

Application No. A.14-11-011

Exhibit No: \_\_\_\_\_

Witness: Rudshagen, Carmen / Yao, Hugh

Application of Southern California Edison Company (U 338E) for Approval of its Energy Savings Assistance and California Alternate Rates for Energy Programs and Budgets for Program Years 2015-2017.

And Related Matters.

Application 14-11-007  
(Filed November 18, 2014)

Application 14-11-009  
Application 14-11-010  
Application 14-11-011

**PREPARED REBUTTAL TESTIMONY OF PREPARED REBUTTAL  
TESTIMONY OF CARMEN RUDSHAGEN AND HUGH YAO ON  
BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY**

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

May 22, 2015

1 **I. INTRODUCTION**

2 On November 18, 2014, the large investor-owned utilities<sup>1</sup> (“IOUs”) filed applications  
3 for approval of their respective Energy Savings Assistance (“ESA”) Program and California  
4 Alternate Rates for Energy (“CARE”) program plans and budgets for program years (“PY”)   
5 2015-2017. SoCalGas’ proposals for CARE, presented in the testimony of Carmen Rudshagen  
6 and Hugh Yao, were developed based on the California Public Utilities Commission’s  
7 (“Commission” or “CPUC”) CARE policy, past orders, and guidance documents, and included  
8 strategies, plans, activities, policies, and budgets for its CARE Program. These proposals were  
9 specifically designed to advance the Commission’s goal of increasing program enrollment and  
10 achieving a penetration rate of 90% by obtaining a net gain of 148,261 customers during  
11 program years 2015-2017.<sup>2</sup> SoCalGas plans to continue the current program elements, service  
12 deliveries, and strategies that have proven to be successful in prior years, plus offer live CARE  
13 enrollment through Customer Service Representatives (“CSR Enrollment”), and make further  
14 improvements to Post Enrollment Verification (“PEV”), outreach to customers who are hard to  
15 reach, web communications, and the application process.<sup>3</sup>

16 SoCalGas, in this testimony, responds to certain proposals and alternative  
17 recommendations submitted by interested parties in their Direct Prepared Testimonies. More  
18 specifically, this testimony responds to the following:

19 The testimony of the Office of Ratepayer Advocates (“ORA”) witness Alice Glasner  
20 recommends 1) the CPUC should define accounting components for each budget reporting

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

<sup>2</sup> Prepared Direct Testimony of Carmen Rudshagen and Hugh Yao on CARE, page CAR-11, lines 18-19.

<sup>3</sup> *Id.*, Section I.A.4 (Current Proposal), pages 8-22.

1 category so that budgets are transparent,<sup>4</sup> 2) IOUs should report the full cost of all significant  
2 activities,<sup>5</sup> 3) the prior authorized budget should not be used as a basis for proposed budget  
3 reasonableness; the authorized 2015 administrative budget should be frozen, and the  
4 Commission should conduct a review prior to increasing administrative budget,<sup>6</sup> and 4) the  
5 Commission establish a cost cap to CARE outreach that may impact IOU activities.<sup>7</sup>

6 The testimony of The Utility Reform Network (“TURN”) witness Hayley Goodson  
7 recommends the Commission authorize an annual Information Technology (“IT”) Programming  
8 budget for SoCalGas of \$0.606 million for 2015-2017, based on a three-year average of 2012-  
9 2014 recorded costs, which is \$0.557 million less than SoCalGas’s proposed 2015-2017 budget.<sup>8</sup>

10 The Testimony of Center for Accessible Technology (“CforAT”) witness Dmitri Belser  
11 and SoCalGas’ support for the recommendation to the necessity of accessible communication  
12 materials for customers with disabilities.<sup>9</sup>

13 **II. SOCALGAS’ PROPOSALS AND BUDGETS ARE BASED ON THE**  
14 **COMMISSION’S CARE POLICY, PAST ORDERS, GUIDANCE DOCUMENTS**  
15 **AND BEST PRACTICES**

16 For PY2015-2017, SoCalGas is proposing an annual administrative budget of \$8.52  
17 million for PY2015, \$9.85 million for PY2016 and \$9.60 million for PY2017. SoCalGas’  
18 proposed budget includes outreach to customers and to enroll and provide the CARE discount to  
19 all qualified customers who are willing to participate. The major portion of SoCalGas’ proposed  
20 budget is warranted to continue the current best practices in compliance with past orders.<sup>10</sup> In

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<sup>4</sup> ORA testimony (Glasner) page 1-1, lines 18-20.

<sup>5</sup> ORA testimony (Glasner) page 1-1, lines 25-26.

<sup>6</sup> ORA testimony (Glasner) page 1-2, lines 5-6.

<sup>7</sup> ORA testimony (Glasner) page 2-11, lines 16-19.

<sup>8</sup> TURN testimony (Goodson, as revised on May 7, 2015), page 15, line 11-13.

<sup>9</sup> CforAT testimony (Belser), page 3.

<sup>10</sup> SoCalGas CARE Testimony - CARE program history, page 3.

1 addition to the continuation of ongoing administrative activities, SoCalGas also proposed  
2 prudent enhancements and funding for the associated supporting budgets.

3 First, SoCalGas proposes expansion of its enrollment process by allowing live CARE  
4 enrollment through CSR Enrollment when customers call to establish service, make payment  
5 arrangements, or payment extensions. This new method of approving customers is projected to  
6 increase participation and will address the barrier of enrolling hard-to-reach, limited literacy, and  
7 visually impaired customers.<sup>11</sup> TURN supported SoCalGas' request to include funding for  
8 CARE enrollment by CSRs in its CARE administrative budgets "because of the demonstrated  
9 efficacy of this enrollment method and the convenience for customers."<sup>12</sup>

10 Second, "PEV" communications can be strengthened to aid in increasing the response  
11 rate. SoCalGas plans to simplify and enhance the layout of PEV forms to ease the perceived  
12 burden of completing the process. Detailed PEV information is proposed to be added to the  
13 SoCalGas.com website including a Frequently Asked Questions ("FAQ") section. Additionally,  
14 a second PEV application is planned be mailed to customers who have not responded within 45  
15 days to the initial PEV request.<sup>13</sup>

16 Third, SoCalGas plans to redesign CARE forms to consolidate the variances in the  
17 existing forms. This will help fine-tune the scanning process and Optical Character Recognition  
18 ("OCR"), and paperless content management archiving of all applications.<sup>14</sup>

19 Fourth, enrollment through the SoCalGas.com web site can be streamlined for the  
20 customer, whereby, once the account number is entered and verified, the customer's name and  
21 address will automatically populate.<sup>15</sup>

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<sup>11</sup> SoCalGas CARE Testimony page 10, lines 13-14

<sup>12</sup> TURN testimony (Goodson) page 26, lines 12-14

<sup>13</sup> SoCalGas CARE Testimony page 11, lines 9-11

<sup>14</sup> SoCalGas CARE Testimony page 10, lines 16-21 & page 11, lines 1-4

1           Lastly, creation of a mobile responsive CARE application and web page will allow  
2 simplified full access to enrollment without the need for a computer. Based on customers'  
3 feedback, utilizing a full-sized standard website on iPhones or Android Phones is extremely  
4 cumbersome. Websites without a mobile equivalent can be difficult to maneuver on a phone.  
5 Also, websites with fancy features designed for computer screens can break or not render  
6 properly on mobile devices.

7           In addition, SoCalGas plans to enhance the existing SoCalGas smartphone application  
8 with CARE information. SoCalGas can solicit low-income cellular service providers to request  
9 to leverage their mobile enrollment platforms, so that new mobile phone customers are informed  
10 about CARE, and learn that they can apply for CARE on their phones.<sup>16</sup>

11           Although ORA and TURN have some disagreements on the budget proposals, there were  
12 no intervener objections to SoCalGas-proposed program strategies, deliveries, and  
13 enhancements.

14 **III.   SOCALGAS' INFORMATION TECHNOLOGY PROGRAMING BUDGET IS**  
15 **REASONABLE AND SHOULD BE ADOPTED**

16           SoCalGas disagrees with TURN's reasoning and recommendation of the IT budget for  
17 SoCalGas. The authorized budget should be based on system mentainance needs and prudent  
18 enhancements proposed in PY2015-2017.

19           **A.   SoCalGas Supports its IT Budget Forecast For 2015-2017 in its CARE**  
20           **Testimony**

21           SoCalGas proposes expenditures of \$2.374 million for PY2015-2017 to maintain CARE  
22 functions in SoCalGas' billing system, telephone system, CARE web pages, the CARE on-line  
23 application, CARE database, system reports, data exchanges with other assistance programs,

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<sup>15</sup> SoCalGas CARE Testimony page 25, lines 2-5

<sup>16</sup> SoCalGas CARE Testimony page 21, line 21 & page 22, lines 1-3

1 implementation of system changes to comply with regulatory mandates, and to improve program  
2 participation and operational efficiencies as discussed in the new proposals section. The  
3 proposed funding represents a \$6.4 million reduction compared to authorized expenses for the  
4 prior 2012 – 2014 program cycle, but an increase of approximately \$0.4 million compared to  
5 actual expenses. The proposed budget is based on a forecast of funding needs to support  
6 ongoing systems and new initiatives.

7           The projected IT/Programming costs by year are \$912,906 for PY2015; \$791,085 for  
8 PY2016; and \$670,020 for PY2017. As indicated in SoCalGas' Prepared Direct Testimony, it is  
9 estimated that 4.5 Full Time Equivalent ("FTE") employees are needed to preserve the  
10 complexities of the recertification and PEV rules in the system and integrity of the CARE  
11 database, maintain the existing communication methods, both to and from customers, execute the  
12 assistance data exchanging and leveraging, provide support to form enhancements, and to  
13 support performing CSR enrollments. Based on planned activities for 2015-2017, 4.5 FTEs is  
14 not a sufficient workforce to maintain the CARE system within SoCalGas' Customer  
15 Information System ("CIS") and to carry out all new CARE proposals; additional resources will  
16 be needed. In addition to SoCalGas' FTEs. SoCalGas is proposing supplemental labor resources  
17 of \$467,000, \$333,000, and \$200,000 in PY 2015, PY2016, and PY2017, respectively.

18 Supplemental labor resources by third-party contractors/consultants are necessary to support new  
19 initiatives – implementation of the CSR phone enrollment of customers and for the formation  
20 and design of a mobile-friendly CARE application that allows unencumbered enrollment on  
21 mobile devices plus My Account and CIS system integration. The former two enhancements  
22 proposed for implementation in 2016 and therefore are the primary reason for the cost decrease  
23 from 2015 to 2016 and 2017.

1 Table 1 below shows SoCalGas' IT Programming budget by SoCalGas employees and  
2 supplemental resources.

**Table 1 - SoCalGas Proposed IT Programming Budget for 2015-2017**

	2015	2016	2017	Total
Labor – Direct/Indirect	446,239	457,752	470,020	1,374,010
Supplemental Work Force	466,667	333,333	200,000	1,000,000
Total	912,906	791,085	670,020	2,374,010

3 **B. TURN's Justification for Using An Alternative Forecasting Approach Is**  
4 **Flawed**

5 TURN views SoCalGas as over-forecasting in the last Application, and questions its  
6 budget proposal reliability.<sup>17</sup> Thus TURN recommends that the Commission uses recorded  
7 historical costs as a reasonable basis for funding IT Programming in the current cycle. This  
8 conclusion is based on the assertion that "SoCalGas spent less than a third of its request in 2012  
9 and 2013, and just 61% in 2014, while undertaking these necessary enhancements, as well as  
10 regular, on-going IT maintenance."<sup>18</sup>

11 TURN's analysis of under spending relative to forecasted needs is incorrect. SoCalGas  
12 had an organizational structure change in 2012, moving from a shared services structure,  
13 leveraging certain SoCalGas and SDG&E staff, to a structure where IT support is now provided  
14 solely by SoCalGas staff. As a result of this transition, effective in 2013, IT costs no longer  
15 include shared services overhead charges. For accurate comparison between the historical  
16 period and SoCalGas' forecast for 2015-2017, SoCalGas agrees that TURN adjusted the  
17 recorded spending downward by \$0.203 million for SDG&E shared services overhead, leaving

<sup>17</sup> TURN (Goodson), page 26, line 8-13

<sup>18</sup> TURN (Goodson), page 26, line 5-6

1 \$0.483 million spending in 2012.<sup>19</sup> However, SoCalGas disagrees with TURN's underspending  
2 analysis. The IT Programming budget for the Application covering PYs 2012 – 2014 was  
3 developed in 2011, and assumed SDG&E shared services overhead would be incurred in 2012-  
4 2014. For an apples-to-apples comparison of budget compared to actual expenses, the SDG&E  
5 shared services charges included in the 2012-2014 IT budget needs to be removed as well. Table  
6 2 below shows SoCalGas spent 75% of its requested budget, not 42% of its requested budget, as  
7 suggested by TURN. The primary reason of the underspending was due to the data exchange  
8 project with the water companies. Decision (“D.”) 11-05-020 ordered the IOUs to share its  
9 CARE customer information with the water companies. SoCalGas budgeted \$290,000 to  
10 implement a fully automated data exchange and automatic enrollment of the water companies’  
11 low income program participants. New decisions on water companies’ low-income programs  
12 exempted some from participation in the data exchange. As a result, the exchange project was  
13 scaled-down and fewer water companies participated. Additionally, data received from the  
14 participating water companies required extensive review which disallowed automation of the  
15 exchange. Therefore, it was not prudent nor cost effective to implement a full-scale automated  
16 enrollment. SoCalGas respectfully submits that the logic employed by TURN to justify using a  
17 historical average is not supported by the facts. Spending at a rate equivalent to 75% of  
18 projected need, with variance for the circumstances noted above and associated with a new  
19 activity justifies choosing a method in favor of SoCalGas’ supported needs-based projection.  
20 Furthermore, TURN does not contest the specific activities proposed by SoCalGas that underpin  
21 its forecasted budget, nor provides further justification using the available details supporting the  
22 possibility that a historical representation of cost is more accurate than the SoCalGas forecast.

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<sup>19</sup> TURN (Goodson), page 23, line 14.



**Table 2 - SoCalGas' Requested IT Budgets and Actual Spending in 2012-2014**

SoCalGas IT Programming Cost 2012-2014					
		2012	2013	2014	Total
Requested					
Labor	A	838,751	767,791	862,828	2,469,370
SDGE Indirect Labor O/H	B	701,009	566,976	605,897	1,873,882
Total	C=A+B	1,539,760	1,334,767	1,468,725	4,343,252
Adjusted Requested	D=C-B	838,751	767,791	862,828	2,469,370
Recorded	E	482,565	437,298	897,354	1,817,217
% Req Spent (SoCalGas)	E/D	57.5%	57.0%	104.0%	73.6%
% Req Spent (TURN)	E/C	31.3%	32.8%	61.1%	41.8%

**C. Clarification of SoCalGas' IT Budget if the Commission Adopts TURN's Recommended Amount**

TURN recommends that “the Commission authorize an average annual IT Programming budget for SoCalGas in 2015-2017 of \$0.606 million, to be allocated annually as needs warrant, based on the three-year average of SoCalGas’s recorded expenses during the 2012-2014 program cycle. TURN intends for our recommendation to be applicable in 2016 and 2017, as the Commission in D.14-08-030 authorized bridge funding for 2015 CARE administrative costs, including IT Programming, at the same levels previously authorized in D.12-08-044 for 2014. In the event that the Commission issues a decision on this matter during 2015, TURN’s proposal should be applied to remainder of 2015 on a pro rata basis.”<sup>20</sup>

Although SoCalGas disagrees with TURN’s IT budget recommendation, in the event the Commission approves the alternative forecasting method, for clarification the amount of recommended funding for 2015 – 2017 equates to \$3,954,619 as shown below. This amount assumes a final Decision is rendered during the month of November, consistent with the

<sup>20</sup> TURN (Goodson), page 24, line5-14.

1 schedule in the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law  
 2 Judge, dated April 10, 2015 (“Scoping Memo”). Should the Commission adopt TURN’s budget  
 3 recommendation, the IT budget for 2015 would be \$2.743 million, \$0.606 million for 2016, and  
 4 \$0.606 million for 2017. In the event the Commission does not render a decision in November  
 5 2015, these amounts would change, but should follow the proposed methodology shown in the  
 6 table below.

**Table 3 - TURN IT Programming Budget Recommendation for SoCalGas**

	Remaining Months of 2015	2015	2016	2017	Total
Bridge Funding	12	2,937,450			
Bridge Funding Pro Rata	11	2,692,663			
TURN Proposed Budget	1	50,478			
TURN Recommended		2,743,141	605,739	605,739	3,954,619

7 SoCalGas urges the Commission to reject TURN’s recommendation as it does not align  
 8 with SoCalGas’ proposed program plans. SoCalGas does not require the level of funding  
 9 proposed by TURN. SoCalGas has proposed amounts based on specific and identified needs for  
 10 each year, with a modest increase of \$0.4 million above actual expenses for the prior three year  
 11 period. The proposed funding of \$912,906, \$791,085, and \$670,020, respectively for 2015,  
 12 2016, and 2017 is reasonable and should be approved to meet program needs for 2015 – 2017.

13 **IV. ORA’S BUDGET RECOMMENDATIONS ARE NOT WARRANTED –**  
 14 **SOCALGAS PROVIDED SUFFICIENT INFORMATION TO FACILITATE**  
 15 **REVIEW OF ITS PROPOSAL**

16 ORA recommends that the Commission define accounting components for each budget  
 17 reporting category so that budgets are transparent.<sup>21</sup> Furthermore, ORA argues that IOUs should  
 18 be required in testimony to standardize Table B-1 to facilitate transparency and comparative

<sup>21</sup> ORA testimony (Glasner) page 1-1, lines 19-20.

1 review, and furthermore IOUs' proposed budgets should not be adopted until proposed and past  
2 expenditures are provided in a consistent manner.<sup>22</sup> SoCalGas witness Daniel J. Rendler  
3 addresses the conceptual elements of the ORA proposal, i.e., whether consistency is necessary to  
4 perform an evaluation and render a decision with respect to the information provided by  
5 SoCalGas according to Commission instructions. This testimony provides further information  
6 regarding the evidence submitted in support and to allow a decision of the proposed budget. In  
7 summary, the CARE budget should be reviewed based on SoCalGas' administration of the  
8 program, proposed changes/enhancements for PY 2015-2017, and cost drivers/assumptions.

9 The proposed CARE Program administrative budget categories and costs were prepared  
10 in SoCalGas' Direct Testimony of witnesses Carmen Rudshagen and Hugh Yao in accordance  
11 with the budget categories established in D.14-08-030. SoCalGas' CARE testimony describes its  
12 administration of the program, including outreach, and any changes or improvements proposed  
13 for 2015-2017. Detailed budgets reflecting the proposed program activities/plans by budget  
14 categories were presented in Section K-1. This includes strategies, activities and resources  
15 required for each cost category. SoCalGas has provided additional information to parties  
16 through discovery responses, and has responded to seven data requests covering its CARE  
17 workpapers, PEV practices and costs, enrollment and cost assumptions for CSR enrollments,  
18 outreach budget details, and IT budget changes.

19 SoCalGas opposes the suggestion that proposed and past expenditures, provided in a  
20 consistent manner among IOUs, is needed for budget reasonableness review. As noted above,  
21 there are sufficient details in the testimony and responses to questions for interveners and the

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<sup>22</sup> ORA testimony (Glasner) page 1-1, lines 21-24.

1 Commission’s reasonableness review to adopt a budget. The authorized 2015 administrative  
2 budgets should not be frozen as recommended by ORA.<sup>23</sup>

3 **V. SOCALGAS’ REPORTING AND BUDGET IS CONSISTENT WITH CPUC**  
4 **REQUIREMENTS**

5 SoCalGas witness Rendler addresses the conceptual elements of the ORA  
6 recommendations regarding reporting activities, i.e., whether ORA testimony provides a  
7 sufficient basis for changes to reporting practices. This testimony provides further information  
8 regarding background of the current reporting format, information that has been provided to  
9 facilitate review of the proposed budget, and the thoroughness of SoCalGas cost reporting.

10 **A. SoCalGas’ Reporting And Budget Are Consistent With The Definition In**  
11 **The Rapid Reporting Manual (“RRM”)**

12 ORA made the following recommendations for consistency and transparency in IOU  
13 reporting content:

- 14 • The Commission should define accounting components for each budget  
15 reporting Category,
- 16 • IOUs should report full costs of all significant activities, and
- 17 • IOUs should report outreach budgets in a consistent and transparent fashion  
18 (Table B-4).

19 SoCalGas budgets for, tracks, and reports CARE Program costs by cost categories as  
20 defined in the Reporting Requirements Manual<sup>24</sup> Report submitted by the RRM Working Group  
21 on October 2, 2002. The workshop was in accordance with the Commission’s directives in the  
22 Assigned Commissioner’s Ruling (“ACR”) dated April 28, 2000 in Rulemaking 98-07-037. The

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<sup>23</sup> ORA (Clasner), page 2-4, line 7 - “The authorized 2015 administrative budgets should be frozen and the Commission should conduct a review prior to increasing administrative budgets (Table B-1), so that budgets are transparent”,

<sup>24</sup> [www.liob.org/docs/ACF3A0.pdf](http://www.liob.org/docs/ACF3A0.pdf)

1 purpose of this ACR was to direct the RRM Working Group to propose further modifications to  
2 the low-income assistance component of the RRM for use during the PY 2002 planning cycle.  
3 The recommended CARE Program cost classifications were provided in Table 5 of the CARE  
4 RRM recommendations. PG&E, SoCalGas, SDG&E, SCE, the Commission’s Energy Division  
5 (“ED”), ORA, and Insulation Contractors Association (“ICA”) concurred with the recommended  
6 CARE cost classifications in the report.<sup>25</sup> The Commission also adopted a revised monthly  
7 expenditure report for CARE that can be used to compare program expenditures with annual  
8 budgets on a monthly basis.<sup>26</sup> The revised cost table provides more detailed information that is  
9 consistent with the standardized CARE cost categories. The cost table with an addition of the  
10 PEV cost category in D.12-08-044 has been required for the monthly report, annual report, and  
11 Application since 2002.

12 SoCalGas’ budget is transparent, as evident by the workpapers associated with each cost  
13 category and made available to parties. SoCalGas has provided parties with information  
14 regarding its proposed budget to exercise transparency. SoCalGas responded to data requests  
15 from ORA and TURN in which SoCalGas provided its CARE workpapers for PY 2015-2017,  
16 noting its budget for each cost category.<sup>27</sup> In addition, in the same responses SoCalGas provided  
17 workpapers for PY 2012-2014.

18 In regards to ORA’s suggestions relative to reporting, SoCalGas believes its current  
19 reporting practices are consistent with the directive of ED and the Cost Categories as defined in  
20 the RRM. SoCalGas supports continued reporting in a manner that serves the Commission’s  
21 needs. SoCalGas believes reporting should be a useful tool for oversight, should not create an  
22 unnecessary administrative burden, nor should it hinder the approval of proposals. SoCalGas

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<sup>25</sup> RRM Working Group Report (2000), pages 16, 33.

<sup>26</sup> RRM Working Group Report (2000), pages 38 - 39.

<sup>27</sup> ORA-SoCalGas-004 and TURN SCG-01.

1 does not necessarily object to performing additional activity-based reporting, but recommends  
2 that proposals be evaluated on a case-by-case basis and pursued according to usefulness or need  
3 for information. SoCalGas therefore does not support the specific requests of ORA, and  
4 recommends that consideration of reporting changes be driven by discussions with the  
5 Commission's ED staff to ensure any modifications meet their requirements, and/or findings in  
6 the regular course of program audits conducted by the Commission's Auditing Branch.

7 **B. SoCalGas Included All PEV Costs that are Consistent with CPUC**  
8 **Requirements in its Application and Annual Reports**

9 ORA suggests that IOUs are not defining their PEV budget category content in a  
10 consistent or transparent manner, and recommends the PEV budget should include all expenses  
11 related to PEV activities, including, but not limited to, labor and materials involved in  
12 probability modeling, contacting customers, processing documents and on-line costs. ORA  
13 suggests that these PEV costs should be reported in both the Application and CARE Annual  
14 Report.<sup>28</sup>

15 SoCalGas tracks CARE Program Cost by Cost Categories as defined in the RRM.  
16 SoCalGas currently tracks PEV processing costs, which includes the opening and sorting of PEV  
17 applications, reviewing income and assistance programs documentation, updating the CIS with  
18 PEV information, contacting customers and receiving incoming PEV-related calls. A variety of  
19 administrative functions are needed to support PEV implementation from the processing system  
20 to management. The costs associated with maintenance and changes to PEV processing of  
21 applications in SoCalGas' CIS and billing system are tracked and reported in the IT Programming  
22 cost category. The PEV policy compliance and implementation are managed by management  
23 staff and included in the General Administration cost category. The cost associated with PEV

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<sup>28</sup> ORA testimony (Glasner) page 1-2, lines 32-36.

1 correspondence is classified as communication and included in the Outreach cost category.

2 SoCalGas has indeed included all PEV costs in its Application and Annual Report, according to  
3 the RRM.

4 ORA's concerns appear to have more to do with where costs are counted, but again it is  
5 not abundantly clear what need the recommended changes fulfill or whether they are warranted.

6 SoCalGas does not oppose changes to reporting practices where warranted, but ORA has not  
7 provided a demonstration of the value of changing Table B-1 as suggested by its Table T-1. As  
8 noted above, SoCalGas therefore does not support the specific requests of ORA, and

9 recommends that consideration of reporting changes be driven by discussions with the  
10 Commission's ED staff to ensure any modifications meet their requirements, and/or findings in  
11 the regular course of program audits conducted by the Commission's Auditing Branch. This  
12 would involve examining the allocation of general expenses and definitions contained in the  
13 RRM, and requiring input from the Commission and each utility.

14 **VI. SOCALGAS ACCURATELY PROCESSES CATEGORICAL ELIGIBILITY**  
15 **DOCUMENTATION**

16 ORA recommends IOUs should train staff to effectively verify categorical eligibility  
17 documentation and that IOUs should establish and share cost effective verification best practices  
18 with other IOUs in annual workshops.<sup>29</sup> SoCalGas' care processing staff is trained to recognize  
19 acceptable documentation related to categorical eligibility and accepts proof of one assistance  
20 program as sufficient for care eligibility, regardless of the number of residents in the household.

21 In addition, TURN expressed support of SoCalGas' PEV practices, stating "SoCalGas's  
22 PEV materials are exemplary...TURN applauds SoCalGas for the clarity of this communication,  
23 as well as its PEV form. We recommend no changes and in fact encourage the other IOUs to

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<sup>29</sup> ORA testimony (Glasner) page 1-3, lines 13-15

1 look to the example of SoCalGas in considering future revisions to their PEV  
2 communications.”<sup>30</sup> While SoCalGas believes it currently exercises cost effective verification  
3 best practices, it agrees annual workshops with other IOUs could prove to be beneficial.

4 **VII. SOCALGAS IS COMMITTED TO ACCESSIBLE OUTREACH, REQUEST FOR**  
5 **CONSIDERATION IF ADDITIONAL OUTREACH IS REQUIRED**

6 In Testimony, CforAT emphasized the importance of ensuring that customer  
7 communication materials “are appropriately available in accessible formats for customers who  
8 cannot use standard forms of communication to a disability”. In the context of supporting  
9 Categorical Enrollment, CforAT stated that “people with disabilities... may have trouble  
10 navigating a complex enrollment process...” He also mentioned the importance of conforming to  
11 web access standards.<sup>31</sup>

12 Persons with disabilities are an important component of SoCalGas’ low-income outreach.  
13 SoCalGas has worked with, and proposes to continue to work with grassroots organizations,  
14 including independent living centers. SoCalGas has and will continue to deploy accessible  
15 materials (Braille, large-font, web, and phone). SoCalGas also employs a blind contractor to  
16 assist in outreach and to provide in-house advice. To pursue such outreach, SoCalGas has  
17 requested funding under “Special Markets” in its application. If the Commission requires  
18 additional accessible outreach beyond the methods and/or scale contemplated in the SoCalGas  
19 proposed budget, parties should examine potential impacts to understand whether incremental  
20 funding should be granted.

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<sup>30</sup> TURN testimony (Goodson) page 6, lines 13-15

<sup>31</sup> CforAT Testimony (Belser) page 13



1 **VIII. ORA HAS NOT DEMONSTRATED THAT AN OUTREACH COST CAP OF \$24**  
2 **IS REASONABLE**

3 The testimony of ORA witness Glasner recommends a cap of \$24 on CARE enrollment  
4 costs. She expresses concern with variations in the cost of enrollment as reported by the utilities,  
5 and earlier in her testimony she states that IOU reporting lacks “standardization or  
6 consistency.”<sup>32</sup> Her solution is to establish a cap of \$24 per enrollment or have the expense be  
7 “justified in each utility’s annual report.”<sup>33</sup>

8 SoCalGas disagrees with this approach. Glasner does not demonstrate how the \$24 cap is  
9 reasonable. Her recommended cap is not based on a particular methodology; she merely averages  
10 the costs among the various utilities. To her credit, she acknowledges that utilities can exceed  
11 the \$24 cap if they justify such tactics in the annual report, but she does not delineate the  
12 mechanics of such a justification. Faced with this lack of methodology and this uncertainty in  
13 justifying instances where one can exceed the cap, SoCalGas argues that the proposed cap will  
14 create uncertainty regarding reasonable expenditures either through review of the annual report  
15 or through Commission audits. Program Administrators (“PAs”) will be reluctant to undertake  
16 activities that may be reasonable and prudent but above a projected \$24 level.

17 **IX. A CAP ON OUTREACH COSTS MAY ELIMINATE PRUDENT ACTIVITIES**  
18 **AND COULD RESULT IN LOWER PARTICIPATION OF CUSTOMERS THAT**  
19 **REQUIRE UNIQUE TACTICS, SUCH AS HARD-TO-REACH AND/OR RURAL**  
20 **CUSTOMERS**

21 SoCalGas’s approach to outreach is to use multiple methods / channels to connect with its  
22 customers, including local organizations (community-based and faith-based) to expand  
23 awareness to vulnerable and hard-to-reach customers. Such an approach acknowledges – even  
24 welcomes – variations in outreach cost. For example, SoCalGas uses direct mail applications for

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<sup>32</sup> ORA testimony (Glasner) page 2 -5, line 15

<sup>33</sup> ORA testimony (Glasner) page 2 -11, line 19

1 outreach, but such a channel has inherent limitations. For example, SoCalGas has repeatedly  
2 noted in Monthly Reports and in its Application, that many customers face challenges with  
3 literacy. That is why SoCalGas has been working with community-based organizations  
4 (“CBOs”) that focus on customers with literacy and language challenges. In addition, SoCalGas  
5 has also requested an opportunity to study the effects of documentation status as a barrier to  
6 enrollment. Such outreach can contribute to variations in the cost of enrollment. More  
7 important, if opportunities for prudent experimentation present themselves, SoCalGas should be  
8 able to innovate even if the particular method exceeds an arbitrary cap.

9       Ultimately, however, the idea of a cap on enrollment method betrays naiveté regarding the  
10 mechanics of outreach. Customers, especially vulnerable customers, do not live in a vacuum. It  
11 is unreasonable to assume that “one touch” suffices to encourage a customer to hard-to-reach  
12 customer to enroll in the program. If a customer returns a direct mail application, the returned  
13 application is tracked, but while the letter and application represent the final piece in the  
14 enrollment process, the other components of outreach (bill inserts, radio spots, ethnic  
15 newspapers, sponsored events, CBOs) play a role in creating awareness, understanding, and  
16 trust. Potentially, Glasner’s proposal would hamper CBO spending because the IOUs could not  
17 show exactly how many customers enrolled because they learned about the CARE program  
18 through a CBO.

19       Benchmarks are useful, but they should not hamper flexibility. The proposal to limit  
20 outreach activities to an average cost threshold would be at counter-purposes for the CARE  
21 Program, given that harder-to-reach segments of customers not on the CARE rate, will require  
22 different methods of different cost.

1 **X. CONCLUSION**

2 SoCalGas appreciates this opportunity to provide input and looks forward to working  
3 with the Commission and interested parties to advance CARE program goals and better serve the  
4 low income customers.  
5

1 **XI. STATEMENT OF QUALIFICATIONS OF CARMEN A. RUDSHAGEN**

2 My name is Carmen Rudshagen. My business address is 555 West Fifth Street,  
3 Los Angeles, California, 90013. I am employed at SoCalGas as the CARE and Assistance  
4 Programs Manager. My principal responsibility is to manage SoCalGas' CARE program.

5 I joined SoCalGas in 1979 and have held numerous positions of increasing responsibility  
6 over the last 36 years such as managing line and staff organizations in Billing and Customer  
7 Services during a period of profound business, regulatory, and market changes. Since 1992, I  
8 have been responsible for various customer assistance programs for low-income customers. In  
9 1995, my responsibilities expanded to include managing the CARE program. Additionally, I am  
10 responsible for other customer assistance programs, including the Gas Assistance Fund program,  
11 a customer-shareholder funded bill assistance program; the Low Income Home Energy  
12 Assistance program, the federally-funded bill assistance program administered by the California  
13 Department of Community Services and Development; and the Medical Baseline program which  
14 provides additional gas at a lower rate for medically-qualified customers.

15 I have appeared before the Commission at a Rapid Deployment Status Conference and  
16 have provided written testimony as part of the low-income programs application proceedings for  
17 PY2002- 2017.

1 **XII. STATEMENT OF QUALIFICATIONS OF HUGH YAO**

2 My name is Hugh Yao. My business address is 555 W. 5th Street, Los Angeles,  
3 California, 90013. I am employed at Southern California Gas Company as a Customer  
4 Assistance Programs Manager. My principal responsibilities are to manage SoCalGas' Low-  
5 Income Program Marketing and Outreach for the CARE and ESA Program, including integration  
6 and leveraging efforts.

7 I joined SoCalGas in 1996 and have held numerous positions of increasing responsibility  
8 in the following areas: Gas Engineering, Gas Storage Operations, Major Markets Strategy,  
9 Commercial & Industrial Marketing and Customer Assistance. I joined Customer Assistance in  
10 2009 and have been continuously involved with supporting CARE and ESA Program goals, as  
11 well as other programs such as Medical Baseline and Gas Assistance Fund. I earned a Bachelor  
12 of Science degree in Chemical Engineering from UCLA in 1996 and a Master of Business  
13 Administration degree from USC in 2003. I am also a registered Professional Mechanical  
14 Engineer in the State of California.

15 I have not previously testified before the Commission.