PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

 **AGENDA ID #16086**

**ENERGY DIVISION RESOLUTION G-3531**

 **December 14, 2017**

RESOLUTION

Resolution G-3531. Resolution Approving Pacific Gas and Electric Company’s California Alternative Rates for Energy (“CARE”) and Energy Savings Assistance (“ESA”) Programs Conforming Advice Letter No. 3830-G/5043-E Filed in Compliance with Decision
D.16-11-022.

PROPOSED OUTCOME:

* Approves subject to modification, Pacific Gas & Electric Company’s (“PG&E”) CARE and ESA program Conforming Advice Letter No. 3830-G/5043-E, and Supplemental Conforming Advice Letter No. 3830-G-A/5043-E-A, filed in conformity with D.16-11-022 (“Decision”).

 SAFETY CONSIDERATIONS:

* The CARE and ESA programs are authorized and operated under our policy to ensure the health, safety and comfort of low income customers living in Investor Owned Utility (or “Utilities”) service areas.

ESTIMATED COST:

* PG&E’s new ESA program budget *including the newly authorized unspent funds* is $783,880,752 for program years 2017-2020.

By Advice Letter 3830-G/5043-E, filed April 3, 2017; and Supplemental Advice Letter 3830-G-A/5043-E-A, Filed on June 20, 2017.

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# Summary

This Resolution approves with certain budget modifications, PG&E’s California Alternate Rates for Energy and Energy Savings Assistance programs conforming Advice Letter 3830-G/5043-E, and supplemental Advice Letter 3830-G-A/5043-E-A.

This Resolution authorizes an additional $153,772,306 in unspent funds in order to implement D.16-11-022 directives, which brings the total authorized ESA program budget to $783,880,752 for program years 2017-2020. This authorization includes:

1. $53,876,681 to cover additional appliance measures.
2. $105,131 to cover additional domestic hot water measures.
3. $50,226,663 to cover additional lighting measures.
4. $6,438,928 to provide in-home energy education only to all qualified homes.
5. $468,101 to implement the multifamily Single Point of Contact activities
6. $90,000 to contribute to the next Energy Efficiency Goals and Potential Study.
7. $36,000,000 to implement the multifamily whole building common area measures and related activities.
8. $5,922,802 to cover leveraging activities, including the Marin Clean Energy Low Income Families and Tenants (“LIFT”) pilot, and leveraging with the Community Services and Development agency’s Low Income Weatherization Program (“LIWP”).
9. $550,000 to cover general administration including mobilization of the ESA “enrollment” page in My Account, and other information technology related costs.
10. $94,000 to cover Regulatory Compliance for the 2017 Audit.

This Resolution denies $4,245,863 of proposed new program expenses that were included in the following unspent funds request:

1. Denies $1,792,762 to cover increased customer enrollment activities related to providing energy education only. This budget request was not adequately justified and is therefore denied.
2. Denies $468,101 or 50% of the $936,203 request to implement the multifamily Single Point Of Contact or SPOC[[1]](#footnote-2) activities including the ESA, energy efficiency and On Bill Financing guidance because insufficient details and assumptions were provided for this activity to justify close to $1M for this effort.
3. Denies $300,000 for the Information Technology or IT Rapid feedback effort (part of the $850,000 for general administration). The Decision already approved $200,000 for the IT Rapid feedback[[2]](#footnote-3) and because PG&E did not provide any justification or explanation for the additional $300,000 need, this is denied.
4. Denies $1,685,000 to cover general administration which includes activities for the Tribal related activities because no details or implementation plans were provided for this activity. Therefore we do not find this request reasonable and it is therefore denied.

This Resolution approves PG&E’s household treatment goals, energy savings targets, willingness to participate calculations, coordination efforts with the California Department of Community Services and Development, and various multifamily assistance and outreach efforts.

Any remaining unspent funds not authorized in this Resolution shall be utilized to fund program and policy objectives adopted in D.16-11-022, and to offset the program collections that would otherwise have been required. These funds shall be used to achieve ESA program and policy objectives and are not to be returned to ratepayers at this time.[[3]](#footnote-4)

# Background

**Energy Savings Assistance Program (“ESA”)**

The ESA program is an energy efficiency program that provides no cost weatherization services, energy efficiency measures, minor home repairs, and energy education to income eligible program participants. The goal of the program is to reduce energy consumption, resulting in bill savings, while also increasing the health, comfort, and safety of these households. Income eligibility for ESA participation is set at 200% or less of Federal Poverty Guidelines. ESA program activities are funded by ratepayers as part of a statutory “public purpose program surcharge” that appears on monthly utility bills.

**PG&E’s CARE & ESA Program 2015-2017 Application and D.16-11-022**

PG&E filed its 2015-2017 cycle application for approval of its Low Income CARE and ESA program budgets on November 18, 2014. That application was consolidated along with the other Utility applications into proceeding A.14-11-007. While a decision was pending in the proceeding, the ESA and CARE program funding was bridged for the 2015 and 2016 program years. On November 22, 2016, D.16-11-022 was issued, consolidating the applications, extending the program cycle to 2020, and approving a budget for 2017-2020. The Decision required PG&E to file the instant conforming Advice Letter to adapt its proposed program activities and budgets to the requirements within this Resolution, and provide clear and descriptive plans for how its Low Income programs would be executed during the new cycle. PG&E was to propose new budgets, if needed, using unspent funds for each effort directed in the Decision.

**PG&E’s CARE and ESA Program Conforming Advice Letter & Supplemental Advice Letter**

PG&E filed its CARE and ESA conforming Advice Letter 3830-G/5043-E on April 3, 2017. Effective April 10, 2017, CPUC Energy Division staff suspended the Advice Letter for the initial suspension period of 120 days, for staff review. After initial review Energy Division staff requested additional information on program budgets and goals, noting gaps in the initial filing. On June 20, 2017, PG&E filed its Supplemental Advice Letter 3830-G-A/5043-E-A addressing Energy Division staff’s request for additional information. Together, both filings addressed the following issues:

1. ESA Program Budgets through 2020, including use of Unspent funds
2. ESA Program Household Treatment Goals through 2020
3. ESA Cost Effectiveness Projections through 2020
4. ESA Program Savings Targets through 2020
5. Collaboration Efforts with the Department of Community Services and Development
6. Coordination Efforts with California Lifeline
7. Multifamily Coordination Efforts
8. New Willingness to Participate Population Estimate
9. AB 793 Compliance Efforts
10. Low Income Audit Budgets

PG&E stated in its Supplemental Advice Letter that they have approximately $183M in unspent funds; approximately $158M of which they propose to allocate to carry out the various directives in the Decision, leaving approximately $25M to be used to offset future collections.

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| **Table 1: PG&E’s Proposal for Utilizing Unspent Funds for D.16-11-022 Directives** |
| Unspent Funds Allocation | Category |
| $53,876,681.00  | Additional Appliances (2nd refrigerators, Tier II power strips, and the increase of measures due to removal of measure caps) |
| $105,131.00  | Additional Domestic Hot Water (increase of measures due to removal of measure caps) |
| $50,226,663.00  | Additional Lighting (LED[[4]](#footnote-5) A-lamps, hardwired interior LEDs, and torchieres due to removal of measure caps) |
| $6,438,928.00  | Providing In Home Education (addition of water kits and costs for providing education only to customers) |
| $1,792,762.00  | Providing Customer Enrollment (for providing education only to customers) |
| $936,203.00  | Implementation for the multifamily Single Point Of Contact (“SPOC”) activities |
| $90,000.00  | Funding of ESA Goals and Potential Study  |
| $36,000,000.00  | Implementation of MF common measures (PG&E’s 42% share of $85M) |
| $5,922,802.00  | Implementation of Leveraging Activities (Marin Clean Energy’s Low Income Families and Tenant pilot and leveraging with the Department of Community Services and Development’s Low Income Weatherization Program) |
| $850,000.00  | General Administration ($550k for the mobilization of the ESA “enrollment” page in My Account, $300k for IT Rapid Feedback) |
| $94,000.00  | Regulatory Compliance (2017 Audit) |
| $1,685,000.00  | General Administration (Tribal Activities, Multi-Family (MF) Facilitation, Staff for SPOC/Tribal Activities) |
| $158,018,170.00  | Total |

On August 8, 2017, Energy Division staff further suspended both advice letters for our review and disposition in this Resolution.

**Petitions for Modification (“PFM”) of D.16-11-022**

On March 14, 2017, the Utilities filed a joint Petition for Modification of D.16-11-022, requesting clarification of the Decision language and modification of its ESA and CARE Program directives. The Utilities’ PFM made requests to change directives affecting their obligations to present ESA and CARE program activities in their conforming advice letters.

On April 4, 2017 California Housing Partnership Corporation, Natural Resources Defense Council, and National Consumer Law Center, (“CHPC et al”) filed a separate PFM requesting clarification and modifications relating to implementation of the Multifamily and Mid-Cycle directives in the Decision.

The requests made in the Utilities’ PFM have an impact on both the telecommunications LifeLine program coordination efforts, Multifamily, and the Department of Community Services and Development coordination efforts. Since these will be addressed in the PFM Decision, we defer to our final decision on the PFMs to direct any further compliance activities required by PG&E.

# Notice

Notice of Advice Letter 3830-G/5043-E and 3830-G-A/5043-E-A was made by publication in the Commission’s Daily Calendar. PG&E states that that a copy of the Advice Letter was mailed and distributed to the proceeding service list in accordance with Section 4 of General Order 96-B.

# Protests

On April 24, 2017, Advice Letter 3830-G/5043-E was timely protested jointly by Brightline Defense Project (“Brightline”) and Greenlining, and by the California Housing Partnership Corporation, Natural Resources Defense Council, and National Consumer Law Center, (“CHPC et al.”).

On July 10, 2017, Advice Letter 3830-G-A/5043-E-A was protested jointly by The East Los Angeles Community Union, the Maravilla Foundation, the Association of California Community and Energy Services, the Energy Efficiency Council, and Brightline (“TELACU et al.”).

PG&E responded to the protests of Brightline, Greenlining, and CHPC et al. on May 1, 2017; and to the protest of TELACU et al. on July 17, 2017. The following is a summary of the major issues raised in the protests and replies.

1. **Joint Protest of Greenlining Institute (“Greenlining”) and Brightline Defense Project (“Brightline”)**

Greenlining and Brightline protested Advice Letter 3830-G/5043-E on the grounds that PG&E did not clearly identify how it will utilize the $5,922,802 requested to cover leveraging activities, including $3.5M for Marin Clean Energy’s Low Income Families and Tenants pilot (“LIFT”), and leveraging with the Community Services and Development’s Low Income Weatherization program. They argue that without specificity on how many units would be treated, measures to be installed and costs associated with each measure, it cannot be determined if the amount requested is reasonable.[[5]](#footnote-6) Greenlining and Brightline also argue that the Advice Letter does not comply with the Decision’s 8% reporting requirement, and “fails to notify the Commission/Energy Division if PG&E’s unspent funds exceed the threshold for reporting.” They requested that Advice Letter 3830-G/5043-E be resubmitted with additional information on leveraging efforts with the Community Services and Development agency and on the level and rationale of its unspent funds, if PG&E’s budget request has triggered the new 8% rule. [[6]](#footnote-7)

1. **Joint Protest of the California Housing Partnership Corporation, Natural Resources Defense Council, and National Consumer Law Center, (“CHPC et al.”)**

CHPC et al. protested Advice Letter 3830-G/5043-E on the grounds that PG&E did not disaggregate the $5,922,802 requested to cover leveraging activities, including $3.5M for Marin Clean Energy’s LIFT pilot, and leveraging with the Community Services and Development agency’s Low Income Weatherization program. They argue that these are two distinct and separate program efforts, and therefore PG&E should disaggregate these budget line items accordingly. Additionally, PG&E should provide further specificity on the assumptions used to arrive at the Low Income Weatherization program budget, including the estimated number of multifamily units to be treated, and the costs associated with the measures and labor.[[7]](#footnote-8) CHPC et al. also argue that PG&E did not meet the requirement related to the development and implementation of an owner affidavit process for multifamily whole building enrollment as ordered in the Decision. Instead of including a copy of the actual owner affidavit process in its Advice Letter, PG&E merely states that “the Joint Utilities have collaborated in the development of the self-certification affidavit which also serves as Property Owner Waiver for the ESA program” and fail to provide any additional details or draft documents related to its proposed affidavit process, or how it plans on coordinating efforts with the other Utilities.”[[8]](#footnote-9) They requested that PG&E supplement its original Advice Letter filing with an attachment of the proposed owner-affidavit process and property owner waiver forms.

1. **Joint Protest of The East Los Angeles Community Union, the Maravilla Foundation, the Association of California Community and Energy Services, the Energy Efficiency Council, and Brightline Defense Project (“TELACU et al.”)**

TELACU et al. protested PG&E supplemental filing Advice Letter 3830-G-A/5043-E-A, on several proposed legal grounds affecting the ESA homes treated goals proposed for the 2017-2020 program cycle. TELACU et al. argue in sum that PG&E’s proposed ESA homes treated goals, pertaining to the ratio of first time treated to retreated homes, violate the directives in the Decision and are legally impermissible under Public Utilities Code. They further assert that the ratios of first treated to retreated homes proposed by the utility are unreasonable and place an undue burden on service providers (contractors), to “tell low income households, who have been made eligible for ESA services through the elimination of the Go Back Rule, they still cannot be served.”[[9]](#footnote-10) TELACU et al. request that the Commission reject PG&E’s homes treated goals filed in Advice Letter 3830-G-A/5043-E-A and clarify to parties the need to harmonize energy efficiency statutory directives in the implementation of activities ordered in the Decision. They also request that we direct PG&E to meet with stakeholders to develop and adopt new ESA homes treated goals and customer targeting methods.[[10]](#footnote-11)

1. **PG&E’s Reply to Protests of Greenlining and Brightline**

In response to the protest of Greenlining and Brightline, PG&E states that they solicited input from the Department of Community Services and Development to develop the ESA Program leveraging budget for the LIWP multifamily efforts and provide these estimates.[[11]](#footnote-12) PG&E also disagrees that their Conforming Advice Letter does not comply with Decision directives regarding unspent funds and the 8% reporting trigger. PG&E notes that this is an issue pending the Joint Utility Petition of Modification of Decision 16-11-022, but that the proposed budget is compliant with the directives of D.16-11-022.[[12]](#footnote-13)

1. **PG&E’s Reply to Protests of CHPC et. al.**

In response to the protest of CHPC et. al., PG&E states that they solicited input from the Department of Community Services and Development to develop the ESA Program leveraging budget for the LIWP multifamily efforts. They also provide additional information on the approximate number of units to be served, (based on CSD’s current prospective projects), as well as the installation rate of measures to arrive at the requested budget.[[13]](#footnote-14) With regards to providing the owner or authorized representative affidavit process, PG&E states that the Decision did not direct PG&E to provide the owner/authorized representative affidavit form with the Conforming Advice Letter, but rather the process.[[14]](#footnote-15)

1. **PG&E’s Reply to Protest of TELACU et al.**

In response to the protest of TELACU et. al., PG&E states it was simply providing updated household treatment goals including an estimate of the breakdown of first time touches verses retreatments as requested by Energy Division, and that the request is consistent with California law and Commission Decisions. PG&E believes that prioritizing first-time customers is necessary to achieve the 2020 goal, and reiterate that D.16-11-022 clearly states that households that have yet to be treated by the program should be prioritized.[[15]](#footnote-16) PG&E states that since they launched retreatment of households in May 2017, a significant portion of PG&E’s treated households were retreatments; with one-third being first time treatments and two-thirds being retreatments. They state that should the treatment of households continue at this ratio, PG&E will not meet its 2020 goal.[[16]](#footnote-17) Lastly, PG&E state that they will serve all customers requesting treatment (first time or retreatment) if they qualify for the ESA Program, and will not turn away customers, as TELACU et. al argues. It is not PG&E’s intent for ESA contractors to tell low income households who are eligible (whether for first time treatment or retreatment) that they cannot be served. These treatment and retreatment estimates are meant to be used by PG&E’s implementer and participating ESA contractors to prioritize customer outreach efforts and to adjust outreach efforts accordingly to align with these estimates.[[17]](#footnote-18) Accordingly, PG&E states that TELACU et. al.’s protest does not meet any of the grounds for protests contained in D. 16-11-022 or in Public Utilities Code Sections 2790, 381.5, and 382(e) and should be rejected.

# Discussion

1. **PG&E’s Authorized Allocation of Unspent Funds**

Near the end of 2016, the Utilities were carrying a total balance of approximately $400 million in unspent funds being accumulated since 2009.[[18]](#footnote-19) Of that amount, PG&E’s portion of unspent funds balance was $183M.[[19]](#footnote-20) Due to the unprecedented amount in unspent funds balances accumulating with the Utilities, the Decision authorized new ESA program measures and directives to be paid for with these unspent funds.[[20]](#footnote-21) The Utilities were required to file in a conforming advice letter plans and budgets for the expenditure of these unspent funds for each effort or new measure directed. In its conforming Advice Letter, PG&E provided sparse details for use of these funds with little justification provided as to how these estimates were determined. Energy Division staff requested supplemental information from PG&E to justify its budget and additional requests.

In response, PG&E submitted their supplemental Advice Letter with the funding requests shown in Table 2, along with assumptions used for the various Decision directives. As further discussed in detail below, we approve PG&E’s request with some modification.

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| **Table 2: PG&E’s Approved Allocation of Unspent Funds** |
| Requested  | Approved | Category |
| $53,876,681  | $53,876,681 | Additional Appliances (2nd refrigerators, Tier II power strips, and the increase of measures due to removal of measure caps) |
| $105,131 | $105,131 | Additional Domestic Hot Water (increase of measures due to removal of measure caps) |
| $50,226,663 | $50,226,663 | Additional Lighting (LED[[21]](#footnote-22) A-lamps, hardwired interior LEDs, and torchieres due to removal of measure caps) |
| $6,438,928 | $6,438,928 | Providing In Home Education (addition of water kits and costs for providing education only to customers) |
| $1,792,762 | $0 | Providing Customer Enrollment (for providing education only to customers) |
| $936,203 | $468,101 | Implementation for the multifamily Single Point Of Contact (“SPOC”) activities |
| $90,000 | $90,000 | Funding of ESA Goals and Potential Study  |
| $36,000,000 | $36,000,000 | Implementation of MF common measures (PG&E’s 42% share of $85M) |
| $5,922,802 | $5,922,802 | Implementation of Leveraging Activities (Marin Clean Energy’s Low Income Families and Tenant pilot and leveraging with the Department of Community Services and Development’s Low Income Weatherization Program) |
| $850,000 | $550,000 | General Administration ($550k for the mobilization of the ESA “enrollment” page in My Account, $300k for IT Rapid Feedback) |
| $94,000 | $94,000 | Regulatory Compliance (2017 Audit) |
| $1,685,000 | $0  | General Administration (Tribal Activities, Multi-Family (MF) Facilitation, Staff for SPOC/Tribal Activities) |
| $158,018,170 | $153,772,306 | Total |

1. **Unspent Funds Budget Approval by Category**
	1. Appliances
		1. PG&E requested $53,876,681 to begin offering second refrigerators, Tier II power strips, and the anticipated increase of measures due to the removal of measure caps. Based on some preliminary research, PG&E estimates that 15% of low income households would meet the qualifications for a second refrigerator unit, 10% of low income households would meet the qualifications for a high efficiency clothes washer, and that they would see a 30% increase in the need for power smart strips. These assumptions are paired with the measure’s cost to arrive at the requested budget. We find that the assumptions used to arrive at these estimates are reasonable and are therefore approved.
	2. Domestic Hot Water
		1. PG&E requested $105,131to provide additional faucet aerators in homes due to removal of measure caps. PG&E anticipates a 10% increase in faucet aerators. This assumption is paired with the measure’s cost to arrive at the requested budget. We find that the assumption used to arrive at this estimate is reasonable and is approved.
	3. Lighting
		1. PG&E requested $50,226,663 to provide additional LED[[22]](#footnote-23) A- lamps, hardwired interior LEDs, and torchieres due to the removal of measure caps. PG&E anticipates a 25% increase in LED A- lamps, a 25% increase in hardwired interior LEDs, and a 10% increase in torchieres. This assumption is paired with the measure’s cost to arrive at the requested budget. We find that the assumptions used to arrive at this estimate are reasonable and are therefore approved.
	4. In Home Education
		1. PG&E requested $6,438,928 in the In Home Education category to provide water kits and energy education only to households that do not qualify for any measures. PG&E anticipates that 10% above the number of homes treated will receive energy education only. This assumption is paired with the measure’s cost to arrive at the requested budget. With the removal of the 3 measure minimum rule, we do not anticipate seeing a large number of homes qualifying for energy education only since they will likely qualify for smart strips and/or the water kits. However, since this is still an unfamiliar area which will continue to be tracked, we approve this request as this will also be funding the water kits and an enhanced energy education module.
	5. Customer Enrollment
		1. PG&E requested $1,792,762 in the Customer Enrollment category to enroll customers who would be receiving energy education only. PG&E anticipates that 10% above the number of homes treated will receive energy education only and will cover costs related to customer acquisition, assessment fees and data collection. First, we are not convinced that with the removal of the 3 measure minimum rule, we will see many homes qualifying for energy education only, and not measures. Secondly, PG&E states that this proposed budget is specifically to accommodate the increase numbers of homes being enrolled, but PG&E’s homes treated goals have not changed from what was proposed in their original application or authorized in the Decision. If PG&E had increased their homes treated goals in the Advice Letter to account for these additional homes that would need to be enrolled for energy education only, then the requested budget may be justified. But since the home treated goals remain the same, then the current budget should be sufficient as it already takes into account customer acquisition, enrollment and assessment fees. Therefore we do not find this request reasonable and it is denied.
	6. Implementation for the multifamily Single Point Of Contact or SPOC activities:
		1. PG&E requested $936,203 to implement the multifamily SPOC activities including the ESA, energy efficiency and On Bill Financing guidance. However, PG&E provided insufficient details and assumptions for this activity to justify a $1M budget for the SPOC representative(s). Therefore we did not find the original request reasonable and instead modify it to 50% of the $936,203 requested, or $468,101.
	7. ESA Potential Study
		1. PG&E requested $90,000 to update the ESA potential in the next Energy Efficiency Potential study. This is consistent with PG&E’s share (30%) of the $300,000 authorized in the Decision and is approved.
	8. Implementation of Multi-Family (MF) common measures
		1. PG&E requested $36,000,000 to implement the whole multifamily common area initiative. This is consistent with PG&E’s share (42%) of the $85,000,000 authorized in the Decision and is approved.
	9. Implementation of Leveraging Activities
		1. PG&E requested $5,922,802 to implement leveraging activities with Marin Clean Energy and the Department of Community Services and Development’s Low Income Weatherization Program, or LIWP. Of this amount, PG&E allocated $3.5M for Marin Clean Energy’s Low Income Families and Tenants pilot, which is consistent with amount the Decision approved. PG&E states that the remaining $2.24M will be used to leverage with LIWP to fund ESA measures in approximately 1,698 units (or 48 LIWP enrolled buildings in PG&E’s area). PG&E estimated the number of ESA measures to be provided based on historical multifamily unit treatments. This assumption is paired with the measure’s cost to arrive at the requested budget. We find that the assumptions used to arrive at the estimates are reasonable and are approved.
	10. General Administration
		1. PG&E requested $850,000 for general administration; $550,000 to “mobilize” the ESA enrollment page in My Account and $300,000 for the IT Rapid feedback effort. The Decision already approved $200,000 for the IT Rapid feedback[[23]](#footnote-24), and because PG&E did not provide any justification for the additional $300,000 increase, this budget amount is denied. However PG&E’s request for $550,000 to “mobilize” the ESA enrollment page is approved.
	11. Regulatory Compliance
		1. PG&E requested $94,000 to fund the 2017 Audit. This amount is consistent with PG&E’s portion of the budget for the 2017 CARE and ESA program audit(30% of $625,000, split between CARE and ESA programs), and is approved.
	12. General Administration (Tribal Activities, MF Facilitation, Staff for Single Point Of Contact/Tribal Activities)
		1. PG&E requested $1,685,000 for the multifamily Working Group facilitation, and to support SPOC and Tribal related activities. PG&E did not provide any details, or any assumptions for how they arrived at the budget for these activities. Additionally, no plans (implementation or timeline-wise) for the Tribal activities have been presented or discussed. We find it unreasonable to authorize a $1.6M budget for activities that have no plans, therefore we do not find this request reasonable and it is denied at this time.
2. **New ESA budgets, 2017-2020**

Tables 3 and 4, below, is a summary of what D.16-11-022 authorized, what PG&E requested in its Advice Letters, as well as what this Resolution approves, (including unspent funds). Any remaining unspent funds should be used to offset future collections.

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| **Table 3: Summary of Requested and Approved ESA Program Budgets** |
|  | 2017 | 2018 | 2019 | 2020 | 2017-2020 |
| Approved via D.16-11-022 | $152,928,421  | $155,920,833  | $159,039,250  | $162,220,000  | $630,108,504  |
| PG&E Proposed in S-CAL | $185,812,346  | $196,297,836  | $201,042,209  | $210,356,754  | $793,509,144  |
| Approved via Resolution G-3531 | $183,169,005  | $193,275,676  | $198,147,402  | $209,288,669  | $783,880,752  |

| **Table 4: PG&E’s Approved ESA Program Budgets, via Resolution G-3531** |
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|  | ESA Program Budget | 2017 | 2018 | 2019 | 2020 | 2017-2020 |
| 1 | Appliances | $23,015,408  | $25,066,852  | $27,369,555  | $29,543,318  | $104,995,133  |
| 2 | Domestic Hot Water | $9,027,559  | $9,327,372  | $9,505,771  | $9,754,518  | $37,615,221  |
| 3 | Enclosure  | $40,493,090  | $41,835,943  | $42,632,499  | $43,748,106  | $168,709,638  |
| 4 | HVAC | $12,549,407  | $12,965,576  | $13,212,441  | $13,558,184  | $52,285,609  |
| 5 | Lighting | $49,318,181  | $51,926,975  | $55,458,680  | $58,983,994  | $215,687,829  |
| 6 | In Home Education | $6,838,047  | $10,077,049  | $10,580,859  | $11,109,921  | $38,605,876  |
| 7 | Customer Enrollment | $11,253,750  | $10,871,180  | $11,414,670  | $10,943,205  | $44,482,805  |
| 8 | Implementation | $5,912,340  | $6,280,080  | $6,587,795  | $6,910,941  | $25,691,156  |
| **9** | **Energy Efficiency Subtotal**  | $158,407,782  | $168,351,028  | $176,762,270  | $184,552,187  | $688,073,267  |
|   |   |   |   |   |   |   |
| 10 | Training Center | $1,049,319  | $1,049,319  | $1,049,319  | $1,049,319  | $4,197,276  |
| 11 | Inspections | $4,149,037  | $4,149,037  | $4,149,037  | $4,149,037  | $16,596,148  |
| 12 | Marketing and Outreach | $1,975,000  | $1,975,000  | $1,975,000  | $1,975,000  | $7,900,000  |
| 13 | Studies and Research | $348,500  | $288,500  | $206,000  | $131,000  | $974,000  |
| 14 | Regulatory Compliance | $430,480  | $524,480  | $605,230  | $430,480  | $1,990,670  |
| 15 | General Administration | $8,239,973  | $4,343,324  | $4,343,324  | $4,343,324  | $21,269,945  |
| 16 | CPUC Energy Division | $55,000  | $56,100  | $57,222  | $58,322  | $226,644  |
| 17 | Pilots | $245,000  | $485,000  | $0  | $0  | $730,000  |
| 18 | Multi-Family | $5,400,000  | $9,000,000  | $9,000,000  | $12,600,000  | $36,000,000  |
| 19 | Leveraging | $2,868,914  | $3,053,888  | $0  | $0  | $5,922,802  |
|   |   |   |   |   |   |   |
| 20 | Subtotal  | $24,761,223  | $24,924,648  | $21,385,132  | $24,736,482  | $95,807,485  |
| 21 | TOTAL PROGRAM COSTS | $183,169,005  | $193,275,676  | $198,147,402  | $209,288,669  | $783,880,752  |

1. **PG&E’s ESA Program Household Treatment Goals**

PG&E proposes household treatment goals consistent with D.16-11-022, see Table 5.[[24]](#footnote-25) PG&E further provides an estimated breakdown of first time treatments and retreatments, solely for the purposes of prioritizing customer outreach efforts.

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| **Table 5: PG&E’s ESA Program Household Treatment Goals** |
|  | 2017 | 2018 | 2019 | 2020 | Total |
| First Time Treatment | 63,021  | 47,266  | 44,666  | 23,609  | 178,562  |
| Retreatment | 27,009  | 47,266  | 54,592  | 80,612  | 209,479  |
| Total | 90,030  | 94,532  | 99,258  | 104,221  | 388,041  |

In TELACU et. al.’s protest, they claim that the ratios of first-time to retreatment homes violates D.16-11-022 directives and is not legal under Public Utility Code (PU Code) laws. TELACU et. al.’s protest of PG&E’s conforming Advice Letter on legal grounds is rejected. The Commission directed the utilities to treat households based on income eligibility, with a focus on 1) Households that have not received ESA treatment (“first-time”), and 2) Households that have received ESA treatment since 2002 (“retreatment”), including additional prioritization factors.[[25]](#footnote-26) Additionally while the program goals comply with Public Utility code, the Commission reserves discretion to administer the program activities under code in the best interests of the low income consumers. As acknowledged in the Decision, the Commission may “evaluate the effectiveness of [our] policy and program changes to reduce energy hardships while considering cost-effectiveness, and determine what changes are merited to achieve those objectives.”[[26]](#footnote-27) Therefore, the Commission has not legally erred in permitting the Utilities to follow the prioritization requirements directed in our Decision, as these requirements will ensure accountability and service for all eligible ESA customers. Additionally, we dismiss the argument that ESA contractors will be required to turn away eligible households, based on retreatment ratios as the Utilities are directed to treat all eligible households, and must base program eligibility on statutory criteria, not prioritization models. Finally, TELACU et. al. does not demonstrate that eligible participants will be harmed by PG&E’s prioritization ratio, as participants will either be in the first time or retreatment categories and will be eligible for service in either case. Therefore the protest is rejected, and PG&E’s program household treatment goals are approved.

1. **PG&E’s ESA Cost Effectiveness Projections**

D.16-11-022 directed the utilities to file updated cost effectiveness values in their conforming advice letter, utilizing updated factors.[[27]](#footnote-28) PG&E was required to file supplemental cost effectiveness numbers, due to omission of cost effectiveness values projected through the program cycle. PG&E filed the ESA program cost effectiveness calculations shown in Table 6, which are approved. However we note that work in the Cost Effectiveness working group is still underway and that these values may change pending any updates adopted or direction given by the Commission as a result of the working group’s recommendations, or the Commission’s work on cost effectiveness in general. Additionally, we reiterate that these values are used for information purposes only at this time.

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| **Table 6: PG&E ESA Program Cost Effectiveness** |
|  | **ESACET (w/ Admin)** | **TRC (w/o Admin)** |
| PY 2017 | 0.76 | 1 |
| PY 2018 | 0.79 | 1.05 |
| PY 2019 | 0.82 | 1.08 |
| PY 2020 | 0.86 | 1.13 |

1. **ESA Program Savings Targets**

D.16-11-022 set the savings targets for the ESA program for 2017 and 2018, to be increased by 5% for 2019 and 2020.[[28]](#footnote-29) PG&E was directed to file updated savings targets in their conforming Advice Letter projected through 2020.[[29]](#footnote-30) These values, detailed in Table 7, are consistent with the Decision and are hereby approved.

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| **Table 7: PG&E ESA Savings Target** |
| **PY** | **Annual Utility Portfolio-Wide Electric Savings Target (GWh)** | **Annual Utility Portfolio-Wide Natural Gas Savings Target (MM Therms)** |
| Per D.16-11-022 | 47 | 2 |
| 2017 | 47 | 2 |
| 2018 | 47 | 2 |
| 2019 | 49.35 | 2.1 |
| 2020 | 49.35 | 2.1 |

1. **CSD Collaboration Activities**

D.16-11-022 directed PG&E to file coordination plans/referral process between the ESA program and the California Department of Community Services and Development or CSD’s Low Income Weatherization Assistance program for identified customers with high energy burden and non-Utility fuel sources. While some of this effort is pending the Utilities’ PFM to D.16-11-022, we conditionally approve PG&E’s proposed collaboration activities with CSD.

1. **Multifamily Activities**

D.16-11-022 directed PG&E to develop and implement an owner or authorized representative affidavit process for qualifying multifamily properties to receive common area measures.[[30]](#footnote-31) The Decision references the development of the process, and affidavit form, but does not direct PG&E to include copies of the form in its conforming advice letter. In its original conforming advice letter, PG&E provided scarce details regarding the process. However, in its supplemental filing, PG&E further described how its Single Point of Contact model would work with building owners to implement the affidavit process, and filed a draft affidavit form under confidential seal with the Energy Division. CHPC et. al. protested PG&E’s conforming advice letter as non-compliant for failure to provide these details. Based on PG&E’s supplemental filing, this protest is moot, and is therefore dismissed.

1. **PG&E’s Willingness to Participate Population**

D.16-11-022 directed the Utilities to refile their eligible population estimates based on modifications in the Decision including the newly adopted willingness and feasible to participate factor of 60%.[[31]](#footnote-32) PG&E filed the information in Table 9, estimates as of 2017, which are consistent with Decision directives and are approved.

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| **Table 9: PG&E Remaining Eligible 2020 Population as of 2017** |
| **Line No.** | **PG&E LI Customers** | **Parameter** |
| 1 | 1,762,588 |  | Estimated ESA Program eligible for 2017 (filed 2/11/2017) |
| 2 | 1,815,466 | A | A. Estimated eligible for 2020 (escalated by 1 percent per year). 1 |
| 3 | 1,292,580 | B | B. Number served by ESA Program 2002 through 2016  |
| 4 | 181,680 | C | C. Number served by LIHEAP 2002-2016  |
| 5 | 48,448 | C1 | C1. Number of customers projected to be served by LIHEAP in 2017 - 2020 |
| 6 | 43,603 | C1a | C1a. (90% of C1 projected 2017-2020 Average Annual Achievement) |
| 7 | 297,603 | D | D. Subtract A – (B:C:C1a). This is the Remaining Non-Part Population (or "Adjusted Eligibility") used for calculating the 2017-2020 programmatic initiative. |
| 8 | 178,562 | E | E. Remaining Eligible Customers: 60% of D (non-participants that are Willing and Feasible To Participate (WFTP)  |
| 9 | 44,640 | F | F. Annual Target: Eligible customers (E) divided by four remaining years (2017 to 2020). |

1. **PG&E’s High Efficiency (“HE”) Furnace Cost Effectiveness**

D.16-11-022 directed PG&E to re-run the measure cost effectiveness test using a 65% Annual Fuel Utilization Efficiency (AFUE) baseline, for HE furnaces to determine if this measure proves more cost effective as compared to the existing Forced Air Unit furnaces currently offered.[[32]](#footnote-33) PG&E performed the ESA Cost Effectiveness Test and Total Resource Costs test using the AFUE baseline used by SCG and SCE to determine if HE Furnaces prove more cost effective as compared to the existing Forced Air Units currently offered. PG&E determined the measure was not cost effective. PG&E’s updated HE Furnace measure cost effectiveness is based on the following assumptions: 75% of the furnaces replaced would qualify for HE Furnaces at an installed cost of $4,600, (unit +labor + installation overheads). Based on the parameters defined above, the HE furnace ESA Cost Effectiveness Test ranges from 0.13 in 2017 to 0.17 in 2020, and Resource TRC ranges from 0.05 in 2017 to 0.07 in 2020, and is not cost effective in the PG&E territory. We agree with PG&E’s assessment.

1. **Unspent Funds Trigger**

Brightline and Greenlining’s protest of PG&E’s conforming advice letter, on grounds that the utility does not disclose its total unspent funds, and does not report on the 8 percent unspent funds trigger established in the Decision, is rejected as erroneous. The Commission agrees with PG&E that the Decision did not require the utility in the conforming advice letter to notify the Commission about whether its unspent funds exceeded eight percent of the authorized budget. Instead, that activity must be reported in the utility’s monthly and annual reports, as well as its quarterly report to the Low Income Oversight Board as required by D.16-11-022. Therefore, the Brightline Defense Project and The Greenlining Institute protest is rejected.

# 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, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than
30 days from today.

# Findings

1. D.16-11-022 directed PG&E to file a conforming advice letter within 60-days of the Decision’s effective date.
2. On December 22, 2016, Pursuant to CPUC Rules of Practice and Procedure 16.6, the four investor-owned Utilities submitted a joint letter to the Executive Director requesting an extension of time to comply with a Commission decision or order to file the conforming advice letter.
3. On January 12, 2017, the Executive Director of the CPUC granted the request of the four Utilities for an extension of time to comply with the conforming advice letter directive in D.16-11-022.
4. D.16-11-022 directed PG&E’s conforming advice letter to include budgets that corresponded with program costs for approved measures, penetration goals, cost effectiveness values, new eligibility estimates and Willingness to Participate calculations and any other updated factors subsequent to the programmatic changes sought in the Decision.
5. D.16-11-022 required PG&E’s conforming advice letter to include a multifamily owner or authorized building representative affidavit process for specified multifamily buildings, as well as a budget proposal for coordination efforts with the California Department of Community Services and Development’s Low Income Weatherization Program (LIWP).
6. D.16-11-022 directed PG&E’s conforming advice letter to include details on a referral process between the Utilities and the Department of Community Services and Development’s Low Income Weatherization Program and outline any program funding requests for proposed drought mitigation leveraging efforts with external water agencies.
7. PG&E’s filed household treatment goals, cost effectiveness projections, energy savings targets, and Willingness to Participate calculations for the remaining years of the program funding cycle are reasonable.
8. PG&E’s proposed budgets largely correspond with program costs for the approved measures, penetration goals, cost effectiveness values, and any other updated factors subsequent to the programmatic changes sought in the Decision.

# Therefore it is ordered that:

1. PG&E’s Advice Letters 3830-G/5043-E, and 3830-G-A/5043-E-A are approved, with certain budget modification (see Ordering Paragraph 3).
2. $153,772,306 in unspent funds is authorized for the Energy Savings Assistance Program to implement program directives ordered by the Commission in D.16-11-022.
3. $4,245,863 of the requested unspent funds is not reasonable and is denied.
4. PG&E’s total Energy Savings Assistance program budget, including the newly authorized unspent funds is $783,880,752 for program years 2017-2020.
5. PG&E’s total CARE program budget remains unchanged from D.16-11-022.
6. Any remaining unspent funds not authorized in this Resolution shall be utilized to fund program and policy objectives adopted in D.16-11-022, and to offset the program collections that would otherwise have been required. These funds shall be used to achieve ESA program and policy objectives and are not to be returned to ratepayers at this time.
7. PG&E’s home treatment goals, cost effectiveness projections, and new eligibility estimates based on the updated willingness and feasible to participate factor are approved.

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 December 14, 2017; the following Commissioners voting favorably thereon:

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 TIMOTHY J. SULLIVAN

 Executive Director

1. Single Point of Contact or SPOC is a mechanism to support low income multi-family building owners and operators in implementing and funding energy efficiency upgrades. [↑](#footnote-ref-2)
2. D.16-11-022, pp.464, OP 58 [↑](#footnote-ref-3)
3. D.16-11-022 p. 361 [↑](#footnote-ref-4)
4. LED=Light Emitting Diode [↑](#footnote-ref-5)
5. Greenling and Brightline joint protest, p.2-3, filed April 24, 2017. [↑](#footnote-ref-6)
6. Greenling and Brightline joint protest, p.2, filed April 24, 2017. [↑](#footnote-ref-7)
7. CHPC et al. protest, p.2, filed April 24, 2017. [↑](#footnote-ref-8)
8. CHPC et al. protest, p.2, filed April 24, 2017. [↑](#footnote-ref-9)
9. TELACU et al. protest, p.3, filed July 10, 2017 [↑](#footnote-ref-10)
10. TELACU et al. protest, p.11-12, filed July 10, 2017 [↑](#footnote-ref-11)
11. PG&E’s Reply to the Protest of California Housing Partnership Corporation et al. and Brightline Defense Project and Greenlining Institute p. 4, filed May 1, 2017 [↑](#footnote-ref-12)
12. PG&E’s Reply to the Protest of California Housing Partnership Corporation et al. and Brightline Defense Project and Greenlining Institute p. 4-5, filed May 1, 2017 [↑](#footnote-ref-13)
13. PG&E’s Reply to the Protest of California Housing Partnership Corporation et al. and Brightline Defense Project and Greenlining Institute p. 2-3, filed May 1, 2017 [↑](#footnote-ref-14)
14. PG&E’s Reply to the Protest of California Housing Partnership Corporation et al. and Brightline Defense Project and Greenlining Institute p. 3-4, filed May 1, 2017 [↑](#footnote-ref-15)
15. D.16-11-022, p 67. [↑](#footnote-ref-16)
16. PG&E’s Reply Protest of TELACU et al., p.2-3, filed July 17, 2017 [↑](#footnote-ref-17)
17. PG&E’s Reply Protest of TELACU et al., p.3-4, filed July 17, 2017 [↑](#footnote-ref-18)
18. D.16-11-022 p.39, p.349 [↑](#footnote-ref-19)
19. PG&E Advice Letter 3830-G/5043-E, p.4 [↑](#footnote-ref-20)
20. D.16-11-022, p.358. [↑](#footnote-ref-21)
21. LED=Light Emitting Diode [↑](#footnote-ref-22)
22. LED=Light Emitting Diode [↑](#footnote-ref-23)
23. D.16-11-022, p 464, OP 58 [↑](#footnote-ref-24)
24. D.16-11-022 at p.280 [↑](#footnote-ref-25)
25. See Decision p.278-279. [↑](#footnote-ref-26)
26. Id. at p280 [↑](#footnote-ref-27)
27. D.16-11-022 at p.38 [↑](#footnote-ref-28)
28. D.16-11-022 p49-50 [↑](#footnote-ref-29)
29. D.16-11-022 p.37-38 [↑](#footnote-ref-30)
30. D.16-11-022 p.199-200, OP46 [↑](#footnote-ref-31)
31. D.16-11-022 p272-273 [↑](#footnote-ref-32)
32. D.16-11-022 OP16 [↑](#footnote-ref-33)