

Wenzel, Mark

From: Langton, Adam [ahl@cpuc.ca.gov]
Sent: Thursday, January 07, 2010 6:37 PM
To: Wenzel, Mark
Cc: Roscow, Steve
Subject: EAAC questions for Steve Roscow

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Hi Mark,

At the last EAAC meeting in December, Steve Roscow offered to follow-up with responses to some of the questions asked after his rates presentation. Below are the questions (in italics) and our responses.

Please let me know if you need any additional information.

Adam

EAAC Questions for Steve Roscow

With respect to CARE rates, how do participants qualify for these rates?

Participants who are interested in enrolling in CARE must self-certify that they meet the income requirements. Each year, IOUs audit a small portion of their CARE customers to document that they are qualified. In addition, CARE customers also participate in a periodic 'recertification' process, that requires customers to confirm that they still meet CARE income requirements. Unlike the CARE program, the Low Income Energy Efficiency program, which seeks to install EE technologies in low-income households, requires pre-enrollment verification for participants.

Suppose some low income people are renting apartments (that are master metered), if the landlord pays the bill, how do these people get the CARE rates?

Master metering of rental apartments is no longer allowed under Commission-approved tariffs, though there is a relatively small number of master-metered accounts that remain on such schedules on a "grandfathered" basis. In some IOU territories, low income customers living in these remaining master-metered apartments may indirectly benefit from the fact that the landlord is served on a schedule that provides for a discount similar to the customer-specific CARE discount.

If the cost of electricity increases, and the rates have a fixed increase, is it then true that the rates for CARE customers and tiers 1 and 2 will not reflect the new carbon cost? Will the cost of carbon not be felt if there is already a 5% rate increase for CARE customers?

Under SB 695, IOUs are allowed to increase rates for non-CARE tier 1 and tier 2 residential usage by a maximum of 5%. If carbon costs cause average rates to increase by more than 5%, rates for upper tier usage would increase disproportionately.

Under SB 695, CARE rates are allowed to increase by the same amount as the CalWorks cost-of-living adjustment, up to a cap of 3% per year. Any carbon cost could be incorporated into CARE rates as long as those increases do not exceed the capped CalWorks adjustment factor.

Does AB1X apply to POUs?

No, AB1X provisions related to the rate freeze on residential tiers 1 and 2 usage only applies to investor-owned utilities. This rate freeze is partially lifted by provisions in SB 695.

Do you have estimates for the coverage of CARE?

In 2009, 31% of total households in the 3 IOU territories were eligible for CARE (30% for PG&E, 33% for SCE and 29% for SDG&E). 23% of total residential households were on CARE rates (21% for PG&E, 25% for SCE, and 23% for SDG&E).

If I get kicked off CARE, do I have to pay back subsidized rates?

According to the agreement signed by all CARE participants when they initially apply for the program, IOUs can require that CARE participants pay back the value of the CARE subsidy if they are found to be ineligible for CARE while receiving CARE rates.