SDGE

A Sempra Energy utility™

**FAMILY ELECTRIC RATE
ASSISTANCE (FERA)
PROGRAM ANNUAL REPORT**

Program Year 2010 Results

May 2, 2011

INTRODUCTION:

The purpose of this annual report is to provide information on San Diego Gas & Electric Company's (SDG&E) Family Electric Rate Assistance (FERA) program[1] and to report on the administrative and subsidy costs incurred by the program in its fifth year of operation. The California Public Utilities Commission (Commission or CPUC) in D.04-02-057, dated February 26, 2004, adopted the FERA program, whereby, qualifying lower-middle income large household participants are charged Tier 2 (101% - 130% of baseline) electric rates for their Tier 3 (131% - 200% of baseline) usage. The FERA program is available to households of three or more persons with total household annual gross income levels between 200% and 250% of the Federal Poverty Guidelines (FPG)[2] in accordance with D.05-10-044.[3] These income levels are subject to revision pursuant to the Commission's communication of new levels, which is scheduled to occur no later than May 1 of each year and effective June 1st of each year.

SDG&E's FERA program implementation plan utilizes the existing procedures already developed and adopted by the Commission for the California Alternate Rates for Energy (CARE) Program. These existing protocols and procedures relate to outreach practices, enrollment, verification, and recertification activities. SDG&E uses a dual application form for the CARE and FERA program.

The following summarizes SDG&E's FERA program activities for 2010.

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[1] FERA was originally referred to in Decision D.04-02-057 as the Middle Income Large Household Program.
[2] FPG Link: http://aspe.hhs.gov/poverty/11poverty.shtml

[3] *See* D.05-10-044, Ordering Paragraph 3.

**SAN DIEGO GAS & ELECTRIC COMPANY'S
FAMILY ELECTRIC RATE ASSISTANCE (FERA) PROGRAM**

January 1, 2010 through December 31, 2010

I. Participant Information

   A. Provide the total number of FERA customers by month, for the reporting period.

     See Table 1.

Table 1		
2010	**FERA Enrolled[1]**	**FERA Receiving Tier 3 Benefit**
January	5,137	2,442
February	5,287	2,662
March	5,288	2,614
April	5,153	2,482
May	5.114	2,176
June	5,104	2,662
July	5,281	2,412
August	5,573	2,603
September	5,588	3,115
October	5,729	3,349
November	5,784	3,364
December	5,801	3,042

B. Provide the total number of FERA-eligible households, FERA-participating households, and FERA household penetration rates by quarter.

Table 2			
FERA Penetration Rate			
2010 Quarter Ending	**(Estimated) FERA-Eligible Households[1]**	**FERA-Participating Households[1]**	**FERA Household Penetration Rate[2]**
March 31	48,562	5,288	10.6%
June 30	48,869	5,104	10.6%
September 30	48,719	5,588	11.5%
December 31	48,747	5,801	11.9%

Notes:
[1]This category does not include sub-metered tenants.
[2]The FERA Household Penetration Rate is calculated by dividing FERA Participating Households by FERA-Eligible Households. Estimated number of FERA-eligible customers is 3.97% of SDG&E's residential electric customers.

C. Discuss how the estimates of current FERA-eligible households were developed.

SDG&E used a customer information system count of residential customers within its territory as the basis for estimating the number of FERA-eligible households.

The estimate of FERA-eligible households was developed by multiplying the residential customers, by the factor in the Annual Eligibility Update for CARE/FERA[4], which is 3.97% for program year (PY) 2010.
Total Residential Customers/Estimated Eligible = FERA Eligible Households.

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[4] The report dated 11/30/2009 was provided by SDG&E consultant John Petersen of Athens Research.

D. Provide the current FERA sub-metered tenant counts at year-end.

At year-end 2010, the number of sub-metered tenants participating in FERA totaled 98. Outreach and enrollment efforts for sub-metered facilities are leveraged with CARE outreach. Enrollments, however, continued to be heavily skewed to CARE in these facilities.

E. Discuss any problems encountered during the reporting period administering the FERA program for sub-metered tenants and/or master-meter customers.

SDG&E did not encounter any problems administering the sub-metered FERA program during 2010.

II. Program Costs

A. Discount Cost

1. State the average monthly FERA discount received, in dollars per FERA customer.

In Program Year (PY) 2010, the average monthly FERA discount was $18.92 per program participant.[5]

2. State the cumulative annual discount for all FERA customers.

During PY2010, the cumulative annual discount for individually metered FERA participants totaled $644,974.[6]

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[5] This amount does not include average monthly FERA discount for sub-metered tenants; however, it does include all enrolled customers who received a FERA discount in any month in PY2010.

[6] This discount amount does not include sub-metered tenants; however, it does include all enrolled customers who have received a discount in any month.

B. Administrative Cost

1. **Show the FERA Program's administrative cost by category.**

   See Table 4.

Table 4	
FERA Program **Administrative Costs by Category and Benefits**	
Category	**Cost**
Outreach	**$6,320**
Processing, Certification, and Verification	**$13,954**
General Administration	**$14,596**
TOTAL PROGRAM COSTS	**$34,872**
CUSTOMER BENEFITS	**$644,974**
TOTAL PROGRAM COSTS & CUSTOMER BENEFITS	**$679,846**

2. **Explain what is included in each administrative cost category.**

The cost of outreach includes capitation fee payments and the cost of direct mail. Capitation fees are fees paid to partner agencies that generate enrollments for the program by cross-selling FERA with their other assistance programs. The cost of processing, certification and verification consists of the labor costs to process, certify and verify FERA applications. General administration costs include the costs associated with managing and reporting on the program. Customer benefits costs include the cost of the FERA rate discounts provided to customers.

3. **Explain how costs of joint CARE/FERA activities are charged to each program.**

The costs of distinct CARE and FERA activities are charged separately to each program by using separate source codes for each program.   To the extent possible, the costs of CARE/FERA activities are allocated in

proportion to the work that was attributable to either CARE and FERA. Because most CARE and FERA program activities are integrated, most costs are shared between the programs.

C. Provide the year-end December 31 balances for the FERA balancing account for both the current and prior reporting periods.

As of December 31, 2010, there was $400,327 in the balance recorded in the FERA sub-account of SDG&E's Baseline Balancing Account (BBA). This records all costs associated with the FERA program from its inception in 2004. The balance recorded in the FERA sub-account as of December 31, 2009 totaled $365,988.

III. Outreach

A. Discuss utility outreach activities and those undertaken by third parties on the utility's behalf.

Annual Notification: SDG&E's annual notification took place during the months of July and August. The notification, an English and Spanish bill insert, was sent to over one million customers. The notification was supported by various outreach and media campaigns such as automated outbound phone calls, radio, print, television and online marketing campaigns.

Customer Contact Employees : The FERA program is promoted by Customer Service Representatives (CSRs) through customer interaction in SDG&E's 24 hour customer contact center. In addition, bill payment offices and field service employees promote the program as part of their specific interaction with customers. CSRs direct the customer to the on-line application or mail an application per the customer's request. CARE/FERA applications are on display in select branch office locations where space

permits. Field service employees advise customers of the availability of the CARE/FERA programs during their field service visits.

Interactive Voice Response (IVR) Information on Hold: While a customer is on hold waiting for assistance from a CSR, automated company messages (with an option to hear in English or Spanish) are rotated throughout the hold process. A message about the CARE/FERA program, including an option to request an application, is part of the rotating messages. In PY2010, there were 6,500 English and 1,300 Spanish applications requested through the SDG&E IVR.

In-language resources: SDG&E's customer contact center and most company business offices are staffed with bilingual (English/Spanish) CSRs to assist customers in accessing information about the utility's services. The program processing group staffs bilingual representatives and staggers the Spanish speakers early morning and later in the day in order to cover the telephone calls. Additionally, SDG&E contracts with LanguageLine Services®[7] to provide in-language support to customers whose language is not spoken by SDG&E CSRs. The service offers translations for different languages and dialects including but not limited to: French, German, Italian, Japanese, Russian and Tagalog. SDG&E representatives remain on the telephone line with customers and connect them with the interpreter for translation. SDG&E also operates a TTY/TDD service, available 24 hours a day, seven days a week. The CARE/FERA application is available on the company website in 13 languages. The languages include: English, Spanish, Arabic, Armenian, Chinese, Farsi, Hmong, Khmer, Korean, Russian, Tagalog, Thai and Vietnamese.

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[7] LanguageLine® provides over-the-phone translation services in over 170 different language.

Direct Mail: In March 2010, a direct mail piece that promoted both the CARE and FERA programs was sent to approximately 32,000 potentially eligible customers. The mailer featured an informational letter, program application and postage-paid return envelope. The campaigns received a 3% response rate, with most customers qualifying for CARE. In December, another direct mail piece was sent, reaching out to approximately 85,000 potentially eligible customers. This mailer took a different and more creative approach than the March campaign. The December mailer was a postcard that promoted both the CARE and FERA programs, and instead of including a program application, recipients were directed to the program's online application and the program's IVR enrollment line. SDG&E experienced an increase in the number of enrollments coming from both the IVR and online applications. Approximately 39 enrollments were added to the FERA program through all direct mail campaigns.

Telephone Enrollment: SDG&E continued to use automated voice messaging (AVM) campaigns to reach large audiences of potentially-qualified customers. SDG&E contracted with a third party to administer the campaigns through an outbound dialing system. The system offered a platform that allowed SDG&E to monitor and manage each campaign. Through a web service, SDG&E was able to load the potentially eligible customer list and customize the campaign timeline. Using the system, SDG&E contacted thousands of customers in a short period of time as well as retrieve the results. In 2010, approximately 680,000 customers were contacted by telephone and 1,137 customers enrolled in the FERA program through AVM campaigns.

Collection Call : SDG&E provides an additional outbound telephone call with a follow-up letter to low-income customers faced with collection activity on their account. Information about the availability of payment arrangements and customer assistance programs are given, and customers are urged to call SDG&E for more information.

Website : SDG&E's website contains information about the FERA program, and the CARE/FERA application form may be downloaded or submitted electronically. Of the 906 online applications submitted in 2010, 845 customers qualified for the FERA program.[8]

CARE/FERA Enrollment IVR : In 2010, the program launched an Interactive Voice Response (IVR) line which allowed customers to enroll in the program over the telephone. The telephone number was included in marketing and outreach materials including mass media tactics such as television and radio. In 2010, 74 FERA enrollments came from using IVR.

Capitation Contractors : In PY2010, 50 agencies at 82 different locations provided outreach and enrollment services for both CARE and FERA programs. Community based organizations (CBO's) that are contracted to offer CARE through the fee per application or Capitation Program with SDG&E also offer FERA using the dual CARE/FERA applications. In 2010, 21 FERA enrollments came from using capitation contractors.

Door-to-Door Outreach: In PY2010, SDG&E continued to partner with a third-party contractor, Burgers, Inc/Energy Save. Burgers' representatives covered the service territory, guided by a contact list of non-CARE customers. They spoke to customers about CARE and FERA and are able to assist them in completing the application form. Application data is then submitted electronically on a weekly basis and uploaded directly into SDG&E's data management system, reducing processing and postage costs as applications are not mailed individually and the upload process is much more efficient than opening, sorting, and handling individual applications that are received via U.S. mail. Also, customers are able to begin receiving FERA benefits more rapidly, as the time between applying and enrolling may be as short as

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[8] SDG&E's website is designed to comply with W3C accessibility guidelines.

a day or two. SDG&E enrolled 411 FERA customers through door-to-door outreach during 2010.

Community Outreach Events : Throughout PY2010**,** SDG&E participated in over 25 local community outreach events throughout San Diego County to provide information on FERA and other assistance programs. Types of events included presentations to community groups, health and safety fairs, and community resource fairs. Many of the events were integrated with SDG&E's Smart Meter events and Lighting Turn-In event program targeted to seniors and other hard–to-reach residential customers. SDG&E does not track enrollments from these efforts.

Sub-metered Apartments and Mobile Home Parks

B. Discuss each of the following:

1. How FERA customer data and other relevant program information is shared within the utility, for example, between its LIEE and other appropriate low-income programs.

FERA information is distributed in conjunction with the CARE program. Both FERA and CARE are promoted through a joint application form. All outreach efforts for FERA are combined with the CARE program outreach. For example, all targeted direct mail and telephone campaigns promote the FERA program though the joint application. Customers entering income that exceeds the CARE guidelines but are within the FERA guidelines are appropriately enrolled in FERA.   Additionally, customer data received from the Energy Savings Assistance Program regarding potentially eligible customers is shared with the FERA program.

2. Discuss barriers to participation encountered during the reporting period and steps taken to mitigate them.

Outreach administration for FERA is done in conjunction with the CARE program in order to minimize the outreach cost to the program. While cost efficient, the targeted areas are highly focused on lower income customers and less focused on middle income areas. Enrollments from the various outreach initiative are therefore more successful in enrolling customers on CARE than enrolling customers in FERA. To help address this issue, SDG&E conducted a telephone campaign to over 400,000 potentially eligible customers in all areas of the community. The telephone campaign was successful in generating 600 FERA enrollments.

IV.   Processing FERA Applications

A. Processing Self-Certification and Self-Recertification Applications (individual and sub-metered customers)

1. Provide the number of utility and third-party FERA self-certification and self-recertification applications provided, received, approved, denied, pending/never completed, or duplicates for the reporting period.

See Table 5 below.

Table 5					
FERA Self-Certification and Self-Recertification Applications[*]					
	Provided	**Received**	**Approved****	**Denied**	**Pending/Never Completed**	**Duplicates**
Utility	3,079,601	2,992	2,941	12	39	0
Capitation	N/A	43	38	1	4	0
Other Third-Party	N/A	467	451	8	8	0
Total	**3,079,601**	**3,502**	**3,430**	**21**	**51**	**0**

* Notes: This includes sub-metered tenants. Self-Certification applications are distributed/mailed through a wide variety of fulfillment and outreach methods, such that it is not possible to determine an actual count. Recertification applications are tracked.

**Approved includes CARE ineligible applications that are eligible for FERA.

B. **Processing Random Post-Enrollment Verification Requests**

1. **Provide the total number of verifications requested, received, approved, denied, pending/never completed, or duplicates, for the reporting period.**

TABLE 6						
FERA Random Post-Enrollment Verification Requests						
	Requested	**Received**	**Approved***	**Denied****	**Pending/Never Completed**	**Duplicates**
Total	**1**	**62**	**62**	**0**	**0**	**0**

*Notes: Approved includes CARE ineligible Post Enrollment Verification Requests that are eligible for FERA.

** Denied includes customers who were dropped due to non-response.

V. **Program Management**

A. **Discuss issues and/or events that significantly affected program management in the reporting period and how these were addressed.**

There were no issues or events that significantly affected FERA program management in PY2010.