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California Low Income Oversight Board
c/o Commissioner Catherine J.K. Sandoval
California Public Utilities Commission
505 Van Ness Avenue, Room 5213
San Francisco, CA 94102

RE: Low Income Oversight Board Meeting of February 27, 2013

Dear Commissioner Sandoval:

This letter, by Southern California Gas Company (SoCalGas), is also written on behalf of San Diego Gas & Electric Company, Southern California Edison Company, and Pacific Gas & Electric Company (collectively, the Investor Owned Utilities, or IOUs).

At the last quarterly Low Income Oversight Board (LIOB) meeting, held on February 27, an all-party discussion was held regarding the IOU Advice Letter proposing an updated list for the low income categorical eligibility program. The Advice Letter was submitted in compliance with California Public Utilities Commission (CPUC) Decision (D.) 12-08-044, Ordering Paragraph 88(b). Two presentations were made at the LIOB meeting regarding the Advice Letter, one by the Division of Ratepayer Advocates, and the other by ICF International (ICF), the expert consultant commissioned by the IOUs to review the list of categorical eligible programs.

Following the latter presentation, you expressed interest in understanding the level of deviation between the non-utility low income programs that did not align with the income eligibility guidelines of the IOU low income programs.

SoCalGas contacted ICF and requested an assessment that could enhance understanding of the level of consistency for the programs reviewed in their report. We now present this additional report for your, and the Board's consideration regarding this matter.

The IOUs provide a few simple notes that are necessary to understand the ICF report.

Consistent with the Commission's mandate, the original ICF study was commissioned to address a threshold question of consistency with the income guidelines of the California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Programs. The study performed was not purely quantitative but rather geared towards answering (yes or no) questions whether or not programs were consistent with 200% of the Federal Poverty Level, the household unit of measure, and income exclusions. Second, it is the IOUs' understanding, pursuant to conversations with ICF, that certain complications arise with respect to a quantitative analysis, in large part around the issue of income exclusions for the non-utility low income programs (e.g., how to value exclusions for certain subsidies that may be associated with goods / assets). With those conditions in mind, the new ICF report provides a graphical representation of the variance in consistency with the CARE and ESA Program eligibility guidelines between the programs examined during the course of preparing their study. The IOUs hope the Commissioner and the LIOB find this helpful in their review of this issue.

Sincerely,

Gillian Wright

Per a request made at the Low Income Oversight Board (LIOB) meeting on February 27, 2013, this memo includes information that about the level of alignment between the eligibility criteria of the California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) programs (CARE/ESA), current categorically eligible programs, and other income-eligible programs.

1. Background

Southern California Gas Company (SoCalGas), in conjunction with the other three California IOUs, contracted with ICF International (ICF) to review the current list of CARE/ESA categorical eligibility programs to determine alignment with income eligibility thresholds for the CARE and ESA programs. From November-December 2012, ICF conducted a review of the current categorical eligibility program list for CARE and ESA as well as over 70 Federal, State, and County-level public assistance programs for low-income individuals. This research was summarized and submitted to the IOUs in January 2013 in a report titled *CARE and ESA Program Categorical Eligibility Study* (Study). In addition, a Matrix of information was submitted which included additional detail on the programs assessed.

The Study's scope of work, as defined in a Statement of Work (SOW) document dated November 12, 2013 issued by SoCalGas and in conversations with the IOUs, included assessing categorical eligibility and other income-eligible programs to determine consistency with eligibility rules of the CARE and ESA programs based on an income threshold at or below 200 percent of Federal Poverty Guidelines (FPG)[1], inclusions and exclusions for calculating income, and an income threshold that is applied to a household as a unit of measure, as opposed to an individual or family.

The November 12, 2013 SOW specified adhering to the definition of household and household income as described in General Order 153 (G.O. 153), which defines household as "any individual or group of individuals living together as one economic unit in the same residence". "Total Household Income" [includes all] revenues, from all members of a household, from whatever source derived, whether taxable or nontaxable, including, but not limited to: wages, salaries, interest, dividends, spousal support and child support, grants, gifts, allowances, stipends, public assistance payments, social security and pensions, rental income, income from self employment

[1] United States Department of Health and Human Services. Office of the Assistant Secretary for Planning and Evaluation. (2012, January 26). 2012 HHS Poverty Guidelines. Retrieved from http://aspe.hhs.gov/poverty/12poverty.shtml*

and cash payments from other sources, and all employment-related, non-cash income."[2]

SoCalGas submitted an Advice Letter to the California Public Utility Commission on behalf of the IOUs on January 31, 2013; in addition, ICF and the IOUs participated in the February 27, 2013 LIOB meeting to discuss the information in the Advice Letter. During the meeting, Commissioner Sandoval requested information about quantifying differences between the eligibility criteria of current categorically eligible and other low-income eligible programs compared to the eligibility criteria for the CARE and ESA programs.

This document includes a brief overview of methodology and a summary table and series of basic bar charts to depict the level of alignment between current categorically eligible and other low-income eligible programs and the CARE and ESA programs.

While ICF developed and assigned numbers of its own choosing to depict levels of eligibility alignment, we are concerned that applying numbers to these program criteria implies a level of accuracy that simply does not exist. However, it does present the information included in the Study in a different format that may assist in addressing Commissioner Sandoval's question.

2. Methodology

Given the challenges of quantifying the level of alignment of eligibility criteria between current categorically eligible and other income-eligible programs with those of CARE/ESA, ICF developed a series of bar charts and selected weights for key program criteria – only focusing on income thresholds and unit of measure, not on income exclusions and inclusions.

Note that the Study factored the inclusions and exclusions into determination of whether a program being considered aligned with CARE and ESA criteria. However, this document removes inclusions and exclusions as a variable for the following reasons:

1.) As discussed in the Study, no current categorically eligible or other income-eligible program provided an exact match of income inclusions and exclusions compared to the CARE and ESA programs. Thus, it would not contribute to responding to the

[2] California Public Utilities Commission. (2011, December 1). General Order 153 Public Utilities Commission of the State of California procedures for administration of the Moore Universal Telephone Service Act (California Lifeline Program) General Order. Retrieved from http://docs.cpuc.ca.gov/WORD_PDF/GENERAL_ORDER/154648.pdf

Commissioner's question about depicting which programs were more closely aligned with CARE and ESA.

2.) It became challenging to assign weights to different income calculation inclusion and exclusion items (e.g., how to weight inclusion or exclusion of income from grants, loans, other service income, scholarships).

An excerpt from page 30 of the Study shows that the three programs that were most closely aligned with CARE and ESA were not a match for inclusions and exclusions: *"While CalFresh/SNAP, NSLP and WIC requirements align broadly with the CARE/ESA program 200 percent income eligibility cap and the use of household as a unit of measure; the inclusions and exclusions in each program's income calculations prevent the three programs from matching the CARE/ESA eligibility criteria."*

A. Level of Alignment of Income Criterion

Context

The bar charts in this document assigned heavier weights to income thresholds compared to household as a unit of measure as a result of considering discussions at the recent LIOB meeting. LIOB meeting attendees discussed the importance of income as a key eligibility criterion and voiced concern about placing too much emphasis on using household as a unit of measure to determine alignment between programs. In addition, attendees discussed differences between the way that household as a unit of measure is used for the CARE and ESA programs compared to California's Lifeline program, which added to concerns about focusing too much on household as a unit of measure as a means to determine alignment.

As previously stated, no attempt was made to quantify the level of income inclusions and exclusions that are factored in the different programs. Attempting to determine whether current categorically or low-income eligible programs were aligned with the different income inclusions and exclusions was not feasible as none of the programs aligned perfectly. The approach would not have contributed to greater understanding of which programs were more closely aligned to CARE/ESA compared to others.

Numeric Assignment in Bar Charts

For the bars included in the charts section, 70% was assigned if the income cap was at least as stringent as the 200% FPG threshold used in the CARE/ESA programs. This was reduced to 45% if the program criterion was at least as stringent in some of the cases in its program requirements. For example, some programs have different income thresholds depending on the number of people living together; the income cap for certain levels may be more stringent than that used for CARE/ESA and less stringent in other cases. An example of this is the income criterion for the Low-Income Home

Energy Assistance Program (LIHEAP) in California. For households with five or fewer people, LIHEAP is less stringent than CARE and ESA. For six people or more, it is more stringent (see Appendix II of the Study).

B. Level of Alignment for Unit of Measure

Context

As described on page 4 of the Study, *"It is the use of household as a unit of measure that poses the greatest challenge to alignment between most of the current categorically eligible programs, additional programs considered, and the CARE/ESA programs. The categorically eligible programs use a variety of units of measure, typically reflecting the way the programs provide benefits. Benefits may go to a specific person (individual), to the family (defined most often as persons related by birth or marriage), or in fewer cases to the household, all persons living together regardless of family relationship.*

There are cases where a household member qualifies to participate in a categorically eligible program but when the combined income of all household residents is considered, it exceeds the CARE and ESA requirement."

For the charts included in this document, ICF assigned 30% when a program used household as unit of measure or an equivalent definition. For example, Women, Infants, and Children Program (WIC) uses the terms family and household interchangeably in program literature, yet the definition was deemed to be consistent with the definition of household that is used in the CARE/ESA Programs because it acknowledges related and nonrelated people living in household and operating as an economic unit. Per page 24 of the Study, the following definition for the family/household unit of measure is used in the WIC Program: "The family unit/size is a group of related or nonrelated individuals who live together as one household/economic unit. These individuals share income and consumption of goods or services."[3]

Numeric Assignment in Bar Charts

Conversely, 0% was assigned to the unit of measure portion of the bar in the charts for programs that used a different unit, such as individual or family and/or that was not considered comparable to capturing individuals in the residence acting as an economic unit, as defined in G.O. 153.

[3] California Department of Public Health. California State WIC Plan 2012-2013 Section III State Operations VIII Certification and Eligibility 2012-2013. Retrieved from http://www.cdph.ca.gov/programs/wicworks/Documents/State%20Plan%202012-2013/VIII%20Certification%20and%20Eligibility%202012-2013.pdf

3. Table Depicting Program Alignment with CARE/ESA

Exhibit 1. Program Alignment with CARE/ESA		
	Income Criterion[4]	**Unit of Measure**[5]
CARE/ESA	✓ ALIGNS	✓ ALIGNS
Bureau of Indian Affairs General Assistance	✗ DOES NOT ALIGN[6]	✓ ALIGNS
CalFresh/Supplemental Nutrition Assistance Program (SNAP)	✓ ALIGNS[7]	✓ ALIGNS
CalWORKs/Temporary Assistance to Needy Families (TANF)	✗ DOES NOT ALIGN	✗ DOES NOT ALIGN
Head Start Income Eligible (Tribal Only)	✓ ALIGNS	✗ DOES NOT ALIGN
Low-Income Home Energy Assistance Program (LIHEAP)	– LESS ALIGNED[8]	✓ ALIGNS[9]
Medi-Cal	– LESS ALIGNED[10]	✗ DOES NOT ALIGN
National School Lunch Program (NSLP)	✓ ALIGNS[11]	✓ ALIGNS
Supplemental Security Income	✓ ALIGNS	✗ DOES NOT ALIGN
Tribal Temporary Assistance to Needy Families (TANF)	✓ ALIGNS	✗ DOES NOT ALIGN
Women, Infants & Children	✓ ALIGNS[12]	✓ ALIGNS[13]

[4] A rating of "Aligns" means that income eligibility criteria for all parts of the program are equivalent to or more stringent than 200% FPG. A rating of "Less Aligned" means that income eligibility criterion for at least one part of the program is equivalent to or more stringent than 200% FPG. A rating of "Does Not Align" means that no parts of the program use income eligibility criteria that equivalent to or more stringent than 200% FPG.

[5] This column illustrates whether the program's unit of measure aligns with the CARE/ESA programs' use of "household" or (equivalent) as the unit of measure for eligibility.

[6] Income eligibility is not tied to federal or state indices.

[7] Income eligibility criteria match CARE/ESA eligibility criteria in terms of percent of allowable income, but the definition of income is not in perfect alignment.

[8] For households with five or fewer people, LIHEAP is less stringent than CARE and ESA. For six people or more, it is more stringent (see Appendix II of the Study).

[9] Household and Family are used interchangeably in the state plan.

[10] Medi-Cal income eligibility is varied between 100 percent and 250 percent of the FPG, with threshold for the Working Disabled Program to 250 percent of the FPG.

[11] Income eligibility criteria match CARE/ESA eligibility criteria in terms of percent of allowable income, but the definition of income is not in perfect alignment.

[12] Income eligibility criteria match CARE/ESA eligibility criteria in terms of percent of allowable income, but the definition of income is not in perfect alignment.

Exhibit 1. Program Alignment with CARE/ESA		
	Income Criterion[4]	**Unit of Measure**[5]
(WIC)		
Child Care and Development Block Grant (CCDBG)	x DOES NOT ALIGN	x DOES NOT ALIGN
County Low-Income Health Programs	– LESS ALIGNED[14]	x DOES NOT ALIGN
Head Start	✓ ALIGNS	x DOES NOT ALIGN
Housing Choice Voucher Rent Assistance Program (Section 8)	– LESS ALIGNED[15]	x DOES NOT ALIGN
Supportive Housing for the Elderly Program (Section 202)	✓ ALIGNS	x DOES NOT ALIGN

[13] Household and Family are used interchangeably, but the definition is consistent with the CARE/ESA definition.
[14] Alameda and Contra Costa counties have eligibility criteria that either align or are more stringent than CASE/ESA.
[15] The requirements for extremely low-income and very low-income are more stringent than for CARE and ESA, but the requirements for low-income are less stringent (See Appendix II of the Study).

4. Charts Depicting Level of Program Alignment with CARE/ESA

Exhibit 2 provides a summary display of the level of alignment when comparing eligibility requirements of current categorical eligibility programs with CARE/ESA Program requirements, using the approach described in this document. Exhibit 3 provides a summary display of the level of alignment when comparing eligibility requirements of select additional programs with CARE/ESA Program requirements. The blue portion of the bar charts illustrates income criterion comparisons and the red striated portion of the bar charts illustrates unit of measure comparisons.

Exhibit 2. Level of Alignment of Current Categorical Eligibility Programs with CARE/ESA Guidelines

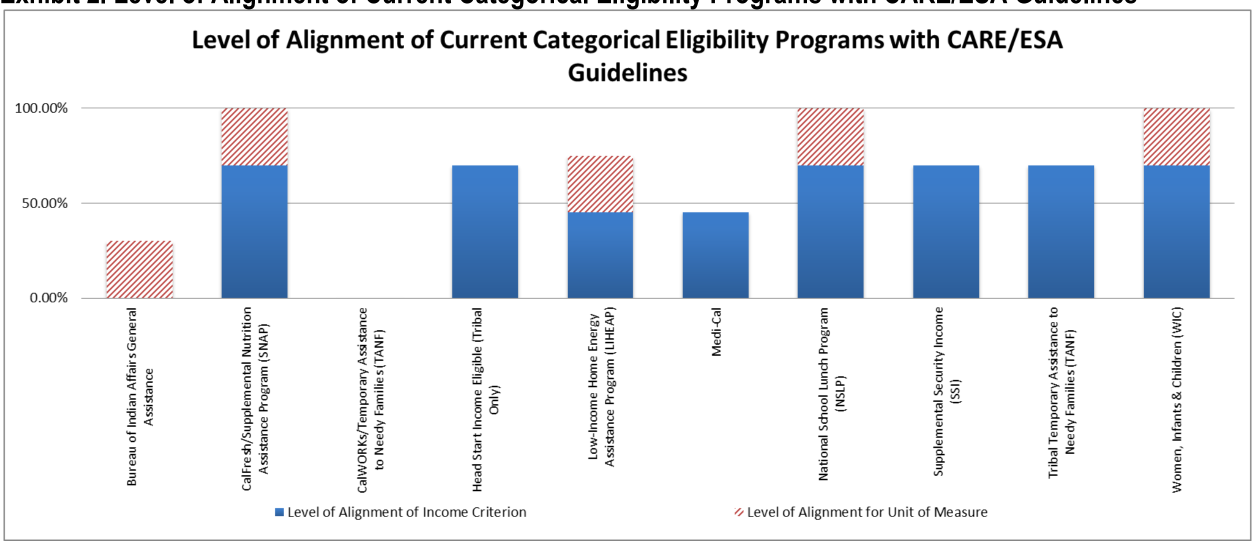

Exhibit 3. Level of Alignment of Select Additional Programs with CARE/ESA Guidelines