



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

Program Year 2011 Results

May 1, 2012

INTRODUCTION:

The purpose of this annual report is to provide information on San Diego Gas & Electric Company's (SDG&E) Family Electric Rate Assistance (FERA) program¹ and to report on the administrative and subsidy costs incurred by the program in its fifth year of operation. The California Public Utilities Commission (Commission or CPUC) in D.04-02-057, dated February 26, 2004, adopted the FERA program, whereby, qualifying lower-middle income large household participants are charged Tier 2 (101% - 130% of baseline) electric rates for their Tier 3 (131% - 200% of baseline) usage. The FERA program is available to households of three or more persons with total household annual gross income levels between 200% and 250% of the Federal Poverty Guidelines (FPG)² in accordance with D.05-10-044.³ These income levels are subject to revision pursuant to the Commission's communication of its updated annual income guidelines, which are issued no later than May 1 of each year and effective June 1st of each year.

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

The following summarizes SDG&E's FERA program activities for 2011.

¹ FERA was originally referred to in Decision D.04-02-057 as the Middle Income Large Household Program.

² FPG Link: <http://aspe.hhs.gov/poverty/11poverty.shtml>

³ See D.05-10-044, Ordering Paragraph 3.

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

January 1, 2011 through December 31, 2011

I. Participant Information

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

See Table 1.

Table 1		
2011	FERA Enrolled¹	FERA Receiving Tier 3 Benefit
January	5,906	3,418
February	5,837	3,118
March	5,861	3,000
April	5,822	2,785
May	5,775	2,850
June	5,632	2,939
July	5,556	3,312
August	5,487	3,371
September	5,375	3,403
October	5,287	3,067
November	5,162	2,850
December	5,179	3,075

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

Table 2			
FERA Penetration Rate			
2011 Quarter Ending	(Estimated) FERA-Eligible Households¹	FERA- Participating Households¹	FERA Household Penetration Rate²
March 31	50,009	5,861	11.7%
June 30	50,188	5,632	11.7%
September 30	50,459	5,375	11.6%
December 31	50,595	5,179	11.6%

Notes:

¹This category does not include sub-metered tenants.

²The FERA Household Penetration Rate is calculated by dividing FERA Participating Households by FERA-Eligible Households. Estimated number of FERA-eligible customers is 3.97% of SDG&E's residential electric customers.

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

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

The estimate of FERA-eligible households was developed by multiplying the number of residential customers, by the factor in the Annual Eligibility Update for CARE/FERA⁴, which is 4.41% for program year (PY) 2011.

Total Residential Customers/Estimated Eligible = FERA Eligible Households.

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

⁴ The report, dated December 30, 2010, was provided by SDG&E consultant John Petersen of Athens Research.

At year-end 2011, the number of sub-metered tenants participating in FERA totaled 111. Outreach and enrollment efforts for sub-metered facilities are leveraged with CARE outreach. Enrollments, however, continued to be heavily skewed to CARE in these facilities.

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

SDG&E did not encounter any problems administering the sub-metered FERA program during 2011.

II. Program Costs

A. Discount Cost

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

2011 Average Monthly Discount Per Customer = \$20.17

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

2011 Cumulative Annual Discount = \$752,971

B. Administrative Cost

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

See Table 4

Table 4	
FERA Program Administrative Costs by Category and Benefits	
Category	Cost
Outreach	\$1,995
Processing, Certification, and Verification	\$14,687
General Administration	\$17,476
TOTAL PROGRAM COSTS	\$34,157
CUSTOMER BENEFITS	\$752,971
TOTAL PROGRAM COSTS & CUSTOMER BENEFITS	\$787,128

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

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

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

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

Because most CARE and FERA program activities are integrated, most costs are shared between the programs.

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

As of December 31, 2011, there was \$ \$433,991 in the balance recorded in the FERA sub-account of SDG&E's Baseline Balancing Account (BBA). This records all costs associated with the FERA program from its inception in 2004. The balance recorded in the FERA sub-account as of December 31, 2010 totaled \$400,327.

III. Outreach

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

Direct Marketing: Channels of communication directly targeting customers. In 2011, SDG&E used the following direct marketing tactics; direct mail, automated voice messaging campaigns (AVM), email campaigns, bill inserts, and door to door campaigns.

Direct mail – SDG&E used direct mail to raise program awareness and drive customers to the online application and the program's interactive voice response (IVR). In 2011, the program conducted two mailings to customers, encouraging them to go online and fill out an application or complete an application using the program IVR.

AVM campaigns – Every month SDG&E used AVM campaigns to reach a large volume of potentially-qualified customers. Contracting with a third party, the program administered the campaigns through an outbound dialing system. The system offered a platform that allowed SDG&E to monitor and manage each campaign. Through a web service, SDG&E was able to load

the potentially eligible customer list and customize the campaign timeline. Using the system, SDG&E contacted thousands of customers in a short period of time as well as retrieve the results. SDG&E also developed the script in which customers were able to interact and enroll in the program. In 2011, approximately 540 customers enrolled in the FERA program through AVM campaigns.

Email campaigns – SDG&E sent emails to customers with messages about the program and how to apply. The emails encouraged customers to click a link in the email and apply for the program. The emails also listed the program's IVR number for enrollment. The email campaigns had an average unique open rate of 41% compared to the industry standard of 23%.

Bill inserts – SDG&E conducted two bill inserts in 2011; the annual notification in July, which included an application, and an insert message in December, encouraging potentially qualified customers to call the program's IVR or enroll online. In 2011, bill inserts contributed to 43 FERA enrollments.

Door to door – Contracting with a third party, SDG&E targeted hard to reach neighborhoods by knocking on doors and using personal interaction with customers to explain the program. SDG&E provided training to the third party vendor as well as provided them lists of neighborhoods to infiltrate. Door to door contractors were able to interact with customers face to face, explain the program qualifications and benefits, and enroll customers on the spot. In 2011, approximately 126 customers were enrolled in the FERA program using the door to door process.

Internal Leveraging: Utilizing resources within SDG&E, opportunities for mentioning program information alongside other initiatives included; IVR, customer contact employees, field collectors & collection calls, and branch offices.

SDG&E IVR – While a customer is on hold waiting for assistance from a CSR, automated company messages (with an option to hear in English or

Spanish) are rotated throughout the hold process. A message about the CARE/FERA program, including an option to request an application, is part of the rotating messages. In PY2011, there were 4,357 English and 750 Spanish applications requested through the SDG&E IVR.

CARE/FERA IVR – The program operates its own IVR service that allows customers to interact with the automated prompts and enroll in the program over the phone. In 2011, 170 customers enrolled in FERA using the IVR.

Energy Service Specialists (ESS) - The FERA program is promoted by ESS in SDG&E's 24 hour call center. In addition, bill payment offices and field service employees promote the program as part of their specific interaction with customers. SDG&E employees direct the customer to the on-line application or mail an application per the customer's request.

Branch offices – SDG&E outreach staff visit branch offices on a recurring basis, interacting with customers paying their SDG&E bill. Staff advise customers of the program, how to qualify, and enroll customers during the interaction. In 2011, 34 FERA enrollments came from interactions at branch offices.

Field collectors – SDG&E field collectors deliver in person notifications to customers facing disconnection services. During the process, collectors inform customers of their options, including bill assistance programs.

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

In-language resources- SDG&E's customer contact center and most company business offices are staffed with bilingual (English/Spanish)

employees to assist customers in accessing information about the utility's services. The program processing group staffs bilingual representatives and staggers the Spanish speakers early morning and later in the day in order to maintain coverage for any potential Spanish speaking telephone calls. Additionally, SDG&E contracts with LanguageLine Services®⁵ to provide in-language support to customers whose language is not spoken by SDG&E employees. The service offers translations for different languages and dialects including but not limited to: French, German, Italian, Japanese, Russian and Tagalog. SDG&E representatives remain on the telephone line with customers and connect them with the interpreter for translation. SDG&E also operates a TTY/TDD service, available 24 hours a day, seven days a week. The CARE/FERA application is available on the company website in 13 languages. The languages include: English, Spanish, Arabic, Armenian, Chinese, Farsi, Hmong, Khmer, Korean, Russian, Tagalog, Thai and Vietnamese.

Community Outreach Events- Throughout 2011 SDG&E participated in over 189 community outreach events in order to provide information on FERA and other assistance programs. Types of events included presentations to community groups, health and safety fairs, and community resource fairs.

Sub-metered Apartments and Mobile Home Parks

B. Discuss each of the following:

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

FERA information is distributed in conjunction with the CARE program.

Both FERA and CARE are promoted through a joint application form. All

⁵ LanguageLine® provides over-the-phone translation services in over 170 different languages.

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

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

FERA program marketing efforts are leveraged with CARE efforts in order to minimize the cost to the program. While this is effective in keeping cost low, it is not effective in increasing the program awareness or enrollment. Additionally, the benefits of the program do not provide enough incentive to customer to remain on the program. Approximately 56% of customers enrolled in FERA actually receive a discount in any given month. Marketing a program that may or may not have a benefit is more complicated to sell and less appealing to the customers.

IV. Processing FERA Applications

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

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

See Table 5 below.

Table 5

FERA Self-Certification and Self-Recertification Applications*						
	Provided**	Received	Approved***	Denied	Pending/Never Completed	Duplicates
Utility	2,514,741	2431	2327	49	55	0
Capitation	N/A	15	14	0	1	0
Other Third-Party	N/A	1	1	0	0	0
Total	2,541,741	2,447	2,342	49	56	0

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

** The FERA and CARE applications are joint applications. This number represents an estimate of all applications provided,

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

B. Processing Random Post-Enrollment Verification Requests

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

TABLE 6						
FERA Random Post-Enrollment Verification Requests						
	Requested	Received*	Approved*	Denied**	Pending/Never Completed	Duplicates
Total	4	65	61	4	N/A	N/A

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

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

V. Program Management

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

There were no issues or events that significantly affected FERA program management in PY2011.