Application No.: A.19-11-

Exhibit No.: SDG&E-

Witness: Alex Kim

PREPARED DIRECT TESTIMONY OF

ALEX KIM

ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY'S

POLICY - ENERGY SAVINGS ASSISTANCE PROGRAM, CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM, AND FAMILY ENERGY RATE ASSISTANCE PROGRAM PLANS AND BUDGETS FOR PROGRAM YEARS 2021 THROUGH 2026

SDGE

A Sempra Energy utility®

BEFORE THE CALIFORNIA PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

NOVEMBER 4, 2019

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I. INTRODUCTION

The purpose of this Prepared Direct Testimony is to present policy in support of San Diego Gas & Electric Company's (SDG&E) Application for Approval of Low Income Assistance Programs and Budgets for Program Years (PY) 2021 through 2026. Specifically, this Prepared Direct Testimony addresses policy issues for the 2021 through 2026 Energy Savings Assistance (ESA) Program, California Alternate Rates for Energy (CARE) Program, and Family Electric Rate Assistance (FERA) Program (jointly referred to as SDG&E's "Customer Assistance Programs"). In addition, this Prepared Direct Testimony presents recommendations to revise certain California Public Utilities Commission (Commission)-adopted policies and rules for the ESA, CARE, and FERA Programs beginning in 2021. SDG&E witness Sara Nordin presents written Prepared Direct Testimony regarding SDG&E's ESA, CARE, and FERA Program operations, plans, and budgets for PYs 2021 through 2026. SDG&E witness Horace Tantum IV presents written Prepared Direct Testimony regarding SDG&E's ESA, CARE, and FERA Program marketing, education and outreach (ME&O) plans for PYs 2021 through 2026.

During the 2021 through 2026 program cycle, and beyond, SDG&E will continue its commitment to provide programs and services designed to meet the needs of its low-income and special needs customers, those that are limited English proficienct (LEP), and those living in underserved or hard-to-reach communities who may benefit from SDG&E's Customer

Assistance programs. These actions are aligned with the Commission's Environmental and Social Justice Action Plan, adopted in February 2019.

II. OVERVIEW OF THE ESA, CARE, AND FERA PROGRAMS AND BUDGETS APPLICATIONS FOR THE 2021-2026 PROGRAM CYCLE

A. ESA Program

The existing ESA Program provides no-cost home improvements to willing and eligible customers who meet the Commission's income eligibility guidelines. The Program's income eligibility guidelines are based on the Federal Poverty Guidelines (FPG);[1] customers with total household incomes at or below 200% FPG are eligible. In Decision (D.) 07-12-051, the Commission established a programmatic initiative for the ESA Program to provide all eligible customers the opportunity to participate in the ESA Program and to offer those who wish to participate, all cost-effective energy efficiency measures in their residences by 2020. D.07-12-051 also determined that the ESA Program should emphasize long-term energy savings and should continue to propose program elements that may not be cost-effective yet may still serve other important policy objectives.[2]

The ESA Program also requires an assessment of the customer dwelling to ensure it meets other requirements as outlined in the California Statewide Energy Savings Assistance Program Policy and Procedures Manual (P&P Manual). Since 2002, SDG&E has treated approximately 295,525 low-income households through the ESA Program.[3] This represents approximately 88% of the Commission's programmatic initiative of treating all eligible and

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1 See Public Utilities (P.U.) Code Section (§) 739.1(a).

2 D.07-12-051 at Ordering Paragraph (OP) 4.

3 Data through August 2019.

willing homes in SDG&E's service territory by 2020.[4] As a result, SDG&E customers have reduced their gas use by approximately 199,000 therms and electric use by approximately 8,039,000 kWh.[5] During 2020, SDG&E anticipates that it will achieve its remaining homes treated goal of the Commission's programmatic initiative.

In D.19-06-022, the Commission provided guidance to the investor-owned utilities (IOUs)[6] for consideration and use in preparing the 2021 through 2026 Low Income Program Applications and challenges the IOUs to present innovative design approaches for the ESA Program, while taking into consideration the existing policy landscape.[7] The Commission has a specific "focus on deeper energy savings from measures that are intended to reduce energy use ('resource measures') and innovative program designs for the multifamily sector."[8] The Commission also anticipates that the current ESA Program design will not look the same beyond 2020.[9]

B. CARE Program

The CARE Program, formerly known as the Low-Income Ratepayer Assistance (LIRA) Program, was established through legislative mandate[10] and provides customers who meet the

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4 Data through August 2019.

5 Data through August 2019.

6 IOUs consist of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), Southern California Gas Company (SCG), and SDG&E.

7 D.19-06-022 at 5.

8 *Id.* at 9.

9 *Id.* at 8.

10 Senate Bill (SB) 987, Ch. 212 (Cal. 1988), directed the Commission to establish a program of assistance to low income customers to mitigate the impact caused by the narrowing of the baseline/nonbaseline differential and that the cost of the assistance program was not to be borne solely by any single class of customer.

Commission's eligibility requirements – currently 200% of the FPG[11] – with a monthly discount on electrical and gas usage. Customers can qualify for CARE by self-certifying their income eligibility or by self-certifying participation in one of the Commission-approved categorical programs.

The CARE Program is also available to non-profit group living facilities, migrant farm worker housing, hospices, homeless shelters, and women's shelters that meet CARE Expansion eligibility criteria.

In D.19-06-022, the Commission provides guidance to the IOUs for consideration and use in preparing the 2021 through 2026 Low Income Program Applications and required the following :

- Provide program plans, goals and budgets for 2021 through 2026 with associated rates and revenue impacts;
- Address strategies for reaching and maintaining the 90% penetration target;
- Incorporate and identify best practices and strategies relative to study findings and Low-Income Oversight Board (LIOB) recommendations;
- Identify strategies for high poverty areas and disadvantaged communities;
- Project enrollment and processing requirements;
- State whether continued CARE funding is proposed for Community Help and Awareness of Natural Gas and Electricity Services (CHANGES); and
- Address disposition of the Cool Center Program.

The Prepared Direct Testimony of Sara Nordin addresses each of the areas identified above; and, the information below addresses proposed policy changes in support of program plans, goals, and budgets.

[11] P.U. Code § 739.1.

C. FERA Program

In 2004, the Commission, in D.04-02-057, adopted the FERA Program providing a tiered benefit for customers between 175% and 250% of the FPG; income eligibility was adjusted in 2005 in D.05-10-044. The FERA Program is currently available to households of three or more persons with total annual gross income levels between 200% (plus $1) and 250% of FPG.

In July 2015, D.15-07-001 modified the FERA benefit to a 12% line-item discount instead of Tier 3 usage at Tier 2 rates.[12] The FERA 12% line-item discount became effective under 2015 residential rate reform and SDG&E Advice Letter (AL) 2783-E, approved October 28, 2016 and effective October 1, 2015. In September 2018, SB 1135[13] was enacted, which increased the effective FERA discount from 12% percent to 18%, as well as required additional outreach to increase FERA Program participation. The 18% FERA discount was implemented on January 1, 2019.

SB 1135 also required enhanced outreach to increase FERA enrollment. In D.19-06-022, the Commission directs the IOUs to provide proposals to comply with legislative changes for FERA enrollment identified in SB 1135, as well as any related mandates for FERA participation and related budget implications.[14]

In Section VI below, SDG&E provides proposed policy changes to transition FERA into the Low Income Proceeding, and specific programmatic justification and identified budgets are provided in the Prepared Direct Testimony of Sara Nordin for the FERA Program.

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12 D.15-07-001 at 246.

13 SB 1135, Stats. 2017-2018, Ch. 413 (Cal. 2018).

14 D.19-06-022 at Attachment A, p. 35.

III. SUMMARY OF THE ESA, CARE, AND FERA PROGRAMS AND BUDGETS APPLICATIONS FOR THE 2021 THROUGH 2026 PROGRAM CYCLE

A. ESA Program Summary and Requests

In general, SDG&E proposes a new program strategy which will help low-income customers realize full energy savings potential through enhanced and persistent education and deeper energy savings through focused measure installations. In addition, SDG&E continues to recognize the significant need to assist low-income customers with issues related to health, comfort, and safety. SDG&E's proposed design that will focus on engaging customers with online home energy audits and education, will provide enrollment transparency, will require property-owner authorization prior to in-home visits, and will provide energy savings potential and optimization of targeted homes and multifamily properties. SDG&E plans to target homes with the greatest potential for energy savings and will continue to invest in opportunities to deliver the ESA Program to homes previously untouched or customers unwilling to participate using targeted marketing approaches. SDG&E proposes to deliver the program using new technologies to streamline customer and contractor participation, but recognizes that many low-income customers lack ability or access to engage online. For this reason, the program will still be accessible using contractors and community based organizations (CBOs) as well. But by offering customers this new choice for engagement, the overall program should be streamlined and more effective.

SDG&E is requesting a change to its mix of measures offered through the ESA Program to increase cost-effectiveness, optimize deeper energy savings, and provide health, comfort, and safety measures to eligible low-income customers. SDG&E plans to reach a total of 130,694 homes during the 2021-2026 program cycle, including 583 multifamily whole buildings consisting of in-unit and common areas. SDG&E projects total electric energy savings of

30,022,131 kWh, demand savings of 20,153 kW, gas energy savings of 1,100,460 therms, and Greenhouse Gas (GHG) emissions reduction of 22,950 tons during the 2021 through 2026 program cycle. SDG&E's projections for savings and participation can be found in ESA Program Table A-4 of the accompanying application and in the Prepared Direct Testimony of Sara Nordin.

As directed in Attachment A of the Guidance Document in D.19-06-022, SDG&E provides a list of the following policy and rules changes for the ESA Program during the 2021 through 2026 Program cycle which are explained further below:

- Delivery of measures via a more streamlined method, using a tiered approach;
- Approval of a Multifamily Whole Building (MFWB) Program for deed-restricted properties;
- Approval of Inclusion of Multifamily Common Area Measures (MF CAM) for non-deed restricted properties;
- Approval of new ESA Program measures;
- Removal of existing ESA Program measures;
- Changing ESA Program appliance eligibility criteria;
- Approving modifications to ESA Program P&P Manual;
- Allowing modification and clarification to ESA Program fund shifting rules;
- Clarifying ESA Program uncommitted unspent funds cap for carry-over; and
- Continuance of the advice letter process for ESA Program changes.

B. CARE Program Summary and Requests

SDG&E proposes to retain the existing CARE Program structure. SDG&E's current penetration rate is above 90%; therefore, SDG&E is proposing to continue to utilize effective outreach approaches and initiate additional outreach strategies to maintain eligible customers while endeavoring to enroll the hardest to reach customer population.

During 2021 through 2026, SDG&E proposes to maintain a 90% penetration rate. The correlating budgets relative to CARE's goals are detailed in Table B-1 attachments to the accompanying Application. In summary, the Program proposes a six-year administrative budget totaling $42,600,254 and a forecasted subsidy of $740,600,741.

SDG&E proposes the following policy and rules changes for the CARE Program during the 2021 through 2026 Program cycle which are explained in Section VI below:

- Extending the annual deadline for filing Annual Eligibility Estimates from December 31 to February 12 of the following year;
- Modification of the high usage Post Enrollment Verification (PEV) process threshold from one to three times in a rolling 12-month period;
- Transition of CHANGES Program funding and management from CARE to the General Rate Case (GRC), which is expected to be filed in 2020;[15]
- Changing CARE Expansion program recertification from two years to four years; and
- Continuation of the advice letter process for budget requests, program modifications, and/or policy modifications.

C. FERA Program Summary and Requests

Beginning with the 2021 through 2026 Program Cycle, SDG&E proposes to transition management of FERA out of the Baseline Proceeding (Rulemaking (R.) 01-05-047) and into the Low-Income proceeding. SDG&E is meeting the mandate of P.U. Code § 739.12(c), which was adopted in 2018 and requires the Commission to "authorize the state's three largest electrical corporations to increase or expand marketing and outreach efforts beyond those in effect as of December 31, 2018." To accomplish this, SDG&E is proposing a six-year administrative budget of $3,802,878, which includes marketing and outreach, and a forecasted subsidy of $25,047,511. Additional information relative to SDG&E's request is discussed below in Section F.

IV. PROPOSED POLICY REVISIONS SPECIFIC TO THE ESA PROGRAM

Section I.D.7. in Attachment A of the Guidance Document directs the utilities to propose modifications to the existing rules in the ESA Program P&P Manual or prior Commission

[15] Adoption of a four-year GRC cycle is currently being considered in R.13-11-006.

decisions which will be necessary to implement the IOUs' new program design and delivery for the 2021 through 2026 cycle.[16]

Herein, SDG&E provides a high level summary of the modifications to the existing policy rules for the 2021 through 2026 ESA Program cycle.

A. Delivery of measures via a more streamlined method, using a tiered approach

SDG&E proposes a new tiered approach ESA Program design that increases savings potential and prioritizes cost-effectiveness of measure delivery. Each tier will be structured around ability to maximize customer visits and minimize overall customer touchpoints. Additionally, the tiered approach will make it easier for customers to initially participate in the program and is designed to keep them engaged in saving energy. Proposed tiers range from "basic" measures that provide an entry level potential of energy efficiency savings all the way to a customer being "optimized" with the maximum set of measures installed that provide the deepest possible level of energy savings, reduction in greenhouse gases and overall improvement to customer health, comfort and safety. Refer to the Prepared Direct Testimony of Sara Nordin for the ESA Program for details on the tiers and associated delivery of measures.

B. MFWB Program for deed-restricted properties

SDG&E proposes to design and implement by one or more third parties that is exclusive to deed-restricted multifamily properties. Refer to the Prepared Direct Testimony of Sara Nordin for the ESA Program for details on the MFWB for deed-restricted properties.

C. Inclusion of MF CAM for non-deed restricted properties

SDG&E proposes MF CAM for its local non-deed restricted multifamily program, which would include CAM treatment in addition to treatment of individual units. Further details on the MF

[16] D.19-06-022 at Attachment A, p. 17.

CAM for non-deed restricted properties can be found in the Prepared Direct Testimony of Sara Nordin for the ESA Program.

D. Approval of new ESA Program measures

SDG&E proposes to modify its existing mix of measures offered through the program by adding new measures that provide benefits to customers. The following measures are being proposed to be added:

- Energy efficient clothes dryer (gas)
- Whole house fans

For additional details on the new measures, see the Prepared Direct Testimony of Sara Nordin for the ESA Program.

E. Removal of existing ESA Program measures

SDG&E proposes to modify its existing mix of measures offered through the program by removing measures that no longer provide cost-effective energy savings benefits. Historically, the program has not install impactful quantities of these measures. The following measures are being proposed for removal:

- Water heater blanket
- Water heater pipe insulation
- Furnace clean and tune
- Air conditioner tune up
- Torchieres

For additional details on the measures being removed, see the Prepared Direct Testimony of Sara Nordin for the ESA Program.

F. Changing ESA Program Appliance Eligibility Criteria

SDG&E proposes to revise the policy rule for the appliance eligibility criteria to be based on the effective useful life (EUL) on a rolling year for replacement in lieu of replacement being based on the appliance manufactured date. SDG&E proposes to apply the EUL change for the following appliances: refrigerators, gas clothes dryers, clothes washers. For additional details of the changes in the appliance eligibility criteria, see the Prepared Direct Testimony of Sara Nordin for the ESA Program.

G. Approving modifications to ESA Program P&P Manual

SDG&E plans to continue to adhere to the existing ESA Program policies outlined in the P&P Manual with the exception of policy changes being proposed in the following sections:

- Section 2 - Customer and Structural Eligibility
- Section 4 - Procedures for Customer Home Visits
- Section 7 - Measure Installation Policies and Procedures
- Section 10 - Natural Gas Appliance Testing

A full description of these policy changes in the ESA Program P&P Manual are discussed in Section I.D.7. presented in the Prepared Direct Testimony of Sara Nordin for the ESA Program.

H. Allowing modification and clarification to ESA Program fund shifting rules

SDG&E proposes changes to the existing fund shifting rules. The Commission formalized its CARE and ESA Program rules for shifting program funds between program cost categories, sub-categories, between electric and gas departments, across program years and program budget cycles in D.08-11-031, which was modified in D.10-10-008, and reaffirmed in D.12-08-044. The Commission's adopted fund shifting rules also established requirements for requesting and reporting any such fund shifting. OP 135(b) of D.12-08-044 reaffirmed and continued the Commission's adopted fund shifting rules for the 2012 through 2014 program cycle. The same fund shifting rules were also in effect for the 2015 through 2016 bridge period.

The fund shifting rules were revised in D.16-11-022, and modified by D.17-12-009, to permit the IOUs to use the advice letter process, in lieu of a Motion, to request fund shifting.[17] D.17-12-009 delegates the Commission's Energy Division (ED) the discretion to approve fund shifts between gas and electric departments up to 25% of each budget category.[18]

In the accompanying Application, SDG&E seeks clarification and modification of the Commission's fund shifting rules to simplify the rules and allow greater flexibility for program management. In particular, SDG&E requests modification to ESA Program fund shifting rules to better align with the CARE Program fund shifting rules.

In D.06-12-038, the Commission adopted CARE fund shifting rules and has reaffirmed the rules in each subsequent CARE Program decision through the 2020 program cycle. Under the CARE Program fund shifting rules, the IOUs are provided the flexibility to shift funds between categories, which are reported in the Low Income Monthly and Annual reports. As previously discussed, the ESA Program fund shifting rules are more stringent and only allow funds to be shifted under certain conditions without prior Commission approval. In addition, the IOUs must dedicate resources to prepare and submit an advice letter requesting to shift funds and then wait for approval from ED. To allow for better program management and budget oversight, SDG&E proposes that the Commission align the ESA Program fund shifting rules with the fund shifting rules of the CARE Program by allowing similar shifting of funds and to report ESA Program fund shifts in the Low Income Monthly and Annual reports rather than through an advice letter. SDG&E will track and maintain a clear and concise record of all fund shifting

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[17] D.17-12-009 at 363-365.

[18] *Id.* at 364.

transactions and submit a well-documented record of such transactions in its Low Income Monthly and Annual reports relevant to the period in which they took place.

I. Clarifying ESA Program uncommitted unspent funds cap for carry-over

SDG&E seeks Commission clarification on the uncommitted unspent funds cap for the amount to carry-over to the following program year. In D.17-12-009, the Commission directed the IOUs to use uncommitted unspent funds that are not carried forward to offset future ESA program year collections.[19] OP 134 of D.17-12-009 establishes a 25% cap for the amount of unspent funds that can be carried-over from program year to program year and within a given cycle. In addition, an IOU must file an advice letter first if it wishes to carry over an amount exceeding 15%. In the next sentence, the decision states that "[if] the large IOU does not receive such approval, any unspent funds in excess of the 25% limit may not be carried over for programmatic use…"[20] SDG&E seeks Commission clarification because it is not clear whether the Commission intended to establish a 15% or 25% cap. SDG&E requests that the Commission determine the 25% percent cap was intended for uncommitted carry-over unspent funds and that this rule be applicable to the 2021 through 2026 program cycle as well. Maintaining the 25% cap limit for uncommitted carry-over unspent funds minimizes uncertainty with the new program design and allows greater flexibility to use those funds to provide more measures and services to customers if needed.

J. Continuance of the advice letter process for ESA Program changes

SDG&E seeks Commission authorization to continue using the advice letter process for additional budget requests, program modifications, and/or policy modifications as approved in

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[19] *Id.* at OP 132.

[20] *Id.* at OP 134.

D.17-12-009.[21] The current advice letter process only applies to the 2017 through 2020 program cycle and will sunset on December 31, 2020, and thereafter changes would need to be requested through a petition for modification.[22] Continuing the advice letter process will allow the Commission and the ED the flexibility to timely act on necessary program changes for the ESA Program over the six year program cycle. Rather than file a petition for modification, which could take up to two years for Commission determination, the advice letter process expedited budget and program modification requests in the 2017 through 2020 program cycle, which better served stakeholders and the IOUs. Therefore, SDG&E requests the permanent continuation of the advice letter process for budget requests, program modifications, and/or policy modifications.

V. PROPOSED POLICY REVISIONS SPECIFIC TO CARE

SDG&E plans to continue to adhere to the existing CARE Program policies and does not propose to retire any of the existing Commission-adopted CARE Program policies during the 2021 through 2026 program cycle. As detailed below, SDG&E proposes the following changes to existing CARE policies for modification or expansion.

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

SDG&E joins PG&E, SCE, and SCG (together the "Joint Utilities") in requesting an extension of the deadline to submit the annual estimate of customers eligible for the CARE Program from December 31 to February 12 of each year. The extension will enable the IOUs' consultant, Athens Research, to incorporate current year Department of Health and Human Services poverty guidelines in the estimates. The extension will also allow the consultant to

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[21] *Id.* at 69.

[22] *Id.*

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

As background, the IOUs requested an adjustment to the deadline for submitting the annual eligibility estimates from October 15 to December 31 of each year in their compliance filing regarding the annual estimates of CARE eligible customers in February 2012.[23] The Commission approved the request and adjusted the annual deadline to December 31 in D.12-08-044.[24] Subsequent to that Decision, the Commission determined that CARE eligibility should adhere to the FPG in compliance with P.U. Code § 739.1(a), which states that CARE shall serve households with incomes that are no greater than 200% of the FPG levels. The Federal Department of Health and Human Services typically updates these guidelines near the end of January each year. The requested extension is necessary to allow the IOUs to incorporate these revised guidelines into the annual estimates each year.

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

Additional monthly data sources included as part of the CARE-eligibility analysis include California Employment Development Department, Metropolitan Statistical Area Labor Market Information Division labor force and employment data, and the U.S. Census and Bureau of

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[23] A.11-05-017/-018/-019/-020 (cons.), Compliance Filing of Southern California Edison Company on Behalf of Itself, Southern California Gas Company, San Diego Gas & Electric Company, and Pacific Gas and Electric Company, Regarding the Annual Estimates of CARE Eligible Customers and Related Information (February 16, 2012) at 1-2.

[24] D.12-08-044 at 289.

Labor Statistics Current Population Survey which serves as a source for modeling the effects of labor market transitions experienced by individuals. The IOUs' annual CARE-eligibility estimates will be more accurate if the monthly data for December is incorporated into the analysis.

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

B. Request to Revise the Monthly High Usage Requirement to Allow the Threshold to be Reached at Least Three Times Prior to Requiring Verification

In August 2014,[25] the Commission revised CARE's verification process to include high usage verification in compliance with SB 1207,[26] which was enacted on September 27, 2012. CARE high usage verification requires customers with usage above 400% of baseline in any monthly billing cycle to: (1) provide income proof of CARE Program eligibility, and (2) participate in the ESA Program. In addition, CARE customers with electrical usage above 600% of baseline in any monthly billing cycle shall have 90 days to drop usage below 600% of baseline or be de-enrolled and prohibited from participating in the CARE Program for 24 months. Moreover, CARE customers with usage between 400% to 600% of baseline that fail to provide proof of income or have incomes higher than allowed are also prohibited from participating in the CARE Program for 24 months.

In 2018, 59% of CARE customers in SDG&E's service territory reached the high usage threshold only once during seasonally hot summer weather and were flagged for verification. Of

[25] *Id.* at OP 101.

[26] SB 1207, Stats. 2011-2012, Ch. 613 (Cal. 2012).

the customers requested to provide income verification, 62% were removed from CARE for failing to respond and were barred from participating in CARE for 24 months. SDG&E wants to ensure that income-eligible customers in need of assistance are not being removed from CARE after hitting the high usage threshold only once during inclement weather. Refer to the Prepared Direct Testimony of Sara Nordin for further explanation on how eligible customers are being disqualified from program participation.

SB 1207 states "In addition to existing assessments of eligibility, an electrical corporation may require proof of income eligibility for those CARE program participants whose electricity usage, in any monthly or other billing period, exceeds 400 percent of baseline usage."[27] As stated above, D.12-08-044 established the one-time rule for hitting the high usage threshold. Therefore, the legislation provides flexibility to allow the Commission to: (1) adjust from a monthly to annual billing period, and (2) determine the number of times that a customer may hit the high usage threshold. Thus, SDG&E proposes that the Commission revise the requirement to verify income eligibility for high usage from once in a monthly billing cycle to three times during a rolling 12-month period, which would permit customers to hit the threshold three times prior to being required to verify income eligibility allowing for one seasonally hot day and one seasonally cold winter day of increased usage. For additional details on impact to program operations that this change will provide, please refer to the Prepared Direct Testimony of Sara Nordin.

[27] *Id.*, codified in P.U. Code § 739.1(i)(1).

C. Request to Transition CHANGES Funding to the General Rate Case (GRC) and Remove Reporting Requirement from the Low Income Proceeding

On November 19, 2010, Commission Resolution CSID-004[28] approved a one-year pilot program currently known as the CHANGES Program. The pilot launched in February 2011 to provide energy related education, need and dispute resolution, and outreach to limited English proficient (LEP) customers of the IOUs.

In Commission Resolution CSID-005 dated November 10, 2011, the duration of the CHANGES pilot program was extended to ensure that there would not be a gap in pilot authority, funding, or services while the Commission collected and evaluated data to consider whether the CHANGES pilot should become a permanent program. In this resolution, the CHANGES budget was also increased to $60,000 per month.

Beginning in 2010 in pilot form, and receiving modifications to the pilot again in 2012[29] and 2014,[30] the CHANGES program received extensions to allow for further programmatic review by the Commission. In late 2015,[31] CHANGES was made a permanent program and CARE funding was extended through the end of 2020 or until the Commission identified an alternate funding source.

In 2018, CHANGES contractors provided 291 services to residential customers in SDG&E's service territory. Of the 291 services provided, 280 (96%) of the services were for bill payment assistance account changes, payment plans, reconnections, and payment extensions. As with the Cool Center/Cool Zone Program that was transitioned to the GRC in 2017, the services

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[28] California Public Utilities Commission, Resolution Consumer Service and Information Division (CSID)-004 (November 19, 2010), *available at* http://docs.cpuc.ca.gov/PUBLISHED/FINAL_RESOLUTION/127338.htm.

[29] D.12-12-011.

[30] D.14-08-030.

[31] D.15-12-047.

provided by CHANGES are for the general customer base and should be transitioned to the GRC, expected to be filed in 2020. Therefore, SDG&E is proposing to transition the CHANGES program from the Low Income Proceeding to the GRC. The service that the CHANGES program provides to the general population is more appropriately funded through the GRC rather than the Commission's reimbursable budget.

In addition to recommending the funding source changes, SDG&E proposes to transition the CHANGES monthly, annual, and LIOB reporting to the Commission-selected contractor once SDG&E's proposal, expected to be filed in the 2020 GRC, is approved. This recommendation is in accordance with Commission direction in D.15-12-047 which states, "[o]nce an ongoing funding source out of the Commission's reimbursable budget is authorized, the IOUs' role will change. They will no longer be required to include CHANGES activities in their CARE monthly reports when the funding no longer comes from the CARE Program."[32] Therefore, SDG&E proposes removal of the requirement for the IOUs to report on CHANGES activity; and instead require the Commission's CHANGES contractor to provide monthly and annual reporting to the Commission, as well as reporting to the LIOB.

D. Request to Revise CARE Expansion Recertification Requirement from Two to Four Years.

CARE Expansion facilities are required to recertify eligibility for CARE every two years. SDG&E proposes to modify the recertification requirement for CARE Expansion based on SDG&E data demonstrating high levels of recertification, which indicates that eligibility for a facility may not be changing frequently. Therefore, to remove the barrier of having CARE Expansion facilities collect and provide the required documentation for recertification every two

[32] D.15-12-047 at 28.

years and to establish cost efficiencies, SDG&E proposes to extend the CARE Expansion facility recertification requirement to four years. For detail on this proposal, refer to the Prepared Direct Testimony of Sara Nordin on CARE.

VI. PROPOSED POLICY REVISIONS SPECIFIC TO FERA

Beginning with the 2021 through 2026 Program Cycle, SDG&E proposes to transition management of FERA out of the Baseline Proceeding (R.01-05-047) and into the Low-Income proceeding. If the Commission approves the transition of the FERA Program to the Low-Income proceeding, SDG&E proposes to record and recover administrative costs, which are currently in the FERA sub-account of the Baseline Balancing Account (BBA),[33] to the Family Electric Rate Assistance Balancing Account (FERABA) and eliminate the FERA subaccount from the BBA. Herein, SDG&E provides a high level summary of the modifications to the policy rules for the FERA Program.

A. Request to Transition FERA Program Management and Budgets to the Low-Income Proceeding.

In 2015, FERA transitioned from a tiered benefit to an average effective discount amount in D.15-07-001. The effective discount currently stands at 18% per SB 1135. This fundamental change in the benefit structure, alongside the P.U. Code change which "authorize[s] the state's three largest electrical corporations to increase or expand marketing and outreach efforts beyond those in effect as of December 31, 2018, to increase eligible customer participation in the FERA program" resulted in direction to the other electrical IOUs to increase their FERA Program participation.[34]

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[33] D.04-02-057 at 3.

[34] P.U. Code § 739.12(c).

In August 2018, PG&E was directed to “make significant efforts to increase its FERA subscription level over the next six years, with the aim of achieving a 50% subscription level.”[35] Subsequently, in November 2018, SCE was directed to “increase its FERA program enrollment rate to 50% of eligible customers by 2023.”[36] Although SDG&E has not been directed to increase its FERA penetration to 50%, SDG&E is proposing to address this target in its 2021 through 2026 Low-Income Application and proposes appropriate administrative budget, including increased marketing and outreach, in order to achieve this target.

There are three reasons that FERA should reside in the Low Income proceeding. First, the CARE and FERA Programs are mandated by statute[37] to utilize a single application form; therefore, administrative activities relative to application processing, recertification, verification, etc. are being managed by SDG&E’s Low Income programs team. Subsequently, any efforts to increase FERA penetration will occur jointly with CARE. The second reason is that reporting of FERA activities is currently required in the Low Income Proceeding. The third reason is that stakeholder engagement relative to FERA is undertaken in the Low Income Proceeding, and the transition of FERA Program activities and budgets to the Low-Income Proceeding will provide greater transparency of program activities.

VII. CONCLUSION

SDG&E respectfully requests the Commission approve the ESA, CARE, and FERA Program plans and budgets for the 2021 through 2026 program cycle as described in the testimonies of my counterpart SDG&E witnesses. SDG&E specifically requests that the Commission grant:

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[35] D.18-08-013 at OP 15.

[36] D.18-11-027 at OP 13.

[37] P.U. Code § 739.1(f)(2).

- Approval of SDG&E's 2021 through 2026 ESA Program plans and budgets;
- Approval of SDG&E's new proposed ESA Program delivery tier approach;
- Approval of MFWB Program for deed-restricted properties;
- Approval of inclusion of MF CAM for non-deed restricted properties;
- Approval of SDG&E's new ESA Program measures;
- Approval to remove existing SDG&E ESA Program measures;
- Approval of SDG&E's change in appliance eligibility criteria to EUL;
- Approval of modifications to the ESA Program P&P Manual;
- Approval of SDG&E's modifications to ESA Program fund shifting rules;
- Clarification on ESA Program uncommitted unspent funds cap for carry-over;
- Approval to continue the advice letter process for ESA, CARE and FERA program changes;
- Request to extend the due date for submittal of annual CARE eligibility estimates;
- Request to revise the monthly high usage requirement to allow the threshold to be reached at least three times prior to requiring verification;
- Request to transition CHANGES funding to the GRC and remove reporting from the Low Income proceeding;
- Request to revise CARE Expansion recertification requirement from two to four years; and
- Request to transition FERA Program management and budgets to the low-income proceeding.

This concludes my prepared direct testimony.

VIII. STATEMENT OF QUALIFICATIONS

My name is Alex Kim. My business address is 8335 Century Park Court, San Diego, California, 92123. I am employed by San Diego Gas & Electric (SDG&E) as the Director of Customer Programs and Business Services. I have been employed by SDG&E since 2003. Prior to joining SDG&E, I was employed by Sempra Energy and Southern California Gas Company. Over the past 30 years, I have held positions of increasing responsibility within the company that have included various customer service programs, marketing and outreach. I graduated from California State Polytechnic University - Pomona with a Bachelors of Science degree in Mechanical Engineering.

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

I have previously testified before the California Public Utilities Commission.