

Decision 83 07 015 JUL 20 1983**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
SAN DIEGO GAS & ELECTRIC for an
Order Modifying the Requirements
for Installation of the "Big Six"
Weatherization Measures in its
Proposed Cash Back Rebate Program
so as to be Consistent with
Decision 83-03-039.

Application 83-05-25
(Filed May 12, 1983)

ORDER OF MODIFICATIONBackground

By Decision (D.) 93892 in Application (A.) 59788 dated December 30, 1981 San Diego Gas & Electric Company (SDG&E) was authorized expenditures for a conservation weatherization program including an 8% low-interest loan program and an alternate one-third rebate program. D.93892 also required SDG&E to finance and otherwise facilitate the installation of ceiling insulation in a minimum of 10,940 single-family dwelling units in 1982 and 1983.

On the same day, D.93894 (A.60546) set forth the details of the 8% loan program, and SDG&E's Residential Conservation Service (RCS) program providing residential energy audits at no charge to participating customers. The 8% loan program authorized by these two

decisions was similar to zero interest programs (ZIPs) previously authorized for Pacific Power & Light Company and Pacific Gas and Electric Company. This included the requirement that all "Big Six" measures be installed in order to qualify for financing.¹

By D.82-12-048 dated December 8, 1982 Southern California Gas Company (SoCal) was ordered to require that all Big Six measures be installed for a customer to receive any rebate. On February 18, 1983 SoCal filed a petition for modification and clarification of D.82-12-048. In its petition SoCal stated that requiring all Big Six measures to be installed would (1) substantially increase the capital outlay of a participant in the rebate program, (2) severely hamper the rental market and the do-it-yourself market, and (3) result in a sharp drop in loan applications which tends to increase the cost per participant and thereby decrease the program cost-effectiveness. D.83-03-039 dated March 16, 1983 modified D.82-12-048 to require that at least three of the Big Six measures be installed for any rebate and that one of the three must be R-19 attic insulation.

The Petition for Modification

On May 12, 1983, SDG&E filed an application to modify D.93892. This application described the "Cash Back" program SDG&E proposes as the rebate option for weatherization financing. Cash Back is presented as consistent with the guidelines of D.93892, except that SDG&E would replace the requirement that all Big Six measures be installed with a requirement that installation of attic insulation to the R-19 thermal level plus any two of the remaining Big Six measures would be necessary for cash rebate eligibility.

¹ The "Big Six" measures are (1) attic insulation, (2) weatherstripping, (3) water heater blankets, (4) low-flow showerheads, (5) caulking, and (6) duct wrap.

SDG&E grounds its application on a desire for consistency with D.83-03-039; Cash Back would be similar to SoCal's rebate program. ✓

Through the Cash Back program, SDG&E proposes to make rebates available for both contractor-installed and customer-installed do-it-yourself weatherization. The rebates for single-family dwellings will consist of the purchase price of the item, or the following rebate(s), whichever is less:

Ceiling insulation	\$300
Duct insulation	\$100
Weatherstripping/Caulking*	\$ 20
Water Heater Wrap	\$ 10
Low-Flow Showerhead	\$ 15

*Note: A single rebate will be given for weatherstripping and/or caulking.

For contractor-installed measures, SDG&E will pay the rebates directly to the contractors, who will have subtracted an equal amount from the contract price charged the customer.

Discussion

The Commission's Energy Conservation Branch (ECB) staff supports SDG&E's proposed program, including the attic-plus-two requirement. In the 1981 proceedings, the ECB staff had recommended that all Big Six measures be installed as a single package, as conditions for eligibility in both the loan and rebate programs. They believed that encouragement of single transactions and inspections would simplify the program and dissuade customers from piecemeal weatherizing. However, SoCal's program experience, as pointed out in D.83-03-039, is that loan programs differ from rebate programs with different parameters warranted.

No protests to SDG&E's requests have been received. The request is reasonable and should be granted to the extent provided in the following order.

Findings of Fact

1. With respect to conservation programs, a loan program differs from a rebate program and different parameters are warranted.

2. Continuation of the requirement that a consumer must have in place attic insulation, weatherstripping, water heater blankets, low-flow showerheads, caulking, and duct wrap before becoming eligible for conservation rebates could result in a decrease in the number of conservation measures taken by SDG&E's consumers.

3. A decrease in the number of participants in SDG&E's conservation program could result in an increase in the cost per participant and thereby decrease the program's cost-effectiveness.

4. Attic insulation is the most cost-effective conservation measure under consideration and its installation should be fostered.

5. The requirement of the installation of attic insulation plus any two of the other five Big Six conservation measures as a prerequisite to eligibility for rebates is reasonable and should be instituted.

6. This program for calendar year 1983 will only apply to single-family dwellings.

Conclusions of Law

D.93892 should be modified as set forth in the ensuing order.

IT IS ORDERED that D.93892 is modified as follows:

Finding of Fact 37 is amended to read:

37. SDG&E will be responsible for assuring that rebates are granted only for the proper installation of approved measures. The expenditures allowed in this opinion for a conservation weatherization program should be used for an 8% low-interest loan program, and the alternate 1/3 rebate (Cash Back) program. The rebate program is to be modified in a manner consistent with the

financing program in that a \$1,000 limitation is imposed and at least three items of the Big Six must be found installed to receive any rebates, and one of the three items must be R-19 attic insulation (R-11 attic insulation will be accepted if installed prior to 1978).

This order becomes effective 30 days from today.

Dated JUL 20 1993, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO

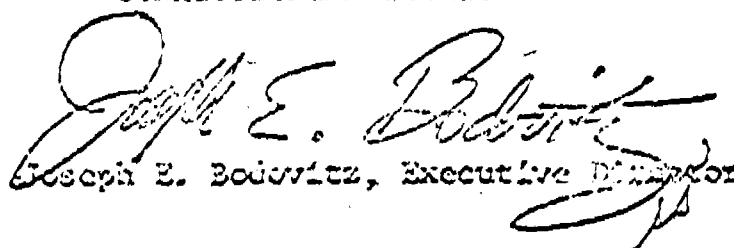
FRISCILLA C. CREW

DONALD VIAL

WILLIAM E. BAGLEY

Commissioners

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


Joseph E. Bodovitz, Executive Director

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