

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric  
Company for Approval of the 2009-2011  
Low Income Energy Efficiency and  
California Alternate Rates for Energy  
Programs and Budget (U39 M).

Application 08-05-022  
(Filed May 15, 2008)

And Related Matters.

Application 08-05-024  
Application 08-05-025  
Application 08-05-026

**NOTICE OF EX PARTE COMMUNICATION  
OF THE DIVISION OF RATEPAYER ADVOCATES**

Pursuant to Rule 8.3 of the California Public Utilities Commission's Rules of Practice and Procedure, the Division of Ratepayer Advocates ("DRA") files this Notice of an *ex parte* communication.

On April 12, 2011, at approximately 2:30 p.m., DRA representatives Cheryl Cox, DRA's Policy Advisor, Camille Karen Watts-Zagha, DRA's Low Income Project Coordinator, and Harvey Y. Morris, Assistant General Counsel, met with Carol A. Brown, Chief of Staff and advisor to President Peevey, at President Peevey's Office on the Fifth Floor at the Commission's headquarters in San Francisco. Ms. Cox initiated the meeting which lasted approximately 40 minutes.

During the meeting, the representatives for DRA stated that the utilities would not have all of the critical evaluation data required by the Commission's D.08-11-031 for their May 15, 2011 applications for their 2012-2014 Low Income Energy Efficiency ("LIEE") programs, and DRA stated that it did not make sense for the utilities to proceed with outdated data. Therefore, DRA recommended that the LIEE and California Alternative Rates for Energy (CARE) program

proceedings should be bifurcated and that the utilities' CARE application should be filed on May 15, 2011 for the three year cycle (i.e., 2012-2014). However, DRA recommended that the LIEE application should be filed for only one-year bridge funding. DRA further recommended that after the utilities receive all of the evaluation results, then the utilities can incorporate the results into an application, which they should file for the remaining two-year cycle (i.e., 2013-2014) no later than January 15, 2012, and they should be able to answer DRA's and other parties' data requests at that time.

DRA distributed two handouts during the meeting, which are attached hereto. The rest of the information DRA discussed at the meeting was the information in the two handouts.

Copies of this Notice can be obtained by calling or sending e-mail to Sue Muniz at (415) 703-1858 or [sam@cpuc.ca.gov](mailto:sam@cpuc.ca.gov).

Respectfully submitted,

/s/ HARVEY Y. MORRIS

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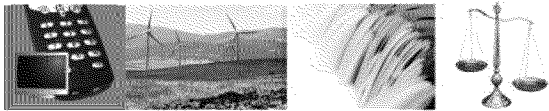
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April 15, 2011

# **ATTACHMENTS**



Contact: Cheryl Cox, DRA Policy Advisor - (415) 703-2495 - [cxc@cpuc.ca.gov](mailto:cxc@cpuc.ca.gov)

PROCEEDING NO: A.08-05-022 et.al.

April 12, 2011

Commission Timing: May 15, 2011 (IOUs submit applications)

## CARE / LIEE 2012 – 2014 Program Application Schedule

**DRA Position:** The CPUC should grant 1-year bridge-funding for LIEE programs and provide additional guidance to the utilities to develop improved low-income programs.

### **Background**

- Assigned Commissioner Ruling requires the utilities to file 3-year (2012–2014) Low Income Energy Efficiency (LIEE) portfolios and California Alternative Rates for Energy (CARE) applications by May 15, 2011.
- Critical evaluation data from LIEE pilots and studies are not fully available to inform design of 2012-2014 programs.
- Under the current schedule, CARE / LIEE audits will not be released and considered in sufficient time to shape new programs.

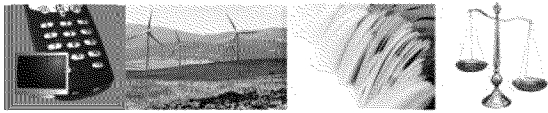
### **Current LIEE Schedule will Lock-in Program Design Based on Old Data**

- D.08-11-031 and LIEE rulings require the utilities to incorporate evaluation results and other updates into their next LIEE program cycle (see References).
- CPUC Guidance Document for LIEE program application development omits significant issues identified in D.08-11-031:
  - ▶ Increase correlation of program spending to savings.
  - ▶ Implement CPUC targeted customer priorities: High User, High Energy Burden, and Insecurity.
  - ▶ Incorporation of newly legislated lighting standards.
- Utility 2009 LIEE and CARE Annual Reports show:
  - ▶ LIEE is not achieving savings: For every dollar spent on the program, households realize \$0.44 in bill savings. When including “non-energy benefits,” net losses total \$65 million (2009) out of \$215 million program.
  - ▶ Refrigerators provide highest value: 42-78% program electric savings, yet only 17% of dwellings served in 2009 received refrigerators.
  - ▶ Broad consensus among stakeholders: Need to review refrigerator standards, but the study is still incomplete.



### **DRA Recommendations**

- Bifurcate the LIEE and CARE program proceedings, which each have unique needs.
- Approve 1-year bridge funding for LIEE and require 2-year program cycle applications to be submitted by March 1, 2012.
- Proceed with CARE program applications deadline of May 15, 2011. However, the CPUC should provide additional guidance requiring IOU proposals to address affordability issues (such as debt management strategies and making bills predictable).
- Publicly release CARE and LIEE program audits in order to provide transparency for program savings results.



Contact: Cheryl Cox, DRA Policy Advisor - (415) 703-2495 - [cxc@cpuc.ca.gov](mailto:cxc@cpuc.ca.gov)

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## References: CPUC LIEE Decisions and Rulings

Supporting Incorporation of Evaluation Results in 2012-2014 LIEE Programs

### CPUC references below are filed in Docket A.08-05-022 et.al.

#### Assigned Commissioner and ALJ Scoping Memo of January 20, 2010

"There are also several ongoing pilot programs and studies (e.g. 2009 Impact Evaluation; the 2010 Process Evaluation; the Non-Energy Benefits Study; the High Usage Needs Assessment; the Refrigerator Degradation Study; the CARE Recertification Study; etc.). These are currently underway in preparation for use as bases for the next budget cycle." (p.2)

The IOUs must also do a better job of communicating the results of their pilots and studies to the Commission, other IOUs and other stakeholders. (p.6)

#### D.08-11-031

*"Lighting Programs Shall Support New Laws and the Rapidly Changing Marketplace.* Significant new state and federal laws are rapidly transforming the lighting market. We approve continued lighting programs, coupled with educating LIEE customers about new energy efficiency lighting laws. Lighting program budgets, including LIEE programs, will diminish as market transformation occurs." (p. 5)

"As new technologies in lighting come into play between 2009 and 2011, the IOUs shall adhere to the new legal standards in introducing lighting measures to LIEE portfolios. They shall report in their annual reports their preparation to meet the new legal requirements.

Should the general Energy Efficiency decision, expected in 2009, develop a major shift in lighting focus for the state, the IOUs may need to readjust their lighting portfolios midcourse to reflect such changes." (OP 44 and 45)

#### Energy Savings and Cost Effectiveness

*Assessment/Energy Audit and Measure Installation:* Conduct a site specific energy audit at each residence. Install feasible measures based on housing type and climate zone<sup>11</sup>; **increase measure-level cost effectiveness.** (p.12)

We are also concerned about the low level of energy savings we see in the 2009-11 budget applications by PG&E and SCE, and for SDG&E its electric savings, as compared to the requested budget increases. We would expect to see a closer correlation between budget increase and rises in overall program energy savings.

#### D.08-11-031 (cont'd)

The following are the IOUs' actual numbers, which show that budget increases will not produce corresponding energy savings:

We will also require that the IOUs report the new energy savings values in the next annual report to the Commission once the Impact Evaluation Study and Non Energy Benefits studies are complete. We anticipate that these published results will show that energy savings of the portfolio are increasing over time, with an increased correlation between program spending and energy savings. (p.46-47)



By conducting an Impact Evaluation for 2009, we can ensure that the results are available prior to the submission of the 2012–2014 budget applications. (p. 158)

IOUs shall perform a 2009 Impact Evaluation study and Non Energy Benefits study. The IOUs shall report the results of these studies once the studies are completed. We anticipate that these reported results will show that energy savings of the LIEE portfolio are increasing over time, with a closer correlation between program spending and energy savings than shown in the IOUs' 2009-11 budget applications. (OP 21)

Segmentation Study

However, this study must occur in the first part of 2009, in order for its results to be coordinated into the single statewide ME&O program. Before commencing the study, the IOUs shall coordinate the study's development with IOU and Commission staff developing the ME&O program. After the study is completed, the IOUs shall communicate and discuss the results with the same individuals. (p. 156)

Refrigerator replacement study

In the LIEE program, refrigerator replacement provides significant, cost effective energy savings, and we strongly endorse a continued focus on this measure. Further study of this long term and enduring energy savings measure will prove itself useful to better program delivery and therefore approve this pilot. If more frequent refrigerator replacement would garner new, significant and cost effective energy savings, we may decide to allow such replacement in the future. (p. 157)