White Paper
Southern California Edison Company
2010 Customer Call Operations (CCO)
Inbound Call Online CARE Enrollment

Currently, SCE's CCO (phone centers), consisting of approximately 600 phone center representatives, inform customers about the CARE program when it is likely a customer needs program assistance. In 2009, informing all customers about CARE was not systematic, i.e. not all customers were informed about CARE on every call.

When customers call into the phone center, they also hear CARE program information via an automated message. A message is provided to customer's regarding IQP prior to speaking to a specialist as well as a "mid-queue" message that is heard when they are on hold waiting to speak to a live representative or when calling to make payment arrangements and extensions.

In 2009, 279,000 CARE applications were been mailed to SCE customers, with 91,037 customers enrolling on the rate; a 32.6% enrollment rate. The average cost per approval is $2.77.

<u>The CPUC has established that core phone center services (i.e. informing customers about CARE) should be funded as base rates</u>. In 2005, the CPUC disallowed SDG&E's call center costs as part of CARE funding because such costs are not incremental to LIEE activity, and are fully funded in base rates, see D.89-09-044. (See full summary of regulatory decisions in the attachment.)

2009 CCO Online Enrollment Pilot:

In support of the 2009 Economic Assistance Campaign, and to support the 90% target penetration goal set by the CPUC in D. 08-11-031, a pilot was implemented in the call centers to enroll customers on the CARE rate via online enrollment. In addition to informing customers about the rate, eligible customers were *enrolled* on the rate via online enrollment. This was a new and *incremental* approach to existing CARE enrollment options. Costs for the pilot were not charged to CARE PGC funds but were absorbed through existing funding sources for call centers.

2009 Pilot results:

The pilot ran from July through December 2009, approximately 35 representatives participated in the pilot (out of 600 available representatives.)

Of 5,241 customers who were offered CARE information over the phone, 2,339 customers enrolled on the rate; a 44.6% enrollment rate—a 12% increase over mailing/returning CARE applications.

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Table 1 -- Current Mail/Return Mail Process Volume

	Mailed	Total Approved	% of Mailed Approved
2009	279,000	91,037	32.6%
Estimated 2010	279,000	91,037	32.6%

CARE Direct Enrollment Pilot Volume

	Total Contacts	Total Approved	% of Contacts Approved
2009 Pilot	5,241	2,339	44.6%
Estimated 2010	279,000	124,515	44.6%
2010 Growth from Change		33,478	12.0%

2010 CARE Enrollment Goal:

- CARE program is starting 2010 with an 87% CARE penetration rate, a 2% decrease from YE 2009 due to new eligibility guidelines filed on Dec. 31.
- Internal CARE 2010 YE goal is to reach 90% by YE. (CPUC goal is to reach 2011 YE with a 90% penetration rate. SCE plans to reach 90% in 2009, and maintain it through 2011).
- In order to reach this goal, it's estimated that 279,903[1] gross CARE enrollments would be needed to meet this goal.

2010 CCO Pilot Expands to all Representatives:

With the CCO pilot complete, CARE enrollment through CCO was to be suspended pending evaluation of the pilot and securing a permanent funding source. However, continued poor economic conditions throughout SCE's service territory and the initial success of the pilot warranted extending the enrollment effort into 2010. SCE expanded the effort to all phone center representatives (600+). As anticipated, CCO online CARE enrollment continued to increase as customers took advantage of assistance provided by phone center representatives to enroll on to CARE. With the expansion to all phone

[1] Includes gross CARE enrollments. Gross enrollment target is required due to verification/re-certification drop offs. Approximate net enrollments required would be 43,812.

center representatives, including our credit and payment center, SCE experienced an increase in enrollment over the old mailing process by 12% for the pilot and 50% when expanded to all representatives. SCE needs explicit approval to charge the costs for CCO online enrollment to CARE PGC funds in order to continue this successful approach for maximizing CARE enrollment.

Phone center analysis has indicated that 3.95[2] minutes (average incremental handle time, or 237 seconds) is required for a successful enrollment of a customer for CARE via online enrollment. For attempted enrollments which constitute about 18% of the total customers marketed, the handle time associated with those enrollments is 110 seconds. As a result, approximately $3.66 is the charge-back for each new CARE enrollment via the call center.

This charge is below the average cost for enrollment via other enrollment channels. However, if the enrollment to the phone center is driven by other channels which have incurred their own associated charges, this charge would be added to total charge, making it more expensive than other measures.

See table below with associated costs (savings/losses) compared to other channels:

Table 2 – Approval Cost (by Channel)

Channel	Cost Per Approval	(Over)/Under vs. CCO Inbound
Customer Internet	$ 0.10	$ 3.56
Data Sharing - Auto	$ 0.10	$ 3.56
Data Sharing w/Processing	$ 1.71	$ 1.95
Call Center Mailer	$ 2.77	$ 0.89
Call Center Web	**$ 3.66**	**$ -**
SoundBite - VRU	$ 4.29	$ (0.63)
Welcome Kit	$ 5.65	$ (1.99)
Annual Solicitation	$ 11.24	$ (7.58)
CEM - Direct Marketing	$ 14.60	$ (10.94)
Capitation	$ 15.00	$ (11.34)

[2] From Robert Huntinsger phone center analysis provided to CARE management.

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Estimated new enrollments and incremental cost:

Based on 2009 CARE phone center activity (see Table 1 on page 2), it is forecasted that SCE phone center can attain at minimum 100,000 enrollments for CARE through 2010, at a per enrollment cost of $3.66.

The current cost to mail/return applications is $2.77. This includes expenses for all applications mailed to customers in 2009, and the processing cost for those applications that are returned. Cost per enrollment for these customers [New Enrollments] would result in a net increase of $0.89 per enrollment to the CARE budget.

[$3.66 – $2.77 existing charge to mail/return application = $0.89 incremental cost per enrollment, if SCE receives direction it can recover the $3.66 through PGC funds]

Customer Benefits:

- Improve customer experience by
  --offering immediate CARE enrollments, rather than waiting for application to be mailed and returned.
  --ability to answer any questions customer may have on CARE which prevented them from enrolling in the past.
- Increase Call Center enrollment of CARE customers by 50% over previous Call Center enrollment practice
- Provide “real time” enrollment of customers and decrease attrition

South West Gas Phone Center Inbound effort:

In August 2009, South West Gas implemented an inbound call center CARE enrollment effort with their approximately 70 phone center representatives. They started 2009 with an 84% penetration rate and reached a 90% penetration rate in October 2009. 2009 incremental charges for their effort were charged to base rates (not their CARE budget.) For 2010, they are re-assessing where these incremental charges for this effort will be charged-back to (i.e. CARE versus base rates.)

Scope of SCE proposal to CPUC:

- SCE is not seeking a CARE budget increase
- SCE seeks clear approval to charge incremental phone center online enrollment costs to CARE PGC funds in 2010 and beyond. (2010 estimate is $3.66 per enrollment x 100,000 enrollments = $366,000)
- The $366,000 online enrollment cost will be primarily offset by a reduction of $277,000 for mailing and returning applications ($2.77 x 100,000).

Other Options:

- Up-front CARE enrollment offered through automated message, linking to new CARE IVR line (to be launched Q4 2010) before live-rep transaction.
- Transfer from a live-call representative to CARE enrollment line to eliminate incremental work/cost to phone center. (Not current phone center strategy to transfer to IVR/VRU from live representative.)
- If "in-house" enrollment line cannot support call transfers, a third party is available to receive and collect information for manual processing.

Regulatory References to Call Center budgets related to CARE: [see attachment]

ATTACHMENT

References to Call Center

D.05-04-052

ORA's Comments on SDG&E's CARE Proposal

ORA recommends (as it does with regard to SoCalGas) that the Commission deny SDG&E's request to include funding in its CARE outreach budget for customer call center staff. ORA states that call centers receive funding through base rates, so it is not clear whether the activities are incremental CARE costs. ORA also notes that other utilities such as PG&E and SCE do not specifically mention using CARE outreach money for their call center operations. (p. 51)

In its August 23, 2004, response to ORA's protest, SDG&E states that funding for CARE activity was not included in SDG&E's 2004 cost of service application. In a supplemental response filed October 7, 2004, SDG&E states that it has been including call center costs in its CARE administrative budget since 1989 in accordance with D.89-09-044 (at p. 11). (p. 51)

Discussion of SDG&E's CARE Proposal

In D.02-09-021, we required that that all low-income program costs funded from the public goods charge be incremental costs: "We have … given the utilities clear direction that the administrative costs booked to low-income assistance balancing accounts must be 'incremental' costs, *i.e.*, not provided for in the utility's base rates." Where a cost is one the utility would have to incur regardless of the presence of the low-income programs, it should be funded in base rates, rather than by the limited/earmarked PGC surcharge. SDG&E must have call center staff regardless of whether or not it offers the CARE program. (p. 52)

Moreover, contrary to SDG&E's claim that D.89-09-044's adoption of the LIRA program (CARE's predecessor) implicitly authorized recovery of call center costs from the low-income surcharge, D.89-09-044 states the following:

> *LIRA program administrative costs shall be recovered in the utilities' base rates, rather than in the LIRA surcharge*, in the general rate case following at least one reasonableness review of LIRA administrative costs in the LIRA revision proceeding.

Thus, it is not correct that D.89-09-044 stands for the proposition that SDG&E may recover call center costs from PGC funds. Rather, D.89-09-044 contemplates that all LIRA administrative costs be recovered in base rates. While the Commission later softened this stance and allowed recovery of incremental CARE administrative costs from the PGC, D.89-09-044 does not support SDG&E's claim with regard to call center costs. (p. 52)

We have also expressed our desire that the utilities account for low-income program costs consistently, and ORA points out that while SDG&E and SoCalGas ask for call center costs from PGC funds, the other large utilities do not. As we noted in D.02-09-021, "The submittals in this proceeding convince us that the utilities are still not employing consistent accounting conventions for recovering or reporting CARE administrative costs." There, we ordered that the Commission's Energy Division audit these expenses due to the inconsistency. (p. 53)

It is crucial to our ability to assess the comparability and cost effectiveness of each IOU's program that they charge their program expenses consistently. If one IOU includes call center costs in its public goods charge-funded budget while the other IOUs do not, it will be impossible for us to compare how cost effectively the IOUs are accomplishing their mission. (p. 53)

SDG&E should not include call center costs in its CARE administrative budget. It has not established that such costs are incremental – *i.e.*, that it would not have to incur them but for the presence of the CARE program. Nor does it appear that SDG&E's treatment of such costs is consistent with what PG&E and SCE do, despite our requirement of consistency in the utilities' accounting for low-income programs. (p. 53)

It is clear, however, that SDG&E has accounted for certain call center costs in the same way since 1989. We do not wish our cost disallowance here to disrupt the CARE program in any way, or result in a reduction in efforts to support the program. Thus, while we disallow the call center funding from PGC rates, SDG&E will continue to recover in base rates the call center costs we disallow here. (p. 53)

We disallow call center costs (SoCalGas & SDG&E) as part of CARE funding because such costs are not incremental to LIEE activity and are already fully funded in base rates. (p. 56)

<u>Findings of Fact #16</u>: While SoCalGas and SDG&E seek call center costs from PGC funds, the other large utilities do not. (p. 94)

<u>Conclusion of Law #13</u>: D.89-09-044 does not stand for the proposition that an IOU may recover customer call center costs from PGC funds. (p. 96)

Conclusion of Law #15: A utility must have call center staff in place regardless of whether it offers LIEE/CARE services. Thus, the cost of call center staff should be recovered in a utility's base rates, rather than as part of public purpose funding. (p. 96)

Ordering Paragraph #19: SDG&E and SoCalGas may recover in base rates the call center costs we disallow in this decision. (p. 104)

Decision 05-05-019 (Order Correcting Errors In Decision 05-04-052)
Table 17 disallowed call center costs for SDG&E and SoCalGas

Decision 08-11-031
Ordering Paragraph #88: We deny DRA's request that all IOU service/customer representatives be required to inform all customers about CARE on every service call. However, such personnel shall provide information about CARE when it is likely a customer needs program assistance; for CARE when a customer contact occurs regarding LIEE, and vice versa; and at service initiation or at the time a service address change. Such service shall not be charged to the CARE administrative budget.