

Application No. A.11-05-____
Exhibit No: _____
Witness: Williams, Sandra

**PREPARED DIRECT TESTIMONY OF SANDRA WILLIAMS
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY'S
CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM PLANS
AND BUDGETS FOR PROGRAM YEARS 2012, 2013 AND 2014**

Before the Public Utilities Commission
Of the State of California

May 16, 2011

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1 **I. CARE PROGRAM PLANS AND BUDGETS APPLICATION FOR PY 2012 - 2014**

2 **A. Overview**

3 **1. CARE Program Summary**

4 The CARE program is a low-income ratepayer assistance program that provides a 20%
5 monthly discount on the energy bill¹ of income qualified residential customers, tenants of sub-
6 metered residential facilities, qualifying group living facilities, agricultural employee housing
7 facilities, and migrant farm worker housing centers.

8 In D.08-11-031, the California Public Utilities Commission (“Commission” or “CPUC”)
9 established a goal that the IOUs² CARE program enroll 90% of all eligible and willing customers
10 into the program. During PY 2012–2014 program cycle, SDG&E will continue to deploy
11 effective outreach methods to locate and enroll all eligible, interested customers. Further,
12 SDG&E plans to identify and develop new strategies, and adopt new technology to not only
13 enroll new CARE customers, but also to retain existing CARE participants. As of March 2011,
14 SDG&E’s CARE penetration rate was 83.6%. SDG&E’s PY2012-2014 goal is to attain 89%
15 CARE penetration in PY2012 and 90%³ for PY2013-2014.

16 For PY2012-2014, SDG&E is proposing an annual administration budget of \$3.73
17 million for PY2012, \$3.95 million for PY2013 and \$3.97 million for PY2014. SDG&E
18 estimates CARE subsidy costs of \$73,857,625 million for PY2012, \$82,630,988 million for
19 PY2013 and \$83,614,933 for PY2014 based on its estimated CARE participation levels of
20 324,967 customers in PY2012, 332,853 customers in PY 2013, and 337,240 customers in
21 PY2014, as shown in Attachments B-1 and B-2, respectively. The program is funded through a

¹ D.89-09-044 established the CARE program, which was formerly known as the Low-income Ratepayer Assistance Program or “LIRA.” The name was changed from LIRA to CARE by SB 491 and confirmed in D.94-12-049.

² The IOUs consist of SoCalGas, PG&E, SDG&E, and SCE.

³ D.08-11-031, Ordering Paragraph (“OP”) 89.

1 Public Purpose Program (“PPP”) surcharge paid through non-participating customers’ energy
2 bills. No program costs are included in base rates. CARE program cost categories are defined in
3 the Regulatory Reporting Manual Working Group (“RRMWG”) Report which was last revised
4 in January 2002.⁴ CARE program cost categories are delineated in Attachment B-1 along with
5 the planned budgets for PY2012, PY2013 and PY2014.

6 **2. Utility Request**

7 In accordance with D.08-11-031, issued on November 6, 2008, SDG&E hereby submits
8 this testimony in support of its Application requesting approval of its CARE program plans and
9 budgets for program years PY2012, PY2013 and PY2014. In this testimony SDG&E requests
10 the following:

- 11 1. Approval of its PY2012, PY2013 and PY2014 CARE program plans and
12 forecasted administrative costs.
- 13 2. Approval to continue program funding into PY2012 at the requested PY2012
14 funding levels should the Commission be delayed in issuing a decision in this
15 proceeding before year-end 2011.
- 16 3. Authorization to implement CARE program changes and activities as described in
17 this testimony.
- 18 4. Authorization to continue to reallocate funding among cost categories consistent
19 with the directive in OP 85 of D.08-11-031.
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- 21
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24 **a. Existing Program Elements and Strategies To Be Continued**

25 SDG&E plans to continue and improve on many of the existing strategies developed
26 during PY2009-2011 that have helped SDG&E obtain a penetration rate of almost 83%. These
27 program strategies include: 1) continued utilization of proven methods such as Bill Inserts,

⁴ These costs include labor, non-labor and contract expenses for outreach, regulatory compliance, processing of applications, recertification, verification, measurement and evaluation, and other general administrative expenses. In D.05-04-052 at p.88 the Commission reiterated its directive requiring utilities to standardize their budget categories. SDG&E has worked with the other utilities to ensure uniformity between categorized costs and SDG&E’s overall budget has been allocated in a manner that is consistent with the RRMWG Report, see, e.g., D.01-12-020.

1 Direct Mail, Email Campaigns, Mass Media, General Outreach with a focus on Hard-to-Reach
2 customers; 2) door-to-door enrollment; 3) increased outreach to the non-English speaking,
3 Limited English Proficient (“LEP”), and disabled customers through partnerships with agencies
4 that serve these communities; 4) expanded collaboration with other programs (internal and
5 external) that serve the low income customers; and 5) offering customers several methods for
6 enrollment, recertification or post enrollment verification (“PEV”). SDG&E continues to work
7 towards the Commission’s goal of 90% penetration for those who wish to participate and
8 believes these strategies will increase awareness and enrollment for non-participating customers
9 and improve the enrollment, renewal and verification channels to help retain eligible customers
10 on the program.

11 **b. New Program Elements And Strategies To Be Implemented**

12 With respect to new program elements and strategies for PY2012-2014, SDG&E
13 proposes to implement several CARE processing improvements to streamline operations and to
14 further simplify the enrollment process for customers. These include: implementing scanning
15 technology that would provide a simple tracking mechanism for applications as well as store
16 images of the applications in order to respond to customer requests; implementing efficiency
17 improvements by emailing customers about their recertification and income verification requests;
18 implementing a processor dashboard to provide important information regarding program
19 updates, system status, new procedures, pending applications, and upgrading servers; enhancing
20 the CARE system and improving processing performance; implementing a new reporting tool
21 that will provide greater flexibility in reporting; updating Internet applications to include
22 additional languages; and, interfacing with other SDG&E assistance programs to leverage
23 customer information. These improvements will help create processing and reporting

1 efficiencies, improve enrollment opportunities and increase customer satisfaction with the CARE
2 program.

3 **c. Proposed Pilots and Studies**

4 SDG&E is not proposing to conduct any pilots or studies in PY2012-2014.

5 **d. Total Requested Budget Of The Portfolios For Each Year, and For**
6 **The Entire Budget Cycle**

7 SDG&E's requested administrative costs for PY2012-2014 are \$3.73 million, \$3.95
8 million and \$3.97 million, respectively. The total request is \$11.66 million for the three year
9 planning cycle, which does not include the CARE program subsidy costs.

10 **e. Total Number Of Households To Be Enrolled**

11 SDG&E's enrollment goal for PY2012-2014 is to add 14,210 net CARE customers in
12 PY2012, 7,886 customers in PY2013 and 4,387 customers in PY2014, for a total of 26,483
13 customers in PY2012-2014. With the projected net enrollment increases, the CARE penetration
14 rates are estimated to be 89% in 2012 and 90% for the last two years. SDG&E has established
15 these goals for CARE in an effort to further the Commission's goal of enrolling 90% of the
16 CARE qualified customers who wish to participate in the program.

17 **f. Exceptions**

18 SDG&E is not requesting any exceptions for PY2012-2014.

19 **B. Background**

20 **1. CARE Summary**

21 The CARE program was established through a legislative mandate and was implemented
22 by the Commission in 1989. In D.92-12-039, the program was expanded to qualified non-profit
23 group living facilities. In D.92-04-024, the program was further expanded to include non-profit
24 group living facilities such as women's shelters and homeless shelters. In D.95-10-047, the

1 Commission expanded the program to include qualified agricultural employee housing facilities.
2 In D.05-04-052, the Commission authorized agricultural housing facilities managed by the
3 Office of Migrant Services and other non-profit migrant farm worker housing centers to qualify
4 for the CARE discount.

5 In October 2005, the Commission issued D.05-10-044, approving various new initiatives
6 for low income programs in anticipation of high natural gas prices during the winter of 2005–
7 2006 (“Winter Initiative”). The Decision increased the CARE program’s income eligibility
8 guidelines from households with incomes at or below 175% of the Federal Poverty Guidelines
9 (“FPG”) to households with incomes at or below 200% of the FPG. D.05-10-044 also authorized
10 SDG&E to implement a temporary process to enroll certain prospective CARE qualified
11 households by telephone from November 1, 2005 through April 30, 2006.

12 In December 2006, the Commission issued D.06-12-038 which adopted budgets, policies,
13 and program parameters for the CARE program plans and budgets for 2007 and 2008. The
14 Decision also authorized the following for SDG&E: 1) categorical eligibility (“CE”), which
15 allowed customers to qualify for CARE based on their participation in certain state or federal
16 assistance programs; 2) four-year recertification for low income customers on a fixed income; 3)
17 a process to enroll certain prospective CARE-qualified households by telephone; 4) a process to
18 allow customers to recertify their CARE eligibility through SDG&E’s Interactive Voice
19 Recognition (“IVR”) system; and 5) internet-based CARE enrollment and recertification.

20 In November 2008, the Commission issued D.08-11-031 which adopted the CARE
21 budgets and programs for 2009–2011. The Decision authorized the following for SDG&E: 1)
22 make all CE requirements that apply to the telecommunication’s California Lifeline⁵ program the

⁵ Also known as the Universal Lifeline Telephone Service.

1 same as those for the IOU's Energy Savings Assistance Program⁶ and CARE; 2) allow customers
2 receiving federal means-tested Supplemental Security Income ("SSI") to qualify for the Energy
3 Savings Assistance Program and CARE categorically; 3) enroll in CARE all eligible customers
4 added to the Energy Savings Assistance Program as part of the 15% goal for enrollment of
5 customers with disabilities; 4) authorize the IOUs to shift CARE program funds in the same
6 manner authorized for the 2006-2008 budget cycle, but added a requirement that IOUs shall
7 report all such shifting in their annual reports; 5) require that customer service representatives
8 provide information about CARE when it is likely a customer needs program assistance; for
9 CARE when a customer contact occurs regarding LIEE, and vice versa, and at service initiation
10 or at the time a service address change but that such service shall not be charged to the CARE
11 administrative budget, and; 6) strive for CARE penetration levels of 90 percent.

12 **2. Program Eligibility Guidelines**

13 The CARE program is available to any and all customers who wish to participate and
14 who meet the qualification guidelines. CARE applicants are permitted to self-certify that they
15 meet the program's eligibility requirements but their application is subject to being randomly
16 selected for PEV. Customers can qualify by two different methods. First, if the total income of
17 all the people in the household is at or below 200 percent of the FPG.

18 ///

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6 The Energy Savings Assistance Program was formerly known as the Low Income Energy Assistance or LIEE Program.

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**CARE Program Maximum Household Income⁷
(Effective June 1, 2010 – May 31, 2011)⁸**

Number of persons in household	1 or 2	3	4	5	6
Total yearly household income no more than	\$31,300	\$36,800	\$44,400	\$52,000	\$59,600

For each additional person in the household add \$7,600.

2 Customers may also qualify if they or another person in their household receive benefits
3 from any of the following public assistance programs: Medi-Cal/Medicaid, Healthy Families
4 Categories A & B, Women, Infants, & Children (“WIC”), California Work Opportunity and
5 Responsibility to Kids (“CalWORKS”) (formerly TANF)or Tribal TANF, Head Start Income
6 Eligible-Tribal Only, Bureau of Indian Affairs General Assistance (“BIA GA”), National School
7 Free Lunch Program (“NSLP”), CalFresh (formerly Food Stamps/Supplemental Nutrition
8 Assistance Program); Low Income Home Energy Assistance Program (“LIHEAP”) or SSI.

C. CARE Program Goals and Budget For PY 2012, PY 2013, and PY 2014

10 As of March 2011, 299,419 customers were enrolled in SDG&E’s CARE program,
11 representing an 83.6% penetration rate. During PY2009-2011⁹, SDG&E has increased CARE
12 participation by over 58,000 customers. SDG&E continues to strive to reach the Commission’s
13 goal of a 90% participation level and anticipates a year-end 2011 penetration rate of between 85-
14 86%.

⁷ Total household income is all revenues, from all household members, from whatever sources derived, including but not limited to: wages, salaries, interest, dividends, spousal and child support payments; public assistance payments, Social Security and pensions, rental income, income from self-employment, and all employment-related non-cash income.

⁸ The Commission updates the CARE income eligibility guidelines in June of each year.

⁹ Numbers reflect the net CARE enrollments through March 2011.

1 SDG&E will continue to leverage successful enrollment and retention tactics, established
2 during the 2009-2011 program cycle, such as phone enrollment and recertification with new
3 initiatives to retain eligible customers in the program. This includes enrolling customers in hard-
4 to-reach areas and customers facing language barriers. SDG&E will also continue to implement
5 traditional outreach efforts, such as bill inserts, bill messages and community outreach to ensure
6 every effective method of increasing participation is utilized.

7 During PY2012-2014 and in order to reach and maintain the 90% penetration rate goal
8 established by the Commission, SDG&E anticipates increasing net enrollment by 26,483. This
9 enrollment goal is based on the current estimated eligible population established for the 2011
10 program year.

11 **D. Program Delivery**

12 **1. Existing Strategies to be Continued**

13 There are three components of the CARE program; new enrollments, re-certification, and
14 PEV. Each component is governed by specific Commission directives. Every aspect of the
15 CARE program is administered by SDG&E staff including, but not limited to, processing all new
16 and recertification applications, PEV requests, all customer inquiries, managing incomplete
17 applications and/or insufficient proof of income submittals, and developing and engaging in
18 quality outreach and marketing activities.

19 New Enrollments

20 There are two methods a customer may use to certify their eligibility for CARE: 1) by
21 certifying on their application that they meet the program's income eligibility guidelines; or, 2)
22 through CE by certifying on their application that they participate in one of several public
23 assistance programs specified by the Commission.

1 Customers interested in CARE can apply by completing a hard copy or web-based
2 application form, calling the CARE toll-free IVR enrollment phone line, or by responding to a
3 telephone enrollment campaign. Customers wishing to utilize the U.S. mail begin by completing
4 a hard copy application form and mailing it to SDG&E using a postage paid return envelope
5 supplied by SDG&E. Customers who prefer to use the internet may access CARE's web page
6 and apply on-line.

7 SDG&E customers may also be enrolled in the CARE program without actually
8 completing a SDG&E CARE application. To help all eligible customers receive the CARE
9 benefit, customers participating in all SDG&E low income programs and some external public
10 assistance programs are automatically enrolled in SDG&E's CARE program through joint utility
11 data sharing agreements.

12 Two-Year Recertification

13 To ensure customers are still eligible for CARE after their initial enrollment, customers
14 are asked to recertify their eligibility¹⁰. Recertification periods are every two or four years.
15 SDG&E proposed a CARE probability model designed to calculate the likelihood of a
16 customer's eligibility that was implemented in 2007. Customers less than 85% likely to be
17 CARE eligible, as determined by the CARE probability model, are required to recertify every
18 two years.

19 Four-Year Recertification

20 Customers evaluated by the CARE probability model to be more than 85% likely to be
21 CARE eligible are subject to recertification every four years. Additionally, customers on a

¹⁰ Customers who are required to recertify their eligibility also use a self-certification process similar to the process used during their initial enrollment in the program.

1 “fixed income” (e.g. those receiving Social Security benefits, certain pensions, SSI, SSD, SSP
2 and/or Medi-Cal benefits) are also subject to recertification every four years.

3 Regardless of the two or four year requirements, all customers are notified by SDG&E
4 when their recertification is due and are offered the option to recertify via U.S. mail, by
5 telephone (accessing the CARE Recertification IVR system) or on–line. Customers are provided
6 two renewal notices by mail and a notice on their bill informing them that they will be removed
7 from the program if they do not respond. Customer’s that do not reply to a CARE recertification
8 request are removed from the CARE rate approximately 90 days after the recertification request
9 mail date.

10 PEV

11 PEV is utilized to help ensure ineligible customers do not continue to receive a discount
12 they are not eligible for. SDG&E randomly selects CARE customers and requires those selected
13 to provide proof of CARE eligibility. Once selected, a customer must submit proof of eligibility
14 to SDG&E to remain on the rate. To streamline PEV, SDG&E also utilizes the CARE
15 probability model in the same manner it is utilized for recertification requirements. Customers
16 deemed most likely to be eligible (more than 85% likely) are excluded from receiving a PEV
17 request for up to four years. Customers who receive LIHEAP payment assistance on their
18 energy bills or were verified by SDG&E’s Energy Savings Assistance Program are also excluded
19 from the PEV requirement.

20 Other CARE Verification Requirements

21 In addition, SDG&E issues CARE verification requests in a few instances where there are
22 indications that a false declaration of eligibility has been made by the CARE applicant.¹¹

¹¹ D.89-0706-062, Findings of Fact 24 authorizes utilities to verify customer eligibility for CARE either randomly or where there is reason to believe that a false declaration has been made.

1 Enrollments Efforts

2 To increase program enrollments, and to assist hard-to-reach and special needs
3 customers, SDG&E will continue to focus on building program awareness through the use of
4 multi-language mass media, targeted outreach and direct mailings, AVM campaigns, bill inserts,
5 door-to-door outreach, outreach to the disabled community, community outreach conducted by
6 capitation agencies and CBOs, and continue exchanging data with other utilities as well as with
7 other SDG&E assistance programs. SDG&E Call Center and Field personnel also provide
8 valuable assistance to low income customers by notifying them of all assistance programs
9 offered by SDG&E and by distributing program literature during service calls.

10 Leveraging with other organizations is a cost effective and efficient way to identify and
11 enroll eligible customers. Through data sharing, SDG&E's CARE program automatically
12 enrolls customers participating in other programs such as LIHEAP. Additionally, CARE enrolls
13 customers that participate in SDG&E's Energy Savings Assistance Program.

14 During PY2009-2011, SDG&E proposed several new initiatives to help minimize the
15 impact of attrition due to non-response to recertification requests. SDG&E implemented
16 changes to the recertification period for sub-metered facilities and non-profit group living
17 facilities and agricultural employee housing facilities from once a year to every two years to be
18 in line with the recertification process for all residential customers. SDG&E made permanent
19 the use of extending recertification periods from two to four years using probability modeling,
20 and implemented recertification enrollment phone calls, providing customers an opportunity to
21 enroll over the phone versus sending paper documents. SDG&E will continue to utilize these
22 strategies in PY2012-2014.

1 SDG&E will also continue to utilize effective enrollment tactics used during the 2009-
2 2011 program cycle. These tactics include: inbound and outbound phone enrollment campaigns,
3 direct mail, community outreach, leveraging with other internal and external low income
4 programs, CARE capitation, mass media, and door-to-door enrollment.

5 Through hard work, successful outreach and marketing strategies, multi-leveraging
6 activities, and streamlined operations, SDG&E is working toward the Commission's goal of
7 achieving a 90% penetration rate. Therefore, SDG&E will continue strategies and best practices
8 through PY2012-2014.

9 **2. Incorporating Evaluation and Study Results**

10 There were no statewide or SDG&E- specific CARE studies conducted during the 2009-
11 2011 program cycle.

12 SDG&E does not propose to conduct any CARE-related studies or evaluations during
13 PY2012-2014.

14 **3. New and Proposed Strategies**

15 SDG&E's CARE program has successfully achieved a penetration rate of over 83%.
16 SDG&E will continue promoting its CARE program through multi-faceted channels and focus
17 on enrolling hard-to-reach and disabled customers. SDG&E anticipates that some of its
18 potentially eligible, non-CARE customers will decline participation in the program, despite
19 SDG&E's best efforts to enroll them. However, to ensure all willing customers have the
20 opportunity to enroll, SDG&E plans to increase efforts to multi-lingual and multi-cultural
21 communities, by partnering with organizations that have experience in serving this customer
22 segment. SDG&E will also directly leverage with CBOs serving disabled and LEP clients and
23 expand event activities to help increase program awareness and enrollments among its hard-to-
24 reach customer segments.

1 During PY2012-2014, SDG&E plans to employ a different strategic focus on operational
2 excellence by increasing service delivery channels to customers. The Internet was imperative in
3 helping SDG&E reach record participation levels during the 2009-2010 program years due to the
4 simplified enrollment process for customers. Customers enrolling through the internet currently
5 receive CARE acceptance emails when the customer provides an email address. SDG&E will
6 leverage existing systems to implement recertification and income verification requests via email
7 in an effort to increase the response rate for those customers who typically do not respond to
8 mailed requests. SDG&E will also implement system changes that will track a customer's
9 application through scanning technology. SDG&E is currently unable to provide information to
10 customers calling to inquire about the status of their applications without sorting through
11 hundreds or thousands of applications. The scanning technology will significantly improve
12 SDG&E's ability to quickly and efficiently inform customers of the status of their application.
13 With these additional efforts, SDG&E will endeavor to increase enrollments, decrease attrition,
14 improve customer satisfaction and reach the Commission's goal of 90% penetration.

15 Sharing Low Income Customer Information with the Water Utilities

16 In D.11-05-020, the Commission required that water and energy utilities in overlapping
17 service territories share low income customer information for the purpose of increased
18 enrollments in the water utilities low income programs. The Commission also recommends that
19 water and energy utilities work together to maximize their outreach efforts to low income
20 customers. The Commission states that energy utilities may include IT and administrative costs
21 associated with these data sharing efforts, not already included in rates, in the low income
22 budgets contained in the PY2012-2014 applications.

1 SDG&E does not anticipate incurring any additional IT charges associated with the initial
2 start-up for the data sharing efforts with the water utilities. Any on-going IT labor costs would
3 be small and would be included as part of the regular IT maintenance.

4 **E. Other CARE Program Elements**

5 For PY2012-2014, SDG&E will continue many of the existing program elements that
6 have helped the Utility achieve a penetration rate of over 83%. These can be found in the
7 Program Delivery section of the testimony. In addition, SDG&E addresses below three
8 additional elements associated with the CARE program which are proposed to continue in the
9 2012-2014 program cycle: Over the Phone Enrollment, Capitation Fees and Cool Zones.

10 Currently, customers interested in CARE can enroll by responding to a telephone
11 enrollment campaign. Customers may also recertify by telephone accessing the CARE
12 Recertification IVR system. For hearing impaired customers, CARE staff will employ the
13 services of the California Relay System and/or SDG&E's TDD/TTY system. SDG&E will also
14 leverage current inbound and outbound telephone capabilities to improve service delivery. With
15 the use of telephone enrollments, SDG&E has been able to significantly increase program
16 enrollment and targeting efforts and plans to continue this during 2012-2014.

17 For PY2012-2014, SDG&E is not proposing any additional changes to the capitation
18 program or the capitation fee. For additional information about SDG&E's Capitation activities,
19 please see the CARE Capitation in the Budget category section.

20 SDG&E currently partners with the Aging and Independence Services ("AIS") of San
21 Diego County to administer the Cool Zone program in SDG&E's service territory. The
22 program's purpose is to encourage seniors and disabled persons to visit local designated air-
23 conditioned public sites to stay cool during summer months. For PY2012-2014, SDG&E plans
24 to continue to support the County of San Diego's Cool Zone program as one of its' CARE

1 outreach efforts and has budgeted \$57,456 for PY2012, \$59,122 for PY2013 and \$60,778 for
2 PY2014 for the same services as those approved by the Commission for PY2009–2011, which
3 represents a 9% increase from the previous program cycle. For additional information about
4 SDG&E’s Cool Zone program, please see the Cool Zone section in the Budget category.

5 Categorical Eligibility

6 As described in Witness Reguly’s Testimony, SDG&E proposes to modify the
7 categorical eligibility enrollment process. SDG&E does not believe that the Commission
8 intended for utility ratepayers to subsidize those households with incomes that exceed the CARE
9 income eligibility guidelines. Consistent with D.08-11-031,¹² on May 9, 2011, SDG&E
10 requested that the Energy Division conduct workshops to determine if the current list of
11 categorical eligibility public assistance programs should be modified to exclude those programs
12 that do not consider the total income of all residents in the household.

13 In addition, and in order to help SDG&E better track the extent to which categorically
14 enrolled CARE and Energy Savings Assistance Program customers have total household
15 incomes that exceed the CARE and Energy Savings Assistance Program income guidelines,
16 SDG&E requests Commission authorization to revise its CARE program and Energy Savings
17 Assistance program application forms to require customers who categorically enroll in CARE to
18 also self-certify that their total household income does not exceed the CARE income guidelines.
19 In addition, SDG&E requests authorization to require categorically enrolled customers to provide
20 income documentation, in addition to providing proof of participation in one of the categorical
21 programs, when and if randomly selected for post-enrollment verification.
22

¹² D.08-11-031, at OP 9.

1 Mid Course Program Changes

2 SDG&E requests the flexibility to propose changes in its CARE program during the
3 2012-2014 program cycle. This proposal is being made because during the course of the cycle
4 there may be new outreach ideas, process improvements, system enhancements or possibly a
5 pilot that SDG&E would like to offer to customers to increase enrollments and maintain
6 compliance with the Commission’s goal of 90% penetration rate. SDG&E proposes that
7 program cycle changes be done through the Advice Letter process in anticipation of a timely
8 disposition from the Commission.

9 Collateral Material Changes – Energy Savings Assistance Program

10 In the Assigned Commissioner’s Ruling (“ACR”), the Commission directed the utilities
11 to immediately begin using the new brand name, Energy Savings Assistance Program including
12 the logo, in place of all prior program names.¹³ SDG&E’s CARE program will begin using the
13 new program name and logo on all future collateral materials, filings and reports.

14 **F. Pilots**

15 In Commission Resolution CSID-004, dated November 19, 2010, the Commission
16 approved the Community Help and Awareness with Natural Gas and Electricity Services
17 (“CHANGES”) pilot to provide LEP customers an in-language education, need and dispute
18 resolution, and outreach program for energy matters. The pilot will be conducted for one-year
19 and the Commission’s Consumer Service and Information Division (“CSID”) will evaluate the
20 effectiveness of the pilot and recommend to the Commission if the program should become an
21 on-going program. The Commission determined that the cost of the pilot should be charged to
22 the utilities CARE balancing account as part of their outreach funding. SDG&E’s pro-rata share
23 of the \$500,000 statewide pilot budget is not to exceed \$75,000. As part of its evaluation of the

¹³ ACR dated March 30, 2011 O.P.3.

1 pilot, CSID is directed by the Commission to make a recommendation of how the IOUs will
2 secure ongoing recovery of the CHANGES expenses if it becomes a permanent, ongoing
3 Commission program.¹⁴ SDG&E has requested funding for the CHANGES pilot in the General
4 Rate Case (“GRC”) and has not included any funding request in this application.

5 SDG&E does not plan to conduct any CARE pilots during the 2012-2014 program cycle.

6 **G. Studies**

7 SDG&E does not propose to conduct any CARE studies during PY2012-2014 cycle.

8 **H. Budget**

9 **1. Budget Detail**

10 SDG&E’s proposed program plans for the CARE program continues to focus on
11 enrolling all eligible and willing customers into the CARE program. In order to accomplish this
12 goal, SDG&E’s focus for PY2012-2014 is geared towards increasing enrollments in targeted
13 hard-to-reach communities, to simplify and streamline enrollment processes for customers, and
14 to ensure that the right customers are enrolled on the program. This strategy is supported by
15 increases in proposed funding requirements.

16 The largest increase is in the area of outreach. SDG&E has requested a 41% increase
17 from the 2009-2011 program cycle. The basis for the increase is the costs of performing
18 outreach to customers in hard-to-reach communities. Specialized contractors, such as
19 multilingual agencies and door-to-door contractors are more costly than AVM or direct mail
20 efforts. Also included in the outreach costs are increased costs to support the improvement of
21 CARE program collateral material. SDG&E believes that these efforts will be effective in

¹⁴ In its General Rate Case Application (“A.”) 10-12-005, SDG&E has budgeted \$75,000 per year for the CHANGES program should the Commission determine that program costs should be charged to base rates in the future if the CHANGES program becomes a permanent, ongoing Commission program.

1 helping SDG&E reach the Commission’s goal of enrolling 90% of those eligible and willing to
2 participate.

3 The other significant impact to the CARE administrative budget is the increased funding
4 needed to support program enrollment, recertification and income verification. While SDG&E
5 has implemented many system enhancements that have dramatically improved processing
6 efficiencies, SDG&E believes that it is imperative to increase staffing levels and has requested
7 funding for an additional Full Time Equivalent (“FTE”) and contract labor to help support its
8 proposed increase in post enrollment verification as discussed in more detail in the PEV section
9 below. The results are an increase in budget of 44% for the combined categories of Processing,
10 Recertification, Certification and Post Enrollment Verification from the previous program cycle.

11 SDG&E is also requesting an increase of .5 FTE to support program management and .5
12 FTE to support IT enhancements. In 2007, CARE implemented a system to support enrollment
13 and reporting efforts. The system has provided the CARE program with the flexibility to make
14 program changes, such as the implementation of CE, with little to no impact on the SDG&E
15 billing system. The system is tied to the internet and IVR enrollment applications and has
16 benefited from many processing efficiencies gained during the 2009-2011 program cycle.
17 However, the system requires a significant amount of managing in order to ensure all bugs are
18 fixed and that enhancements are tested thoroughly and implemented. SDG&E intends to
19 improve the system to support initiatives provided in the Program Delivery section and requests
20 approval for the budgetary increase of 23% for Program Administration and 14% for IT
21 Programming in support of these efforts.

22 The following describes the administration of the program and any changes or
23 improvements proposed to be implemented during the 2012-2014 program cycle. CARE

1 program Administrative Budget categories and cost are being submitted in accordance with the
2 budget categories established in the 2012-2014 CARE Guidance Documents provided in an ACR
3 dated March 30, 2011.

4 Outreach

5 SDG&E's proposed Outreach budget for the 2012-2014 program cycle is \$6.65 million,
6 which represents a 41% increase over the 2009-2011 program cycle. Cool Zone costs previously
7 included in this category during the 2009-2011 program cycle have been removed from these
8 cost and are now included as a separate line item on the budget tables. The Outreach budget
9 breakdown for each year is as follows:

2012	2013	2014	Total
\$2,069,410	\$2,283,171	\$2,300,352	\$6,652,933

10
11 SDG&E has continued to work diligently to enroll all willing and eligible customers into
12 the program through a multitude of outreach efforts. During PY2009-2011, SDG&E was able to
13 significantly increase program enrollment by improving on targeting efforts used for telephone
14 and direct mail campaigns, improving agency performance in the Capitation program, leveraging
15 opportunities with other low income programs and by securing a door-to-door contractor for
16 program enrollment.

17 In PY2012-2014, the CARE program will focus on continuing the enrollment channels
18 proven to be successful during PY2009-2011, while also looking for additional outreach
19 initiatives that will target non-English speaking customers who are harder to reach.
20 Additionally, in order to improve enrollment and retain customers, the program will focus on
21 providing enrollment material to customer that is simple and straight forward to understand.
22

1 Mass Marketing

2 • **Phone Enrollment and Recertification**

3 During PY2009-2011, SDG&E's highly successful outreach efforts focused on the use of
4 AVM for program enrollment. AVM has proven to be a very cost-effective and efficient method
5 to communicate the program to CARE-eligible customers. SDG&E plans to expand its use of
6 this outreach strategy during PY2012-2014 to include customer awareness messaging,
7 recertification and re-enrollment, along with self-certification enrollment. During PY2012-2014,
8 SDG&E plans on using the AVM system to contact approximately 250,000 SDG&E customers
9 annually regarding the CARE program.

10 • **Direct Mail**

11 During PY2009-2011, SDG&E targeted over 190,000 eligible non-participating
12 customers through its direct mail campaigns. SDG&E received more than 6,000 returned
13 applications from low income customers, resulting in approximately 5,400 new CARE
14 enrollments. SDG&E has seen a slight decline in response to direct mail campaigns from
15 approximately 4% during the last program cycle to 2-3% per each current campaign. SDG&E
16 attributes the decline to a saturation of the market for customers that tend to respond to direct
17 mail efforts. This decline in the response rate has driven up the cost per enrollment for these
18 campaigns.

19 In an effort to minimize costs, SDG&E will narrow the direct mail efforts to targeted
20 customers who cannot be called because the only phone number on record is a cell phone.
21 SDG&E will focus on reducing costs by providing customers with the toll-free CARE
22 Enrollment IVR or the SDG&E Internet address in lieu of a paper application and a postage paid

1 envelope. SDG&E expects to target approximately 170,000 customers and enroll 3,400 during
2 each program year for PY2012-2014.

3 • **Multi-Language Mass Media Campaigns**

4 SDG&E proposes to continue to conduct creative mass media campaigns in multiple
5 languages during the 2012-2014 program cycle, and will employ communication media shown to
6 be effective at reaching the CARE eligible customers in low income areas. This includes radio,
7 print and mass transit campaigns. The purpose for these campaigns will continue to focus on
8 achieving both enrollment and program awareness across SDG&E's service territory.

9 Campaigns will focus on the general low income market, seniors, Hispanics, Asians and other
10 hard-to-reach customer segments, and will incorporate multiple forms of media communication.

11 Mass media messages will contain specific customer "calls to action" directing customers to
12 enroll in the CARE program through one or more of SDG&E's paperless enrollment options.

13 Significant changes have occurred in the digital market place during PY2009-2011.

14 More and more customers are using the internet as their main resource for gathering information.

15 SDG&E's CARE program received 20% of its 2010 enrollments from the internet. In support of
16 the internet, SDG&E will incorporate on-line marketing as part of its mass marketing campaign

17 strategy. SDG&E will use a combination of the following; rich media ads on websites such as

18 Facebook, and Sign on San Diego, as well as standard display ads on search engines sites such as

19 Yahoo and Bing. The program will utilize geo-targets in the SDG&E service territory using

20 publisher emails from efforts linked with sources like Snag a job, Career Builder and Craigslist.

21 Lastly, the program will continue to use keyword searches on search engines such as Google,

22 Bing, and Yahoo to provide easy access to CARE information. These tactics will focus on

23 optimal program awareness and driving traffic to the program website.

1 • **Bill Inserts and Bill Messages**

2 During 2010, SDG&E received approximately 5% of the CARE program enrollments
3 through applications received in customer bills. While the CARE annual notification is a
4 mandated bill insert, SDG&E supplements this effort with an abbreviated English only bill
5 insert, when bill space permits. SDG&E will continue to include both bill inserts as part of its
6 overall outreach strategy.

7 SDG&E will also continue to utilize bill messages to provide customers with information
8 regarding the availability of the CARE program or their CARE status. SDG&E includes a
9 quarterly message notifying all non-CARE customers that the CARE program is available.
10 When space permits, SDG&E also uses bill inserts to market the CARE program to potentially
11 new program participants.

12 Community Outreach

13 • **CARE Door-to-Door Enrollment**

14 In 2009, SDG&E implemented a successful door-to-door program to increase CARE
15 enrollments using a third party vendor. The door-to-door agents help the customer complete the
16 application and provide the enrollment information to SDG&E. The door-to-door contractor can
17 also use the customer information to enroll the customer on CARE through SDG&E's on-line
18 enrollment process. All applications are sent back to SDG&E for review and storage. This has
19 proven to be an effective and efficient source of enrollments. During 2009-2010, SDG&E
20 enrolled over 22,000 customers through door-to-door enrollment efforts. For the 2012-2014
21 program cycle, SDG&E expects to enroll 9,000 new customers each year through its CARE
22 door-to-door outreach efforts.

1 LEP Outreach

2 • **Multi-Lingual Multi-Cultural Outreach**

3 SDG&E recognizes that there is an increased need to improve program marketing efforts
4 to customers facing language and cultural barriers to participation. For several years, SDG&E
5 has partnered with various community agencies, through its capitation program, that serve a
6 large range of non-English and LEP speaking communities. SDG&E plans to increase its efforts
7 towards these communities and broaden efforts to include customers with literacy and cultural
8 issues. SDG&E will partner with experienced organizations specializing in these areas to
9 improve program awareness and enrollment to these customer segments. The organizations
10 would provide information, education, and enrollment opportunities to potentially eligible
11 customers. Prior to contracting with an organization, a plan describing the various outreach
12 methods to be used and how that plan would support the CARE enrollment goal of reaching 90%
13 penetration rate would be created.

14 • **Outreach to Disabled Communities**

15 In 2010, SDG&E dedicated a full-time Project Manager to the outreach efforts for the
16 disabled community throughout the service territory. With the addition of this dedicated
17 resource, SDG&E has actively marketed CARE to over 20 CBOs who serve the needs of
18 customers with disabilities. Within the disabilities communities are deaf customers who use ASL
19 as their primary language. To reach these customers and provide them with CARE program
20 information, a link to the SDG&E website is included in the active web link on the Deaf and
21 Disabled Communications Program (“DDTP”) web page. Video logs in ASL are posted on the
22 Deaf Community Services of San Diego website and are available in DVD format through other
23 organizations serving the needs of the disabilities communities such as the San Diego Regional

1 Center and the San Diego Health and Human Services Administration – AIS. As a result of the
2 increased focus on the needs of customers with disabilities, and specifically their need for easy
3 access to information and applications, SDG&E promotes the CARE program in large font,
4 Braille and provides videos in ASL format to customers with vision and hearing impairments.
5 SDG&E has also made ASL interpreters available to customers at outreach events when
6 necessary, such as the “Deaf Awareness Day” in October. Funding for these dedicated resources
7 was not included in the 2009-2011 program application; therefore, SDG&E is requesting
8 increased Outreach funds to support this effort.

9 Agency Partnerships

10 • **CARE Capitation**

11 During PY2009-2011, SDG&E’s CARE Capitation program has grown substantially. In
12 2010, SDG&E’s CARE enrollments from Capitation agencies were 5,243. SDG&E is currently
13 partnering with over 50 agencies with 89 locations throughout SDG&E’s service area. These
14 CBOs act as an extension of SDG&E’s outreach efforts and help the hard-to-reach in low
15 income communities, those with special needs such as ethnic minorities, seniors, veterans,
16 disabled groups, along with non-English and LEP speakers. SDG&E anticipates a decline in
17 enrollments from these efforts as the penetration rate continues to increase and it becomes more
18 difficult for agencies to find non-participating customers. However, this has proven to be an
19 effective and efficient source of enrollments and SDG&E plans to continue this into PY2012-
20 2014.

21 • **San Diego 2-1-1**

22 2-1-1 helps people in San Diego with toll-free, 24/7 assistance for a variety of services,
23 including disaster relief, financial assistance, housing information, and enrollment into

1 California's Cal-Fresh program. SDG&E is partnering with 2-1-1 San Diego to screen callers
2 for eligibility in SDG&E's customer assistance programs and offers on-line enrollment services
3 for customers who are qualified but not currently enrolled in the CARE program. For 2010,
4 1,890 new CARE enrollments were generated through 2-1-1's efforts.

- 5 • **Community Events**

6 Experience has shown that many minority and hard-to-reach customers are best informed
7 through the personal interaction afforded by event participation. The CARE outreach group will
8 continue to seek opportunities for community event participation through collaboration with
9 other low income programs, the energy efficiency programs, and CBOs.

- 10 • **Health & Human Services**

11 SDG&E will continue partnering with the County of San Diego's Health & Human
12 Services. SDG&E will continue to train the county staff on the benefits of the CARE program
13 and how it can help the customers they currently serve. This includes the Family Resource
14 Centers, enrolling customers on the CalWORKs program, the AIS division, and other branches
15 of their services as appropriate.

- 16 • **CARE Outreach Application and Community Outreach Collateral Material**

17 SDG&E updates CARE applications annually to reflect current income guidelines. In
18 addition, SDG&E distributes customer assistance brochures to promote special needs assistance
19 programs, such as Family Electric Rate Assistance, Medical Baseline, and other energy
20 assistance programs at all outreach events.

21 SDG&E plans to make changes to all program documents currently provided to
22 customers for program enrollment, renewal and income verification. In 2009, SDG&E
23 conducted focus groups to review program documents and applications. The feedback received

1 from the focus groups indicated that, while customers provided positive feedback on the
2 applications used for direct mail, they believed the current CARE system generated documents
3 needed to be improved in order to be more user friendly. Currently, SDG&E's system generated
4 application, renewal application and income verification documents are printed on the same
5 paper as the SDG&E customer bill. While cost effective, customers tend to find the documents
6 difficult to read due to the amount of information provided in a limited space.

7 The direct mail, which includes all the required information included in the system
8 generated applications, is outsourced to a fulfillment house where constraints regarding fonts,
9 margins and envelope size are not an issue. During PY2012-2014, SDG&E is proposing to
10 implement changes that would move the fulfillment of the system generated documents to an
11 outside vendor. This change would make the applications more user friendly by allowing more
12 flexibility in the layout and presentation of the documents. It would also allow SDG&E to make
13 minor cosmetic changes to the documents as needed, instead of the current annual process update
14 that is currently in place through the SDG&E billing system.

15 Processing, Certification and Recertification

16 SDG&E's Processing, Certification, and Recertification cost category includes
17 administrative group labor and data entry costs related to new CARE enrollments and
18 recertification. The functions of the CARE administrative group includes: Processing,
19 Certification, and Recertification costs related to the following items: 1) opening and sorting
20 CARE application forms, processing, data entry, scanning, and associated labor; 2) initiating
21 and responding to customers' inquiries by mail or phone regarding CARE applications/program
22 participation; 3) resolving billing issues related to CARE program enrollment; 4) tracking CARE

1 operating statistics in support of operations, management, and regulatory reporting; and 5)
2 Processing, Certification, and Recertification training.

3 SDG&E is proposing funding of \$209,305, \$216,278, and \$223,296 for PY2012, PY2013
4 and PY2014, respectively. This request represents an increase from the previous amount of
5 \$669,201 which was authorized for PY2009–2011. The additional funding is needed in order to
6 support the increase in applications processed, increased call volume, and recertification requests
7 generated. SDG&E proposes to improve the processing response time for applications received
8 by hiring an additional contract employee. SDG&E is therefore requesting an increase to
9 support this program administrative function.

10 PEV

11 PEV is a new reporting category created for the 2012-2014 Application. This category
12 was previously included in CARE Processing, Certification and Verification. Costs include all
13 PEV costs related to the following items: 1) opening and sorting CARE verification
14 correspondence, processing, data entry, scanning, and associated labor; 2) initiating and
15 responding to customers' inquiries by mail or phone regarding CARE PEV; 3) resolving billing
16 issues related to CARE PEV; 4) tracking CARE operating statistics in support of operations,
17 management, and regulatory reporting and; 5) PEV training.

18 Over the past several years, SDG&E has reached record levels for program participation
19 striving to reach the Commission goal of 90% penetration. This increase, while welcomed, has
20 challenged SDG&E's ability to maintain post enrollment verification levels at the rate that they
21 had been in prior years. In PY2012-2014, SDG&E intends to increase random income
22 verification levels as well as increasing "for cause" income verification requests to those
23 customers who SDG&E suspects may not be eligible for the program. Customers selected for

1 the random verification process are first subjected to a probability model to determine the
2 likelihood of eligibility. Those less likely are requested to submit income verification. Triggers
3 for “for cause” income verification requests include significantly high usage, customers
4 previously indicating ineligibility, or customers calling in to report abuse in the program. Since
5 processing an income verification request takes a minimum of four times longer to process than a
6 program enrollment, SDG&E will add an additional FTE to support this effort. Additionally,
7 SDG&E will be reviewing the current probability model to ensure the validity of the indicators
8 used in the model and is requesting \$40,000 for each PY 2012 and PY 2013 to support this
9 effort. SDG&E is requesting overall PEV funding of \$116,183, \$118,626 and \$81,074 for
10 PY2012, PY2013 and PY2014, respectively.

11 IT Programming

12 SDG&E’s IT Programming cost category includes all IT Programming costs associated
13 with the following items: 1) software enhancements, maintenance, and licensing; 2) system
14 maintenance; 3) IT labor for programming and data exchanges; 4) on-line application
15 development and website support and; 5) Automatic Enrollment.

- 16 • Total projected IT/Programming costs are \$560,195 for PY2012, \$538,841 for
17 PY2013, and \$544,887 for PY2014, which reflects a \$200,600 increase in this cost
18 category, compared to the 2009-2011 authorized budget. The increases are needed to
19 support day-to-day program maintenance and enhancements as well as supporting the
20 initiatives detailed below. **CARE Document Scanning** – Currently, SDG&E
21 maintains a very manual process for enrolling and retrieving information related to
22 CARE enrollments. When received, an application is opened and date stamped,
23 bundled by date and type, and stored in a drawer for processing. Applications are

1 retrieved for processing by the date received, processing the oldest first. Often,
2 customers call to inquire about the status of their enrollment. In order to find the
3 application, SDG&E has to sort through hundreds of applications to locate the
4 customer's application. SDG&E proposes to implement scanning technology that
5 would provide a simple tracking mechanism for applications as well as store images
6 of the applications in order to respond to customer inquiries.

- 7 • **CARE Email Module** – In an effort to continue to reduce the global foot print of the
8 CARE program, SDG&E intends to develop a method for emailing customers their
9 recertification and income verification request. Currently, SDG&E calls customers
10 prior to a paper renewal notice being mailed. If the customer does not respond, a
11 paper document is mailed followed by a second notice 45-days later. SDG&E
12 proposes to notify customers who provide their email information to first receive an
13 email notifying them that they must renew their eligibility or provide income
14 documentation declaring their eligibility in lieu of a phone call. If they do not
15 respond, both paper follow-up requests will remain in place.
- 16 • **Processor Dashboard** – In order to continue to improve processor efficiency, a
17 dashboard will be implemented to provide important information regarding program
18 updates when a processor logs into the system. Examples of the type of information
19 provided include: implementation of new procedures, new software releases affecting
20 processing functions, assignments pending to be completed, and notices of system
21 closure for updates.
- 22 • **CARE Enrollment IVR** –SDG&E would like to expand the use of the IVR for
23 enrollments. SDG&E proposes to add the ability for contracting agencies to utilize

1 the IVR to enroll customers through the capitation program. Currently, contractors
2 are able to use the CARE on-line applications to enroll customers on the programs.
3 This enhancement will allow agencies the ability to enter their agency source code to
4 ensure payment. This change provides agencies with limited Internet access the
5 ability to implement an automated process for CARE enrollment.

- 6 • **General System Updates and Enhancements** - Upgrades to the system includes:
7 upgrading servers to support the increase in data collected through the enrollment
8 processes; upgrading to improve the system's performance; creating new canned
9 system reports to improve reporting capabilities; updating internet applications to
10 support additional languages; and adding interfaces to provide customer data to the
11 SDG&E Customer Relationship Management ("CRM") database.

12 M&E

13 SDG&E is not proposing any new M&E studies for the CARE program during PY2012-
14 2014. Proposed funding for PY2012-2014 is \$22,500 per year, which is the cost for the annual
15 CARE eligibility rate estimate projection, conducted annually by Athens Research¹⁵.

16 Regulatory Compliance

17 SDG&E's regulatory compliance costs for PY2012-2014 are estimated to be \$154,917
18 for PY2012, \$160,136 for PY2013, and \$165,362 for PY2014; a 16% decrease compared to the
19 2009-2011 program cycle. The funding is requested to facilitate SDG&E's compliance with
20 Commission reporting requirements, support CARE regulatory filings, and respond to data
21 requests from the Commission and other outside agencies and organizations.
22

¹⁵ The IOUs were directed in D.00-09-036 to pursue a standardized methodology. An interim methodology was approved in D.01-03-028, with final approval in D.02-07-033. D.06-12-038 ordered the utilities to file annual eligibility updates each year.

1 General Administration

2 SDG&E estimates general administration costs will be \$492,559, \$505,430 and \$518,406
3 for PY2012, PY2013, and PY2014, respectively. Costs also include an annual inflation
4 assumption¹⁶ of 2.6%, 2.9%, and 2.8% for PY2012, PY2013, and PY2014, respectively. These
5 proposed costs compare to the PY2009-2011 authorized budget of \$ 1,233,088 and represents a
6 23% increase. Within this cost category, SDG&E includes CARE program management
7 personnel, non-labor costs associated with the day-to-day operations of management staff, and
8 additional expenses such as market research, training and development. The day-to-day non-
9 labor costs include office supplies, office equipment and maintenance, and business
10 reimbursements. SDG&E program management personnel are responsible for all aspects of the
11 CARE program, including ensuring that SDG&E is in full compliance with Commission
12 directives. CARE program management personnel will also manage the implementation of
13 CARE policy changes, CARE customer service, and IT improvements.

14 CPUC Energy Division Staff

15 SDG&E has budgeted \$49,535 for PY2012, \$53,002 for PY2013 and \$56,712 for PY2014¹⁷.
16 Costs have been estimated based on actual costs during the PY2009-2011, with annual
17 adjustments of 7% based on historical annual increases for PY2009 and PY2010.

18 Cool Zones

19 Since 2001, SDG&E has partnered with AIS of San Diego County to administer the Cool
20 Zone program in SDG&E's service territory. The program's purpose is to encourage seniors and
21 disabled persons to visit local designated air-conditioned public sites to stay cool during summer
22 months. It was also implemented as a way for residential customers to conserve electricity and

¹⁶ Gas utility A&G Cost Indexes by Global Insight 4th Quarter 2010 utility cost forecast (released Feb 2011).
¹⁷ The amount included is an estimate and is used as a place holder until the IOU's receive an official amount from the ED.

1 help lower the risk of rolling blackouts. In addition, the program provides health benefits to low
2 income residents, especially seniors, who may be unwilling to use their air conditioners due to
3 energy costs, and therefore put themselves at risk for heat-related health problems. The program
4 provides seniors, disabled and low income residents with travel vouchers and bus passes that
5 enable customers to reach Cool Zone sites. Portable fans are also distributed by AIS to home-
6 bound seniors and disabled adults, who are unable to travel to a Cool Zone. CARE applications
7 are included with the bus passes and fans and are also available at the Cool Zone sites.

8 For PY2012-2014, SDG&E plans to continue to support the County of San Diego's Cool
9 Zone program as one of its' CARE outreach efforts and will provide funds for the same services
10 as those approved by the Commission for PY2009-2011.

11 **2. Tracking Program Costs**

12 SDG&E will continue to track and report program costs, based on the methodology
13 established in the RRMWG¹⁸, in the Monthly Reports¹⁹ that are submitted to the Commission on
14 the 21st of each month and in the Annual Reports which are submitted in May of each year. This
15 methodology was approved by the Commission and is currently being used by the IOUs.

16 **3. Budget Flexibility and Fund Shifting**

17 To avoid program disruption, SDG&E seeks Commission authorization to continue
18 funding for the PY2012 CARE program as a contingency if the Commission is delayed in
19 issuing a decision for the 2012-2014 program cycle prior to January 1, 2012. The funding
20 amount and the source of funds would be the 2012 planned CARE administrative budget, until
21 the Commission authorizes a budget. Enrollments and participation rates and other program

¹⁸ Consistent with D.05-04-052, SDG&E worked with the other utilities to ensure uniformity of how costs are categorized.

¹⁹ D.01-05-033.

1 accomplishments achieved during the period of the delayed decision would be counted as
 2 PY2012 program achievements.

3 SDG&E asks that the Commission continue to authorize flexibility in shifting CARE
 4 program funds between cost categories consistent with the funding flexibility authorized in OP
 5 85 of D.08-11-031.

6 **I. Revenue Requirements and Rate Impacts**

7 Electric

8 SDG&E is not proposing any change to the revenue allocation or rate design for the
 9 CARE surcharge rate. Consistent with prior decisions²⁰, SDG&E proposes recovery of CARE
 10 program costs on an equal-cent-per-kWh basis applied to all non-exempt authorized sales²¹ as
 11 defined in D.97-08-056²². Illustrative impacts to the CARE Surcharge Rate are presented in the
 12 table below. The increase in proposed CARE surcharge rates is primarily due to increases in
 13 CARE program costs presented in Table B-1.

14 **Present and Proposed CARE Surcharge Rates (\$/kWh)**

	Current	2012	2013	2014
CARE				
Incremental Funding Request(\$M)		\$ 0.395	\$ 0.175	\$ 0.013
CARE Surcharge Rate				
Residential	\$0.00289	\$0.00331	\$0.00376	\$0.00380
Small Commercial	\$0.00289	\$0.00331	\$0.00376	\$0.00380
Med. & Large C&I	\$0.00289	\$0.00331	\$0.00376	\$0.00380
Agriculture	\$0.00289	\$0.00331	\$0.00376	\$0.00380
Lighting	\$0.00000	\$0.00000	\$0.00000	\$0.00000
System Total	\$0.00289	\$0.00331	\$0.00376	\$0.00380

15 ²⁰ D.08-11-031 and D.06-12-038.

²¹ Per D.09-09-036.

²² Per D.97-08-056, CARE and Streetlighting sales are exempt from CARE surcharge.

1
2 Natural Gas

3 SDG&E is not proposing any change to the revenue allocation or rate design for the
4 CARE program. SDG&E's CARE program costs are currently allocated to customer classes
5 using an Equal Cent Per Therm (ECPT) approach. The CARE program rates are calculated by
6 multiplying the program cost by the allocation factor and dividing by the applicable billing
7 determinants²³ minus any exempt throughput.

8 SDG&E recovers its CARE program costs through the PPP surcharge. The CARE
9 program cost is calculated from the program cost which is based on the combination of both the
10 administration costs and the CARE subsidy. SDG&E used the CARE program costs provided in
11 Table B-1.

12 SDG&E requests that the Commission authorize recovery of the program plans and
13 budgets proposed in this Application by means of the proposed CARE program cost for PY2012,
14 PY2013, and PY2014.

Revenue Requirements and PPPS Rates - CARE				
	2011	2012	2013	2014
SDG&E				
Increase (Decrease) in PPPS Revenue Requirement \$ Millions:				
CARE Program	\$0	\$0.6	\$0.5	\$0.3
CARE Admin	\$0	\$0.2	\$0.0	\$0.0
	\$0	\$0.8	\$0.5	\$0.3
Total PPPS Revenue	\$45.6	\$46.4	\$46.9	\$47.2
Change/year \$millions		\$0.8	\$0.5	\$0.3
Increase (Decrease) in PPPS Rate \$/th:				
Residential		\$0.00196	\$0.00122	\$0.00064
Core C&I		\$0.00196	\$0.00122	\$0.00064
NonCore C&I		\$0.00196	\$0.00122	\$0.00064

²³ In D.04-08-010, the Commission established the methodology for developing the billing determinants for calculating the PPP surcharge. The billing determinants reflect the average of the actual throughput over 3-years, if the most recent cost allocation proceeding is more than 3-years old. However, since the most recent cost allocation proceeding was implemented on February 1, 2010 which is less than the 3-year threshold the billing determinants used for this proceeding are from D.09-11-006, Appendix C.

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Balancing Account

The purpose of the CARE Balancing Account, as currently authorized, is to provide a record of CARE program costs which consist of the following:

- (1) CARE benefits, which are equal to the amount of discount granted under the discount reflected in the authorized CARE program discounted rates; and
- (2) Allocated incremental administrative and general expenses associated with the CARE program, which include outreach, certification, verification, billing, communications and general expenses.

Since the CARE Balancing Account is applicable to electric and gas CARE programs, the electric CARE Balancing Account records revenues based on the percentage of authorized PPP revenues pertaining to the electric CARE program. Revenues recorded to the gas CARE Balancing Account are based on gas PPP surcharge rates authorized by Assembly Bill 1002. Pursuant to AB 1002, gas PPP surcharges are established annually to fund natural gas-related PPPs.

This application does not propose any changes to the current CARE Balancing Account mechanism.

J. Conclusion

SDG&E respectfully requests the Commission to approve the CARE program plans and budgets for PY2012, PY2013, and PY2014 as described in this testimony and authorize the following:

- a. Approval of its PY2012, PY2013 and PY2014 CARE program plans and forecasted administrative costs;

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- b. Approval to continue program funding into PY2012 at the requested PY2012 funding levels should the Commission be delayed in issuing a decision in this proceeding before year-end 2011;
- c. Authorization to implement CARE program changes and activities as described in this testimony;
- d. Authorization to continue to reallocate funding among cost categories consistent with the directive in OP 85 of D.08-11-031.

