

Application of Southern California Gas
Company (U-904-G) for Approval of
Natural Gas Energy Efficiency and
Budgets for Years 2006 through 2008.

Application 05-06-___

CHAPTER III
PREPARED DIRECT TESTIMONY
OF
FRANK SPASARO

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

JUNE 1, 2005

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2 **TESTIMONY OF FRANK SPASARO**

3 **SOUTHERN CALIFORNIA GAS COMPANY**

4

5 **I. PURPOSE**

6 The purpose of my testimony is to sponsor SoCalGas' proposal in response to
7 Commission guidance in Decision (D.) 04-09-060 to provide "...options to remove barriers to
8 rapid energy efficiency deployment, including on-bill financing." SoCalGas agrees with the
9 Commission that on-bill financing ("OBF"), where a customer's energy efficiency loan is funded
10 by the utility and is repaid through the customer's utility bill, could be a very effective tool for
11 certain market segments to increase the amount of energy efficiency than would otherwise be
12 achieved, and SoCalGas is excited about adding to its energy efficiency portfolio. Implementing
13 an on-bill financing program, however, raises certain issues that are outside the traditional scope
14 of an energy efficiency filing but must be addressed by the Commission as part of its review and
15 approval process of SoCalGas' 2006-2008 Energy Efficiency Application if on-bill financing is
16 to be implemented.

17 The OBF Program ("Program") SoCalGas has developed incorporates key elements of
18 successful programs being implemented in other states. This proposal includes a two-phase
19 implementation: Phase 1 is a robust "pilot" that will allow SoCalGas to test the Program under
20 actual conditions. During this phase, SoCalGas will first deploy a manual system and fine-tune
21 the requirements for the Program's operational requirements. Concurrently, SoCalGas will also
22 begin an effort to create an automated billing process; automation of the process should be
23 transparent to the customer. Phase 2 will incorporate the results of Phase 1 in what is expected

1 to be the next generation program (where target markets and program elements may change from
2 the pilot effort).

3 My testimony is organized as follows: Section II contains relevant background
4 information from the Commission, as well as an overview of lessons learned from other utility
5 programs; Section III is a summary of the OBF Program proposal; Section IV discusses in detail
6 the key issues to consider in approving the Program; and Section V contains the conclusion.

7 **II. BACKGROUND**

8 Over the last several years there has been a growing desire that California utilities
9 implement an on-bill financing option for customers. First, the energy efficiency marketplace
10 has been increasingly interested in utility financing as a tool to promote energy efficiency.
11 Second, there have been two key Commission decisions recently issued that make the 2006-2008
12 program cycle an opportune time to implement on-bill financing. The first is D.05-01-055, in
13 which the Commission set forth its new path for energy efficiency administration with the
14 Investor-Owned Utilities ("IOUs") as the administrators. The second is D.04-09-060, the
15 "goals" decision, where the Commission set aggressive new targets for energy efficiency. In
16 D.04-09-060, the Commission stated that the IOU's should develop an "on-bill" financing option
17 for energy efficiency as part of their program filings for 2006-2008 programs:

18 In order to meet today's adopted goals, program administrator(s) should
19 aggressively pursue programs that support new building and appliance standards
20 and submit for our consideration an analysis of a wide range of promising options
21 to accelerate energy efficiency deployment, including on-bill financing options.¹
22

23 The Commission noted the previous hurdles that have hindered the implementation of on-
24 bill financing in California:

¹ D.04-09-060, mimeo page 49 - Finding of Fact 27

1 For this purpose, we encourage the program administrator(s) to aggressively
2 develop program design options during the next program cycle that will address
3 major barriers to energy efficiency deployment. We expect program
4 administrator(s) to submit for our consideration an analysis of a wide range of
5 promising options to remove barriers to rapid energy efficiency deployment,
6 including on-bill financing of energy efficiency measures. In doing so, program
7 administrator(s) should look to the practices used in other states to resolve the
8 ratemaking, cost allocation and consumer protection issues raised by the parties in
9 this proceeding regarding on-bill financing.²

10
11 The Commission provided additional direction for developing an on-bill financing
12 program:

13 Submit an analysis of a wide range of promising options to remove barriers to the
14 rapid deployment of energy efficiency with the PY2006-2008 program plans,
15 including on-bill financing of energy efficiency measures. In doing so, program
16 administrator(s) should look to the practices used in other states to resolve the
17 ratemaking, cost allocation and consumer protection issues raised by the parties in
18 this proceeding regarding on-bill financing.³

19
20 In developing the on-bill financing proposal, SoCalGas looked at many different current
21 and past utility-based financing programs for energy efficiency initiatives that have been
22 implemented in the United States and Canada. SoCalGas also obtained input from its Program
23 Advisory Group ("PAG") and other public processes, in addition to obtaining valuable
24 information through the Internet (see Attachment 1 for a summary of some of the other utility
25 programs). The key lessons learned from this effort are:

- 26 • On-bill financing options appear to give customers expanded opportunity to participate in
27 utility energy efficiency programs;
- 28 • Certain market segments (e.g., small businesses) are capital constrained;
- 29 • On-bill financing can be an effective tool to access hard-to-reach markets;
- 30 • "Successful" programs use an unsecured, zero percent interest loan, in addition to a
31 rebate, where the balance of the installed cost is 100% financed;

² D.04-09-060, mimeo page 34

³ D.04-09-060, mimeo page 52, Ordering Paragraph ("OP") 4.c

- 1 • Using contractors as part of the program delivery process is important;
- 2 • Ensuring that the bill savings from the new measures pays for the loan is important to the
- 3 long-term viability of an OBF program;
- 4 • Using customer billing and payment history is a good indicator of creditworthiness (and
- 5 helps minimize loan defaults);
- 6 • The “small business” segment seems to be a better target for on-bill financing, compared
- 7 to the residential market; and,
- 8 • California lending laws are extensive and impose more compliance requirements than
- 9 many other states.

10 Based on the results of this effort, SoCalGas has designed an OBF program that
11 addresses the capital constraints certain customers have in investing in energy efficiency, helps
12 minimize lost opportunities and facilitates access to energy efficiency programs. The Program is
13 also designed to be “easy to use” for customers, while maintaining adequate controls to contain
14 costs over time.

15 **III. SUMMARY OF PROGRAM PROPOSAL**

16 SoCalGas customers have many financing tools available to them today, ranging from
17 traditional lines of credit to specialized programs such as SAFE-BIDCO for commercial
18 customers and Volt ViewTech’s energy appliance financing program (which is backed by Fannie
19 Mae). Some customers can even enter into shared-savings contracts with energy service
20 companies as a way to manage the costs of implementing energy efficiency activities. However,
21 none of these programs are provided directly through a utility energy efficiency program, nor are
22 any paid through the customer’s utility bill. SoCalGas’ OBF Program is designed to fill this gap,
23 and is expected to be complementary to the other existing offerings.

1 The OBF Program is simple in concept: it offers eligible customers the option to finance
2 their energy efficiency project through an on-the-bill re-payment of the cost (after rebate) of
3 installing qualified energy efficiency measures. The customer will have a new line item on their
4 bill, specifying the monthly charge for the loan repayment. An additional page will be added to
5 each bill, detailing the status of the loan. During Phase 1, the basic design is a zero-percent,
6 unsecured, non-transferable loan targeted at small businesses, certain multi-family building
7 owners and local government facilities (schools, etc.), where the loan is repaid over 2-5 years as
8 an additional component of the regular, monthly energy bill (by adding a new line item on the
9 bill). Customers meeting OBF eligibility requirements (described later in this testimony) will
10 then be eligible for a reduced rebate/incentive, plus 100% financing of the remaining balance of
11 the installed costs of the project. SoCalGas plans to use a network of qualified contractors and
12 account representatives to work with the targeted customer segments to qualify projects. The
13 minimum loan amount will be \$5,000, the maximum \$25,000, with up to \$5 million available for
14 the loans.⁴ The 3-year administrative budget for the Program is \$3.75 million.⁵

15 OBF Program proposal is in witness Besa's testimony at Chapter II, Attachment C. The
16 following highlights the key program design assumptions and components that have implications
17 for the Commission's consideration and approval of on-bill financing (the issues associated with
18 these assumptions are then discussed in Section IV):

- 19 • Implementation in phases:
- 20 ○ Phase 1: As indicated earlier, SoCalGas' proposal is comprised of two parts—
21 the first part is a "manual" billing process, and the second part is automating
22 that process. In either case, the customer bill will look the same (i.e., a single
23 line item for the loan charge). The manual billing process can be

⁴ The initial loan fund will be borrowed from SoCalGas working cash.

⁵ The administrative budget will be funded from energy efficiency funds.

1 implemented with limited modifications to the billing system in order to allow
2 for processing of the monthly loan charges. The second part is a concurrent
3 effort to automate the billing systems. SoCalGas expects to transition to the
4 automated system by the end of 2006. These upgrade efforts are coordinated
5 with similar program efforts proposed by San Diego Gas & Electric in their
6 EE proceeding.

- 7 ○ Phase 2: SoCalGas proposes to file an Advice Letter in late 2007 summarizing
8 the status of Phase 1 and including a request for the next generation program,
9 which would be implemented in 2008. Reconciliation of costs in Phase 1, a
10 proposal for the funds necessary to create a sustainable loan pool, and an
11 associated request for cost recovery will be included in the Advice Letter
12 (including authorization for any funding requirement modifications). The
13 Advice Letter will also summarize the results at that time of the Phase 1
14 implementation, including SoCalGas' assessment of:

- 15 • Incremental program participation
 - 16 • Incremental energy savings achieved
 - 17 • Customer acceptance
 - 18 • Program design criteria--simple, manageable, convenient
 - 19 • Determination of the level for a future loan pool
 - 20 • Cost effectiveness; savings contribution to portfolio
 - 21 • Actual default rates
 - 22 • Lending/privacy law compliance burden
 - 23 • Free-ridership
 - 24 • Effectiveness in overcoming market barriers, e.g., capital
25 constraints
 - 26 • Assess risks/issues for next generation program, including
27 appropriate target markets
 - 28 • Investigation of other program strategies, like PAYS®.⁶
- 29

⁶ PAYS: Pay As You Save™ (PAYS®) program being implemented in New Hampshire.

1 • Program Design:
2 Phase 1 implementation of the OBF program will target three markets: Small
3 Businesses (Core service gas (as defined per Rule 23)), Local Government (Core
4 service gas (as defined per Rule 23)) and Multi-Family owners (who do not live on
5 premises). Financing will be offered as an option to SoCalGas' Residential
6 Multifamily Energy Efficiency Program, the Statewide Nonresidential Express
7 Efficiency Program, and the Local Business Energy Efficiency Program. Each of
8 these programs will count the energy savings accomplishments within their respective
9 program area. During Phase 1, SoCalGas will evaluate the opportunity to expand
10 OBF into other markets and programs.

- 11
- 12 • Initial Eligibility:
- 13 - Customer must be a SoCalGas customer (active account) for at least two
 - 14 years at the same address;
 - 15 - In the last 12 months the customer must not have received more than 3
 - 16 over-due notices, no disconnect notices, and no 48-hour shut-off notices;
 - 17 - Customer should not currently show a deposit on hand.

18

19 • Participation Process: Program participants must first qualify for a loan under the
20 eligibility criteria. A key next step will be determining that the project meets "simple
21 payback" criteria, which will be tied to the loan term (e.g., a two-year loan term will
22 use a 30 month or less simple payback threshold). Once the customer's project is
23 approved, they will be required to sign both an OBF contract (containing the terms
24 and conditions of the loan), and the applicable program contract (which details the
25 measures and rebate components of the project).

26

27 • Billing Process description: Once funds are dispersed and the project installation is
28 verified, SoCalGas will post and process the loan to the customer's account.
29 SoCalGas will start billing the customer on the next appropriate billing cycle. The
30 loan repayment will be calculated each month in accordance with the terms and
31 conditions of the loan contract. This loan repayment amount will be added to the

1 customer's subsequent bill for utility service. A single line item will cover all the
2 scheduled payments due when the bill is generated (e.g., the current amount due plus
3 any past due amounts). An attachment to the bill will detail the charges presented
4 (e.g., payments made to date, pay off balance, etc.). While the process initially will
5 be manual, the customer will not be aware the bill was manually calculated. Over
6 time, our internal processes will be automated to improve the internal quality and
7 efficiency of providing the service.

8
9 The customer will be notified when the loan is paid in full.

10
11 • **Bill Remittance and Collection Process:**

12 The customer's loan obligation will be treated as if it were the customer's obligation
13 for the utility's energy services. Collection procedures and disconnection for non-
14 payment shall follow the same Rules that SoCalGas uses for the energy-only
15 component of the bill. It is important to note that SoCalGas may terminate for
16 payment defaults, including non-payment of the loan balance.

17
18 Customer may elect to make partial or additional payments in any given month. Such
19 payments will be applied to energy charges and the loan charges according to current
20 utility payment posting routines. Over-payments will be tracked and credited, and
21 may mean re-adjusting the monthly loan charges. In instances of partial payment, the
22 partial payment will first be applied to the energy charges, then to the loan, and the
23 customer may be considered to be in default of both the energy bill as well as the loan
24 obligations.

- 25
26 • **Late charges will apply as they are implemented for the regular energy bill. There**
27 **will be no incremental late charge tied to the loan.**
28

1 **IV. KEY ISSUES**

2 As noted, utility financing of customer energy efficiency projects, particularly through
3 the use of the energy bill, raises a number of issues that are not normally considered in a
4 traditional energy efficiency filing. While none of these issues is insurmountable, each is critical
5 to this proposal and will require special consideration and approval in this proceeding. Some of
6 these fall into the traditional energy efficiency program approval process, while other items do
7 not and will require special consideration by the Commission in this energy efficiency
8 proceeding.

9 1. SoCalGas requests that the Commission approve this program by October 1, 2005, with
10 specific authorization to begin charging against the authorized 2006-2008 program
11 budget on October 1, 2005 or concurrent with the effective date of this decision. This
12 authorization is necessary to provide sufficient lead-time to modify the billing systems
13 and internal procedures, such as developing the proper internal controls, establishing
14 review and approval levels, filing and document retention procedures, setting up financial
15 and regulatory accounting records, and bill form modifications. SoCalGas plans to make
16 the Program available to customers in the first quarter of 2006. An effective and early
17 implementation of Phase 1 will ensure sufficient time to evaluate and adjust the Program
18 during the program cycle.

19
20 2. Legal Issues Regarding Lending Laws:

21 There are several Federal and state laws that apply to the offering of a financing program:

22 i. Privacy Law Requirements—Federal and state privacy laws will have a
23 limited impact if any on Phase I of the Program. While there are many
24 requirements regarding the confidentiality and security of information
25 collected in consumer transactions (such as notice and disclosure
26 requirements and security procedures), this burden is less for commercial
27 customers.

28 ii. Licensing Requirements --- Credit laws generally distinguish between
29 consumer debt, incurred for personal, family or household purposes, and

1 commercial debt, incurred for a business purpose. Under the California
2 Finance Lender's Law, no entity (with certain exceptions) may make
3 consumer or commercial loans without a license. A different license is
4 required for each place of business in which consumer loans are made. A
5 bond is required, and there are certain reporting and record keeping
6 requirements. The estimated costs of licensing and a bond are included in
7 the proposed budget.

- 8 iii. Requirements Imposed on Consumer Debt -- Consumer debt is subject to
9 a variety of federal and state legal restrictions and disclosure requirements.
10 For example, at the federal level, the Fair Credit Reporting Act and Equal
11 Credit Opportunity Act govern the credit application process. The Truth-
12 in-Lending Act requires certain credit disclosures, and the Fair Debt
13 Collection Practices Act may apply to collecting defaulted debts. In
14 California, the Finance Lenders Law contains disclosure requirements, as
15 well as limits on repayment schedules and interest rates. The Rosenthal
16 Fair Debt Collection Practices Act applies to collection of consumer debt.

17
18 In order to keep the primary focus on the operation of the pilot and to minimize
19 ratepayer-borne financial burdens associated with compliance costs, SoCalGas intends to
20 limit the scope of Phase I of the Program to commercial debt. In order to be considered
21 "commercial" debt, such loans would not be made to individuals, and would each exceed
22 \$5,000, since loans of a lesser amount are treated as "consumer debt" under the Finance
23 Lender's Law, regardless of the purpose for which the loans were obtained. SoCalGas
24 believes that the inclusion of multi-family housing in Phase I will allow it to preliminarily
25 gauge residential demand for OBF. If the Program evolves to include Consumer debt,
26 there will be additional costs that result from the increased disclosure and reporting
27 requirements. Moreover, there will be costs associated with protecting the privacy and
28 security of consumer information, which also will add to the costs of the program. These
29 costs can include additional hardware, software and administrative costs necessary to
30 comply with California and federal law.

31

1 3. SoCalGas plans to lend the Program up to \$5 million from SoCalGas working cash to
2 create the loan fund for the Phase 1 implementation (this fund is incremental to the
3 administrative budget identified earlier in my testimony) and is not part of the submitted
4 program budget in witness Besa's testimony at Chapter II. SoCalGas is requesting that
5 the Commission authorize that the cost of loaning these funds be reimbursed to the
6 utility. This cost of funds is to be calculated at the weighted average cost of capital rate
7 of 8.43%.⁷ In addition, SoCalGas requests authorization to recover any loan defaults
8 against the loan pool. The cost of funds and defaults will be recorded in the Conservation
9 Expense Account. The monthly cost of funds shall be calculated at the annual rate of
10 8.43% on the average monthly balance of the net funds loaned. The Program budget
11 includes an assumption for defaults of 2% (based on the United Illuminating experience).
12 Loan repayments will not be recycled to fund additional loans during Phase 1.

13
14 The Phase 2 Advice Letter filing (noted earlier) will include the actual default rate and a
15 request for an adjustment accordingly (i.e., refund, reallocation or cost recovery), as well
16 as a proposal to create a sustainable loan fund for the next generation program.
17 SoCalGas requests authorization to file this Advice Letter on the Phase 2 proposal,
18 including any funding requirement modifications.

19
20 4. SoCalGas is requesting the Commission to authorize SoCalGas to treat OBF customer
21 bills as they would otherwise be treated under existing tariffs/rules for partial payments,
22 shut-offs, defaults and collections. If approved, SoCalGas would file necessary revisions
23 to the applicable rules and/or tariffs as a Compliance Advice Letter filing within 30 days
24 of the effective date of the decision on this program.

25
26 This Advice Letter will include a copy of the Financing contract with all terms and
27 conditions, and a pro-forma bill.
28

⁷ Market Indexed Capital Adjustment Mechanism (MICAM) Advice Letter filings: SoCalGas 3199-A; SDG&E 1630-E/1479-G.

- 1 5. Uncollectibles (energy charges): Under SoCalGas' recent Cost of Service decision (D.05-
2 03-023), SoCalGas was authorized a process for treating "Uncollectibles" (i.e., the
3 nonpayment of the energy charge). To the extent that SoCalGas gains experience with
4 how the addition of financing programs to the customer bill impacts non-payment of the
5 energy portion of their bills, SoCalGas may come back to the Commission to seek special
6 treatment of higher than estimated uncollectibles.
- 7
- 8 6. Program Duration: The OBF Program incorporates loan repayment schedules of up to 5
9 years. Accordingly, even if only the Phase 1 effort is implemented, this initial program
10 covers up to 7-years (i.e., loans given in late 2007 will not be paid back in full until late
11 2012). Since there would be a need for resources to manage the loans through 2012,
12 SoCalGas requests the authority to reallocate remaining administrative funds for this
13 effort. SoCalGas would file this result and request appropriate Program modifications as
14 part of the Phase 2 Advice Letter.

15 This concludes my prepared direct testimony.

1 **QUALIFICATIONS**

2
3 My name is Frank A. Spasaro. My business address is 555 West Fifth Street, Los
4 Angeles, California 90013-1011. I am employed by Southern California Gas Company
5 (SoCalGas) as the Market Strategy Manager in the Customer Services Mass Market Department.
6 My responsibilities include developing overall market plans for Mass Market customers (i.e.,
7 residential and small business), for both San Diego Gas & Electric Company (SDG&E) and
8 Southern California Gas Company.

9 I attended the University of Southern California and graduated with a Bachelor of
10 Science degree in Civil Engineering. Since joining SoCalGas in 1983 as an energy systems
11 engineer in the marketing department, I have held positions of increasing responsibility,
12 primarily working with the core commercial and industrial market segments on demand side
13 management/energy efficiency programs and policy. I assumed my current position in April
14 2004. I have previously testified before this Commission.

15 The purpose of my testimony is to sponsor SoCalGas' On-Bill Financing Program
16 associated with the PY 2006 – 2008 energy efficiency programs application.

17

ATTACHMENT

ATTACHMENT

Summary of Other Utility Financing Programs

1. United Illuminating Company's "Small Business Energy Advantage"

- Evaluates customer energy use
- Recommends energy-savings measures
- Performs installations
- Rebates pay for up to 50% of total cost
- Interest free financing for the remainder
- Financing appears on regular energy bill and offset by monthly energy savings

2. Connecticut Light & Power's "Small Business Energy Advantage"

- No upfront costs
- Pays up to 50% of lighting measures; up to 100% of other eligible services
- Zero percent financing option for customer balance; customer must have good credit standing with CL&P
- Loan repayment based on estimated energy savings so customer pays about the same amount per month as would have before measure installation
- Loan repayment rolled into monthly electric bill; convenience of paying by one check
- Eligible customer has 12 month peak demand under 100kW

3. Western Massachusetts Electric Company's "Small Business Energy Advantage"

- No upfront costs
- Pays up to 50% of lighting measures; up to 100% of other eligible services
- Zero percent financing option for customer balance
- Loan repayment based on estimated energy savings so customer pays about the same amount per month as would have before measure installation
- Loan repayment rolled into monthly electric bill; convenience of paying by one check
- WMECO provides oversight and inspection
- Eligible customer has 11-100 kW average 12 month peak demand with program emphasis on loads below 50 kW
- Measures: lighting, occupancy sensors, HVAC, programmable thermostats, and anti-condensation door heater controls

4. NSTAR's "Small Business Solutions"

- Average demand use of 100 kW or less
- Free energy audit to identify energy saving opportunities
- Pays up to 80% of the total cost for retrofitting qualifying lighting and mechanical systems
- Measures: lighting fixtures, electronic controls, HVAC and refrigeration, and efficiency upgrades to mechanical systems

5. Grid's (MA & RI) "Small Business Program"

- Average demand use of 200 kW or less
- Free energy audit and report with recommendations
- Pays 80% of cost; financing remaining 20% at zero percent for up to 24 months
- Measures: lighting, energy efficiency time clocks, photo cells for outdoor lighting, occupancy sensors, programmable thermostats, and walk-in cooler measures

6. Toronto Hydro's "Energy Efficiency Project Financing"

- Competitive and convenient financing
- Offers leasing and financial support to customers who satisfy a credit review
- No further details available online; phone number for additional information provided

7. Enbridge Gas' "Better Buildings Partnership Program"

- Buildings in City of Toronto eligible
- Retrofits must be carried out by qualified Energy Management Firm (EMF)
- EMF will provide comprehensive package of professional services including development, provision and facilitation of attractive financing packages
- EMF provides upfront financing and repayment can be made from energy and water savings realized from retrofit. These savings can also be guaranteed
- For building owners and managers of small to medium-sized commercial, industrial and institutional buildings who lack commercial bank financing for energy efficiency retrofits and building renewals, the **Loan Recourse Fund** provides competitive loans with no down payments

8. Nova Scotia Power's "Leasing Program"

- Financing available as lease to own contract
- No upfront costs; low monthly payments on NSP bill so no extra bills to manage
- Customers must be pre-approved for financing
- Customer must be owner of home for certain products

- Measures: water heater (with or without installation), heat pump with installation and electric thermal storage system with installation
- Call NSP for more information

9. Public Service New Hampshire's "Municipal Smart Start Program"

- No upfront costs
- Payment for services and products over time with savings obtained from lower energy costs
- PSNH pays all costs associated with purchase and installation of approved measures
- Smart Start Purchase and Installation Charge calculated to be less than monthly savings and is added to monthly electric bill until all costs are repaid
- Contact PSNH for additional information

10. Northwest Natural's "Pilot On-bill Financing"

- Residential and commercial customers eligible
- Loans available between \$500 - \$75,000 on natural gas equipment and installation costs; average loan was \$3,300
- Convenience of payment through utility was attractive
- Customers also appreciated airline travel miles offered as an incentive. New gas customers who bought a gas furnace received 3,000 Alaska Airline miles and a free water heater. Existing customers received 2,000 Alaska Airline miles.

11. City of Barrie's (water utility in Ontario, Canada) "Water Conservation Partnership"

- Rebates provided for low-flow toilets and showerheads
- On-bill financing option available to homeowners who wanted to pay for the cost of installation through interest-free installments on their water bills

12. Manitoba Hydro's "Power Smart Residential Loan"

- Measures: insulation, ventilation, sealing air leaks, windows and doors, lighting, electrical service and wiring, efficient furnace and water heater. No central air conditioning can be financed under this program
- \$500 - \$5,000 loan per residence
- No down payment; maximum term of 60 months; minimum monthly payment of \$15
- Annual interest rate of 6.5%
- Monthly installments included on energy bill
- Hire contractor, or if doing it yourself, contact participating retailer
- Must be Manitoba Hydro customer and owner of home where improvements are made
- Upgrades must be made to the levels recommended by Manitoba Hydro
- **Energy Finance Plan** is similar to Power Smart program:

- Covers many more measures than Power Smart, including many beyond energy efficiency
- Same loan terms except interest rate of 11%
- All work must be done by qualified electrician or contractor
- Credit approval prearranged
- Upgrade work must be completed within 6 months of signing loan agreement
- Loan due and payable when building is sold
- Projects in progress or already completed at time of application are not eligible for financing