

Application No.: A.19-11-

Exhibit No: SDG&E-

Witness: Sara Nordin

**PREPARED DIRECT TESTIMONY OF
SARA NORDIN
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY'S

FAMILY ELECTRIC RATE ASSISTANCE PROGRAM PLANS
AND BUDGETS FOR PROGRAM YEARS 2021 THROUGH 2026**



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

NOVEMBER 4, 2019

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8 **I. FERA PROGRAM PLAN AND BUDGET**

9 **A. Program Context**

10 **1. History:**

11 **Provide a brief history of the FERA Program and how it helps low-**
12 **income customers, how it is funded and how the program has changed**
13 **over the years, including any prior guidance given by the**
14 **Commission.**

15 In this application, San Diego Gas & Electric Company (SDG&E) requests funding and
16 approval for associated activities for the Family Electric Rate Assistance (FERA) Program. The
17 FERA Program, as established in Decision (D.) 04-02-057, has not had funding set aside
18 specifically for administration or marketing and outreach of the program; rather it has been
19 “added on” to California Alternate Rates for Energy (CARE) efforts for customers that do not
20 qualify for the CARE discount. This FERA testimony will describe the program activities that
21 are necessary to support SDG&E’s efforts to achieve increased levels of FERA enrollment
22 penetration. SDG&E currently incurs costs related to program administration for FERA, which
23 are tracked in a FERA Balancing Account (FERABA).

24 The FERA Program is a ratepayer assistance program that provides a monthly discount
25 on qualified residential (individually metered or sub-metered) customer monthly energy bills and
26 is funded through a Public Purpose Program (PPP) surcharge paid through non-participating
27 customer monthly energy bills. The intent of the program is to provide a discount on electric

1 rates to families of three or more persons who do not otherwise qualify for the CARE Program.

2 Below is an outline of the history and evolution of the FERA Program:

- 3 • In February 2004, the California Public Utilities Commission (Commission)
4 issued D.04-02-057, ordering the state's three largest electrical corporations to
5 provide for tier-exempted rate relief for customers in large households with
6 income levels between 175% and 250% of the Federal Poverty Guideline (FPG)
7 level.¹ The decision acknowledged that the average electricity usage of
8 households with three or more occupants is higher than the average usage of
9 smaller households that are similar in other respects, with usage typically
10 exceeding 130% of baseline quantities year-round and with higher usage in peak
11 summer months.² The decision also acknowledged that large households are
12 unlikely to be able to conserve as much as other households as a means of
13 maintaining affordable energy bills.³
- 14 • In October 2005, the Commission required electrical corporations to expand the
15 FERA Program to residential customers that are families of three or more persons
16 with total household annual gross income levels between 200% and 250% of the
17 FPG level in D.05-10-044.⁴ Income levels are subject to revision pursuant to the
18 Commission's annual income guidelines, which are issued no later than April 1 of
19 each year and become effective June 1 of each year.

¹ D.04-02-057 at 2.

² *Id.* at 37.

³ *Id.* at 49.

⁴ D.05-10-044 at Ordering Paragraph (OP) 3.

- 1 • In July 2015, the Commission revised the FERA Program to provide qualified
2 households with a 12% line-item discount (instead of the prior benefit of billing
3 Tier 3 usage at the Tier 2 rates) in D.15-07-001.⁵ In October 2015, the FERA
4 12% line-item discount became effective with SDG&E Advice Letter (AL) 2783-
5 E, approved October 28, 2016 and effective October 1, 2015.
- 6 • In July 2016, SDG&E’s glidepath for tier consolidation became effective pursuant
7 to D.15-07-001 and SDG&E AL 2861-E-A, approved August 18, 2016 and
8 effective July 1, 2016.
- 9 • In September 2018, Senate Bill (SB) 1135⁶ was approved, which increased the
10 effective FERA discount from 12% to 18% and in January 2019, the FERA
11 discount increase to 18% was implemented.

12 **Commission Guidance on FERA Program Penetration and Enrollment**

13 In D.18-08-013, Pacific Gas & Electric’s (PG&E’s) “Decision on Proposed Rate Designs
14 and Related Issues,” PG&E was ordered to “make significant efforts to increase its FERA
15 subscription level over the next six years, with the aim of achieving a 50% subscription level.”⁷
16 In D.18-11-027, Southern California Edison’s (SCE’s) “Decision on [SCE’s] Proposed Rate
17 Designs and Related Issues,” SCE is ordered to, “increase its FERA program enrollment rate to
18 50% of eligible customers by 2023.”⁸ These orders were in response to SB 1135, which raised
19 the FERA program discount to 18% and authorized the Commission to “authorize the state’s

⁵ D.15-07-001 at 246 and 295.

⁶ SB 1135, Stats. 2017-2018, Ch. 413 (Cal. 2018).

⁷ D.18-08-013 at 75.

⁸ D.18-11-027 at 75.

1 three largest electrical corporations to increase or expand marketing and outreach efforts beyond
2 those in effect as of December 31, 2018, to increase eligible customer participation in the FERA
3 program.”⁹ SDG&E’s General Rate Case (Phase 2)¹⁰ is still pending a final decision and it is
4 unknown whether or not the utility will receive a similar order to increase FERA penetration to
5 50%. However, SDG&E understands the importance of increasing eligible customer enrollment
6 as mandated by SB 1135 and is proactively establishing a target to reach 50% penetration,
7 alongside the other electric investor-owned utilities (IOU), by 2026.

8 **2. Summary:**

9 **Provide a FERA program summary, including descriptions of the**
10 **legal framework of the FERA program and eligible population.**

11 The FERA Program is statutorily mandated by P.U. Code §§ 739.1 and 739.12 to assist
12 eligible households with a monthly average effective discount of 18% on their electric
13 bills. Eligible customers have households of three or more persons with a total household gross
14 income between 200% (plus \$1) and 250% of the FPG.¹¹ In addition, P.U. Code §
15 739.1(f)(2) requires utilities to use a single application form for both CARE and FERA in order
16 to allow applicants to complete a single application for any commission-approved assistance
17 program offered by the public utility. To increase eligible customer participation in the FERA
18 Program, P.U. Code § 739.12(c), effective January 1, 2019, requires the Commission to
19 authorize the state’s three largest electrical corporations to increase or expand marketing and
20 outreach efforts beyond those in effect as of December 31, 2018.

⁹ California Public Utilities (P.U.) Code Section (§) 739.12(c)

¹⁰ Application (A.) 19-03-002, Application of San Diego Gas & Electric Company for Authority to Update Marginal Costs, Cost Allocation, and Electric Rate Design (March 4, 2019).

¹¹ D.05-10-044 at 10.

SDG&E uses the joint utility methodology adopted by the Commission in D.01-03-028 to determine the estimated eligible population for both CARE and FERA programs. As part of the approved methodology, a consultant produces population estimates for the California IOUs based on analysis of census data and other data sources. Per D.12-08-044, the IOUs are required to submit updated eligibility estimates annually and to file them by December 31.¹²

3. Program Eligibility Guidelines:

Provide a summary of the program eligibility guidelines, including income, categorical eligibility qualifications, self-certifications, and the enrollment process. Identify any proposed changes from the current framework.

The FERA Program is available to all SDG&E customers in households of three or more who meet income eligibility requirements and who wish to participate. Eligible customers may enroll in the program by phone, mail, or internet. Customers are required to self-certify their eligibility for the FERA Program and are subject to random verification of income. Unlike the CARE Program, there is no categorical enrollment process for the FERA Program. Customers are income qualified for the FERA Program if total gross (before tax) income of all persons in the household is between 200% (plus \$1) to 250% of the FPG. The household income eligibility guidelines, provided annually by the Commission, are included in Table 1 below.

Table 1: Income Qualifications for FERA

Maximum Annual Household Income	
June 1, 2019 through May 31, 2020	
Household Size	Income Limit
1-2	Not eligible
3	\$42,661 - \$53,325
4	\$51,501 – \$64,375
5	\$60,341 – \$75,425
6	\$69,181 – \$86,475
7	\$78,021 - \$97,525
8	\$86,861 - \$108,575
Each additional person, add	\$8,840 - \$11,050

¹² D.12-08-044 at 289.

1 As part of the FERA Post Enrollment Verification (PEV) process, a random selection of
2 customers is required to provide supporting income documentation to validate income eligibility.
3 SDG&E randomly selects between 3% and 6% of its enrolled FERA population for PEV,¹³
4 which is in alignment with PEV for the CARE Program. In addition, all FERA customers are
5 required to recertify their eligibility every two years. SDG&E is not proposing any changes to
6 the current FERA program eligibility process.

7 **B. Proposal Summary**

8 **1. Budget:**

9 **Explain your plans for the FERA program budget for 2021-2026.**

10 SDG&E's FERA Program approach for program years (PY) 2021 through 2026 will be
11 to leverage lessons learned from the CARE Program, particularly for targeted marketing and
12 outreach, and to improve upon existing efforts to increase and retain enrollment of customers
13 selected for recertification or PEV.

14 To reach and maintain SDG&E's self-directed 50% penetration target, budgets for PYs
15 2021 through 2026 include expenses for the following: marketing, education, and outreach
16 (ME&O), processing and PEV, Information Technology (IT) programing, measurement and
17 evaluation for program studies and customer satisfaction surveys, regulatory compliance, general
18 administration, Commission Energy Division staff funding, and subsidies and benefits. Section
19 E.1 below provides additional detail on these cost categories, and the budget table attached
20 hereto as Application Table D1 outlines associated budgets.

21 Based on best practices from CARE ME&O, SDG&E finds that the most effective
22 method to drive enrollments is to use a comprehensive, integrated strategy that includes a

¹³ See D.16-11-022 at 282 (requiring that the utilities maintain verification levels at no more than 200% of their 2011 PEV rates, which for SDG&E was 3%).

1 coordinated mix of community engagement (*e.g.*, community partnerships and targeted
2 community event participation), general awareness (*e.g.*, social media), and direct marketing
3 (*e.g.*, direct mail, email, and outbound calling). The potentially eligible population for FERA is
4 relatively small and therefore requires a more targeted approach than CARE. For additional
5 information on SDG&E's ME&O strategies see the Prepared Direct Testimony of Horace
6 Tantum IV.

7 **2. Program Strategy:**

8 **Discuss how elements and strategies in the proposal are specifically**
9 **designed to reach 50% penetration.**

10 For the 2021 through 2026 program cycle, SDG&E plans to leverage CARE Program
11 strategies that prove most effective in order to reach 50% FERA Program penetration by 2026.
12 First and foremost, SDG&E will continue to automatically enroll customers who meet program
13 qualifications for FERA who have applied for but do not qualify for CARE. SDG&E also
14 proposes program plans and strategies, as described in Section D.1 below, to reach a broader
15 audience of those who potentially qualify only for FERA (and not other assistance programs).
16 For instance, customers who apply for CARE may be knowledgeable about and seeking public
17 assistance for categorical programs because of commonalities in income qualification (*i.e.*, below
18 200% FPG). In contrast, FERA-eligible customers may have already been turned down for
19 public assistance programs in other venues and may assume that there is no assistance available
20 for their households due to their income. Through effective use of targeted marketing and
21 outreach that speaks directly to this unique customer base, SDG&E should achieve the 50%
22 penetration target.

1 **3. Enrollment Estimate:**

2 **Provide an estimate of the number of households projected to be**
3 **enrolled, along with the overall budget requested to meet this goal for**
4 **each program year.**

5 SDG&E estimates increasing FERA Program enrollment to approximately 25,000 total
6 households by PY 2026, which assumes 1%-meter growth and a 50% penetration rate as
7 discussed in Section C1 below. To adequately fund FERA enrollment growth and activities for
8 PYs 2021 through 2026, SDG&E requests a total budget of \$28,850,389, which is detailed in
9 Application Table D1, attached hereto.

10 **4. Program Changes:**

11 **Explain any proposed changes from prior years.**

12 The most significant program change is establishing FERA as a stand-alone program with
13 its own budget in this proceeding. Because the underlying discount approach to FERA has
14 changed, from a tier benefit to a line-item discount, the way FERA is managed must also change
15 to facilitate increased enrollment. As enrollment increases, SDG&E anticipates increased costs
16 associated with managing the program (*e.g.*, processing, IT, EM&V). SDG&E will conduct
17 research, studies and evaluations and will focus on specific ME&O strategies that can
18 purposefully drive enrollment in FERA through targeted efforts to the eligible population.
19 Where applicable, CARE administrative budgets have been reduced to reflect the newly
20 proposed costs for FERA.

21 In order to accomplish this, and as discussed above, SDG&E will take advantage of
22 leveraging opportunities with the CARE Program, which is consistent with the evolution of the
23 FERA discount. If funding for FERA is approved with this application, the FERA Program will
24 continue to be closely aligned with CARE by using the same systems, processing procedures,

1 and dual application form. All ME&O materials for CARE will continue to contain FERA
2 information.

3 **C. Program Goals and Budgets**

4 **In the FERA Programs Goals and Budgets section of the application provide**
5 **a description of the 2021-2026 program requests, including:**

6 **1. Activities and Goals:**

7 **Provide proposed program activities and program participation goals**
8 **for each year. Include the number of eligible households.**

9 As of August 2019, the number of estimated FERA-eligible customers in SDG&E's
10 service territory is approximately 47,459 customers, with 9,736 customers enrolled, a 20%
11 penetration rate. For the 2021-2026 program cycle, SDG&E plans to reach 50% penetration by
12 the end of the cycle. SDG&E believes the program plans outlined below will support its efforts
13 to successfully reach this target. Estimates for the ramp in enrollment and associated penetration
14 levels are provided in Table 2 below.

15 **Table 2: Estimated FERA Penetration Rates for PYs 2021 - 2026**

Program Year	Estimated Eligible	Estimated Households	Estimated Penetration Rate
2021	48,719	13,895	29%
2022	49,206	16,237	33%
2023	49,698	18,579	37%
2024	50,195	20,921	42%
2025	50,697	23,263	46%
2026	51,204	25,602	50%

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- a. Provide actual participant data from 2018, including FERA participant counts and percentage rates for program enrollment. Also provide estimated participation data for 2019.

Table 3: FERA Penetration Rates for 2018

2018			
Month	Cumulative Households Enrolled	Cumulative Estimated Eligible	Penetration Rate
January	7,933	47,281	17%
February	7,870	47,281	17%
March	7,820	47,281	17%
April	7,731	47,281	16%
May	7,764	47,281	16%
June	7,824	47,281	17%
July	7,710	47,281	16%
August	7,960	47,281	17%
September	8,075	47,281	17%
October	8,178	47,281	17%
November	8,237	47,281	17%
December	8,174	47,281	17%

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Table 4: Estimated FERA Penetration Rates for 2019

Program Year 2019			
Month	Cumulative Households Enrolled	Cumulative Estimated Eligible	Penetration Rate
January	8,173	47,459	17%
February	8,327	47,459	17%
March	8,587	47,459	18%
April	8,760	47,459	18%
May	8,981	47,459	19%
June	9,065	47,459	19%
July	9,355	47,459	20%
August	9,736	47,459	20%
September*	9,593	47,459	20%
October*	9,593	47,459	20%
November*	9,593	47,459	20%
December*	9,593	47,459	20%
*Total FERA Participation for September - December 2019 are 20% estimates			

1 **b. Discuss any issues, if any, that present challenges toward**
2 **reaching and maintaining the enrollment goal established by**
3 **the Commission.**

4 The Commission has not established an enrollment goal for FERA for SDG&E, however,
5 SDG&E’s anticipated primary challenge is in finding the eligible customers in a targeted manner
6 when those customers may not actively be seeking assistance. SDG&E proposes to address
7 these challenges by implementing a focused ME&O plan as proposed in Section D.1 below and
8 detailed in the Prepared Direct Testimony of Horace Tantum IV.

9 **c. Specify the total requested budget of the portfolios for each**
10 **program year and for the entire budget cycle.**

11 To support the proposed initiatives and day-to-day program operations for the FERA
12 Program, SDG&E requests Commission approval of the budget shown in Application Table D1
13 for the 2021 - 2026 program cycle, attached hereto.

14 **D. Program Delivery**

15 **1. FERA Enrollment, Recertification, and Outreach:**

16 **a. Discuss any warranted changes to enrollment, recertification,**
17 **and/or post-enrollment verification processes.**

18 SDG&E does not propose any changes to the FERA enrollment, recertification, or PEV
19 process.

20 **b. Discuss the current and suggested Outreach strategies and**
21 **methods to improve FERA enrollment and retention including**
22 **the estimated costs.**

23 The overarching ME&O strategy for the 2021 through 2026 program cycle for all low-
24 income programs, including the FERA Program, is to make sure customers are aware of and
25 understand the programs and services that SDG&E offers to help them save money and manage
26 energy use.

27 SDG&E currently positions FERA as a follow up program for any customers that do not

1 qualify for CARE but who meet FERA eligibility requirements. For the new program cycle,
2 SDG&E proposes to market FERA as a stand-alone program offering to customers. To
3 accomplish this strategy, SDG&E will continue to refine customer targeting in order to identify
4 and reach the FERA-eligible customer segment that has historically been challenging to locate
5 because they may not be seeking assistance or have been turned down in the past.

6 By continuing to develop a better understanding of customer preferences, especially as
7 it relates to the FERA-eligible population, SDG&E will be able to reach individuals with
8 tailored messages, offers, and solutions that speak to customer values and needs. The estimated
9 costs of these efforts can be found on the Marketing and Outreach line-item of the FERA
10 budget in Application Table D1 of the Appendix, attached hereto. Details on SDG&E
11 marketing and outreach strategies and tactics are included in the Prepared Direct Testimony of
12 Horace Tantum IV.

13 **c. Discuss how Outreach efforts will result in meeting program**
14 **participation goals including any specific population sectors or**
15 **segments.**

16 SDG&E will focus on providing targeted outreach to FERA eligible populations by
17 promoting FERA as a stand-alone program to bring awareness to this unique customer
18 population. As described above, FERA has not previously been treated as a stand-alone
19 program. Accordingly, ME&O efforts will focus on outreach efforts that can help obtain new
20 enrollments for the FERA Program by leveraging tactics that have proven to be the most
21 successful in achieving the CARE penetration goal.

22 The FERA-eligible population are a difficult target because they may not know they
23 qualify for assistance and are not actively seeking it. Estimates provided by the IOU consultant
24 on program eligibility show that, as of August 2019, approximately 4% of SDG&E's 1.3 million

1 residential electric accounts, may be eligible for the FERA Program.¹⁴ SDG&E will utilize
2 customer segmentation and data analysis including PRIZM and Athens Research data to help
3 identify and reach the FERA eligible populations. More details are included in the Prepared
4 Direct Testimony of Horace Tantum IV.

5 **2. Targeting the Qualified Population for FERA:**

6 **a. Identify specific underserved populations in your territory and**
7 **discuss what new strategies you will employ to target and**
8 **enroll those households, and the strategies for each area, if**
9 **different.**

10 As of August 2019, SDG&E has identified 112 zip codes in the service territory using
11 Athens Research data that are currently below SDG&E's 50% FERA penetration target. The
12 average percentage of the FERA-eligible population in each of these zip codes is 3%. In order to
13 reach these populations, SDG&E will use a variety of strategies including capitation agencies,
14 direct marketing, and community engagement. More details on the ME&O strategy are included
15 in the Prepared Direct Testimony of Horace Tantum IV.

16 **b. Identify Disadvantaged Communities in your territory and**
17 **discuss what new strategies you will employ to target and**
18 **enroll those households, and the strategies for each area, if**
19 **different.**

20 SDG&E's Disadvantaged Communities (DACs) are unlike DACs in the rest of the state
21 in that they are primarily urban rather than rural or agricultural. DACs can be roughly mapped
22 against zip codes in SDG&E's service territories to give a picture of current enrollment
23 penetration. As with general FERA penetration across the service territory, participation in the
24 program by customers in DACs is low as shown the table below.

¹⁴ A.14-11-007, Compliance Filing of Pacific Gas and Electric Company, on Behalf of Itself, Southern California Gas Company, San Diego Gas & Electric Company, and Southern California Edison Company, Regarding Annual Estimates of Care Eligible Customers and Related Information (February 8, 2019) at Attachment A, p. 4.

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Table 5: Penetration Rates For SDG&E Zip Codes Associated With DACs

Area	Zip Code	Penetration
Chula Vista	91910	21.1%
Chula Vista	91911	21.9%
National City	91950	17.5%
Sherman Heights / Golden Hill	92102	19.3%
Logan Heights / Barrio Logan	92113	16.4%
San Ysidro	92173	15.4%
El Cajon	92020	24.3%
Downtown	92101	24.6%
City Heights	92105	18.4%

2

SDG&E’s DAC population is included in targeting efforts for the general assistance campaigns for CARE and ESA. SDG&E intends to leverage these programs targeted toward DACs to notify eligible customers of the FERA Program. SDG&E will use a variety of strategies including outbound calling, direct marketing and community engagement to reach eligible customers. More details on the ME&O strategy are included in the Prepared Direct Testimony of Horace Tantum IV.

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3. Other New and Proposed Strategies:

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- a. Provide a brief description of new strategies that will be employed, including a description of activities performed by third parties and other stakeholders.**

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If approved, SDG&E will implement targeted marketing and outreach campaigns that are tried and true in order to reach potentially eligible FERA customers. Targeted outreach campaigns would leverage existing CARE partnerships to create distinct FERA campaigns that

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1 include, but are not limited to, the following tactics: Live Call Campaigns, Capitation Agencies,
2 and messaging through SDG&E's Energy Solutions Partner (ESP) network. Additional detail on
3 the marketing and outreach strategy that leads to these tactics are included in the Prepared Direct
4 Testimony of Horace Tantum IV.

5 **E. Program Administration**

6 **1. Describe the administration of the program and any proposed changes or**
7 **improvements.**

8 FERA Program administration costs are presented in Application Table D1, attached
9 hereto. The administrative costs associated with FERA have been structured in the same manner
10 as CARE in order to allow for ease of tracking and oversight. The proposed administrative
11 budget is categorized in alignment with reporting requirements outlined in Table B-1 for the
12 CARE Program, attached hereto.

13 The following describes the administrative components of the program and descriptions
14 of proposals within the categories to support these activities for PYs 2021 through 2026:

15 **Outreach**

16 Outreach costs represent all costs associated with marketing and outreach efforts to
17 increase program enrollment. Costs include: printing and mailing of FERA
18 applications/documents, program fulfillment and transactional communications, postage, bill
19 inserts, brochures and flyers, advertising, targeted direct mail and telephone campaigns, market
20 research, community event sponsorships, FERA Partner (Capitation) efforts, ESP network
21 efforts, distribution of collateral materials, marketing and outreach staff labor including the
22 multifamily Single Point of Contact, and other outreach and enrollment efforts.

1 **Processing, Certification and Recertification**

2 The processing, certification, and recertification cost category includes the FERA
3 administration group labor and data entry costs. The function of the FERA administration group
4 includes: opening and sorting FERA application forms, processing/data entering all FERA
5 applications, initiating and responding to customer inquiries regarding FERA applications and
6 the program in general, fielding telephone calls related to FERA Program participation, and
7 resolving billing issues related to FERA Program enrollment.

8 **Post Enrollment Verification**

9 The PEV cost category includes administrative costs associated with handling day-to-day
10 PEV activity including: processing labor for FERA income verification, responding to customer
11 inquiries regarding FERA income verification, analyzing the verification probability model (or
12 updating if needed), and resolving customer issues related to income verification.

13 **IT / Programming**

14 The IT programming cost category represents joint IT support costs to maintain the
15 CARE/FERA billing system, CARE/FERA documents, CARE/FERA database, system reports,
16 system enhancements to comply with Commission mandates, and improving operational
17 efficiencies. As discussed in its CARE testimony, SDG&E is replacing its Customer
18 Information System as filed under D.18-08-008 to improve its billing and tracking system.¹⁵ The
19 new system will replace the existing CARE/FERA system beginning in 2021, and budget
20 estimates have been reduced overall based on the approved business case.

21

¹⁵ See Prepared Direct Testimony of Sara Nordin on Behalf of San Diego Gas & Electric Company’s California Alternate Rates for Energy Program Plans and Budgets for Program Years 2021 Through 2026 (November 4, 2019) (“CARE Testimony”) at 21.

1 **Measurement and Evaluation**

2 The costs for the Measurement and Evaluation category are associated with the annual
3 customer satisfaction survey, studies to measure program effectiveness, proposals submitted by
4 Athens Research to conduct the annual eligibility update, and subsequent information requests
5 regarding FERA Program eligibility.

6 **Regulatory Compliance**

7 The Regulatory Compliance cost category includes: labor and non-labor related to the
8 preparation of various regulatory filings, including program applications, advice letter filings,
9 regulatory reports, comments, tariff revisions, attendance at working group meetings, public
10 input meetings and other Commission hearings or meetings.

11 **General Administration**

12 The General Administration category reflects day-to-day program operation costs,
13 including all program management personnel labor. Additional costs include: office supplies,
14 training and development, office equipment, facilities and business reimbursements.

15 **Commission Energy Division Staff Funding**

16 The Commission Energy Division Staff Funding expense category included in this
17 category reflects incremental costs incurred by the Commission’s Energy Division staff in
18 support of the Commission’s authorized low-income program.

19 **FERA Subsidies and Benefits**

20 SDG&E estimates FERA subsidy costs based on estimated FERA participation levels as
21 shown in Table 2 above.

22 **2. FERA Program Fund Shifting Rules**

23 SDG&E proposes to establish fund shifting rules for the FERA Program. The
24 Commission formalized its CARE and ESA Program rules for shifting program funds between

1 program cost categories, sub-categories, between electric and gas departments, across program
2 years and program budget cycles in D.08-11-031,¹⁶ which was modified in D.10-10-008, and
3 reaffirmed in D.12-08-044.

4 In D.06-12-038, the Commission adopted CARE fund shifting rules and has reaffirmed
5 the rules in each subsequent CARE Program decision through the 2020 program cycle.¹⁷ Under
6 the CARE Program fund shifting rules, the IOUs are provided the flexibility to shift funds
7 between categories, which are reported in the Low Income Monthly and Annual
8 reports. SDG&E proposes to establish fund shifting rules for the FERA Program that mirror
9 those already in place for the CARE Program. SDG&E will track and maintain a clear and
10 concise record of all fund shifting transactions and submit a well-documented record of such
11 transactions in its Low-Income Annual report for the FERA Program.

12 **F. Revenue Requirement and Rate Impacts:**

13 **Discuss the revenue requirements necessary to achieve the program plans and**
14 **objectives proposed for the application period, as well as, the projected rate**
15 **impacts that would arise due to the increased revenue requirements.**

16 **SDG&E – FERA**

17 SDG&E is not proposing any change to the revenue allocation or rate design for the
18 FERA surcharge rate. Consistent with D.15-07-001, SDG&E proposes recovery of FERA
19 Program costs on an equal-cent-per-kWh basis applied to all non-exempt authorized sales¹⁸ as
20 defined in D.97-08-056.¹⁹

¹⁶ D.08-11-031 at 164-174.

¹⁷ D.06-12-038 at OP 16.

¹⁸ Per D.18-11-035.

¹⁹ Per D.97-08-056, CARE and Streetlighting sales are exempt from FERA surcharge.

SDG&E recovers its FERA Program costs through the PPP surcharge. The FERA Program cost is calculated from the revenue requirement, which is based on the combination of both the FERA administration costs and the FERA subsidy. SDG&E filed AL 3440-E, dated October 1, 2019, to request an update for the electric PPP rates effective January 1, 2020. AL 3440-E is pending Commission approval.

Illustrative rate impacts are presented in Table 6 below.

Table 6: Present and Proposed FERA Surcharge Rates (\$/kWh)

	Current	2021	2022	2023	2024	2025	2026
FERA							
Incremental Funding Request (\$M)		\$1.774	\$0.551	\$0.359	\$0.573	\$0.477	\$0.486
FERA Surcharge Rate							
Residential	\$0.00010	\$0.00020	\$0.00023	\$0.00025	\$0.00028	\$0.00031	\$0.00034
Small Commercial	\$0.00010	\$0.00019	\$0.00022	\$0.00023	\$0.00026	\$0.00029	\$0.00032
Med. & Large C&I	\$0.00010	\$0.00020	\$0.00023	\$0.00025	\$0.00029	\$0.00031	\$0.00034
Agriculture	\$0.00010	\$0.00018	\$0.00020	\$0.00022	\$0.00025	\$0.00027	\$0.00030
Lighting	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
System Total	\$0.00010	\$0.00020	\$0.00023	\$0.00025	\$0.00028	\$0.00031	\$0.00034

Balancing Account

Pursuant to D.15-07-001, SDG&E maintains the FERABA to record the FERA discounts incurred against revenue. SDG&E maintains FERABA by recording at the end of each month the FERA discounts and electric billed revenue.

SDG&E is proposing a change to FERABA in this Application. Pursuant to D.04-02-057, the administrative costs associated with the FERA Program have been recorded in the FERA subaccount within the Baseline Balancing Account (BBA). SDG&E proposes to move these

1 administrative costs to the FERABA for recovery and eliminate the FERA subaccount in the
2 BBA.

3 Pursuant to D.03-04-027, SDG&E files an advice letter by October 1st of each year to
4 establish the electric PPP rate effective January 1st of the following year.²⁰ Currently, the rate
5 revenue consists of: 1) the forecasted discount for the following year, and 2) the amortization of
6 the forecasted current year-end FERABA balance.

7 **II. CONCLUSION**

8 SDG&E respectfully requests the Commission to approve the FERA Program plans and
9 budgets for program years 2021 through 2026 as described in this testimony and authorize the
10 following:

- 11 1. Authorization to recover costs associated with FERA Program administration as
12 part of this low-income programs application.
- 13 2. Approval of PYs 2021 through 2026 FERA Program plans and forecasted
14 administrative costs.
- 15 3. Authorization to implement the FERA Program activities as described in this
16 testimony.

17 **III. EXCEL ATTACHMENTS**

18 The IOUs must file and use the attached Excel templates, Attachment B, and may include
19 further relevant information as appropriate.

20 **A. FERA**

- 21 1. FERA BUDGET
- 22 2. FERA RATE IMPACTS- ELECTRIC

²⁰ D.03-04-027 at OP 2.

1

3. FERA PENETRATION

2

4. FERA USAGE LEVELS

3

This concludes my prepared direct testimony.

1 **IV. STATEMENT OF QUALIFICATIONS**

2 My name is Sara Nordin. I am employed by SDG&E. My business address is 8326
3 Century Park Court, San Diego, CA 92123.

4 My current position is Customer Programs Manager. My primary responsibilities are to
5 oversee program design and implementation for SDG&E's low-income, workforce education
6 and training, customer outreach and renewables programs. From 2006 – 2015 I held various
7 positions of increasing responsibility in Customer Communications, Customer Programs,
8 Business Services and Marketing. I left employment at the utility between November 2015 and
9 July 2018 and I returned to SDG&E in 2018 under my current responsibilities as described
10 above. I received a bachelor's degree in English from the University of California, Davis and a
11 master's degree in business administration from Rice University in Houston, Texas.

12 I have previously testified before the California Public Utilities Commission in A.12-08-
13 009 - Application of San Diego Gas & Electric Company For Approval of Statewide Marketing,
14 Education and Outreach Program and Budgets for Years 2013 Through 2014.