BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the Commission's Future Energy Efficiency Policies, Administration and Programs.	R.01-08-028 (Issued August 23, 2001)

THE MYTH OF IOU COST-EFFECTIVENESS:

COMMENTS ON THE AUGUST 1, 2003 DRAFT DECISION AND ALTERNATE DRAFT DECISION AND REPLY COMMENTS ON THE AUGUST 1, 2003 COMMENTS

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August 8, 2003

SESCO, Inc., a minority-owned contractor specializing in residential, low income and small commercial energy conservation projects, respectfully submits these comments as our preliminary initial comments on the August 1, 2003 Draft Decision (DD) by Commissioner Kennedy and the August 1, 2003 Alternate Decision (AD) by ALJ Malcolm and as our preliminary reply comments to the comments submitted by parties on or about August 1, 2003. We expect to submit additional comments early next week before the final deadlines.

SESCO's comments (both initial and reply) here are limited to reviewing the current record of the IOU programs as they are being implemented. The sole source and reference for the information provided concerning the IOU programs herein are the energy efficiency report narratives and workbooks submitted to the Commission by each of the IOUs for each of their approved statewide and local programs. These were submitted on or about August 1, 2003 by each utility and cover all activities completed or committed through June 30, 2003. SESCO either received the information directly from the utility or took the information from the websites provided by the respective IOU.

SESCO cannot verify the accuracy of the information provided by the IOUs, but for the purpose of this evaluation, assumes that it is complete and accurate as provided. Similarly, any information concerning non-utility programs are also taken exclusively from similar August 1, 2003 quarterly reports made by those parties to the Commission and their respective IOU Administrators. All of the information concerning any individual program is that which was provided by the respective utility or non-utility party.[1]

We are presenting this information to the service list prior to the due date with the hope that it will provide some additional background for those who may be making comments and reply comments relative to this topic.

BACKGROUND

The law (AB 117, section 381.1(a)) requires that "any party" be allowed to apply to become implementers (the statute uses the term "administrators") of any cost-effective energy conservation program approved in accordance with Section 381. Even without the impetus of this law, logic and common sense indicate that California and its ratepayers would most benefit from the opportunity to have the Commission select the best package of programs from among the widest possible selection of programs, without a presumed pre-allocation of the large majority of funding going to one pre-selected implementer (the IOU) in each service area. And the ultimate goal for these programs have been very clear in the DD, as shown below:

The DD says that "Our objective in this proceeding is to ***maximize energy savings with cost effective programs*** and consider the other public policy criteria we adopt today." (DD, p.8, emphasis added)

[1] Typos in the following workbooks which resulted in nonsensical results which were corrected: SCE's NR HTR Local program was corrected from a TRC of "-5.17" to 2.84; the SDG&E NR EZ Turnkey Local program was corrected from an error message to a 0.60 TRC; Proctor Engineering's CheckMe had incorrect entries which corrected the TRC from 8.43 to 1.39.

Later, the DD interprets the purpose of Section 381.1 of AB 117:

> AB 117 added Section 381.1 to emphasize that EE programs authorized by the Commission should advance the public interest "in ***maximizing cost-effective electricity savings and related benefits***." In addition, Section 381.1 requires the Commission to evaluate each party's proposal in light of public policy goals articulated in Section 381, which addresses cost-effective programs that enhance system reliability. Section 381.1 requires the Commission, in its review of program proposals, to consider "the value of program continuity and planning certainty and the value of competitive opportunities for potentially new administrators." (DD, pp.9-10, emphasis added)

And yet again in the DD:

> "Consistent with our previous discussion, our primary objective in this proceeding is to ***promote cost-effective EE savings*** fairly and sensibly." (DD, p.13, emphasis added)

In their initial comments submitted on or about August 1, 2003, a few parties apparently felt that felt that cost-effectiveness and stability justified the use of utility preferences and set-asides:

> "NAESCO therefore suggests that the priority in 2004-2005 program cycle should be the delivery of cost-effective energy and demand savings, using historically successful programs and experienced, successful program administrators and implementers." (NAESCO, p.4; NAESCO then uses this to justify limiting non-utility proposals to 15-20% of the total)

> "We find that utilities are uniquely qualified and capable to manage and coordinate energy efficiency programs in California. …The utilities appear to be the best program managers for getting efficiency delivered in a cost-effective and accountable fashion." (UCONS, pp. 3-4)

Based upon the comments contained in the DD and in the initial comments of some others who support massive set-asides for the IOUs, it is apparent that the primary reason for ignoring the law and ignoring logic and common sense is the belief that the IOUs have such great experience and expertise and that the cost-effectiveness and quality of the IOU programs are so much greater than alternatives that even evaluating new alternatives would cause harm to ratepayers and to the quality of programs. They sometimes point to the language of AB117 allowing the Commission to consider the "value of program continuity and planning certainty" (Section 381.1) as justification for such a utility "entitlement" to 80% of the Section 381 EE program funds.

Whether we agree or disagree with this conclusion, it is one that serious thoughtful parties, including Commissioner Kennedy in the DD, have reached and it is important to

examine the assumption upon which it is based: the much greater cost-effectiveness of IOU programs justify giving them such a pre-determined set-aside rather than having them evaluated equally alongside all other programs.

We note that some parties are already seeking an investigation into this very topic. For example, ICF Consulting states:

> "The Commission should explicitly examine the performance to-date of third party providers as well as utilities as it considers long term administration." (ICF, p.3) And .. "...We are aware that some parties believe third party programs are inefficient and ineffective. Although we should expect that, as with any large portfolio, some programs will perform and others will not, our concern is that basic framework decisions might be made without actually considering the facts associated with third party implementation." (ICF, p.6)

It is certainly timely to examine the record of cost-effectiveness before making a final decision on any utility entitlements to large blocks (normally estimated in the DD and elsewhere at about 80% of the total program funds) for the upcoming years.

THE COST-EFFECTIVENESS OF IOU PROGRAMS

According to their 2nd quarter filings, the IOUs are conducting thirty-seven (37) statewide and local "savings" programs[2]. There are also a large number of "information-only" programs. However, we do not include them in this evaluation for two reasons. The first is that these have no requirement to calculate benefits or cost-effectiveness ratios to judge the direct savings benefits provided. The second is that I do not have the expertise to reasonably and objectively judge the quality of an information-only program. However, since both the DD and the AD have placed cost-effectiveness as the factor with #1 ranking, limiting our evaluations to those with a published benefit-cost ratio is reasonable.

Upon examination of the average of the TRC Ratios for these 37 IOU programs, it is immediately obvious as to why many active parties believe that the IOU-implemented programs are very cost-effective. The 37 savings programs include four "Local" programs designed and implemented by individual IOUs. The numeric average[3] of these 37 programs for work completed or committed through the 2nd Quarter, 2003 is a robust 2.00 TRC, a quite acceptable and even admirable cost-effectiveness level.

IOU Non-Residential (NR) Programs. The fourteen IOU Non-Residential savings programs appear to be particularly cost-effective (see Table 1 attached). The fourteen (14) non-residential IOU programs (eleven statewide and three local) have an average cost-effectiveness TRC Ratio of 2.62. By type of program, the Standard Performance Contracting (SPC) Program

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[2] Although "statewide" programs have similar characteristics, the very different mix of measures, participation rates and administrative costs often provide very different results. Therefore, we have listed each IOU's program separately.

[3] The averages given are the average of the TRC values of the individual programs. It is possible that a more precise value would require an average weighted by program budgets or by benefits achieved or by peak savings, etc. We believe that the conclusions are so robust that the values presented are very indicative of any reasonable analysis of cost-effectiveness.

directed to large C&I customers is by far the most cost-effective, with an average TRC ratio of 4.13 for the three IOUs running the programs. The other 11 non-residential IOUs have a TRC of 2.21. The three IOU-implemented "Local" NR programs have an average TRC of 1.56, and range from 0.60 to 2.84. Ten of the eleven non-residential IOU programs are cost-effective, i.e., have a TRC ratio of at least 1.00.

IOU Residential Programs. The twenty-three (23) IOU Residential "savings" programs include only one local program (SDG&E's Residential HTR Lighting Turn-In). While 17 of the residential programs are directly implemented by the respective IOU staffs, six are implemented by a two contractors on behalf of the three electric IOUs (ARCA implementing the three Appliance Recycling programs and Richard Heath Associates implementing the three Upstream Residential Lighting programs).

The IOU Residential programs (see Table 2 attached) have an average TRC of 1.63 (compared to 2.62 for non-residential) for all 23 programs, including those implemented by ARCA and RHA. The average TRC of the six "statewide" programs run by these non-utilities is a combined 3.79 (ARCA's Appliance Recycling at 4.98 and RHA's Upstream Lighting at a 2.60 TRC). All six of these six statewide programs directly implemented by non-utility parties are cost-effective.

There are seventeen residential programs which are fully implemented and run on a day-to-day basis by the four IOUs: four of each major program type by each of the four IOUs, plus the one SDG&E local program. The four program types are: Multifamily Retrofit; Single Family Retrofit, Multifamily New Construction and Single Family New Construction.

The average TRC of the seventeen IOU-implemented residential programs is 0.87. Of the seventeen IOU residential programs, three programs are cost effective (SCE's MF Retrofits at 2.87; SDG&E's MF New Construction at 2.07; and, PG&E's MF Retrofits at a 1.07 TRC). All of the other 14 IOU-implemented residential programs failed the cost-effectiveness test, i.e., all have a TRC ratio of below 1.00. They range from 0.92 to 0.05 TRC ratios. This IOU Residential record of 3 winners and 14 losers is based solely upon the IOU's own reports, as shown in cell D8 (the TRC Test Ratio) of Table 10 (Annual Report Summary) of their workbooks as submitted to the Commission.

IOU Program Findings. There may be some reasons that some of these values may shift somewhat over the balance of the year. There may be some other factor to justify some of the low cost-effectiveness numbers. However, as likely as some numbers are to change up, they are also likely to change down. Moreover, none of these IOU programs are "new" programs. All of these, both residential and non-residential, are carryover programs from 2002 or even earlier. There is no "ramp-up" or concept changes that might justify a concept that the second half will be seriously different from the first half of the year.

Even if there are some changes in the individual programs, the patterns are unmistakable:

1. Non-Residential IOU programs are generally quite cost-effective. The SPC program, which is primarily driven by the work of independent contractors with very little day-to-day influence from the IOUs, is by far the most cost-effective at 4.13. The other NR IOU implemented programs have a TRC of 2.21.

2. The six Statewide Residential Programs implemented by two non-utility contractors are very cost-effective, with an average benefit-cost ratio of 3.79.

3. The seventeen IOU-implemented Residential Programs are doing extremely poorly, with an average TRC of 0.87. Of the 17, only 3 are cost effective and 14 of the IOU-implemented Residential programs are ***not*** cost-effective.

Even without comparison to third party program results, it is clear that the IOU Residential Programs are failures, with a record of 3 and 14. (Were this a football team, it is likely that both the coach and the general manager would be replaced, especially if, like California's IOUs, they had many years to "fine tune" their efforts to this level of "success".)

Thus, it appears that IOU Residential programs, far from beign uniformly superior and for the most part not even adequate. Although it will be instructive to compare these to non-utiltiy programs, this finding should be more than sufficient to demonstrate that IOU Resdiential programs do not deserve to be assumed superior to potential alternatives. Now the only question concerns the non-residential programs to see if the IOU NR programs are consistently and significantly better than those put forward by other parties.

COMPARISON OF IOU PROGRAMS WITH THIRD PARTY PROGRAMS

The conclusions are very clear and robust that (a) IOU-implemented Residential programs in general *are not* cost-effective and (b) IOU-implemented non-residential programs *are* generally cost-effective. The conclusions that can be reached by comparing them with non-IOU programs are almost as strong. Only the less complete non-utility records (compared to a complete set of IOU program records) lessen the certainty of the comparisons. However, the 64 workbooks used represent over 90% of the funds for all savings programs and even more than that for the residential savings programs and are very robust regardless of the missing workbooks.

SESCO has secured the workbooks showing cost-effectiveness TRC values for sixty-four (64) "savings" programs, many of them the same or similar programs in more than one service area. Of the 64 programs, 31 are IOU-implemented and 33 are non-utility implemented, including the six which are statewide programs implemented by non-utility parties. Twenty-seven are Non-Residential (14 IOU-implemented; 13 non-utility implemented). Thirty-seven (37) are Residential (17 IOU-implemented; and 20 non-utility, including 6 statewide programs).

The following comparisons are based upon the benefit-cost values contained in those workbooks[4] submitted to the Commission and to the IOU Administrators (in the case of the non-utility sponsors).

Residential Program Comparisons. The Residential comparison results are extremely clear. (See Table 3 attached)

The 17 IOU-implemented programs have an average TRC benefit cost ratio of only 0.87. The 20 non-utility implemented programs have an average benefit-cost ratio of 2.53, nearly three times the IOU ratio. Even if we remove the six non-utility implemented statewide programs of ARCA and RHA, the remaining non-utility implemented programs have an average benefit-cost ratio of 1.98, still more than twice as high as the IOU ratio.

Eighteen (90%) of the twenty non-utility residential programs are cost-effective. Only three (18%) of the 17 utility-implemented residential programs are cost-effective. Non-utility programs are thus five times as likely to be cost-effective as utility programs.

When ranking the 37 residential programs by cost-effectiveness, non-utility implemented programs make up 18 out of the top 20 rankings; utility-implemented programs make up 15 out of the 17 poorest rankings.

Based upon the cost-effectiveness analysis of these 37 residential savings programs, it would appear that non-utility residential programs are clearly and significantly superior. Moreover, rather than the supporting a presumption of superiority by the IOUs, the data indicates that their savings programs are seldom even minimally adequate, generally costing ratepayers more than they save for them.

Non-Residential Program Comparisons. Based upon the cost-effectiveness analysis of the 27 non-residential savings programs (see Table 4 attached), it would appear that there is no clearly or significantly superior choice, although the record shows that the average IOU program is some hat higher than the average non-utility program.

The average TRC for the entire combined NR group is 2.23, with the Non-utility average at 1.81 and the IOU programs averaging 2.62. Of the utility programs, the three SPC programs average 4.13 and the other eleven average 2.21.

Nine (69%) of the thirteen non-utility NR programs are cost-effective. Thirteen (93%) of the 14 utility-implemented NR programs are cost-effective. Non-utility programs are 75% as likely to be cost-effective as utility NR programs.

[4] SESCO cannot verify the accuracy of the workbook data. However, we expect that the IOUs will not knowingly understate their records. We also understand that the non-utility records and workbooks and the work referred to therein have been subject to regular physical inspections of the work submitted and to monthly review by the IOU Administrators and quarterly review by the IOU Administrators and the Energy Division staff. Since payments are based upon the results contained therein, we expect that any major exaggerations will have been caught.

When ranking the 27 residential programs by cost-effectiveness, non-utility implemented programs make up 6 out of the top 14; IOU programs 8. Of the 13 lowest rankings, utility-implemented programs make up 6 slots, non-IOUs the other 7 rankings.

OTHER CONSIDERATIONS

In collecting data for this report and seeking insights from others, a number of helpful suggestions were made to improve this evaluation. Unfortunately, most of these are beyond either my capability or the information available to me at this time or both. As others may have similar concerns, the following is some explanation of what was included and done (and not included or not done) and why.

Information Programs. In addition to their savings related programs, all of the IOUs implement extensive information programs that support the marketing and outreach efforts to solicit and direct potential participants to their savings programs. For example, PG&E has budgeted approximately $9 million for its own local and statewide information programs such as residential and non-residential energy audits, activities by the Pacific Energy Center and various Training and Education efforts. Other IOUs have comparable programs. To some extent these may sometimes used to support selected third non-utility programs, but they are disproportionately used to support the IOUs own savings programs. However, the costs of such hidden marketing efforts[5] are not reflected in the benefit-cost ratios of the various programs involved, artificially improving the cost-effectiveness of such programs. We would welcome any analysis which provides a proportional breakdown of services performed for non-IOU programs. Because we do not have this information, it was not used in any cost-effectiveness analysis.

Timing of Analysis. The timing of this analysis was mandated by the timing of the evaluation of utility preferences and set-asides. There is some concern that the programs are still "underway" and that some of the third party programs may have had a "head start" on the IOU programs. However, this is mitigated because most non-utility programs did not start until the fourth quarter of last year (for example, SESCO had one week of installations in December of last year). By comparison, all of the IOU programs are actually carry-overs of the same or very similar programs that had begun in early 2002, giving the IOU programs a significant "running start" over those which needed to ramp-up. Also, the data is not only for the projects to date, but also includes the costs and the benefits of those efforts for which the IOUs and non-utilities had received a commitment (for example, PG&E's MF Retrofit program is already over 100% of its target for the year).

Missing Program Workbooks. We would have preferred to await access to all savings program workbooks. However, we had to work with those which were distributed and made available by the IOUs and non-utility sponsors as the Energy Division does not yet made them

[5] Even the "independent" statewide information programs are inadvertently biased in directing interested parties primarily to the IOU programs. For example, the "Flex Your Power" website provides details on potential financial incentives and assistance and PG&E is provided sixty eight (68) references. Of the dozens of third party programs available, only seven are even listed.

publicly available. (Note: When we asked about these, the ED has graciously offered not only to notify me of their availability, but has volunteered to provide them to me on a CD. However, this is not expected until sometime next week, well after the due date for these comments. Perhaps another party can put those together when they are available.) We were surprised that the IOUs who are the current Administrators and have access to all of the workbooks, had not previously made such an analysis available, nor have they explained in their narratives the reasons for the lack of cost-effectiveness in so many of their programs. Regardless, the availability of more third party programs will not change the already reported results of the IOU programs' cost-effectiveness that we have reported above. In particular, we note that the 64 workbooks included in this report represent more than 90% of all funds allocated for savings programs, and an even higher percentage of the funding for Residential savings programs.

Use of Deemed Savings. The Commission has requested an extensive review of the savings actually achieved (sometimes referred to as *ex post* savings) by the various programs; this is being carefully undertaken under the aegis of Mr. Nick Hall of TecMRKT. We look forward to this evaluation of the actual savings and the circumstances which may affect them. At this time, we are using the reported costs, the deemed savings and the savings assumptions (EUL, NTG, Avoided Costs, etc.) contained in the workbooks as all implementers are using these procedures. All of cost categories, deemed savings and assumptions were examined for reasonableness by the Commission and service list parties when the programs were evaluated and accepted. Subsequently, these workbooks have had ongoing reviews by the Commission staff and by the IOU Administrators and represent the best data currently available for both IOU and non-utility programs.

Limited Opportunities for Non-IOUs. No consideration has been given to differences in types of programs beyond the splits between Residential and Non-Residential. We do recognize that most IOU programs are open to all customers and virtually all measures while most non-utility programs are limited to certain niche markets (mobile homes, farms, specified communities, etc.) or niche measures (gas water heaters, duct services, wastewater treatments, etc.). It is intuitively obvious that by covering a much wider list of potentials, the IOU programs give themselves a much higher opportunity for success. This impact is demonstrated by the IOUs when they limit themselves to niches, such as their "Local" programs. For example, the three IOU-implemented Local NR niche programs have TRCs well below that of their more generic statewide programs. Unfortunately, we have no way to accommodate this "opportunity differential" and we must also recognize that the non-utilities volunteered to concentrate on these niches.

Other Factors. Cost-effectiveness is the recognized #1 factor in evaluating PGC funded programs. Moreover, it is generally recognized as a threshold factor necessary before consideration of savings programs, perhaps the only threshold factor. However, we recognize that other factors may offset a below average TRC and deserve some consideration. These include treating hard-to-reach customers, underserved classes or geography, fuels (i.e., natural gas), etc. In recognition of the importance of such considerations that we separated Residential and NR. We would have liked to separate other factors, but the resulting categories would have generally been too small for a valid conclusion in these categories. We would welcome any analysis done by others to compare these other topics.

CONCLUSIONS

Based upon the information contained in the latest quarterly reports supplied for these 64 "savings" programs approved by the Commission (which includes all IOU-implemented savings programs), the following conclusions can be made:

1. IOU-implemented residential programs are generally *not cost-effective*, with an average benefit cost-ratio of 0.87 and 14 (88%) of sixteen failing the cost-effectiveness test. Even if there were no alternatives, these fourteen non-cost-effective programs could not be considered even adequate as savings programs.

2. Residential savings programs implemented by non-utility parties are extremely cost-effective, with an average benefit-cost ratio of 2.53 and only 2 (13%) of sixteen failing the cost-effectiveness test.

3. Even if we excluded the non-utility implemented statewide programs from consideration or placed them in a separate category, the remaining non-utility programs would still show up better that the IOU-implemented residential programs (1.98 v 0.87); IOU programs would still show up with 14 of the sixteen non-passing programs and with 15 of the lowest seventeen rankings among residential programs.

4. Based upon the workbook results of the 27 Non-residential programs available, there is no pattern of significant superiority, although IOU programs appear to have a small edge overall. The average TRC of all 27 NR programs is 2.23. The IOU programs average 2.62, with a 4.13 for the SPC programs and 2.21 for other IOU NR programs. Non-utility NR programs average a TRC of 1.81. In a ranking of all programs, the split between IOU and non-utility is 8 to 6 in the top half of the rankings; in the second half, the IOU v Non-utility split is 6 to 7.

5. The IOU programs may be a disproportionate beneficiary of various local and statewide information programs which act as the marketing arms for those programs without being included in the cost-benefit analysis of those programs. If they had been included, the benefit-cost ratios would have been lower relative to the non-utility programs.

6. Since the primary justification for providing utilities with a non-compete set-aside covering the large majority (approximately 80%) of funds is largely based upon the supposed superiority of their programs, the information gathered from their programs show this to be an erroneous assumption. The data contained in these reports clearly show that the IOU programs are *not* superior. This is particularly clear in the Residential programs; in the non-residential category, there are sufficient inferior utility programs and sufficient superior non-utility programs as to justify the unrestricted evaluation of all potential programs to select the best overall portfolio without prior set-asides or allocations.

SESCO welcomes any suggestions or insights into improving this analysis. We are circulating this report prior to the final due dates for other comments and reply comments so as to allow their use by other interested parties. We do ask that anyone seeking to criticize the accuracy of any statements or numbers presented herein, please provide the details and sources with the specificity contained herein. This will allow others to evaluate the comparative claims in an objective manner.

SESCO recognizes that additional details may be useful in further evaluations, and we would welcome any efforts to put that analysis together and circulate it among interested parties.

Respectfully submitted,

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Table 1

NON-RESIDENTIAL STATEWIDE AND IOU-IMPLEMENTED LOCAL PROGRAMS COST-EFFECTIVENESS RANKING, 2Q 2003, SAVINGS PROGRAMS

NR	TRC	Implementer	Program Title	SW/Local
NR	2.30	PG&E	Express Efficiency (SmComm)	SW
NR	1.34	PG&E	Non-Res New Construction	SW
NR	5.36	PG&E	Standard Perf. Contract (Lg C&I)	SW
	3.00	**PG&E**	**All PGE-Implemented**	
NR	3.20	SCE	Express Efficiency (SmComm)	SW
NR	2.84	SCE	Non-Res HTR	Local
NR	5.48	SCE	Non-Res New Construction	SW
NR	4.47	SCE	Standard Perf. Contract (Lg C&I)	SW
	3.20	**SCE**	**All SCE-Implemented**	
NR	1.62	SCG	Express Efficiency (SmComm)	SW
NR	1.23	SCG	Non-Res Financial Incentives	Local
NR	1.50	SCG	Non-Res New Construction	SW
	1.45	**SCG**	**All SCG-Implemented**	
NR	1.65	SDGE	Express Efficiency (SmComm)	SW
NR	0.60	SDGE	Non-Res EZ Turnkey	Local
NR	2.53	SDGE	Non-Res New Construction	SW
NR	2.55	SDGE	Standard Perf. Contract (Lg C&I)	SW
	1.42	**SDGE**	**All SDGE-Implemented**	
NR	**2.62**	**All IOUs**	**ALL IOU-IMPLEMENTED (14)**	
NR	**4.13**	**All IOUs**	**All SPC Programs (3)**	
NR	**2.21**	**All IOUs**	**All Non-SPC NR Programs (11)**	

Table 2

RESIDENTIAL STATEWIDE AND IOU-IMPLEMENTED LOCAL PROGRAMS COST-EFFECTIVENESS RANKING, 2Q 2003, SAVINGS PROGRAMS

Res	TRC	Implementer	Program Title	SW/Local
Res	0.05	PG&E	Multifamily New Construction	SW
Res	1.07	PG&E	Multifamily Retrofits	SW
Res	0.71	PG&E	Single Family New Construction	SW
Res	0.64	PG&E	Single Family Retrofits	SW
	0.62	**PG&E**	**All PG&E-Implemented**	
Res	0.75	SCE	Multifamily New Construction	SW
Res	2.87	SCE	Multifamily Retrofits	SW
Res	0.79	SCE	Single Family New Construction	SW
Res	0.92	SCE	Single Family Retrofits	SW
	1.33	**SCE**	**All SCE-Implemented**	
Res	0.67	SCG	Multifamily New Construction	SW
Res	0.44	SCG	Multifamily Retrofits	SW
Res	0.26	SCG	Single Family New Construction	SW
Res	0.81	SCG	Single Family Retrofits	SW
	0.55	**SCG**	**All SCG-Implemented**	
Res	2.07	SDGE	Multifamily New Construction	SW
Res	0.35	SDGE	Multifamily Retrofits	SW
Res	0.93	SDGE	Res HTR Lighting	Local
Res	0.69	SDGE	Single Family New Construction	SW
Res	0.74	SDGE	Single Family Retrofits	SW
	0.54	**SDGE**	**All SDGE-Implemented**	
Res	**0.87**	**ALL IOUs**	**ALL IOU-IMPLEMENTED (17)**	
Res	6.00	ARCA	Appliance Recycling-SDGE	SW
Res	5.01	ARCA	Appliance Recycling-PGE	SW
Res	3.92	ARCA	Appliance Recycling-SCE	SW
Res	3.42	R.Heath Assoc.	Upstream Res. Ltg-SCE	SW
Res	2.36	R.Heath Assoc.	Upstream Res. Ltg-SDGE	SW
Res	2.01	R.Heath Assoc.	Upstream Res. Ltg-PGE	SW
Res	**3.79**	**Non-IOUs**	**All Non-IOU Implemented SW Programs (6)**	

Table 3

ALL RESIDENTIAL STATEWIDE LOCAL SAVINGS PROGRAMS
COST-EFFECTIVENESS RANKING, 2Q 2003, SAVINGS PROGRAMS

IOU-Implemented in Bold Face

Res	Rank	TRC	Implementer	Program Title	SW/Local
Res	1	6.33	ADM Assoc.	Gas WH Program	Local
Res	2	6.00	ARCA	Appliance Recycling-SDGE	SW
Res	3	5.01	ARCA	Appliance Recycling-PGE	SW
Res	4	3.92	ARCA	Appliance Recycling-SCE	SW
Res	5	3.42	R.Heath Assoc.	Upstream Res. Ltg-SCE	SW
Res	6	3.00	SESCO, Inc.	Gas Only Multifamily	Local
Res	7	2.94	Energy Solutions	LightWash-SCG	Local
Res	**8**	**2.87**	**SCE**	**Multifamily Retrofits**	**SW**
Res	9	2.70	Rita North Assoc.	South Bay-SCE	Local
Res	10	2.36	R.Heath Assoc.	Upstream Res. Ltg-SDGE	SW
Res	11	2.35	Amer Synergy	Mobile Home Retrofit-PGE	Local
Res	**12**	**2.07**	**SDGE**	**Multifamily New Construction**	**SW**
Res	14	2.01	R.Heath Assoc.	Upstream Res. Ltg-PGE	SW
Res	13	2.01	Amer Synergy	Mobile Home Retrofit-SCE	Local
Res	15	1.55	Energy Solutions	Light Wash-SDGE	Local
Res	17	1.40	Amer Synergy	Mobile Home Retrofit-SCG	Local
Res	16	1.40	Energy Analysis	Res Duct Services-SCG	Local
Res	18	1.39	Proctor Eng	CheckMe! Ducts - SCE	Local
Res	19	1.27	Energy Solutions	Light Wash-PGE	Local
Res	20	1.14	Energy Analysis	Res Duct Services-SCE	Local
Res	**21**	**1.07**	**PG&E**	**Multifamily Retrofits**	**SW**
Res	**22**	**0.93**	**SDGE**	**Res HTR Lighting**	**Local**
Res	**23**	**0.92**	**SCE**	**Single Family Retrofits**	**SW**
Res	**24**	**0.81**	**SCG**	**Single Family Retrofits**	**SW**
Res	**25**	**0.79**	**SCE**	**Single Family New Construction**	**SW**
Res	**26**	**0.75**	**SCE**	**Multifamily New Construction**	**SW**
Res	**27**	**0.74**	**SDGE**	**Single Family Retrofits**	**SW**
Res	**28**	**0.71**	**PG&E**	**Single Family New Construction**	**SW**
Res	**29**	**0.69**	**SDGE**	**Single Family New Construction**	**SW**
Res	**30**	**0.67**	**SCG**	**Multifamily New Construction**	**SW**
Res	**31**	**0.64**	**PG&E**	**Single Family Retrofits**	**SW**
Res	**32**	**0.44**	**SCG**	**Multifamily Retrofits**	**SW**
Res	**33**	**0.35**	**SDGE**	**Multifamily Retrofits**	**SW**
Res	**35**	**0.26**	**SCG**	**Single Family New Construction**	**SW**
Res	34	0.26	Rita North Assoc.	South Bay-SCG	Local
Res	**36**	**0.05**	**PG&E**	**Multifamily New Construction**	**SW**
Res	37	0.04	City of San Diego	Whole House Retrofit	Local
Res		**1.76**	**All Implementers**	**All Residential Programs (37)**	
Res		**0.87**	**All IOUs**	**All IOU-Implemented (17)**	
Res		**2.53**	**Non-Utilities**	**All Non-Utility Implemented (20)**	
Res		**1.98**	**Non-Utilities**	**All Non-Utility Implemented Local Programs (14)**	

Table 4

ALL NON-RESIDENTIAL STATEWIDE LOCAL SAVINGS PROGRAMS
COST-EFFECTIVENESS RANKING, 2Q 2003, SAVINGS PROGRAMS

IOU-Implemented in Bold Face

NR	Rank	TRC	Implementer	Program Title	SW/Local
NR	1	6.89	Quantum	Rural Munic. WasteWater-PGE	Local
NR	**2**	**5.48**	**SCE**	**Non-Res New Construction**	**SW**
NR	**3**	**5.36**	**PG&E**	**Standard Perf. Contract (Lg C&I)**	**SW**
NR	**4**	**4.47**	**SCE**	**Standard Perf. Contract (Lg C&I)**	**SW**
NR	**5**	**3.20**	**SCE**	**Express Efficiency (SmComm)**	**SW**
NR	6	2.93	SDREO	SmComm Direct Install	Local
NR	**7**	**2.84**	**SCE**	**Non-Res HTR**	**Local**
NR	8	2.59	EnSave	Farm Motors-PGE	Local
NR	**9**	**2.55**	**SDGE**	**Standard Perf. Contract (Lg C&I)**	**SW**
NR	**10**	**2.53**	**SDGE**	**Non-Res New Construction**	**SW**
NR	**11**	**2.30**	**PG&E**	**Express Efficiency (SmComm)**	**SW**
NR	12	2.02	ADM Assoc.	SmComm Energy Clinics-SCG	Local
NR	13	1.77	ADM Assoc.	SmComm Energy Clinics-SCE	Local
NR	14	1.69	EnSave	Farm Motors-SCE	Local
NR	**15**	**1.65**	**SDGE**	**Express Efficiency (SmComm)**	**SW**
NR	**16**	**1.62**	**SCG**	**Express Efficiency (SmComm)**	**SW**
NR	17	1.55	Quantum	Rural Munic. WasteWater-SCE	Local
NR	**18**	**1.50**	**SCG**	**Non-Res New Construction**	**SW**
NR	19	1.49	Quantum	Oakland Partnership	Local
NR	**20**	**1.34**	**PG&E**	**Non-Res New Construction**	**SW**
NR	**21**	**1.23**	**SCG**	**Non-Res Financial Incentives**	**Local**
NR	22	1.22	SDREO	Cool Communities	Local
NR	23	0.68	RLW	Small Business	Local
NR	**24**	**0.60**	**SDGE**	**Non-Res EZ Turnkey**	**Local**
NR	25	0.57	CSU-Fresno	Agric Pumping-SDGE	Local
NR	26	0.13	CSU-Fresno	Agric Pumping-PGE	Local
NR	27	-	EnSave	Farm Motors-SDGE	Local

NR		**2.23**	**All Implementers**	**All Non-Residential Programs (27)**
NR		**2.62**	**All IOUs**	**All IOU-Implemented (17)**
NR		**1.56**	**IOUs**	**IOU-Implemented Local NR (3)**
NR		**1.81**	**Non-Utilities**	**Non-Utility Implemented Local NR (14)**

CERTIFICATE OF SERVICE

I hereby certify that I served the foregoing THE MYTH OF IOU COST-EFFECTIVENESS: COMMENTS ON THE AUGUST 1, 2003 DRAFT DECISION AND ALTERNATE DRAFT DECISION AND REPLY COMMENTS ON THE AUGUST 1, 2003 COMMENTS ON THE ASSIGNED COMMISSIONER'S RULING (JULY 3, 2003) PROPOSING DIRECTION AND SCOPE FOR FURTHER RULEMAKING by emailing this document in MS Word 6.0 format to all email addresses on the R.01-08-028 service list. A list of the email addresses is attached to the original of this filing.

Dated: August 8, 2003

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Richard M. Esteves

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