

Application No. A.11-05-25

Exhibit No: _____

Witness: Aguirre, Mark

**PREPARED REPLY TESTIMONY OF MARK AGUIRRE ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY'S
ENERGY SAVINGS ASSISTANCE PROGRAM PLANS
AND BUDGETS FOR PROGRAM YEARS 2012, 2013 AND 2014**

Before the Public Utilities Commission
of the State of California

December 9, 2011

1 **I. INTRODUCTION**

2 Pursuant to the September 26, 2011 Assigned Commissioner and Administrative Law
3 Judge’s Joint Scoping Memo and Ruling, Southern California Gas Company (“SoCalGas”)
4 hereby submits reply testimony to the opening testimonies of parties submitted on November 18,
5 2011.

6 **II. SUMMARY OF SOCALGAS’ OPENING TESTIMONY**

7 The following summarizes the Opening Testimony of Delia Meraz, as adopted by Mark
8 Aguirre, on behalf of SoCalGas’ proposed program year (“PY”) 2012-2014 Energy Savings
9 Assistance (“ESA”) program¹ plans and budgets submitted May 16, 2011.

10 SoCalGas respectfully requested the Commission to approve the ESA program plans and
11 budgets for PY2012, PY2013, and PY2014 as described in the Opening Testimony and authorize
12 the following:

- 13 • Approval of its PY2012, PY2013, and PY2014 ESA program plans and budgets herein;
- 14 • Approval to continue its existing ESA program into PY2012, using PY2012 program
15 funds, should the Commission be delayed in issuing a decision in this proceeding before
16 year-end 2011, and count program achievements towards PY2012 accomplishments.
- 17 • Approval to shift funds in the ESA program consistent with the fund shifting authority in
18 D.08-11-031 and as modified by D.10-10-008.
- 19 • Approval of the mix of measures reflected in Attachments A-6 and A-7 for the ESA
20 program.
- 21 • Approval of the outreach and marketing elements requested herein.
- 22 • Approval to continue the integration and leveraging efforts.

¹ The Energy Savings Assistance Program was formerly known as the Low Income Energy Efficiency or LIEE Program.

- 1 • Approval to include one new measure to the ESA program mix of measures to be offer to
2 eligible customers: the thermostatic shower valve to reduce the customers’ energy
3 consumption.
- 4 • Approval to continue using the methodology adopted for the eligible population as
5 revised herein.
- 6 • Approval of a statewide impact evaluation study for program year 2012.
- 7 • Approval of a statewide energy education assessment study for the 2012 program year.
- 8 • Approval of the ESA program budget amounts projected in the 2012-2014 budget cycle.

9 **III. DISCUSSION**

10 **A. PROGRAM ELIGIBILITY GUIDELINES**

11 The Commission, in Decision (“D.”) 05-10-044, established income eligibility guidelines
12 to determine whether a household is eligible to participate in the Energy Savings Assistance
13 Program and directed utilities to make the income eligibility requirements for the ESA program
14 consistent with the California Alternate Rates for Energy (“CARE”) program.² The
15 Commission’s income eligibility guidelines require that when determining income eligibility, the
16 ESA program must assesses the total household income. For purposes of the program income
17 eligibility, income is defined as: “all revenues, from all household members, from whatever
18 source derived, whether taxable or non-taxable, including, but not limited to: wages, salaries,
19 interest, dividends, spousal support and child support, grants, gifts, allowances, stipends, public
20 assistance payments, social security and pensions, rental income, income from self-employment
21 and cash payments from other sources, and all employment-related, non-cash income.” GO 153

² D. 05-01-044 at p.13. Prior to 2005, the Commission, in Resolution E-3254, dated January 21, 1992, determined that it was reasonable to conform the Low Income Weatherization Program (the former name of the Energy Savings Assistance Program) to the ULTS/LIRA Standards and permitted the utilities to revise their LIW program levels accordingly. (Finding 5 and Ordering Paragraph 3.)

1 Section 2.1.52. (effective May 3, 2007). In D.99-07-016, the Commission determined that
2 household income includes “income derived from such assets, such as interest and dividend, and
3 income derived from the gain from their sale.” D.99-07-016, at Ordering Paragraph (“OP”) 3. In
4 the same decision, the Commission determined that household income excludes “liquid assets,”
5 “borrowed monies, or monies transferred from one checking, savings, or similar account to
6 another account.” In its definition of income, the Commission also includes income sources such
7 as public assistance payments, military family allotments, grants, and allowances.

8 However, in its testimony, National Consumer Law Center (“NCLC”), National Housing
9 Law Project (“NHLP”), and California Housing Partnership Corporation (“CHPC”)
10 recommended that “housing subsidies” be removed as a source of income in the ESA program
11 income eligibility guidelines and that the list of income eligible buildings developed by HUD for
12 use in its weatherization assistance program (“WAP”) be used as a means to expedite enrollment
13 in the ESA program.³ Income eligibility guidelines have been established by the Commission in
14 determining whether a household is eligible to participate in the ESA program. NCLC
15 acknowledges that the list developed by HUD would “require conformity with the Energy
16 Savings Assistance Program’s definition of income.”⁴ SoCalGas would support a resource that
17 would assist in identifying income-qualified customers for participation in the ESA program. In
18 order for such a resource to be useful, it would need to align with current income eligibility
19 guidelines for the ESA program as established by the Commission.

20 **B. CALCULATION OF UNWILLING AND INELIGIBLE CUSTOMERS**

21 In their testimony, various parties have indicated that SoCalGas’ unwilling or ineligible
22 estimate is too high. SoCalGas still maintains that its estimate is accurate since it developed its

³ NCLC/NHLP/CHPC Testimony, at p. MS-9.

⁴ NCLC/NHLP/CHPC Testimony, at p. MS-9.

1 estimates for unwilling and ineligible customers based on customer feedback as reported by
2 contractors as a means of further refining estimates applicable to its service territory. For
3 example, SoCalGas used a weighted average from 2009 and 2010 data trends to project that 19%
4 of customers will be unwilling or ineligible to participate in the Energy Savings Assistance
5 Program. However, SoCalGas recognizes the desirability of maintaining a steady rate of homes
6 treated each year in that it would give its contractors a level of certainty in the planning of its
7 operations and allow contractors to maintain momentum year-to-year in support of SoCalGas’
8 Energy Savings Assistance Program.

9 As SoCalGas stated at the Low Income Oversight Board Meeting on June 21, 2010, it
10 would be open to a higher level of homes treated for the 2012-2014 cycle than it filed in its
11 application as long as it received the funding necessary to sustain a higher level of homes treated.
12 In its current application, SoCalGas plans to treat 129,106 homes in PY2012, 100,249 homes in
13 PY2013, and 100,249 homes in PY2014 for a total of 329,604 homes. If SoCalGas were to
14 maintain its homes treated number for PY2013 and PY 2014 at the level planned for PY2012,
15 SoCalGas estimates that its budget would require an increase of \$39.9M to fund the additional
16 57,714 of customers that are not reflected in SoCalGas’ proposed budget of \$266.2M.

17 The Division of Ratepayer Advocates (“DRA”) recommends that the Commission reject
18 the utilities’ estimate of homes treated by LIHEAP because the utilities do not know how many
19 customers are served by LIHEAP.⁵ Specifically, DRA questions SoCalGas’ assumption of
20 serving 12,000 homes annually in its territory through LIHEAP/WAP. SoCalGas disagrees with
21 the recommendation to exclude the number of homes treated by LIHEAP/WAP from its
22 unwilling and ineligible calculation. SoCalGas based these estimates on county data that was
23 provided by the California Department of Community Services and Development (“CSD”) on

⁵ Testimony of K. Camille Watts-Zagha on Behalf of the Division of Ratepayer Advocates, at pp.2-10.

1 March 15, 2011 for 2009 and 2010. SoCalGas' tracking data shows that 397 homes were
2 weatherized under 'another program' in 2009 and 1,236 in 2010. However, these counts are not
3 inclusive because the data collected is limited to the information data entered by SoCalGas'
4 contractor network. SoCalGas is willing to exclude these 1,633 homes from its unwilling and
5 ineligible estimates but requests to include the estimate of 12,000 homes LIHEAP/WAP counts
6 in its calculation of unwilling and ineligible customers.

7 **C. MARKETING, EDUCATION AND OUTREACH (ME&O)**

8 The Testimony of Joint Parties' Experts Len Canty, Jorge Corralejo and Faith Bautista
9 (collectively the "Joint Parties") recommend that the utilities conduct outreach in Tagalog or
10 Taglish and any other South East Asian or Pacific Language in which the population is 50,000 or
11 over in a utility service area to be consistent with Assemblyman Mike Eng's legislation,
12 AB1088, which requires disaggregation of data by Asian sub-group.⁶ SoCalGas is not subject to
13 AB 1088.⁷ SoCalGas utilizes the following languages when conducting outreach and marketing
14 in languages other than English: Chinese, Korean, Spanish and Vietnamese. All of these
15 languages are used in brochures that specifically promote the Energy Savings Assistance
16 Program. There is also an online application for the ESA program that is available in Spanish.
17 Other collateral available include a personalized letter, posters and applications that are available
18 to customers when conducting outreach and marketing. SoCalGas conducts Spanish automated
19 voice messaging campaigns to eligible low income customers each month which promotes the
20 ESA program. SoCalGas has engaged in various ethnic media campaigns including a direct
21 mail campaign targeting 104,640 Chinese, Korean, Vietnamese and Filipino customers. For

⁶ Joint Parties Testimony, at p.7.

⁷ AB 1088 requires that "a state agency, board, or commission that directly or by contract collects demographic data to include data on specified collection categories and tabulations in every demographic report on ancestry or ethnic origins of California residents that it publishes or releases on or after July 1, 2012."

1 example, in 2011, an online and direct mail campaign was scheduled to reach the Filipino
2 community through partnerships with local business and distribute a flyer at Seafood City Stores
3 in Eagle Rock, West Covina, Cerritos, North Hills, Panorama City, Los Angeles and Carson.
4 Approximately 70,000 flyers in Tagalog promoting the ESA program were distributed to the
5 Filipino community when they visited one of the seven stores chosen throughout SoCalGas'
6 territory.

7 Additionally, there are several community based organization ("CBOs") promoting the
8 Energy Savings Assistance Program through SoCalGas' Community Help and Assistance with
9 Natural Gas and Electricity Services ("CHANGES") Pilot Program. Below is a list of the CBOs
10 participating in the CHANGES pilot who assist SoCalGas customers:

- 11 1) Campaign For Social Justice in the Valley
- 12 2) Chinatown Service Center in Los Angeles
- 13 3) International Institute of Los Angeles
- 14 4) Koreatown Youth and Community Center in Los Angeles
- 15 5) Search to Involve Pilipino Americans (SIPA) in Los Angeles
- 16 6) Abrazar in West
- 17 7) Asian American Resource Center in San Bernardo
- 18 8) El Concilio del Condado de Ventura
- 19 9) South Asian Network in Artesia
- 20 10) Vietnamese Community of Orange County, Inc.

21 **D. PROGRAM MEASURES**

22 **i. Three Measure Minimum Rule**

23 D.08-11-031 directed the utilities to install all feasible measures. SoCalGas has adhered
24 to the Commission directive and offers all feasible cost-effective energy efficient measures to
25 customers eligible for the Energy Savings Assistance Program. Although the Commission's
26 directive should lead to long-term energy savings it is in direct conflict with the "three measure
27 minimum rule." Parties have proposed the elimination or revision of the three measure

1 minimum rule. SoCalGas would support reevaluating the three measure minimum rule
2 particularly because one of SoCalGas' key program challenges is meeting the three measure
3 minimum as a single commodity utility. Additionally, the three measure minimum rule conflicts
4 the California Long Term Energy Efficiency Strategic Plan ("CEESP") goal of providing 100
5 percent of eligible and willing customers all cost-effective Energy Savings Assistance Program
6 measures by 2020.

7 **ii. HVAC & Water Heater Repair**

8 When interpreting Section 1941.1 of the California Civil Code, the Commission in D.08-
9 11-031, determined that that "no furnace repair and replacement or water heater repair and
10 replacement work shall occur in violation of our holding in D. 07-12-051 that heating and water
11 heating in rented housing are the responsibility of the landlord."⁸

12 Notwithstanding the current statute and Commission decision language, several parties
13 recommend the program rules be revised to permit all qualified households to be eligible to
14 receive furnace repair and replacements.⁹ Specifically, NCLC/NHLP/CHCP state that they are
15 aware of the Commission's decision in D. 08-11-031, and suggest that the "prohibition on
16 heating and hot water replacements and repairs in D.08-11-031 may be hindering important
17 energy efficiency savings that could otherwise be obtained."¹⁰ SoCalGas disagrees because there
18 is an alternative to encourage landlords to upgrade furnaces and water heaters and realize energy
19 efficiency savings under SoCalGas' Energy Upgrade California ("EUC") energy efficiency
20 program.

⁸ D. 08-11-031, Ordering Paragraph 20.

⁹ Testimony of K. Camille Watts-Zagha on Behalf of the Division of Ratepayer Advocates at p. 2-2, Testimony Matt Schwartz on Behalf of the National Consumer Law Center, the National

¹⁰ Testimony Matt Schwartz on Behalf of the National Consumer Law Center, the National Housing Law Project, and the California Housing Partnership Corporation at p. 17,

1 Pursuant to the EUC program, landlords would receive an incentive under EUC to
2 replace inefficient furnaces and water heaters with new more efficient ones. The difference
3 between the proposal of NCLC/NHLP/CHPC and SoCalGas is that under SoCalGas' EUC
4 program, landlords will need to pay for the purchase of the equipment, although at a lower cost
5 due to the incentive provided by SoCalGas' EUC energy efficiency program. SoCalGas fully
6 supports this avenue for landlords to pursue energy efficiency savings which is consistent with
7 the Commission directives that the landlord (and not ratepayers) be responsible for furnace and
8 water heater replacement.

9 In addition, DRA recommends that non-operational (red-tagged) furnaces and water
10 heaters be made operational and this could be expedited by establishing a co-pay system, which
11 is seemingly also inconsistent with Commission decision. By contrast, SoCalGas considers that
12 its proposed integration with energy efficiency programs and/or the TELACU pilot to provide
13 landlord incentives to replace furnaces and water heaters is a better alternative to having
14 ratepayers bear the entire costs of these measures.

15 **iii. High Usage Customers**

16 The Division of Ratepayer Advocates ("DRA") proposes that "IOU's should provide a
17 measure mix which prioritizes bill savings".¹¹ Specifically, DRA states that IOU's should focus
18 on measures that provide the most energy savings and that it should target households based on
19 climate zones and household energy use.¹² DRA's proposal runs counter to the Commission's
20 directive in D.08-11-031, which ordered the IOU's to provide all feasible measures and stated
21 that "customers should not be segmented by energy usage in the direct installation on

¹¹ Testimony of K. Camille Watts-Zagha on Behalf of the Division of Ratepayer Advocates, at p.2-11.

¹² Testimony of K. Camille Watts-Zagha on Behalf of the Division of Ratepayer Advocates, at p.2-11

1 measures.”¹³ The Commission highlighted the transiency of the low income population as a
2 rationale that supports the installation of all feasible measures and that the “high rate of
3 transiency undermines the rationale for segmenting each household for measure installation
4 purposes by energy usage. In addition, in D.08-11-031 the Commission described a “Whole
5 Neighborhood Approach (“WNA”) to serving customers which focuses on serving *all* willing
6 and eligible customers in a targeted geographic area. SoCalGas supports the WNA approach as
7 one tool among many to enrolling and delivering program services to qualified customers.
8 Targeting high usage customers at the expense of remaining customers will undermine and
9 contravene SoCalGas’ ability to serve all willing and eligible customers under the Energy
10 Savings Assistance Program by 2020.

11 **iv. High Efficiency Gas Furnaces**

12 DRA recommends in its testimony that SoCalGas should add the high efficiency gas
13 furnace as a measure in the ESA Program as a result of the positive results of SoCalGas’ pilot
14 program. Although, SoCalGas was encouraged with the positive therm savings and cost
15 effectiveness results of the pilot it did not move forward with recommending inclusion of the
16 high efficiency gas furnace in its 2012-2014 application. SoCalGas did not propose inclusion of
17 the high efficiency gas furnaces because the furnace that was tested in the pilot had been
18 replaced by a newer more high efficiency model and further analysis would need to be conducted
19 to verify that the newer model would still be eligible for the ESA Program. Additionally, there
20 may have been additional maintenance costs not included in the cost analysis.

21 Nevertheless, SoCalGas is amenable to revisiting the applicability of the newer higher
22 efficiency furnace model in its next program cycle so long as it meets cost effectiveness
23 thresholds. If, however, the Commission requires SoCalGas to include high efficiency gas

¹³

1 furnaces in its 2012-2014 mix of measures, SoCalGas estimates that it would require an
2 additional \$1.7 million to fund this measure because SoCalGas did not include costs for this
3 measure in its budget, which was filed in May.

4 **v. Add back Measure Proposed to be retired**

5 The Natural Resource Defense Council (“NRDC”) recommends that duct testing be
6 considered separately from duct sealing. Currently, SoCalGas incurs costs for both duct testing
7 and duct sealing but energy savings are only attributed to duct sealing, and thus SoCalGas
8 believes that the duct testing and sealing measure should be treated as a comprehensive measure
9 when calculating cost-effectiveness. SoCalGas proposes that duct testing and sealing standards
10 adhere to those standards set forth by Title 24. If Title 24 requirements were instituted in the
11 ESA Program, SoCalGas estimates that it would perform approximately 42,000 tests and
12 approximately 18,200 seals in the 2012-2014 cycle resulting in a 4% budget increase. SoCalGas
13 recommends that the Commission consider applying Title 24 requirements to the duct testing and
14 duct sealing measures and considering duct testing as part of the home assessment process.

15 **vi. Measure Mix**

16 TURN recommends that the “IOU’s proposed elimination of EE measures should not be
17 approved” and advocates that a menu of measures be made available but installed only when it
18 “makes reasonable economic sense”.¹⁴ TURN goes on further to state that “IOU’s prior program
19 cycle proposal to include energy usage stratas to help determine menu treatments should be
20 reconsidered.”¹⁵ SoCalGas did indeed propose a tiered approach in the previous program cycle
21 which would have provided a mix of measures depending on the customer’s usage category.
22 SoCalGas is open to revisiting this approach as long as it is not done in a manner that would

¹⁴ Testimony of Cynthia Mitchell on Behalf of The UtilityReform Network, at p. 12

¹⁵ Testimony of Cynthia Mitchell on Behalf of The UtilityReform Network, at p. 12

1 eliminate the opportunity to make the housing stock of all of its eligible and willing low income
2 customers energy efficient and as long as it is not done at the expense of serving all willing and
3 eligible customers.

4 **vii. Water Conservation Measures**

5 SoCalGas would like to clarify that the proposed installation rates remain stagnant
6 throughout the program year but the quantity of measures installed will vary depending on the
7 population served from year to year.

8 Niagara Conservation Corporation's testimony, recommends that the Commission should
9 require utilities to increase water conservation measures and to retrofit showerheads, faucet
10 aerators, and toilets with ultra-high efficiency models (1 gallon or less). SoCalGas already
11 retrofits showerheads and faucet aerators. In its 2012-2014 Application, SoCalGas proposed to
12 add one new cost-effective measure to its current list of measures, the thermostatic shower valve.

13 In its testimony, the Niagara Corporation says, "Conserving water from some hot-water-
14 using devices may not be cost-effective when water savings are considered alone without
15 consideration of the embedded energy savings."¹⁶ SoCalGas is not opposed to any
16 recommendations that would reconsider embedding energy savings and include any energy
17 savings from various measure interactions.

18 **E. COST EFFECTIVENESS & ENERGY SAVINGS**

19 SoCalGas agrees with NRDC and other parties that resource and equity measures provide
20 very different benefits to participants and society and therefore should be treated differently in
21 the cost effectiveness analysis. SoCalGas also supports NRDC's suggestion to modify the cost
22 effectiveness and measure assessment methodologies for the next program cycle and beyond. To
23 accomplish this task, as well as the assessment of other program issues, SoCalGas supports the

¹⁶ Testimony of Floyd Wicks on Behalf of the Niagara Corporation at, p.6.

1 establishment of a statewide working group comprised of representatives from each utility,
2 Energy Division representatives, and consumer and industry representatives.

3 However, SoCalGas opposes DRA’s suggestion to rerun the cost effectiveness analyses
4 for the PY2012 to 2014 program application using different energy savings estimates,
5 installation quantities, escalation rates, or other parameters. SoCalGas believes that chasing an
6 extra point or two above the arbitrarily set 0.25 benchmark is a costly exercise and that more
7 fundamental issues surrounding the cost effectiveness methodology should be assessed and
8 resolved before redoing these analyses. Rather, SoCalGas supports a forward thinking review of
9 the cost effectiveness analysis to inform the next program cycle.

10 **F. WORKFORCE EDUCATION & TRAINING**

11 In support of the CEESP’s goals for Workforce education and Training, SoCalGas
12 proposes to continue promoting programs to prepare future green workforce and to recruit and
13 train residents of disadvantaged, low income communities to install energy efficiency measures.
14 For example, SoCalGas plans to seek opportunities that foster partnerships to assist former
15 military personnel seeking employment. SoCalGas also plans to emphasize sector strategies built
16 on partnerships between business, labor, and other training and educational institutions to
17 support career paths and career ladders from basic to advance skill level jobs.

18 In its testimony, the Joint Parties recommend that the IOUs “focus workforce education
19 & training efforts on DBE’s with annual revenues less than \$1 million per annum.”¹⁷ SoCalGas
20 supports diverse participation in workforce education and training efforts. Setting restrictions on
21 the partnerships SoCalGas enters into will limit the flexibility it needs to ensure program
22 strategic objectives are met.

23 **G. SERVICE TO MULTIFAMILY DWELLINGS**

¹⁷ Testimony of Joint Parties’ Experts Len Canty, Jorge Corralejo, and Faith Bautista, at p.15.

1 To serve the needs of customers who reside in multifamily dwellings, SoCalGas proposes
2 to pursue an integrated approach that will allow the utilities to better serve customers living in
3 multifamily residents. The ESA Program plans to coordinate efforts with core EE programs,
4 namely SoCalGas' EUC Multi-family segment, to treat multi-family properties in accordance
5 with ESA Program and EUC programmatic initiatives. Additionally, SoCalGas will work with
6 its contractors to streamline the enrollment process in multi-family units by considering options
7 for a joint utility property owner authorization ("POA"), or accepting other utility POAs.

8 In testimony, NCLC/NHLP/CHPC make several recommendations regarding serving the
9 multifamily market segment, specifically recommending 1) the removal of housing subsidies as a
10 source of income in determining incoming eligibility in the ESA Program, 2) utilization of the
11 list of income-eligible buildings developed by HUD for use in the weatherization assistance
12 program ("WAP") as a means to qualify customers under the ESA Program, 3) adoption of a
13 "whole-building performance-based approach" to serving multifamily dwellings by allowing the
14 ESA Program to replace heating and hot water systems to renters, and 4) the requirement that the
15 utilities offer a single point of contact to building owners and managers.¹⁸

16 SoCalGas raises its concerns and objections to the first three recommendations throughout
17 this rebuttal testimony. Regarding recommendation number 4, SoCalGas is supportive of
18 providing building owners and managers a single point of contact that would offer a menu of
19 IOU programs that are available to serve multifamily dwelling units including ESAP, EUC,
20 Middle Income Direct Install ("MIDI") and other energy efficiency programs. The single point
21 of contact would facilitate participation in these programs through an integrated approach that
22 would encourage greater participation in energy savings opportunities.

¹⁸ Testimony of Matt Schwartz on Behalf of National Consumer Law Center, National Housing Law Project and California Housing Partnership corporation at, p. MS-11

1 NCLC/NHLP/CHPC recommends that the ESA Program adopt a whole building approach
2 including the servicing of common areas in multi-family complexes and provides examples how
3 individual tenants can benefit from the improvements to common areas similar to those adopted
4 by DOE for its WAP program.¹⁹ These include:

- 5 • Longer term preservation of the property as affordable housing;
- 6 • Continuation of protection against rate increases beyond that required under the WAP
7 regulations (10 CFR 440.22 (b) (3) (ii))
- 8 • Investment of the energy savings in facilities or services that offer measurable direct
9 benefits to tenants;
- 10 • Investment of the energy savings from the weatherization work in specific health and
11 safety improvements to heat and hot water distribution and ventilation, to improve the
12 comfort of residents
- 13 • Establishment of shared savings programs.

14 In response, CSD, the agency responsible for administering the WAP program in California
15 implemented the following requirements for multi-family landlords as a condition of receiving
16 WAP assistance:

- 17 • Agree that rents will not be increased for a minimum period (for example 1 or more
18 years) after completion of the weatherization work;
- 19 • Invest in energy savings in facilities or services that offer a measurable, direct benefit to
20 tenants;
- 21 • Establish a shared savings program where aggregate energy savings are shared with the
22 tenants; or

¹⁹ Testimony of Wayne Waite on Behalf of NCLC/NHLP/CHPC at p. WW C-4

- 1 • Ensure that the property is preserved as affordable housing for a longer term than would
2 be the case in the absence of the weatherization work and owner agreement.

3 Simply, it is not practical for a utility to establish similar requirements from multi-family
4 property owners. What NCLC/NHLP/CHPC fails to recognize is that energy utilities have no
5 authority to enforce multi-family property owners to comply with these requirements and there is
6 currently no recourse a utility can take should a property owner fail to comply with these
7 requirements.

8 NCLC/NHLP/CHPC also fail to explain why SoCalGas' plans to serve the common areas of
9 ESA Program -qualified multi-family complexes through its integration with the energy
10 efficiency program's EUC is inferior to its proposal to use ESA Program funds for this activity.
11 Therefore, SoCalGas asks the Commission to reject NCLC/NHLP/CHPC proposal to use ESA
12 Program funds to serve ESA Program-qualified multi-family common areas, and to adopt
13 SoCalGas' proposal to serve ESA Program-qualified multi-family common areas through the
14 integrated efforts between its ESA Program and EUC programs.

15 **H. PROGRAM WORKING GROUP**

16 NRDC recommends that the Commission establish a program working group to advise on
17 technical implementation issues, mid-cycle corrections, best practices, and new cost-
18 effectiveness framework. SoCalGas supports NRDC recommendation but would recommend
19 that the Program Working Group be an independent entity apart from the Low Income Oversight
20 Board. As mentioned earlier, the working group should be comprised of representatives from
21 each utility, Energy Division Representatives, and consumer and industry representatives.

22 **IV. PILOTS/STUDIES**

1 **A. Proposed Pilots & Studies but No Pilot Implementation Plan (“PIP”) and Pilot**
2 **Evaluation Plans (PEP) Submitted in Testimony Contrary to Commission**
3 **Directives**

4
5 Several parties propose in their testimony that utilities should be required to implement
6 their recommended pilot programs but several of them failed to submit PIP as required by the
7 Assigned ALJ’s November 9, 2010 Ruling. Without a PIP or PEP, the Commission and parties
8 are unable to adequately review the proposed pilots, the cost impacts, and the feasibility of
9 implementing the pilot proposal. Therefore, the Commission should find these pilot proposals to
10 be deficient and should reject them because these parties did not comply with the ALJ’s
11 directive.

12 **B. OPower**

13 In its testimony, OPower proposed that a statewide pilot to provide behavior-based
14 reports to low-income customers. SoCalGas has some concerns with the size of the pilot, the
15 budget requested for the pilot and the inability to provide in-language reports to customers. In
16 response to OPower’s proposal, SoCalGas suggests that the Commission forestall any action
17 until the results of the Commission’s evaluation of the current SDG&E and PG&E OPower
18 pilots can be reviewed and assessed.

19 **C. TELACU**

20 TELACU’s proposed pilot aligns well with SoCalGas’ strategy addressing multi-family
21 dwellings. The integrated approach necessitates cooperation among multiple utilities and other
22 parties such as local governments supporting EUC program, so some details of implementation
23 would need to be agreed to by the affected parties. In addition, SoCalGas would need to see the
24 results of Phases 1 & 2 of the pilot prior to making any recommendations relative to Phase 3.

25 **V. CONCLUSION**

1 For the reasons cited in this Reply Testimony, SoCalGas requests that the Commission:

- 2 • Approve its calculation of unwilling and ineligible customers.
- 3 • Approve its request to integrate with energy efficiency programs and/or the TELACU
4 pilot to provide landlord incentives to replace furnaces and water heaters.
- 5 • Approve the request to modify the cost effectiveness and measure assessment
6 methodologies for the next program cycle and beyond.
- 7 • Reject the proposal to rerun the cost-effectiveness and analyses for the PY2012-2014
8 application using different energy saving estimates, installation quantities, escalation
9 rates, or other parameters.
- 10 • Approve the application of Title 24 requirements to duct sealing and duct testing
11 measures.
- 12 • Reject the proposal to use ESA Program funds to serve ESA Program qualified multi-
13 family common areas.

