

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



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Order Instituting Rulemaking Concerning Energy )  
Efficiency Rolling Portfolios, Policies, Programs, ) Rulemaking 13-11-005  
Evaluation, and Related Issues. ) (Filed November 14, 2013)  
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**MOTION OF REDWOOD COAST ENERGY AUTHORITY ON BEHALF OF THE RURAL  
REGIONAL ENERGY NETWORK FOR APPROVAL OF ENERGY EFFICIENCY  
PORTFOLIO APPLICATION**

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March 4, 2022

For Redwood Coast Energy Authority

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RURAL REGIONAL ENERGY NETWORK FOR APPROVAL OF ENERGY  
EFFICIENCY PORTFOLIO APPLICATION**

Pursuant to Rule 11.1 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure, and in accordance with the requirements and process set forth in Decision (“D.”) 19-12-021, D.12-11-015, and related Decisions, Redwood Coast Energy Authority (“RCEA”), on behalf of the Rural Regional Energy Network (“RuralREN”) and the RuralREN Partners,<sup>1</sup> hereby submits the following *Motion For Approval of Energy Efficiency Portfolio Applicatio* (“Motion”). Through this Motion, RCEA requests Commission approval of the RuralREN Energy Efficiency Business Plan (“Business Plan”), RuralREN’s proposed Program Portfolio (“Portfolio”), budget, and associated supporting documents (together, the “Portfolio Application”). As set forth below, the Portfolio Application satisfies the procedural and substantive requirements for the formation of a new Regional Energy Network (“REN”) and is both reasonable and consistent with the Commission’s policy goals. As such, RCEA requests that the Commission approve the Portfolio Application in its entirety and authorize RuralREN to begin offering its Portfolio of Energy Efficiency (“EE”) programs within its proposed service area in 2023, at the requested funding levels.

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<sup>1</sup> The RuralREN Partners consist of RCEA, the Association of Monterey Bay Area Governments, the County of San Luis Obispo, the High Sierra Energy Foundation, the San Joaquin Clean Energy Organization, and the Sierra Business Council.

RCEA is submitting this Motion in accordance with the process set forth in Ordering Paragraph (“OP”) 2 of D.19-12-021. OP 2 sets forth the Commission’s process for submitting new REN proposals stating, in relevant part: “a proposal for a new regional energy network... may be brought to the Commission at any time via a motion in the open energy efficiency rulemaking.”<sup>2</sup> In accordance with this process, RCEA is submitting the Portfolio Application through the instant Motion submitted in the current EE rulemaking, rather than filing a new application as D.21-05-031 requires for “all current energy efficiency program administrators.”<sup>3</sup>

RCEA has, however, made every effort to align its Portfolio Application with the requirements and timing of the Commission’s established rolling portfolio process, as most recently updated in D.21-05-031. This includes:

- Submitting the RuralREN Motion and Portfolio Application on the same deadline that existing Program Administrators’ (“PA”) Applications are due.
- Providing a Business Plan, Portfolio Plan, and tables developed using the Energy Division’s templates adopted in accordance with D.21-05-031.
- Complying with the program segmentation and other substantive program requirements adopted in D.21-05-031.

Included as Attachment A to this Motion, RCEA is providing a Notice of Availability (“NOA”) that provides a web link to a site where the following RuralREN Portfolio Application documents can be accessed:

- *Energy Efficiency Portfolio Application of the RuralREN*, a .pdf document which includes:
  - Executive Summary of RuralREN’s Proposal

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<sup>2</sup> At 88 (OP 2).

<sup>3</sup> D.21-05-031 at 81-82 (OP 5).

- Exhibit 1: RuralREN’s Strategic Business Plan
- Exhibit 2: RuralREN’s 2023-2027 Portfolio Plan
- Exhibit 3: Appendices
  - Appendix A: Letters of Commitment to Cooperate
  - Appendix B: Letters of Support
  - Appendix C: Stakeholder Feedback
  - Appendix D: Presentation to CAEECC & Stakeholders
  - Appendix E: Figures, Tables, and Photos
- *Exhibit 4*, a separate .pdf document that includes the Energy Division’s template tables.

**I. D.19-12-021 MOTION REQUIREMENTS**

RCEA respectfully requests that the Commission authorize RuralREN to provide EE service as a new REN. In OP 2 of D.19-12-021 the Commission set forth the required elements that must be included in a motion to form a new REN. The motion must:<sup>4</sup>

1. Provide a description of the REN’s new and unique value to contribute to California’s energy, climate, and/or equity goals.
2. Provide a detailed description of the new REN’s proposed governance structure and demonstrate that the REN represents more than one government entity.

In addition, the motion must provide the following documentation:

1. A business plan proposal that has been presented to at least one meeting of the California Energy Efficiency Coordinating Committee (“CAEECC”).
2. A “letter of commitment to cooperate” from each existing PA with whom the new REN’s proposed activities will overlap.

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<sup>4</sup> D.19-12-021 at 88-89 (OP 2).

3. A written summary of feedback received from the CAEECC meeting and any other stakeholder input, along with the response or changes that were made as a result of the input.
4. A proposed set of energy savings targets.
5. A proposed set of goals and metrics.
6. An estimate of benefits and costs according to the Total Resource Cost and Program Administrator Cost tests.

Together, this Motion and the RuralREN Portfolio Application satisfy each of these requirements.

**A. RuralREN Will Provide New And Unique Contributions To California's Energy, Climate, And Equity Goals**

As discussed in detail in RuralREN's Portfolio Application,<sup>5</sup> RuralREN will provide a new and unique contribution to current efforts to achieve California's energy, climate, and equity goals. RuralREN will be an equity-focused REN that addresses the specific needs of rural communities by offering EE programs that "fill the gaps" left when existing EE programs don't fully reach rural communities or aren't tailored to meet the specific needs of rural communities. Historically, cost-effectiveness requirements have been a significant hurdle to EE program enactment in rural areas. Communities and customers in the RuralREN Area have received fewer economic benefits from Commission EE programs than their counterparts in urban areas. Many regions within the RuralREN Area have among the lowest EE program participation rate in California, receiving less than \$5,000 per 1,000 people, the lowest 20% in the state.<sup>6</sup> RuralREN seeks to address this equity and access issue, while also addressing some of the key

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<sup>5</sup> Portfolio Application (Executive Summary) at 3-15.

<sup>6</sup> Portfolio Application, Exhibit 1 (Business Plan) at 33.

challenges faced by the RuralREN Communities – vulnerability to climate change impacts, equity and underdevelopment issues, and geographic barriers to program implementation.

Many of the RuralREN Communities are particularly vulnerable to the immediate and long-term impacts of climate change, including weather and temperature extremes, increased wildfire risks, drought impacts, sea-level rise, and coastal erosion, among others. For instance, many of the RuralREN Communities are particularly vulnerable to increased wildfire threat driven, in part, by climate change.<sup>7</sup>

Many of the RuralREN Communities face significant equity and development challenges. The equity differences between the RuralREN Communities and the rest of California are stark. For instance, the median household income for the RuralREN Area is \$62,171, while for the rest of California the median household income is \$80,799.<sup>8</sup> Over 16% of RuralREN’s residents fall below the federal poverty level.<sup>9</sup> 27% of California’s probation caseload falls within the RuralREN Area, even though the RuralREN has only 17.7% of the State’s population. Roughly 20% of California’s disadvantaged communities are in the RuralREN area. Over 90% of the RuralREN Counties meet the statutory definition of “low-income communities.”<sup>10</sup>

Many of the RuralREN Communities’ large land areas and low population density make many efforts to address climate change and underdevelopment significantly more difficult and less efficient. EE programs in rural areas are often significantly more costly and work-intensive on a per-customer basis, due to increased transport and travel costs to serve far-flung customers, the increased difficulty of targeted outreach efforts, and other factors. These increased costs make it more difficult to offer rural-targeted EE programs that meet the Commission’s EE cost

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<sup>7</sup> Portfolio Application, Exhibit 1 (Business Plan) at 38-40.

<sup>8</sup> Id. at 32.

<sup>9</sup> Id.

<sup>10</sup> Id. at 23.

effectiveness requirements. This access problem is exacerbated by rural areas' lack of local firms and qualified professionals that can execute EE projects in their communities. The current Investor Owned Utilities' ("IOU") Trade Professionals Lists in RuralREN's rural regions include very few qualified firms – out of 154 firms listed, only 15 provide service to the RuralREN Area.<sup>11</sup> The lack of qualified local firms can significantly increase the cost of EE projects or even make otherwise viable EE projects too costly to pursue.

RuralREN will offer a portfolio of rural-focused EE programs that address these challenges, achieving three key outcomes:

Outcome 1: The RuralREN Communities will be provided the same level of services and support for Commission EE programs as their counterparts in or near metropolitan areas, with program offerings that meet their specific needs, and are empowered to take action to better manage their energy use and cost through increased awareness, support resources, and access to financing to improve their homes and businesses. This will encourage rural economic development and address the geographic challenges that have limited EE program implementation in the RuralREN Communities.

Outcome 2: Energy consumption, energy cost and greenhouse gas emissions are reduced across the region, contributing to California's decarbonization and EE goals. This will encourage economic development by reducing rural communities' energy usage and costs and will help combat climate change by reducing GHG emissions.

Outcome 3: A trained, local workforce is employed in well-paying jobs that provide energy services to rural communities to enable energy and cost savings, and GHG emissions reductions. This will encourage economic development by creating jobs that help combat climate change by creating a trained workforce able to implement GHG-reducing EE projects in the RuralREN Area going forward, and address geographic challenges by improving rural communities' access to EE project professionals.

By pursuing and achieving these outcomes, RuralREN will provide a new and unique contribution to current efforts to achieve California's energy, climate, and equity goals.

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<sup>11</sup> Id. at 19.

## **B. Description of RuralREN's Governance Structure**

RuralREN will cover a service area (the "RuralREN Area") of approximately 70,000 square miles, consisting of 31 counties and 115 cities. The RuralREN Area covers roughly half of California's land area, but contains only 17.7% of the state's population (just over 7 million residents), and includes none of the State's major metropolitan areas. The RuralREN Area includes a diverse range of terrains and climates. Of California's 16 defined climate zones, 10 fall within the RuralREN Area, including climate zones that experience some of California's greatest temperature extremes.<sup>12</sup>

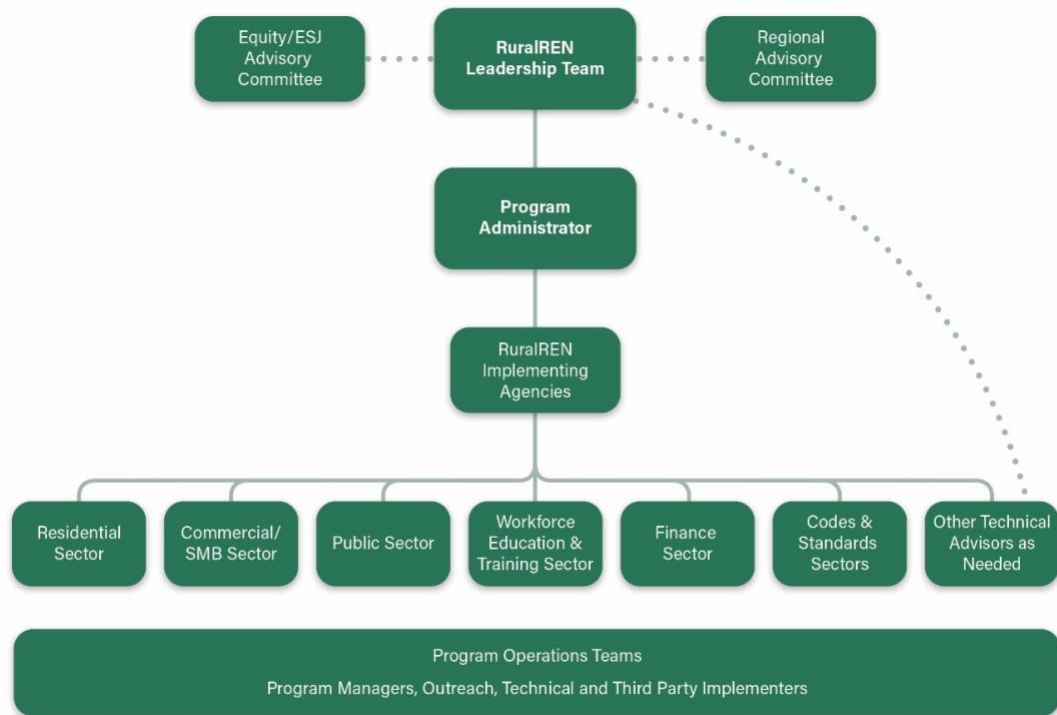
In developing the RuralREN proposal, the RuralREN Partners put a great deal of work into identifying the optimal governance structure for a REN with such a large and diverse service area, focusing on the need to balance the efficiency and economies of scale achieved through centralized governance with the need to be responsive to the needs of a large and diverse set of communities. The result of this hard work, the RuralREN governance structure, is described in detail in RuralREN's Executive Summary.<sup>13</sup> Broadly, the organization includes Implementing Agencies, Technical Advisory Committees, Leadership Team, and an Administrator organized according to the following diagram:

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<sup>12</sup> Id. at 22.

<sup>13</sup> Portfolio Application (Executive Summary) at 10-12.





RuralREN will be led by a governing board, or Leadership Team, with membership composed of one representative from each of the Rural and Hard To Reach Working Group (“RHTR”) Partners. The Leadership Team will be advised by an Equity and Environmental/Social Justice Advisory Committee and a Regional Advisory Committee. Executive functions will be fulfilled by the Program Administrator, RCEA, which will act as the Lead Agency and be responsible for: filing required regulatory submissions and reporting to the Commission; representing RuralREN in Commission proceedings and on committees as necessary; managing portfolio-wide procurement and contracts; providing oversight of budgets; coordinating with IOUs on invoicing and regulatory requirements. The Program Administrator will then work with the Implementing Agencies for each of the RuralREN Regions.

Beyond this broad summary, the RuralREN governance structure has several key elements that will help RuralREN in fulfilling its equity-focused purpose. First, RuralREN will

cover a service area defined by its communities’ shared interests and the common challenges they face rather than geographic proximity. This service territory is united by its primarily rural nature and its equity, climate change, and geographic challenges. These uniting factors are discussed in detail above, and in the Executive Summary.

Second, RuralREN will be governed by the RuralREN Partners, a diverse group of local government agencies and advocacy organizations.<sup>14</sup> Having a REN run by such a diverse group of organization types will ensure that a broader range of perspectives and expertise are brought to RuralREN’s governance. The expertise brought by the RuralREN Partners is extensive. Together, the RuralREN Partners have over 88 years of EE implementation experience.

Third, as required by D.19-12-021, RuralREN is being formed by more than one local government agency.<sup>15</sup> RCEA and the Association of Monterey Bay Area Governments are Joint Powers Authorities, and the County of San Luis Obispo is a California county.

Fourth, RuralREN will be divided into four distinct regions that reflect the RuralREN Area’s diversity. Each region will be governed by one or more RuralREN Partners, as summarized in the table below.

*Table 1: RuralREN Regions*

<b>RuralREN Region</b>	<b>RuralREN Partner Organization</b>	<b>Counties Served</b>	<b>Land Area, sq. miles</b>	<b>Population</b>
<b>North Coast</b>	Redwood Coast Energy Authority (RCEA)	Humboldt, Lake, Mendocino	8,331	296,227
<b>Central Coast</b>	Association of Monterey Bay Area Governments (AMBAG)	Monterey, San Benito, Santa Cruz	5,114	774,105
	County of San Luis Obispo (SLO)	San Luis Obispo	3,299	282,424
<b>San Joaquin Valley</b>	San Joaquin Valley Clean Energy Organization (SJVCEO)	Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, Tulare	27,262	4,313,060

<sup>14</sup> Detailed descriptions of the RuralREN partners provided in the Portfolio Plan (Executive Summary) at 6-8.

<sup>15</sup> D.19-12-021 at 88 (OP 2).

<b>Sierra</b>	High Sierra Energy Foundation (HSEF)	Inyo, Mono	13,230	32,211
	Sierra Business Council (SBC)	Alpine, Amador, Butte, Calaveras, El Dorado, Lassen, Mariposa, Nevada, Placer, Plumas, Sierra, Sutter, Tuolumne, Yuba	21,013	1,306,482
<b>Total</b>			78,249	7,004,509

Each region’s program offerings will be determined by the region’s implementing agencies based on the region’s specific needs and priorities. Each region’s implementing agencies will use their local knowledge and connections to maximize the effectiveness of the programs offered.

Finally, recognizing the fact that so many of RuralREN’s customers and communities are disadvantaged, hard to reach, underserved, vulnerable, or face other equity challenges, RuralREN is being formed as an equity-focused REN. All of RuralREN’s decisions and activities will be strongly informed and guided by equity considerations, a purpose that is reflected in RuralREN’s organizational design from top to bottom. At the leadership level, the RuralREN board will be advised by an Equity and Environmental/Social Justice Advisory Committee. Almost 80% of the RuralREN’s budget is allocated toward equity programs, and four out of RuralREN’s seven proposed programs are categorized as equity programs.<sup>16</sup> Thus, a significant majority of RuralREN’s resources and efforts will go to direct equity efforts.

**C. The RuralREN Portfolio Application Has Been Presented To CAEECC And Received Broad Stakeholder Feedback**

A summary of RuralREN’s Portfolio Application was presented at a CAEECC/Stakeholder workshop held on February 16, 2022. A copy of the RuralREN CAEECC presentation is included as Appendix D to the Portfolio Application. A written summary of

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<sup>16</sup> RuralREN’s Portfolio includes the following equity programs: Residential Equity, Public Equity, Finance, and Workforce Education and Training.

feedback received from the workshop and any other stakeholder input, along with the response or changes that were made as a result of the input, are provided in Appendix C to the Portfolio Application. As instructed by the Energy Division and the CAEECC Coordinators, RCEA and the RuralREN Partners will also be presenting the RuralREN Portfolio Application at the March 10, 2022 CAEECC meeting. In recognition of the importance of providing other parties with as much notice as possible and coordinating as closely as possible with the rolling portfolio process and deadlines, the RuralREN Partners decided to file this Motion on March 4, 2022 (the same day that existing PAs are filing their rolling portfolio applications) rather than waiting until after the March 10, 2022 CAEECC meeting to file. Prior to submitting this Motion, the RuralREN Partners confirmed with CAEECC and the Energy Division that presenting the Portfolio Application at the February 16, 2022 workshop satisfies RuralREN’s CAEECC presentation requirement.

In addition to presenting at CAEECC, the RuralREN Partners conducted significant outreach to communities in the RuralREN Area, receiving broad support for the RuralREN proposal. Letters of support for RuralREN are provided as Appendix B to the Portfolio Application.

**D. The Portfolio Application Includes All Other Required Information**

The RuralREN Portfolio Application provides all additional information (not discussed above) required by D.19-12-021. The location of this information is provided in the following table:

*Table 2: RuralREN Index of Information Required by D.19-12-021*

<b>Required Information/Documents</b>	<b>Location(s)</b>
A “letter of commitment to cooperate” from each existing program administrator with whom the new REN’s proposed activities will overlap.	Portfolio Application, Appendix A, at pp. 140-158.

A proposed set of energy savings targets.	Portfolio Application, Exhibit 02 (2023-2027 Portfolio Plan), Section a.iii
A proposed set of goals and metrics.	Portfolio Application, Exhibit 02 (2023-2027 Portfolio Plan), Exhibit 02, Section c.
An estimate of benefits and costs according to the Total Resource Cost and Program Administrator Cost tests.	Portfolio Application Exhibit 01 (Business Plan), Section b.

**II. THE COMMISSION SHOULD APPROVE THE PORTFOLIO APPLICATION**

**A. RuralREN’s Portfolio Is Reasonable And Meets The Requirements of D.12-11-015**

D.12-11-015 requires that to be approved by the Commission, a REN’s proposed activities must fall under at least one of the following criteria:<sup>17</sup>

1. *Activities that utilities cannot or do not intend to undertake.* The rationale for this should be obvious – if a REN can deliver a service to the market that the utilities cannot, it should be considered.
2. *Pilot activities where there is no current utility program offering, and where there is potential for scalability to a broader geographic reach, if successful.* In this case, the concept would be to test program delivery that is different or unique, for potential to be scaled up to a statewide approach delivered either by RENs and/or by utilities in the future.
3. *Pilot activities in hard-to-reach markets, whether or not there is a current utility program that may overlap.* These activities may or may not be intended to be scalable to a larger area. The rationale is that hard-to-reach markets (including multi-family and low- to moderate-income residential, as well as small commercial) need all the help they can get to achieve successful energy efficiency savings. A piloted approach may work well in a particular geographic region because of its specific characteristics, or it may be appropriate for a wider delivery by RENs and/or utilities elsewhere.

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<sup>17</sup> D.12-11-015 at 17; D.19-12-021 at 4-5.

All of RuralREN's proposed activities meet at least one of these criteria. RuralREN's Portfolio consists of seven EE programs: four equity programs, two resource acquisition programs, and one market support program. RuralREN will offer the following equity programs:

- *Finance* – A rurally focused finance offering will equitably support the residential, small businesses and public sectors through 0% loans, including bridge loans and microloans, that will encourage and accelerate the implementation of EE projects. The program addresses first-cost and access to capital barriers that exist in rural California by providing guidance and support to customers during their participation in EE-related offerings.
- *Workforce Education and Training* – RuralREN's Workforce Education and Training ("WE&T") pilot will accelerate training (upskilling of existing workers and training for new workers) and increase new opportunities for employment. The program pathways will support other RuralREN programs and other PAs' (core and RA) programs by creating locally based workforces. This will benefit future generations and build community wealth through lower bills, career opportunities and local clean energy investments. The WE&T pilot will include two main efforts:
  - Climate Careers: will provide at-risk, low-income youth ages 16-22 with training to conduct Green House Calls. This pilot will be tested in communities along the I5 and 99 corridors.
  - Clean Energy Academy: will provide community members with EE and electrification training, as well as career readiness support and job placement.
- *Residential Equity* – RuralREN's Residential Equity pilot effort will provide our hard to reach, disadvantaged, and underserved residents with Green House Calls and installation of non-claimed EE measures. The pilot will also provide Zero Net Energy ("ZNE") online virtual home energy audits, which will use data and energy modeling through an online dashboard to present homeowners with tailored path toward ZNE.
- *Public Equity* – available to a subset of RuralREN counties that went unassigned in Pacific Gas and Electric Company's ("PG&E") non-resource solicitation for local government programs. This program will offer technical assistance to public agencies and track and report EE benefits.

All four of RuralREN's equity programs are "*Activities that utilities cannot or do not intend to undertake,*" as similar rurally targeted efforts are not part of the IOUs' current or requested EE

portfolios. Further, RuralREN’s WE&T and Residential Equity pilots are “*pilot activities in hard-to-reach markets.*”

RuralREN will offer the following two resource acquisition programs in its most remote regions (the North Coast and Southern Sierra areas):

- *Commercial RA* – will focus on filling the needs of commercial customers that have been unmet by other utility and statewide programs. Will deliver direct-to-customer rebates for energy efficient and electrification upgrades as well as some direct installation options.
- *Residential RA* – will focus on filling the needs of residential customers that have been unmet by other utility and statewide programs. Will deliver direct-to-customer rebates for energy efficient purchases and electrification upgrades as well as some direct install options.

Both of RuralREN’s resource acquisition programs are “*Activities that utilities cannot or do not intend to undertake,*” as they are specifically targeted to only those hard-to-reach rural communities with EE needs left unmet by IOU programs.

RuralREN will offer one market support program:

- *Codes and Standards* – will provide rural building departments and building professionals with education and technical resources to increase comprehension of and compliance with California’s Building Energy Efficiency Code (Title 24) and escalate more rapid adoption of new standard technologies. The RuralREN Codes and Standards program will help the RuralREN Communities to reduce energy usage through improved building design and construction and greater code compliance and enforcement.

This program is an “*Activity that utilities cannot or do not intend to undertake,*” as similar rurally targeted market support programs are not part of the IOUs’ current or requested EE portfolios.

## **B. The Portfolio Application’s Proposed Funding Period is Reasonable**

The RuralREN Portfolio Application’s proposed a funding period beginning in 2023 and continuing through 2027. This funding period is reasonable and consistent with applicable Commission requirements. The Commission should approve it. In D.21-05-031, the

Commission modified the rolling portfolio planning process, instructing existing PAs to submit applications that include a four-year program portfolio for the period 2024-2027 that includes “annual budgets totaling to a four-year revenue requirement.”<sup>18</sup> To maximize RuralREN’s alignment with the rolling portfolio process, RuralREN’s budget request aligns with the 2024-2027 period. However, because RuralREN is a new REN being formed pursuant to the process set forth in D.19-12-021, RuralREN’s budget request also includes 2023, which would be RuralREN’s first program year.

The inclusion of 2023 in RuralREN’s proposed budget is consistent with established Commission practices and Decisions regarding REN formation. The Commission has consistently authorized new RENs to begin operation within a reasonable time after their Application submissions (and their Commission approval), regardless of the rolling portfolio application timeframe. For instance, the Inland Regional Energy Network (“I-REN”) REN filed its REN Application on February 26, 2021, and in D.21-11-013 (issued November 18, 2021), was authorized to begin service in 2022. In approving I-REN’s motion, the Commission specifically noted that the established Commission rule allowing a new REN proposal to be brought at any time makes it “likely that any new REN proposal would be unsynchronized with other program administrators’ business plans at the beginning, and require some time to be aligned later.”<sup>19</sup>

Here, RCEA is submitting its RuralREN Motion nearly 10 months before its proposed 2023 service start date. In comparison, I-REN submitted its Motion just over 10 months before its Commission-approved 2022 start date. As the Commission implicitly recognized in D.21-11-013, 10 months is a reasonable amount of time to allow for stakeholder input, Commission

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<sup>18</sup> D.21-05-031 at 81.

<sup>19</sup> D.21-11-013 At 10.



review, and necessary preparation. As such, RuralREN should be allowed to begin service in 2023, and its inclusion of 2023 in its budget request is reasonable.

### III. THE PROPOSED RURALREN BUDGET IS REASONABLE

A detailed breakdown of RuralREN’s proposed budget for the five-year period from 2023-2027 is provided in Exhibit 1 at pp. 62-63. This budget is summarized in the following table:

*Table 3: RuralREN Portfolio Budget Request (\$ thousand)*

<b>Program</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Commercial	400	954	1,226	1,450	1,426
CC Finance	2,867	3,695	3,889	3,406	3,167
CC WE&T	2,962	5,107	5,138	5,149	5,163
CC C&S	1,098	1,442	1,498	1,620	1,736
Public	546	578	581	534	534
Residential	3,651	7,795	8,450	9,224	9,381
EMV	121	207	218	224	224
Total:	11,648	19,961	21,002	21,610	21,634

This budget request is reasonable and should be approved by the Commission.

RuralREN’s proposed budget reflects the projected cost of implementing its programs. RuralREN will offer its programs to customers and communities in an area with a population of seven million. It costs more money to offer EE programs to hard-to-reach and underserved rural communities and customers. Historically, this has been a major barrier to EE program implementation in rural communities, a problem that RuralREN was formed to address. While RuralREN is not bound by cost-effectiveness, it has made every possible effort to keep its budget trim and to request only the amount that an efficiently run REN reasonably needs to implement the programs in question. Given that RuralREN seeks to offer programs in a service area with seven million residents, RuralREN’s budget request breaks down to an ask of just \$1.66 per customer for year 1, and just \$3.01 annually per customer for years 2-5. RuralREN’s proposed budget does not exceed the Commission’s 10% cap for administrative costs.

RuralREN's proposed budget is proportional to the many benefits that its programs will provide. When, in D.21-05-031, the Commission ordered portfolio segmentation and excused equity programs from cost effectiveness,<sup>20</sup> it implicitly recognized that addressing equity problems and driving equity gains is a benefit of EE programs that isn't captured in current EE cost effectiveness measures. By addressing the pressing equity challenges that rural communities face, RuralREN's offerings will produce significant equity benefits.

RuralREN's programs also have a second benefit that is not captured in traditional cost-effectiveness requirements – RuralREN's workforce education and training program will encourage the development of a trained and qualified local workforce in rural communities. Having a qualified workforce in place will make future EE efforts in these communities more efficient and cost-effective. This will benefit all PAs in the RuralREN Area, the RuralREN Communities, and individual customers.

#### **IV. CONCLUSION**

RCEA thanks the Commission for reviewing this Motion and the RuralREN Portfolio Application. RCEA asks that the Commission approve the RuralREN Portfolio Application.

Dated: March 4, 2022

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<sup>20</sup> See, D.21-05-031 at 22-23.