

Decision S2 11 019 NOV 3 1982

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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
Pacific Gas and Electric Company)
to modify Decision 93891 to permit)
the implementation of a direct)
weatherization component of ZIP and)
to allow public housing agencies)
the option of offering a contingent)
assignment of rents instead of a)
lien as security for ZIP loans in)
excess of \$5000.)

Application 82-07-35
(Filed July 16, 1982)

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Lipson, Attorneys at Law, for
Pacific Gas and Electric
Company, applicant.
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Ames and Edward P. Nelsen,
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Alan Bengvel, for State Office
of Economic Opportunity; Roy O.
Desmangles, Jr., for Sacramento
Urban League; Robert Gnaizda,
Attorney at Law, by Anita P.
Arriola, for ten community
organizations; Regina E. Gurst,
for Center for Independent Living;
James Hodges, for California/
Nevada Community Action
Association; Joseph J. Honick,
for Insulation Contractors
Association; Yvonne W. Ladson,
for Ladson Associates; David
Mundstock, Attorney at Law, for
the California Energy Commission;
and Stanford Simmons, for
himself; interested parties.
Richard Rosenberg, Attorney at
Law, for the Commission staff.

O P I N I O N

Summary of Decision

This decision authorizes Pacific Gas and Electric Company (PG&E) to add a direct weatherization element, directed to low-income homeowners, to its zero interest program (ZIP). PG&E is directed to allocate \$3 million from outreach and information funds already budgeted for ZIP.

PG&E will pay community-based organizations, local governments, and private contractors to install up to six cost-effective energy conservation measures in single-family homes owned by PG&E's low-income customers. Costs per home are estimated at no more than \$600, so that at least 5,000 homes should receive direct weatherization services with the money allocated today. PG&E's goal is to complete these installations by the end of 1982.

The direct weatherization element is added to ZIP in order to ensure that low-income homeowners have an equitable opportunity to participate in ZIP. PG&E's experience to date indicates that even zero-interest loans do not provide these customers with adequate opportunity to receive the benefits of more energy-efficient homes.

The measures to be installed are so cost-effective that even customers who never participate directly in direct weatherization will save money over the life of the weatherization measures. PG&E will be able to "supply" energy through conservation at less cost than if new energy supplies were purchased to provide equivalent amounts of energy.

Introduction

By application filed July 16, 1982, PG&E requests Commission approval of the following modifications to Decision (D.) 93891 which authorized funds for implementation of PG&E's 1982 ZIP:

1. Rather than expending certain designated sums to market zero interest loans to low-income persons, PG&E seeks approval to spend such sums on a direct weatherization component which will provide funds for installation of conservation measures for qualifying single-family low-income homeowners at no cost to the program participants; and
2. PG&E seeks Commission modification of D.93891 to permit an alternate form of security, i.e. an assignment of rents for ZIP financing to public housing projects.

With respect to PG&E's request to include a direct weatherization component for low-income persons in its ZIP, the National Energy Conservation Policy Act (NECPA) provides for several exemptions from its prohibition against utility-supplied or utility-installed energy conservation measures for any residential customers. One such exemption is the "contracting exemption" which allows utility installation programs through contractors as long as such programs obtain all necessary regulatory approval and comply with all applicable laws.

In August 1982 the California Energy Commission (CEC) modified the Residential Conservation Service (RCS) State Plan to include procedures which ensure that any utility supply or utility installation program permitted by the "contracting exemption" is undertaken in full compliance with the Department of Energy's (DOE) requirements. The RCS State Plan, as modified, requires that the Commission, as the relevant reviewing authority, hold a public hearing before it authorizes a utility contracting program for installation of conservation measures.

In compliance with the mandate of the RCS State Plan, the Commission held hearings on PG&E's request for modification of D.93891, among other things, to allow substitution of a direct weatherization component in ZIP in lieu of certain previously approved outreach activities. Hearings were held on September 15 and 16 in San Francisco. Evidence was received from PG&E and the Commission staff. The State Office of Economic Opportunity and Yvonne Ladson of Ladson Associates sought to sponsor proposals which specifically detailed the particular manner in which PG&E should implement any authorized direct weatherization program for low-income persons. Since the proceeding was instituted to determine generically whether or not PG&E should even be authorized to implement such a direct weatherization component, the presiding administrative law judge properly concluded that the proffered proposals were beyond the scope of the proceeding and excluded them from consideration.

The application was submitted on September 24, 1982, upon receipt of "statements of position" from the participating parties. PG&E, and Public Advocates, Inc. (Public Advocates) on behalf of 10 community-based organizations, provided comments to the Commission. We are now prepared to render a decision in this matter.

I. Positions of the Parties

A. PG&E

1. Direct Weatherization Component

PG&E requests that the Commission modify the low-income outreach provisions of D.93891 to allow it to implement, within the current structure and funding levels of ZIP, a modified approach to ZIP outreach efforts for low-income single-family homeowners. The modification to D.93891 would authorize PG&E to fund direct installation of conservation measures in single-family homes owned by low-income customers (direct weatherization), with the installations performed on the utility's behalf by a combination of community-based

organizations (CBOs), local governments, and private contractors. This plan would be carried out by redirecting some of the \$4.5 million in funds previously authorized for ZIP outreach to the specified target groups, including low-income homeowners.

To implement a direct weatherization component of ZIP, PG&E proposes to negotiate contracts with CBOs, local governments, and insulation contractors to install the ZIP "Big Six"¹ measures in single-family homes owned by eligible low-income customers.²

CBOs and local governments will be able to submit bids to perform direct weatherization services according to their abilities. For example, it is planned that they may bid to perform:

1. Identification and verification services only;
2. Identification, verification, and installation of some Big Six measures; or
3. Identification, verification, and installation of all Big Six measures.

PG&E plans to award contracts based upon cost per dwelling unit, demonstrated ability to perform, service provided, and other factors. CBOs or local governments which will perform installations will have to meet federal and state requirements, such as being listed on the state RCS Master List, or having a valid contractor's license.

¹ Ceiling insulation, weatherstripping of doors and windows, water heater blankets, low-flow showerheads, caulking, and duct wrap.

² For purposes of PG&E's ZIP and other utility weatherization financing programs, the Commission has defined "low-income" as any person meeting the standard to receive payments under the Federal Energy Assistance Program.

Under PG&E's proposal, insulation contractors also will be able to bid to install Big Six measures for direct weatherization recipients. These bids may include:

1. Installation of all Big Six measures;
or
2. Installation of insulation and one or more of the other five measures.
(Such bids are to be submitted in combination with a CBO, so that the two bids together will constitute full direct weatherization service.)

PG&E suggests that in order to meet federal requirements, insulation contractors will have to be RCS-listed. All contracts will be awarded for a fixed period of time and a specified number of dwelling units. These parameters will be chosen to foster a maximum level of competition and cost-efficiency, and to comply with all requirements of federal law and the RCS State Plan. Bidding for continuing direct weatherization will anticipate the expiration of current contracts, so that uninterrupted service can be provided to direct weatherization recipients.

If direct weatherization can be implemented by November 1, 1982, PG&E believes that up to 4,000 low-income single-family homes can be weatherized by the end of the calendar year. This figure represents PG&E's assessment of the maximum feasible effort which can be accomplished this year, given the extensive preparation and coordination with CBOs, local governments, and insulation contractors which will be required. PG&E anticipates that it will continue to offer low-income single-family homeowners the opportunity to receive direct weatherization services in future years. PG&E's specific plans and funding request for direct weatherization for 1983 will be submitted to the Commission in connection with the 1983 ZIP/RCS offset proceedings, A.82-09-17 (ZIP) and A.82-09-18 (RCS).

Through the course of this proceeding, PG&E produced a range of estimated costs per unit for direct weatherization. PG&E's June 11, 1982 "Report of Pacific Gas and Electric Company on the Low Income Component of ZIP" had estimated \$628 per unit; this report was filed in A.82-07-35 as Exhibit 2. The actual application included this estimate as the lowest of three estimates; the other two were \$868 and \$1,432 per unit. Differences were based on alternative assumptions concerning material costs, installation (labor) costs, and CEO administrative costs.

In late-filed Exhibit 7, PG&E presented revised cost estimates, based on its experience in Phase I of ZIP, on the experiences of the San Diego Gas & Electric Company (SDG&E) direct weatherization program, and on consultation with contractors and community organizations in the PG&E service territory. PG&E presented three cost scenarios:

	Scenario <u>1</u>	Scenario <u>2</u>	Scenario <u>3</u>
Material costs	\$265	\$265	\$265
Labor costs	249	274	348
CEO administrative costs	<u>126</u>	<u>189</u>	<u>379</u>
Total cost per home	640	728	992

Using the middle scenario and assuming that PG&E can weatherize 4,000 homes in 1982, the total expenditure for direct weatherization in 1982 would be \$2.912 million. The 1982 direct weatherization component, under PG&E's proposal, would be funded from the \$4.5 million already allocated and approved for ZIP outreach contracts in 1982. The balance of the \$4.5 million would be used for outreach efforts to target customer groups.

PG&E contends that reallocation of outreach contract dollars is appropriate because it would be futile to spend large sums on contracts with CBOs to have those organizations persuade low-income homeowners to take out ZIP loans. As presented in the June 11 report (Exh. 2), PG&E now doubts that any loan program, even one at zero interest, can benefit many of these customers. In PG&E's view, the reallocated funds therefore will result in a positive achievement of ZIP goals (emplacement of energy-saving measures in the homes of target customers), compared with outreach marketing efforts which have little chance of success.

Although direct weatherization is to be carried out without any additional ratepayer funding for 1982, PG&E claims that it will be able to support planned outreach activities for target markets other than single-family low-income homeowners. Specifically, sufficient funds will remain available to continue to offer CBOs an opportunity through ZIP outreach contracts to help PG&E market ZIP loans to landlords and renters, the elderly, and non-English-speaking customers. The balance of the \$4.5 million already earmarked for ZIP outreach will be used for these purposes. CBOs also will remain eligible to obtain Community Conservation Service Outreach contracts (not funded through ZIP) under which they can promote ZIP loans and other PG&E conservation programs.

2. Lien Requirements

PG&E seeks to ensure that ZIP loans are available to benefit low-income residents of publicly owned housing. For example, the utility currently is working with public housing agencies in San Francisco and Oakland to arrange ZIP loans to cover 7,000 and 3,100 low-income rental units in their respective communities.

D.93891 specifies that PG&E is to obtain liens for all ZIP loans in excess of \$5,000. PG&E supports this requirement as an important and necessary safeguard for ratepayers' investments in conservation through the ZIP program. ZIP loans to public housing agencies can be expected to exceed \$5,000. PG&E has learned,

however, that some of these agencies may be restricted by regulation or policy from encumbering their property through liens. In that event, such agencies presently would be unable to participate in ZIP, and their tenants could not receive the benefits of direct weatherization in the program.

In PG&E's view, it would be regrettable if the lien requirement needlessly restricted participation of public housing authorities in ZIP, especially if they could offer an alternative form of security which would provide equal or better security for ratepayers.

Accordingly, PG&E requests that D.93891 be modified to authorize the utility to accept a contingent assignment of rents from public housing agencies as security for ZIP loans. In the event of a default by the agency in its monthly payments to PG&E, the assignment would provide for payment from rents of the outstanding balance of the ZIP loan at the time of default.

PG&E originally proposed that the alternative form of security would be available only for loans to weatherize government-owned rental units; private landlords still would have been expected to provide liens.

PG&E believes that the alternative form of security now proposed will give ratepayers an equivalent or greater level of protection of their investment than that offered by liens, and will avoid potential problems associated with foreclosures where the alternative is used instead of liens. Subsequent position statements of PG&E indicate that PG&E agrees with staff that the alternatives to security, other than a lien, should be available to all ZIP participants with loans in excess of \$5,000.

B. Staff

Staff presented testimony on the following issues:

1. Should PG&E be permitted to modify its lien requirements to provide some other form of loan security?
2. Is the transfer of funds from promotion of low-interest loans for low-income customers to direct weatherization reasonable?

Staff believes that PG&E should be permitted to change the ZIP lien requirements to provide some other form of loan security. Staff believes that options should be made available to all multifamily rental units. Staff feels that many property managers and weatherization contractors could provide other security mechanisms than a lien. Some landlords or property managers are expressly prohibited from assenting to a lien or assigning rents. They have indicated to staff that they would be willing to provide PG&E with a payment bond guaranteeing the repayment of the ZIP.

Currently, contractors are trying to weatherize large multifamily complexes under ZIP where liens are impossible to obtain. Assignment of rents may not be an adequate solution in staff's opinion. However, a surety bond or other form of security may suffice. Therefore, staff believes that the Commission should modify the present lien requirements in order to provide PG&E flexibility in securing its loans. At a minimum, staff recommends that the options of assignment of rents, surety bonds, and adequate deposits under utility control should be authorized.

Staff also agrees that it is reasonable to transfer funds from promotion of zero interest loans for low-income customers to direct weatherization for these same customers.

Staff does take issue with PG&E's projections regarding the cost of weatherization per home. Staff feels that \$600 per home is a more reasonable projection of direct weatherization costs. This lower figure results primarily from lower estimates of the cost of ceiling insulation. Witness Grove rejected PG&E's estimates of 34-80¢/ft² (revised to 35¢/ft² in Exh. 7), and stated that insulation is installed for the Sacramento Municipal Utilities District for 25¢/ft² (Tr. 167). While PG&E has proposed to attempt 4,000 direct weatherizations at a total cost of \$2.912 million or as many as can be accomplished using the originally budgeted amount of \$3.472 million, staff recommends using the originally budgeted \$3.472 million to do as many low-income direct weatherization jobs as possible using \$600 per house as a guideline.

Staff further recommends terminating promotion of zero interest loans to this low-income target market during the 1982 program.

Since the ZIP outreach programs to landlords and renters, the elderly, and non-English-speaking customers have been successful according to PG&E, staff feels that the remainder of the \$4.5 million should be used to continue ZIP outreach to these target groups.

C. Public Advocates

Public Advocates makes the following recommendations regarding PG&E's request to implement a direct weatherization program for its low-income customers:

1. The full \$4.5 million allocated by the Commission for outreach should remain exclusively for such purposes. Direct weatherization expenditures should come from a combination of unused administrative expenses and/or a reduction in zero interest loans to nontargeted groups. In the absence of such, it will be impossible to have an effective, innovative, and far-reaching outreach and educational program to targeted groups, particularly in light of PG&E's embarrassingly poor past performance;

2. In order to avoid either the appearance or reality of unfairness in letting of contracts, and in order to ensure that innovative and aggressive outreach is sought, an independent auditor-monitor should be appointed to oversee the procedures for and the letting of all contracts directed at targeted groups, including direct weatherization contracts. The independent auditor-monitor should report to the PUC staff and be paid from the \$13 million in administrative expenses allocated to PG&E;

In the alternative, an alternative that is not preferred, the PUC should immediately set up an ongoing complaint and oversight function regarding the letting of such contracts;

3. Specific renter and other target group goals should be set that are representative of the target groups' populations within the PG&E service area. A penalty structure for failure to meet such goals should be imposed;
4. Comprehensive and adequate monthly targeted group data should be provided; and
5. No arbitrary preconditions should be set on who is eligible for direct weatherization contracts. For example, it is arbitrary to require that any agency, as a precondition for eligibility for contracts to provide low-income direct weatherization services for PG&E, must prove a demonstrated ability to install conservation measures. Such a requirement could penalize most CBOs.

II. Discussion

D.93891 underscored our commitment to a ZIP program which would extend benefits of conservation to all of PG&E's ratepayers including low-income customers. During the first six months of PG&E's 1982 ZIP program, it has become apparent that a more aggressive approach must be taken to achieve significant levels of participation by low-income customers in PG&E's ZIP. PG&E's proposal to implement a direct weatherization component of ZIP for low-income persons is an appropriate vehicle for such increased participation.

The record indicates that there is a need for a direct weatherization component of ZIP to be implemented for single-family low-income homeowners as soon as possible. Reallocation of the funds is superior to spending them futilely on outreach contracts aimed at persuading single-family low-income homeowners to participate in ZIP regardless of the barriers which stand in their way.

We find it appropriate to reallocate \$3 million of the original \$4.5 million 1982 outreach budget for direct weatherization. Since we accept staff's forecast of \$600 per direct home weatherization as most realistic, the \$3 million allocated in 1982 provides funds for weatherizing about 5,000 homes. PG&E should strive to meet this goal even if some work will have to be completed in 1983. The remainder of the \$4.5 million should be used to continue outreach and marketing of ZIP to landlords and renters, the elderly, and non-English-speaking customers. We expect that these

funds will be available to contract with CBOs for their assistance and special skills in reaching these markets. If these funds prove ineffectual in reaching and educating targeted groups regarding the benefits of ZIP, we will have ample opportunity to review the level of funding as well as the inherent efficacy of outreach programs in PG&E's 1983 ZIP application.

The evidence indicates that a direct weatherization component of ZIP will be consistent with the cost-effectiveness of the rest of the ZIP program, and itself will be cost-effective. The analysis of cost-effectiveness of direct weatherization is based on PG&E's higher estimated cost per home weatherized (\$868), projected energy savings for measures as presented in previous ZIP hearings, and PG&E's 1982 avoided costs. Using this information, the cost of conserved energy of direct weatherization is \$0.1368/th and \$0.0155/kWh. These costs of conserved energy are compared to PG&E's 1982 avoided costs of \$0.739/th and \$0.1035/kWh. Since we have adopted a lower estimated cost per home weatherized (\$600), direct weatherization is even more cost-effective than the original analysis indicates. At the adopted levels, the low income component will meet all four of the Commission's tests of cost-effectiveness.

The \$600 cost per weatherized home is a guideline for PG&E, not an absolute upper or lower limit on unit costs. We note for informational purposes the amounts authorized to other California utilities for their direct weatherization programs. In D.93892 (December 30, 1981, in A.59788) we authorized SDG&E to spend \$2.1 million per year to provide direct weatherization to 4,000 homes; this is an average of \$525 per home. In D.82-09-62 (September 22, 1982, in A.60446 and 60447) we authorized SoCal to pay \$536 per Big 6 direct weatherization package. We expect that PG&E's proposed competitive bidding process will produce expenditures in the range of those authorized to other utilities. The prudence of PG&E's expenditures will be reviewed as part of the 1983 ZIP/RCS proceeding to revise PG&E's Conservation Financing Adjustment.

The hearings held on September 15 and 16 satisfy the requirements of Chapter XIV of the RCS State Plan. There is no evidence to indicate that PG&E's direct weatherization plans would impose any undue and adverse effects on competition. There is nothing to indicate anything except that the requirements of the RCS State Plan, applicable DOE regulations, and NECPA will be fairly met by PG&E's direct weatherization plans. During this 1982 startup phase of a direct weatherization program, we find that it is appropriate to limit implementation and availability of such a component to low-income single-family homeowners.

With respect to the request of Public Advocates for the Commission to appoint an independent auditor-monitor to oversee the procedures for and the letting of all contracts directed at targeted groups, we find the request is premature. There is nothing to indicate that our current complaint procedures are inadequate to ensure against overbearing and discriminatory behavior by the utility in letting contracts. Since ratepayer funds are at issue, any utility impropriety in the handling of such moneys is subject to scrutiny both in a complaint proceeding or subsequent ZIP hearings. We see no necessity to expend funds establishing a redundant monitoring system.

We decline at this time to adopt Public Advocates' proposal that specific target group goals be set. At the present time we lack sufficient information upon which to base such goals. Instead, we will leave PG&E flexibility in reaching target groups. We will direct PG&E to file the details of its efforts, as well as more detailed information regarding the size and nature of each target group. We agree with staff and Public Advocates that PG&E should provide more comprehensive and adequate monthly data on penetration of the targeted ZIP groups. The data should be provided in a form

which readily allows the Commission to determine penetration levels among each of the targeted subgroups. The information should also detail the degree of overlap which occurs among the various subgroups. For example, the data should indicate whether a single ZIP loan to an elderly non-English-speaking customer shows up in the survey twice. We will not specify how PG&E should present the information. However, we will indicate that we expect more refined and useful information concerning penetration of the target markets.

In its request to implement a direct weatherization component, PG&E asks the Commission to grant as much flexibility as possible. We will grant that request, with the understanding that PG&E will make full use of this flexibility to enhance the implementation of direct weatherization. Community-based organizations and governmental agencies appear to have the potential to contribute significantly to the success of direct weatherization.

Finally, we agree with PG&E that a blanket rule requiring a lien to secure all ZIP loans over \$5,000 may unnecessarily stifle participation. The uncontroverted evidence shows that a broader spectrum of multifamily ZIP participants can be accommodated without jeopardizing the ratepayers' investment in conservation through ZIP loans by allowing an assignment of rents, a payment bond, or a 75% deposit to be offered as a security mechanism. Staff endorsed PG&E's proposal, and we will modify the security requirements for all ZIP loans in excess of \$5,000 to allow participants the option of offering any one of four security mechanisms.

Findings of Fact

1. Various barriers inhibit the participation by low-income single-family homeowners in ZIP, including fear of debt, inability to take advantage of conservation tax credits, and inability to meet even minimal credit standards. Accordingly, to provide ZIP benefits equitably to such customers, it is reasonable for PG&E to add a direct weatherization component to its program whereby it can arrange for installation of Big 6 measures for low-income single-family homeowners at no cost to participants.

2. PG&E can accomplish direct weatherization for low-income single-family homeowners through contracts with CBOs, local governments, and insulation contractors.

3. It is appropriate for PG&E to implement direct weatherization in 1982 by reallocating \$3 million in funds previously authorized for ZIP outreach to low-income customers.

4. It is appropriate for PG&E to spend the remainder of the \$4.5 million allocated for 1982 ZIP outreach in marketing ZIP to landlords, renters, the elderly, and non-English-speaking customers.

5. Average direct weatherization costs per home of \$600 are reasonable; about 5,000 can be weatherized with a budgeted \$3 million for 1982.

6. The direct weatherization component of ZIP is cost-effective.

7. As security for ZIP loans in excess of \$5,000, it is reasonable to accept a lien, an assignment of rents, a payment bond, or a 75% deposit of the outstanding loan.

Conclusions of Law

1. To comply with requirements of the NECPA of 1978 and the Energy Security Act of 1980, PG&E can carry out a direct weatherization component of ZIP only through contracts with independent suppliers or contractors which are listed on the master list maintained by the CEC under the RCS State Plan and which are not subject to the utility's control.

2. Before PG&E can implement a direct weatherization component of ZIP, federal regulations in connection with the NECPA require that CEC adopt and DOE approve amendments to the RCS State Plan setting forth regulations governing installation of conservation measures by utilities through independent contractors; such action has been taken.

3. The modifications to D.93891 requested by PG&E are reasonable and should be granted, with the further modifications prescribed above.

4. In order to allow PG&E the opportunity to implement a direct weatherization component of ZIP as quickly as possible during the remainder of 1982, this order should be effective immediately.

O R D E R

IT IS ORDERED that:

1. Pacific Gas and Electric Company (PG&E) is authorized to implement a direct weatherization component for low-income single-family homeowners in its 1982 ZIP as described here; funds for such a direct weatherization program shall be provided by allocating \$3 million of the \$4.5 million authorized for ZIP outreach activities in D.93891 to direct weatherization.

2. D.93891 is modified to allow PG&E to accept as security for ZIP loans in excess of \$5,000 any one of the following forms of security:

- a. A lien.
- b. An assignment of rents.
- c. A payment bond, or
- d. A 75% deposit of the outstanding loan.

3. Within 30 days of the effective date of this order, PG&E shall file with the Commission:

- a. Detailed estimates of the size of the target groups and the potential size of the target markets, i.e. the low-income, landlords, renters, the elderly, and the non-English-speaking.
- b. PG&E's internal guidelines for the orderly and fair selection of community groups, governmental agencies, and private contractors with which to contract for direct weatherization services.

4. PG&E shall provide detailed monthly information concerning penetration levels of ZIP loans and direct weatherization installations among the target markets.

This order is effective today.

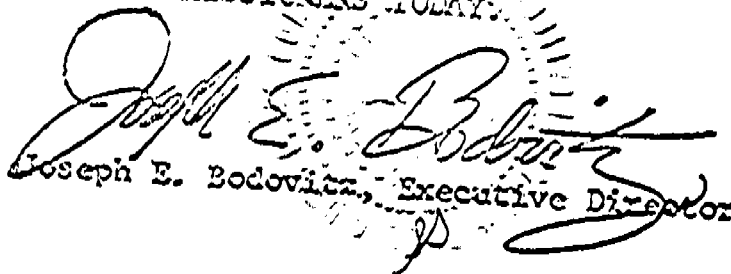
Dated NOV 3 1982, at San Francisco, California.

I will file a concurring opinion.

LEONARD M. GRIMES, JR.
Commissioner

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. CREW
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovick, Executive Director

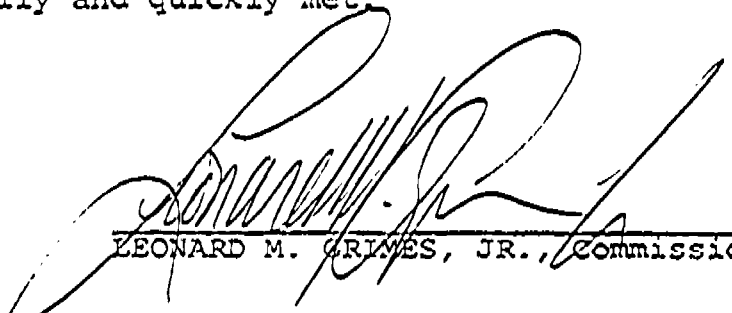
COMMISSIONER LEONARD M. GRIMES, JR., Concurring:

I concur.

Throughout the lengthy consideration and development of the ZIP program, we have sought to achieve as complete equity as possible among all ratepayers. Our decision today is an important part of this effort.

Time and time again, it has been shown that the impact of high energy bills falls heaviest on poor and disadvantaged ratepayers. Unfortunately, unless special care is taken, programs like ZIP can fail to reach these ratepayers who are outside of the economic mainstream. Today's decision authorizes PG&E to initiate a direct weatherization program which, if successful, will enable low income ratepayers to share in the benefits of ZIP by providing for the free weatherization of 5,000 low income homes in the next few months. This is the important beginning of an on-going program that must eventually get to all who are eligible.

Complete success, however, will depend largely on the extent to which PG&E can work harmoniously with community based organizations and other local resources. These organizations provide PG&E with invaluable access and credibility among people in hard-to-reach communities. The utility should make maximum use of such organizations. Consequently, I urge PG&E to avoid as much as possible bureaucratic red tape in its work with the various community run groups. For example, while quality workmanship in installing conservation measures is important, alternative ways of assuring quality may be superior to a blanket eligibility requirement. By working with community organizations in a flexible manner, PG&E will help to ensure that its program goal of 5,000 homes is fully and quickly met.



LEONARD M. GRIMES, JR., Commissioner

San Francisco, California
November 3, 1982