

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



April 22, 2020

**Advice Letter 5438-G-A**

Ronald van der Leeden  
Director, Regulatory Affairs  
Southern California Gas  
555 W. Fifth Street, GT14D6  
Los Angeles, CA 90013-1011

**SUBJECT: Implementation of Split Incentives Agreement for the San Joaquin Valley  
Disadvantaged Community Pilot Projects Pursuant to Decision 18-12-015.**

Dear Mr. van der Leeden:

Advice Letter 5438-G-A is approved as of April 16, 2020, per resolution E-5043 Ordering Paragraphs.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division

---

May 2, 2019

**Advice 3969-E-A**  
**(Southern California Edison Company U 338-E)**

**Advice 4076-G/5497-E-A**  
**(Pacific Gas and Electric Company –U)**

**Advice 5438-A**  
**(Southern California Gas Company – U 904)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** Supplement to Advice Letters 3969-E, 4076-G/5497-E, and 5438 Implementation of Split Incentives Agreement for the San Joaquin Valley Disadvantaged Community Pilot Projects Pursuant to Decision 18-12-015

**PURPOSE**

Pursuant to California Public Utilities Commission (Commission or CPUC) Decision (D.) 18-12-015 (Decision), Southern California Edison Company (SCE) on behalf of Pacific Gas and Electric Company (PG&E), and Southern California Gas Company (SoCalGas), (collectively the Utilities) respectfully submits this Supplement to Advice Letters (ALs) 3969-E (SCE), 4076-G/5497-E (PG&E), and 5438 (SoCalGas) to implement a Split Incentives (Tenant Protection) agreement for the Utilities' San Joaquin Valley Disadvantaged Community Pilot Projects (SJV Pilots).

These changes are made in accordance with General Order (GO) 96-B, General Rule 7.5.1, which authorizes utilities to make additional changes to an advice letter through the submittal of a supplemental advice letter. This advice letter supplements in part and does not change the substance of the original Advice 3969-E.

## **BACKGROUND AND DISCUSSION**

On March 18, 2019, the Utilities filed ALs 3969-E, 4076-G/5497-E, and 5438 in compliance with D.18-12-015, providing their Split Incentives proposal. The proposal included a “Split Incentives Affidavit” in which participating landlords, among other requirements, agree to limit annual rent increases and evictions for a five-year period unless they meet certain exceptions. In addition, the Utilities proposed that a third party Community Energy Navigator (CEN) would administer and enforce the Split Incentives Affidavit, which includes monitoring rent increases, evictions. The CEN would also be responsible for data collection and reporting activities.<sup>1</sup>

The Utilities worked with Commission staff to develop a plan to submit the Split Incentive proposal, which included a timeline to submit the framework for the Split Incentives proposal and the Split Incentives Affidavit itself. As a result, in the ALs, the Utilities requested an additional 45 days, or by May 2, 2019, to supplement the Split Incentive Proposal ALs with the draft Affidavit and Agreement.<sup>2</sup>

## **SPLIT INCENTIVES AFFIDAVIT AND AGREEMENT**

The attached Affidavit and Agreement was developed to strike a balance between encouraging pilot participation from landlords and protecting tenants’ rights. Therefore, as discussed previously, the Utilities’ proposed Split Incentives Affidavit and Agreement includes the provisions to be followed by participating landlords as it relates to their tenants for a five year period. The Affidavit and Agreement includes provisions that:

1. Prohibit rent increases and household-related increases (e.g., water, energy, telecommunication utility charges, waste management charges, home insurance premiums, property tax costs) as a result of home improvements provided through the SJV pilot, and
2. Limits evictions for reasons specified in the Affidavit and Agreement (e.g., unlawful occupancy, failure to pay rent, breach of occupancy agreement, illegal use of property).

The proposed Affidavit and Agreement does not supersede or replace the owner and tenant’s existing lease agreement, and is to be signed by the CEN, the landlord, and tenant. The draft Affidavit and Agreement is attached hereto in Attachment 1.

---

<sup>1</sup> ALs 3969-E, 4076-G/5497-E, and 5438, pp. 3-6.

<sup>2</sup> ALs 3969-E, 4076-G/5497-E, and 5438, p. 2.

## **PROPOSED TARIFF CHANGES**

No cost information is required for this advice letter. This advice letter will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

## **TIER DESIGNATION**

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.2, OP 15(e) of the Decision, this advice letter is submitted with a Tier 2 designation.

## **EFFECTIVE DATE**

SCE is requesting Advice 3969-E et al<sup>3</sup> and Advice 3969-E-A et al<sup>4</sup> become effective on June 1, 2019, the 30<sup>th</sup> calendar day after the submittal of this supplemental advice letter.

## **PROTESTS**

Anyone may protest this advice letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and received within 20 days of the date of this advice letter, which is May 22, 2019. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

Copies of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit ([EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)). A copy of the protest shall also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission:

**For SCE:**  
Gary A. Stern, PhD.  
Managing Director, State Regulatory Operations  
Southern California Edison Company  
8631 Rush Street

---

<sup>3</sup> SCE submitted a joint advice letter with PG&E (4076-G/5497-E) and SoCalGas (5438) on March 18, 2019.

<sup>4</sup> SCE is submitting a supplemental advice letter to include PG&E (4076-G/5497-E-A) and SoCalGas (5438-A).

Rosemead, California 91770  
Telephone (626) 302-9645  
Facsimile: (626) 302-6396  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Laura Genao  
Managing Director, State Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5544  
E-mail: [Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com)

**For SoCalGas:**

Ray B. Ortiz  
Tariff Manager - GT14D6  
555 West Fifth Street  
Los Angeles, CA 90013-1011  
Facsimile No.: (213) 244-4957  
E-Mail: [ROrtiz@semprautilities.com](mailto:ROrtiz@semprautilities.com)

**For PG&E:**

Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, CA 94177  
Facsimile: (415) 973-3582  
E-mail: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

In accordance with General Rule 4 of GO 96-B, SCE is serving copies of this advice letter to the interested parties shown on the attached service lists for GO 96-B and R.15-03-010. Address change requests to the GO 96-B service list should be directed by electronic mail to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or at (626) 302-4039. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by submitting and keeping the advice letter at SCE's corporate

headquarters. To view other SCE advice letters submitted with the Commission, log on to SCE's web site at <https://www.sce.com/wps/portal/home/regulatory/advice-letters>.

For questions, please contact Eric Yamashita at (626) 302-7306 or by electronic email at [Eric.yamashita@sce.com](mailto:Eric.yamashita@sce.com).

**Southern California Edison Company**

/s/ Gary A. Stern, Ph.D.  
Gary A. Stern, Ph.D.

GAS:ey:jm  
Enclosure



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.:

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person:

Phone #:  
E-mail:  
E-mail Disposition Notice to:

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type:  Monthly     Quarterly     Annual     One-Time     Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #:

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes     No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes     No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:



## ENERGY Advice Letter Keywords

Affiliate	Direct Access	Preliminary Statement
Agreements	Disconnect Service	Procurement
Agriculture	ECAC / Energy Cost Adjustment	Qualifying Facility
Avoided Cost	EOR / Enhanced Oil Recovery	Rebates
Balancing Account	Energy Charge	Refunds
Baseline	Energy Efficiency	Reliability
Bilingual	Establish Service	Re-MAT/Bio-MAT
Billings	Expand Service Area	Revenue Allocation
Bioenergy	Forms	Rule 21
Brokerage Fees	Franchise Fee / User Tax	Rules
CARE	G.O. 131-D	Section 851
CPUC Reimbursement Fee	GRC / General Rate Case	Self Generation
Capacity	Hazardous Waste	Service Area Map
Cogeneration	Increase Rates	Service Outage
Compliance	Interruptible Service	Solar
Conditions of Service	Interutility Transportation	Standby Service
Connection	LIEE / Low-Income Energy Efficiency	Storage
Conservation	LIRA / Low-Income Ratepayer Assistance	Street Lights
Consolidate Tariffs	Late Payment Charge	Surcharges
Contracts	Line Extensions	Tariffs
Core	Memorandum Account	Taxes
Credit	Metered Energy Efficiency	Text Changes
Curtable Service	Metering	Transformer
Customer Charge	Mobile Home Parks	Transition Cost
Customer Owned Generation	Name Change	Transmission Lines
Decrease Rates	Non-Core	Transportation Electrification
Demand Charge	Non-firm Service Contracts	Transportation Rates
Demand Side Fund	Nuclear	Undergrounding
Demand Side Management	Oil Pipelines	Voltage Discount
Demand Side Response	PBR / Performance Based Ratemaking	Wind Power
Deposits	Portfolio	Withdrawal of Service
Depreciation	Power Lines	

# **Attachment 1**

## **Split Incentives Agreement**

## AFFIDAVIT AND AGREEMENT

THIS AFFIDAVIT AND AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (“Effective Date”), by and between [\*Name of Community Energy Navigator\*] (“CEN”), [\*Name of Property Owner\*] (“Landlord”), and [\*Name of Tenant\*] (“Tenant”).

### RECITALS

- A. Landlord is the fee simple owner of that certain real property described in Exhibit A attached hereto and incorporated herein by this reference (the “Property”).
- B. Pursuant to the occupancy agreement/arrangement with Landlord, Tenant currently occupies all (or a portion of) the Property (the “Lease Area”) for residential purposes. The essential terms of the occupancy agreement/arrangement are summarized in Exhibit B attached hereto and incorporated herein by this reference.
- C. CEN has been designated by the California Public Utilities Commission (“CPUC”), Energy Division, as the liaison between Southern California Edison Company, Pacific Gas and Electric Company, Southern California Gas Company and [TBD Third Party Pilot Administrators and Program Implementers] (collectively, the Pilot Administrators”) and the pilot participants for the San Joaquin Valley Disadvantaged Community Pilot Projects (the “SJV Pilots Program”). Pursuant to the SJV Pilots Program, the CPUC has approved funding for the purpose of helping pilot participants reduce annual energy costs and improving the energy efficiency of qualifying residential properties located within the San Joaquin Valley. Notably, SJV Pilots Program funding will be utilized to facilitate appliance upgrades, weatherization improvements and other property enhancements with a goal of achieving utility bill savings for the occupants of qualifying properties.
- D. The CPUC has required that program administrators of the SJV Pilots Program “to seek assurances from property owners that they will not significantly increase rents or evict tenants as a result of home improvements for at least five years following completion of the pilot appliance installations.”<sup>1</sup>
- E. CEN has identified, and the Pilot Administrators have approved, the Lease Area as a qualifying property for purposes of the SJV Pilots Program. Accordingly, the Pilot Administrators, their respective contractors, subcontractors, and agents are prepared to make specific improvements to the Lease Area and/or the Property (the “Energy Improvements”). The Energy Improvements are more particularly described in Exhibit C attached hereto and incorporated herein by this reference.
- F. In order to induce the Pilot Administrators and CEN to implement the Energy Improvements, Landlord has agreed to enter into this Agreement for the benefit of the Pilot

---

<sup>1</sup> “Decision Approving San Joaquin Valley Disadvantaged Communities Pilot Projects,” CPUC Rulemaking 15-03-010, Decision 18-12-015, pages 85-86. <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M252/K522/252522682.PDF>.

Administrators, Tenant, CEN, and their respective successors and assigns.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord, Tenant and CEN hereby agree as follows:

1. Covenants of Landlord. Landlord expressly acknowledges and agrees that it will receive the Project Work essentially for free, except for incidental and de minimis costs in connection with the work, and that implementation of the Project Work will enhance the value of the Property and the rental value of the Lease Area. Landlord further acknowledges and agrees that a goal of the SJV Pilots Program is to achieve household energy cost savings, and that any increases in Tenant's rent or ejection of Tenant from the Lease Area (in response to the higher rental value achieved through implementation of the Project Work) would be inapposite to the SJV Pilots Program. Accordingly, in consideration of CEN's execution and performance of this Agreement and the Pilot Administrators' provision of funding for the Project Work, Landlord covenants and agrees as follows:

a. Restriction on Rent Increases as a result of home improvements in this SJV Pilots Program. Beginning on the Effective Date and continuing for a period of five (5) years following the installation/completion of the Energy Improvements ("Agreement Term"), the present rate of rent for the Lease Area (as identified in Exhibit B) shall not be raised in any twelve (12) month period by more than the average annual increase in residential rental value which is applicable to similarly-situated leasehold properties in the community in which the Property is located (the "Maximum Increase Amount"). Each year during the Restriction Period, CEN shall calculate the Maximum Increase Amount and shall advise Landlord and Tenant regarding same.

b. In addition to a limitation on rent increases detailed in section 1(a) above, Landlord shall not increase other household-related costs as a result of home improvements received in the SJV Pilots Program. For purposes of this section, household-related costs consist of water, energy and telecommunications utility charges, waste management charges, home insurance premiums or property tax costs.

c. Restriction on Evictions. During the Agreement Term, Landlord shall not evict (or seek to evict) Tenant from the Lease Area or otherwise terminate the existing occupancy agreement/arrangement between Landlord and Tenant UNLESS:

- The term of the occupancy agreement/arrangement (as identified in Exhibit B) has expired and Tenant's continuing occupancy of the Lease Area following the expiration of the term is unlawful;
- Tenant has failed to pay any installment of rent or other amount due in connection with the occupancy agreement/arrangement (as said rent and payment obligations are identified in Exhibit B), and any grace and/or cure periods in relation to untimely payments have expired;

- Tenant has committed a material breach of the occupancy agreement/arrangement and has failed to resolve (or has failed to commence the resolution of) the breach within any applicable cure periods that appear in (or are attendant to) the occupancy agreement/arrangement;
- Tenant uses the Lease Area for an illegal purpose.; or
- Owner or immediate family member re-occupies Lease Area. To the extent that the Owner or immediate family member no longer occupies the Lease Area and Landlord rents the Lease Area to any person during the Agreement Term, the Landlord must rent the Lease Area for the amount as the Tenant's last rent amount and all terms of this Agreement will continue to be enforceable.

d. Conflicts with Lease Agreement. The foregoing Sections 1.a and 1.b are not intended to supersede or replace any provisions appearing in any written lease agreement between Landlord and Tenant. Accordingly, to the extent that Section 1.a and/or Section 1.b, above, conflict with any terms or provisions appearing in any written lease agreement between Landlord and Tenant regarding rental increases and/or evictions, the terms and provisions of the written lease agreement shall govern and control. However, to the extent that the terms and provisions of Section 1.a and/or Section 1.b, above are not in conflict with the terms and provisions of any written lease agreement between Landlord and Tenant, then the terms and provisions of Section 1.a and/or Section 1.b (as appropriate) shall be deemed incorporated into the written lease agreement.

2. Notices. All notices, documents, correspondence and communications concerning this Agreement shall be addressed as set forth in this Section, or as the parties may hereafter designate by written notice, and shall be sent through the United States mail with postage prepaid. Any such mailing shall be deemed served or delivered forty-eight (48) hours after mailing. Any party hereto may change the address for notices by giving the other parties at least ten (10) calendar days' prior written notice of the new address. Notwithstanding the foregoing, any party hereto may also provide notices, documents, correspondence, or such other communications to the other parties by personal delivery or by Federal Express or similar courier service and so given shall be deemed to have been given upon receipt.

To CEN:                           [\*Identify CEN\*]  
   [\*Address Line 1\*]  
   [\*Address Line 2\*]  
   [\*Address Line 3\*]  
   Attn: \_\_\_\_\_

To Landlord:           [\*Identify Landlord\*]  
                              [\*Address Line 1\*]  
                              [\*Address Line 2\*]  
                              [\*Address Line 3\*]  
                              Attn: \_\_\_\_\_

To Tenant:             [\*Name of Tenant\*]  
                              [\*Address Line 1\*]  
                              [\*Address Line 2\*]  
                              [\*Address Line 3\*]

3.     Pilot Administrators as Express Third-Party Beneficiaries. Landlord, Tenant and CEN expressly acknowledge and agree that, consistent with California Civil Code Section 1559, the Pilot Administrators (and each of them) are third-party beneficiaries of this Agreement (generally) and the provisions appearing in Sections 1.a and 1.b, above (specifically).

4.     Other Provisions.

- a.     This Agreement shall be binding on the successors, assigns and legal representatives of each of the parties hereto.
- b.     This Agreement represents the entire agreement between the parties hereto regarding the subject matter herein and supersedes all prior negotiations, representations or agreements, either written or oral.
- c.     The exhibits attached hereto are hereby incorporated herein by this reference for all purposes.
- d.     This Agreement may be modified only by written instrument executed by each of the parties hereto.
- e.     Time is of the essence of each provision of this Agreement.
- f.     The failure by any party to insist upon a strict performance by the other part(y/ies) of any of the terms and provisions hereof shall not be deemed to be a waiver of any of the terms and provisions hereof.
- g.     This Agreement shall be governed by and construed in accordance with the laws of the State of California.
- h.     This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument.

**[THIS SPACE INTENTIONALLY LEFT BLANK; SIGNATURES TO FOLLOW]**

IN WITNESS WHEREOF, CEN, Landlord and Tenant have each executed this Agreement as of the Effective Date first appearing above.

**“CEN”**

[\*Identify Name of CEN\*],  
a(n) \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**“Landlord”**

[\*Identify Name of Landlord\*],  
a(n) \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Its: \_\_\_\_\_

**“Tenant”**

By: \_\_\_\_\_

Name: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

**Exhibit A**

**Legal Description of the Property**

[To Be Attached]



**Exhibit B**

**Terms of Occupancy Agreement/Arrangement**

This Exhibit must be completed if there is no existing agreement relating to the occupancy of the Property. If there is a written agreement relating to the occupancy of the Property between the landlord and tenant, a copy of that lease must be provided to the CEN.

1. Title of Lease Agreement (if any): \_\_\_\_\_
2. Date of Lease Agreement (if any): \_\_\_\_\_
3. Lease Area Address: \_\_\_\_\_  
\_\_\_\_\_
4. Occupancy Commencement Date: \_\_\_\_\_
5. Occupancy Termination Date: \_\_\_\_\_
6. Any Options to Extend (Y/N)? Describe: \_\_\_\_\_
7. Current Rental Amount: \_\_\_\_\_
  - a. Does the current occupancy agreement/arrangement provide for rent increases? If so:
    - How Often Does Rent Increase? \_\_\_\_\_
    - What Is the Formula Used to Calculate Rent Increases?  
\_\_\_\_\_
    - Date of Last Rent Increase: \_\_\_\_\_
    - Date of Next Rent Increase: \_\_\_\_\_
    - Amount of Next Rent Increase: \_\_\_\_\_
8. Is Tenant obligated to pay any other amount(s) in connection with the occupancy agreement/arrangement? If so:
  - a. What are the other payment obligations: \_\_\_\_\_  
\_\_\_\_\_
  - b. When are the other payments due: \_\_\_\_\_

9. Does the occupancy agreement/arrangement provide for any grace periods (for example, late payment of rent)? If so, please describe:

---

---

**Exhibit C**

**List of Energy Improvements**

This Exhibit will identify the Energy Improvements parties have agreed will be performed or installed in the Lease Area as part of the SJV Pilots Program, including appliance upgrades, weatherization improvements and other property enhancement. This Exhibit will be updated to reflect all improvements to the home, and will reflect whether the improvement is to the Landlord or the Tenant's property.

[To Be Attached]