## PREPARED REPLY TESTIMONY OF CARMEN RUDSHAGEN ON BEHALF OF SOUTHERN CALIFORNIA GAS 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

December 9, 2011

# CARE PROGRAM PLAN AND BUDGET APPLICATION FOR PY2012-2014

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#### I. INTRODUCTION

The purpose of this testimony is to address California for Alternate Rate for Energy ("CARE") testimonies of The Division of Ratepayer Advocates ("DRA"), the "Testimony of Joint Parties' Experts of Len Canty, Jorge Corralejo and Faith Bautista", Testimony of the Center for Accessible Technology, the Testimony of Steven J. Moss on behalf of San Francisco Community Power ("SFCP") and the Testimony of OPower in Response to ALJ KIM's Guidance Ruling and Template for Pilot Proposals. This testimony will address Southern California Gas Company's ("SoCalGas") response to interveners' opening testimony regarding categorical eligibility proposals, the reasonableness of the proposed outreach budget, the community based organization and in-language outreach plans, and outreach compensation.

SoCalGas' testimony will also address Pacific Gas and Electric's ("PG&E") high energy usage proposals, SFCP's and OPower's pilot program proposals, and the reasons why they are not applicable to SoCalGas.

# II THE COMMISION SHOULD APPROVE SOCALGAS' CATEGORICAL ELIGIBLITY ASPECTS OF PROPOSALS

#### A. Categorical Eligibility ("CE") Issues

The purpose of the categorical eligibility process is to allow eligible customers to enroll faster and easier in the IOUs' low income assistance programs, based on their participation in assistance programs with income requirements comparable to those of the CARE program.

SoCalGas respectfully requests that the Commission continue its efforts to evaluate the CE programs to ensure they comply with the Commission's definition of income and eligibility criteria. SoCalGas also requests that the Commission adopt revisions as proposed in its 2012-

26 27 2014 CARE Application. In that Application, SoCalGas asked that the Energy Division to conduct workshops to determine if the current list of CE programs should be modified to exclude those programs that do not consider the total income of all residents in the household. In addition to workshops, SoCalGas requested authorization to decline applications from customers who apply for CARE through categorical eligibility and provide total household income information exceeding current CARE program guidelines. Further, SoCalGas also asked for authorization to require categorically enrolled customers to provide income documentation during the post-enrollment verification ("PEV") process and to remove customers from the program if their total household income exceeds CARE program guidelines.

SoCalGas based its CE related proposals on a number of factors. During PY2009-2011, SoCalGas conducted a review of the authorized CE programs which revealed that the income requirements for many of the CE income-based assistance programs did not align with CARE income eligibility requirements because the programs either: 1) do not consider total household income for all persons residing in the household or 2) exempt certain forms of income from being included in the total household income. Although some of these programs have income levels at or below 200% of the federal poverty guidelines (FPG), the programs define the term 'income' differently than the Commission's definition of income for CARE as defined in General Order 153 which states: "all revenues, from all household members, from whatever source derived, whether taxable or non-taxable, including, but not limited to: wages, salaries, interest, dividends, spousal support and child support, grants, gifts, allowances, stipends, public assistance payments, social security and pensions, rental income, income from self-employment and cash payments from other sources, and all employment-related, non-cash income." <sup>1</sup>

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SoCalGas reviewed 50,937 applications from customers applying for CARE during June 2010 to December 2010 through CE who voluntarily included their household income on their applications. Since providing this information is not a requirement if a customer is categorically enrolling in CARE, the sampling of applications available for review was small. Basing its

<sup>&</sup>lt;sup>1</sup> In D.89-07-062, the Commission determined that the eligibility for the LIRA (now CARE) program should be consistent with the eligibility criteria established for its telecommunication's Universal Lifeline Telephone Service (now California Lifeline Program). The definition of "income" for ULTS is set out in Commission General Order 153.

review on this limited number of applications, SoCalGas found 2.3% of the applications had total household income that exceeded CARE income levels. However, the results do not reflect actual totals of the number of customers enrolled through CE that have household income exceeding CARE income guidelines but merely reflect results derived from a limited sampling of applications.

Additionally, SoCalGas' Customer Support Center also receives numerous calls from customers who participate in a categorically eligible program, but whose household incomes exceed the income requirements of the CARE program. As an example, customer with an \$80,000 annual income qualified for CARE since her daughter, who lived with her, was receiving WIC and Medi-Cal benefits. Based on SoCalGas' application reviews and calls from customers to SoCalGas' CARE Customer Support Center involving CE customers with household income exceeding CARE income guidelines, SoCalGas' CARE program requested modification to the categorical enrollment processes in its PY2012-2014 Application to make certain that only those households that meet the CARE income eligibility requirements (in terms of total household income and the definition of income), are enrolled in the program.

As described above, it is evident that there are some customers who qualify for CARE based on their participation in one of the CE-adopted public assistance programs but who also have total household incomes that well exceed CARE income guidelines.<sup>2</sup> SoCalGas believes CARE participation should be based on a judicious use of the customer information available on an application. For example, when a customer marks an income level that exceeds CARE income guidelines on their CARE application, that customer is denied participation in CARE. Conversely, customers who enroll through categorical eligibility that also list household income exceeding CARE income guidelines on their application are not currently subject to the same denial process. For that reason and in the spirit of the CARE program, SoCalGas proposes to deny CARE participation for any CE customer voluntarily providing total household income during the enrollment process that exceeds CARE income guidelines. To ensure only income-

<sup>&</sup>lt;sup>2</sup> In 2007, Senate Bill 685 was enacted which revised §739.1 (b) (1) of the Public Utilities Code that required the Commission to establish the CARE program to provide assistance to low-income electric and gas customers with annual household incomes that are no greater than 200% of the federal poverty guideline levels. (Emphasis Added).

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qualified customers receive assistance, SoCalGas also requested authorization to require categorically enrolled CARE customers to provide income documentation if selected for post enrollment verification (PEV) and the ability to remove those customers from the program if

their total household income exceeds CARE income guidelines.

Lastly, SoCalGas would like to clarify that it did not propose a wholesale elimination of categorical enrollment in advance of Commission workshops as asserted in the Opening Testimonies of the Division of Ratepayer Advocates (DRA) and The Greenlining Institute (Greenlining).<sup>3</sup> SoCalGas neither proposed in its PY2012-2014 CARE Application that it would require customers enrolling through categorical eligibility to provide income information on the CARE enrollment form nor did it ask to eliminate categorical eligibility in its entirety. SoCalGas' proposed revisions to CE are based on factual data from the customers who have voluntarily provided CE and income information, and have reported total household income exceeds CARE income guidelines. SoCalGas will modify its CARE eligibility requirements and processes according to any decisions from the workshops.

## B. The Commission should conduct workshops on eligibility, including categorical eligibility issues

SoCalGas appreciates the acknowledgements of DRA and TURN that the IOUs have taken the first step in identifying methodological differences among programs and concurs with DRA's position that the intended outcome from categorical eligibility workshops should be to ensure that categorical programs are reasonably-aligned with the CARE program. Further, SoCalGas understands The Center for Accessible Technology's (CforAT) desire for workshops that will examine ways to assist households in need. SoCalGas agrees that continued focus on solutions to provide greater assistance to low-income customers is necessary, but is mindful that the Commission must strike a fair balance between assisting customers in need without placing an undue cost burden on other customers that are also struggling in the current economic climate.

<sup>&</sup>lt;sup>3</sup> See the Prepared Testimony of K. Camille Watts-Zagha on behalf of the Division of Ratepayer Advocates at p. 1-1 and the Prepared Testimony of Eduardo Gallardo submitted on behalf of the Greenlining Institute at p. 6.

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#### Ш. SOCALGAS' CARE OUTREACH BUDGET IS REASONABLE TO SUPPORT **ITS CARE ENROLLMENT GOALS IN 2012-2014**

A. SoCalGas plans to increase CARE penetration to 95% in 2012-2014 and not hold the rate steady as stated in intervener testimony.

In testimony, DRA claims that SoCalGas' outreach budget is unreasonable and should be reduced because "the utilities only plan to maintain their current penetration rates in the 2012-2014 budget cycle" and "with the exception of SDG&E, the utilities do not plan to add customers to the CARE program." SoCalGas disagrees with DRA's conclusion of SoCalGas' enrollment goals in the 2012-2014 program cycles. Although the Commission decreased the CARE penetration goal from 100% to 90% to allow for some customers that may not be willing to participate, with today's economy, SoCalGas plans to strive for high penetration goals to assist more needy customers which is consist with the Commission's goal for the program. As of September 2011, SoCalGas has a penetration rate of 93%. As shown in 2012-2014 CARE Application Table B-2, SoCalGas plans to add over 61,000 additional customers to its CARE program which will increase the CARE penetration rate to 95% after taking the number of household growth into account.

For these reasons, SoCalGas requests that the Commission approve its requested CARE program budget.

## B. CARE participation is not a static population, but requires continual communication and outreach to maintain current penetration goals.

SoCalGas is seeking outreach funding to pursue separate, but complementary objectives: to maintain its current high level of program participation and to implement new tactics to enroll

<sup>&</sup>lt;sup>4</sup> See the Prepared Testimony of K. Camille Watts-Zagha on behalf of the Division of Ratepayer Advocates at p. 1-

hard-to-reach customers (customers who are hard to reach because of disability, language, age, or geography).

Although SoCalGas has more than 1.7 million customers currently enrolled in the CARE program, significant resources are required to maintain and expand these levels. SoCalGas' CARE program is currently at a 93% penetration rate and to reach 95% enrollment of its eligible customers remains challenging. Despite the fact that SoCalGas achieved a 93% level of enrollment, it cannot be assumed that it will be "easy" to achieve a 95% level of enrollment. Even though SoCalGas added more than 250,000 new participants to the program during 2011, the overall penetration actually dropped slightly. Part of this is because customers need to recertify their eligibility every two to four years depending on their status in the program. Another contributing factor is because some customers go through a Post Enrollment Verification Process ("PEV"). The largest challenge facing SoCalGas efforts to increase CARE program enrollment is the fact that customers move; customers close their accounts; customers move out of the service territory; other customers move into the area. Thus, an eligibility penetration of 95% is not a static number, but is the result of continual communication and outreach. Customers continue to request applications from SoCalGas Customer Service Representatives; customers continue to respond to bill inserts, direct mail campaigns, and telephone campaigns. SoCalGas customers are increasingly responding to its electronic campaigns, such as email and Internet ad placement, and these electronic technologies will eventually allow for greater efficiency in outreach (for example, paper and postage), and this cost efficiency is reflected in SoCalGas' application. Nevertheless, in the near-term, SoCalGas must maintain – and even increase – its use of conventional tactics in order to successfully achieve a 95% penetration level over the 2012-2014 program cycle.

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#### C. SoCalGas' proposed CARE budget is reasonable

As presented in Low Income Oversight Board Meeting on June 11, 2011, 376,000 to 389,000 gross enrollments are required to achieve SoCalGas' CARE enrollment goal in 2012-2014. These figures are significantly higher than DRA's projection of 171,000 shown in Table 1-2 on page 1-3 of Prepared Testimony of K. Camille Watts-Zagha on behalf of the Division of Ratepayer Advocates. SoCalGas CARE Annual Customer Enrollment

CARE Program Activity	2012	2013	2014	Total
Recertifications	645,951	653,055	661,102	1,960,108
New Enrollments	375,799	382,323	389,284	1,147,407
Attrition	(357,892)	(361,827)	(366,286)	(1,086,006)
Year-end Enrollments	1,754,766	1,775,263	1,798,260	1,798,260

SoCalGas has budgeted \$10 cost-per-enrollment in 2012 and 2014 which is reasonable because various resources are required to enroll hard-to-reach customers in the CARE program.

## D. Additional resources are required to assist "HARD TO REACH" customers and increase CARE penetration rate to 95%

In addition, SoCalGas has identified its hard-to-reach customers as its priority for the 2012-2014 program cycle. Communicating with hard-to-reach customers will require additional resources, but because these customers represent some of SoCalGas' most vulnerable customers, the additional resources are appropriate. Both traditional and innovative tactics will be required,

e.g., increasing multi-lingual translations of print collateral, increased attendance at community events, use of advocates within targeted communities, multi-format collateral (such as Braille and large-font format discussed below), multi-format mass media (such as closed captioned and/or sign language), to name a few. SoCalGas will continue to build relationships with organizations, such as the Braille Institute and the California Council of the Blind. SoCalGas will also be translating its Customer Assistance Programs pamphlet into Braille. Moreover, in 2012 SoCalGas will be translating more and more material into large font formats. Such collateral (Braille and large font) is more expensive, but the collateral addresses the needs of our customers. Many customers who are totally blind prefer Braille publications, but a significant number of customers still have partial vision, and they prefer large-font publications. Such outreach is labor intensive and will require ongoing expertise; therefore, SoCalGas has requested additional funding for "special markets."

Communications provided in languages other than English have always been a component of SoCalGas communications and will continue. Translating customer assistance collateral material into additional languages and sponsoring ethnic, community events are an important component of outreach. In 2011, outreach conducted a campaign that targeted Spanish language websites. In 2012, SoCalGas will increase its translation efforts. In addition to Spanish, SoCalGas will translate key collateral into Chinese, Vietnamese, Korean, and Tagalog.

Over the next several years, SoCalGas' outreach efforts will test new tactics that allow for better targeting, and it is reasonable to assume that non-English communications need not be limited to print collateral and may expand to electronic media.

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#### IV. SOCALGAS DOES NOT AGREE WITH THE JOINT PARTIES' RECOMMENDATIONS

## A. The Joint Parties' capitation building grant recommendation is not an appropriate usage of CARE program funds.

The Commission determined in D.01-05-033 that utilities would be permitted to pay CBOs a fee for assisting eligible customer applying for the CARE program (known as a capitation fee). The IOUs were given the latitude to contract with different entities at varying levels of compensation to cover the *incremental* costs of adding CARE application activity to an agency's ongoing delivery of services to low-income customers. SoCalGas believes the CBOs contracting with SoCalGas are fairly compensated because the capitation fees have been based on each CBO's self-proposed incremental cost.

The Joint Parties also recommend that the IOUs strengthen and expand outreach efforts with CBOs. SoCalGas' policy is to contract with any CBO who is interested in joining SoCaGas' Capitation program to promote the CARE program. SoCalGas currently works with over 40 CARE Capitation CBOs and plans to continue leveraging resources to reach hard-toreach customers.

The Joint Parties' suggestion that CBOs be compensated "at a minimum, a combination of large capacity-building grants and hourly wages that amount to \$20 per hour plus administrative costs" (Joint Parties, page 10) may not be the best use of ratepayer money, especially if there are no ties to performance metrics. In addition, Joint Parties provide no basis to substantiate its proposed \$20 per enrollment fee. Because of the valuable resources that CBOs provide in the community to educate and enroll customers in different public and social services, it's appropriate to compensate CBOs for incremental costs to enroll eligible CARE customers.

Even though capitation fees are available to offset incremental costs for the CBOs' to assist their clients to enroll in CARE, SoCalGas only receives an average of about 100 CARE enrollments per month from all of its CARE Capitation agencies. Moreover, participating CBOs may have already done a good job in saturating their client base or that their client base for new CARE enrollment purposes does not fluctuate dramatically.

# B. SoCalGas' proposed in-language outreach in 2012-2014 is to utilize the outreach budget for maximum CARE enrollment

In response to the Joint Parties' concern, SoCalGas' proposed CARE in-language outreach addresses the language barrier issues. = SoCalGas' in-language mass-media communications will be in Spanish, Chinese, Korean, and Vietnamese because these languages represent the languages spoken by at least 50,000 households in SoCalGas service territory. To lessen language barriers, SoCalGas' CARE program also offers applications in eight additional languages: Arabic, Armenian, Hmoob, Farsi, Khmer, Russian, Tagalog, and Thai. These applications are available on-line or can be mailed to customers upon request. Moreover, if there are specific events or specific requests from community organizations, SoCalGas often prints and provides these applications. Additionally, SoCalGas' Call Center provides language line service that offers communication in over 200 languages. Based on American Community Survey File, Census Tract data, 2009, there were 308,699 people speaking Tagalog in SoCalGas' service territory. Of the Tagalog speaking population, 69% also speak English very well. The remaining 97,000 of the Tagalog population do not speak English very well and account for approximately 30,000 estimated households. Due to the small customer segment, an on-line CARE application available in Tagalog, two participating CBOs that provide Tagalog language services to their clients, plus the availability of SoCalGas' language line services, SoCalGas did

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not propose a specific Tagalog outreach plan. However, as mentioned above, SoCalGas will continue communicating in languages other than English and translating customer assistance collateral material into additional languages and sponsoring ethnic, and community events.

Furthermore, the Commission has established a CHANGES pilot pursuant to Resolution (Consumer Services and Information Division of the CPUC) CSID-004 and CSID-005, in which CBOs are provided with contracts for providing "energy-related (electric and natural gas) education, resolution of needs and disputes, and outreach services for limited English proficient (LEP) consumers in their preferred languages through an existing statewide network of community based organizations (CBOs)." Financing for CHANGES is funded by the CARE funds, and CSID and Energy Division are directed to issue a final report by July 15, 2012 to recommend whether CHANGES should be an on-going program and the funding source. The Commission's decision on the CHANGES pilot outcome, will determine whether CBOs may or may not play a bigger role in assisting customers beyond the CARE and ESA programs. Asan example, below is a list of the CBOs participating in the CHANGES pilot who assist SoCalGas customers:

- 1) Campaign For Social Justice in the Valley
- 2) Chinatown Service Center in Los Angeles
- 3) International Institute of Los Angeles
- 4) Koreatown Youth and Community Center in Los Angeles
- 5) Search to Involve Pilipino Americans (SIPA) in Los Angeles
- 6) Abrazar in West
- 7) Asian American Resource Center in San Bernardo
- 8) El Concilio del Condado de Ventura
- 9) South Asian Network in Artesia
- 10) Vietnamese Community of Orange County, Inc.

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<sup>&</sup>lt;sup>5</sup> California Public Utilities Commission, Consumer Service and Information Division, Resolution CSID 005, November 10, 2011.

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V. PG&E'S HIGH USAGE ISSUES AND PROPOSALS ARE NOT APPLICABLE TO SOCALGAS

A. SoCalGas does not have high usage issues similar to those cited by PG&E

As noted in its 2012-2014 Application, PG&E plans to implement a new approach to address CARE households with extremely high usage as defined below:

- CARE households with energy usage at or above 600 percent of baseline annually
- CARE households with energy usage between 400 percent and 600 percent of baseline

Among other modifications, PG&E is proposing to help these CARE customers become more energy efficient by requiring them to consent to participation in the Energy Savings

Assistance (ESA) Program which will provide energy education and appropriate energy efficiency measures to assist these households in lowering their monthly bill and enable long term savings.

Based on 2010 data, the top 10% of SoCalGas' CARE customers with the highest natural gas usage averaged 850 therms annually or approximately 70 therms per month. Since this data does not reflect any significant high usage issues, PG&E's high usage proposals seemingly do not apply to SoCalGas.

Further, to lessen issues pertaining to high usage CARE customers with household incomes possibly exceeding CARE income guidelines, SoCalGas' CARE probability model includes the largest monthly gas usage during the winter months as one of the variables that calculate a customer's CARE eligibility likelihood. Customers that are less likely to be eligible

for CARE are selected for PEV. Therefore, extreme high usage customers are more likely to be selected for PEV. Once selected, customers are required to provide proof of income eligibility and those that do not comply with PEV requirements are removed from the CARE rate.

Accordingly, SoCalGas believes that it does not have the severe high usage issues described by PG&E, and high energy users who are not income-qualified are generally weeded out by the PEV process.

# B. SoCalGas customers should not fund SFCPs proposed CARE Consumer Choice Pilot

SFCP's CARE Consumer Choice Pilot centers on the recruitment and study of 900 pilot participants solely in PG&E's service territory. SoCalGas CARE customers would not be involved in the proposed pilot, nor will they benefit in any way from the pilot program. If the CPUC does find merit in approving the CARE Consumer Choice Pilot program, SoCalGas believes it should be exempt from any funding of this pilot. As a natural gas utility, SoCalGas should not be required to offer refrigerators to its customers. Further, SoCalGas offering its customers an electric appliance such as a refrigerator would provide zero benefit since it would not help SoCalGas customers reduce their *gas bill*.

C. SoCalGas suggests that the Commission forestall any action on OPower's proposed behavior-based California Low Income Home Energy Report (HER) pilot until current SDG&E and PG&E OPower pilots are reviewed and assessed.

In its testimony, OPower proposed that a statewide pilot to provide behavior-based reports to low-income customers. SoCalGas has some concerns with the size of the pilot, the budget requested for the pilot and the inability to provide in-language reports to customers. In response to OPower's proposal, SoCalGas suggests that the Commission forestall any action

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1	until the results of the Commission's evaluation of the current SDG&E and PG&E OPower				
2	pilots can be reviewed and assessed.				
3					
4	VI.	CONCLUSION			
5		For the reasons cited in this Reply Testimony, SoCalGas recommends:			
6	•	Categorical Eligibility Workshops to refine CE requirements to better align with CARE			
7		income guidelines			
8	•	CARE participation denials for CE customers that voluntarily provide household income			
9		exceeding CARE income guidelines			
10		Adoption of the CARE outreach budget to achieve a 95% CARE enrollment rate and			
11		increased enrollment rates for SoCalGas' hard-to-reach customers			
12	•	Rejection of the Joint Parties' proposed CBO fee that includes capital building grants			
13	•	Rejection of specific outreach plan for Tagalog population			
14	•	SoCalGas' exclusion from any adoption of PG&Es CARE high usage proposals since			
15		SoCalGas does not have similar issues			
16	•	SoCalGas' exclusion from any funding of SFCP's proposed CARE Consumer Choice			
17		Pilot			

Commission forestall any action on OPower's proposed behavior-based California Low
Income Home Energy Report (HER) pilot until current SDG&E and PG&E OPower
pilots are reviewed and assessed.

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## STATEMENT OF QUALIFICATIONS

#### CARMEN A. RUDSHAGEN

My name is Carmen Rudshagen. My business address is 555 West Fifth Street, Los Angeles, California, 90012. I am employed at SoCalGas as the CARE and Assistance Programs Manager – CARE. My principal responsibilities are to manage SoCalGas' CARE program.

I joined SoCalGas in 1979 and have held numerous positions of increasing responsibility over the last 30 years such as managing line and staff organizations in Billing and Customer Services, during a period of profound business, regulatory, and market changes. Since 1992, I have been responsible for various customer assistance programs for low income customers. In 1995, my responsibilities expanded to include managing the CARE program. Additionally, I was responsible for other customer assistance programs, including the Gas Assistance Fund program, a customer-shareholder funded bill assistance program, the Low Income Home Energy Assistance program, the federally-funded bill assistance program administered by the California Department of Community Services and Development ("DSCS"); and the Medical Baseline program which allows for additional gas at a lower rate for medically-qualified customers. In 2002, I assumed concurrent responsibility for managing the SDG&E CARE Program.

I have appeared before the Commission at a Rapid Deployment Status Conference and have provided written testimony as part of the low income programs application proceedings for PY2002-2011.