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

Application of Southern California Edison Company (U 338-E) for Approval of its 2012-2014 California Alternate Rates for Energy and Energy Savings Assistance Programs and Budgets.	Application 11-05-017 (Filed May 16, 2011)
Application of Southern California Gas Company (U904G) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014.	Application 11-05-018 (Filed May 16, 2011)
Application of Pacific Gas and Electric Company for Approval of the 2012-2014 Energy Savings Assistance and California Alternate Rates for Energy Programs and Budget (U39M).	Application 11-05-019 (Filed May 16, 2011)
Application of San Diego Gas & Electric Company (U902M) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014.	Application 11-05-020 (Filed May 16, 2011)

SOUTHERN CALIFORNIA GAS COMPANY'S RESPONSES TO ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS, SET NO. 1

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I. INTRODUCTION

Pursuant to the *Administrative Law Judge's Ruling Seeking Comments Set No. 1*, filed in the above proceeding, on December 28, 2001, Southern California Gas Company ("SoCalGas") provides the following responses to questions 1, 2, 3, 4, 7, 8, 9, 10, 17, 18, 19, 20, 21, 24, 25, 26, 27, 28, 38 and 39.

II. RESPONSES

1. *One of the goals of the State's Energy Efficiency Strategic Plan (Strategic Plan) is to integrate customer programs. It also provides that "program options must be offered in a unified fashion so that energy users receive complete Demand Side Management information with minimum effort."*[1] *It is not yet clear that the Energy Savings Assistance (ESA) Program is effectively working towards these goals.* ***<u>All parties</u>*** *are directed to respond to the following:*

   a. *How can the ESA Program be improved to provide Integrated Demand Side Management (IDSM) to the low income community?*
   b. *What IDSM activities are being pursued in the ESA Program?*
   c. *What IDSM activities can and should ESA Program pursue, in the short, medium and long term?*
   d. *Are current residential Demand Response programs (such as AC recycling) attracting low income customers? If not, what can be done to improve that?*
   e. *Could more or better targeted marketing efforts increase the number of low income customers enrolled in residential Demand Response programs? If so, how?*
   f. *Could the deployment of Smart Meters provide opportunities for this in the medium and long run? If so, how?*
   g. *Could these existing or new Demand Response programs be coordinated with ESA Program so as to provide information to customers in a unified fashion? If so, how?*
   h. *Are there aspects of the Single Family Affordable Homes (SASH), Multi-family Affordable Homes (MASH), or low income hot water heating programs that could be coordinated with ESAP? If so, what are they?*
   i. *Could this coordination start with joint ESA Program/solar marketing materials, in the short run? If so, how? If not, why?*
   j. *How should we go about developing a strategy for more complete coordination of ESAP with existing solar programs in the medium and long run?*
   k. *What is the best way to develop a long term strategy for integration of Energy Efficiency, Demand Response, solar and other distributed generation, and other programs and technologies, so as to better enable low income customers to manage their loads?*
   l. *Can Smart Meters and other Smart Grid improvements provide us with new opportunities to do this? If so how?*

<u>Responses to 1:</u>

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[1] Demand Side Management (DSM) programs is a general energy reference term that refers to and includes all demand-side (i.e., customer) programs. It includes all Energy Efficiency programs (including Energy Upgrade California) or other Demand Response program, as well as any kind of generation or storage technology that is on the customer side of the meter. The mandate of the Strategic Plan is to do Integrated Demand Side Management (IDSM), which means to develop programs that include two or preferable more of the different types of DSM. In other words, to transform all the different, separate DSM programs into a coordinated IDSM effort.

a. SoCalGas' ESA Program can be improved to provide Integrated Demand Side Management (IDSM) to the low income community by expanding its leveraging efforts to deliver multiple programs to low income customers. To expand its best practices, the ESA Program could improve internal coordination, project initiation, consolidation of program outreach, program delivery, and process enhancement and refinement strategies. Leveraging these opportunities would help ensure that customers are presented with seamless opportunities to participate in, and maximize benefits from, SoCalGas' Customer Assistance and Energy Efficiency (EE) programs and other state, federal, and local programs.

b. SoCalGas' ESA Program continues to refine its various leveraging models and increase leveraging activities with new and existing external partners in the areas of energy efficiency and others. For several years, the ESA Program has coordinated marketing and outreach efforts with other assistance programs (i.e., CARE, Medical Baseline Allowance, and Gas Assistance Fund) to communicate bill assistance messages to customers who need assistance in paying their gas bills or who need other types of assistance. This coordinated effort is an internal strategy pursued by SoCalGas to deliver a single message regarding assistance options to its customers.

   SoCalGas continues working with its general EE program's Mobile Home Program and other third-party EE program contractors to integrate the installation of measures and services including EE's expansion to serving multi-family dwellings. These efforts will help customers receive the most measures (for which they qualify) between the two program areas while minimizing the likelihood of duplicative efforts between EE and the ESA Program.

   One critical component of the ESA Program is offering energy education which is used as a means of engaging the customer's participation and commitment to energy savings. Energy education informs and teaches low income customers about the benefits of energy efficiency. Currently, SoCalGas and Southern California Edison use a joint energy education guide as a primary tool for joint utility enrollments and leveraging opportunities.

   SoCalGas developed a Low-Income Home Energy Assistance Program (LIHEAP) leveraging framework that helped its participating LIHEAP agencies capture installations of measures common to both the ESA Program and LIHEAP to assist SoCalGas in meeting the three measure minimum and leveraging requirements.

   Additionally, SoCalGas continues to pursue opportunities to leverage program funds with water districts for the installation of High Efficiency ("HE") Washers under SoCalGas' ESA Program. SoCalGas and Eastern Municipal Water District (EMWD) signed an agreement where EMWD provides a rebate to SoCalGas for every HE Washer installed within the two utilities' joint service territories. Furthermore, SoCalGas continues to collaborate with Metropolitan Water District (MWD) to develop a strategic partnership to leverage program funds from water conservation rebates for HE Washers.

On December 22, 2011, SoCalGas and the other IOUs submitted an Advice letter requesting to implement a Multifamily Energy Upgrade California ("MF EUC") Pilot within the 2010-2012 Energy Efficiency Portfolio (attached as Appendix A). The Advice Letter details specific information regarding the MF EUC Pilot Program including coordination efforts with the ESA Program.

c. On July 1, 2011, SoCalGas submitted a Report on LIEE/EE Integration Efforts (attached as Appendix B), as directed in Decision D.09-09-047. The report identifies integration efforts that will be pursued and reported over a one year period.

d. SoCalGas is a gas only utility and therefore does not have any Demand Response programs. Thus, this question is not applicable to SoCalGas.

e. See response to d.

f. SoCalGas is not deploying *Smart Meters*, but has a plan to deploy an Advanced Metering Infrastructure (AMI) throughout its service territory. The deployment of this project presents potential opportunities that SoCalGas can pursue. For example, in the short term, SoCalGas ESA Program may update its energy education delivery model to include a component that educates the customer on the new meter technology and behavior modification that can be made.

g. See response to d.

h. SoCalGas needs to further analyze the directives in the Proposed Decision on Low-Income Solar Water Heating Component of the California Initiative Thermal Program (R.10-05-004). Once the final Decision is issued, the ESA Program will be in a better position to determine the best way to coordinate its administrative organization with the other programs (where applicable).

i. SoCalGas would need to discuss any type of promotion of the solar programs with Grid Alternatives.

j. Solar programs as applicable to the low income community for domestic hot water are currently coordinated outside of the utility. SoCalGas sees value in these agencies working directly with the low income communities to identify and serve customers with these technologies. SoCalGas will explore ways to increase leveraging activities for these efforts.

k. SoCalGas believes the IDSM efforts described in the response to question 1. c. above will provide a foundation to launch other initiatives going forward. By working through the integration process, SoCalGas will be able to more effectively leverage its resources to all residential customers. SoCalGas also believes that coordination with the energy efficiency IDSM Task Force is where a long term strategy should be developed.

l. AMI improvements may enable new opportunities as more technologies become part of the mainstream. However, it is too early in the development for SoCalGas to determine what opportunities may exist to enable integration.

2. ***Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SoCalGas) and San Diego Gas and Electric (SDG&E) (collectively, IOUs)*** *are directed to compare the total electric bills of the IOUs' CARE customers with the amounts that would be charged to hypothetical non-CARE customers with the same usage levels as follows: What is the median (50th percentile) effective discount of CARE bills vs. the hypothetical non-CARE bills for the same usage?*

   a. *What is the median (50th percentile) effective discount of CARE bills vs. the hypothetical non-CARE bills for the same usage?*
   b. *What is the 75th percentile CARE discount from the hypothetical non-CARE bills for the same usage (i.e., the discount which is at the 75th percentile of CARE discounts, when CARE discounts are ranked from smallest to largest)?*

   c. *What is the 90th percentile CARE discount from the hypothetical non-CARE bills for the same usage?*

Responses to 2:

The table below shows the comparison of the Gas Non-CARE bills vs. CARE bills for the 50th, 75th, and 90th percentile usage, based on the actual CARE volumes data for the year 2011, for SoCalGas.

	Non-CARE Average Monthly Bill $/month	CARE Average Monthly Bill $/month	Difference CARE Discount $/month	Percentage Discount
a) 50th Percentile SCG - 29 Therms	$29.67	$23.32	$6.35	21.4%
b) 75th Percentile SCG - 41 Therms	$40.67	$31.94	$8.73	21.5%
c) 90th Percentile SCG - 55 Therms	$54.04	$42.44	$11.60	21.5%

Note: Average Monthly Bill amounts based on Gas rates as of January 1, 2012.

3. *Toward better aligning the size of the effective CARE discounts toward the discounts envisioned in P.U. Code § 739.1,* ***all parties*** *are directed to respond to the following:*

a. *To better align the effective CARE discounts back to the legislated mandate, would changes be required to Commission decisions, or the P.U. Code, or both?*
b. *If so, what changes to either Commission decisions or the P.U. Code or both would you recommend to better align the effective CARE discounts back to the legislated mandate, while minimizing rate shock to CARE customers.*

Responses to 3:

a. The discount for gas CARE participants consists of a 20% discount pursuant to Decision (D.) 01-06-010. The discount applies to all line items on the customers' bill, including transportation and gas commodity, but excluding the Public Purpose Program Surcharge. There is a separate Public Purpose Program Surcharge for CARE participants and it is not based on a 20% discount. Instead, it is based on the otherwise applicable surcharge *less* the costs of the CARE program and it results in a surcharge that is more than 20% below the non-CARE participant's surcharge. This causes the effective bill discount to be approximately 22% for CARE Customers.

   Unless this is deemed to be out of alignment with the legislated mandate; or, the legislated mandate had originally intended for the CARE participants to fund their own program, no changes are needed for Natural Gas utilities.

b. N/A

4. *Total CARE and ESA Programs rate surcharges vary widely as a percent of average electric rates excluding these surcharges. For industrial customers, this percentage ranges from 2.8% for SDG&E to 7.2% for PG&E, based on 2012 projected rates. Based on the foregoing, **IOUs** are directed to respond to the below questions:*
   a. *Does the surcharges associated with the CARE program significantly affect the IOUs' ability to remain competitive in the utility industry? If so, explain how. If not, explain*
   b. *Does the surcharges associated with the ESA Program significantly affect the IOUs' ability to remain competitive in the utility industry? If so, explain how. If not, explain.*
   c. *Would restructuring the surcharges that collect revenues to support CARE and ESA programs to equal percentages of distribution rates be more equitable than the current method of using equal cents / kWh charges? What are the practical impediments to doing so?*

Responses to 4:

a. It is very important to the IOU's ability to remain competitive in the natural gas industry that the surcharge associated with the CARE program and the ESA program - the Public Purpose Program Surcharge (PPPS) - is non-bypassable. Customers of interstate pipelines and other gas providers are generally required to pay the surcharge. If customers could avoid the surcharge by taking service from other providers, it would create a significant competitiveness issue for the IOU's. However, the surcharges associated with the CARE program do add to gas rates in California and thus can impact California's competitiveness in gas service relative to other states.

b. See response 4a above.

c. The Commission decided in D.09-03-024 that an allocation of natural gas public purpose program costs, including CARE and ESAP, based on equal percentages of distribution rates would not be more equitable than the various existing allocation methods for public purpose programs including CARE and ESAP.
In addition, following the reallocation proceeding decision at the Commission the Legislature enacted changes to Public Utilities Code Section 327(a)(7), specifying "For electric corporations and for public utilities that are both electric corporations and gas corporations, allocate the costs of the CARE program on an equal cents per kilowatthour or equal cents per therm basis to all classes of customers that were subject to this surcharge that funded the program on January 1, 2008." Although this section does not apply to SoCalGas, since it is solely a gas corporation, it signals the Legislature's belief that equal cents per therm is the correct allocation for CARE program costs.

7. *In the event that the current categorical eligibility list of programs is modified or otherwise streamlined to align the programs' income eligibility requirements to be consistent with ESA/CARE Programs income guidelines,* ***IOUs*** *are directed to respond to the following:*
   a. *Identify which and how many of these programs would be removed.*
   b. *Provide an estimate of the affected population caused by such removal.*
   c. *Explain and quantify, if appropriate, whether the removal of these programs from categorical eligibility translates into CARE subsidy savings.*
   d. *Provide an estimated cost of requiring income documentation for all CARE re-certifications.*
   e. *Explain how that figure is derived/estimated, including the breakdown of estimated cost.*

Responses to 7:

a. It is SoCalGas' understanding that none of the current categorical eligibility (CE) programs fully align with the criteria for CARE program enrollment. Either the programs do not take into consideration the total household income for all persons living within the household and/or the programs exempt certain types of income from being included in an applicant's total household income. By contrast, the Investor-Owned Utilities (IOUs) calculate an applicant's total annual household income by considering all revenue from all household members, from whatever source derived. Further, as set in PU code 739.1 4 (b), customers must have annual household incomes no greater than 200 percent of the federal poverty guideline levels to be eligible for CARE assistance. Despite the differences in the manner in which household income is being calculated by the CE programs versus the IOUs, SoCalGas has not recommended the removal of any programs from the categorical eligibility list at this time. SoCalGas awaits the opportunity to study the matter further during CE workshops and believes the utilities, interested parties, and the CPUC will be in a better and more informed position to discuss modifications to CE based on the outcome of these workshops.

b. Customers enrolling in CARE through CE are not required to provide household income. Therefore, SoCalGas is not able to accurately estimate the number of participants that would be affected by the removal of any of the CE programs. However, based on current CARE eligibility requirements, the affected CARE customers would consist of those with household income exceeding CARE income guidelines. Participants of a 'removed' program with household incomes at 200 percent or less of the federal poverty guideline levels, as cited in PU Code 739.1 4 (b), could still qualify based on income and would not be affected. For example, during June 2010 through December 2010, 23,505 new applicants voluntarily provided income information on their application in addition to marking the CE program(s) they participate in. Of those applications, 22,964 applicants listed household income meeting CARE income guidelines and would not be affected by any CE program removal. The remaining 541 applications listed household income exceeding CARE income guidelines and would no longer qualify for CARE if CE is removed. These statistics are an illustrative example only and are not an indicator of the number of customers that would be affected from CE program removal.

c. At this time, there is no accurate way to estimate CARE subsidy savings resulting from the possible removal of programs from the categorical eligibility list since CE customers with household income exceeding CARE program income levels is unknown. However, if any of the current public assistance programs were removed from the CE process, those participating in a removed program, with household income exceeding CARE income levels, would be ineligible for CARE and could result in CARE subsidy savings.

d. Currently, SoCalGas CARE customers are requested to recertify their CARE eligibility every two or four years, depending on their fixed income status and SoCalGas' CARE eligibility assessment using a CARE probability model. Fixed income customers are defined as customers who are either on Medi-Cal and 65 years of age or older, or receiving Supplemental Security Income ("SSI"), or customers who indicate their only sources of income are from Social Security, State Supplementary Payment ("SSP"), Social Security Disability Insurance ("SSD"I, Pensions, or interest or dividends from savings, stocks, bonds or retirement accounts. Customers deemed as fixed income and likely to be CARE eligible are requested to recertify every 4 years. Currently, SoCalGas customers can also be recertified through their participation in other programs, such as LIHEAP, and through internal and external data sharing, or if they re-apply for CARE before recertification time.

   During the period of 2009 to 2011, SoCalGas requested an average of approximately 22% of their CARE participants to recertify their CARE eligibility. Assuming the CARE recertification method does not change, SoCalGas estimates over 377,000 customers will be requested to recertify their CARE eligibility each year during the 2012-2014 program cycle. SoCalGas estimates costs of a new policy requiring customers to include income documentation during recertification will be $3.57 million annually. First year costs would have an additional one-time IT cost of $125,000 for system changes to require customers provide proof of income documentation at recertification.

e. Based on 2009-2011 data, approximately 54% of CARE customers responded to SoCalGas' Post Enrollment Verification ("PEV") requests. SoCalGas estimates the average processing cost plus associated activities such as customer inquiries and coordinating billing adjustments with other departments to be $6.04 for each returned PEV. For customers who do not return their PEV requests, the average cost is $2.40, which includes costs for customer inquiries and subsequent billing and processing activities. It is also estimated 20 percent of initially returned PEVs include insufficient or incomplete documents which require 1.2 processing times per PEV request. SoCalGas estimates that an additional 23 full-time employees would be needed to process the increased PEV requests which would incur an increase in labor costs and indirect labor costs such as pensions, benefits, and worker compensation.

   The following table shows the costs if all CARE customers were required to provide proof of eligibility when they recertify their eligibility (shown in the response to 7.d above).

	Respond	Non-Respond	Total
Estimated Responses to PEV requests	203,580	173,420	377,000
Estimated Average Labor Cost per Verification	$6.04	$2.40	N/A
Estimated Number of Processing Times per Request	1.2	1	N/A
Estimated Processing Cost per PEV Request	$7.25	$2.40	N/A
Estimated Labor Cost including Payroll Tax	$1,474,990	$415,701	$1,890,692
Estimated Office Expenses (Mail, Postage, Phones)	$203,580	$86,710	$290,290
Estimated Other Indirect Labor Costs (e.g. benefits, pension, worker compensation, etc)	$991,009	$279,299	$1,270,308
Total Reoccurring Cost Estimate	$2,669,580	$781,710	$3,451,290
One-Time IT Cost			125,000
Total Cost			$3,576,290

8. ***Division of Ratepayer Advocates (DRA)*** *is directed to elaborate on its proposal for "Tangible Bill Savers" and the* ***IOUs and other*** *parties are also directed to respond as follows:*
   a. *Explain whether DRA's proposal of installing "Tangible Bill Savers" at the initial enrollment/assessment visit can be readily implemented. If so, explain how. If it is not, then explain why not.*
   b. *Explain whether the same contractor enrolling the customers are able to also perform these installations, and if so, explain why this does not occur today.*

Responses to 8:

a. The "Tangible Bill Savers" listed for SoCalGas include one HVAC-related measure and three water measures. The water measures are the only measures that could potentially be installed by the outreach specialist during the initial enrollment and assessment visit. Installing the HE FAU Standing Pilot requires additional technical knowledge and HVAC experience that would be outside of the scope and technical expertise of most outreach specialists.

   Implementation of the plan to install the water measures during the enrollment and assessment process is not easily implemented because of the impact to current program and contractor operations based on current policies and decisions, program budget, and existing policies which would require additional review. At a minimum the following changes would need to be completed before this work could begin, which would take approximately 6 months to fully implement after the items below are addressed.

   - Training
     - All Outreach Specialists would require training on installation standards for the proposed water measures before this project could be rolled out. These standards are not currently addressed in the existing outreach training modules so they would need to be developed and integrated into the curriculum.
     - The enrollment and assessment contractors will also take on additional liability for their outreach specialists so they may need time to provide additional training to minimize any potential inspection fails that may occur as a result of these new activities. In cases where the enrollment and assessment contractors do not have staff that perform weatherization services, they may need to identify resources that would support this new role.

   - Changes to Contractors' Scope of Work
     - The scope of work in the contracts would have to be changed to allow these measures to be installed at the time of enrollment.

   - Potential Impacts to overall Program Operations
     - The practices of installing water measures at the time of enrollment may require updates to a few sections of the Statewide Low Income Energy Efficiency Policy and Procedures (P&P Manual) (e.g. Section 4 Procedures for Pre-Installation Contacts and Section 8.3 Pre-Installation Inspections) prior to implementing this practice. In addition, SoCalGas will also need to assess the design of its current Customer Assistance Representative proposal to determine any impacts to the program as it is currently proposed in its 2012 to 2014 application.

b. At this time, the same contractor enrolling the customer is not able to install measures because the workforce that conducts enrollment and assessment have not been trained on the weatherization installation standards and additional training would be required to ensure that any measures installed by the outreach specialist meet the installation guidelines. Additionally, contracts would need to be amended to permit outreach specialists to install these measures.

The enrollment and assessment process is more administrative in nature, whereas the functions of the weatherization crews require an additional level of training, hands on experience, and technical knowledge to ensure that measures are installed properly and per program guidelines and installation standards. SoCalGas currently keeps the outreach, enrollment, and assessment separate from the measure installation functions separate at this time and in some cases, some outreach contractors only provide enrollment services. Thus, enrollment and assessment contractors may not have the technical expertise and their business operations may not be able to accommodate an expansion of their responsibilities to install weatherization measures. For example, some outreach contractors may not have the capacity to warehouse weatherization materials and may not have the resources to expand their facilities.

In summary, contractors performing enrollment services would need to assess their capacity to have their employees and subcontractors support a portion of the weatherization installation work and they would also need to have their employees and subcontractors trained to install water measures. In addition, SoCalGas would need to modify the existing enrollment and assessment contracts and the HEAT database system, to allow weatherization installation work to occur during the enrollment process, and training materials would need to be developed and implemented for the outreach specialists.

9. *The **IOUs** are directed to provide an annual estimated cost, broken down by service territory, for allowing the repair and/or replacement of functioning space and hot water heating equipment in tenant occupied households as approved measures.*

Response to 9:

Based on the goals currently proposed in the 2012-2014 Application, SoCalGas estimates that its 2012-2014 budget will require an increase of $24.1 M to fund the additional tenant occupied households receiving repair and/or replacement of space and hot water heating equipment approved measures. The additional annual estimated costs and expected number of appliance installations are summarized in the table below. The estimated number of appliance installations was calculated by applying the same rates of furnace and water heater repairs and replacements in owner-occupied units from 2009 through November 2011 to the projected number of rental units to be treated during the 2012-2014 period.

Annual Estimated Costs and Units				
Year	**2012**	**2013**	**2014**	**PY2012-2014**
Cost	$9,196,151	$7,354,898	$7,575,545	$24,126,595
Units	9,940	7,719	7,719	25,377

10. ***With the exception of PG&E*** *that has already provided this figure,* ***the other IOUs*** *are directed to respond to the following:*
   a. *Provide an annual estimated additional cost and quantity of replacing pre-2001 refrigerators as compared to replacing pre-1999 refrigerators in the upcoming budget cycle.*
   b. ***All IOUs:*** *Quantify an estimated delta in energy savings per dollar spent.*

Responses to 10:

a. This question is not applicable to SoCalGas.

b. This question is not applicable to SoCalGas.

17. ***IOUs*** *are directed to review their 2009 through 2011 data and provide an estimate of the percentage of homes that are enrolled in ESA Program, but end up not qualifying for any services because they do not meet the current Three Measure Minimum Rule.*

Response to 17:

SoCalGas estimates that approximately 2.7% of homes that enrolled in the Energy Savings Assistance Program for the period 2009 through 2011 ended up not qualifying for any services because they did not meet the current Three Measure Minimum Rule.

18. ***IOUs*** *are directed to review their 2009 through 2011 data and provide an estimate of the percentage of homes that are enrolled in ESA Program, receive services and measures, but end up not qualifying because they are later deemed ineligible, resulting in a "charge back" to the service provider.*

Response to 18:

Per Section 2.2.3 of the Statewide Low Income Energy Efficiency Policy and Procedures Manual[2] (P&P Manual), SoCalGas is required to periodically audit enrollment information and /or income documentation retained by the contractor. SoCalGas used the audit results from 2009 through 2011 to estimate that 7.3% of homes that were enrolled in ESA Program and received services and measures, but were later deemed ineligible, resulted in a charge back to the service provider.

19. *To the extent practicable, the* ***IOUs*** *are directed to identify and explain the main reasons for why those customers no longer qualify for ESAP.*

Response to 19:

The customers identified in Questions 17 and 18, no longer qualified for ESAP primarily due to the reasons listed below:

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[2] Joint Ruling of Assigned Commissioner and Administrative Law Judge approving the California Statewide Low Income Energy Efficiency Policy and Procedures Manual issued August 31, 2010.

- Documentation issues for customer file (incomplete documentation, missing signatures, missing correct income documentation, addresses do not match records in customer file, etc.)
- Home does not meet the three measure minimum requirements due to the condition of the home (e.g. major repairs are required before measures are feasible for installation), combustion ventilation and air issues exist in the home which prevent infiltration measures from being installed, and/or the customer refuses the installation of one or more measures.

*20. **IOUs** are directed to:*

a. Examine whether the contractors can readily implement DRA's proposed 4% energy savings threshold (in lieu of the current three measure minimum threshold) and if so how, and if not, then explain why not and describe the impediments.
b. Explain whether the contractors currently have access to the necessary energy usage and household characteristics information and whether they have the necessary capability today to perform the needed analysis prior to arriving at a home to do conduct an assessment and begin installations.

Responses to 20:

a. Contractors would not be able to readily implement DRA's proposed 4% energy savings threshold (in lieu of the current three measure minimum threshold) for the following reasons:

- Energy Savings Thresholds for single fuel gas utility
    - Additional analysis of this new approach is necessary. In some cases, homes may be excluded where three water measures are feasible for installation. DRA proposes that the 4 percent energy savings threshold is to be determined by taking 4 percent of the annual CARE customer usage level from the previous year for each utility. In the case where water measures are the only feasible measures for installation, the total energy savings from these measures could be less than the 4% energy savings threshold, 15 therms[3], based on current energy savings estimates for these measures and the proposed energy savings estimates. In addition, the fluctuations in the annual CARE customer energy usage data also requires further analysis. These fluctuations could further impact SoCalGas' ability to service homes each year if the projected energy savings and feasible measure combinations do not meet the energy savings thresholds proposed in DRA's approach.

- Enhancements to current Program Database

[3] The energy savings threshold was calculated by taking 4% of the average annual CARE Gas Usage listed in Table 2-27 of DRA's comments for 2010, 374 therms.

- o Contractors currently use SoCalGas' HEAT database system to retrieve customer information during the ESA Program enrollment process. The existing system would need to be enhanced to incorporate annual CARE customer consumption data as proposed by DRA and to manage the program using the new approach. The cost and timeline for making the necessary enhancements to the existing database system has not been assessed by SoCalGas.

- Contractor Training
  - o SoCalGas ESAP enrollment contractors and outreach specialists would need to receive training on how to conduct an assessment using this new approach.

b. At this time, SoCalGas enrollment and assessment contractors have access to the customer's name, service address, contact information, and Prizm code. SoCalGas enrollment and assessment contractors do not have access to customer energy consumption data or to CARE customer annual consumption data so they would not be able to perform the energy savings analysis required to implement the 4% energy savings threshold option as proposed by DRA. In addition, this information is not being provided to the contractor at the time because it is not necessary to implement the program based on current guidelines. SoCalGas anticipates that, with additional training, contractors could gain the necessary capability to enroll the customer in the ESA Program using this alternative method of assessing the home.

*21. **IOUs** are directed respond to the following concerning PEV:*

a. Several IOUs utilize a random selection probability model to direct post-enrollment verification activities. What are the pros and cons of adopting a uniform probability model across all four IOUs?

b. What are the estimated costs of increasing the Post Enrollment Verification rates for non-verified CARE customers to 5%, 10%,15%, 20%, 25% annually?

c. Using 2009 through 2011 data, explain and quantify, if appropriate, whether the incremental increase in PEV rates translates into CARE subsidy savings.

Responses to 21:

a. In responding to this question, SoCalGas defines a "uniform probability model across all four Investor-Owned Utilities (IOUs)" as the following: A single equation employed with the same set of predictor variables for all IOUs to calculate the probability of whether a post enrollment verification ("PEV") customer qualifies for the program or does not qualify.

Advantages of a Uniform Model:

- The CPUC, IOUs, and any other interested parties would only need to understand one set of model development details versus several sets of details for IOU-specific models.

- Use of a single vendor rather than having IOUs contract separately for the model development work may yield lower consultant costs.

Disadvantages of a Uniform Model:

- Using the same set of explanatory variables across all IOUs precludes use of predictors that are specifically associated with an individual IOU. Such approach would exclude or include a variable that has been shown to be important for one utility but not necessarily for another. For example, "ownership" versus "renter" status is one of variables used in SDG&E's model. Conversely, SoCalGas' probability model does not include an "ownership" versus "renter" variable because SoCalGas does not collect this information from all its customers. Owner or renter information is only collected from the participants of the Energy Saving Assistance Program due to specific program requirements.
- To the extent that a Uniform Model does require use of predictor variables that are not readily available to specific IOUs, the costs of adding a variable to existing IOU data systems are likely to be prohibitive.
- Since the objective is to accurately focus the IOU's attention on those customers least likely to qualify for CARE, constraints on availab*ility of data in a one-size-fits-all model are very likely to yield poorer performance in correctly pred*icting that a customer's eligibility needs to be verified; overall, and for individual IOUs. In other words, a Uniform Model can be expected to increase the rates of Type 1 and Type 2 errors: 1) eligible customers will be asked to verify their income, and 2) ineligible customers will not be selected and will continue to receive a bill discount they may not be qualified to receive.

To fully understand the impact a uniform probability model would create for the IOUs as a group, and as individual utilities, SoCalGas needs sufficient time to thoroughly study and evaluate all aspects of such a model as well as dedicate funding to the endeavor. SoCalGas' CARE program did not include funding to support the study or implementation of a uniform probability model in its PY2012-2014 Application budget.

b. Based on the same assumptions and cost estimates used in response to Q7.d, below are the estimated costs of Post Enrollment Verification rates at 5%, 10%, 15%, 20%, and 25%.

CARE Participants	PEV Rate	No. of PEV Requests	Total Cost without Indirect Labor Costs	Total Cost including Indirect Labor Costs
1,716,000	5%	85,800	$496,782.00	$785,070.00
1,716,000	10%	171,600	$993,564.00	$1,570,140.00
1,716,000	15%	257,400	$1,490,346.00	$2,355,210.00
1,716,000	20%	343,200	$1,987,128.00	$3,140,280.00
1,716,000	25%	429,000	$2,483,910.00	$3,925,350.00

c. Based on 2009-2011 data, approximately 50% of CARE participants that receive PEV requests are dropped from CARE due to non response or verified as ineligible. The table below shows the estimated CARE subsidy savings for Post Enrollment Verification rates at 5%, 10%, 15%, 20%, and 25%, using the 2010 average annual CARE discount of $70.20.

CARE Participants	PEV Rate	No. of PEV Requests	No. of Customers Removed	CARE Subsidy Decrease
1,716,000	5%	85,800	42,900	$6,023,160
1,716,000	10%	171,600	85,800	$12,046,320
1,716,000	15%	257,400	128,700	$18,069,480
1,716,000	20%	343,200	171,600	$24,092,640
1,716,000	25%	429,000	214,500	$30,115,800

24. ***All parties*** *are directed to respond to the following:*

a. If the Commission were to base the program Cost Effectiveness (CE) on the entire ESA Program portfolio, rather than the current measure-level approach, what benefit cost ratio should the portfolio be required to achieve on the Utility Cost Test and modified Participant Test?

b. Should the portfolio also be required to achieve a certain benefit cost ratio on the Total Resource Cost (TRC) test, which is currently used on for reference?

Responses to 24(a-b):

Currently, the IOUs report both the program-level and measure-level cost effectiveness results for three tests: the Modified Participant Test (MPT), the Utility Cost Test (UCT) and the Total Resource Cost Test (TRC). With any benefit cost ratio, a result of one means that the benefits equal the costs and a result greater than or less than one means that the program is generating more or less benefits than costs.

The program-level results include all the measureable benefits and costs for the program. The ESA program includes a number of measures that provide health, comfort and safety for participants without necessarily providing energy savings (e.g. gas furnaces and water heaters among others), and these have been referred to as "equity measures," distinguishing them from "resource measures" that are intended to provide energy savings to the recipients. The current program-level cost effectiveness result is understandably below what it would otherwise be without the inclusion of equity measures, since the equity measures typically have substantial delivery costs and minimal or no energy benefits.

The measure-level results of the MPT and UCT are used to determine if a new or existing measure meets the criteria to be included in the program. The current criteria are that a new measure must present an MPT and UCT result of 0.25 or greater, and that an existing measure must present this result for at least one test but not necessarily both. Both of these tests include not only the installation cost for the measure itself but also an allocation of all non-measure costs. The non-measure costs are allocated across measures according to their share of energy savings in the portfolio.

In addition, both of these tests include estimates of non-energy benefits (NEBs) which are meant to quantify additional benefits to the participant such as reduced water use, reduced illness, and reduced fire hazards; and additional benefits to the utility such as reduced customer calls and arrearages. The NEBs have traditionally been estimated at the household level and then assigned to various measures according to their share of energy savings in the portfolio. This method is not optimal since it results in measures with low energy savings being assigned a low proportion of NEBs, but it has been traditionally used due to the lack of a better methodology.

Parties have always recognized that the ESA program delivers both energy and non-energy benefits and therefore the program in general has not been required to be cost effective (i.e. to meet a benefit cost ratio of greater than one). At the recent set of public workshops, however, parties, including SoCalGas, suggested that if program measures were classified into equity and resource measures, it would be possible to require resource measures to meet stricter requirements for cost effectiveness, while recognizing that equity measures, which cannot meet those requirements due to their minimal energy benefits, still provide a valuable component for the program.

SoCalGas suggests that resource measures be tested separately and be required to meet a cost effectiveness result greater than the current 0.25 requirement. Equity measures would not be required to pass a cost effectiveness test; however, the cost of providing these measures could be limited to a certain percentage of the total program budget.

Another option, also mentioned during the public workshops in October, would be to analyze the cost effectiveness of ESA measures on a whole house basis. In this case, the benefit from the household treatment as a whole would be measured rather than the energy savings from any one single measure. To do this, the next impact evaluation would be required to produce estimates of energy savings at the whole house level for a variety of housing types and climate zones and for both electric and gas. When energy savings are estimated at the whole house level rather than at an individual measure level, the estimates can be more precise with tighter confidence intervals. Using whole house estimates would include the effect of both resource and equity measures as well as any interactive effects between measures.

SoCalGas further suggests that the current modified LIPPT model and the MPT and UCT tests be retired. The E3 Calculator for Energy Efficiency provides a model with updated avoided costs, and the TRC and PAC tests provided within the E3 model would meet the needs for cost effectiveness testing of the ESA program. SoCalGas suggests that NEBs continue to be included in the cost effectiveness tests. These could be calculated in a separate worksheet and easily added into the calculation for the benefit cost ratio in the E3 Calculator.

Some of the primary NEBs can be estimated by the utilities. For example, water savings for the customer and the marginal cost per customer call for the utility are two NEBs that could be estimated easily and at low cost with available data. The remaining NEBs could be estimated as a percentage of energy savings. The recent NEB Study[4] has some information on similar factors used by programs in other states; however, additional research would need to be done to develop the appropriate factor for the California ESA program.

It is important to note that all the recommended changes to the cost effectiveness framework would need to be developed during the PY2012 to 2014 program cycle and applied in subsequent program cycles.

25. *In looking at a resource measure vs. an equity measure schema,* ***all parties*** *are directed to respond to the following:*
    a. *Do we apply them to same cost-effectiveness test or different ones?*
    b. *If different ones, explain which, how and why?*

Responses to 25(a-b):

As described in the response to Q24, SoCalGas suggests that measures identified as resource measures be required to pass a more stringent TRC with NEBs than currently required. Measures identified as equity measures should not be required to pass a cost effectiveness test, but may be limited to a certain percentage of the overall program budget.

Another option, also mentioned during the public workshops in October, would be to analyze the cost effectiveness of ESA measures on a whole house basis. As described in the response to Q24, the benefit from the household treatment as a whole would be measured rather than the energy savings from any one single measure. In this case, there would be one set of cost effectiveness tests for the whole house.

26. *Several parties have suggested that the ESA Program CE method include equity goals. Assuming such equity goals are considered,* ***all parties*** *are directed to respond to the following:*
    a. *What equity goals, if any, should be included and why?*
    b. *How should they be incorporated into the cost-effectiveness framework?*
    c. *How should they be measured?*

Responses to 26(a-c):

Equity goals have always been a fundamental part of the ESA program. However, the measures and services associated with meeting these goals should not be required to meet the same cost effectiveness requirements as resource measures.

[4] Skumatz Economic Research Associates, Inc., Non-Energy Benefits: Status, Findings, Next Steps, and Implications for Low Income Program Analyses in California, May 2010. Available on the LIOB website.

To measure the effectiveness of the program in meeting these equity goals, comprehensive process evaluations are periodically conducted which provide information on the program's results as well as recommendations for improving results. The most recent process evaluation was completed in 2011.[5]

27. *Several parties have suggested that additional non-energy benefits (NEBs) should be included in the cost-effectiveness tests, such as societal NEBs. Assuming such NEBs are considered,* ***__all parties__*** *are directed to respond to the following:*
   a. *Which additional NEBs in particular should be included and why?*
   b. *Which NEBs in particular should be excluded and why?*
   c. *How should NEBs be incorporated into the CE framework?*
   d. *How should NEBs be measured?*

__Responses to 27(a-d):__

The recent NEB study included an extensive literature review and assessment of NEBs reported by other programs. The study reported a wide range of NEB values but no precise methods currently in use to estimate them. This led the study advisory group to the conclusion that the process of conducting the research necessary to develop more precise estimates for NEBs relevant to the ESA program would be far more expensive and time consuming than expected and would possibly still not deliver the desired results. Moreover, societal NEBs have not been well studied nor have they been included in the existing ESA cost effectiveness tests.

As described in the response to Q24, certain primary NEBs could be measured directly, and the remaining NEBs, including societal NEBs, could be estimated as a percentage of energy savings. This value could then be added to the calculation for the benefit cost ratio. SoCalGas supports the inclusion of societal NEBs in the TRC for the ESA program. However, since at this time there is no established method for measuring societal NEBs, these NEBs could be included in the factor described above.

28. *Several parties suggested improvements to the current CE tests such as using qualitative adders, accounting for lost opportunities, developing a different way of allocation administration costs to individual measures, and more attention paid to the updating and accuracy of input data. Assuming such potential improvements to the current cost-effectiveness tests are considered,* ***__all parties__*** *are directed to respond to the following:*

   a. *Specify what improvements are needed and why.*
   b. *Describe how, exactly, such improvements can be made to the existing CE tests?*
   c. *Explain whether the improvements to the ESA Program CE methods should be made by a process headed by a working group or by an Energy Division-led workshop process.*
   d. *Explain the pros and cons of each foregoing procedural options (working group versus workshops).*

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[5] Research Into Action, Final Report Low Income Energy Efficiency Program 2009-2010 Process Evaluation, June 2011.

e. *Describe any other procedural options or tools that would be suited to meaningfully explore, debate and ultimately present those findings to the record on the potential improvements to the cost-effectiveness methods.*

<u>Responses to 28(a-e):</u>

The response to Q24 provides suggested improvements to the CE tests.

SoCalGas suggests that a working group be established with a limited number of individuals experienced in cost effectiveness testing to research and develop improvements to the current cost effectiveness framework used for the ESA program. Once the working group has established a framework and model they recommend, a public workshop can be held to present and discuss the framework with interested parties.

Allowing a working group to first develop a recommended framework and then present it at a public workshop would be more efficient than trying to resolve these issues in a public forum. The working group can focus on the issues at hand, solicit supplemental research and expert advice, and test various scenarios, all of which may take more time than can be afforded for a public workshop process. It would not be a good use of the public's time and expense to attend long, detail-oriented discussions of various scenarios and details related to cost effectiveness testing. However, the comments and insights of interested parties are valuable once a possible framework is under consideration.

It is important to note that all the recommended changes to the cost effectiveness framework would need to be developed during the PY2012 to 2014 program cycle and applied in subsequent program cycles.

38. *Assuming the issue of multifamily sector would be further explored beyond April of 2012,* ***<u>all parties</u>*** *are directed to respond to the following:*
    a. *Explain whether the multifamily sector issues should be explored through a process headed by a working group, by an Energy Division-led workshop process, a hearing or any combination of such.*
    b. *Explain the pros and cons of each foregoing procedural options (working group versus workshops versus hearing or combinations).*
    c. *Describe any other procedural options or tools that would be suited to meaningfully explore, debate and ultimately present those findings to the record on the multifamily sector issues.*

<u>Responses to 38:</u>

a. SoCalGas believes that the multifamily sector issues should be explored through a process headed by a working group comprised of interested parties which would include representatives from each utility, the Energy Division, key stakeholders from the IOU contractor network, and consumer and industry representatives. SoCalGas believes that working groups allow for more open and candid discussion which will allow the issues to be thoroughly vetted.

b. The pros and cons of each foregoing procedural option are delineated below:

- Working Group
    - Pros: A working group would allow participants to have an open dialogue to address the various aspects of each utility's program and the multi-family sector. Additionally, it would allow the flexibility needed to make a concerted effort to develop a strategy aimed at attaining the following policy objectives: integrate various utility, state and local retrofitting efforts; combine multiple funding sources; offer property owners more control and flexibility; and serve all segments of multi-family, including low income, moderate income and market rate buildings.
    - Cons: Since there are a limited a number of participants in a working group, there may not be representatives from every interested party. It would be the working group's responsibility to solicit additional advice to ensure that a process is in place to ensure that all interested parties are given the opportunity to comment on the working group's work products or recommendations if they are not a participant in the working group.

- Workshops
    - Pros: Workshop presentations are informative sessions that give participants the opportunity to provide a general overview of their program policies and share any obstacles or concerns.
    - Cons: Holding workshops in a public forum allows for the opportunity for parties who lack a clear understanding about the Commission's low-income assistance program policy goals and about certain details regarding the IOUs' application proposals to intervene. Although their concerns may be legitimate, they may not necessarily be pertinent to the discussion at hand or applicable to all of the IOUs' programs. Additionally, the format of the workshops is not necessarily conducive for resolving minute details.

- Hearings
    - Pros: Since the assigned Commissioner or Administrative Law Judge presides over the proceeding, there is substantive law and existing procedure that automatically controls the proceeding whereas in a workshop or working group, there may be challenges in finding a neutral individual that can lead the workshop or working group and ensure that all scoped items are addressed without the perception of bias.
    - Cons: Hearings do not foster the free exchange of dialogue amongst the parties. In fact, in hearings, parties often take and maintain their litigation positions without necessarily trying to understand or appreciate their counterparty's positions.

c. SoCalGas does not believe that any other procedural options or tools would be suited to meaningfully explore, debate, and ultimately present those findings to the record on the multifamily sector issues. SoCalGas recommends exploring multifamily issues through a structured working group process that would include a clearly defined scope and neutral working group lead or facilitator (e.g. CPUC Energy Division Staff member). It would also permit parties to devote adequate time to discuss and formulate recommendations. A working group report outlining the issues discussed, the working group recommendations, and any dissenting opinions is essential to the effectiveness of the working group process.

*39. **All parties** are directed to respond to the following:*

a. Aside from cost-effectiveness issues and multifamily sector issues, what other issues require further review and exploration in the ESA and CARE programs beyond April 2012 that could streamline and otherwise add to the improved programs and application process in the budget cycle 2015-2018?

b. If there are other issues that should be reviewed or otherwise explored from now to the next set of ESA and CARE programs 2015-1018 budget applications, explain in detail what they are and how best that could occur during this budget cycle.

Responses to 39:

a. SoCalGas believes that the broad scope of the current proceeding addresses all of the key issues that need to be examined in its ESA and CARE Programs.

b. At this time, SoCalGas has not identified any additional issues to be addressed in the 2015-2018 budget cycle.

Respectfully submitted,

By: */s/ Kim F Hassan*
Kim F. Hassan

KIM F. HASSAN

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January 23, 2012

APPENDIX A

SOUTHERN CALIFORNIA
EDISON
An EDISON INTERNATIONAL Company

Akbar Jazayeri
Vice President of Regulatory Operations

December 22, 2011

ADVICE NO. 2681-E
(Southern California Edison Company – U 338-E)

ADVICE NO. 3268-G/3972-E
(Pacific Gas & Electric Company – U 39 M)

ADVICE NO. 4312-G
(Southern California Gas Company – U 904 G)

ADVICE NO. 2320-E/2081-G
(San Diego Gas & Electric – U 902 M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
ENERGY DIVISION

SUBJECT: Southern California Edison Company, Southern California Gas Company, San Diego Gas & Electric Company and Pacific Gas and Electric Company request to implement a Multifamily Energy Upgrade California Pilot within the 2010-2012 Energy Efficiency Portfolio.

In compliance with Decision (D.)09-09-047 and D.10-12-054, Southern California Edison Company (SCE), Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SCG), and San Diego Gas & Electric Company (SDG&E) hereby submit for filing this Advice Letter for a Multifamily Energy Upgrade California (MF EUC) Pilot Program. All necessary supporting documentation is attached hereto.

PURPOSE

The purpose of this advice letter is to provide the information required by the California Public Utilities Commission (Commission) in Ordering Paragraph No. 21(b) of D. 09-09-047.

P.O. Box 800 2244 Walnut Grove Ave. Rosemead, California 91770 (626) 302-3630 Fax (626) 302-4829

BACKGROUND

D. 09-09-047, Ordering Paragraph 21, requires the investor owned utilities (IOUs) to include a Prescriptive Whole House Retrofit Program (PWHRP) in their statewide residential program, consistent with guidance provided in the decision. The IOUs' PWHRP program Advice Letter (SCE's Advice 2430-E, PG&E's Advice Letter 3087-G/3608-E-A)) was approved in Energy Division's disposition letter dated March 11, 2010. SCE's portion of the $100 million statewide PWHRP budget was authorized at $33 million. PG&E's original budget was authorized at $42 million.

Subsequently, Ordering Paragraph 21(b) of D.09-09-047 was modified by D.10-12-054 to read: "Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall file a program implementation plan for the Prescriptive Whole House Retrofit Program referenced in subsection (a) of this Ordering Paragraph by Advice Letter by December 15, 2009. If Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company determine it feasible to expand this program offering to multifamily customers during the 2010-2012 program cycle, they shall jointly seek approval for this component through an Advice Letter."

PROPOSAL

Attachments A and A1 through A3 to this Advice Letter are the Program Implementation Plans for SCE, SCG, PG&E, and SDG&E. Attachment A1 to this Advice Letter is SCE/SCG's attachment which details specific information regarding their MF EUC Pilot Program. Attachment A2 to this Advice Letter is SDG&E's attachment which details specific information regarding its MF EUC Pilot Program. Attachment A3 to this Advice Letter is PG&E's attachment which details specific information regarding its MF EUC Pilot Program.

This advice filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

TIER DESIGNATION

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.2, this advice letter is submitted with a Tier 2 designation.

EFFECTIVE DATE

This advice filing will become effective on January 21, 2012 the 30th calendar day after the date filed.

NOTICE

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, California 94102
E-mail: jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

For SCE:

Akbar Jazayeri
Vice President of Regulatory Operations
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Leslie E. Starck
Senior Vice President
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5540
E-mail: Karyn.Gansecki@sce.com

For PG&E:

Brian Cherry
Vice President, Regulation and Rates
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, California 94177
Facsimile: (415) 973-6520
E-mail: PGETariffs@pge.com

For SoCalGas:

Sid Newsom
Tariff Manager – GT14D6
555 West 5th Street
Los Angeles, CA 90013-1011
Facsímile: (213) 244-4957
E-mail: snewsom@SempraUtilities.com

For SDG&E:

Meg Caulson
Regulatory Tariff Manager
8330 Century Park Court, Room 32C
San Diego, CA 92123-1548
Facsimile: (858) 654-1879
E-Mail: mcaulson@SempraUtilities.com

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B, R.09-11-014 and A.08-07-021 et al service lists. Address change requests to the GO 96-B service list should be directed by electronic mail to AdviceTariffManager@sce.com or at (626) 302-4039. For changes to all other lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at http://www.sce.com/AboutSCE/Regulatory/adviceletters.

For questions, please contact Sheila Lee at (626) 302-0690 or by electronic mail at Sheila.Lee@sce.com.

Southern California Edison Company

Akbar Jazayeri

AJ:sl:jm
Enclosures

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Southern California Edison Company (U 338-E)

Utility type:	Contact Person: James Yee
☑ ELC ☐ GAS	Phone #: (626) 302-2509
☐ PLC ☐ HEAT ☐ WATER	E-mail: James.Yee@sce.com
	E-mail Disposition Notice to: AdviceTariffManager@sce.com

EXPLANATION OF UTILITY TYPE			(Date Filed/ Received Stamp by CPUC)
ELC = Electric	GAS = Gas		
PLC = Pipeline	HEAT = Heat	WATER = Water	

Advice Letter (AL) #: 2681-E Tier Designation: 2

Subject of AL: Southern California Edison Company, Southern California Gas Company, San Diego Gas & Electric Company and Pacific Gas and Electric Company request to implement a Multifamily Energy Upgrade California Pilot within the 2010-2012 Energy Efficiency Portfolio.

Keywords (choose from CPUC listing): Compliance

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☑ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Decision 09-09-047 and Decision 10-12-054

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL[1]:

Confidential treatment requested? ☐ Yes ☑ No

If yes, specification of confidential information:
Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.
Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required? ☐ Yes ☑ No

Requested effective date: 1/21/12 No. of tariff sheets: -0-

Estimated system annual revenue effect: (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed[1]:

Pending advice letters that revise the same tariff sheets:

[1] Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
jnj@cpuc.ca.gov and mas@cpuc.ca.gov

Akbar Jazayeri
Vice President of Regulatory Operations
Southern California Edison Company
2244 Walnut Grove Avenue
Rosemead, California 91770
Facsimile: (626) 302-4829
E-mail: AdviceTariffManager@sce.com

Leslie E. Starck
Senior Vice President
c/o Karyn Gansecki
Southern California Edison Company
601 Van Ness Avenue, Suite 2030
San Francisco, California 94102
Facsimile: (415) 929-5540
E-mail: Karyn.Gansecki@sce.com

Attachment A: Multifamily Energy Upgrade California Pilot Program Implementation Plan

1. **Program Name:** Multifamily Energy Upgrade California Pilot Program

2. **Program Type:** Core

3. **Program Descriptors**
   Market Sector: Existing Residential Multifamily Properties
   Program Classification: Statewide
   Program Status: Pilot

4. **Program Statement**
   The Multifamily Energy Upgrade California Pilot is an extension of the existing statewide Energy Upgrade California (EUC) Program within the statewide residential energy efficiency sector. EUC delivers comprehensive energy efficiency upgrades tailored to the needs of existing single family homes and their owners.

   The Multifamily Energy Upgrade California Pilot Program will specifically target the multifamily housing retrofit market. The Pilot will promote long-term energy benefits through comprehensive energy efficiency retrofit measures —including building shell upgrades, high-efficiency HVAC units, central heating and cooling systems, central domestic hot water heating and other deep energy reduction opportunities. These energy efficiency measures will be identified through an investment grade assessment.

   This performance-based approach aims to assist property owners and managers with making informed decisions, identify measures for energy savings, and to maximize energy reductions for each property owner, manager, and tenant, as applicable.

5. **Program Rationale**
   Energy efficiency efforts for this segment must overcome a number of barriers; primarily: 1) lack of energy efficiency knowledge, 2) the economics of "split-incentives" where the building owner invests capital but the savings primarily benefit the tenants, and 3) access to investment capital. Up-front out-of-pocket costs pose a significant participation barrier for property owners and managers. The pilot will include a number of tactics, outlined below:

   - To improve a property owner or manager's energy efficiency knowledge, the pilot seeks to leverage comprehensive building assessments to identify potential energy efficiency opportunities.
   - To address split incentives and cost of upgrades, the Pilot will integrate with the existing Energy Savings Assistance Program ("ESAP") and Multifamily Energy Efficiency Rebate ("MFEER") Program. This will provide comprehensive services to the building, including "low cost" or "no cost "measures in conjunction with the MF EUC incentives

to maximize energy savings for the up-front investment. Additionally, low income tenants (ESAP) may qualify for additional “no cost” energy saving measures.

- Incentives will assist property owners or managers with overcoming a wide array of market and financial barriers which may otherwise prevent energy efficiency upgrades.
- A single point of contact will help the property owner or manager navigate through the incentive process.

MF EUC Pilot will field test a single-point-of-contact approach to guide property owners through the various programs in retrofitting their multifamily property. This approach will provide support in understanding the various program rules and assistance in determining eligibility. The customer will be guided through a “clipboard audit” to establish feasibility and estimate project cost for MF EUC, with an eye toward leveraging all eligible programs.

The primary purpose of this pilot program is to test performance based approaches to the multifamily property owner market. Other considerations to meet all income strata and address split incentives for property owners and tenants may include a direct install strategy, as well as prescriptive rebates through the existing MFEER Program.

While programs will be coordinated and integrated, their respective policies and procedures will be followed in the delivery of services. Operational efficiencies will be employed to streamline eligibility, income verification, and installation of measures.

Despite the noted barriers, the multifamily sector presents a significant opportunity for whole building energy efficiency programs with a deep energy reduction approach. A whole building offering has the potential to achieve deep energy savings because:

- Building owners can leverage incentives to address common areas and systems as well as individual unit upgrades to make more cost effective improvements.
- Major rehabilitation projects are common in the multifamily sector. It is cost effective to include energy efficiency upgrades at the time of these renovation projects. These projects typically have well-financed construction budgets and broad scopes that could include energy efficiency measures.
- Multifamily properties tend to be operated and maintained by professional building staff. Providing resources to building staff increases the odds that the building will be operated efficiently after energy upgrades are installed, perpetuating savings benefits.

6. **Support of the Strategic Plan**

The Multifamily Energy Upgrade California Pilot, in support of the California Long Term Energy Efficiency Strategic Plan (Strategic Plan), pursues comprehensive energy efficiency measures and treats multifamily buildings as a system to seek deep energy reductions.

One of the goals of the Strategic Plan is the transformation of the home improvement market to apply whole-house energy solutions to existing homes. The overall objective of the goal is to reach all existing homes and maximize their energy efficiency potential through delivery of a comprehensive package of cost effective measures. The Strategic Plan further states that a similar approach must be developed for multifamily housing.

7. **Expected Pilot Program Objectives and Outcomes**

Objectives:

The Pilot Program seeks to transform the multifamily retrofit market from a prescriptive, one-size-fits-all approach, toward a comprehensive building analysis approach. The Pilot will leverage energy consultants and professionals to evaluate a wide range of energy efficiency options when rehabilitating multifamily properties. The creation of energy-efficient complexes provides benefits beyond the direct energy savings. Through the incorporation of energy efficient measures by multifamily property owners and managers, tenant behaviors can be influenced and comfort improved. The hope is that these behaviors can contribute to a virtuous cycle of energy efficiency - as tenants receive upgrades that reduce their energy costs and improve comfort, they in turn recruit and mentor other tenants.

Expected Pilot Program outcomes:

1. Deeper energy savings per building than otherwise possible, with a target of 10-20% or greater savings per building benefitting both property owners and tenants.
2. A broader suite of measures than in typical deemed programs, resulting in deeper savings (i.e., HVAC, envelope, domestic hot water).
3. Improved property owners' and managers' understanding of the benefits of a whole building approach.
4. More comprehensive maintenance follow-up for tenants and building by enrolling them into California Integrated Customer Energy Audit Tool (CA-ICEAT) to enable ongoing comparative energy usage, and energy goal setting, ensuring the persistence of savings after the EUC intervention is complete. *(PG&E will consider utilizing this tactic)*
5. A better understanding of combustion safety as it relates to comprehensive (non-prescriptive) retrofits.

8. **Innovation:**

IntegratedProgam Design

In accordance with the Strategic Plan, the Multifamily EUC Pilot will engage with ESA and Core Energy Efficiency programs, such as MFEER. This unprecedented integrated approach combines market-rate and income-qualified energy efficiency measures that will benefit multifamily property owners and tenants.

Please see Attachments A1 to A3 for more details on how each utility plans to implement the Multifamily EUC Pilot.

9. Energy Measures:

9.1. Measure Information:

The measure list is limited to those measures which can be modeled using typical energy modeling software. Eligible measures may include but are not limited to:

- Windows
- Roof/attic insulation
- Wall insulation
- Floor insulation
- Cool roofs and radiant barriers
- Boilers
- Space heating equipment
- Space cooling equipment
- Duct sealing and insulation
- Water heating equipment (including central domestic hot water controls)
- Pipe Insulation
- Water heating recirculation controls
- Indoor and outdoor lighting
- Occupancy controls /photocells
- Kitchen appliances (refrigerators and dishwashers)
- Landscape/parking lighting
- Low flow water fixtures
- Ranges, fans, clothes washer (includes coin-op clothes washer)
- LED pool lights
- Pool /spa Heaters
- High efficiency clothes washers

Ineligible Measures

The following upgrade measures will not be considered as part of the energy analysis for program participation:

- Solar photovoltaic
- Cold water savings devices (e.g. toilets, irrigation systems, weather controllers)
- Clothes dryers
- Green materials or certification
- Paint, carpet, cabinets, etc.

Combustion appliance safety testing will take place as appropriate.

10. Budget/Timeframe:

Please see Attachments A1 to A3 for details regarding each IOUs projected budget and timelines.

11. **Program Performance Metrics:**
    In 2012, the first year of the pilot program and the last year of the current program cycle, data will be collected for baseline development. Program performance metrics may be developed, as applicable, in conjunction with the Energy Division's plans to develop a comprehensive process to determine program objectives and short and long term program performance metrics, as described in the Energy Division's "Framework of Indicators for Assessing Achievement of Long Term Energy Efficiency Objectives" for the 2013-2014 bridge period and beyond. The IOUs will report on pilot results in the Pilot Program Target Update Report for this program cycle.

12. **Methodologies to Test Cost Effectiveness:**
    The IOUs will examine cost effectiveness of the various measures installed after gathering preliminary information in the pilot.

13. **EM&V Plan:**
    Please see Attachments A1 to A3 for IOU plans for evaluation, measurement, and verification.

14. **Plan for Disseminating Best Practices and Lessons Learned; transferring these lessons to resource programs; schedule/plan to expand the pilot to statewide usage:**
    Best practices and lessons learned for the Multifamily EUC Pilot would be disseminated through EUC via incentives, education, and outreach programs to encourage resource programs to adopt successful practices and tools identified during the pilot.

    A successful pilot would warrant ramping up the delivery of a comprehensive package of cost effective measures in order to reach existing multifamily homes and maximize their energy efficiency potential in future portfolio cycles.

Attachment A1: SCE/SCG Multifamily Energy Upgrade California Pilot

1. **Projected Program Budget Table**
   Table 1 –

IOU	Total Administrative Cost	Total Marketing and Outreach	Total Direct Implementation Non-Incentive	Total Incentives	Total Program Budget by IOU*
SCE	$200,000	$100,000	$238,000	$1,462,000	$2,000,000
SCG	$100,000	$50,000	$112,000	$738,000	$1,000,000
Total	**$300,000**	**$150,000**	**$350,000**	**$2,200,000**	**$3,000,000**

*Does not include funding being leveraged into the treated buildings for services provided through other core EE programs and the ESA program.

2. **Projected Program Gross Impacts Table – by calendar year**
   Table 2 –

	# of MF properties	# of MF units	kWh Savings	kW Savings	Therm Savings
SCE/SCG	20	1,700	1,416,100	1,360	116,025

3. **Program Objectives**
   In accordance with the Strategic Plan, the MF EUC Program Pilot will coordinate with the Energy Savings Assistance Program (ESAP) and core EE Programs, such as MFEER. This integrated approach combines market-rate and income-qualified energy efficiency measures.

   This integration effort provides the opportunity to educate building owners on the benefits of energy efficiency and conservation efforts spanning the range of needs for the multifamily market.

   MF EUC Pilot will field test a single-point-of-contact approach to guide property owners through the various programs in retrofitting their multi-family property. This approach will provide support in understanding the various program rules and assistance in determining eligibility. The customer will be guided through a "clipboard audit" to establish feasibility and estimate project cost for MF EUC, with an eye toward leveraging all eligible programs.

   The primary purpose of this pilot program is to test performance based approaches to the multifamily property owner market. Other considerations to meet all income strata and address split incentives for property owners and tenants may include a direct install strategy, as well as prescriptive rebates through the existing MFEER Program.

   While programs will be coordinated and integrated, their respective policies and procedures will be followed in the delivery of services. For example, the ESA program measures will be installed at no cost to income-qualified customers within the ESA program guidelines established at 200% or below Federal Poverty Guidelines (FPG), while MF EUC and MFEER will address incomes above 200%. Operational efficiencies will be employed to streamline eligibility, income verification, and installation of measures.

Program Pilot objectives:

1. Achieve deep energy savings reduction for all participating properties, targeting 20% or greater savings,
2. Implement comprehensive measures that go beyond lighting,
3. Help participants better understand energy efficiency and its many opportunities, and maintain program savings by leveraging the Integrated Energy Audit Tool (scheduled for launch in early 2012).

4. Program Strategy

The program strategy is to offer attractive incentives to multifamily property owners/managers to overcome a wide array of regulatory, market, and financial barriers which may otherwise prevent the rehabilitation of existing multifamily properties. These incentives will partially offset the cost to achieve energy use reductions.

Energy savings for each project will be calculated using industry accepted energy assessment protocols. Additionally, energy savings will be verified by a certified energy rater or qualified professional before payments of incentives are issued to a property owner.

The MF EUC Pilot will offer incentives to property owners and managers with scheduled project rehabilitations who are willing to invest in a performance-based, whole-building approach. The incentives are designed to influence the implementation of comprehensive measures as part of the scope of previously planned rehabilitations.

5. Program Implementation

The program will provide financial incentives to owners/managers of multifamily buildings who undertake a comprehensive approach to energy efficiency retrofits and are able to achieve a minimum energy savings target. The program will establish standards and verification procedures to provide quality assurance, and validate energy savings.

The program aims to leverage the long-established relationships between property managers and their preferred subcontractors. This approach provides property owners with the flexibility to select the trade allies of their choice.

There are several economic, financial or regulatory events that prompt a property owner to upgrade a facility. However, there are a few discrete points in a building's lifecycle when it is typically more convenient for energy efficiency improvements. To leverage these critical and infrequent opportunities, whole-building, performance-based incentives must be large enough to motivate owners to incorporate energy efficiency improvements.

6. Incentives

Incentives will partially offset costs to retrofit measures needed to achieve targeted energy-use reductions. Incentives will be offered on a tiered structure, paid on a "per dwelling unit" basis according to the total building energy savings percentage. The tiered approach will reward participants for realizing deeper savings. While a "per unit" approach enables participants to experience economies of scale with larger multifamily buildings.

SCE/SCG

Energy Savings Achieved	Incentive per Dwelling Unit
10%	$ 700
15%	$ 800
20%	$ 1,000
25%	$ 1,200
30%	$ 1,400
> 35%	$ 1,600

7. Project Pre-Qualification

Property owners will be required to provide basic information to determine the scope of the project, existing conditions, and available funds. The information provided on the pre-qualification form will help to determine if the project can reach the preset minimum energy savings achieved percentage.

The pre-qualification process will be supported by the Integrated Energy Audit Tool when it becomes available.

Basic Energy Assessment (Basic Site Assessment)

The Basic Energy Assessment will provide an opportunity to meet with property owners to conduct a high level energy assessment, validate the data provided, and assess the potential for property savings. The Basic Energy Assessment will help gauge customer commitment and determine if the projects have the potential to achieve minimum energy savings expectations. If the projects do not meet these savings targets, they will be referred to other applicable EE Programs.

Advanced Energy Assessment and Modeling (Test in, Investment Grade Assessment)

Investment Grade Assessments will be required to establish a baseline of the existing energy consumption for each property. The assessment will be conducted by an energy auditing professional using approved multifamily audit tools and procedures.

The audit tools evaluate potential measures based on least-cost, maximum benefit customized to each property's needs. The tool provides property owners with information to help them select a mix of measures that will achieve their energy savings goals.

Once a property owner has selected the desired savings target, the owner's own contractors implement the energy saving measures of the owner's choice.

Perform Post Project Verification and Quality Assurance (Test Out, Savings Verification)
At completion, the owner submits the required documentation for verification by an independent energy auditor. The energy auditor will verify the installation of measures, compliance with product specifications, and determine the savings target achievement. The auditor will use multifamily audit and modeling tools to determine savings.

The energy auditor will then submit a project report for IOU review and application processing.

8. Customer Description

The program will target multifamily owners and managers of properties located in SCG and SCE service Territory.

- Multifamily properties must contain a minimum of three dwelling units.
- Properties must be designated as multifamily residential by the Title 24 Building Energy Efficiency Standards, Part 6, which is defined as three or more attached dwelling units in a building.
- Properties cannot exceed four stories.
- Both affordable and market-rate properties qualify.

Non-Qualifying Properties

- Single-family homes - A single-family residential building is defined by the California Building Code as a single detached unit. Single-family homes may qualify for incentives through the EUC Single Family Program.
- Single-room occupancy (SRO) facilities, such as dormitories and assisted living facilities do not qualify.
- Non-residential buildings
- Hotels and Motels

9. SCE/SCG's Cost Effectives (E3 Calculator):

Figure 1. E3 Calculator showing cost-effectiveness for Multi-Family Energy Upgrade California.

MF EUC E3 (processsed).xls

10. Energy Savings and Demand Reduction Level Data:

Program Impacts (Gross)					
	Annual Gross kWh	Lifecycle Gross kWh	Annual Gross Therms	Lifecycle Gross Therms	User Entered kW
2010-2012	1,666,000	29,988,000	136,500	2,457,000	1,600

11. Program M&E Plan for SCE and SCG

Energy Upgrade California: Multifamily Energy Upgrade California Pilot is proposed for implementation in two stages:

- Stage-1: Initial pilot phase to test program logistics and implementation requirements with a few raters and a few contractors.
- Stage-2: Scale the program for full deployment in 2012 and beyond.

11.1. The M&E plan for Stage-1 will focus on Rapid Feedback Analyses. Here are a few of the items to be considered:

- Is the program implemented as designed? If yes, are the results of the program activities acceptable from an end-to-end perspective?
- Can this program be evaluated given the program output and tracking data? If not, how can output and data be improved?
- Is the program design and implementation effective?
    - Is the program qualification acceptable?
    - Is the program processing acceptable?
    - Is the program QA/QC process acceptable?
    - What are the key issues and concerns for participating property owners/managers, renters, contractors and program contractors and HERS Raters? How can the program be improved?
    - Is the overall program cycle time acceptable?
    - Is the program energy savings accurate? If not, how can it be improved?
    - Is the program interaction with other programs, local government entities and stakeholders acceptable? If not, what is missing and how can it be improved?
- Is this program meeting its stated objectives given the output and outcomes of this early implementation?
- Verification of the program implementation barriers and identify ways to overcome the observed barriers.

11.2. The M&E plan for stage-2 will focus on the following items:

- Establish baseline condition for SCE multi-family energy usage profile as of 2008 and 2011 prior to program intervention.
- Has the program acted upon the rapid feedback? If yes, what are the changes?
- Is the program generating deep energy savings as expected?
- Is the program consistent with its program theory, logic model and attribution claims?

Repeat the evaluation items identified above, in the context of a scaled program.
SCE and SCG will work closely with ED's M&E team to develop an approved M&E study plan. Currently, we have identified the need for this study in the 2010-2012 M&E study plan.

Attachment A2: SDG&E Multifamily Energy Upgrade California Pilot

1. **Projected Program Budget Table**

Table 1 –

IOU	Total Administrative Cost	Total Marketing and Outreach	Total Direct Implementation Non-Incentive	Total Incentives	Total Program Budget by IOU
SDG&E	$75,000	0.00	$125,000	$800,000	$1,000,000

Maximum SDG&E budget for trial is $1,000,000 or 1,000 units, whichever occurs first, and would come from existing Whole House Program budgets. This would be used primarily for incentives and QA/QC.

ARRA funded County of San Diego Multi-Family program total budget is $826,902 for training marketing and outreach of raters and building owners.

ARRA funded City of San Diego Multi-Family program total budget is $1,079, 683 for administration, marketing, outreach and education, and $700,000 for additional incentives to both building owners and multi-family building raters. Building owners would receive additional incentives between $350 and $1,400 per unit depending on percentage of improvement. Building raters would receive between $50 and $200 per unit depending on percentage of improvement.

ARRA funded City of Chula Vista Energy Upgrade Carbon Downgrade program total budget is $ 410,000 primarily for additional incentives to building owners in the form of matching the SDG&E Energy Upgrade California incentives for both single family and multi-family.

2. **Projected Program Gross Impacts Table – by calendar year**

Table 2 –

	# of MF properties	# of MF units	kWh Savings	kW Savings	Therm Savings
SDG&E	1,000	776,000	750	3,000	116,025

3. **Program Objectives**

In accordance with the Strategic Plan, the MF EUC Program Pilot will engage with the Energy Savings Assistance Program (ESAP), the Moderate Income Direct Install Program (MIDI) and core EE Programs, such as MFEER. This integrated approach combines market-rate and income-qualified energy efficiency measures.

This integration effort provides the opportunity to educate building owners on the benefits of energy efficiency and conservation efforts spanning the range of needs for the multifamily market.

MF EUC Pilot will field test a single-point-of-contact approach to guide property owners through the various programs in retrofitting their multi-family property. This approach will provide support in understanding the various program rules and assistance in determining eligibility. The customer will be guided through a "clipboard audit" to establish feasibility and estimate project cost for MF EUC, with an eye toward leveraging all eligible programs. While programs will be coordinated and integrated, their respective policies and procedures will be followed in the delivery of services. The ESA program measures will be installed at no cost to income-qualified customers within the ESA program guidelines established at 200% or below Federal Poverty Guidelines (FPG) and MIDI will address non-low income customers between 201% and 250% of FPG. Operational efficiencies will be employed to streamline income verification and installation of measures.

Program Pilot objectives:

1. Achieve deep energy savings reduction for all participating properties, targeting 20% or greater savings,
2. Comprehensive measure implementations that go beyond lighting measures,
3. Help participants better understand energy efficiency and its many opportunities, and maintain program savings by leveraging the Integrated Energy Audit Tool (scheduled for launch in early 2012).

4. Program Strategy

This pilot will allow for WHRP participation for Multi-Family buildings using a whole building performance approach coordinated with Energy Saving Assistance Program offerings.

The multi-family trial aims to train, mentor and outreach approximately 30 multi-family building raters and to achieve an average of 20% energy savings across a portfolio of 1,000 units by December 2012.

5. Program Implementation

Timeline for Project	
Item/Task	Date
Project Initiation Meeting	11/2010
Training	5/2011 to 12/2011
Building Project Interest List Developed	11/2010 to 3/2012
Installations	7/2011 to 5/2012
Conclude Pilot	12/2012
Reporting	TBD
Evaluation	TBD
Draft Report (?)	TBD
Final Report (?)	TBD

6. Incentives

Incentives will be offered on a tiered structure consistent with single family whole house performance incentives, paid on a per unit basis, based upon total building energy saved. An additional $100 per unit has been included to provide some offset for the high cost of rating a multi-family building and the combustion safety testing requirement. However, no incentives will be paid for just building ratings or combustion safety testing. Incentives are paid based upon successful completion of a whole building performance project, in accordance with program requirements, that meet the site energy savings as described below. Incentives will be paid to building owners only and cannot be designated to be paid to third parties. The following are the proposed incentive tiers:

SDG&E

Energy Reduction Achieved	Incentive per Dwelling Unit
10%	$ 550
15%	$ 625
20%	$ 800
25%	$ 1,000
30%	$ 1,200
35%	$ 1,350
40%	$ 1,500

7. Project Pre-Qualification/Assessment/Verification

1. Building owner submits letter of interest and authorization to serve ESAP eligible customers to HMG. HMG submits letter to SDG&E.
2. ESAP eligible customers who wish to be served by ESAP are served.
3. Notice sent by SDG&E to HMG who notifies building owners that they may proceed in selecting a participating HERS II MF rater and BPI MF BA.
4. Participating HERS II MF rater performs building audit.
5. A scope of work is proposed and signed off by rater, BPI analyst and building owner.
6. Project reviewed by HMG, changes may be proposed.
7. HMG approves project.
8. HERS II MF rater submits project package to SDG&E QA/QC provider.
9. Project is reviewed and field inspected by SDG&E QA/QC provider.
10. A reservation of funds is performed SDG&E and a Notice to Proceed is issued by SDG&E to rater. HMG and building owner are copied.
11. Building owner hires contractors to perform work.
12. BPI MF BA performs combustion safety tests as necessary during course of work.
13. Participating HERSII MF rater performs test-out building audit.
14. Completed work is signed off by rater and BPI Multi Family Building Analyst.
15. HMG reviews and approves completed work and test-out data.
16. HERS II MF rater submits completed project package to SDG&E QA/QC provider.

17. Completed project package is reviewed and field inspected by SDG&E QA/QC provider.
18. SDG&E QA/QC provider issues notices of completion and project summaries to SDG&E. Copies to rater and building owner.
    SDG&E processes incentive and sends check to building owner. Incentive payments may not be designated by building owners to third parties.

Integration with other programs (if there is additional info to state beyond what is covered in general statewide overview)

SDG&E will be partnering with and leveraging HMG's ARRA funded marketing, outreach and training contract with the County of San Diego with this SDG&E EUC MF trial rollout for whole building performance incentives. HMG's will recruit, train and mentor participating HERS II MF raters as well as recruit and assist interested multi-family building owners through the whole building performance retrofit process.

Rater/Contractor Qualifications, Training

Unlike the single family program which is a contractor model program, this multi-family trial will be a consultant model. Buildings will be modeled by certified HERS II MF raters who have been trained by HMG and placed on a participating MF rater list. In addition, each project will be required to have the project scope, pre-assessment, post assessment and health and safety plan signed off by a certified BPI Multi-Family Building Analyst. The BPI certified individual may be the rater serving in a dual capacity, a contractor employee, or another party

HMG and CalCERTS began MF HERS rater training in early May 2011 and will train approximately 20 raters during the program. The training is composed of 28-32 hours in the classroom and 6-8 in the field, followed by ongoing mentorship and support on an as-needed basis. Each rater will receive a multi-family rater manual to supplement the HERS II manual. SDG&E will be providing additional BPI Multi-Family Building Analysts training in coordination with this training. HMG has been actively generating a MF building project interest list. It is expected that energy building ratings will begin in mid-June 2011 and continue until June 2012.

As part of its ARRA funded contract with the County of San Diego, HMG will be offering HERS II MF rater training. In addition, SDG&E will be offering up to three (3) free BPI MF Building Analysts trainings. These two trainings will be offered in coordination with the curriculum streamlined to avoid duplications and avoid overlap. BPI BA certification will be a pre-requisite to attending the BPI MF BA training. Attendees of the HMG HERS II MF rater training will be provided first opportunities to attend the BPI MF BA training, provided they meet the pre-requisites.

Measures (reference general statewide overview)

Envelope

Attic insulation upgrade
Wall Insulation upgrade
Floor insulation upgrade
Window replacements – 2008 T-24 standard or better
Cool roof – CRRC rated product
Radiant barrier
Window shading – Must be permanently attached to the building and non-retractable.

HVAC

Duct Sealing - with HERS test
A/C equipment replacement – Must meet current T-20 standard
Furnace replacement – Must meet current T-20 standard
Premium efficiency motors (ECM included)
VFD controls for CHW, HW, CW pumps
VFD controls for cooling tower fans
Pipe insulation – From ½ inch to 1-inch, or none to 1-inch
Controls optimization (OA reset, zone reset)

Domestic Hot Water

Boiler or DHW replacement – Must meet current T-20 standard
Solar thermal
Insulate hot water piping – From ½-inch to 1-inch, or none to 1-inch
DHW tank insulation
Add VFD to circulation pump
Update central DHW pump to demand control – From no control to demand control

Lighting

Common area lighting fixtures – high efficacy hardwired fixtures
Dwelling unit lighting fixtures – high efficacy hardwired fixtures
Lighting controls – Occupancy sensor, photo sensor, or dimmer switch
Outdoor lighting retrofits – high efficacy hardwired fixtures

Energy Star appliances

Energy Star Refrigerator
Energy Star Dishwasher (if a dishwasher is installed in pre-retrofit condition)

8. Customer Description

The Multi-Family pilot will target all Multi-Family sector buildings, including low-rise, high-rise, low income and market rate buildings and will be highly coordinated with SDG&E's Energy Savings Assistance Program.

9. Energy Savings Data:

For all low-rise multi-family buildings, SDG&E will utilize the CEC HERS II rating standard using the Energy Pro, Cal Rate Pro module for low-rise residential buildings (for TDV savings calculations) and the Residential Performance Module (for Site savings calculations). For all high-rise buildings, SDG&E utilize the Energy Pro, Non Res Module, for measurement of savings and determination of incentive levels. HMG is partnering with CEC on the continued improvement and evaluation of the Cal Rate Pro module.

The multi-family pilot goal is to achieve an average of 20% energy savings across a portfolio of 1,000 units. The estimated savings for this component during the program cycle is around 776,000 kWh, 750 kW and 33,000 therms.

10. Program M&E Plan for SDG&E

1. As part of its current process evaluations currently underway, SDGE will include this pilot for process evaluation study.

2. Cost effectiveness and EM&V will be conducted in concurrence with Single Family building performance evaluations.

3. Information regarding lessons learned will be shared with statewide IOU's on an ongoing basis during the roll-out, implementation and evaluation stages of this pilot.

4. As this pilot will conclude near the end of this program cycle, expansion to a statewide resource program would not be considered this program cycle.

11. Marketing/Outreach

SDG&E will be providing little to no marketing resources for this pilot, but will be partnering with and leveraging HMG's ARRA funded marketing, outreach and training contract with the County of San Diego with this SDG&E EUC MF trial rollout for whole building performance incentives.

Attachment A3: PG&E Multifamily Energy Upgrade California Pilot

1. **Projected Program Budget Table**
   Table 1 –

	Number of Units	EUC Budget
Phase 1	500	$850,000
Phase 2	N/A	$200,000
Total	500	$1,050,000

The existing 2010-2012 Energy Efficiency Portfolio EUC budget will cover the EUC portion of Phases 1 and 2. Additional EUC funding will be needed for additional phases. Any such funding requests will be made at a later date.

2. **Projected Program Gross Impacts Table – by calendar year**
   PG&E plans to use modeled energy savings from the Phase 1 pilot jobs to inform future energy savings estimates. The other IOUs are estimating their savings based upon a prior program of similar scope in associated climate zones. PG&E, however, does not have comparable historical information. As such, PG&E will estimate future savings after analysis of the data collected in Phase 1 of the pilot.

3. **Program Strategy/Implementation**
   PG&E seeks to implement a phased pilot approach to developing a multifamily component to Energy Upgrade California ("PG&E's Multifamily Energy Upgrade California pilot" or "PG&E's Multifamily EUC pilot"). This will allow PG&E to test the offering on a reasonable scale, understand best practices and areas for improvement, and then consider a larger scale roll out. The pilot will target an average of 10-20% measured whole building energy savings. The proposed phases are outlined below:

   - **Phase 1:** In 2012, PG&E will target energy upgrades on five to ten multifamily buildings (expected to be approximately 500 units). The goal of this phase is to install measures in various multifamily settings, including a range of climate zones, building sizes (low rise and high rise), and configurations (central systems and in-unit combustion appliances) to understand the cost effectiveness of the various measures. This will also provide an opportunity to test implementing an integrated offering that coordinates with the Energy Savings Assistance Program ("ESAP"), Moderate Income Direct Install ("MIDI"), Multifamily Energy Efficiency Rebate ("MFEER") programs, and other applicable programs. Perhaps most importantly, this will give PG&E the opportunity to better understand the necessary combustion appliance safety protocols for comprehensive and variable retrofits in multifamily buildings. PG&E plans to cover this phase under PG&E's existing Energy Upgrade California budget.

- **Phase 2**: In late 2012- early 2013, PG&E will analyze the results from Phase 1. PG&E's analysis will focus on identifying the most appropriate and cost effective measures, and examining additional lessons learned before moving forward with a larger roll out. Most importantly, PG&E plans to carefully study combustion appliance safety protocols related to variable, comprehensive, multifamily, whole building retrofits. While there exists standards for combustion safety related to prescriptive installation work (the Natural Gas Appliance Test in ESAP, for example), combustion safety protocols related to whole building multifamily retrofits warrant further investigation. PG&E plans to cover this phase under PG&E's existing Energy Upgrade California budget.

- **Phase 3:** After Phase 2 has concluded**,** PG&E plans to launch a larger-scale roll out that targets energy upgrades for 2000 units in 2013-14. This phase will be an integrated offering informed by the lessons learned from Phases 1 and 2. Additional funding for this phase will be requested in a future filing.

4. Integration

In addition to the new Multifamily EUC Pilot, there are already a number of programs available to multifamily building owners to improve building energy efficiency and tenant quality of life: ESAP, MIDI, MFEER, as well as other PG&E, Third Party and Local Government Partnership Programs that may be applicable. PG&E will explore the concept of instituting a Multifamily Energy Efficiency Manager ("MEEM") to serve as a single point of contact for a multifamily building owner. The MEEM will be well-versed in the requirements for each of these programs, and will help the building owner decide which utility program, or combination of programs, best meet the building owner's goals and budget. Once the appropriate program(s) have been identified, the MEEM will assist the building owner through the upgrade process. In addition, the MEEM will help connect the building owner with known financing programs available at the time of the upgrade. The goal of this process is to reduce building owner confusion while simultaneously helping the building owner maximize energy savings and tenant quality of life.

5. Incentives

PG&E's Multifamily EUC pilot incentive structure will be tiered based on estimated whole building site energy saving ranging from 10%-40%. Incentives will be paid upon successful completion of the job on a per unit basis. The incentives will cover measures that contribute to whole building savings (i.e. central boilers, central water heaters, common area and in-unit upgrades, etc.), that have not been directly installed via participation in another program. Costs for assessments and combustion appliance safety testing will be incurred by the building owner. PG&E may alter the incentive structure throughout the course of the pilot to ensure the most cost effective implementation.

ESAP and MIDI will cover measures currently offered to low and moderate income multifamily tenants and building owners at no cost. Additional incentives can also be realized for non-EUC measures through the MFEER, and other applicable programs, and double dipping will be prevented in this pilot by utility program staff.

6. **Project Pre-Qualification/Assessment/Verification**
The MEEM will work with the building owner to pre-qualify a building and facilitate introductions for a preliminary walk through as needed (to confirm eligibility). Next, an investment grade assessment will be conducted to generate a scope of work that meets the building owner's energy savings goals. Simultaneously, a combustion appliance safety plan will be created that is specific to the scope of work. The proposed scope and combustion safety plan will be reviewed prior to issuance of a notice to proceed. Subsequently, the building owner will choose a participating contractor to install the agreed upon- scope of work. A BPI (Building Performance Institute) Multifamily Building Analyst will oversee and conduct all safety testing. Upon completion of work, a final assessment will take place to ensure proper and safe installation of the approved scope of work. Associated documentation will be submitted to PG&E for quality assurance and incentive processing. PG&E seeks to leverage the existing HERS (Home Energy Rating System) II raters, Energy Upgrade California participating contractors and BPI Multifamily Building Analyst networks to implement this work.

Non-Qualifying Buildings
At any point in the process, the building owner may decide not to pursue participating in PG&E's Multifamily EUC pilot. However, this does not prevent the building owner from participating in other utility programs. This is where the MEEM will play a critical role in connecting the building owner to the additional available utility programs.

Buildings served by propane are not eligible to participate.

Combustion Appliance Safety Testing
PG&E is committed to keeping customers safe. Because this comprehensive whole building pilot will be the first of its kind for California IOUs and will pursue deep energy upgrades in multifamily buildings, the pilot will explore implementation of combustion safety protocols. This may include the BPI, Natural Gas Appliance Test ("NGAT") and other industry protocols, as appropriate.

Participating Professional Recruitment
For Phase 1, PG&E will reach out to existing HERS II multifamily raters, Energy Upgrade California participating contractors and BPI Multifamily Building Analysts. PG&E will conduct an orientation event to prepare these professionals for work in Phase 1 of the pilot. Once the professionals commit to the pilot requirements, they will be eligible to perform work as a participating rater, participating contractor or participating BPI Multifamily Building Analyst ("participating professional") under the pilot.

In Phase 2, PG&E will reach out to the participating professionals from Phase 1 to understand the challenges and opportunities realized during Phase 1. Resulting information will help to inform the recruitment strategy for Phase 3.

Participating Professional Requirements
The following are preliminary and summary requirements for participating in PG&E's Multifamily EUC pilot and are subject to change as necessary throughout the pilot program.

- A participating rater must be a HERS II multifamily rater, attend an orientation session, and agree to the pilot requirements to participate in the pilot. Raters may be responsible for the preliminary walk through, investment grade assessment and final assessment.

- A participating contractor must be currently enrolled in Energy Upgrade California, properly licensed for that particular scope of work, attend an orientation session and agree to pilot requirements to participate in the pilot. Participating contractors will be responsible for installation of the measures agreed upon in the scope of work.

- A participating BPI Multifamily Building Analyst must be certified as a current BPI Multifamily Building Analyst, attend an orientation session, and agree to pilot requirements to participate in the pilot. BPI Multifamily Building Analysts will be responsible for preparing the combustion appliance safety plan and completing all safety testing.

- NGAT tests must be performed by qualified ESAP installers and/or PG&E inspectors according to existing ESAP program requirements.

For ESAP and MIDI measures, work must be performed by contractors authorized to work under those programs and who meet the program requirements.
For MFEER measures, the work must be performed by appropriately licensed contractor for the particular measure.

For all other applicable programs, work must be performed by those who are eligible to perform work under the respective programs.

Measures
For PG&E's Multifamily EUC pilot, PG&E will include measures listed in Section 7 of the statewide program description (Attachment A). PG&E will modify this measure mix as data is collected and the offering is refined throughout the pilot.

For ESAP, MIDI and MFEER, the existing approved measures will be allowed.

7. Customer Description
This pilot is for property owners and managers of multifamily buildings located in PG&E's service territory:
- Offered to PG&E gas and/or electric customers.
- Multifamily properties must contain a minimum of five units for participation in the PG&E Multifamily EUC pilot. For other programs, the multifamily properties must adhere to existing customer eligibility requirements for the respective programs.
- Both affordable and market-rate properties qualify.

8. **Energy Savings and Modeling Software:**
   PG&E will use energy modeling software to generate energy savings for the pilot jobs. For low-rise multifamily buildings, PG&E proposes using the CEC HERS II rating standard using the Energy Pro, Cal Rate Pro module (for TDV savings calculations) and the Residential Performance Module (for site savings calculations) to calculate incentives. For high-rise buildings, PG&E proposes using Energy Pro, Non Residential Module, for measurement of savings and determination of incentive levels. PG&E will consider additional software tools, as appropriate.

   Savings related to measures installed as part of integration efforts with ESAP, MIDI, and MFEER will only be claimed under those respective programs.

9. **Program M&E Plan for PG&E:**
   PG&E's Multifamily EUC pilot team, in close consultation with ED, will submit a detailed Evaluation Measurement & Verification (EM&V) plan for program evaluation. The EM&V plan will include plans for continuously improving this integrated program offering. Phase 1 of the pilot will be informed by soon-to-be-available insights and recommendations that will be reported from the two Process Evaluations currently in progress: PG&E Energy Upgrade California Whole House Retrofit Rebate effort, as well as the traditional Multifamily Energy Efficiency Rebate program. These final reports are anticipated in the first half of 2012.

   Drawing from these current studies, the EM&V plan will build on lessons learned in designing a unified and comprehensive evaluation plan. The evaluation efforts will provide the process and strategies for advancing the program's management of key issues including: split incentives between owners and renters; supportive and efficient procedures for participating contractors; effective outreach to building owners; and how to define and influence the decision points where energy efficiency upgrades can be included in building maintenance and improvement investments, among others. PG&E seeks to use Phase 2 to analyze the combustion appliance safety protocols as well as the cost effectiveness of the various measures installed. At the culmination of Phase 3, PG&E also recommends a deeper dive into the pilot's successes and challenges.

10. **Marketing/Outreach**
    For Phase 1, PG&E plans to work directly with market stakeholders to identify buildings that meet the screening criteria.

    Phase 3 marketing needs will be informed by the lessons learned in Phases 1 and 2.

APPENDIX B

Southern California Gas Company
Coordination between
Energy Savings Assistance Program
and Energy Efficiency (EE) Programs
July 2011 Report

Southern
California
Gas Company

A Sempra Energy utility®

TABLE OF CONTENTS

INTRODUCTION

The Southern California Gas Company (SoCalGas) is submitting this report as directed by the California Public Utilities Commission (CPUC) in Decision D.09-09-047 which acknowledges "the need for coordination between energy efficiency and LIEE programs" and is "requiring utilities to provide a report to Energy Division detailing these coordination efforts." [1]

SoCalGas Customer Programs Energy Efficiency staff has made efforts to collaborate with Customer Assistance programs staff in areas where activities may have overlapping touch points with customers. The goal of this is to: reduce duplicities of program offerings; increase program efficiencies; maximize energy efficiency opportunities for low-income customers; and improve the customer's experience resulting in increased program participation for EE, Energy Savings Assistance[2], as well as the other Customer Assistance programs.

Customer Assistance Programs have several elements including Energy Savings Assistance Program, California Alternative Rates for Energy (CARE), Gas Assistance Fund (GAF), Medical Baseline, and Third Party Notification.

In the second quarter of 2011, SoCalGas realigned departments and merged the Customer Programs staff with the Customer Assistance Programs staff under one director. The newly aligned department will facilitate increased and improved communication to effectively serve customers through a more efficient "one stop shop" experience in accessing energy saving services.

The following are EE programs that have implemented specific activities to meet the integration objectives between EE and Energy Savings Assistance.

[1] *Decision Approving 2010 to 2012 Energy Efficiency Portfolios and Budgets*, dated September 24, 2009, pages 305-307[1]

[2] The Low Income Energy Efficiency Program name was changed to the Energy Savings Assistance Program

IOU CORE PROGRAMS

Home Energy Efficiency Rebates (HEER)

In addition to standard rebates for energy efficient appliances, SoCalGas' HEER Program offers a free energy efficiency kit (EE Kit) to customers to help improve energy usage and increase water savings in residential customer's homes. The energy efficiency kit consists of one low flow showerhead, one low flow kitchen aerator, and two low flow bathroom aerators. Customers may request an EE Kit through residential outreach events or online. If customers opt to provide demographic information, the information is screened to determine if the customer is Energy Savings Assistance eligible, but not a current participant. Customers who sign up are continually compared to Energy Saving Assistance Program databases in order to prevent duplicate offerings of measures. Customers eligible for the Energy Savings Assistance Program may be contacted by SoCalGas representatives to encourage their participation. Additionally, customers participating in EE Kit direct installation programs, and who are income qualified, can enroll in the Energy Savings Assistance Program and have the installed EE Kit considered as part of the program's minimum measure count.

Energy Upgrade California (EUC)

SoCalGas' EUC program promotes the "whole house as a system" approach to energy efficiency and provides incentives toward improvements. This program launched in late 2010. There are two levels to this program. The first is the basic path, or "prescriptive path," which consists of the following proposed measures: attic insulation, air sealing, duct sealing, pipe wrap, and combustion safety testing. The "basic path" utilizes distinct individual measures that contain required minimum energy efficiency performance values. The second level is the advanced path, or "performance path." The performance path delivers comprehensive improvement packages tailored to the needs of each existing home and its owner and will include all the measures proposed in the basic path plus improvements to the major heating and cooling systems (HVAC) and hot water systems. Customers can receive up to $1,000 in incentives for the basic path and up to $4,000 for the advanced path from California investor owned utilities.

Customer Assistance's central point of contact is kept apprised of the various EUC program developments and any impacts the program may have on income qualified customers. Customers inquiring about participating in EUC receive information on both the Customer Assistance and EUC programs. For example, the EUC application also includes information on Energy Savings Assistance Program offerings for income qualified customers.

SoCalGas' Energy Savings Assistance Program is currently working with EE's EUC Middle Income Direct Install (MIDI) program to collaboratively promote both programs to customers. SoCalGas' Energy Savings Assistance Program, MIDI, and EUC staffs will work to develop a referral system to help serve those customers who do not meet the income guidelines of the Energy Savings Assistance Program.

SoCalGas EUC staff is also participating in various local government partnership (LGP) meetings regarding multi-family EE and low income customer opportunities in that community. Any new community wishing to partner with SoCalGas on a “whole house” type program has been encouraged to add customer assistance messaging to their program outreach.

Multi-family Energy Efficiency Rebates (MFEER)

MFEER offers property owners and managers incentives for installing energy efficient appliances and insulation. These incentives are to be used to replace existing appliances in multi-family properties of two or more units.

The MFEER Program and Energy Savings Assistance Program continue to look for ways to coordinate efforts for their customer segments. The topics discussed between the departments covered marketing and outreach and direct implementation. During program years 2010-2011, the MFEER Program provided Energy Savings Assistance staff information regarding potential leads or projects that could affect the customer ability to receive Energy Savings Assistance Program services. These leads were obtained at tradeshows, from property owners/managers, or from contractors.

To help improve communication, EE and Customer Assistance have each assigned designated central points of contacts. The use of designed contacts in the programs allowed for the programs to share information whenever program changes impacted each other’s customers.

Information regarding Customer Assistance programs as well as a link to SoCalGas’ website containing Customer Assistance Programs information is printed on the MFEER application. Customer Assistance Programs are promoted alongside EE programs at MFEER outreach events and workshops.

Home Energy Efficiency Survey (HEES)

SoCalGas’ HEES program offers customers a free home energy efficiency survey to help them identify sources of energy and water use in their home. The survey provides recommendations for ways to save energy, water, and money and is available in online and mail-in formats. Customers who have completed the survey are compared with Low Income Programs resource databases. If customers opt to provide demographic information, the information is screened to determine if the customer is eligible to participate in the Energy Savings Assistance Program but not a current participant.

When customers opt to provide demographic information, the information is screened and compared to the Energy Savings Assistance Program database to determine if the customer is income-eligible but not a current participant. Customers eligible for the program may be contacted by a SoCalGas representative to encourage their participation in the Energy Savings Assistance Program, providing free weatherization for income-qualified customers. Those customers who take the HEES survey and who may be eligible are encouraged to enroll in Energy Savings Assistance Program. The Integrated Customer Energy Audit Tool (ICEAT), due to launch in 2012, may give the customer the ability to link to the Energy Savings Assistance Program directly and enroll online, but development of that function has not yet been established.

Additionally, HEES includes the following report for customers who have provided income level information and number of persons living in household, and who meet the income guidelines:

> *You may qualify for the Energy Savings Assistance Program (ESAP), which provides no cost weatherization services to eligible income qualified renters and homeowners. Energy conservation measures offered in the program include: ceiling insulation, door weather-stripping, caulking, low flow showerheads, water heater blankets, and minor home repairs.*
>
> *The Energy Savings Assistance Program also offers furnace repair and replacement services to eligible, income-qualified homeowners. For more information, please call ESAP's toll free hotline at 1-800-331-7593, Monday through Friday, between the hours of 7 AM and 4 PM.*

Integrated Demand Side Manage (IDSM)

SoCalGas' long-term strategy for integrated messaging will be through an Integrated Demand Side Management (IDSM) approach through offering a customer audit tool. The completion of the energy management tool can help customers understand their energy usage and therefore manage their energy costs. This effort is intended to improve customers' understanding of "energy management" as a whole with regard to how EE and Customer Assistance Programs can work together. The IDSM tool is currently in development as statewide investor owned utilities are currently working to award the contract. The tool, ICEAT, will be able to target customers based on their data inputs to provide them with the appropriate EE and/or customer assistance message.

THIRD PARTY PROGRAMS

Comprehensive Manufactured/Mobile Home Program (CMMHP)

The CMMHP Program is a third party program that provides energy efficient measures on a comprehensive basis to manufactured and mobile home customer at no cost to the customer. The vendors works together with SoCalGas' EE program staff, Energy Savings Assistance Program staff, and Partnership staff, as well as Southern California Edison's (SCE) staff on electric measures.

CMMHP's outreach and EE technicians are cross-trained in each of these programs and are able to address the needs of the customer whether they are an EE qualifying customer or an income qualifying customer. This program coordination has simplified the customer experience where a customer only requires one contact for their service from these programs.

The vendor has also worked with LGP teams by partnering in a variety of LGP areas including the City of Santa Ana, Harbor Cities, and Santa Barbara, to promote the programs together.

The vendor has been active in outreaching the CMMHP program to various cities including Yucaipa, Perris, San Jacinto, Temecula, Murrieta, Adelanto, and Tulare. The vendor interacts with the cities' associations and departments, such as: Mobile Residents Association, Community Development, Public Works, and Environmental Services. Team efforts are made with law enforcement officers (for example, in the Beaumont Partnership) who help distribute program flyers to all mobile/manufactured home residents.

Together with SCE, the vendor participates in monthly partnership meetings, as well as city council meetings to promote energy efficiency measures that CMMHP can provide at no cost to customers.

Community Language Efficiency Outreach (CLEO)

CLEO is a third party residential energy efficiency program marketing 100% in-language energy efficiency, outreach, education, and training. The program specifically targets hard to reach Vietnamese, Indian, Chinese, Korean, Hispanic, and African-American communities of SoCalGas and SCE. CLEO uses local ethnic radio and newspaper advertising to increase awareness and interest, providing education and training with in-language seminars and community booths. The seminar provides information on all aspects of the Energy Savings Assistance Program in a classroom setting. Booklets and brochures promoting EE programs and Customer Assistance programs are handed out to all attendees.

CLEO also worked with local cities to provide outreach to senior centers and low income housing communities, providing Energy Savings Assistance Program information and encouraging participation. In addition, CLEO's Faith Based Organization (FBO) outreach to churches and temples provided Customer Assistance program information through educative seminars. A toll free telephone number staffed with in-language service representatives provided in-language support, answering EE and customer assistance questions to encourage participation.

Multi-family Direct Therm Savings Program and Multi-family Home Tune-up Program

The Multi-family Direct Therm Savings Program and the Multi-family Home Tune-Up Program are third party direct installation programs serving different parts of SoCalGas' service territory. The vendors install hot water savings measures (i.e., low-flow showerheads and low-flow faucet aerators) in the tenants' units.

SoCalGas has recognized the high likelihood of both qualifying income and non-qualifying households occupying residency in the general multi-family segment. In order to maximize economic efficiency and to minimize possible duplicative efforts, EE and Energy Assistance Savings Program staff have collaborated and developed a streamlined process to address internal and external (customer-end) operations.

Before the vendor approaches the customer, the list of customers to be targeted is forwarded to the Energy Savings Assistance Program staff. The staff has the opportunity to screen the list for customers who may potentially participate, or have already participated, in the Energy Savings Assistance Program. The remaining customers are approached by the vendor to participate in the EE program.

Energy Savings Assistance Program staff is able to follow up with the customers on the list of potential income eligible customers to encourage participation in the assistance programs. Any customer determined to be ineligible are referred back to EE program staff for EE program participation.

Customer Assistance and EE program staffs currently hold regular meetings to discuss improvements to this process, any "unique cases," and strategies for maximizing customer participation in all applicable programs.

At the same time, Customer Assistance and EE program staffs and vendors have updated guidelines and processes with regards to review of customers' lists that minimized any delay in vendors' water saving devices installations.

PARTNERSHIPS

The SoCalGas Local Government Partnership (LGP) programs are designed to provide integrated assistance to local governments to achieve energy efficiency in their own facilities as well as lead their communities to increase energy efficiency practices, reduce greenhouse gas emissions, increase renewable energy usage, and ensure that their communities are more livable and sustainable. The LPG programs promote and provide access to all SoCalGas programs, including Customer Assistance Programs to advance energy efficiency in local government facilities and their communities through energy saving actions, training, and education. The LGP's provide marketing, outreach, education, and training to connect the communities with opportunities to save energy, money, and help the environment.

This past year, SoCalGas continued to work with LGP partners promote the Energy Savings Assistance Program through various activities. SoCalGas representatives provided presentations to local governments participating in Partnerships on Customer Assistance Programs. SoCalGas' LPG team members also coordinated the promotion of Energy Savings Assistance Program with SCE and Pacific Gas and Electric (PG&E) alternating presentations and outreach. Whenever a potential opportunity was identified in the course of implementing partnership projects, the opportunity was referred to a Customer Assistance Programs contact. The integration of relevant information and coordination of the targeted marketing for Customer Assistance, in conjunction with the core program information, lend additional help in achieving energy savings and increased participation by the low income segment. The SoCalGas/LGP team provided information on the Customer Assistance programs at outreach events. SoCalGas has also encouraged local governments to include the Customer Assistance message as a component of their Climate Action Plans. Additionally, SoCalGas has worked with the City of San Bernardino as a member of the City's Sustainability Task Force Team, and has also provided support to other cities in this area as needed.

In summary, the SoCalGas LGP Team takes a comprehensive approach to promoting energy efficiency which includes supporting Energy Savings Assistance, EUC, and other core rebate programs.

MARKETING, EDUCATION, AND OUTREACH

Marketing and Outreach

SoCalGas' EE marketing and outreach has coordinated efforts with Customer Assistance Programs (i.e., Energy Savings Assistance, CARE, Medical Baseline Allowance, and Gas Assistance Fund) to communicate bill assistance messages to customers who need assistance in paying their gas bills. Several targeted campaigns were launched this past year, including "We're here to lend you a helping hand." This integrated campaign consisted of radio, online and transit TV and promoted all customer assistance programs under a common theme. The "Winter Preparedness Campaign" was also utilized to further promote assistance-type messaging. Various EE and customer assistance messages were coordinated in the "Gas Company News" as well as in bill messaging; tips were provided to customers on how to save on gas and heating costs. Coordinated events during the year included sponsorship and presence at the L.A. County Fair and many other smaller outreach events where staff answered customer inquiries regarding the Customer Assistance Programs while distributing collateral. Many of these campaigns and efforts targeted hard-to-reach communities using in-language print ads, press releases, and local community publications.

Workforce Education &Training (WE&T) Taskforce

The WE&T Taskforce (Taskforce) was formed as an advisory group to the investor-owned utilities (IOU) on Energy Center education and training programs. The Taskforce includes stakeholders from a variety of sectors: education, industry trades, non-profits, non-IOU training, and public agencies. The Taskforce also includes members from SoCalGas' Energy Savings Assistance Program staff to allow their participation in discussions and broaden the growth of qualified/trained participants in the energy efficiency sector.

Workforce Education &Training (WE&T) Connections

The WE&T Connections sub-program focuses attention on growing relationships with California Community Colleges (CCC) in expanding energy efficiency curriculum and entry-level energy efficiency certification programs. SoCalGas' WE&T staff supported the Energy Savings Assistance Program in expanding the Los Angeles Trade Technical College (LATTC) Workforce and Economic Development (WED) weatherization training center to include several certification programs in the energy efficiency sector. WE&T also supports Customer Assistance efforts indirectly by promoting energy efficiency awareness and information to teachers and students attending low-Income area designated schools by way of its PEAK program activities.

Workforce Education &Training (WE&T) Centergies

SoCalGas' Energy Resource Center (ERC) hosted Energy Savings Assistance Program field support training courses managed by Customer Assistance staff. Training courses are attended by participants from surrounding communities and provide post-training opportunities for recruitment of income households eligible for energy efficiency equipment installations under the Energy Savings Assistance Program.

CONCLUSION

SoCalGas will continue to build upon these achievements, now under one department, with collaborative efforts to present to the customer program benefits that can maximize their energy savings. SoCalGas plans to further expand integrated delivery of EE and Customer Assistance information and programs that benefit all customers by increasing dialogue between staff, finding synergies between similar program activities, and cross promoting offerings.

More information on SoCalGas' residential Customer Programs can be found at:

http://www.socalgas.com/for-your-home/rebates/

More information on SoCalGas' Customer Assistance Programs can be found at:

http://www.socalgas.com/for-your-home/assistance-programs/