

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

Order Instituting Rulemaking on the  
Commission's Proposed Policies and Programs  
Governing Post-2003 Low-Income Assistance  
Programs.

Rulemaking 04-01-006  
(Filed January 8, 2004)

**ASSIGNED COMMISSIONER'S RULING APPROVING THE  
PROPOSALS CONTAINED IN THE NOVEMBER 1, 2005  
REPORT OF THE STANDARDIZATION TEAM AS MODIFIED**

On November 1, 2005, the Low Income Energy Efficiency Program Standardization Team (Standardization Team) filed an extensive report proposing changes to the Policy and Procedures (P&P) Manual and the Weatherization Installation Standards (WIS) Manual designed to refine current policies, procedures, and standards; additional policies and standards relating to additional energy efficiency measures recommended for inclusion into the 2006 Low-Income Energy Efficiency Program; and changes needed to accommodate recent changes in California's Title 24 standards.

In Decision (D.) 05-12-026, the Commission delegated to the Assigned Commissioner the authority to approve or disapprove through a ruling the adoption of any Standardization Team reports currently pending or otherwise pending during the 2006-2007 funding cycle. As Assigned Commissioner I may rule on the proposal in total, or refer some or all issues to the full Commission for its consideration. In that decision the Commission also ordered that the

proposed standards related to new measures and Title 24 compliance would be effective on an interim basis, pending the issuance of this ruling.

In an Assigned Commissioner Ruling (ACR) issued on October 1, 2004, Commissioner Carl Wood directed the Standardization Team to review the P&P and WIS manuals to ensure that they remained up to date, and to develop the necessary proposed standards and manual changes in time for program year 2005. On October 15, 2004<sup>1</sup>, the Standardization Team filed the Phase 5 work plan, and schedule covering the development of such recommendations. On October 22, 2004, an ACR adopted the work scope and budget and directed the Team to review and file recommended manual changes with the Commission.

On January 18, 2005, the Team filed recommended changes to the 2005 P&P and WIS manuals, along with an explanation of the reasons for recommended changes. Most of the changes were made to (a) comply with changes in codes and standards; (b) respond to questions and comments from field staff; (c) bring P&P and WIS Manuals into consistency with each other; and (d) clarify policies previously recommended by the Team, some of which the Commission had already adopted.

Parties filed comments on the Team's filing on March 14, 2005. Those comments focused primarily on three issues. First, parties objected to the lack of public workshops designed to obtain input on recommended changes. Second, parties took issue with recommended changes in the 80-20 rule for qualifying

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<sup>1</sup> The October 1<sup>st</sup> Ruling directed the Team to file the work plan by October 8, 2004. However, the Commission granted an extension to file the work plan by October 15, 2004.

units in multi-family buildings for Program measures. Third, Parties objected to the characterization of furnace repairs and replacement as minor home repairs warranted only in cases where the furnace failed a natural gas appliance test (NGAT). On March 25, 2005, I issued a ruling instructing the Team to withdraw its January 18, 2005 filing, to solicit public input on the proposed changes, and to resubmit its recommendations.<sup>2</sup> In its April 11, 2005 reply to the ACR, the Team withdrew its recommendations, agreed to institute a new process for consideration of recommendations, and committed to the submission of a revised scope of work to accommodate this additional effort. The revised scope of work, for what was called Phase 5.1 of the Standardization Project, was submitted by the Team on April 25, 2005 and I approved it in a ruling dated June 7, 2005.

### **Changes Necessitated by the Inclusion of New Measures in the 2006 Program**

Commission D.03-11-020, issued on November 13, 2003, directed the Team<sup>3</sup> to develop recommendations for new measures for Program Year 2006. As directed in Ordering Paragraph 16, of D.03-11-020, the Team conducted “a cost-effectiveness evaluation and develop[ed] recommendations, with public input.” The Team filed its “Report on the Assessment of Proposed New 2006 Measures” on April 30, 2005. It recommended adding three measures to the

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<sup>2</sup> *Assigned Commissioner’s Ruling Directing the Standardization Team to Withdraw and Refile its Proposal Related to Phase 5 of the Low Income Energy Efficiency Standardization Project*, March 25, 2005.

<sup>3</sup> The Team consists of Pacific Gas & Electric Company, Southern California Edison, Southern California Gas Company, San Diego Gas & Electric Company, and the joint utilities technical consultants, with coordination assistance from the Commission’s Energy Division and participation by the Office of Ratepayer Advocates.

Program in 2006: duct testing and sealing, air conditioner tune-ups, and high efficiency central air conditioners. In a subsequent filing dated September 7, 2005, the Team withdrew its recommendation to add air conditioner tune-ups as a program measure, and instead recommended the implementation of a pilot program for this measure. The Commission approved these measures in D.05-12-026. While that decision was pending, the Team saw the need to develop appropriate standards and policies, and requested support for this development process in its work scope for Phase 5.1 of the Standardization Project. I approved this request in a ruling dated June 7, 2005.

### **Changes Made to Accommodate Changes in Title 24**

As pointed out in the Team's proposed Phase 5.1 work scope, the California Energy Commission (CEC) has made significant changes to the Title 24 Building Energy Efficiency Standards and Residential Compliance Manual for 2005. These changes, which include several heating, ventilating, and air conditioning (HVAC) efficiency requirements affecting existing residential buildings, will have a significant impact upon the utilities' Low-Income Energy Efficiency programs.

Effective October 1, 2005, some HVAC repairs and all replacements are considered "alterations" that are subject to Title 24 regulations. In those CEC climate zones with predominantly cold and/or hot climates, duct testing and sealing is now mandated when HVAC alterations are performed, and the completed jobs will be subject to third party verification by a Home Energy Rating System (HERS) rater (documentation of which will be required to finalize the building permit).

In order to comply with the October 1, 2005 effective date, the Team had to revise the P&P and WIS manuals to put in place criteria that address HVAC

alterations and required HERS field testing and verifications. The development of these changes was included in the Phase 5.1 work scope that I approved.

### **Procedures**

The Standardization Team developed the current recommendations for changes in Program policies, procedures and installation standards through an open process. Since the beginning of Phase 5.1, the Team has opened its meetings to all members of the public. The Standardization Team conducted open meetings held at various sites across the state, on April 26, May 10, June 22, June 28, July 25-26, August 12, August 23, September 8-9, and October 11, 2005. In addition, the Team held public workshops to solicit additional public input in San Diego on September 29, 2005 and San Francisco on September 30, 2005.

Finally, the assigned administrative law judge conducted a workshop in San Francisco on February 17, 2006, to solicit additional comment from the general public as well as from members of the Low Income Oversight Board. There appeared to be agreement with the adoption of most of the changes proposed by the Standardization Team. However, an important but comparatively small problem came to light, and the Standardization Team immediately took steps to resolve it.

On March 9, 2006, the Standardization Team formally submitted proposed revisions designed to (1) delete the energy efficiency rating reference of 11.5 for high efficiency central air conditioners and (2) clarify the policy on replacement of leaky water heaters. The Team also circulated the proposed revisions to the Manuals at the Low Income Oversight Board meeting held on February 28, 2006. The proposed revisions are attached to this ruling.

There was an opportunity to file comments on the proposed revisions as well as the entire proposal and no one offered opposition. Only the Association

of California Community and Energy Services (ACCES) filed comments, and it did so to raise a “lingering concern” about an aspect of the procedures for Natural Gas Appliance Testing that ACCES is concerned may lead to the disqualification of a significant number of low income dwellings from the Low-Income Energy Efficiency Program. ACCES does not oppose the proposal in its current version. The additional concern it raises should be raised again in the context of the utility program and budget applications to be filed July 1, 2006.

**IT IS RULED** that the proposed manual changes as proposed in the November 1, 2005 Standardization Team report and revised on March 9, 2006 are approved.

Dated March 29, 2006, at San Francisco, California.

/s/ DIAN M. GRUENEICH

Dian M. Grueneich  
Assigned Commissioner

**CERTIFICATE OF SERVICE**

I certify that I have by mail this day served a true copy of the original attached Assigned Commissioner's Ruling Approving the Proposals Contained in the November 1, 2005 Report of the Standardization Team as Modified on all parties of record in this proceeding or their attorneys of record.

Dated March 29, 2006, at San Francisco, California.

/s/ ERLINDA PULMANO

Erlinda Pulmano

**N O T I C E**

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