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Decision No. 87242

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the establishing by regulation or order necessary or desirable requirements to implement the HOME INSULATION ASSISTANCE & FINANCING PROVISIONS of newly enacted Public Utilities Code Sections 2781 through 2788, inclusive, as they apply to electrical corporations and gas corporations under the jurisdiction of the Commission.

Case No. 10032
(Filed January 13, 1976;
amended February 15, 1977)

(See Appendix A for appearances.)

INTERIM ORDER

The Commission staff has filed a motion requesting an immediate interim order from this Commission providing that any incentives or payments which may become available through proceedings in this case be provided to all those who undertake R-19 level or greater home ceiling insulation retrofit installations contemplated by the amended order instituting investigation on or after February 15, 1977.

The motion was filed March 7, 1977 and served on all parties to Case No. 10032. The motion was also discussed during the prehearing conference and the respondent utilities stated their respective positions on the motion.

Southern California Gas Company (SoCal) supports the merit of the concept addressed by the staff, but opposes the motion because:

- (1) It does not provide for offsetting rate relief,

- (2) The subject matter of the motion could conflict with the provisions of Business and Professions Code Section 7157, and
- (3) Retroactive ratemaking may be involved.

Pacific Gas and Electric Company (PG&E) supports the motion provided that certain caveats to the consumer are expressed in the Commission's order should the motion be granted. PG&E also expressed concern that the interim order be restructured to avoid the appearance of an open-ended offer which would generate multiple stages of claims.

Southern California Edison Company (Edison) stated that it is committed to the concept of conserving energy, but that it opposes the motion on the grounds that:

- (1) There may be an issue of unlawful ratemaking involved, and
- (2) The requested order may be discriminatory.

San Diego Gas & Electric Company (SDG&E) is in favor of the motion, but believes that if an interim order is issued, it should specify the requirements a ratepayer will have to meet to be eligible for any payment or incentive which may be granted by the Commission's final order in this proceedings.

With respect to the issues of offsetting rate relief, possible violation of Business and Professions Code Section 7157, and possible discrimination, we fail to see how the requested interim order would prejudice the ultimate resolution of these matters.

The matter of offsetting rate relief will naturally depend on the kind of incentive offered and the financial treatment authorized. In any event, the motion was not made for an order requiring immediate commitment of utility funds. Therefore, a provision authorizing offsetting rate relief would be totally inappropriate at this time. Such consideration properly should be addressed in the final order in this proceeding.

The potential violation of Business and Professions Code Section 7157^{1/} is a matter which must be reviewed during the course of these proceedings. It is by no means clear that the offering of incentives under all conditions is a violation. Even if it were determined at the conclusion of hearings that there was no possible way to structure an incentive program without running afoul of Business and Professions Code Section 7157, the subject matter of the motion itself does not violate the section because it addresses only incentives which may be authorized by the final order in this proceeding. If ultimately no incentives are authorized, then obviously nothing exists to become effective February 15, 1977, or at any other time.

Similarly, the issue of discrimination will need to be explored during the course of the hearings. The issue of discrimination will depend at least partially on the type or types of incentive programs authorized. If unjust or undue discrimination is found in every type of incentive proposed, then none would be authorized in the final order and none would be effective February 15, 1977. The issue of discrimination thus arises, if at all, at the time of final order only and not at the time of any interim order.

The issue of retroactive ratemaking, however, is a matter to consider for purposes of an interim order. The motion requests that any incentives granted be given to all who install R-19 level ceiling retrofit insulation on or after February 15, 1977, which is the date of the amended order instituting investigation in this case. This date is now some weeks past. We think it is more desirable to consider the requested order as being effective from the date of this order.

^{1/} The section prohibits any person from offering to pay to any homeowner or tenant compensation or reward for the procurement or placing of home improvement business with others.

The thrust of the staff's motion is to encourage anyone who is presently considering retrofit insulation to proceed now without fear that they will forfeit any economic advantage which might be gained by waiting for the Commission's final order in this matter. Respondent utilities themselves have expressed concern that current levels of insulation sales and activities be maintained during the pendency of these hearings. So that the current or potential insulation customer will be fully informed of the nature and impact of this order, the following caveats should be emphasized:

- (1) The matter of incentives or payments for ceiling insulation retrofit is under investigation. The final order in this case may find that no payment or incentives will be allowed.
- (2) There are many prices for insulation and the consumers should shop for the best comparative value as they would for any product or service.
- (3) Consumers should know the contractor they deal with and should deal with him as with any businessman.
- (4) Consumers should observe the amount of insulation material used and method of installation.
- (5) If any payment or incentive is authorized by the Commission in its final order, it will be reduced by the amount of any incentive previously given by a utility as a part of its existing conservation program.

- (6) Claims under this order for any payment or incentives for retrofit ceiling insulation will be limited to those payments or incentives initially authorized by the Commission.
- (7) To substantiate a claim if any payments or incentives are authorized, a consumer must:
 - a. Solicit at least two bids in writing from insulation contractors,
 - b. Have proof of payment for insulation with an imprinted (not handwritten) date of sale on or after the date of this order,
 - c. Have written certification from the contractor of the level, brand, and type of insulation if installed by a home insulation contractor, and
 - d. Insulate to R-19 level or greater.

Since the purpose of the motion and of this order is to encourage the public to insulate, we think that this end will be best accomplished by providing the public with information concerning this order via bill inserts from the respondent utilities. To achieve uniformity among the several service areas, the language for the bill insert has been prepared and is attached to this order.

Therefore, IT IS ORDERED that:

1. Any payments or benefits which may be authorized by the Commission at the conclusion of these proceedings will be provided to all who undertake R-19 level or greater ceiling insulation retrofit installations on or after the date of this order and may be extended to include installations made prior to this date. The effective date of this order shall be the date hereof so as to minimize delays in such installations. Claims for these payments or benefits shall be supported as follows:
 - a. With two bids in writing from insulation contractors if the installation is to be installed by a home insulation contractor,

- b. With proof of payment with an imprinted date of sale on or after the date of this order, and
- c. With written certification of the level, brand, and type of insulation if installed by a home insulation contractor, or
- d. With proof that insulation was installed to R-19 level or greater.

2. Each respondent utility shall include the attached Notice to Customers in its May 1977 (or next regular bill if bimonthly billing is used) bills informing ratepayers in its service area of those provisions of this order.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 26th day of APRIL, 1977.

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William S. Quors, Jr.

Commissioner

Rabot Batinauel
President

Verizon L. Stevenson
Richard P. Kowale

Commissioners

APPENDIX A

LIST OF APPEARANCES

Respondents: Malcolm H. Furbush, William H. Edwards, and Kermit R. Kubitz, by Kermit R. Kubitz, Attorney at Law, and Shirley Woo, Attorney at Law, for Pacific Gas and Electric Company; Gordon Pearce, Guenther S. Cohn, Leslie R. Kalin, and Stephen A. Edwards, by Leslie R. Kalin and Stephen A. Edwards, Attorneys at Law, for San Diego Gas & Electric Company; Rollin E. Woodbury, Robert J. Cahall, William E. Marx, and Richard K. Durant, Attorneys at Law, for Southern California Edison Company; Thomas D. Clarke and David B. Follett, by David B. Follett, Attorney at Law, and Jonel C. Hill, for Southern California Gas Company.

Interested Parties: Brobeck, Phleger & Harrison, by Gordon E. Davis and William H. Booth, Attorneys at Law, for California Manufacturers Association; Lido H. Werner, for Insulation Manufacturing; Heinz Griesshaber, for RAFPCO, Inc. and Air Foam Insulation Company; Pettit, Evers & Martin, by Joseph Martin, Jr. and Susan L. Paulus, Attorneys at Law, for Owens, Corning Fiberglass, Inc.; Joseph J. Honick, for Insulation Contractors Association; Dale Nevins, Stanley L. Matthews, and Richard F. Gamble, for Rockwool Industries, Inc.; William Emick, Attorney at Law, for Long Beach Gas Department; Helen E. Millius, for herself; Robert Spertus, Attorney at Law, and Sylvia Siegel, for Toward Utility Rate Normalization; Downey, Brank, Seymour & Rohwer, by Philip A. Stohr, Attorney at Law, for General Motors Corporation; David A. Ogden, for Department of Water and Power of the City of Los Angeles; Lawrence L. Cobb, for California Energy Resources Conservation and Development Commission; John Geesman, for California Citizen Action Group; Joe C. Penka, for Mono-Therm Insulation Systems, Inc.; William W. Anderson Jr., for Natural Resources Defense Council; Ward C. Wardman, for Insultherm Insulation Company; Thomas Knox, Attorney at Law, for California Retailers Association; L. A. Barron, for National Cellulose Insulation Manufacturers Association, Inc.; K. Phillip Maroot, Attorney at Law, for Joe Crain; and John S. Richard, for California-Pacific Utilities Company.

Commission Staff: Mary Carlos, Attorney at Law, George Amaroli, and K. C. Chew.

NOTICE TO CUSTOMERS

The California Public Utilities Commission by Decision No. 87242 has indicated that it plans to explore possible utility incentives for attic insulation in uninsulated homes.

The Commission ordered that these incentives (if authorized) shall apply to all consumers who insulate their homes on or after APR 26 1977. Since the level of incentives, if any, will be established in later hearings, the amount is not known at this time.

It is possible that no incentives or only partial incentives will be authorized. However, customers thinking about insulation should do so now without waiting for final action, since whatever incentives, if any, are finally adopted by the PUC will be provided to all those who insulate after APR 26 1977.

The PUC stated that claims for such incentives shall be supported as follows:

1. With two bids in writing from insulation contractors if the insulation is to be installed by a home insulation contractor,
2. With proof of payment with an imprinted date of sale on or after the date of this order, and
3. With written certification of the level, brand, and type of insulation if installed by a home insulation contractor, or
4. With proof that insulation was installed to R-19 level or greater.

Further information contained in the decision may be found at the company's local office or by obtaining a copy from the PUC at 350 McAllister Street, San Francisco, CA 94102.