

Decision 09-11-009 November 20, 2009

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of the 2009-2011 Low-Income Energy Efficiency and California Alternate Rates for Energy Programs and Budget (U39M).

Application 08-05-022
(Filed May 15, 2008)

And Related Matters.

Application 08-05-024
Application 08-05-025
Application 08-05-026

**DECISION CORRECTING ERRORS IN
ATTACHMENT OF DECISION 08-11-031**

1. Summary

This decision corrects four erroneous entries on Attachment F of Decision (D.) 08-11-031, in the Southern California Edison Company (SCE) Cost-Effectiveness Table (Attachment F). Attachment F incorrectly shows the replacement central air conditioner measure¹ in four particular instances as passing the cost-effectiveness tests in climate zone 13 when, in fact, the measure failed the tests. These errors are misleading because these erroneous reportings suggest that the measure maybe approved in the Low-Income Energy Efficiency

¹ The corrections in this decision do not relate to or affect the room air conditioner replacement or central air conditioner service measures for those household types which passed the cost-effectiveness tests and are presently permitted in SCE's climate zone 13 as separate and approved cost-effective LIEE measures.

(LIEE) program as a cost-effective LIEE measure in those instances when, in fact, the measure is not approved because the measure failed the tests. Therefore, we correct Attachment F to reflect the correct cost-effectiveness analysis results, and we further take this opportunity to clarify the Commission's cost-effectiveness analysis in D.08-11-031 and to provide additional guidance to the parties on the subject.

2. Background

Pursuant to the directives set forth in D.08-11-031,² the four large investor-owned utilities (IOUs) have revised and updated the Statewide Low-Income Energy Efficiency Policy and Procedures Manual (P&P Manual) to reflect the Commission's LIEE policies and procedures consistent with the Commission's more recent LIEE decisions and directives therein, including D.08-11-031 and D.09-06-026. On May 5, 2009, the IOUs filed their proposed revisions to the P&P Manual reflecting the IOUs' joint updates. The Commission's Energy Division (Energy Division) has since reviewed and revised that document further and produced what, in this proceeding, has been commonly referred to as the Draft Manual.

On June 2, 2009, the Administrative Law Judge (ALJ) issued a ruling circulating the Draft Manual to parties and solicited comments thereto. Parties thereafter filed comments to the Draft Manual. In reviewing those comments, it has come to our attention that Attachment F to D.08-11-031 contains four errors which should be corrected promptly.

² Ordering Paragraph (OP) 97 of D.08-11-031 directed the IOUs to prepare an updated P&P Manual.

3. Discussion

3.1. Correction to Attachment to D.08-11-031

The errors that appear on Attachment F concern the replacement central air conditioner measure in climate zone 13 and involve only single family homes serviced electrically for 2011 and mobile homes serviced electrically for 2009-2011. Attachment F incorrectly shows, in those particular instances, that the replacement central air conditioner measure passed the cost-effectiveness tests when, in fact, it failed.

In D.08-11-031, the Commission adopted a methodology “for determining whether specific measures are cost-effective (taking into account the housing type as well as climate zone) and set forth an approach to screening all measures going forward” as follows:

1. Measures that have both a Modified Participant Cost (PCm) and a Utility Cost Test (UCT) benefit-cost ratio greater than or equal to 0.25 (taking into consideration the housing type and climate zone for that measure) for a utility shall be included in the utility’s LIEE program. This rule applies for both existing and new measures.
2. Existing measures that have either a PCm or a UCT benefit-cost ratio less than 0.25 shall be retained in the program.
3. Existing and new measures with both PCm and UCT test results less than 0.25 for a utility may be included in that utility’s LIEE program for all climate zones if they consist of furnace repair and replacement or water heater repair and replacement. Air conditioning and evaporative cooling measures may be included in the LIEE program in hot climates (in accordance with the measure guidelines of the 2007-08 LIEE program, which disallowed cooling measures in temperate climate zones), subject to new reporting requirements. Heating and water heating measures in

landlord-owned property may not be installed with LIEE funds, as landlords' legal habitability obligations require them to pay for such amenities.

Applying the three above rules, the Energy Division calculated the benefit-cost ratios and then prepared the cost-effectiveness tables (reflecting the results of the cost-effectiveness analysis) for each of the LIEE measures proposed by the four IOUs for the Commission's use in D.08-11-031. Those tables, including an SCE Cost-effectiveness Table, were then adopted by the Commission as part of D.08-11-031, as Attachment F thereto. Attachment F shows the results of the Commission's cost-effectiveness analysis following the above methodology and indicates (1) which measures, (2) in which types of household, and (3) in which climate zones were approved in the LIEE program as cost-effective measures. However, in four instances identified below, the entries incorrectly reflect the results of the cost-effectiveness analysis outlined in Section 4.2.2 of D.08-11-031. The attached Revised Attachment F reflects the following corrections to Attachment F to D.08-11-031:

- The replacement central air conditioner measure for electrically serviced mobile homes in climate zone 13 should read "Fail" for years 2009, 2010, and 2011, not "Pass" as it reads in Attachment F; and
- The replacement central air conditioner measure for electrically serviced single family homes in climate zone 13 should read "Fail" for year 2011, not "Pass" as it reads in Attachment F.

All four corrections involve the same measure, the replacement central air conditioner measure in climate zone 13, though in two different household types. For each household type and year listed above, the measure passes the UCT test for the year at issue, but fails the PCm test (below 0.25). As such, the measure

uniformly fails the first rule in all four instances, as the Commission discussed in Section 4.2.2 of D.08-11-031, *see* above. Additionally, for each household type and year, the measure also fails the third rule outlined in Section 4.2.2 of D.08-11-031, because, as discussed below, the measure is not an existing measure the Commission previously authorized. Lastly, the measure does not pass the third rule because there is nothing in the record to show that this measure was permitted as an exceptional added back measure “subject to new reporting requirements.”

Therefore, Attachment F is corrected as discussed herein. The relevant excerpts of the Revised Attachment F reflecting the four corrections are shown below:

| | | | Utility Cost Test | | | Modified Participant Test | | | Total Resource Cost Test | | | PASS/FAIL | | |
|-----------------------|-------------------------------------|-----------------|-------------------|------|------|---------------------------|------|------|--------------------------|------|------|-----------|------|------|
| Type | Measure | Climate zone | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 |
| Mobile Home, Electric | Central Air Conditioner Replacement | Climate zone 13 | 0.28 | 0.29 | 0.30 | 0.17 | 0.19 | 0.21 | 0.23 | 0.23 | 0.23 | Fail | Fail | Fail |

| Type | Measure | Climate zone | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 | 2009 | 2010 | 2011 |
|-------------------------|-------------------------------------|-----------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Single Family, Electric | Central Air Conditioner Replacement | Climate zone 13 | 0.24 | 0.25 | 0.25 | 0.12 | 0.13 | 0.15 | 0.20 | 0.20 | 0.21 | Fail | Fail | Fail |

3.2. Clarifying Guidance on Cost-Effectiveness Tests and Replacement Central Air Conditioner Measure in SCE’s Climate Zone 13

In addition to the confusion stemming from the four errors corrected by this decision, the record in this proceeding also shows a broader confusion related to the replacement central air conditioner measure in SCE’s climate

zone 13. We therefore take this opportunity to clarify the Commission's cost-effectiveness analysis pursuant to D.08-11-031 relating to that measure and to provide further guidance.

The Association of California Community and Energy Services (ACCES), The Community Action Agency of San Mateo County, Inc., The East Los Angeles Community Union and the Maravilla Foundation (Maravilla) (collectively ACCES et al.) filed a joint comment to the Draft Manual (ACCES Comment) which suggests that the replacement central air conditioner measure, in all household types, either has been or should have been approved for SCE's climate zone 13, as an approved LIEE measure under D.08-11-031. Subsequent comment by Division of Ratepayer Advocates (DRA) (DRA Comment) agrees with that position.

In sum, the ACCES Comment and DRA Comment (Comments) argue that the replacement central air conditioner measure was an existing measure approved prior to D.08-11-031 and therefore passes the cost-effectiveness tests under the third rule outlined in D.08-11-031, as a non-cost-effective measure which otherwise had been previously approved. ACCES et al. claim that SCE offered this measure in the climate zone 13 in 2007 and 2008, implying that it must have done so because the Commission had approved the replacement central air conditioner measure for climate zone 13 of its territory in the Commission's decision adopting 2007-2008 LIEE program funding.

DRA states that SCE requested in its application (A.) 06-07-001 to undertake a variety of different activities, including installation of certain replacement central air conditioners in climate zone 13. DRA argues that the Commission, in D.06-12-038, authorized SCE to install replacement central air conditioners in climate zone 13 by its approval of SCE's budgets for 2007-2008 as

proposed. DRA further suggests that the Commission, in D.08-11-031, continued that supposed prior authorization for SCE to continue to install replacement central air conditioners in climate zone 13, because the replacement central air conditioner measure would have been considered an existing measure previously approved by D.06-12-038 and therefore would have passed the D.08-11-031 cost-effectiveness tests under the third rule as a non-cost-effective measure which otherwise had been previously approved.

As discussed below, we do not agree with the foregoing reasoning and interpretation that the Commission, in D.06-12-038, authorized SCE to install replacement central air conditioners in climate zone 13. Likewise, we also do not agree with the interpretation that the Commission, in D.08-11-031, continued that supposed prior authorization for SCE to continue to install replacement central air conditioners in climate zone 13. The Commission decisions do not reflect any such approval for 2007 or 2008 in climate zone 13, as discussed below.

SCE's application for 2007-2008 did request that the Commission approve the replacement central air conditioner measure as well as many other measures for low-income customers residing in climate zone 13 and other climate zones. Thereafter, in D.06-12-038, the Commission approved SCE's overall LIEE budget for 2007-2008 while ordering that the budget be expended consistent with the findings of fact and conclusions of law in that decision. The findings of facts and conclusions of law in D.06-12-038 are general, and the decision does not explicitly list any individual approved measures for any of the climate zones. However, D.06-12-038 did explicitly reaffirm the cost-effectiveness principles adopted and outlined in D.05-12-026, which continue to this day in D.08-11-031.

The question therefore remains, did the Commission approve the replacement central air conditioner measure for the low-income customers

residing in climate zone 13 in D.06-12-038 by approving the general budget? The answer is “no.” To interpret and understand D.06-12-038, we must examine it within the context of the related proceedings and decisions, particularly D.05-12-026 and D.08-11-031.

In D.05-12-026, Section III-C-1, the Commission deliberated the issue of whether to approve the replacement central air conditioner measure as a cost-effective LIEE measure. Ultimately, the Commission reviewed and adopted a detailed recommendation of the Commission’s Standardization Team³ which found that the replacement central air conditioner measure in climate zone 13 was not cost-effective in any of the household types. Therefore, the Commission, in D.05-12-026, did not authorize replacement central air conditioners as an approved measure in climate zone 13.

Only a year after D.05-12-026, the Commission issued D.06-12-038, which DRA argues authorized the replacement central air conditioner measure in climate zone 13, by way of the decision’s general budget approval language. That interpretation would mean that within a one-year period, without any analysis, reasoning or discussion, the Commission decided to do the following:

- Reverse the decision, in D.05-12-026, to adopt the Standardization Team’s recommendations;
- Abandon the cost-effectiveness principles and standards adopted in D.05-12-026 as one of the cornerstone principles in the LIEE program; and

³ D.05-12-026, p. 29 and OP 18.

- Reverse the decision, in D.05-12-026, finding central air conditioner replacement in climate zone 13 to be a non-cost-effective measure in climate zone 13.

The proper interpretation of D.06-12-038 is that it did not reverse the prior decision but instead it approved the general budget for the period 2007-2008, consistent with that and other LIEE decisions, principles and policies in effect. D.06-12-038 and its general language approving the budget should therefore be read as approving measures proposed by SCE that were cost-effective and consistent with D.05-12-026. The Commission did not find the replacement central air conditioner measure to be cost-effective in climate zone 13, in D.05-12-026. Moreover, there is nothing in D.06-12-038 to indicate that the Commission intended to reverse the prior decision (D.05-12-026). There is likewise nothing in D.06-12-038 to indicate that the Commission intended to discard the cost-effectiveness tests adopted in D.05-12-026 as well as its explicit conclusion that the replacement central air conditioner measure fails the cost-effectiveness tests in climate zone 13 and is therefore not approved. We therefore do not accept ACCES et al. and DRA's proposed interpretation of D.06-12-038.

D.08-11-031 reaffirms the cost-effectiveness principles the Commission has followed for years but also provides that central air conditioner and evaporative cooling measures may be included in the LIEE program in hot climates, under the exception to the cost-effectiveness tests and as "add back" measures⁴ with additional reporting requirements. D.08-11-031, Attachment F, specifically identifies the LIEE measures approved by the Commission, including those

⁴ D.08-11-031, OP 17 and 18.

“add back” measures which the Commission approved under the exception with the additional reporting requirement. Attachment F shows that, in D.08-11-031, the Commission did not identify the replacement central air conditioner measure as such an exceptional “add back” measure.

In reaching that conclusion in D.08-11-031, the Commission followed our commitment to an economically efficient LIEE program so that the ambitious energy efficiency goals the Commission set out in the California Energy Efficiency Strategic Plan (Strategic Plan) can be realized. The Commission could not ignore the fact that implementation of the replacement central air conditioner measure, which is one of the most costly LIEE measures, would benefit a limited number of customers at the expense of many customers who might benefit from the implementation of a far larger number of less costly, and more cost-effective, LIEE measures. For instance, Attachment A-2 of SCE's 2009-2011 LIEE budget application, A.08-05-026, shows the overall costs for the proposed replacement central air conditioner measure as \$40,942,786 over 3-year-period out of SCE's total proposed budget of \$185,216,942. This is 22% of SCE's proposed program budget for this single non-cost-effective measure.

One other clarification in response to ACCES Comment is required here. The issue concerns ACCES et al.'s implication which improperly suggests a connection between the replacement central air conditioner measure issue, discussed above, with the proffered health risks in SCE's climate zone 13. The ACCES Comment contends, for instance:

- The risk of death during the Heat Storm is reduced for people with working air conditioning.
- By prohibiting SCE from installing this cooling measure in climate zone 13, the Commission puts the health and safety

of SCE's low-income and elderly customers at greater risk than PG&E's customers.

The Commission's LIEE program, under D.08-11-031, is designed to provide the room air conditioner or central air conditioner measures only to customers who already have a working, albeit inefficient, air conditioner. The LIEE program is not and was never intended as a free air conditioner giveaway program to all low-income customers. In D.08-11-031, the Commission expressly determined that the LIEE program is an energy resource program to increase energy efficiency. Providing free air conditioners to all eligible low-income customers would be directly contrary to our directives in D.08-11-031 and the Strategic Plan, because such a program would increase energy load in a given household and push us back further from the energy efficiency targets the Commission set out in our Strategic Plan. That said, while cost-effectiveness is the key determinant in assessing whether or not to include a particular measure, as we stated in D.08-11-031, "[d]ecisions on the inclusion and exclusion of measures for LIEE will not be made exclusively on the basis of cost effectiveness tests, but may also explicitly take into account the quality of life of low income customers."⁵ While we do not find that such treatment is justified in the case of central air conditioners in climate zone 13, this determination does not in any way negate our recognition of quality of life as an important consideration.

Moreover, while D.08-11-031 did not allow the replacement central air conditioner measure in climate zone 13 as a non-cost-effective measure, the Commission allowed the cost-effective room air conditioner replacement

⁵ *Id.* at 52.

measure⁶ and also provided funding for cooling centers, as discussed below, to address the heat storm issue in SCE's climate zone 13.

ACCES Comment states that SCE's climate zone 13, while not labeled an Extreme Climate zone, "is routinely extremely hot and in 2006 it got hot enough in Climate zone 13 to kill at least 46 low-income elderly people." In both D.06-12-032 and D.08-11-031, the Commission reaffirmed our ongoing cost-effective commitment to relieving the worst-case health, comfort, or safety scenarios that occur during such extremely hot periods by authorizing SCE to spend an estimated \$2.3 million⁷ during 2009-2011 to run its Cool Centers Program - which is specifically designed to help the most at-risk low-income, disabled, and elderly customers. D.08-11-031 also provides funding for SCE to expand its Cool Center Program to the San Joaquin Valley, which is in climate zone 13.

4. Comments on Proposed Decision

The proposed decision (PD) of the Administrative Law Judge 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. Opening comments were filed by ACCES et al.

⁶ The replacement of room air conditioners in SCE's climate zone 13 passed the cost-effectiveness tests in all household types as reflected in Revised Attachment F; thus, that measure is and continues to be an approved LIEE measure under D.08-11-031.

⁷ In SCE's 2009-2011 LIEE budget application, A.08-05-026, SCE proposed "to spend up to \$777,000 in 2009, \$742,000 in 2010 and \$792,000 in 2011 on Cool Center Program...." OP 102 of D.08-11-031 authorized SCE's proposal to run the Cool Center Program, as proposed. (See also pp. 194 and 201, D.08-11-031.)

and DRA on October 19, 2009 (Comments to PD), and no reply comments were filed.

Comments to PD essentially reiterate the Comments to the Draft Manual as discussed in section 3.2 of this decision that, as a previously approved LIEE measure under D.06-12-038, the central air conditioner replacement measure in climate zone 13 was grandfathered and approved in D.08-11-031. The Commission has considered the Comments to PD.

In response to the Comments to PD, we elaborate further on our conclusion above that D.06-12-038 and D.08-11-031 did not approve the replacement central air conditioner measure in climate zone 13. In general, the Commission should not be assumed to have decided upon the details of an application unless there is clear indication of that in the decision. Furthermore, parties have the responsibility to seek clarification of a decision if they perceive an ambiguity as soon as such ambiguity comes to light.

Contrary to assertions in the Comments to PD, D.06-12-038 does not show that the Commission decided to expand the central air conditioner replacement measures to climate zone 13. The Commission has embraced the cost-effectiveness tests up to that decision and since. The absence, therefore, of any discussion in D.06-12-038 concerning the cost-effectiveness analysis about the replacement central air conditioner measure in climate zone 13 supports our conclusion that the Commission did not approve the replacement central air conditioner measure in climate zone 13 in D.06-12-038 and D.08-11-031.

D.06-12-038 also does not indicate that the Commission was expressly approving SCE's requested expansion as some sort of an exception to the cost-effectiveness test while realizing the measure to be non-cost-effective.

Furthermore, the language on page 28 and finding of fact 19 of D.06-12-038 suggest approval of “air conditioning measures” but neither identifies particular air conditioner measures nor in what household types nor in which affected climate zones. We note also that D.06-12-038 did not mention “climate zone 13” in the discussion or any of the OPs. In SCE’s comment to the proposed decision, SCE requested the Commission to incorporate explicit language in the final decision indicating approval of SCE’s request to expand its replacement central air conditioner measure to climate zone 13. The Commission did not do that in the final decision. Instead, the Commission did the opposite by adopting some of SCE’s proposed language but notably omitting each proposed reference to climate zone 13. That omission of references to climate zone 13 supports our conclusion that the Commission did not authorize expansion of the replacement air conditioner measure to climate zone 13.

The language of D.06-12-038, the Commission’s omission of all proposed references to climate zone 13, combined with the fact that the final decision contained no reference to expansion of replacement air conditioner measure to climate zone 13, confirm and bolster the conclusion that the Commission did not approve SCE’s proposed expansion of the air conditioning measure to climate zone 13, as insisted on by ACCES et al. and DRA.

During the past ten years, the Commission consistently adopted decisions which confirmed cost-effectiveness as the standard in approving LIEE measures. In D.08-11-031, even when adopting the “add back” exception to the general rule, we again confirmed this:

To determine how these [add back] measures will affect our 100% by 2020 goal in the *Plan*, we require additional IOU reporting to show the cost, energy savings impacts, and related metrics. It remains our goal that the LIEE program delivers

significant cost-effective energy savings, consistent with the *Plan*.⁸

The Commission chose to approve cost-effective LIEE measures because we are mindful of the need to make every effort toward reaching our 2020 goal of treating 100% LIEE eligible households by:

- treating more households,
- achieving more per-dollar energy savings with cost-effective measures, and
- ultimately reaching the state's goal of treating every low-income customer in California by 2020 (per Strategic Plan) without excessive rate impacts.

We reaffirm our commitment to the goals set forth in the Strategic Plan. We take seriously our duty to address the needs of low-income customers. The Commission is sensitive to and mindful of the needs of the California's low-income households. The KEMA Needs Assessment Report⁹ (KEMA Report) was specifically prepared at the direction of the Commission¹⁰ to determine the energy-related needs of the state's low-income population, and in September 2007, the KEMA Report was published. Information from the KEMA Report aided in the development of D.08-11-031, the LIEE decision for budget

⁸ D.08-11-031 at 196.

⁹ KEMA Report, submitted to the Commission on September 7, 2007. On September 27, 2007, the ALJ issued a ruling seeking the parties' comments on how the KEMA Report could be used to develop the LIEE program strategies and the Commission issued D.07-12-051 in R.07-01-042 which set the strategic foundation for D.08-11-031 and LIEE program.

¹⁰ D.07-12-051 at 11.

cycle 2009-2011 as well as D.07-12-51 which developed “strategic goals for LIEE programs and then . . . budgets accordingly.”¹¹

The KEMA Report estimated that there are over four million LIEE eligible households in California.¹² The surveys conducted leading to the KEMA Report found that over 800,000 California LIEE eligible households have central air conditioning systems and only about 3% of those households (24,000 households) actually require replacement of the inefficient central air conditioners.¹³ In comparison, the KEMA Report found that the vast majority of the California LIEE households have and require replacement of cooling measures that are less expensive than central air conditioners such as room air conditioners or evaporative coolers.¹⁴

Although there are four (4) budget cycles until the 2020 Strategic Plan deadline, the Commission took cooling measures needs of the LIEE population seriously and proactively moved towards addressing the identified needs as set forth in the KEMA Report. D.08-11-031 approved, inter alia, the cooling centers as proposed by SCE and also aggressively approved the budget for approximately 15,000 cost-effective replacement central air conditioners in LIEE households (over 60% of all of the needed central air conditioner replacements) for this current budget cycle. In contrast, it seems without justification that the Comments to PD seem to be promoting the most costly of the cooling measures,

¹¹ *Id.*

¹² *Id.* at 3.

¹³ *Id.*, pp. 5-36, Table 5-23.

¹⁴ *Id.*

the replacement central air conditioner measure, as the sole or primary solution to alleviating cooling needs of these LIEE households in climate zone 13.

In addition, D.08-11-031 went a step further and directed that the LIEE program leverage with its well-funded federal counterpart to make sure that low-income households can access more measures, including cooling measures such as central air conditioner replacement, through Low-Income Home Energy Assistance Program (LIHEAP), administered in California by the Department of Community Services and Development (DCSD).

With that backdrop, the Commission cannot ignore the fact that the KEMA Report found that the central air conditioner replacement was the least needed measure for the California's LIEE population and ranked the measure as such.¹⁵ Likewise, the IOUs' budget applications¹⁶ show that central air conditioner replacement is one of the most costly LIEE measures, averaging approximately \$3000 per central air conditioner, and does not yield the energy savings that can be gained by other more cost effective measures, as discussed in section 3.2 of this decision. The Commission cannot find that it is in the ratepayers' best interest to fund such a non-cost-effective measure, which fails to yield adequate energy savings, especially when the Commission has already approved cost-effective cooling measures and implemented more cost-effective methods of addressing the identified needs.

ACCES et al., in their comment to PD, informs the Commission that "Low-income customers in PG&E's territory can receive those potentially

¹⁵ *Id.* at 4.

¹⁶ A.08-05-022, A.08-05-024, A.08-05-025, and A.08-05-026.

lifesaving cooling measures [replacement air conditioners] but, right across the street, SCE's customers cannot." Contrary to this assertion made by ACCES et al., PG&E is not authorized to replace central air conditioners in climate zone 13. This is consistent with the cost-effectiveness approach adopted in D.05-12-026 based on the Standardization Team's recommendation that central air conditioner replacements are not cost-effective outside climate zones 14 and 15.

This decision is prospective and clarifies D.08-11-031 and interprets D.06-12-038 concerning the climate zone 13 and related issues. We acknowledge that D.06-12-038 could have more explicitly identified the particular measures being approved and D.06-12-038 could have more explicitly denied SCE's request to expand the replacement of central air conditioner measure to climate zone 13. The Commission recognizes how SCE and others could have in good faith misinterpreted D.06-12-038, and relatedly, D.08-11-031, as they have to date; SCE therefore will not be penalized for having implemented its LIEE program to date consistent with the interpretation as set forth in the Comments to PD.

5. Assignment of Proceeding

Dian M. Grueneich is the assigned Commissioner and Kimberly H. Kim is the assigned ALJ in this proceeding.

Findings of Fact

1. In D.08-11-031, the Commission adopted a methodology "for determining whether specific measures are cost-effective (taking into account the housing type as well as climate zone) and set forth an approach to screening all [LIEE] measures going forward."

2. In Attachment F of D.08-11-031, the SCE's Cost-Effectiveness Table incorrectly shows the results of the cost-effectiveness analysis under the adopted

cost-effectiveness methodology and thus incorrectly shows the replacement central air conditioner measure in four particular instances as passing the cost-effectiveness tests in climate zone 13 when, in fact, the measure failed the tests in those instances.

3. The errors only appear on Attachment F and involve only the single family homes serviced electrically for 2011 in SCE's climate zone 13 and the mobile homes serviced electrically for 2009-2011 in SCE's climate zone 13.

4. These errors on Attachment F, and in particular SCE's Cost Effectiveness Table, are misleading because they suggest that the measure was approved in the LIEE program as being cost-effective in those instances when, in fact, the measure was not approved because the measure failed the tests.

Conclusions of Law

1. Attachment F should be revised to correctly show the results of the cost-effectiveness analysis using the methodology adopted in D.08-11-031 that the replacement central air conditioner measure, in four particular instances, as discussed in this decision, failed to pass the tests in those instances in climate zone 13 of SCE's service territory.

2. This proceeding should remain open so that the Commission may continue to monitor the progress of pilots and conduct compliance reviews of the various reports D.08-11-031 requires from the four large IOUs.

O R D E R

IT IS ORDERED that:

1. Attachment F to Decision (D.) 08-11-031 is corrected as specified below:
 - a. The Southern California Edison Company (SCE) Cost-Effectiveness Table is corrected to show that the replacement central air conditioner measure in four particular instances failed the cost-effectiveness tests, under D.08-11-031, in climate zone 13, as follows:
 - i. The replacement central air conditioner measure for electrically serviced mobile homes in climate zone 13 is corrected to read "Fail" for cycle years 2009, 2010, and 2011; and
 - ii. The replacement central air conditioner measure for electrically serviced single family homes in climate zone 13 is corrected to read "Fail" for cycle year 2011.
 - b. The Revised Attachment F attached hereto as Appendix 1 reflects the corrections adopted in this decision and supersedes Attachment F to D.08-11-031.
2. These proceedings remain open so that the Commission may continue to monitor the progress of pilots and conduct compliance reviews of the various reports required by Decision 08-11-031.

This order is effective today.

Dated November 20, 2009, at San Francisco, California.

MICHAEL R. PEEVEY
President
DIAN M. GRUENEICH
JOHN A. BOHN
RACHELLE B. CHONG
TIMOTHY ALAN SIMON
Commissioners