

Application No. A.11-05-____
Exhibit No: _____
Witness: Rudshagen, Carmen

**PREPARED DIRECT TESTIMONY OF CARMEN RUDSHAGEN
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY'S
CALIFORNIA ALTERNATE RATES FOR ENERGY PROGRAM PLANS
AND BUDGETS FOR PROGRAM YEARS 2012, 2013 AND 2014**

Before the Public Utilities Commission
Of the State of California

May 16, 2011

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APPLICATION FOR PY2012-2014

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1 **CARE PROGRAM PLANS AND BUDGETS APPLICATION FOR PY2012-2014**

2 **A. OVERVIEW**

3 **1. CARE Program Summary**

4 The California Alternate Rates for Energy (“CARE”) program is a low income ratepayer
5 assistance program that provides a 20% monthly discount on the energy bill of income qualified
6 residential customers and those participating in certain state and federal assistance programs,
7 tenants of sub-metered residential facilities, qualifying group living facilities, agricultural
8 employee housing facilities, and migrant farm worker housing centers. In addition, those that
9 qualify and are approved within 90 days of starting new gas service also receive a \$15 discount
10 on the Service Establishment Charge (“SEC”).

11 In Decision (“D.”) 08-11-031, the California Public Utilities Commission
12 (“Commission”) established a goal that the Investor Owned Utilities’ (“IOU’s”)¹ CARE
13 programs should enroll 90% of all eligible and willing customers into the program. To achieve
14 this goal, Southern California Gas Company (“SoCalGas”) deployed effective outreach methods
15 to locate and enroll all eligible and willing customers. In May 2010, SoCalGas exceeded the
16 Commission’s penetration goal of 90% and continues to maintain a penetration rate throughout
17 the remainder of the year. For 2011, SoCalGas plans to identify and develop new strategies, and
18 adopt new technology to enroll new customers into the program and retain existing CARE
19 participants. SoCalGas’ goal for the 3-year program cycle is to enroll 61,402 additional
20 customers into the CARE program.

21 For PY2012-2014, SoCalGas is proposing an annual administrative budget of \$7.99
22 million for PY2012, \$7.75 million for PY2013 and \$7.86 million for PY2014. SoCalGas

¹ The IOUs consist of Southern California Gas Company (“SoCalGas”), San Diego Gas & Electric Company (“SDG&E”), Pacific Gas and Electric Company (“PG&E”), and Southern California Edison Company (“SCE”).

1 estimates CARE subsidy costs of \$128,773,189 million for PY2012, \$129,892,840 million for
2 PY2013, and \$131,142,177 for PY2014 based on its estimated CARE participation levels of
3 1,754,766 in PY2012, 1,775,263 in PY2013, and 1,798,260 in PY2014, as shown in Attachment
4 B-2.

5 The program is funded through a Public Purpose Program (“PPP”) surcharge paid
6 through non-participating customers’ energy bills. No program costs are included in base rates.
7 CARE program cost categories are delineated in Attachment B-1 along with the planned budgets
8 for PY2012, PY2013 and PY2014.

9 **2. Utility Requests**

10 In accordance with D.08-11-031, issued on November 6, 2008, SoCalGas hereby submits
11 this testimony in support of its Application requesting approval of its’ CARE program plans and
12 budgets for PY2012-2014. In this testimony SoCalGas requests the following:

- 13 1. Approval of its PY2012, PY2013, and PY2014 CARE program plans and
14 forecasted administrative costs.
- 15 2. Approval to continue program funding into PY2012 at the requested PY2012
16 funding levels should the Commission be delayed in issuing a decision in this
17 proceeding before year-end 2011.
- 18 3. Authorization to implement CARE program changes and activities as described in
19 the testimony.
- 20 4. Authorization to continue to reallocate funding among cost categories consistent
21 with the directive in Ordering Paragraph (“OP”) 85 of D.08-11-031.

22 **a. Existing Program Elements And Strategies To Be Continued.**

23 SoCalGas plans to continue and expand many of the existing program elements
24 and strategies that have proven successful. SoCalGas will use traditional, core tactics, such as

1 using the company's Customer Service Representatives (“CSR's”) and the Interactive Voice
2 Response (“IVR”) to offer the CARE program. SoCalGas will also continue to use bill inserts,
3 direct mail, email campaigns, community events, mass media, and web campaigns. In addition,
4 SoCalGas will continue (and expand) the use of outbound dialing tactics for self-certification and
5 recertification in the program and continue to offer customers several methods for enrollment,
6 recertification, or post-enrollment verification (“PEV”). SoCalGas will also be expanding its
7 tactics for "hard-to-reach" customers, who are typically more difficult to reach due to physical
8 disabilities, visual or hearing impairments, or Limited English Proficiency (“LEP”). To expand
9 into these new tactics, SoCalGas will leverage relationships with organizations that serve the
10 disabled community and work directly with grassroots organizations. SoCalGas believes
11 continued use of these strategies will ultimately help educate special needs and hard-to-reach
12 customers about the benefits of CARE enrollment and also help SoCalGas maintain a 90%
13 penetration rate.

14 **b. New Program Elements And Strategies To Be Implemented.**

15 With respect to new program elements and strategies for PY2012-2014, SoCalGas
16 proposes to implement several CARE processing improvements to streamline its operations,
17 optimize customer convenience and initiate paperless archiving. These include: offering new,
18 more convenient, enrollment, recertification and PEV avenues utilizing outbound dialing and
19 email; increasing customer retention by expanding customer notification and reminders; issuing
20 confirmations for approved enrollments, recertification and PEV customers utilizing U.S. mail,
21 internet or outbound dialing; updating the CARE probability model to better identify eligible
22 customers; enhancing Customer Information Systems (“CIS”) to support proposed program
23 changes; and, upgrading CARE’s scanning system to increase productivity. Further, SoCalGas
24 plans to implement paperless archiving of its hard copy paper documents. All hard copy

1 applications will be scanned, electronically recorded and archived. Archived documents will
2 serve as originals and will be available for investigations and/or audits as applicable.

3 All proposed improvements are designed to help keep customers updated on the progress
4 of their application, recertification, and PEV submittals, provide additional avenues to improve
5 customer communications, and greatly improve the CARE program processes.

6 **c. Proposed pilots and studies**

7 SoCalGas is not proposing to conduct any pilots or studies in PY2012-2014.

8 **d. Total requested budget of the portfolios for each year, and for the**
9 **entire budget cycle**

10 SoCalGas' requested administrative costs for PY2012-2014 are \$7.99 million for
11 PY2012, \$7.75 million for PY2013, and \$7.86 million for PY2014. The total requested is \$23.60
12 million, which does not include the CARE program subsidies.

13 **e. Total number of households to be enrolled**

14 SoCalGas' enrollment goal for PY2012-2014 is to enroll a total of 61,402 new customers
15 into the CARE program.

16 **f. Exceptions**

17 SoCalGas is not requesting any exceptions for PY2012-2014.

18 **B. BACKGROUND**

19 **1. CARE Summary – Legal Framework of CARE**

20 Rate assistance under the CARE program is provided consistent with Public Utilities
21 Code § 739.1 and 739.2. Under this program, eligible households and non-profit group living
22 facilities receive a 20% discount on their monthly energy bill.² In addition, those who qualify
23 and are approved within 90 days of starting new natural gas service also receive a discount on

² The CARE program was established through a legislative mandate, Senate Bill ("SB") 739, and was implemented by the Commission in 1989.

1 SoCalGas' service establishment charge.³ Since the program's inception in 1989, the
2 Commission has issued numerous decisions and many of the directives from its original
3 development continue to be applicable today. The following provides a brief summary of
4 several key Commission decisions which provided direction for SoCalGas' PY2012- 2014
5 CARE program proposal:

- 6 • D.92-12-039 expanded the program to include eligibility for qualified non-profit
7 group living facilities.
- 8
- 9 • D.92-04-024 further expanded the program to include eligibility for customers
10 residing in non-profit group living facilities including women's shelters and
11 homeless shelters.
- 12
- 13 • D.95-10-047 authorized residents of agricultural housing facilities managed by
14 the Office of Migrant Services, to qualify for CARE.
- 15
- 16 • D.05-10-044 approved various new initiatives for low-income programs during
17 the winter of 2005-2006 ("Winter Initiative"). One of the major changes adopted
18 by the Commission was the revision of the CARE income eligibility guidelines
19 from 175% to 200% of the Federal Poverty Guidelines ("FPG"). The Decision
20 also authorized SoCalGas to temporarily enroll certain prospective CARE-
21 qualified households by telephone for the period of November 1, 2005 – April 30,
22 2006.⁴
- 23
- 24 • D.06-12-038 adopted the utilities' program plans and budgets for program years
25 2007-2008 and also authorized them to implement the following program
26 changes: 1) categorical eligibility, which permitted customers to qualify for
27 CARE based on their participation in certain state or federal public assistance
28 programs; 2) four-year recertification for low-\ income customers on a fixed
29 income; 3) a process to enroll certain prospective CARE-qualified households by
30 telephone; 4) a process to allow customers to recertify their CARE eligibility
31 through its IVR; and, 5) internet-based CARE enrollment and recertification.
- 32
- 33 • D. 08-11-031 set a 90% CARE penetration goal for all IOUs and recognized the
34 difficulty of reaching a 100% penetration goal for CARE.
- 35

³ The service establishment discount only applies to SoCalGas CARE customers.

⁴ SoCalGas' CARE Winter Initiative telephone enrollment process focused on customers who failed to return applications obtained upon request from the call center. The enrollment process also focused on customers who failed to respond SoCalGas' direct mail campaign that was directed towards households located in geographic locations where a high percentage of income qualified customers reside.

- D.11-05-020 authorized the sharing of low income information between energy and water utilities. Additionally, the decision permitted energy utilities to include data sharing costs in their PY2012-2014 budget applications.

SoCalGas SCE held joint public workshops on January 19, 2011 to provide a broad overview and obtain input on its proposed program plans for the PY2012-2014 program cycle and invited parties on the service list in Rulemaking 08-05-022, utility contractors, agency contacts, CBOs, and other interested parties to attend.

2. Program Eligibility Guidelines

The CARE program is available to any and all customers who wish to participate and who meet the qualification guidelines. CARE applicants are permitted to self-certify that they meet the program’s eligibility requirements but their application is subject to being selected for PEV. There are two ways to qualify for the program. First, if the total income of all the people in the household is at or below 200 percent of FPG.

CARE Program Maximum Household Income ⁵ (Effective June 1, 2010 – May 31, 2011) ⁶					
Number of persons in the household	1 or 2	3	4	5	6
Total Yearly Household Income no more than	\$31,300	\$36,800	\$44,400	\$52,000	\$59,600

⁵For each additional person in the household add \$7,600.

Customers may also qualify for the program if they or another person in their household receive benefits from any of the following public assistance programs: Medi-Cal/Medicaid, Healthy Families Categories A & B, Women, Infants, & Children (“WIC”), California Work Opportunity and Responsibility to Kids (“CalWORKs”) (formerly Temporary Assistance for Needy Families (“TANF”)) or Tribal TANF, Head Start Income Eligible - Tribal Only, Bureau

⁵ Total household income is all revenues, from all household members, from whatever sources derived, including but not limited to: wages, salaries, interest, dividends, spousal and child support payments; public assistance payments, Social Security and pensions, rental income, income from self-employment, and all employment-related non-cash income.

⁶ The Commission updates the CARE income eligibility guidelines in June of each year.

1 of Indian Affairs General Assistance (“BIA GA”), National School Lunch Program (“NSLP”),
2 CalFresh (formerly Food Stamps/Supplemental Nutrition Assistance Program); Low Income
3 Home Energy Assistance Program (“LIHEAP”) or Supplemental Security Income (“SSI”).

4 **C. CARE PROGRAM GOALS AND BUDGET FOR PY2012, PY2013, AND PY2014**

5 As of March 2011, 1,707,674 customers were enrolled in SoCalGas’ CARE program
6 representing a 93.4% penetration rate. SoCalGas’ enrollment goal for PY2012-2014 is to add
7 17,908 new CARE customers in PY2012, 20,497 customers in PY2013, and 22,997 customers in
8 PY2014. The goal for the three-year program cycle is to enroll a total of 61,402 new customers
9 into the CARE program. SoCalGas’ proposed administrative budget for PY2012-2014 is \$7.99
10 million for PY2012, \$7.75 million for PY2013, and \$7.86 million for PY2014. The total budget
11 for the three-year program cycle is \$23.60 million, excluding CARE program subsidies.

12 **D. PROGRAM DELIVERY**

13 **1. Existing Strategies to be Continued**

14 There are three components of the CARE program: new enrollments, re-certification,
15 and PEV. Each component is governed by specific Commission directives. Every aspect of the
16 CARE program is administered by SoCalGas staff including, but not limited to, processing all
17 new applications, recertification applications and PEV requests, responding to all customer
18 inquiries, handling incomplete applications and/or insufficient proof of income submittals, data
19 scanning of CARE forms, and developing and engaging in quality outreach and marketing
20 activities.

21 New Enrollments

22 There are two methods customers may use to certify their eligibility for CARE; 1) by
23 certifying they meet the program’s income eligibility guidelines; or, 2) through Categorical

1 Eligibility by certifying they participate in one of several public assistance programs specified by
2 the Commission.

3 Customers interested in CARE can apply by completing a hard copy or web-based
4 application or by responding to a telephone enrollment campaign. Customers wishing to utilize
5 the U.S. mail, begin by completing an application and mailing it to SoCalGas using a postage
6 paid return envelope. Customers may also enroll online through SoCalGas' website.

7 SoCalGas customers can also participate in the CARE program without applying directly
8 to SoCalGas' CARE program. Through data sharing, SoCalGas' CARE program automatically
9 enrolls customers participating in other IOU's CARE programs, as well as local utilities such as
10 the Los Angeles Department of Water and Power's Low Income Discount Program, the Imperial
11 Irrigation District's Residential Energy Assistance Program and customers receiving CSD's
12 LIHEAP assistance. Leveraging with other organizations has proven to be a cost-effective and
13 efficient means for SoCalGas to identify and enroll eligible customers.

14 Additionally, CARE enrolls customers that are participants of SoCalGas' Energy Savings
15 Assistance Program, and/or SoCalGas' GAF program. SoCalGas plans to continue identifying
16 more leveraging opportunities in PY2012-2014.

17 Recertification

18 To ensure customers are still eligible for CARE after their initial enrollment, customers
19 are asked to recertify their eligibility every two or four years. The majority of CARE
20 participants must recertify their eligibility every two years, while others must recertify their
21 eligibility every four years. SoCalGas proposed, and implemented in 2007, a CARE probability
22 model designed to calculate the likelihood of a customer's eligibility. Customers less than 85%

1 likely to be CARE eligible, as determined by the CARE probability model, are required to
2 recertify every two years.

3 Customers evaluated by the CARE probability model to be more than 85% likely to be
4 CARE eligible are subject to recertification every four years. Additionally, customers on a
5 “fixed income” (e.g., those receiving Social Security benefits, certain pensions, SSI, SSD, SSP
6 and/or Medi-Cal benefits) are also required to recertify their eligibility every four years.

7 Customers found to have less than an 85% likelihood of being CARE- eligible and are not “fixed
8 income” are required to recertify their eligibility every two years.

9 Regardless of the two or four year recertification requirements, all customers are notified
10 by SoCalGas when their recertification is due and are offered the option to recertify via U.S.
11 mail, by telephone (accessing the CARE Recertification IVR system) or on-line. Customers who
12 do not reply to a CARE recertification request are sent a reminder on their bill. The bill message
13 reminder is sent 45 days after the recertification request is mailed to remind the customer about
14 the recertification requirement and what they need to do to stay on the program. Customers who
15 do not respond within 100 days of the recertification request mail date are removed from the
16 CARE program. After termination, the customer receives an explanation on their bill that
17 explains the reason why they were removed from the program.

18 PEV

19 PEV is utilized to help ensure ineligible customers do not continue to receive a discount
20 they are not eligible for. Verifications occur in two situations: customers are either randomly
21 selected for income verification through a computer model in CIS or SoCalGas’ CARE
22 Department acts upon inquiries initiated by company personnel from other departments,

1 apartment managers, or simply based on applications that may indicate a possibility of additional
2 income.

3 Once selected, a customer must submit proof of eligibility to SoCalGas to remain on the
4 rate. To streamline PEV, SoCalGas also utilizes the CARE probability model in the same
5 manner it is utilized for recertification requirements. Customers deemed most likely to be
6 eligible (more than 85% likely) are excluded from receiving a PEV request for up to four years.
7 Customers who receive LIHEAP payment assistance on their gas bills or whose income was
8 verified through SoCalGas' Energy Savings Assistance Program are excluded from the PEV
9 requirement. Additionally, customers participating in SoCalGas' Gas Assistance Fund ("GAF")
10 are also exempt from CARE PEV requirements since they must provide proof that they meet
11 GAF income guidelines which are the same as those for CARE.

12 CARE Form Data Scanning

13 Each year, since SoCalGas implemented data scanning, it has scanned a larger number of
14 applications. This has resulted in a decrease in the amount of manual data entry required. In
15 2007, 352,290 or 67% of the forms were scanned and processed via the data scanning practice
16 and by 2010, 582,748, or 94% of the forms were scanned and electronically archived. The data
17 capture of customer data on the CARE forms have been more accurate and cost effective
18 compared to manual data entry. SoCalGas will continue to utilize this system for the approval
19 process instead of a less efficient manual review process.

20 Enrollment Efforts

21 SoCalGas plans to continue building program awareness through the use of multi-
22 language mass media, targeted outreach, direct mailings and emails, Automated Voice
23 Messaging ("AVM") campaigns, bill inserts, door-to-door outreach, community outreach

1 conducted by capitation agencies, Community Based Organizations (“CBOs”) and Faith Based
2 Organizations (“FBOs”), and continue exchanging data with other utilities as well as with other
3 SoCalGas assistance programs. Throughout the year, SoCalGas Field Service personnel provide
4 CARE program materials upon customer request. During the colder winter months when natural
5 gas usage typically increases and eligible customers can benefit most from the CARE discount,
6 field personnel distribute Customer Assistance Programs brochures during all in-home service
7 orders.

8 To better communicate with special needs customers, SoCalGas works with the
9 California Relay system and offers Telecommunication Device for the Deaf (“TDD”) services to
10 its hearing impaired customers. For visually-impaired customers, SoCalGas’ CARE program
11 offers large print applications in five languages; English, Spanish, Korean, Vietnamese and
12 Chinese. To lessen language barriers, CARE also offers applications in eight additional
13 languages: Arabic, Armenian, Hmoob, Farsi, Khmer, Russian, Tagalog, and Thai. These
14 applications are available on-line or can be mailed to customers per their request.

15 Through hard work, successful outreach and marketing strategies, multiple leveraging
16 activities, and streamlined operations, SoCalGas currently experiences over 90% penetration. To
17 ensure continued success, SoCalGas will continue to employ effective strategies and best
18 practices throughout the PY2012-2014 program cycle.

19 **2. Incorporating Evaluation and Study Results**

20 There were no statewide or SoCalGas specific CARE studies conducted during the 2009 -
21 2011 program cycle.

22 SoCalGas does not propose to conduct any CARE-related studies or evaluations during
23 the PY2012-2014 program cycle.

1 **3. New and Proposed Strategies**

2 SoCalGas' CARE program has successfully achieved a penetration rate exceeding the
3 Commission's goal of 90%. Even though SoCalGas anticipates that some of its potentially
4 eligible, non-CARE customers will decline participation in the program, SoCalGas will continue
5 promoting its CARE program through multi-faceted channels and focusing on enrolling
6 customers with disabilities and those who are hard to reach and LEP. For example, SoCalGas
7 will continue offering large print CARE applications in English, Spanish, Chinese, Vietnamese
8 and Korean as well as providing applications in eight other languages.

9 To better meet the needs of visually impaired customers, SoCalGas plans to communicate
10 with these customers via telephone. SoCalGas CARE staff will call customers already self
11 identified as visually impaired or customers that have contacted SoCalGas and requested a
12 Braille energy bill. For hearing impaired customers, CARE staff will employ the services of the
13 California Relay System and/or SoCalGas' TDD system if communications via U.S. mail are not
14 successful or the customer requests usage of either of the systems. Customers will be reminded
15 of the availability of these services through outreach materials, the SoCalGas call center and the
16 SoCalGas Customer Assistance web page.

17 SoCalGas also plans to generate additional communication efforts, directly leverage with
18 CBOs and FBOs serving disabled and LEP clients, and expand event activities to help increase
19 program awareness and enrollments among its hardest to reach customer segments.

20 As SoCalGas gains experience and expertise during 2011, outreach efforts will ultimately
21 include the following components: identification of key community advocates, collaboration
22 with those key advocates, and communication to (and feedback from) community advocates.
23 SoCalGas' strategy will also include enhanced outreach to the elderly. Senior centers represent a
24 local forum where SoCalGas can promote the available programs. In addition to direct

1 communication, SoCalGas will be working with the staff at these centers so they can be an
2 ongoing source of trusted information for seniors.

3 During PY2012-2014, SoCalGas plans to employ a strategy of increasing communication
4 to CARE customers, and increasing its service delivery channels to further increase enrollments
5 and help decrease attrition. SoCalGas' plans include: 1) granting temporary CARE approval to
6 customers when they apply for CARE but their bill accounts are in a pending turn-on status; 2)
7 modifying CARE forms by adding SoCalGas' fax number to the application, including a line for
8 customers to list their cell phone numbers; 3) increasing customer communications using
9 multiple channels; 4) utilizing SoCalGas' IVR and internet systems for inbound CARE
10 enrollments and automated outbound contact customers regarding new enrollments and
11 recertifications; 5) interfacing relevant customer information within the company to reduce
12 manual processing; and 6) improving the PEV selection process to ensure only qualified
13 customers are in the program.

14 Provisional CARE Approval

15 Currently, only active accounts can be approved for CARE enrollment. Customers in a
16 pending turn-on status are not eligible for system approval. Processed applications for pending
17 accounts must be re-processed manually once the accounts become active. This is a time-
18 consuming procedure. SoCalGas' plans to enhance CIS to accept these as 'provisional' or
19 'pending' CARE approvals, denials, or incompletes would ensure a timely enrollment,
20 disqualification, or CARE incomplete status of these accounts and would eliminate manual
21 intervention. Once the accounts become active, the CARE discount will be applied.

1 Modification to Applications

2 SoCalGas plans to add the CARE department’s fax number to applications to ensure
3 customers realize they have the option to fax in their applications and other paperwork.
4 Additionally, SoCalGas plans to add a line on its CARE application where customers can list
5 their cell phone number. This will help distinguish between a customer’s home phone number
6 and cell number or point out that some customers no longer have residential ‘land lines’ and are
7 using their cell phones for all home use. Additionally, CARE plans to add a brief reference to
8 Medicare on its application to lessen customer confusion regarding Medi-Cal and Medicare;
9 similar sounding programs that are completely different with only one being considered a CE
10 program. CARE also plans to modify its PEV documents to include easier to understand
11 instructions and information regarding acceptable proof of income.

12 Increased CARE Customer Communications

13 As penetration rates increase, identifying new customers and enrolling them will become
14 increasingly more difficult each program year. Additionally, CARE customer retention will
15 become more critical. SoCalGas plans to employ multi-layered communications and also
16 increase its service delivery channels. New program operation tactics will help lower the
17 attrition rate for existing customers by keeping them well informed of all program requirements
18 and what the expectations are for them to remain in the program. Further, SoCalGas plans to
19 track how customers communicate with the CARE program and utilize that information for
20 outreach and program communications.

21 For the next program cycle, SoCalGas plans to increase the number of communications
22 issued to CARE customers. These communications will include reminder notices for customers
23 that do not respond to recertification or PEV requests and notifications to customers who are

1 moving, of the need to re-apply for CARE, if they do not re-establish service at their new
2 residence within 45 days. CARE eligibility automatically transfers to the new address for
3 customers who do re-establish service within 45 days. In addition, SoCalGas will send
4 confirmations (telephone, email, and/or letters noting approval of a customer's new enrollment,
5 recertification or PEV.

6 Inbound and Outbound Dialing and Internet Capabilities

7 SoCalGas already has an automated CARE Recertification IVR system that allows
8 customers to recertify their CARE eligibility by telephone. During the PY2012-2014 cycle,
9 SoCalGas plans to implement an automated CARE self-certification IVR system that will allow
10 non-participating, eligible customers to enroll in CARE by telephone. SoCalGas also plans to
11 further utilize Automated Outbound Dialing ("AOBD") and internet capabilities to contact
12 customers for outreach, recertification and other purposes. To effectively use AOBD and the
13 internet as an outreach tool, SoCalGas will focus on non-CARE, potentially eligible customers
14 residing in certain zip or PRIZM codes. For customers that need to recertify their eligibility,
15 CARE plans to use AOBD or email prior to mailing recertification forms. Once contacted by the
16 automated outbound system or by email, a customer will only need to answer a few brief
17 questions to recertify his/her CARE eligibility. To better meet the needs of customers with
18 visual impairments, CARE will offer telephone recertifications to any customer that has
19 contacted SoCalGas and requested a Braille energy bill. These improvements will help to
20 expedite self certification and recertification activities and support the CARE program's
21 paperless initiatives. Further, providing automated telephone and internet options will offer
22 greater ease of service to many customers, lessen manual handling by the CARE staff, and

1 shorten the amount of processing time between a customer's initial enrollment and
2 commencement or continuance of the CARE discount.

3 Internal Systems Interface

4 In an effort to keep up with, and fully utilize customer information in different systems,
5 SoCalGas plans to create two interfaces; one between the CIS and CARE data scanning system
6 and the second between CIS and SoCalGas' Energy Savings Assistance Program system.

7 Since November 2006, SoCalGas has been using document capture technology for data
8 capture, indexing and validation of CARE forms. SoCalGas' CARE scanning system
9 electronically scans, data captures, and stores CARE forms returned from its customers. After
10 validation, applications are uploaded to SoCalGas' billing system for processing and an image of
11 the application is stored for easy retrieval for viewing and reviewing.

12 To further improve data scanning, SoCalGas plans to automate the review process of
13 scanned documents. This may be in the form of an account lookup during data extraction. This
14 would require a repository or interface of account information of all SoCalGas residential and
15 sub-metered customers so that the data scanning system can compare the correct customer
16 account information with what was scanned.

17 An interface between CIS and the CARE data scanning system will help lessen the
18 number of CARE applications automatically rejected due to invalid customer information,
19 dramatically reduce manual labor, and increase productivity. Further, an interface between the
20 Energy Savings Assistance Program's system and CIS will replace the existing manual process
21 used to enroll Energy Savings Assistance Program customers into CARE with an automatic
22 enrollment process.

1 Based on years of experience with processing paperwork for the evolving CARE program
2 applications, SoCalGas continues to challenge current practices and its systems in search of ways
3 for improvement. For the data scanning system, SoCalGas proposes to improve its electronic
4 document processing via: 1) data validation through an interface with a database of the
5 Company's CIS and system intelligence; 2) researching solutions to accommodate scanning of
6 different sized prints and forms and; 3) implementing a paperless archive. All documents
7 received via U.S. mail are scanned and each one must be reviewed for accuracy by the CARE
8 staff before processing. Since some of these forms received by SoCalGas CARE contain 100%
9 accurate customer information, there is no need for manual review. SoCalGas' CARE
10 Department plans to address this situation by implementing a Validation Bypass Process. Once
11 implemented, the process will help lessen the number of manual reviews and allow for a greater
12 volume of applications to be automatically processed. The reduction in human intervention will
13 also help expedite the entire application process and should result in an increase in the overall
14 number of CARE applications processed yearly.

15 One of the main reasons applications are flagged during the document validation process
16 is because of errors in recognition of any number of characters in the Customer Account Number
17 or Account Name. SoCalGas' proposed interface between the CARE Data Scanning System and
18 CIS will allow for the Scanning software to have a repository to match scanned data with the
19 customer database which will help eliminate errors in Customer Names and Account Numbers.
20 This would also allow one less field to be validated thus reducing labor and increasing
21 processing efficiencies.

22 SoCalGas proposes to upgrade its scanning and electronic archival capabilities,
23 particularly for different size prints and forms submitted by customers for PEV so SoCalGas can

1 move forward with total paperless archiving. Paperless archiving provides many benefits such as
2 the immediate retrieval of CARE documents as opposed to manual retrieval which takes
3 considerably longer. The ability to quickly retrieve documents would benefit CARE staff,
4 SoCalGas Customer Contact Representatives, and particularly CARE customers should there be
5 a need to review or discuss their application and PEV documents. Also, paperless archiving will
6 help facilitate expedient access to CARE documents when preparing responses to data requests
7 and during the periodic audit of the CARE Program.

8 Improve PEV selection method

9 As mentioned above, SoCalGas either randomly selects customers for income
10 verification through a computer model in CIS or SoCalGas' CARE Department may act upon
11 inquiries initiated by company personnel from other departments and trigger non-random, "for
12 cause" PEV requests. SoCalGas plans to utilize its probability model to identify customers that
13 may need to verify their CARE eligibility. In addition to random selections, all customers
14 evaluated by the CARE probability model who are found to be 15% or less likely to be CARE
15 eligible will be subject to PEV.

16 Joint Outreach efforts with SCE in overlapping service territories

17 SoCalGas and SCE have begun discussions to begin working together on the feasibility
18 of developing joint marketing and outreach efforts for CARE in their overlapping service
19 territories. SoCalGas and SCE believe a joint collaboration could provide advantages such as
20 shared costs and efficiencies for the CARE program. For PY2012-2014, SoCalGas plans to
21 explore these joint marketing opportunities with SCE.

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1 Sharing Low-Income Customer Information with the Water Utilities

2 In D.11-05-020, the Commission required that water and energy utilities in overlapping
3 service territories to share low income customer information for the purpose of increased
4 enrollments in the water utilities low income programs. The Commission also recommends that
5 water and energy utilities work together to maximize their outreach efforts to low income
6 customers. The Commission states that energy utilities may include IT and administrative costs
7 associated with these data sharing efforts, not already included in rates, in the low income
8 budgets contained in the PY2012-2014 applications.

9 SoCalGas does anticipate incurring IT charges associated with the initial start-up for the
10 data sharing efforts with the water utilities. SoCalGas estimates that there would be \$90,000 in
11 IT costs for the first data sharing effort with a water utility and \$25,000 for each additional
12 collaboration effort. Any on-going IT labor costs would be small and would be included as part
13 of the regular IT maintenance.

14 SoCalGas is confident that all proposed processing enhancements and strategies
15 implemented during PY2012-2014 will result in greater ease of participation by customers,
16 decrease attrition, and help streamline every facet of the CARE program's self certification,
17 recertification and PEV processes.

18 **E. OTHER CARE PROGRAM ELEMENTS**

19 For PY2012-2014, SoCalGas proposes to continue many of the existing policies and
20 procedures that have proven successful. SoCalGas also proposes to modify existing CARE
21 program elements.

22 Categorical Eligibility

23 As described in Witness Wright's Testimony, SoCalGas proposes to modify the
24 categorical eligibility enrollment process. SoCalGas does not believe that the Commission

1 intended for utility ratepayers to subsidize those households with income that exceed the CARE
2 income eligibility guidelines, Consistent with D. 08-11-031,⁷ on May 9, 2011, SoCalGas
3 requested that the Energy Division conduct workshops to determine if the current list of
4 categorical eligibility public assistance programs should be modified to exclude those programs
5 that do not consider the total income of all residents in the household.

6 In addition to workshops, SoCalGas requests authorization to decline applications of
7 customers who apply for CARE through categorical eligibility and provide total household
8 income information that exceeds the current CARE program guidelines. Further, SoCalGas
9 plans to require categorically enrolled customers to provide income documentation during the
10 post-enrollment verification process and to remove customers from the program if their total
11 household income exceeds the CARE program guidelines. These CARE program revisions will
12 help SoCalGas ensure that its ratepayers are only subsidizing those customers who are intended
13 to benefit from the CARE program.

14 Mid Course Program Changes

15 SoCalGas requests the flexibility to propose changes in its CARE program during the
16 PY2012-2014 program cycle because there may be new outreach ideas, process improvements,
17 system enhancements or possibly a pilot that SoCalGas would like to offer during the course of
18 the cycle.

19 SoCalGas proposes that program cycle changes be done through the Advice Letter
20 process in anticipation of a timely disposition from the Commission.

21 Collateral Material Changes – Energy Savings Assistance Program

22 In the Assigned Commissioner’s Ruling (“ACR”), the Commission directed the utilities
23 to immediately begin using the new brand name, Energy Savings Assistance Program including

⁷ D.08-11-031, at OP 9.

1 the logo, in place of all prior generic program names. SoCalGas' CARE Program will begin
2 using the new program name and logo on all future collateral materials, filings and reports and
3 will have this change completed by year-end.

4 **F. PILOTS**

5 SoCalGas does not plan to conduct any CARE pilots during the PY2012-2014 program
6 cycle.

7 In Commission Resolution CSID-004, dated November 19, 2010, the Commission
8 approved the Community Help and Awareness with Natural Gas and Electricity Services
9 ("CHANGES") pilot to provide LEP customers an in-language education, need and dispute
10 resolution, and outreach program for energy matters. The pilot will be conducted for one-year
11 and the Commission's Consumer Service and Information Division ("CSID") will evaluate the
12 effectiveness of the pilot and recommend to the Commission if the program should become an
13 on-going program. The Commission determined that the cost of the pilot should be charged to
14 the utilities' CARE balancing accounts as part of their outreach funding. SoCalGas' pro-rata
15 share of the \$500,000 statewide pilot budget is not to exceed \$125,000. As part of its evaluation
16 of the pilot, CSID is directed by the Commission to make a recommendation on how IOUs will
17 secure ongoing recovery of CHANGES= expenses if it becomes a permanent, ongoing
18 Commission program.

19 **G. STUDIES**

20 SoCalGas does not anticipate that any CARE studies will be conducted during PY2012,
21 PY2013, or PY2014.

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1 **H. BUDGET**

2 **1. Budget Detail**

3 SoCalGas’ focus for the CARE program continues to be to enroll all eligible and willing
4 customers into the CARE program. In order to accomplish this goal, SoCalGas’ focus for
5 PY2012-2014 is geared towards increasing enrollments in targeted hard-to-reach communities,
6 simplifying and streamlining the enrollment processes for customers, and ensuring that the right
7 customers are enrolled on the program. To accomplish this, SoCalGas is requesting an increase
8 in the area of Information Technology (“IT”). The basis of the increase are the costs to
9 implement new strategies proposed above. While the initial investment may appear to be
10 significant, these system enhancements will support SoCalGas’ effort to maintain the
11 Commission’s goal of enrolling 90% of those eligible and willing to participate.

12 The following describes the administration of the program and any changes or
13 improvements proposed to be implemented during the PY2012-2014 program cycle. CARE
14 Program Administrative Budget categories and costs are being submitted in accordance with the
15 budget categories established in the PY2012-2014 Guidance Document provided in an ACR
16 dated March 30, 2011.

17 Outreach

18 SoCalGas estimates outreach expenditures of \$11,220,310 for the PY2012-2014 program
19 cycle, which reflects a 2.83% increase over the PY2009-2011 program cycle. The outreach
20 budget breakdown for each year is as follows:

2012	2013	2014	Total
\$3,909,220	\$3,845,745	\$3,750,223	\$11,505,188

1 These estimates include the costs for bill inserts, direct mail, telephone enrollments and
2 recertifications, e-mail campaigns, mass media, general outreach, special markets (disabled and
3 LEP), postage and paper, capitation fees, third party outreach, CARE self mailers and brochures.

4 Bill inserts and direct mail will continue to be the foundation of outreach,
5 communication, and general awareness, but new strategies will be necessary to communicate
6 with hard-to-reach customers. The budget assumes certain areas for cost reduction. For
7 example, even though postage rates may increase, the amount of mailing should taper as
8 SoCalGas continues to emphasize web and paperless technology. In addition, outbound
9 telephone communication continues to be effective, but the planned in-sourcing of this capability
10 by PY2014 will result in a sharp reduction in the budget. These savings represent opportunities
11 to allocate funds for activities that complement the hard-to-reach outreach strategy underlying
12 the outreach budget.

13 Currently, costs to SoCalGas' CARE program to fund CHANGES, a one-year pilot
14 program, are not to exceed \$125,000 for PY2011. Since potential permanency of the pilot has
15 not yet been decided, costs for a possible CHANGES program during PY2012-2014 have not
16 been included in SoCalGas' CARE Outreach budget.

17 Processing, Certification & Recertification

18 SoCalGas proposes funding of \$1,027,881 for PY2012, \$1,004,923 for PY2013, and
19 \$1,036,958 for PY2014, totaling \$3,069,762, for Processing, Certification and Recertification
20 costs. CARE Processing, Certification, and Recertification costs include CARE Processing Staff
21 labor for: 1) opening and sorting CARE application forms; 2) processing all CARE applications;
22 3) initiating and responding to customer inquiries regarding CARE applications/program; and

1 4) tracking CARE enrollment and operating statistics in support of operations, management,
2 regulatory reporting, and data scanning contract costs.

3 With the advent of more ways of enrolling, recertifying, and processing, SoCalGas
4 anticipates spending more time handling questions and educating customers about the proposed
5 changes. While these manual activities may result in increased labor costs, SoCalGas believes
6 paperless and real-time phone and internet enrollments will help reduce overall costs. As a
7 result, the proposed funding of this cost category is similar to the authorized funding level for
8 PY2009-2011.

9 Post Enrollment Verification

10 For the PY2012-2014 cycle, the Energy Division created a new reporting category for
11 PEV. This category was previously included in CARE Processing, Certification and
12 Verification. Costs include all PEV costs related to the following items: 1) opening and sorting
13 CARE verification correspondence, processing, data entry, scanning, and associated labor; 2)
14 initiating and responding to customer inquiries by mail, fax or phone regarding CARE PEV; 3)
15 resolving billing issues related to CARE PEV; 4) tracking CARE operating statistics in support
16 of operations, management, regulatory reporting, and; 5) PEV training.

17 SoCalGas' CARE program intends to modify the PEV selection process and will increase
18 the number of income verification requests and is requesting an additional full time employee
19 ("FTE") to support this effort. SoCalGas is requesting \$322,188 for PY2012, \$333,083 for
20 PY2013, and \$343,978 for PY2014, with a total cost of \$999,249 for the three-year program
21 cycle.

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1 Information Technology Programming

2 SoCalGas' Billing System/Programming cost category includes IT costs to maintain
3 CARE functions in SoCalGas' billing system, telephone system, CARE database, system reports,
4 data exchanges with other assistance programs, implement system changes to comply with
5 regulatory mandates, and enhancements to improve operational efficiencies discussed in the
6 Program Delivery section. Due to the complexities of the program, necessary enhancements to
7 existing communication methods, both to and from customers, and the development of new
8 methods utilizing the internet and inbound and outbound telephone capabilities, as described in
9 the Program Delivery sections above, will require more IT resources. Total projected
10 IT/Programming costs are \$1,539,760 for PY2012, \$1,334,767 for PY2013, and \$1,468,725 for
11 PY2014.

12 Measurement and Evaluation

13 SoCalGas is not proposing any new M&E studies for the CARE program during
14 PY2012-2014. Proposed funding for PY2012-2014 is \$17,639 for PY2012, \$18,150 for
15 PY2013, and \$18,659 for PY2014, for a total of \$54,448 for the three-year cycle to fund the
16 annual CARE eligibility rate study conducted annually by Athens Research.

17 Regulatory Compliance

18 SoCalGas' regulatory compliance costs for PY 2012-2014 are estimated at \$227,412 for
19 PY2012, \$234,962 for PY2013, and \$242,507 for PY2014 with an overall total cost of \$704,881
20 for the three year program cycle. The funding is needed to facilitate SoCalGas' compliance with
21 Commission reporting requirements, support CARE regulatory filings, and respond to data
22 requests from the Commission and other outside agencies and organizations.
23

1 General Administration

2 SoCalGas estimates general administration costs will be \$887,541 for PY2012, \$915,488
3 for PY2013, and \$943,426 for PY2014 with an overall total of \$2,746,455 for the three year
4 program cycle. These costs include 2 additional FTEs that will be needed to implement the new
5 activities mentioned in the Program Delivery section as well as the management of the CARE
6 program. Costs also include an annual inflation assumption of 2.6%, 2.9%, and 2.8% for
7 PY2012, PY2013, and PY2014, respectively. Within this budget category are the costs for the
8 CARE program management personnel, non-labor costs associated with the day-to-day
9 operations of management staff, and additional expenses such as market research, and training
10 and development expenses. The day-to-day non-labor costs include office supplies, equipment
11 and maintenance, and business reimbursements.

12 CPUC Energy Division Staff

13 SoCalGas has budgeted \$60,000 per year for PY2012-2014 based on the actual charges
14 during PY2010.

15 **2. Tracking Program Costs**

16 SoCalGas proposes to track and report program costs, consistent with the program
17 categories reflected in Attachment B-1. The program budget categories will be used for monthly
18 and annual CARE reporting and were issued as part of the Guidance Document issued on March
19 30, 2011.

20 **3. Budget Flexibility and Fund Shifting**

21 To avoid program disruption, SoCalGas seeks Commission authorization to continue
22 funding for the PY2012 CARE program as a contingency if the Commission is delayed in
23 issuing a decision for the PY2012-2014 program cycle prior to January 1, 2012. The funding
24 amount and the source of funds would be the PY2012 planned CARE administrative budget,

1 until the Commission authorizes a budget. Enrollments and participation rates and other
2 program accomplishments achieved during the period of the delayed decision would be counted
3 as PY2012 program achievements.

4 SoCalGas asks that the Commission continue to authorize flexibility in shifting CARE
5 program funds between cost categories consistent with the funding flexibility authorized in
6 OP 85 of D.08-11-031.

7 **I. REVENUE REQUIREMENTS AND RATE IMPACTS**

8 SoCalGas is not proposing any changes to the revenue allocation or rate design for the
9 CARE program. SoCalGas' CARE program costs are currently recovered using an Equal Cent
10 Per Therm ("ECPT") approach to allocate costs between the customer classes. The CARE
11 program rates are calculated by multiplying the program cost by the allocation factor and
12 dividing by the applicable billing determinants⁸ minus any exempt throughput.

13 SoCalGas recovers its CARE program costs through the PPP surcharge. The CARE
14 program cost is calculated from the revenue requirement which is based on the combination of
15 both the administration costs and the CARE subsidy. SoCalGas used the CARE program costs
16 provided in SoCalGas Table B-1.

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⁸ In D.04-08-010, the Commission established the methodology for developing the billing determinants for calculating the PPP surcharge. The billing determinants reflect the average of the actual throughput over 3-years; if the most recent cost allocation proceeding is more than 3-years old. However, since the most recent cost allocation proceeding was implemented on February 1, 2010 which is less than the 3-year threshold the billing determinants used for this proceeding are from D.09-11-006.

Revenue Requirements and PPS Rates - CARE				
	2011	2012	2013	2014
SCG				
Increase (Decrease) in PPS Revenue Requirement \$ Millions:				
CARE Program	\$0	\$0.2	\$0.9	\$1.2
CARE Admin	\$0	\$1.4	(\$0.2)	\$0.1
	\$0	\$1.6	\$0.6	\$1.4
Total PPS Revenue	\$288	\$289	\$290	\$291
Change/year \$millions		\$1.6	\$0.6	\$1.4
Increase (Decrease) in PPS Rate \$/th:				
Residential		\$0.00040	\$0.00018	\$0.00037
Core C&I		\$0.00040	\$0.00018	\$0.00037
NonCore C&I		\$0.00040	\$0.00018	\$0.00037

SoCalGas requests that the Commission authorize recovery of the program plans and budgets proposed in this Application by means of the proposed CARE program cost for PY2012, PY2013, and PY2014.

Balancing Account

SoCalGas maintains a CARE balancing account (“CAREA”) to track the CARE program expenses incurred against gas surcharge funds reimbursed from the State Board of Equalization. The gas surcharge was established pursuant to AB 1002 and implemented by the utilities pursuant to the Natural Gas Surcharge D.04-08-010. Pursuant to Commission D.02-07-033 effective July 17, 2002, the utility is also authorized to record all costs related to automatic enrollment, which include the CARE rate subsidy costs, utility administrative costs (including start-up and implementation), and the Commission’s clearinghouse costs. SoCalGas maintains the CARE balancing account by making entries of CARE administrative costs, CARE discounts, gas surcharges billed and remittances to the State Board of Equalization at the end of each month.

Pursuant to Commission D.04-08-010, SoCalGas files an advice letter by October 31st of each year requesting to establish the gas PPP rate effective January 1st of the following year consisting of the net amortization component of gas PPP account balances and the Commission’s

1 currently authorized program budget revenue requirements for the PPPs. However, if a current
2 program year budget for the CARE subsidy costs has not been adopted by the Commission,
3 forecasts of expected CARE subsidy costs based on a reasonable estimate of gas prices (using a
4 credible, published source) and CARE penetration rates may be used. SoCalGas does not
5 propose any changes to the CARE balancing account.

6 **J. CONCLUSION**

7 SoCalGas respectfully requests the Commission to approve the CARE program plans and
8 budgets for PY2012, PY2013, and PY2014 as described in this testimony and authorize the
9 following:

- 10 1. Approval of its PY2012, PY2013 and PY2014 CARE program plans and
11 forecasted administrative costs.
- 12 2. Approval to continue program funding into PY2012 at the requested PY2012
13 funding levels should the Commission be delayed in issuing a decision in this
14 proceeding before year-end 2011.
- 15 3. Authorization to implement CARE program changes and activities as described in
16 this testimony.
- 17 4. Authorization to continue to reallocate funding among cost categories consistent
18 with the directive in OP 85 of D.08-11-031.
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- 22

1 **STATEMENT OF QUALIFICATIONS**

2
3 **CARMEN A. RUDSHAGEN**

4
5 My name is Carmen Rudshagen. My business address is 555 West Fifth Street,
6 Los Angeles, California, 90012. I am employed at SoCalGas as the CARE and Assistance
7 Programs Manager – CARE. My principal responsibilities are to manage SoCalGas’ CARE
8 program.

9 I joined SoCalGas in 1979 and have held numerous positions of increasing responsibility
10 over the last 30 years such as managing line and staff organizations in Billing and Customer
11 Services, during a period of profound business, regulatory, and market changes. Since 1992, I
12 have been responsible for various customer assistance programs for low income customers. In
13 1995, my responsibilities expanded to include managing the CARE program. Additionally, I
14 was responsible for other customer assistance programs, including the Gas Assistance Fund
15 program, a customer-shareholder funded bill assistance program, the Low Income Home Energy
16 Assistance program, the federally-funded bill assistance program administered by the California
17 Department of Community Services and Development (“DSCS”); and the Medical Baseline
18 program which allows for additional gas at a lower rate for medically-qualified customers. In
19 2002, I assumed concurrent responsibility for managing the SDG&E CARE Program.

20 I have appeared before the Commission at a Rapid Deployment Status Conference and
21 have provided written testimony as part of the low income programs application proceedings for
22 PY2002- 2011.