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TO PARTIES OF RECORD IN APPLICATION 08-06-031

This is the proposed decision of Administrative Law Judge (ALJ) Thomas. It will not appear on the Commission's agenda for at least 30 days after the date it is mailed. The Commission may act then, or it may postpone action until later.

When the Commission acts on the proposed decision, it may adopt all or part of it as written, amend or modify it, or set it aside and prepare its own decision. Only when the Commission acts does the decision become binding on the parties.

Parties to the proceeding may file comments on the proposed decision as provided in Article 14 of the Commission's Rules of Practice and Procedure (Rules), accessible on the Commission's website at www.cpuc.ca.gov. Pursuant to Rule 14.3, opening comments shall not exceed 15 pages.

Comments must be filed either electronically pursuant to Resolution ALJ-188 or with the Commission's Docket Office. Comments should be served on parties to this proceeding in accordance with Rules 1.9 and 1.10. Electronic and hard copies of comments should be sent to ALJ Thomas at srt@cpuc.ca.gov and the assigned Commissioner. The current service list for this proceeding is available on the Commission's website at www.cpuc.ca.gov.

/s/ ANGELA K. MINKIN
Angela K. Minkin, Chief
Administrative Law Judge

ANG:jt2

Attachment

Decision PROPOSED DECISION OF ALJ THOMAS (Mailed 10/31/2008)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
Southwest Gas Corporation (U905G) for
Approval of Low-Income Programs and
Budgets for Program Years 2009-2011.

Application 08-06-031
(Filed June 30, 2008)

And Related Matters.

Application 08-07-005
Application 08-07-007
Application 08-07-015
Application 08-07-019
Application 08-07-027

**DECISION ON SMALL AND MULTIJURISDICTIONAL UTILITIES' (SMJU)
2009-2011 LOW-INCOME ENERGY EFFICIENCY (LIEE) AND CALIFORNIA
ALTERNATE RATES FOR ENERGY (CARE) APPLICATIONS**

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Appendix A – SMJU Application Summaries

**DECISION ON SMALL AND MULTIJURISDICTIONAL UTILITIES' 2009-2011
LOW-INCOME ENERGY EFFICIENCY (LIEE) AND CALIFORNIA ALTERNATE
RATES FOR ENERGY (CARE) APPLICATIONS**

1. Summary

The Commission is currently engaged in strategic planning to increase the amount of energy efficiency measures in all California homes, including those of low-income customers. The Small and Multijurisdictional Utilities (SMJUs) – Southwest Gas Corporation (Southwest), Sierra Pacific Power Company (Sierra), Golden State Water Company/Bear Valley Electric (Bear Valley), West Coast Gas Company (West Coast), PacifiCorp, and Alpine Natural Gas Operating Company (Alpine) – form a part of that strategy, although in a limited way.

This decision acts on the SMJUs' 2009-2011 budget requests for Low-Income Energy Efficiency (LIEE) and California Alternate Rates for Energy (CARE). We approve the SMJUs' requests, for the most part, while focusing on small ways in which the SMJUs can increase their contribution to the energy efficiency of the state's electric and gas customers. In summary, we:

- Ask the SMJUs, consistent with the *California Long Term Energy Efficiency Strategic Plan (Plan)*,¹ to:
 - expand the numbers of customers their LIEE programs serve,
 - increase the energy savings delivered by their LIEE programs, and
 - concentrate LIEE outreach on customers with the greatest energy usage;
- Limit funding for LIEE programs that deliver energy efficiency education without also installing LIEE measures for customers;

¹ The Commission adopted the *Plan* in Decision (D.) 08-09-040.

- Allow the SMJUs' LIEE programs to continue to focus on lighting (compact florescent light bulbs – CFLs), among other measures, given the significant energy savings CFLs continue to deliver to low-income households, but also ask the SMJUs to begin preparing for new legislation that will phase out low-efficiency and toxic light bulbs;
- Set the SMJUs' CARE penetration goal at 90% of eligible customers, consistent with what we are doing for the large investor owned utilities for 2009-2011; and
- Act on other issues specific to individual SMJUs' applications.

2. Procedural History

The SMJUs filed their applications in June and July 2008.² They asked for the following 2009-2011 budgets for LIEE and CARE:

TABLE 1
SMJUs' PROPOSED BUDGETS 2009-11

Utility	2009		2010		2011	
	CARE	LIEE	CARE	LIEE	CARE	LIEE
Alpine	\$14,775	\$24,400	\$15,975	\$27,850	\$16,800	\$29,800
Bear Valley	\$216,620	\$188,125	\$223,320	\$188,125	\$284,820	\$188,125
PacifiCorp	\$2,834,105	\$175,000	\$2,898,962	\$200,000	\$2,957,819	\$225,000
Sierra	\$562,000	\$121,000	\$590,000	\$133,000	\$618,000	\$147,000
Southwest	\$8,741,319	\$1,255,000	\$8,895,624	\$1,557,000	\$9,073,624	\$1,859,000
West Coast	\$7,060	\$0	\$7,560	\$0	\$8,060	\$0
Total	\$12,375,879	\$1,763,525	\$12,631,441	\$2,105,975	\$12,959,123	\$2,448,925

The Commission's Division of Ratepayer Advocates (DRA) filed a protest on August 15, 2008.

² An Assigned Commissioner's Ruling issued on May 2, 2008 gave the SMJUs guidance on what to include in their applications and required filing no later than July 1, 2008. Southwest filed its application on June 30, 2008, Sierra and PacifiCorp filed on July 1, 2008, Bear Valley filed late on July 2, 2008, Alpine filed late on July 8, 2008, and West Coast filed late on July 11, 2008. The Administrative Law Judge (ALJ) excused the late filing, but we caution the SMJUs not to assume they may file out of time in the future. Summaries of each SMJU application appear as Appendix A to this decision.

As to the CARE program of each SMJU, DRA:

- States that *Southwest's* application, the largest SMJU with 177,000 California customers, is the “most problematic” because of low CARE participation rates (an estimated 81% for 2008, versus D.06-12-036's requirement of 93% in 2007 and 95% in 2008) and large number of customer drop-offs when *Southwest* recertifies their eligibility;
- Applauds the CARE program of *PacifiCorp* (which has 35,300 California residential customers);
- Voices concern that *Sierra* (with 46,000 customers) has not addressed prior Energy Division recommendations for its CARE program³;
- Raises concerns about *Bear Valley's* CARE outreach and penetration. *Bear Valley* has 23,000 customers, 7,000 of whom are full time residents, with the rest residing in seasonal homes; and
- Expresses satisfaction with the CARE applications of *Alpine* (1,150 customers) and *West Coast* (1,500 customers).

As to the SMJUs' LIEE programs, DRA:

- Advocates an increase in *Southwest's* penetration rate to bring it more in line with the Commission's *Plan* goal of having all eligible LIEE customers served by 2020;
- Notes that *PacifiCorp's* LIEE penetration did not meet projections in 2007-2008, and that *PacifiCorp* does not plan substantial increases for 2009-2011;
- Questions *Sierra's* contention that its LIEE program should be limited primarily to installing CFLs;

³ *Sierra* filed a response to DRA's protest in which it detailed its compliance with the foregoing recommendations. We are satisfied that it is substantially in compliance.

- Asks for further analysis of *Bear Valley's* request to raise LIEE income eligibility from 175% to 200% of the federal poverty level; and
- Advocates that *Alpine* serve additional LIEE customers and not receive additional overhead funding.⁴

Bear Valley filed a reply to DRA's protest on August 25, 2008 agreeing to most of DRA's recommendations for CARE and LIEE. It agreed to increase its LIEE customers served, further analyze the request to raise LIEE income eligibility, and enhance its CARE outreach. Sierra also filed a reply to DRA's protest on August 25, 2008, addressing its progress on CARE recertification but questioning some of DRA's assertions.

The Assigned Commissioner and ALJ held a prehearing conference on September 9, 2008, and in their September 26, 2008 scoping memo listed the issues in the proceeding as follows:

1. The extent to which the SMJUs' CARE penetration levels match the goals the Commission has set;
2. Whether to change the CARE income eligibility guideline for certain SMJUs⁵ from 150% to 200% of the federal poverty line;
3. Whether the LIEE program should fund education-only programs that do not result in immediate installation of energy efficiency measures;
4. Whether LIEE/CARE outreach and recertification materials are or should be "in-language" for limited English proficient customers;
5. The extent to which the SMJUs' lighting programs are preparing customers for legislative changes in Assembly Bill

⁴ DRA did not comment on West Coast Gas's LIEE program.

⁵ The only company to which this issue applies is Bear Valley.

(AB) 1109 (Huffman) and at the federal level, and the extent to which the SMJUs' LIEE programs should focus on lighting;

6. Energy savings delivered by the SMJUs' LIEE programs;
7. The extent to which the SMJUs' LIEE programs follow or should follow the Commission's *Plan*, available at www.californiaenergyefficiency.com;
8. Whether and how to involve the SMJUs in the LIEE Statewide Marketing, Education and Outreach (ME&O) program the *Plan* anticipates ... ;
9. The timing of SMJUs' CARE recertification efforts, and whether the companies are inappropriately dropping customers as a result of such efforts;
10. The extent to which SMJUs are leveraging their LIEE programs with other programs. Leveraging in this context is defined as follows:

A SMJU's effort to coordinate its LIEE programs with programs outside the SMJU 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;
11. How to fund Natural Gas Appliance Testing;
12. Whether the SMJUs should focus in their LIEE program on customers with high energy use, high energy burden, or high energy insecurity or other characteristics. Energy burden represents the portion of a household's total income that is spent on energy bills. Those customers spending a large portion of their total income on energy bills have a high energy burden. High energy insecurity refers to customers who have trouble paying their bills, late payments, and actual or threatened utility shutoffs;
13. Whether the Commission can assist SMJUs having difficulty hiring LIEE measure installation contractors through its

Workforce Education and Training (WE&T) efforts, as addressed in the *Plan*;

14. The SMJUs' appropriate LIEE penetration levels; and
15. Whether the SMJUs are carrying inappropriately high surcharge over-collections on their books.

The scoping memo gave the parties the opportunity to brief each of the issues listed on or before October 7, 2008. DRA, Bear Valley, Southwest, and Sierra each filed briefs on October 7, 2008.

3. California Long-Term Energy Efficiency Strategic Plan

The Commission stated in the recently adopted *Plan* that the LIEE program must evolve into a resource program that garners significant energy savings in our state while providing an improved quality of life for California's low-income population. However, D.07-12-051 made clear that we would not require the SMJUs to take the same detailed steps we required of the large investor-owned utilities (IOUs) (Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company) in carrying out the *Plan's* goals. Rather, we stated the following:

This order does not require the applications of the smaller utilities to include all of the specific elements required of the larger utilities, *although we encourage them to modify their programs and portfolios in ways that would accomplish the policy objectives and programmatic initiative we adopt here.* The applications should describe how each program serves adopted policy objectives and present an estimate of the cost-effectiveness of each program element. (Emphasis added.)⁶

⁶ D.07-12-051, p. 74.

Thus, while we examine some of the issues relevant to the *Plan* in this decision, we recognize that the small size and geographic scope of the SMJUs may render impracticable many of the requirements we impose on the large IOUs in connection with their 2009-2011 applications.⁷ By the same token, we expect the SMJUs to make meaningful progress in the next three years toward meeting the key strategic vision set forth in the *Plan*:

By 2020, 100% of eligible and willing customers will have received all cost effective Low-income Energy Efficiency measures.⁸

To move the SMJUs toward this goal, we emphasize the following three issues in our LIEE discussion: (1) total program energy savings; (2) number of customers served; and (3) outreach to customers with the highest energy usage, energy burden, and energy insecurity, as defined below.

4. Energy Savings – LIEE

The first key area on which the SMJUs should begin to focus is energy savings. The following table represents the energy savings estimated by the SMJUs who provided such information:

TABLE 2

SMJU ANNUAL ENERGY SAVINGS						
	Southwest	Sierra	PacifiCorp	Bear Valley	Alpine	West Coast
YEAR	Therms	Kwh	Kwh	Kwh	Therms	Therms
2008	54,290	75,000	99,993	85,468	0	0
2009	46,013	91,000	109,993	132,679	0	0
2010	52,321	93,730	137,491	132,679	0	0
2011	58,653	96,500	171,864	132,679	0	0
3 Years	156,987	281,230	419,348	398,037	0	0

⁷ The large IOU applications are consolidated under A.08-05-022.

The SMJUs propose to deliver these energy savings in the following manner:

Southwest: Southwest estimates that it will assist customers in 1,400 homes in 2008 (of 30,706 eligible homes), 1,200 homes in 2009 (of 29,306 eligible), 1,350 in 2010 (of 28,644 eligible), and 1,500 (of 27,970 eligible) in 2011. It served (treated or weatherized)⁹ 1,579 homes in 2006 and 1,357 homes in 2007.

Southwest focuses on weatherizing homes; its primary LIEE measures are ceiling insulation, caulking, weather-stripping, low-flow showerheads, water heater blankets and building envelop repairs which reduce infiltration.

Southwest proposes adding three new measures for 2009-2011: storm windows, floor insulation, and duct wrap for Climate Zone 16 (a cold zone that includes Tahoe, Truckee and Big Bear). Southwest also plans to extend its energy education process into 2009-2011, which includes LIEE program and weatherization materials, explanation of how to read and understand the gas bill, energy-savings tips, and natural gas safety.

Discussion: For purposes of energy savings, we are satisfied with Southwest's mix of LIEE measures, including its new measures, but are concerned about its penetration rate (*i.e.*, the number of customers served), as discussed in the next section. Southwest may continue to offer its LIEE program

⁸ *Plan*, p. 25.

⁹ A treated home receives the greater number of services: weatherization, energy assessment/audit, energy education, appliance replacement, and CFLs. A weatherized home receives only ceiling attic/insulation, weather stripping, caulking, low-flow showerheads, water heater blankets, and building envelope repairs that reduce infiltration. Every home assisted is considered "treated" no matter how many measures the home receives.

as is, and may add its new proposed measures, but must increase the number of customers who benefit from the program.

PacifiCorp: PacifiCorp has installed measures in 2,022 homes since 1986, and anticipates treating 90 homes in 2008, 110 in 2009, 115 in 2010 and 120 in 2011. Its LIEE program involves installation of caulking, ceiling insulation, duct sealing/testing, duct wrap, evaporative cooler covers, faucet aerators, floor insulation, low flow showerheads, minor home repairs, outlet cover plate gaskets, water heater replacement/repair, water heater insulation, replacement windows, shell infiltration, door replacement, CFLs and fixtures, refrigerator replacement, and door weather stripping. PacifiCorp has a partnership with a community based organization (CBO), the Energy Demonstration Center in Eureka, but it has resulted in weatherization of only 15 homes (in 2007). PacifiCorp plans to increase the number of weatherizations in future years.

Discussion: PacifiCorp's application (Table B-2) shows that it will increase energy savings each year – from 76,918 kilowatt hours (kWhs) in 2007, to 171,864 in 2011, with total energy savings for 2007-11 of 596,259 kWhs. However, its mix of measures (Table B-3) includes no funding for appliance replacement. Because we know that refrigerator replacement delivers substantial energy savings, PacifiCorp should incorporate this measure into its LIEE program, and remove other measures that deliver less cost effective energy savings. We also increase PacifiCorp's required LIEE penetration as discussed in Section 6.

Sierra: Sierra treated and weatherized 106 homes in 2006, 176 in 2007, and estimates it will serve 140 homes in 2008, 153 in 2009, 171 in 2010 and 183 in

2011.¹⁰ Weatherization is the key component of Sierra's LIEE program, although it also replaces refrigerators, provides heating and air conditioning equipment and funds operation of "Cool Centers" (community-based air conditioned space where customers can have respite from the heat in extreme conditions). In the Tahoe Basin, most customers receive only CFLs. Sierra proposes to expand its CFL installations per residence from five to ten light bulbs. In its protest, DRA expresses concern that Sierra's LIEE program relies too heavily on CFLs.

Discussion: As we discuss in the Lighting section of this decision, we allow all SMJUs to use light bulbs in their LIEE programs, but the four largest SMJUs (Sierra, Southwest, Bear Valley and PacifiCorp) should not deliver CFLs exclusively. We prefer that instead of increasing CFL deliveries from five to ten light bulbs, Sierra redirect the additional budget it would spend on light bulbs to refrigerator replacement. We know from previous assessments of the LIEE program that refrigerator replacement provides significant energy savings for low-income customers. Indeed, refrigerators and lighting together deliver the greatest energy savings for the large IOUs' customers. Thus, we decline Sierra's request to increase light bulb deliveries, and redirect the requested funding to refrigerator replacement.

Bear Valley: Bear Valley anticipates serving approximately 165 customers per year (of 2,700 eligible). Bear Valley's LIEE program consists mostly of lighting (\$33,684 of \$137,150) and refrigerator replacement (\$91,887), with a tiny weatherization budget (\$1,277). It proposes no measure changes for 2009-2011, but does propose increasing the LIEE-eligible income level from 150% to 200% of

¹⁰ This figure combines "treated" and "weatherized" homes, with weatherized homes being a subset of treated homes.

the federal poverty line (which would increase eligible customers to approximately 2,700, as noted above). DRA raises no objection to Bear Valley's program measure mix or penetration. We discuss its income level proposal in Section 8.

Discussion: We approve Bear Valley's LIEE program as is. Bear Valley focuses a large portion of its budget on refrigerator replacement, a measure that delivers substantial energy savings to low-income customers. The vast remainder of its budget focuses on lighting, which also delivers substantial energy savings. Thus, Bear Valley's LIEE measure mix ensures good overall energy savings, consistent with the *Plan*.

As we discuss later in this decision, we also allow Bear Valley to increase the level of income customers may have while remaining eligible for LIEE from 150% to 200% of the federal poverty limit. This change will bring the company's eligibility guidelines in sync with those of Southwest Gas, the natural gas supplier in Bear Valley's territory, and will increase program penetration with very limited impact on non-participating customers' bills.

Alpine and West Coast Gas: Given the small size of these SMJUs, we allow them to continue with their current LIEE measure mixes. We discuss DRA's concerns about Alpine's LIEE penetration and overhead budget later in this decision.

5. Lighting as an LIEE Measure

While we have often criticized LIEE programs for over-emphasizing lighting – long considered a "low hanging fruit" for LIEE service delivery – we found in our decision on the large IOUs (D._____) that low-income customers can still achieve significant energy savings from lighting. We also

allowed substantial funding for CFLs because of legislative changes that will soon preclude usage of lighting that is not energy efficient:

Significant state and federal legislation will mandate energy efficient and non-toxic lighting fixtures starting in 2011, as we discuss in detail below. We need to prepare low-income customers to meet these mandates by installing CFLs now so that customers are familiar with new kinds of lighting when such lighting becomes mandatory. We cannot expect our low-income customers to make an easy switch to energy efficient lighting if we do not prepare them in advance. However, we are not convinced the LIEE program should subsidize CFLs to the low-income community beyond 2011.

We take the same position here, and allow the SMJUs to use CFLs in their LIEE programs because energy-efficient lighting continues to deliver significant energy savings for low-income customers.

However, the SMJUs should also focus on the new legislation discussed in the large IOU decision. AB 1109 (Huffman) provides for a phase-out of non-energy-efficient as well as toxic light bulbs between now and 2012. While the legislation will go into effect in 2012, the legislation mandates that several state agencies begin work on preparing to meet the new standards during the 2009-2011 period. We have instructed the IOUs to stay abreast of the legislation, and require the SMJUs to do the same. To minimize burdens on the SMJUs, we will designate a contact for them in the Energy Division whom they can consult for guidance.

We expect the SMJUs to be prepared to make any transition the legislation mandates so that before the new requirements go into effect, the SMJUs begin to phase out non-conforming light bulbs, and inform customers about how to dispose of bulbs containing toxic materials. The Energy Division may give the SMJUs additional guidance as time passes.

6. LIEE Penetration Levels (Number of Customers Served)

The second key goal of the *Plan* that we apply to the SMJUs is the number of customers served. If one assumes the SMJUs should reach 100% by 2020, as the *Plan* does, then the SMJUs should be reaching approximately 25% of eligible customers *who have not already received service* in the three-year period from 2009-2011.

Southwest: Southwest estimates that it will assist customers in 1,200 homes in 2009 (of 29,306 eligible), 1,350 in 2010 (of 28,644 eligible) and 1,500 (of 27,970 eligible) in 2011. These figures represent approximately 4% in 2009, 5% in 2010, and 5% in 2011, or approximately 14% for the three-year period.

DRA uses slightly different numbers and concludes that Southwest will serve 15% of eligible LIEE customers (of the 25% the *Plan* sets as a goal) for 2009-2011. DRA urges greater penetration.

Discussion: We agree that Southwest should increase the number of LIEE customers it serves. If Southwest continues with these penetration levels, it will only reach a 60% penetration level by 2020, far short of our goal. Given that Southwest serves the largest number of customers among the SMJUs, we ask the company to increase its penetration so that it assists at least 25% during 2009-2011. We have given Southwest a budget increase to reflect this new level of LIEE penetration.

PacifiCorp: Because PacifiCorp is behind in its 2007-2008 penetration goals, and does not propose increases, DRA proposes that the company work with the Commission and other interested parties to increase its penetration. PacifiCorp projects that it will serve 110 LIEE homes in 2009, 115 in 2010, and 120 in 2011.

Discussion: Assuming 35,300 customers, an estimated 1/3 of which (11,766) are low income, PacifiCorp should be striving to serve 25% of unserved customers, or approximately 2,941, during 2009-2011. (These numbers should be adjusted downward to reflect customers already served.) This means PacifiCorp should be serving 980 customers per year at the upper extreme. Its proposed figure is far below that, and neither PacifiCorp nor DRA address how to increase PacifiCorp's penetration. It is not realistic for PacifiCorp to increase its numbers to 980 customers annually in one three-year period, but we expect it to begin applying the same successful techniques it has used in its CARE program to LIEE. PacifiCorp shall start by enrolling all CARE customers in LIEE; and reaching out to its customers with high energy use, burden and insecurity. We grant PacifiCorp a budget increase to reflect that it should increase its penetration to 500 customers per year. We direct Energy Division to monitor PacifiCorp's reporting and inform the Commission if PacifiCorp is falling short of this target. We will adjust PacifiCorp's budget downward mid-cycle if it fails to approach the foregoing goal.

Sierra: Sierra treated and weatherized 106 homes in 2006, 176 in 2007, and estimates it will serve 140 homes in 2008, 153 in 2009, 171 in 2010 and 183 in 2011. DRA points out that Sierra provides multiple reasons for its low penetration, including the cost of living in the Lake Tahoe area, a high level of seasonal homes, overly burdensome income documentation requirements for part time/seasonal workers, and limited access to qualified installation contractors. DRA urges the Commission to "work with [Sierra] to overcome their unique

challenges and set LIEE penetration goals that better reflect the Commission's programmatic initiative."¹¹

Discussion: Based on its numbers of customers, and assuming that approximately 1/3 of a utility's customer base is low-income,¹² Sierra has approximately 15,000 low-income customers. Using the *Plan* for guidance, it should serve 3,750 customers with LIEE measures in 2009-11. This adds up to 1,250 customers per year. Sierra's penetration goals of 153 homes in 2009, 171 in 2010 and 183 in 2011 are far too low. Even assuming that Sierra serves 20% of its eligible customers in 2009-2011, Sierra would have to serve approximately 1,000 customers per year.

We do not believe it is realistic for Sierra to increase its numbers from 153-183 per year to 1,000 per year. We therefore set a goal for Sierra of 500 customers per year for 2009-2011. We will increase Sierra's budget to accommodate this change, but direct Energy Division to monitor Sierra's reporting and inform the Commission if Sierra is falling short of this target. We will adjust Sierra's budget downward mid-cycle if it fails to approach the foregoing goal.

Alpine: Alpine will assist customers in seven homes in 2008, 12 homes in 2009, 15 in 2010 and 16 in 2011. DRA expresses concern that these numbers are too low, and that the company's budgets are questionable in their assumption that it is less expensive to treat a smaller number of homes than a larger number.

¹¹ DRA Protest, p. 11. Prior to the *Plan*'s adoption, D.07-12-051 referred to the 100% by 2020 as its LIEE programmatic initiative.

Discussion: Alpine should strive to serve more LIEE customers, as DRA proposes. Using Alpine's highest number of customers to be served (16 in 2011), Alpine would be serving only 1% of its customers in a given year (16 customers out of 1,150 total customers is 1% of Alpine's total customer base). As many as one third of a utility's customers are low-income. Thirty percent of 1,150 customers is 345 customers. We expect Alpine to reach 20% of these customers during 2009-2011. This is 68 customers for the three-year period, or 22 customers each year, between 2009 and 2011. We expect Alpine to strive toward this goal, without imposing an absolute requirement.

7. LIEE Customer Segmentation

The final key area of the *Plan* with which we expect the SMJUs to comply is outreach to LIEE customers with the highest energy usage, burden and insecurity.

In D.07-12-051, our policy decision on the large IOU LIEE programs, we urged the large IOUs to focus their outreach efforts on customers with the greatest need. We carried this emphasis on "customer segmentation" through to our decision on the large IOUs' 2009-2011 LIEE budgets. We expect the SMJUs, to the extent their records permit, to focus extra outreach on customers with high energy usage, burden or insecurity,¹³ and on customers in the most extreme

¹² KEMA *Final Report on Phase 2 Low-income Needs Assessment* (KEMA Report), dated September 7, 2007, p. 4-2. The KEMA Report is available by searching at <http://www.liob.org/lib.cfm>.

¹³ Energy burden represents the portion of a household's total income that is spent on energy bills. Those customers spending a large portion of their total income on energy bills have a high energy burden. High energy insecurity refers

Footnote continued on next page

climate zones. We require the *installation* of all feasible energy efficiency measures in each customer's home once the SMJU makes its installation visit. However, we believe conducting *outreach* in homes with the greatest need has the potential to increase the overall energy savings of the SMJUs' LIEE programs.

SMJUs have records indicating which customers have highest energy usage and insecurity, since they bill their customers for usage and also have information on when customers pay bills late or are threatened with shut-off (*i.e.*, customers with high energy insecurity). SMJUs also know customers' income when they recertify them for CARE, and could use this information and compare it to customers' energy bills to determine energy burden.

Thus, the SMJUs have all of the information at their disposal that would enable them to target marketing to customers with the highest energy usage, insecurity and burden. We require each of the four largest SMJUs to make at least one modification to its outreach efforts that focuses greater outreach to this subset of customers, and report on what it did, and what it accomplished, in its 2009 annual report. We invite the SMJUs to make more than one modification to their outreach methods, but do not require it. We do not change the LIEE outreach budgets given the modest change we make here.

8. LIEE/CARE Income Eligibility Level – Bear Valley

Bear Valley asks that we raise the income eligibility level for the LIEE and CARE programs from 150% to 200% of the federal poverty line. Bear Valley asserts that this change will place its program on par with Southwest's, and thus

to customers who have trouble paying their bills, late payments, and actual or threatened utility shutoffs.

make it more efficient since the two SMJUs serve the same customers and exchange data to enhance program penetration. If both SMJUs have the same eligibility guidelines, they may both serve the same customers (one SMJU with gas service and the other with electricity).

DRA initially objected in its protest that more analysis was needed to demonstrate the effect on nonparticipating customers of increasing the number of LIEE customers, and thus the surcharge on nonparticipating customers' bills. In reply comments, Bear Valley furnished that analysis,¹⁴ and DRA in its October 7, 2008 brief dropped its objection. Bear Valley's basic contention is that an increase in the program eligibility level to 200% will not affect ratepayers in the 2009-2011 period because it will not serve more customers during that period. Bear Valley states the following in this regard:

If the eligibility were changed to 200%, it would not have any rate impact over the [Bear Valley] LIEE/CARE Application time period (2009-2011) on the LIEE program because [Bear Valley] would not propose to increase the total number of customers it would serve in 2009-2011 as indicated in its LIEE/CARE Application. The result would be that the LIEE program would be on a slightly more accelerated course to reach full LIEE penetration after the 2009-2011 period.¹⁵

As for CARE, Bear Valley asserts that an increase in income eligibility from 150% to 200% will render 500 more customers eligible for CARE, 309 of whom

¹⁴ Bear Valley also supplemented its reply comments in response to an ALJ request for further data, and amended its response in a filing made on October 16, 2008.

¹⁵ *Amendment To Application Of Golden State Water Company For Approval Of Its 2009-2011 Low-Income Energy Efficiency (LIEE) And California Alternate Rates For Energy (CARE) Plans and Budgets for Bear Valley Electric Service*, filed September 30, 2008, p. 6.

(the company estimates) will participate in the program. It will also bring the eligibility requirements in line with those of Southwest Gas, the natural gas supplier in Bear Valley's service area. The impact on nonparticipating Bear Valley ratepayers will be 14 cents a month in 2009 and 27 cents a month in 2012, based on impact figures of \$.00033/kWh for 2009 and \$.00062/kWh for 2012.¹⁶

We are satisfied that the bill impacts are small enough to warrant granting Bear Valley's request as to the CARE program. We are also concerned about Bear Valley's low level of CARE penetration (55% of those estimated to be eligible as of December 31, 2007), and agree that this increase will deliver an increase in penetration.

We also grant the request as to LIEE, but will require Bear Valley to increase the number of LIEE customers it serves. Since it will increase its CARE penetration by 309 customers, and LIEE customers will follow the same income guidelines, we expect Bear Valley to serve at least 150 new LIEE customers during 2009-2011. We redirect funding we cut from its education budget in the next section to its LIEE measures budget.

9. Energy Efficiency Education Programs

In the large IOU decision, we reduced budgets for programs that consisted only of energy efficiency education, without an opportunity for the customers so educated to be enrolled in the LIEE program to receive energy efficiency measures. We reasoned that the benefits of such education can be lost if they are not followed by immediate measure installation.

¹⁶ *Amendment to the Opening Brief et al.*, filed by Bear Valley on October 16, 2008, p. 3.

The only SMJUs proposing education-only budgets are as follows:

- Bear Valley Electric, which seeks \$10,302 for each year during 2009-2011;¹⁷
- West Coast Gas, which spends \$1,100 per year on conservation education; and
- Alpine Natural Gas, which proposes \$600-800 per year.¹⁸

We will allow Alpine and West Coast Gas, the tiniest SMJUs, to continue this funding as their programs are so limited. However, Bear Valley's education-only expenditures are significant, and we disallow them. We redirect this funding to Bear Valley's LIEE measures budget as discussed in the previous section.

10. Marketing, Education, and Outreach (ME&O)

As part of the *Plan*, a single statewide marketing, education, and outreach (ME&O) program will be developed under Commission direction and oversight for all Commission-approved energy efficiency programs, including LIEE. This coordinated statewide effort will be instrumental in increasing consumer awareness of the value of energy efficiency and better leveraging of ratepayer ME&O funding for more effective results.

We do not wish to impose additional burdens on the SMJUs with small customer bases and limited economies of scale in California. However, SMJU involvement in the *Plan* may increase their LIEE enrollment and program efficacy.

¹⁷ *Bear Valley Application*, Table C-2.

¹⁸ *Alpine Application*, A.08-07-027, Table C-2.

As currently envisioned, the single statewide ME&O program will coordinate individual utility marketing budgets toward a more integrated campaign with four basic components:

1. *An Energy Efficiency Brand*: Creation of an instantly recognized brand for “California Energy Efficiency” with clear delineation of what the brand encompasses.
2. *Integrated Marketing*: Development of marketing messages that offer bundles of demand side management programs targeted to specific customer groups and delivery of the messages using partnerships with a range of energy efficiency participants, including local governments, retailers and manufacturers.
3. *Social Marketing*: Use of social marketing techniques to create emotional and intellectual drivers for consumers to make a commitment to change and participate in energy efficiency.
4. *Internet-Based Networking*: Creation of a web portal that allows energy efficiency practitioners and consumers to exchange information and solutions on implementing energy efficiency programs and measures.

We anticipate that the single statewide ME&O program will consist of several “buckets,” some large, some small. Representative “buckets” may include the following: (1) Statewide marketing of Energy Efficiency, (2) Statewide marketing of LIEE, (3) Regional marketing of utilities' own individual programs, (4) Statewide marketing to individual language minorities, and so on. Thus, the single statewide ME&O program, which will also focus on specific geographic areas and sub-populations around the state, will eventually supplant at least the large IOUs' current ME&O programs.

Commission staff in charge of the ME&O program will meet with the SMJUs in the next several months to get their views of how best to include them in the statewide plan, taking into account the SMJUs' different business models

and economies of scale vis-à-vis the large IOUs. Commission staff will notify the SMJUs directly when their input is needed.

In the meantime, while we grant all of the SMJUs' requested funding for ME&O, they may only spend the amounts they seek for 2009, and we shall hold the other funding in abeyance. Once we decide how to incorporate SMJUs' programs into the single statewide ME&O program, we will provide the SMJUs further direction regarding their ME&O budgets for 2010 and 2011.

11. Workforce Education and Training (WE&T)

Sierra and Southwest state they are having trouble finding qualified LIEE measure installation contractors in the Lake Tahoe area. Sierra states that it contacted 24 contractors within the Lake Tahoe region, provided descriptions of the program, and asked them to provide services under the LIEE program. None of the contractors were willing to participate, most citing the busy season, lack of familiarity with Title 24 requirements,¹⁹ and prohibitive cost caps on installation charges as the reasons that they declined to participate. Thus, Sierra uses a CBO in Roseville, approximately 100 miles from Sierra's service territory.²⁰

Southwest Gas' experience is similar, and extends to its territory in both northern and southern California. In southern California, the CBO it uses is located in San Bernardino, over 200 miles to the Needles area.²¹

We cannot resolve this situation immediately, but will, as part of the *Plan*, be embarking on a workforce education and training (WE&T) program aimed at

¹⁹ Title 24 provides an array of energy efficiency building code requirements.

²⁰ *Sierra Application*, pp. 14-15.

²¹ *Southwest Gas Application*, pp. 21-22.

training the next generation of LIEE installation contractors. This effort will be part of a larger "green jobs" effort being carried out by a large array of business, labor, and government actors, with funding from a number of sources. While it may not be cost-effective to target an effort specifically to the Lake Tahoe or Needles regions, the SMJUs should make sure they are in contact with the Commission's Energy Division if they are interested in WE&T efforts in their communities. We do not mandate any action at this time, but will try to remedy this situation, with the affected SMJUs' involvement, as the WE&T program gets up and running.

12. CARE Penetration Levels

One of our key concerns regarding the SMJUs' CARE programs relates to their penetration levels – *i.e.*, numbers of customers served.

Southwest: Southwest estimates an 81% participation rate as of the end of 2008. We previously set goals for 2007 and 2008 of 93% and 95% respectively.

Southwest proposes that we lower the goal to 85% by 2011. Southwest notes that the slow housing market and related sub-prime mortgage crisis has severely impacted the company's customer growth in Southern California.

DRA proposes that we hold Southwest to the 95% rate we mandated in D.06-12-036.

Bear Valley: Bear Valley's CARE penetration is very low (55%), in part because of its lack of dedicated CARE (or LIEE) personnel. The work has been done with existing customer service representatives. Bear Valley requests a large increase in its budget to remedy this situation, as we discuss in Section 14 of this decision.

PacifiCorp: As of May 2008, approximately 78% of PacifiCorp's eligible customers were enrolled in CARE. PacifiCorp anticipates it will reach 85% by

the end of 2008. In D.06-12-036, we required PacifiCorp to increase penetration by 20% per year for 2007 and 2008, and PacifiCorp exceeded this goal in 2007 (with a 22% increase) and will miss the goal slightly in 2008.

Sierra: Sierra projects a CARE penetration rate of 83% at the end of 2008. We adopted a 79.6% goal for 2007 and 82.7% for 2008 in D.06-12-036.

Alpine: Alpine has 53 CARE customers (4.6% of its total customer base). Alpine assumes it has a 97% penetration rate because of its estimate that only 4% of its total customers are CARE eligible.

West Coast: West Coast will have 46 CARE customers at the end of 2008, and expects to add four each year from 2009-2011. It believes it is at 100% penetration.

Discussion: In the large IOU decision on the 2009-2011 programs, we set a uniform goal for CARE enrollment of 90% of eligible customers. We reached this conclusion based on findings of the KEMA Report. That report found for the large IOUs that a CARE penetration goal of 100% might not be attainable, based on the difficulty in identifying and reaching certain customers; customers with a low energy burden, who do not benefit much by participating in the program; and 10% of the customers who are "unwilling" or "unlikely" to participate in CARE.²²

We do not understand Southwest's assertion that the housing slump will lower the numbers of CARE eligible customers in its territory. It would seem the crisis would throw more customers into poverty (and hence the CARE-eligible ranks). Further, a lower customer growth rate should not affect the percentage

²² KEMA Report, p. 7-20.

of Southwest's total customers who need CARE benefits, and our penetration requirements are based on such a percentage.

We do not set penetration goals for the SMJUs that are higher than for the large IOUs. The CARE administrative budgets for the SMJUs are very small; indeed, some (Bear Valley), fund most CARE administration out of general rates, and have no dedicated CARE outreach funding. We also recognize that the higher the penetration goal, the more difficult it is for a SMJU to reach, since the universe of unserved customers is small. Nonetheless, each unserved CARE customer suffers hardship, and we wish to minimize such hardship as much as possible. We therefore set a uniform 90% penetration goal across all SMJUs.

Only Bear Valley, with 55% penetration, has significant hurdles to jump in reaching the 90% level. However, we do two things to substantially increase its penetration: We grant it additional CARE funding, as discussed below, and we increase the eligibility income guideline from 175% to 200% of the federal poverty line. Thus, we expect Bear Valley to reach our 90% CARE penetration goal over the next three years. Bear Valley's annual reports should show significant progress toward this goal; if they do not, we may take additional action, including possible penalties.

13. CARE Outreach and Recertification

The CARE program requires proof of income eligibility, as well as recertification on a scheduled basis to ensure customers remain eligible. These requirements are essential to ensure that customers receiving the very significant energy bill subsidies CARE provides be qualified based on income.

By the same token, many customers are dropped at recertification. We make slight modifications to the relevant SMJUs' programs to ensure that those

dropped are truly ineligible, rather than simply customers who are not given a reasonable opportunity to recertify eligibility.

Southwest Gas: Over 25% of Southwest Gas' CARE customers scheduled for recertification during 2007 were removed from the CARE program due to their failure to recertify program eligibility. Southwest Gas sent these customers multiple mailings notifying them of their upcoming enrollment expiration, along with an automated reminder call as required by D.05-07-014.²³ Southwest is implementing a recertification initiative to reach those who may still qualify for CARE but have not responded to the standard recertification attempts. Southwest sent an "attractive" self-mailer, with an application attached, to identified customers during summer 2008. It will track the success of the initiative. We require Southwest to report the results of its tracking with its May 1, 2009 annual report.²⁴ Southwest shall also report the number of complaints (however received) stemming from its recertification efforts, and discuss what it is doing to ensure it is only losing customers that are not CARE-eligible.

Southwest Gas notes that it has had a lot of success enrolling customers via the Internet. It is unclear whether it uses an online process for recertification; if it does not, it should do so in a manner that secures the privacy of customer

²³ *Southwest Gas Application*, p. 13.

²⁴ Southwest provides its applications and recertification forms in both English and Spanish.

financial data and report the results of doing so with the May 1, 2009 annual report as well.²⁵

Southwest asks the Commission to require recertification every other year, rather than annually, for submetered and "expanded CARE programs." "Expanded CARE programs" are nonprofit group living facilities, migrant farm worker housing centers, privately-owned employee housing, and agricultural employee housing.²⁶ Southwest justifies the change for submetered customers on the grounds that it will make the program consistent with how it treats all other CARE customers. There certainly is no reason to differentiate among submetered customers – some of the poorest customers in the state – and those with their own meters. We grant Southwest's request.

Southwest justifies the request regarding expanded CARE programs by noting that the housing does not change from year to year, so any residents in the housing tend to be eligible for CARE by virtue of living in the housing. We grant this request as a rational means of balancing the need to screen out ineligible customers against the risk of losing eligible customers through unnecessary recertification requirements.

PacifiCorp: PacifiCorp recertifies customer eligibility every two years. It sends "a letter with a recertification form and postage paid return envelope to each customer that has participated in the program for the last two years."²⁷ PacifiCorp has very high CARE penetration levels (78% of eligible customers as

²⁵ We extend these privacy and reporting requirements to the other SMJUs who use the Internet for recertification.

²⁶ *Southwest Application*, p. 10.

²⁷ *PacifiCorp Application*, p. 7.

of May 2008) – and indeed received plaudits from DRA for its success in achieving high levels. The company does not indicate that it has experienced CARE drop-offs during recertification, although *one* recertification letter barely seems adequate.

Bear Valley: Bear Valley's CARE penetration levels are fairly low (approximately 55% of those eligible as of December 31, 2007). It has experienced a decline in CARE enrollment over the past few years. The main driver of such decline, according to Bear Valley, is recertification.²⁸ Bear Valley plans to be more proactive in the future by following up with customers who do not reply to recertification notices, and working more closely with Southwest Gas to identify customers who are enrolled in CARE in one but not both utility programs.

We do not know if Bear Valley's recertification efforts are causing large numbers of customers to drop out of the program, and if so, how many of those are eligible CARE customers who simply fail to return the recertification forms.

Discussion: Because Bear Valley has unduly low CARE penetration levels and attributes some of this problem to CARE recertification, we grant Bear Valley additional funding, some of which should be devoted to following up with customers who do not recertify eligibility for CARE. We expect Bear Valley's annual reports to demonstrate that enhancements to its recertification process are working, and if they are not, to identify additional efforts the company will take. Obviously, Bear Valley should not reenroll customers who are not eligible, but since its penetration level is only 55% of *eligible* CARE

²⁸ *Bear Valley Application*, p. 7.

customers, clearly its efforts fall short of ideal. Bear Valley should also report on CARE drop-offs on recertification in its May 1, 2009 annual report, and give the number of complaints (however received) stemming from its recertification efforts.

14. CARE Administrative Budgets

Bear Valley: Bear Valley seeks a more than 15-fold jump in its CARE administrative budget – from \$3,500 to \$52,720, as shown in the following table:

Bear Valley Electric Service 2009-2011 CARE Program Annual Budget			
Description	Total Units	Average Cost per Unit	Total Cost
Capitation Fees	100	\$ 15.00	\$ 1,500
Direct mail and doorhangers	8,700	\$ 1.35	\$ 11,745
Print Media	4	\$ 500.00	\$ 2,000
Program Materials (forms and customer material)	2,000	\$ 1.00	\$ 2,000
Reporting and regulatory (outside services/hourly)	20	\$ 125.00	\$ 2,500
Program management (outside services/hourly)	225	\$ 125.00	\$ 28,125
Travel (assumes 1 SF and 2 LIOB meetings)			\$ 1,350
Program database and information systems			\$ 3,500
			\$ 52,720

Bear Valley analyzed its office and customer service staffing needs to support its daily operations. It determined that it needed one full-time equivalent (FTE) position to support its public purpose programs, or 25% of an FTE for CARE. Bear Valley estimates that approximately 2,700 customers will be eligible for CARE after the income eligibility requirement increases to 200% of the federal poverty limit. It estimates 1,310 customers by the end of 2008 if it

remains at 175%. Thus, it anticipates more than a doubling of customers – from 1,310 to 2,700 – just from the change in percentage, which requires no outreach dollars.

DRA questions Bear Valley's plan to reach 100% penetration, noting that it has not identified any significant outreach activities. DRA asks us to require Bear Valley to submit a detailed outreach strategy for 2009-2011. DRA also contends that Bear Valley has failed to comply with earlier outreach enhancements ordered in D.06-12-036 and the 2005 Energy Division Report (*e.g.*, use of a webpage as an outreach source). DRA does not otherwise object to Bear Valley's funding request. In reply comments, Bear Valley agrees to develop the outreach plan.

Discussion: Bear Valley's 55% CARE penetration rate is unacceptably low, especially in light of the requirement contained in this decision that all SMJUs reach a 90% penetration rate. However, Bear Valley has not justified its full \$52,720 CARE administrative budget request, which represents a \$49,220 increase from its current \$3,500 budget. If it increases its penetration from 1,310 to 2,700 customers (an increase of 1,390 customers), that budget would allow approximately \$35.41 per new customer. The capitation fee for adding a new customer – the amount a CBO receives if it delivers a new CARE customer to the SMJU – is in the \$12 range. Further, as noted above, most of Bear Valley's proposed new customers will come almost automatically when it increases its income eligibility to 200% of the federal poverty limit.

Thus, we find Bear Valley has failed to justify the amount of its increase. However, given that we have asked it to increase its penetration rate significantly, we award it an amount equivalent to \$15 per new customer (\$15 x 1,390), or \$20,850. Bear Valley shall submit an outreach plan to the Energy

Division no later than 90 days after the effective date of this decision. Energy Division may approve the program by letter, after asking DRA to comment.

15. Surcharge Issues

15.1. Overcollections

DRA notes that several SMJUs have collected substantially more money in public purpose program surcharges than they have spent, causing them to carry large balances over time. With a three-year program cycle, DRA proposes that the Commission consider requiring SMJUs to adjust surcharges annually to reduce the need for ratepayers to contribute more than is necessary annually for LIEE and CARE.

According to DRA, PacifiCorp carried over nearly 20% of its 2007 budget into 2008. Combined with its previous year carryover, PacifiCorp held \$76,050 in 2008 from unspent budgets in prior years. Southwest carried over \$563,000 from 2007 to 2008, and \$593,000 from 2006 to 2007, over 50% of its approved budget. Sierra carried over \$33,000 from 2006 to 2007 and \$46,000 from 2007 to 2008.²⁹

Discussion: Bear Valley agrees with DRA's proposal that we require the SMJUs to spend CARE and LIEE carry-over funds in the subsequent year and adjust the CARE and LIEE surcharge annually to account for any carryovers.³⁰ Since the surcharge is set by Advice Letter, this recommendation appears reasonable, and we adopt it for the four largest SMJUs, Bear Valley, Southwest, Sierra and PacifiCorp. The smallest SMJUs, Alpine and West Coast, may continue their current practice.

²⁹ *DRA Protest*, p. 12.

³⁰ *Reply of [Bear Valley] to the Protest of [DRA]*, filed August 25, 2008, p. 3.

15.2. Specific Surcharge Proposals

Southwest Gas and Bear Valley propose special treatment of their surcharges, both of which DRA opposes.

Southwest: Southwest asks to "change the calculation of the CARE component of its public purpose program surcharge to reflect statewide treatment of its LIEE program costs," which it states will "allow Southwest to more freely move its authorized LIEE program funds to the areas where those programs are needed most."³¹ DRA objects to the extent Southwest's request indicates that it plans to shift funds between the CARE and LIEE programs.

Discussion: We do not allow fund shifting between LIEE and CARE budgets. While both programs serve low-income customers, otherwise they are programs with very different goals. Indeed, the statutes authorizing LIEE and CARE set forth each program's goals, and we cannot allow CARE funding to be used for LIEE. We therefore deny Southwest's request, and retain existing fund shifting requirements.

Bear Valley: Bear Valley asks to recover its CARE and LIEE program funding through a single surcharge. DRA opposes an LIEE surcharge because of irregularities the Commission's Division of Water and Audits found in its April 2008 audit of Bear Valley's LIEE spending. In reply comments, Bear Valley asserts that all issues raised by the audit have been resolved, and challenges the appropriateness of holding up future budgets based on past conduct. Bear Valley claims that "[t]he situation in 2005 and 2006 [covered by the audit] was an anomaly where the Commission did not reach a decision on [Bear Valley's] 2005

³¹ *Southwest Gas Application*, p. 28.

and 2006 Program Applications until mid-year 2005. This created a significant amount of confusion” Bear Valley plans to file an Advice Letter to merge CARE and LIEE recovery under a single surcharge that would allow the company to shift funds between CARE and LIEE. DRA opposes both proposals.

Discussion: Currently, Bear Valley does not collect its CARE- and LIEE-related funds in rates. In 2006, by approving its Advice Letter 201E, the Commission authorized Bear Valley to establish appropriate balancing accounts to recover its LIEE- and CARE-related costs. Bear Valley asserts that currently it has the following two un-recovered LIEE components of those costs: (1) the accumulated balance in its LIEE balancing account of \$285,300, and (2) funds to cover its proposed annual LIEE program budget of \$188,125. In addition it claims that it has an under-collection of \$318,000 in its CARE balancing account.

It is Commission policy for all SMJUs that CARE balancing accounts are two-way balancing accounts where the actual funds spent on its CARE program are recovered. However, LIEE funds are recovered through one-way balancing accounts where the approved budgeted amounts by the Commission are recovered. Any LIEE funds spent over the approved budgeted amount are disallowed and any under-spent funds are carried over to the future years. For Bear Valley, the withdrawing of Senate Bill X1 5 funds by the State of California under its rapid deployment program in year 2004 might have caused some misunderstanding by the utility regarding the availability, timing and replacement of such funding from the Commission.

We recognize the obligation under the legislatively mandated programs of CARE and LIEE to meet the needs of California’s low-income population and require that Bear Valley in the future not suspend or reduce any of its CARE or LIEE programs without prior Commission approval. For the funding requested

in its current filing and the recovery of its CARE and LIEE balancing accounts, we direct Bear Valley to file an Advice Letter within 90 days from the date of this decision. The Advice Letter must clearly define the recovery mechanisms to recover all costs prudently incurred and excluding any costs that had been previously disallowed by the Commission in its past decisions. The recovery mechanism must conform to the Commission decisions, policies and practices applicable to such programs.

We will continue the Commission's past policy of not allowing fund-shifting between the utilities' CARE and LIEE programs, and deny Bear Valley's request for a single surcharge since the funds recovered for CARE and LIEE programs come from different sources of collected revenues.

16. Conclusion

To the extent this decision does not disapprove other aspects of the SMJUs' LIEE and CARE applications, they are approved here. All in all, we approve the following budgets:

Adopted Budget Summary 2009-2011				
LIEE				
<i>Utility</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>Cycle Total</i>
Alpine	\$44,733	\$40,847	\$40,975	\$126,555
Bear Valley	\$188,125	\$188,125	\$188,125	\$564,375
PacifiCorp	\$795,455	\$869,565	\$937,500	\$2,602,520
Sierra	\$395,425	\$388,889	\$401,693	\$1,185,935
Southwest	\$2,363,583	\$2,779,533	\$3,172,693	\$8,315,809
West Coast	\$0	\$0	\$0	\$0
<i>Total</i>	<i>\$3,787,321</i>	<i>\$4,266,959</i>	<i>\$4,740,932</i>	<i>\$12,795,212</i>
CARE				
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>Cycle Total</i>
Alpine	\$14,775	\$15,975	\$16,800	\$47,550
Bear Valley	\$198,250	\$204,950	\$266,050	\$669,250
PacifiCorp	\$2,834,105	\$2,898,962	\$2,957,819	\$8,690,886
Sierra	\$562,000	\$590,000	\$618,000	\$1,770,000
Southwest	\$8,741,319	\$8,895,624	\$9,073,624	\$26,710,567
West Coast	\$7,060	\$7,560	\$8,060	\$22,680
<i>Total</i>	<i>\$12,359,518</i>	<i>\$12,615,081</i>	<i>\$12,942,364</i>	<i>\$37,910,933</i>

17. Comments on Proposed Decision

The proposed decision of the ALJ in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on _____ and reply comments were filed on _____ by _____.

18. Assignment of Proceeding

Dian M. Grueneich is the assigned Commissioner and Sarah R. Thomas is the assigned Administrative Law Judge in this proceeding.

Findings of Fact

1. In D.07-12-051 and the *Plan*, the Commission stated its long-term vision for the LIEE program: "By 2020, 100% of eligible and willing customers will have received all cost effective Low-income Energy Efficiency measures."

2. In D.07-12-051, we ordered the SMJUs to file their applications no later than July 1, 2008. We did not require the applications to include all of the specific elements required of the larger utilities, although we encouraged them to modify their programs and portfolios in ways that would accomplish the *Plan's* objectives.

3. In D.07-12-051, the Commission held that "[t]he complementary objectives of LIEE programs will be to provide an energy resource for California while concurrently providing low-income customers with ways to reduce their bills and improve their quality of life."

4. Approximately 1/3 of California's population is low-income.

5. Sierra proposes to expand its CFL installations per residence from 5 to 10 light bulbs.

6. Bear Valley focuses a large portion of its budget on refrigerator replacement with substantial energy savings.
7. PacifiCorp plans to increase its energy savings for 2007-2011 by 596,259 kWhs but includes no funding for appliance replacement. PacifiCorp did not meet its LIEE penetration goals for 2007-2008 and plans no increase in penetration for 2009-2011.
8. If PacifiCorp aims to serve 25% of eligible LIEE customers for 2009-2011, it could be required to add 980 customers per year at the highest extreme.
9. Significant state and federal legislation will mandate energy efficient and non-toxic lighting fixtures starting in 2011.
10. CFLs still garner significant energy savings for low-income customers.
11. At current rates of growth, Southwest will achieve only a 60% LIEE penetration level by 2020.
12. Sierra plans to serve approximately 507 homes over the next three years.
13. Sierra and Southwest are having trouble finding qualified LIEE measure installation contractors in the Lake Tahoe area.
14. In the large IOU decision for 2009-2011, we adopted a uniform CARE participation goal of 90%.
15. The Commission has not traditionally allowed fund shifting between LIEE and CARE budgets.
16. Energy burden represents the portion of a household's total income that is spent on energy bills; households that spend a large portion of income on such bills have a high energy burden.
17. High energy insecurity refers to customers who have trouble paying their bills, late payments, and actual or threatened utility shutoffs.

18. The *Plan* mandates a single statewide ME&O program that combines low-income and non-low-income energy efficiency messages, uses a single program name and tagline, and targets all eligible communities.

19. The small size and geographic scope of the SMJUs may render impracticable many of the requirements we impose on the large IOUs in connection with their 2009-2011 applications.

20. Refrigerator replacement provides significant energy savings for low-income customers.

21. Refrigerators and lighting together deliver the greatest energy savings for the large IOUs' customers.

22. Based on its numbers of customers, and assuming that approximately 1/3 of a utility's customer base is low-income, Sierra has approximately 15,000 low-income customers.

23. In D.07-12-051, our policy decision on the large IOU LIEE programs, we urged the large IOUs to focus their outreach efforts on customers with the greatest need.

24. The SMJUs have information at their disposal that would enable them to target marketing to customers with the highest energy usage, insecurity and burden.

25. The SMJUs have records indicating which customers have highest energy usage and insecurity, since they bill their customers for usage and also have information on when customers pay bills late or are threatened with shut-off. SMJUs also learn customers' incomes when they recertify them for CARE.

26. Bear Valley's increase in program eligibility to 200% of federal poverty guidelines will not affect its ratepayers in the 2009-2011 period if it does not serve more customers during that period.

27. An increase in Bear Valley's income eligibility from 150% to 200% will render 500 more customers eligible for CARE, 309 of whom the company estimates will participate in the program.

28. The impact on nonparticipating Bear Valley ratepayers of raising LIEE/CARE income eligibility from 150% to 200% will be 14 cents a month in 2009 and 27 cents a month in 2012, based on impact figures of \$.00033/kWh for 2009 and \$.00062/kWh for 2012.

29. The Commission will, as part of the *Plan*, be embarking on a WE&T program aimed at training the next generation of LIEE installation contractors.

30. Bear Valley's CARE penetration is only 55% of eligible low-income customers in its territory.

31. In the large IOU decision on the 2009-2011 programs, we set a uniform goal for CARE enrollment of 90% of eligible customers.

32. The KEMA Report found for the large IOUs that a CARE penetration goal of 100% might not be attainable.

33. The CARE administrative budgets for the SMJUs are very small; indeed, some (Bear Valley) fund most CARE administration out of general rates, and have no dedicated CARE outreach funding.

34. The higher the penetration goal, the more difficult it is for a SMJU to reach, since the universe of unserved customers is small.

35. The CARE program requires proof of income eligibility on recertification.

36. Many CARE customers are dropped at recertification.

37. Bear Valley has experienced a decline in CARE enrollment over the past few years. The main driver of such decline, according to Bear Valley, is recertification.

38. The capitation fee for adding a new customer – the amount a CBO receives if it delivers a new CARE customer to the SMJU – is in the \$12 range.

39. PacifiCorp carried over nearly 20% of its 2007 budget into 2008. Southwest carried over 50% of its approved budget. Sierra carried over \$33,000 from 2006 to 2007 and \$46,000 from 2007 to 2008.

40. It is Commission policy for all SMJUs that CARE balancing accounts are two-way balancing accounts where the actual funds spent on the CARE program are recovered.

41. LIEE funds are recovered through one-way balancing accounts where the approved budgeted amounts by the Commission are recovered. Any LIEE funds spent over the approved budgeted amount are disallowed and any under-spent funds are carried over to the future years.

Conclusions of Law

1. The SMJUs should make meaningful progress in 2009-2011 toward meeting the key strategic vision set forth in the *Plan*:

By 2020, 100% of eligible and willing customers will have received all cost effective Low-income Energy Efficiency measures.

2. In order for SMJUs to reach 100% goal by 2020, they should be reaching approximately 25% of eligible customers who have not already received service in the 3 year period from 2009-2011.

3. The first key area on which the SMJUs should begin to focus is energy savings.

4. Southwest may continue to deliver the mix of LIEE program measures it currently delivers, and may add its new proposed measures.

5. PacifiCorp should incorporate refrigerator replacement into its LIEE program, and remove other measures that deliver less cost effective energy savings.

6. PacifiCorp should strive to serve 500 new LIEE customers for each year, 2009-2011. It should start by serving with the LIEE program all of its CARE customers, and customers with high energy use, burden and insecurity.

7. Instead of increasing CFL deliveries from five to ten light bulbs, Sierra should redirect the additional budget it would spend on light bulbs to refrigerator replacement.

8. We should decline Sierra's request to increase light bulb deliveries, and redirect the requested funding to refrigerator replacement.

9. Bear Valley's LIEE measure mix ensures good overall energy savings, consistent with the *Plan*, and we should approve its mix.

10. We should allow the SMJUs to use CFLs in their LIEE programs because energy efficient lighting continues to deliver significant energy savings for low-income customers.

11. The SMJUs should begin preparing now to meet the requirements of AB 1109 (Huffman) and related lighting legislation, phasing out non-energy efficient, toxic lighting fixtures.

12. The second key goal of the *Plan* that we apply to the SMJUs relates to the number of customers served.

13. Southwest should increase the number of LIEE customers it serves.

14. Sierra's penetration goals of 153 homes in 2009, 171 in 2010, and 183 in 2011 are too low in proportion to its number of low-income customers.

15. We should set a goal for Sierra of 500 new LIEE customers per year for 2009-2011. We should adjust Sierra's budget downward mid-cycle if it fails to approach the foregoing goal.

16. Alpine should reach 22 new LIEE customers each year between 2009 and 2011.

17. To the extent SMJU records permit, they should focus extra outreach on customers with high energy usage, burden or insecurity, and on customers in the most extreme climate zones.

18. The SMJUs should install all feasible energy efficiency measures in each customer's home.

19. Conducting outreach in homes with the greatest need has the potential to increase the overall energy savings of the SMJUs' LIEE programs.

20. The bill impacts from increasing LIEE/CARE income eligibility to 200% of the federal poverty guidelines are small enough to warrant granting Bear Valley's request as to the CARE program.

21. We should disallow Bear Valley's education-only expenditures. We should redirect this funding to Bear Valley's LIEE measures budget.

22. We should grant all of the SMJUs' requested funding for ME&O, but should only allow them to spend the amounts they seek for 2009, and hold the other funding in abeyance pending our decision on how to incorporate SMJUs' programs into the single statewide ME&O program.

23. The SMJUs should make sure they are in contact with the Commission's Energy Division if they are interested in WE&T efforts in their communities.

24. We should set a uniform 90% CARE penetration goal across all SMJUs.

25. Bear Valley should reach our 90% CARE penetration goal over the next three years. Bear Valley's annual reports should show significant progress

toward this goal; if they do not, we may take additional action, including possible penalties.

26. We should require Southwest to report the results of its CARE recertification drop-off tracking with its May 1, 2009 annual report. Southwest should also report the number of complaints (however received) stemming from its recertification efforts, and discuss what it is doing to ensure it is only losing customers that are not CARE-eligible.

27. The SMJUs should use the Internet for recertification purposes, but only if they do so in a manner that secures the privacy of customer financial data. Each SMJU that uses the Internet in this manner should report annually on its success as a recertification tool.

28. Bear Valley should report on CARE drop-offs in its May 1, 2009 annual report, give the number of complaints (however received) stemming from its recertification efforts, and discuss what it is doing to ensure it is only losing customers that are not CARE-eligible.

29. Bear Valley has failed to justify the amount of its CARE budget increase. We should award it an amount equivalent to \$15 per new customer ($\$15 \times 1,390$), or \$20,850.

30. We should not allow fund shifting between LIEE and CARE budgets.

31. We should allow Bear Valley to increase its LIEE income eligibility guidelines from 150% to 200% of the federal poverty limit.

32. We are not convinced that LIEE program should subsidize CFLs to the low-income community beyond 2011.

O R D E R

IT IS ORDERED that:

1. We approve the following budgets for the small and multijurisdictional utilities (SMJUs):

Table
Adopted Budget Summary 2009-2011

LIEE				
<i>Utility</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>Cycle Total</i>
Alpine	\$44,733	\$40,847	\$40,975	\$126,555
Bear Valley	\$188,125	\$188,125	\$188,125	\$564,375
PacifiCorp	\$795,455	\$869,565	\$937,500	\$2,602,520
Sierra	\$395,425	\$388,889	\$401,639	\$1,185,953
Southwest	\$2,363,583	\$2,779,533	\$3,172,693	\$8,315,809
West Coast	\$0	\$0	\$0	\$0
<i>Total</i>	\$3,787,321	\$4,266,959	\$4,740,932	\$12,795,212
CARE				
	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>Cycle Total</i>
Alpine	\$14,775	\$15,975	\$16,800	\$47,550
Bear Valley	\$198,250	\$204,950	\$266,050	\$669,250
PacifiCorp	\$2,834,105	\$2,898,962	\$2,957,819	\$8,690,886
Sierra	\$562,000	\$590,000	\$618,000	\$1,770,000
Southwest	\$8,741,319	\$8,895,624	\$9,073,624	\$26,710,567
West Coast	\$7,060	\$7,560	\$8,060	\$22,680
<i>Total</i>	\$12,346,018	\$12,601,581	\$12,929,264	\$37,870,833

2. Southwest may continue to deliver the LIEE program it currently delivers, and may add its new proposed measures, but shall increase the number of customers who benefit from the program.

3. PacifiCorp shall incorporate refrigerator replacement into its LIEE program, and remove other measures that deliver less cost effective energy savings.

4. PacifiCorp shall strive to serve 500 new LIEE customers for each year, 2009-2011. It shall start by serving with the LIEE program all of its CARE customers, and customers with high energy use, burden and insecurity. It shall report its progress in its Annual Report.

5. We decline Sierra's request to increase light bulb deliveries, and redirect the requested funding to refrigerator replacement.

6. We approve Bear Valley's LIEE program as is.

7. We allow Alpine and West Coast Gas to continue with their current LIEE measure mixes.

8. The SMJUs shall begin preparing now to meet the energy efficiency and non-toxic lighting requirements of Assembly Bill 1109 (Huffman) and related legislation. We will designate a contact for them in the Energy Division whom they can consult for guidance. Before the new lighting requirements go into effect, the SMJUs shall begin to phase out non-conforming light bulbs, and inform customers about how to dispose of bulbs containing toxic materials.

9. Southwest shall strive to increase its LIEE penetration to 25% during 2009-2011.

10. Sierra shall strive to add at least 500 LIEE customers per year for 2009-2011.

11. Alpine shall attempt to serve at least 22 new LIEE customers each year.

12. To the extent their records permit, SMJUs shall focus extra outreach on customers with high energy usage, burden or insecurity, and on customers in the most extreme climate zones by making at least one modification to their outreach efforts that focuses greater outreach on this subset of customers. Each SMJU shall report on what it did, and what it accomplished, in their 2009 annual reports.

13. SMJUs shall install all feasible energy efficiency measures in each eligible LIEE customer's home once they make their installation visits.

14. We grant Bear Valley's request to increase its CARE and LIEE program income eligibility levels to 200% of federal poverty guidelines. As to LIEE Bear

Valley shall increase the number of LIEE customers it serves by at least 150 new LIEE customers in each year 2009-2011. We redirect funding of \$10,302 we cut from its education budget to its LIEE measures budget.

15. We deny Bear Valley's request for education-only funding of \$10,302 and redirect this funding to Bear Valley's LIEE measures budget.

16. We grant all of the SMJUs' requested funding for ME&O. They may only spend the amounts they seek for 2009, and shall hold the other funding in abeyance. Once we decide how to incorporate SMJUs' programs into the single statewide ME&O program, we will provide the SMJUs further direction regarding their ME&O budgets for 2010 and 2011.

17. The SMJUs shall be in contact with the Commission's Energy Division if they are interested in WE&T efforts in their communities.

18. We adopt a uniform 90% CARE penetration goal across all SMJUs.

19. Bear Valley shall reach our 90% CARE penetration goal over the next three years. Bear Valley's annual reports shall show significant progress toward this goal; if they do not, we may take additional action, including possible penalties.

20. Southwest shall report the results of its CARE recertification tracking with its May 1, 2009 annual report. Southwest shall also report the number of complaints (however received) stemming from its recertification efforts, and discuss what it is doing to ensure it is only losing customers that are not CARE-eligible.

21. We grant Southwest's request to require recertification every other year, rather than annually, for submetered customers and "expanded CARE programs."

22. Bear Valley has failed to justify the full amount of its requested CARE budget increases in the amount of \$52,720. We award it an increased budget

equivalent to \$15 per new customer ($\$15 \times 1,390$), or \$20,850. Bear Valley shall submit an outreach plan to the Energy Division no later than 90 days after the effective date of this decision. Energy Division may approve the program by letter, after asking the Division of Ratepayer Advocates to comment.

23. The four largest SMJUs (Bear Valley, Southwest, Sierra and PacifiCorp) shall spend CARE and LIEE carry-over funds granted for one year in the subsequent year and file an Advice Letter to adjust the CARE and LIEE surcharge annually to account for any carryovers. The smallest SMJUs, Alpine and West Coast, may continue their current practice.

24. We deny Southwest's request to be allowed to shift CARE and LIEE funds across categories, and retain existing fund shifting requirements.

25. Bear Valley shall file an Advice Letter within 90 days from the date of this decision to recover its LIEE and CARE program budgets via a surcharge. The Advice Letter shall clearly define the recovery mechanism to recover all costs prudently incurred and exclude any costs disallowed by the Commission in past decisions. The recovery mechanism shall conform to the Commission decisions, policies and practices applicable to such programs. We do not allow any fund shifting between CARE and LIEE.

26. To the extent we do not deny any other request by an SMJU in its application, we approve each such request.

27. Energy Division shall monitor all progress set forth in the SMJU's reporting and inform the Commission if the SMJUs are not meeting the goals we set forth for them in this decision.

28. Application (A.) 08-06-031, A.08-07-005, A.08-07-007, A.08-07-015, A.08-07-019, and A.08-07-027 are closed.

This order is effective today.

Dated _____, at San Francisco, California.

APPENDIX A
SMJU Application Summaries

Summary Budget Application 2009-2011
PacifiCorp

I. Overview

- Serves 46,500 customers in California (Shasta, Modoc, Del Norte, Siskiyou counties)
- 35,3000 are residential
- Requesting a total of approx. \$6.682M for 2009-2011 for LIAP: \$6.082M for CARE and \$600k for LIEE
- Currently uses 175% of FPG for income qualification

II.CARE**1. Goals**

- Expects 10, 500 enrolled by year-end 2008 @ participation rate of 85%
- For 2007, the participation rate was 73%
- Increased participation significantly due to increased outreach efforts and implementation of a self-certification process.
- Based on 2008 est. eligible 12,292; increase net CARE participation by
 - a. 500 for PY 2009 (participation rate 85%)
 - b. 250 for PY 2010 (participation rate 92%)
 - c. 250 for PY 2011 (participation rate 94%)

2. Budget

- a. \$ 2.834M for PY2009
- b. \$2.899M for PY 2010
- c. \$2.958M for PY 2011

Program Administration**1. Processing/Certification/Verification**

- Includes Opening and sorting of applications, Processing applications, Initiating and responding to customer inquiries and Tracking CARE enrollment and Regulatory reporting. The auth. budget for 2008 was \$12K.
- Proposed budget
 - a. \$25K for PY 2009
 - b. \$25K for PY 2010
 - c. \$27K for PY 2011

- The Department of Community Service Development (CSD) administered the certification and verification process in 2006, but in 2007 began to process internally. The company had no costs in 2007, but have included such costs in the forecast years
- The average cost per enrolled customer for the forecast period is lower than the recorded years
- Income eligibility is re-established every two years and the such costs are included in the budget cycle

2. General Administration

- Includes programming for reporting and regulatory compliance, the authorized for 2008 was \$8K.
- Proposed budget
 - a. \$8K for PY 2009
 - b. \$8K for PY 2010
 - c. \$8K for PY 2011

Outreach

- Will continue to use bill inserts, bill messages, on-hold messages, informational web page, web enrollment/recertification, direct mailings, customer newsletters, program application on grocery bags at food banks, etc.
- Partners with CBOs to help enroll CARE customers
- Complies with AB 2104 requirement set forth regarding master-metered customers
- Distributes packets in June of each year to landlords of master-metered accounts and requests updates and follows up with telephone calls to the landlords
- Authorized budget for 2008 was \$50K, the proposed budget is
 - a. \$50K for PY 2009
 - b. \$55K for PY 2010
 - c. \$55K for PY 2011

III. LIEE

- Partners with CBOs such as Del Norte Senior Center in Crescent City and Energy Demonstration Center in Eureka for LIEE program administration.

- Partners directly with 3CBOs (LIHEAP) receiving federal funds to weatherize homes for income eligible families thus saving the utility 50 percent of the installation cost.
- Participants with electric heating are eligible for shell measures such as insulation and window replacement.
- All participants are eligible for other measures such as light bulbs, and low-flow shower heads.
- Reimburses CBOs for 50 percent of the measure installed cost and another 15percent for administrative cost
- Serves rural area with small population, CBOs spend considerable time traveling large area for fewer customers compared to densely populated areas

Goals

- Homes Treated or Weatherized estimated
 - a. 90 T; 90 W (PY 2008)
 - b. 110 T; 110 W (PY 2009)
 - c. 115 T; 115 W (PY 2010)
 - d. 120 T; 120 W (PY 2011)
- Estimated energy savings in kWh's
 - a. 99,993 (PY 2008)
 - b. 109,993 (PY 2009)
 - c. 137,491 (PY 2010)
 - d. 171,864 (PY 2011)

Budget

The adopted for PY 2008 was \$168k

- \$175k for PY 2009
 - \$200k for PY 2010
 - \$225k for PY2011
- Will continue to partner with CBOs such as Del Norte Senior Center in Crescent City and Energy Demonstration Center in Eureka as it provides the most efficient delivery mechanism for customers

Program Delivery, Portfolio Composition and Leveraging

- Continue working with CBOs as the best mechanism for delivery to LIEE customers
- Improve upon the number of homes to be weatherized.

Outreach

- Proposes to spend \$50K for 2009 and \$55k annually for 2010-2011.
- General Administration costs stay @\$8k per year for the forecast years
-

IV. Revenue Requirement**A. Subsidy and Benefit Costs**

- For 2008 expects deficit of \$215,459
- For 2009-2011 expects annual deficit of \$389,030
- Estimated negative balance in the account of \$2,828,380 by 12/31/08, to recover approved costs, one third each year for 2009-2011 in the amount of \$942,793
- Current annual collection in rates \$1,489,151
- Annual revenue collection required for the forecast period including under collection and the 2009-2011 revenues in rates is \$3,925,420; an increase over the current collection of \$2,436,268
- Proposed rate 0.508 cents/kwh

B. LIEE

- 2008 budget in rates is \$168,000
- 2009-2011 proposed budget in rates is \$200,000

V. Request to continue funding and allow for fund shifting

- In case of delayed decision by the commission, requests interim authorization to continue LIEE and CARE programs into PY 2009
- Requests flexibility in managing the funds for each program year

End of Summary Budget Application 2009-2011
PacifiCorp

Summary Budget Application 2009-2011
Bear Valley Electric Service (BVES)

I. Overview

- Serves 23,000 customers in Big Bear Lake area in San Bernardino Mountains
- 94% or 21,500 are residential. Approx. two third are part time residents (vacation or second homes)
- 8,150 are full time residents including mobile homes and master-meter customers. Also serves 1,400 commercial customers
- Wants FPG increased from 175% to 200%, this will increase eligible customers from 2,132 to 2700
- Currently **no** revenue collection in rates for this program, but as of Dec. 2007 has uncollected balances of \$318,800 for CARE and \$285,300 for LIEE
- Will file an Advice letter to recover program costs in 2009 as well as to amortize current balancing account balances over next 3 years
- Seeks to increase its LIEE budget by 50% over 2008 level
- ****(Utility has not provided avg. cost data as required in the guidelines template)

II.CARE**1. Goals**

- CARE program is funded through the PPP surcharge and paid through non-participating customer's energy bills
- Estimates its CARE eligible 2,132 and 2,700 if 200% FPG approved
- Expects 1,310 enrolled by year-end 2008 @ penetration of 61%
- The forecast is based on approved 200% FPG
- For 2009-2011 to add 350 new CARE customers per year.
- Based on 2008 eligible of 2,132; increase net CARE program participation by
 - a. 327 for PY 2009 (participation rate 61%)
 - b. 548 for PY 2010 (participation rate 81%)
 - c. 507 for PY 2011 (participation rate 100%)
- Net enrolled in 2008 was 28
- Participation rates for 2007 and 2008 were 55% and 61% respectively
- The forecast additions based on 200 FPG approval

2. Budget

- a. \$ 217K for PY2009
- b. \$223K for PY 2010
- c. \$285K for PY 2011

Program Administration

1. Processing/Certification/Verification

- All of these functions performed by existing customer service representatives and were not booked to this account in previous years
- Re-certification and re-verification performed every two years
- Proposed budget
 - a. \$27K for PY 2009
 - b. \$27K for PY 2010
 - c. \$27K for PY 2011

2. General Administration

- Includes programming for reporting and regulatory compliance, travel expense to meetings and workshops, labor for CARE program administration.
- Does not report any of these expenses as part of its CARE budgets as these costs are included in General rates.
- *Plans* to leverage with SW Gas to increase CARE enrollment if 200% FPG approved by the commission
- Estimated costs:
 - 2008: \$1,600
 - 2009: \$5,850
 - 2010: \$5,850
 - 2011: \$5,850

Outreach

- Will continue to use bill inserts, increase participation at Low-Income Home Energy Assistance Program events, and print in local newspaper
- Closer coordination with SW Gas, San Bernardino Community Action Program activities

- The average outreach cost per enrolled customer for the forecast period is not provided
- Authorized budget for 2008 was \$3.5K, the proposed budget is
 - a. \$19.9K for PY 2009
 - b. \$19.9K for PY 2010
 - c. \$19.9K for PY 2011

III. LIEE

- Will implement the commission adopted programmatic LIEE initiative and its strategic plan to the extent possible, without increasing customer rates or the utility's administrative costs
- Has realized improvements to the LIEE program as a result of its association with RHA , which is the prime administrative contractor for 2008
- High density, low-income areas are selected to participate in the LIEE program, and specialized recipients such as low-income senior complexes are targeted for greatest dollar benefit
- Program costs are recovered through PPP surcharge from both participating and non-participating customers

Goals

- Homes Treated and/or Weatherized estimated
 - a. 105 T (PY 2008)
 - b. 163 T; (PY 2009)
 - c. 163 T; (PY 2010)
 - d. 163 T; (PY 2011)
- Estimated energy savings in kWh
 - a. 85,468 (PY 2008)
 - b. 132,679(PY 2009)
 - c. 132,679(PY 2010)
 - d. 132,679(PY 2011)

Budget

- The adopted for PY 2008 was \$110k,
- \$188k (PY 2009)
 - \$188k (PY 2010)
 - \$188k (PY2011)
 - Budget includes 25% of an FTE dedicated to LIEE

- The cost increases are due to increased enrollment and more customer services, increased measures and materials.
- Program currently administered and implemented by San Bernardino Community Action Partnership(SBCAP)
- With this budget it can serve approx. 165 customers per year

Program Delivery, Portfolio Composition and Leveraging

- Seeks guidance for the future regarding new measures
- Customers receive max. number of measures as the installation contractor is a contractor working for both SW Gas, thus reducing shared program costs
- Does not propose any major changes to current program design except for changing its income guidelines from 175% to 200% FPG

Outreach

- *Plans* to increase its outreach efforts considerably from \$3k in 2007 to an annual budget of \$9k for the forecast years in order to achieve a 55% higher participation goal
- Direct mailers and brochures are most successful outreach methods. Program contractors are also effective
- Cross-qualify customers for the CARE and LIEE programs
- Leverage with SW Gas to enroll customers through data exchange

IV. Revenue Requirement

A. Subsidy and Benefit Costs

- Proposes to merge LIEE, CARE and RD&D into a single PPP surcharge and amortize the under-collected amounts over a 3 year budget cycle
- CARE under-collection of \$318,800 and LIEE under-collection of \$285,300
- *Plan* to file an advice letter within next 30-60days seeking authority to establish a single Public Purpose Programs surcharge.

VI. Request to continue funding and allow for fund shifting

- In case of delayed decision by the commission, requests interim authorization to continue LIEE and CARE programs into PY 2009
- Requests to permit fund shifting by category for the LIEE program and also to allow fund shifting among the administration and program categories in order to respond to changing market conditions.

End of Summary Budget Application 2009-2011
Bear Valley Electric Service (BVES)

Summary Budget Application 2009-2011
Alpine Natural Gas (Alpine)

I. Overview

- Serves 1,150 customers in Calaveras County
- 99% are residential.
- Requesting a combined total for three years 2009-2011 is: \$129, 600. Of these \$47, 550 for CARE and \$82,050 for LIEE

II.CARE**1. Goals**

- CARE program is funded through the PPP surcharge and paid through non-participating customer's energy bills
- Estimates its CARE eligible 1,150 for 2008 @175% FPG
- Expects 59 enrolled by year-end 2008 @ penetration of 98%
- For 2009-2011 to add 8 new CARE customers.
- Based on 2008 eligible of 1,150; increase net CARE program participation by
 - a. 3 for PY 2009 (participation rate 100%)
 - b. 3 for PY 2010 (participation rate 100%)
 - c. 2 for PY 2011 (participation rate 100%)
 - Net enrolled in 2008 was 7
 - Expects a Participation rate of 98% for 2008

2. Budget

- a. \$14.8K for PY2009
 - b. \$16.0K for PY 2010
 - c. \$16.8K for PY 2011
- Authorized budget for 2008 was \$9.9K and estimated for 2008 is \$12.5K

Program Administration**1. Processing/Certification/Verification**

- All of these functions performed by existing customer service representatives and were not booked to this account in previous years
- Re-certification and re-verification performed every two years

- Proposed budget
 - a. \$250 for PY 2009
 - b. \$275 for PY 2010
 - c. \$300 for PY 2011

2. General Administration

- Includes programming for reporting and regulatory compliance, travel expense to meetings and workshops, labor for CARE program administration.
- Estimated costs:
 - 2008: \$1,000
 - 2009: \$2,500
 - 2010: \$2,750
 - 2011: \$3,000

Outreach

- Will continue to use multiple communication channels and use current outreach efforts such as CARE program printed on every monthly bill, direct mailings and CARE information at time of initial start of service.
- Authorized budget for 2008 was \$200 and estimated is \$500, the proposed budget for the forecast period is:
 - a. \$525 for PY 2009
 - b. \$550 for PY 2010
 - c. \$600 for PY 2011

III. LIEE

- Will implement the commission adopted programmatic LIEE initiative and its strategic plan to the extent possible, without increasing customer rates or the utility's administrative costs
- Program costs are recovered through PPP surcharge from both participating and non-participating customers

Goals

- Homes Treated and/or Weatherized estimated
 - a. 12 T; 12W (PY 2008)
 - b. 12 T; 12W (PY 2009)
 - c. 15 T; 15W (PY 2010)
 - d. 16 T; 16W (PY 2011)

- Estimated energy savings in kWh
 - a. ----- (PY 2008)
 - b. ----- (PY 2009)
 - c. ----- (PY 2010)
 - d. ----- (PY 2011)

Budget

The adopted for PY 2008 was \$26.3k,

- \$24.4 (PY 2009)
- \$27.9k (PY 2010)
- \$29.8k (PY2011)
- The cost increases are due to increased enrollment and more customer services, increased measures and materials.
- For year 2007, requests approval to reallocate carry-over admin. funds to the Program cost categories
- Requests the continuation of fund shifting among LIEE program categories and program years, considers it critical to the success of the program.

Program Delivery, Portfolio Composition and Leveraging

- Contracts with RHA as a contractor to deliver LIEE services
- Follows standardized protocols developed for installation and policies for all California utilities
- Leverages with PG&E as the other utility providing electric service in the overlapping utility territory
- Requests Commission guidance and direction going forward about standardization of measures and policies applicable to SMJUs
- All ceiling and furnace repair/replacement jobs are inspected and random verification conducted for a sample of dwelling units.

Outreach

- Promotes LIEE program in conjunction with CARE and Medical Baseline programs in addition to direct mailings, on-hold messages, information web page, and other multiple communication channels.
- Postcards, flyers, brochures and posters are currently are most effective outreach methods

IV. Revenue Requirement

A. Subsidy and Benefit Costs

- CARE costs are recovered from non-exempt customers on an equal cents per therm basis
- Both CARE and LIEE balancing accounts are recovered through PPP surcharge and the utility does not propose any changes to its authorized PPP balancing accounts
-

VI. Request to continue funding and allow for fund shifting

- In case of delayed decision by the commission, requests interim authorization to continue LIEE and CARE programs into PY 2009
- Requests to permit fund shifting by category for the LIEE program and also to allow fund shifting among the administration and program categories in order to respond to changing market conditions.

End of Summary Budget Application 2009-2011
Alpine Natural Gas (Alpine)

Summary of Budget Application 2009-2011
West Coast Gas (WC Gas)

I & II. Introduction and Overview

- Serves approx. 1,500 natural gas customers at Mather Field in Sacramento
- 1,271 are residential and new single-family homes
- All residential dwellings meet Title 24 and appliances meet Title 20 standards
- Energy Efficiency retrofits and gas appliance replacement program not cost-effective and are not instituted. CARE program in effect. Requests that the customer conservation education portion of LIEE to continue at \$1.1K level

III Summary of Request

Requests a total of \$22,680 for 3 yr. cycle. Currently approved for 2007 and 2008 is \$7.1K annually

- -2009 \$7.1k
- -2010 \$7.6K
- -2011 \$8.1K
- Requesting no change in customer rates for LIAP and proposed any change in rates be handled through advice letter filing

IV. CARE Program

- Net enrollment for CARE of 4 for each of the forecast years 2009-2011 resulting in 100% participation rate
- Currently approved for 2007 and 2008 is \$6.0K
 - 2009 \$6.0K
 - 2010 \$6.5K
 - 2011 \$7.0K

V.&VI Program Administration and Outreach

- All admin. of the program is conducted in-house and for 2007-2008 was \$850. Recommend approval \$280 for Processing/Certification/and Verification; \$500 for General and \$280 for Outreach for 2009-2011
- Outreach is conducted via quarterly bill inserts, on-hold phone messages and time of new customer sign ups.

VIII Revenue Requirements and Rate impacts

- Maintains a two-way CARE balancing account, As of Dec. 31, 2007 with a \$5K over-collection and will reduce to Zero by the end of 2008.

End of Summary of Budget Application 2009-2011
West Coast Gas (WC Gas)

Summary Budget Application 2009-2011
Sierra Pacific Power Co. (SPPC)

I. Introduction**II. Overview**

- Serves 46,000 customers in Northern California, 80% located in Tahoe Basin
- 50% of 41,000 residential are vacation homes or vacation rentals
- Requesting a total of approx. \$2.17M for 2009-2011 for LIAP: \$1.77M for CARE and \$.40M for LIEE
- Mostly mountain territory above 6,000ft elevation
-

III.CARE**1. Goals**

- CARE program is funded through the PPP surcharge and paid through non-participating customer's energy bills
- Expects 2,496 enrolled by year-end 2008 @ penetration of 83% against adopted goal of 82.7% in D.06-12-036.
- For 2007, penetration rate was 78.8% against adopted 79.9%.
- The customer participation increased both in 2007 and 2008 due to increased income guidelines to 200% FPG, data sharing among Sierra and SW Gas, Self certification and other outreach efforts
- For 2009-2011 to add 132 new CARE customers per year.
- Based on 2008 eligible 3,000; increase net CARE program participation by
 - a. 132 for PY 2009 (penetration rate 88%)
 - b. 132 for PY 2010 (penetration rate 92%)
 - c. 132 for PY 2011 (penetration rate 96%)

2. Budget

- a. \$ 21K for PY2009
- b. \$22K for PY 2010
- c. \$22K for PY 2011

Program Administration

1. Processing/Certification/Verification

- Contracts with California Community Services and Development (CSD) to perform all functions related to the eligibility and re-certification or CARE customers
- Includes verification services, weekly computer printout, notification letters, sub-metered tenants, and review of applications for annual recertification. The auth. budget for 2008 was \$11.1K.
- Proposed budget
 - a. \$15K for PY 2009
 - b. \$16K for PY 2010
 - c. \$16K for PY 2011
- Has exceeded it's approved budget for PY 2007 and PY 2008 by \$3.7K, and \$3.4K respectively due to labor costs and added labor to process the increased volume of applications
- The average cost per enrolled customer for the forecast period is lower than the recorded years
- Income eligibility is re-established every year

2. General Administration

- Includes programming for reporting and regulatory compliance, travel expense to meetings and workshops, labor for CARE program administration.
- Does not report any of these expenses as part of its CARE budgets as these costs are included in General rates.

Outreach

- Will continue to use bill inserts, bill messages, on-hold messages, informational web page, web enrollment/recertification, direct mailings, contractor capitation program, utility data sharing, and community outreach.
- Data sharing with SW Gas identified 132 new CARE customers in 2008, and have added additional 29 new customers through capitation
- The average outreach cost per enrolled customer for the forecast period is lower than the recorded years
- Authorized budget for 2008 was \$4.5K, the proposed budget is
 - a. \$6K for PY 2009
 - b. \$6K for PY 2010

c. \$6K for PY 2011

IV. LIEE

- Will implement the commission adopted programmatic LIEE initiative and its strategic plan to the extent possible, without increasing customer rates or the utility's administrative costs
- Has realized improvements to the LIEE program as a result of its association with RHA , which is the prime administrative contractor for 2008
- High density, low-income areas are selected to participate in the LIEE program, and specialized recipients such as low-income senior complexes are targeted for greatest dollar benefit
- Program costs are recovered through PPP surcharge from both participating and non-participating customers

Goals

- LIEE eligible estimated
 - a. 3,000 (PY 2008)
 - b. 2,860 (PY 2009)
 - c. 2,707 (PY 2010)
 - d. 2,536 (PY 2011)
- Homes Treated and/or Weatherized estimated
 - a. 115 T; 25 W (PY 2008)
 - b. 125 T; 28 W (PY 2009)
 - c. 140 T; 31 W (PY 2010)
 - d. 150 T; 33 W (PY 2011)
- Estimated energy savings in kWh
 - a. 75,000 (PY 2008)
 - b. 91000 (PY 2009)
 - c. 93.730 (PY 2010)
 - d. 96,500 (PY 2011)
- Estimated Penetration rates and net enrollment
 - a. 83%; 132 (PY 2008)
 - b. 88%; 129 (PY 2009)
 - c. 92%; 132 (PY 2010)
 - d. 96%; 132 (PY 2011)

One hundred percent penetration is difficult to achieve due to:

- High cost living area, low-income residents being forced out and on the move

- Seasonal residency does not qualify for the LIEE program.
- Income documentation is difficult due to multiple temporary jobs
- Income documentation process is unwieldy or excessive; proof of income for all jobs during the year is required
- Severe winter conditions prevent year-around installations
- Sierra sub-contractor- Project Go, is located 100 miles away in Roseville, California, and in Tahoe region difficult to find qualified, and willing contractors to provide the appliance repair and replacement work

Budget

The adopted for PY 2008 was \$110k, seeks 10% increase each year for forecast period to expand program to meet 2020 goal

- \$121k (PY 2009)
- \$133k (PY 2010)
- \$147k (PY2011)
- The cost increases are due to more customer services, increases in labor, materials and mileage costs.
- Seeks approval to shift funds between LIEE program categories and program years for 2009-2011 and finds critical to the success of the program. The reasons are: eliminates potential delays, faster response to changes in policies, assist more homes, lower admin. costs
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Program Delivery, Portfolio Composition and Leveraging

- Proposes maintaining list of measures adopted in 2006 P&P Manual, with addition of storm windows, floor insulation and duct wrap
- Seeks permission to discontinue 10-year go back rule and provide new measures not available in the past
- Seeks guidance for the future regarding new measures
- Customers receive max. number of measures as the installation contractor is a LIHEAP contractor working for both SW Gas and Sierra Pacific thus reducing shared program costs
- Has assisted 6,833 homes since PY 2001 and plans to assist 10,783 by year end 2011.

Outreach

- *Plans* to target high energy usage customers above baseline and will notify them about LIEE program
- 35 percent of customers were above baseline during 2007.

- Direct mailers and brochures are most successful outreach methods. Website and Program contractors are also effective
- Cross-qualify customers for the CARE and LIEE programs
- Leverage with SW Gas to enroll customers
- To track customer response to all methods would be an expensive action

V. Revenue Requirement

A. Subsidy and Benefit Costs

- Does not propose any change to CARE costs recovery mechanism, costs are recovered from non-exempt customers through two-way balancing account
- The costs are collected thru its PPP surcharge.

VI. Request to continue funding and allow for fund shifting

- In case of delayed decision by the commission, requests interim authorization to continue LIEE and CARE programs into PY 2009
- Requests to permit fund shifting by category for the LIEE program and also to allow fund shifting among the administration and program categories.

End of Summary Budget Application 2009-2011
Sierra Pacific Power Co. (SPPC)

Summary Budget Application 2009-2011
SW Gas

I. Overview

- Serves 177,000 customers in California (10% of total customer base)
- 95% of California customer base is residential
- Non-Care PPP surcharge in southern California service area is highest of any utility in the State @ \$0.10212 per therm
- Requesting a total of approx. \$31.4M for 2009-2011 for LIAP: \$26.7M for CARE and \$4.7M for LIEE

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II.CARE**1. Goals**

- Expects 37, 539 enrolled by year-end 2008 @ penetration of 81% against adopted goal of 95% in D.06-12-036.
- For 2007, SW penetration rate was 79% against adopted 93%.
- The reasons stated for not achieving the penetration rates were U.S. housing slump and related sub-prime mortgage crisis that have impacted the Southwest's customer growth in Southern California and thus has revised its penetration goal for 2008 to 81%
- Proposes several program modifications to improve customer enrollment including phone enrollment and certification, along with extending the recertification timeframe for CARE sub metered tenants and CARE Expanded Programs with minimal impact to its CARE administration budget.
- Based on 2008 eligible 46, 281; increase net CARE program participation by
 - a. 538 for PY 2009 (penetration rate 82%)
 - b. 676 for PY 2010 (penetration rate 84%)
 - c. 781 for PY 2011 (penetration rate 85%)

2. Budget

- a. \$ 8.74M for PY2009
- b. \$8.89M for PY 2010
- c. \$9.07M for PY 2011

Program Administration**1. Processing/Certification/Verification**

- Includes Opening and sorting of applications, Processing applications, Initiating and responding to customer inquiries and Tracking CARE enrollment and Regulatory reporting. The auth. budget for 2008 was \$42K.
- Proposed budget
 - a. \$96K for PY 2009
 - b. \$97K for PY 2010
 - c. \$98K for PY 2011
 - Has exceeded it's approved budget for PY 2006, PY 2007 and PY 2008 by \$59.2K, \$56.2K and \$52.9K due to labor costs and added labor to process the increased volume of applications
 - The average cost per enrolled customer for the forecast period is lower than the recorded years
 - Income eligibility is re-established every two years and 10% of CARE customers are post-verified annually
 - *Plans* to change annual recertification to every two years for sub-metered tenants
 - Requests that the timeframe for CARE expanded programs (Nonprofit Group Living Facilities, Migrant Farm Worker Housing Centers, Privately-Owned Employee Housing, Agricultural Housing) be extended to every 2 years, instead of annually.
 - Proposes to implement phone enrollment and recertification in PY2009-2011.

2. General Administration

- Includes programming for reporting and regulatory compliance, the authorized for 2008 was \$24K.
- Proposed budget
 - a. \$26K for PY 2009
 - b. \$28K for PY 2010
 - c. \$30K for PY 2011
- Have instituted measures in 2008 to comply with AB 2104 requiring utilities to improve the CARE program application process for tenants receiving electric or gas service from a master-meter customer through a sub-metered system by Jan. 1, 2008

Outreach

- Will continue to use bill inserts, bill messages, on-hold messages, informational web page, web enrollment/recertification, direct mailings, contractor capitation program, utility data sharing, community outreach and California's *Flex Your Power* statewide energy efficiency marketing and outreach campaign
- Data sharing with SCE and Sierra Pacific identified 4,200 and 130 respectively qualified CARE customers in 2007
- Have instituted discussions to collaborate with municipalities and local governments regarding CARE program and the possibility of sharing data.
- Authorized budget for 2008 was \$95K, the proposed budget is
 - a. \$100K for PY 2009
 - b. \$100K for PY 2010
 - c. \$100K for PY 2011

III. LIEE

- Serves California climate zones 14(Needles), 15 (Victorville, Barstow, high desert and 16 (Tahoe, Truckee and Big Bear)
- In Arizona, SW weatherization program implemented in 1998 is based on DOE Weatherization Assistance Program (WAP)
- California LIEE program is funded through the PPP surcharge paid by participating and non-participating customers.

Goals

- LIEE eligible estimated
 - a. 30,706 (PY 2008)
 - b. 29,306 (PY 2009)
 - c. 28,644 (PY 2010)
 - d. 27,970 (PY 2011)
- Homes Treated or Weatherized estimated
 - a. 1,400 T; 1,300 W (PY 2008)
 - b. 1,200 T; 1,100 W (PY 2009)
 - c. 1,350 T; 1, 250 W (PY 2010)
 - d. 1,500 T; 1,400 W (PY 2011)
- Estimated energy savings in therms
 - a. 54, 290 (PY 2008)
 - b. 46, 013 (PY 2009)
 - c. 52, 321 (PY 2010)
 - d. 58, 653 (PY 2011)

- Estimated Penetration rates and net enrollment

- a. 81%; 273(PY 2008)
- b. 82%; 538 (PY 2009)
- c. 84%; 676 (PY 2010)
- d. 85%; 781 (PY 2011)

One hundred percent penetration is difficult to achieve due to:

- Seasonal residency in resort areas of Lake Tahoe and Big Bear areas.
- Income documentation difficult due to Potential customers being temporary and undocumented
- Severe winter conditions prevent year-around installations
- Sub-contractors located 100 miles away in some areas and in Tahoe region difficult to find local contractors due to overwork and LIEE cost caps prohibitive

Budget

The adopted for PY 2008 was \$1.08M

- \$1.255M for PY 2009
- \$1.56M for PY 2010
- \$1.86M for PY2011
- The cost increases are due to more customer services, increases in labor, materials and mileage costs.
- Seeks approval to shift carry-over funds from Administration to Program costs in weatherization, energy education and appliance repair/replacement
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Program Delivery, Portfolio Composition and Leveraging

- Proposes maintaining list of measures adopted in P&P Manual, with addition of storm windows, floor insulation and duct wrap for Climate Zone 16(Tahoe, Truckee, Big Bear)
- Seeks permission to discontinue 10-year go back rule and provide new measures not available in the past
- Seeks guidance for the future regarding the adopted statewide standardized program
- SW has assisted 6,833 homes since PY 2001 and plans to assist 10,783 by year end 2011.

Outreach

- Proposes to spend \$20K annually for 2009-2011.

- Average cost per enrolled customer as well as residential customer is decreasing from 2008 to 2011
- *Plans* to target high energy usage customers above baseline and will notify them about LIEE program
- 35 percent of customers were above baseline during 2007.
- Direct mailers and brochures are most successful outreach methods. Website and Program contractors are also effective

IV. Revenue Requirement

A. Subsidy and Benefit Costs

- Does not propose any change to CARE costs recovery mechanism, costs are recovered from non-exempt customers through two-way balancing account
- The costs are collected thru its PPP surcharge.

V. Request to continue funding and allow for fund shifting

- In case of delayed decision by the commission, requests interim authorization to continue LIEE and CARE programs into PY 2009
- Requests to permit fund shifting by category for the LIEE program and also to allow fund shifting among the administration and program categories.

End of Summary Budget Application 2009-2011
SW Gas

