

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company for Approval of the 2009-11 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

ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT ON THE ENERGY DIVISION'S DRAFT WHOLE NEIGHBORHOOD APPROACH WHITE PAPER AND SETTING PUBLIC WORKSHOP

This ruling solicits the parties' comments on the Commission's Energy Division's Draft White Paper on Whole Neighborhood Approach (Draft White Paper) which has been prepared pursuant to Decision (D.) 08-11-031. In the Ordering Paragraph (OP) 13 of that decision, the Commission instructed the investor owned utilities (IOUs) and the Energy Division as follows:

We expect the IOUs to work with the Energy Division in carrying out the Whole Neighborhood Approach, and delegate responsibility to Energy Division to offer additional guidance and oversight to ensure that the IOUs follow the approach in an efficient manner.

Since the issuance of D.08-11-031, the Energy Division has compiled relevant information and ideas from the IOUs and other stakeholders and prepared the Draft White Paper. The Draft White Paper, attached hereto, once

finalized is intended to serve as a frame work for the IOUs, community-based organizations (CBOs), and program contractors to use in implementing the Whole Neighborhood Approach program delivery strategy.

With that in mind, we value the parties' knowledge and experience and parties are directed to file comments based on those experiences, at this time, on the Draft White Paper. While all constructive and relevant comments on the Draft White Paper are welcome and encouraged, we are particularly interested in nuts and bolts type of comments, insights and input concerning the efficient field implementation logistics based upon actual field experiences. We therefore encourage parties to submit structured comments that specifically address the following questions:

- What are the most prominent logistical changes that need to be made for LIEE program delivery to implement the Whole Neighborhood Approach? How will it improve current program delivery? What are some of the challenges?
- To what extent have entities delivering LIEE measures worked with local governments in the past to implement energy efficiency program delivery? How do you envision using local governments and other organizations assisting and enhancing LIEE program delivery under the Whole Neighborhood Approach?
- What mechanisms would your organization like to see enacted that would ensure the fair allotment of leads (and subsequent contract work) amongst several CBOs/contractors working within the same WNA neighborhood event? Could this mechanism be used to "space" LIEE work throughout the year?

While drafting their comments, parties should bear in mind that the Whole Neighborhood Approach is also likely to form the basis of efforts to leverage the Commission LIEE program with the Department of Community Services and Development's (CSD) Low Income Home Energy Assistance Program (LIHEAP)

and the Weatherization Assistance Program (WAP). Such efforts have been underway since the two agencies signed the Memorandum of Understanding (MOU) on March 17, 2009.

Parties should not submit comments aimed solely at editing the Draft White Paper itself as it is an idea piece that should instruct our development of specific guidelines and protocols for implementation of the Whole Neighborhood Approach the IOUs.

Following the receipt of comments to the Draft White Paper, a public workshop is tentatively planned for July 1, 2009. That public workshop will be used to further develop specific guidelines that support the strategy elicited in the paper. A more detailed agenda for the public workshop will be forthcoming prior to the public workshop. Additionally, the Energy Division may issue further requests for comments or solicit answers to specific questions from parties prior to or after the public workshop.

Any comment outside the scope of this ruling, including comments or requests to revisit or otherwise reconsider issues previously decided by the Commission in this proceeding, will not be considered.

IT IS RULED that:

1. Parties wishing to file comments to the Draft White Paper shall do so by June 17, 2009;
2. Parties' comments to the Draft White Paper shall include, but need not be limited to, comments that specifically address the following questions:
 - a. What are the most prominent logistical changes that need to be made for LIEE program delivery to implement the Whole Neighborhood Approach? How will it improve current program delivery? What are some of the challenges?

- b. To what extent have entities delivering LIEE measures worked with local governments in the past to implement energy efficiency program delivery? How do you envision using local governments and other organizations assisting and enhancing LIEE program delivery under the Whole Neighborhood Approach?
 - c. What mechanisms would your organization like to see enacted that would ensure the fair allotment of leads (and subsequent contract work) amongst several CBOs/contractors working within the same WNA neighborhood event? Could this mechanism be used to "space" LIEE work throughout the year?
3. A public workshop on Whole Neighborhood Approach and Draft White Paper is tentatively set for July 1, 2009.

Dated: June 2, 2009, at San Francisco, California.

 /s/ KIMBERLY H. KIM
Kimberly H. Kim
Administrative Law Judge

INFORMATION REGARDING SERVICE

I have provided notification of filing to the electronic mail addresses on the attached service list.

Upon confirmation of this document's acceptance for filing, I will cause a Notice of Availability of the filed document to be served upon the service list to this proceeding by U.S. mail. The service list I will use to serve the Notice of Availability of the filed document is current as of today's date.

Dated June 2, 2009, at San Francisco, California.

/s/ CRISTINE FERNANDEZ
Cristine Fernandez

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Introduction

The California Public Utilities Commission's (CPUC) Decision (D.) 08-11-031 adopts a new approach to Low Income Energy Efficiency (LIEE) program delivery, referred to as the Whole Neighborhood Approach (WNA). As set forth in this white paper, the WNA differs from the current LIEE program delivery model in its focus on serving geographic segments, also referred to as neighborhoods. The WNA is intended to reduce program costs, leverage the availability of resources at a neighborhood level, and serve a greater number of customers. The focus on neighborhoods is expected to result in improved efficiency, coordination with new entities and increased customer interest in the LIEE program.

This white paper defines and offers recommendations on the new program delivery process. The CPUC Energy Division presents this paper with the intent of providing greater clarification on the Commission's directives in D. 08-11-031. The Energy Division has compiled the information and ideas with input from the Investor Owned Utilities (IOUs) and other stakeholders. As stated in the decision, "We expect the IOUs to work with the Energy Division in carrying out the Whole Neighborhood Approach, and delegate responsibility to Energy Division to offer additional guidance and oversight to ensure that the IOUs follow the approach in an efficient manner." Through outlining a clear set of standards and definitions to follow, the paper is designed to permit flexibility and creativity on behalf of the parties involved in LIEE program delivery. Over the next budget cycle, the IOUs and LIEE implementers can follow the directives and recommendations while further exploring the best approaches to treating low income households.

Overview

Current economic and environmental conditions require a new approach to the delivery of California's LIEE program. Decision (D.) 07-12-051 identifies this urgency and states: "Recognizing the changes in energy markets and the environment, and the needs of low-income individuals and the larger community, we conclude that our LIEE program can only meet California's needs with a change in emphasis." Additionally, growing awareness of the importance of energy conservation creates momentum which can be utilized to adopt more effective and innovative approaches to LIEE program delivery.

Building on these conditions, the Commission's D. 07-12-051 and the California Energy Efficiency Strategic Plan adopted the programmatic initiative to provide all eligible and willing low income customers with energy efficiency measures by 2020. The LIEE budget is expanded significantly over the 2009 – 11 period in order to meet this initiative. As pointed out in D. 08-11-031, "with ratepayer funding at these levels, the low income programs can no longer operate with a business-as-usual approach."

To serve the greater number of customers, the decision calls for a new approach to LIEE program delivery. Under the newly adopted WNA, geographic segments with a large ratio of low income customers are the focus for LIEE outreach, enrollment and measure installation. Ideally, this focus on neighborhoods will result in a more efficient LIEE program delivery model. As specified in the decision:

The Commission adopts a “Whole Neighborhood Approach” that takes geographic segmentation as well as energy usage into program delivery. For purposes of the Whole Neighborhood Approach, a “neighborhood” is a group of households in a particular local area. We implement the Whole Neighborhood Approach to reduce program costs, leverage the availability of resources at a community level, and serve a greater number of customers.

As set forth in this white paper, the WNA incorporates a step-by-step approach to serving LIEE customers and utilizes the theories of community-based social marketing (CBSM) and the neighborhood “blitz” approach. CBSM consists of promoting behavior change in a community using social networks to facilitate the change. The neighborhood blitz approach involves strategic and coordinated delivery of energy efficiency measures in a particular neighborhood. Installation teams will be simultaneously present in the neighborhood, conducting a door-to-door campaign to deliver residential-level services to as many households as possible. Both CBSM and the neighborhood blitz approach have been successfully implemented in low income weatherization programs throughout the nation (See Appendix A: Examples of Low Income Weatherization Programs).

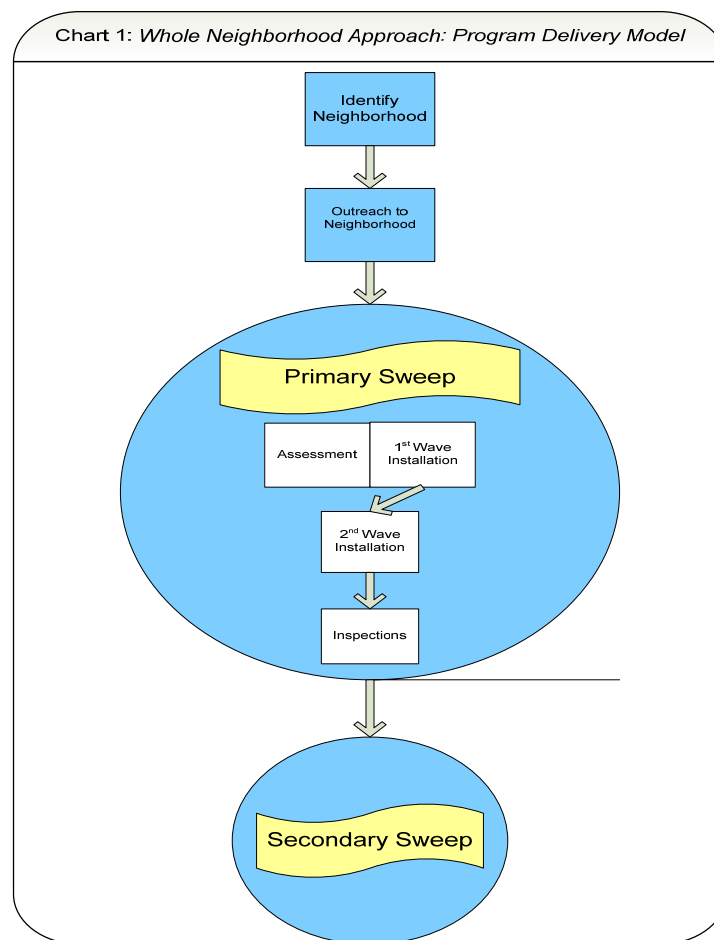
The first half of the paper outlines the steps and corresponding processes required to implement the WNA. To summarize, a neighborhood with a high proportion of low income residents is identified and resources within that neighborhood are identified and coordinated. Utilizing these resources, outreach is conducted to enroll neighborhood residents in the LIEE program. Next, the assessment occurs which includes enrollment, energy education and assessing the home for needed energy efficiency measures. To minimize the number of visits to a home, the assessors will be simultaneously present in a neighborhood with installation crews. Homes will receive energy efficiency measures immediately after the assessment is completed; many households will not need additional measures after this step. For households that do require additional measures, a second installation crew will later be dispatched to complete the measure installation process. As is currently the case, the inspections will occur after program delivery is complete. The paper presents new terminology to clearly define each step and ensure statewide consistency between the various IOU programs (See Appendix B: Whole Neighborhood Approach Terminology).

The second half of this paper includes recommendations for leveraging and coordinating resources, including a discussion of the expected relationship between the LIEE program and other low income weatherization and energy efficiency programs in the state of California. This section includes also suggestions for coordinating resources at the neighborhood level and enhanced and expanded roles for the IOUs, contractors and community-based organizations (CBOs). These parties shall work to incorporate the

involvement of non-traditional entities, such as local governments, community leaders, non-profit organizations, and volunteer groups (See Appendix C: Other Programs). To the greatest extent possible, we expect them to begin working on such relationships now.

Whole Neighborhood Approach: LIEE Program Delivery Steps

Chart 1: Whole Neighborhood Approach: Program Delivery Model illustrates the recommended steps for the WNA. The remainder of this section includes specific information on what each step of the WNA entails.



Step 1: Identify Neighborhood

The neighborhood-based approach represents a shift from prior program delivery practices, which focused primarily on serving individual customers. As stated in the decision, “At a given point in time, an IOU will focus its program delivery efforts on a specific set of neighborhoods, maximizing LIEE penetration prior to moving on to the

next set of neighborhoods.” By targeting specific neighborhoods, program delivery can occur more efficiently and local entities can more easily be incorporated into the program delivery model. A “neighborhood” will be categorized by ZIP 7 or ZIP 9 areas (smaller breakdowns of postal ZIP codes, based on census information) though an IOU may choose to focus its efforts on an entire city at a particular point in time.

To implement the WNA, those involved in program delivery shall first determine which neighborhood(s) to target. D.08-11-031 reads: “The process of identifying such neighborhoods...sets the platform for the “Whole Neighborhood Approach to be utilized in every subsequent step of program delivery.” With their technical expertise and access to information, the IOUs are equipped to lead this step of the program delivery process. The IOUs possess demographic data and CARE customer information, including address, energy usage data, income verification status, etc. CARE customer information can be aggregated in order to determine what neighborhoods to target.

When identifying a neighborhood to target, the IOUs shall focus on neighborhoods with households illustrating a high incidence of poverty and/or energy usage. The correlation of poverty and energy usage serves as an indicator of energy burden, defined as the total portion household income spent on paying energy bills.¹ Poverty and energy usage also signifies a customer’s level of energy insecurity, defined as difficulty in paying energy bills and a greater number of actual or threatened utility shutoffs.² A range of variables can be used to derive this information, including income estimates, monthly energy consumption levels, the number of 48-hour shut-off notices sent and actual shut-offs.

To enhance the program’s ability to serve as an energy resource, the IOUs may focus on geographic segments with a large proportion of CARE eligible households that have not yet received LIEE measures. CARE customers receive a subsidized rate discount and treating these households with LIEE measures will reduce the cost of the subsidy to ratepayers.

After the targeted neighborhoods have been identified, the IOUs can deliver this data to LIEE implementers, thereby enabling them to outreach to, enroll and treat households by geographic segment.

Step 2: Neighborhood Outreach

As previously stated, the California Energy Efficiency Strategic Plan sets forth the programmatic initiative of providing all willing and eligible low income households with energy efficiency measures by 2020. To reach all households by 2020, more LIEE marketing and outreach must be conducted – and it must be done so in a more thoughtful, strategic manner. LIEE marketing and outreach shall focus on specific, targeted neighborhoods and the customers within these neighborhoods, thus laying the groundwork for the WNA and LIEE program delivery. In essence, LIEE marketing and

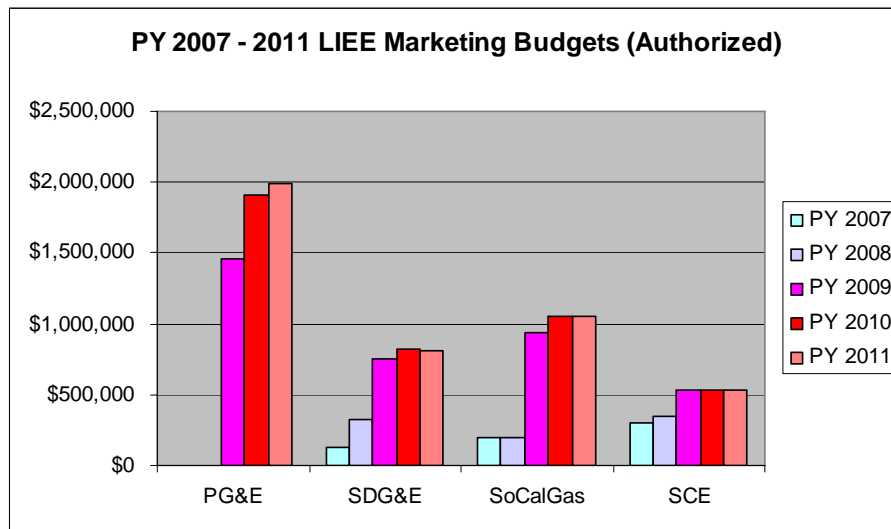
¹ 2005 KEMA Needs Assessment

² Ibid.

outreach should be designed to support the LIEE implementers' efforts to serve eligible and willing customers in specific geographic areas.

Under the prior program delivery model, minimal outreach and marketing efforts conducted on behalf of LIEE occurred. In part, outreach was not needed due to the smaller budgets and numbers of homes treated each year. LIEE implementers treated a household shortly after the customer expressed interest, with a large proportion of LIEE customer leads came from IOU customer call centers. To serve these randomly dispersed households, contractors and CBOs often drove many miles between each household.

Representing a significant shift in the LIEE program delivery model, Decision 08-11-031 sets forth the WNA and directs the utilities to serve a greater number of homes in 2009 – 11, with a higher budget authorized to do so. Specifically, this Decision directs the utilities to serve 305,596 homes in 2009, which represents an increase of more than 116,000 homes in comparison to 2008. To reach the increased number of households, the authorized marketing budget for LIEE Programs in 2009 – 11 is significantly higher than previous years. The below chart illustrates the authorized budgets for PY 2007 - 2008 in comparison to PY 2009 – 11.



In part, the increased LIEE marketing budget will be used to support the statewide ME&O marketing plan, which includes the creation of a “brand” and a web portal. The plan will be designed to create behavioral change and the long term reduction in energy consumption throughout California. Under this plan, a single, statewide tagline will be developed specifically for the LIEE program, thereby bringing greater consistency to the marketing of the program. Beginning in 2010, the IOUs' LIEE marketing budgets will be held in reserve to form part of the statewide ME&O program budget. The IOUs will receive further direction on how to allocate this funding after the plan is approved in the Energy Efficiency proceeding.

Though still in the planning stages, the statewide ME&O marketing plan should be flexible enough for use in California's diverse array of neighborhoods. The plan shall include ground-level tools and mechanisms for neighborhood engagement, thereby applicable for carrying out the WNA. Specific marketing materials must be designed to best enable CBOs and other groups to conduct outreach within low income neighborhoods. The IOUs and other interested parties should participate in the planning process in order to ensure that funding in a manner which supports the LIEE program, the low income community and the provisions of the WNA.

For purposes of carrying out the WNA, direct mailing and email blasts can be sent prior to entering a targeted neighborhood. The information included in direct mail and email can include dates in which the LIEE program implementers will be in the neighborhood for measure installations. As described later in this paper, we expect the WNA to consist of two rounds of measure installations in a particular neighborhood per year. Referred to as sweeps, each round of measure installation will occur during a specific time period, which should be communicated to the customers during outreach.

This new, neighborhood-based approach to LIEE marketing and outreach makes it possible for interested customers to be found in the same, specific neighborhoods. These customers can fill out interest forms, which will be used by the IOUs and LIEE implementers to identify eligible and willing customers and determine when and where to conduct neighborhood sweeps. Interest forms can be used in place of waiting lists, with households treated in an aggregated manner after a sufficient number of households in a specific neighborhood express interest.

Canvassers may represent the customer's first official point of contact for the LIEE program and thus influence a customer's willingness to participate. Those conducting outreach can present important information about the program's purpose, potential bill savings and actions that may result in additional energy savings for the customer. Canvassers should be trained to answer basic questions about the LIEE program. Also, those conducting canvassing may offer "gateway gifts." This point of entry measure can be distributed and installed if the customer is home. In prior LIEE program years, certain contractors and CBOs followed a similar approach by distributing CFLs as a means of gaining customers' interest in LIEE enrollment.

CARE outreach often occurs at the neighborhood level by outreach contractors canvassing geographic segments. This form of outreach can be incorporated into LIEE outreach and advance the WNA implementation. Also, the IOUs and/or LIEE implementers may choose to identify high energy usage customers within each targeted neighborhood, as adopted in D. 08-11-031. To make the LIEE program an energy resource program, these customers can be especially targeted for program participation. For instance, high energy usage customers may receive additional email blasts or automated voice messages promoting the LIEE program.

LIEE program enrollment may occur during the outreach process. Depending on the type of outreach event, either interest forms or enrollment forms can be distributed to

customers. For instance, if an event occurs in a neighborhood targeted for program delivery, customers in attendance should have the option of enrolling in LIEE on-site. To reduce the time spent in a customer's home, phone-based enrollment can occur for customers who reside in neighborhoods where targeted self-certification is permissible (in neighborhoods where 80% of households meet the eligibility criteria), customers who qualify based on categorical eligibility and customers who have already completed the income verification requirements for CARE, etc. It may be worthwhile to gather additional customer information over the phone prior to entering the home.

Additional outreach can be conducted to obtain property owners' permission to treat rental units. This preemptive manner of granting permission would ease the assessment process for treating households occupied by renters. To obtain this permission, property owner contact information can be obtained by using the CARE list and publicly available property records. An IOU or another party involved in outreach can work to procure a property owner waiver by sending a letter of introduction to property owners. Alternatively, workshops can be offered during which property owners can learn about the LIEE program offerings and sign property owner waivers.

Neighborhood Outreach: Leveraging and Coordination

As the IOU, contractors and CBOs begin to implement the WNA in this new budget cycle, they should begin to coordinate with other entities to exploit the synergies between programs at the community, local, regional and state level.

For outreach and marketing of the LIEE program, therefore, we envision an evolution of the LIEE WNA model into a broad framework employing community-based social marketing (CBSM) concepts. CBSM assumes that customers operate as a social system and depend on their peers for information that influences action. Education and word-of-mouth at the community level are more likely to influence people to change their behavior than other marketing approaches. Under CBSM, outreach methods are localized and thus culturally appropriate in California's diverse array of low-income communities. As such, direct public engagement and outreach within a specific neighborhood can encourage households to participate in the LIEE program.

Various venues for marketing and outreach can be used, including local entities' websites, events, publications, etc. These venues can promote the LIEE program and provide information on the dates of the primary sweep and secondary sweep in a particular neighborhood. Also, press releases about a neighborhood sweep may result in media coverage of the WNA in a specific neighborhood, thereby creating free publicity for the LIEE program. Innovative forms of outreach and marketing may also include presentations at PTA meetings and churches, signage in the yards of homes being treated, and signage on the service vehicles and bucket trucks. Mobile Energy Units can promote the LIEE program at the neighborhood level, simultaneously providing energy conservation education and information on the LIEE program and other utility programs.

With growing interest in energy conservation, potential exists for local groups to directly participate on outreach teams. Locally-based entities, such as volunteers, neighborhood associations, high school students, CBOs, etc. possess familiarity with and recognition by neighborhood residents being targeted. Therefore, these groups may be available to organize and mobilize customers to participate in the LIEE program. The incorporation of volunteers, students and local organizations into the outreach process will not only reduce outreach costs, but also result in increased interest and community ownership over the WNA.

Volunteers, neighborhood associations, high school students, CBOs, etc. can also play an important role in calling or visiting residents within a targeted neighborhood to conduct outreach and enrollment and schedule a time for assessment and measure installation. This form of outreach will work best in neighborhoods where targeted self-certification is permitted. In such cases, the groups can outreach to all households, regardless of income level and other potentially private information.

Step 3: Assessment and 1st Wave Installation

An assessment includes energy education and an assessment of the energy efficiency measures needed by a particular household. During this step, enrollment will also be conducted if it did not occur during the outreach process. Assessments and 1st wave installations will be conducted in tandem under the WNA, occurring simultaneously in a specific neighborhood.

1st wave installation consists of the installation of non-infiltration measures and easy-to-install measures that do not require advanced planning, such as CFLs. Natural gas appliance testing can also be performed at this time. Assessors and 1st wave installers shall work alongside one another in a specific neighborhood, with assessment quickly followed by 1st wave installation. By following the neighborhood identification and outreach processes outlined under the WNA, the assessment and 1st wave installation should be easy to carry out, as eligible and willing households will be located in the same geographic area.

Many households only require non-infiltration measures. For these households, LIEE program delivery will be complete after the 1st wave installation, aside from the inspections. With assessors and the 1st wave installers working simultaneously within a neighborhood, the coordinated and geographic approach to program delivery will minimize the number of visits to households. As such, less of a burden is placed on customers to be home for a scheduled appointment.

By simultaneously assessing and treating households in specific geographic segments, the WNA will result in reduced transportation and overhead costs. Preliminary research shows that contractors offer up to a 20 percent discount for weatherizing homes in a 20 – 30 household cluster as part of Minnesota’s Xcel Energy’s Neighborhood Energy Connection. In this same study, insulation contractors cited a 5 – 10 percent discount for

treating up to ten homes in a neighborhood cluster. Also, the study cites potential savings achieved through parking a trailer of materials in the community being served.³

Information on individual customers' dwelling types in targeted neighborhoods may enable the IOUs and the LIEE implementers to plan for 1st wave installation. Prior to entering a neighborhood, household data can be collected and customers can be questioned to gain information on measures needed for 1st wave installation. Doing so can assist the LIEE implementers in planning the contents of their bucket trucks, which hold the tools and measures for 1st wave installation. Transportation costs can be reduced by utilizing bucket trucks, which are designed to carry tools and equipment around work environments. Providing quick access to certain measures, the bucket trucks will result in less household visits.

Potentially further reducing program delivery costs, volunteers and other groups may be available to assist with assessment and certain installation efforts. Volunteers are increasingly available to assist with such efforts, given the growing interest in energy conservation. Given that 1st wave installation requires less technical training than the 2nd wave installations (to be discussed), volunteers and other groups can partake in 1st wave installation. GRID Alternatives, a non-profit in Oakland, uses a similar approach: teams of community volunteers are trained to install renewable energy technology in low-income households. To avoid liability issues, all volunteers must sign a waiver onsite at the installation. GRID Alternatives also provides mandatory training for its volunteers.

Step 4: 2nd Wave Installation

Specifically, 2nd wave installation occurs in households requiring the installation of specialized measures, such as attic insulation. The delivery and installation of large scale appliances, such as refrigerators, air conditioners, water heaters, etc. is also included in this step. The appointment for the 2nd wave installation should be scheduled during or shortly after the assessment and 1st wave installation is complete. Like the prior stages of program delivery, the 2nd wave shall be coordinated based on a specific neighborhood.

The installation of 2nd wave installation measures requires greater technical know-how than the 1st wave installation, thereby creating a distinction between workers' skill sets. Under the WNA, workers and trainees should be assigned to either 1st wave or 2nd wave installation depending on their skill level and aspirations. The distinction between installation waves creates skill level categorizations needed for residential-level energy efficiency workforce training and development purposes, given the expected growth in this field.

³ Timothy Den Herder-Thomas, "Community Energy Efficiency: Applying Tools for Energy Efficient Living at the Neighborhood Level."

Step 5: Inspections

Post-installation inspections are conducted shortly after 2nd wave installations, ensuring proper installation of measures. As set forth under the Statewide Policy and Procedures Manual, post-installation inspections are performed on all ceiling insulation and furnace repair/replacement jobs. Random inspections occur for other households, with the minimum sample size for inspections depending on a contractor's prior pass/fail rate. The IOUs use in-house personnel, contract employees or contractors to conduct inspections, following certain guidelines.

This white paper does not include specific guidelines for incorporating the post-installation inspection process into the WNA, but does expect this new approach to reduce the transportation and overhead costs associated with conducting post-installation inspections.

Step 6: Follow-Up

After inspections, the primary sweep is complete. Each primary sweep should incorporate as many households as possible within a neighborhood. All in all, LIEE implementers may spend several days or weeks in a neighborhood, depending on the neighborhood's size and interest.

Not every eligible and willing household will sign up for participation during the primary sweep. However, customers may express interest in LIEE participation after seeing their neighbors' homes being treated and hearing about associated energy savings. As such, a secondary sweep may be conducted in that particular neighborhood within 6 months from the primary sweep. Depending on the number of households that remain untreated after the secondary sweep, the IOUs may choose to return to that geographic segment after 1 year to conduct another round of primary and secondary sweeps.

Whole Neighborhood Approach: Leveraging, Integration and Coordination

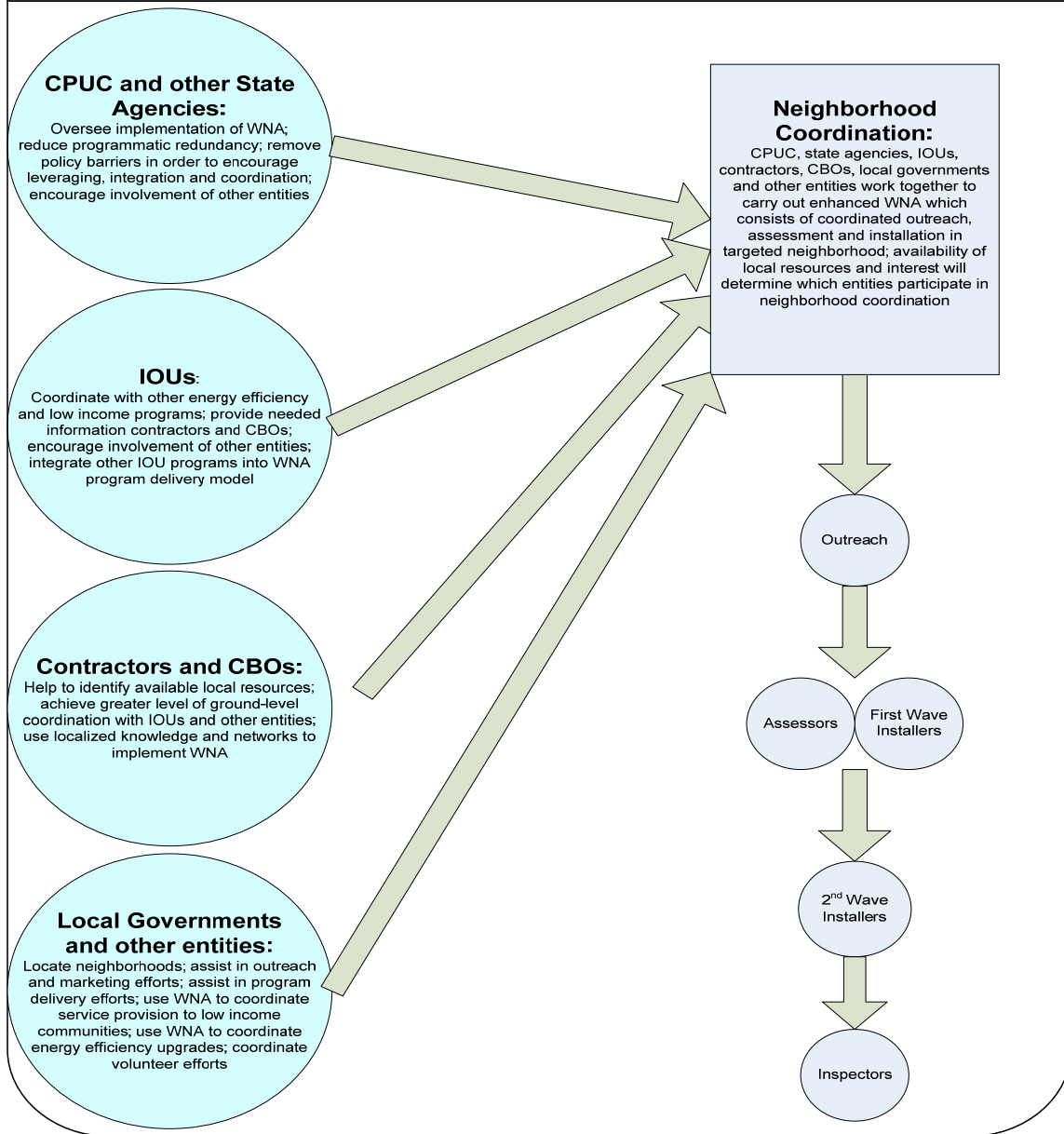
Steps 1 – 6 constitute what we believe to be the essential ingredients of the WNA as implemented per the directives in D. 08-11-031. However, it is clear that the Commission also envisioned the WNA to work in conjunction with its directives regarding leveraging, integration and coordination to deliver the LIEE program more effectively. For example, synergies exist between programs administered by the Department of Community Services and Development (CSD) and the CPUC, as well as other programs at the local, state and federal level. Greater coordination and new roles for parties in LIEE program delivery should especially occur as part of President Barack Obama's American Recovery and Reinvestment Act of 2009 (Recovery Act), signed on February 17, 2009.

As part of this act, increased federal, state and local funding will be geared toward weatherization and the rehabilitation of low income neighborhoods in the coming months and years. By pursuing these synergies, the reduction of duplicative services can occur as part of the WNA. In doing so, ratepayer dollars and public funds will be spent in a more efficient manner.

The remainder of this paper includes a discussion of the synergies between programs serving the low income community and relevant recommendations for an expanded and enhanced version of the WNA, including a new step in the program delivery process and new roles for various stakeholders. Specifically, leveraging, coordination and integration activities will create enhanced roles for the IOUs, contractors, CBOs and non-traditional parties, thereby resulting in an improved iteration of the WNA. Based on these new roles, an additional Step 1a entitled “Neighborhood Coordination” will be added after “Step 1: Identify Neighborhood.” New roles for the parties and neighborhood coordination will be implemented as the budget cycle matures and the new program takes hold.

Chart 2 *Whole Neighborhood Approach: Recommended Roles for Program Delivery* illustrates the recommended roles for various entities in carrying out the expanded and enhanced version of the WNA, which includes neighborhood coordination. Suggested roles for each entity will be discussed in greater detail in the following sections.

Chart 2: Whole Neighborhood Approach: NEW Roles in Enhanced WNA



Role of the CPUC and other State Agencies

To carry out neighborhood coordination, new roles are recommended for public sector entities. As the regulatory body, the CPUC plays an important role in overseeing the implementation of the WNA directives in D. 08-11-031. The CPUC can use its role as a state agency to encourage federal, state and local entities to work with the IOUs, contractors and CBOs. The CPUC can also encourage the involvement of non-traditional parties, such as non-profit organizations also serving the low income community. Greater

leveraging with these entities will reduce programmatic redundancy in low income neighborhoods.

At the state level, the Low Income Home Energy Assistance Program (LIHEAP) and Weatherization Assistance Program (WAP) constitute the main programs (other than LIEE) providing low income weatherization and energy efficiency services. LIHEAP/WAP are federally funded and administered by CSD. As previously mentioned, CSD will receive additional funding through the Recovery Act to carry out its low income energy assistance programs across California. To maximize the use of funding and reduce duplicative program efforts, CSD and the CPUC shall strive to coordinate the state's low income weatherization programs.

The Commission has mandated that the programs work together in carrying out the WNA, thereby enabling both programs to reach more households at a reduced cost. Specifically, D. 08-11-031 states:

The goal is for LIHEAP and LIEE measure installation to happen at the same time, or sequentially, as part of the Whole Neighborhood Approach. The IOUs shall, as part of their leveraging strategies, immediately begin the process of trying to close data gaps that hamper LIHEAP-LIEE leveraging. We expect to see significant progress toward a goal of 100% LIHEAP and LIEE leveraging and coordination in the IOUs annual reports.

The leveraging relationship between the CPUC and CSD will serve as the mainstay of the WNA proposal. In turn, it is anticipated that the IOUs and their contractors and CBOs will work very closely with the LIHEAP/WAP CBOs to develop an enhanced WNA. This process of coordination will likely occur in the near future, with workshops held to facilitate the process. The enactment of this leveraging relationship will enable California to rapidly achieve the Commission's stated goal of treating every low income household in California with energy efficiency measures, create jobs and reduce green house gas emissions.

A Memorandum of Understanding (MOU) recently formalized this leveraging relationship. Signed by the CPUC and CSD, the MOU calls for interagency cooperation and improved coordination in delivery energy efficiency services to low income households at the state and local level. The MOU aims to maximize opportunities for program and administrative coordination. Measurable goals set forth in the MOU include leveraging state and federal low income energy efficiency funding, saving administrative and other duplicative costs common to both programs, and maximizing programmatic coordination to enable eligible households receive all energy efficiency, weatherization and health and safety measures to which they are entitled.

The Commission will also be working with CSD in the future to create a shared database for LIEE and LIHEAP program delivery. With the expected implementation of additional residential-level energy efficiency programs, the database may need to be further expanded to include additional entities. Potentially, this important step toward reducing

programmatic redundancy can include non-confidential customer data from a variety of sources. The IOUs express a willingness to engage in such a project; leadership and/or funding may be needed to implement this endeavor.

Role of IOUs

Under the WNA, the IOUs' efforts will be much enhanced through leveraging with entities that have not been historically involved in LIEE program delivery. D. 08-11-031 defines leveraging as:

An IOU's effort to coordinate its LIEE programs with programs outside the IOU that serve low income customers, including programs offered by the public, private, non-profit or for-profit, local, state, and federal government sectors that result in energy efficiency measure installations in low income households.

To fulfill these leveraging requirements and enhance LIEE program delivery, the IOUs are equipped to take a lead in encouraging the participation of entities such as local financial institutions, schools, volunteer networks, non-profits, community groups, local LIHEAP providers, etc. Such groups are likely to have a vested interest in serving the low income community. The IOUs can take advantage of these groups' pre-existing networks in the specified neighborhoods. Also, these groups can contribute resources and share information on optimal outreach and delivery strategies. The IOUs may work with their government relations staff, local government partnerships and LIEE implementers to better incorporate the involvement of such entities.

Also, the IOUs can work toward achieving integration goals when enacting the WNA. D. 08-11-031 defines integration as follows:

Integration constitutes an organization's internal efforts among its various departments and programs to identify, develop, and enact cooperative relationships that increase the effectiveness of customer demand side management programs and resources. Integration should result in more economic efficiency and energy savings than would have occurred in the absence of integration efforts.

Other IOU programs can be integrated into the neighborhood-based approach to program delivery, taking advantage of the LIEE program's presence in a particular neighborhood to serve customers that do not qualify for LIEE. For example, it is expected that certain Energy Efficiency programs targeting existing residences will be implemented in the 2009 – 11 budget cycle in order to meet the needs of the moderate income population. In doing so, the integration of the LIEE program and the existing residential program can enable all customers (regardless of income level) within a targeted neighborhood to receive some set of energy efficiency measures.

Aside from the existing residential programs, each IOU also oversees Government Partnership programs. Through these partnerships, the IOU and the local government (acting as the third party administrator) work in conjunction to pursue energy efficiency goals at the local level. These pre-established relationships represent an ideal opportunity for the IOU to integrate into the LIEE program. In doing so, the LIEE program managers can solicit the participation, knowledge and resources of the local governments in carrying out the WNA within their respective communities.

Role of Contractors and CBOs

To adequately carry out LIEE program delivery in a neighborhood-based format, contractors and CBOs should work with the IOUs to enact a higher level of ground-level program delivery coordination. Additionally, contractors and CBOs can use their localized knowledge and networks to incorporate outside entities into the WNA. Their familiarity with each neighborhood will also help in the process of coordinating outreach and program delivery around local community events, identifying the cultural issues that pose as a barrier to program delivery and determining the most cost-effective manner of treating a neighborhood based on resource availability. Additionally, a greater number of contractors and CBOs are needed to carry out the treat a greater number of households in PY 2009 – 11 and beyond, thereby bringing additional localized knowledge and networks into the LIEE program delivery process.

Role of Local Governments and other Entities

Historically, local governments have not played a role in LIEE program delivery. Decision 08-11-031 calls for the IOUs to seek local government involvement in locating neighborhoods needing revitalization and recommending optimal outreach and program delivery strategies for each neighborhood. Additionally, the decision directs utilities' integration efforts to include the incorporation of IOU Government Partnerships. Either through independent efforts or Government Partnerships, local governments may partake in the WNA by using their community leadership to encourage residents to enroll in the LIEE program. For instance, LIEE promotional messaging can be incorporated into city-sponsored publications, websites and events.

Certain Government Partnerships and other local government programs may focus on residential-level energy efficiency upgrades. In these cases, local governments shall work with local LIEE implementers to ensure that these efforts are not duplicative or redundant. In doing so, local cities and/or counties may be well positioned to jointly administer both the LIEE program and other weatherization programs, thereby reducing programmatic redundancy and achieving a higher local level of energy efficiency.

Other CBOs, non-profits, local leaders, volunteer groups and stakeholders should also be incorporated into the WNA. The Commission believes ample opportunities exist for leveraging these groups' participation in LIEE program delivery, particularly due to the growing interest in residential-level energy efficiency. These groups may have roots in

the targeted neighborhood or have a solid understanding of the neighborhood's specific cultural and economic issues. As such, these entities may be well-positioned within their communities to voluntarily conduct outreach on behalf of the LIEE program, working to canvass, deliver gateway gifts and encourage residents to sign up for the LIEE program at local events. Those conducting outreach can be trained to build community relationships, host neighborhood events and present knowledge about energy assistance services, thus encouraging local residents to complete an interest form to participate in the LIEE program.

With a vested interest in serving low income communities, synergies also exist between the LIEE program and work conducted by various non-profits, local leaders, volunteer groups and other stakeholders. Many of these groups and entities provide health and social services to local low income residents. Though these services differ from the energy efficiency measures provided by the LIEE program, these groups may be interested in the WNA as a program delivery model. By coordinating with the new LIEE program delivery model, information on these other low income services can be delivered to low income customers.

Other programs also offer residential-level energy efficiency upgrades and conduct community development in low income neighborhoods; potential synergies exist between certain programs and the new LIEE program delivery model. For example, many local governments are expected to take advantage of Department of Housing and Urban Development's (HUD) Neighborhood Stabilization Program (NSP), DOE's Community Energy Efficiency Block Grants, and AB 811 (through which local governments can create local tax assessment districts to fund energy efficiency upgrades). Given their similar programmatic orientation, these programs can be delivered jointly with the LIEE program at the neighborhood level. This may further the IOUs' leveraging goals, as set forth in D. 08-11-031.

Certain programs administered by local entities also serve low income communities, but do not deliver energy efficiency services. With the same target population, leveraging opportunities may exist with these programs and the LIEE program. Opportunities can include joint programmatic marketing and outreach, thereby increasing customer participation in a cost-effective manner. Additionally, leveraging with other low income programs creates cross-referrals, a single point of contact for multiple programs, reduced overhead costs, and information on the area's low income population.

Step 1a: Neighborhood Coordination

The potential roles of various entities demonstrate the many synergies that exist outside of the current LIEE programmatic scope. The greater involvement of such entities can instill local knowledge, incorporate needed skills and result in the more efficient delivery of the LIEE program. Therefore, "Step 1a: Neighborhood Coordination" can benefit and advance the scope of the LIEE program, incorporating local resources, programs and groups into an expanded and enhanced WNA.

Each locality is unique and consists of a different array of programs, groups and needs. Therefore, neighborhood coordination requires assessing the availability of resources in a specific geographic area. The resources and parties may be the same for all designated neighborhoods within a city, a county, or other geographic subset. Through neighborhood coordination, outside groups and resources will be leveraged into the LIEE program delivery model.

Neighborhood coordination requires communication and close collaboration between the neighborhood administrator, current LIEE implementers, CARE outreach contractors, and the IOUs' local government relations and communications staff. These entities can help to establish contacts and cultivate relations with government representatives and neighborhood leaders who have not been traditionally involved in LIEE program delivery. The incorporation of local resources will be easily implemented in neighborhoods where pre-existing contacts and infrastructure exist.

One or several entities may be designated to lead the process of neighborhood coordination, thereby conducting local outreach and marketing efforts, devising delivery strategies for residential-level services and incorporating workforce training programs into the LIEE program delivery process. In essence, neighborhood coordinator(s) can serve as the project manager in the implementation of the WNA at the local level. The IOUs, the current LIEE contractor or CBO can take on this role. However, neighborhood coordination can also be conducted by a local government or a non-profit entity with an interest in serving the local community.

WNA Implementation: Next Steps

The IOUs are currently implementing components of the WNA, pursuant to the directives issued in Decision 08-11-031. This white paper provides further directives and guidance, which the IOUs should also begin implementing. A full-scale adoption of the WNA may not be possible at this point in time, but we expect the IOUs to make progress toward incorporating the WNA into all aspects of program delivery by the 2012 – 14 budget cycle.

Additionally, the Commission's Energy Division is currently examining the possible metrics that can be used to evaluate the implementation status of the WNA.

Appendix A: Examples of Low Income Weatherization Programs

Better Idea Program: Carried out by the Los Angeles Department of Water and Power (LADWP) in 1991, the Better Idea Program provided low-cost energy and water savings to local households. Community agencies and contractors carried out this program in low income neighborhoods, using a van as a base camp and walkie-talkies to communicate with one another. Canvassers walked door to door to schedule appointments, followed by measure installers. The program resulted in a participation rate of 58% in low income neighborhoods. For more information:
www.swenergy.org/pubs/Direct_Installation_Programs.pdf

GRID Alternatives: This non-profit leverages community resources to promote energy conservation and is based in Oakland, California. This non-profit trains and educates community volunteers and job seekers about solar electric installation. Volunteers and job seekers partake in solar installation projects and energy and water conservation projects in low income neighborhoods. For more information: www.gridalternatives.org

Neighborhood Energy Connection: This non-profit based in Minnesota operates on the assumption that community-based audits and efficiency improvements draw more participants than the “traditional, single-house, customer-salesman relationship.” Research conducted on NEC’s program delivery model shows reduced transportation costs and treatment-level cost savings in serving homes at a more aggregated level. For more information: www.thenec.org

One Change’s Project Porchlight Campaign: This Canadian-based non-profit organization uses community-based social marketing to unite community groups, local governments, local businesses, neighborhood associations and volunteers in the process of encouraging households to use CFLs. These groups focus on a specific neighborhood, distribute CFLs bulbs and provide energy conservation education. This blitz approach generates high visibility and interest and operates under the assumption that consumer behavior is influenced by societal norms. For more information:
www.projectporchlight.com

Project Warm: Based in Louisville, Kentucky, Project Warm installs energy efficiency measures in low income households. This project coordinates annual “blitzes” in neighborhoods, through which trained volunteers spend a few days in a neighborhood providing free weatherization services. Households with high energy usage are targeted for participation. Project Warm receives funding through foundations, banks, individual donors, public sector entities, etc. For more information: www.projectwarm.org

Warm Hearts, Warm Homes Initiative: Montana’s low-income weatherization program receives funding from an array of sources, including donations from the state’s Investor Owned Utility and local businesses. The state’s federally-funded low income weatherization offices connect volunteers to homes needing assistance through this

initiative. Skilled craftsmen and technicians work with the volunteers to install low-cost energy efficiency measures. www.deq.mt.gov/energy/warmhomes.

Appendix B: Whole Neighborhood Approach Terminology

Assessment: The assessment occurs at the household level and consists of an energy education assessment and a household assessment, in which the home is evaluated for all needed LIEE measures. Enrollment may also occur as part of the assessment process if it is not done during outreach.

Bucket Trucks: For 1st wave installation, bucket trucks can be used to store the measures needed for this stage of program delivery. By using bucket trucks, the assessment and 1st wave installation can occur simultaneously, thereby reducing the number of household visits. Information on climate zone and housing types can help LIEE implementers to plan the contents of the bucket trucks.

Inspection: Inspections are conducted after 2nd wave installations are completed (or 1st wave installations, in the case that 2nd wave installations are not required).

Gateway Gift: A low-cost, easy-to-install measure can be distributed and installed in households during canvassing and other forms of door-to-door outreach. This gateway gift is designed to demonstrate the benefits of LIEE enrollment and thereby encourage participation.

Interest Forms: Interest forms represent a preliminary step to enrollment, differing from enrollment forms in that they do not elevate customers' expectations about being treated by the LIEE program. Interest forms are especially useful in the case that a customer resides in a neighborhood not currently targeted for LIEE measure delivery. Interest forms can be used to identify eligible and willing customers, helping to determine where and when to focus future program delivery efforts.

LIEE Implementers: LIEE Implementers include people and groups involved in LIEE program delivery, typically contractors, sub-contractors and CBOs. Under the WNA, LIEE implementers may consist of a broader group, including local governments, LIHEAP providers, volunteer groups and other stakeholders.

Neighborhood Coordination: An important aspect of the WNA includes the coordination of local groups and resources into LIEE program delivery. The involvement of non-traditional entities and stakeholders can be included in neighborhood coordination, such as local governments, non-profit organizations, volunteer groups, financial institutions, etc. Also, neighborhood coordination may involve other programs providing residential-level energy efficiency upgrades and/or services to low income residents.

Neighborhood Sweep: A sweep entails the assessment, 1st wave installations, 2nd wave installations and inspections of households in the neighborhood and occurs after outreach to the specific neighborhood has been conducted.

Outreach: Under the WNA, outreach lays the groundwork for the seamless sweep of a neighborhood. Outreach by the IOUs, the LIEE implementers and other entities shall be conducted with the intent of reaching customers within a targeted neighborhood. Volunteers, neighborhood associations, high school groups and CBOs may be available to partake in neighborhood outreach at local events or during canvassing.

Primary Sweep: The primary sweep consists of the first sweep of a specific neighborhood. A primary sweep should incorporate as many households as possible within a neighborhood.

Secondary Sweep: Customers may not express interest in the LIEE program before or during the Primary Sweep. However, such customers may wish to sign up for the program at a later date. These residual customers may be served during the Secondary Sweep of a particular neighborhood, which shall occur within 6 months after the Primary Sweep.

1st Wave Installations: 1st wave installations consist of the installation of non-infiltration measures and other easy-to-install measures. 1st wave installers should be in the neighborhood at the same time as those conducting the assessment.

2nd Wave Installations: The 2nd wave installations occur after the 1st wave installations and consist of the delivery of large appliances and the installation of measures requiring technical know-how.

Appendix C: Other Programs

Assembly Bill 811: Passed by the California Legislature in 2008, Assembly Bill (AB) 811 gives cities and counties the authority to create benefit assessment districts in order to finance residential level energy efficiency upgrades. The districts serve as a funding source through which the city or county can offer low interest loans to property owners who wish to purchase energy efficiency upgrades and solar panel installation. Property owners enter a contract with the local government and pay back the loan through an item on their property-tax bills. This item is passed from one property owner to the next. For more information: www.leginfo.ca.gov/pub/07-08/bill/asm/ab_0801-0850/ab_811_bill_20080721_chaptered.html

Energy Efficiency and Conservation Block Grants: Signed into law in 2007, the Department of Energy (DOE) Energy Efficiency and Conservation Block Grant (EECBG) Program was created to assist state and local governments in implementing strategies designed to reduce fossil fuel emissions, reduce energy use and improve energy efficiency in transportation, building and other sectors. Block grants are made to eligible local governments, states, and Indian tribes based on a population formula. Among the several activities eligible for funding, grant recipients can opt to conduct residential and commercial energy audits, establish financial incentive programs for energy efficiency improvements, and provide grants to non-profit organizations to perform energy efficiency retrofits. The EECBG Program is modeled after the Community Development Block Grant Program, administered by the US Department of Housing and Urban Development (HUD). While authorized at a funding level of \$2 billion per year from 2008 – 2012, Congress has not yet made appropriations needed to implement the program. For more information: http://apps1.eere.energy.gov/wip/block_grants.cfm

Energy Star Mortgage Program: The ENERGY STAR Mortgage Program aims to reduce the negative impact of high interest-rate mortgages and costly energy bills. The program is being launched in pilot states across the US, in partnership with the US Department of Energy (DOE), the US Environmental Protection Agency (EPA), state energy and housing agencies, and support from the Ford Foundation. This program enables single-family, owner occupied households to obtain energy efficiency mortgages which incorporate the cost of energy efficiency investments into the lending package. Mortgage and/or interest rates are subsidized using public and utility funds, making this program enticing to potential participants. Mortgages are available to customers of all income levels, with increased benefits offered to lower income customers. For more information: http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.energy_efficient_mortgage

HUD's Neighborhood Stabilization Program: HUD's Neighborhood Stabilization Program (NSP) provides emergency assistance to every state and certain local governments. NSP operates with the purpose of assisting such entities in acquiring and redeveloping foreclosed residential properties. The assistance can be used to establish financing mechanisms to purchase and redevelop foreclosed home and properties, either directly or through the establishment of financing mechanisms. This program aims to

prevent foreclosed properties from becoming “sources of blight and abandonment within their communities.” NSP funding is geared toward communities with the highest levels of foreclosures and delinquencies. Activities must benefit low and moderate income persons whose income does not exceed 120 percent of the area median income. For more information:

www.hud.gov/offices/cpd/communitydevelopment/programs/neighborhoodspg

Low Income Energy Assistance Program (LIHEAP) and Weatherization Assistance Program (WAP): The federally-funded Low Income Home Energy Assistance Program (LIHEAP) and the Weatherization Assistance Program (WAP) provides free weatherization services to low income households. LIHEAP/WAP is administered at the state level by the Department of Community Services and Development (DCSD) and carried out by a network of community-based organizations (CBOs). The program is designed to reduce the heating and cooling costs for vulnerable low income families by improving the energy efficiency of their homes and ensuring their health and safety. Income guidelines differ from the LIEE program, set at 75% of the state median income. For more information:

[www.csd.ca.gov/Programs/Low%20Income%20Home%20Energy%20Assistance%20Program%20\(LIHEAP\).aspx](http://www.csd.ca.gov/Programs/Low%20Income%20Home%20Energy%20Assistance%20Program%20(LIHEAP).aspx)