



## Proposed Decision on 2012 – 2014 Low-Income Assistance Programs: CARE and Energy Savings Assistance Program

**DRA Position:** Reject the proposed decision (PD) and approve the utility applications with modifications to ensure customer protections are preserved. DRA supports targeting eligible low income customers through the most targeted and cost-effective strategies.

**The PD diminishes customer benefits and increases program overhead (see DRA comparison tables).**

### CARE Issues

Contrary to statute and utility requests, PD's priority for CARE is to create subsidy savings by removing customers from the program by:

- Reducing program enrollment from ~5 million households to ~3.5 or 4 million households.
  - ▶ Annual utility CARE eligibility estimate shows 31% of California households qualify for CARE, yet the PD would decrease enrollment down to ~21%.
- PD provides no basis for reducing enrollment rate from current 93% to ~70% of customers qualifying for program.
  - ▶ “After more than 20 years of outreach and enrollment efforts, the CARE Program is looking at extraordinarily high enrollment figures and penetration rates that should raise some eyebrows for the stewards of ratepayer funds.” [Finding of Fact 111]
- PD doubles CARE administrative costs to \$148 million to solve a problem that doesn't exist.
  - ▶ Utility research shows majority of customers 'removed' from program for not providing income documentation are eligible (they provide income documentation w/in 1-2 years).

(over)



## ESAP Issues

PD's expansion of ESAP under outdated program guidance and rules would:

- Increase households serviced from 250,000 to 275,000 annually without fixing program problems.
  - ▶ Progression of net losses shows that expanding program without fixes will further increase losses.

### UTILITY-REPORTED NET LOSSES for ESAP

#### Using standard CPUC test for cost-effectiveness: **BENEFITS – COST**

2008:	- \$33 million
2009:	- \$40 million
2010:	- \$66 million
2011:	- \$86 million

- Increases spending & overhead from an average \$1,000 per home to an average \$1,300 per home (10% overhead for both).
  - ▶ Low return on investment: \$500-800 bill savings per home average over 18-25 years.
  - ▶ DRA analysis shows that approximately 40% of ESAP-serviced households see an increase in energy usage & utility bills.

## DRA Recommendations

- Decrease number of households treated under ESAP (200,000) until program guidance is fixed.
- See DRA ESAP table for specific recommendations.