

Application No. A. 08-05-____
Exhibit No: _____
Witness: Lawless, Gregg E.

**PREPARED DIRECT TESTIMONY OF GREGG LAWLESS ON BEHALF OF
SAN DIEGO GAS AND ELECTRIC CALIFORNIA ALTERNATE RATES FOR
ENERGY PROGRAM PLANS AND BUDGETS FOR PROGRAM YEARS 2009-
2011**

Before the Public Utilities Commission
Of the State of California

May 15, 2008

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1 **I. INTRODUCTION**

2 The purpose of my testimony is to present San Diego Gas and Electric’s (“SDG&E”)
3 California Alternate Rates for Energy (“CARE”) program plans and budgets for program years
4 (“PY”) 2009-2011. I also present proposed modifications to SDG&E’s CARE program plans,
5 enrollment efforts, and recertification processes to demonstrate how SDG&E’s proposed CARE
6 program for PY 2009-2011 supports the Commission’s goal of enrolling all CARE-eligible
7 customers who wish to participate in the program. This testimony specifically recommends that
8 the Commission grant SDG&E:

- 9 1. Approval of its PY 2009, PY 2010 and PY 2011 CARE program plans and forecasted
10 administrative costs;
- 11 2. Approval to continue existing CARE program into 2009, using PY 2009 funds should the
12 Commission be delayed in issuing a decision in this proceeding before year-end 2008 and
13 count program achievements toward 2009 accomplishments;
- 14 3. Authorization to implement CARE program changes and activities as described in this
15 testimony;
- 16 4. Approval of its proposed process to “automatically qualify” all Section 8 and Public
17 Housing participants for participation in the CARE program and allowing them to enroll
18 through categorical enrollment;
- 19 5. Authorization to continue to reallocate funding among cost categories;
- 20 6. Authorization to change the recertification period for sub metered facilities and non profit
21 group living facilities and agricultural employee housing facilities from once a year to
22 every two years;
- 23 7. Authorization to continue four year recertification process using probability modeling;
- 24 8. Authorization to continue CARE Recertification telephone enrollment; and,
- 25 9. Authorization to expand telephone enrollment of customers to include inbound calls.

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1 **II. BACKGROUND**

2 CARE is a low-income ratepayer assistance program providing qualified residential
3 customers and qualifying group living facilities a 20% discount on their monthly energy bill.¹
4 The CARE program since its inception in 1989 has evolved and expanded through the years.
5 The Commission has issued numerous decision the directives of which continue to be applicable
6 to the program administered today and the 2009–2011 proposed program. The following
7 provides a brief synopsis of the many decisions the Commission has issued regarding the CARE
8 program:

- 9 • Decision (“D.”) 92-12-039 expanded the program to include eligibility for
10 qualified customers living in non-profit group living facilities.
- 11 • D. 92-04-024 further expanded the program to include eligibility for customers
12 living in non-profit group living facilities, such as women’s shelters and homeless
13 shelters.
- 14 • D. 95-10-047 extended the program to qualified CARE customers living in
15 agricultural employee housing facilities.
- 16 • D. 05-04-052 authorized residents living in agricultural housing facilities
17 managed by the Office of Migrant Services and other non-profit migrant farm
18 worker housing centers to qualify for the CARE discount.
- 19 • D. 05-10-044 approved various new initiatives for low-income programs during
20 the winter of 2005 – 2006 (“Winter Initiative”). One of the major changes
21 adopted by the Commission was the revision of the CARE income eligibility
22 guidelines from at or below 175% of the Federal Poverty Guidelines (“FPG”) to
23 at or below 200% of the FPG.
- 24 • D. 05-10-044 authorized SDG&E to implement a temporary process to enroll
25 certain prospective CARE-qualified households by telephone from November 1,
26 2005 through April 30, 2006.²

¹ The CARE program was established through a legislative mandate and was implemented by the Commission in 1989. The CARE program was formerly known as the Low Income Rate Assistance (“LIRA”) program; but, the Commission, in D. 94-12-049, changed the name from LIRA to CARE, pursuant to Senate Bill (“SB”) 491.

² SDG&E’s CARE Winter Initiative telephone enrollment process focused on customers who failed to return applications obtained upon request from the call center. The enrollment process also focused on customers who had not responded to SDG&E’s direct mail campaign that was directed towards households located in geographic areas where a high percentage of income-qualified customers reside.

- 1 • D. 06-12-038 adopted the investor-owned utilities’³ (“IOU’s”) CARE program
2 plans and budgets for PY 2007–2008. The decision also authorized the following
3 for SDG&E: 1) categorical eligibility, which allowed customers to qualify for
4 CARE based on their participation in certain state or federal assistance programs,
5 2) four-year recertification for low-income customers on a fixed income, 3) a
6 process to enroll certain prospective CARE-qualified households by telephone, 4)
7 a process to allow customers to recertify their CARE eligibility by its Interactive
8 Voice Recognition (“IVR”) system, and 5) internet- based CARE enrollment and
9 recertification.
- 10 • D. 06-12-038 directed SDG&E to provide a cost benefit report on the
11 implementation of Internet enrollment, which was to be included with the next
12 CARE Program Application. SDG&E implemented CARE Internet enrollment in
13 April, 2007 and has included the required report as Attachment A of this
14 testimony.

15 **III. CARE PROGRAM GOALS AND BUDGET FOR PY 2009, PY 2010, AND PY 2011**

16 **A. CARE PY 2009-2011 Program Goals**

17 As of March 2008, 226,593 customers were enrolled in SDG&E’s CARE program.
18 SDG&E projects that participation will continue to increase to 238,659 customers by year-end
19 2008, which will bring its CARE penetration rate to 72%. Consistent with the Commission’s
20 goal to enroll all eligible and willing customers into the CARE program, SDG&E proposes
21 several initiatives in PY 2009-2011 to not only encourage CARE enrollment, but also retain
22 eligible customers in the program.

23 Specifically, SDG&E’s proposed modifications to the CARE program are designed to: 1)
24 offer customers a simple and convenient enrollment process, in order to promote increased
25 program enrollment; 2) facilitate a smooth and seamless recertification process, in order to
26 encourage program retention 3) improve outreach activities, in order to communicate the benefits
27 of the CARE program to a broader array of potential CARE customers; 4) continue and expand
28 coordination efforts with community based organizations (“CBOs”), local governments, school

³ The large IOUs consist of SDG&E, Southern California Gas Company (“SoCalGas”), Pacific Gas & Electric (“PG&E”), and Southern Edison Company (“SCE”).

1 districts, and other organizations, in order to reach the hardest-to-reach customers and further
2 build community awareness about the CARE program.

3 SDG&E believes that the implementation of these methods for program enrollment and
4 processing efficiencies will allow SDG&E to reach its enrollment goals with minimal impact to
5 SDG&E's budget. SDG&E's enrollment goal is to increase net CARE program participation by
6 8,700 in 2009, 7,600 in 2010 and, 7,500 in 2011. With the projected net enrollment increases, the
7 forecasted CARE penetration rates are 75% in 2009, 77% in 2010, and 80% in 2011, based on
8 the estimated total CARE eligible customers in 2008⁴. SDG&E has established these goals for
9 CARE in an effort to contribute to the Commission's goal of enrolling 100% of the CARE
10 qualified customers who wish to participate in the program.

11 **B. CARE PY 2009-2011 Budget**

12 **1. Budget Discussions**

13 To effectuate its PY 2009-2011 CARE program goals, SDG&E proposes an annual
14 administrative budget of \$2.9 million for PY 2009, \$3.0 million for PY 2010, and \$3.1 million
15 for PY 2011.⁵ The proposed PY 2009 budget reflects increase of approximately 7% over the PY
16 2008 budget of \$ 2.8 million authorized in D. 07-06-004.⁶ The administrative costs included in
17 SDG&E's CARE program budget are not included in base rates and are funded through the gas
18 and electric Public Purpose Program ("PPP") surcharge.

19 **IV. PROGRAM ADMINISTRATION**

20 CARE program administrative costs are categorized in accordance with the Regulatory
21 Reporting Manual Working Group ("RRMWG") Report.⁷ The following describes the
22 administration of the program, other than outreach, and any changes or improvements proposed
23 to be implemented in this application based on the categories identified in the CARE guidance
24 document.⁸

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⁴ Estimated PY 2009, PY 2010 and PY 2011 Goal Rate will fluctuate based on updated CARE Eligibility information to be filed October 2008, October 2009 and October 2010. The annual meter growth rate will also negatively impact penetration rate.

⁵ See Attachment B-1.

⁶ In D. 07-06-044, issued June 7, 2007, the Commission corrected the authorized budget tables of D. 06-12-038 to reflect the SDG&E's correct CARE authorized budget.

⁷ Consistent with the D. 05-04-052, SDG&E worked with the other utilities to ensure uniformity of how costs are categorized.

⁸ On April 4, 2008, Energy Division issued the Guidance Document for CARE Budget Applications for Program Years 2009, 2010, and 2011.

1 **A. Processing/Certification/Verification**

2 SDG&E’s Processing Verification and Certification cost category includes the CARE
3 Administration Group labor and data entry costs. The function of the CARE Administration
4 Group includes: 1) opening and sorting CARE application forms; 2) processing all CARE
5 applications; 3) initiating and responding to customers’ inquiries regarding CARE
6 applications/program; and 4) tracking CARE enrollment and operating statistics in support of
7 operations, management, and regulatory reporting.

8 SDG&E proposes funding of \$216,219, \$222,967 and \$230,015 for PY 2009, PY 2010,
9 and PY 2011, respectively, for the Processing/Certification/Verification cost category. This
10 request represents a slight decrease from the 2008 authorized budget of \$255,360. The reduction
11 in budget is due to increased efficiencies anticipated as system enhancements are made to
12 improve SDG&E’s database used to collect and track CARE customer specific data.

13 In order to further the Commission’s goal to enroll all willing and eligible CARE
14 customers, SDG&E is also proposing modifications to its Processing/Certification/Verification
15 procedures, to further encourage customer enrollment and customer retention. The proposed
16 modifications are described in detail below.

17 **1. Continuation of Recertification Probability Model**

18 In D-06-12-038, SDG&E received authorization to continue a pilot for the use of a
19 probability model for CARE Recertification. This model was established as a means to
20 automatically recertify those CARE customers with the highest likelihood of being qualified,
21 based on various criteria.⁹ Customers “passing” the model are considered to be very likely
22 eligible, and they are automatically recertified for two years. Customers “failing” the model are
23 sent a notification that they must complete the recertification application process.

24 In 2007, SDG&E ran its model on a total of 69,036 CARE customers and determined that
25 a majority of those customers (47,986 customers or 69%) were able to be automatically
26 recertified, and remainder (21,050) were asked to recertify. SDG&E believes that the model is
27 accurately targeting customers and is a useful tool for reducing attrition of potentially eligible
28 CARE customers, and requests the continued use of the probability model for recertification on
29 an ongoing basis.

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⁹ Model includes: Electric usage, home ownership and socioeconomic demographic indicators.

1 **2. Continuation of Recertification Telephone Enrollments**

2 In D-06-12-038, SDG&E received authorization to continue a pilot to contact CARE
3 customers who are in jeopardy of being dropped from the program due to their failure to respond
4 to recertification requests, and to recertify them over the telephone. Participants deemed eligible
5 would be enrolled and mailed an information letter reminding them of the program guidelines
6 and providing them with an opportunity to “opt-out”.

7 In 2007, SDG&E attempted to contact approximately 4,700 customers to offer telephone
8 recertification. Of the 1,555 customers who were contacted and chose to provide eligibility
9 information over the phone, over 93% reenrolled, 3% qualified for the FERA program, and 3%
10 were determined no longer eligible to for the program. In order to continue to minimize the
11 impact of attrition from non-response to recertification, recertification enrollment calls SDG&E
12 proposes to continue Outbound Recertification by Phone on an ongoing basis.

13 **3. Recertification for Sub metered customers**

14 Currently, sub-metered CARE tenants are required to recertify their eligibility annually.
15 SDG&E requests Commission authorization to make the CARE program requirements for sub-
16 metered tenants in master-metered facilities consistent with the requirements for individually-
17 metered residential customers, i.e., two years or four years. SDG&E’s proposal will permit sub-
18 metered tenants to recertify their CARE eligibility every two years, except those CARE tenants
19 who are on a fixed income,¹⁰ will be required to recertify every four years. This modification to
20 the CARE program is proposed to increase the likelihood that potentially eligible sub-metered
21 tenants remain in the program. Moreover, SDG&E’s proposal furthers the State Legislature’s
22 mandate that all utilities provide tenants of sub metered facilities the same CARE enrollment
23 opportunities as individual residential customers.¹¹

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¹⁰ In D.06-12-038, the Commission authorized the utilities to recertify fixed income CARE customers every four years (from every two years). The reasoning behind this is that the total income received by households living on fixed incomes (such as those on Social Security, Supplemental Security Income, or Pensions) are unlikely to change significantly over time.

¹¹ See Assembly Bill (“AB”) 2104.

1 **4. Recertification for CARE customers living in non-profit group living**
2 **facilities, agricultural housings, and non-profit migrant farm worker**
3 **housings**

4 SDG&E also seeks Commission authorization to change the CARE Expansion
5 Program’s¹² recertification requirement for customers living in non-profit group living facilities,
6 agricultural housing, and non-profit migrant farm worker housing, from a one year requirement
7 to a two-year requirement. Most of these housing facilities are well-established organizations in
8 the community, and it is uncommon for them to change their services within a year. Thus, a
9 two-year period recertification period would facilitate SDG&E’s efforts to retain these eligible
10 CARE customers, some of whom might not otherwise recertify.

11 **5. CARE Telephone Enrollment**

12 In 2008, SDG&E will be implementing an IVR enrollment process for CARE customers
13 who are recertifying their program eligibility. SDG&E proposes to expand the IVR process to
14 also allow customers to apply for the CARE program. At present, SDG&E Customer Service
15 Representatives (“CSR”) in the Customer Contact Center (“CCC”) inform customers about the
16 CARE program when customers either initiate or transfer service, and when customers request
17 bill payment arrangements or extensions. Customers who are interested in the program are
18 mailed a CARE application with pre-printed account information from SDG&E’s Customer
19 Billing System. However, many such customers ultimately do not apply or return the CARE
20 application. To increase the likelihood that customers will actually review and apply for the
21 CARE program, SDG&E proposes to offer customers the option of transferring to SDG&E’s
22 CARE IVR system when the customers indicate they may qualify for the program. This option
23 will serve as an immediate “call to action” and decrease the lag time between their call to
24 SDG&E and receiving the CARE application in the mail. SDG&E also plans to allow customers
25 to complete incomplete applications over the telephone.

26 **B. Information Technology (“IT”)/Programming**

27 SDG&E’s Billing System/Programming cost category includes IT costs to maintain
28 CARE functions in SDG&E’s billing system, enrollment and reporting system, telephone IVR
29 system, to fund data exchanges with other assistance programs, and to implement system

¹² The Expansion CARE program provides the 20% CARE discount to qualifying non-profit group living facilities, agricultural housing facilities managed by the Office of Migrant Services and other non-profit migrant farm worker housing centers.

1 enhancements to comply with regulatory mandates and improve operational efficiencies. Total
2 projected IT/Programming costs are \$508,795 for PY 2009, \$481,841 for PY 2010, and \$452,687
3 for PY 2011, which reflects a \$137,328 increase in this cost category, compared to the 2008
4 authorized budget of \$ 371,467. The increases in this cost category are needed to fund the new
5 program requirements for sub-metered CARE tenants,¹³ CARE IVR Enrollment, streamlined
6 enrollment processes and enhancements to improve processing efficiencies.

7 **C. Measurement and Evaluation (“M&E”)**

8 SDG&E is not proposing any new M&E studies for the CARE program during PY 2009–
9 2011. The only M&E study budgeted for PY 2009-2011, in the M&E budget category, is the
10 annual joint utilities’ CARE program eligibility update.¹⁴ SDG&E developed the cost for the
11 CARE eligibility rate update for PY 2009-2011, based on projected cost of \$3,623 in 2008, and
12 escalated based on historical assumptions. Planned costs for PY 2009–2011 are \$4,000, \$4,160
13 and \$4,326, respectively.

14 **D. Regulatory Compliance**

15 SDG&E’s regulatory compliance costs for PY 2009-2011 are estimated to \$184,015 for
16 PY 2009, \$190,205 for PY 2010, and \$196,401 for PY 2011. The funding is needed to facilitate
17 SDG&E’s compliance with Commission reporting requirements, support CARE regulatory
18 filings, and respond to data requests from the Commission and other outside agencies and
19 organizations.

20 **E. General Administration**

21 SDG&E estimates general administration costs will be \$399,065, \$410,096 and \$423,927
22 for PY 2009, PY 2010, and PY 2011, respectively. These proposed costs compare to the 2008
23 authorized budget of \$ \$317,407. Within this cost category, SDG&E includes CARE program
24 management personnel, non-labor costs associated with the day-to-day operations of
25 management staff, and additional expenses such market research, training and development

¹³ As required by AB 2104.

¹⁴ SDG&E, and the other large IOU’s, used the joint utility methodology adopted by the Commission in D.01-03-028 for developing quarterly and monthly penetration estimates in 2007. This method entails annual estimation of eligibility for CARE, LIEE, and other income-by-household size parameters at the small area (block group, census tract, zip+2, etc.) for each IOU territory and for the state as a whole. D 06-12-038 ordered the utilities to file annual eligibility updates no later than October 15.

¹⁶ Adjusted by a 4% annual inflationary factor.

1 expenses. The day-to-day non-labor costs include office supplies, office equipment and
2 maintenance, and business reimbursements. SDG&E program management personnel are
3 responsible for all aspects of the CARE program, including ensuring that SDG&E is in full
4 compliance with Commission directives. CARE program management personnel will also
5 manage the implementation of CARE policy changes, as they relate to sub-metered tenants,
6 CARE customer services, and information technology improvements.

7 **F. CPUC Energy Division Staff**

8 The IOUs requested the Energy Division to provide projected PY 2009-2011 costs on
9 April 10, 2008. The estimated dollar amounts were provided by the Energy Division on May 5,
10 2008, as a placeholder; however, no details or support were provided to explain the requested
11 budget amounts. SDG&E has budgeted \$102,900 for PY 2009, \$102,900 for PY 2010 and
12 \$102,900 for PY 2011.

13 **V. OUTREACH**

14 SDG&E's outreach plan for PY 2009-2011 builds on the success of current effective
15 approaches in order to increase program participation in areas of low penetration, and to enhance
16 strategies to reach the hard-to-reach, special needs, CARE-eligible customers. SDG&E will also
17 investigate more convenient methods to help these customers apply for the CARE program.
18 SDG&E's proposed outreach plan is based on the use of multiple communication media,
19 designed to effectively segment SDG&E's low-income customers and communicate the program
20 to those identified as most likely to be eligible.

21 SDG&E's proposed outreach efforts for PY 2009-2011 include the continued use of bill
22 inserts, direct mailing, CARE Enrollment using Automated Voice Messaging ("AVM"),
23 Telephone web enrollment, the capitation program, grassroots outreach,¹⁵ and mass media.
24 SDG&E will continue multi-lingual outreach campaigns and will increase outreach efforts to low
25 income young adults and shut-ins.

26 As CARE penetration levels continue to increase, SDG&E must conduct outreach beyond
27 its traditional low-income customer segments, in order to reach the remaining non-participating

¹⁵ A technique used to raise overall public awareness of the CARE program and to identify low-income customers who traditionally have not responded to other traditional forms of program outreach. By leveraging relationships with local politicians, CBOs and internal personnel, events are held throughout the service territory to both enroll CARE customers and inform the community of the multiple energy-related assistance programs available to them. Local politicians, along with print, radio and television media, are invited to these outreach events to further expand their effectiveness. Press releases describing the events are also developed and distributed to mass media contacts.

1 but eligible customers. The traditional methods used to reach hard-to-reach customers may no
2 longer be as successful in reaching these customers, and SDG&E intends to employ new
3 methods to encourage customer enrollment. Based on SDG&E's experience in administering the
4 CARE program, the enrollment of CARE customers alone will not be sufficient to reach
5 enrollment goals, and retaining current customers in the program will continue to be challenging.
6 During PY 2009-2011, SDG&E will continue to employ existing enrollment strategies (e.g., use
7 of H&R Block, internet, and new capitation contractors), explore the reasons for attrition, and
8 devise new approaches for enrolling and retaining eligible customers.

9 SDG&E is estimating outreach expenditures of \$1,520,638, \$1,611,634, and \$1,734,261
10 for PY 2009, PY 2010, and PY 2011, respectively, compared to the previously authorized PY
11 2008 CARE outreach budget of \$1,581,628. Implementation of successful outreach strategies
12 will help SDG&E reach program enrollment goals without significantly impacting the program
13 budget.

14 **1. Marketing Education and Outreach**

15 **a. Bill Inserts and CARE bill messages**

16 Over the past several years, SDG&E has experienced a steady decline in response to the
17 Commission-required annual notification, which occurs two months prior to the peak summer
18 month. In 2007, SDG&E mailed applications to over one million customers and only received a
19 response of 1,500 returned CARE applications. In recent years, typically in the first quarter,
20 SDG&E has also inserted an English-only bill insert into the billing envelope. This bill insert,
21 which is less expensive to print, received double the response as the English/Spanish version.
22 SDG&E will continue to include both bill inserts as part of its overall outreach campaign but
23 plans to further evaluate the success of this effort as compared to outreach strategies, such as
24 direct mailing, email blasts, and automated voice messages.

25 **b. Direct Mailing**

26 During 2005 - 2007, SDG&E has achieved greater than a 4% response rate from its direct
27 mailing campaigns, approximately 2% higher than the industry average. In 2007, SDG&E
28 targeted over 250,000 highly eligible non-participating customers through its direct mail
29 campaigns. SDG&E received more than 13,000 returned applications from low-income
30 customers, resulting in approximately 8,800 new CARE enrollments.

1 SDG&E plans to conduct similar levels of direct mailing campaigns for PY 2009-2011
2 because of the consistently high response rate, and moderate cost compared to other outreach
3 efforts. Ten direct mail campaigns are planned to be conducted per year, with approximately
4 225,000 pieces of direct mail being sent to customer segments, such as non-participating sub-
5 metered tenants, Medical Baseline participants, Neighbor-to-Neighbor participants, and customer
6 with disabilities. SDG&E will also continue to match its direct mail efforts with market
7 segmentation analysis to identify customers who demonstrate a high likelihood of being eligible
8 for CARE enrollment. Direct mailing campaigns will focus on both new CARE enrollments and
9 recent attrition based re-enrollments.

10 **c. Automated Voice Messaging (“AVM”)**

11 SDG&E’s use of AVM¹⁶ has proven to be a very cost-effective and efficient method to
12 communicate to CARE-eligible customers. In 2007, over 4,900 customers were enrolled through
13 AVM telephone calls, at a cost of less than \$3 per enrollment. SDG&E plans to expand its use
14 of this outreach strategy during PY 2009-2011 to include customer awareness messaging,
15 recertification and re-enrollment, along with self-certification enrollment. During PY 2009-
16 2011, SDG&E plans to contact approximately 250,000 SDG&E customers annually regarding
17 the CARE program, using AVM.

18 **d. Multi-Language Mass Media**

19 SDG&E proposes to conduct creative mass media campaigns in multiple languages
20 during each of the CARE program years, and will employ communication media shown to be
21 effective at reaching the CARE eligible customers in low-income areas, which include radio,
22 print and mass transit campaigns. The purpose for these campaigns will continue to focus on
23 achieving both enrollment and program awareness across SDG&E’s service territory.
24 Campaigns will focus on the general low income market, seniors, Hispanics, Asians and other
25 ethnic customer segments, and will incorporate multiple communication media. Mass media
26 messages will contain specific customer “calls to action” directing customers to check their
27 CARE program eligibility through one or more of SDG&E’s enrollment options.

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¹⁶ AVM is an automated voice messaging system used by 3rd party vendors on behalf of SDG&E who call customers and inform them about the CARE program.

1 **e. Capitation Contracts**

2 Forty-seven CBOs enrolled over 2,600 CARE customers in 2007. CBOs continue to play
3 an important role in helping SDG&E reach out to some of its most needy and hardest-to-reach
4 low-income communities. CBOs, such as Catholic Charities, Women Infants and Children
5 offices, and the Salvation Army continue to provide vital services to low-income children and
6 families. Many CBOs serve special community needs for racial and ethnic minorities, seniors,
7 veterans, disabled groups, along with non-English speakers.

8 To increase CARE penetration amongst some less recognized community groups,
9 SDG&E plans to proactively search for new CBOs with established relationships with their
10 clients and encourage the CBOs to participate in SDG&E’s Capitation program.

11 **f. Community Outreach**

12 In 2007, SDG&E modified its community outreach efforts, in order to improve its CARE
13 program cost-per-enrollment ratio in the SDG&E service territory. By focusing on various
14 community-based outreach events that target ethnic groups, seniors, disabled low-income
15 customers, the SDG&E CARE program enrolled over 1,000 customers in 2007. SDG&E plans
16 to continue to employ this approach in future program years, and enhance this outreach effort by
17 further leveraging opportunities with CBOs and related organizations that are dedicated to
18 serving SDG&E’s low-income customers.

19 **g. CARE Outreach Application and Community Outreach Collateral Material**

20 SDG&E updates CARE applications annually to reflect current income guidelines. In
21 addition, SDG&E distributes customer assistance brochures to promote special needs assistance
22 programs, such as FERA, Medical Baseline, and other energy assistance programs at all public
23 and private outreach events. SDG&E plans to print CARE applications annually and replenish
24 the stock and make changes to the brochure design and copy as needed. Planned revisions
25 include: information on water conservation and greenhouse gas reductions, as well as changes to
26 better the address the needs of visually impaired customers, and more information promoting
27 new or enhanced program enrollment opportunities, e.g. internet, interactive voice messaging
28 system, etc.

29 **h. Internet Enrollment & Recertification**

30 Based on the favorable internet enrollment results received since the implementation of
31 the internet CARE application in April 2007—approximately 4,000 applications were received,

1 and 74 % or 2,946 customers enrolled. SDG&E plans to expand its web-based outreach strategy
2 in the areas of CARE enrollment, recertification, and customer notification. SDG&E’s web-
3 based outreach plan will have the following emphasis: creating a customer friendly website and
4 enrollment /recertification portal, determining which customer segments are receptive to web-
5 based communication and interaction, developing a CARE eligible customer e-mail distribution
6 database, and designing e-mail campaigns and implementation strategies.

7 **i. Special Markets**

8 SDG&E is committed to serving its special needs customers and ensuring that its
9 programs and service offerings are accessible to them.¹⁷ For example, SDG&E has program
10 brochures and applications available in large font, and in addition multiple languages—currently
11 SDG&E has brochures in four languages and plans to expand to thirteen languages in 2008).
12 SDG&E has also designed a brochure, *Extra Help for Those Who Need It Most*, with special
13 needs customers in mind. The brochure describes all SDG&E assistance programs and service
14 offerings such as: CARE, FERA, Low-Income Energy Efficiency (“LIEE”), Medical Baseline,
15 LIHEAP, Neighbor-to-Neighbor, free appliance checks, and Braille marking for oven knobs to
16 name a few. It is printed in 16 point Arial font, as suggested by The Braille Institute, and is
17 available in English, Spanish, and Braille. In addition, SDG&E provides TTY/TTD telephone
18 service 24 hours a day, seven days a week. SDG&E also notates accounts when there is a special
19 needs customer in the household, in order to identify them for future marketing efforts and
20 determine the appropriate means of communication.

21 SDG&E’s outreach activities for special needs customers will be expanded in 2009-2011,
22 and future efforts will include direct mailings to Senior Centers in SDG&E’s service territory, as
23 well as agencies dedicated to serving customers with special medical needs. SDG&E will
24 continue to advertise the CARE and Medical Baseline¹⁸ programs in local senior directories, and
25 participate in local events focusing on person with disabilities.

26 SDG&E plans to re-design its website to ensure that visually impaired customers have
27 full access to information on SDG&E’s website. The website, which will conform to the Web
28 Content Accessibility Guidelines of the World Wide Web Consortium, will be compatible with
29 assistive technology such as screen readers, and the webpages will contain text alternative tags

¹⁷ Examples of “special markets” customers include: 1) non-English speakers, 2) senior shut-ins 3) the disabled, and 4) sub-metered tenants.

¹⁸ The Medical Baseline program is not funded with CARE funds.

1 for webpage descriptions. In addition, rather than simply bolding section headings, SDG&E is
2 exploring ways in which to make its website easier for visually impaired customers to navigate.

3 **j. Program Leveraging**

4 Currently, SDG&E works with SoCalGas to share CARE enrollment data in their shared
5 Southern Orange County service territory. At minimal cost, SDG&E enrolled 270 customers in
6 2007. Additionally, SDG&E leverages information internally with the LIEE program, and in
7 2007, enrolled over 1,800 new customers through this leveraging effort.

8 **k. Local Government Partnerships**

9 Currently, SDG&E works directly and indirectly with several local government entities
10 and officials, including 1) San Diego County Health and Human Services; 2) city council
11 members and staff); and 3) city governmental departments. While working with these groups,
12 SDG&E plans to integrate CARE program promotions with the general residential Energy
13 Efficiency (“EE”) program promotions. SDG&E plans to continue developing additional
14 relationships with local government organizations, to increase customer awareness and
15 enrollment in the CARE, LIEE, and general EE programs.

16 SDG&E plans to educate the staffs of its local government partners about CARE, LIEE,
17 and general EE programs to enable them to determine the program(s) that best fits the needs of
18 their clients and constituents. .

19 **l. Coordination with other Utilities**

20 In order to increase SDG&E’s CARE penetration rate for PY 2009-2011, SDG&E plans
21 to develop effective and mutually beneficial leveraging opportunities with California American
22 Water Company (“Cal-Am”), which provides water service to Coronado, Imperial Beach, and
23 portions of the City of San Diego. SDG&E had an initial meeting with Cal-Am in November
24 2007 to discuss program operations and the potential for data sharing between the utility. Cal-
25 Am is in the initial stages of implementing a low-income program for its customers. Once Cal-
26 Am has established processes for program enrollment, SDG&E plans to re-establish discussions
27 on sharing customer data, in order to increase benefits to San Diego’s low-income community,
28 by facilitating enrollment in both utilities’ programs.

29 **m. School Districts**

30 SDG&E and San Diego Unified School District (“SDUSD”) are evaluating a number of
31 creative ways to deliver information on the CARE, LIEE and other assistance programs into the

1 hands of parents. SDUSD serves a very large number of the neighborhoods SDG&E seeks to
2 reach for enrollment in the CARE program. There are many schools which qualify for Title 1
3 meal assistance for their students, and these students' families will likely also qualify for the
4 CARE program. For example, SDG&E and SDUSD plan to utilize principals to champion the
5 program to the faculty and staff, and include information in monthly letters that are sent to all
6 parents. In addition, SDG&E plans to develop a fundraising project for older students who, as
7 part of their community service goal, will work with SDG&E to distribute information about
8 CARE in their community.

9 **n. Other Collaborative Efforts**

10 In addition to partnerships with numerous agencies and organizations, SDG&E has
11 developed a close relationship with *2-1-1 San Diego (2-1-1)*¹⁹ to promote SDG&E's assistance
12 programs and enroll customers. Since SDG&E began working with *2-1-1* in 2006, *2-1-1*'s role
13 in the community has grown significantly, providing an even greater opportunity to distribute
14 information for energy assistance programs. In 2007, *2-1-1* began enrolling SDG&E customers
15 on CARE by telephone, which significantly increased the success of CARE enrollment. Prior to
16 the use of telephone enrollment, *2-1-1* intake operators mailed CARE applications to those
17 customers that the operators determined were qualified over the telephone.

18 During PY 2009-2011, SDG&E's low-income program staff plans to work more closely
19 with other SDG&E employees to leverage outreach opportunities.

20 **o. San Diego County Cool Zones**

21 Since 2001, SDG&E has partnered with Aging and Independence Services ("AIS") of
22 San Diego County to administer the Cool Zone program in SDG&E's service territory. The
23 program's purpose is to encourage seniors and disabled persons to visit local designated air-
24 conditioned public sites to stay cool during summer months. It also was implemented as one
25 way residential customers could conserve electricity and help lower the risk of rolling blackouts.
26 In addition, the program provides health benefits to low-income residents, especially seniors,
27 who may be unwilling to use their air conditioners due to energy costs, and therefore put
28 themselves at risk for heat-related health problems. The program provides seniors, disabled and
29 low-income residents with travel vouchers and bus passes that enable customers to reach Cool

¹⁹ 211 San Diego is a human service referral program that provides a free, 24-hour referral service for information on community, health, and disaster services.

1 Zone sites. Also provided are portable fans distributed by AIS to home-bound seniors and
2 disabled adults to allow them to use fans for cooling instead of air conditioning if they choose.
3 CARE applications are provided with each transportation voucher and each fan distributed and
4 are available at the Cool Zone sites.²⁰

5 For PY 2009-2011, SDG&E plans to continue to support the County of San Diego's Cool
6 Zone program as one of its CARE outreach efforts and will provide funds for the same services
7 as those approved by the Commission for PY 2007 and PY 2008.

8 **2. Section 8 and Subsidized Housing Programs**

9 Ordering Paragraph 4 of Commission D. 07-12-051 directed the IOUs to propose a
10 process to automatically qualify all tenants of public housing and Section 8 housing, and
11 improve information provided to public housing authorities. To comport with this Commission's
12 directive, SDG&E proposes to categorically enroll all tenants of public housing and Section 8
13 housing programs in the CARE program. Categorical enrollment of public housing and Section
14 8 customers in the CARE program is feasible, given the fact that these customers already receive
15 public assistance housing based on their low income, and thus have met income requirements.

16 SDG&E views categorical enrollment of public housing and Section 8 customers as an
17 interim step to automatic enrollment of these customers. SDG&E will work with the local
18 housing agencies within its service territory to determine the feasibility of implementing a data
19 exchange process, whereby any new participant in public housing and Section 8 could be
20 automatically enrolled in CARE.

21 **3. Automatic Enrollment of California Lifeline Participants**

22 The CARE and California Lifeline ("Lifeline")²¹ rate assistance programs are both
23 designed to provide rate assistance to qualifying low-income customers on their respective
24 energy and telephone bills. Both programs also employ advertising and outreach to inform and
25 enroll qualified customers, and both utilize categorical eligibility to identify customers who may
26 qualify based on participation in other low-income programs.²²

27 Based on these shared commonalities, there is a potential opportunity for sharing
28 customer information between the Lifeline and CARE programs, which would enable SDG&E to

²⁰ D.06-12-038 approved SDG&E's 2007-2008 Cool Zone program plan and budget.

²¹ Also known as the Universal Lifeline Telephone Service.

²² Differences between the two programs include the fact that CARE income eligibility limits are based on 200% of FPG, and Lifeline's is based on 150% of FPG. In addition, the Lifeline program allows for more than one household within a residence to enroll in the program, and CARE's limit is one household.

1 automatically enroll customers into the CARE program. However, there are differences between
2 the programs, such as the fact that the Lifeline program allows for more than one household²³
3 within a dwelling unit to enroll in its program, whereas the CARE program only permits one
4 household²⁴ to enroll in the program. Coordination with the Lifeline Program has the potential to
5 further increase SDG&E' CARE penetration rate; however, the Commission must thoroughly
6 examine the programs in order to align the requirements for each program so that automatic
7 enrollment is viable.

8 **VI. REVENUE REQUIREMENTS AND RATE IMPACTS**

9 **A. Subsidy and Benefit Costs**

10 Discussion of revenue requirements and rate impacts are contained in the Application
11 prepared in support of SDG&E's PY 2009-2011 program and budget request.

12 **B. Balancing Account**

13 SDG&E maintains gas and electric balancing accounts called the CARE Balancing
14 Accounts. The purpose of the CARE Balancing Accounts, as currently authorized, are to provide
15 a record of CARE program costs which consist of the sum of:

16 (1) CARE benefits, which are equal to the amount of discount granted under the discount
17 reflected in the authorized CARE Program discounted rates; and

18 (2) allocated incremental administrative and general expenses associated with the CARE
19 Program, which include outreach, certification, verification, billing, communications and general
20 expenses.

21 Since the CARE Balancing Account is applicable to electric and gas CARE programs, the
22 electric CARE Balancing Account records revenues based on the percentage of authorized PPP
23 revenues pertaining to the electric CARE program. Revenues recorded to the gas CARE
24 Balancing Account are based on gas PPP surcharge rates authorized by Assembly Bill 1002 ("AB
25 1002"). Pursuant to AB 1002, gas PPP surcharges are established annually to fund natural gas-
26 related Public Purpose Programs.

27 This Application does not propose any changes to the current CARE Balancing Account
28 mechanism.

²³ Under the Lifeline program, there can be more than one household within a residence because "a room or portion of a dwelling unit occupied exclusively by an individual not sharing equally as a member of the domestic establishment may be considered a separate residence" for the Lifeline program. General Order 153.

²⁴ Under the CARE program, because there is only one meter to a dwelling unit, there cannot be multiple households in the program.

1 **VII. REQUEST TO CONTINUE FUNDING AND ALLOW FOR FUND SHIFTING**

2 Fund shifting flexibility between program categories and program years is critical to the
3 achievement and success of the programmatic initiative and necessary to avoid disruption of
4 program services, and provide a seamless and transparent program to customers. As such,
5 SDG&E requests authorization: 1) to carry forward or carry back funding into 2009, 2010, or
6 2011 during the three-year funding cycle, and 2) authority to shift funds among program
7 categories in 2009, 2010, and 2011.

8 Prior to 2007, the Commission allowed the utilities full flexibility to shift funds among
9 program categories as needed to achieve program objectives. However, in D.06-12-038, the
10 Commission restricted movement of funds among measurement and evaluation, general
11 administration, and the regulatory compliance categories. In its Application, SDG&E has
12 proposed a modification and expansion of its program plans, enrollment efforts, and certification
13 process. Therefore, SDG&E requests that the fund shifting restrictions adopted for the 2007 –
14 2008 program cycle be removed to allow SDG&E flexibility to make program adjustments and
15 modifications expeditiously and eliminate potential delays.

16 If the Commission should be delayed in issuing a decision on SDG&E's 2009-2011 low
17 income programs budget application, SDG&E requests interim authorization from the
18 Commission to continue CARE activities into 2009 using 2009 program funds.
19 Accomplishments achieved during this interim period will be counted toward 2009 program
20 results.

21 **VIII. CONCLUSION**

22 For the foregoing reasons, I respectfully request that the Commission approve the CARE
23 program plans and budgets for PY 2009-2011, as described in this testimony and authorize the
24 following:

- 25 1. Approval of its PY 2009, PY 2010 and PY 2011 CARE program plans and forecasted
26 administrative costs;
- 27 2. Approval to continue existing CARE program into 2009, using PY 2009 funds should the
28 Commission be delayed in issuing a decision in this proceeding before year-end 2008 and
29 count program achievements toward 2009 accomplishments;
- 30 3. Authorization to implement CARE program changes and activities as described in this
31 testimony;

- 1 4. Approval of its proposed process to “automatically qualify” all Section 8 and Public
2 Housing participants for participation in the CARE program and allowing them to enroll
3 through categorical enrollment.;
- 4 5. Authorization to continue to reallocate funding among cost categories;
- 5 6. Authorization to change the recertification period for sub metered facilities and non profit
6 group living facilities and agricultural employee housing facilities from once a year to
7 every two years;
- 8 7. Authorization to continue four year recertification process using probability modeling;
- 9 8. Authorization to continue CARE Recertification telephone enrollment; and,
- 10 9. Authorization to expand telephone enrollment of customers to include inbound calls.
- 11

1 **STATEMENT OF QUALIFICATIONS**

2 **GREGG E. LAWLESS**

3 My name is Gregg E. Lawless. My business address is 8335 Century Park Court, San
4 Diego, CA. 92123. I am employed at SDG&E as a Customer Assistance Manager.

5 I joined SDG&E in 1977 and have held management positions in accounting, customer
6 service, energy conservation, marketing, and purchasing. My work experience has included the
7 development, implementation of residential and commercial demand-side management
8 programs; account executive responsible for marketing demand side management programs to
9 governmental entities; supervision of customer contact personnel in SDG&E's customer contact
10 center. From November 1996 through March 2002, I was employed by the non-regulated
11 subsidiaries of Sempra Energy where I held various positions responsible for marketing business
12 solutions to governmental agencies; negotiating and managing customer contracts, and
13 management of regional sales activity.

14 I assumed my current position in April 2003. From April 2003 through October 2006, I
15 was responsible for managing the LIEE program at both SDG&E and SoCalGas. In November
16 2006, my principal responsibilities changed to include the oversight of all the Customer
17 Assistance Programs for SDG&E. These programs include but are not limited to LIEE, CARE,
18 Medical Baseline, and Neighbor-to-Neighbor. I have provided written testimony before the
19 Commission in A.04-07-011 and A.04-07-010 in the PY 2005 Low-income Assistance
20 proceeding for SDG&E and SoCalGas, respectively. Additionally, I have provided written
21 testimony in A.05-06-012, A.05-06-013, A.06-06-032, and A.06-06-033. I was also Chair of the
22 Statewide Low Income Energy Efficiency Project Standardization Team.

23 I hold a Bachelors Degree in Accounting from San Diego State University.