

BEFORE THE PUBLIC UTILITIES COMMISSION OF COLORADO

PROCEEDING NO. 23A-0589EG

IN THE MATTER OF THE APPLICATION OF PUBLIC SERVICE COMPANY OF COLORADO FOR APPROVAL OF ITS COMBINED ELECTRIC AND NATURAL GAS DEMAND-SIDE MANAGEMENT AND BENEFICIAL ELECTRIFICATION PLAN FOR CALENDAR YEARS 2024-2026.

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**HEARING EXHIBIT 1301**

**ANSWER TESTIMONY AND ATTACHMENTS OF**

**HON. ROGER BERLINER, ESQ.**

**ON BEHALF OF CLEAN ENERGY ECONOMY FOR THE REGION (CLEER)**

March 22, 2024

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**List of Attachments**

RB-1	Qualifications of Hon. Roger Berliner, Esq.
RB-2	Combined Responses and Objections of Public Service Company of Colorado to Discovery Requests 1, 2, 3, and 4 propounded by Clean Energy Economy for the Region
RB-3	Comments of Clean Energy Economy for the Region (CLEER) Before the Colorado Public Utilities Commission in PUC Equity Proceeding (22M-0171ALL) (Mar. 2024)

1    **I. INTRODUCTION**

2    **Q.    Please state your name and business address.**

3    A.    My name is Roger Berliner. My business address is 193 Red Bluff Vista, Glenwood  
4    Springs, Colorado, 81601.

5    **Q.    By whom are you employed and what is your position there?**

6    A.    I am self-employed as President of E2, LLC, a consulting firm that seeks to advance  
7    progressive public policy in the energy and environment arena.

8    **Q.    On whose behalf are you testifying today?**

9    A.    I am testifying on behalf of Clean Energy Economy for the Region (CLEER), a non-profit  
10   environmental organization based in Carbondale, Colorado.

11   **Q.    What is the mission of CLEER?**

12   A.    Alice Laird, the Executive Director of CLEER, provides a full description of CLEER's  
13   mission and admirable accomplishments in her testimony, labeled as Hearing Exhibit 1300.

14   **Q.    What is your relationship with CLEER?**

15   A.    I am serving as their Regulatory Affairs Advisor in this proceeding.

16   **Q.    What are your qualifications in this capacity?**

17   A.    The entirety of my 50-year professional life has been spent at the intersection of  
18   energy/environmental policy and utility law at all levels of government; federal, state, and local.  
19   I detail my qualifications in Attachment RB-1.

20   **II. PROGRAMMATIC FAILURE BY PUBLIC SERVICE COMPANY OF  
21   COLORADO**

22   **Q.    What is the purpose of your testimony?**

23   A.    The purpose of my testimony is to support CLEER's commitment to energy efficiency in  
24   the western slope by calling attention to Public Service Company of Colorado's (the "Company")

1 failure to achieve acceptable energy efficiency results for rural residential customers and to offer  
2 potential solutions to address that failure.

3 **Q. What is the basis of your assertion that the Company has failed to deliver acceptable  
4 energy efficiency results for its rural residential customers?**

5 A. First and foremost, the Company's own testimony in the prior strategic phase of this  
6 process. There, Mr. Schoenheider shared with the parties the Company's performance helping  
7 low-income and disproportionately impacted communities within its service territories.<sup>1</sup> His  
8 testimony included maps of their service territories and different colors on the map representing  
9 different levels of penetration; ranging from light yellow for negligible amounts to dark brown for  
10 the highest value added. In category after category, the dominance of the Company's  
11 urban/suburban focus is readily apparent. Rural areas, by contrast, almost always showed little to  
12 no effort by the Company. Maps 21 and 23 are illustrative and are attached to RB-3.

13 **Q. Does the Company's performance surprise you?**

14 A. No.

15 **Q. Why not?**

16 A. First, it is not a focus, let alone a priority, of the Company's to increase energy efficiency  
17 in rural communities. The Company itself has demonstrated as much. It purports to not even  
18 know how well they are serving their rural customers. "The Company does not track [its  
19 expenditures in rural areas] by 'rural' location."<sup>2</sup>

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<sup>1</sup> Colorado Public Utilities Commission Proceeding No. 22A-0309EG Public Service of Colorado – DSM & BE Strategic Issues, Hr'g Ex. 110, Supplemental Direct Testimony and Attachments of Mark R. Schoenheider.

<sup>2</sup> Obj. of the Company, Disc. Req. CLEER2-1, at 1 (Mar. 12, 2024), included in Attachment RB-2.

1   **Q.    Does the Company know how many rural customers they serve?**

2   A.    Apparently not. They assert that “rural areas” is too “vague” a term. The Company does  
3   not “track” customers on this basis,<sup>3</sup> nor does it track participation numbers or expenditures for  
4   programs or products referenced in the Plan by the county, zip code, or census track in which  
5   customers are located.<sup>4,5</sup>

6   **Q.    The Company itself described a subset of customers eligible for “virtual” assessments  
7   of their homes (as opposed to in person/in home energy audits) who live in “outlying areas.”**

8   **Did you ask them how many of their customers live in “outlying areas” that are eligible for  
9   the program?**

10   A.    Yes. The Company claims not to know how many residents are eligible for this service.<sup>6</sup>

11   **Q.    The Company also stated that “in outlying areas of the Company’s service territory  
12   [] participation has been historically low due to added travel time and expense.”<sup>7</sup> Did you  
13   ask the Company to explain what “historically low” meant?**

14   A.    Yes. The Company’s response was that “historically low” is “a general term, and the  
15   Company does not have a specific definition that is consistently applied throughout this plan.”<sup>8</sup>

16   **Q.    Did you ask any other questions to discern the scope or extent of rural customers  
17   served by the Company?**

18   A.    Yes. The Company asserted that contractors are eligible for “higher reimbursement” as a  
19   result of the added travel time and other to barriers serving customers living “outside of the major

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<sup>3</sup> *Id.*

<sup>4</sup> Resp. of Mark Schoenheider, Disc. Req. CLEER4-3(a-c), at 1 (Mar. 20, 2024), included in Attachment RB-2.

<sup>5</sup> Resp. of Mark Schoenheider, Disc. Req. CLEER4-4(a-c), at 1 (Mar. 20, 2024), included in Attachment RB-2.

<sup>6</sup> Resp. of Mark Schoenheider, Disc. Req. CLEER1-1(b), at 3 (Mar. 5, 2024), included in Attachment RB-2.

<sup>7</sup> Hr’g Ex. 101, Attach. NCM-1, 2024-2026 DSM BE Plan, at 147 (2023).

<sup>8</sup> Resp. of Mark Schoenheider, Disc. Req. CLEER1-1(d), at 3 (Mar. 5, 2024), included in Attachment RB-2.

1 metropolitan areas.”<sup>9</sup> That is a common definition of rural. At no point did the Company provide  
2 the number of customers that fit this description.

3 **Q. Did the Company cite federal programs that “rural” customers are eligible for?**

4 A. Yes, the Company pointed out that the Department of Agriculture has a program designed  
5 to give “rural” customers help, specifically the Rural Energy Savings Program (RESP).<sup>10</sup>

6 **Q. Does that program use a definition of rural for eligibility purposes?**

7 A. Yes, of course. The definition of “rural,” as defined in the Farm Security and Rural  
8 Investment Act of 2002 which governs RESP loans, is any area other than a city or town that has  
9 a population of greater than 50,000 inhabitants and the urbanized area contiguous and adjacent to  
10 such a city or town.<sup>11</sup>

11 **Q. Does the Colorado Energy Office use the term “rural” with regard to any of its  
12 programmatic offerings?**

13 A. Yes. Similar to the USDA’s RESP program, the CEO uses the term “rural” to describe  
14 counties with a population of less than 50,000.<sup>12</sup>

15 **Q. Did you try other ways to see if the Company understands the level of service it is  
16 providing to customers located in rural areas of Colorado?**

17 A. Yes, we tried every way we could think of to request this information. We asked the  
18 Company for information based on “rural” location, as defined by the U.S. Census Bureau;  
19 information based on being located in “outlying areas,” as the Company itself used that term;

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<sup>9</sup> Resp. of Mark Schoenheider, Disc. Req. CLEER2-4(c)(i), at 2 (Mar. 12, 2024), included in Attachment RB-2.

<sup>10</sup> Resp. of Mark Schoenheider, Disc. Req. CLEER2-6(a), at 1 (Mar. 12, 2024), included in Attachment RB-2.

<sup>11</sup> Pub. L., 107-171 § 6020(a).

<sup>12</sup> Colo. Energy Off., *Colorado Grid Hardening for Small and Rural Communities Grant Program: Eligibility* (2024) <https://energyoffice.colorado.gov/grid-hardening-grant#:~:text=The%20majority%20of%20projects%20must,population%20of%20less%20than%2025%2C000>.

1 information based on being “outside the major metropolitan areas,” as the Company used that  
2 term; and information based on county, zip code, and census tract. The Company did not provide  
3 meaningful responses to any of these requests.<sup>13</sup>

4 **Q. What do you take away from the Company’s posture regarding the number of rural  
5 customers that they serve?**

6 A. My personal view is that if there were positive results to be reported, the Company would  
7 have been responsive to CLEER’s repeated attempts to understand the extent of participation of  
8 rural customers in their DSM and BE programs. One possible explanation is that it is difficult for  
9 the Company to either feel accountable or be held accountable for a metric that it does not measure  
10 (or try to).

11 **Q. Does the Company provide any direction as to its chosen implementers regarding  
12 serving customers in rural areas?**

13 A. No. According to Mr. Schoenheider, when posed with that very question, “[a]re there any  
14 terms that are designed to ensure that the implementer serves customers in rural areas,” the answer  
15 was again, “No.”<sup>14</sup>

16 **Q. Based on the Company’s responses to discovery, are there contractual policies of the  
17 Company that actually work against serving rural customers?**

18 A. Yes. “Some contracts are set up with a pay for performance type structure based on  
19 measurements such as customer participation, commodity savings achieved, or other related

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<sup>13</sup> See Resp. of Mark Schoenheider, Disc. Req. CLEER1-1, CLEER1-6, CLEER1-7, CLEER1-8, CLEER1-9, CLEER1-10, CLEER1-11, CLEER1-12 (Mar. 5, 2024); Obj. to Disc. Req. CLEER2-1, Resp. of Mark Schoenheider, Disc. Req. CLEER2-5, (Mar. 12, 2024); Obj. to Disc. Req. CLEER3-3 (Mar. 18, 2024); Resp. of Mark Schoenheider, Disc. Req. CLEER4-3, CLEER4-4, CLEER4-5, CLEER 4-6, CLEER 4-7 (Mar. 20, 2024), included in Attachment RB-2.

<sup>14</sup> Resp. of Mark Schoenheider, Disc. Req. CLEER2-3(a)(iii), at 1 (Mar. 12, 2024), included in Attachment RB-2.

1 metrics with the intent to incentivize the implementer to bring in more projects . . .”<sup>15</sup> That’s the  
2 business model: to “[B]ring in more projects.” That’s not rural. That’s urban, which is the  
3 Company’s obvious focus.

4 **Q. Does the Company even know how many, if any, of their implementers “provide**  
5 **service to rural parts of the Company’s territory”?**

6 A. No. “The Company does not have a count of how many implementers or contractors work  
7 in or provide service to rural parts of the Company’s territory . . .”<sup>16</sup>

8 **Q. Does the Company appear to recognize that there are distinct barriers to serving**  
9 **rural areas?**

10 A. Yes. The Company admits that “[t]here are some contracts that have pricing schedules  
11 built in with higher reimbursement rates for services such as audits provided outside of the major  
12 metropolitan areas to acknowledge *some of the barriers of serving customers in these areas such*  
13 *as added time and cost to travel or securing a trade partner or contractor in those areas with the*  
14 *required knowledge and experience to do the work.”*<sup>17</sup>

15 **Q. Is the acknowledgement of existing barriers noted above important?**

16 A. Yes. These are real factors unique to rural areas that must be overcome if rural residents  
17 are to be treated fairly. It also underscores that it is simply not profitable for the Company to invest  
18 in rural Colorado within the current regulatory framework given these real barriers.

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<sup>15</sup> Resp. of Mark Schoenheider, Disc. Req. CLEER2-4(c)(ii), at 2 (Mar. 12, 2024), included in Attachment RB-2.

<sup>16</sup> Resp. of Mark Schoenheider, Disc. Req. CLEER2-4(b), at 2 (Mar. 12, 2024), including in Attachment RB-2.

<sup>17</sup> Resp. of Mark Schoenheider, Disc. Req. CLEER2-4(c)(i), at 2 (Mar. 12, 2024) (emphasis added), included in Attachment RB-2.

1   **Q.    Could you summarize the situation given the Company's responses to CLEER's**  
2   **discovery requests?**

3   A.    Yes. It appears to me that rural residential customers of the Company are: (a) not a focus  
4   or priority of the Company; (b) not a recognizable customer class whose participation in their  
5   product offerings should be subject to monitoring; (c) not a high enough priority to even know  
6   how many, if any, of their implementer contracts serve customers "outside of the major  
7   metropolitan area"; (d) directly and negatively impacted by the Company's laissez-fair, hands-off  
8   approach given the combination of (1) very real barriers to success, and (2) "pay for performance"  
9   contracts that reward volume; and (e) effectively cut out of energy efficiency efforts because  
10   servicing rural communities is fundamentally contrary to the Company's bottom line objective of  
11   meeting performance metrics set by this Commission at the lowest possible cost.

12   **Q.    Do you believe that rural customers are being treated fairly by the Company?**

13   A.    No, I do not. The Company has emphasized that it "has an obligation to provide service  
14   on a non-discriminatory basis."<sup>18</sup> I, of course, agree with this bedrock regulatory principle.  
15   However, if the Company does not even understand the level to which it is providing—or failing  
16   to provide—meaningful service in energy efficiency to its rural customers, I do not believe it is  
17   fair to conclude that rural customers are being served on a non-discriminatory basis. As I discuss  
18   further below, there are particular barriers to providing energy efficiency services to customers  
19   located in rural areas. Unless concerted efforts are made to overcome these barriers, rural

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<sup>18</sup> Resp. of Mark Schoenheider, Disc. Req. CLEER4-6, at 9 (Mar. 20, 2024), included in Attachment RB-2.

1 customers will almost certainly receive less than their fair share of services, which I believe is  
2 effectively discriminatory.

3 **Q. Does the Company's approach to serving its rural customers surprise you?**

4 A. No. It is precisely the basis for why CLEER believes the Commission *must intervene*. It  
5 simply is not equitable for the Commission to allow this situation to continue. The Company *will*  
6 continue in this way unless new paths are pursued in this Plan *now*.

7 **Q. Are there other factors beyond the Company's poor performance in serving rural  
8 residents with energy efficiency products that justify immediate action?**

9 A. Yes. As CLEER has argued in the Equity Initiative docket: “According to the 2021 Energy  
10 Affordability in Colorado study prepared for the Colorado Energy Office, *rural residents carry*  
11 *the highest energy burden; they have the least efficient homes; and they face the coldest winters*.  
12 As stated in the report: ‘Energy cost burdens are unevenly distributed across the state, with many  
13 of the highest energy cost-burdened census tracts located in rural areas.’ Rural Colorado also is  
14 home to the energy-related industries that have been most negatively impacted by the imperative  
15 of transitioning to clean energy. Equity requires that rural residents obtain at least some of the  
16 major benefits of the clean energy economy, including energy-efficient homes that result in lower  
17 utility bills. Regrettably, these very same regions are the least well served by Xcel Energy’s energy  
18 efficiency programs.”<sup>19</sup>

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<sup>19</sup> Comments of Clean Energy Economy for the Region (CLEER) Before the Colorado Public Utilities Commission in PUC Equity Proceeding (22M-0171ALL) at 1 (Mar. 2024), attached as Attachment RB-3; *see also* Hearing Exhibit 1300, Attachment AL-[Boris Lukonov, PhD et al., PATHWAYS TO ENERGY AFFORDABILITY IN COLORADO (Jan. 2022)] (emphasis added).

1   **Q.   Did the Company modify its approach to rural customers in response to the**  
2   **extraordinary findings by the authors of the Energy Affordability in Colorado study?**

3   A.    No. Notwithstanding that some within the Company were “aware” of the findings, not one  
4   of “its DSM team representatives have an in-depth understanding of what is contained in the  
5   referenced report.” The bottom line is, the “DSM team did not rely on the referenced report in  
6   developing its DSM Plan filing.”<sup>20</sup>

7   **Q.   How do you respond to the fact that the Company made no changes to its plan given**  
8   **the findings of the Energy Affordability in Colorado study?**

9   A.    I confess I’m shocked. When I review that report, it reads like a 3-alarm fire. That the  
10   Company responsible for serving those same customers was aware of it and yet moves forward  
11   without taking it into account at all strikes me as simply wrong. It underscores the extent to which  
12   the Company has failed to offer a plan that takes into account the overwhelming need and the  
13   unique challenges of serving rural customers.

14   **III.   BARRIERS TO EQUITABLE ENERGY SERVICE IN RURAL COMMUNITIES**

15   **Q.   You stated earlier that the issue of their being barriers is important. Could you**  
16   **elaborate?**

17   A.    Yes. In preparation for my testimony, I sought out literature on the challenges relating to  
18   serving rural customers and how those challenges may be best addressed. One of the first serious  
19   examinations of the energy efficiency issues confronting rural communities is titled, “Bridging the  
20   Rural Efficiency Gap.” This is a report prepared by the Island Institute in 2018 (included as  
21   Hearing Exhibit 1300, attachment AL-1. Their focus was on four (4) states with large rural areas—  
22   Alaska, Maine, New Hampshire, and Vermont. They define the rural ““energy efficiency gap,’ or

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<sup>20</sup> Resp. of Nick C. Mark, Disc. Req. CLEER2-2(a), at 2 (Mar. 12, 2024), included in Attachment RB-2.

1   ‘energy efficiency paradox,’” as “the slow rate of uptake of energy efficiency products and services  
2   *even when they are economically beneficial* (Jaffe and Stavins 1994).”<sup>21</sup>

3           The report identifies three (3) distinct categories of barriers: geographic barriers, financial  
4   barriers, and awareness and access barriers. Within the geographic barrier category, the study  
5   finds that the “[p]hysical distance from resources (e.g., human, financial), combined with a lack  
6   of economies of scale in small communities, can challenge rural residents’ ability to access the  
7   financing, incentives, and professional services needed to implement energy efficiency projects.”<sup>22</sup>  
8   In addition, the geography alone often translates into “a lack of qualified contractors willing to  
9   serve rural areas and/or unavailability of a local, skilled workforce to complete energy efficiency  
10   upgrades.”<sup>23</sup>

11           With respect to financial barriers, the study notes the “[h]igh upfront cost of energy  
12   efficiency” and observes that “[o]ut-of-pocket costs for energy efficiency services are a challenge  
13   for low-income rural households, particularly when they are exacerbated by the additional costs  
14   associated with travel to remote areas.”<sup>24</sup> In addition, rural communities also generally have  
15   “[l]ower median incomes and [bear a] higher energy burden.”<sup>25</sup> These factors “further challeng[e]  
16   the ability of rural residents to invest in energy efficiency.”<sup>26</sup> Finally, “many rural residents are  
17   unable or unwilling to take on debt to finance efficiency, limiting their participation in standard  
18   loan programs, and alternative financing mechanisms such as on-bill financing are often not  
19   available in rural areas.”<sup>27</sup>

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<sup>21</sup> Brooks Winner et al., Island Inst., BRIDGING THE RURAL EFFICIENCY GAP: EXPANDING ACCESS TO ENERGY EFFICIENCY UPGRADES IN REMOTE AND HIGH ENERGY COST COMMUNITIES at 8 (Oct. 2018) (emphasis added).

<sup>22</sup> *Id.* at 4.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.* at 5.

1       With respect to the third type of barriers they cite, awareness and access, the study  
2    maintains that “[l]imited experience within a rural resident’s social network, combined with a  
3    skepticism of assistance programs and a preference to ‘do it yourself,’ often limit rural residents’  
4    knowledge of and interest in accessing energy efficiency programs.”<sup>28</sup>

5       In my view, this last barrier, accessing energy efficiency, is exacerbated when the rural  
6    communities are the same communities that have been most negatively affected by the promise of  
7    the green revolution. Western rural Colorado was and is home to significant fossil fuel production.  
8    The green revolution has not provided a net benefit economically or culturally for these  
9    communities. It is not in the DNA of these communities to embrace less energy, particularly while  
10   facing significant out-of-pocket costs and other challenges to achieve it.

11   **Q.    How have other states with large rural populations addressed the issue of barriers?**

12   A.    A number of progressive states basically concluded that meeting the needs of rural  
13   residents should not be left in the hands of investor-owned utilities, but rather requires the creation  
14   of quasi-state agencies or handing the work over to collaborations of non-profits and local  
15   governments that are rooted in rural communities. I am personally familiar with the following  
16   examples: Maine (Efficiency Maine), Vermont (Efficiency Vermont), Oregon (Energy Trust of  
17   Oregon), and California (Rural Energy Networks).

18   **Q.    What do you think of that approach for Colorado?**

19   A.    I support that approach here. I believe utilities like the Company should focus, and be  
20   rewarded in turn, on how well they run the grid and build needed infrastructure. Those engineering  
21   and other critically important tasks are at the core of their competency. Running energy efficiency

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<sup>28</sup> *Id.*

1 operations is not in their DNA. The results confirm that here. Let others—organizations that are  
2 deeply committed to this important work and to their neighbors—assume responsibility for this  
3 important work. We certainly cannot do any worse than we are today under the current system.

4 **Q. Is that approach endorsed by the literature you have reviewed?**

5 A. Yes. The first recommendation from the American Council for an Energy-Efficient  
6 Economy (ACEEE) for overcoming barriers to serving isolated rural communities in its excellent  
7 November 2023 report titled “Adapting Energy Efficiency Programs to Reach Underserved  
8 Residents” is “*partnering with other organizations within the same region.*”<sup>29</sup> This report is  
9 attached to Ms. Laird’s testimony as Hearing Exhibit 1300, Attachment AL-3.

10 **IV. RECOMMENDATIONS TO ACHIEVE GEOGRAPHIC EQUITY**

11 **Q. You stated that you had potential solutions to address the current failure to achieve  
12 acceptable energy efficiency results for rural residential customers of the Company. What  
13 are those potential solutions?**

14 A. *First*, you cannot improve what you do not measure. The Company should be required to  
15 disaggregate its results and report on an annual basis the participation levels of rural residents for  
16 each of their residential energy efficiency products.

17 *Second*, consistent with the preceding recommendation, through whatever procedural  
18 mechanism is appropriate and expeditious, the Commission should establish benchmarks for  
19 performance on behalf of rural residents, and offer, as it does for other efforts, a Performance  
20 Incentive Mechanism (PIM) as a potential reward for meeting a stretch goal level above the

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<sup>29</sup> Am. Council for an Energy-Efficient Economy, ADAPTING ENERGY EFFICIENCY PROGRAMS TO REACH UNDERSERVED RESIDENTS at 26 (Nov. 2023).

1 existing benchmark. The hard work of providing meaningful service to rural customers will not  
2 get done without strong financial encouragement.

3 **Third**, it is imperative that the Commission adopt the principle of “geographic” equity. It  
4 is respectfully submitted that, in the context of the Company’s energy efficiency efforts and results,  
5 rural residents have not been treated equitably for years. This needs to end now.

6 CLEER understands that the Commission, in response to state legislation, has an ongoing  
7 proceeding relating to equity. As referenced earlier, CLEER has filed comments in that docket as  
8 well, included as Attachment RB-3.

9 But the Commission need not, and should not, wait for the outcome of that proceeding to  
10 adopt the principle of “geographic” equity here for the purpose of energy efficiency programs.  
11 The Island Institute study referenced earlier in my testimony cites “geographically-equitable  
12 program design” as the first “bridging model[] that address[es] geographic barriers.”<sup>30</sup>

13 Adopting geographic equity is essential to counteract the fundamental reality that the  
14 Company’s natural focus is on achieving the performance targets established by the Commission  
15 at the least cost. The lowest-cost target of opportunity is in urban areas. Rural areas are simply  
16 more expensive and more difficult to serve. As the Company has acknowledged, travel time,  
17 material costs, and the lack of a sufficient local trained workforce all add up to a higher cost to  
18 serve rural residents. Only by adopting geographic equity will rural customers be assured they  
19 will be treated fairly given the way that the current playing field is tilted against them.

20 **Fourth**, the Plan should explicitly include rural communities in the non-energy benefit  
21 adders category equal to the level provided to low-income measures and products in urban

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<sup>30</sup> Winner et al., *supra* note 21, at 5.

1   communities. Providing “equity” is a compelling “non-energy benefit.” Addressing the “energy  
2   burden” borne disproportionately by rural customers is a “non-energy benefit.” Recognizing the  
3   unique “barriers” to successfully serving rural customers is a “non-energy benefit.” Helping the  
4   communities most associated with fossil fuel production and most negatively impacted --  
5   economically and culturally -- by the needed transition to clean energy is a “non-energy benefit”.

6           ***Fifth***, and so very important, the Commission should adopt CLEER’s Executive Director  
7   Alice Laird’s recommendation, as set forth in her testimony (Hearing Exhibit 1300), regarding an  
8   additional pilot program that embraces a future role for local non-profit organizations, alone or in  
9   a consortium with other stakeholders committed and capable of assuming greater responsibility  
10   for achieving acceptable results for their rural neighbors.

11           ***Sixth***, as soon as possible, adopt a financing program that offers zero (0) and low-interest  
12   loans repayable through their utility bill, and importantly, a program that includes rural residents.  
13   Zero percent and very low interest financing, with repayment through the utility bill, is considered  
14   a critical service for rural customers by organizations such as the Energy & Environment Study  
15   Institute (EESI) and embraced by many co-ops that serve rural communities.

16   **Q.      With respect to a financing program, did you review the Company’s supplemental  
17   direct testimony on this issue, and if so, what is your response?**

18   A.      Yes. As their prior testimony also made clear, the Company is not comfortable offering an  
19   on-bill financing service of this nature. They aren’t “bankers,” as they have observed repeatedly,  
20   and they clearly don’t want to become one. Nonetheless, I believe their embrace of a Tariffed On-

1 Bill (TOB) product that is backed by “third-party capital and third-party administration”<sup>31</sup> is an  
2 acceptable path forward, a path that must be pursued expeditiously.

3 **Q. Does CLEER have additional testimony on the TOB financing options?**

4 A. Yes. CLEER is very pleased that one of the nation’s leading environmental organizational  
5 experts in such matters, the Energy & Environment Study Institute (EESI), who worked closely  
6 with Tri-State in its recent launch of the type of program that the Company seeks to emulate, is  
7 providing testimony on behalf of CLEER on this subject, which is being filed as Hearing Exhibit  
8 1302.

9 **Q. Do you have other recommendations regarding financing options for energy  
10 efficiency products?**

11 A. Yes. In addition to adopting the recommendations of the Energy & Environment Study  
12 Institute witness providing testimony on behalf of CLEER, I just want to emphasize my belief that  
13 one of the central goals of the TOB financing program that this Commission adopts should be that,  
14 to the maximum extent feasible, there be *a net benefit from day one* for residents who participate;  
15 i.e., that the cost benefit of energy efficiency improvements that are implemented go further than  
16 simply offsetting the cost of the loan, such that the homeowner experiences lower net utility bills  
17 immediately. While this may not be feasible for beneficial electrification and other costly items,  
18 it should be achievable in the context of many other residential energy efficiency improvements.

19 **Seventh**, the Commission should require giving priority to, and setting metrics for,  
20 measures that make a real difference in the lives of rural residents—residents who have the trifecta  
21 working against them—highest burden, the least efficient homes, and the coldest weather.

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<sup>31</sup> Colorado Public Utilities Commission Proceeding No. 22A-0309EG Public Service of Colorado – DSM & BE Strategic Issues, Hr’g Ex. 106, Supplemental Direct Testimony of Mark R. Schoenheider at 9:18.

1 Currently, the whole system is basically value-free. For the Company, impact has no intrinsic  
2 value; only numbers and cost-effectiveness. As a result, the number 1 ranked program, Home  
3 Energy Insights, saves all of approximately 48 kWh per household. A smidgeon. But those  
4 smidgeons add up to a respectable number that gets the Company closer to meeting their  
5 performance benchmark. Conversely, programs that produce serious savings for a homeowner,  
6 such as the Whole Home Efficiency program that is estimated for 2024 to save a homeowner  
7 approximately 1,872 kWh annually,<sup>32</sup> rank at the very bottom and have marginal participation  
8 levels. Impact matters, and it should matter to this Commission. The American Council of Energy  
9 Efficient Economy argues this point better than I can:

10 “[m]etrics should be based on *impact* as opposed to output (e.g., assessing improved  
11 quality of life for low-and moderate-income households or number of homes  
12 receiving comprehensive retrofits is preferable to assessing the number of  
13 households reached with marketing messages about the program).”<sup>33</sup>

14 It is as though that quote was written with the Company’s approach in mind. We can do better,  
15 and we must do better, by our rural residents.

16 **Q. Does this conclude your testimony?**

17 A. Yes.

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<sup>32</sup> See Hr’g Ex. 101, Attach. NCM-1, 2024-2026 DSM BE Plan, at 45, Table 8b (2023).

<sup>33</sup> Am. Council for an Energy-Efficient Economy, *supra* note 29, at 7 (emphasis added).