



FILED

06-20-12

04:59 PM

ATTACHMENT A

PACIFIC GAS AND ELECTRIC COMPANY
Low Income Program PY12-14
A.11-05-019

PG&E File Name:	AllPartyMeeting 2012-2014 ESAP/CARE PD		
Request Date:	June 15, 2012	PG&E Witness:	Various
Due Date:	June 20, 2012	PG&E Witness Phone No.:	

SUBJECT: CARE QUESTIONS

CARE Enrollment Goal Questions:

- a) What is the value of enrollment goal?
- b) What is the appropriate enrollment goal, if any?

CARE Enrollment Goal Responses

- a) PG&E feels there is no intrinsic value in an enrollment goal as it does not indicate how well the CARE program is performing against the objectives of:
 - Ensuring that the customers on the CARE program are indeed the customers for whom CARE was designed
 - Managing administrative costs to minimize the overall cost of acquiring and retaining eligible CARE customers

Additionally, the 90% CARE penetration goal created some unintended consequences by promoting a “*quantity* over quality” focus having the unintended consequences of a “leaky faucet” effect. Large volumes of customers are enrolled followed by almost equal levels of attrition.

Better metrics can be established that will drive innovation and efficiencies such as ways to reach the hardest of the hard-to-reach or retention and improvements to the PEV and recertification processes to reduce non-responders.

- b) PG&E suggests using this program cycle to establish baselines and identify appropriate metrics that will drive improvement, innovation and greater success. A timeline should be established jointly by all parties for establishing these metrics and ensure they are not overly complicated or resource-intensive (limited in number, easily measured and timely). Some actions that can be taken include the following:
 - Reduce PEV failure rates by enrollment channel (improve acquisition efforts by channel subsequently reducing PEV failure rates and plugging the “leaky faucet”)
 - Track non-response rates for PEV and re-certification by enrollment channel (reduce churn, retain customers who qualify for CARE)
 - Specify penetration goal by county (aim to improve penetration in hardest to reach areas above baseline)
 - Establish a baseline awareness among eligible population (determine if there is potential to increase awareness beyond present levels and increase awareness)

PG&E would like the parties to consider further evaluation and analysis of customers that fall off of the CARE program because they did not respond to an income verification request. Those customers are either “hard to reach” and warrant further focus to help them through the process, or were not eligible for enrollment in the first place and drive up acquisition and PEV costs. By more deeply studying these households through direct surveying, the utilities can better understand non-response barriers in the eligible “hard-to-reach” subset, and create innovative ways to reduce non-response by improving the PEV process.

CARE Eligibility Verification Questions:

- a) Is an increase in verifications of CARE enrollments warranted? Please provide data provided on the record to support your answer.
- b) Should the Commission distinguish its approach between verifications for Categorically Enrolled customers, and customers that have Self-Certified their income eligibility for CARE?
- c) What are the administrative costs of increased customer verifications suggested in the proposed decision?
- d) Are the additional administrative costs for verification justifiable?

CARE Eligibility Verification Responses:

- a) PG&E believes an increase in verifications of CARE enrollments is warranted.
- b) Yes. PG&E supports the position in the PD. Categorically enrolled households who do not provide household size and income information on the application should be subject to income verification within 3 month of enrollment and removed if they are over income.
- c) Based on the rates in the PD, the estimated administrative cost of increased PEV to 25% of enrolled customers which equates to 400,000 customers is approximately \$2 million annually . Estimated cost for income verifying 100% of households, i.e., 400,000 customers, at recertification is an additional \$2 million annually.
- d) Yes. PG&E believes that the additional administrative costs for increasing verification are justifiable.

High Use CARE Customers Questions:

- a) How should the Commission approach the Post Enrollment Verifications of CARE Customers with usage over 400% of the baseline?
- b) Over 600%?

High Use CARE Customers Responses:

- a) PG&E supports the discretion the PD has given the IOUs for Post Enrollment Verification of households with usage over 400% of baseline. PG&E intends to require an IRS Transcript of Tax Return as the approach for enhanced Post Enrollment Verification of CARE customers with usage above 400% of baseline. PG&E would provide the IRS Form 4506-T, Request for Transcript of Tax Return, free of charge to the customer. The customer would complete the request and submit it directly to the IRS, and the IRS would return the transcript directly to PG&E. The Tax Return Transcript provides all sources of income reported to the IRS, as well as the total number of persons claimed as exemptions, which would be used to verify the number of persons in the household. Any unrelated individuals living in the same household would have to send a separate request to the IRS. The Request for Transcript of Tax Return also accommodates those who do not file income taxes. Line 7 on the form reads: "Verification of Non-Filing, which is proof from the IRS that you did not file a return for the year." The utilities will work to determine an acceptable approach for those customers not filing tax returns. This may include utilizing a third party verification firm.
- b) PG&E supports the discretion the PD has given the IOUs for Post Enrollment Verification of households with usage over 600% of baseline and intends to use the same approach noted above.

SUBJECT: ESAP Questions

Water heaters and furnaces in tenant-occupied buildings Questions:

- a) Should the Commission remove the prohibition on ESA funding for water heaters and furnaces in tenant occupied buildings? If so, can those measures be funded in this Decision, or is more information needed to develop the record and form an appropriate policy? If more information is needed, what is the best means to collect that information and use it to implement this policy?
- b) If the ban is removed, should the Commission place a cap on funds for those measures to control costs?

- c) If the ban is removed, how should the Commission determine a reasonable cost-share for building owners and ensure benefits of the measures flow to tenants?

Water heaters and furnaces in tenant-occupied buildings Responses:

- a) No, PG&E agrees with the PD that the Commission should not remove the prohibition on ESA funding for water heaters and furnaces in tenant occupied buildings. PG&E believes this prohibition is fair to all customers. Landlords are required to provide heat and hot water as a condition of renting property, thus replacing broken or hazardous equipment is providing ratepayer funding to landlords who would have to repair or replace this equipment anyway. The purpose of the low income program (and the reason it provides services free of charge) is to provide energy efficiency services to customers who cannot afford this equipment and would not do any energy efficiency upgrades themselves. In addition, furnaces and water heaters are not provided for energy efficiency reasons (and do not provide energy savings).

Furnaces and hot water heaters could be provided to landlord's rental properties through this Decision if the Commission decided to allow these non-low income customers to be eligible. PG&E does not believe more information is needed on this issue. PG&E would like to stress that furnace and water heater replacement is already available to landlords through other PG&E energy efficiency programs.

- b) There is already a *per-home* cap limiting expenditures for furnaces and water heaters in each home. PG&E assumes this question relates to a cap on the total *program* expenditure on furnaces or water heaters. PG&E does not support funding furnaces or water heaters to landlord properties through the ESA Program. If caps were placed on certain measures, the Commission would need to address the mandate that all eligible customers receive all feasible measures.
- c) PG&E's low income program staff do not set rebates since all ESA measures and services are provided directly to low income customers free of charge rather than to building owners and operators. PG&E recommends the Commission work with utility energy efficiency (EE) program staff who have more experience setting appropriate cost-effective rebate levels, and have already established rebates for these measures.

PG&E does not know how to make sure that benefits flow to low income tenants rather than building owners.

PG&E continues to believe that rebating measures to building owners rather than directly to low income tenants should occur through existing programs such as the Multi-Family Energy Efficiency Rebate (MFEER) or Energy Upgrade California MF programs that are set up to work with this class of customer. PG&E supports, and has proposed a one-stop shop approach in this proceeding (and the EE proceeding) to better integrate and coordinate multi-family customer offerings.

Three-measure Minimum Rule (3MM Rule) Questions:

- a) Should the Commission eliminate the 3MM Rule? If so, should it be replaced with an alternate rule to ensure each treated unit is delivering some level of savings?
- b) Should the Commission allow contractors to provide education and/or CFLs to households that are visited but not treated? Should a new category be created to describe these households?

Three-measure Minimum Rule (3MM Rule) Responses:

- a) No, PG&E agrees with the PD. The Commission should not eliminate the 3MM Rule at this time. Homes are currently qualified based on either meeting a savings threshold, or a minimum number of measures. If this method is replaced, PG&E recommends that it be replaced with something simple for contractors to estimate and implement. PG&E believes that basing ESA Program eligibility only on savings (as discussed by both DRA and NRDC) also includes more complex program philosophy considerations regarding who the program should target and whether every low income home should get every measure they are eligible for regardless of energy use and potential

savings achievements, as well as how to estimate savings. PG&E thinks these are important considerations for the future direction of this program, that parties will need time to understand and develop.

The parties have already spent over a year considering this program, and are already anticipating a short program cycle that will adversely inhibit our ability to complete the impact evaluations that will be needed for planning the next program cycle. None of the ideas promoted now are new ones that have not yet been considered in the record.

For this reason, PG&E believes the Commission should adopt an ESA Program similar to what was authorized in the PD. Anything else would significantly delay the implementation of any program, further impacting our ability to treat low income customers and meet program goals. However, PG&E recommends that the Commission bring the interested parties together through workshops and working groups to begin planning for the next program cycle.

- b) PG&E does not believe implementation contractors should be allowed to provide only energy education and/or CFLs to households that would not otherwise qualify via 3MM. The 3MM Rule was implemented as a minimum threshold to help promote cost effective savings. If we are aiming to provide deeper energy savings to low income homes, we should not expend program effort on homes that qualify for so few energy saving measures.

Multi-family Issue Questions:

- a) Should the Commission consider expedited enrollment for multi-family buildings using federal income data from HUD or WAP?
- b) Should the Commission count housing subsidies as income? If so, how should the amount of the housing subsidy be determined?

Multi-family Issue Responses:

- a) Yes, PG&E is not opposed to exploring expedited enrollment for multi-family housing, if HUD and WAP data share the same qualifying income levels and criteria that are required by the Commission and Legislature to participate in the ESA Program. In his Intervener Testimony on behalf of NCLC, NHLP and CHPC, Wayne Waite specifies two major drawbacks to implementing expedited enrollment:

First, the categories of income counted and excluded under HUD's rules are not identical to the categories of income counted and excluded under ESAP, as defined in the Policies and Procedures Manual. Second, HUD's list of WAP-eligible properties, developed under the MOU discussed above, simply includes properties in which at least 66% of the households have income at or below 200% of the FPL. It does not specify the actual percentage of households whose income is at or below 200% of FPL, and the HUD list therefore does not identify in which buildings at least 80% of the households have incomes at or below 200% of FPL, an important data point for ESAP. (NCLC, NHLP and CHPC Intervener Testimony, November 18, 2011, p.WWB-8)

The CSD program criteria are not exactly the same as the ESA Program criteria, and there are differences in income criteria that are yet to be worked out between CSD and the IOUs, per Commission direction in this PD. However, PG&E is not opposed to also discussing implementing an expedited enrollment process with HUD.

- b) Yes. PG&E believes that housing subsidies should be retained as a source of income for equity considerations. The ESA program exists to help the neediest customers reduce their energy burden through energy efficiency measures that they could not otherwise afford. Currently, HUD tenant subsidies are tied to household income with housing costs not to exceed 30% of income. Low income tenants in market-based housing are paying up to 50% of their income on housing. If the ESA Program were to eliminate housing subsidies from income qualification, a customer living in a market-based apartment with income at 210% of Federal Poverty Guidelines (FPG) and

housing costs at 50% of his or her income would be denied ESA Program services. However, a HUD-subsidized tenant with income at 200% of FPG and housing costs subsidized down to 30% of his or her income would be approved for ESA Program services. Scarce ESA Program funding should go to those with the greatest need.

Tenants of affordable housing are already getting benefits of subsidized housing, in buildings that are eligible for federal tax incentives and other green incentives. Federally-subsidized housing is eligible to participate in rebate and whole building retrofit financing via PG&E's other energy efficiency programs.

Envelope and Air-Sealing Measure Questions:

- a) Should funding for envelope and air sealing measures be reduced given the low cost-effectiveness of these measures?

Envelope and Air-Sealing Measure Responses:

- a) PG&E agrees with the PD that funding for envelope and air sealing measures should be retained for this program cycle. PG&E requested that these measures be retained in the ESA Program even those these measures do not reach the 0.25 cost-effectiveness threshold. In 2011, envelope and air sealing measures contributed 29% of therms saved and represented 29% of the measure cost budget. Reasons for retaining these measures include:
- Envelope and Air Sealing Measures help make the Three Measure Minimum (3MM), especially in gas-only areas like Sacramento.
 - Without this measure helping to qualify homes to participate in the ESA Program, many homes (especially in gas-only areas) will not have enough measures to participate.
 - Individually these measures contribute low energy savings, but they work together as a group to seal and help enforce heating and cooling measures, also contributing to customer comfort, health, and safety.
 - The Envelope and Air Sealing Measure group represents a high proportion of ESA Program cost, but many individual measures are low-cost.
 - Homes may get one or multiple measures.

If the Commission chooses to not include Envelope and Air Sealing Measures in the ESA Program, PG&E's 2012-2014 homes-treated goals will need to be adjusted downward, as well as its overall number of eligible homes, as many homes (including single family, multifamily, and mobile homes in many climate zones) will no longer qualify for ESA Program services under the 3MM rules.