



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

A.11-05-017
(Filed May 16, 2011)

Application of Southern California Gas Company (U 904-G) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014

A.11-05-018
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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 (U 39-M)

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Application of San Diego Gas & Electric Company (U 902-M) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014

A.11-05-020
(Filed May 16, 2011)

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) RESPONSES TO
ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENTS SET NO. 1**

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Dated: **January 23, 2012**

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ADMINISTRATIVE LAW JUDGE’S RULING SEEKING COMMENTS SET NO. 1**

Pursuant to the Administrative Law Judge’s Ruling Seeking Comments, issued on December 28, 2011, Southern California Edison (SCE) respectfully submits its responses to Category 2 of the questions set forth in Appendix A of the ruling. SCE’s responses are contained in Attachment A.

Respectfully submitted,

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/s/ Monica Ghattas

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Attachment A

SCE's Responses to ALJ Ruling Seeking Comments

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." It is not yet clear that the Energy Savings Assistance (ESA) Program is effectively working towards these goals. **All parties** are directed to respond to the following:

a. How can the ESA Program be improved to provide Integrated Demand Side Management (IDSMD) to the low income community?

Response:

In accordance with the 2011 California Energy Efficiency Strategic Plan (Strategic Plan), Chapter 8, the vision of DSM Coordination and Integration is expressed:

“Energy efficiency, energy conservation, demand response, advanced metering, and distributed generation technologies are offered as elements of an integrated solution that supports energy and carbon reduction goals immediately, and eventually water and other resource conservation goals in the future.”

As defined by the vision in the Strategic Plan, there are three levels of integration for DSM options that include the following: 1) comprehensive and coordinated marketing; 2) program delivery coordination; and 3) technology and systems integration. Southern California Edison (SCE) believes that all three levels are specific tactics that can be improved in the current Energy Savings Assistance (ESA) program cycle to enhance the level of integration between programs so that customers may realize increased energy savings at lower cost through the implementation of a menu of DSM options.

Before looking at how the ESA program might be improved to provide IDSMD it is useful to look back at 2009-2011 and evaluate SCE's overall Demand Response (DR) effort. Through efforts in 2009-2011, SCE has achieved one of the largest and most diverse utility DR portfolios representing more than seven percent of SCE's system peak. Under the Commission's guidance and leadership, SCE grew its DR MW by more than 25 percent, up from approximately 1,200 MW to 1,530 MW.

Looking ahead in the 2012-2014 DR program cycle portfolio, SCE will continue to deliver successful existing programs and introduce new DR programs. SCE will also facilitate the adoption of new technologies, offering rebates for qualifying Home Area Network (HAN) devices beginning in 2013, piloting Plug-in Electric Vehicle (PEV) DR programs and continuing research emerging technology applications for DR.

Over the 2012-2014 ESA program period SCE believes that through a combination of the Edison SmartConnect program, education and outreach targeted at low-income customers, and market research designed to tailor program offerings to low-income customers, the ESA program will provide a reliable energy resource while also providing a foundation for new automated technology services and IDSMD program offerings for low-income customers.

In the 2009-2011 program SCE began a significant drive towards the integration of Energy Efficiency (EE) and DR programs into the ESA program. Among the integrated programs were the Comprehensive Manufactured Home Program (CMHP), Community Language Efficiency Outreach (CLEO), Partnerships, and the Workforce Education and Training (WE&T) School Programs.

Comprehensive Manufactured Home Program (CMHP)

This program (formerly known as Comprehensive Mobil Homes) provides and installs energy-efficient products and services at no cost to the customer in manufactured homes and the common areas of manufactured home parks. This program includes both ESA and EE components. First, an SCE trained and authorized CMHP contractor determines whether manufactured home residents meet income eligibility criteria for the ESA program. If a customer qualifies, the contractor installs all measures that are feasible under the ESA program. Then, all remaining customers are enrolled in CMHP during the same visit. All customers residing in manufactured homes are eligible to receive measures from CMHP, regardless of whether they are income eligible for the ESA program or not. Thus, the ESA program customers receive all available ESA program measures and CMHP measures that are not included within the ESA program.

Community Language Efficiency Outreach (CLEO)

The CLEO Program is an in-language ethnic energy efficiency marketing, outreach, education, and training program targeting Vietnamese, Chinese, Korean, Indian, Hispanic, and African-American residential communities. The intent of the program's marketing efforts is to increase energy efficiency awareness and interest in hard-to-reach customer segments, leading to customer participation in the California Alternate Rates for Energy (CARE) and ESA programs, residential program seminars, energy efficiency surveys and other energy efficiency programs and practices. SCE's CLEO vendor staff also gives in-language presentations to SCE customers at outreach seminars, covering SCE programs that these customers may be able to benefit from. The ESA program is included in this presentation and ESA and CARE program applications are available to participants.

Partnerships

SCE's partnership agreements with public sector customers are designed to increase energy efficiency in their facilities and/or communities. Partnerships leverage and align communications to our mutual customers to more effectively reach customers that have not responded to traditional utility marketing approaches. Partnerships also funnel customers to our core programs and leverage partners' strengths. Partnerships enable SCE to be creative and responsive by customizing programs as necessary to meet specific customer needs.

SCE's partners include cities, counties and other local government organizations that seek to improve the efficiency of their facilities and provide opportunities for constituents to take action in their own homes and businesses. The ESA program and Partnerships staff work together to identify potential opportunities for integrating the ESA program into outreach opportunities during presentations to community leaders and stakeholders. The Partnerships provide a vital channel for jointly promoting the ESA program and providing the opportunity for eligible customers to receive energy efficiency improvements in their homes at no or minimal cost.

WE&T School Programs

As a part of The Go Green Initiative, SCE, for the past two years, associated with East West Bank, businesses, non-profits, unified school districts, elected officials and media to integrate program outreach and deliver SCE's programs and resources to help the entire communities save energy, money, and the environment. The CARE, Family Electric Rate Assistance (FERA) and ESA programs, along with SCE's Energy Efficiency Programs and rebates, and the LivingWise Program, have been promoted in the communities by canvassing local small businesses and displaying information inside East West bank and affiliated branches. When the LivingWise Program is proposed to schools, school administrators and teachers are educated on the CARE, FERA and ESA programs to pass the information on to parents. The CARE, FERA and ESA programs are again promoted to administrators and teachers at post-program participation closing and award ceremonies.

Mobile Energy Unit (MEU)

The MEU is a converted 35-foot recreational vehicle equipped with SCE program literature, educational materials and energy efficient technologies and displays. The Second Unit is an indoor/outdoor display tent which features technologies and showcases SCE's energy efficiency rebate and incentive programs. The CARE, FERA and ESA programs are on display via large ads on the inner walls of the MEU. ESA program information is made available within the MEU and the Second Units (portable displays without the vehicle). The ESA program is actively promoted at each and every MEU event. MEU availability is targeted to all communities, including economically-disadvantaged communities. During MEU events, the leads are generated and applications are collected for customer enrollment into the CARE, FERA and ESA programs.

2012 – 2014 ESA Program

SCE seeks to build upon and improve the delivery of IDSM information and services to low-income customers in the 2012-14 program period. SCE has strategically positioned the ESA program to take advantage of and leverage SCE's EE and DR programs in constructing a communication channel for low-income customers to become aware of and participate in IDSM programs. The ESA program will collaborate with SCE EE and DR staff in coordinating the Marketing, Education and Outreach (ME&O) efforts targeted to low-income customers. Aligning the ESA program's ME&O plan alongside EE and DR will allow for a more focused service delivery mechanism that will result in increased participation in IDSM programs. The ESA program will build upon and enhance educational material to be used in one-on-one education sessions with low-income customers.

The ESA program will coordinate closely with the ME&O statewide team established in the Strategic Planning process to ensure consistent customer-focused communications and to gain knowledge from statewide and local ME&O best practices

b. What IDSM activities are being pursued in the ESA Program?

Response:

SCE has a two-pronged approach to increasing low-income customer awareness and participation in IDSM programs. In 2012 and 2013, SCE proposes to increase its integrated marketing and outreach activities. Specifically, SCE's marketing and outreach efforts will enable customers to discover how EE, DR and solar solutions work together to help them become smarter energy users. Through awareness and education of holistic DSM solutions and their associated benefits, customers will be motivated to take action (or become activated). SCE will make it easy for customers to participate, by providing customers with multiple enrollment, participation and notification channels.

SCE plans to weave educational DR messaging and solutions into existing ESA program marketing and outreach efforts to ensure SCE's income qualified customers are aware of SCE's DSM solutions. Specifically, SCE plans to integrate DSM messaging into ESA program direct mail, collateral materials (i.e., factsheets, brochures, table top displays and applications), outreach events and localized promotional advertisements.

The second prong is delivered through a revamped ESA program education component that delivers a second tier of information and education through a one-on-one in-home service delivery mechanism. ESA program customers will be better positioned and educated to take advantage of rate-based incentives and opportunities to reduce their electric bills through participation in EE and other DR programs. Education on the infrastructure of smart meter technology will be accompanied with an offer to enroll in such DSM programs as the Summer Discount and Power Save Days programs. In addition SCE's education module will also provide customers an opportunity to enroll in the Budget Assistant Program, one of the more popular programs. With the advent of dynamic pricing rates such as Time-of-Use (TOU), Peak Time Rebate, and Critical Peak Pricing, this education will provide valuable information for customers in making future tariff decisions.

In addition to targeted outreach and marketing, the ESA program will also be following the EE and DR roadmap in the outreach and marketing of IDSM programs. To lay the groundwork for education around dynamic and TOU pricing, the statewide ME&O team is supporting a component for general awareness. This general awareness effort will focus on a message which educates customers on reducing electricity during peak hours. The strategy is to incorporate four key actions for participants: 1) Turn up air conditioners to 78 degrees or higher; 2) Use major appliances after seven p.m.; 3) Do not use unnecessary appliances; and 4) Tell others. This effort would continue to be a partnership of California's utilities, residents, businesses, institutions, government agencies, and non-profit organizations working to reduce peak energy consumption.

c. What IDSM activities can and should ESA Program pursue, in the short, medium and long term?

Response:

Of the four IDSM strategies that have been identified in the Strategic Plan for DSM Integration and Coordination (integrated marketing, integrated pilots, integrated program development, and new technology development), SCE feels that the ESA Program can pursue integrated marketing

in the short term (concurrent with other DSM programs), develop and deploy integrated pilots and programs in the medium term, and identify integrated technologies in the long term.

However, the real answer to this question lies in the ESA program joining the Statewide IDSM Task Force (Task Force). The Statewide IDSM program promotes integration of demand side resources within the IOU statewide demand side incentive programs. The Task Force provides oversight, tracking, and reporting of the IDSM statewide initiatives and promotes IDSM strategies in a statewide-coordinated fashion. The Task Force meets regularly to identify and share best practices, identify implementation and policy issues, design effective metrics to measure progress on IDSM, and report to the Commission. To ensure the development of short and long term IDSM/ESA program activities is implemented, the ESA Program must benefit from the collective vision of Task Force members and seek activities that fit the long-term vision of IDSM.

d. Are current residential Demand Response programs (such as AC recycling) attracting low income customers? If not, what can be done to improve that?

Response:

As of year-end 2011, SCE had 313,995 residential customers on the Summer Discount Plan (SDP) (AC cycling), with 84,320 of those customers also enrolled on the CARE program. This is approximately 27% of our residential SDP customers and is consistent with the overall percentage of CARE customers to all residential customers. SCE believes there is always room for improvement and in the 2012 -2014 program period SCE proposes to fully integrate key DSM programs (i.e. SDP, Power Save Days) into the one-on-one education module to be delivered to low-income customers.

e. Could more or better targeted marketing efforts increase the number of low income customers enrolled in residential Demand Response programs? If so, how?

Response:

Yes. While SCE has seen successful participation by low-income customers in the SDP, SCE believes a focused DR educational campaign will increase participation in other DR programs. As part of SCE's 2012-14 program plans, an education component will provide customers with information on how smart meter technology works and on the benefits of smart-enabled products and services. With customers being offered the opportunity to enroll onto DR programs during delivery of education services it is expected that low-income participation in IDSM will increase.

SCE will also continue to provide information on IDSM solutions at a variety of events, such as Earth Day, the Los Angeles County Fair, the Orange County Fair and Building Owners and Managers Association events. IDSM solutions are also featured with SCE's MEU.

SCE's IDSM Marketing program will support the development of the California Integrated Customer Energy Audit Tool (CA ICEAT) that will serve as a primary tool to provide EE, energy conservation, DR and distributed generation (DG) information to residential and small

commercial customers.

f. Could the deployment of Smart Meters provide opportunities for this in the medium and long run? If so, how?

Response:

Smart meters could offer limited opportunities for the marketing of DR programs and this would be primarily through the two-way messaging capability of smart meters. Another associated avenue would be through Home Area Networks (HAN) installed in customer homes. It is reasonable to expect HAN owners to be more engaged in their energy use than other customers and therefore a targeted communication campaign through HANs could result in increased program participation.

g. Could 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?

Response:

Yes. As outlined in SCE's 2012 – 2014 application, DR programs will be integrated into SCE's ESA education module. IDSM will be communicated to customers in a "whole-house" approach. Smart meter technology, programs and benefits will be explained to customers and as products and services become available they will be offer to ESA program participants. The ESA program will also be part of the introduction of HAN with the ESA program working closely with SmartConnect staff to ensure devices have in-language capability and communication devices for persons with disabilities.

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?

Response:

Income eligibility and delivery of ESA services are is the biggest issues that can be coordinated around SASH and MASH programs. Both programs can refer potential customers for ESA program services thereby determining income eligibility for both programs and assessing and scheduling installation of eligible ESA program measures.

i. Could this coordination start with joint ESA Program/solar marketing materials, in the short run? If so, how? If not, why?

Response:

Joint marketing or outreach of the ESA and Solar programs would be problematic due to the large disparity in targeted goals. If only 2% of ESA program customers are referred to the Solar program this amount would exceed 2011 solar enrollment numbers. As shown in Table 1,

statewide SASH results for 2009 and 2010 totaled 660 homes while SCE alone treated over 200,000 homes through the ESA program. On the MASH side 291 projects are in progress in 2011. Over subscription of both MASH and SASH are very real possibilities in a joint marketing effort.

Table 1-1

	2009	2010	2011	2012
SASH	330	330	862	
MASH	-----	34 projects	291 projects in progress	
ESA	83,445	120,000	87,000	77,000

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?

Response:

The relatively small goals for both the SASH and MASH programs do not support distribution of marketing materials to all ESA program participants. Both MASH and SASH can and should be coordinated to maximize efficiencies. Each IOU could conduct monthly joint meetings with SASH/MASH administrators in their respective service territories. These meetings would focus on integration efforts and serve as a conduit for the Solar programs in outreaching if necessary.

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?

Response:

ESA program participation in the IDSM statewide Task Force (Task Force) is the most reasonable and informed approach to developing a long term IDSM strategy for the ESA program. The Statewide IDSM program promotes integration of demand side resources such as EE, DR, and DG within the IOUs' statewide demand side incentives programs and including low-income in the mission statement for the Task Force will ensure the ESA program and perspective are included as policies and programs are developed. The Task Force meets regularly to identify and share best practices, identify implementation and policy issues, design effective metrics to measure progress on IDSM, and report to the Commission. Including an ESA component seems to be a logical progression to ensure seamless integration of IDSM.

l. Can Smart Meters and other Smart Grid improvements provide us with new opportunities to do this? If so how?

Response:

Yes, the smart grid and smart meters may help all customers, including low income customers, to better manage their energy use through participation in DR programs and the use of energy conservation tools. These new programs and tools are enabled by the collection of interval usage data and the availability of near real-time data through Edison SmartConnect meters. For example, SCE’s Budget Assistant program tool enables energy conservation by providing customers with routine notifications regarding how their current costs are aligning with a preselected monthly budget target for each billing period. Customers may also view their hourly interval usage data online by accessing SCE’s web presentment tool. In addition, price responsive DR programs such as the Save Power Incentive Day Program and Summer Advantage Incentive that are now available as the result of smart metering may also help customers better manage their energy usage. These tools and programs are available at no cost to customers, and most do not require the use of a computer or other device.

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:

a. What is the median (50th percentile) effective discount of CARE bills vs. the hypothetical non-CARE bills for the same usage?

Response:

See table below for the total electric bills for SCE CARE customers with hypothetical non-CARE customers with the same usage levels.

Table 2-1

SCE Effective Discount of CARE Bills vs. Hypothetical Non-CARE Bills				
CARE Percentile	Avg Annual CARE Usage (kWh)	Avg Annual CARE Bill	Hypothetical Non-CARE Bill (with same Annual Usage)	Hypothetical CARE Savings Amount
50th	5,693	\$ 546.49	\$ 813.61	\$ 267.12

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)?

Response:

See table below for the total electric bills for SCE CARE customers with hypothetical non-CARE customers with the same usage levels.

Table 2-2

SCE Effective Discount of CARE Bills vs. Hypothetical Non-CARE Bills

CARE Percentile	Avg Annual CARE Usage (kWh)	Avg Annual CARE Bill	Hypothetical Non-CARE Bill (with same Annual Usage)	Hypothetical CARE Savings Amount
75th	7,939	\$ 938.25	\$ 1,319.94	\$ 381.69

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

Response:

See table below for the total electric bills for SCE CARE customers with hypothetical non-CARE customers with the same usage levels.

Table 2-3

SCE Effective Discount of CARE Bills vs. Hypothetical Non-CARE Bills

CARE Percentile	Avg Annual CARE Usage (kWh)	Avg Annual CARE Bill	Hypothetical Non-CARE Bill (with same Annual Usage)	Hypothetical CARE Savings Amount
90th	14,017	\$ 1,507.45	\$ 2,692.66	\$ 1,185.21

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?

Response:

Historically a CARE discount of 15% was provided prior to 2001 compared to the volumetric rates paid by non-CARE customers in a two-tiered Baseline/non-Baseline rate structure. After imposing additional rate tiers (for SCE, there are currently five consumption tiers) for consumption in excess of the baseline allocations, the CPUC also increased the CARE discount from 15% to 20% in Decision (D.)01-06-010. The CPUC also exempted CARE customers from paying other charges that were paid by non-CARE customers, such as the DWR bond charge, and ensured that CARE customers were exempted from paying discounted rates based on the non-CARE rates applied to Tiers 4 and 5. These exemptions were adopted by the Legislature in 2009 and are reflected in Public Utilities (P.U.) Code Section 739.1(b)(4), which states:

(4) Tier 1, tier 2, and tier 3 CARE rates shall not exceed 80 percent of the corresponding tier 1, tier 2, and tier 3 rates charged to residential customers not participating in the

CARE program, excluding any Department of Water Resources bond charge imposed pursuant to Division 27 (commencing with Section 80000) of the Water Code, the CARE surcharge portion of the public goods charge, any charge imposed pursuant to the California Solar Initiative, and any charge imposed to fund any other program that exempts CARE participants from paying the charge.

While some CPUC actions, such as reducing the number of rate tiers or reducing the baseline allocation, can alter the effective level of CARE discounts compared to non-CARE rates, any significant change in these discounts to promote rate equity would require legislative action as described in part (b) below.

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?

Response:

Residential electric rates are heavily constrained by P.U. Code Section 739 and other subdivisions of Section 739, such as 739.1 and 739.9. Because changes to CARE and non-CARE Tier 1 and Tier 2 rates for usage up to 130 percent of baseline are constrained, there are limitations on the CPUC's ability to alter the effective level of CARE discount provided for usage in Tiers 1 and 2.

In 2001, AB1X capped residential Tier 1 and Tier 2 rates at their then-current levels, forcing all revenue increases to be reflected in increases in the upper tier rates, causing enormous increases over time in volumetric rates for usage in excess of two times the baseline allocation. These rates far exceeded any cost-based justification, which is the foundational principle of rate design employed by the CPUC and led to extraordinary bill impacts to residential customers during heat waves in 2006 and 2008. In October 2009, Senate Bill (SB) 695 was enacted to remove the AB1X rate cap and to authorize limited increases to CARE and non-CARE rates for Tiers 1 and 2 and to mitigate or reduce the differentials between rates for Tiers 1 and 2 and the rates for Tiers 3 and above. Beginning in 2010, Sections 739.1 and 739.9 permitted the CPUC to authorize non-CARE Tier 1 and Tier 2 rates to increase from between 3 to 5% based on a CPI+1% formula and CARE Tier 1 and Tier 2 rate increases by 3%. However, the CARE increases were tied to increases in CalWORKS payments increases, which have been suspended and are not likely to increase in the foreseeable future due to California budget problems. Thus, over the period from 2010 until 2012 (as well as the period from 2001 through 2009) SCE's Tier 1 and Tier 2 rates for CARE customers **have not increased whatsoever**. SCE has been authorized to increase its non-CARE Tier 1 and Tier 2 rates over this period, but the Tier 1 increases have been limited in 2011 and 2012 to less than 3% by Section 739.9(b). SCE's current (January 1, 2012) CARE/non-CARE Tier 1 and Tier 2 rate differentials of 32% and 31%, shown in Table 3-1 below, could grow by 5% per year between 2013 and 2018, after which time, these specific rate increase provisions expire.

Table 3-1

		Current Domestic Rate	Current D-CARE Rate	Percent Discount
Energy Charge- \$/kWh	Baseline	0.12606	0.08533	32%
	101% - 130% of Baseline	0.15511	0.10668	31%
	131% - 200% of Baseline	0.23788	0.18154	24%
	200% - 300% of Baseline	0.27288	0.18154	33%
	Over 300% of Baseline	0.30788	0.18154	41%

The discount provided to CARE customers is paid for by other non-CARE residential customers as well as customers outside the residential rate group through a cent/kWh surcharge. SCE now has 1.4 million CARE customers, or approximately 33% of all of its residential customers. As discussed in response to Question 4, below, SCE estimates that the amount of CARE subsidy paid by non-CARE customers in 2011 was \$310 million. As the differential between non-CARE and CARE rates increases, the level of surcharge paid by other customers and the amount of subsidy paid will increase.

Thus, a modification of the current statutory restrictions is needed in order to bring the CARE discount back in line with reasonable expectations. One solution would be to simply let P.U. Code 739.1 (b)(4) be the sole governing legislation concerning CARE discounts and remove the other compounding elements in the P.U. Code (e.g. remove the CalWORKS restrictions associated with the CARE Tier 1 and Tier 2 rate increases).

Under the existing restrictions of Sections 739.1 and 739.9, the CARE discount will continue to increase until January 1, 2019 when the annual rate increase provisions of Section 739.1 will expire. At that time, the CPUC could authorize increases to CARE rates subject to the remaining restrictions in P.U. Code 739 and 739.9.

The CPUC can and should exercise its authority in residential rate design to reduce the inequitable subsidies as follows:

1. Specify needed modifications in the P.U. Code as part of any decision associated with this proceeding to help inform the Legislature of the current rate inequities.
2. Restrict the number of non-CARE tiered rate levels to three to align with the statutory maximum number of CARE tiered rate levels. Since the CARE rate is restricted to no more than three tiers with the rate being capped to be no more than 80% of the non-CARE rate, any additional number of tiers beyond three increases the CARE discount for high usage CARE customers.

3. Approve the Application for Rehearing of D.11-05-047 (jointly filed by SCE, PG&E, SDG&E, and Kern County Taxpayers Association) to authorize PG&E to implement a residential customer charge.
4. Reduce the Baseline allowance to the statutory minimum of 50% of average residential usage (as proposed by SCE in A.11-06-007).
5. Establish a more effective income verification program to confirm customer eligibility for CARE rates in advance of the economic turnaround that a business cycle will inevitably provide.
6. Ensure CARE income guidelines issued annually by the Commission are within income limits established in P.U. Code Section 739.1(b)(1) requiring that CARE assistance be provided to eligible customers with annual household incomes that are no greater than 200 percent of the federal poverty guideline. **[I thought that Larry Cope sent a letter to Frank Lindh asking for a legal opinion regarding out current commission-approved income eligibility guidelines not being consistent with Section 739.1(b)(1). We should refer to that letter.-AJ I don't know this detail-RG]**

The impact of these potential CPUC actions is relatively small in comparison to the meaningful changes which would require legislative action. Modification of the P.U. Code is a necessary first step in bringing CARE discount levels back to reasonable levels. Even with appropriate statutory modifications, the CPUC would retain its existing authority related to affordability of rates for low-income customers and could determine whether phase-in of rate design changes is needed to address any “rate shock” concerns.

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.

Response:

In 2011, SCE provided approximately \$310 million in bill credits to CARE customers. As the question indicates, the surcharges to fund these credits are currently allocated on an equal cents per kWh basis to all customer groups. Since large commercial and industrial (C&I) customers have a lower cost to serve, their average rate is lower. Therefore, collection of CARE surcharges on an equal cents per kWh basis results in higher CARE percentage bill impacts to those customers with lower average rates.

Table 4-1
SCE - CARE Surcharge Impacts by Rate Group

	June 2011 Bundled Avg Rates (¢/kWh)	June 2011 CARE Surcharge (¢/kWh)	% of Average Rate
Non-CARE	17.4	0.4	2.1%
CARE	10.9	0.0	0.0%
Total Domestic	15.5	0.3	1.7%
Small/Medium C&I	15.2	0.4	2.4%
Large C&I - <2 kV	12.4	0.4	2.9%
Large C&I - 2-50 kV	11.4	0.4	3.2%
Large C&I - >50 kV	7.1	0.4	5.2%
Total - Large C&I	10.4	0.4	3.5%
Total Ag.&Pumping	11.9	0.4	3.1%
Total Street Lighting	18.6	0.0	0.0%
Total System	14.1	0.3	2.3%

California IOUs' electric rates are higher than those in other states. It is also generally known that industrial load has been declining faster in California than in other states,¹ due to the overall high cost of doing business in the state. To the extent that higher proportions of public policy costs (e.g., CARE surcharges) are assigned to industrial customers, the relative cost of doing business in California increases and the incentive to leave the state increases. The reduction in number of energy intensive industrial customers means fewer kWh sales over which to allocate not only these public policy costs, but also necessary grid infrastructure investment costs. This cycle of rate increases and reductions in sales will likely result in the IOUs becoming less competitive with other utilities. The current residential rate design and CARE discount results in higher rates paid by non-CARE residential customers with usage in upper tiers. This, along with other direct incentives, provides an inaccurate price signal that could encourage uneconomic self-generation, which in turn further reduces recovery of delivery charges. Ultimately, the recovery of SCE's fixed costs through delivery charges is spread to other customers, thereby increasing their rates.

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.

¹ See www.eia.gov/emeu/aer/elect.html and www.ecdms.energy.ca.gov/elecbyplan.aspx.

Response:

The ESA program is projected to average approximately \$62 million per year during 2012 – 2014, an amount unchanged from 2009 - 2011. While SCE's proposal does not increase funding over prior years, increased efficiency in program delivery enables SCE to provide measures to more homes. Also, while the ESA program represents a significant amount of money, SCE allocates the ESA costs to each rate group based on their share of revenue rather than on an equal cents per kWh basis. SCE prefers that this allocation method be used for all CARE costs, including surcharge revenues, as described below.

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?

Response:

First, P.U. Code Section 327(a)(7) requires the CARE discount to be allocated on an equal cents/kWh basis. Therefore, absent legislative changes, a modification to the current allocation cannot be made. If a legislative change can be achieved, a more equitable allocation of CARE surcharge to customer groups would be an equal percentage of total revenues. This is preferred over an allocation based on equal percentage of distribution revenues because the latter allocation would place an extra burden on upper-tier residential rates that are already unfairly burdened by existing tiered rate restrictions, and completely relieve a few large industrial customers receiving service at higher service voltages from paying these public policy costs. Both of these rate group allocation scenarios are shown in Table 4-2 below.

Table 4-2

SCE - Alternative CARE Surcharge Allocations

	CARE Surcharge @ Dist Allocation (¢/kWh)	% of Average Rate	CARE Surcharge @ Total Rev Allocation (¢/kWh)	% of Average Rate
Non-CARE	0.57	3.3%	0.48	2.8%
CARE	0.00	0.0%	0.00	0.0%
Total Domestic	0.41	2.6%	0.34	2.2%
Small/Medium C&I	0.40	2.6%	0.39	2.6%
Large C&I - <2 kV	0.24	1.9%	0.30	2.4%
Large C&I - 2-50 kV	0.20	1.7%	0.27	2.4%
Large C&I - >50 kV	0.04	0.6%	0.17	2.3%
Total - Large C&I	0.16	1.6%	0.25	2.4%
Total Ag.&Pumping	0.33	2.8%	0.33	2.8%
Total Street Lighting	0.00	0.0%	0.00	0.0%
Total System	0.33	2.3%	0.33	2.3%

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.

Response:

SCE is not proposing that individual categorically-eligible CARE programs be removed from categorical eligibility at this time. As indicated in SCE's ESA and CARE program application funding request for 2012-2014, SCE supports a review of all categorically eligible programs to ensure alignment (at or below income-guidelines) with ESA/CARE income-guidelines.

b. Provide an estimate of the affected population caused by such removal.

Response:

As indicated in response 7a to this data request, SCE is not proposing to remove categorically eligible programs from CARE enrollment. However, approximately 56% of SCE customers (excluding enrollments through data-sharing) that enroll in the CARE program do so through categorical eligibility. Should specific programs be removed from categorical eligibility, there

will certainly be an incremental number of customers who will no longer be eligible for the CARE program.

c. Explain and quantify, if appropriate, whether the removal of these programs from categorical eligibility translates into CARE subsidy savings.

Response:

Removing any categorical program will reduce the number of customers on the CARE program as well as the amount of the total CARE subsidy. Information on customers enrolled in categorical programs that are NOT income eligible is unavailable; however, based on historical data, CARE subsidy savings would accrue at an average annual amount of approximately \$208.44 for each CARE customer.²

d. Provide an estimated cost of requiring income documentation for all CARE re-certifications.

Response:

The estimated costs to post-verify each CARE customer is \$10.15 per request. In 2012, SCE anticipates it will request recertification for approximately 400,000 customers. This would result in a total cost of \$3,994,000 to post-verify customers that are required to recertify their eligibility.

e. Explain how that figure is derived/estimated, including the breakdown of estimated cost.

Response:

The table below provides a breakdown of the estimated Post Enrollment Verification (PEV) cost per request to post-verify customers.

SCE CARE Verification Cost Detail (per Requested)	
Initial PEV Mailings	\$ 0.26
Phone Notifications to PEV Customers	\$ 0.29
PEV Return mail	\$ 0.32
Processing Labor	\$ 6.52
Processing Management	\$ 1.52
Processing Overhead (additional print/postage to customers)	\$ 1.24
Total PEV Cost per Requested	\$ 10.15

² The average annual CARE subsidy savings per customer is an annualized factor of the average monthly CARE discount of \$17.37 per CARE customer as stated in SCE’s LIEE and CARE Annual Report for the 2010 program Page 37 Section 2.3.1.1.

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.

Response:

DRA’s recommendation of delivering a package of “Tangible Bill Savers” composed of lighting, refrigerators, and hot water reduction measures somewhat mirrors the service delivery mechanism that SCE has had in place for a number of years. SCE has always sought to practice the “Tangible Bill Savers” concept of installing all possible measures during the initial visit. SCE used this approach during the 2009-2011 program period and proposes to expand these efforts in 2012- 2014 with installation of CFLs and power surge protectors during the initial visit when enrollment and assessment takes place along with a very important energy education component.

SCE does not believe that refrigerators can be installed during the initial visit due to a number of logistic and hardware issues. Refrigerators must be correctly sized and ordered from inventory and should grounding be required, a licensed electrician must perform the work. The mix of sizes and models of refrigerators necessary to ensure the right replacement would require too large an inventory to be transported to each home during the initial visit. The requisite time required for refrigerator installation would increase the time of the visit possibly posing an inconvenience to the customer. In reference to hot water reduction measures no information is provided on exactly what these measures consist of and the degree of difficulty in installation. Consideration must be given to training required for measure installations and whether using installation crews or outreach personnel would be best for the program.

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.

Response:

With the exception of refrigerators and possibly hot water reduction measures SCE’s outreach/assessment personnel are capable of practicing the “Tangible Bill Savers” approach, as described above. Until the 2009 – 2011 program period, SCE’s outreach and assessment personnel were responsible for replacing incandescent bulbs and installing CFLs, replacing touchiere lamps and performing energy education.

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:

SCE currently collects information related to a customer's heating fuel source as part of the Home Assessment process to determine if the customer is eligible to receive infiltration (weather-stripping, caulking, etc.) and water heating (showerhead, aerators, and pipe-wrap) measures offered through the ESA program's weatherization services.

The ESA program's statewide policy³ provides for repair and replacement of gas space and water heating equipment as part of minor home repairs. The services are to be provided when necessary to mitigate Natural Gas Appliance Test fails and pursuant to the installation of infiltration-reduction measures. The program does not offer electric space and water heating repair or replacement services; therefore, SCE does not collect data to estimate the annual cost to provide these services.

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.

Response:

SCE estimates this additional annual cost (installation fees plus inventory) and quantity as follows:

2012 (assuming 12 months*): \$6,094,922 for 7,742 additional units.

2013: \$6,881,364 for 8,741 additional units.

2014: \$6,684,754 for 8,492 additional units.

b. **All IOUs:** Quantify an estimated delta in energy savings per dollar spent.

Response:

Using the same methodology as applied in its 2012-2014 Application, SCE estimates savings of 0.89 kWh per dollar spent for each year.

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:

During the 2009 through 2011 program cycle over 278,000 homes received energy education services and were assessed for eligible energy efficiency measures. Of these homes an estimated 180,000 either met the three measure minimum rule or exceeded the minimum kWh savings threshold. The remaining homes either had no eligible measures recommended through the assessment OR had less than three measures recommended and therefore were ineligible to

³ August 2010 LIEE Statewide Policy and Procedures Manual, Chapter 5, Table 5-1: Eligible Measures.

receive any measures. SCE found that in mild climates where refrigerators are typically the only electric measure available to customers, achieving the minimum kWh savings threshold or meeting the three measure minimum rule was challenging when a refrigerator could not be replaced. Because it is likely at least one CFL could be installed in each remaining customer home, almost all 98,000 homes should be considered as failing to meet the 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:

Based on SCE's data, the estimated percentage of homes enrolled in the ESA program that are later deemed not eligible, resulting in a chargeback is less than one half a percent.

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:

Some of the main reasons why the customer would no longer qualify are as follows:

- Customer received a special needs replacement refrigerator (side-by-side or bottom freezer), but proof of disability did not meet program requirements. Since the contractor is responsible for obtaining valid proof of disability prior to installing a side-by-side or bottom freezer, a charge back is required.
- The contractor installed an evaporative cooler but did not verify if the customer's home owners association approved the installation. Since the contractor is responsible for verifying approval by the home owners association, a charge back is required.
- Customer received a measure but the proper documents are not on file. For example, a renter was eligible for a refrigerator and the contractor performed outlet grounding without a completed Property Owner Waiver. Because the contractor is responsible for obtaining a Property owner waiver, a charge back is required.
- The contractor completes an installation while a customer account is inactive. Because the contractor is responsible for verifying that the account is active at the time of installation, a charge back is required.

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.

Response:

According to DRA, the threshold would be set at four percent of the average CARE customer's previous year usage levels by fuel-type for each utility, so it would not require a calculation according to fuel usage in each home and would not be applied to measures installed during the initial visit. It appears while the threshold would not be applied to measures installed during the initial visit, the savings produced from installations during an initial visit would count toward meeting the threshold in order to make a return visit to install measures. SCE believes the contractors can implement the ESA program with these thresholds in a manner similar to how the Three Measure Minimum Rule is implemented today. On an annual basis, SCE would calculate the average kWh consumption for all CARE customers and set the energy savings threshold at four percent of that amount.

During each customer visit, contractors would review the recommended feasible measures and energy savings per measure and determine if the cumulative energy savings for the measures meets the four percent threshold in the same way a contractor determines if the 125 kWh or 25 Therm threshold is met for one or two measures under the Three Measure Minimum Rule. There are a few added complexities. The calculation would be required for three or more measures which is not the case today. For reasons described in SCE's response to Question #29, SCE opposes adoption of the four percent threshold.

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.

Response:

As described above, contractors do have the necessary information to implement the four percent threshold if adopted.

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?

Response:

Just as program eligibility and program enrollment channels are largely uniform for all IOUs, there would also be pros to standardizing the selection of customers to be verified post-enrollment. Standardizing the probability model would ensure that all IOUs are applying the

same criteria in identifying potentially ineligible customers who would be required to prove program eligibility.

The cons in standardizing the selection of customers to verify their eligibility post-enrollment would be the varying infrastructure and associated time and costs to change existing systems/processes. Based on information technology and other operational restrictions, it may not be feasible for IOUs to standardize their verification selection model. At best, it may be feasible to explore standardizing the random selection model through the 2012-2014 cycle with implementation of that model post 2014.

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?

Response:

See table below for estimated costs of increasing CARE PEVS for non-verified CARE customers to 5%, 10%, 15%, 20% and 25% annually.

SCE CARE Post Enrollment Verification Costs					
Rate of Verifs Requested	5%	10%	15%	20%	25%
Est. CARE Population	1,441,503	1,441,503	1,441,503	1,441,503	1,441,503
Verif Requested	72,075	144,150	216,225	288,301	360,376
Cost @ \$10.15 per Verif Requested	\$ 731,563	\$ 1,463,126	\$ 2,194,688	\$ 2,926,251	\$ 3,657,814

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

Response:

The table below indicates the potential annual savings associated with increased verifications based on current response rates.⁴

SCE CARE Post Enrollment Verification Subsidy Savings					
Rate of Verifs Requested	5%	10%	15%	20%	25%
Verif Requested	72,075	144,150	216,225	288,301	360,376
Approval Rate	53%	53%	53%	53%	53%
Verification Approved	38,200	76,400	114,599	152,799	190,999
Removed from CARE (Failed/Non-Response)	33,875	67,751	101,626	135,501	169,377
Annual Subsidy Savings @ \$208.44 per Removed	\$7,060,972	\$ 14,121,944	\$ 21,182,915	\$ 28,243,887	\$ 35,304,859

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

⁴ The average annual CARE subsidy savings per customer is an annualized factor of the average monthly CARE discount of \$17.37 per CARE customer as stated in SCE’s LIEE and CARE Annual Report for the 2010 program Page 37 Section 2.3.1.1.

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?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?

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?

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?

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).

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.

Response to question 24-28:

SCE recommends simplifying the cost-effectiveness (CE) tests for future ESA program cycles by retiring the Low Income Public Purpose Test (LIPPT) model and the Modified Participant Test (MPT) and Utility Cost Test (UCT) tests. The LIPPT model workbook has not been updated in many years. Rather than devoting resources to updating the assumptions in the LIPPT workbook, SCE recommends switching the focus to a test derived from the Total Resource Cost (TRC) test and the Program Administrator Cost (PAC) test produced by the E3 calculator. The PAC test is the successor to the UCT without NEBs and will produce slightly different results from the TRC when co-payments are made by customers for certain measures. To address NEBs, the new test derived from the TRC test should be developed by the addition of NEBs to the TRC test benefits. A factor can be developed in place of individual NEBs that in many cases have proven extremely difficult to quantify. SCE also recommends moving towards a total program, or portfolio cost-effectiveness approach that encompasses both resource and equity measures.

The TRC test is the primary avoided cost test that is used in California and its outputs are currently provided in ESA program applications. The outputs are readily available from the E-3 calculator at the measure and program levels. The TRC would work well if a total program cost-effectiveness threshold is adopted and should incorporate a broader perspective on net benefits (see the NEBs discussion below) than the currently approved tests for the ESA program. The PAC test should also be a topic of discussion because most of the costs from the ESA program are borne by the utilities. The PAC test would give a better indication of the true cost-effectiveness of the program from the utilities' perspective, while the TRC test with a NEBs factor would offer a better indication of the societal impacts of the program.

A program level cost effectiveness analysis will allow for a balanced approach encompassing highly cost-effective measures, some with comparatively short lifecycles while also allowing the inclusion of measures that provide long lasting energy savings that may not be as cost effective. Measures that offer relatively small energy savings but are provided to address health, safety, and comfort also would be considered in this program-level approach. A good sense of how these complementary yet sometimes competing needs should be balanced will be useful in determining what the portfolio cost effectiveness threshold should be. SCE recognizes the blended program objectives likely would lead to a program-level threshold benefit-cost ratio below 1.0.

There has been a high degree of uncertainty in accurately quantifying NEBs and SCE acknowledges other NEBs particularly from a societal standpoint may merit consideration. As noted in the October 2011 public workshops, additional research may improve our ability to accurately quantify some of the NEBs. However, prior research on NEBs, including an extensive literature review conducted for the ESA program during the 2009-2011 program cycle led the utilities to the conclusion that the cost of conducting the research necessary to ascertain accurate values pertaining to all of the relevant NEBs for the ESA program would far exceed the relative value (and precision) of the results produced by that work. Moreover, societal NEBs have not been well studied nor have they been included in the existing ESA program cost effectiveness tests. As such, SCE recommends using the benefits produce by the TRC (in the form of avoided energy costs) and multiplying them by a factor representing an estimate of the overall value to existing NEBs that have been quantified as well as an accommodation for NEBs that have recognized value and are not readily quantified. The utilities could apply the factor to the benefits produced in the existing E-3 calculator.

Many details will need to be resolved in time for the 2015-2017 program applications. SCE believes the utilities can work with Energy Division to develop a proposed framework and options that can be presented at Energy Division-led workshops for public input from interested parties. SCE believes an Energy Division led workshop process is the best approach for developing the details of a new cost effectiveness approach. The workshop process will allow for development of recommendations to the Commission on the proposed test(s), cost-effectiveness ratio threshold, and would provide a forum for the introduction and discussion of proposals by interested stakeholders that build on practices currently used within California and elsewhere.

38. Assuming the issue of multifamily sector would be further explored beyond April of 2012, **all parties** 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.

Response:

SCE, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Gas Company jointly filed an advice letter proposing an integrated Energy Upgrade California (EUC) Program multifamily building pilot project in the EE Proceeding. Integration of ESA program services provided to tenants and multifamily services delivered to building owners and managers is addressed in the Advice Letter and should be considered within the EE proceeding. The EUC Program is better suited to work with building owners, property managers and building common areas because the ESA program focuses on residential units. To the extent the Commission determines ESA program specific matters require additional consideration, SCE believes such consideration should occur through an Energy Division-led workshop.

b. Explain the pros and cons of each foregoing procedural options (working group versus workshops versus hearing or combinations).

Response:

SCE believes an Energy Division led workshop process will provide sufficient structure to consider and resolve ESA program specific matters without encroaching on matters under consideration through the EE proceeding. Matters have not been identified that require hearings for delivery of ESA services to multifamily tenants.

d. 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.

Response:

The EE proceeding and EUC Advice Letter are the appropriate forum for consideration of measures and policies for the delivery of common area services and measures in multifamily buildings.

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?

Response:

In 2012 – 2014, standardization can contribute to program efficiency by promoting best practices and providing regulators and utilities with tools to design sound policies and optimize installations and systems. Standardization also creates a platform on which to exchange information and develop a common general strategy for the improvement of the ESA program. As indicated in its Rebuttal Testimony, SCE believes a Standardization Working Group could be useful to respond to utility needs for program changes in a systematic way that can lead to recommendations that can be submitted to the Commission for possible action by the assigned Commissioner. SCE provides additional detail on the composition and proposed subject matter for this Working Group in its Rebuttal Testimony.

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.

Response:

As indicated in SCE's Testimony submitted with its Application, the Commission over the past dozen years has issued increasingly complex policy guidance as the ESA program has evolved

with policies embedded in Decisions and Resolutions going back more than 10 years. SCE requests the Commission direct the utilities to work with Energy Division to develop a policy document that would incorporate all active policy guidance from Decisions and Resolutions that will be in place during the 2012-2014 program period.

SCE, with the other utilities has requested authorization to conduct two studies consisting of an Energy Education and Assessment Study and an Impact Evaluation. These studies should be conducted during the 2012-2014 period.