Application No.: A.14-11-

Exhibit No.: ______

Witness: Kim, Alex

Application of San Diego Gas & Electric Company (U902M) for Approval of Low Income Assistance Programs and Budgets for Program Years 2015-2017.

Application 14-11-____
(Filed November 18, 2014)

PREPARED DIRECT TESTIMONY OF ALEX KIM ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY'S ENERGY SAVINGS ASSISTANCE PROGRAM AND CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM PLANS AND BUDGETS FOR PROGRAM YEARS 2015, 2016 & 2017

BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

November 18, 2014

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ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY'S
ENERGY SAVINGS ASSISTANCE PROGRAM AND CALIFORNIA
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BUDGETS FOR PROGRAM YEARS 2015, 2016 & 2017

I. INTRODUCTION

The purpose of my Testimony is to present policy support for San Diego Gas & Electric Company's ("SDG&E") Low Income Program Applications and Budgets for Program Years ("PY") 2015-2017 and how SDG&E's plans support the California Public Utilities Commission's ("Commission") programmatic initiative and the California Energy Efficiency Strategic Plan ("CEESP") adopted in Decision ("D.") 12-07-051. Specifically I will address policy issues for the 2015-2017 Energy Savings Assistance ("ESA") Program and California Alternate Rates for Energy ("CARE") (jointly referred to as SDG&E's "Customer Assistance Programs")[1] outlined the Guidance Document approved by the Commission in its Phase II Decision (D.14-08-030).[2] In addition, I present recommendations to revise certain Commission-adopted policies and processes for the CARE and ESA Programs beginning in 2015. SDG&E witness Sandra Williams provides written testimony regarding SDG&E's CARE and ESA Program operations plans and budgets for PY2015-2017. SDG&E witness Horace Tantum IV presents written testimony regarding SDG&E's CARE and ESA Program marketing and outreach plans for 2015-2017.

During the 2015-2017 program cycle, and beyond, SDG&E will continue its commitment to provide program and services designed to meet the needs of its low-income and special needs customers, those with limited English proficiency, and those living in underserved or hard-to-reach communities who may benefit from SDG&E's Customer Assistance programs.

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[1] SDG&E's Customer Assistance Programs also include the Medical Baseline Program and other programs targeted to special needs customers which are funded through base rates.
[2] See Attachment Q of D.14-08-030. ESA Program Section F.1 and CARE Section G.

II. OVERVIEW OF THE ESA AND CARE PROGRAMS AND BUDGETS APPLICATIONS FOR THE 2015-2017 PYs

A. Energy Savings Assistance ("ESA") Program

The ESA Program provides no cost home improvements to willing and eligible customers who meet the Commission's income eligibility guidelines. The Program's income eligibility guidelines are based on those with total household incomes at or below 200% of the Federal Poverty Guidelines ("FPL").[3] In D.07-12-051, the Commission established a programmatic initiative for the ESA Program to provide all eligible customers the opportunity to participate in the ESA Program and to offer those who wish to participate, all cost effective energy efficiency measures in their residences by 2020. D.07-12-051 also determined that the ESA Program should emphasize long term energy savings that leverage all resources and should continue to propose program elements that may not be cost effective but that serve other important policy objectives.[4]

The ESA Program also requires an assessment of the customer dwelling to ensure it meets other requirements as outlined in the Statewide Energy Savings Assistance Program Policy and Procedures Manual ("P&P Manual"). From January 2002 through September 2014, SDG&E has treated close to 220,000 low income households through the ESA Program. This represents approximately 76% of the Commission's Programmatic Initiative of treating all eligible and willing homes in SDG&E's Service Territory. During the 2015-2017 program cycle SDG&E will continue its effort to achieve the goals of the Programmatic Initiative.

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[3] See Public Utilities ("P.U.") Code 739.1 (b).
[4] D.07-12-051, Findings of Fact 8 and Ordering Paragraph ("OP") 4.

B. California Alternate Rates for Energy ("CARE") Program

The CARE Program provides a bill discount to residential households with a total household income at or below 200% of the Federal Poverty Guidelines.[5] The CARE Program is also available to qualified non-profit group living facilities (such as homeless shelters and women's shelters), certain types of agricultural employee housing, and agricultural housing facilities managed by the Office of Migrant Services. Administrative costs associated with the Cool Zones, and the Community Help and Awareness of Natural Gas and Electricity Services ("CHANGES") Pilot programs are currently funded through the CARE program budget.[6]

Beginning in 2015, the CARE discount will be extended to Food Banks (subject to the Commission's direction and supervision) that have an executed agreement with the State Department of Social Services to participate in the Emergency Food Assistance Program administered by the Food and Nutrition Service of the United States Department of Agriculture.[7] SDG&E's proposed CARE budget for PY2015-2017 does not project costs to implement this new element of the CARE program, pending further Commission direction and supervision. However, should the Commission develop the new rules and policies for implementing this new CARE component during the 2015-2017 program cycle, SDG&E proposes to record any expenses incurred in the CARE Balancing Account and seek cost recovery through the annual Advice Letter filings made to update the electric public purpose program rate and public purpose program gas surcharge rate.

[5] Assembley Bill ("AB") 327.
[6] D.04-02-057 determined that Administrative costs for FERA should be charged to the CARE outreach cost category. OP 1 of Commission Resolution E-3873 determined that Cool Centers be funded from the CARE Program as an outreach expense. Commission Resolution CSID-004 authorized funding for the CHANGES Pilot Program through the CARE Program Budget. Conclusion of Law ("COL") 53 of D.14-08-030 determined that it is reasonable to continue to fund the CHANGES pilot program pending further pilot review and during the bridge funding period authorized in the Decision.
[7] AB 2218 was signed by California Governor Brown on September 26, 2014.

III. SUMMARY OF THE ESA AND CARE PROGRAMS AND BUDGETS APPLICATIONS FOR THE 2015-2017 PYs

A. ESA Program Summary and Requests

In general, SDG&E plans to continue its existing program design during program year 2015 and provide program enhancements to respond to the drought emergency directive from California's Governor Brown, the development of the contractor training program, the coordination with California Lifeline and Covered California, and the implementation of two behavioral approaches to aid customers in conserving energy. During 2015, SDG&E is requesting a change to its existing mix of measures offered through the ESA Program projected to occur in the fourth quarter provided the Commission issue a decision in this proceeding by the end of the third quarter of 2015. SDG&E plans to treat a total of 20,316 homes per year, which totals 60,984 homes for the 2015-2017 program cycle. Based on current estimates, SDG&E projects that it will complete treating all eligible and willing homes in early 2018.

However during the 2016-2017 program years, SDG&E expects to continue with the program enhancements offered in 2015 as mentioned above. SDG&E's proposed additional measures and program enhancements are provided below:

1. New and Updated Measures

- Screw in LED lamps;
- Heat pump water heaters;
- Tub diverters;
- Tier 2 Smart Power Strips;
- Efficient Fan Controller/Enhanced Time Delay
- Combined showerhead/thermostatic shower valve; and,
- Prescriptive duct sealing.

More details about these new and updated measures are presented in the Prepared Direct Testimony of SDG&E ESA Program witnesses Sandra Williams and Horace Tatum IV, at pp. 8-9.

2. Contractor Training Program

In response to the recommendation from the 2013 Statewide Energy Education Study[8] SDG&E proposes to implement a Contractor Training Program that will focus on providing standardized training to its contractors' residential outreach specialists ("ROS").[9]

SDG&E is the only Investor Owned Utility ("IOU")[10] in California which does not currently conduct formal contractor training, which in the past has been provided directly by its ESA Contractors. SDG&E has undertaken extensive information gathering to prepare for the transition to provide formalized training. Representatives from SDG&E ESA Program spent four weeks attending ROS training at Pacific Gas &Eelectric ("PG&E), Southern California Edision ("SCE"), and Southern California Gas Company ("SoCalGas") facilities and plans to incorporate best practices observed at those trainings into SDG&E's training module. In addition, multiple focus groups were conducted with customers who received service from the ESA Program to obtain their feedback on the ESA Program enrollment process with special attention paid to the energy education provided by ROS.

In order to standardize and improve performance of contractor personnel, SDG&E is working with La Cooperativa, Proteus Inc., and the San Diego Center for Employment Training ("CET") to design, develop and deploy ESA program training. SDG&E anticipates that

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[8] Key Recommendation #1, Final Report Energy Savings Assistance Program Energy Education Research 2013, by HINER & Partners, Inc., Dated October 2013, at p. 9.
[9] See Prepared Direct Testimony of SDG&E ESA Program witnesses Sandra Williams and Horace Tatum IV, at pp. 8-9.
[10] The other IOUs include San Diego Gas & Electric ("SDG&E"), Pacific Gas and Electric ("PG&E"), and Southern California Edison Company ("SCE").

standardizing the training across the contractor network will help to elevate individual performance. In addition, the training will link as closely as possible the assessment and installation process in an effort to ensure a seamless transition during the customer hand off.[11] This will enhance the customer experience with the program by setting appropriate program expectations and providing excellent customer service.[12]

CET will also provide training opportunities to individuals attending other training held at their facility. This will include structured, hands on, easy to follow training program along with remedial training options for continued improvement. This component will act as a feeder to the ESA Program. CET will also offer Weatherization modules to familiarize trainees with the P&P Manual and the California Installation Standards Manual.[13]

3. Expanded Marketing Education & Outreach

SDG&E also plans to enhance its existing marketing, education, and outreach efforts by using a new customer segmentation strategy which improves how customer data is used and help better identify SDG&E's ESA Program target audience. SDG&E will continue to leverage general awareness education efforts while incorporating new tactics, such as an interactive tool, customized home energy usage report, and targeted campaigns to multi-family property owners and managers.

SDG&E ESA Program witness, Horace Tantum provides further details about SDG&E's PY2015-2017 ESA Program marketing and outreach plans.

[11] See Prepared Direct Testimony of SDG&E ESA Program witnesses Sandra Williams and Horace Tatum IV, at pp. 9-10.
[12] See Prepared Direct Testimony of SDG&E ESA Program witnesses Sandra Williams and Horace Tatum IV, at pp. 9-10.
[13] *Id.*

B. CARE Program Summary and Requests

For PY2015-2017, SDG&E plans are to continue to improve on many of the successful and existing strategies developed over the past several years, incorporate best practices being utilized amongst the large IOU, and improve upon existing efforts to retain enrollment of qualified customers who are required to recertify their eligibility or who have been selected for PEV. SDG&E also reviewed recommendations contained within the Low-Income Needs Assessment ("LINA") Study, which identified areas of opportunity for SDG&E, to develop strategies to increase enrollment in underserved communities.

For 2015-2017, CARE will also continue to align itself with the SDG&E marketing efforts for all residential customers to deliver comprehensive offerings that customer's value and find easy to understand. SDG&E will also improve on how it identifies and targets customer segments which have historically been hard-to-reach, as well as providing more customized messages, when possible. The following is a summary of CARE Program plans presented in the Prepared Direct Testimony of CARE Program witness Sandra Williams and Horace Tantum IV, at pp. 9-11.

<u>Connect through mass marketing</u>

Mass marketing campaigns focus on improving the general awareness and provide a platform for higher-level program education including, overall program offer, benefits, and qualifications/eligibility. SDG&E will continue to promote the CARE program through mass marketing tactics (i.e. television, radio, print, online media, social media, bill inserts) to remind that these programs are available. Using mass marketing provides a foundation and overall awareness to customers that the program is available and allows SDG&E to leverage direct marketing and community engagement tactics to improve customer enrollment.

Connect with individual customers

SDG&E is proposing to implement a process to allow live CARE enrollment through SDG&E's Customer Contact Center. Starting in 2016, the Customer Contact Center will begin enrolling customer in CARE by phone through the Energy Service Specialist ("ESS") as agreed to in the current Residential Disconnection Settlement Agreement ("Settlement Agreement"), adopted by the Commission in D.14-06-036.[14] As part of the settlement agreement, SDG&E agrees to seek funding for this activity as part of its Low-Income Programs proceeding.

SDG&E will also continue targeted outreach and engagement efforts through direct marketing tactics, such as automated phone enrollment campaigns, email campaigns, multi-lingual door-to-door enrollment, and direct mail. Using newly available customer data elements, such as a customer's willingness to take action towards their energy consumption, SDG&E will improve on current initiatives by providing customized messaging and tactics for customer enrollment. For example, customers will receive a CARE direct mail piece with a customized rate education report that will include information on potential bill savings if the customer were to enroll in CARE.

Additionally, a multi-channel approach will continue to be utilized with hard-to-reach customers who may not initially engage through the use of a single tactic such as direct mail or e-mail. Follow-up live or automated phone enrollment calls will be utilized to support previous direct mail or email efforts. Automated calls are available in English and Spanish, while agents making live calls will have the availability of utilizing the Language Line, should additional languages be necessary.

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[14] D.14-06-036 Final Decision Approving Settlement Agreement on Credit, Collection, and Disconnection Practices, Attachment A, Article 4.3.1. Parties to the Settlement Agreement include: Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, Southern California Gas Company, The Utility Reform Network, Greenlining Institute, the Office of Ratepayer Advocates, and the Center for Accessible Technology.

SDG&E will also continue to simplify enrollment processes for customers whenever possible. For instance, by combining the online enrollment process featured on the SDG&E website, customers can now sign up for both the CARE and ESA Programs through one web portal, instead of two. Customers submit eligibility information and are validated against SDG&E databases to determine the appropriate program offering. If the customer meets program eligibility criteria for CARE, and the premise has not been served by the ESA Program, the customer will be offered both programs. If the eligibility indicates they meet the criteria for the FERA Program, they will be offered an opportunity to enroll in FERA.

In order to retain eligible customers in CARE, SDG&E will continue to build on successful recertification strategies, such as notifying customers by phone that they are due to recertify their eligibility. SDG&E will expand notification efforts to include alerts through SDG&E's MyAccount or the SDG&E mobile app. SDG&E will expand the notifications to customers who are being asked to provide income verification as a requirement for continued participation. SDG&E will also be conducting data analysis and market research to identify opportunities to improve the income verification process in an effort to retain qualified customers in the program.

Connect to customers through partners

SDG&E has developed a solid foundation of partnerships with third-party organizations throughout the community. SDG&E utilizes community-based organizations ("CBOs"), government and community leaders, agencies, media and its own employees to connect customers to solutions including the CARE program. During the 2012-2014 program cycle, SDG&E implemented an Energy Solutions Partner network ("ESP") consisting of over 200 CBOs in select areas of its service territory, where there are high concentrations of potentially eligible CARE customers. SDG&E's close partnerships with these organizations have been successful in improving CARE and ESA Program enrollments. For instance, SDG&E successfully increased enrollments through CARE Partners (Capitation) from 2,574 in 2012 to 5,250 in 2013 and to over 5,300 in 2014 (January through September only). Additionally, multilingual representatives were recruited to help staff and engage customers at multicultural events and presentations. During PY2015-2017, SDG&E will continue building partnerships with organizations who directly serve these communities, especially those within the multicultural and special needs customer segments.

SDG&E is proposing to continue to aggressively promote CARE enrollment though mass marketing, direct marketing, and utilization of CARE community partners. SDG&E will also be adding new Customer Contact Center Phone enrollment, live phone enrollment through outbound calling, and increased door-to-door efforts in underpenetrated areas which is discussed in more detail in Section V. C. 1 below.

In order to improve the success of enrollment campaigns and increase penetration, SDG&E will improve targeting efforts by leveraging previously available data with newly available customer account data. SDG&E will overlay Athens Research data with its Residential Segmentation Study, which identifies distinct segments among residential customers based on various factors such as:

- Demographics and home characteristics;
- Household electricity consumption, contact history, program participation;
- Household-level PRIZM segments ;
- Perceived ability and willingness to take action to change energy consumption patterns and behaviors;

- Motivations for adopting new behaviors, including underlying values that drive decisions;
- Attitudes toward energy efficiency and environmental issues;
- Affinity for new technologies and energy management tools;
- Communication channel preferences;
- Preferred sources of information;
- Age of home; and
- Social media use.

By continuing to improve on the utilization of segmentation data, SDG&E will be able to be more efficient in targeting customers with CARE enrollment offering. Providing customers with the right message through the right channel will help improve response rates and improve participation rates for the CARE Program.

SDG&E continues to strive to meet the Commission's goal of enrolling 90% of eligible and willing customers in CARE. As such, SDG&E has estimated net enrollments of 8,000 in 2015, 17,000 in 2016, and 20,000 in 2017 to reach close to a 90% CARE penetration rate by 2017. For 2015, SDG&E is anticipating a significant drop in customers participation due the full implementation of the High Usage Verification ("HUV") process[15] and has therefore estimated a lower net enrollment rate for 2015.[16]

For 2016 and 2017, SDG&E's anticipates the commencement of new initiatives, such as Customer Contact Center phone enrollment, will help drive a significant increase in program participation, similar to the experience of SCE. SCE began enrolling customers in the CARE

[15] D.12-08-044 established additional verification requirments for customers with usage exceeding 400% of baseline as a condition for continued partiicaption.

[16] Prepared Direct Testimony of SDG&E CARE witnesses Sandra Williams and Horace Tatum IV, at pp. 7-8.

program through its Customer Contact Center in January 2010. Since implementation, SCE has reported Call Center enrollments as one of the most effective outreach methods, generating between 30% and 43% of all CARE enollments annually.[17]

In order to reach the projected enrollment goals and fund the 2015-2017 program cycle, SDG&E requests CARE administrative budgets of $5.48 million[18] for PY2015, $6.64 million for PY2016, and $6.83 million for PY2017.[19]

SDG&E's program plans have not dramatically changed from the previous program cycle; however, the addition of live Customer Contact Center phone enrollment, recertification and verification alerts, and simplifying the CARE/FERA Program enrollment process through SDG&E's mobile application, IVR, and the SDG&E website will create more strategic enrollment opportunities. Implementation of system enhancements will also be geared towards improving enrollment, recertification, and income verification processes. SDG&E will also continue using outreach channels proven to be successful during PY2012-2014. In addition, SDG&E proposes to utilize the ESA Program outreach and assessment contractors as door to door contractors to enroll eligible customers on the CARE Program who opt to not participate in the Energy Savings Assistance Program.[20]

SDG&E is working with the San Diego County Water Authority, including member water agencies (regulated and non-regulated entities) to leverage opportunities to promote the CARE and ESA Programs and improve program delivery. For example, in 2014, SDG&E coordinated efforts and staffed more than 20 events with water agencies where CARE and ESA

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[17] Southern California Edison Company's (U 338-E) Annual Progress Reports for Low Income Programs, for Program Years 2010, 2011, 2012 and 2013.
[18] SDG&E administrative budget for PY2015 was adopted in D.14-08-030, at OP 2.
[19] Prepared Direct Testimony of SDG&E CARE witnesses Sandra Williams and Horace Tatum IV, at pp. 45-48.
[20] Prepared Direct Testimony of SDG&E CARE witnesses Sandra Williams and Horace Tatum IV, at pp. 12-13.

Programs were actively promoted to all event attendees. SDG&E plans to continue these efforts during the 2015-2017 program cycle.[21]

SDG&E has identified organizations which include CBOs, tribal organizations, and other public and private organizations that work in conjunction with the California Lifeline and/or the Covered California agencies. SDG&E anticipates using the services of an outside contractor to develop and implement a grassroots program to support California Lifeline leveraging efforts.

SDG&E will continue to leverage with SoCalGas to coordinate outreach efforts in southern Orange County, the shared territory where SDG&E is the electricity provider and SoCalGas is the natural gas provider.

SDG&E is utilizing a comprehensive and integrated approach to coordinate outreach efforts through its network of over 200 ESPs, which represent the diversity of SDG&E's service area. For instance, at outreach activities with California Tribes, SDG&E is promoting the CARE and ESA Programs, along with energy efficiency programs including rebates and the Reduce Your Use thermostat, and tools including My Account/My Energy, online goals and alerts and the online Home Energy audit tool. Information on the CARE and ESA Programs are also promoted through various county and city health and human service agencies, such as the County of San Diego's Aging and Independence Services, as well as at county and city health and wellness events.

Further information about SDG&E's 2015-2017 CARE plans and budgets is discussed in more detail in the Prepared Direct Testimony of SDG&E CARE witnesses, Sandra Williams and Horace Tantum IV.

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[21] Prepared Direct Testimony of SDG&E CARE witnesses Sandra Williams and Horace Tatum IV, at p. 13.

IV. PROPOSED POLICY REVISIONS SPECIFIC TO THE ENERGY SAVINGS ASSISTANCE PROGRAM

Section II F. 1. of the Guidance Document directs the utilities to discuss the existing policies that should be reiterated and will be continued into the 2015-2017 program cycle, any existing policies that are being proposed to be retired, and any existing policies that are being proposed to be expanded or modified in the next cycle.

A. Existing Policies to Be Continued

SDG&E plans to continue to adhere to the existing ESA Program Policies as outlined in the Updated Energy Savings Assistance Program's Statewide Policy and Procedures Manual and others adopted in D.14-08-030 but seeks revisions to the methodology regarding the calculation of the projected number of homes remaining to be treated in order to meet the Commission's programmatic initiative, Commission-adopted policies which are discussed in more detail in Section III C. below.

B. Existing Policies to Be Retired

SDG&E does not propose to retire any of the existing Commission-adopted ESA Program policies during the 2015-2017 program cycle.

C. Existing Policies to Be Expanded or Modified

1. Recommendation regarding the methodology for calculating the projected number of homes remaining to be treated

In D.08-11-031, the Commission adopted a methodology for the IOUs to utilize to calculate the estimated number of ESA Program homes to be treated in order to meet the Commission's programmatic initiative of serving all willing and eligible households by 2020. The Commission's adopted methodology is as follows:

- Use the estimated number of income eligible households utilizing the estimates submitted in the IOUs annual Estimated Eligibility Updates.

- Add a 1% annual growth factor accounting for population growth and economic conditions.
- Deduct the estimated number of household "unwilling to participate" in the program. The Commission adopted a 5% factor based on the estimate from the 2007 Needs Assessment.[22]
- Deduct the number of homes treated by the ESA Program between 2002 through the year-end of the most current program year completed.
- Deduct the projected number of home treated by the Low Income Home Energy Assistance Program ("LIHEAP") between 2002 through year-end of the most current year completed. The number of homes treated for the current year (2014) should not be deducted from the next program cycle because the current year data is not finalized at the time the IOUs' applications are submitted for approval.
- Multiply the results by 25% to determine the estimated number of homes to be treated in the next program cycle.[23]

This methodology was used in the 2009-2011 and the 2012-2014 program cycle to set the ESA Program's goal for the number of homes to be treated.

In A.11-05-017, SDG&E requested authorization to increase the "unwillingness factor" from 5% to 15% based on actual results from tracking responses from over 38,000 customer leads that were contacted by the ESA Program to determine the number of customers who were unwilling or ineligible to participate in the program. SDG&E also proposed to modify the "unwillingness factor" to include the number of customers found to be "ineligible" because

[22] Phase II Low Income Needs Assessment Final Report, dated October 12, 2007.
[23] See D.11-08-031, at pp. 108-114.

SDG&E had more precise information on which to base its "unwillingness" factor.[24] However, in D.12-08-044, the Commission determined that it still did not have adequate data to modify the "unwillingness" figure and that the New Needs Assessment to be conducted in the upcoming months should inform the Commission for the upcoming 2012-2014 program cycle.[25]

In 2013, a new LINA Study was completed by Evergreen Economics, on behalf of the large IOUs.[26] As part of this study, a new estimate for a customer's "willingness to participate" in the ESA Program was developed. The basis for the revised estimate is the nonparticipant eligible population (those remaining after the number of treated households are deducted from the overall eligible population). The LINA Study estimated that 52% of the nonparticipant eligible population were willing to participate in the ESA Program when given the opportunity (i.e. 48% are unwilling). This number was derived from the responses to a statewide telephone survey and then adjusted to account for survey non-response bias. In using this factor, several considerations are important to keep in mind. First, the factor must be applied only to the nonparticipant eligible population. Second, the factor was estimated in 2013 and it is likely to change in the future. The primary reason for this is that as 2020 approaches, the remaining households to be treated will be the ones hardest to reach, and it is likely that a greater percentage of them will be unwilling to participate in the ESA Program. Third, the factor takes into account only income eligibility and willingness and does not take into account the feasibility

[24] In D.08-11-031, at p. 10, the Commission stated that future estimates of "unwillingness" calculations may be more precise and may be considered in the 2012-2014 program cycle.

[25] D.12-08-044, at p. 264. In addition,D.12-08-044 OP 109 (c) outlined requirements for the Needs Assessment Report to determine the "unwillingness" and remaining population for the CARE and ESA Program.

[26] Needs Assessment for the Energy Savings Assistance and the California Alternate Rates for Energy Programs Final Report, dated December 16, 2013.

of the home for receiving ESA Program measures. This is consistent with the methodology outlined in D.08-11-031 which also did not take this into account.[27]

For this Application, SDG&E used the established methodology described above, updating it with the new information from the recent LINA Study. In particular, this update consisted of using the new factor of 52% of the eligible nonparticipant population to estimate the number of households willing to participate (which corresponds to 46% of the eligible non-treated population being unwilling to participate). The calculation is outlined below:

- An estimate for the number of households in SDG&E's service territory that are eligible for the ESA Program as of January 2014 was provided by Athens Research.
- A one percent annual growth rate was applied to the estimate of eligible households to represent the population growth through the year 2020.[28]
- The percent of eligible but unwilling households was deducted from this estimate. (See below for the calculation of this percentage.)
- The number of households treated during 2002-2013 and the estimated number of homes to be treated in 2014 by the ESA Program was deducted.[29]
- The number of households treated by the LIHEAP from 2002-2013 and the estimated number of homes to be treated by LIHEAP from 2014-2020 was deducted.

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[27] Prepared Direct Testimony of SDG&E CARE witnesses Sandra Williams and Horace Tatum IV, at pp. 12-13.
[28] The use of the one-percent annual growth rate in the willingness calculation was adopted in D.08-11-031.
[29] The ESA Program treated homes for PY2002–2013 are reported in SDG&E's Annual Low Income Assistance Program Reports for PY2002-2013. ESA Program estimated treated homes for 2014 are based on the approved budget Application for 2012-2014.

- The remainder is the estimate of total eligible and willing homes to be treated by the ESA Program during the years 2015-2020.

Table 1 below presents a summary of the calculations:

Table 1: Estimation of Eligible Willing Households to Be Treated

Row Label	Description	Value
A	Athens Research estimate of eligible households	376,427
B	One percent annual growth rate for 2014 through 2020 (value in Row A * (1.01^7)	
C	Eligible but unwilling households (Row B * 19%)	77,721
D	SDG&E ESA Treated Homes 2002-2013	208,673
E	Estimate SDG&E ESA treated homes in 2014	20,316
F	LIHEAP treated homes in SDG&E’s area 2002-2013	16,729
G	Estimated LIHEAP treated homes in SDG&E’s are 204-2020	9,760
H	Remaining untreated eligible willing households (B-C-D-E-F-G)	70,381

The calculation for the percentage of total eligible that are unwilling to participate was based on the research conducted in the LINA Study. The LINA Study estimated that 48% of the eligible, non-treated homes would be unwilling to participate in the ESA Program. For 2013, the year in which the research was conducted, this is analogous to 19% of the total eligible population in SDG&E’s service territory. The calculations for this are described below:

- The number of households treated by the ESA Program and LIHEAP from 2002 – 2013 was deducted from the estimate of total eligible households received from Athens Research, resulting in an estimate of non-treated eligible households.
- The estimate of non-treated eligible households was multiplied by 48% (from the LINA Study) resulting in the number of eligible, unwilling households.
- The number of eligible unwilling households was divided by the total eligible households is the proportion of the total eligible population that is unwilling to participate in the ESA Program.

Table 2 below presents a summary of the calculations:

Table 2: Proportion of Unwilling out of Total Eligible Households

Row Label	Description	Value
A	Athens Research estimate of eligible households on 1/1/14	376,427
B	SDG&E Treated Homes 2002-2013	208,673
C	LIHEAP Treated homes in SDG&E area 2002-2013	16,729
D	Remaining eligible untreated homes (A-B-C)	151,025
E	Unwilling households (D * 48%)	72.492
F	% Unwilling out of total eligible (E/A)	19%

In summary, SDG&E recommends that the Commission adopt the revised methodology for estimating the number of households treated for the 2015-2017, resulting from the findings from the 2013 LINA Study. It is also recommended that the Commission continue to fine tune the methodology on an ongoing basis based on the results of future LINA Studies.

2. ESA Program Fund Shifting Rules

The Commission formalized its rules for shifting program funds between program cost categories, sub-categories, and across program years and program budget cycles in D.08-11-051 and modified in D.10-10-008 for the CARE and ESA Programs. The Commission's adopted fund shifting rules also established requirements for requesting and reporting any such fund shifting. D.12-08-044, at OP 135 (b) reaffirmed and continued the Commission's adopted fund shifting rules in the 2012-2014 program cycle. OP 135 also requires IOUs to seek prior Administrative Law Judge written approval to shift carryover funds between their gas and electric departments by filing a motion pursuant to Article 11 of the Commission's Rules of Practice and Procedure.

SDG&E seeks Commission reconsideration of its policy requiring utilities to file a motion to request a fund shift of carryover funds between its gas and electric departments. SDG&E recommends that utilities be permitted to use an Advice Letter process consistent with the Fund Shifting Rules adopted for the current Energy Efficiency Programs.[30] Utilizing the Advice Letter would permit a more efficient administrative review process and would result in a more timely decision on the fund shifting request.[31]

3. Request to fund new water/energy nexus efforts achieved during the 2015-2017 esa program from green house gas forecasted revenues consistent with the forecast set aside for incremental energy efficiency and clean energy programs authorized in D.14-10-033.

Working with local water agencies and water utilities, the projects SDG&E proposes in this application as part of the total programs SDG&E will administer go beyond existing SDG&E Energy Efficiency programs to reduce greenhouse gas ("GHG") emissions related to water supply, use, and conveyance. Therefore, it is requested that funding of $3,630,000 for these water-related programs be funded by GHG allowance revenues in accordance with D.14-10-033. The request satisfies 748.5(c) in that the main goal of this project is GHG reductions and it is a request for funding of new projects, incremental to existing SDG&E Energy Efficiency programs and not otherwise funded.[32] Water conservation projects have been recognized by both Governor Brown's office and the California Air Resources Board as GHG reducing projects.[33] These projects are better funded through GHG allowance revenues since not all the monetary savings accrue to electricity ratepayers; some savings are in the form of reduced water use, benefitting water ratepayers through reduced water bills. SDG&E will have $11.645 million in GHG allowance revenues available in 2015 for funding of incremental energy

[30] Attachment C: Adopted Fund Shifting Rules, Energy Efficiency Policy Manual, Version 5, dated July 2013.
[31] Prepared Direct Testimony of SDG&E ESA Program witnesses Sandra Williams and Horace Tatum IV, at p. 27.
[32] D.12-12-033 Finding of Fact 80 indicates," A program or project that falls under the purview of a statutorily created program over which the Commission has jurisdiction, such as energy efficiency or the Renewables Portfolio Standard, is considered to be 'established pursuant to statute' for the purposes of § 748.5(c)."
[33] California Air Resources Board, Cap-and-Trade Auction Proceeds Investment Plan: Fiscal Years 2013-14 through 2015-16, pp. 20 and 26.

efficiency and clean energy investments.SDG&E recommends that the ESA Program Brand Identity Should Not Change as Suggested by the 2013 Low Income Needs Assessment

The 2013 LINA Study recommends that the ESA Program should consider establishing a clearer identity and brand by which customers consistently hear about the program and are able to refer to it when discussing with the friends, family, and neighbors."[34] SDG&E does not adopt this recommendation.

In D.07-12-051, the Commission directed the assigned Administrative Law Judge, in consultation with the Assigned Commissioner, to schedule workshops to consider the development of a common branding strategy for California's low income energy efficiency products and services and directed utilities to develop a tagline that can be used with the program names used by the utilities.[35] On April 1, 2008, an Assigned Commissioners Ruling directed the IOUs to develop a statewide LIEE tagline to use with their program names.[36]

The tagline was discussed and suggestions offered at two low income energy efficiency program Strategic Planning workshops held on January 8, 2008 and April 3, 2008. No consensus was reached on a tagline for the program.

During 2008, the IOUs began the process of trying to coordinate their program names and taglines and hired a market research company, Travis Research, to test various possibilities for the statewide program name and tagline.[37] Market research was conducted with customers residing in areas served by the utilities to gauge their reactions to potential program names and

[34] Needs Assessment for the Energy Savings Assistance and the California Alternate Rates for Energy Programs, Volume 1: Summary Report, dated December 16, 2013; Summary of Key Findings and Recommendations #14, at p. viii.
[35] D.07-12-051, OP 12 (3).
[36] Assigned Commissioner's Ruling Providing Guidance for Low-Income Energy Efficiency 2009-2011 Budget Applications (Guidance Document), filed April 1, 2008, Section V(D)(1) and Assigned Commissioner's Ruling Ordering Large Investor-Owned Utilities To Comply With Prior Commission/Commissioner Directives, dated June 13, 2008.
[37] "Low Income Energy Efficiency (LIEE) Program Name/Description Qualitative Research Results," prepared by Travis Research, dated June 19, 2008.

descriptions for the program. The research also served to: 1) identify the energy savings methods customers are currently using (aside from those presently sponsored by their utility; 2) probe the awareness and understanding of the Low Income Energy Efficiency program; and, 3) gain insight as to customer impressions of the LIEE program. A total of 20 focus groups were conducted throughout the various IOU service territories including Los Angeles, Orange county, San Diego, and the San Francisco Bay area (Concord) with income-qualified utility customers. The focus groups were conducted June 4, 2008 – June 12, 2008. Focus groups consisted of the following: English-speaking/non senior program participants; English-speaking/non-senior/non program participants; English-speaking seniors both participants and non-participants; Spanish-speaking program participants; and, Spanish-speaking non-program participants. Based on the Findings of this research, the consultant indicated that combination program name and tagline that most appealed to a broad range of utility customers might be: “Energy Savings Assistance Program” with the tagline “A no-cost energy-saving home improvement program for (income) qualified renters and homeowners.” The IOUs concurrently presented their recommendations to the Commission in response to an Assigned Commissioner’s Ruling, dated June 13, 2008.[38]

In D.08-11-031 the Commission discussed the progress the IOUs had made in trying to coordinate their program names and taglines, including the testing of various possibilities. However, the Commission articulated its intent to engage marketing professionals and others to develop the statewide Marketing, Education, and Outreach program and determined that it was premature to decide whether or not the IOU’s proposed program name and tagline was acceptable.[39]

[38] Response of San Diego Gas & Electric Company to Assigned Commissioner’s Ruling Ordering Large Investor-Owned Utilities to Comply with Prior Commission/Commissioner Directives, dated June 13, 2008.
[39] D.11-08-031, at p. 66.

In an Assigned Commissioner's Ruling ("ACR")[40] dated May 30, 2011, the Commission articulated its intent to standardize and do away with all of the differing individual utility's program names and to roll out a clearly identifiable program name that would be used by the Commission and all utilities that would be instantly recognized by low income customers. The ACR recognized the IOUs and Commission contracted a brand consulting firm to research and develop a brand name, a single program name, and logo to be used by all of the Utilities for all of their low income energy efficiency programs. IOUs were directed to begin using the new statewide program name known as the Energy Savings Assistance Program, including the logo, in place of the former generic references to the low income program and the various utility-specific low income energy efficiency program names used to date by the utilities. In the May 30th ACR the Commission also determined that:

> [t]his single recognizable and trustworthy brand for the low income energy efficiency program will aid in heightened visibility of and elevated awareness by the potentially eligible customers of the Commission's energy efficiency program for the low income sector. It will also eliminate customer confusion with the different Utilities' utility-specific program names. In turn, heightened program visibility and elevated customer awareness of the program will lead to more at first, and hopefully an ultimately, of the eligible customers participating in the program toward the Strategic Plan's 2020 goal.

The IOUs and the Commission have already expended significant resources and funding of approximately $300,000 in developing the existing Energy Savings Assistance Program brand. SDG&E does not recommend adopting the recommendation from the 2013 Low Income Needs Assessment that the program should consider establishing a clearer identity and brand for

[40] Assigned Commissioner's Ruling Providing Guidance Concerning the California Alternative (*sic*) Rates for Energy (CARE) and the Energy Savings Assistance Program (Formerly and Generally Referred to As Low Income Energy Efficiency (LIEE) Program and Related 2012-2014 Budget Applications, dated May 30, 2011.

the ESA Program as it would not be a prudent use of ratepayer funds to expend additional resources for this effort.

In the majority of SDG&E's marketing and outreach efforts, both targeted and general awareness, CARE and the ESA Program are promoted as companion programs. CARE is positioned by its offer of an energy bill discount that can provide qualifying customers instant savings on their energy bill, while ESA is promoted as a no-cost energy-efficiency upgrades to the home that can continue to help customers save energy and money in the long-term. Both programs are identified also by the “brands” of CARE and Energy Savings Assistance Program.

SDG&E strongly believes that having customers understand the value of these services -- the actual offer and what the customer receives -- takes priority over branding/name awareness and leads to better customer engagement. In fact, in a 2013 SDG&E usability study (for the CARE/ESA Program joint online application) SDG&E noted that all the participants in this research were aware that SDG&E offered assistance to lower-income customers, and many recalled marketing efforts such as calls and bill inserts. However, name recall was extremely low.

It is also not surprising that CARE has more widespread brand awareness (per the 2013 LINA study) given that this program name has had several more years in market than ESA Program. Additionally, the CARE name has only been through one name change in the past twenty plus years, whereas the ESA Program has had multiple names with its most recent change only being a few years ago. The ESA Program brand may also be confused with many other home upgrade offerings including Middle Income Direct Install (“MIDI”), Multi-Family Energy Efficiency Rebate (“MFEER”) and Energy Upgrade California - Home Upgrade Program (“EUC-HUP”). Additionally the ESA Program is generally only executed for the customer once, whereas the CARE Program offer receives much more visibility with the customer over the span of time that the customer is on CARE (i.e. – Customer recertification, program changes move to a new residence, etc.)[41]

SDG&E will continue its efforts of spreading awareness of the ESA Program, not only in conjunction with CARE, but by integrating program messaging as part of its residential, marketing and outreach efforts. For example, SDG&E plans to promote the importance of saving through an energy bill discount along with longer term savings through the ESA Program.

4. Considerations Associated with Wage-Floor or Prevailing Wage As Recommended by the WE&T Consultant

The Commission, in its Guidance Document that a Workforce Education and Training ("WE&T") consultant may recommend instituting a wage floor or prevailing wage for contractors participating in the ESA Program.[42] The utilities were directed to provide an estimated budget with cost effectiveness implications and address other considerations, including timing when such an initiative could be implemented. As discussed further in the Prepared Direct Testimony of Sandra Williams and Horace Tatum IV, SDG&E conducted a voluntary survey of its contractors in an attempt to gain additional information on a wage floor or prevailing wage that can be used to assess the impact to the Program. In their responses, contractors did not identify cost savings associated with a decrease in turnover costs, an increase in productivity or an increase in work quality. Based on the input it received from its survey, SDG&E estimates that implementing a $17 wage floor will result in an approximate budget increase of $2.970 million to cover the 2015-2017 program cycle. And, SDG&E estimates that implementing a $27 prevailing wage will result in an approximate budget increase of $14.851

[41] Prepared Direct Testimony of SDG&E ESA Program witnesses Sandra Williams and Horace Tatum IV, at p. 94.
[42] D.14-08-044, Attachment Q, Guidance Documents and Templates for 2015-2017 Applications for the ESA and CARE Programs and Budgets, at p. 25.

million during the 3-year program cycle. The impact to SDG&E's program portfolio cost-effectiveness is demonstrated in the table below.[43]

Table 3 – Potential Impact to Program Portfolio Cost Effectiveness

	Proposed Costs		Wage Floor		Prevailing Wage	
Program Year	ESACET	Net Benefits $	ESACET	Net Benefits $	ESACET	Net Benefits $
2015	0.79	(5,517,634)	0.76	(6,402,561)	0.67	(9,942,268)
2016-2017	0.78	(12,819,005)	0.75	(14,704,106)	0.67	(22,244,514)

Since the information on wage floors and prevailing wages is provided for illustrative purposes only, neither has been included in SDG&E's proposed budgets and program plans. In the event the Commission should take certain action directing the IOUs to adopt wage floors and/or prevailing wages during the 2015-2017 program cycle, SDG&E would need to augment is proposed ESA Program budget.

The potential of implementing a wage floor or prevailing wage will have significant budget and administrative impacts on the ESA Program as well as negatively impact the program's ability to offer "cost –effective" measures to qualifying households.

SDG&E recommends the Commission take no further action should to require wage floors or prevailing wages for the ESA Program without a formal recommendation by the consultant with sufficient justification to warrant this change in Commission policy.

V. PROPOSED POLICY REVISIONS SPECIFIC TO CARE and FERA

A. Existing CARE Policies to Be Continued

SDG&E plans to continue to adhere to the existing CARE Program Policies including maintaining the current list of public assistance program under which a household can categorically qualify for CARE, enhance Post Enrollment Verification for High Use CARE Customers; and other new policies adopted in D.14-08-030.

[43] Prepared Direct Testimony of SDG&E ESA Program witnesses Sandra Williams and Horace Tatum IV, at p. 27.

B. Existing CARE Policies to Be Retired

SDG&E does not propose to retire any of the existing Commission-adopted CARE Program policies during the 2015-2017 program cycle.

C. Existing CARE Policies to be Modified or Expanded

1. Request for Authorization to Use CARE Program Funds for CARE Enrollments through SDG&E's Customer Contact Center

SDG&E proposes to implement a process to enroll customers into CARE through its Customer Contact Center beginning in 2015. SDG&E is, therefore requesting Commission authorization to charge these incremental costs to the CARE program, rather than to base rates.[44] As part of a Settlement Agreement reached with several parties in Rulemaking ("R.") 10-02-005, addressing Credit, Collection, and Disconnection Practices, SDG&E agreed to seek funding through the low income proceeding to provide access to a live representative for CARE enrollment by telephone.[45] The Settlement Agreement was approved by the Commission in D.14-06-036.

In D.02-09-021, the Commission required that all low income program costs funded from the public goods charge be incremental costs. The Commission determined that administrative costs booked to the low income assistance balancing accounts must be "incremental" (not provided for in the utility's base rates).[46] In D.05-04-052 the Commission determined that the cost of SDG&E's call center to inform customers about CARE are not incremental cost (which would not have to be incurred but for the presence of the CARE program) and, therefore, these costs should be charged to base rates instead of the CARE program.

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[44] In D.05-04-052, the Commission determined that costs for call centers to inform customers about the CARE program should be charged to base rates, and not the CARE Program.
[45] See Attachment A of D. 14-06-036, Settlement Agreement Among The Office of Ratepayer Advocates, The Utility Reform Network, The Greenlining Institute, The Center for Accessible Technology, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company, Article 4.3.
[46] D.02-09-021, at OP 8.

In D.05-04-052, the Commission found that D.89-09-044[47] does not stand for the proposition that an IOU may cover customer call center costs from PGC funds, that a utility must have call center staff in place regardless of whether it offers LIEE/CARE services, and that cost of call center staff should be recovered in a utilities' base rates, rather than as part of the public purpose funding.[48]

In D.08-11-031, the Commission adopted a statewide CARE penetration goal 90%. In D.12-08-044, the Commission retained the 90% goal for CARE and directed utilities to focus their efforts during the 2012 – 2014 program cycle on aggressive outreach activities and other program enhancements designed to ensure the integrity of the CARE program and required utilities to effectively manage and administer the program to ensure the benefits reach only the intended eligible customers.

Over time, SDG&E has been challenged in meeting the Commission's 90% penetration goal for a number of reasons. SDG&E has identified some unique challenges that affect SDG&E's enrollment efforts but do not affect the other IOUs in the same manner.[49]

- Data Sharing - The other IOUs have larger overlapping areas where they are able to share CARE enrollment information. For example, if SoCalGas enrolls a customer that is a shared customer of SCE, SCE is able to enroll that customer into CARE without any need to further engage in enrollment efforts. Since SDG&E's service territory overlaps with only a small portion of SoCalGas' service territory, enrollment results from data sharing have had limited results. For example, data sharing efforts in 2013 only resulted in 164

[47] In D.02-09-021, the Commission required that all low-income program costs funded from the public goods charge be incremental costs and tat utilities were given clear direction that the administrative costs book to the low income assistance balancing accounts must be 'incremental costs" i.e., not provided for in base rates.
[48] Conclusion of Law 13 and 15
[49] Prepared Direct Testimony of SDG&E ESA Program witnesses Sandra Williams and Horace Tatum IV, at pp. 26-28.

CARE enrollments for SDG&E. However, SoCalGas was able to enroll 64,613[50] through its data sharing efforts, while SCE enrolled 36,821.[51]

- The number of customers removed for ineligibility or non-response during the CARE recertification process or PEV process has almost doubled since 2011. A contributing factor is the number of verification requests increasing from a little over 9,000 in 2011 to over 14,000 in 2013.
  - 2011 Verification removal rate = 1.8% of CARE population vs. 2.45% in 2013; and
  - 2011 Recertification removal rate = 2.8% of CARE population vs. 5.2% rate in 2013.
- Marketing tactics previously used are no longer yielding the same enrollment results. For example, in 2011 telephone enrollment campaigns yielded a 2% response rate. In 2013, that rate decreased to less than 1%.
- The implementation of the automated CARE HUV Process is expected to negatively impact CARE participation. In 2013, the impacts were small due to the utilization of a manual process. However, 90% of the 600 customers who were selected for HUV have been removed for non-response. Once fully implemented, thousands of customers may be removed. For example, in September 2013, over 11,000 CARE customers reached usage of above 400% of baseline. This number extends to over 20,000 when considering the impact the very hot summer of 2014 has had on customer usage. If 90% are removed, approximately 18,000 customers would drop in one month which would be a significant impact to enrollment. This is an extreme example since SDG&E only has minimal data on response rates associated with the High Use CARE customers.

[50] Southern California Gas Company 2013 Annual Report, Table 2, Inter-Utility Automatic Enrollment.
[51] Southern California Edison 2013 Annual Report, Table 2, Inter-Utility Automatic Enrollment.

On April 1, 2014, in R.10-02-005, SoCalGas/SDG&E, SCE, PG&E and the Office of Ratepayer Advocates, The Utility Reform Network, Greenlining Institute, and the Center for Accessible Technology filed a Petition for Modification of D.12-03-051 and D.12-03-054 and a Motion requesting approval of the Residential Disconnection Settlement Agreement ("Settlement Agreement"). [52] As part of the Settlement Agreement, SDG&E agreed to request Commission authorization to fund the incremental costs of having its Customer Contract Center representatives enroll customers onto the CARE rate from its CARE balancing account.[53]

The Commission has set a precedent of charging the costs of enrolling customers into the CARE program as an incremental CARE program cost. In D. 12-08-044, the Commission authorized Southern California Edison's request to fund the incremental costs for enrolling customers onto the CARE rate through its customer contact center to its CARE balancing account.[54] In D.14-08-030, the Commission articulated its support for enrollments using utilities' call centers, indications that it is a cost effective and efficient channel for enrolling customers into the CARE program. The Commission also recognized that, in light of the increased post-enrollment verification ("PEV") rates for the 2012-2014 cycle, which could lead to a decrease in the number of CARE enrollees, it is even more important to ramp up and support CARE enrollments to offset the potential attrition due to the increased PEV activities.[55]

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[52] Petition of the Office of Ratepayer Advocates; The Utility Reform Network; the Greenlining Institute; The Center for Accessible Technology; Pacific Gas and Electric Company (U93E), Southern California Edison Company (U 338-E); San Diego Gas & Electric Company (U902M); and Southern California Gas Company (U 904G) to Modify Decision 10-12-051 and 12-03-054.
[53] SDG&E has concurrently requested funding for this incremental call center costs in its test year 2016 General Rate Case ("GRC") Application tp be filed in November 2014. Should the Commission approve SDG&E's request in this proceeding, SDG&E will remove the request from the GRC proceeding.
[54] D.12-08-044, at Footnote 108 states that SCE should continue its current practice of using its call center operations organization to continue enrolling eligible customers on the CARE rate and charge incremental expenses to the CARE Program budget during the 2012-2014 program cycle.
[55] D.14-08-033, at p. 32.

SDG&E is requesting CARE administrative cost of $78,608 for 2016 and $80,738 for 2017 for 1.5 FTEs to support CARE program enrollment through its customer contact center and to fund this activity through the use of CARE program funds, rather than to base rates. These cost estimates only represent the incremental costs for the ESS staff to actually enroll the customer in CARE, and excludes any other costs related to the time needed to explain the program and to respond to customer's questions, which are currently funded through base rates.[56]

SDG&E proposes that beginning in 2016 the Customer Contact Center will begin providing CARE enrollments by its customer contact center staff as agreed to in the Residential Disconnection OIR proceeding settlement agreement. As part of that Settlement Agreement, SDG&E agreed to seek funding for this activity as part of its low income proceeding. However, because of prior Commission directives in D. 05-04-052 disallowing call center costs to be charged to the CARE Program, SDG&E is making a concurrent request in its test year 2016 GRC, in the event the Commission rejects the funding request in this proceeding. Should the Commission authorize the incremental funding to enroll customers in CARE in this proceeding, SDG&E will make an adjustment to its request its customer contact center forecast in its Test Year 2016 GRC.

2. Request to Extend the Due Date for Submittal of Annual CARE Eligibility Estimates

SDG&E joins Pacific Gas and Electric Company, Southern California Edison Company, and Southern California Gas Company (together the "Joint Utilities") in requesting an extension of the deadline to submit the annual estimate of customers eligible for the CARE program from December 31st to February 12th of each year. The extension will enable the Joint Utilities' consultant, Athens Research, to incorporate current year Department of Health and Human Services poverty guidelines in the estimates. The extension will also allow the consultant to

[56] Prepared Direct Testimony of SDG&E CARE Program witnesses Sandra Williams and Horace Tatum IV, at p. 29.

collect current U.S. Census products and other key data series, which are generally available by late December of each year.

As background, the Joint Utilities requested an adjustment to the deadline for submitting the annual eligibility estimates from October 15th to December 31st of each year in their Compliance Filing Regarding the Annual Estimates of CARE Eligible Customers in February 2012. The Commission approved the request and adjusted the annual deadline to December 31st in D.12-08-044. Subsequent to this Decision, the Commission determined that CARE eligibility should adhere to the federal poverty guidelines in compliance with Public Utilities Code 739.1(b)(1), which states that CARE shall serve households with incomes that are no greater than 200 percent of the federal poverty guideline levels. The Federal Department of Health and Human Services typically updates these guidelines near the end of January each year. The requested extension is necessary to allow the Joint Utilities to incorporate these revised guidelines into the annual estimates each year.

U.S. Census products that are key sources for the estimates include the American Community Survey one year Public Use Microdata Sample, and the American Community Survey five year summary file. These and other products generally have release dates in the last three months of each year, with November and December releases or re-releases common when there are issues encountered by the Census Bureau.

Monthly data sources included as part of the CARE eligibility analysis include California Employment Development Department county, Metropolitan Statistical Area Labor Market Information Division labor force and employment data, and the U.S. Census and Bureau of Labor Statistics Current Population Survey ("CPS") which serves as a source for modeling the effects of labor market transitions experienced by individuals. The Joint Utilities' annual CARE eligibility estimates will be more accurate if the monthly data for December is incorporated into the analysis.

As in past years, extending this deadline will have no adverse impact on the low income programs. The Joint Utilities first would utilize the new CARE estimates for reporting penetration rates in the February 21st monthly reports detailing January program activity each year.

3. Request to Revise Commission Policy to Reimburse ESA Program Contractors for CARE-Only Enrollments in Circumstance Where A Qualified Customer Has Declined to Participate in the ESA Program

In D.01-05-033, at pp. 44-45, the Commission authorized utilities to reimburse non-profit agencies that assist their clients to fill out a CARE (known as a "capitation fee") in conjunction with their other daily activities. The decision determined that the fee would cover the incremental costs for the agency spent helping clients fill out the CARE application form and would only be paid on a fixed fee basis for each successful CARE enrollment. The Commission also determined that the capitation fee would only go to those organizations which are not otherwise required or reimbursed for such services (not to ESA Program contractors).

In the 2015-2017 program cycle, SDG&E proposes to utilize the ESA Program outreach and assessment contractors to work as CARE door-to-door contractors that sign-up eligible customers to the CARE Program. Currently the ESA Program outreach and assessment contractors canvass neighborhoods to enroll eligible customers in the ESA Program. Through the ESA Program enrollment process, customers are also provided with the CARE Program information and if interested are signed up for CARE at that time. However, during the ESA Program canvassing, missed opportunities where identified related to CARE promotion and enrollments. Currently, if during the ESA Program canvassing efforts, a customer decides they are not interested in the ESA Program, the ESA Program contractors walks away without discussing the CARE program.

SDG&E respectfully request the Commission revise its prior policy regarding its ability to reimburse ESA Program contractors for enrolling customers in CARE (but have declined to participate in the ESA Program) which will enable SDG&E to enroll qualified customers in CARE who may have otherwise been missed. It will also help SDG&E in increasing its CARE enrollments in an effort to meet the Commission's 90% penetration goal.[57]

VI. POLICY ON HOUSING SUBSIDIES IN DETERMINING CARE AND ESA PROGRAM ELIGIBILITY

In D.14-08-030, the Commission determined that income from housing subsidies should no longer be counted as income when determining a household's income eligibility for the CARE and ESA Program.[58] On October 30, 2014, SDG&E filed Advice Letter 2661-E/2331-G revising its CARE forms and collateral materials to remove the language referring to housing subsidies in the sections describing CARE Income Eligibility. SDG&E has requested implementation of this change effective January 1, 2015. SDG&E is also making corresponding revisions to its ESA Program forms and applicable collateral materials also effective January 1, 2015.

Although D.14-08-030 permits IOUs to propose specific exemptions to this rule, with factual and legal justifications, demonstrating compelling reasons as to why a particular or specific category(ies) of housing subsidies should be excluded from the rule and instead be counted as income, in their 2015-2017 Applications.[59] SDG&E does not propose to request an

[57] Prepared Direct Testimony of SDG&E CARE Program witnesses Sandra Williams and Horace Tatum IV, at p. 16.
[58] D.14-08-030, at OP 40(3).
[59] D.14-08-030, at Footnote 36.

exemption to the rule in this Application, but may submit a request in reference to military housing subsidies at a later date.[60]

VII. THE COMMISSION SHOULD EXPLICITLY AUTHORIZE THE UTILITIES TO ENGAGE IN JOINT CONTRACTING FOR STATEWIDE PROGRAM ACTIVITIES TO FURTHER THE GOALS OF THE LOW INCOME PROGRAMS DURING 2015-2017

In OP 7 of D.14-08-030, the Commission approved SDG&E's request for the Commission to expressly adopt specific language authorizing the IOUs to engage in joint contracting for statewide program activities for the 2012-2014 program cycle, to avoid potential legal issues regarding joint utility cooperation posed by antitrust laws. SDG&E repeats its request for the 2015-2017 program cycle and asks that the Commission adopt the same language, with modifications, adopted in OP 7 of D.14-08-030 related to joint contracting during the 2015-2017 program cycle, and in future program cycles as follows:

a. Joint and cooperative consultations between and among these utilities and energy efficiency contractors to assist with determination of the contract requirements of their jointly administered and jointly funded energy efficiency <u>*and low income*</u> programs;

b. Joint cooperative process among the four utilities for the sourcing and negotiation (including program requirements, performance, price, quantity, and specifications) of joint contracts for energy efficiency <u>*and low income*</u> to be managed and run by one lead utility, subject to the approval and review by the other utilities;

[60] Prepared Direct Testimony of SDG&E CARE Program witnesses Sandra Williams and Horace Tatum IV, at p. 49.

c. Joint submission to the Commission for its approval of proposed energy efficiency *__and low income__* program contracts pertaining to implementation of statewide programs; and,

d. Other joint and collaborative activities pertaining to the collaboration and joint contracting for statewide energy efficiency *__and low income__* programs as the four utilities may determine is necessary for implementation of statewide programs, subject to the Commission's oversight.

VIII. CONCLUSION

SDG&E respectfully requests the Commission to approve the ESA and CARE Program plans and budgets for PY2015, PY2016, and PY2017 as described in this testimonies of my counterpart SDG&E witnesses. SDG&E specifically requests that the Commission grant:

1. Approval of SDG&E's PY2015-2017 ESA Program plans and budgets;
2. Approval for SDG&E to continue its existing ESA Program into PY2015, using PY2015 program funds, should the Commission be delayed in issuing a decision in this proceeding before year-end 2014, and count program achievements toward PY2015 accomplishments;
3. Approval for SDG&E to shift funds in the ESA Program consistent with fund shifting authority in D.08-11-031 and as modified by D.10-10-008;
4. Approval of the mix of measures reflected in <u>Attachment A-5</u> for the ESA Program;
5. Approval to add new ESA Program measures as proposed in Section II.E.1.b;
6. Approval of the ESA Program marketing and outreach elements requested;
7. Approval to use the revised methodology adopted for the eligible population;

8. Approval to establish set budget limits for certain measures with substantial budget impact uncertainty;
9. Approval to return the 10-Year Go-Back Rule to provide for a sustainable ESA Program;
10. Approval to continue ESA Program integration and leveraging efforts;
11. Approval of statewide impact evaluation, low income needs assessment, energy education (Phase 2) and cost-effectiveness studies for the 2015-2017 program cycle;
12. Approval of SDG&E's PY2015, PY2016 and PY2017 CARE Program plans and forecasted administrative costs;
13. Authorization to implement CARE Program changes and activities as described in this testimony and
14. Authorization to continue to reallocate CARE Program funding among cost categories consistent with the directive in OP 135 section C of D.12-08-044.

This concludes my prepared direct testimony.

STATEMENT OF QUALIFICATIONS

My name is Alex Kim. My business address is 8335 Century Park Court, San Diego, California, 92123. I am employed by San Diego Gas & Electric as Director of the Residential Services Department. Currently, my responsibilities include the Customer Contact Center, Residential Customer Experience and Engagement, and Customer Assistance Programs for San Diego Gas & Electric. I have been employed by San Diego Gas & Electric since 2003. Prior to joining SDG&E, I was employed by Sempra Energy and Southern California Gas Company. Over the past 25 years, I have held positions of increasing responsibility within the company that have included various customer service programs, marketing and outreach. I graduated from California State Polytechnic University - Pomona with a Bachelors of Science degree in Mechanical Engineering.

From August 2013 through May 2014, I served on the Low Income Oversight Board as the Investor-Owned Utility representative.

I have previously testified before the Commission.