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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

EVALUATION & COMPLIANCE DIVISION
Energy Branch

RESOLUTION NO. E-3004
August 6, 1986

RESOLUTION

ORDER AUTHORIZING SOUTHERN CALIFORNIA EDISON COMPANY (SCE)
TO REDIRECT UP TO \$3.3 MILLION OF THEIR 1986 RESIDENTIAL
CONSERVATION FINANCING PROGRAM (RCFP) TO FINANCE ITS REVISED
1986 CONSERVATION PROGRAM BUDGET FOR LOW-INCOME CUSTOMERS.

SUMMARY:

In Decision No. 85-05-008, Application No. 85-01-021, the Commission authorized a total of \$37.9 million for SCE's 1985-86 Residential Conservation Financing Program (RCFP). Of this total, \$8.1 million was allocated for SCE's conservation programs for low-income customers. SCE estimates that it will underspend its overall authorized RCFP funding by approximately \$5.2 million. SCE now requests authorization to redirect \$3.3 million in additional fund to its low-income program. The facts are as follows:

GENERAL BACKGROUND:

1. SCE projects it will spend its full low-income program budget for 1986 and SCE notified the Commission of this situation in February 1986.
2. On April 11, 1986, at the Commission's request, SCE submitted a revised energy conservation program and budget for low-income customers. The Commission has reviewed SCE's submitted plan, and recommendations for the program plan submitted by the California/Nevada Community Action Association (Cal/Neva). Cal/Neva, representing a consortium of community agencies, was enlisted by the Commission staff to assist in developing recommendations for expanding SCE's low-income customer program. The Staff recommended that SCE file an advice letter seeking Commission approval of a revised budget for its low-income programs.
3. Therefore, SCE submitted a revised 1986 budget for its energy conservation programs for low-income customers (Attachment I) and is requesting authority to redirect up to \$3.3 million of the RCFP amount to finance the revised 1986 conservation program budget for its low-income customers.

4. Pursuant to the Commission's request, the revised programs include recommendations by Cal/Neva (Attachment II). This would increase the 1985-86 two year RCFP budget for low income customers by \$3.3 million to \$11.4 million. Cal/Neva's recommendations are shown as Attachment III to this Resolution.

5. In accordance with Decision No. 85-05-008, SCE implemented its two year 1985-86 program for low-income customers which included a multi-phased outreach and conservation service offering energy-saving measures and devices to qualified low-income customers.

6. SCE has been able to install conservation devices and energy-saving measures free of charge in low-income households, including clock thermostats, high efficiency replacement heat pumps, high-efficiency air conditioning replacement, and other energy-saving measures. SCE may offer its low-income customers free portable heaters to customers who have central electric resistance heaters, weatherization and relamping services.

7. The major outreach and service distribution for SCE's low-income program activities is through contracts with local governments and community-based organizations who promote energy conservation. These local governmental agencies and community-based organizations determine customer eligibility, conduct pre-qualification assessments, distribute/install energy-efficient appliances, and provide interpretation services to limited-English and non-English speaking customers. Eligible customers are referred to private contractors for additional energy conservation measures and information.

8. SCE's program has been very successful, serving over 58,000 low-income households from January 1985 through April 1986. However, the originally authorized funding levels are expected to be exhausted and program goals achieved by the end of second quarter 1986.

9. Therefore, SCE has designed a revised plan to continue serving a controlled volume of customers through the end of 1986.

FINDINGS:

1. The Staff of the Energy Branch of the Evaluation and Compliance Division have reviewed this advice letter filing and recommend its approval. No protests have been received in this matter.

2. This filing will not increase or decrease any rate or charge, cause the withdrawal of service, nor conflict with other schedules or rules.

THEREFORE:

1. Southern California Edison Company is authorized by Section 454 of the Public Utilities Code to place Advice Letter No. 731-E into effect today.

2. Southern California Edison is further authorized to redirect \$3.3 million of the RCFP amount to expand the 1986 conservation program budget for low-income customers.

3. Advice Letter No. 731-E shall be marked to show that it was approved for filing by Commission Resolution E-3004. This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 6, 1986. The following Commissioners approved it:



Executive Director

DONALD VIAL
President
VICTOR CALVO
PRISCILLA C. GREW
FREDERICK R. DUDA
STANLEY W. HULETT
Commissioners

Southern California Edison

Energy Assistance Program
For Low-Income Customers
Expansion Plan

Edison has endeavored to provide customers effective conservation programs designed to encourage efficient energy usage and reduce customer bills. In designing these programs, consideration was given to customer participation, particularly those customers who because of low incomes and/or language barriers were at a disadvantage in their participation in traditionally-designed conservation programs. Consequently, support programs were developed to ensure parity participation by low-income customers. These programs include specialized marketing efforts, free installation of energy-saving measures and the development of a mechanism to coordinate and leverage available public funding with Edison's conservation incentives.

In reviewing options to improve and expand current program efforts, Edison developed an Expansion Plan designed to meet customer needs, provide a menu of cost-effective energy-saving devices and establish programs for testing innovative technologies.

The following is a description of Edison's Expansion Plan designed to increase low-income customer participation in energy conservation.

COMMUNITY ENERGY CONSERVATION SERVICE

Marketing/Customer Qualification:

In an effort to reach a larger cross-section of Edison's low-income customers, Edison will continue to contract with community-based organizations and local governments to provide a variety of unique conservation-related services.

Contractual activities include marketing Edison's Energy Assistance Program and inspecting income documentation to assure that recipients of conservation devices and measures meet program guidelines. Pre-assessment qualifications by community groups will determine the applicability of measures to be installed. Eligible customers will in turn be referred to private contractors for the installation of conservation measures.

Energy Education:

To increase customer awareness, Edison will contract with community groups, local government to provide energy education through various techniques including Community Energy Awareness workshops and in-home Energy Education visits. Most low-income customers do not understand the relationship between energy use habits and monthly energy bills. Workshops will be held in conjunction with the state-funded Energy Crisis Intervention Program (ECIP) so customers receiving bill payment assistance have the opportunity to lower energy use through habit modifications and therefore become less dependent upon assistance.

CONSERVATION MEASURES AND DEVICES

Based on several years experience, Edison created a free installation program capable of meeting customer's specific conservation needs. In 1986, Edison proposes to expand its current program and increase the number of measures to be installed for customers with refrigerated air conditioning or electric resistance heating. These measures include evaporative coolers, replacement air conditioners, clock thermostats and heat pumps. Edison will also continue to offer qualified low-income customers increased incentives to install heat pump water heaters, whole house fans and pre-coolers.

Weatherization:

Despite the need for installing more energy-efficient heating and cooling measures, the demand for weatherization services continues to decline. However, Edison proposes to offer to qualified low-income customers free attic/duct insulation, weatherstripping and caulking for customers with central air conditioning and/or electric space heating in their homes. In addition, any customer traditionally underserved by existing utility weatherization programs (those also with propane or wood heating) will be eligible for services under Edison's program.

Edison will also weatherize homes of customers with window/wall air conditioners who receive an evaporative cooler through the program, since weatherization is a prerequisite for cooler services.

Energy-Saving Devices:

As part of the marketing/pre-qualification effort, community groups will continue to install up to three energy-efficient fluorescent lamps for eligible customers. The lamps are

installed in fixtures frequently used by customers, and use 75% less energy than comparable incandescent lamps.

Additionally, low-income customers, especially seniors, have a continuous need to maintain outside lighting throughout the night in an effort to increase visibility and provide more security. Edison proposes to reduce the lighting cost relating to this activity by further providing eligible customers with energy-efficient porch lamps to replace existing outside incandescent bulbs.

Porch lamp installations will be completed by community contractors who will provide a variety of services such as verifying income eligibility and providing in-home energy counselling. This program complements existing relamping activities and creates a comprehensive full-service program for customers.

Customers with electric space heating will also receive a portable electric heater to assist in lowering winter heating costs. The heater allows customers to close off unused rooms and limit activities to one or two rooms heated by a portable heater. The practice of heating only the room in use is called the "One Warm Room" concept.

ENERGY-EFFICIENT REFRIGERATOR REPLACEMENT

Refrigerators offer low-income customers an excellent opportunity for energy savings as they are an integral home appliance and may account for as much as 50% of a customer's total energy use. In conjunction with public housing authorities (PHA's), Edison began testing an accelerated refrigerator replacement program late in 1984.

By 1985, over 2,400 refrigerators had been purchased and distributed by PHA's to low-income customers in the following communities: Oxnard, Upland, San Bernardino, Riverside and Los Angeles.

In 1986, Edison proposes to expand this program and assist in the purchase of up to 3,000 refrigerators in conjunction with local government housing authorities' funding. However, in order to maximize the installation of refrigerators this year, Edison will require a cooperative purchasing agreement wherein housing authorities will be requested to contribute up to \$100 for each unit and to reimburse Edison for any costs recovered from the sale of old refrigerators for salvage.

APPLIANCE MAINTENANCE PILOT

Low-income customers with evaporative coolers frequently do not understand or have the resources to efficiently maintain or service evaporative coolers, resulting in coolers which do not operate at maximum efficiency. Therefore, Edison proposes to pilot a Cooler Maintenance program.

As part of the pilot program, a bid request will be mailed to licensed air conditioning contractors operating in Edison's service territory. Qualified contractors will be required to provide a variety of service-related activities including the following:

- Replace cooler pads
- Clean water pan (sump)
- Lubricate bearing housing on blower (pillow block housing)
- Re-adjust float (if needed)
- Changeout rubber water valve stopper with neoprene stopper if applicable

Contractors will also winterize the cooler by draining the water sump and providing cooler covers.

EDISON'S ENERGY ASSISTANCE PROGRAM
MODIFICATIONS
TO CAL/NEVA RECOMMENDATIONS

Weatherization

Cal/Neva recommended a more extensive weatherization program, including weatherizing 2,000 units for \$1 million in addition to providing building envelope repair services to 1,000 units for \$200,000.

Edison currently provides weatherization service to low-income customers with electric central air conditioning and/or space heating. Despite a variety of marketing campaigns, Edison has been unable to demonstrate the need for a more extensive weatherization program. Market demand indicates a need for approximately 200 to 500 homes to be weatherized per year. Edison will continue to offer weatherization services to qualified low-income customers in accordance with market demand at approximately 500 units per year for approximately \$150,000.

Regarding building envelope repair, Edison currently refers customers to existing federally-subsidized housing repair programs in order to maximize ratepayer funding by leveraging resources with existing governmental programs. Edison does not feel there is a need to provide additional funding and will continue to rely on existing federal, state and local resources whenever possible to provide building envelope repair services.

Refrigerator Replacement

Cal/Neva recommended expanding Edison's 1984/1985 public housing authority refrigerator replacement program to offset the purchase of new energy-efficient refrigerators. Cal/Neva also recommended a second option for low-income customers who are not residents of public housing authority projects to purchase a new refrigerator for only \$100. As proposed, the \$100 "buy-in" would allow low-income customers to replace their old refrigerators with new energy efficient models in conjunction with an Edison subsidy.

Edison has pioneered and implemented a successful refrigerator replacement program in conjunction with public housing authorities (PHA's). To date, over 2,400 energy-efficient refrigerators have been distributed throughout Edison's service territory to qualified low-income customers. In conjunction with the PHA's, Edison was able to distribute a

limited number of energy-efficient refrigerators to a targeted market, assure customer eligibility and maximize monitoring/follow-up procedures. Because of its success and demonstrated need, Edison proposes to expand the 1985 program with PHA's to once again offset the purchase of energy-efficient refrigerators. PHA's will be offered an opportunity to cooperatively purchase refrigerators for their tenants. With PHA contributions of up to \$100 per unit, Edison proposes to install up to 3,000 new energy-efficient models in 1986.

Current demographic projections indicate that approximately 750,000 low-income households would potentially be eligible to participate in the "Buy-In" program. Edison is concerned with the excessive demand which may be created for the "Buy-In" component and the possible negative reaction from non-low-income ratepayers. It is for these reasons that Edison did not include this component in its plan.

Appliance Tune-Up

Cal/Neva recommended an appliance tune-up (or maintenance service) program for low-income customers. This program would include servicing evaporative coolers, refrigerators, electric ovens, furnaces, and central and window air conditioners. Service would include replacing cooler pads, floats, belts, oil, filters, cleaning coils and installing reflector pans and seals. Additionally, Cal/Neva recommended contracting with community agencies to provide appliance tune-up services in conjunction with weatherization services.

The appliance tune-up component is an attempt at expanding program services; however, as proposed, this component presents several practical problems. As an example, providing maintenance service to old and typically overused equipment may be a liability because customers may expect the maintenance service agency to be responsible for the equipment's continued operation.

Also, Cal/Neva's proposal suggests that community agencies would provide the work force for this program. However, because community groups currently do not have the expertise to provide this service, considerable planning and lead time would be required in order to assure proper training and quality control. In addition, because this is an untested program, there are many unanswered issues and concerns; i.e., liability, customer acceptance and response, etc.

Edison proposes to limit the Appliance Tune-Up component to service evaporative coolers in target desert communities, using experienced contractors. This will afford Edison an opportunity to properly evaluate the program prior to offering an appliance maintenance service.

Relamping

Cal/Neva recommends continuing Edison's current relamping program designed to replace incandescent lighting with energy-efficient fluorescent lamps.

Edison agrees with Cal/Neva's Energy Efficient Relamping recommendation and proposes to expand the concept to porch or security lighting. Low-income customers, particularly the elderly and handicapped, often require extended evening lighting. Therefore, to the extent practicable, Edison proposes to expand the current relamping program and offer customers a more efficient porch lighting system designed to provide energy savings without limiting the amount of time lighting is in use.

Household Energy Management

Cal/Neva recommended a pilot educational program designed to provide information to low-income customers on energy use and proper care/operation of energy-using equipment. Cal/Neva's proposal also included contracting with community agencies to provide educational services.

Edison recognizes energy education as a vital and valuable service to offer low-income customers. Currently, Edison offers energy conservation information to customers through contracts with community groups. Edison agrees with Cal/Neva that energy education is an important element to acquiring and continuing energy-saving habits; therefore, Edison proposes to expand its educational program with greater emphasis on improving household energy-saving habits. Edison's educational component is designed to meet the needs of senior, handicapped and bilingual customers. The cornerstone of Edison's educational program is its multifaceted approach including individual as well as group presentations and a well-developed follow-up procedure.

Edison will continue to contract with community agencies, particularly those agencies which also provide extended energy assistance such as an Energy Crisis Intervention Program (ECIP). These agencies provide an excellent opportunity to maximize services while minimizing administrative overhead.

Southern California Edison
Revised Energy Assistance Program Budget
for Low-Income Customers

	Actual Activity 1985		Proposed Expansion 1986	
<u>Community Energy Conservation Service</u>	<u>Homes</u>	<u>Cost</u>	<u>Homes</u>	<u>Cost</u>
Marketing/Outreach		\$ 253,152		\$ 550,000
Energy Education		92,900		300,000
Community Energy Awareness		53,521		200,000
Pre-Qualification Assessments/Service Delivery		549,995		700,000
Administration		132,976		250,000
Program Development, Processing and Monitoring		193,000		300,000
	<u>38,593</u>	<u>\$ 1,275,544</u>	<u>60,000</u>	<u>\$ 2,300,000</u>
<u>Conservation Measures and Devices</u>	<u>Measures</u>		<u>Measures</u>	
Relamping (Dwelling)	109,408		178,582	
Relamping (Porch)	---		10,000	
Portable Heaters	2,562		4,838	
Weatherization	285		500	
Evaporative Coolers	2,135		2,200	
Replacement A/C	203		175	
Clock Thermostats	78		300	
Heat Pump Water Heater	1		125	
Heat Pump	10		135	
Whole House Fan	15		75	
Pre-Cooler	6		10	
	<u>114,783</u>	<u>\$ 2,226,935</u>	<u>196,940</u>	<u>\$ 3,572,500</u>
<u>Refrigerator Replacement</u>	<u>Units</u>		<u>Units</u>	
Energy-Efficient Refrigerator	1,924	\$ 798,000	3,000	\$ 1,050,000
Cooperative Public Housing Authority				
<u>Appliance Maintenance Pilot</u>				
Evaporative Coolers	---	---	2,000	\$ 150,000
		<u>=====</u>		<u>=====</u>
TOTAL:		\$ 4,300,479		\$ 7,072,500

Energy Bank Funding

1985 = \$894,813
1986 = \$383,000

Southern California Edison
Revised Energy Assistance Program Budget
For Low-Income Customers

	(Actual) <u>1985 Budget</u>	(Proposed) <u>1986 Budget</u>
<u>Program Administration</u>	\$ 1,275,544	\$ 2,300,000
Low Income Outreach, Marketing/Energy Education Service Delivery/Installation, Program Development, processing and monitoring		
<u>Cash Incentive Program</u>	\$ 3,024,935	\$ 4,772,500
Refrigeration, Weatherization Pre-Cooler Evaporative Cooler Replacement A/C Clock Thermostat Heat Pump Water Heater Whole-House Fan Heat Pump, Porch Lighting Fluorescent Lights Portable Heaters Appliance Maintenance		
Grand Total:	\$ 4,300,479	\$ 7,072,500