

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of San Diego Gas & Electric)
Company (U 902 M) for Approval of Low-)
Income Assistance Programs and Budgets for) A.06-06____
Program Years 2007 and 2008)
_____)

**APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY FOR APPROVAL OF
PROGRAM YEARS 2007 AND 2008
LOW-INCOME ASSISTANCE PROGRAMS AND FUNDING**

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June 30, 2006

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I. INTRODUCTION

San Diego Gas & Electric Company ("SDG&E") hereby submits this Application in accordance with Rule 15 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure and Decision ("D.") 05-12-026 regarding low income assistance programs and funding for program year ("PY") 2007-2008. Ordering Paragraph ("OP") 5 directed SDG&E, Southern California Gas Company, Pacific Gas and Electric Company, and Southern California Edison Company--investor-owned utilities ("IOU")--to file applications for Commission approval of low-income assistance programs and funding for PY 2007 and PY 2008 by July 1, 2006.¹

¹ OP 5 of D.05-10-026 states:

The utilities shall file 2007-08 funding applications no later than July 1, 2006. The utilities shall list separately their budgets and program goals for each year and participate in workshops to develop other application and reporting requirements. The utilities shall schedule and conduct workshops within 60 days of filing their applications, and invite the members of the Low Income Oversight Board, ORA, the Energy Division, and the public to attend the workshops.

II. BACKGROUND

SDG&E manages the California Alternate Rates for Energy ("CARE") discount program along with its low income energy efficiency ("LIEE") program that serves low-income households with an annual income at or below 200%² of Federal Poverty Guidelines ("FPG").

In addition to directing IOUs to file applications no later than July 1, 2006, with separately stated budgets and program goals for each year, D.05-12-026 also directed utilities to: (1) plan LIEE program activities to reflect changes from a budget-directed plan to a goal-driven plan and budget; (2) reflect the results of the Needs Assessment, if it is available in a timely manner,³ (3) reflect direct program experience and (4) identify and explain any fund shifting within CARE program categories that have been made.

Consistent with those directives, this Application represents SDG&E's LIEE and CARE program plans and budgets for PY 2007 and PY 2008 with no material changes anticipated between the two program years.

III. OVERVIEW OF TESTIMONY

This application is supported by the testimony of Gregg Lawless, LIEE Programs Manager, and Carmen Rudshagen, CARE Program Manager. As explained in the attached testimony, these programs are consistent with the Commission's various directives.

Gregg Lawless--This testimony describes in detail the proposed LIEE program, supports the proposed funding level and explains generally why SDG&E does not expect to require a rate change to support the LIEE program budgets of PY 2007 and PY 2008. Witness Lawless' testimony supports the following requests:

² D.05-10-044, "Interim Opinion Approving Various Emergency Program Changes in Light of Anticipated High Natural Gas Prices in the Winter of 2005-2006," issued on October 27, 2005, expanded CARE and LIEE eligibility participation to 200% of FPG, which expansion remains in effect.

³ As of the date of this filing, the Statewide Low Income Needs Assessment Report has not yet been completed and was not used in the development of SDG&E's 2007/08 CARE program plan.

- Authorization to utilize the Impact Evaluation of the 2001 Statewide Low Income Energy Efficiency Program in calculating and reporting LIEE program benefits for PYs 2007 and 2008.
- Authorization to fund LIEE-related Natural Gas Appliance Testing ("NGAT") costs from the LIEE budget instead of from base rates and to adjust base rates accordingly.
- Authorization through an interim or bridge funding decision to continue LIEE funding into 2007 should the Commission not issue a decision on this Application by year-end 2006. Funding for the interim period would come from the 2007 program budget adopted by the Commission.
- Authorization through an interim or bridge funding decision to count accomplishments achieved, pending issuance of a decision, toward the adopted 2007 program.
- Authorization to carry over any LIEE unspent funds from PY 2006 into PY 2007 and any LIEE unspent funds from PY 2007 into PY 2008 for LIEE program services.
- Authorization to implement several program changes: reinstatement of targeted self-certification, categorical eligibility for enrollment, revisions to certain limitations on measure installations and addition of new measures.
- Authorization for funding for Measurement and Evaluation ("M&E").
- Authorization to streamline reporting requirements.

Carmen Rudshagen--This testimony describes in detail the CARE program, supports the CARE administrative budget and demonstrates that the proposed PY 2007-2008 program and budget are consistent with the Commission's various directives and policies. Witness Rudshagen

also explains generally why SDG&E does not anticipate a rate change to support the CARE budgets for PY 2007 and PY 2008 and requests the following:

- Authorization through an interim or bridge funding decision to continue CARE funding into 2007 should the Commission not issue a decision on this Application by year-end 2006. Funding for the interim period would come from the 2007 program budget adopted by the Commission.
- Authorization through an interim or bridge funding decision to count accomplishments achieved, pending issuance of a decision, toward the adopted 2007 program.
- Authorization to shift funds between administration categories as deemed appropriate over the 2007 and 2008 program years in order to provide the best service and conduct the most effective outreach.
- Authorization to continue the 2006 recertification pilots.
- Authorization to implement several program changes: increase in capitation fees, automatic enrollment, outbound telephone enrollment, categorical eligibility for enrollment and post-enrollment verification, internet-based enrollment and recertification, extended recertification period for customers on fixed income and recertification by phone.
- Authorization for M&E Funding.
- Authorization to streamline reporting requirements.

The proposed funding of \$13.665 million per year for LIEE is higher than the currently authorized budget for Program Year 2006 of \$13.368 million. The increased budget will be used to provide funding for required LIEE NGAT testing activities.

The proposed funding of \$2.754 million per year for CARE administration is higher than the currently authorized budget for Program Year 2006 of \$2.347 million. The higher budget will be used to increase program participation through customer outreach, and implement program system enhancements.

SDG&E is not proposing to increase gas or electric rates at this time as a result of this Application, because current revenues should be sufficient to cover the anticipated budget increases. If conditions change, however, requiring SDG&E to increase rates as a result of this filing, SDG&E expects the increase would be minimal and would be reflected as part of SDG&E's annual Public Purpose Program update field *via* advice letter in October for rates effective January 1 of the following year. See Section IV, G below.

In sum, SDG&E requests Commission approval of the proposed programs and associated budgets for PY 2007 and PY 2008.

IV. STATUTORY AND PROCEDURAL REQUIREMENTS

A. Proposed Category, Issues to Be Considered, Need for Hearings and Proposed Schedule--Rule 6(a)

SDG&E proposes that this proceeding be categorized as "ratesetting." SDG&E believes that of the three categories of proceedings defined in the Rules, "ratesetting" appears best to capture the nature of this proceeding. Under Rule 6.1(c), proceedings that do not clearly fall into any of the three categories will be considered under the rules for the ratemaking category, unless and until the Commission determines otherwise. The central issue to be resolved in this proceeding is whether SDG&E's LIEE and CARE programs and associated budgets for PY 2007 and PY 2008 comply with Commission directives and policies and should be adopted.

Because the Commission has approved the majority of the proposed programs though 2006 and because of the limited factual issues to be addressed in this proceeding, SDG&E does

not anticipate a need for hearings. In the event hearings do become necessary, SDG&E proposes two procedural schedules:

Schedule 1 (Assumes No Hearings)

June 30, 2006	Filing of Application
July 31, 2006	Comments on Application
August 14, 2006	Utilities' Replies to Comments
September 15, 2006	Proposed Decision
October 19, 2006	Final Decision

Schedule 2 (Assumes Abbreviated Hearing)

June 30, 2006	Filing of Application
July 31, 2006	Testimony of Non-Applicants/Interested Parties
August 16, 2006	Rebuttal Testimony
August 22-25, 2006	Prehearing Conference followed immediately by Hearings
September 21, 2006	Concurrent Opening Briefs
October 13, 2006	Concurrent Closing Briefs
November 14, 2006	Proposed Decision
December 14, 2006	Final Decision

SDG&E recommends that the Commission adopt the first of these two proposed schedules for the reason explained above.

B. Statutory Authority - Rule 15

This Application is made pursuant to Section 451, 701, 702, 728, and 729 of the Public Utilities Code of the State of California; the February 27, 2002 ACR; the Commission's Rules of

Practice and Procedure; and the other relevant prior decisions, orders, and resolutions of the Commission.

C. Legal Name, Place of Business/Incorporation - Rule 15(a)

Applicant's legal name is San Diego Gas & Electric Company. SDG&E is a public utility corporation organized and existing under the laws of the State of California, with its principal place of business at 8306 Century Park Court, San Diego, California 92123.

D. Correspondence - Rule 15(b)

Correspondence or communication regarding this Application should be addressed to:

Joy Yamagata
Regulatory Manager
San Diego Gas & Electric Company
8330 Century Park Court
San Diego, California 92123-1550
Telephone: (858) 654-1755
Facsimile: (858) 654-1788
E-Mail: jyamagata@semprautilities.com

With a copy to:

Georgetta J. Baker
Attorney
San Diego Gas & Electric Company
101 Ash Street, HQ13
San Diego, California 92101-3017
Telephone: (619) 699-5064
Facsimile: (619) 699-5027
E-Mail: gbaker@sempra.com

E. Articles of Incorporation - Rule 16

SDG&E is incorporated under the laws of the State of California. A certified copy of the restated Articles of Incorporation, as last amended, currently in effect and certified by the California Secretary of State, was filed with the Commission on October 1, 1998 in connection with SDG&E's Application No. 97-12-012, and is incorporated herein by reference.

F. Financial Statement, Balance Sheet and Income Statement – Rule 23(a)

Appendix A to this Application is SDG&E's Balance Sheet as of March 31, 2006.

G. Rates – Rules 23(b) and 23(c)

The PY 2007 and PY 2008 proposed budget allocated to electric is decreasing from the authorized PY 2006 authorized electric program budget, which would normally result in a rate reduction. However, the electric LIEE rate currently in effect is based on the PY 2005 authorized electric program budget, which is less than the funding being requested in this filing and would normally result in a slight increase. The PY 2007 and PY 2008 proposed annual LIEE budget allocated to gas is higher than the authorized PY 2006 level. SDG&E, however, is not proposing to increase gas or electric rates at this time because current revenues should be sufficient to cover the anticipated budget increases. Should conditions change, however, requiring SDG&E to increase rates as a result of this filing, SDG&E expects the rate increase would be minimal and would be reflected as part of its annual PPP rate update, filed *via* advice letter in October for rates effective January 1 of the following year.

H. Property and Equipment – Rule 23 (d)

A general description of SDG&E's property and equipment was previously filed with the Commission on October 5, 2001, in connection with SDG&E's Application No. 01-10-005 and is incorporated herein by reference. A statement of account of the original cost and depreciation reserve attributable thereto is attached to this application as Appendix B.

I. Summary of Earnings – Rules 23(e) and 23(f)

Appendix C to this Application is a Summary of Earnings for SDG&E for the 3 months ended March 31, 2006.

J. Exhibits and Readiness – Rule 23(g)

SDG&E's prepared testimony and associated exhibits accompany this Application.

SDG&E is now ready to proceed with its showing.

For financial statement purposes, depreciation of utility plant has been computed on a straight-line remaining life basis at rates based on the estimated useful lives of plant properties. For federal income tax accrual purposes, SDG&E generally computes depreciation using the straight-line method for tax property additions prior to 1954, and liberalized depreciation, which includes Class Life and Asset Depreciation Range Systems, on tax property additions after 1954 and prior to 1981. For financial reporting and rate-fixing purposes, “flow through accounting” has been adopted for such properties. For tax property additions in years 1981 through 1986, SDG&E has computed its tax depreciation using the Accelerated Cost Recovery System. For years after 1986, SDG&E has computed its tax depreciation using the Modified Accelerated Cost Recovery Systems and, since 1982, has normalized the effects of the depreciation differences in accordance with the Economic Recovery Tax Act of 1981 and the Tax Reform Act of 1986.

K. Proxy Statement – Rule 23(i)

SDG&E's latest proxy statement was filed with the Commission on May 2, 2005, in connection with SDG&E's Application No. 05-05-003, and is incorporated herein by reference.

L. Pass Through of Costs – Rule 23(l)

The changes that SDG&E seeks in this Application reflect estimated costs to SDG&E, and passes through to customers only costs that SDG&E incurs for the services and commodities that it furnishes.

M. Service and Notice – Rule 24

SDG&E is serving this Application on all parties to R.04-01-006. Within ten days of filing, SDG&E will mail notice of this Application to the State of California and to cities and counties that SDG&E serves and SDG&E will post the notice in its offices and publish the notice in newspapers of general circulation in each county in its service territory. In addition, SDG&E will include notices with the regular bills mailed to all customers affected by the proposed rate changes. The service list of state and government agencies is attached hereto as Appendix D.

IV. RELIEF REQUESTED

For the reasons set forth in this Application and accompanying testimony, SDG&E respectfully asks the Commission to:

- 1) Consider this Application and grant all the relief requested herein;
- 2) Find that SDG&E's proposals are in conformance with Commission directives and policies;
- 3) Find that SDG&E's proposal to fund NGAT costs from the LIEE budget rather than from base rates is just and reasonable;
- 4) Approve SDG&E's low-income assistance programs and budgets for PY 2007 and PY 2008 and permit the carry over of LIEE unspent funds from the previous year to be included in the following year's budget;
- 5) Find that SDG&E's proposed LIEE and CARE program related and reporting requirement changes are reasonable and should be implemented as soon as possible upon approval by the Commission.

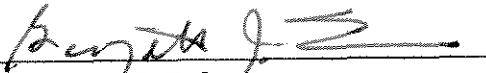
- 6) If a final decision has not been made prior to January 1, 2007, SDG&E requests issuance of an interim or bridge funding decision, if necessary, authorizing SDG&E to:
 - (a) Continue its LIEE and CARE programs in their current form.
 - (b) Continue to expend CARE and LIEE funding in 2007 based on the PY 2007 budget.
 - (c) Count program accomplishments achieved during this period toward adopted PY 2007 goals, funding for which would be the PY 2007 adopted budget.
- 7) Approve SDG&E's request to be fund shift between CARE administrative categories.
- 8) Authorize SDG&E to record all PY 2007 and PY 2008 program costs in appropriate balancing accounts.

9) Grant such other and further relief which the Commission finds to be just and reasonable.

Respectfully submitted this 30th day of June, 2006.

By: 

William L. Reed
Senior Vice President – Regulatory and Strategic Planning



Georgetta J. Baker
Attorney for:
SAN DIEGO GAS & ELECTRIC COMPANY

June 30, 2006

VERIFICATION

I am an officer of San Diego Gas & Electric Company, and am authorized to make this verification on its behalf. I am informed and believe that the matters stated in the foregoing Application are true to my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 30th day of June, 2006 at San Diego, California.

A handwritten signature in black ink that reads "William L. Reed". The signature is written in a cursive style and is positioned above a horizontal line.

William L. Reed
Senior Vice President – Regulatory and Strategic
Planning

Appendix A

**SDG&E's Financial Statement, Balance Sheet and
Statement of Income and Retained Earnings**

SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT
MARCH 31, 2006

(a) Amounts and Kinds of Stock Authorized:

Preferred Stock	1,375,000 shares	Par Value \$27,500,000
Preferred Stock	10,000,000 shares	Without Par Value
Preferred Stock	Amount of shares not specified	\$80,000,000
Common Stock	255,000,000 shares	Without Par Value

Amounts and Kinds of Stock Outstanding:

PREFERRED STOCK

5.0%	375,000 shares	\$7,500,000
4.50%	300,000 shares	6,000,000
4.40%	325,000 shares	6,500,000
4.60%	373,770 shares	7,475,400
\$1.7625	750,000 shares	18,750,000
\$1.70	1,400,000 shares	35,000,000
\$1.82	640,000 shares	16,000,000
COMMON STOCK	116,583,358 shares	291,458,395

(b) Terms of Preferred Stock:

Full information as to this item is given in connection with Application Nos. 93-09-069 and 04-01-009, to which references are hereby made.

(c) Brief Description of Mortgage:

Full information as to this item is given in Application Nos. 93-09-069, 96-05-066, 00-01-016 and 04-01-009 to which references are hereby made.

(d) Number and Amount of Bonds Authorized and Issued:

<u>First Mortgage Bonds:</u>	<u>Nominal Date of Issue</u>	<u>Int. Paid A/C</u>	<u>Par Value Authorized and Issued</u>	<u>Outstanding</u>	<u>Interest Paid in 2005</u>
6.8% Series KK, due 2015	12-01-91	2183052	14,400,000	14,400,000	979,200
Var% Series OO, due 2027	12-01-92	2183042, 46, 50	250,000,000	150,000,000	11,550,000
5.9% Series PP, due 2018	04-29-93	2183006	70,795,000	68,295,000	4,029,405
5.85% Series RR, due 2021	06-29-93	2183024	60,000,000	60,000,000	3,510,000
5.9% Series SS, due 2018	07-29-93	2183030	92,945,000	92,945,000	5,483,755
2.539% Series VV, due 2034	06-17-04	2183078	43,615,000	43,615,000	1,045,327
2.539% Series WW, due 2034	06-17-04	2183079	40,000,000	40,000,000	973,283
2.516% Series XX, due 2034	06-17-04	2183080	35,000,000	35,000,000	843,908
2.832% Series YY, due 2034	06-17-04	2183081	24,000,000	24,000,000	651,360
2.832% Series ZZ, due 2034	06-17-04	2183082	33,650,000	33,650,000	913,261
2.8275% Series AAA, due 2039	06-17-04	2183083	75,000,000	75,000,000	2,049,937
5.35% Series BBB, due 2035	05-19-05	2183085	250,000,000	250,000,000	6,538,889
5.30% Series CCC, due 2015	11-17-05	2183086	250,000,000	250,000,000	0
 <u>Unsecured Bonds:</u>					
5.9% CPCFA96A, due 2014	06-01-96	2183044	129,820,000	129,820,000	7,659,380
Var% CV96A, due 2021	08-02-96	2183010	38,900,000	38,900,000	2,061,700
Var% CV96B, due 2021	11-21-96	2183011	60,000,000	60,000,000	3,300,000
Var% CV97A, due 2023	10-31-97	2183012	25,000,000	25,000,000	1,225,000

SAN DIEGO GAS & ELECTRIC COMPANY
FINANCIAL STATEMENT
MARCH 31, 2006

<u>Other Indebtedness:</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Outstanding</u>	<u>Interest Paid 2005</u>
Commercial Paper & ST Bank Loans	Various	Various	Various	0	\$356,948

Amounts and Rates of Dividends Declared:

The amounts and rates of dividends during the past five fiscal years are as follows:

<u>Preferred Stock</u>	<u>Shares Outstanding 12-31-05</u>	<u>Dividends Declared</u>				
		2001	2002	2003	2004	2005
5.0%	375,000	\$375,000	\$375,000	\$375,000	\$375,000	\$375,000
4.50%	300,000	270,000	270,000	270,000	270,000	270,000
4.40%	325,000	286,000	286,000	286,000	286,000	286,000
4.60%	373,770	343,868	343,868	343,868	343,868	343,868
\$ 1.7625	750,000	1,762,500	1,762,500	1,674,375	1,498,125	1,321,875
\$ 1.70	1,400,000	2,380,000	2,380,000	2,380,000	2,380,000	2,380,000
\$ 1.82	640,000	1,164,800	1,164,800	1,164,800	1,164,800	1,164,800
	<u>4,163,770</u>	<u>\$6,582,168</u>	<u>\$6,582,168</u>	<u>\$6,494,043</u>	<u>\$6,317,793</u>	<u>\$6,141,543</u> [2]

Common Stock

Amount	\$400,000,000	\$150,000,000	\$200,000,000	\$200,000,000	\$75,000,000	[1]
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A balance sheet and a statement of income and retained earnings of Applicant for the three months ended March 31, 2006, are attached hereto.

[1] San Diego Gas & Electric Company dividend to parent.

[2] Includes \$1,321,875 of interest expense related to redeemable preferred stock.

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
MARCH 31, 2006**

1. UTILITY PLANT		<u>2006</u>
101	UTILITY PLANT IN SERVICE	\$7,094,864,943
102	UTILITY PLANT PURCHASED OR SOLD	469,088,362
105	PLANT HELD FOR FUTURE USE	37,013
106	COMPLETED CONSTRUCTION NOT CLASSIFIED	-
107	CONSTRUCTION WORK IN PROGRESS	165,873,080
108	ACCUMULATED PROVISION FOR DEPRECIATION OF UTILITY PLANT	(3,585,059,352)
111	ACCUMULATED PROVISION FOR AMORTIZATION OF UTILITY PLANT	(177,767,092)
118	OTHER UTILITY PLANT	475,435,333
119	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF OTHER UTILITY PLANT	(128,509,062)
120	NUCLEAR FUEL - NET	<u>29,002,183</u>
TOTAL NET UTILITY PLANT		<u>4,342,965,408</u>

2. OTHER PROPERTY AND INVESTMENTS		
121	NONUTILITY PROPERTY	3,913,610
122	ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY	(1,575,359)
123	INVESTMENTS IN SUBSIDIARY COMPANIES	3,290,000
124	OTHER INVESTMENTS	-
125	SINKING FUNDS	-
128	OTHER SPECIAL FUNDS	<u>653,868,605</u>
TOTAL OTHER PROPERTY AND INVESTMENTS		<u>659,496,856</u>

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
ASSETS AND OTHER DEBITS
MARCH 31, 2006**

3. CURRENT AND ACCRUED ASSETS

	<u>2006</u>
131 CASH	14,962,051
132 INTEREST SPECIAL DEPOSITS	-
134 OTHER SPECIAL DEPOSITS	-
135 WORKING FUNDS	84,539
136 TEMPORARY CASH INVESTMENTS	-
141 NOTES RECEIVABLE	-
142 CUSTOMER ACCOUNTS RECEIVABLE	163,593,896
143 OTHER ACCOUNTS RECEIVABLE	75,623,234
144 ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS	(2,326,498)
145 NOTES RECEIVABLE FROM ASSOCIATED COMPANIES	-
146 ACCOUNTS RECEIVABLE FROM ASSOCIATED COMPANIES	60,649,365
151 FUEL STOCK	-
152 FUEL STOCK EXPENSE UNDISTRIBUTED	-
154 PLANT MATERIALS AND OPERATING SUPPLIES	49,489,516
156 OTHER MATERIALS AND SUPPLIES	(14,903)
163 STORES EXPENSE UNDISTRIBUTED	-
164 GAS STORED	17,271,041
165 PREPAYMENTS	11,230,736
171 INTEREST AND DIVIDENDS RECEIVABLE	16,582,068
173 ACCRUED UTILITY REVENUES	47,631,000
174 MISCELLANEOUS CURRENT AND ACCRUED ASSETS	62,169,680
175 DERIVATIVE INSTRUMENT ASSETS	<u>1,617,080</u>
TOTAL CURRENT AND ACCRUED ASSETS	<u>518,562,805</u>

4. DEFERRED DEBITS

181 UNAMORTIZED DEBT EXPENSE	16,178,197
182 UNRECOVERED PLANT AND OTHER REGULATORY ASSETS	1,365,463,429
183 PRELIMINARY SURVEY & INVESTIGATION CHARGES	7,359,989
184 CLEARING ACCOUNTS	(390,442)
185 TEMPORARY FACILITIES	-
186 MISCELLANEOUS DEFERRED DEBITS	15,870,117
188 RESEARCH AND DEVELOPMENT	-
189 UNAMORTIZED LOSS ON REACQUIRED DEBT	40,708,664
190 ACCUMULATED DEFERRED INCOME TAXES	<u>143,964,054</u>
TOTAL DEFERRED DEBITS	<u>1,589,154,008</u>

TOTAL ASSETS AND OTHER DEBITS 7,110,179,077

SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
MARCH 31, 2006

5. PROPRIETARY CAPITAL

	<u>2006</u>
201 COMMON STOCK ISSUED	\$291,458,395
204 PREFERRED STOCK ISSUED	78,475,400
207 PREMIUM ON CAPITAL STOCK	592,222,753
210 GAIN ON RETIRED CAPITAL STOCK	-
211 MISCELLANEOUS PAID-IN CAPITAL	279,618,042
214 CAPITAL STOCK EXPENSE	(25,990,045)
216 UNAPPROPRIATED RETAINED EARNINGS	606,783,554
219 ACCUMULATED OTHER COMPREHENSIVE INCOME	<u>(14,051,290)</u>
TOTAL PROPRIETARY CAPITAL	<u>1,808,516,809</u>

6. LONG-TERM DEBT

221 BONDS	1,136,905,000
223 ADVANCES FROM ASSOCIATED COMPANIES	41,771,986
224 OTHER LONG-TERM DEBT	269,970,000
225 UNAMORTIZED PREMIUM ON LONG-TERM DEBT	-
226 UNAMORTIZED DISCOUNT ON LONG-TERM DEBT	<u>(1,242,477)</u>
TOTAL LONG-TERM DEBT	<u>1,447,404,509</u>

7. OTHER NONCURRENT LIABILITIES

227 OBLIGATIONS UNDER CAPITAL LEASES - NONCURRENT	-
228.2 ACCUMULATED PROVISION FOR INJURIES AND DAMAGES	24,974,055
228.3 ACCUMULATED PROVISION FOR PENSIONS AND BENEFITS	3,043,974
228.4 ACCUMULATED MISCELLANEOUS OPERATING PROVISIONS	(7,550)
230 ASSET RETIREMENT OBLIGATIONS	<u>468,032,945</u>
TOTAL OTHER NONCURRENT LIABILITIES	<u>496,043,424</u>

**SAN DIEGO GAS & ELECTRIC COMPANY
BALANCE SHEET
LIABILITIES AND OTHER CREDITS
MARCH 31, 2006**

8. CURRENT AND ACCRUED LIABILITES

	<u>2006</u>
231 NOTES PAYABLE	61,000,000
232 ACCOUNTS PAYABLE	256,584,918
233 NOTES PAYABLE TO ASSOCIATED COMPANIES	65,800,000
234 ACCOUNTS PAYABLE TO ASSOCIATED COMPANIES	11,234,621
235 CUSTOMER DEPOSITS	53,241,472
236 TAXES ACCRUED	78,963,483
237 INTEREST ACCRUED	21,774,911
238 DIVIDENDS DECLARED	1,204,917
241 TAX COLLECTIONS PAYABLE	1,231,796
242 MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES	169,601,790
243 OBLIGATIONS UNDER CAPITAL LEASES - CURRENT	-
244 DERIVATIVE INSTRUMENT LIABILITIES	481,584,040
245 DERIVATIVE INSTRUMENT LIABILITIES - HEDGES	-
	<hr/>
TOTAL CURRENT AND ACCRUED LIABILITIES	<u>1,202,221,948</u>

9. DEFERRED CREDITS

252 CUSTOMER ADVANCES FOR CONSTRUCTION	27,637,094
253 OTHER DEFERRED CREDITS	387,433,108
254 OTHER REGULATORY LIABILITIES	987,451,484
255 ACCUMULATED DEFERRED INVESTMENT TAX CREDITS	33,495,458
257 UNAMORTIZED GAIN ON REACQUIRED DEBT	-
281 ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED	5,201,256
282 ACCUMULATED DEFERRED INCOME TAXES - PROPERTY	497,596,974
283 ACCUMULATED DEFERRED INCOME TAXES - OTHER	217,177,013
	<hr/>
TOTAL DEFERRED CREDITS	<u>2,155,992,387</u>

TOTAL LIABILITIES AND OTHER CREDITS \$7,110,179,077

SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
THREE MONTHS ENDED MARCH 31, 2006

1. UTILITY OPERATING INCOME

400	OPERATING REVENUES		\$722,126,211
401	OPERATING EXPENSES	\$510,156,535	
402	MAINTENANCE EXPENSES	33,674,254	
403-7	DEPRECIATION AND AMORTIZATION EXPENSES	66,950,898	
408.1	TAXES OTHER THAN INCOME TAXES	12,905,732	
409.1	INCOME TAXES	44,670,777	
410.1	PROVISION FOR DEFERRED INCOME TAXES	7,974,238	
411.1	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	(17,369,037)	
411.4	INVESTMENT TAX CREDIT ADJUSTMENTS	(587,051)	
411.6	GAIN FROM DISPOSITION OF UTILITY PLANT	-	
	TOTAL OPERATING REVENUE DEDUCTIONS		658,376,346
	NET OPERATING INCOME		63,749,865

2. OTHER INCOME AND DEDUCTIONS

415	REVENUE FROM MERCHANDISING, JOBBING AND CONTRACT WORK	-	
417.1	EXPENSES OF NONUTILITY OPERATIONS	(288,510)	
418	NONOPERATING RENTAL INCOME	219,757	
418.1	EQUITY IN EARNINGS OF SUBSIDIARIES	-	
419	INTEREST AND DIVIDEND INCOME	6,138,974	
419.1	ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION	2,403,985	
421	MISCELLANEOUS NONOPERATING INCOME	168,743	
421.1	GAIN ON DISPOSITION OF PROPERTY	41,429	
	TOTAL OTHER INCOME	8,684,378	
421.2	LOSS ON DISPOSITION OF PROPERTY	-	
426	MISCELLANEOUS OTHER INCOME DEDUCTIONS	(362,560)	
	TOTAL OTHER INCOME DEDUCTIONS	(362,560)	
408.2	TAXES OTHER THAN INCOME TAXES	117,469	
409.2	INCOME TAXES	(784,173)	
410.2	PROVISION FOR DEFERRED INCOME TAXES	741,348	
411.2	PROVISION FOR DEFERRED INCOME TAXES - CREDIT	0	
	TOTAL TAXES ON OTHER INCOME AND DEDUCTIONS	74,644	
	TOTAL OTHER INCOME AND DEDUCTIONS		8,247,174
	INCOME BEFORE INTEREST CHARGES		71,997,039
	NET INTEREST CHARGES*		23,817,246
	NET INCOME		\$48,179,793

*NET OF ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION, (1,071,705)

**SAN DIEGO GAS & ELECTRIC COMPANY
STATEMENT OF INCOME AND RETAINED EARNINGS
THREE MONTHS ENDED MARCH 31, 2006**

3. RETAINED EARNINGS

RETAINED EARNINGS AT BEGINNING OF PERIOD, AS PREVIOUSLY REPORTED	\$559,808,678
NET INCOME (FROM PRECEDING PAGE)	48,179,793
DIVIDEND TO PARENT COMPANY	0
DIVIDENDS DECLARED - PREFERRED STOCK	(1,204,917)
OTHER RETAINED EARNINGS ADJUSTMENTS	<u>0</u>
RETAINED EARNINGS AT END OF PERIOD	<u><u>\$606,783,554</u></u>

Appendix B

Statement of Original Cost and Depreciation Reserve

SAN DIEGO GAS & ELECTRIC COMPANY

COST OF PROPERTY AND
DEPRECIATION RESERVE APPLICABLE THERETO
AS OF MARCH 31, 2006

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
ELECTRIC DEPARTMENT			
302	Franchises and Consents	\$ 222,841	\$ 202,900
303	Misc. Intangible Plant	24,124,395	16,899,410
	TOTAL INTANGIBLE PLANT	24,347,236	17,102,310
310.1	Land	46,518	46,518
310.2	Land Rights	0	0
311	Structures and Improvements	8,125,342	8,125,342
312	Boiler Plant Equipment	10,633,963	15,228,083
314	Turbogenerator Units	7,484,308	7,484,308
315	Accessory Electric Equipment	2,172,934	2,172,934
316	Miscellaneous Power Plant Equipment	239,053	239,053
	Steam Production Decommissioning	0	0
	TOTAL STEAM PRODUCTION	28,702,119	33,296,239
320.1	Land	0	0
320.2	Land Rights	283,677	283,677
321	Structures and Improvements	267,599,170	265,141,021
322	Boiler Plant Equipment	393,571,684	393,571,684
323	Turbogenerator Units	135,444,115	135,444,115
324	Accessory Electric Equipment	166,879,502	166,714,946
325	Miscellaneous Power Plant Equipment	232,595,999	197,030,752
107	ICIP CWIP	0	6,017,657
	TOTAL NUCLEAR PRODUCTION	1,196,374,148	1,164,203,853
340.1	Land	143,476	0
340.2	Land Rights	2,428	2,428
341	Structures and Improvements	2,161,477	61,279
342	Fuel Holders, Producers & Accessories	1,358,435	38,512
343	Prime Movers	20,824,413	590,418
344	Generators	3,347,564	115,838
345	Accessory Electric Equipment	5,384,669	152,658
346	Miscellaneous Power Plant Equipment	359,058	10,179
	TOTAL OTHER PRODUCTION	33,581,521	971,313
	TOTAL ELECTRIC PRODUCTION	1,258,657,788	1,198,471,405

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
350.1	Land	\$ 21,634,193	\$ 0
350.2	Land Rights	55,541,175	8,413,908
352	Structures and Improvements	70,010,565	24,181,478
353	Station Equipment	459,211,403	116,419,549
354	Towers and Fixtures	96,037,225	71,414,230
355	Poles and Fixtures	97,272,477	38,596,086
356	Overhead Conductors and Devices	184,191,162	133,336,338
357	Underground Conduit	42,933,810	6,769,063
358	Underground Conductors and Devices	29,893,655	9,565,661
359	Roads and Trails	16,712,093	4,485,577
	TOTAL TRANSMISSION	<u>1,073,437,758</u>	<u>413,181,890</u>
360.1	Land	18,589,050	0
360.2	Land Rights	63,442,754	23,971,239
361	Structures and Improvements	3,168,708	1,859,034
362	Station Equipment	279,628,463	66,901,652
364	Poles, Towers and Fixtures	336,809,173	180,234,434
365	Overhead Conductors and Devices	272,240,855	90,726,884
366	Underground Conduit	709,470,827	274,612,907
367	Underground Conductors and Devices	913,632,128	481,546,188
368.1	Line Transformers	328,311,542	59,169,256
368.2	Protective Devices and Capacitors	23,325,975	3,826,969
369.1	Services Overhead	88,771,450	113,333,825
369.2	Services Underground	242,023,133	137,896,618
370.1	Meters	82,103,252	30,161,478
370.2	Meter Installations	39,099,115	9,728,390
371	Installations on Customers' Premises	5,980,632	8,193,969
373.1	St. Lighting & Signal Sys.-Transformers	0	0
373.2	Street Lighting & Signal Systems	23,562,305	16,810,914
	TOTAL DISTRIBUTION PLANT	<u>3,430,159,360</u>	<u>1,498,973,756</u>
389.1	Land	7,510,993	0
389.2	Land Rights	0	0
390	Structures and Improvements	28,554,474	9,248,287
392.1	Transportation Equipment - Autos	0	49,884
392.2	Transportation Equipment - Trailers	175,979	121,745
393	Stores Equipment	54,331	44,309
394.1	Portable Tools	10,907,769	3,745,100
394.2	Shop Equipment	578,489	297,845
395	Laboratory Equipment	538,457	158,027
396	Power Operated Equipment	92,162	149,134
397	Communication Equipment	91,511,255	39,482,335
398	Miscellaneous Equipment	444,689	(107,232)
	TOTAL GENERAL PLANT	<u>140,368,598</u>	<u>53,189,434</u>
101	TOTAL ELECTRIC PLANT	<u>5,926,970,740</u>	<u>3,180,918,795</u>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
GAS PLANT			
302	Franchises and Consents	\$ 86,104	\$ 86,104
303	Miscellaneous Intangible Plant	713,559	572,834
	TOTAL INTANGIBLE PLANT	799,663	658,938
360.1	Land	0	0
361	Structures and Improvements	412,998	554,836
362.1	Gas Holders	989,283	1,012,573
362.2	Liquefied Natural Gas Holders	0	0
363	Purification Equipment	0	0
363.1	Liquefaction Equipment	0	0
363.2	Vaporizing Equipment	0	0
363.3	Compressor Equipment	558,651	612,455
363.4	Measuring and Regulating Equipment	0	0
363.5	Other Equipment	0	0
363.6	LNG Distribution Storage Equipment	407,546	330,848
	TOTAL STORAGE PLANT	2,368,477	2,510,712
365.1	Land	4,649,144	0
365.2	Land Rights	2,217,185	943,523
366	Structures and Improvements	10,838,114	6,897,725
367	Mains	121,169,918	43,097,632
368	Compressor Station Equipment	60,141,674	33,759,021
369	Measuring and Regulating Equipment	15,569,234	8,857,797
371	Other Equipment	0	0
	TOTAL TRANSMISSION PLANT	214,585,269	93,555,698
374.1	Land	102,187	0
374.2	Land Rights	7,767,289	4,585,763
375	Structures and Improvements	43,447	61,253
376	Mains	468,232,178	248,362,889
378	Measuring & Regulating Station Equipment	8,028,387	5,281,905
380	Distribution Services	222,001,254	234,164,877
381	Meters and Regulators	68,194,953	30,699,003
382	Meter and Regulator Installations	56,668,994	22,263,809
385	Ind. Measuring & Regulating Station Equipment	1,516,811	679,369
386	Other Property On Customers' Premises	0	0
387	Other Equipment	4,446,936	3,818,060
	TOTAL DISTRIBUTION PLANT	837,002,436	549,916,928

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
392.1	Transportation Equipment - Autos	\$ 0	\$ 25,503
392.2	Transportation Equipment - Trailers	76,210	76,210
394.1	Portable Tools	6,092,968	1,711,563
394.2	Shop Equipment	84,597	(5,389)
395	Laboratory Equipment	363,609	(163,165)
396	Power Operated Equipment	246,939	37,310
397	Communication Equipment	3,247,090	1,562,442
398	Miscellaneous Equipment	320,164	33,446
	TOTAL GENERAL PLANT	<u>10,431,577</u>	<u>3,277,920</u>
101	TOTAL GAS PLANT	<u>1,065,187,421</u>	<u>649,920,195</u>
COMMON PLANT			
303	Miscellaneous Intangible Plant	163,893,408	121,731,513
350.1	Land	0	0
360.1	Land	0	0
389.1	Land	5,753,073	0
389.2	Land Rights	1,872,944	27,275
390	Structures and Improvements	128,909,698	42,971,058
391.1	Office Furniture and Equipment - Other	25,152,490	9,298,385
391.2	Office Furniture and Equipment - Computer Equipm	53,560,967	24,623,441
392.1	Transportation Equipment - Autos	33,942	(338,930)
392.2	Transportation Equipment - Trailers	41,567	(97,331)
393	Stores Equipment	150,312	(201,943)
394.1	Portable Tools	168,535	(12,753)
394.2	Shop Equipment	319,947	126,607
394.3	Garage Equipment	2,634,683	444,493
395	Laboratory Equipment	2,105,877	897,467
396	Power Operated Equipment	0	(192,979)
397	Communication Equipment	85,936,091	50,199,565
398	Miscellaneous Equipment	3,083,658	824,124
118.1	TOTAL COMMON PLANT	<u>473,617,190</u>	<u>250,299,993</u>
	TOTAL ELECTRIC PLANT	5,926,970,740	3,180,918,795
	TOTAL GAS PLANT	1,065,187,421	649,920,195
	TOTAL COMMON PLANT	<u>473,617,190</u>	<u>250,299,993</u>
101 & 118.1	TOTAL	<u>7,465,775,351</u>	<u>4,081,138,984</u>
101	PLANT IN SERV-SONGS FULLY RECOVERED	<u>\$ (1,167,685,825)</u>	<u>\$ (1,167,685,825)</u>

<u>No.</u>	<u>Account</u>	<u>Original Cost</u>	<u>Reserve for Depreciation and Amortization</u>
101	Accrual for Retirements		
	Electric	\$ (6,367,743)	\$ (6,367,743)
	Gas	(131,556)	(131,556)
	TOTAL PLANT IN SERV-NON RECON ACCTS	<u>(6,499,299)</u>	<u>(6,499,299)</u>
	Electric	\$ 469,088,362	\$ 0
	Gas	0	0
	TOTAL PLANT PURCHASED OR SOLD	<u>469,088,362</u>	<u>0</u>
105	Plant Held for Future Use		
	Electric	37,013	0
	Gas	0	0
	TOTAL PLANT HELD FOR FUTURE USE	<u>37,013</u>	<u>0</u>
107	Construction Work in Progress		
	Electric	182,030,527	
	Gas	(900,861)	
	Common	1,610,756	
	TOTAL CONSTRUCTION WORK IN PROGRESS	<u>182,740,422</u>	<u>0</u>
108.5	Accumulated Nuclear Decommissioning		
	Electric	0	555,950,441
	TOTAL ACCUMULATED NUCLEAR DECOMMISSIONING	<u>0</u>	<u>555,950,441</u>
114	ELECTRIC PLANT ACQUISITION ADJUSTMENT	<u>0</u>	<u>0</u>
120	NUCLEAR FUEL FABRICATION	<u>42,488,366</u>	<u>28,742,769</u>
143	FAS 143 ASSETS - Legal Obligation	71,027,918	(514,433,674)
	FIN 47 ASSETS - Legal Obligation	31,886,251	13,080,288
143	FAS 143 ASSETS - Non-legal Obligation	<u>0</u>	<u>(981,417,731)</u>
	TOTAL FAS 143	102,914,169	(1,482,771,117)
	UTILITY PLANT TOTAL	<u>\$ 7,088,858,560</u>	<u>\$ 2,008,875,954</u>

Appendix C

Summary of Earnings

**SAN DIEGO GAS & ELECTRIC COMPANY
SUMMARY OF EARNINGS
THREE MONTHS ENDED MARCH 31, 2006
(DOLLARS IN MILLIONS)**

<u>Line No.</u>	<u>Item</u>	<u>Amount</u>
1	Operating Revenue	722
2	Operating Expenses	<u>658</u>
3	Net Operating Income	<u><u>64</u></u>
4	Weighted Average Rate Base	3,057
5	Rate of Return*	8.18%

*Authorized Cost of Capital

Appendix D

List of Government Agencies

State of California
Attorney General's Office
P.O. Box 944255
Sacramento, CA 94244-2550

City of Chula Vista
Attn. City Attorney
276 Fourth Ave
Chula Vista, Ca 91910-2631

United States Government
General Services Administration
300 N. Los Angeles
Los Angeles, CA 90012

State of California
Attn. Director Dept of General Services
PO Box 989052
West Sacramento, CA 95798-9052

City of Coronado
Attn. City Attorney
1825 Strand Way
Coronado, CA 92118

City of Carlsbad
Attn. City Clerk
1200 Carlsbad Village Drive
Carlsbad, CA 92008-1949

City of Carlsbad
Attn. City Attorney
1200 Carlsbad Village Drive
Carlsbad, CA 92008-19589

City of Dana Point
Attn. City Attorney
33282 Golden Lantern
Dana Point, CA 92629

City of Encinitas
Attn. City Attorney
505 S. Vulcan Ave.
Encinitas, CA 92024

City of Del Mar
Attn. City Attorney
1050 Camino Del Mar
Del Mar, CA 92014

City of Escondido
Attn. City Attorney
201 N. Broadway
Escondido, CA 92025

City of Solana Beach
Attn. City Attorney
635 S. Highway 101
Solana Beach, CA 92075

City of Imperial Beach
Attn. City Clerk
825 Imperial Beach Blvd
Imperial Beach, CA 92032

City of Laguna Beach
Attn. City Clerk
505 Forest Ave
Laguna Beach, CA 92651

City of Imperial Beach
Attn. City Attorney
825 Imperial Beach Blvd
Imperial Beach, CA 92032

City of Laguna Niguel
Attn. City Attorney
22781 La Paz Ste. B
Laguna Niguel, CA 92656

City of La Mesa
Attn. City Attorney
8130 Allison Avenue
La Mesa, CA 91941

City of Lemon Grove
Attn. City Attorney
3232 Main St.
Lemon Grove, CA 92045

City of Laguna Beach
Attn. Attorney
505 Forest Ave
Laguna Beach, CA 92651

City of Lemon Grove
Attn. City Clerk
3232 Main St.
Lemon Grove, CA 92045

City of Mission Viejo
Attn City Attorney
200 Civic Center
Mission Viejo, CA 92691

City of Mission Viejo
Attn City Clerk
200 Civic Center
Mission Viejo, CA 92691

City of Oceanside
Attn. City Clerk
300 N. Coast Highway
Oceanside, CA 92054-2885

County of Orange
Attn. County Clerk
P.O. Box 838
Santa Ana, CA 92702

City of National City
Attn. City Attorney
1243 National City Blvd
National City, CA 92050

County of Orange
Attn. County Counsel
P.O. Box 1379
Santa Ana, CA 92702

City of National City
Attn. City Clerk
1243 National City Blvd
National City, CA 92050

City of Poway
Attn. City Attorney
P.O. Box 789
Poway, CA 92064

Naval Facilities Engineering Command
Navy Rate Intervention
1314 Harwood Street SE
Washing Navy Yard, DC 20374-5018

City of Poway
Attn. City Clerk
P.O. Box 789
Poway, CA 92064

City of San Clemente
Attn. City Attorney
100 Avenida Presidio
San Clemente, CA 92672

City of San Diego
Attn. Mayor
202 C St.
San Diego, CA 92010

City of San Clemente
Attn. City Clerk
100 Avenida Presidio
San Clemente, CA 92672

County of San Diego
Attn. County Clerk
P.O. Box 121750
San Diego, CA 92101

City of San Diego
Attn. City Attorney
202 C Street.
San Diego, CA 92101

County of San Diego
Attn. County Counsel
1600 Pacific Hwy
San Diego, CA 92101

City of San Diego
Attn. City Clerk
202 C St.
San Diego, CA 92010

City of San Marcos
Attn. City Attorney
1 Civic Center Dr.
San Marcos, CA 92069

City of San Diego
Attn. City Manager
202 C St.
San Diego, CA 92101

City of San Marcos
Attn. City Clerk
1 Civic Center Dr.
San Marcos, CA 92069

City of Santee
Attn. City Attorney
10601 Magnolia Avenue
Santee, CA 92071

City of Santee
Attn. City Clerk
10601 Magnolia Avenue
Santee, CA 92071

City of Vista
Attn. City Attorney
PO Box 1988
Vista, CA 92083

City of Vista
Attn. City Clerk
PO Box 1988
Vista, CA 92083

Application No. A. 06-06-_____
Exhibit No: _____
Witness: Lawless, Gregg

**PREPARED DIRECT TESTIMONY OF GREGG LAWLESS ON BEHALF OF
SAN DIEGO GAS AND ELECTRIC COMPANY'S LOW-INCOME ASSISTANCE
PROGRAM PLANS AND BUDGETS FOR PROGRAM YEARS 2007 AND 2008**

Before the Public Utilities Commission
Of the State of California

June 30, 2006

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1 **PREPARED DIRECT TESTIMONY OF GREGG LAWLESS ON BEHALF OF**
2 **SAN DIEGO GAS AND ELECTRIC COMPANY'S LOW INCOME ASSISTANCE**
3 **PROGRAM PLANS AND BUDGETS FOR PROGRAM YEARS 2007 AND 2008**
4

5 **I. INTRODUCTION**

6 In accordance with the California Public Utilities Commission's (Commission
7 or CPUC) directives as set forth in Decision (D.) 05-12-026, dated December 15, 2005,
8 San Diego Gas & Electric (SDG&E) hereby submits this testimony in support of its
9 Application requesting approval of its Low Income Energy Efficiency (LIEE) program
10 plans and budgets for program year (PY) 2007 and 2008. Specifically, Ordering
11 Paragraph (OP) 5 provides:

12 The utilities shall file 2007-08 funding applications no later than
13 July 1, 2006. The utilities shall list separately their budgets and program
14 goals for each year and participate in workshops to develop other
15 application and reporting requirements. The utilities shall schedule and
16 conduct workshops within 60 days of filing their applications, and invite
17 the members of the Low Income Oversight Board, ORA, the Energy
18 Division, and the public to attend the workshops.

19 D.05-12-026 also directed utilities to plan program activities to reflect a change
20 from a budget-directed plan to a goal-driven plan and budget. As demonstrated in this
21 Application and attendant testimony, SDG&E has complied with these directives.

22 In addition to presenting SDG&E's LIEE program plans and budgets for PY 2007
23 and PY 2008, SDG&E also proposes the following revisions to its LIEE program for
24 Commission approval:

- 25 • Proposed goal-based program plan
- 26 • Funding of Natural Gas Appliance Testing (NGAT)¹ costs from the LIEE
27 program instead of from base rates
- 28 • Targeted self-certification as an outreach and enrollment strategy for the
29 LIEE program
- 30 • Additional measures for inclusion in the program and changes to
31 installation requirements for certain measures

¹ The term "NGAT" refers to the current natural gas appliance testing protocols that are specific to the LIEE programs which were adopted in D. 01-03-028, D. 01-12-020, and D. 03-11-020. NGAT testing is not currently funded through the LIEE program.

1 **II. BACKGROUND**

2 SDG&E’s LIEE program provides income-eligible² residential households with
3 basic weatherization and other energy efficiency measures, in-home energy education,
4 NGAT, and appliance repair and replacement. Basic weatherization measures include
5 ceiling insulation, water heater blankets, door weatherstripping, caulking, low flow
6 shower heads, faucet aerators, wall outlet gaskets, water heater pipe wrap, minor home
7 repairs aimed at reducing infiltration. Other energy efficiency measures offered through
8 the program include replacement of incandescent lamps with compact fluorescent lamps
9 and installation of hard-wired compact fluorescent porch light fixtures. The LIEE
10 appliance service component consists of the repair or replacement of inoperable or
11 hazardous natural gas furnaces and water heaters in owner-occupied dwellings;
12 evaporative cooler and air conditioner vent covers; evaporative coolers and window/wall
13 air conditioner replacement; refrigerator replacement.

14 Weatherization and appliance services are provided by licensed private
15 contractors and licensed local community based organizations (CBOs). SDG&E
16 provides comprehensive services to its LIEE program participants, in accordance with
17 Public Utilities Code §2790, to ensure that qualified customers receive as many of the
18 program measures as are feasible. Installation of LIEE measures and program services
19 conform to the Statewide Weatherization Installation Standards and Statewide Policy and
20 Procedures manuals adopted by the Commission in its March 29, 2006 Ruling. NGAT
21 testing is also conducted in accordance with Commission-adopted statewide standards.

22 The in-home energy education component is designed to inform customers on
23 how to reduce their energy bills by modifying certain household electric and natural gas
24 energy use habits. In-home energy education is conducted at the same time customers
25 are qualified and enrolled in the LIEE program.

26 SDG&E uses several methods to contact and inform customers about the
27 availability of LIEE, including: 1) cross promotion with California Alternate Rates for
28 Energy (CARE) and other customer assistance programs; 2) distribution of informational

² Per D.05-10-044, effective November 1, 2005, the LIEE program’s income eligibility guidelines changed to 200% of the Federal Poverty Guidelines (FPG) for all customers participating in the LIEE program. Prior to November 1, 2005, LIEE income eligibility guidelines were 175% of the FPG for most households and 200% of the FPG for seniors and customers with a permanent disability.

1 flyers and door hangers in program-eligible neighborhoods; 3) participation in
2 community events, exhibits, and workshops; 4) leveraging agreements with local
3 agencies providing services under the California Department of Community Services and
4 Development's Low Income Home Energy Assistance Program (LIHEAP); 5) media
5 advertising, direct mail campaigns, and telemarketing; 6) SDG&E's website; and 7)
6 presentations on the LIEE program and energy conservation to customers and community
7 groups. SDG&E's LIEE program outreach and promotional materials are provided in
8 multiple languages.

9 In. D. 05-04-052, the Commission directed SDG&E and any other investor-owned
10 utility (IOU) that delivers energy education at a location other than the customer's home
11 to have these activities assessed by the Statewide LIEE Standardization Team in the next
12 measurement assessment process.³ OP 14 of D. 05-10-044 also ordered Southern
13 California Gas Company (SoCalGas) to convene a meeting with interested parties to
14 discuss a common low-income energy efficiency educational strategy and inform the
15 Assigned Commissioner and all other parties to this proceeding of their plans by letter.
16 SoCalGas held a meeting on November 9, 2005 with interested parties and on December
17 5, 2005 sent a letter to the Assigned Commissioner to report on the outcome of the
18 meeting. Interested parties recommended that SoCalGas and SDG&E should continue to
19 offer energy education workshops as part of their LIEE programs until further study can
20 be done and that the LIEE Standardization Team should be charged with conducting the
21 evaluation of energy education workshops. The Commission has not yet taken action on
22 recommendations contained in the report. SDG&E proposes in this application to
23 continue to provide the energy conservation information that was included in workshops
24 in a somewhat different manner, consolidated with information on all assistance
25 programs in presentations to customer and community groups.

26 SDG&E has leveraged its LIEE program services under an agreement with local
27 community-based organizations under contract with the California Department of
28 Community Services and Development (DCSD) to provide services under its LIHEAP

³ At the present time, SDG&E and SoCalGas are the only IOUs that offer energy education workshops as part of their LIEE programs.

1 program⁴ in accordance with §327(a) of the Public Utilities Code⁵ and D.00-07-020.

2 Current leveraging relationships between local LIHEAP agencies and SDG&E are
3 described below:

- 4 • DCSD-funded CBOs that also participate in the IOU's LIEE programs
5 submit annual reports to DCSD detailing the amount of matching
6 dollars they obtain under their LIEE contracts. DCSD submits the
7 report to the federal Department of Health and Human Services
8 (DHHS), thereby qualifying California to receive additional LIHEAP
9 funds.
- 10 • Other LIHEAP services offered by local CBOs (funded by federal,
11 state, or local government funding sources) are made available to
12 LIEE participants including: Home Energy Assistance Program
13 (HEAP) energy bill assistance, LIHEAP Energy Crisis Intervention
14 Payment, consumer credit counseling, housing renovation programs,
15 food and clothing referrals, job training and assistance, child care
16 services, transportation services, recycling services, youth and family
17 services, senior protection services, legal assistance, handyman
18 services, drug and domestic violence prevention counseling, the
19 Healthy Families program services and Head Start. SDG&E works
20 with these agencies to provide information about LIEE and other
21 SDG&E energy assistance programs to pass on to their clients
22 participating in these programs.

23 **A. Winter Programs**

24 In. D. 05-10-044, the Commission approved various changes to SDG&E's LIEE
25 program which were developed in anticipation of high natural gas prices in the winter of

⁴ The LIHEAP program offers energy bill assistance and weatherization services to income-qualified Californians.

⁵ AB 1393, enacted in 1999, added §327 to the Public Utilities Code which required electric and gas corporations who participate in the CARE program to leverage funds collected to fund low income energy efficiency and rate assistance programs with funds available from state and federal sources and to work with local agencies and community-based organizations, and other entities to ensure efficient and effective delivery of the programs.

1 2005 and 2006.⁶ SDG&E's LIEE winter program initiatives included the following: 1)
2 self-certification of LIEE eligibility for households located within specific targeted
3 neighborhoods believed to have a high probability of meeting the program's eligibility
4 requirements; 2) replacement of gas-fired central forced air furnaces with an Annual Fuel
5 Utilization Efficiency (AFUE) rating of 65 or lower with models with an AFUE rating of
6 80 or 92 depending on climate zone; and 3) replacement of leaky or broken natural gas
7 water heaters. These program changes were implemented from November 1, 2005
8 through April 30, 2006. Beginning May 1, 2006, normal program procedures for income
9 verification and furnace replacements were resumed.

10 **B. 2006 LIEE Program**

11 On December 15, 2005, the Commission issued D. 05-12-026 which approved the
12 IOU's PY 2006 and PY 2007 low-income program plans and funding and approved two
13 new program measures for implementation in 2006: 1) central air conditioner
14 replacement in climate zones 14 and 15, and 2) duct testing and sealing in single family
15 and mobile homes with gas space heating in all climate zones and for homes with electric
16 space heating in climate zones 10 - 16.

17 D. 05-12-026 also directed utilities to manage their budgets for 2006 in a manner
18 that accelerates LIEE program participation and results in at least 5 – 10% more homes
19 being treated than originally planned. Utilities also were directed to seek a 2006 budget
20 augmentation through an application to be filed no later than April 14, 2006.

21 On March 30, 2006, SDG&E and Southern California Gas Company filed a joint
22 motion requesting Commission authorization to extend the targeted self-certification
23 enrollment process authorized for the winter programs in D. 05-10-044 until the
24 Commission issues a decision on the utilities' April 14, 2006 applications.

25 On April 14, 2006, SDG&E made a compliance filing to inform the Commission
26 that it had sufficient funds to increase LIEE program participation by 5-10% and did not
27 seek a budget augmentation for 2006. SDG&E also requested authorization to continue

⁶ The Winter Programs were in effect November 1, 2005 through April 30, 2006.

1 its targeted self-certification enrollment process implemented for the winter programs
2 through the end of 2006.⁷

3 **C. Pending Legislation and Regulatory Actions That May Impact Future**
4 **LIEE Programs**

5 As of the date of this filing, several pieces of legislation are pending that may
6 have an impact on the LIEE program in the future. The CPUC and California Energy
7 Commission (CEC) also are considering some initiatives that could impact future LIEE
8 programs. SDG&E's program proposals for PY 2007 and PY 2008 have not addressed
9 the following as they are still pending resolution by the legislature or regulatory
10 commissions.

- 11 • **Senate Bill 1816** – would require the Commission, in consultation with
12 the LIOB and the gas and electrical corporations that participate in the
13 CARE program, to establish a program to go into effect on July 1, 2007
14 and to continue until December 31, 2013 to annually replace 50,000 old
15 gas furnaces, as defined, in residential dwelling units, as defined, occupied
16 by customers eligible for the CARE program. Implementation of this
17 proposal would significantly increase SDG&E's proposed program costs.
18
- 19 • **Senate Bill 1534** – would require the California Health and Human
20 Services Agency, the Public Utilities Commission, the State Department
21 of Education, and the Department of Insurance to work together to ensure
22 that individuals and families meeting equivalent eligibility requirements
23 for low income programs administered by these entities are concurrently
24 enrolled in all available programs for which they are eligible. This bill
25 would require the entities to work to create a single low-income
26 application to cover all services afforded to low income populations and
27 would allow these entities to establish a Low Income Advisory Board to
28 implement the bills requirements. Implementation of this proposal could
29 significantly increase SDG&E's proposed program costs.
30
- 31 • **Assembly Bill 2723** – would establish the Low Income Housing and
32 Development and Nonprofit Building Program to help finance solar
33 energy systems in eligible low income residential housing located in the
34 service areas of an electrical corporation and would authorize the CEC to
35 expend the revenues in the fund upon the appropriation by the Legislature.
36 The bill would also require that all unencumbered moneys in the fund on
37 January 1, 2006 and thereafter be administered by the Commission for

⁷ SDG&E suspended its targeted self-certification enrollment process on May 1, 2006 pending the Commission's final determination of its April 14, 2006 Compliance Filing.

1 cost-effective energy efficiency measures in low income residential
2 housing that benefit ratepayers. Pursuant to D.06-01-026, the CPUC also
3 is determining implementation of its solar initiative which designates 10%
4 of funds for low-income customers and affordable projects. SDG&E's
5 proposals for PY 2007 and PY 2008 do not reflect potential impacts of
6 future solar activities.

7 **III. FUNDING OF LIEE-RELATED NGAT TESTS**

8 In 1998, the Commission directed that low-income program funds were not to be
9 used to perform LIEE-related carbon monoxide (CO) testing, now known as NGAT.⁸
10 This direction was based on the Commission's belief that "carbon monoxide testing
11 conducted under the LIEE program is part of the "routine" service to ratepayers and is
12 already authorized in rates." However, NGAT testing conducted under the LIEE
13 program is not part of SDG&E's routine service. As is the case for other LIEE program
14 services, NGAT testing for the LIEE program is provided by CBOs and private
15 contractors--not by SDG&E personnel. The contracts and costs related to NGAT testing
16 for LIEE are managed by the same SDG&E personnel who oversee the total LIEE
17 program. NGAT testing activities and expenditures are not related to other internal gas
18 services or costs for non-LIEE customers. Also, since 2001 the Commission has ordered
19 several changes to its LIEE program-specific NGAT testing policies and procedures that
20 now comprise the current NGAT procedures and that are over and above those of routine
21 non-LIEE residential gas service offerings. Therefore, SDG&E requests that the
22 Commission revise its policy for funding of NGAT testing through LIEE based on
23 current circumstances so that appropriate costs for these tests can be recovered along with
24 all other program costs.

25 SDG&E notes that since 2001 the Commission has adopted policies for LIEE-
26 related NGAT testing that have specified and increased the number and types of testing
27 required. The following describes the Commission directives that have resulted in the
28 number and nature of LIEE-related NGAT tests being performed today.

- 29 1. On March 15, 2001, the Commission adopted D.01-03-028 approving the
30 Phase 2 recommendations of the statewide LIEE programs Standardization
31 Team. The decision adopted a statewide minimum NGAT testing standard

⁸ See D. 98-06-063 (Ordering Paragraph 7) and D. 00-07-020 at p. 108.

1 for use by all utilities beginning in 2002, which required that NGAT
2 testing be completed for all LIEE homes that had gas appliances. The
3 minimum testing requirements included, among other things, room
4 ambient NGAT tests and appliance ambient tests only on forced air and
5 non-ducted heating units. (Prior to January 2002, SDG&E only conducted
6 LIEE-related NGAT test at the request of a customer.)

7 2. On December 11, 2001, the Commission adopted D.01-12-020 approving
8 Phase 3 recommendations of the Standardization Team, with more detailed
9 protocols for LIEE-related NGAT testing. The Commission also directed
10 that the costs of NGAT testing be reported net of the costs associated with
11 any other LIEE program activities taking place in conjunction with NGAT
12 testing visits to customers' homes.

13 3. On November 11, 2003, D.03-11-020 approved the project team's Phase 4
14 recommendations. These recommendations required a significant increase
15 in NGAT testing activities beginning in 2004, including testing all gas
16 appliances in weatherized homes except clothes dryers, with ambient tests
17 conducted with all the appliances off, then with all of them on.
18 Appliances that fail the initial tests could be subject to flue gas NGAT
19 testing.

20 As a result of the requirements in these decisions, LIEE-related NGAT tests have
21 become more complex and require more time to complete than in the past. The
22 Commission's increased emphasis on NGAT for homes weatherized under LIEE and
23 additional time requirements are significantly different than SDG&E's routine service
24 protocols. The impact of these more complex requirements has increased the costs of
25 providing weatherization services to our low-income customers beginning in 2004.

26 To comply with the Commission's directives, SDG&E included the projected
27 costs of LIEE-related NGAT testing in its 2004 Cost of Service Application Proceeding.⁹
28 A similar request was included in SoCalGas' 2004 COS application, A.02-12-027. In
29 rebuttal testimony, both SoCalGas and SDG&E proposed that funding for LIEE-related
30 NGAT testing be set and authorized in the LIEE proceeding where the weatherization

⁹ A. 02-12-028

1 activity levels are established. In a Settlement reached with interested parties, SoCalGas
2 agreed to “seek funding for CO testing through the same process and mechanism in
3 which SoCalGas recovers the costs of its Direct Assistance Program which includes
4 balancing account treatment.¹⁰ If funding other than base rates is authorized by the
5 Commission prior to a decision in the next SoCalGas cost of service or General Rate
6 Case, SoCalGas will contemporaneously reduce base rates.”

7 To comply with the terms of the Settlement Agreement, SoCalGas again
8 requested Commission reconsideration of its policy that LIEE-related NGAT testing
9 should be funded through base rates. In A. 04-07-011, which requested approval of
10 SoCalGas’ low income assistance programs and funding for 2005, SoCalGas sought
11 Commission approval to recover LIEE-related NGAT testing through the Public Purpose
12 Program (PPP) surcharge rather than through base rates. That proposal was not adopted.

13 Although SDG&E’s Phase 1 Settlement agreement did not include the specific
14 language in the SoCalGas Settlement, SDG&E believed that it was reasonable to seek
15 authorization and recovery of funding for LIEE-related NGAT testing in its Application
16 requesting approval of its 2005 low income program plans and budgets.

17 The Commission denied SDG&E’s request in D. 05-04-052 stating that:

18 We do not believe that SDG&E and SoCalGas have adequately
19 demonstrated that we should change from the status quo and move
20 funding for LIEE-related CO testing from base rates to PGC funding.
21 We believe safety testing is a normal utility function for a gas utility
22 and should be paid for out of base rates LIEE funding is limited in
23 amount and is designated to fund activities that help low income
24 customers save energy. (at page 66).

25 SDG&E respectfully points out that the NGAT test is specifically designed to
26 address the needs of low-income households that receive infiltration measures through
27 the LIEE program. These circumstances are very different from situations where other
28 non-LIEE customers are provided routine gas safety services. They are different from
29 other utility services just as the installation of infiltration measures for LIEE customers is
30 different. SDG&E continues to believe that the NGAT tests should be funded through
31 the public purpose program funds along with all other LIEE program costs, since the tests

¹⁰ The term “Direct Assistance Program” is synonymous with the term “Low Income Energy Efficiency” program.

1 have become an integral element of the LIEE program and are regulated along with other
2 LIEE program policies and procedures.

3 In addition, the amount of funds required for NGAT testing is directly related to
4 the number of homes that receive infiltration measures under the LIEE program, which is
5 determined through different proceedings and schedules than currently occurs with
6 NGAT testing being included in base rates. This results in SDG&E being unable to
7 accurately estimate costs for NGAT tests in base rate proceedings that are not related to
8 the procedures in which the determining factors for the required budgets are decided. For
9 example, SDG&E must estimate its 2008-2010 costs for NGAT testing in its General
10 Rate Case (GRC) to be filed later this year without knowing what LIEE programs or
11 budgets will be in place for those years. This uncertainty has always existed with the
12 current process. However, the need to resolve the uncertainty is especially critical now
13 that the Commission is shifting its focus from budget-directed program plans and budgets
14 to goal-directed plans and budgets, and the future goal-directed approach has not yet been
15 finalized.

16 Accordingly, SDG&E renews its request that the Commission provide that costs
17 for LIEE-related NGAT testing be recovered along with other LIEE costs through the
18 PPP surcharge. SDG&E does not propose to conduct NGAT tests with funds currently
19 allocated for the LIEE program, thus not taking away from other program activities to
20 fund the NGAT tests. Having LIEE-related NGAT testing addressed in LIEE
21 proceedings will allow for all LIEE activities and costs to be considered in one place,
22 consistent with the way the program is operated. Funding decisions for LIEE-related
23 NGAT testing can then appropriately reflect and be consistent with decisions in LIEE
24 proceedings regarding the nature and number of these tests.

25 SDG&E plans to conduct NGAT tests for 8,400 homes in PY 2007 and 8,400
26 homes in PY 2008. The cost estimated for this testing is \$0.3 million in PY 2007 and \$0.3
27 million in PY 2008. All tests will be performed by contractors at the time or shortly after
28 weatherization services are provided. These actions will result in SDG&E's new PY
29 2007 LIEE budget to total \$13.665 million and \$13.665 million in PY 2008.

1 SDG&E currently collects \$0.150 million in base rates for LIEE-related NGAT
2 tests. Should the Commission approve SDG&E's request to charge the costs for these
3 tests to the PPP surcharge, SDG&E will adjust its base margin for 2007 accordingly.

4 SDG&E also will include these costs for NGAT tests in its 2008 GRC application
5 this year, since the outcome for this issue will not be known at the time the GRC
6 application is finalized. Should the Commission authorize SDG&E to charge LIEE-
7 related NGAT testing to the PPP surcharge; SDG&E will adjust its GRC request
8 accordingly.

9 **IV. PROPOSED LIEE PROGRAM PLANS FOR PY 2007 AND PY 2008**

10 **A. PY 2007 – PY 2008 LIEE Program Objectives**

11 In D.05-12-026, the Commission has directed the utilities to plan program
12 activities to reflect a change from a budget-directed plan to a goal-driven plan and
13 budget. SDG&E has considered the direction that future LIEE programs should take and
14 determined that the programs should focus on helping low-income customers reduce their
15 bills. This is done through maximizing the energy savings per customer from LIEE
16 services and increasing overall energy savings from the programs.

17 Low-income customers face many economic pressures as was witnessed during
18 the 2005-06 winter, even though natural gas prices did not increase as much as had been
19 anticipated. With rising housing, medical, and other costs, low-income customers have to
20 make choices about where their limited funds should go. These customers need financial
21 relief, and utility low-income programs should be focused on providing this relief.
22 Through CARE, low-income customers receive financial relief through a 20% discount
23 on their bills, and other programs provide bill payment assistance on a limited basis. The
24 LIEE program can best contribute to assisting these customers by focusing on lowering
25 energy usage so that low-income customers have lower energy bills. While this has been
26 one factor for these programs since they were first implemented, improvements can be
27 made to give more emphasis to activities and services that maximize energy savings.

28 In determining its program plans and budgets for PY 2007 and PY 2008, SDG&E
29 first looked at the gas and electric energy savings targets for LIEE that were established
30 in D.04-09-060 and Advice Letter 1769-E/1592-G which included final energy efficiency

1 program plans and savings goals. In the Advice Letter SDG&E established the following
2 annual net energy savings goals for its LIEE program for 2006 – 2008:

Year	kWh	Therms	kW
2006 - 2008	6,000,000	156,000	1,000

4 SDG&E proposes to increase the therm savings from natural gas measures by
5 15% and the kWh savings from electric measures by 3%. The different percentages for
6 gas and electric savings increases reflect the program’s comprehensive services policy,
7 where each low-income customer is provided all feasible measures.

8 These savings increases will be achieved by maximizing energy savings per
9 customer through the kinds of measures that are installed. New measures proposed for
10 the program and changes in existing requirements for the installation of certain measures
11 will help to achieve greater savings. SDG&E also proposes to work with the other
12 utilities to determine how best to work with micro-climate zones (small geographic areas
13 within CEC climate zones) in the program for eligible measures and areas to target.
14 Exploring the use of micro-climate zones will help provide greater assistance in energy
15 savings and bill reductions to customers who reside in particularly warm areas that do not
16 qualify for certain measures due to the vastness of climate zones and an exclusion of
17 harsh micro-climates. It also will result in greater overall energy savings from the LIEE
18 program.

19 SDG&E proposes to pursue these energy savings goals with no increase in its
20 2006 authorized LIEE budget of \$13.4 million and with a small increase in LIEE-related
21 NGAT costs. Since SDG&E can achieve more energy savings with the current LIEE
22 program budget, there is no need to unnecessarily increase the burden on its ratepayers
23 (including low-income ratepayers) who bear the cost of the LIEE program. SDG&E has
24 identified areas for program improvements and cost reductions that allow more to be
25 accomplished with current LIEE program funds, and SDG&E will continue to look for
26 opportunities to operate the program more efficiently. SDG&E believes this overall
27 approach for determining its proposed LIEE program plans and budget best serves the
28 needs of low-income customers by focusing on achieving energy savings and bill

1 reductions, thereby providing much-needed financial relief while not over-burdening all
 2 customers who pay the costs of the programs through their energy bills.

3 **1. Energy Savings Goal**

4 In this Application, SDG&E used the 2001 LIEE Load Impact study measure
 5 evaluation data in computing the projected benefits of measures currently offered in its
 6 LIEE program and the updated database for energy efficiency resources (DEER) for the
 7 new measures proposed for PY 2007 and PY 2008. Additionally for the Air
 8 Conditioning (A/C) Tune-up, high efficiency central A/C, and duct testing and sealing
 9 measures, SDG&E has used the measure assessment evaluation conducted by the LIEE
 10 Standardization Project Team (Standardization Team) Report, filed May 2, 2005, to
 11 compute the projected benefits for its PY 2007 and PY 2008 LIEE programs. The LIEE
 12 programs are outlined below and in the tables contained in Attachment A-2. Although
 13 the Commission has not yet formally adopted the results of the 2001 Load Impact Study,
 14 D. 05-12-026 authorized the use of the study results as the most recent analysis available
 15 for calculating LIEE energy savings estimates.¹¹

16 **Each Year for PY 2007 and PY 2008**

Services	# Installations	kWh Savings	Therm Savings
Air Conditioner Replacement	124	101,442	0
Evaporative Coolers	8	1,236	0
Energy Efficient Compact Fluorescent Lamps and Fixtures	70,910	1,483,532	0
Duct sealing	673	13,108	4,244
In Home Energy Education	10,263	0	0
Refrigerator replacement	4,535	3,399,346	0
Repair or replace natural gas appliance	972	0	27,221
Weatherization	8,660	481,398	145,186
New Measures			
Tankless Water Heaters	100	0	2,800
Air Conditioner Diagnostics & Tune Ups	492	62,379	0
Torchiere Replacement	492	93,972	0
Interior Hardwire CFL	8,364	533,594	0
Total		6,170,007	179,451

¹¹ See Conclusion of Law 7.

1 **B. PY 2007 – PY 2008 LIEE Program Plan & Budget**

2 **1. Outreach and Enrollment**

3 In PY 2007 and PY 2008, SDG&E will continue to increase program awareness
4 and participation by employing a variety of outreach methods. These activities include:
5 1) bill package messages and newsletter articles; 2) mass media advertising and press; 3)
6 collateral brochures and door hangers; 4) targeted direct mail and telemarketing; 5)
7 targeted telephone outreach and 6) community and neighborhood events and workshops.
8 SDG&E plans to continue improving its outreach by enhancing traditional methods,
9 implementing new efforts, performing operational improvements and enhancing
10 telephone service, and conducting evaluations to ensure maximum effectiveness.
11 Outlined below is SDG&E’s outreach plan focused on targeted outreach to low-income
12 customers.

13 **Bill Package** - SDG&E will notify all customers about the LIEE program through
14 bilingual (English/Spanish) bill messages. In addition, SDG&E plans to place articles in
15 the customer bill newsletter, “Energy Notes”, in English and Spanish to further program
16 outreach. These messages will be timed to coincide with other outreach activities
17 including direct mail and mass media print and radio ads, and relevant news stories to
18 provide mutual message reinforcement.

19 **Mass Media** – SDG&E’s multimedia advertising campaigns will continue to
20 target select print publications and radio stations to help promote the LIEE program to
21 eligible, non-enrolled customers. These avenues include multilingual print advertising in
22 English, Spanish, Chinese and Vietnamese, as well as English, Spanish and Vietnamese
23 radio spots during peak traffic drive times to further increase overall customer awareness.
24 SDG&E also plans to continue to promote LIEE public interest news stories for targeted
25 print publications and other outlets for additional program awareness opportunities.

26 **Collateral** – Information about the LIEE program is included in SDG&E’s
27 Customer Assistance programs brochure, *Helpful Ways to Manage Your Energy Bill*.
28 This brochure, offered in English and Spanish, lists all available assistance programs
29 including LIEE and is distributed at outreach events and presentations, at bill payment
30 offices, through the customer contact center and other communication outreach avenues.
31 SDG&E offers a program-specific brochure in English and Spanish solely promoting the

1 LIEE program. In addition, SDG&E provides multi-language LIEE door hangers for
2 distribution in program-eligible neighborhoods by LIEE contractors to educate and
3 provide information to hard-to-reach customers who often do not respond to direct mail
4 or phone solicitations and may not frequent social service agencies. These customers also
5 experience other barriers to participation, including geographic location, language,
6 culture and/or literacy.

7 **Web** – SDG&E updates LIEE information (English and Spanish) and continues to
8 seek new and innovative methods to draw low-income customers to the SDG&E LIEE
9 website for current LIEE program information.

10 **2-1-1 San Diego** – In addition to partnerships with numerous agencies and
11 organizations, SDG&E has a close relationship with 2-1-1 San Diego to promote its
12 assistance programs and enroll customers. 2-1-1 is a new national phone number that
13 provides information on local health and human services as well as assistance with
14 disaster information. SDG&E has worked with 2-1-1 San Diego in 2006 to expand
15 information distribution for energy assistance programs. This includes referring
16 customers that 2-1-1 intake operators determine are qualified over the phone to the LIEE
17 program. This outreach method will continue in PY 2007 and PY 2008.

18 **Targeted Direct Mail** – Proven very effective, targeted direct mail provided more
19 than 2,000 successful customer leads between January and April 2006. Direct mail
20 permits SDG&E to reach the constantly changing customer base in a cost-effective
21 manner by targeting new customers in areas that have been identified through census data
22 as having significant populations that may be eligible for the LIEE program. This
23 method also includes targeted marketing to customers participating in the CARE program
24 whose home has not received LIEE services within the past 10 years.

25 **Targeted Telephone Outreach** -SDG&E successfully utilizes an outside firm to
26 contact both CARE and potential CARE/LIEE customers who have not responded to the
27 LIEE direct mail efforts and who have not yet participated in the LIEE program.
28 Referrals are forwarded to the program contractor who follows up with the customers.
29 Through this approach, SDG&E supplements the outreach activities of the program
30 contractor by providing customer leads that might not otherwise be identified. SDG&E is
31 able to leverage its CARE and LIEE programs by ensuring that CARE customers also

1 receive applicable LIEE services. Since 2004, this outreach approach has proven
2 successful and cost-efficient and has achieved a response rate of approximately 15% of
3 customers who did not respond to earlier direct mail efforts. In PY 2007 and PY 2008,
4 SDG&E plans to continue using both of these cost-effective outreach methods.

5 **Community Events & Workshops** - SDG&E plans to maintain its high level of
6 participation in community events, workshops and collaborations. Community events are
7 held in predominantly hard-to-reach areas of San Diego County and Orange County in
8 targeted customer segments such as faith-based groups, new immigrants, senior citizens,
9 schools, and lower wage workers.

10 **Neighborhood Events** - In addition to traditional events as those described above,
11 SDG&E collaborates with various San Diego cities working with their representatives,
12 local politicians and state elected officials in Neighborhood Events to weatherize homes
13 in targeted neighborhoods. SDG&E plans to continue using these types of events to
14 successfully connect with low-income customer in underserved areas.

15 **2. Continuation Of Targeted Self-Certification And Enrollment**

16 In D. 05-10-044, the Commission authorized SDG&E to implement targeted self-
17 certification and enrollment within specific geographic areas of its service territory to
18 permit customers to enroll in the LIEE program by self-certifying that they meet the
19 program's income eligibility requirements. On March 30, 2006, SDG&E filed a motion
20 seeking Commission authorization to continue with targeted self-certification until a
21 decision is issued in the April 14, 2006 LIEE filings, in which SDG&E requested
22 Commission authorization to continue its targeted self certification process.

23 Targeted self-certification has proven to remove many of the barriers for
24 customers to participate in the LIEE program by eliminating the need to collect income
25 documents from customers who are believed to have a high probability of meeting the
26 program's income eligibility guidelines. SDG&E believes it is an important component
27 of the LIEE program which will enable SDG&E to reach eligible customers who are
28 reluctant to provide necessary income documentation and more quickly enroll customers
29 in the LIEE program. With the continuation of targeted self certification and enrollment,

1 SDG&E plans to treat approximately 10,400 homes each year for PY 2007 and PY 2008
2 which will be key in its ability to meet the energy savings goals during those years.

3 Therefore, SDG&E requests Commission authorization to continue targeted self-
4 certification and enrollment for the LIEE program on a permanent basis beginning in PY
5 2007.

6 **3. Categorical Eligibility**

7 SDG&E is requesting Commission authorization to adopt a categorical eligibility
8 process for enrollment in the LIEE program where customers will be deemed eligible for
9 and enrolled in the LIEE program based on participation in another Local, State, or
10 Federal means-tested program if it is the only source of income for the household. The
11 proposal is somewhat similar to the program-based eligibility process adopted in 2005 for
12 the Universal Lifeline Telephone Service, and SDG&E also is proposing categorical
13 eligibility for CARE enrollment in this application. SDG&E has reviewed the income
14 guidelines for several means-tested programs in California with income guidelines that
15 are at or below 200% of the FPG and has determined that participants in programs such
16 as MediCal, Food Stamps, TANF, and WIC could be categorically enrolled in LIEE.
17 SDG&E believes that due to the vigorous eligibility process that is required for these
18 programs prior to enrollment, those customers who qualify and participate in these
19 programs also qualify for LIEE. SDG&E proposes to permit customers who participate
20 in these programs to qualify for LIEE by simply providing documentation that they
21 participate in one of these programs.

22 Due to the differences in how some of these means-tested programs define
23 qualifying households and total family income, SDG&E will work with the other utilities
24 to determine how best to implement categorical eligibility and to finalize the list of
25 means-tested programs that would be included for categorical enrollment in LIEE.

26 SDG&E believes that adoption of categorical eligibility for the LIEE program
27 will help to further simplify the LIEE enrollment process and will help to encourage more
28 qualified hard-to-reach customers to enroll in the LIEE program.

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4. Current Program Measure Installation Policy Revisions

SDG&E proposes to continue providing the same measures authorized by the Commission in D. 05-12-026 during PY 2007 and PY 2008, but proposes modifications to the installation criteria for compact fluorescent lamps and exterior hardwire fixtures that will help maximize the energy savings per customer and contribute to the achievement of SDG&E’s electric energy savings goals for PY 2007 and PY 2008.

a) Compact Fluorescent Lamps

Currently, the statewide LIEE Policies and Procedures have limits on the number of thread based compact fluorescent lamps that can be installed through the LIEE program to five per home. The energy savings achieved through the replacement of incandescent light bulbs with compact fluorescent lamps can be significant. For example, replacement of a incandescent light bulb with a compact fluorescent lamps in a single family dwelling can result in 23.7 kWh energy savings annually. SDG&E proposes to eliminate the cap on the number of CFLs that can be installed in the home providing that all other installation criteria outlined in the statewide policies and procedures manual are met.¹²

b) Energy efficient exterior CFL hardwired fixtures

Currently, the statewide LIEE Policies and Procedures have limits on the number of exterior hardwired CFL fixtures that can be installed through the LIEE program with a limit of three fixtures per home. SDG&E proposes to eliminate the cap on the number of exterior hardwire CFLs installed in a home providing that all other installation criteria outlined in the statewide policies and procedures manual are met.

5. New Measures Proposed for PY 2007 and PY 2008

a) Air Conditioner Tune Ups

SDG&E proposes to reinstate its request to include air conditioner diagnostics and tune-ups, which had been previously recommended as a new measure for the 2006 program by the Statewide LIEE Standardization Team, for its PY 2007 and PY 2008 LIEE program.

¹² See Section 7.3.14 of the California Statewide Policies and Procedures Manual.

1 On May 2, 2005, the Standardization Team submitted its “Report on the
2 Assessment of Proposed New Program Year 2006 LIEE Program Measures” which
3 included a recommendation to add air conditioning diagnostics and tune-ups as a new
4 measure for the 2006 LIEE program. This service would largely entail checking and
5 tuning the refrigerant charge and air flow on central air conditioners and heat pumps in
6 all resident types located in all Climate Zones except Climate Zones 1, 2, 3, and 5. On
7 September 7, 2005 the Standardization Team submitted an amended report stating that in
8 order to perform the necessary test for evaluating the refrigerant charge, the outdoor
9 temperature must be above a certain threshold (between 55 – 65 degrees Fahrenheit).
10 The Standardization Team determined that it would be impractical or uneconomical to
11 offer the measure in all homes when the outside temperature falls below 55 degrees
12 Fahrenheit. In its amended Report, the Standardization Team requested additional time
13 to consider this measure and further requested Commission authorization to conduct a
14 pilot to identify the following: 1) conditions for refrigerant charge; 2) costs associated
15 with the Standard Charge Measurement procedure and an alternative Weigh-in procedure
16 and 3) barriers associated with implementing the measure. In D. 05-12-026, the
17 Commission stated that it did not intend to assign any new tasks to the Standardization
18 Team.

19 As a result of its recent review of the proposed A/C Tune-up measure filed with
20 the Commission on May 2, 2005, SDG&E now believes that it can ensure that all eligible
21 LIEE households will be able to receive this measure. SDG&E proposes to provide all
22 feasible measures to eligible customers at the time of installation. However, if the
23 customer is eligible to receive services for its air conditioner, but the test cannot be
24 performed due to temperature constraints, SDG&E will install all feasible measures at
25 that time and will return to the customer’s home at a later date to test the A/C when the
26 ambient temperature is such that the test can be accurately performed. Therefore,
27 SDG&E is recommending adoption of this measure beginning in PY 2007.

28 **b) Tankless Water Heaters**

29 SDG&E proposes the addition of one new gas related measure for inclusion in its
30 PY 2007 and PY 2008 LIEE program. SDG&E proposes the installation of tankless
31 water heaters in eligible homes that would otherwise have a standard water heater

1 replaced with a high efficiency storage tank system due to leaks or inoperability.
2 Tankless water heaters have the potential to save an additional 15 – 20 percent on water
3 heater costs and can result in annual bill savings of \$60 – \$75.

4 **c) Torchiere Replacement**

5 SDG&E proposes to replace existing incandescent and halogen based torchiere
6 lamps with energy efficient compact fluorescent torchiere lamps as a new measure for
7 inclusion in its PY 2007 and PY 2008 LIEE program. Replacement of existing
8 inefficient torchiere lamps can result in 191 kWh energy savings annually.

9 **d) Interior Hardwire CFLs**

10 SDG&E proposes to offer interior hardwire CFLs as a new measure for inclusion
11 in its PY 2007 and PY 2008 LIEE program. Interior hardwire CFLs can result in 64 kWh
12 energy savings annually.

13 **V. COMPLIANCE ISSUES**

14 **A. Program Revisions**

15 The Assigned Commissioner issued a Ruling on March 22, 2000 which directed
16 the LIEE Standardization Team to establish standards for LIEE program policies and
17 procedures along with weatherization installation standards which would be applicable
18 statewide. Over time, through various Decisions and Rulings, the Commission also has
19 directed the Team to undertake a number of other LIEE program evaluations, including
20 cost effectiveness analysis on measures and solicitation and evaluation of new measures
21 for inclusion in the LIEE program.

22 In D. 05-12-026, the Commission stated that “[T]he Standardization Team shall
23 not undertake any new activities unless and until it is authorized to do so as a result of the
24 July 2006 applications, or as otherwise directed by the Assigned Commissioner.” The
25 Team has not been given any new assignments and currently has no work pending.

26 The Joint Utilities¹³ will continue to comply with all Commission decisions
27 relative to the current LIEE Policy and Procedures Manual and the Weatherization

¹³ The Joint Utilities are Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), SoCalGas, and SDG&E.

1 Installations Standards Manual. Should it become necessary to evaluate new program
2 policies, procedures, measures, or other matters contained in these Commission
3 directives, this can be accomplished without reinstating the Standardization Team. The
4 utilities will work together with other interested parties to address program issues,
5 including conducting workshops to obtain public input. The utilities also will work with
6 the Energy Division staff to determine where Commission review and approval is
7 necessary for any program changes related to matters covered in the Commission
8 directives. This will allow necessary program changes to be addressed until the next
9 program applications are filed with the Commission.

10 **B. Public Workshops**

11 SDG&E conducted a public workshop on May 18, 2006, at its Century Park
12 facility in San Diego, California to give a brief overview of program changes under
13 consideration for the CARE program and the LIEE program for PY 2007 and PY 2008
14 and to obtain input on the programs from interested parties. In Attachment C, SDG&E
15 has included a copy of the LIEE presentation provided at the workshop and the minutes
16 of the workshop.

17 **VI. REPORTING REQUIREMENTS**

18 The current annual reporting requirements for the LIEE programs were
19 established by the Reporting Requirements Manual (RRM) Working Group under the
20 direction of the Commission during 2001 and adopted by the Commission in 2002. In
21 D.01-05-033, the Commission implemented the rapid deployment of SBX1 5 funds and
22 directed the utilities to file regular status reports on their rapid deployment efforts.
23 Pacific Gas and Electric Company (PG&E) Southern California Edison Company,
24 SoCalGas and SDG&E (IOUs or Joint Utilities), Energy Division and the Division of
25 Ratepayer Advocates developed the monthly and quarterly Rapid Deployment Reports
26 during the early months of rapid deployment and have made modifications to those
27 reports over time, as appropriate.

28 Looking ahead to PY 2007 and PY 2008 LIEE reporting requirements, the IOUs
29 have evaluated the reporting requirements of the programs with the objective of making

1 improvements to the reporting by streamlining data and eliminating duplicative data
2 while continuing to provide information on the programs which is meaningful and
3 provides value to the Commission and other stakeholders. The results of the IOUs'
4 efforts are contained in Attachment D.

5 In summary, the IOUs are recommending the following instead of continuing with
6 the existing "Monthly Reports on Rapid Deployment Efforts."

- 7 • That the current monthly Rapid Deployment reports be replaced with
8 "Monthly Reports on Low Income Assistance Programs"¹⁴
- 9 • That the monthly reports contain the same information each month thus
10 eliminating quarterly reports
- 11 • That obsolete information and tables be eliminated
- 12 • That tables with similar information be combined

13 The Joint Utilities are also recommending modifications to the LIEE Annual
14 Report as contained in Attachment D.

15 Therefore, in order to improve reporting on the Low Income Assistance
16 Programs, SDG&E requests the Commission to adopt the Joint Utilities'
17 recommendations found in Attachment D.

18 **VII. MEASUREMENT AND EVALUATION**

19 2005 Load Impact Evaluation

20 As directed in D.05-04-052, the statewide impact evaluation of the 2005 LIEE
21 programs is well underway. The total cost for this study is estimated at \$600,000.¹⁵
22 SDG&E's portion of this total is 15% or \$90,000. The study takes place over a three-
23 year period (2005, 2006 and 2007). For PY 2007, SDG&E estimates that 40% (\$36,000)
24 will be spent. Additionally, an impact evaluation would be expected in PY 2007 if the
25 previous two-year cycle for requiring impact evaluations continues to be followed, with
26 the currently mandated study being the 2005 LIEE programs evaluation. SDG&E

¹⁴ The low income assistance refers to the CARE and LIEE programs.

¹⁵ The statewide study is being conducted by West Hill Energy & Computing, Inc. The budget estimates used by SDG&E are based on estimates provided by West Hill Energy & Computing, Inc.

1 estimates that the statewide cost for the PY 2007 LIEE impact study will be \$600,000
2 with SDG&E's portion of the total at 15% or \$90,000.

3 LIEE Process Evaluation

4 A process evaluation is projected because one has not been done for several years,
5 and with the changes in the program, it would be prudent to conduct an evaluation of the
6 effectiveness and efficiency of the program design and operations. The total statewide
7 cost estimated for the process evaluation is \$150,000. SDG&E's portion of the total is
8 15% or \$22,500 for PY 2007.

9 Bill Savings Study

10 As directed in D.01-12-020, the annual Bill Savings analysis must be filed by
11 May 1 of each year. The estimated cost for this project is \$25,000.¹⁶ SDG&E's share is
12 15% or \$3,750.

13 Independent Natural Gas Furnace Study

14 The natural gas IOUs jointly propose a statewide independent study of natural gas
15 furnaces to address several of the issues raised by some parties in the 2005 and 2006 low-
16 income proceedings, such as whether LIEE furnace replacements should be based on the
17 age of the appliance for safety reasons. In D.05-10-044, the Commission found that it
18 lacks any factual basis for making a determination on the merits of replacing older wall
19 and floor furnaces based on claims that newer models have important safety mechanisms
20 that older furnaces do not. In order to assess the merits of whether the age of a furnace
21 should be used to as a criteria for furnace replacement in the LIEE program and to help
22 address other furnace replacement issues such as efficiency gains, the IOUs ask the
23 Commission to authorize the natural gas IOUs to undertake a statewide furnace study to
24 be conducted by an independent contractor in PY 2007. The utilities propose that PG&E
25 be directed to administrator of the selection process and contract on behalf of the natural
26 gas IOUs. The total cost for the independent furnace study is estimated to be \$150,000.
27 SDG&E's portion of the total is 21% or \$32,143 for PY 2007.

¹⁶ The statewide Bill Savings Study will be conducted by Equipoise Consulting. The budget estimates used by SDG&E are based on the estimates provided by Equipoise Consulting.

1 New Studies

2 SDG&E proposes a statewide reserve of \$300,000 for additional study
3 requirements that may be developed before the end of 2008. Possible uses could include
4 updating the cost-effectiveness model with the Commission's newly adopted avoided
5 costs for energy efficiency programs and/or a study to improve estimates of non-energy
6 benefits. Utility personnel and other stakeholders have raised questions about the
7 methods used to develop the current values assigned to non-energy benefits of the
8 programs, and the currently used values come from a study that is now several years old.
9 SDG&E's share of this reserve would be \$22,500 per year for PY 2007 and PY 2008.

10 **VIII. LIEE PROGRAM IMPACT EVALUATION**

11 In OP 9 of D. 05-012-026, the Commission, without adopting or approving the
12 results, authorized the use of the Impact Evaluation of the 2001 Statewide Low Income
13 Energy Efficiency Program for calculating the energy savings for the LIEE program
14 activities on a case by case basis until the Commission can address and resolve Low
15 Income Energy Efficiency-related issues in the 2006 Annual Earnings Assessment
16 Proceeding. In this Application, SDG&E used the 2001 LIEE Load Impact study
17 measure evaluation data in computing the projected benefits of measures currently
18 offered in its LIEE program and DEER for the new measures proposed for PY 2007 and
19 PY 2008. Additionally for the A/C Tune-up, high efficiency central A/C, and duct
20 testing and sealing measures, SDG&E has used the measure assessment evaluation
21 conducted by the Standardization Team Report to compute the projected benefits for its
22 PY 2007 and PY 2008 LIEE programs. The projected benefits for all of the measures
23 proposed for PY 2007 and PY 2008 are contained in Attachment A-2.

24 **IX. REQUEST TO CONTINUE FUNDING**

25 SDG&E seeks Commission authorization to continue funding for the PY 2007
26 LIEE program as a contingency if the Commission is delayed in issuing a decision on this
27 Application to prevent a delay in implementing the PY 2007 program on January 1, 2007.
28 For PY 2007, the funding level would be set at the 2006 levels and program
29 accomplishments achieved beginning on January 1, 2007 would be counted toward the

1 PY 2007 program goals. SDG&E requests approval to continue LIEE funding in order to
2 prevent disruption in the program if a decision in this proceeding has been delayed.

3 **X. CONCLUSION**

4 SDG&E requests that the Commission authorize the program plans and budgets
5 proposed in this application for SDG&E's LIEE program for PY 2007 and PY 2008.

6 This concludes my prepared direct testimony.

1
2
3 **QUALIFICATIONS**

4 My name is Gregg E. Lawless. My business address is 8335 Century Park Court,
5 San Diego, CA. 92123. I am employed at San Diego Gas and Electric Company
(SDG&E) as a Customer Assistance Manager.

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

15 I assumed my current position managing the Direct Assistance Program in April
16 2003. My principal responsibilities include the oversight of the Direct Assistance
17 Programs for San Diego Gas & Electric Company and Southern California Gas
18 Company. I have provided written testimony before the Commission in A.04-07-011 and
19 A.04-07-010 in the PY 2005 Low-income Assistance proceeding for SDG&E and
20 SoCalGas, respectively. Additionally, I have provided written testimony in A.05-06-013
21 and A.05-06-012 in the PY 2006/07 Low-Income Assistance proceeding for SDG&E and
22 SoCalGas, respectively. I am also Chair of the Statewide Low Income Energy Efficiency
23 Project Standardization Team.

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

Application No. A. 06-06-_____
Exhibit No: _____
Witness: Rudshagen, Carmen

**PREPARED DIRECT TESTIMONY OF CARMEN RUDSHAGEN ON BEHALF
OF SAN DIEGO GAS AND ELECTRIC COMPANY'S CALIFORNIA
ALTERNATE RATES FOR ENERGY PROGRAM PLANS AND BUDGETS FOR
PROGRAM YEARS 2007 AND 2008**

Before the Public Utilities Commission
Of the State of California

June 30, 2006

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1 **PREPARED DIRECT TESTIMONY OF CARMEN RUDSHAGEN ON BEHALF OF**
2 **SAN DIEGO GAS AND ELECTRIC COMPANY'S CALIFORNIA ALTERNATE**
3 **RATES FOR ENERGY PROGRAM PLANS AND BUDGETS FOR PROGRAM**
4 **YEARS 2007 AND 2008**
5

6 **I. INTRODUCTION**

7 In accordance with Decision (D.) 05-12-026, issued by the California Public Utilities
8 Commission (CPUC or Commission) on December 15, 2005, San Diego Gas & Electric
9 (SDG&E) hereby submits this testimony in support of its Application requesting approval of its
10 California Alternate Rates for Energy (CARE) program plans and budgets for program year
11 ("PY") 2007 and PY 2008. Specifically, Ordering Paragraph (OP) 5 provides:

12 The utilities shall file 2007-08 funding applications no later than July 1, 2006. The
13 utilities shall list separately their budgets and program goals for each year and participate
14 in workshops to develop other application and reporting requirements. The utilities shall
15 schedule and conduct workshops within 60 days of filing their applications, and invite the
16 members of the Low Income Oversight Board, ORA, the Energy Division, and the public
17 to attend the workshops.

18 D.05-12-026 also directed utilities to reflect the results of the Needs Assessment, if it is
19 available in a timely-manner,¹ and direct program experience and to identify and explain any
20 fund shifting within program categories that have been made. As demonstrated in this
21 Application SDG&E has complied with each of those directives:

22 This testimony presents SDG&E's plans and budgets for the PY 2007 and PY 2008
23 CARE program. SDG&E is requesting the following:

- 24 1. Approval of its PY 2007 and PY 2008 CARE program plans and forecasted
25 administrative costs;
- 26 2. Approval to continue current CARE program and funding into PY 2007 should the
27 Commission be delayed in issuing a decision in this proceeding before year-end 2006;

¹ As of the date of this filing, the Statewide Low Income Needs Assessment Report has not yet been completed and was not used in the development of SDG&E's PY 2007/08 CARE program plan.

1 3. Authorization to implement CARE program changes and activities as described in this
2 testimony and further in Attachment B-3

3 **II. BACKGROUND**

4 CARE is a low-income ratepayer assistance program providing qualified residential
5 customers and qualifying group living facilities a 20% discount on their monthly energy bill.
6 The program is funded through a Public Purpose Program (PPP) surcharge paid through non-
7 participating customers' energy bills. The CARE program was established through a legislative
8 mandate and was implemented by the Commission in 1989.² In D.92-04-024 the program was
9 expanded to qualified non-profit group living facilities such as women's shelters and homeless
10 shelters. In D. 95-10-047, the Commission expanded the program to qualified agricultural
11 employee housing facilities. In. D. 05-04-052, the Commission authorized agricultural housing
12 facilities managed by the Office of Migrant Services and other non-profit migrant farm worker
13 housing centers to qualify for the CARE discount.

14 In October 2005, the Commission issued D. 05-10-044 approving various new initiatives
15 for low income programs in anticipation of high natural gas prices during the winter of 2005 –
16 2006 (Winter Programs). The Decision revised the CARE program's income eligibility
17 guidelines from households with incomes at or below 175% of the Federal Poverty Guidelines
18 (FPG) to households with incomes at or below 200% of the FPG. It authorized utilities to
19 temporarily suspend CARE's random post-enrollment verification and recertification processes.
20 D. 05-10-044 also authorized SDG&E to extend the recertification period for customers who
21 were exempted from recertification during the winter period from 2 years to 4 years and
22 authorized SDG&E to implement a temporary process to enroll certain prospective CARE-
23 qualified households by telephone from November 1, 2005, through April 30, 2006.³ SDG&E's
24 CARE Winter Program telephone enrollment process focused on customers who had not
25 returned applications requested from the call center or who had not responded to its direct mail

² Senate Bill 987. The CARE program was formerly known as the Low Income Ratepayer Assistance Program or "LIRA".

³ Utilities were permitted to use census-block or other income-related data to identify fruitful geographic areas to focus a telephone campaign. SDG&E's CARE Winter Program process focused on telephone enrollment of customers who had not returned applications requested from the call center or who did not respond to direct mail campaign and reside in geographic areas found to have high percentages of low income customers.

1 campaign to households located in geographic areas believed to have a high percentage of
2 income qualified customers.

3 In December, 2005, the Commission issued D.05-12-026 which approved PY 2006 and
4 PY 2007 program plans and budgets for the large investor-owned utilities (IOUs). The Decision
5 also authorized SDG&E to conduct the following two pilot programs for the CARE program:

- 6 • **Recertification Process Improvement Pilot** – allows SDG&E to utilize its post
7 enrollment verification probability model to evaluate the likelihood that CARE
8 participants who are to be recertified qualify for the program and to exclude the most
9 likely eligible customers (85% probability the household meets the CARE eligibility
10 guidelines) from the two-year recertification cycle. These customers would be asked
11 to recertify their eligibility every four years instead of every two years.
- 12 • **Recertification by Telephone Pilot** – allows SDG&E to contact CARE customers
13 who are in jeopardy of being dropped from the program due to their failure to respond
14 to recertification requests, and to recertify them by telephone. Participants deemed
15 eligible by telephone are recertified and mailed a recertification letter to remind them
16 of their responsibilities as participant in the CARE program and providing them an
17 opportunity to “opt-out” of the CARE program. SDG&E planned to conduct this
18 pilot during 2006 and to submit an evaluation report to the Commission by the first
19 quarter of 2007.

20 Implementation of these two pilots was postponed until mid-2006 due to the
21 Commission’s temporary suspension of CARE recertification during the winter period. SDG&E
22 seeks Commission authorization to continue these two CARE pilots through the end of PY 2007
23 and to evaluate them for their effectiveness in maintaining income qualified customers in the
24 CARE program. SDG&E proposes to conduct evaluations of the pilots during PY 2008 and will
25 report the results and its recommendation on whether to continue these recertification activities
26 in the future in its next CARE program planning cycle for PY 2009 through PY 2011.⁴

⁴ In D. 05-12-026 at 5, the Commission articulated its preference to synchronize the utility low income program planning cycle with the energy efficiency program’s three year planning cycle which is scheduled to terminate at the end of 2008.

1 Ordering Paragraph 5 of D. 05-12-026 directed utilities to conduct workshops within 60
2 days of filing their applications and invite the members of the Low Income Oversight Board
3 (LIOB), the Energy Division, and the public to attend. SDG&E held a workshop on May 17,
4 2006, in San Diego inviting parties to provide input on its PY 2007 and PY 2008 program plans.
5 A workshop report is included as Attachment C-1 of this testimony.

6 As of the date of this filing, there is pending legislation that may have an impact on the
7 CARE program in the future. Senate Bill (SB)1534 would require the California Health and
8 Human Services Agency, the Commission, the State Department of Education, and the
9 Department of Insurance to work together to ensure that individuals and families meeting
10 equivalent eligibility requirements for low income programs administered by these entities are
11 concurrently enrolled in all available programs for which they are eligible. This SB would
12 require the entities to create a single low-income application to cover all services afforded to low
13 income populations and would allow these entities to establish a Low Income Advisory Board to
14 implement the SB's requirements. SDG&E's CARE program proposals for PY 2007 and PY
15 2008 have not made provisions for implementing SB 1534 because it is still being considered by
16 the legislature at the time of this filing.

17 **III. CARE PROGRAM PROPOSALS FOR PY 2007 AND PY 2008**

18 As shown in Attachment B-1, SDG&E is proposing an annual administrative budget of
19 \$2.574 million for PY 2007 and PY 2008, which represents an increase of \$400,000 over the PY
20 2006 budget authorized in D. 05-12-026.⁵ This increase will restore some of the reductions to
21 the CARE administrative budget made in 2005 and is needed to cover activities related to
22 additional customers now eligible for the program under the new income requirements as well as
23 increased outreach efforts to improve program awareness and program enrollments.

24 SDG&E estimates a combined gas and electric CARE subsidy cost of \$45.998 million for
25 PY 2007 and \$48.232 million for PY 2008 based on its estimated CARE participation levels of
26 249,000 in PY 2007 and 259,000 in PY 2008. For planning purposes, the administrative costs
27 have been allocated 27% gas and 73% electric, which is based on the actual pro-ratio of gas and

⁵ In D. 06-04-011, issued on April 4, 2006, the Commission corrected certain typographic errors contain in Tables 1 and 2 of D. 05-12-026 to reflect the correct SDG&E's PY 2006 CARE authorized budget.

1 electric subsidy costs for PY 2005 Actual PY 2007 and PY 2008 expenditure allocations will be
2 based each month on the twelve month rolling total of electric and gas discount revenues per
3 SDG&E's authorized tariffs.

4 The administrative costs included in SDG&E's CARE program budgets are not included
5 in base rates and are funded through the PPP surcharge. Cost categories are defined in the
6 Regulatory Reporting Manual Working Group (RRMWG) Report which was last revised in
7 January 2002.⁶ Cost categories are delineated in Attachment B-1, along with the planned
8 expenditures for PY 2006, and the planned PY 2007 and PY 2008 budgets.

9 In D 05-12-026, the Commission granted utilities the flexibility to reallocate 2006 CARE
10 program budgets between cost categories as needed but directed them to identify and explain any
11 funding shifts made up to that point in their next applications. No fund shifting between cost
12 categories was required through May 2006, nor does SDG&E anticipate significant fund shifting
13 between cost categories during the remainder of 2006. SDG&E believes that over the PY 2007
14 and PY 2008 planning cycle, there is a continued need to have flexibility to reallocate funds
15 between budget categories and requests that the Commission authorize the continued ability to
16 shift funds between costs categories during PY 2007 and PY 2008.

17 As of the end of May 2006, SDG&E had 222,709 customers enrolled in the CARE
18 program and projects year-end participation will increase to over 232,000. Since 2001, SDG&E
19 has had a net increase in CARE participation (new enrollments, less attrition) by approximately
20 86,800 or 64%. In order to achieve this net increase in participation, SDG&E received and
21 processed 706,400 new CARE applications during this same time frame, of which 310,400 were
22 approved and added to the program. The net enrollment number of 86,800 represents 28% of the
23 total applications approved, due to the number of customers who are dropped from the program
24 for a variety of reasons. SDG&E has found that many CARE customers are leaving the program
25 primarily as they close their accounts and move outside SDG&E's territory. Others may be

⁶ These costs include labor, non-labor and contract expenses for outreach, regulatory compliance, processing of applications, recertification, verification, measurement and evaluation, and other general administrative expenses. In D. 05-04-052 (at 88) the Commission reiterated its directive requiring utilities to standardize their budget categories. To be consistent with other utilities, SDG&E has included *Vacation*, *Sick Leave*, and *Payroll taxes* in the labor category of its PY 2007 and PY 2008 budgets. SDG&E has worked with the other utilities to ensure uniformity between categorized costs and SDG&E's overall budget has been allocated in a manner that is consistent with the RRMWG Report, see, e.g. D. 01-12-020.

1 dropped from the program because they fail to recertify or verify their eligibility when asked to
2 do so by SDG&E. Several of SDG&E's proposals in this application were developed to reduce
3 the number of eligible customers dropped from the program because they do not respond to
4 mailed requests for information.

5 SDG&E's objective for PY 2007 and PY 2008 is to increase its net CARE participation
6 by 16,400 in PY 2007 and 9,955 in PY 2008 and to achieve an increase in its CARE penetration
7 rate of 71% in PY 2007 and 73% in PY 2008 assuming there will be no further changes in the
8 CARE income eligibility guidelines over the next two years. Based on trends observed when the
9 CARE eligibility increased from 150% to 175% FPG, SDG&E anticipates a similar response to
10 the increase to the 200% FPG initiated with the Winter Initiatives. Therefore, SDG&E
11 anticipates a drop in the number of estimated new enrollments in PY 2008 compared to PY 2007.
12 SDG&E has established these targets for CARE in an effort to contribute to the Commission's
13 goal of enrolling 100% of the CARE qualified customers who wish to participate in the program.

14 SDG&E's planned program activity, goals and budgets for each CARE program
15 administrative cost category for PY 2007 and PY 2008 are outlined in detail below.

16 **A. Outreach**

17 Customer response to SDG&E's outreach efforts is critical to its ability to attain its
18 enrollment targets in PY 2007 and PY 2008. This is especially challenging since SDG&E has
19 been experiencing a decline in customer response to some of its traditional outreach efforts that
20 have been successful in the past. For example, customer response to the Annual Notification has
21 been declining in recent years.⁷ In 2002, 0.9% of the customers who received the CARE
22 application form in their bill returned the form to apply for the program. In subsequent years,
23 customer response to the annual bill insert decreased to 0.7% in 2003, 0.4% in 2004 and 0.3% in
24 2005.

25 SDG&E plans to continue to improve its traditional outreach methods, evaluate and
26 implement new efforts, and identify methods to facilitate the enrollment process in order to

⁷ Each year, SDG&E is required to send a CARE application form to all residential customers who are not enrolled in the CARE program. The annual notification campaign occurs in early summer after the CARE income guidelines are updated each year.

1 encourage the hardest to reach qualified customers to enroll in the CARE program. SDG&E will
2 focus on those outreach methods that provide the most cost-efficient results and that target the
3 hard-to-reach customers to help enroll more customers in CARE. For example, direct mail
4 campaigns have been very successful, and SDG&E will continue to utilize and improve upon
5 these efforts.

6 SDG&E has planned \$1.590 million in outreach costs for PY 2007 and \$1.582 million in
7 outreach costs for PY 2008. SDG&E's outreach plans for PY 2007 and PY 2008 are outlined
8 below:

9 **1. Bill Package**

10 SDG&E will notify all customers about the CARE program through bilingual
11 (English/Spanish) bill inserts twice in each program year, which includes the annual notification
12 two months prior to the peak summer month as required by Commission directives.⁸ The annual
13 notification will be supported by TV, radio, and print media advising customers to check their
14 bill for the application. Bill insert costs will be \$124,800 for PY 2007 and \$144,000 for
15 PY 2008.

16 In addition to bill inserts, SDG&E will use several other opportunities with the bill
17 package to provide information to potential CARE applicants. SDG&E plans to use the
18 customer newsletter, "Energy Notes," to inform customers about CARE and its qualifications at
19 least three times each program year. This notification will be done in English and Spanish. The
20 bill message section of the customer bill will contain at least one additional CARE promotional
21 message in addition to the quarterly bilingual messages already mandated by the Commission.
22 Finally, the outgoing bill envelope flap will provide a CARE message twice per program year in
23 English. These messages will be timed to coincide with other outreach activities including direct
24 mail and mass media to provide mutual message reinforcement. There is no additional cost to
25 the CARE program for using these other bill package opportunities.

⁸ See D. 89-07-062, Section III, C. 1. SDG&E's annual notification campaign occurs in early summer after the CARE income guidelines are updated by the Commission each year.

1 **2. Customer Contact**

2 SDG&E’s Customer Service Representatives will continue to follow CPUC directives to
3 inform customers about the CARE program when they initiate or transfer service, during billing
4 and credit calls, and when customers request bill payment arrangements or extensions. Bilingual
5 CARE applications will continue to be provided by field collectors leaving collection notices at
6 customers’ homes. Field Collectors also will continue to provide information about other
7 programs and resources to assist customers. Costs of the materials used by collectors for this
8 purpose are included in the overall costs of applications and collateral materials.

9 **3. Targeted Direct Mail Campaign**

10 Targeted direct mail continues to be an effective outreach method providing almost
11 10,000 returned applications between January and April 2006, with an approval rate of 79%.
12 Targeted direct mail provides a method for SDG&E to contact new, potentially eligible
13 customers in the most cost-effective manner. Direct mail also permits SDG&E to expeditiously
14 reach the constantly changing customer base by targeting new customers in areas that have been
15 identified through census data as having significant populations that may be eligible for CARE.
16 It has also proven effective in targeting the newly eligible segment of customers whose incomes
17 are between 176% and 200% of FPG. For example, during 2006 15% of the applications
18 returned through direct mail efforts were from customers within this income range. SDG&E
19 plans to continue direct mail outreach to 400,000 customers each year, for a cost of \$252,000 per
20 program year, with a target of receiving about 27,000 new CARE applications through direct
21 mail each year.

22 **4. Multi-Language Mass Media and Support Advertising**

23 SDG&E is allocating \$250,400 in PY 2007 and PY 2008 for this activity that will include
24 multimedia advertising campaigns. These will include Spanish and English radio spots, Spanish
25 and English television ads and multilingual print advertising in English, Spanish and Asian
26 languages. While mass media will be used primarily as an information source about the CARE
27 program, advertisements also will be placed in Asian and Spanish language print media, as well
28 as consumer oriented publications such as the *PennySaver* , that will include application forms
29 giving applicants the ability to mail or fax in their applications. Including an application in print
30 advertisements has proven successful in 2006. During a single print media outreach campaign

1 conducted during April 2006 over 550 applications were returned, with a 70% approval rate.
2 SDG&E expects to add approximately 3,500 new CARE customers to the CARE program each
3 program year through print media outreach.

4 **5. Capitation Contracts**

5 SDG&E has found that Community-Based Organizations (CBOs) and other agencies are
6 important partners in providing outreach and access to the CARE program. Some customers
7 respond to agencies because they are able to establish a relationship with the potential enrollee
8 and build trust about CARE and other programs. SDG&E plans to employ new methods of
9 assisting agencies to meet their CARE sign-up goals and to better reach out to the hard-to-reach
10 and under-served customers including those newly-eligible customers with incomes in the 175-
11 200% of FPG.

12 In D. 01-05-033, the Commission determined that agencies that assist customers in
13 enrolling in CARE would be paid a “capitation” fee of up to \$12 per approved CARE
14 enrollment.⁹ SDG&E currently has capitation contracts with 15 CBOs that help clients complete
15 CARE applications and submit them to SDG&E for processing. Since capitation fees have
16 remained unchanged since they were established in 2001, SDG&E proposes increasing the
17 capitation fee to a maximum of \$15 for each approved CARE application beginning in January
18 2007.

19 In addition, SDG&E proposes to continue the split fee structure for capitation contractors
20 that was piloted during 2006 to help increase enrollments from capitation agencies. In PY 2007
21 and PY 2008, SDG&E will pay capitation contractors a higher fee for new and approved CARE
22 applications and a lower fee for CARE applications used for recertification. Initial results of the
23 pilot indicate that this payment structure may generate a higher number of submitted applications
24 and will improve the recertification process by retaining very hard-to-reach customers who may
25 have otherwise not responded to mailed recertification requests.

⁹ Utilities were also given the latitude to contract with different entities at various levels of “capitation” fee (ranging from \$0 to \$12) to appropriately address the specific circumstances of each “capitation” agency. The decision also provided utilities the discretion to not offer “capitation” fees when, for example, new enrollments result from separately-funded CARE outreach activities.

1 To encourage capitation agencies to remain in the program and to increase enrollments,
2 SDG&E proposes to provide capitation contractors a financial incentive if they exceed their
3 CARE sign-up goals. The amount of this incentive paid to each contractor will be determined
4 during the contract negotiation process.

5 **6. Third Party CARE Outreach**

6 SDG&E will initiate a Third Party CARE Outreach program to recruit agencies and
7 others to help with CARE outreach and enrollments. Through a bid process, SDG&E will ask
8 non-profit community agencies, local government groups and for-profit consultants within its
9 service territory to propose unique, innovative methods to identify and enroll very hard to reach
10 customers in the CARE program. This third party program may include neighborhood and
11 community events, outbound calling, door-to-door campaigns, or other community activities
12 identified by the third party as opportunities for CARE outreach and enrollment. Compensation
13 will be based on the number of contacts initiated. However, each contract will include
14 enrollment goals and contain a threshold for approved new CARE sign-ups. The proposals
15 should also target the additional 47,600 customers who became eligible for CARE when the
16 income guidelines were increased November 1, 2005 to 200% of the FPG.

17 SDG&E's target is to enroll 10,000 new customers in CARE each year though this third
18 party outreach and enrollment effort during PY 2007 and PY 2008.

19 **7. Community Outreach Events**

20 SDG&E plans to maintain its high level of participation in community events and
21 collaborations through community outreach events in PY 2007 and PY 2008 that are designed to
22 maximize the number of customers reached and enrolled in CARE. The community events will
23 be held in predominantly hard-to-reach areas of San Diego County and will continue to focus
24 outreach for CARE in targeted market segments (faith-based groups, new immigrants, senior
25 citizens, schools, and lower wage workers). SDG&E will utilize established communication
26 channels within these segments to inform customers about CARE. For example, SDG&E will
27 develop information spots about CARE for placement in church bulletins, community
28 newsletters, school flyers, and other appropriate venues.

1 Going beyond distributing information during community outreach events, SDG&E
2 representatives are spending time with customers explaining the CARE program's eligibility
3 criteria and benefits and helping them complete the CARE application if they are qualified.
4 While this approach requires a greater dedication of resources, it ensures that applications are
5 completed and submitted to SDG&E by customers who might otherwise not do so. SDG&E will
6 continue to use outreach events to leverage all available low-income programs and services,
7 including those offered outside SDG&E.

8 SDG&E is allocating \$27,000 in both PY 2007 and PY 2008 for community outreach
9 events and is forecasting 1,600 enrollments each year from the events.

10 **8. Kiosks and Mini-Kiosks**

11 During the spring of 2006, SDG&E developed and tested the use of five mini-kiosks
12 placed on countertops in public libraries to disseminate information about the CARE program.
13 Customers could fill out an application form and place it the kiosk to avoid having to send it to
14 SDG&E by mail. Customer response to the kiosks was very positive. SDG&E proposes to
15 expand the use of kiosks to help facilitate enrollment in the CARE program during PY 2007 and
16 PY 2008. During PY 2007, SDG&E plans to place twenty additional mini-kiosks in City and
17 County libraries, senior centers, and other public locations. SDG&E also will place 10 full-
18 sized, free-standing kiosks in bill payment locations and selected Cool Zone locations throughout
19 SDG&E's service territory. During PY 2008, SDG&E will place ten additional mini-kiosks and
20 five full-sized kiosks in other public locations throughout its service territory. These efforts are
21 projected to enroll 3,900 new customers in CARE each program year.

22 **9. 2-1-1 San Diego**

23 In addition to partnerships with numerous agencies and organizations, SDG&E has a
24 close relationship with 2-1-1 San Diego to promote its assistance programs and enroll customers.
25 2-1-1 is a new national phone number that provides information on local health and human
26 services as well as assistance with disaster information. SDG&E has worked with 2-1-1 San
27 Diego in 2006 to expand information distribution for energy assistance programs. This includes
28 mailing CARE applications to those customers that 2-1-1 intake operators determine are
29 qualified over the phone. This outreach method will continue in PY 2007 and PY 2008, with a

1 goal of distributing 6,000 CARE applications per year through *2-1-1 San Diego* to qualified
2 customers who are not participating in the program. SDG&E is allocating \$12,500 per program
3 year to support this outreach method.

4 **10. San Diego County's Cool Zone Program**

5 Aging and Independence Services (AIS) of San Diego County developed the Cool Zone
6 program in 2001. The program's purpose has been to encourage seniors and disabled persons to
7 visit local designated air-conditioned public sites to stay cool during summer months without
8 increasing their own energy use. It also was implemented as one way residential customers
9 could conserve electricity and help lower the risk of rolling blackouts. In addition, the program
10 provides health benefits to low income residents, especially seniors, who may be unwilling to use
11 their air conditioners due to energy costs and therefore put themselves at risk for heat-associated
12 health problems.

13 For PY 2006, SDG&E received Commission approval to use \$34,000 in CARE PPP
14 funds to support the County's Cool Zone program, covering costs of travel vouchers and bus
15 passes that enable low income seniors and disabled customers to reach Cool Zone sites. The
16 funds also cover the purchase and distribution of portable fans distributed by AIS to home-bound
17 seniors and disabled adults to allow them to use fans for cooling instead of air conditioning if
18 they choose. CARE applications are provided with each transportation voucher and each fan
19 distributed.¹⁰

20 During PY 2007 and PY 2008, SDG&E plans to continue to support the County of San
21 Diego's Cool Zone program as one of its CARE outreach efforts and will provide funds for the
22 same services as those approved by the Commission for 2006.

23 SDG&E is allocating \$34,000 in PY 2007 and \$39,000 in PY 2008 to continue to support
24 the Cool Zone program in San Diego County.

25 **B. Automatic Enrollment**

26 In. D. 02-07-033, the Commission adopted a program to provisionally enroll participants
27 of California's Low Income Home Energy Assistance Program (LIHEAP), the Women, Infants,

¹⁰ D. 05-12-026 approved SDG&E's 2006 Cool Zone program plan and budget

1 and Children’s program, MediCal programs, and Healthy Families Program in the CARE
2 program. Subsequently, in an Assigned Commissioner’s Ruling (ACR) dated May 5, 2004, the
3 Commission authorized a modified program with Department of Community Services and
4 Development’s (DCSD) LIHEAP participants negating the need to implement certain
5 components of the program initially envisioned by the Commission. The ACR further ordered
6 utilities to mail an opt-out letter to “potential customers” immediately upon receipt of the list of
7 LIHEAP participants for DCSD. SDG&E implemented this modified automatic enrollment
8 program in 2004. Since the Automatic Enrollment program began, SDG&E has received three
9 lists of LIHEAP clients from DCSD resulting in 1,399 customers automatically enrolled into the
10 CARE program. Those not enrolled were either already on CARE or were no longer a SDG&E
11 customer.

12 In looking for additional opportunities for automatic enrollment, SDG&E has evaluated
13 the income criteria for County, State and Federal low-income assistance programs with income
14 guidelines that are less than or equal to the CARE guidelines, such as Temporary Assistance for
15 Needy Families (TANF). During 2006, SDG&E met with representative of the local Health and
16 Human Services Department (HHS) to discuss means of obtaining information on their clients
17 enrolled in the California Work Opportunities and Responsibility to Kids (*CalWORKs*) portion
18 of TANF in order to enroll them in CARE and provide them information on LIEE services.¹¹ As
19 a result of these meetings, SDG&E is working with HHS on an agreement to obtain HHS client
20 information which SDG&E will use to enroll *Cal Works* clients in CARE. SDG&E will continue
21 to seek out other opportunities for automatic enrollment with similar programs.

22 C. Processing, Recertification, and Verification

23 In 2005, the CARE income guidelines increased from 175% to 200% of the FPGs which
24 increased the number of potentially eligible customers in SDG&E’s service territory by 47,600.
25 Although this change will likely continue to increase CARE processing workload for PY 2007
26 and PY 2008, SDG&E anticipates offsetting the costs by implementing proposed processing

¹¹ The *CalWORKs* program provides temporary financial assistance and employment focused services to families with minor children who have income and property below State maximum limits for their family size. Most able-bodied aided parents are also required to participate in the *CalWORKs* L.A. GAIN employment services program.

1 improvements that will further simplify CARE enrollment, recertification, and income
2 verification processes for participating CARE customers.

3 **1. Outbound Telephone Enrollment**

4 As part of its 2005-2006 Winter Initiative, SDG&E implemented a process to contact
5 approximately 14,600 customers by telephone located within highly targeted geographic areas
6 with a high density of program-eligible households. These targeted customers either did not
7 return a CARE application requested through SDG&E's call center or did not respond to
8 SDG&E's targeted direct mail campaign informing them about the program. SDG&E contracted
9 the outbound calling process to an outside vendor. The vendor returned lists of eligible
10 customers to SDG&E, and the CARE program staff enrolled over 2,200 customers using this
11 outbound process during the winter period at a cost of about \$66,000.

12 SDG&E requests approval to continue outbound telephone enrollment, but anticipates
13 changing the process to an automated outbound dialing system (OBD), which is less costly and
14 will enable more customers to be contacted. The OBD system will contact potentially-eligible
15 CARE customers who have already received mail contact (were mailed a CARE application or a
16 direct mail letter), provide them detailed information about the CARE program and invite them
17 to enroll in the program by telephone. Customers who meet CARE's income eligibility
18 requirements can then be enrolled in the program.

19 SDG&E suspended outbound telephone enrollments when the Winter Initiatives ended on
20 April 30, 2006, to evaluate its effectiveness and to determine if this method of enrollment led to
21 a higher percentage of unqualified customers enrolling in the program.¹² SDG&E used its post-
22 enrollment verification probability model to determine how many of the customers enrolled by
23 phone during the Winter Initiative should be asked to verify their income. The model is able to
24 determine those customers who are most likely, with an 85% - 90% certainty, to meet CARE's
25 income eligibility requirements taking into account three primary data sources to derive the
26 certainty of eligibility. The three data sources are: socio-economic data classifications based on
27 neighborhood income; maximum winter monthly consumption, and dwelling type. SDG&E

¹² Ordering Paragraph 4 of D, 05-10-044 directed utilities to track the data for phone enrollment carefully to determine if this method of enrollment leads to a higher percentage of unqualified customers signing up for CARE discounts.

1 determined that less than 25% of the customers enrolled by telephone would need to be verified
2 for eligibility through income documentation, as compared to 50% under the current post
3 enrollment process for all CARE non-telephone enrollees. Based on these results, SDG&E
4 believes this enrollment method should be continued in order to reach customers who typically
5 do not respond to mail requests.

6 SDG&E estimates that through the OBD process, 4,700 customers will be enrolled in the
7 CARE program each year during PY 2007 and PY 2008. Costs are estimated to be
8 approximately \$7,900 each year.

9 **2. Categorical Eligibility**

10 SDG&E is requesting Commission authorization to adopt a categorical eligibility
11 enrollment process for the CARE program, where customers will be deemed eligible for and
12 enrolled in CARE based on participation in another Local, State, or Federal means-tested
13 program when the means-tested program is the only source of income for the household.¹³ The
14 proposal is somewhat similar to the program-based eligibility process adopted in 2005 for the
15 Universal Lifeline Telephone Service.¹⁴ SDG&E has reviewed the income guidelines for several
16 means-tested programs in California with income guidelines that are at or below 200% of the
17 FPG and has determined that participants in programs such as MediCal, Food Stamps, TANF,
18 and WIC could be categorically enrolled in CARE. SDG&E believes that due to the vigorous
19 eligibility process that is required for these programs prior to enrollment, those customers who
20 qualify and participate in these programs also qualify for CARE. SDG&E proposes to permit
21 customers who participate in these programs to qualify for CARE by indicating on their
22 applications that they participate in one of these programs. Customers will be able to self-certify
23 their participation in one or more of these programs on the CARE application and for
24 recertification. They also can provide documentation demonstrating their participation in the
25 program(s) as part of the post-enrollment verification process *in lieu* of providing income
26 documentation.

¹³ In D. 99-07-016, the Commission defined “categorical eligibility” as qualifying for CARE based on a customer showing proof of participation in other public assistance programs such as Aid to Families with Dependent Children. D. 01-05-033 further defined “categorical eligibility” as automatic eligibility for CARE when a customer participates in another public assistance program such as LIHEAP.

¹⁴ D. 05-04-026, Decision Adopting New Universal Lifeline Telephone Service Certification and Verification Processes.

1 Due to the differences in how some of these means-tested programs define qualifying
2 households and total family income, SDG&E will work with the other utilities to determine how
3 best to implement categorical eligibility and to finalize the list of means-tested programs that
4 would be included for categorical enrollment in CARE.

5 SDG&E believes that adoption of categorical enrollment for the CARE program will help
6 to further simplify the CARE enrollment process and encourage more qualified hard-to-reach
7 customers to enroll in CARE.

8 **3. Internet-Based Enrollment**

9 The number of CARE applications downloaded from SDG&E's website and
10 subsequently mailed to customers continues to increase each year. During the first four months
11 of 2006, almost 1,000 customers used application forms downloaded from SDG&E's website to
12 apply for CARE, and of these, 83% were successfully enrolled and an additional 30 applications
13 were used as recertification applications. Of those enrolled, 76% were received from customers
14 with income at or below 175% of the FPGs. Based on these results, SDG&E believes that more
15 CARE-qualified customers are using the Internet, and it appears that the number will increase.
16 Therefore, SDG&E proposes to provide an interactive, internet-based CARE application form
17 that customers may use to apply for CARE. As part of this process, customers will be required
18 to electronically certify and acknowledge that:

- 19 • their total household income meets the CARE income eligibility guidelines;
- 20 • the information they have provided is true and correct;
- 21 • they agree to provide proof of income if requested by SDG&E;
- 22 • they understand that SDG&E may re-bill them for the period they received the
23 discount erroneously should SDG&E find they do not qualify for the program.¹⁵

24 This process will be designed to save customers time and money while also expediting
25 their enrollment in the program. Over time, this process is expected to lead to CARE program
26 improvement and savings. SDG&E projects that this enrollment enhancement could result in
27 approximately 5,000 new CARE enrollments each year during PY 2007 and PY 2008.

¹⁵ This declaration statement is included on SDG&E's printed CARE form which has been approved by the Commission.

1 SDG&E estimates that the majority of the start-up costs for this new process will be for
2 programming. These costs are included as part of the Billing System Programming section of
3 this Application. Programming cost is expected to be recorded in PY 2007 with minimal
4 maintenance costs in PY 2008.

5 **4. Recertification of Fixed-Income Customers**

6 Currently, residential CARE customers are required to recertify their eligibility every two
7 years. Sub-metered tenants are required to recertify their eligibility annually. SDG&E has
8 researched various income sources and has determined that fixed-income households have one of
9 the following sources of income which are not likely to change significantly over time:

- 10 • Social Security
- 11 • Supplemental Security Income (SSI)
- 12 • Pensions

13 Customer groups who would receive the most benefit from this CARE program
14 enhancement would be seniors, who represent the largest group of customers in this category,
15 and customers with a permanent disability who are receiving SSI benefits. SDG&E proposes to
16 revise the recertification requirements for residential CARE customers whose income is from
17 one of the above sources from every two years to every four years.

18 SDG&E has estimated that approximately 20% of the customers who are asked to
19 recertify fail to respond to recertification requests and are ultimately dropped from the program.
20 SDG&E believes that with a four-year recertification requirement for customers on a fixed
21 income, the number of CARE-qualified customers who are dropped from the program merely
22 because they fail to respond to recertification requests would be reduced.

23 In order to track customers who would qualify for this program change, SDG&E would
24 need to make some modifications to its CARE system. SDG&E would also realize some cost
25 savings due to the reduction in the number of recertification requests that would be mailed out
26 during PY 2007 and PY 2008.

27 SDG&E believes that PG&E, Southern California Edison, and SoCalGas are including
28 similar proposals in their PY 2007 and PY 2008 program applications. SDG&E will work with

1 the other utilities to jointly refine the definition of fixed income customers who would qualify for
2 the four year recertification process.

3 SDG&E anticipates that implementation of the system enhancements and proposed
4 program changes described above will reduce processing costs in PY 2008. Therefore, SDG&E
5 is requesting Processing, Recertification, and Verification cost for PY 2007 of \$279,850 and
6 \$255,400 for PY 2008.

7 **D. Billing System/Programming**

8 SDG&E's programming and billing cost category includes maintenance of the CARE
9 billing system, maintenance of systems used for monthly reporting, and CARE billing,
10 processing and reporting system enhancements. In the PY 2006 CARE application, SDG&E
11 requested funds to make system enhancements to support tracking and reporting of CARE
12 outreach and enrollment efforts. SDG&E is requesting funds to make additional changes to
13 current computer and telephone systems in order to support processing functions that allow for
14 internet-based application processing, recertification for fixed income customers, automatic and
15 categorical enrollment, and the post enrollment verification processes as described above.

16 SDG&E is projecting billing system and programming cost to implement the proposed
17 system changes of \$308,000 for PY 2007 and \$371,500 in PY 2008.

18 **E. Measurement and Evaluation**

19 This category includes the annual joint utilities CARE program eligibility update. The
20 annual update establishes the CARE program eligibility based on updated census and economic
21 data, and is reviewed and provided to the utilities by an outside consulting firm. SDG&E has
22 planned an M&E budget of \$59,400 for PY 2007 and \$3,600 for PY 2008.

23 SDG&E has assumed that the Commission's Statewide Needs Assessment will be
24 completed during 2006. However, in the event that the completion of the Needs Assessment is
25 further delayed, SDG&E has budgeted \$56,000 in PY 2007 which represents SDG&E's pro rata
26 share of the remaining Needs Assessment Budget. Should the Needs Assessment be completed
27 and invoiced to SDG&E by year-end 2006, SDG&E will reallocate the funds budgeted in PY

1 2007 to another cost category as needed. SDG&E does not anticipate any other Commission
2 ordered M&E studies for PY 2007 & PY 2008 for the CARE program.

3 **F. Regulatory Compliance and Energy Division Costs**

4 SDG&E's costs in this category include labor and non-labor cost for complying with
5 Commission reporting requirement and responding to data requests from the Commission and
6 others. These costs for PY 2007 & PY 2008 are expected to be consistent with PY 2006 and are
7 estimated at \$163,500 and \$ 169,000 respectively.

8 SDG&E has additionally budgeted \$ 52,400 in PY 2007 and \$55,000 PY 2008 for Energy
9 Division CARE program support. The estimates are based on PY 2005 and PY 2006 average
10 monthly program costs.

11 **G. General Administration**

12 SDG&E's PY 2007 and PY 2008 CARE general administrative program budget includes
13 labor and non-labor costs for program management and supervision and is estimated at \$300,500
14 for PY 2007 and \$317,400 for PY 2008.

15 SDG&E plans to continue to look for ways to improve its CARE program services during
16 PY 2007 and PY 2008. SDG&E will seek input from interested parties on ways that CARE
17 services can be further improved. SDG&E will continue to research and evaluate whether other
18 technological improvements can be made to its automated systems to better serve its CARE
19 customers. Should any services be identified that require Commission authorization to
20 implement, SDG&E would file an Advice Letter to explain the modification to the CARE
21 program being proposed and to seek Commission approval.

22 **IV. PROJECTED CARE GAS AND ELECTRIC SUBSIDY COSTS**

23 SDG&E has estimated the projected CARE electric subsidy costs for PY 2007 and PY
24 2008 based on the estimated participation shown in Attachment B-2. For PY 2007, the total
25 service subsidy amount is estimated at \$45.998 million, and for PY 2008 the subsidy cost is
26 estimated at \$48.232 million. SDG&E will update, as necessary, the gas and electric PPP
27 surcharge rates in its annual advice letter filings made in the fourth quarter of each year.
28 SDG&E believes a better estimate of subsidy charges will be available at that time as new

1 eligibility estimates will be available, a more current level of enrollment will be utilized, and a
2 more recent estimate of fuel costs will be available.

3 **V. REPORTING REQUIREMENTS**

4 The current annual reporting requirements for the CARE programs were established by
5 the Reporting Requirements Manual Working Group (RRMWG) under the direction of the
6 Commission during 2001 and adopted by the Commission in 2002. In (D.) 01-05-033, the
7 Commission implemented the rapid deployment of SBX1 5 funds and directed the utilities to file
8 regular status reports on their rapid deployment efforts. Pacific Gas and Electric Company,
9 Southern California Edison Company, Southern California Gas Company, and SDG&E (Joint
10 Utilities), Energy Division, and the Division of Ratepayer Advocates¹⁶ developed the monthly
11 and quarterly Rapid Deployment Reports over the early months of rapid deployment and have
12 made modifications to those reports over time, as appropriate.

13 Currently a report is filed each month to provide an update on CARE and LIEE
14 achievements and expenditures. The monthly reports contain four CARE program tables:

- 15 • Table 6 – CARE Program Expenses
- 16 • Table 10 – CARE Rapid Deployment Progress
- 17 • Table 11 – CARE Random Post Enrollment Verification Results
- 18 • Table 16 – CARE Participation – Combined Rural and Urban

19 Every third month (January, April, July, and October) a more detailed report containing
20 additional tables is filed. The “quarterly” reports contain the quantitative tables listed above plus
21 six additional tables which are described in Attachment D. Additionally, the report filed every
22 three months contains a narrative table designed to detail the rapid deployment outreach efforts
23 of the utilities.

24 Looking ahead to PY 2007 and PY 2008 CARE reporting requirements, the Joint Utilities
25 have evaluated the reporting requirements of the programs with the objective of making
26 improvements to the reporting by streamlining data and eliminating duplicative data while
27 continuing to provide information on the utilities’ programs which is meaningful and provides

¹⁶ Known at the time as Office of Ratepayer Advocates

1 value to the Commission and other stakeholders. The results of the Joint Utilities' efforts are
2 contained in Attachment D.

3 In summary, the Joint Utilities are recommending the following instead of continuing
4 with the existing "Monthly Reports on Rapid Deployment Efforts."

- 5 • That the current monthly Rapid Deployment reports be replaced with "Monthly
6 Reports on Low Income Assistance Programs".
- 7 • That the monthly reports contain the same information each month thus
8 eliminating quarterly reports
- 9 • That obsolete information and tables be eliminated
- 10 • That tables with similar information be combined
- 11 • That CARE tables 6, 10, 11, and 12 be retained with Table 12 combining
12 information from Table 16.

13 The Joint Utilities are also recommending that the CARE Annual Report not be modified
14 at this time.

15 Therefore, in order to improve reporting on the Low Income Assistance Programs,
16 SDG&E asks the Commission to adopt the Joint Utilities' recommendations found in
17 Attachment D.

18 **VI. REQUEST TO CONTINUE FUNDING**

19 To avoid program disruption, SDG&E seeks Commission authorization to continue
20 funding for the PY 2007 CARE program as a contingency if the Commission is delayed in
21 issuing a decision prior to program implementation effective January 1, 2007. The funding
22 amount and the source of funds would be the PY 2007 planned CARE administrative budget,
23 until the Commission authorizes a budget. Enrollments and participation rates and other
24 program accomplishments achieved pending a decision would be counted as PY 2007 program
25 achievements.

26 **VII. CONCLUSION**

27 SDG&E respectfully requests the Commission to issue an order approving the CARE
28 program plans and budgets for PY 2007 and PY 2008 as described in this testimony.

1 **QUALIFICATIONS**

2 **OF**

3 **CARMEN A. RUDSHAGEN**

4 My name is Carmen Rudshagen. My business address is 555 West 5th Street,
5 Los Angeles, CA. 90012. I am employed at the Southern California Gas Company (SoCalGas)
6 as the Customer Assistance Manager – CARE. My principal responsibilities are to manage both
7 SoCalGas’ and San Diego Gas and Electric Company’s (SDG&E’s) CARE programs.

8 I joined SoCalGas in 1979 and have held numerous positions of increasing responsibility
9 in the following departments over the last 25 years: Customer Services Staff, Billing and
10 Collections Staff, Technical Staff Support, and Policy Staff.

11 I have been continuously involved with the CARE Program since 1992 and expanded
12 those responsibilities to include management of other customer assistance programs for
13 SoCalGas, including the Gas Assistance Fund, which is a customer-performance funded bill
14 assistance program, and the Low Income Home Energy Assistance program, which is federally-
15 funded bill assistance program administered by the Department of Community Services.

16 In 2002 I assumed responsibility for managing the SDG&E CARE Program. I have
17 previously appeared before the Commission at Rapid Deployment Status Conferences and
18 previously provided written testimony as part of the low- income programs application
19 proceedings for Program Years 2002 – 2005.

List of Attachments

A. LIEE

1. Proposed Budget
2. Planning Assumptions
 - Units, Energy Savings, Demand Savings
3. Matrix – Proposal for 2007/08

B. CARE

1. Proposed Budget Categories
2. IOU Participation Estimates
3. Matrix – Proposal for 2007/08

C. Workshops

1. LIEE & CARE Workshop Summary
2. LIEE & CARE Workshop Presentation

D. IOU's Recommendation to Reporting Requirements

Attachment A

- **Proposed Budget**
- **Planning Assumptions**
- **Matrix – Proposal for 2007/08**

San Diego Gas & Electric - PY 2007-2008 LIEE ELECTRIC & GAS BUDGET CATEGORY COMPARISON

LIEE Cost Category	PY 2006 Year-End Estimated	PY 2007 Year-End Projected	PY 2008 Year-End Projected
ENERGY EFFICIENCY			
Gas Appliances	\$2,440,496	\$1,597,843	\$1,597,843
Electric Appliances	\$5,418,864	\$4,775,778	\$4,775,778
Weatherization	\$4,277,081	\$3,904,358	\$3,904,358
Outreach & Assessment	\$1,486,108	\$1,200,117	\$1,200,117
In Home Energy Education	\$192,363	\$155,901	\$155,901
Education Workshops	\$132,000	\$0	\$0
TRAINING CENTER			
Training Center	\$0	\$0	\$0
Inspections	\$161,180	\$42,914.75	\$44,144
Advertising	\$576,331	\$320,991.87	\$320,992
M&E	\$62,250	\$62,250.00	\$62,250
Regulatory Compliance	\$286,838	\$301,525.50	\$309,306
Other Administration	\$884,710	\$982,319.90	\$973,311
OVERSIGHT COSTS			
CPUC Energy Division	\$21,000	\$21,000	\$21,000
TOTAL PROGRAM COSTS			
Total Program	\$15,939,220	\$13,365,000	\$13,365,000
NGAT		\$300,000	\$300,000
Total LIEE Program Cost		\$13,665,000	\$13,665,000

San Diego Gas & Electric - PY 2007-2008 LIEE ELECTRIC BUDGET CATEGORY COMPARISON

LIEE Cost Category	PY 2006 Year-End Estimated	PY 2007 Year-End Projected	PY 2008 Year-End Projected
ENERGY EFFICIENCY			
Gas Appliances	\$0	\$0	\$0
Electric Appliances	\$5,418,864	\$4,775,778	\$4,775,778
Weatherization	\$0	\$0	\$0
Outreach & Assessment	\$743,054	\$600,059	\$600,059
In Home Energy Education	\$96,182	\$77,950	\$77,950
Education Workshops	\$66,000	\$0	\$0
OTHER PROGRAM ACTIVITIES			
Training Center	\$0	\$0	\$0
Inspections	\$80,590	\$21,457	\$22,072
Advertising	\$288,166	\$160,496	\$160,496
M&E	\$31,125	\$31,125	\$31,125
Regulatory Compliance	\$143,419	\$150,763	\$154,653
Other Administration	\$442,355	\$491,160	\$486,655
OVERSIGHT COSTS			
CPUC Energy Division	\$10,500	\$10,500	\$10,500
TOTAL PROGRAM COSTS			
Total Program	\$7,320,254	\$6,319,289	\$6,319,289
NGAT		\$0	\$0
Total LIEE Program Cost		\$6,319,289	\$6,319,289

San Diego Gas & Electric - PY 2007-2008 LIEE GAS BUDGET CATEGORY COMPARISON

LIEE Cost Category	PY 2006 Year-End Estimated	PY 2007 Year-End Projected	PY 2008 Year-End Projected
ENERGY EFFICIENCY			
Gas Appliances	\$2,440,496	\$1,597,843	\$1,597,843
Electric Appliances	\$0	\$0	\$0
Weatherization	\$4,277,081	\$3,884,273	\$3,904,358
Outreach & Assessment	\$743,054	\$600,059	\$600,059
In Home Energy Education	\$96,182	\$77,950	\$77,950
Education Workshops	\$66,000	\$0	\$0
OTHER PROGRAM ACTIVITIES			
Training Center	\$0	\$0	\$0
Inspections	\$80,590	\$21,457	\$22,072
Advertising	\$288,166	\$170,910	\$160,496
M&E	\$31,125	\$31,125	\$31,125
Regulatory Compliance	\$143,419	\$150,763	\$154,653
Other Administration	\$442,355	\$490,788	\$486,655
OVERSIGHT COSTS			
CPUC Energy Division	\$10,500	\$10,500	\$10,500
TOTAL PROGRAM COSTS			
Total Program	\$8,618,966	\$7,035,669	\$7,045,712
NGAT		\$300,000	\$300,000
Total LIEE Program Cost		\$7,335,669	\$7,345,712

**San Diego Gas & Electric - LIEE Planning Assumption
Units, Energy Savings, and Demand Savings**

Measures	Unit	PY 2006 Year-End Estimated				PY 2007 Year-End Projected				PY 2008 Year-End Projected						
		# of Units	kWh (Annual)	kW	Therms (Annual)	# of Units	kWh (Annual)	kW	Therms (Annual)	# of Units	kWh (Annual)	kW	Therms (Annual)			
Furnaces																
- Repair - Gas	Each	913	-	-	23,029	727	-	-	18,353	727	-	-	18,353			
- Replacement - Gas	Each	667	-	-	25,789	214	-	-	8,287	214	-	-	8,287			
- Repair - Electric	Each	-	-	-	-	-	-	-	-	-	-	-	-			
- Replacement - Electric	Each	-	-	-	-	-	-	-	-	-	-	-	-			
Infiltration & Space Conditioning																
- Gaskets for Cover Plates	Each	36,144	-	-	-	29,255	-	-	-	29,255	-	-	-			
- Duct Sealing	Home	1,379	3,848	1	8,657	673	13,108	4	4,244	673	13,108	4	4,244			
- Evaporative Coolers	Each	10	1,527	0	-	8	1,236	0	-	8	1,236	0	-			
- Evaporative Coolers Maintenance	Each	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
- Evaporative Cooler/Air Cond. Covers	Each	22	12	0	116	17	18	0	79	17	18	0	79			
- Heat Pump Replacement	Each	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
- Air Conditioner Replacement - Room	Each	50	6,435	2	-	50	6,435	2	-	50	6,435	2	-			
- Air Conditioner Replacement - Central	Each	78	12,779	4	-	74	95,007	28	-	74	95,007	28	-			
- Air Conditioner Tune-up/Service	Each	-	-	-	-	492	62,379	18	-	492	62,379	18	-			
Weatherization																
- Attic Insulation	Home	443	19,261	6	9,791	271	17,304	5	5,067	271	17,304	5	5,067			
- Attic Access Weatherization	Each	112	-	-	-	91	-	-	-	91	-	-	-			
- Weatherstripping - Door	Each	14,632	21,752	6	30,518	11,843	27,662	8	20,924	11,843	27,662	8	20,924			
- Caulking	Home	8,522	19,475	6	27,565	6,898	24,364	7	18,899	6,898	24,364	7	18,899			
- Minor Home Repairs	Home	5,921	38,921	11	29,435	4,799	46,682	14	20,206	4,799	46,682	14	20,206			
Water Heater Savings																
- Water Heater Blanket	Each	1,601	33,029	10	14,987	1,296	49,904	15	10,275	1,296	49,904	15	10,275			
- Low Flow Showerhead	Each	13,025	140,103	41	67,881	11,304	226,981	66	49,904	11,304	226,981	66	49,904			
- Water Heater Replacement - Gas	Each	38	-	-	718	31	-	-	581	31	-	-	581			
- Water Heater Replacement - Electric	Each	-	-	-	-	-	-	-	-	-	-	-	-			
- Tankless Water Heater	Each	-	-	-	-	100	-	-	2,800	100	-	-	2,800			
- Water Heater Pipe Wrap	Home	413	3,306	1	1,542	334	4,996	1	1,057	334	4,996	1	1,057			
- Faucet Aerators	Each	21,028	55,257	16	27,384	17,020	83,487	24	18,775	17,020	83,487	24	18,775			
Miscellaneous Measures	Home	10,334	-	-	-	8,364	-	-	-	8,364	-	-	-			
Lighting Measures																
- Compact Fluorescents (inc. porchlights)	Each	49,633	1,031,440	100	-	68,899	1,431,829	139	-	68,899	1,431,829	139	-			
- Porchlights fixture replacement	Each	1,645	42,298	-	-	2,011	51,703	-	-	2,011	51,703	-	-			
- Interior Hardwire CFL fixtures	Each	-	-	-	-	8,364	533,594	52	-	8,364	533,594	52	-			
- Torchieres Replacement	Each	-	-	-	-	492	93,972	9	-	492	93,972	9	-			
Refrigerators	Each	5,694	4,268,557	651	-	4,535	3,399,346	519	-	4,535	3,399,346	519	-			
Pool Pump	Each	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Energy Education																
- Outreach & Assessment	Home	12,882	-	-	-	10,440	-	-	-	10,440	-	-	-			
- In-Home Education	Home	12,664	-	-	-	10,263	-	-	-	10,263	-	-	-			
- Education Workshops	Participant	24,000	-	-	-	-	-	-	-	-	-	-	-			
Homes Served																
- Total Number of Homes Treated	Home	12,882					10,440					10,440				
- Total Number of Homes Weatherized	Home	10,700					8,660					8,660				
Total Savings			5,698,000	855	267,412		6,170,007	912	179,451		6,170,007	912	179,451			

Beginning in 2007, SDG&E's new measures are A/C Tune-up, Tankless Water Heaters, Interior Hardwire CFL fixtures, and Torchiere Replacement.

Notes:

Savings assumes consistent mix of dwelling types through all years.

kWh and therm savings derived primarily from the 2001 Impact Evaluation of the Statewide Low-Income Energy Efficiency Program. DEER was used for some measures.

Since kW savings were not part of the 2001 Impact Evaluation of the Statewide Low-Income Energy Efficiency Program, a ratio of kW per kWh was used based on the Diego Gas & Electric Advice Letter 1769-E/1591-G, Attachment II Table 7:

Projected Savings by End Use. These factors are as follows:

<u>End Use</u>	<u>kW/kWh</u>
Space Cooling/Heating	0.000911356
Lighting	9.73466E-05
Refrigeration	0.000152559
Water Heating	0.000291768
Other	0.000969537

Attachment A-3
SDG&E LIEE Program Proposals for 2007 and 2008

Proposal	Description	Benefits	Current Practice
1. LIEE-Related NGAT Funding	Include funding for LIEE-related NGAT tests in LIEE program funds and recovery from PPP surcharge.	Allows all LIEE program elements to be addressed in one proceeding; consideration of NGAT tests along with LIEE program goals, allowing for better estimates of funds required.	Funds for LIEE-related tests are recovered in base rates and addresses in GRC proceedings, separate from LIEE proceedings.
2. Targeted Self-Certification for Enrollment	Allow self-certification for customers in targeted areas with high percentage of low-income customers.	Allows more customers to be served; reduces program costs; includes customers who may not be able to provide income documentation but who are very likely to be eligible.	All customers must provide income documentations, except for 2005-06 winter when this self-certification was allowed as part of Winter Programs.
3. Categorical Eligibility	Allow customers to enroll in LIEE through provision of documentation that they participate in pre-determined means-tested state or federal program.	Increase enrollments by simplifying process for customers; reach customers who might not otherwise apply.	Participation in other programs is currently not a factor for enrollment.
4. Cap for Number of CFLs Installed	Remove cap on number of CFLs that can be installed per home.	Provides greater energy savings and bill reduction to customers.	Five CFLs can be installed per home.
5. Cap for Number of Exterior CFL Hardwired Fixtures Installed	Remove cap on number of exterior CFL hardwired fixtures that can be installed per home.	Provides greater energy savings and bill reduction to customers.	Three fixtures can be installed per home.
6. New Measure – A/C Tune-Ups	Provide air conditioner diagnostics and tune-ups.	Provides greater energy savings and bill reduction to customers.	Currently not included as program measure.
7. New Measures – Tankless Water Heaters	Replace leaking or inoperable water heaters with tankless water heater.	Tankless water heaters have potential to provide significant energy savings.	Leaking or inoperable water heaters are replaced with standard water heaters.
8. New Measure – Torchiere Replacement	Replace halogen torchiere lamps with compact fluorescent torchiere lamps.	Provides greater energy savings and bill reduction to customers.	Currently not included as program measure.
9. New Measure – Interior Hardwire CFLs	Install interior hardwire CFLs.	Provides greater energy savings and bill reduction to customers.	Currently not included as program measure.

Attachment B

- **Proposed Budget**
- **IOU Participation Estimates**
- **Matrix – Proposal for 2007/08**

Attachment B-1
San Diego Gas & Electric
CARE PY 2007-2008 PROPOSED PROGRAM BUDGET

CARE BUDGET CATEGORIES	2006 Authorized	2007 Planned	2008 Planned
Outreach	\$ 1,319,473	\$ 1,589,729	\$ 1,581,629
Automatic Enrollment	\$ 13,136	\$ -	\$ -
Proc., Certification and Verification	\$ 258,168	\$ 279,849	\$ 255,360
Bill System/Programming	\$ 335,050	\$ 308,106	\$ 371,467
Pilots	\$ -	\$ -	\$ -
Measurement and Evaluation	\$ 3,000	\$ 59,451	\$ 3,623
Regulatory Compliance	\$ 154,553	\$ 163,476	\$ 169,052
General Administration	\$ 210,638	\$ 300,548	\$ 317,407
LIOB	\$ -	\$ -	\$ -
CPUC Energy Division Staff	\$ 52,500	\$ 52,416	\$ 55,037
Total Expenses	\$ 2,346,518	\$ 2,753,575	\$ 2,753,575
Subsidies and Benefits	\$ 34,499,414	\$ 45,998,310	\$ 48,231,658
Total Program Costs and Discounts	\$ 36,845,932	\$ 48,751,885	\$ 50,985,233

Attachment B-2

San Diego Gas & Electric Company

CARE PY 2006-2008 ESTIMATED PARTICIPATION

	Total Enrolled 12-31-05	Total Enrolled Through May 2006	PY 2006 Estimated Eligible	Estimated Net PY 2006 Enrollments	Estimated Year End PY 2006 Participation	Estimated PY 2006 Goal Rate	Estimated PY 2007 Net Enrollments	Estimated Year End PY 2007 Participation	Estimated PY 2007 Goal Rate (a)	Estimated PY 2008 Net Enrollments	Estimated Year End PY 2008 Participation	Estimated PY 2008 Goal Rate (a)
(Source)	(1)	5/31/06 RD Report	(2)	(3)	(Col. B+E)	(Col. F/D)	(2)	(Col. F+H)	(Col. I/D)	(2)	(Col. F+H)	(Col. I/D)
SDG&E	205,456	31,938	336,479	27,428	232,891	69%	16,356	249,236	71%	9,960	259,198	73%

(a) Estimated PY2006 and 2008 Goal Rate will fluctuate based on updated CARE Eligibility information to be filed September 2006 and 2007.

(1) CARE Annual Reports, dated 5/1/06

(2) Each utility's estimate based on eligibility rates filed 10/17/05; rates for PY2007 and 2008 still to be developed. SDG&E has factored in estimated meter growth.

(3) Most recent estimates of 2006 net enrollments.

Attachment B-3

SDG&E CARE Program Proposals for 2007 and 2008

Proposal	Description	Benefits	Current Practice
1. Reallocation of Budget Funds	Continuation of flexibility to reallocate funds between budget cost categories as needed.	Allows ability to respond to changing needs within program activities without delays.	Currently authorized.
2. Continuation of 2006 Recertification Pilot	Use probability model for recertification through 2007; those who pass would be recertified every four years; evaluate in 2008.	Reduce number of eligible customers dropped for non-response: reduce program costs.	All residential customers are recertified every two years.
3. Continuation of 2006 Recertification by Phone Pilot	Contact customers who have not responded to recertification requests and recertify by phone.	Reduce number of eligible customers dropped for non-response.	Customers recertify by mailing signed applications.
4. Capitation Fees	Increase capitation fee to up to \$15 per enrollment.	Encourages more participation and enrollments from agencies.	Current fee is up to \$12 per enrollment.
5. Automatic Enrollment	Automatic enrollment with agencies for programs with same income requirements as CARE.	Increase enrollment; reduce program costs.	Automatic enrollment authorized for certain state programs.
6. Outbound Telephone Enrollment	Enrollment by telephone of customers in targeted areas who have requested CARE applications or have not responded to direct mail campaigns.	Enroll more eligible customers who typically do not respond by mail.	Winter Program allowed phone enrollments; not part of current program.
7. Categorical Eligibility for CARE Enrollment and Post Enrollment Verification (PEV)	Allow customers to enroll in CARE through self-certification that they participate in pre-determined means-tested state or federal program. Allow proof of participation to fulfill PEV requirements.	Increase enrollments by simplifying process for customers; reach customers who might not otherwise apply; increase number of eligible customers who respond to PEV requests and therefore are not dropped from CARE.	Participation in other programs is not a factor for enrollment or PEV.
8. Internet-Based Enrollment and Recertification	Provide for enrollment and recertification through internet applications submitted on-line.	Increase enrollments for customers who typically do not respond by mail; reduce program costs.	Internet applications must be downloaded and submitted by mail.
9. Recertification of Fixed Income Customers	Four-year recertification process for customers with household income based on pre-determined fixed-income sources.	Reduce number of eligible customers dropped for non-response to recertification requests; reduce program costs.	All residential customers recertify every two years.
10. Recertification by Phone	Provide option for customers to recertify eligibility by telephone through IVR system.	Reduce number of eligible customers dropped for non-response to recertification requests; reduce program costs.	Customers currently must recertify by mail.

Attachment B-3

Attachment C

- **Summary of Public Workshop**
- **Presentation Material**

SDG&E's 2007 / 2008 Workshop Presentation on CARE and LIEE Application

On May 18, 2006, San Diego Gas & Electric Company (SDG&E) held a Public Workshop at its Headquarters in San Diego to give a brief overview of program changes under consideration for the California Alternates Rates for Energy (CARE) program and the Low Income Energy Efficiency (LIEE) program for 2007 and 2008 and to obtain input on the programs from interested parties.¹

The following interested parties attended the workshop:

Gregg Lawless – SDG&E and SoCalGas	Mike Allen – SDG&E
Yvette Vazquez – SDG&E and SoCalGas	Catrina Gregory – SDG&E
Joy Yamagata – SDG&E and SoCalGas	Jill McGhee – SDG&E
Irma DePratti – SDG&E	Dave Cantrell – SDG&E and SoCalGas
Kathy Wickware – SDG&E and SoCalGas	Don Wood - Pacific Energy Policy Center

The following interested parties participated in the workshop via teleconference:

Rachael Grimblot - South West Gas	Mariana Cambell - DRA
Hazlyn Fortune - Energy Division	Adam Knowles – SDG&E and SoCalGas
Carmen Rudshagen – SDG&E and SoCalGas	

The workshop commenced with introductions from all of the attendees. A hardcopy of the presentation was distributed to attendees at the workshop. An electronic copy of the presentation was sent to attendees who participated via teleconference.

Yvette Vazquez, Customer Assistance Program Manager, provided an overview of the Commission directives in Decision 05-12-026 for the utilities' 2007 and 2008 low income program applications.

California Alternative Rates for Energy (CARE) program

Irma DePratti, Energy Programs Advisor, provided a brief overview of the CARE program and changes under consideration. See attached presentation.

Mariana Campbell inquired about the recertification / split fee for capitation workers. Irma DePratti responded that the fee can be broken into \$4.00 / \$8.00. Normally the contractor would get the normal \$12.00 fee.

¹ In Decision 05-12-026, the California Public Utilities Commission directed the utilities to conduct workshops on its 2007 and 2008 Applications.

Mariana Campbell inquired about the internet CARE enrollment and the type of verification process that would be used. Irma DePratti responded that the verification process would be the same as a normal enrollment. If the customer is selected for income verification, then they would need to send in the normal income documentation.

There were no other questions and this concluded the CARE presentation.

Low Income Energy Efficiency (LIEE) program

Gregg Lawless, LIEE Customer Assistance Manager, provided a brief overview of the LIEE program. See attached presentation.

Hazlyn Fortune asked for clarification on bullet points 3 and 4 on page 12 of the presentation (exploring cost saving opportunities and evaluating potential new measures / adjustments to existing measures).

Gregg Lawless responded that SDG&E is constantly evaluating the program to reduce costs. SDG&E is looking at 5-6 new measures, mostly electric and 1 gas measure for consideration into the LIEE program. SDG&E is also considering modifications to its existing measures: 1) remove cap for CFLs installed in home, 2) remove cap for exterior hardwire fixtures, and 3) allow interior hardwire fixtures. SDG&E plans to have a process whereby any contractor that installs an excessive number of these items may be subject to inspection. SDG&E is also considering air conditioning tune-ups. The only gas measure being considered is tankless water heaters.

Don Wood distributed a handout (see attachment) that discusses an outreach approach in 2007 and the California Solar Initiative (CSI). Don Wood stressed the importance of expanding the LIEE program to include the solar initiative.

Hazlyn Fortune suggested that SDG&E may want to include ideas on how to implement CSI into the LIEE program.

Mariana Campbell mentioned that there is an LIOB meeting in June. The CSI topic, and how it will affect Low Income customers, should be brought up.

Don Wood stated that copies of this handout had been sent to all the utilities and Ortensia Lopez on 5/18/2006.

There were no other questions and this concluded the LIEE presentation.

The workshop was concluded.



SDGE 2007-2008
Low Income Program



PEPC comments on
2007 SDGE LIEE Plan

SDG&E

2007-2008 Low Income Programs Application

Public Workshop

May 18, 2006

Century Park

San Diego, CA

D-05.12.026

- The utilities shall file 2007-08 funding applications no later than July 1, 2006
- The utilities shall conduct workshops within 60 days of filing their applications
- These applications shall reflect an effort to change from budget-directed planning to goal-driven planning and budgets

Low Income Programs:

- Low Income Energy Efficiency (LIEE)
 - SDG&E – Direct Assistance Program (DAP)
- California Alternate Rates for Energy (CARE) – rate discount

CARE

- CARE provides a **20% rate discount** to income-qualified customers
- Income eligibility set at 200% of Federal Poverty Level Guidelines

CARE – SDG&E

Proposals being considered for 2007 and 2008 Application

- Continuation of Approved Proposals
- Program Changes
- New Outreach Initiatives

CARE – SDG&E

- Continuation of SDG&E Approved 2005/06 Proposals
 - Winter Initiative outbound telephone enrollment
 - Phone enrollment pilot for recertification
 - Recertification pilot using probability model to identify most likely qualified customers to recertify every four years

CARE – SDG&E

- Program Changes Under Consideration
 - Revise recertification requirements for customers on fixed income
 - Internet based CARE enrollment
 - Modify post enrollment verification request

CARE Outreach

- Current CARE outreach activity
 - Bill Inserts
 - Bill Messages
 - Direct mail
 - Multi-Cultural mass media outreach
 - CARE Capitation (fee per enrolled customer)
 - Community outreach

CARE – SDG&E

- New Outreach Initiatives
 - Expansion of third party outreach
 - Offer reimbursement options for current capitation contractor program
 - Sub-metered tenant brochure

Workshop Recommendations

LIEE

- Offers no-cost home improvement services to eligible, income-qualified renters and homeowners aimed at reducing energy consumption and costs
- Income eligibility set at 200% of Federal Poverty Level Guidelines

LIEE Measures

Non-Weather Sensitive

- Compact fluorescent lamps
- Hard wired CFL porch lights
- High efficiency refrigerators
- Faucet aerators
- Low flow shower heads
- Water heater blankets
- Water heater pipe wrap

Weather Sensitive

- Evaporative cooler/ AC covers
- High efficiency room AC
- High efficiency central AC
- Evaporative coolers
- Duct testing and sealing
- Outlet gaskets
- Caulking
- Attic insulation
- Minor home repairs
- Weather stripping doors
- Weather stripping attic access
- Gas furnace repair/replacement

LIEE

- Focus on energy savings in concert with Energy Efficiency proceeding
- Continue with targeted self certification
- Explore cost savings opportunities
- Evaluate potential new measures and/or adjustments to exiting measures
- Seek changes to balancing account treatment

Discussion

- What changes would enhance these programs
 - Low income customer needs
 - Goals
 - Budget
 - Outreach
 - Implementation/installation

Workshop Recommendations

- Continue self certification
- Expand LIEE program to include the solar initiatives
- Recommendation of method to include new measures in the program

Pacific Energy Policy Center

**4539 Lee Avenue, La Mesa, California
Phone: 619-463-9035, Fax: 619-465-5742**

May 18, 2006

To: Gregg Lawless, Manager, SDG&E Low Income Energy Efficiency Programs

From: Pacific Energy Policy Center

Subject: 2007 Low Income Energy Efficiency Program Planning Comments

These comment were prepared for today's SDG&E public input workshop on 2007 Low Income Energy Efficiency (LIEE) program planning issues. The Pacific Energy Policy Center (PEPC) commends SDG&E its LIEE program efforts supporting the CPUC's 2005 Winter Initiative, and encourages the company to continue to extend its aggressive program outreach efforts and plan modifications to its 2007 program that will allow it to support the CPUC's 2007 California Solar Initiative (CSI) efforts.

SDG&E should retain its Designated Area Outreach approach in 2007

As part of its more aggressive Winter Initiative outreach efforts, SDG&E has adopted a Designated Area (DA) outreach model. This uses the most up to date U.S. Census information to identify census tracts with a high percentage of LIEE eligible households and automatically enrolls those homes in the LIEE program, without requiring individual customers to provide written income verification data. The company continues to require potential LIEE customers to provide income verification in census tracts outside those designated areas. This outreach model has allowed SDG&E to increases the number of LIEE eligible customers served last Winter and this year, and we encourage the company to retain this outreach model in the future. Spot check reviews of a small (3-5%) percentage of DA customers income verification data would allow SDG&E to ensure that the vast majority of DA customers receiving LIEE services are in fact income eligible.

California Solar Initiative (CSI) Planning

On January 12, 2006 the CPUC adopted D. 06-01-024, which mandates that California IOUs spend approximately \$3.2 billion dollars installing solar systems on customers roofs over the next three years. 10% of those dollars must be spent installing solar systems on the homes of low-income energy customers. D. 06-01-024 also mandates that in order to have solar measures installed, customer homes must meet Title 24 new construction energy efficiency standards.

SDG&E's LIEE Program Management should work closely with the company's CSI planning staff, and plan on utilizing its existing LIEE service provider network to install solar measures on the homes of LIEE customers to meet the CPUC's CSI standards. It makes no sense to set up a new stand alone solar measure installation program solely to install solar measures on the homes of LIEE eligible customers. Low income communities are already familiar with the LIEE programs, and how they benefit poor and elderly customer households. Instead of setting up a new program that could potential overlap and compete with the existing LIEE programs, SDG&E should instead determine the feasibility of simply expanding it LIEE program to include the installation of solar measures mandated by D. 06-01-024.

SDG&E and the other IOUs should work with the CPUC to see if D. 06-01-024 can be interpreted or modified to allow the IOUs to install solar measures on the homes of customers whose homes have already been weatherized and treated under its LIEE program.

To that end, SDG&E should immediately commission a study to determine the degree to which a home weatherized under its LIEE program meets California Title 24 energy efficiency standards. If they do, SDG&E should develop a pilot program to install solar measures on the roofs of homes previously weatherized under its LIEE program. If they do not, SDG&E and the other IOUs should approach the CPUC for a rule change that allows LIEE weatherized homes to receive solar measures under the CSI program.

Don Wood, Senior Policy Advisor
Pacific Energy Policy Center
619-463-9035
dwood8@cox.net

Attachment D

- **IOU's Recommendations to Reporting**

Attachment D
Investor-Owned Utilities' Recommendations for
PY 2007 and PY 2008
Monthly and Annual Reporting
of Low Income Assistance Programs

Background:

The current annual reporting requirements for the CARE and LIEE programs were established by the Reporting Requirements Manual (RRM) Working Group under the direction of the Commission during 2001 and adopted by the Commission in 2002. In (D.) 01-05-033 the Commission implemented the rapid deployment of SBX1 5 funds and directed the utilities to file regular status reports on their rapid deployment efforts. The utilities and the Energy Division developed the monthly and quarterly Rapid Deployment (RD) Reports over the early months of rapid deployment and have made modifications to those reports as appropriate.

Looking ahead to 2007 and 2008 CARE and LIEE reporting requirements, the IOUs (San Diego Gas & Electric, Southern California Gas Company, Southern California Edison Company, and Pacific Gas and Electric) reviewed the reporting requirements for the RD and the Annual Reports. The following issues were identified:

- Current RD reporting frequencies and tables reflect SBX1 5 funding and legislative requirements and requests from Commission personnel who are no longer involved with the programs. Quarterly reporting does not reflect calendar year quarters but an adjusted timeframe to reflect SBX1 5 reporting to the legislature by the CPUC which is no longer required.
- RD reports are not concise. It may be difficult for Commission staff and the LIOB to easily find meaningful information in the reports.
- LIEE Annual Report Tables are not aligned with RD reporting tables and do not always provide meaningful information.

Upon completion of the review the IOUs drew an overriding conclusion, defined objectives for reporting on the programs, and developed recommendations in support of those objectives which are presented below.

Conclusion:

Current reporting frequencies and tables which reflect SBX1 5 funding and legislative requirements are obsolete and can be improved to better meet the information requirements of the Commission.

ATTACHMENT D
IOUS PY2007 AND PY2008 LOW INCOME PROGRAMS
REPORTING REQUIREMENTS

Reporting Objectives:

- Provide meaningful information to the Commission and interested parties while streamlining the reporting process and report content to achieve efficiencies.
- Improve reports so that they are clear and concise, and easy to read (e.g., larger print, format).
- Ensure reports provide key information which is sufficiently informative without being overly detailed.
- Ensure reports are of value to the Commission in its role of overseeing the utilities' low-income programs.
- Information may be expanded over time to reflect information requests from current Commission staff and LIOB.

Recommendations:

Reporting Frequency and Titling of the Reports:

- The same tables should be filed monthly.
- Reports for a given month will be due the 21st of the following month.
- Some RD tables should be moved to the LIEE Annual Report Tables and Technical Appendix Tables, which will continue to be due May 1 of the subsequent year.
- The monthly reports should be renamed as "Low-Income Assistance Programs Monthly Reports."

Monthly Report and Tables

- A brief narrative overview which highlights program activity during the month and/or year-to-date should be filed each month in addition to quantitative tables showing the results for the programs.
- The following revisions should be made to the monthly report tables in order to provide useful and sufficient information to the Commission while creating efficiencies in the reporting process.

Tables A, B, C, LIEE Outreach, CARE Outreach and Leveraging, CARE Media Outreach -- Delete. This information is provided in annual LIEE and CARE reports.

Table 1, LIEE Program Expense – Keep. Delete SBX1 5 columns; remove LIAB/LIOB rows; move Indirect Costs below Totals.

ATTACHMENT D
IOUS PY2007 AND PY2008 LOW INCOME PROGRAMS
REPORTING REQUIREMENTS

Tables 2, 2A, LIEE Direct Purchase and Installation Contractor Expenses and Contractor Legend -- Delete. This information can be provided on an ad hoc basis if requested. This table is obsolete. It helped assure compliance with SBX1 5 which is no longer required.

Table 3, LIEE SBX1 5 Percentage of Expenditures – Delete. No longer applicable; SBX1 5 funds are no longer available.

Table 4, LIEE Measure Installations – Keep. Make YTD; delete measures dropped per CPUC directive; capture new measures as approved in this proceeding; delete SBX1 5 columns and only report on base program completed & expensed; delete initiated not completed because the info may not be accurate and was originally intended to provide forward looking information on the rapid deployment efforts; expand to include impact information currently reported in Table 5.

Table 4A, LIEE Installations by Housing Types – Move to LIEE Annual Report. Make YTD; take out SBX1 5 columns; remove “Goal” columns since no formal service goals for single and multi-family residences have been established.

Table 5, LIEE Energy Impacts -- Merge into Table 4; and report YTD only; delete SBX1 5 columns.

Tables 5A, 5 B, 5C, LIEE Average Bill Savings – Move 5A to LIEE Annual Report. Make YTD; delete 5B and 5C.

Table 6 – CARE Expenses – Keep. Drop SBX1 5 columns; delete LIAB/LIOB rows; move Indirect Costs below Totals.

Tables 7, 7A, CARE Leveraging and Outreach Contractor Expense and Contractor Legend – Delete. Obsolete because they were originally established to refer to pre-Rapid Deployment CARE outreach pilot programs.

Tables 8, 8A, CARE Capitation Fees by Contractor and Contractor legend – Delete. Total Fees are captured in Table 6, Capitation Enrollments in Tables 10 and 16. Table initially provided useful information in early stages of CARE capitation program to measure utilities’ progress in signing up capitation contractors. However, information on capitation contracts and outreach results is included in the CARE Annual report.

Table 9, CARE SBX1 5 Percentage of Expenditures for Mass Marketing – Delete. SBX1 5 funds are no longer available.

Table 10, CARE Enrollment, Recertification, and Attrition – Keep. Merge columns from Table 16 into this Table; the table provides useful and timely information on the CARE program.

ATTACHMENT D
IOUs PY2007 AND PY2008 LOW INCOME PROGRAMS
REPORTING REQUIREMENTS

Table 11, CARE Random Verification Results – Keep. This table provides useful information in an area that is of interest to stakeholders.

Tables 11A, 11B, CARE Random Verification Outreach Results SBX1 5 and non SBX1 5 – Delete. SBX1 5 funds no longer available; outreach strategies initially funded by SBX1 5 have been incorporated into the utilities' base funding for CARE.

Table 12, CARE Enrollments – Keep. Delete separate columns for fuel type and urban/rural split; provide one table only that provides CARE enrollment by county.

Tables 13A - 13F, Urban/Rural LIEE Installations – Delete. This information can be provided on an ad hoc basis if required at any future time.

Tables 14, 15, 16 Rural, Urban, and Combined CARE Participation – Delete. Merge Table 16 data that is not reported elsewhere into Table 10.

Tables 17 - 24, Summary of Homes Treated, LIEE Base Program – Delete. This information can be provided on an ad hoc basis if required at any future time.

Table 25 - 28, Summary Energy and Bill Savings LIEE Base Program – Delete. This information can be provided on an ad hoc basis if required at any future time.

Table 29, Summary Rural and Urban CARE Capitation Contractors – Delete. Utilities have demonstrated program delivery throughout their service areas. Information can be produced on an ad hoc basis if required at any future time.

Table 30, LIEE Penetration – Move to LIEE Annual Report. This table provides a longer-term perspective on LIEE program penetration over a rolling 10 year period more appropriate to an annual report than a monthly report.

Attached one are the recommended monthly reporting tables revised per the IOUs recommendations.

ATTACHMENT D
IOUs PY2007 AND PY2008 LOW INCOME PROGRAMS
REPORTING REQUIREMENTS

LIEE Annual Report and Technical Appendix Tables

IOUs recommend that the existing LIEE Annual Report and Technical Appendix Tables be replaced with the attached tables.

Attachment D

- **Low Income Assistance Program
Tables**

	A	B	C	D	E	F
1	Table 2¹ - LIEE Measure Installations & Savings - Utility Name - Through Month 20XX					
2			Completed & Expensed Installations			
3	Measures	Units	Quantity	kWh (Annual)	kW	Therms (Annual)
4	Furnaces					
5	- Repair - Gas	Each				
6	- Replacement - Gas	Each				
7	- Repair - Electric	Each				
8	- Replacement - Electric	Each				
9						
10	Infiltration & Space Conditioning.					
11	- Gaskets for Cover Plates	Each				
12	- Duct Sealing	Home				
13	- Evaporative Coolers	Each				
14	- Evaporative Cooler/Air Cond. Covers	Each				
15	- Air Conditioner Replacement - Room	Each				
16	- Air Conditioner Replacement - Central	Each				
17						
18	Weatherization					
19	- Attic Insulation	Home				
20	- Attic Access Weatherization	Each				
21	- Weatherstripping - Door	Each				
22	- Caulking	Home				
23	- Minor Home Repairs	Home				
24						
25	Water Heater Savings					
26	- Water Heater Blanket	Home				
27	- Low Flow Showerhead	Home				
28	- Water Heater Replacement - Gas	Each				
29	- Water Heater Replacement - Electric	Each				
30	- Water Heater Pipe Wrap	Home				
31	- Faucet Aerators	Each				
32						
33	Miscellaneous Measures	Home				
34						
35	Lighting Measures					
36	- Compact Fluorescents (inc. porchlights)	Each				
37	- Porchlights fixture replacement	Each				
38						
39	Refrigerators	Each				
40						
41	Energy Education					
42	- Outreach & Assessment	Home				
43	- In-Home Education	Home				
44	- Education Workshops	Participants				
45						
46	Pilots					
47	- Pilot					
48						
49	Homes Served					
50	- Total Number of Homes Treated	Home				
51	- Total Number of Homes Weatherized	Home				
52						
53	Total Savings					
54						
55						
56	¹ Table 4 and Table 5 in the former Rapid Deployment Reports					
57						

	A	B	C	D	E	F	G	H	I	J
1	Table 3¹ - CARE Program Expenses - Utility Name - Through Month 20XX									
2		Year to Date			Budget			% of Budgeted Spent YTD		
3	CARE Program:	Electric	Gas	Electric & Gas	Electric	Gas	Electric & Gas	Electric	Gas	Electric & Gas
4	Outreach									
5	- Capitation Fees									
6	- Automatic Enrollment									
7	- Other Outreach									
8	Total Outreach									
9										
10	Processing/ Certification/Verification									
11	Billing System /Programming									
12										
13	Pilots									
14	- Pilot									
15	- Pilot									
16	- Pilot									
17	Total Pilots									
18										
19	Measurement & Evaluation									
20	Regulatory Compliance									
21	Other Administration									
22	CPUC Energy Division									
23										
24	SUBTOTAL MANAGEMENT COSTS									
25										
26	CARE Rate Discount									
27	Service Establishment Charge Discount									
28										
29	TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS									
30										
31	kWh Surcharge Exemption									
32										
33	Indirect Costs									
34										
35	1 Table 6 in the former Rapid Deployment Reports									
36										
37										
38										

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1	TABLE 4'- CARE Enrollment, Recertification, Attrition, and Penetration - Utility Name - Through Month 20XX														
2	Gross Enrollment										Enrollment		Total CARE Participants	Estimated CARE Eligible	Penetration Rate % (M/N)
3	Automatic Enrollment			Capitation	Other Sources ²	Total (D+E+F)	Recertification	Total Adjusted (G+H)	Attrition (Drop Offs)	Net (I-J)	Net Adjusted (K-H)				
4	Inter- Utility	Inter- Agency	Combined (B+C)												
5	January														
6	February														
7	March														
8	April														
9	May														
10	June														
11	July														
12	August														
13	September														
14	October														
15	November														
16	December														
17	Total Annual														
18															
19															
20	¹ Table 10 in the former Rapid Deployment Reports														
21	² Not Including Recertification Enrollment														

	A	B	C	D	E	F	G	H	I
1	Table 5¹ - CARE Standard Random Verification Results - Utility Name - Through Month 20XX								
2	Table 51 - CARE Standard Random Verification Results - Utility Name - Through Month 20XX	Total CARE Population	Participants Requested to Verify	% of Population Total	Participants Dropped (Due to no response)	Participants Dropped (Verified as Ineligible)	Total Dropped	% Dropped through Random Verification	% of Total Population Dropped
3									
4	January								
5	February								
6	March								
7	April								
8	May								
9	June								
10	July								
11	August								
12	September								
13	October								
14	November								
15	December								
16	Total Annual								
17	¹ Table 11 in former Rapid Deployment Reports								
18									
19									
20									
21									
22									
23									

	A	B	C	D	E	F
1	Table 6¹ - CARE Enrollment by County - Utility Name - Through Month 20XX					
2	County	Estimated Eligible	Gross Enrollments		Total Participants	Penetration Rate
3			April	YTD		
4	County 1					0%
5	County 2					0%
6	County 3					0%
7	County 4 (etc.,)					0%
8						
9	TOTALS					0%
10	¹ Table 12 in former Rapid Deployment Reports					
11						
12						
13						
14						
15						
16						

Attachment D

- **Recommended Annual Report Tables**

	A	B	C	D	E	F
1	Table 2 - LIEE Measure Installations & Savings - Utility Name					
2			Completed & Expensed Installations			
3			Measures	Units	Quantity	kWh (Annual)
4	Furnaces					
5	- Repair - Gas	Each				
6	- Replacement - Gas	Each				
7	- Repair - Electric	Each				
8	- Replacement - Electric	Each				
9						
10	Infiltration & Space Conditioning.					
11	- Gaskets for Cover Plates	Each				
12	- Duct Sealing	Home				
13	- Evaporative Coolers	Each				
14	- Evaporative Cooler/Air Cond. Covers	Each				
15	- Air Conditioner Replacement - Room	Each				
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21	- Weatherstripping - Door	Each				
22	- Caulking	Home				
23	- Minor Home Repairs	Home				
24						
25	Water Heater Savings					
26	- Water Heater Blanket	Home				
27	- Low Flow Showerhead	Home				
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34						
35	Lighting Measures					
36	- Compact Fluorescents (inc. porchlights)	Each				
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38	- Interior Hardwire CFL fixtures	Each				
39	- Torchieres Replacement	Each				
40						
41	Refrigerators					
42						
43	Energy Education					
44	- Outreach & Assessment	Home				
45	- In-Home Education	Home				
46	- Education Workshops	Participants				
47						
48	Pilot					
49	- Pilot					
50						
51	Homes Served					
52	- Total Number of Homes Treated	Home				
53	- Total Number of Homes Weatherized	Home				
54						
55	Total Savings					

	A	B	E	F	I	J	K												
1	<p>LIEE Homes Treated by Dwelling Type</p> <p>Utility Name</p> <p>Calendar Year</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Metering</th> <th>Total</th> <th>% of Total Units</th> </tr> </thead> <tbody> <tr> <td>Single Family Units</td> <td></td> <td></td> </tr> <tr> <td>Multi-Family Units</td> <td></td> <td></td> </tr> <tr> <td>Master-Metered Units</td> <td></td> <td></td> </tr> </tbody> </table> <p>Formerly Table 4A from RD reports</p>							Metering	Total	% of Total Units	Single Family Units			Multi-Family Units			Master-Metered Units		
Metering								Total	% of Total Units										
Single Family Units																			
Multi-Family Units																			
Master-Metered Units																			
2																			
3																			
4																			
5																			
6																			
7																			
8																			
9																			
10																			
11																			
12																			
13																			
14																			
15																			
16																			
17																			
18																			

	A	B	C	D
1	SUMMARY TABLE 5 LIEE PENETRATION Calendar Year			
2				
3				
4				
5	Year ¹	Homes Treated	Estimated Eligible in Current Year	Current Year Penetration Rate for Homes Treated
6	1997			
7	1998			
8	1999			
9	2000			
10	2001			
11	2002			
12	2003			
13	2004			
14	2005			
15	2006			
16	Total Homes Treated in 10 Years			
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				

¹10 Years of activity are reported.

Formerly Table 30 from RD reports

	A	B	C	D
1	TABLE TA _1			
2	Average Annual Bill Savings per Customer			
3	Utility Name			
4	Calendar Year			
5				
6				
7				
8				
9				
10				
11			Based on Year-End Installations Completed and Expensed	
12			kWh	Therm
13	Annual Savings			
14	Current Rate		\$	\$
15	Number of Customers Treated			
16	Average 1st Year Bill Savings/Customer		\$	
17	Average Lifecycle Bill Savings/Customer		\$	
18				
19	Formerly Table 5A of RD reports			

	A	B	C	D	E	F	G	H	I
1	TABLE TA __.2								
2	LIFE CYCLE BILL SAVINGS								
3	Utility Name								
4	Last Year								
5									
6	Measure Description	Number Installed	Per Measure Electric Impact (kWh)	Per Measure Gas Impact (Therms)	Effective Useful Life (EUL)	Total Measure Life Cycle Bill Savings			
7									
8	Energy Efficiency Measures								
9	Measure A								
10	Measure B								
11	Measure C								
12	Measure D								
13	Measure E								
14	Measure F								
15	Measure G								
16	Measure H								
17	Measure I								
18	Etc.								
19	Total Number of Homes Serviced By the Program								
20	Life Cycle Bill Savings Per Home								
21									
22									
23									
24	Formerly TA __.7 of AEAP Report								
25									

	A	B	C
1	TABLE TA _3		
2	ENERGY RATES USED FOR BILL SAVINGS CALCULATIONS		
3	Utility Name		
4	Year	\$/kWh	\$/Therm
5	Last Year		
6	This Year +1		
7	This Year +2		
8	This Year +3		
9	This Year +4		
10	This Year +5		
11	This Year +6		
12	This Year +7		
13	This Year +8		
14	This Year +9		
15	This Year +10		
16	This Year +11		
17	This Year +12		
18	This Year +13		
19	This Year +14		
20	This Year +15		
21	This Year +16		
22	This Year +16		
23	This Year +17		
24	This Year +18		
25	This Year +19		
26	This Year +20		
27	This Year +21		
28	This Year +22		
29	This Year +23		
30			
31			
32	Formerly TA _8 of AEAP Report.		

	A	B	C	D	E	F	G																				
1	TABLE TA _4																										
2	BILL SAVINGS																										
3	Utility Name																										
4																											
5																											
6	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Program Year</th> <th style="width: 15%;">Program Costs</th> <th style="width: 15%;">Program Lifecycle Bill Savings</th> <th style="width: 15%;">Program Bill Savings/ Cost Ratio</th> <th style="width: 15%;">Per Home Average Lifecycle Bill Savings</th> </tr> </thead> <tbody> <tr> <td>Last Year -2</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Last Year -1</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Last Year</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>					Program Year	Program Costs	Program Lifecycle Bill Savings	Program Bill Savings/ Cost Ratio	Per Home Average Lifecycle Bill Savings	Last Year -2					Last Year -1					Last Year						
Program Year	Program Costs	Program Lifecycle Bill Savings	Program Bill Savings/ Cost Ratio	Per Home Average Lifecycle Bill Savings																							
Last Year -2																											
Last Year -1																											
Last Year																											
7																											
8																											
9																											
10																											
11																											
13																											
14	Formerly Table TA _9 from AEAP Report.																										

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **APPLICATION OF SAN DIEGO GAS & ELECTRIC COMPANY FOR APPROVAL OF PROGRAM YEARS 2007 AND 2008 LOW-INCOME ASSISTANCE PROGRAMS AND FUNDING** on all parties identified in **R.04-01-006** on the attached service list by U.S. mail and electronic mail, and by Federal Express to the assigned Commissioner(s) and Administrative Law Judge(s).

Dated at San Diego, California, this 30th day of June, 2006.



Joel Delloso