESACET shows $50 million in benefits.

# Appendix M
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**(End of Appendix M)**

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