Decision **PROPOSED DECISION OF ALJ MACDONALD**
(Mailed 04/30/2019)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of its Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for Program Years 2015-2017.	Application 14-11-007
And Related Matters.	Application 14-11-009 Application 14-11-010 Application 14-11-011

DECISION ISSUING GUIDANCE TO INVESTOR-OWNED UTILITIES FOR CALIFORNIA ALTERNATE RATES FOR ENERGY/ENERGY SAVINGS ASSISTANCE PROGRAM APPLICATIONS FOR 2021-2026 AND DENYING PETITION FOR MODIFICATION

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DECISION ISSUING GUIDANCE TO INVESTOR-OWNED UTILITIES FOR CALIFORNIA ALTERNATE RATES FOR ENERGY/ENERGY SAVINGS ASSISTANCE PROGRAM APPLICATIONS FOR 2021-2026 AND DENYING PETITION FOR MODIFICATION

Summary

This Decision provides guidance to the four large Investor-Owned Utilities – Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and SoCal Gas Company – for their California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Program Applications for post-2020. We adopt a funding level, should funding be required, to bridge the period between authorized funding for the current 2017--2020 CARE and ESA programs and authorization of the post-2020 CARE and ESA programs. We deny the Petition for Modification filed by the Public Advocates Office. Finally, we close proceeding Application (A) 14-11-007 and related matters A.14-11-009, A.14-11-010 and A.14-11-011

1. Background

1.1. The Energy Savings Assistance (ESA) Program

The ESA Program was originally offered as an assistance program directly from a few Investor-Owned Utilities (IOUs) in the 1980s. In 1990, the California legislature adopted and codified the ESA program. California Public Utilities (Pub. Util.) Code Section 2790(a) provides:

> The commission shall require an electrical or gas corporation to perform home weatherization services for low-income customers, as determined by the commission under Section 739, if the commission determines that a significant need for those services exists in the corporation's service territory, taking into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low-income households.

Currently the ESA program provides no--cost home weatherization services and energy efficiency measures to help low-income households:

(1) conserve energy; (2) reduce energy costs; and (3) improve health, comfort and safety. The program also provides information and education to promote energy efficient practices in low -income communities.[1] Income eligibility for ESA participation is set at 200% or below of Federal Poverty Guidelines.

Public Utilities Code Section 382(e) set a statutory target of providing the opportunity to participate in low-income energy efficiency programs to all eligible and willing customers by 2020. To meet this target, the California Public Utilities Commission (Commission) initially identified and approved "Household Treatment Goals" in D.16-11-022 and then updated the treatment goals based on the mid-cycle Advice Letters (for years 2018 to 2020).[2]

The ESA Household Treatment Goals in the table below include remaining first-touches of single family, multifamily, and mobile home households.[3] The treatment goal table does not include properties treated through ESA Common Area Measures – energy efficiency measures for the common areas of income qualified multi-family residential buildings -- or retreatments.[4]

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1 Decision (D.) 14-11-025.

2 Mid-Cycle Advice Letters: PG&E AL 3990-G/5329-E; SCE AL 3824-E; SDG&E AL 3250-E/2688-G; and SoCal Gas AL 5325.

3 First touch refers to treatment of a unit that has not participated in ESA previously.

4 A retreatment refers to treatment of a unit that participated in ESA previously.

ESA Household Treatment Goal 2018-2020				
	2018	2019	2020	Total
PG&E	31,971	37,143	37,143	106,257
SCE	76,584	81,477	84,479	242,540
SDG&E	11,667	4,630	243	16,540
SoCalGas	116,592	153,659	159,780	430,031
Total	236,814	276,909	281,645	795,368

1.2. California Alternate Rates for Energy (CARE) Program

The CARE Program is a low-income energy rate assistance program instituted in 1989, providing a discount on energy rates to low-income households with incomes at or below 200% of the Federal Poverty Guideline.[5] Households that participate in certain means tested programs are also eligible for CARE. Qualified customers also consist of various individuals, including residents in non-profit group living facilities, agricultural employee housing facilities, and migrant farm worker housing centers.[6] The minimum discount, originally established at 15% in 1989, was increased to 20% in 2001.[7] Currently, electrical corporations serving 100,000 customers or more must provide a discount of 30 to 35% on average to eligible CARE Program participants, relative to the equivalent non-CARE customer bill.[8] CARE participants also receive a 20 percent discount off of natural gas charges.

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[5] Pub. Util. Code § 739.1(a).

[6] Pub. Util. Code § 739.2(a)(1)-(3).

[7] D.01-06-010.

[8] Pub. Util. Code § 739.1(c)(1).

The IOUs are responsible for executing strategies to cost--effectively identify, target and reach those who are CARE and ESA Program eligible. The IOUs must balance the need to serve the maximum number of eligible households with the need to verify that those enrolled in the program are eligible.[9]

2. Current Policies Impacting the 2021-2026 Low Income Program Applications

By this Decision, the Commission provides guidance to the IOUs for consideration and use in preparing the 2021-2026 Low Income Program applications.[10] The detailed Post-2020 Guidance document is attached to this Decision as Attachment A. We are authorizing a longer program period than in previous cycles to reduce administrative burdens and allow for more continuity. We ask the IOUs to present innovative design approaches in their proposed ESA programs taking into consideration the current policy landscape in which the applications will be considered.

A number of statewide policies are important to consider in developing any new ESA applications. Senate Bill (SB) 350 (DeLeon, 2015) set a statewide target to reduce greenhouse gas (GHG) emissions by 40 percent below 1990 levels and assigned the California Energy Commission (CEC) to create a plan by 2023 to achieve a statewide doubling of energy efficiency savings and demand reduction by 2030. Further, Assembly Bill (AB) 3232 (Friedman, 2018) requires the CEC in consultation with the Commission, the State Air Resources Board,

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[9] D.12-08-044.

[10] D.16-11-022, as modified by D.17-12-009, provided that a decision would issue in early 2019 to provide the IOUs guidance for post 2020 ESA and CARE program applications.

and the California Independent System Operator to assess the potential, by January 2021, for the State to reduce GHG emissions, by 2030, in both the commercial and residential building stock by at least 40 percent below 1990 emissions levels associated with the supply of energy to such buildings.

The Commission also established its own environmental and social justice goals with the adoption of the Environmental and Social Justice (ESJ) Action Plan on February 21, 2019. The ESJ Action Plan defines environmental and social justice as:

> Environmental and social justice seeks to come to terms with, and remedy, a history of unfair treatment of communities, predominantly communities of people of color and/or low-income residents. These communities have been subjected to disproportionate impacts from one or more environmental hazards, socio-economic burdens, or both.[11]

As relevant here, the Commission prioritizes actions that improve local air quality, benefit public health, increase climate resiliency or provide economic benefits within ESJ communities.

We also direct the IOUs to look to low-income program models from other California agencies and other states. The Department of Community Services and Development (CSD) Low-Income Weatherization Program (LIWP) provides low-income households with solar systems and energy efficiency upgrades at no cost. The CSD LIWP successfully implemented delivery mechanisms that will be relevant for the Multifamily Whole Building program proposals (*see* Attachment A Guidance document). Specifically, the CSD LIWP program demonstrates the

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[11] CPUC Environmental and Social Justice Action Plan (February 21, 2019) Retrievable at docs.cpuc.ca.gov/PublishedDocs/Published/G000/M263/K673/263673090.PDF

feasibility in the low-income sector for 1) measures to reduce GHG emissions and energy consumption and 2) reduces participation barriers with contractor choice. We acknowledge, however, there are key differences between CSD LIWP and ESA. CSD LIWP measures reduction of GHG emissions, not energy consumption, and CSD does not employ the same cost-benefit test that is used for ESA.

The Massachusetts Low Income Affordability Network (LEAN) Multi-Family Energy Retrofit program is another model that the IOUs should consider.[12] The IOUs should also consider the relevant findings of the 2016 Low Income Needs Assessment (LINA) and the recommendations in the Low Income Oversight Board (LIOB) ESA Post-2020 White Paper and Letter dated December 20, 2018.

Finally, several Commission proceedings may impact the IOU ESA applications. The 2019 Potential and Goals Study Rulemaking (R.) 13-11-005 will forecast the technical, economic, and market-achievable energy efficiency potential for future years including specific forecasts for the low-income sector. The draft report is scheduled to issue in the second quarter (Q2) of 2019. The IOUs and other energy efficiency Program Administrators use the Potential and Goals Study (updated biennially) to develop energy efficiency portfolios. The CEC also utilizes the energy efficiency goals adopted from this study into its Integrated Energy Policy Report. The IOUs should reference any relevant information from the Potential and Goals Study in setting their ESA energy savings goals.

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[12] *See* http://leanmultifamily.org/

Additionally, AB 2672 (Perea, 2014) directed the Commission to identify disadvantaged communities in the San Joaquin Valley and required the Commission to determine economically feasible options to increases access to affordable energy. The Commission initiated the San Joaquin Valley (SJV) Pilot Programs as part of R.15-03-010.[13] The SJV pilot projects, with a budget of $56 million, allow for the replacement of propane and wood burning appliances with electric or natural gas alternatives. The SJV pilots seek to leverage the ESA program to weatherize homes. These leveraging efforts will impact the IOU applications.

Lastly, the Commission recently opened R.19-01-011 to implement SB 1477 (Stern, 2018) electrification programs, pilots for electrification and decarbonization of new construction in wildfire damaged areas, coordination with the CEC on building and appliance standards, and establish a building decarbonization policy framework. The Commission anticipates that future programs, from this proceeding, will focus in part on serving low-income households. SB1477 requires that 30 percent of the funding for its new construction electrification program will be for low-income housing. In their applications, the IOUs should consider how to partner or leverage new offerings.

3. Post-2020 Guidance

As the Commission expects the IOUs to meet the existing statutory target of providing the opportunity to participate in low-income energy efficiency programs to all eligible and willing customers by 2020, we do not anticipate that the ESA Program will look the same beyond 2020. With that in mind, the IOUs

[13] *See* D.18-12-015 which approved the initial pilots.

should propose alternative program designs in compliance with statutory budget requirements.[14] The Commission is specifically interested in a focus on deeper energy savings from measures that are intended to reduce energy use ("resource measures") and innovative program designs for the multifamily sector, which shall include a low-income Multifamily Whole Building energy efficiency program that is a third party program (*i.e.*, proposed, designed, implemented, and delivered by non-utility personnel). This is consistent with the direction of the general IOU energy efficiency program.[15] The IOUs proposals for Multifamily Whole Building Program (MFWB) in their applications shall also consider opportunities to work with building owners/managers to coordinate ESA treatment with other building improvements implemented at the time of refinancing. The proposals shall also consider all feasible and appropriate opportunities for job training, job creation, or pathways to employment for members of low income or disadvantaged communities who participate in local job training programs.

The Commission ordered the IOUs to continue to use the current one (1) percent eligible population growth factor for the current ESA Program cycle and required the IOUs to propose an updated growth factor in the next application

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[14] Public Utilities Code Section 382(a) states: "Programs provided to low-income electricity customers, including, but not limited to, targeted energy-efficiency services and the California Alternate Rates for Energy program shall be funded at not less than 1996 authorized levels based on an assessment of customer need."

[15] D.16-08-019 required third party design and implementation of 60% of the portfolios by 2020; D.18-01-004 and D.18-05-041 modified this to 25% by Program Year (PY) 2020, 40% by PY 2021 and 60% by PY 2023. The definition of third party set forth in D.16-08-019 shall also apply for purposes of ESA programs.

cycle for Commission consideration.[16] However, the recent release of annual projections of low-income population shows a decrease, suggesting that a growth factor is no longer applicable.[17] Moreover, we expect the IOUs to have met their household treatment targets that were set to provide all eligible and willing households the opportunity to participate in the ESA Program by 2020. Instead, we direct the IOUs to identify and prioritize the eligible households that they will target in their post-2020 ESA programs, as described further in Attachment A.

The guidelines included in Attachment A to this Decision must be followed as closely as possible to allow for efficient application review and analysis. The IOUs must also include the attached Excel templates with their applications. As proposed programs for PY 2021 and beyond could differ from current program design significantly, IOUs may note in their applications the sections of guidance not applicable given their proposed program design and structure. The IOUs may include further relevant information as needed to describe and propose innovative approaches. Finally, the applications and requested funding levels may cover any proposed activity in the 2021-2026 period but could also cover a shorter time period.

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[16] D.16-11-022, at 278-280. (*See* Ordering Paragraph 77.)

[17] Athens Research 2019 Report, in "Compliance Filing [of IOUs] Regarding Annual Estimates of CARE Eligible Customers and Related Information" dated February 8, 2019 (A.14-11-007).

4. Application Requirements, Filing Date and Low Income Oversight Board Presentation

D.16-11-022 directed the IOUs to file their post-2020 ESA program applications by June 1, 2019.[18] The assigned Administrative Law Judge (ALJ) issued a ruling extending the filing deadline to not earlier than fall 2019 so that the Commission could provide the IOUs with guidance.[19] The filing deadline for the post-2020 ESA program applications shall be November 4, 2019.

D.16-11-022 further directed the IOUs to do a presentation about their applications to the Low Income Oversight Board (LIOB) prior to their submission.[20] The purpose of the presentation is to further transparency and encourage the IOUs to reach out to stakeholders and incorporate feedback prior to filing of the applications. To ensure that LIOB input may be considered, the presentation shall occur on or before September 15, 2019. We continue to encourage the IOUs to reach out to stakeholders prior to filing the post-2020 applications. We further direct them to additionally host a joint public workshop to obtain input from interested parties on or before August 30, 2019.

We understand that the IOUs may seek guidance regarding CARE applications proposing administration of CARE programs until a Commission decision on CARE Rate Restructuring in R.12-06-013. We direct the IOUs to submit their applications based on the current CARE rate structure and

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[18] D.16-11-022, Finding of Fact 57 and Ordering Paragraph 151.

[19] Email Ruling issued April 4, 2019.

[20] *Ibid* at Findings of Fact 34.

eligibility. If necessary, the Commission can determine whether modifications are necessary when a decision on CARE Rate Restructuring issues.

5. Potential Bridge Funding

The current CARE/ESA funding extends through the end of 2020. By anticipating the potential need for funding to bridge the period between the 2017-2020 and post-2020 CARE/ESA Programs, the Commission intends to avoid uncertainty and potential program disruption, and eliminate the need for subsequent bridge funding decisions.[21]

For the ESA program, the Commission authorizes bridge funding to cover ESA program activity for January 1, 2021- June 30, 2021 if we have not voted to approve 2021 and beyond programs and budget applications by November 16, 2020 (45 days prior to end of current approved budget cycle). The Commission hereby authorizes a funding amount up to 2020 budget levels, as approved in mid-cycle advice letter dispositions. The Large IOUs are to continue the previously approved ESA activities and retreat the number of homes the bridge budget will accommodate. The goal number of retreatments IOUs must achieve with bridge funding shall be calculated using the actual average expenditures per retreatment from the first half of 2019 program year, after setting aside 10% of total ESA bridge budget for administrative program costs (commonly referred to as "below the line" costs in monthly and annual reporting template ESA Table 1).

The IOUs are accountable to meet an interim progress milestone, where the IOU must treat at least half of the bridge retreatment goal for the period

[21] Two bridge funding decisions were required in the consolidated Application 14-11-007 *et al*.

January 1, 2021-March 31, 2021 and retain enough budget to treat the remaining homes in for the bridge period goal by June 30, 2021. Other ESA activities beyond retreatments that are not completed at the end of 2020 yet still have funds from the current cycle, such as ESA Multi-Family Building Common Area Measures and first-time treatment of the associated tenant units, should continue into PY 2021 but not result in additional budget allocation through bridge funding for the activity. If the Commission hasn't voted on the applications by May 16, 2021, and the Large IOU has met the interim progress milestone, an extension of ESA bridge funding for six months through the end of 2021, at the same budget level and retreatment goal as for the first six-month bridge, is authorized.

Each large IOU must submit a Tier 1 Advice Letter 45 days after issuance of this decision with calculations of ESA bridge funding amount and retreatment goal for the January 1, 2021- June 30, 2021 bridge period per the above direction. The IOUs should include what portion of the total bridge budget can be accommodated from unspent funds, if any, differentiating between Unspent Funds from PYs 2009-2016 and PYs 2017-2020, and what portion of bridge budget will require new revenue collection. Energy Division will perform a ministerial review of the advice letter and approve if the following criteria are met: 1) the ESA bridge budget is at or below 2020 budget levels, as approved in mid-cycle advice letter dispositions, and 2) the IOU retreatment goal was derived using the methodology stated above.

On April 15, 2021 IOUs shall submit a second tier 1 Advice Letter documenting retreatments and budgets associated with the interim progress milestone and overall bridge budget and retreatment goal, as well as progress on spending unspent funds. Energy Division will reject the Advice Letter if the IOU fails to demonstrate it 1) has met the interim progress milestone with ESA bridge funds, or 2) the fraction of remaining bridge budget for retreatments (after setting aside administrative costs) is less than the fraction of remaining retreatments necessary to meet the bridge retreatment goal.

For CARE program, bridge funding to cover CARE program activity for January 1, 2021- June 30, 2021 is approved if the Commission has not voted to approve 2021 and beyond programs and budget by November 16, 2020 (45 days prior to end of current approved budget cycle). The funding amount approved is the 2020 CARE budget level, as approved in mid-cycle advice letter dispositions. If the Commission has not voted to approve 2021 and beyond programs and budget by May 16, 2021 (45 days prior to end of the six-month bridge), we authorize CARE bridge funding for an additional six months through end of 2021.

6. Public Advocates Petition for Modification

6.1. Petition for Modification

On February 2, 2019, the Public Advocates Office (Cal Advocates) petitioned to modify D.16-11-022 to change how the IOUs conduct third-party contracting. Although Cal Advocates filed the petition over two years after D.16-11-022 was issued, Cal Advocates asserts it only became aware of the problem in the fall of 2017. Cal Advocates contends that a lack of transparency, irregularities and unwarranted delays in the procurement process resulted in higher costs to ratepayers for ESA administration, reduced competition and reduced benefits of the ESA program. Cal Advocates urge the Commission to require use of the oversight structure adopted in D.18-01-004 for energy efficiency (EE) procurements. Cal Advocates point to three elements for implementation; 1) establishment of a procurement review group (PRG);

2) utilization of an independent evaluator; and 3) a requirement that significant procurements be approved the Commission. Cal Advocates urge the Commission to consider splitting the auditor and installer roles to reduce the opportunities for fraud.

6.2. Party Positions

The four large IOUs oppose Cal Advocates Petition for Modification (PFM) but for different reasons. PG&E asserts the petition should be denied for both substantive and procedural reasons. The substantive reasons the petition should be denied are:

1. PG&E conducted a competitive and transparent bid solicitation process, which afforded all participants an equal opportunity to compete.
2. Claims that PG&E unduly delayed the bid solicitation process are incorrect and should be denied.
3. The solicitation for bids differed significantly between 2015 and 2017 rendering them inappropriate for comparison.
4. Cal Advocates incorrectly claims that PG&E disclosed confidential communication regarding the bid solicitation process.

In addition, PG&E states the petition must also be denied because:

1. Filing the petition more than two years after D.16-11-022 violates the Rule 16.4(d) of the Commission's Rules of Practice and Procedure (hereinafter referred to as Rule(s)).
2. The petition violates Rule 16.4(d) because it fails to propose changes to the issued decision and instead seeks to impose new obligations without due process.
3. Cal Advocates failed to serve and file the requisite declaration attesting to the new facts alleged in the petition.

4. The relief requested by the petition (a new solicitation process adopted in a different proceeding) should not be granted through a petition to modify.
5. The academic article upon which Cal Advocates relies is hearsay.
6. The audit report upon which Cal Advocates relies on audited document retention requirements and not the ESA solicitation process.
7. The requested relief, to the extent granted, should apply to the next solicitation process.

The East Los Angeles Community Union (TELACU), the Maravilla Foundation, the Association of California Community and Energy Services, and the Energy Efficiency Council's (the Joint Parties) also oppose Cal Advocates petition on procedural grounds. The Joint Parties contend the petition is untimely and the proceeding lacks any evidentiary record upon which to evaluate Cal Advocates petition. The National Resources Defense Council (NRDC) suggests that the Commission incorporate the petition's suggested PRG into the Guidance document in order to avoid delaying ESA implementation in the current cycle. Based on review of the confidential version of the petition and related data request responses, TURN believes that there were irregularities that raise significant concerns. TURN supports granting the relief requested in the petition.

SCE states Cal Advocates' proposals may have merit but recommends that these proposals be made and reviewed during the IOUs' post 2020 CARE/ESA program applications. SCE contends this will allow the Commission to consider the procurement oversight proposals in an open proceeding where all parties can develop the evidentiary record. In addition, SCE states it will also allow consideration of lessons learned from the EE PRG structure established by D.18-01-014.

SDG&E and SoCal Gas (Joint Utilities) oppose Cal Advocates petition arguing that it is overbroad. The Joint Utilities assert that the PFM seeks to impose program wide changes that would impact all IOUs in the proceeding to resolve potential solicitation irregularities for a single IOU. Next, the Joint Utilities contend that the petition is premature because no solicitation has completed the newly implemented EE solicitation process. As a result, the Joint Utilities believe we cannot evaluate whether requiring a similar process would benefit the CARE/ESA program. Finally, the Joint Utilities argue that implementation of these changes at this point in the ESA program cycle would require additional time and resources.

6.3. Discussion

We deny Cal Advocates' Petition for Modification.

First, Cal Advocates' petition raises some procedural concerns including, but not limited to, whether the petition complies with applicable Rules[22] and whether the record includes sufficient reliable evidence upon which we could render a record-based decision. Cal Advocates filed their petition more than two years after D.16-11-022 was issued and towards the end of the current ESA program cycle. The Petition is based on alleged irregularities in PG&E solicitations that resulted in contracts executed in October and November 2017. Although some time was necessary for Cal Advocates to investigate and collect

[22] Rule 16.4 (b).

information, it appears that an excessive amount of time elapsed between the execution of the contracts in fall 2017 and filing of the PFM in February 2019.

We are also concerned with the lack of evidentiary record upon which to evaluate PG&E's procurement process and Cal Advocates' proposals. In addition, some of the evidence cited within Cal Advocates' petition is extra-record material. For example, "The Welfare Costs of Misaligned Incentives: Energy Inefficiency and the Principal-Agent Problem" is not in the record of this proceeding and if Cal Advocates intends to rely on the article for the conclusions reached by the article, it is hearsay.

Cal Advocates' proposals to improve procurement and contracting may benefit CARE/ESA. We agree with SCE that Cal Advocates' proposals should be made and reviewed as part of the IOUs post-2020 CARE/ESA program and budgets applications. From a timing perspective we do not anticipate significant contracting activity prior to a Commission decision authorizing the post-2020 CARE/ESA programs. The Commission is concerned that evaluation and implementation of Cal Advocates' proposed oversight structure at this point would negatively impact the current installation of weatherization measures and program costs.

The Guidance document highlights the procurement process established by D.18-01-004 and asks the IOUs to address the process the IOUs would utilize in contracting with third-party implementers.[23] The IOUs' applications should address potential use of the measures proposed in Cal Advocates' PFM, including but not limited to an independent evaluator, PRG, and/or Commission

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[23] *See* Guidance Document at Attachment A, Section E.2.

review of contracts exceeding a certain amount. This will provide the opportunity for the Commission and parties to fully consider the measures proposed by Cal Advocates.

7. Comments on Proposed Decision

The proposed decision of Administrative Law Judge MacDonald in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. On May 20, 2019, The Center for Accessible Technology, Energy Efficiency Council (EEC), the Joint Parties, Enervee, The Greenlining Institute (Greenlining), La Cooperativa Campesina de California (La Cooperativia), Marin Clean Energy (MCE), Nest Labs, PG&E, Cal Advocates, SDGE, SCE, Southern California Gas (SoCal Gas), NRDC, California Housing Partnership and the National Consumer Law Center and TURN filed comments. On May 28, 2019, the Joint Parties, Greenlining, La Cooperativa, MCE, PG&E, Cal Advocates, SDG&E, SCE, SoCalGas, NRDC, California Housing Partnership and the National Consumer Law Center and TURN filed reply comments.

Comments and reply comments focused on the issues of bridge funding, the filing deadline for applications, MFWB, ESJ, the third-party solicitation process, the Potential and Goals Study, the use of technology, FERA, reporting requirement, as well as addressing other parties' comments to this Decision. Where appropriate, we have addressed comments and reply comments in the body of the Decision and/or the Guidance Document. We specifically address certain issues below.

7.1. Bridge Funding Comments and Reply Comments

Regarding bridge funding, the Commission recognizes a longer application period will facilitate IOUs bringing more thoughtful and innovative proposals. The Commission agrees with and has accepted the extension of application filing deadline to November 4th. In light of the fact that we have twice extended the deadline to provide the IOUs sufficient time to thoughtfully design and prepare the post-2020 ESA program applications, further extensions of time will not be granted.

7.2. MWFB

Regarding the MFWB portion of the Guidance (Section 9), the Commission maintains its direction to select a third party to design and implement the program, and the recommendation to the IOUs to propose a statewide administered program with a single implementer. We decline to make any adjustments to these provisions. We foresee that such a program will have partnerships with other statewide programs, such as CPUC's Solar On Multifamily Housing (SOMAH) and CSD LIWP, and that mirroring their structure (both are statewide programs with a single implementer) could expedite establishing those partnerships. With respect to the MFWB Program for buildings with SCE electricity customers and SoCalGas gas customers, it seems particularly important to have a single implementer.

We decline to preemptively add many suggested prescriptive requirements to the MFWB program. We anticipate that the IOU's MFWB proposals in their Applications will be structured as to allow for an effective solicitation process and innovative designs from third parties that considers how best to serve property owners.

The MFWB may be designed to provide treatment of only tenant units or only common areas in a particular building if it is not feasible to undertake both. Applications are not restricted from including proposals to provide services to multi-family buildings outside of the MFWB Programs, but the Commission is concerned that those should not be duplicative.

7.3. Energy Management Technology

Parties brought forward comments regarding the inclusion of energy management technology and IOU's progress to-date on delivering such measures. We remind all the stakeholders that Public Utilities Code Section 2790 was amended by AB793 (2015, Quirk) to include "energy management technology" as a part of eligible low-income weatherization measures including a product, service, or software that allows customers to better understand and manage electricity or gas use in their home. The Guidance does not make any specific information requests for measure types like lighting or appliances. As noted in the Guidance, the Commission intends for oversight beyond 2020 to occur at a higher level (closer to programmatic or portfolio level than at the measure and units treated level). There are no changes to the Guidance.

7.4. MCE LIFT

In response to Greenlining's comments, MCE requested to extend their Low Income Families and Tenants Pilot with a Tier 2 Advice Letter. The Commission accepted and modified MCE's initial proposal within D.16-11-022.[24] Due to its unique status as a pilot proposal from outside the IOU Applications

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[24] D.16-11-022, as modified by D.17-12-009, Ordering Paragraph 148

D.16-11-022 noted certain processes for identifying metrics and for extending the pilot with added funding after its completion. It did not set a clear path for how to extend the deadline with no other modifications to program design or budget. Therefore, we now allow that MCE can propose a timeline only extension within the current program cycle, which ends in 2020, using a Tier 1 Advice Letter. The Tier 2 Advice Letter, as suggested by MCE, is not necessary as there is no substantial change to the pilot to evaluate. A Tier 1 Advice Letter most closely matches the typical process for other IOU low-income program pilot time extensions.

7.5. Potential and Goals Study

Regarding the 2019 Potential and Goals Study (P&G) Study, the Commission maintains that the study provides a solid foundation for the IOUs to reference while setting their ESA savings goals. The Commission does not believe that this proceeding is the proper forum for debating the particulars of the P&G Study. In addition, considering the Commission's desire to spur innovative thinking on ESA program design and measures for 2021-2026, the Commission does not wish to dictate savings goals from the beginning of this process. Further, setting ESA savings goals is in scope for the proceeding that will open in response to the IOUs filing their application.

7.6. Participant Savings Goals

In response to comments, and in an attempt to clarify the guidance and encourage both deep energy savings and health, comfort, and safety measures, the Commission has updated Attachment A to create two quantitative goals per household: 1) average annual Resource measures energy savings per household; and 2) another quantitative goal to reflect benefit to customer's health, comfort, and safety resulting from Non-Resource measures. Please refer to Attachment A for further guidance and detail regarding these goal per household.

8. Assignment of Proceeding

Clifford Rechtschaffen is the assigned Commissioner and Katherine Kwan MacDonald is the assigned ALJ in this proceeding.

Findings of Fact

1. D.16-11-022, as modified by D.17-12-009, directed that a guidance decision would be issued in early 2019 to provide guidance on the priorities and issues to be addressed by the large IOUs in their post-2020 CARE/ESA program applications.

2. The ESA program provides no-cost home weatherization services and energy efficiency measures to help low-income households: (1) conserve energy; (2) reduce energy costs; and (3) improve health, comfort and safety.

3. The CARE Program is a low-income energy rate assistance program instituted in 1989, providing a discount on energy rates to low-income households with incomes at or below 200% of the Federal Poverty Guideline.

4. The IOUs are responsible for executing strategies to cost--effectively identify, target and reach those who are CARE and ESA Program eligible.

5. D.16-11-022, as modified by D.17-12-009, directed issuance of a guidance decision in early 2019 and set an application filing deadline of June 1, 2019.

6. D.16-11-022, as modified by D.17-12-009, further directed the IOUs to do a presentation about their applications to the LIOB prior to their submission.

7. The Commission approved funding for CARE and ESA Programs through the end of 2020.

8. On February 2, 2019, the Cal Advocates petitioned to modify D.16-11-022 to add requirements for the IOUs to implement when conducting third-party contracting.

9. Cal Advocates' Petition for Modification is based on alleged irregularities in contracts executed in October and November 2017.

10. We are concerned with the lack of evidentiary record within the proceeding upon which to evaluate PG&E's procurement process and Cal Advocates proposal.

11. The Guidance document highlights the procurement process adopted in D.18-01-004 and directs the IOUs to address the process the IOUs would utilize in the post 2020 cycle.

Conclusions of Law

1. The Commission should issue a guidance decision to provide guidance on the priorities and issues to be addressed by the large IOUs in their 2021-2026 CARE/ESA program applications to meet the requirements of D.16-11-022.

2. CARE/ESA 2021-2026 program applications should be filed by November 4, 2019.

3. IOUs should present their proposals for 2021-2026 program applications to the Low Income Oversight Board on or before September 15, 2019 to meet the D.16-11-022 requirement.

4. The Commission should approve bridge funding to allow continuity in CARE and ESA program activity, if it has not yet approved post 2020 budgets through a decision on the IOUs' filed applications.

5. The Commission should authorize carry over and expenditure of remaining funds from prior years for authorized ESA program activity that has

not been completed, if it has not yet approved post 2020 budgets through a decision on the IOUs' filed applications.

6. The Cal Advocates PFM should be denied.

O R D E R

IT IS ORDERED that:

1. The California Alternate Rates for Energy and the Energy Savings Assistance Program and Budget Applications by the large Investor-Owned Utilities Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall be filed with the California Public Utilities Commission no later than November 4, 2019. Applications must include the content identified in this Decision and the Guidance Document at Attachment A to this Decision, and must follow the format provided in the Guidance Document.

2. If the California Public Utilities Commission (Commission) has not made a decision authorizing budgets for Program Year 2021 by November 16, 2020, the four large Investor-Owned Utilities Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall continue the previously authorized California Alternative Rates for Energy (CARE) and Energy Savings Assistance (ESA) activities and expend up to the 2020 budget level, as authorized in mid-cycle advice letter dispositions, for six months to a year, beginning in January 2021, until the Commission issues a final decision on the CARE and ESA post-2020 Program Applications.

3. The four large Investor-Owned Utilities Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall submit a tier 1 Advice Letter 45 days

after the issuance of this decision with calculations of their Energy Savings Assistance bridge funding amount, source for bridge funds, and retreatment goal for the January 1 2021- June 30, 2021 bridge period.

4. On April 15, 2021 the four large Investor-Owned Utilities Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall submit a second tier 1 Advice Letter documenting retreatments and budgets associated with the interim progress milestone identified in Section 5 of this Decision and overall bridge budget and retreatment goal.

5. Energy Division shall reject the April 15, 2021 Advice Letter if the filing utility fails to demonstrate it 1) has met the interim progress milestone to meet or exceed half of the bridge retreatment goal set forth in the Energy Savings Assistance (ESA) Bridge Calculations Advice Letter in the period January 1, 2021- March 31, 2021; or 2) the fraction of remaining bridge budget for retreatments (after setting aside administrative costs) is less than the fraction of remaining retreatments necessary to meet bridge retreatment goal. If the California Public Utilities Commission has not voted on the ESA applications by May 16, 2021 and Energy Division has not rejected the April 15, 2021 Tier 1 Advice Letter, bridge funding for the remainder of 2021 is approved.

6. The four large Investor-Owned Utilities Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company are authorized to carry over and spend remaining funds from prior years for authorized Energy Savings Assistance program activity that has not been completed, if the California Public Utilities Commission has not yet approved post 2020 budgets through a decision on the IOUs' filed applications.

7. Marin Clean Energy may request a timeline only extension for the Low Income Families and Tenants pilot within the current program cycle, which ends in 2020, by submitting a Tier 1 Advice Letter to the California Public Utilities Commission no less than 45 days prior to expiration of the current timeline.

8. On or before August 30, 2019, Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall hold a joint public workshop, after giving 20 days advance notice to the service list of this proceeding, to obtain interested parties' input on their preliminary proposals for their post-2020 ESA applications.

9. On or before September 15, 2019, Pacific Gas & Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company shall give a presentation on their post-2020 ESA program applications at a Low Income Oversight Board (LIOB) meeting to obtain and consider LIOB's feedback before submission of the applications.

10. The Petition for Modification filed by the Public Advocates Office is denied.

11. Application (A.) 14-11-007, A.14-11-009, A.14-11-010, and A.14-11-011 are closed.

This order is effective today.

Dated __________________, at San Francisco, California.