

Application No. A. 08-05-_____
Exhibit No: _____
Witness: Lucas, James L.

**PREPARED DIRECT TESTIMONY OF JAMES L. LUCAS ON BEHALF OF
SOUTHERN CALIFORNIA GAS COMPANY'S LOW-INCOME ENERGY
EFFICIENCY PROGRAM PLANS AND BUDGETS FOR PROGRAM YEARS
2009-2011**

Before the Public Utilities Commission
Of the State of California

May 15, 2008

TABLE OF CONTENTS

I. OVERVIEW 2

II. BACKGROUND 3

III. PROGRAM GOALS 4

 A. Proposed Program Achieves One Fourth of the Commission-Adopted
 Programmatic Initiative 4

 B. Program Meets Policy Objectives..... 4

 C. Goals by Segments..... 5

 D. Program Meets Savings Goal..... 5

IV. COST EFFECTIVENESS & ENERGY SAVINGS..... 5

V. PROGRAM DESIGN 6

 A. Section Overview 6

 B. Program Delivery..... 7

 1. Program Delivery by Density/Segments..... 10

 2. Increased Coordination Between Utilities 11

 3. LIEE Installation Standards and Policy & Procedures Manuals 12

 C. Portfolio Composition..... 13

 D. Marketing, Education and Outreach ("ME&O") 17

 1. Single-Statewide Marketing Campaign 19

 2. ME&O By Population/Segments 20

 3. Workforce Education and Training ("WE&T")..... 21

 E. Integration with Energy Efficiency..... 22

 F. Leverage Available Resources..... 22

 1. Coordination with other utility LIEE programs..... 22

 2. Coordination with other programs and entities..... 23

 3. Coordination with California Solar Initiative ("CSI") – Low Income Program
 25

 G. Pilots 26

 H. Measurement and Evaluation Studies..... 26

VI. BUDGET..... 26

VII. REVENUE REQUIREMENTS AND RATE IMPACTS..... 28

VIII. COMPETITIVE BID..... 28

IX. CONCLUSION 28

1 **I. OVERVIEW**

2 The purpose of my testimony is to present Southern California Gas Company’s
3 (“SoCalGas”) Low Income Energy Efficiency (“LIEE”) program plans and budgets for program
4 years (“PY”) 2009–2011. I also present proposed modifications to SoCalGas’ current program
5 design to demonstrate how SoCalGas’ program proposals: 1) support the Commission’s LIEE
6 programmatic initiative; 2) achieve long term and enduring energy savings; 3) leverage
7 resources with other entities; 4) integrate and coordinate with other programs; and 5) improve
8 program cost effectiveness.

9 SoCalGas’ proposed PY 2009–2011 LIEE program supports a key policy objective of
10 making LIEE a reliable energy resource by developing a customized approach to achieve
11 sustainable energy savings, focusing primarily on those customers/homes who are the highest
12 energy consumers, without excluding those potentially eligible customers who have lower
13 energy consumption. SoCalGas fully expects that willing customers in all usage levels will be
14 participating at all times.

15 The proposed PY 2009–2011 LIEE budget amounts, projected energy savings,
16 greenhouse gas reductions, and vehicle reduction are shown in Table 1 below.

17 Table 1 – SoCalGas Proposed LIEE Program Budget and Energy Savings*

	Proposed PY 2009-2011		
Budget	2009	2010	2011
Projected Total Budget**	53,599,000 ¹	\$65,849,000	\$67,184,000
Energy Savings			
Therms	2,564,567	3,292,424	3,345,967
Greenhouse Gas Reduction - CO2 (Tons)	13,494	17,473	17,757
Vehicle Reduction Count	3,033	3,893	3,957

18 *Achieved energy savings will contribute to the energy savings goals adopted in D.04-09-060.
19 ** Projected total budget includes the proposed PY 2009-2011 measurement and evaluation budget
20 See direct testimony of Witness McKinley, regarding the itemization of the proposed studies.
21
22

23 //
24 //

25 ¹ SoCalGas proposes to partially fund the 2009 budget requirements of \$53,599,000 by using \$13.0 million in unspent LIEE program funds from previous years. For ratemaking purposes, SoCalGas is only seeking recovery of the net amount of \$40,599,000.

1 This testimony specifically recommends that the Commission grant SoCalGas:

- 2 • Approval of its PY 2009, PY 2010, and PY 2011 LIEE program plans, measures,
3 and budgets;
- 4 • Approval to continue its existing LIEE program into 2009, using PY 2009 funds,
5 should the Commission be delayed in issuing a decision in this proceeding before
6 year-end 2008 and count program achievements toward PY 2009
7 accomplishments;
- 8 • Authorization of SoCalGas' request to carry forward or carry back funding into
9 PY 2009, 2010, or 2011 during the three-year funding cycle; and,
- 10 • Authorization to shift funds among program categories in PY 2009, 2010, and
11 2011.

12 **II. BACKGROUND**

13 Historically, the LIEE program has been primarily designed to meet the Commission's
14 equity objectives of assisting customers who are highly unlikely or unable to participate in other
15 residential programs.² Over time, however, the focus of the LIEE program has evolved to
16 achieve increasingly greater energy savings, as demonstrated by the Commission's Rapid
17 Deployment and Winter Initiative decisions, ("D.") 01-05-033 and 05-10-044, respectively. In
18 these decisions, the Commission expanded the available LIEE program measures, streamlined
19 the enrollment process, and increased income eligibility guidelines. Many of these policies and
20 objectives continue to influence the design of the LIEE program, and provide customers with
21 opportunities to reduce energy consumption and reduce energy bills. The funding for SoCalGas'
22 LIEE program is recovered from ratepayers through the natural gas Public Purpose Program
23 ("PPP") surcharge, as established for SoCalGas.

24 SoCalGas' PY 2009-2011 proposal moves towards a customized approach which places a
25 greater emphasis on providing measures that save energy, reduces customer energy bills, and
26 furthers the Commission's objective to treat the LIEE program as a reliable energy resource,
27 while taking into consideration low income customers' quality of life.³ This proposal is designed
28 to achieve the Commission's programmatic initiative to provide 25% of all eligible and willing
29 customers the opportunity to participate in the LIEE program.

² D. 94-10-059, at p.119.

³ Energy efficiency is the first order loading in the State's Energy Action Plan.

1 SoCalGas recognizes that some parties may not support the Commission’s new direction
2 and may prefer the continuation of the current program design that provides all measures,
3 regardless of the amount of the energy savings produced by the measures installed. However, if
4 the Commission’s objectives are to be met and sustainable energy savings are to be achieved,
5 emphasis must be placed on those measures that produce *real* savings. A lower energy bill
6 provides tangible benefits to low-income customers. The bill reduction goal is aligned with the
7 resource goal, in that both depend on energy savings as the primary program achievement.

8 **III. PROGRAM GOALS**

9 **A. Proposed Program Achieves One Fourth of the Commission-Adopted**
10 **Programmatic Initiative**

11 In D. 07-12-051, the Commission directed the utilities to file applications for PY 2009-
12 2011 LIEE and CARE budget authority and program modification authorization. The utilities
13 were also instructed to design their PY 2009–2011 LIEE programs to achieve approximately
14 25% of the programmatic initiative adopted in D. 07-12-051. A critical first step to meeting the
15 programmatic initiative is the establishment of the estimated total number of customers to be
16 served during the PY 2009-2011 timeframe. The methodology used by SoCalGas to develop the
17 estimated total number of customers is described in Attachment A-11 to this testimony. Based
18 on this methodology, the estimated number of customers SoCalGas plans to serve is 343,000 low
19 income households during PY 2009-2011.

20 **B. Program Meets Policy Objectives**

21 SoCalGas’ proposed LIEE program was primarily designed with a focus on the
22 achievement of energy savings and the reduction of low-income customers’ bills. SoCalGas’
23 audit-based, customized approach to identify and serve customers is designed to obtain
24 maximum savings that will both be a resource to the State of California and will provide
25 customers direct benefits. The new elements of customer education and customer rewards will
26 ensure that savings can be sustained into the future. SoCalGas also suggests proposals to
27 integrate the LIEE program with SoCalGas’ general energy efficiency programs and other
28 utilities’ programs, as well as coordinate with other entities. It also supports the Strategic Plan,
29 as discussed in Witness Hobbs’ direct testimony.

30 //

31 //

1 **C. Goals by Segments**

2 Over the years, SoCalGas has expended significant resources and time to understand its
3 customer base, including the low-income segment. SoCalGas proposes to further refine such
4 efforts through the inclusion of customer energy usage, family lifestyle, and demographic
5 characteristics for the purposes of designing and implementing an optimal program and
6 employing various outreach and marketing techniques to successfully reach its low-income
7 customer population.

8 To achieve maximum energy savings, the proposed LIEE program puts additional focus
9 on highest energy users, without excluding those eligible customers who have lower energy
10 consumption. SoCalGas’ PY 2009-2011 goal is to serve 343,000 households. In Section V.B.1,
11 I describe how the aggregate number of households to be served is segmented, based on energy
12 consumption, into the following categories: at or below baseline allowance and above baseline
13 allowance⁴. The expected number of households within each segment to be reached is
14 approximately: 172,000 at or below baseline allowance and 171,000 above baseline allowance.
15 Marketing and outreach efforts specifically designed and directed to these segments will be
16 employed. SoCalGas’ budget to meet its program participation goal is approximately \$173.6
17 million. See Section VI for discussion on the proposed three-year LIEE program budget for
18 which SoCalGas seeks Commission approval.

19 **D. Program Meets Savings Goal**

20 SoCalGas’ proposed LIEE program is aimed at achieving long term and enduring energy
21 savings serving as a resource to the State of California as well as providing increased bill savings
22 to SoCalGas’ low income customers. The energy savings resulting from this new approach will
23 contribute to the annual and cumulative energy savings goals adopted by the Commission in
24 D.04-09-060.⁵

25 **IV. COST EFFECTIVENESS & ENERGY SAVINGS**

26 A primary goal for SoCalGas is to improve the cost effectiveness of its LIEE program in
27 PY 2009-2011. In its attempt to do this, SoCalGas evaluated those measures that it determined
28 could maximize customer energy savings, as well as address health and safety issues. The

⁴ While specific populations are not identified for goals, SoCalGas expects to reach all low-income customer segments within the identified energy usage categories described in Section V.B.1.

⁵ D. 04-09-060 states that, “savings achieved from energy efficiency measures installed under the IOUs LIEE program should be counted toward today’s adopted savings goals.”

1 customized mix of measures that SoCalGas is proposing provides the customer with a more
2 comfortable environment by continuing to provide treatment of major building envelope repairs
3 thereby reducing the amount of air leakage in or out of the home. Additionally, SoCalGas
4 proposes additional measures to address safety concerns, such as a furnace clean and tune, which
5 ensures a properly operating furnace, and a standing pilot light retrofit which replaces pilot lights
6 that burn constantly in central forced air furnaces.

7 See direct testimony of Witness McKinley for the cost effectiveness and energy savings
8 methodology used in calculating the benefits for SoCalGas' PY 2009-2011 LIEE program.

9 **V. PROGRAM DESIGN**

10 **A. Section Overview**

11 SoCalGas proposes a new LIEE program that moves away from a "one-size-fits-all"
12 approach to an audit-based, customized approach, addressing the unique needs of individual
13 customers and targeting the best ways for them to save energy. This new approach supports the
14 Commission's objective of providing energy resources for California through the LIEE
15 programs, while providing optimal benefits to low-income customers through reduced energy
16 usage and costs. This new approach also takes into account the health and safety needs of low-
17 income customers. Additionally, SoCalGas' proposal maximizes the use of program funds to
18 reach the greatest number of eligible customers by redirecting program funds that in the past had
19 been used to install measures that produced limited energy savings and/or limited the frequency
20 of the installation of measures. Recognizing the importance of balancing the needs of low-
21 income customers and impacts on customer rates, SoCalGas realizes that it is critical to ensure
22 that funds are efficiently utilized to support program goals and maximize benefits.

23 In order to achieve energy savings and reach potential program participants, SoCalGas'
24 proposed audit-based, customized approach will help minimize lost opportunities through: 1)
25 aggressive marketing efforts, 2) increased collection of data that will help facilitate needed
26 modifications to program design elements, 3) providing the appropriate mix of program
27 measures based on energy consumption patterns of the customer, and 4) monitoring changes in
28 household consumption.

29 Later in this section, I describe how SoCalGas' proposal maximizes savings by
30 integrating with energy efficiency programs and other programs and entities.

31 //

1 **B. Program Delivery**

2 SoCalGas' proposed LIEE program is comprised of the following six elements: 1)
3 enrollment; 2) customized energy audit; 3) customized energy education; 4) installation of
4 measures; 5) inspections; and 6) customer rewards.

5 The following describes, in detail, the six program elements.

6 1. Enrollment

7 SoCalGas proposes to maintain its current form of streamlined enrollment options, as
8 adopted by the Commission, which include: targeted self certification,⁶ categorical eligibility,⁷
9 and eligibility verified through CARE's post enrollment verification process.⁸ These options
10 simplify the enrollment process for customers and outreach specialists who enroll customers.
11 Customers will also continue to be able to enroll by providing proof of income documentation.

12 2. Customized LIEE Energy Audit

13 The current LIEE program includes an in-home energy assessment, which is a basic
14 audit, that identifies "all feasible measures"⁹ to be installed, and delivers a standard energy
15 education package, designed to highlight and discuss energy saving practices.

16 SoCalGas' proposed program design provides a customized and detailed energy audit that
17 creates a personalized energy-use profile for each customer. This customized audit will better
18 align the assessment process with the goal of achieving energy savings, reduced greenhouse
19 gases, and lower bills.

20 SoCalGas is currently exploring various platforms, including existing company
21 resources, for the customized energy audit. SoCalGas plans to use the audit tool to compare a
22 customer's usage to that of neighbors with homes of similar size, construction, and occupancy.
23 In addition, the audit tool will include customer usage patterns, appliance information, and other
24 pertinent household information that will help identify the highest savings opportunities.
25 Following the audit, the auditor will discuss with the customers their individual results and
26 identify recommended LIEE measures that will best meet the needs of the customers and yield

⁶ See D.06-08-025, which authorized SDG&E and SoCalGas to utilize census tract data to identify specific areas of its service territory likely to contain high concentrations of low-income customers, and to permit customers in those areas to enroll in the LIEE program with a simple process to certify income level at p. 3.

⁷ See D.06-12-038, which defines the method under which customers can qualify for CARE or LIEE based on their participation in identified state and federally-funded means tested programs all in an effort to keep qualified customers enrolled in the program at p. 25.

⁸ See Assigned Commissioner's Ruling, dated March 29, 2006 in R.04-01-006.

⁹ "All feasible measures" has been defined as being all measures that can be installed in conformance with the Statewide LIEE Installation Standards adopted by the Commission in an Assigned Commissioner's Ruling dated March 29, 2006 in R. 04-01-006

1 the greatest potential energy savings. The audit results will allow customers to gauge their
2 energy consumption in comparison with their neighbors and encourage a shift towards more
3 energy efficient behavior. A disaggregated breakdown of household consumption by end-use,
4 e.g. water heating, space heating, etc, also helps customers understand where they have the
5 greatest opportunities to achieve energy savings.

6 SoCalGas also intends to use the energy audit tool to provide additional program benefits.
7 In particular, SoCalGas is exploring using the energy audit tool to automate the customer
8 enrollment process for the LIEE program. This will greatly streamline the enrollment process
9 for both the customer and program personnel, and also provides environmental benefits by
10 greatly reducing the amount of hard-copy customer enrollment forms used today. Also, during
11 the development of the audit tool, SoCalGas will approach electric utilities¹⁰ with service
12 territories that overlap with SoCalGas' to determine what interest they may have in incorporating
13 the customized audit with their low-income programs.

14 3. Customized Energy Education

15 SoCalGas is proposing to implement a new and innovative approach to customer energy
16 education. This new educational approach differs from SoCalGas' current process because it is
17 more personalized to the needs and characteristics of the customer and is aimed at engaging the
18 customer's participation and commitment to becoming energy smart by using energy wisely.
19 The success of the energy education program will largely depend on customers understanding
20 and appreciating the importance of energy savings, developing skilled program personnel to
21 promote and encourage changes in customer behavior, and providing performance feedback to
22 customers. Based on the results of the customized audit previously discussed, energy education
23 tailored to the individual customer will consist of the following:

- 24 • Measures to be installed and associated energy savings;
- 25 • Customer-generated goals related to energy use;
- 26 • Potential benefits to the customer and the environment and economy;
- 27 • Potential improvements to health, comfort, safety, and quality of life; and
- 28 • Comparison of energy usage patterns of households with similar characteristics.

29 //

¹⁰ Such electric utilities include but are not limited to: SDG&E, SCE, PG&E, Los Angeles Department of Water and Power, and Imperial Irrigation District.

1 4. Installation of Measures

2 Measures recommended in the audit will be installed by licensed community based
3 organizations (“CBOs”) and contractors participating in the LIEE program. These entities and
4 individuals will be responsible for contacting the customer to schedule installations and
5 completing the services according to program procedures and requirements. SoCalGas
6 contractors will perform a post-installation inspection on a sampling of homes.

7 5. Inspections

8 Inspections are performed by CBOs and contractors participating in the LIEE program
9 and contractors do not inspect their own installation work. The contractors have a trained staff
10 of experts who provide third-party inspection services to ensure that all LIEE program measures
11 were installed correctly.

12 6. Customer Rewards

13 SoCalGas proposes a new LIEE program element to reinforce energy education, achieve
14 long-term behavioral changes, and create sustained energy savings. This element is designed to
15 reward customers who are able to consistently maintain a reduction in their overall energy
16 consumption. Additionally, it may potentially mitigate the rebound effect, whereby customers
17 use more energy because they have more discretionary dollars, as a result of reduced energy
18 bills.

19 The customer rewards component of SoCalGas’ LIEE program is simple and easy to
20 understand. The following describes the methodology that will be used to determine the target
21 percentage reduction and the levels of potential rewards. The customized energy audit will
22 analyze natural gas customer energy usage after LIEE measures are installed and the energy
23 usage will be compared to the same timeframe during the previous year. If, for a consecutive
24 six month period after the last LIEE measure is installed, customers achieve and maintain a
25 certain level of energy savings, they will be eligible to receive a customer reward.¹¹ And, if they
26 continue to maintain the energy savings, then they will be eligible for a second reward at the end
27 of 12 months after the date of the last measure installation. To encourage maximum energy
28 savings, two levels of incentive rewards will be available. The Platinum Level Incentive of
29 \$20.00 will be awarded to customers who reduce their energy consumption by 20% or more.
30 Customers who reduce their energy consumption by 10% to 19% will receive the Gold Level

¹¹ SoCalGas has not yet determined the form of the customer reward.

1 reward of \$10.00. Customers may receive up to two rewards in one year during the first year of
2 program participation.

3 Below, in Table 2 is an example of how the reward will be calculated

4 Table 2 Reward Example

Energy consumption for six months immediately after LIEE measures were installed	150 therms
6 month historical energy consumption for same timeframe during the previous year	200 therms
Calculated percentage of energy reduction (50 therms / 200 therms) =	25%
Reward Category	Platinum = \$40
First 6-month reward potential based on achieved energy savings	\$20.00
Second 6-month reward potential based on maintained energy savings	\$20.00

5
6 **1. Program Delivery by Density/Segments**

7 • Identification of Potentially Eligible Customers

8 Building on the success of the targeted self certification approach, SoCalGas will identify
9 those neighborhoods that have a high density of customers who have a high likelihood of
10 meeting the LIEE program’s eligibility guidelines. At the same time SoCalGas will also identify
11 those customers within these neighborhoods who are participating in the CARE program but
12 have not yet participated in LIEE.¹² Utilizing these two approaches, SoCalGas will generate a
13 segment of its customer base to contact regarding participation in the LIEE program.

14 • Identification of Areas of High Usage

15 To further refine the customer segmentation, SoCalGas will group the identified
16 potentially eligible customers into tiers based on their household energy usage - 1) above
17 baseline allowance and 2) at or below baseline allowance. These levels represent the actual
18 natural gas consumption tiers under which customers are billed. See Table 3 below. In order to
19 achieve maximum energy savings as soon as possible, SoCalGas proposes to prioritize the usage
20 levels of customers. For example, SoCalGas will focus marketing efforts towards customers
21 identified as High users, because SoCalGas anticipates that this group has the greatest potential
22 for energy savings and customer benefits. Low users will also be contacted, but less frequently.
23 Although some customers will be contacted less frequently, no customer will be excluded from

¹² These customers exhibit the highest probability of meeting the LIEE program’s eligibility criteria, given the fact that the two programs have the same income guidelines.

1 participation in the program at any time as a result of this approach. It is fully expected that
2 willing customers in all usage levels will have the ability to participate in the program at all
3 times.

4 Table – 3
5 Composition of Tiers

Users	Consumption
High	Above Baseline
Low	At or Below Baseline

6
7 SoCalGas plans to develop multiple marketing materials aimed at reaching customers
8 based on various socioeconomic characteristics, such as income, age, owner/renter, language,
9 etc. in order to target marketing efforts. For example, in focus groups, SoCalGas found that
10 renters do not consider their rental unit as “home,” but rather it is simply the place they live. For
11 this reason, when marketing to renters, SoCalGas could refer to the rental unit as a “residence.”

12 Reaching out to customers in this fashion will enable SoCalGas to customize its
13 marketing efforts to reach all eligible and willing customers, while better meeting customer
14 needs, providing maximum benefits to customers, allowing SoCalGas to reach those customers
15 who have been the “hardest-to-reach” in the past, and improving customer participation. This
16 method will also help SoCalGas achieve the Commission-adopted programmatic initiative goal.

17 **2. Increased Coordination Between Utilities**

18 Currently, SoCalGas and SDG&E refer customers to each other. In order to provide
19 customers with the opportunity to take advantage of the LIEE programs in the joint service
20 territories of SoCalGas and SDG&E, where SoCalGas provides natural gas service and SDG&E
21 provides electric service, a joint enrollment process is being developed to ensure that customers
22 receive all recommended program measures. This process will maximize customer benefits,
23 while simplifying the enrollment process and reducing customer inconvenience. Implementing a
24 joint utility process will simplify the enrollment process and provide cost savings (e.g.,
25 duplicative costs, outreach, assessment, and enrollment) for both utilities. Similarly, this
26 approach will also reduce any inconveniences that may be experienced by the customer, e.g.
27 multiple in-home assessments and program enrollment.

1 SoCalGas will work with other large IOUs and municipalities with service territories
2 common to SoCalGas' to develop co-branded direct mailers and other marketing collateral. This
3 will increase customers' awareness about the LIEE program and will also ensure customers who
4 reside in overlapping service territories are fully aware of all LIEE program services and
5 benefits.

6 SoCalGas and SCE are currently working on an effort to develop common forms, where
7 possible, which will require the contractors that serve both utilities' LIEE programs to only
8 complete one form when qualifying a customer for their LIEE programs. This will streamline
9 the enrollment process for both the customer and program personnel.

10 **3. LIEE Installation Standards and Policy & Procedures Manuals**

11 In 1999, the Commission directed the large IOUs to work jointly with the Energy
12 Division staff and the Division of Ratepayer Advocates—referred to as the Standardization
13 Team—to move towards uniform, statewide program designs and implementation of LIEE
14 measures to: 1) ensure that all low income customers served by the utilities under the
15 jurisdiction of the Commission are offered a consistent set of measures and services, 2) ensure
16 that the provision of the measures and services were done in a non-discriminatory manner, and 3)
17 ensure that contractors providing service under the LIEE program work under consistent rules
18 and expectation. Over the course of several years, the utilities continued to work together to
19 create and update Statewide policies and procedures and installation standards which were
20 submitted to the Commission for review and approval.¹³ On May 2, 2005, the Standardization
21 Team filed and served, at the Commission's direction,¹⁴ its *Report on the Assessment of*
22 *Proposed New Program Year 2006 Low Income Energy Efficiency Program Measures*.
23 Subsequently, the Standardization Team filed two additional reports which 1) proposed revisions
24 to the Manuals related to the refinement of the existing standards policies, procedures, and
25 standards, the introduction of new policies and standards associated with addition measures for
26 inclusion in the 2006 program, and modifications to accommodate changes in California's Title

¹³ See D. 00-09-036, D. 01-03-028, D. 01-12-020, D.03-11-020, and D. 05-04-052. The manuals were adopted by the Commission in an Assigned Commissioner's Ruling, dated March 29, 2006.

¹⁴ In D. 03-11-020, the Commission concluded that new measures would be considered for the 2006 LIEE program. In a ruling issued on October 1, 2004, then-assigned Commissioner Wood directed the team to develop and submit a Phase 5 work plan, project schedule and budget which was submitted by the standardization team in October 2004. In a ruling dated October 22, 2004, Commissioner Wood adopted the Phase 5 work plan and directed the Standardization Team to institute a process for considering new energy efficiency measures for inclusion in the 2006 LIEE program.

1 24 building standards;¹⁵ and, 2) to request additional funding to address the evaluation of
2 additional measures suggested by the LIOB and interested parties for the LIEE program.

3 However, in D. 05-12-026, the Commission suspended the Standardization Team’s
4 activities, and directed it not to undertake any new activities unless and until authorized to do
5 so.¹⁶ Subsequently, the Commission, in D. 06-12-038, recognized the need for an ongoing
6 process for making modifications to the Manuals and directed the utilities to sponsor quarterly
7 public meetings, during which proposed updates and revisions could be presented and
8 deliberated. The Commission also determined that “[p]rocesses for modifying programs will not
9 change: where utilities will have the discretion to make changes without Commission
10 authority...”¹⁷ Utilities were also directed to work with the Energy Division staff before making
11 any changes for which a controversy may exist by affected communities, or individuals other
12 than LIEE contractors.¹⁸

13 The Manuals are essential to the LIEE programs because they articulate the program
14 measure standards that are used to train, inform, and evaluate LIEE contractors. Because the
15 utilities’ PY 2009-2011 LIEE plans and budgets will propose new program measures and
16 policies, several changes must be made to the Manuals. Changes to the Manuals will be made to
17 develop policy installation criteria for new program measures and make updates to the Manuals
18 based on recent Commission decisions. For these reasons, SoCalGas proposes to work with the
19 other large IOUs and other interested parties to address program issues and update the Manuals
20 on a statewide level. The IOUs will then present the Manuals publicly and address any public
21 comments before applying them to their respective LIEE programs.

22 **C. Portfolio Composition**

23 The current LIEE program provides installation of all feasible measures, whether or not a
24 measure provides any substantive savings or is needed by the customer. SoCalGas’ new LIEE
25 program will offer two mixes of measures, depending on the customer’s usage category (High
26 and Low) and the customer’s audit profile. Each measure mix will include measures identified
27 as having the highest energy savings and benefits for each customer. SoCalGas will offer a

¹⁵ In D. 05-12-026, the Commission sought additional input from the LIOB on the Standardization Team’s recommendations and also delegated authority to the Assigned Commissioner to approve or disapprove any reports currently pending or otherwise pending during the 2006 – 2007 funding cycle. The Standardization Team’s recommendations regarding the standards related to new measures and Title 24 compliance were approved by the Commission in D. 05-12-026.

¹⁶ Ordering Paragraph (“OP”) 8.

¹⁷ D. 06-12-038, at p. 22.

¹⁸ D. 06-12-038, at OP 9.

1 customized mix of measures to customers, which will result in long term energy savings, lower
 2 customer bills, reduced program costs, and improved quality of life. The mix of measures can be
 3 modified to meet unique customer needs where necessary.

4 SoCalGas’ proposed portfolio of measures includes a combination of measures, both old and
 5 new, that have a benefit cost ratio of less than one. However, SoCalGas has included them in
 6 this portfolio because these measures still provide energy savings to the customer. As such, they
 7 directly address the Commission’s objectives to provide participant bill savings, improve quality
 8 of life and in combination with SoCalGas’ proposed plan for PY 2009-2011, and improve the
 9 programs benefit-to-cost ratio. SoCalGas selected its new measures by examining what measures
 10 might best complement the current list of program measures, provide increased energy savings to
 11 customers, improve quality of life, and increase the net benefits to SoCalGas’ LIEE program.

12 The mix of measures for each usage level is detailed in the following table:

13 Table – 4

NATURAL GAS MEASURE MIX	
AT OR BELOW BASELINE	ABOVE BASELINE
Ceiling Insulation	Caulking
Faucet Aerator	Ceiling Insulation
Furnace Clean & Tune	Duct Testing & Sealing
Furnace Filter	Evaporative Cooler Cover
Furnace Repair/Replacement**	Faucet Aerator
High Efficiency Clothes Washer	Furnace Clean & Tune
Low Flow Showerhead	Furnace Filter
Minor Home Repair*	Furnace Repair/Replacement**
Standing Pilot Change Out***	High Efficiency Clothes Washer
Water Heater Blanket	Low Flow Showerhead
Water Heater Pipe Wrap	Minor Home Repair
Water Heater Replacement (Tank & Tankless)	Standing Pilot Change Out***
Caulking	Water Heater Replacement (Tank/Tankless)
Duct Testing/Sealing	Water Heater Blanket
Evaporative Cooler Cover	Water Heater Pipe Wrap
Weather-stripping	Weather-Stripping
Notes:	
* Minor home repairs are limited to “repairs required to mitigate catastrophic envelope leaks” as defined in Table 6-2 of the P&P Manual	
** Only available for owner-occupied units	
*** Only available for operational furnaces	
Measures shown in gray shading are not available for this customer segment.	

23 Of the measures listed in the above tables, the following are new measures that SoCalGas
 24 proposes to add to its 2009-2011 LIEE program:

- 1 • **High-Efficiency Clothes Washer** – SoCalGas and the Metropolitan Water District
2 (“MWD”) have been collaborating to develop a strategic partnership to leverage
3 program funds for the direct installation of high-efficiency clothes washers. MWD
4 proposes to contribute \$110 towards the purchase cost of each high efficiency clothes
5 washer that SoCalGas’ LIEE program installs. The balance of the purchase cost will
6 be borne by the LIEE program. To ensure this proposed measure achieves maximum
7 benefits for LIEE program energy savings, water reduction and customer bill savings,
8 high efficiency clothes washers will only be made available to large households
9 consisting of four or more household members, and when the clothes washer *and*
10 clothes dryer in the household are operational. As the Commission acknowledged in
11 D.07-12-050, “to use less water means using less energy.”

12 High efficiency clothes washers heat less water and extract more water from the
13 clothes than traditional clothes washers. With the extraction of more water from the
14 clothes, the required drying time is reduced, which also results in reduced energy
15 savings. The annual energy savings is expected to be approximately 37 therms if the
16 dryer is natural gas and water savings is expected to be 10,000 gallons.

- 17 • **Forced Air Unit Furnace Standing Pilot Light Retrofit** - Natural gas forced air
18 unit (“FAU”) furnaces manufactured prior to January 1, 1992¹⁹ may have a standing
19 pilot light that remains on 24 hours a day, seven days a week. Some customers may
20 choose to keep their standing pilot light on all year, while some may choose to turn it
21 off during the non-heating season. Significant savings can be achieved by retrofitting
22 a standing pilot light with an electronic ignition module which will eliminate the
23 natural gas used to keep the pilot light constantly burning. Additionally, by removing
24 the standing pilot light, any safety risks associated with this constantly burning flame
25 are eliminated. The estimated energy savings for this measure is 44 therms per year.
- 26 • **Furnace Clean and Tune** – The temperate climate of SoCalGas’ service territory
27 contributes to relatively low customer heating bills. Because heating systems in

¹⁹ The 1992 CEC Appliance Efficiency Regulations addressed the sale of fan type central furnaces with standing pilots and states that fan type central furnaces manufactured before January 1, 1992 (for non-mobile home) shall not be sold or offered for sale if they are equipped with constant burning pilots.

1 many areas of SoCalGas' service territory are not used often, many customers neglect
2 to service their heating systems, as frequently as needed. A well-tuned and cleaned
3 furnace will operate more efficiently and minimize the risk of any safety or health
4 dangers due to incomplete combustion. For safety and operational efficiency, it is
5 important that heating systems are inspected and maintained by qualified personnel.
6 For forced air unit furnaces where the filter needs to be replaced, a new furnace filter
7 will be included as part of the clean and tune. For these reasons, SoCalGas proposes
8 to add this new measure.

9 SoCalGas' customized energy audit will ensure that homes receive the correct and
10 appropriate mix of measures to make the home as energy efficient as practical, given the age and
11 type of the building, and the customer's energy consumption patterns. Therefore, SoCalGas
12 proposes to eliminate the three-measure minimum currently required for participation in the
13 LIEE program, which will enable SoCalGas to serve more customers.

14 **1. Assembly Bill ("AB") 1109**

15 AB 1109²⁰ will have no impact on SoCalGas' 2009-2011 LIEE program since compact
16 fluorescent lamps, offered by the electric utilities, are not offered under its LIEE program.

17 **2. 10-Year Rule**

18 In order to provide services to the widest range of low-income households possible, the
19 current P&P Manual, adopted by the Commission in an ACR on March 29, 2006, generally
20 restricts the utilities from returning to the homes of customers that have previously been treated
21 under the LIEE Program during the past ten years. D.07-12-051 directs the utilities to
22 "[e]liminate or modify the ten year 'go back'" rule to permit installations of new measures and
23 technologies in all households while avoiding duplicative installations". The utilities have
24 agreed upon the following modifications/exceptions to be added to "Section 2.8 Previous
25 Participation" of the LIEE P&P Manual:

26 //
27 //

²⁰ AB 1109 - The California Lighting Efficiency and Toxics Reduction Act, Chapter 534. Approved by Governor Schwarzenegger on October 12, 2007. Filed with the Secretary of State October 12, 2007.

- 1 • *New cost effective measures or technologies that were not previously available in*
- 2 *the LIEE program at the time the utility treated a home shall be made available*
- 3 *for those qualifying customers*
- 4 • *In the event a key program eligibility requirement now makes a customer eligible*
- 5 *for measures previously not offered at the time the utility treated the home, the*
- 6 *utility shall make available those cost effective measures for qualified customers.*

7
8 This modification gives the utilities full flexibility to return to homes that have been
9 treated in the past and to provide the customers with cost effective measures that were either not
10 available at the time the home was treated, or were not offered due to a condition that has now
11 changed.

12 **D. Marketing, Education and Outreach (“ME&O”)**

13 SoCalGas' current LIEE program is marketed in a variety of ways, utilizing a portfolio of
14 marketing approaches that have been developed based on experience and effectiveness.

15 SoCalGas has found that the best way to reach potential LIEE-eligible customers is through a
16 focused approach, utilizing methods expected to encourage customers to respond positively, with
17 materials that address customer’s unique needs. Current successful outreach methods will be
18 continued and expanded to ensure that all customers are aware of the LIEE program and
19 provided the opportunity to participate. The following describes current ME&O activities that
20 will continue for the PY 2009-2011 LIEE program:

- 21 1. Targeted Direct Mail – This method has been successful in reaching low-income
22 customers with a high potential for eligibility and will be used in conjunction with the
23 energy consumption segmentation strategies.
- 24 2. Cross-Promotion – The LIEE program is promoted along with CARE and other
25 SoCalGas assistance programs, such as Medical Baseline.²¹ SoCalGas also provides
26 customers enrolled in other assistance programs with information on LIEE. Another
27 method of cross-promotion that SoCalGas will employ will be through co-branding
28 with other utility low income programs.
- 29 3. Email Blasts – Email blasts are emails that are sent to mass distribution lists. As
30 more low-income customers utilize email, and SoCalGas receives their email
31 addresses, this method will be expanded as it has been effective at a very low cost.

²¹ The Medical Baseline program provides customers with doctor verified medical conditions requiring heat, air conditioning or life-support equipment additional energy at the lowest (or baseline) rate.

- 1 4. Canvassing – SoCalGas intends to continue the use of door-to-door canvassing
2 campaigns to enroll potential LIEE customers, through face-to-face contact. When
3 customers are not available, promotional program materials will be left.
- 4 5. Advertising – SoCalGas will consider expanding its use of print and radio
5 promotions, focusing on in-language media for various customer segments.
- 6 6. Community Events – SoCalGas will continue to participate in community events
7 where there is the potential to reach eligible low-income customers. Many of these
8 events are coordinated with local agencies and/or governments.
- 9 7. Coordination with Local Agencies – SoCalGas works with a variety of local agencies
10 that serve low-income customers to ensure that the agencies are familiar with the
11 LIEE program and other assistance programs, and to encourage the agencies to enroll
12 their clients into the LIEE program. SoCalGas' coordination of LIEE program
13 promotion with its Medical Baseline program involves coordination with agencies
14 that serve persons with disabilities. SoCalGas' work with agencies that serve senior
15 customers also is helpful, as there is often overlap between seniors and those with
16 disabilities. SoCalGas plans to continue this coordination effort in PY 2009-2011.
- 17 8. SoCalGas Customer Contact – SoCalGas' customer service representatives and other
18 customer contact personnel inform customers about SoCalGas' assistance programs,
19 including LIEE. Information on these programs is also included on SoCalGas'
20 website. SoCalGas will continue to utilize this resource in PY 2009-2011.
- 21 9. Brochures – SoCalGas has several program informational materials that are
22 distributed through the various outreach methods. Brochures are provided in multiple
23 languages, including English, Spanish, Korean, Chinese and Vietnamese.

24 The following describes ME&O activities not currently performed by SoCalGas, but are
25 planned to be implemented for the PY 2009-2011 LIEE program:

- 26 1. Telemarketing - SoCalGas will utilize telemarketing services to contact potentially
27 eligible customers. Telemarketing will be done in conjunction with other communication
28 methods such as Direct Mailers and Bill Inserts.
- 29 2. On-Line Request Form– Customers visiting the SoCalGas website will have the
30 opportunity to complete an online request form that will be electronically transmitted to
31 LIEE program personnel. Customers will then receive a call back from a program

1 representative that will explain the program and start the enrollment process for eligible
2 customers.

3 SoCalGas will continue to evaluate outreach and marketing efforts to determine the best
4 ways to overcome barriers to customer participation in LIEE and other assistance programs. For
5 example, SoCalGas plans to evaluate additional activities with faith-based organizations,
6 increased leveraging with energy efficiency communications, potential opportunities with water
7 agencies, and additional opportunities for use of the internet. In mid-2008, SoCalGas will be
8 implementing a process to capture information on the reasons why customers choose not to
9 participate in the LIEE program, which will provide insight into ways to overcome the reasons
10 customers may choose not to participate in the program.

11 **1. Single-Statewide Marketing Campaign**

12 The Commission in D.07-10-032²² directed that the Strategic Plan “provide details about
13 how education, marketing and outreach activities will be used to promote energy efficiency
14 programs in an integrated and coordinated fashion, as set forth herein.” The decision required
15 the assigned ALJ, in consultation with the Assigned Commissioner, to schedule workshops to
16 consider the development of a common branding strategy for California low income energy
17 efficiency products and services.

18 The Commission expanded on this direction in D.07-12-051 for the LIEE program, and
19 directed the utilities to develop a tagline that can be used with the program names currently used
20 by the utilities.²³ The tagline was discussed and suggestions were offered at two LIEE Strategic
21 Planning Workshops held January 8, 2008, and April 3, 2008. However, no consensus was
22 reached on a tagline for the program.

23 Despite this lack of consensus, and in an effort to maximize the exposure that the LIEE
24 program would receive through an integrated statewide marketing campaign, SoCalGas prefers
25 to develop a new, statewide program name in lieu of a tagline that would replace the names
26 currently used by each of the IOUs for their respective LIEE programs. A consistent and
27 recognizable name used throughout the State will also help customers to re-enroll in the program
28 if they move to another utility’s service territory. Even so, SoCalGas is willing to coordinate
29 with the other IOUs to develop a statewide program name, tagline or program description.

²² D.07-10-032, dated October 18, 2007, Conclusions of Law 13, 14, Ordering Paragraph 8

²³ D.07-12-051, dated December 18, 2007, pages 46-47, “[t]he workshop(s) should develop a brand name for the LIEE program that all utilities will use as a tag line that each utility would add to its own LIEE program name.”

1 SoCalGas proposes that the new program name be used in all customer communications,
2 including advertising, collateral, and website. The name will help reach low-income customers
3 with interest in lowering energy bills and increasing home comfort. In addition, the utilities will
4 develop a program name with consideration on how it translates in other languages.

5 The utilities are considering contracting with an advertising agency to test concepts in the
6 respective utility service areas, using focus groups, mall intercepts, and online communications.
7 The utilities expect to present a recommended program name, tagline or program description to
8 the Commission by July 2008. Implementation of the new statewide program name will
9 facilitate the integration and visibility of the LIEE program into the statewide marketing
10 campaign that is under development, pursuant to D.07-10-032.

11 **2. ME&O By Population/Segments**

12 SoCalGas will continue to target its marketing and outreach strategies to customer
13 segments, taking into account their level of energy usage and certain characteristics as described
14 in SoCalGas' segmentation strategies. To encourage greater program awareness and
15 participation, it is important that ME&O efforts address the specific needs of customer groups.
16 For example, program materials are provided in several languages, for customers whose primary
17 language is not English.

18 SoCalGas' coordination of LIEE program promotion with its Medical Baseline program
19 involves coordination with agencies that serve persons with disabilities. In this way the special
20 needs of these customers can be addressed. Program materials will continue to be made
21 available in large print for those visually-impaired customers. SoCalGas' work with agencies
22 that serve senior customers also is helpful in this area, since there is often overlap between senior
23 customers and those with disabilities.

24 SoCalGas will expand its categorical eligibility process to include Section 8 and public
25 housing, so that all willing customers in these programs can be automatically qualified for LIEE
26 services. Qualifications for these two types of programs are based on program policies set by the
27 U.S. Department of Housing and Urban Development ("HUD"). Income qualifications are set
28 by HUD and are mostly based on 30% and 50% of the Area Median Income and are updated
29 each fiscal year. To improve the delivery of program information to public housing authorities,
30 SoCalGas plans to contact and collaborate with the public housing authorities to ensure they
31 have an understanding of the program and program collateral.

1 A large segment of SoCalGas' LIEE customers are renters, and SoCalGas has found that
2 its outreach methods have successfully reached them. On May 10, 2007, the Commission
3 convened a workshop to address the issue of renter access to the LIEE program. SoCalGas
4 reported at that workshop that 49% of those households treated between 2004 and 2006 were
5 owner occupied, while 51% were occupied by renters. SoCalGas expects this ratio to continue
6 through PY 2009-2011. Additionally, in Finding of Fact 23 of D. 07-12-051, the Commission
7 found that "[s]tatewide, renters appear to be receiving more than a proportional share of LIEE
8 programs. Customers with the greatest need are more likely to be renters than homeowners." For
9 these reasons, SoCalGas does not believe that more efforts are needed to increase its marketing
10 efforts specifically to renters.

11 **3. Workforce Education and Training ("WE&T")**

12 SoCalGas currently utilizes two approaches to training those working in SoCalGas' LIEE
13 program. The first approach utilizes the training personnel at SoCalGas to provide training to
14 outreach personnel employed directly by CBOs and contractors. The second approach requires
15 SoCalGas to work with installation contractors to ensure that personnel are properly trained on
16 the program's policies and procedures, proper installation of LIEE measures and how to
17 determine the feasibility of measures, and customer contact skills.

18 One of the areas of particular interest discussed in various venues has been the desire to
19 build and expand on the current workforce that is drawn from the low income communities.
20 Many of the LIEE contractors already hire their crews from the low income community. For
21 example, CBOs hire from the training programs they currently administer through their agencies.
22 Additionally, there have been LIEE program participants who have become employed by LIEE
23 contractors.

24 During PY 2009-2011, SoCalGas will continue to encourage contractors and CBOs to
25 hire and train from the local low-income communities. To expand its WE&T efforts, SoCalGas
26 will explore the feasibility of coordinating with other existing job training programs for minority
27 and disadvantaged groups, such as the Employment Development Department ("EDD"). The
28 EDD focuses on the needs of low-income and displaced workers in general, and also provides
29 grants to governmental units, nonprofits and private companies that engage in job training.

30 EDD's "One-Stop Career Centers" provide employment, education, and training services,
31 and identifies of job ready workers with the right skills. There are more than 75 "One-Stop

1 Career Centers” located within SoCalGas’ service territory, which are open to all members of the
2 community, including persons with disabilities and persons with limited English speaking
3 ability. In addition to the One-Stop Career Centers, SoCalGas plans to initiate discussions with
4 the California Employment Training Panel, which provides funding to California businesses to
5 support customized worker training, and assess the potential for collaboration.

6 SoCalGas is exploring the option of participating in the LA Trade Tech College Utilities
7 and Construction Prep Program—a program which creates an industry driven pathway providing
8 adults the full range of skills and competencies needed to secure entry level jobs and enter
9 apprenticeships or other continuing education programs with public and private utilities, unions,
10 and construction trades employers. Specifically, SoCalGas plans to send LIEE representatives to
11 give presentations to the students on the LIEE program and describe potential employment
12 opportunities.

13 SoCalGas will also monitor pending legislative proposals that offer opportunities for
14 increased LIEE-related job training.

15 **E. Integration with Energy Efficiency**

16 Because it is important for LIEE customers to be aware of all energy savings
17 opportunities, SoCalGas will look for opportunities to integrate its LIEE program with its general
18 energy efficiency programs. For example, LIEE plans to coordinate with other energy efficiency
19 programs, such as the Mobile/Manufactured Home Innovative Outreach and Measure Program,
20 where low-income customers residing in mobile/manufactured homes will be provided the
21 opportunity to enroll in LIEE and other assistance programs. LIEE education will include
22 information on other related programs that provide energy savings opportunities, and general
23 energy efficiency program materials, will include, where appropriate, information on LIEE
24 services and eligibility requirements. SoCalGas’ goal is to ensure that customers are aware of
25 the portfolio of energy savings programs and services that are available to them and the benefits
26 that can be achieved from program participation, i.e., energy savings, greenhouse gas reduction
27 and other benefits.

28 **F. Leverage Available Resources**

29 **1. Coordination with other utility LIEE programs**

30 SoCalGas will coordinate its LIEE program with SDG&E’s LIEE program in their
31 overlapping service territory in South Orange County. In Section B.2, I discuss SoCalGas’

1 planned co-branding activities with other IOUs to increase customer awareness about the LIEE
2 programs and services available. In Section B.2, I also discuss SoCalGas' development of joint
3 forms with SCE. This will streamline the enrollment process for both the customer and LIEE
4 program personnel.

5 SoCalGas plans to expand its internal leveraging efforts, to better align the LIEE program
6 with other Company-wide efforts to help reinforce messages, increase awareness, and reduce
7 costs. The LIEE program will be coordinated with general energy efficiency programs and other
8 utility efforts, including field operations (gas energy technicians and collectors), CARE, and
9 other assistance programs. For example, SoCalGas' field operations personnel will refer a
10 potentially eligible customer to LIEE program staff or will inform LIEE program staff of a
11 potentially eligible customer. SoCalGas will continue to leverage all areas, where feasible, in the
12 promotion of CARE and LIEE and in identifying eligible customers for enrollment in both
13 programs.²⁴

14 **2. Coordination with other programs and entities**

15 SoCalGas plans to increase leveraging opportunities to reduce cost, increase awareness
16 and program participation through coordination and collaboration with other agencies, CBOs,
17 and businesses:

- 18 • **Low Income Home Energy Assistance Program (“LIHEAP”)** - There are several
19 potential opportunities for SoCalGas to work with local LIHEAP agencies for better
20 coordination with the LIEE program, which include:
 - 21 ○ Implement a structured referral system to allow for flexibility between program
22 participation where customers can be referred to the other party should a service or
23 measure not be provided in one program.
 - 24 ○ Track customer referral in the program database and measures installed by LIEE or
25 LIHEAP.
 - 26 ○ Provide LIHEAP contractors serving the SoCalGas service territory access to
27 SoCalGas' LIEE database to enable them to pre-screen their clients to see if they have
28 received LIEE services from SoCalGas along with a list of the measures installed.

²⁴ Other programs may include, Medical Baseline, Gas Assistance Fund (“GAF”)

1 The large IOUs and DCSD have initiated discussions on how they and their respective
2 contractors can work together to maximize the leveraging opportunities between the two
3 programs.

- 4 • **Imperial Irrigation District** - In an effort to establish leveraging opportunities with non-
5 IOUs within its service territory, SoCalGas is currently in the final stages of securing a
6 strategic partnership with Imperial Irrigation District (“IID”) to provide customers in the
7 overlapping service territories those measures offered by each utility. By leveraging
8 resources, both SoCalGas and IID will provide their customers with co-branded program
9 collateral and a turn-key solution to receive no cost energy saving home improvements.
10 Once the work is completed SoCalGas will invoice IID for all appropriate fees and
11 measures. This partnership will also help SoCalGas enroll customers in the LIEE
12 program who reside in hard to reach areas.
- 13 • **Metropolitan Water District** - As stated in Section C, SoCalGas and the Metropolitan
14 Water District have been collaborating to develop a strategic partnership to leverage
15 program funds for the direct installation of high-efficiency clothes washers. Many MWD
16 member agencies have individual rebate budgets for high-efficiency clothes washers and
17 SoCalGas and MWD plan to jointly approach these agencies to discuss the potential of
18 leveraging funds.
19 This partnership not only provides the LIEE program and customer with energy savings
20 but also complies with D.06-12-038 which states, “[t]he utilities should begin work on
21 proposals for low income energy efficiency programs that promote water conservation
22 for the Commission’s future consideration”.²⁵
- 23 • **Los Angeles Department of Water and Power** - SoCalGas and the Los Angeles
24 Department of Water and Power (“LADWP”) are currently working together to identify
25 opportunities to leverage one another’s low-income energy efficiency programs.
26 Currently, LADWP offers replacement of old, inefficient refrigerators with new energy
27 saving models to low income customers. SoCalGas intends to enter into an agreement
28 with LADWP which will enable both utilities to cross promote each others programs.
- 29 • **Cities and Local Communities** - SoCalGas plans ongoing coordination with local
30 agencies, city governments and businesses to promote and deliver the LIEE program.

²⁵ D.06-12-038 Conclusions of Law 6

1 Such coordination includes working with city and county officials, agencies, and local
2 businesses to provide program information and collateral for distribution. SoCalGas will
3 continue to partner with various cities in its service territory by working with their
4 representatives, local politicians, state elected officials and various community
5 organizations to conduct targeted neighborhood events.²⁶ These events include
6 customers having their homes weatherized through the LIEE program, enrolling in other
7 SoCalGas programs, and also receiving other types of non-utility funded services. Media
8 involvement in these events will increase LIEE program brand awareness and will likely
9 generate a significant number of customer leads.

- 10 • **Water Agencies** - SoCalGas plans to work with local water authorities to promote and
11 leverage energy efficiency and water conservation efforts through a referral system
12 between the water and energy programs.
- 13 • **CBOs**- SoCalGas plans to expand its efforts to work with various CBOs to broaden LIEE
14 participation and involve the CBOs in the LIEE referral process.
- 15 • **Other Agencies** - SoCalGas LIEE program information is available on California's vast
16 health & human services referral network, including participating 211 counties²⁷, the
17 Tulare, King & Imperial county systems and LA City's 311 program. These agencies
18 serve SoCalGas' service territory and provide customers easy access to Company
19 programs and services.

20 **3. Coordination with California Solar Initiative ("CSI") – Low Income Program**

21 SoCalGas intends to support the administrators of the Commission's low income single-
22 family solar programs in making the programs a viable resource for electric load reduction and
23 environmentally sound energy source for low income housing. D. 07-11-045 requires the
24 installation of LIEE program measures on homes qualified for solar photovoltaic systems prior to
25 those systems being installed to ensure maximum load reduction is achieved and SoCalGas
26 supports this requirement. The recently issued Commission RFP for the administrator of the
27 single-family program directs the administrator to 1) collaborate with the LIEE and CARE

²⁶ Some examples include: Boyle Heights and City of Ontario

²⁷ Counties include: Los Angeles, Orange, Riverside, San Bernardino, Santa Barbara, Ventura, San Luis Obispo, Kern and Fresno.

1 program administrators on delivery strategy, and 2) work with PG&E, SCE, and SDG&E to
2 direct incentive payments to eligible recipients.

3 **G. Pilots**

4 SoCalGas proposes to offer a natural gas high-efficiency FAU furnace pilot to customers
5 with high space heating needs during the winter season. The pilot will replace existing,
6 inefficient operational natural gas FAU furnaces with high-efficiency units that have an
7 efficiency rating of at least 92%.

8 Natural gas high-efficiency FAU furnaces were installed as part of the Winter Initiative
9 and the majority of the installations did not produce significant energy savings. The replacement
10 criteria used during the Winter Initiative was based on the energy efficiency rating of the existing
11 FAU instead of completing an upfront customized energy audit to identify customers with high
12 space heating needs.

13 The pilot will be implemented for approximately 250 customers and the installations will
14 occur after the 2008-2009 winter season. SoCalGas will use bill analysis to determine the cost
15 effectiveness for each installation and the results will be evaluated to determine if this potential
16 measure will be offered in upcoming program years to customers with high space heating
17 needs.²⁸

18 **H. Measurement and Evaluation Studies**

19 M&E studies are designed to collect information and data on programs to allow the
20 utilities to assess past program achievements and inform current and future program designs. To
21 obtain useful information and data, the large IOUs have worked together to identify proposed
22 studies to be conducted in PY 2009-2011. SoCalGas' proposed 2009-2011 M&E budget is
23 approximately \$0.288 million. Witness McKinley's direct testimony provides specific details
24 regarding the proposed M&E studies.

25 **VI. BUDGET**

26 **A. Budget Discussion**

27 As mentioned earlier in Section V of this testimony, SoCalGas' proposed PY 2009-2011
28 plan is a customized approach designed to better serve LIEE program customers, realize
29 enduring and sustaining energy savings, and achieve the Commission's programmatic initiative.
30 The proposed budgets, on an annual basis, are \$53.599 million for PY 2009, \$65.849 million for

²⁸ See Attachment A.

1 PY 2010, and \$67.184 for PY 2011. SoCalGas proposes to partially fund the 2009 budget
2 requirements of \$53.599 million by using \$13.0 million in unspent LIEE program funds from
3 previous years. For rate making purposes, SoCalGas is only seeking recovery of the net amount
4 of \$40.599 million. As compared to the authorized 2008 funding level of \$33.21 million, the
5 proposed budgets represent a significant increase on an annual basis. Appendix Attachment A-1
6 disaggregates the proposed budgets by major expense categories.

7 **B. Tracking Program Costs**

8 SoCalGas proposes to track program costs consistent with the program budget categories
9 defined in Appendix Attachment A-1 to this Application. The program budget categories are
10 used for monthly and annual LIEE reporting and were recently approved by the Commission in a
11 November 2007 letter from the Energy Division Director to the utilities. SoCalGas proposes to
12 maintain monthly and annual reporting according to the approved LIEE reporting categories in
13 PY 2009, PY 2010, and PY 2011. SoCalGas believes this will permit comparable cost/benefit
14 analysis of each program element across the utilities.

15 **C. Budget Flexibility**

16 Fund shifting flexibility between program categories and program years is critical to the
17 achievement and success of the programmatic initiative and necessary to avoid disruption of
18 program services, and provide a seamless and transparent program to customers. As such,
19 SoCalGas requests authorization: 1) to carry forward or carry back funding into 2009, 2010, or
20 2011 during the three-year funding cycle, and 2) authority to shift funds among program
21 categories in PY 2009, PY 2010, and PY 2011.

22 Prior to 2007, the Commission allowed the IOUs full flexibility to shift funds among
23 program categories as needed to achieve program objectives. However, in D.06-12-038, the
24 Commission restricted movement of funds among measurement and evaluation, general
25 administration, and the regulatory compliance categories. In this Application, SoCalGas has
26 proposed a new audit-based, customized program design, new measures, innovative pilot
27 programs, modification to program policies, enhanced outreach, energy education design,
28 coordination with other programs and entities, and new initiatives such as the WE&T, all to meet
29 the Commission's programmatic initiative. Therefore, SoCalGas requests that the fund shifting
30 restrictions adopted for PY 2007 – 2008 be removed to allow SoCalGas more flexibility to make
31 program adjustments and modifications expeditiously and eliminate potential delays.

1 If the Commission should be delayed in issuing a decision on SoCalGas' 2009-2011 low
2 income programs budget application, SoCalGas requests interim authorization from the
3 Commission to continue LIEE activities into 2009 using 2009 program funds. Accomplishments
4 achieved during this interim period will be counted toward 2009 program results.

5 **VII. REVENUE REQUIREMENTS AND RATE IMPACTS**

6 Discussion of SoCalGas' revenue requirements and rate impacts are contained in Witness
7 Hobbs' direct testimony and the Application prepared in support of SoCalGas' PY 2009-2011
8 program plans and budgets request.

9 **VIII. COMPETITIVE BID**

10 SoCalGas does not plan to conduct a competitive bid process of its LIEE program
11 administration for the PY 2009-2011 planning cycle.

12 **IX. CONCLUSION**

13 SoCalGas requests that the Commission authorize the program plans and budgets
14 proposed in this application for SoCalGas' LIEE program for PY 2009, PY 2010, and PY 2011.

15 This concludes my prepared direct testimony.
16

1 **STATEMENT OF QUALIFICATIONS**

2 **JAMES L. LUCAS**

3 My name is James L. Lucas. My business address is 555 W. Fifth St., Los Angeles, CA
4 90013. I am employed at SoCalGas as the Direct Assistance Program Manager.

5 I joined SoCalGas in 1995 and have held management positions in gas engineering,
6 pipeline planning and low-income energy efficiency. My work experience has included:
7 providing engineering expertise for various phases of gas operations, including sound
8 engineering designs for new regional facilities and additions or modifications to existing regional
9 facilities; managing and supervising the construction design of natural gas pipeline projects; and
10 managing and directing the day-to-day activities for the Low Income Energy Efficiency
11 program. From August 2000 through June 2002, I was employed by the non-regulated
12 subsidiaries of Sempra Energy where I held various positions responsible for operations
13 management, research and development, customer service, and project and financial analysis.

14 I have been involved in the Direct Assistance Program since 2004 and I assumed my
15 current position managing the Direct Assistance Program in November 2006. My principal
16 responsibilities include the day-to-day oversight of the Direct Assistance Program for the
17 Southern California Gas Company.

18 I hold a Bachelors Degree in Mechanical Engineering from the University of California
19 at Santa Barbara, a Masters in Business Administration from California State University,
20 Fullerton and am a registered Professional Engineer in the State of California.