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Application of Pacific Gas and Electric Company for Approval of the 2009-11 Low Income Energy Efficiency and California Alternate Rates for Energy Programs and Budget (U39M).

Application 08-05-022
(Filed May 15, 2008)

And Related Matters.

Application 08-05-024
Application 08-05-025
Application 08-05-026

**REPLY COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES
ON THE PROPOSED DECISION AUTHORIZING THE APPLICATIONS
OF PACIFIC GAS AND ELECTRIC COMPANY, SAN DIEGO GAS AND
ELECTRIC COMPANY, SOUTHERN CALIFORNIA GAS COMPANY, AND
SOUTHERN CALIFORNIA EDISON COMPANY FOR APPROVAL OF
2009-2011 LIEE AND CARE PROGRAMS AND FUNDING**

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October 9, 2008

I. INTRODUCTION

Pursuant to Rule 14.3(d) of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, the Division of Ratepayer Advocates ("DRA") submits these reply comments on the proposed decision ("PD") of Administrative Law Judge ("ALJ") Thomas. The PD adopts the 2009, 2010, and 2011 budgets, policies and programs of Pacific Gas and Electric Company ("PG&E"), Southern California Edison ("SCE"), Southern California Gas Company ("SoCalGas") and San Diego Gas and Electric Company ("SDG&E"), (collectively referred to as "the IOUs"), for their Low Income Energy Efficiency ("LIEE") and California Alternative Rates for Energy ("CARE") programs, which provide energy assistance for low income ratepayers.

II. DISCUSSION

A. SCE and PG&E incorrectly assert the PD should authorize larger LIEE budgets in order to carry out the PD's directives

SCE and PG&E claim in their opening comments that they need larger budgets to carry out the PD's directives. However, there is nothing in the record to support the increased budget amounts, which they claim that they would need. Moreover, these IOUs fail to recognize the PD already provides for the additional funds by granting IOUs the ability to spend an additional 15% of their budgets through the fund shifting flexibility granted by the PD.

The PD allows shifting of up to 15 percent of LIEE program funding among the program years 2009, 2010, and 2011 without Advice Letter. The IOUs can request additional LIEE funding via Advice Letter.¹ The PD also permits fund shifting among LIEE program categories within each program year, excluding certain administrative cost categories.²

SCE claims it will need \$2,014,000 more annually for LIEE.³ Fifteen percent of SCE's 2009 authorized budget of \$60,000,000 is \$9,000,000. If necessary, the PD already

¹ PD p. 151 The PD requires Advice Letter if the fund shift will occur between gas/electric programs.

² PD p. 152.

³ SCE Opening Comments p. 6.

gives SCE the ability to spend \$2,014,000 annually for LIEE by borrowing funds from the next program year. PG&E states that it will need \$55 million more for the three year program cycle in order to achieve the PD's directives.⁴ PG&E's authorized budgets are \$109,000,000 for 2009, \$151,000,000 for 2010, and \$157,000,000 for 2011. Fifteen percent of the three years' budget totals more than \$62,000,000, which is larger than PG&E estimates it will need. PG&E has the ability to spend what it needs and can subsequently demonstrate evidence in for this spending in an Advice Letter if its assumptions are correct.

B. The IOUs Opening Comments about the 2007 Impact Evaluation are misleading and wrong

1. The 2009 Impact Evaluation should in fact *begin* now, not several years later, as SCE and other IOUs suggest

Measurement and evaluation is critical in order to ensure ratepayers are getting the most energy efficiency for their investment in LIEE. DRA strongly supports the PD's direction that both a Process Evaluation and Impact Evaluation occur for the 2009 LIEE program. The Commission must not heed SDG&E and SoCalGas' statement in their opening comments that the Impact Evaluation should begin after the program year has concluded.⁵ These Comments directly contradict the conclusions of the last LIEE Impact Evaluation Study, release January 1, 2008: "A limiting factor for the LIEE program is that little detailed pre-installation data are collected as part of the energy assessment. Applying alternative strategies, such as engineering methods or metering, to the LIEE program would require a completely different research design that would include some method of acquiring the pre-installation, technical data at a sample of homes, and would thus necessitate a long lead time, beginning substantially before the program year to be evaluated."⁶

⁴ PG&E Opening Comments p. 3.

⁵ SCE Opening Comments p. 10.

⁶ Final Report, West Hill Computing, Impact Evaluation of the 2005 LIEE Program, p. 1-2.

2. The IOUs mislead the Commission by failing to clarify that authorized funds for a 2007 Impact Evaluation remain unspent

The IOUs seek to correct the PD's erroneous conclusion that funds are available from the 2007-2008 LIEE program cycle for a Process Evaluation. The IOUs clarify that a Process Evaluation was not authorized for the 2007-2008 program cycle and therefore no unused funds exist for a 2009 Process Evaluation.⁷ While this is correct, the IOUs fail to mention that funds for a 2007 Impact Evaluation were authorized and never used. D.06-12-038 authorized \$600,000 for a 2007 Impact Evaluation.⁸ This Impact Evaluation did not occur and the authorized funds went unspent, as is evident in the IOUs' 2007 annual LIEE reports. Therefore, rather than deduct unspent funds from the budget for the 2009 Process Evaluation line item in the 2009 authorized budget, the PD should deduct unspent funds from the 2009 Impact Evaluation line item in the 2009 authorized budget.

C. The PD should direct sequential steps to facilitate the desired leveraging with LIHEAP

Although A.W.I.S.H. incorrectly states the PD does not discuss a Memorandum of Understanding between the CPUC and DCSD,⁹ A.W.I.S.H. is otherwise on target with its recommendations of the steps the Commission should take to facilitate this leveraging. The PD does in fact state: "This Commission will execute a Memorandum of Understanding with the DCSD to ensure we are facilitating leveraging...."¹⁰

DRA emphasizes that the Commission should take an active role in facilitating leveraging. The importance of this goal is reinforced by the findings of the last LIEE Impact Evaluation, completed in 2007 for the Program Year 2005: "The utilities should investigate how to obtain information about LIHEAP installations in LIEE homes. This should be possible especially when the same contractor performs both LIEE and LIHEAP services."¹¹

⁷ PG&E Opening Comments, p. 10.

⁸ D.06-12-038 p.30 (SCE) p.38 (PG&E) p.43 (SDG&E) p. 46 (SoCalGas).

⁹ A.W.I.S.H. Opening Comments, p. 4.

¹⁰ PD p. 117-118.

¹¹ Final Report, West Hill Computing, Impact Evaluation of the 2005 LIEE Program, p.159

A.W.I.S.H. recommends that the Commission take the first step by drafting the MOU and working with the DCSD and the utilities, as well as the LIHEAP CBOs. DRA supports A.W.I.S.H.'s amended Finding of Fact 74 to this effect. DRA further recommends the Commission take another step to determine the status of the LIHEAP statewide database, as various Commenters provide conflicting information. ACCES asserts that the creation of a statewide database is years away, while SDG&E and SoCalGas report that a central LIHEAP database will roll out in January 2009.¹²

Finally, the IOUs and ACCES recommend the PD strike Ordering Paragraphs 56 and 58 directing leveraging with LIHEAP, on the grounds it would bring the LIEE program to a halt.¹³ The PD should craft these directives to avoid interrupting LIEE services to households in need.

III. CONCLUSION

For the foregoing reasons, the Commission should adopt the PD with DRA's recommended modifications.

Respectfully submitted,

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¹² SDG&E and SoCalGas Opening Comments p.12 (footnote 13)

¹³ ACCES Opening Comments p.7

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of “**REPLY COMMENTS OF THE DIVISION OF RATEPAYER ADVOCATES ON THE PROPOSED DECISION AUTHORIZING THE APPLICATIONS OF PACIFIC GAS AND ELECTRIC COMPANY, SAN DIEGO GAS AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA GAS COMPANY, AND SOUTHERN CALIFORNIA EDISON COMPANY FOR APPROVAL OF 2009-2011 LIFE AND CARE PROGRAMS AND FUNDING**” in **A.08-05-022, A.08-05-024, A.08-05-025, A.08-05-026**, by using the following service:

E-Mail Service: sending the entire document as an attachment to an e-mail message to all known parties of record to this proceeding who provided electronic mail addresses.

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Executed on October 9, 2008, at San Francisco, California.

/s/ ROSEMARY MENDOZA

Rosemary Mendoza

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