



**General**  
(CPS Energy & Industry)

**Question asked by:** Eloisa Portillo-Morales

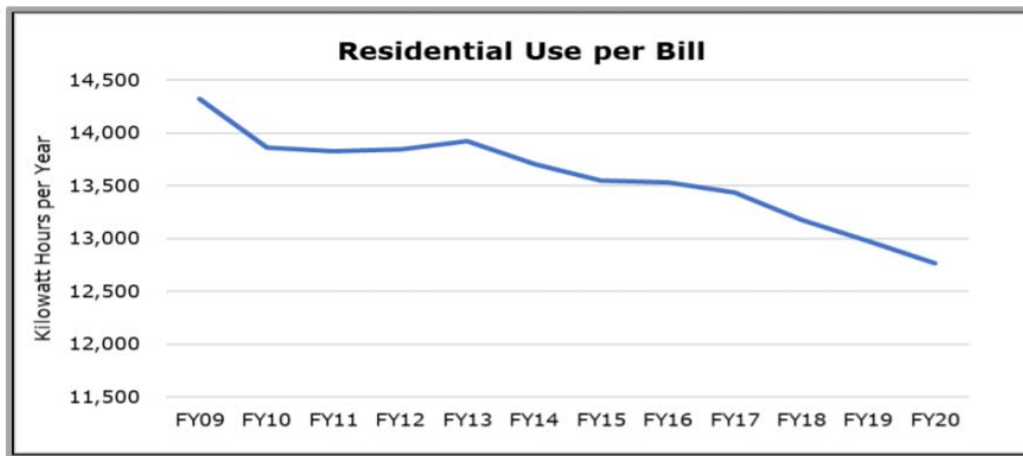
**Date question asked:** June 10, 2021

**Time of question asked:** 2:05:55

**Date question answered:** July 19, 2021

**Question:** In terms of the STEP program, if the whole theory was around delaying new generation, how can we connect the dots that we are not reducing our usage but delaying generation and why aren't we using a different rate structure to do this?

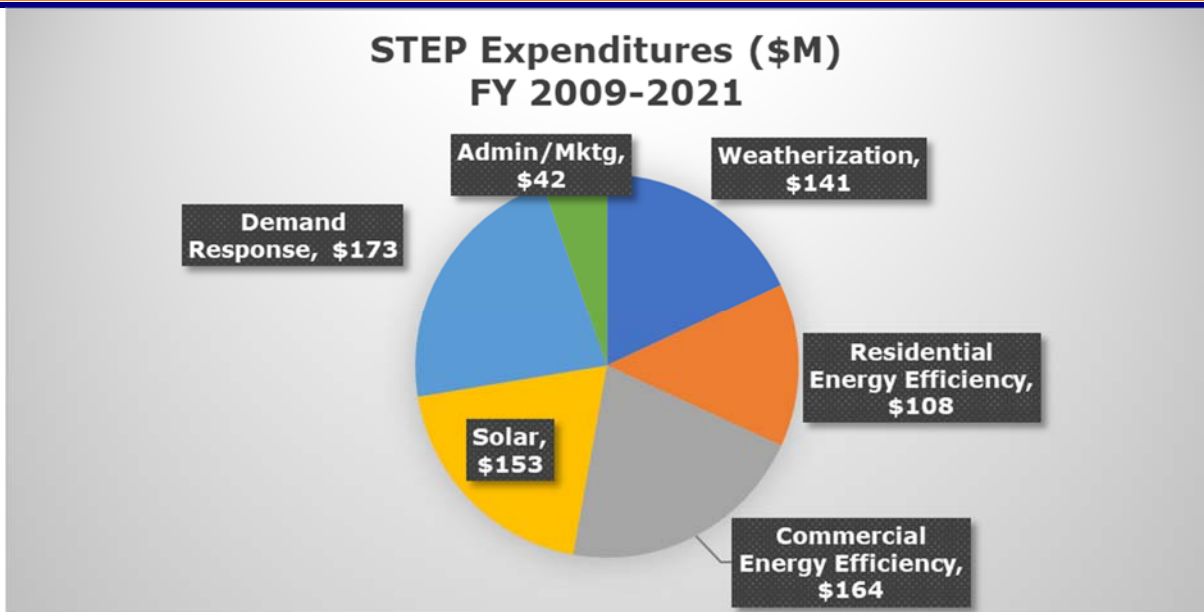
**Answer:** The STEP program was created with the goal of assisting customers reduce their energy demand. The program has been successful as evidenced by Residential Use per Bill, which has consistently dropped since STEP was created. (See figure below.) This reduced energy use has allowed us to delay the need to make a large capital investment in new generation.



Flexible Path<sup>SM</sup> Resource Plan, January 2021

**Question:** How much is invested in all the different programs? And what is the benefit or return on our investment?

**Answer:** To date, we have invested \$780 million on **STEP** programs. In FY 2021, we spent approximately \$57 million. Below is a chart that shows how the funds have been spent by major program category:



The return on investment for energy efficiency and conservation is typically expressed in the Utility Cost Test (UCT) ratio. The UCT ratio takes the present value of program benefits (specifically, the avoided costs from not having to generate energy and capacity) and divides this by the program costs. A UCT ratio greater than 1.0 indicates that the benefits of the program exceed the costs. The UCT ratio for the **STEP** portfolio has been above 1.0 in all years and averaged 1.90 across all years from FY 2009 to FY 2020. Our focus on cost effectively delivering STEP programs resulted in achieving the original STEP goal at \$130 million below the initial budget.

**Question:** What has the impact been on residential customers and commercial and customers?

**Answer:** Since the inception of **STEP**, we have rebated over 220,000 residential energy efficiency projects and nearly 10,000 commercial projects. We have also rebated approximately 24,000 solar projects and weatherized over 27,000 homes through our Casa Verde program. In addition, we have rebated over 16,000 houses through the New Home Construction program.

STEP benefits our customers by helping them save energy and money from making energy efficiency upgrades to their homes. The chart below depicts energy savings from some of our popular programs, along with bill savings and the overall total benefit to customers.



## Questions from Rate Advisory Committee Meetings

| Program                | Customer Savings (Year 1) |                       |                           |               |
|------------------------|---------------------------|-----------------------|---------------------------|---------------|
|                        | Net Energy Savings (kWh)  | Electric Bill Savings | Direct to Customer Rebate | Total Benefit |
| Retail LED Discounts   | 115                       | \$ 12.27              | \$ 9.41                   | \$ 21.68      |
| Home Energy Assessment | 267                       | \$ 28.45              | \$ 42.45                  | \$ 70.89      |
| Cool Roof Replacement  | 905                       | \$ 96.34              | \$ 417.05                 | \$ 513.39     |
| HVAC Replacement       | 3,025                     | \$ 322.17             | \$ 557.68                 | \$ 879.86     |
| New Home Construction  | 1,140                     | \$ 121.44             | \$ 980.16                 | \$ 1,101.60   |

**Question:** What is going to a third-party organization on the programs versus individuals directly?

**Answer:** To help administer our various energy efficiency and weatherization programs, we utilize third-party implementation partners. The table below shows the break out between customer incentives and program implementation costs in FY 2021. Program implementation costs are paid to our implementation partners to provide a turnkey service (including rebate processing, customer service, and engineering) for our customer facing programs. These costs are performance-based and paid based on demand savings achieved.

| Residential Energy Efficiency Programs |               |     |
|--|---------------|-----|
| Customer Incentives                    | \$ 7,393,178  | 76% |
| Program Implementation Costs           | \$ 2,297,807  | 24% |
| Total Spend                            | \$ 9,690,985  |     |
| Weatherization Program                 |               |     |
| Customer Incentives                    | \$ 4,971,759  | 89% |
| Program Implementation Costs           | \$ 635,695    | 11% |
| Total Spend                            | \$ 5,607,454  |     |
| Commercial Energy Efficiency Programs  |               |     |
| Customer Incentives                    | \$ 9,750,000  | 70% |
| Program Implementation Costs           | \$ 4,150,000  | 30% |
| Total Spend                            | \$ 13,900,000 |     |



## *Questions from Rate Advisory Committee Meetings*

**Question:** Slide 48 & 49 talk about future decisions – we don't show anything about what the other cities are planning for the future – not an apple to apple comparison – can we show what they are considering?

**Answer:** Regarding slides 48 & 49 relative to community decisions, we will be sharing additional details and assumptions behind the numbers on those charts in the upcoming Educational Sessions.