PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ITEM # 16 I.D.# 8397

ENERGY DIVISION **RESOLUTION E-4237**

April 16, 2009

R E S O L U T I O N

By Advice Letter 3945 by Southern California Gas Company (SoCalGas), Advice Letter 2307-E by Southern California Edison Company (SCE), Advice Letter 2054-E/1829-G by San Diego Gas & Electric Company (SDG&E), and Advice Letter 2987-G/3399-E by Pacific Gas and Electric Company (PG&E), all filed on January 5, 2009. This resolution addresses the expanded Program Implementation Plans submitted by the IOUs in response to D.08-11-031, which ordered the IOUs to submit detailed overviews of their 2009-2011 Low-Income Energy Efficiency (LIEE) and California Alternate Rates for Energy (CARE) Programs' authorized Pilots and Studies. This resolution adopts the IOUs' plans submitted in the Advice Letters with modifications.

SUMMARY

On January 5, 2009, per D.08-11-031, SoCalGas, SCE, SDG&E, and PG&E (Investor Owned Utilities- IOUs) submitted compliance Advice Letters expanding upon their Program Implementation Plans (PIPs) for the studies and the pilot programs (pilots) approved in the Decision.

Protests were filed by the Division of Ratepayer Advocates (DRA) and the Joint Protestors consisting of the Association of California Community and Energy

Services (ACCES), the Community Action Agency of San Mateo County (CAASM), The East Los Angeles Community Union (TELACU), the Maravilla Foundation, and A World Institute for a Sustainable Humanity (A W.I.S.H.). The IOUs responded to the protests on February 2, 2009.

The IOUs have filed their Advice Letters in compliance with D.08-11-031 and the Energy Division (ED) review finds the IOUs' submittals to be in compliance with the Commission's orders except for some modifications by the ED to the PIPs. This resolution grants approval to the above Advice Letters as modified by this resolution.

BACKGROUND

On November 6, 2008, in D.08-11-031, the Commission adopted the IOUs' 2009-11 Low Income Energy Efficiency (LIEE) and the California Alternate Rates for Energy (CARE) program budgets. The Decision approved significant budget increases and articulated a major new policy direction for the LIEE program. The Commission outlined the LIEE program's focus as an energy resource program, in addition to its commitment to the health, comfort, and safety of the state's low-income population. To support its vision, the Commission authorized several studies and pilots to be conducted. Specifically, the IOUs were ordered to perform the following **studies**[1]:

[1] D.08-11-031, OP 69 (page 228-229)

1. *Joint Utility 2009 Impact Evaluation Study (all IOUs)* - The Impact Evaluation Study will estimate electric and gas savings by measure group, utility, housing type, and other relevant dimensions for the budget year 2009. The Joint Utilities will utilize these updated savings estimates in preparing their 2012-14 budget applications.

2. *Joint Utility 2009 Non-Energy Benefits Study (all IOUs)* – This study will estimate the range of values for Non-Energy Benefits (NEBs) that should be included when considering total program benefits, and will recommend an approach for incorporating NEBs values in cost-effectiveness tests for the LIEE Program.

3. *Joint Utility 2009 Process Evaluation Study (all IOUs)* - The Process Evaluation Study will assess the effectiveness of the current LIEE program and develop recommendations for improved program design and delivery.

4. *Household Segmentation Study* (*PG&E and SCE*) – The Household Segmentation Study is a joint utility study that will look at better ways of identifying eligible customers willing to participate in the LIEE programs.

5. *Refrigerator Degradation Effective Useful Life Study* (*PG&E, SCE, SDG&E*) - The Refrigerator Degradation Effective Useful Life Study will identify a specific criterion for refrigerator replacement. Such a criterion may be the date at which a refrigerator manufacturer incorporated technological

changes in efficiency or a specified age at which such refrigerators should be replaced.

6. *High Usage Needs Assessment* (*SCE*) – The High Usage Needs Assessment study will aim to identify the causes of high-tier energy usage for CARE customers in mild climate zones.

7. *2010 CARE Recertification and Post Enrollment Non-Response* Study (*PG&E*) The 2010 CARE Recertification and Post Enrollment Non- Response Study will examine, (1) customer non-response to multiple recertification and post-enrollment income verification requests, (2) why customers do not recertify or provide requested income documentation, and (3) how PG&E can overcome these barriers in its delivery of the CARE program.

The Decision broadened the reporting requirements of the approved studies and directed the IOUs to submit compliance Advice Letters expanding upon each **study's** PIP[2]. It also required, within 60 days of the Decision's effective date, each IOU to submit materials relating to the each study's PIP to the Energy Division aggregated into a single Advice Letter. The materials consisted of the following[3]:

- A timeline;
- Projected breakdown of budgets; and

[2] D.08-11-31, OP 78 (page 232)

[3] D.08-11-31, OP 79 (page 232)

- Specification of Contractor: a brief narrative of the proposed selection process for the chosen contractor.

The IOUs were also authorized funding to perform the following **pilots** in budget cycle 2009-11[4]:

1. Meals on Wheels (PG&E)
2. Online LIEE/ Energy Partners Training (PG&E)
3. City of San Joaquin (PG&E)
4. High Efficiency Clothes Washers (PG&E)
5. Smart Meters (PG&E)
6. Natural Gas High Efficiency Forced Air Unit (FAU) Furnace Pilot (SoCalGas)
7. In-Home Display Pilot and Programmable Communicating Thermostats (SDG&E)
8. In Home Display Pilot (SDG&E)

The IOUs were directed to submit Advice Letters expanding upon each **pilot's** PIP prior to the start of the pilot. The materials would consist of the following[5]:

- A timeline: Projected start and finish dates, report dates, assessment timeline and final assessment date;

- Projected breakdown of budgets: Categories displaying material costs, administration, data collection and analysis, reporting costs, etc., along with a brief paragraph explaining the breakdown;

[4] D.08-11-031, OP 69 (page 228)

[5] D.08-11-031, OP 71 (page 230)

- Estimated Energy Savings (Measure Pilots): Measure pilots involve trials of new technology and/or energy efficiency hardware on a small scale, with the intention of expanding the measure to the entire utility and/or sharing results with other utilities if proven successful;

- Estimated Resources Leveraged/Saved (Non-Measure Pilots): Non-Measure pilots consist of partnership, leveraging, education, training and/or other types of trial initiatives that involve increased leveraging or more efficient use of utility resources in execution of low income programs;

- Combined estimate of Energy Savings/Shared Resources (Combined Pilots): Combined pilots have elements of both measure and non-measure pilots);

- Overview of Pilot Evaluation Plan (PEP): The PEP should identify target data for capture, specify data capture activities, state how the IOU will provide results for estimated energy savings or resources leveraged/saved, give relevant dates and deadlines, and set forth a definition of success for the pilot.

On January 5, 2009, per D.08-11-031, SoCalGas, SCE, SDG&E, and PG&E submitted compliance Advice Letters expanding upon their PIPs for the program studies and pilots as approved in the Decision. However, PG&E Advice Letter 2987-G/3999-E, while providing the implementation plans of the studies, did not expand on their pilots implementation plans and agreed to file them in a separate Advice Letter later.

NOTICE

Notices of SoCalGas Advice Letter 3945, SCE Advice Letter 2307-E, SDG&E Advice Letter 2054-E/1829-G, and PG&E Advice Letter 2987-G/3399-E were made by publication in the Commission's Daily Calendar. SoCalGas, SCE, SDG&E, and PG&E state that a copy of the Advice Letters was mailed and distributed in accordance with Section 3.14 of General Order 96-B.

PROTESTS

SoCalGas Advice Letter 3945, SCE Advice Letter 2307-E, SDG&E Advice Letter 2054-E/1829-G, and PG&E Advice Letter 2987-G/3399-E were timely protested by DRA and the Joint Protestors[6]. The IOUs filed responses to the parties' protests.

DRA protested the following specific attachments of the Advice Letters for all four utilities:

1. Non-Energy Benefits Study (applicable to all four Utilities)
2. The Impact evaluation Study (applicable to all four Utilities)
3. The High Usage Needs Assessment Study (applicable to SCE)
4. CARE Recertification and Post Enrollment Verification Study (applicable to PG&E)
5. The Natural Gas High Efficiency Forced Air Unit (FAU) Furnace Pilot (applicable to SoCalGas)
6. In-Home Display Pilot and Programmable Communicating Thermostat Pilot (applicable to SDG&E)

The Joint Protestors' protest focused more narrowly on the lack of public input into the design of the Non-Energy Benefits study.

[6] Association of California Community and Energy Services (ACCES), Community Action Agency of San Mateo County (CAASM), The East Los Angeles Community Union (TELACR), Maravilla Foundation, and A World Institute for a Sustainable Humanity (A.W.I.S.H)

DRA protests and the IOUs responses are as follows:

Non-Energy benefits study (applicable to PG&E, SCE, SoCalGas and SDG&E)

1. *DRA states that the study proposal is devoid of the current and past work done on Non-Energy Benefits (NEBs) and is therefore duplicative and wasteful of ratepayer resources.*

   The IOUs respond that the plan for the NEBs study includes a literature review as a primary task. This review is intended to incorporate a thorough analysis of the relevant work done to date.

2. *DRA states that Phase 2 of the proposed study should not focus on producing a model. Instead the study should result in updated NEB values that can be incorporated into the cost-effectiveness model.*

   The IOUs respond that DRA's assumption that updated values can be incorporated into the LIEE cost-effectiveness model as it exists today overlooks deficiencies in the current stand-alone model that may need to be addressed in other ways, one of which may be the development of a new model. The IOUs clarify that Phase 1 of the study includes an assessment of various options for NEBs development including a possible model. The work scope and deliverable for Phase 2 will be determined by the results of the research and recommendations from Phase I. At this time, the Joint IOUs are allowing room in the work scope for a model; however, this may change as the results of Phase 1 of the study are reviewed.

3. *DRA believes the NEBs study PIP omits consideration of the specific conclusions and recommendations of the 2005 LIEE Impact Evaluation relevant to NEBs.*
   The IOUs respond that DRA incorrectly asserts that PIP omits consideration of the specific conclusions and recommendations of the 2005 LIEE Impact Evaluation relevant to NEBs. The first task of the study is to perform a literature review in which all relevant studies will be considered and the 2005 LIEE Impact Evaluation is expected to be included in this task. Any findings in that study relevant to NEBs will be considered.

Impact Evaluation (applicable to PG&E, SCE, SoCalGas, and SDG&E)

1. *DRA asserts the proposal does not describe the features of the LIEE 2009 program to be evaluated such as the Whole Neighborhood Approach, coordination with the Low-Income Solar program, and leveraging and/or integration activities with other programs.*
   According to the IOUs, DRA's suggestion to include new features of the program such as "the Whole Neighborhood Approach," is outside the Scope of an Impact Evaluation. The IOUs further clarified that the purpose of the Impact Evaluation is to estimate energy savings and features of the program, such as the "Whole Neighborhood Approach" or the "low-income solar program" are expected to be evaluated in the Process Evaluation, not the Impact Evaluation.

2. *DRA states that the 2005 LIEE Impact Evaluation study was limited to one model based on billing analysis because there was no opportunity to collect pre-*

installation data during the home assessment. The current PIP should address how this opportunity will not be missed again in this Impact Evaluation.
The IOUs object to DRA's assertions that 1) the PIP does not mention the lessons learned from prior LIEE Impact Evaluations and 2) the 2009 LIEE Impact Evaluation Study Implementation Plan limits the analysis to a billing analysis approach rather than providing an opportunity to use other approaches. The IOUs clarify that the study description refers to the 2005 Impact Evaluation and the new study is expected to build on the results of the 2005 study. Responding to DRA's assertion that the Impact Evaluation is limited to billing analysis, the IOUs pointed out that it would be up to the Contractor to propose a study approach that meets the protocols.

3. DRA points out that the PIP neglects to mention how it will address other unresolved questions of D.08-11-031 such as:

   - *Are the energy savings of the LIEE portfolio increasing over time, with an increased correlation between program spending and energy savings?*
     The IOUs respond that comparing the savings to the program budget is not within the scope of this study and although this can be added to the work scope for the Impact Evaluation; however, it will necessitate increasing the budget and the timeline.

   - *How should the impact of repairing and replacing measures that increase energy use, because the prior condition of disrepair created a baseline consumption of zero, be valued?*
     The IOUs addressed this concern by clarifying that for these measures (in particular, furnaces) which have no existing working unit, the savings will be zero or a negative number. And this

issue can be addressed in the final work scope by disaggregating these installations and reporting on them separately.

- *How does leveraging installations change savings achieved?*
  The IOUs clarified that the timing or cost of the installation is not expected to affect the annual savings of the measure, although it may affect the cost effectiveness of that measure, which is an issue outside the scope of this Impact Evaluation.

- *Do the savings differ by dwelling type?*
  The IOUs responded that although the Impact Evaluation requests that savings estimates be provided by utility, climate zone, and housing type, as in past years, there may not be sufficient installations to provide estimates for every stratum.

- *Instead of average savings per home, what are the median and quartile savings per home?*
  The IOUs agreed to the possibility of including median and quartile savings per home in the final work scope.

- *DRA wonders if measures and program impacts differ depending on the type of Contractor?*
  According to the IOUs this question may be better addressed by the Process Evaluation.

- *How will new measures to be installed in 2009 impact savings?*
  The IOUs acknowledged that all measures installed in 2009, including the new ones, will be included in the analysis.

- *How do measure level savings delivered through LIEE differ from measure level savings of Energy Efficiency portfolios?*
  The IOUs agreed to the possibility of including this task in the final work scope but pointed out that it may necessitate increasing the budget and timeline.

High Energy Usage Needs Assessment (applicable to SCE)

1. *DRA finds the high energy usage proposal to be comprised more of program delivery than of study. SCE plans to identify the reasons for high usage in mild climate zones and then plans to reduce these identified customers' usage. SCE fails to explain how reducing usage is part of the Study.*
   SCE asserts that DRA's presumption that this study is comprised of program delivery is incorrect. The study will allow SCE to better understand the characteristics that account for high energy use by some CARE customers. While the study may lead to strategies for improved communications with these customers, SCE does not propose a separate approach for delivering LIEE services to these customers.

2. *DRA states that SCE's proposal contains a limiting assumption that all high-usage CARE customers have the potential to significantly reduce usage.*
   SCE acknowledges that while the study scope does assume that higher usage might be mitigated by customer behavior or measures, it does not suggest that all high-usage CARE customers have "...the potential to significantly reduce usage." SCE adds that all stakeholders should be pleased, if as a result of this study, a significant portion of SCE's high-usage CARE customers decide to reduce their energy usage.

3. *DRA believes SCE's assumptions constrain its study and exclude high usage customers that live in large dwellings, dwellings beyond repair, or high-usage dwellings with many occupants. Its study approach should include the above and add an approach for high usage CARE customers with low potential for savings.*

SCE objects to DRA's assertion that SCE is excluding "high-usage CARE customers who live in large dwellings, dwellings beyond repair, or high-usage dwellings with many occupants" and points out that its study design does not exclude customer segments listed by DRA.

CARE Recertification and Post-Enrollment Verification Study (applicable to PG&E)

1. *DRA states that PG&E's study timeline does not allow for testing of actions and changes that will derive from the study. It makes no sense to plan for ten months to design changes based on customer surveys, then only to allow one month field testing the results.*

   PG&E clarifies that it does not plan to do any implementation as part of this research project. This study was envisioned to give PG&E the analytical basis to understand what potential barriers exist and how they might be overcome. PG&E agrees with DRA that designing, testing and implementing programmatic changes to address customer barriers to requests for recertification and post enrollment verification could take more than one month. But the timeline item to "begin testing and executing planned changes" was included on the implementation timeline to demonstrate that PG&E CARE program managers plan to take research results seriously and will begin to design appropriate responses immediately from the draft report.

Natural Gas High Efficiency Forced Air Unit (FAU) Furnace Pilot (applicable to SoCalGas)

Pilot Description – This pilot will install 250 high-efficiency natural gas FAUs in low income customers' homes whose space heating needs are at or above 300 therms for the winter season. SoCalGas will use billing analysis to determine the cost effectiveness for each installation and the results will be evaluated to determine if this potential measure meets both, a Modified Participant Cost Test and a Utility Cost Test benefit-cost ratio, greater than or equal to 0.25.

The DRA protests and IOUs responses are as follows:

1. *DRA believes the pilot proposes using a comprehensive audit of the home slated for installation; however the Commission, in D.08-11-031, denied SoCalGas' request to vary measure installation based on energy usage. SoCalGas' PIP should describe how the estimate of space heating needs will occur in the absence of a comprehensive audit.*

   SoCalGas explains that customers will be considered eligible for this pilot if 1) they have existing inefficient and operational FAU furnaces, 2) require no other gas measures to be installed, and if 3) they have gas space heating of at least 300 therms during the 2008-09 winter season. In response to DRA's suggestion that the PIP should describe how the estimate of space heating needs will occur in the absence of a comprehensive audit, SoCalGas will multiply the customers' average therms for winter by the Unit Energy Consumption depending on housing type and climate zone.

2. *DRA alleges that the PIP's evaluation plan provides no basis for its choice of bill analysis to evaluate the impact of the pilot rather than consider other options like engineering methods and metering.*

SoCalGas responds that engineering and metering methods are prohibitively expensive.

3. *DRA states that SoCalGas does not clarify whether the installation of high-efficiency FAUs will take place in conjunction with existing LIEE measures or separately. An evaluation based on billing analysis may be inaccurate if the results of the furnace installation are confounded with the impacts of the LIEE measures.*

   SoCalGas clarifies that no additional gas measures will be installed in the homes prior to the installation of the pilot FAUs.

4. *DRA believes that SoCalGas' timeline for the pilot does not allow for baseline data collection.*

   SoCalGas responds that since no additional gas measures are being installed in pilot homes, and since the analysis method is billing analysis, collecting pre-installation data is not necessary.

In-Home Display Pilot and Programmable Communicating Thermostat Pilot (applicable to SDG&E)

Pilot Description **-** SDG&E proposes a pilot for 2011 offering a Programmable Controllable Thermostat (PCT) to 250 low income customers. The pilot will test the impact of appliances that are linked via a network device (the PCT) in the homes of customers with both electric consumption above 500 kWh per month and electric appliances that the PCT can control. This pilot will help SDG&E in evaluating demand response and energy efficiency whole-house solutions by

providing customers with the technology to reduce both electric energy consumption and peak demand use.

DRA's protests are as follows:

1. *DRA believe the PIP does not meet the requirements of OP 71 of D.08-11-031 for estimates of energy savings, estimates of resources, and an overview of the Pilot Evaluation Plan.*

   SDG&E reminds DRA that as stated in its implementation plan, estimates of energy savings and leveraged resources for this pilot are unknown at this time and will be assessed during the evaluation of the pilots.
2. *DRA further provides suggestions based on basic pilot evaluation techniques. These include creating a control group and different types of pilot groups, the results from which will be compared.*

   SDG&E appreciates DRA's suggestion of using control groups, and SDG&E will adopt this approach for the In-Home Display and Programmable Communicating Thermostat Pilot. Specifically, DRA suggests and SDG&E agrees to stratify the pilot participants into groups as follows: (1) a "control" group made up of customers similar to the program participants in demographics and energy use who do not receive the device or program materials, (2) a "device only" group who receive the device (either the display or the thermostat) only with no additional program materials and information, (3) an "information only" group who do not receive the device but do receive the program

materials and information, and (4) a "device and information" group who receive both the device and the program materials and information.

3. *DRA claims that SDG&E's anticipated timelines for the pilots do not include time for collection of baseline data prior to pilot installations.*
   SDG&E agrees with DRA's suggestion to allow for collection of baseline data before any program interventions are implemented.

Lack of public input (applicable to all utilities)

1. *The Joint Protestors and DRA state that the studies or pilots make no mention of public or stakeholder input at any stage in the process. Both DRA and Joint Protestors raised objection to this lack of public participation. DRA recommended that the IOUs or the Energy Division provide opportunities for public comment prior to study implementation and also once a draft report is produced.*
   The IOUs respond that they fully intend to obtain public input during the course of the studies. The Joint IOUs will work with Energy Division to provide opportunities for public comment and response both prior to study implementation and once a draft report is produced.

DISCUSSION

D.08-11-031 prescribes the contents to be included in the IOUs' Advice Letters and we have reviewed the Advice Letters in light of these prescribed guidelines. We have referred to Ordering Paragraph (OP) 78 and OP 79 of D.08-11-031 to

evaluate the studies and OP 71 to evaluate the pilots. We have also considered the protests by DRA regarding the following sections of the filed Advice Letters:

1. Lack of Public Input (applicable to all four Utilities for all pilots and studies and raised by the Joint Protestors as well)
2. Non-Energy Benefits Study (applicable to all four Utilities)
3. The Impact Evaluation Study (applicable to all four Utilities)
4. The High Usage Needs Assessment Study (applicable to SCE)
5. CARE Recertification and Post Enrollment Verification Study (applicable to PG&E)
6. The Natural Gas High Efficiency Forced Air (FAU) Furnace Pilot (applicable to SoCalGas)
7. In-Home Display Pilot and Programmable Communicating Thermostat Pilot (applicable to SDG&E)

Public Input (applicable to all Utilities)

After reviewing all the protests, one issue that continually arose was the lack of appropriate public venues for providing suggestions and comments for the 2009-11 studies and pilots.

In relation to the **studies**, the IOUs agreed with DRA and the Joint Protestors by agreeing to obtain public input at critical points in each study. To accomplish this, the Joint IOUs will work with Energy Division to provide opportunities for public comment and response both prior to study implementation and once a draft report is produced. We thus order that the chosen consultant, overseen by

Energy Division staff, conduct a public workshop within 20-days of issuance of the consultant's draft study plan. We encourage parties wishing to comment or suggest edits to the draft study implementation plan to provide a written summary for distribution detailing their specific concerns. We direct Energy Division and the IOUs to review the suggestions and incorporate necessary changes before finalizing plans to begin each study. This applies to all studies authorized in D.08-11-031. Once the study has been completed, we require that the chosen consultant and Energy Division staff hold a second public workshop to present findings and allow for public comment before releasing the study's final report. This applies to all studies authorized in D.08-11-031.

In relation to the **pilots**, the Commission will follow a similar public input process, except that the public workshop will be replaced by a 20-day public comment period following the submission of the IOUs' draft PIPs, in which interested parties will provide written summaries for distribution detailing their specific concerns. For PIPs that have already been submitted by SDG&E and SoCalGas in the Advice Letters that precipitated this resolution, the 20-day comment period begins the day this resolution becomes effective. For PIPs that have yet to be submitted by PG&E, the 20-day comment period begins with the submission of their forthcoming Advice Letter to approve their pilots. We direct Energy Division and IOU staff to review the suggestions and incorporate relevant changes before they finalize plans to begin the pilot. This applies to all pilots authorized in D.08-11-031.

Non-Energy Benefits Study (applicable to all Utilities)

DRA protested on the grounds that the study should result in updated NEB values, and not just a model that can be incorporated into the LIEE cost-effectiveness model. For Phase 1 of the NEBs Study, the objectives specified in the Advice Letters are as follows[7]:

- Summarize the use of NEBs in energy efficiency evaluations to date;
- Estimate the range of values for NEBs for consideration in total program benefits;
- Recommend an approach for incorporating NEBs in cost-effectiveness tests for the LIEE Program; and
- Develop a work scope for Phase 2 which will develop a methodology for estimating NEBs for the LIEE Program and integrate them into the cost effectiveness tests required for LIEE Program reporting.

We agree with DRA and remind the utilities that the proposed study should result in updated NEB values that can be incorporated into the LIEE cost-effectiveness model. Both the study objectives listed in the Advice Letters and the utilities' response to the protest focused on developing a methodology for estimating NEBs and incorporating them into the cost effectiveness tests in Phase 2 of the study and do not explicitly mention developing updated NEB values. While an updated model may be necessary to develop these values, the final result of the study should result in updated NEB values.

[7] Attachment 1 Advice Letter 2987-G/3399-E

DRA also raised concerns that the study is devoid of past work and does not reference the 2005 LIEE Impact Evaluation. In the Advice Letters filed by the utilities, the study approach for the NEBs includes a literature review consisting of an assessment of methods and the resulting NEBs. In their responses to DRA's protest, the utilities further expressed willingness to consider past studies including the 2005 Impact Evaluation report, in their literature review. We agree.

With this clarification, we conclude that the filings for the Non-Energy Benefits Study are in compliance with the format prescribed in OP 79 of D.08-11-31.

2009 Impact Evaluation (applicable to all four Utilities)

DRA raised concerns that the 2005 LIEE Impact Evaluation study was limited to one model based on billing analysis and the current PIP does not consider the possibility of using other evaluation methods. DRA's concerns are unfounded since the study implementation plan submitted by the utilities does not limit the analysis to a billing analysis. We anticipate that in response to the Request for Proposal (RFP) issued by the IOUs with input from the Energy Division staff[8], consultants will submit proposals containing a variety of methodologies. The selected methodology may or may not be based on billing analysis. For the study to have maximum impact within the constraints of the budget designated in D.08-11-031, the Commission expects the RFP not to be overly prescriptive so

[8] D.08-11-0-31 OP 76 (page 231)

that all feasible methodologies can be considered before finalizing a contractor. DRA also suggests including the new features of the LIEE program in the Impact Evaluation, pursuant to D.08-11-31. We believe there is no need to include such explicit requirement in the study plan because the impact of the new LIEE program implemented in D. 08-11-031 will, by definition, be reflected in the Impact Evaluation.

DRA has proposed new research questions to be addressed in the Impact Evaluation, some of which the IOUs agreed to include in their study scope. We recognize the importance of these suggestions; however, this round of Advice Letters is not the appropriate venue to address these questions. We therefore require that the IOUs' chosen contractor, in cooperation with the Energy Division staff, to hold a public workshop within 20-days of the release of the Impact Evaluation's draft study plan, so that interested parties can offer suggestions and comments which can be incorporated into the final study plan.

High Usage Needs Assessment (applicable to SCE)

D.08-11-031 outlines the purpose of the proposed High Usage Needs Assessment Study[9]:

> SCE proposes a study which will seek to identify causes of high-tier CARE customer energy use in mild climate zones. The study will also help assess and identify energy inefficient practices, evaluate

[9] D.08-11-031, page 149

> appliances, and recommend best energy efficient practices to this group of customers.

SCE 's study approach, as outlined in the study implementation plan, consists of surveying a sample of high usage SCE customers identified through billing analysis and determining which, if any, data predicts higher than expected usage given other predictive variables. We do not agree with DRA's protest that the assessment proposal is comprised more of program delivery than study since both the objective and the design of the study are an attempt to understand energy usage and efficient practices. DRA's assertion that SCE fails to explain how reducing usage is part of the study is not valid because SCE, in its study approach, demonstrates its intention to communicate the lessons learned from the study to all high usage customers.

DRA further objects that SCE's proposal contains a limiting assumption that all high usage CARE customers have the potential to significantly reduce energy usage and SCE should add a study for high usage customers with low potential for savings. We do not agree with DRA since only after the proposed study is complete can it be determined if high usage customers have a high or low potential for savings. The High Usage Needs Assessment Study is based on the premise that high usage customers have the potential to reduce their consumption through changed behavior and using more energy efficient appliances. We expect to draw lessons from the results of this study to benefit all high usage customers as SCE plans to communicate lessons from the study to all high usage customers.

Lastly DRA's statement that SCE is excluding "high-usage customers that live in large dwellings, dwellings beyond repair, or high-usage dwellings with many occupants" is not valid. We find no evidence of this in SCE's study proposal.

CARE Recertification and Post Enrollment Verification Study (applicable to PG&E)

DRA's concern is that the study timeline does not allow for testing of actions and changes that will derive from the study. PG&E responds that the study was envisioned as a research project to give PG&E the analytical basis to understand what potential barriers exist and how they might be overcome. PG&E, in its study approach, mentions plans to work with a professional research firm to design and execute the proposed research plan. We agree with PG&E since D.08-11-031 clearly outlines the nature of the study[10]:

> Working with the CARE Program, PG&E proposes a study in 2010 that looks at (1) customer non-response to multiple recertification and post-enrollment income verification requests, (2) why customers do not recertify or provide requested income documentation, and (3) how PG&E can overcome these barriers in its delivery of the CARE program.

Testing of actions and changes derived from the study, is not a part of the study scope approved in D.08-11-31. PG&E may include testing in study approach to make the study more effective, however we will disapprove any additional costs beyond the adopted budgets.

[10] Page 149, D.08-11-031

The Natural Gas High Efficiency Forced Air Unit (FAU) Furnace Pilot (applicable to SoCalGas)

DRA raises concerns regarding the technicalities of the pilot. Specifically, DRA objects to an audit prior to installation of the forced air furnaces on the grounds that it would be discriminatory. However, the very purpose of the pilot is to study the before and after energy usage due to the installation of a measure.

DRA suggests that the PIPs' evaluation plan provides no basis for its choice of billing analysis to evaluate the impact of the pilot. DRA further contends that the timeline does not allow for collection of baseline data prior to installation and the impact of pre-installed LIEE measures will confound the results of FAU furnace installations. SoCalGas addresses these concerns by pointing out that billing analysis is the only cost effective form of analysis. Also houses where the furnaces will be installed will have no other pre-installed gas measures, therefore the projected energy savings attributed to the furnace will not be influenced by other LIEE measures and will also negate the need for any pre- installation data.

We welcome the input stakeholders and interested parties bring to the table. However, we note that D.08-11-31 did not specifically ask the utilities to write a detailed research methodology or to seek public input on their study and pilot implementation plans. Although we have attempted to address the concerns raised by DRA and the Joint Protestors, we believe that the Advice Letter process is not the appropriate forum to address the specific technical suggestions and comments aimed at fine tuning the IOUs' authorized pilots and studies. We have,

therefore, allowed for a 20-day comment period prior to the implementation of the pilots where interested parties provide written summaries for distribution detailing their specific concerns.

In-Home Display Pilot and Programmable Communicating Thermostat Pilot (applicable to SDG&E)

DRA protests that the PIPs for the In-Home Display Pilot and Programmable Communicating Thermostat Pilot do not meet the requirements of OP 71 of D.08-11-031 for estimates of energy savings or estimates of resources. SDG&E responds that estimates of energy savings and leveraged resources for this pilot are unknown at this time and will be assessed during the evaluation of the pilots. We agree with SDG&E, since the pilot tries to evaluate energy savings by providing customers with a new technology, and will only be able to estimate energy savings after the proposed focused study. SDG&E has agreed to follow some of DRA's suggestions to improve the pilot. Specifically, DRA suggests and SDG&E agrees to stratify the pilot participants into groups and collect baseline data.

COMMENTS

Public Utilities Code section 311(g) (1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g) (2) provides that this 30 day period may be reduced or waived upon the stipulation of all parties in the proceeding. The 30-day comment period for the draft of this resolution was neither waived nor reduced.

Accordingly, a draft resolution considering SoCalGas Advice Letter 3945, SCE Advice Letter 2307-E, SDG&E Advice Letter 2054-E/1829-G, and PG&E Advice Letter 2987-G/3399-E was mailed earlier on 17 March, 2009 for comments. Comments were due by 6 April, 2009 but none were received by the Energy Division by that date.

FINDINGS

1. On November 6, 2008, in D.08-11-031, the Commission adopted the IOUs' 2009-11 Low Income Energy Efficiency (LIEE) program budgets and the California Alternate Rates for Energy (CARE) program budgets.
2. D.08-11-0-31 approved a number of pilots and studies for the IOUs.
3. D.08-11-031 directed SoCalGas, SCE, SDG&E, and PG&E to file Tier 2 compliance Advice Letters that expand upon each study's and pilot's Program Implementation Plans (PIPs).
4. The PIPS for the studies were due within 60 days of the effective date of the Decision.
5. The PIPs for the pilots are due before starting the pilots.
6. In compliance with D.08-11-031, SoCalGas, SCE, SDG&E, and PG&E submitted Advice Letters on January 5, 2009.
7. PG&E's filing included PIPs for authorized studies only.
8. SoCalGas, SDG&E, and SCE filings included PIPs for all authorized pilots and studies.
9. The IOU Advice Letters were protested on January 26, 2009 by the Division of Ratepayer Advocates (DRA) and the Joint Protestors.

10. SoCalGas and SDG&E jointly responded to the protests of DRA and the Joint Protestors on February 2, 2009.
11. SCE responded to the protests of DRA, but not the Joint Protestors on February 2, 2009.
12. PG&E responded to the protests of DRA, but not the Joint Protestors on February 2, 2009.
13. DRA protested specific attachments of the Advice Letters.
14. We agree with DRA that the implementation plan of any study or pilot makes no mention of public or stakeholder input at any stage in the process.
15. We agree with DRA and remind the utilities to include past work and studies, including the 2005 Impact Evaluation report, in required literature review for the Non-Energy Benefits Study.
16. We agree with DRA and remind the utilities that the Non-Energy Benefits Study should result in updated NEB values that can be incorporated into the LIEE cost-effectiveness model.
17. The filings for the Non-Energy Benefits study are in compliance with the prescribed format in OP 79 for all IOUs.
18. The filings for the Impact Evaluation Study section are in compliance with the prescribed format in OP 79 for all IOUs.
19. SCE's filing for the High Usage Needs Assessment is in compliance with the Commission's directives in D.08-11-031.
20. We do not agree with DRA that the High Usage Needs Assessment Study is comprised of program delivery rather than study.

21. We do not agree with DRA that SCE fails to explain how reducing usage is part of the High Usage Needs Assessment Study.
22. PG&E's filing for the CARE Recertification and Post Enrollment Verification Study is in compliance with the Commission's directives in D.08-11-031.
23. SoCalGas' filing for Natural Gas FAU Furnace Pilot is in compliance with the Commission's directives in D.08-11-031.
24. SDG&E's filing for the In-Home Display Pilot and Programmable Communicating Thermostat Pilot is in compliance with the Commission's directives in D.08-11-031.

THEREFORE IT IS ORDERED THAT:

1. The request of SoCalGas to implement pilots and studies pursuant to D.08-11-031 as requested in Advice Letter 3945 is approved as modified herein.
2. The request of SDG&E to implement pilots and studies pursuant to D.08-11-031 as requested in Advice Letter 2054-E/1829-G is approved as modified herein.
3. The request of PG&E to implement studies pursuant to D.08-11-031 as requested in Advice Letter 2987-G/3399-E is approved as modified herein.
4. The request of SCE to implement pilots and studies pursuant to D.08-11-031 as requested in Advice Letter 2307-E is approved as modified herein.
5. Within 20-days of the chosen contractors' final study implementation plan, there shall be a public workshop in which interested parties can

inform and offer suggestions/edits to aspects of the study plan. This applies to all studies authorized in D.08-11-031.

6. The chosen consultant and Energy Division staff will hold a second public workshop to present findings and allow for public input before releasing the study's final report. This applies to all studies authorized in D.08-11-031.
7. Within 20-days of an IOU's draft pilot implementation plan, there shall be a comment period where parties can inform and offer written suggestions and/or edits to aspects of the pilot implementation plan. The Energy Division staff will work with the IOUs to incorporate appropriate suggestions into the PIPs.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on April 16, 2009; the following Commissioners voting favorably thereon:

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Paul Clanon

Executive Director