Application No: A.14-11-
Exhibit No:
Witness: Aguirre, Mark
Witness: Yao, High

Application of Southern California Gas Company (U904G) for Approval of Low-Income Assistance Programs and Budgets for Program Years 2015-2017	Application 14-11-____ (Filed November 18, 2014)

PREPARED DIRECT TESTIMONY OF MARK AGUIRRE AND HUGH YAO

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

November 18, 2014

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PREPARED DIRECT TESTIMONY OF MARK AGUIRRE AND HUGH YAO

I. OVERVIEW AND SUMMARY

A. Executive Summary

The purpose of this testimony is to present operational and marketing details, proposals, and budgets for the Southern California Gas Company ("SoCalGas") Energy Savings Assistance ("ESA") Program for program years ("PY") 2015-2017. As approved by the California Public Utilities Commission ("Commission"), the ESA Program offers no-cost installation of energy-saving program services to low-income residential customers, delivered through a network of contractors expert in reaching the low-income community.

SoCalGas is the nation's largest natural gas distribution utility, providing safe and reliable energy to 20.9 million consumers through 5.8 million meters in more than 500 communities. The Company's territory encompasses approximately 20,000 square miles in diverse terrain throughout Central and Southern California, from Visalia, to Arizona, to the Mexican border.

SoCalGas' proposal calls for a total budget of approximately $375 million over the period 2015-2017, including $340 million for direct delivery of energy efficiency measures, in order to reach 110,000 customers each year during the period. Table 1 below provides a summary of SoCalGas' proposed budget.

Table 1: Summary of SoCalGas Proposed 2015-2017 ESA Program Budget

	PY2014 Authorized	PY 2015 Year-End Projected	PY 2016 Year-End Projected	PY 2017 Year-End Projected
Energy Savings Assistance Program				
Energy Efficiency				
Appliances	$17,785,150	$16,376,778	$16,741,980	$17,117,000
Domestic Hot Water	$16,843,374	$14,528,361	$19,793,179	$20,236,546
Enclosure	$41,983,756	$30,974,228	$31,664,954	$32,374,249
HVAC	$19,210,885	$22,472,621	$22,973,761	$23,488,373
Maintenance	$2,128,846	$1,853,937	$1,895,280	$1,937,734
Lighting	-	$0	$0	$0
Miscellaneous	-	$0	$0	$0
Customer Enrollment	$20,834,354.00	$17,715,201	$18,110,250	$18,515,920
In Home Education	$2,531,192	$3,633,788	$3,714,821	$3,798,033
Pilot	-	-	-	-
Energy Efficiency Total	$121,317,557	$107,554,914	$114,894,224	$117,467,855
Training Center	$681,105	$986,832	$885,711	$908,314
Inspections	$3,361,051	$2,256,181	$2,306,256	$2,357,651
Marketing and Outreach	$1,198,436	$2,480,291	$2,558,973	$2,600,256
Statewide Marketing Education and Outreach	$100,000	$0	$0	$0
Measurement and Evaluation Studies	$91,667	$195,833	$195,833	$195,833
Regulatory Compliance	$295,333	$327,469	$335,621	$344,307
General Administration	$5,286,041	$5,423,125	$5,520,021	$5,291,513
CPUC Energy Division	86,000.00	86,000.00	86,000.00	86,000.00
TOTAL PROGRAM COSTS	$132,417,190	$119,310,646	$126,782,639	$129,251,729

In accordance with Decision ("D.") 12-08-004 and D. 14-08-030, SoCalGas hereby submits this testimony in support of its Application requesting approval of SoCalGas' ESA Program plans and budgets for PYs 2015-2017. In this testimony SoCalGas requests the following:

1. Approval of its PY 2015 –2017 ESA program plans and requested budget.
2. Authorization to implement ESA Program changes and new activities as described in the testimony and summarized in the Conclusion.
3. Approval of proposed modifications SoCalGas' current ESA Program.

B. Testimony Overview

For PY2015-2017, SoCalGas proposes to provide ESA Program services to 330,000 low-income qualified customers, staying on track to achieve the Commission's goal of offering Program services to all qualified customers by 2020, and leaving fewer than 200,000 customers to be served in the 2018-2020 cycle. Witness Mark Aguirre sponsors the ESA Program operations elements of the testimony, while witness Hugh Yao sponsors elements associated with marketing and outreach.[1] The proposal builds on SoCalGas' efforts to more effectively reach customers that have proven most difficult to reach, including multifamily customers; to continue successful marketing approaches and to develop new techniques that will be necessary to reach those customers yet to be treated under the Commission's 2020 goal, even as those customers become more scarce with the approach of 2020; and to coordinate seamlessly with overlapping utilities and agencies.

This testimony also presents proposed modifications to SoCalGas' current program that are designed to: 1) support the Commission's ESA Program programmatic initiative; 2) achieve long term and enduring energy savings; 3) leverage resources with other entities; 4) integrate and coordinate with other programs; and 5) improve program cost effectiveness. Mindful of California's current drought conditions, this proposal also continues to deliver and expand upon

[1] Other ESA Program proposals are addressed in the at the policy-level in the Prepared Direct Testimony of SoCalGas witness Dan Rendler. These include Willingness to Participate, Reinstatement of 10-Year Go-Back Rule, Prevailing Wage Considerations, Modified 3 Measure Miminum Rule, Energy Education, Targeted Self Certification for multifamily dwellings, and the Opportunity for Limited Mid-Cycle Adjustment, among other policy matters.

funding for water-saving measures currently in the portfolio[2], reports on new water-focused efforts underway in the context of energy education as well as coordination with water agencies and other partners, and proposes new measures to promote savings of cold as well as hot water.

The costs of measures incorporated into SoCalGas' proposed budget were developed based on the assumption that the frequency of measure installations will be similar to that experienced in the most recent full recorded program year (2013, or the "base year"), that the cost of delivering the measures will rise over time at a rate similar to that of other services procured by SoCalGas, and that the program as a whole will reach 110,000 customers in each of the three years presented. Costs of customer enrollment, education, and inspections were developed in a similar manner based on actual costs experienced in 2013, with adjustments made as necessary for new and proposed activities undertaken in those areas. For other ESA Program administrative areas, budgeted costs are based on the historical trend for continuing activities, as well as specific expected costs for new activities and resources required to operate the program in 2015-2017. The details of this proposed budget are presented below at Section II, Subsection K.

Under this proposed plan, SoCalGas will continue to deliver the following measures:

Summary of Proposed Continuing Energy Efficiency Measures

- Air sealing measures including Weatherstripping, Caulking and Minor Home Repair
- Attic Insulation
- Repair and replacement of Furnace and Water Heater
- High Efficiency ("HE") Clothes Washer
- Water Heater Pipe Insulation
- Low-flow Showerhead
- Faucet Aerator
- Thermostatic Shower Valve
- Pilot Retrofit Kit
- Furnace clean and Tune

In addition, with approval from the Commission, SoCalGas will begin delivering:

[2] SoCalGas' existing ESA Program portfolio includes four measures designed to save natural gas by conserving hot water: faucet aerators, low-flow showerheads, thermostatic shower valves, and high-efficiency clothes washers,

- HE Forced Air Unit Furnace (Also known as HE Furnace)
- Thermostatic Tub Spout

SoCalGas is proposing to retire duct testing and sealing other than required by Title 24.[3] SoCalGas proposes to retain all other measures from PYs 2012-2014 in PYs 2015-2017. Specific initiatives incorporated into SoCalGas' 2015-2017 proposal includes:

- Enhance energy education in response to Study guidance (see Section II.C.1)
- Continue to deploy the Customer Assistance Representatives ("CAR") workforce (see Section II.C)
- Transition to a paperless enrollment process (see Section II.C.1)
- Establish effective coordination with Southern California Edison's ("SCE's") ESA Program consistent with Commission guidance (see Section II.C.3)
- Further efforts to appeal to multifamily building owners through a Single Point of Contact ("SPOC") approach by bringing together the offerings of the ESA Program, the Middle Income Direct Install ("MIDI") program, and traditional energy efficiency ("EE") programs, including the offerings of SoCalGas as well as its overlapping electric utility partners (see Section II.C.3)
- Begin targeting a limited number of customers already previously counted toward the 2020 goal for go-back treatment to implement the objectives of the ESA Program and to develop a platform for the post-2020 ESA Program (see Section II.B)

In order to implement these proposed recommendations from the 2012-2014 studies and working groups, SoCalGas proposes changes to the following ESA Program rules:

- Income-eligible customers who, following the in-home assessment, have no feasible measures, or who are not eligible for the ESA Program based on the modified 3 Measure Minimum ("3MM") Rule, should be eligible to receive energy education.
- The 3MM Rule should be relaxed to allow exceptions for:
  - Customers in multifamily buildings.

[3] Pursuant to the new 2013 Title-24 Building Energy Standards which took effect July 1, 2014, duct testing is now mandatory for all new construction and when HVAC equipment is changed and the ducts are altered. *See* Title 24, part 6 of the California Code of Regulations.

- Customers provided one or two measures, in anticipation that the third measure would be delivered later (including that of a separate utility).

- Income certification rules should allow acceptance of an affidavit from a building owner certifying knowledge that 80% of residents meet income requirements as adequate income certification in some circumstances.

II. ESA PROGRAM AND BUDGETS APPLICATION FOR THE 2015-2017 PYS

A. ESA Program Background

1. History: Provide a brief history of the ESA Program and how it helps low-income customers, how it is funded and how the program has changed over the years, including any prior guidance given by the Commission;

The ESA Program has offered energy saving and no cost home improvements to income-qualified customers since the early 1980's. The program is available to residential customers living in single family, multi-family, and mobile homes, and is applicable to both homeowners and renters. In general, only residential customers on residential rates are eligible to participate in the ESA Program. Homes on non-residential rates are eligible for ESA Program services[4] as long as they are currently eligible for CARE under current CARE guidelines applicable to the living facilities,[5] and the structure in question is a single family, multifamily or mobile home suitable for weatherization under ESA Program standards.[6] Historically, the ESA Program has been primarily designed to meet the Commission's equity objectives of assisting customers who are highly unlikely or unable to participate in other residential programs.[7] Over time, however, the focus of the ESA Program has evolved to include other goals for the Program. For instance, in recognition of the changes in the energy markets and the environment, as well as the needs of

[4] Housing on non-residential rates are eligible for ESA Program services as long as they are currently eligible for CARE under current CARE guidelines applicable to group living facilities. CARE-eligible facilities include, but are not limited to, migrant farm housing centers, privately owned employee housing, housing for agricultural employees operated by non-profit entities, non-profit group living facilities, homeless shelters, hospices and women's shelters with the primary function of providing lodging. See Section 2.5 of the Statewide Energy Savings Assistance Program Policy and Procedures ("P&P") Manual (herein referred to as "P&P Manual") adopted in D.14-08-030.

[5] See D. 92-04-024, April 8, 1992; D. 92-06-060, June 17, 1992; D. 95-10-047, October 18, 1995. Also see *Commission Advisory and Compliance Division, Workshop Report on California Alternate Rates for Energy (CARE): The Development of Guidelines to Implement CARE for Migrant Farmworker Housing , Agricultural Employee Housing, and Employee Housing*, May 1995.

[6] It should be noted that CARE income eligibility requires that 100% of the residents of the facility (other than live-in staff) meet the CARE income guideline.

[7] D.94-10-059, at p.119, See Public Utilities ("P.U.") Code § 2790.

the low income customers and the larger community, D. 07-12-051 updated its policy objectives for the ESA Program stating:

> [T]he key policy objective for the LIEE programs, like that of our non-LIEE energy efficiency programs, is to provide cost-effective energy savings that serve as an energy resource and to promote environmental benefits. We retain our commitment to ensuring the LIEE programs add to the participant's quality of life, which implicates, equity, energy affordability, bill savings and safety and comfort for those customers who participate in LIEE programs. [8]

To achieve these objectives, the Commission adopted a programmatic initiative "to provide all eligible LIEE customers the opportunity to participate in LIEE programs and to offer those who wish to participate all cost effective EE measures in their residences by 2020." [9] D.07-12-051 articulated the Commission's key objective to make the ESA Program a reliable energy resource for the State of California. In July 2008, Commission Staff issued the California Long-Term Energy Efficiency Strategic Plan ("CEESP"), which provides program guidance to the utilities.[10] The CEESP is designed to increase opportunities for program participation and energy savings; improve leveraging and integration efforts; improve the ESA Program workforce training requirements so as to facilitate participation of minority and other disadvantaged communities; emphasize long term and enduring energy savings; and organize program Marketing, Education and Outreach ("ME&O") that is consistent with CEESP strategies. [11]

SoCalGas' ESA Program, as currently formulated, and as proposed, herein strives to meet the dual objective of helping income-qualified customers reduce their energy consumption and costs, while increasing their comfort, health and safety. The program utilizes a "whole house" approach to provide no cost home weatherization, energy efficient appliances and energy education services to income-qualified customers. Program services and measures offerings have also been relatively standardized by energy type (i.e., natural gas and electricity) among the four large energy Investor-Owned Utilities ("IOUs"), [12] in large part due to the P&P Manual. To assess program effectiveness and efficiencies, the utilities periodically conduct process and impact evaluation studies. To understand whether program measures and services are cost-

[8] D.07-12-051, at p. 24.
[9] D.07-12-051, at p. 28.
[10] CLTEESP is a blueprint for achieving maximum energy savings in California for 2009 and beyond. ESA Program efforts are a significant part of the CLTEESP for California.
[11] CEESP, at Section 1.3, p. 4.
[12] SoCalGas, San Diego Gas and Electric Company ("SDG&E"), SCE, and Pacific Gas and Electric Company ("PG&E").

efficient, the utilities perform program cost-effectiveness tests, which include non-energy benefits ("NEBs"). [13]

Since 2001, the ESA Program has been funded primarily through the Public Purpose Program ("PPP") surcharge, authorized through California Assembly Bill ("AB") 1002. ESA Program costs recovered through the PPP surcharge are recovered from all SoCalGas residential customers, including CARE customers. All direct costs of customer outreach, assessment, energy education, measure installation, inspection, and program administration are recovered through the PPP surchage. Costs of Natural Gas Appliance Testing ("NGAT"), a required safety check any time a home receives air infiltration measures, are not recovered through the PPP surcharge, nor are they requested in this filing, but rather through SoCalGas' General Rate Case ("GRC") proceeding. Certain indirect labor costs associated with SoCalGas' General and Administrative ("G&A") activities supporting the ESA Program are also recovered through the GRC and are not addressed herein.[14]

2. Summary

a. Legal Framework for the ESA Program

Home-weatherization programs for low income customers were first initiated in 1982 at SDG&E, 1983 at PG&E and SoCalGas, and 1984 at SCE. These programs implemented the "Big Six" measures which included attic insulation, caulking, weatherstripping, low flow shower heads, water heater blankets, duct wrap as well as the minor home repair needed to support these measures.

In 1990, California Senate Bill ("SB") 845[15] required that Commission ensure that gas and electric IOUs implement the "Big Six" measures in low income customer homes, while taking into account the cost-effectiveness of the services and the reduction of low income resident's hardship. SB 845 redefined the "Big Six" measures by dropping duct wrap and allowing the IOUs to implement other building conservation measures, as well as providing energy efficient appliances and energy education programs that meet the program's objectives of

[13] Non-energy benefits include benefits to program participants and the utility and capture a variety of effects, such as changes in health, safety, comfort and reduction in hardship, that are not captured by the energy savings estimates derived from load impact billing evaluations, and are ignored in more traditional cost effectiveness approaches like the Total Resource Cost Test.

[14] As included in the Results of Operations model in the SoCalGas 2012 General Rate Case approved in D.13-05-010. These costs include Pensions and Benefits, Public Liability and Property Damage insurance, Workers Compensation insurance, and Incentive Compensation Plan.

[15] Codified as P.U. Code §2790, as amended in 2001.

being cost effective and of reducing hardship. The utilities' current ESA Programs have operated on the basis of SB 845 since 1990.

b. Eligibility Guidelines for the ESA Program

The ESA Program eligibility guidelines are based on several factors for participation, which include household income eligibility, the utility fuel provided to the dwelling, structural feasibility, landlord approval, previous program service provided to the dwelling, and the need for energy efficient measures offered through the ESA Program.[16]

For purposes of determining ESA Program income eligibility, all income is considered from all household members, including (but not limited to) wages, salaries, interest, dividends, child support, spousal support, disability or veterans' benefits, rental income, social security, pensions, and all social welfare program benefits before deductions are made. Customers enrolling in the program are required to provide documentation of income. The total household income must be equal to or less than 200% of the Federal Poverty Guidelines, with income adjustments for family size, as set forth by the Commission. The criteria for ESA Program income eligibility are generally the same as for CARE. Table 2, below, provides the current income level thresholds for the requirement that all the people in the household is at or below 200 percent of the Federal Poverty Guidelines ("FPG").

Table 2 - ESA Program Maximum Household Income[17]

Number of persons in the household*	1 or 2	3	4	5	6	7	8
Total Yearly Household Income No More Than	$31,460	$39,580	$47,700	$55,820	$63,940	$72,060	$80,180

* For each additional person in the household add $8,120.

Customers may also meet the income qualification requirement for the program under the "categorical eligibility" process, if they or another person in their household receive benefits from any of the following public assistance programs: Bureau of Indian Affairs General Assistance, CalFresh/Supplemental Nutrition Assistance Program ("SNAP"),

[16] The P&P Manual details the process for establishing eligibility with respect to each factor.
[17] Effective June 1, 2014 – May 31, 2015. The Commission updates the income eligibility guidelines in June of each year.

CalWORKs/Temporary Assistance for Needy Families ("TANF"), Head Start Income Eligible (Tribal Only), Low-Income Home Energy Assistance Program ("LIHEAP"), Medicaid/Medi-Cal for Families A & B, National School Lunch Program ("NSLP"), Supplemental Security Income ("SSI"), Tribal TANF, or Women, Infants, and Children Program ("WIC").

Another method to fulfill income qualification is through Targeted Self-Certification. In geographic areas identified by utilities in which 80% or more of the customers are at or below 200% of the federal poverty line, applicants may sign a "self certification statement" certifying that they meet the current income guidelines established for participation in the ESA Program (the "80/20 rule"). Similarly for multifamily dwellings, an entire building may be eligible for treatment if at least 80% of all dwelling units are occupied by income qualified households.

SoCalGas is not proposing any changes to the current income eligibility levels, but does propose allowing income verification for multifamily dwellings through a building owner affidavit process to serve customers under the 80/20 rule , as described in Section II.C.3.j.(7). SoCalGas also proposes changes pertaining to the ability to provide services and measures, as discussed below.

c. Eligible Population

According to 2013 data developed by Athens Research, there are nearly 6 million households in SoCalGas' territory meeting the technical requirements for the ESA Program with respect to service type and metering arrangement.[18] Of these customers, nearly 2.1 million meet the income eligibility threshold. This figure does not take into account the willingness of customers and of property owners to authorize participation in the ESA Program, nor the proportion of households that meet program requirements or the Commission-adopted 3 measure minimum rule. These considerations are discussed in detail in Section II.B.Goals.2 and II.B.Goals.3 below, with the total remaining to be treated as approximately 480,000 customers to meet the 2020 ESA Program goal.

3. Current Proposal

a. Changes Introduced in 2015-2017

SoCalGas' 2015-2017 ESA Program proposal introduces the following changes to the program relative to prior years:

[18] Athens Research is a consulting firm under contract to PG&E to provide the assessment of eligible population for low income programs.

- Enhancements to energy education, in response to specific feedback from the Low Income Energy Education Study, including new materials under development, follow-up elements, and new water saving emphasis (SectionII.C).
- New measures including:
  - Introduction of HE Forced Air Unit ("HE FAU") Furnaces (Also known as HE Furnace); (Section II.E.1)
  - Thermostatic tub spout, a measure similar to the successful Thermostatic Shower Valve, with the potential to enhance the EE portfolio in terms of hot water savings. (SectionII.E.1)
- Limitation of a measure based on its impact on newly adopted Total Resource Cost Test ("TRC") and ESA Cost Effecitiveness Test ("ESACET") cost effectiveness tests. (Section II.D)
- The introduction of new tools and procedures so customers in the SoCalGas-SCE overlapping territory may receive all feasible electric and gas measures through a seamless experience. (SectionII.C.3)
- Increase the number of partnerships and activities for existing partnerships with water agencies. (SectionII.C.3)
- The expansion of efforts including SPOC to improve the program's appeal to multifamily customers. (SectionII.C.3)
- Proposed adjustment of annual unit goal based SoCalGas' assessment of progress relative to the 2020 goal, including new insights gained from the Low Income Needs Assessment ("LINA") Study.[19] (SectionII.B)
- The start of a transition to a post-2020 program, including the re-introduction of the 10-year go-back rule, under which SoCalGas will begin treating a limited number of customers. (Section II.B)
- SoCalGas will continue to use customer segmentation to market and outreach to specific communities. In PYs 2015 – 2017, SoCalGas will expand efforts to work

[19] Needs Assessment for the Energy Savings Assistance and California Alternate Rates for Energy Program (the "LINA Study"), Final Report dated December 16, 2013. See Volume 1: Summary Report, Section 3.3.2 and Volume 2: Detailed, Section 5.4.4.1.

with Veterans organizations, a Volunteer Income Tax Assistance network, and Tribal TANF administrators to reach and enroll shared customers. (Section II.C)

Some of the proposed new elements in the 2015-2017 program will require specific changes to Commission-adopted rules, described in more detail below. These proposed changes respond to Commission and stakeholder interests in the form of adopted study and working group recommendations, the Governor's declaration of drought emergency, and SoCalGas' ongoing efforts to improve and optimize program delivery.

b. New Elements Under Consideration

In an effort to improve program performance and to be responsive to direction of the Commission and other stakeholders, SoCalGas continues to evaluate ideas found in current study findings and working group recommendations. Among these are the ideas related to workforce education and training ("WE&T"). Although the prevailing wage concept is not yet ripe for adoption in PYs 2015-2017, SoCalGas supports continued study in this area and anticipates that effective solutions to improve opportunities for workers in the community can be developed, as described further at Section II.F below.

Similarly, SoCalGas believes a data sharing partnership with the California Department of Community Services & Development ("CSD") can benefit the ESA Program. SoCalGas anticipates that as it continues to enhance its partnerships with other utilities and water agencies through systems and procedural improvements, effective platforms for collaboration with CSD will emerge.

c. Drought Response

SoCalGas has long supported efforts to conserve water, particularly in cases where water and natural gas savings go hand in hand. In 2013, the SoCalGas ESA Program contributed to the saving of 1.6 million Ccf of water through the installation of HE clothes washers, thermostatic shower valves ("TSVs"), faucet aerators and shower heads. In fact, low flow showerheads have been part of the program for 20 years.[20] In 2012, SoCalGas introduced TSVs to the ESA Program. This measure has been highly successful, saving 71,000 Ccf of water in 2013. Recently, SoCalGas began requiring installation for enrolled customers where feasible of TSVs in buildings with recirculating hot water systems – an installation scenario now understood to offer substantial hot water savings.

[20] PU Code § 2790.

Going forward, SoCalGas proposes to begin installing thermostatic tub spouts, mentioned above as a new proposed measure. Thermostatic tub spouts are an innovative new product with the potential to offer cost effective water savings very similar in function to the TSV.

Additionally, SoCalGas has incorporated water saving into its currently pending enhancements to energy education practices and materials, as follows:

- Shower timers, an inexpensive idea with the potential to inspire both direct water (and natural gas) savings by encouraging shorter showers, as well as general drought awareness as a giveaway item, will be incorporated into SoCalGas' energy education package. SoCalGas has included $560,000 in the proposed budget over 2015-2017 to deliver shower timers to every enrolled customer.
- SoCalGas' new Energy Education Wheel,[21] discussed in more detail below, will include water conservation content. This item adds $211,000 to the three-year proposed budget.
- Water saving tips are being incorporated into the energy education messaging SoCalGas' Outreach Specialists are trained to deliver.

SoCalGas also proposes to provide income eligible customers with a Toilet Tank Efficiency Kit, described more thoroughly below. Although the value of energy associated with water savings is currently being addressed in a separate proceeding, SoCalGas regards toilet water conservation as a valuable element for in-home energy education in establishing for customers the severity of the drought and the importance of maintaining a water-saving mindset.

Coordination to Identify Water-Energy Nexus Measures

SoCalGas supports water saving efforts through its existing partnerships with water utilities and water districts. These partnerships allow for SoCalGas to leverage rebates for measures that save water in addition to energy savings. Specifically, SoCalGas has leveraging partnerships with Eastern Municipal Water District, Park Water Company, Fontana Water Company, San Gabriel Valley Water Company, and Irvine Ranch Water District. SoCalGas' water partners are active collaborators in suggesting ways to increase program impacts towards greater customer resource conservation.

In 2014, SoCalGas participated in water conservation fairs with Eastern Municipal Water District and Park Water Company. This proposal includes the continuation of support for

[21] See footnote 111 for description of the SoCalGas Energy Education Wheel.

engaging with customers and encouraging conservation, showcasing ways that they can save both gas and water through ESA Program participation. In PYs 2015-2017, SoCalGas will pursue additional opportunities to exhibit at water conservation fairs as a way to raise awareness of the ESA Program.

In the course of preparing this Application, SoCalGas consulted with its water partners regarding the ideas ultimately proposed in this testimony, and to understand other areas of opportunity for expanding program collaboration and outreach opportunity. SoCalGas appreciates the time and input of these organizations, whose comments helped inform the proposals herein. SoCalGas also benefitted from discussion regarding water-energy programs and issues at various public meetings, including the workshops held by Commissioner Sandoval on August 13, 2014 and September 10, 2014, and at various Low Income Oversight Board and sub-committee meetings. SoCalGas also outreaches to Southern California Tribal TANF organizations to promote the CARE and ESA Programs. Through enrolling customers in the ESA Program, SoCalGas will continue to provide customers all feasible program measures including water saving measures.

B. ESA Program Goals And Budgets For the 2015, 2016 AND 2017 PYs

1. **Strategic Plan:** Identify the Strategic Plan Vision, Goals and Strategies for the ESA Program.

SoCalGas' strategic plan for the ESA Program continues to be guided by the CLTEESP, which incorporates the ESA Program 2020 goal and sets out a plan to rely on the ESA Program as an energy resource by delivering increasingly cost-effective and longer-term energy savings.

Operationally, SoCalGas' vision for the ESA Program is to maintain a program that fulfils the needs of SoCalGas' low-income customers, while playing an important role in California's EE efforts. In order to realize this vision, SoCalGas' ESA Program is focused on:

1. Operating the ESA Program safely and effectively with the customers in mind;

2. Meeting the Commission's 2020 goal for the ESA Program by offering program services to every qualified and willing customer; and

3. Providing value to ratepayers by operating a cost-effective and efficient program.

To achieve these goals, SoCalGas will continue to rely upon Community Based Organizations ("CBOs") and other contractors with expertise in reaching low income customers, will work to improve coordination with SCE and other joint service utility partners, will enhance

energy education, will build on efforts to deploy a more targeted ME&O strategy, and will enable contractors and joint utility coordination through a paperless enrollment process. These tactics build on lessons learned over the course of previous program cycles.

2. Participation Goals: *Propose specific ESA Program participation goals for 2015-2017 (number of homes treated and weatherized). Provide the estimated number of eligible and willing households.*

SoCalGas proposes to treat 110,000 customers per year in PY2015-2017. As described in detail below, this proposed participation figure balances the following factors:

- The established goal methodology from D.08-11-031, worked out more thoroughly in Section 3 below, points to a total willing and eligible population of 480,000 remaining to be treated by SoCalGas in PYs 2015-2020. This methodology results in an annual figure of 80,000 as sufficient to reach the 2020 goal.
- SoCalGas expects that 110,000 units per year is a challenging, but achievable goal, given the program enhancements that are underway and the fact that SoCalGas has treated 96,893 and 106,948 customers in 2012 and 2013 respectively.[22]
- SoCalGas believes it is important to maintain or increase program momentum at this stage, with the expectation that customers yet to be treated under the 2020 goal will diminish in number and thus be more difficult to reach as the deadline approaches, and the more accessible customers join the ranks of the treated.
- Keeping the goal above the annual average D.08-11-031 methodology level will provide for the possibility that program enhancements can increase the level of willingness in the ways identified in the LINA Study. In the event that willingness to participate increases in PY2015 – 2017, SoCalGas will have sufficient capacity to treat those customers.
- Maintaining program momentum will make transition to post-2020 ESA Program activities smoother, and will allow SoCalGas to reach first the customers most in need of return visits and improvements to their dwellings.

[22] See Annual Report of Southern California Gas Company on Low Income Assistance Programs for 2012 and 2013, Section 1.2.1., filed on May 1 2013 and May 1, 2014, respectively.

3. Willingness to Participate ("WTP"): *Specify all WTP factors being used by your utility, in addition to other factors taken into consideration (e.g., CSD treated homes, the modified 3 Measure Minimum (Modified 3MM) Rule limitations and non-feasibility based on historical tracking data, etc.) in proposing the homes treated goals for the next ESA program cycle. The 2013 Low Income Needs Assessment (LINA) reports varying WTP estimates (anywhere from 52%-72%) based on the pool of respondents and various sources. This estimate is also dependent on unidentified barriers to participation in the ESA Program.*

a. Willingness to participate factors

SoCalGas estimates that there are 479,667 willing customers remaining to be treated by the ESA Program in PY2015-2020. This estimate of willing customers is based on the methodology adopted in D.01-03-028, as amended in D.08-11-031 and D.12-08-044. The calculation of SoCalGas' willing customers for PY2015-2017 is summarized in Table 4 below:

Table 4: SoCalGas Remaining Customers To Reach 2020 Goal[23]

Eligible as of 2020	2,301,764
Less unwilling	554,775
Less SoCalGas treated 2002-2014	1,017,194
Less LIHEAP 2002-2020	250,128
Total remaining willing and eligible	**479,667**

Inputs to the calculation are as follows:

- There were 2,146,897 eligible customers in 2013,
- according to Athens Research data. At 1% annual growth[24] over the 7 year period from 2013 to 2020, this figure will increase by 154,867 to reach 2,301,764 in 2020.
- SoCalGas estimates that 24% of the eligible population is unwilling to participate. This figure corresponds to the conclusion in the LINA Study that 52% of current program non-participants were willing.[25]

[23] D.08-11-031, at p. 100 describes the form of the IOUs' proposed methodology for calculating remaining eligible customers, which is modified and adopted by the Commission; see also D.12-08-044 at Appendix F.

[24] D.08-11-031 p.110, "…DRA's estimate is factored up annually by 1%, thereby accounting for population growth and economic conditions. We agree with DRA that population growth should be taken into consideration. Therefore, the estimate … is factored up by 1% annually…"

- SoCalGas has treated a total of 910,246 customers from 2002 through 2013, according to SoCalGas' Low Income Annual Report on 2013.[26] Assuming SoCalGas will repeat its 2013 figure treating 106,948 customers in 2014, the total ESA Program treated figure is 1,017,194 for 2002-2014.
- Based on data received from CSD, SoCalGas estimates that 158,633 customers were treated by LIHEAP between 2002-2013 and that an additional 91,495 will be treated from 2014-2020, assuming CSD maintains 90% of its current pace, for a total of 250,128 treated under LIHEAP from 2002-2020.[27]

b. Proposed Modification to Unwillingness Factor

In SoCalGas' Application for Approval of Low-Income Assistance Programs and Budgets for Program Years 2012-2014, Application ("A.") 11-05-018, SoCalGas proposed using an unwilling factor of 19% , based on data tracking customer unwillingness to participate in ESA. In support of the figure, SoCalGas provided the reasons for nonparticipation tracked in the course of enrolling customers, which included refusal by customer or landlord, failure to meet three-measure minimum, and inability to establish eligibility. D.12-08-044 rejected SoCalGas' proposals to increase the unwillingness factor from 5% to 19%, finding that insufficient evidence existed to justify a change. Nonetheless, D.12-08-044 indicated that the LINA Study would research this issue and inform the Commission on the issue.[28]

As directed in D.12-08-044, SoCalGas has continued to track and report customers it identifies as unwilling or unable to participate. Units reported unwilling or unable have ranged from 10%-17% of enrollments (in the period reported in the 2013 Annual Report, excluding 2009 which provides only partial-year data). However, because SoCalGas contractors are

[25] LINA Study, Volume I, at Section 5-4.
[26] See "Annual Report of Southern California Gas Company on Low Income Assistance Programs for 2013," Table 4, filed May 1, 2014.
[27] D.12-08-044, at p. 260, describes the IOUs' approach which the Commission applied without adopting the IOU's unwillingness proposals: "The Commission adopted a one percent escalation rate to account for customer growth in D.08-11-031. The 2020 estimate is then further adjusted by: (1) deducting customers who are unwilling or unable to participate; (2) deducting homes that have been already treated through the ESA Program during 2002-2011; and (3) deducting actual and projected LIHEAP/WAP activity through 2020."
[28] D.12-08-044 at p. 10.

focused on delivering successful treatments, they do not always report unwilling customers, which causes contractors to lose access to those customers in SoCalGas' system, preferring instead to keep them open in hopes that a future enrollment attempt will succeed. Contractor practices and canvassing tactics can vary and can impact the quality of refusal data collected, and SoCalGas believes this process substantially understates the number of customers encountered by its enrollment contractors that cannot be enrolled.

Since the launch of the CARs organization in 2014, SoCalGas has begun to acquire firsthand experience outreaching to and enrolling customers into the ESA Program. CARs call log data supports the view that among non-participants, no more than 60% and as few as 33% are willing to participate. Taking a sample of some 950 initial calls made to customers, not yet enrolled into the ESA Program but are enrolled in CARE or are PRIZM self-certification eligible thus making them highly likely to be eligible for the ESA Program, most calls did not result in contact with a customer. Looking at customers where contact was made, 19% scheduled an appointment to assess for ESA Program eligibility. Among remaining customers where contact was made, 40% refused to move forward with ESA Program offerings, with customers most frequently citing a lack of interest or need for program services, supporting the view that no more than 60% of current non-participants are willing. The remaining 40% of customers where contact was made required follow up for various reasons, including the need to contact the property owner to request authorization to deliver program services, provide follow-up calls to customers as they were too busy to discuss program specifics at that time or because the decision-maker of the home was not available at the time of the call. Thus, among customers contacted and prepared to either refuse or go forward with an appointment, refusals outnumbered appointments by more than 2 to 1, supporting the view that willingness among these customers may be as low as 33%. Thus, SoCalGas' direct experience supports the finding in the LINA Study that willingness may be as low as 52% among non-participants.

The LINA Study concluded that among nonparticipants, 52% are willing to participate in the ESA Program, implying that 48% are unwilling.[29] The study reaches this conclusion by considering raw telephone survey data, in which 72% of survey respondents indicated they would be willing, or somewhat willing, to participate, and adjusting for nonresponse bias. As described in the study, the telephone surveyers were not able to contact more than half of the

[29] LINA Study, Volume I, at p. vi.

customers they attempted to reach, and thus the telephone results represented the willingness of only half of the population.[30] Part of the study involved in-home visits of some customers, drawn from the pool of respondents to the telephone survey. When asked if they would be willing to participate in an in-home visit, responses were closely correlated with respondents' stated willingness to participate in the ESA Program. By assuming that the customers who could not be reached for the telephone survey would be no more likely to be willing to participate in the ESA Program than were the customers who, reached by phone,[31] declined to participate in an in-home visit, the study authors concluded that overall willingness was no more than 52%. For SoCalGas, as the LINA Study notes,[32] telephone calls are an important component of program outreach, and thus the segment that could not be reached by phone are among the most difficult to enroll in the program.

It is important to recognize that the LINA Study measured a moving target because willingness among non-participants presumably declines as more customers are enrolled, shifting them from the ranks of willing non-participants to willing participants. The LINA Study notes this phenomenon in pointing out, "many more households have participated since the time of [the prior LINA] study, leaving a harder to reach non-participant pool that may be less willing than the participant population in 2004, when the prior research was conducted."[33] Further, the conclusion that 52% of nonparticipants are willing is drawn on a statewide basis, meaning it is possible that a utility like SoCalGas, that has thus far reached a somewhat lower level of penetration than that achieved by other utilities, may have relatively lower remaining unwillingness because a greater number of willing customers remain among the nonparticipants. SoCalGas suggests that the differential willingness across utilities may be a fruitful area to explore in future studies.

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[30] LINA Study, Volume I, at Section 3-12.

[31] As described in 2013 Low Income Needs Assessment Final Report, at pp. 5-42 through 5-46, roughly half of all customers the researchers attempted to reach by phone could not be contacted. Among those who did respond to the phone survey, two-thirds were willing to participate in an in-home visit component of the study, but this willingness was strongly correlated with willingness to participate in ESA. Among telephone respondents willing to participate in an in-home visit, 87% were willing or somewhat willing to participate in ESA, whereas only 34% of those unwilling to participate in an in-home visit said they would be willing, or somewhat willing, to participate in ESA. By assuming that the participants unreachable by phone would be no more willing to participate in ESA than were those phone respondents who refused an in-home visit, the study authors concluded that total willingness was 52% (the total including 72% of phone respondents plus 34% of those not responsive to the phone survey).

[32] LINA Study, Volume I, at Section 5-4

[33] LINA Study, Volume I, at Section 5-43 footnote 35.

The gradual increase in unwillingness among remaining nonparticipants, as well as the magnitude of this figure as measured in the LINA Study, are supported by SoCalGas' recent program experience. SoCalGas has fallen short of treated goals each PY during 2012-2014, despite employing tactics that had previously been effective in increasing enrollments including marketing campaigns and rewarding the most productive contractors with greater contract allocations. Furthermore anectodal evidence from SoCalGas' enrollment contractors that it is more and more difficult to identify willing customers has been reinforced by the recent experience of the CARs organization discussed above. These trends have led SoCalGas to focus in the current application on enhancing its outreach capacity, adopting the recommendations of the studies, and exploring new tactics in managing contractors and program delivery, discussed elsewhere in this testimony.

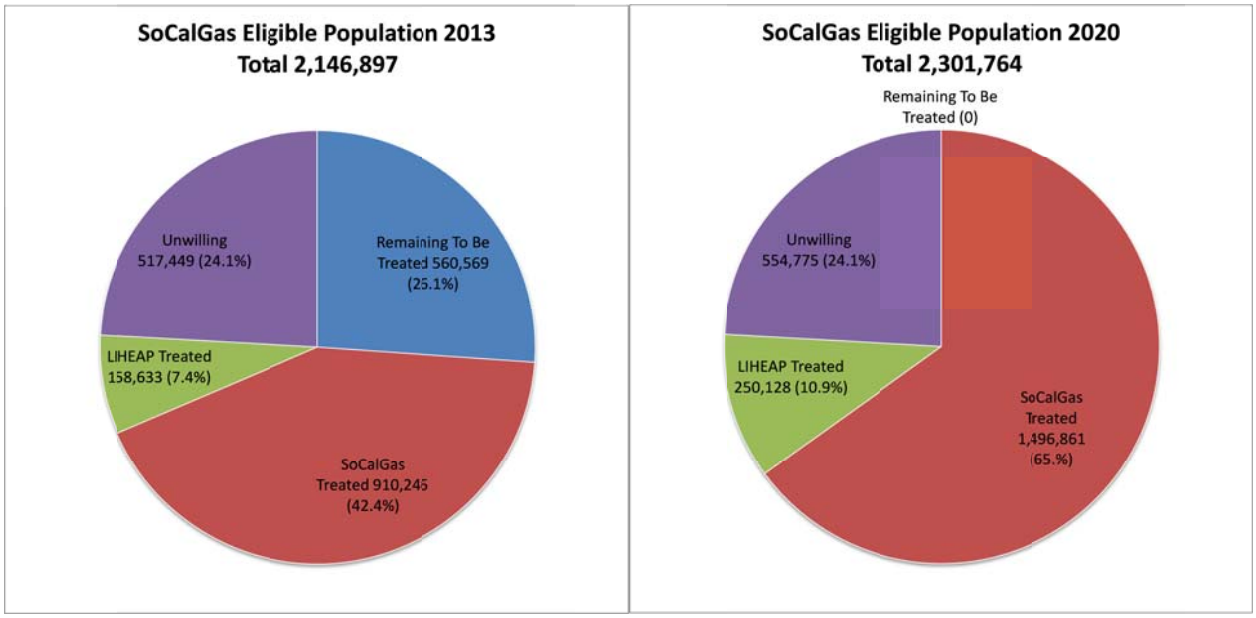
As stated above, SoCalGas proposes an overall unwillingness factor of 24%. Because the LINA Study concludes that 52% of *current non-participants* are willing to participate, the figure must be restated in order to use it within the adopted methodology which calls for an unwillingness percentage of all eligible customers. Table 5 below provides this restatement.

Table 5: Unwilling Percent of Eligible Population

Row		
A	SoCalGas eligible population as of 2013 per Athens Research	2,146,897
B	SoCalGas treated 2002-2013	910,246
C	LIHEAP treated 2002-2013	158,633
D	Remaining non-participants as of 2013 (A - B - C)	1,078,018
E	Unwilling percent of non-participants per the LINA Study (1-52%)	48%
F	Unwilling customers as of 2013 D x E	517,449
G	Unwilling percent of eligible population F / A	24%

Graph 1 below illustrates the expected progression of the eligible population as 2020 approaches. On the left are shown the untreated and willing customers, those treated by SoCalGas and by LIHEAP, and the unwilling as of 2013 at the time of the LINA Study. On the right, the same categories are shown as of 2020, depicting the completion of the goal.

Graph 1: Comparison of ESA Program Eligible Population for 2013 and 2020



The LINA Study cautions that the reasons for unwillingness and the likelihood that changes to the program may impact those reasons, and thus the unwillingness rate.[34] For

[34] LINA Study, Volume II, at Section 5-45. Note that if the willingness to participate estimates presented above (e.g., the 52% adjusted estimate) are used to update ESA program treatment goals, the reasons for not being willing to participate should be factored in. For example, the estimate could include LI customers who said they were unwilling to participate (which is 7% of LI customers) due to having to get

instance, the LINA Study points out that some 7% of all eligible customers may be unwilling because the prospect of obtaining landlord approval does not seem feasible.[35] The focus on outreach to landlords and other planned tactics described elsewhere in this testimony may in fact change the perspective of some subset of these customers.

The LINA Study could not measure the extent to which such tactics will influence willingness. Furthermore, there are additional factors pointing to lower willingness and eligibility that cannot be measured by the LINA Study at all.These include customers who fail to meet the 3MM upon assessment, as well as those who start the enrollment process, but due to scheduling or other issues, are not able to complete the process through installation. Some of the factors are specific to SoCalGas; for example, utilities with "Simple Measures" such as Compact Fluorescent Lights or Smart Power Strips that can be easily installed during the in-home assessment do not require landlord authorization, which may lead to additional participation by renters. While adjustment due to this factor may be considered for other utilities, this is not applicable for SoCalGas, which does not currently have Simple Measures available in its program. This example and other policy-level considerations associated with the recommended WTP factor are sponsored in the Policy Testimony of SoCalGas witness Dan Rendler.

To summarize, SoCalGas believes that some customers currently registering as "unwilling" for various reasons can be enrolled by addressing barriers to willingness including outreach tactics, adjustments to the measures offered, effective education, and addressing of landlord barriers. On the other hand as pointed out in the LINA Study, "there are other households who say they do not need the program that should be skipped."[36] The LINA Study's willingness factor provides a good estimate of this number, and is the best value to use in the remaining population calculation, balancing the variety of factors that would argue toward upward or downward adjustment. Furthermore, as discussed elsewhere in this testimony, SoCalGas proposes an annual treated goal substantially higher than that required to meet the 2020 goal at a flat units per year rate, and this approach will not only provide the opportunity to devote more resources to reaching the least-accessible customers, it will also allow the

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permission from their landlord, which is a barrier that the program may want to address and attempt to serve those customers.

[35] LINA Study, Volume II, at Section 3-13 and 3-24.

[36] LINA Study, Volume I, at Section 3-24.

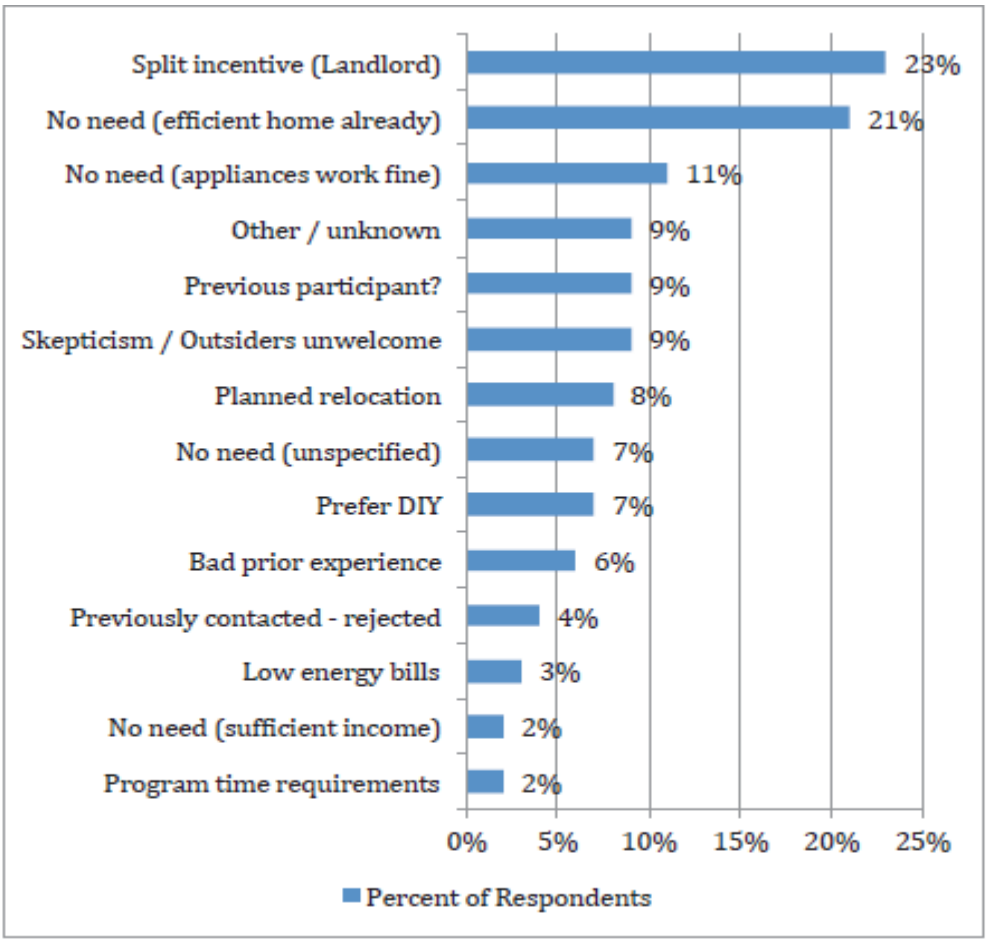
opportunity to make further adjustments as more is understood in future years about population unwillingness.

4. Response to Barriers to Participation: *Identify how your utility has addressed barriers to participation, including WTP related issues, and attempted to serve those customers that have been unwilling to participate. Indicate why those efforts have been successful or not successful.*

SoCalGas is optimistic that customer willingness to participate in the program can be increased through effective program initiatives. According to the LINA study, the reason most often cited by unwilling survey respondents was that, for renters, the landlord would not approve or the tenant did not want to ask the landlord for permission to treat the dwelling.[37] Landlord concerns accounted for 23% of respondents' stated reasons for unwillingness. SoCalGas lays out elsewhere in this testimony a number of strategies designed to better reach renters, including some responsive to the concern about property owner authorization. SoCalGas has worked with the other utilities on a statewide property owner waiver, which is a useful tool for reaching out directly to property owners with multiple properties across territories. In order to increase the convenience of seeking approval, SoCalGas also proposes providing interested renters with prepaid postcards to be sent to the landlord. Chart 1 below, reproduced from the LINA Study, summarizes the findings concerning landlord and other reasons for customer unwillingness.[38]

[37] LINA Study, Volume I, at p. vi.
[38] 2013 CARE Participant Telephone Survey.

Chart 1: Reason Non-Participants Are Unwiling to Enroll in ESA



Note that there were likely a few respondents, similar to the in-home visit sample, which may have participated in ESA in 2013 that were in our sample (which explains the "previous participant" responses). Our sample frame was based on ESA participation through 2012.
Source: 2013 CARE Participant Telephone Survey.

SoCalGas continues to look for opportunities to improve on trust issues that are a barrier to some customers. As described in further detail in the ME&O section below, SoCalGas has previously identified customer trust as a willingness barrier related to factors such as the contractor being from a company unknown to the customer, or in some cases the customer's concern that the program representative may ask questions about immigration status, permitting issues relative to the home, or other issues personal or sensitive to the customer. The LINA Study notes that a substantial number of unwilling customers name reasons such as skepticism/outsiders unwelcome (9%), bad prior experience (6%), and other/unknown (9%)

which could relate to trust or personal customer issues.[39] To the extent some contractor trust issues can be mitigated by a stronger brand and more professional and uniform appearance, SoCalGas is actively engaged in working to improve these issues through such initiatives as the contractor toolkit and outreacher uniform shirts, described more thoroughly below, as well as ongoing efforts to hone training, screening, and messaging for outrachers and other contractors.

The LINA Study also identifies the lack of a perceived need as a significant barrier to willingness, including "no need – efficient home already" (21%), "no need – appliances work fine" (11%), "no need – unspecified" (7%), and "no need – sufficient income" (2%).[40] In some cases, lack of perceived need may be based on an expectation that the measures offered will not provide substantial benefit. Thus the LINA Study provides evidence supporting the importance not only of striving for an effective and highly beneficial set of measures, but also delivering compelling energy education, both issues of paramount importance in SoCalGas' PY 2015-2017 plans.

5. 2002-2013 Homes Treated Data: *Provide actual or estimated participation data and the number of homes treated or weatherized compared against the benchmarks, if any, established by the Commission for the period 2002 to 2013.*

As Table 6 below shows, the SoCalGas ESA Program has experienced very significant growth, including a near tripling of its annual unit goal since 2008.

[39] LINA Study Volume II, at Section 5-27, Figure 36: Reason Non Participants are Unwilling to Sign up for ESA (02a) (n=79) for California LI Population
[40] LINA Study Volume II, at Section 5-27.

Table 6: Homes Treated (2002-2013)

Program Year	Adopted Number of Homes to be Treated	Actual Homes Treated	Actual Homes Weatherized[41]
TOTAL	981,073	910,246	833,315
2013	136,836	106,948	107,202
2012	136,836	96,893	100,512
2011	145,874	161,020	129,514
2010	143,540	120,358	108,658
2009	110,864	83,493	71,595
2008	44,700	58,773	55,238
2007	44,700	44,048	42,456
2006	48,000	36,870	40,523
2005	40,000	40,523	40,521
2004	56,623	54,677	47,079
2003	35,000	57,179	47,674
2002	38,100	49,464	42,343

SoCalGas had difficulty reaching its annual unit goal in recent years since its historic high of 161,020 homes in PY2011. In the PY2009-2011, SoCalGas worked diligently with its contractor network to ramp up ESA Program activities in order to meet the significant increase in goals. Toward the end of the program cycle, SoCalGas found it challenging to quickly and accurately regulate program activity with the significant momentum that was generated and, as a result, faced budget pressures in the latter part of PY2011. SoCalGas has since put controls in place to better manage contractor program activity with a focus on a sustainable and levelized production. Also, the uncertainty associated with a delay in issuance of D.12-08-044 on the PY2012-2014 program cycle impacted program momentum into 2012. During PY2012, six-month bridge and month-to-month periods were implemented until a final decision was issued on August 30, 2012. The uncertainty regarding the issuance of a final ESA Program goals and budgets in PY2012 impeded the ability of SoCalGas' contractor network to make timely decisions on investment in

[41] Per D.02-12-019, the CPUC defines a "treated" home as an income-qualified home that has received any measure or service under the ESA Program, including energy education, compact fluorescent lamps, weatherization and appliances. Under the ESA Program, a treated home must receive all feasible measures for which it qualifies. Per D.02-12-019, the CPUC defines a "weatherized" home as a subset of treated homes, and are defined as income-qualified homes that have received any weatherization measures (e.g., weather-stripping and caulking) under the ESA Program.

field and office personnel and field equipment. As a result, SoCalGas' ESA Program had difficulty recovering from the effects of this interruption in Program continuity. SoCalGas believes that the proposals presented in this Application for PY2015-2017 will help SoCalGas meet its annual homes treated goal with the intent of making progress towards the 2020 programmatic initiative.

6. Unique Factors: *Discuss unique issues in your utility's service area that would make 100 percent penetration challenging and also discuss homes projected but not reached in the 2012-2013 PYs.*

SoCalGas recognizes that, despite its efforts, there are certain factors unique to SoCalGas' territory and status as a gas-only utility that present challenges to achieve 100% penetration. Foremost among these is SoCalGas' lack of electric measures that may be more easily identified and more valued by customers. Customers' gas bills are often substantially lower than electric bills, leading to lower customer motivation and understanding to improve gas EE, and resulting in less interest in SoCalGas' ESA Program. Electric companies also have "Simple Measures" that may be installed at the time of the in-home assessment for qualified customers and contribute to meeting the 3MM required to treat homes. SoCalGas also operates in one of the largest, most geographically diverse territories and faces challenges in reaching remote and rural locations.

Paramount among SoCalGas' goals is the achievement of cost effective, long-lasting energy savings. Based on the proposed measure portfolio and treated unit goals, SoCalGas expects savings of almost 200 million therms in the 2015-2017 cycle, as shown in Table 3, below.

Table 3: Estimated Therm Savings 2015-2017

Year	First Year Therm Savings	Lifecycle Therm Savings
2017	6,229,850	67,021,526
2016	6,229,850	67,021,526
2015	4,627,547	50,998,496
2014	2,426,915*	26,749,115**
2013	3,096,500	34,129,187
2012	999,408	15,403,825

* Value shown represents the estimated energy savings for Program Year 2014 associated with the requested funding in Application (A.) 11-05-018. Funding was increased pursuant to D.11-08-044, which did not contain an associated upward energy savings estimate.
**Value shown is an estimate based on ratio of 2013 and 2014 therm savings.

Projected savings for years 2015-2017 show increases in therm savings compared to previous years. This is mostly due to the savings expected from the new thermostatic tub spout measure. There are also therm savings from the new HE FAU furnace replacement measure. Therm savings also increased from the latest Impact Evaluation Report. Although individual therm savings measure results varied, the overall result was a net increase in therm savings.

Program Budgets

1. **Strategies:** *Present a detailed discussion that clearly identifies specific strategies and programs for the budget years 2015-2017, including proposed budget strategies, aimed at accomplishing the ESA Program programmatic initiative. In light of Governor Brown's declaration of a state of emergency due to the drought, and other drought emergency declarations, also present any strategies incorporating the Governor's directive and other drought directives, and ways to prioritize the cost-effective ESA measures that also save water and could contribute to alleviating the drought emergency.*

Budget Strategies

In developing its 2015-2017 budget strategy, SoCalGas has aimed to improve program delivery, to continue to develop and train its workforce including the integration of the CARs organization; to improve coordination with other utility ESA Programs and other low income programs, to be responsive to California's drought concerns, with the overall goal of meeting the primary objective of the ESA programmatic initiative. SoCalGas' budget strategy also includes cost effective ESA measures that also help customers conserve water. These priorities are reflected in the specific budget provisions described below. SoCalGas also describes proposed adjustments to its approach and to program rules.

2015-2017 Budget Priorities

SoCalGas also prioritizes budget funds to promote conservation of water, which results in significant gas energy savings associated with water heating. In its efforts to identify new energy saving measures, and to be responsive to the needs of renters and high energy burden customers, SoCalGas introduces in this Application a set of new furnace-related measures including HE FAU furnace and minor furnace repair for renters. These measures will contribute $8.5 million annually to the Heating, Ventilation, and Air Conditioning ("HVAC") budget.

SoCalGas' budget also reflects increased emphasis on marketing and outreach, particularly in implementing its multifamily strategy. Multifamily strategy activity is forecast to require $0.4 million per year, as reflected in the Marketing and Outreach budget category.

In 2015-2017, SoCalGas will put in place systems that will enable tighter coordination with SCE and, eventually, with other IOUs and other agencies. This coordination effort will entail $200,000 in system upgrade costs, as reflected in the General Administration category over 2015-2017. The budget, including additional activities, are outlined in Section K under the Training cost category.

Budget Composition

SoCalGas' proposed PY2015-2017 budget follows a similar pattern to the one authorized for PY2012-2014. However, SoCalGas projects incremental increases in the budget categories. On a per-unit basis, energy education costs are forecast to increase based on incremental education and follow up activity and new materials, offset by some increased sharing of education costs due to improved coordination with SCE. Similarly, per-unit customer enrollment costs are forecast to increase due to new water-focused activity at the time of the in-home assessment, despite some reductions to income qualification that will be driven by the SCE partnership. EE costs, on the whole, are very similar on a cost per unit basis and measure feasibility forecast, based on SoCalGas' 2013 experience. This experience included somewhat higher costs for HE Washers due to higher-than-expected feasibility,[42] and somewhat lower enclosure measure costs primarily due to lower minor home repair costs. Inspection costs were lower than authorized on a per-unit basis in 2013, but are forecast to rise in 2015 due to incremental planned inspection activity to more effectively comply with recommendations from Table 8 in Attachment R of the P&P Manual. The proposed budget also reflects SoCalGas' strategy to continue to leverage with water agencies and incorporates the impact of a new partnership with the Los Angeles Department of Water and Power ("LADWP").

Fixed cost categories are forecast to be similar to 2013 authorized rates, with incremental training and general administrative activity forecast due to coordination initiatives as well as the

[42] Even as compared with SoCalGas' washer showing in its October 2012 Petition for Modification and July, 2013 Supplement to Petition for Modification of the Decision regarding PY 2012 – 2014 ESA Program budgets. See Petition of Southern California Gas Company for Modification of Decision 12-08-044 dated October 29, 2012 and Supplement to Petition of Southern California Gas Company for Modification of Decision 12-08-044, dated July 18, 2013.

launch of paperless enrollment. The details of SoCalGas' budget are presented below at Subsection K.

Unit Goal Assumptions

Overall, despite modest per-unit increases in most categories, the 2015-2017 proposed budget is somewhat lower than 2012-2014 primarily driven by a lower proposed annual unit goal. SoCalGas has not come close to achieving its authorized unit goal in 2012-2014 of 136,836 treated and weatherized units per year, with 2014 currently anticipated to be less than the 2013 treated performance of 106,948. Although SoCalGas had anticipated that, following the disruptions of 2011-2012, program momentum would recover quickly, treated units have continued to lag the goal. SoCalGas has previously noted some short-term barriers to recovery, including contractors' outreach capacity being constrained by the Home Improvement Salesperson Resigtration ("HISR") license process. The HISR process requires that program contractors register with the Contractors State License Board, and requires that each Outreach Specialist that performs customer enrollment work must hold a HISR.[43] In addition, SoCalGas' ESA Program contractors are reluctant to invest in times of funding uncertainty.

At this point, however, it has become clear that changes in the market may be a more important factor. As saturation among willing customers in SoCalGas' territory has approached 72%,[44] identifying the remaining willing and eligible customers has become an increasing challenge. SoCalGas has concluded that, going forward, program effectiveness will depend upon successful implementation of new approaches such as those described elsewhere in this testimony.

Faced with these challenges, SoCalGas proposes to work to increase the current unit momentum to 110,000/year. SoCalGas is encouraged that, by embracing the 2012-2014 study findings and working group recommendations, an increase is attainable.

Post-2002 Re-Enrollments

SoCalGas is also eager to maintain program momentum not only in PYs 2015-2017, but also in 2018-2020. As the goal deadline approaches, SoCalGas believes that now is the time to

[43] Business and Professions Code, Sections 7152 - 7153.3.

[44] As discussed in section II.B.Goals.3 above, 2,146,897 customers are eligible in SoCalGas' territory of which 24% are unwilling, leaving 1,631,642 willing customers. 1,017,194 customers will have been treated by SoCalGas through 2014 and 158,633 by LIHEAP for a total of 1,175,827, or 72% of all willing customers.

consider a post-2020 ESA Program. In 2015, SoCalGas proposes to begin to re-enroll customers treated after 2002 by returning to the the 10-Year Go-Back Rule.

Based on the homes treated calculation methodology, on average, SoCalGas must treat approximately 80,000 homes per year in PY2015-2020, in order to achieve the Commission's 2020 goal. In addition to treating 80,000 homes, SoCalGas proposes to go back to homes treated since 2002 (but not in last 10 years), to treat additional homes for a total of 110,000 homes treated per year. A homes treated goal of 110,000 per year in PY2015-2017 is a reasonable goal, given SoCalGas' past ability to treat homes. Over 85% of the 110,000 homes have not been treated since 2002. A homes treated goal of 110,000 will put SoCalGas in a better position going into the final program cycle.

Table 8 below shows a path to keep SoCalGas on track to reach the 2020 goal, while gradually increasing the number of post-2002 homes to be treated.

Table 8: Proposed Homes Treated Goals (2015-2020)

Year	Newly Treated Toward 2020 Goal	Treated Previously Since 2002	Total SoCalGas ESA Program Treated Homes
2015	105,000	5,000	110,000
2016	100,000	10,000	110,000
2017	90,000	20,000	110,000
2018	80,000	30,000	110,000
2019	70,000	40,000	110,000
2020	35,000	75,000	110,000
Total	**480,000**	**180,000**	**660,000**

SoCalGas proposes to prioritize units not yet treated since 2002. In order to do so, SoCalGas will need to control the outreach and enrollment activities of contractors. SoCalGas believes it can develop during 2015 the needed systems and controls. These consist of system enhancements to track and limit authorization of contractors to work leads on post-2002 re-enrollments, as well as some new program rules and contract provisions that can be designed and rolled out as early as mid-2015.

An additional potential advantage to SoCalGas of reinstituting the 10-year rule immediately is that it may add flexibility to target high poverty areas and other segments identified in the Studies as candidates for prioritization. SoCalGas anticipates that treating units

on a 10-year go-back basis will be very similar to new units on a cost basis, but with attic insulation feasible at a substantially lower rate.

2. Actual 2012 and 2013 Expenditures: *Provide your utility's actual expenditures, along with approved budgets, from 2012 and 2013 by line item, consistent with the Accounting and Reporting Requirements previously distributed by the Energy Division. Costs must be shown on an annual basis; and the 2014 approved budget must also be included.*

Table 9 below provides SoCalGas' actual expenditures in 2012 and 2013, along with approved budgets for 2012, 2013, and 2014. Actual expenditures in 2012, originally reported according to the budget categories adopted in the 2009-2011 budget cycle, have been restated according to 2012-2014 categories for ease of comparison.

Table 9 – PY2012-2014 ESA Program Actual/Authorized Electric & Gas Budget

	2012 Actual	2013 Actual	2012 Authorized	2013 Authorized	2014 Authorized
Energy Savings Assistance Program					
Energy Efficiency					
Appliances [1]	$3,811,556	$13,740,908	$17,456,943	$17,785,150	$17,785,150
Domestic Hot Water	$6,641,748	$12,033,576	$15,889,976	$16,366,675	$16,843,374
Enclosure	$31,737,370	$28,578,903	$39,607,317	$40,795,537	$41,983,756
HVAC	$15,339,360	$14,934,840	$18,123,476	$18,667,180	$19,210,885
Maintenance	$1,351,495	$1,697,268	$2,008,345	$2,068,596	$2,128,846
Lighting	$0	$0	$0	$0	$0
Miscellaneous	$0	$0	$0	$0	$0
Customer Enrollment	$14,812,405	$15,800,281	$20,775,400	$20,825,610	$20,834,354
In Home Education	$1,375,948	$1,586,948	$2,569,098	$2,517,646	$2,531,192
Pilot	$0	$0	$0	$0	$0
Energy Efficiency Total	$75,069,882	$88,372,724	$116,430,555	$119,026,394	$121,317,557
Training Center	$280,456	$292,165	$535,360	$663,921	$681,105
Inspections	$1,702,444	$1,909,890	$3,168,321	$3,263,371	$3,361,051
Marketing and Outreach	$617,336	$1,310,142	$1,073,652	$1,272,007	$1,198,436
Statewide Marketing Education and Outreach	$0	$0	$100,000	$100,000	$100,000
Measurement and Evaluation Studies	$36,988	$459,866	$316,667	$91,667	$91,667
Regulatory Compliance	$290,071	$290,849	$295,333	$295,333	$295,333
General Administration	$4,243,337	$4,911,594	$5,193,381	$5,547,442	$5,286,041
CPUC Energy Division	$11,623	$7,384	$86,000	$86,000	$86,000
TOTAL PROGRAM COSTS	$82,252,136	$97,554,614	$127,199,269	$130,346,135	$132,417,190

[1] 2012-2014 Authorized amounts for Appliance category include $1,046,575 approved as carryback funding line item - Phase II D-14-08-030.

3. Carry-over Funds

Discuss carry-over funds from the 2012-2014 budget cycle. Explain why the carry-over funds exist.

As stated in SoCalGas' 2012 and 2013 Low Income annual reports, SoCalGas carried back a net $3,049,478 to 2011 from 2012, and expended $82,252,135 in 2012 and $97,554,614 in 2013. SoCalGas' budget authorized in D.14-08-030 is $127,199,269 for 2012 and $130,346,135 for 2013. Thus, a total of $74,689,177 is available for carry forward from 2012 and 2013.

SoCalGas has recorded one carry forward of $10 million into 2014 from 2012 in order to augment the budget in the Appliance subcategory. However, SoCalGas does not expect to reach its treated goal in 2014, and as a result, is likely to experience a net underspend again in 2014.

SoCalGas' proposed disposition of the underspend is discussed at Section L below.

C. Program Delivery

1. Program Design

Proposals

Describe any specific proposed requests to enhance the ESA Program during the 2015-2017 program years, including budget and proposed program design modifications based on Phase II Studies and/or Working Groups'.Reports findings and recommendations, and also describe any requests, including budgets and proposed program designs, aimed at furthering your strategies concerning the Governor's drought emergency directive, and other drought declarations and directives, and ways to prioritize the cost-effective ESA measures that also save water and could contribute to alleviating the drought emergency.

Further Modification to 3MM

Currently, the 3 MM Rule requires that that a home must need a minimum number of measures OR a measure that will provide a minimum amount of energy savings, in order to receive any service through the program. SoCalGas proposes that when treating multifamily homes, the 3MM be waived. SoCalGas also proposes that once a home has been determined to require three measures (or otherwise meeting the 3MM), the rule should be interpreted to allow the installation of one or two measures, when the third (or other 3MM qualifying) measure is expected to be provided by another crew, including that of a different utility. SoCalGas' requests specific modifications to the 3MM would benefit the utilities' ability to target multifamily customers, as well as improve utilities' coordination efforts.

In D.08-11-031, the Commission considered IOU requests to eliminate the 3MM entirely, but instead modified it to allow fewer measures when a significant

amount of energy is saved. The reasoning provided was that the "…costs of outreach, enrollment and assessment are already quite substantial. Given these costs, the IOUs should ensure that a household receives sufficient measures when being treated."[45]

In D.12-08-044, the Commission declined to allow IOUs to install Compact Fluorescent Lightbulbs ("CFLs") at the time of assessment as an exception to the 3MM, reasoning, "If we are to truly approach the ESA Program as an energy resource program, we cannot myopically focus on the number of households treated, while completely ignoring bill and energy savings."[46]

SoCalGas' proposed changes are mindful of the Commission's reasoning. In the case of the proposed modification in the case of multifamily units, SoCalGas expects that the up-front cost of outreaching, enrolling and assessing units can often be mitigated through new techniques being introduced as part of multifamily strategy, as well as tactics contractors can employ coordinating the enrollment and installation phases of the service to occur at approximately the same time. These approaches are much more effective when multiple units are in close proximity as is the case with multifamily units.

The modification to allow installation of one or two measures in anticipation of a third measure would smooth the coordinated efforts of overlapping utilities. Because SCE offers "simple" measures, it is possible for joint outreacher/assessment contractors to assess the need for three measures, but to be in position to deliver only one or two measures. If the third measure is a SoCalGas measure requiring a visit by a second crew, there is uncertainty as to whether the customer will in fact follow through with that visit. This uncertainty should not prevent the home, which has qualified for three measures, from receiving any measures at all. Furthermore since the outreacher is already present at the home and has identified the feasible measures, mush of the up-front cost of outreach and assessment has already been incurred and cannot be recovered by denying service to the customer.

SoCalGas' proposed changes are reasonable in the context of the multifamily tactics being rolled out, and will improve the ability of overlapping utilities to better coordinate their activities.

[45] D.08-11-031, at p. 99.
[46] D.12-08-044, at p. 132.

Observe Former 10-Year Rule

As discussed in detail in Mr. Rendler's Testimony, SoCalGas proposes to return to the policy of enrolling customers in homes that have been treated 10 or more years prior. This proposal is responsive to the recommendations discussed in the LINA Study, at pp.3-45 through 3-47, that aging equipment, new measures, and rules revisions may make the program valuable to these customers. Details of SoCalGas' approach to treating and reporting these units is provided at section II.B.1 (Budgets; Post-2002 Re-Enrollments) above.

Energy Education Enhancements

SoCalGas used the recommendations from the Energy Education Phase 1 study as the basis for some of its In Home Energy Education enhancements and proposals.[47] There are several enhancements SoCalGas will be implementing which are discussed in detail in Section 3 on ESA Program Implementation, below. These enhancements include the Energy Education Wheel, Outreach Specialist Script, ESA Program branded Shower Timer, Toilet Tank Efficiency Kit, Energy Education coloring and activity book, and additional giveaways such as an ESA Program branded reusable tote. This material is in addition to incorporating cold water savings tips and conservation practices into the curriculum, and material including a new insert in the Customer Energy Education and Resource Guide addressing the drought in the state of California. In total, the new materials contribute $2.0 million to the proposed 2015-2017 budget.

These proposed enhancements will allow the In Home Energy Education component to have an even greater impact during the enrollment process, and transform Energy Education into a more valuable and coveted compmonent of the program. Not only will the new tools and material incentivize customers to participate, but will also cultivate and promote energy savings and conservation practices at a deeper level within the low income community. Given the Commissions increasing emphasis on behavioral programs in general, SoCalGas' increased efforts in this area support the goal of the ESA Program being a resource program.

In addition, the IOUs' proposed Phase 2 Energy Education Study will examine potential savings impacts of the ESA Program's In Home Energy Education on participating customers to determine if reliable and valid savings estimates are attributable to the educational component of the ESA Program. As addressed in the Testimony of Mr. Rendler, SoCalGas recognizes the

[47] Final Report of the Energy Savings Assistance Program Energy Education Research, 2013, prepared by HINER & Partners, Inc and DNV KEMA, dated October 2013.

value in the enhanced In Home Energy Education it will be providing ESA Program participants and for this reason is proposing that Energy Education be provided to all income eligible customers who do not meet the 3 Mm Rule. SoCalGas believes it is highly beneficial to leverage the provision of education to remove homes from the eligible population, this would allow for the avoidance of cost associated with continual marketing and contractor canvassing efforts. Providing Energy Education and removing the home from the eligible population would support the goal of giving every eligible customer the opportunity to participate in the ESA Program while promoting energy savings and conservation on a much grander scale, but still being mindful of program costs by limiting it to customers that meet the ESA Program's income eligibility requirements.

Training Facility

SoCalGas has included in its proposed 2015-2017 budget an incremental $184,050 for a training facility to later be identified. SoCalGas is considering leasing a turnkey facility or entering into an agreement with a training organization that would provide the facility as part of its service. As part of its efforts to standardize and coordinate service with Southern California Edison, SoCalGas will also consider pursuing a joint training facility with SCE. Such a facility would promote closer coordination in terms of unified training sessions and help to ensure that contractors and other program participants view the two IOU programs as two parts of the whole. The turnkey facility is the basis for the cost estimate and SoCalGas has assumed this relationship will begin at the start of 2015; if it begins in mid-2015, the 2015 Training Center budget would be reduced by $30,000 and if it begins at the start of 2016, the 2015 budget would be reduced by $60,000.

SoCalGas will perform training in the following subject areas:

- Enrollment & Assessment
- Energy Education
- Natural Gas Appliance Testing
- Lead safety (potentially open to everyone including customers)
- Back Office Contractor training
- Contractor Process Improvement
- Workforce Education and Training ("WE&T"), including "career ladders"

The proposed facility will promote effective delivery of these trainings by offering a convenient location, flexible scheduling options, and needed demonstration equipment and space.

Drought/Water-Related Requests

In general, SoCalGas is able to implement its planned response to the drought emergency without special changes to Commission rules (although the proposed 3MM and 10-year adjustments may potentially allow flexibility to reach particular units to the extent SoCalGas finds ways to target them as high water-saving potential customers). As described above, SoCalGas continues to build on an established water-saving portfolio, through its energy education and assessment activities including the presence of water measures on the new Energy Education Wheel, shower timer, and leak detection efforts. SoCalGas continues to build upon its water agency partnerships . SoCalGas is also proposing a new thermostatic tub spout measure with water saving potential, described in Section II.E.1.b. of this testimony.

Modification of the Minor Home Repair Cap

SoCalGas is recommending a revision to Table 6-1 in Attachment R of the P&P Manual. This table shows expenditure limits on home repairs including furnace and water heater repair and replacement . This table has not been updated and, as a result, does not reflect current market conditions. As such, SoCalGas recommends revising the figure assoicated with "Total of All Home Repairs" from $2,500 to $3,000.[48]

Approach and Design

Describe how the utility intends to approach and design its ESA Program during the 2015-2017 program years. Discuss past program accomplishments and obstacles with regard to program implementation.

SoCalGas intends to continue to deploy the elements of the program that have been effective, while introducing new design elements responsive to the Study recommendations and to the needs of the evolving program. Since 2002, SoCalGas' ESA Program has been successful

[48] SoCalGas is proposing that HE Furnaces not be subject to the cap on home repairs in Table 6-1 of the P&P Manual since the established limit for Central Furnaces would preclude installation of the HE Furnace measure due to its higher cost.

in treating over one million homes – nearly half of all eligible customers in SoCalGas' service territory -- and installing measures with annual energy savings of over 18 million therms. In order to identify and enroll these customers, SoCalGas has relied on its contractor network described at the Program Delivery section below, to perform all phases of the program from outreach and assessment through final inspection. Contractors have been assigned substantial geographic areas within which they are permitted to outreach, canvass, identify, and enroll eligible customers, allowing contractors the opportunity to become familiar with the neighborhoods and unique features of their assigned territories including housing stock and effective outreach approaches.

In its last low income assistance program application, SoCalGas proposed the creation of Customer Assistance Representative ("CAR") positions, in addition to administrative support positions, to perform customer enrollment work for the ESA Program. SoCalGas will continue utilizing a hybrid workforce, using both company employees and contractors, to enroll customers into the ESA Program. These CAR employees complement the existing contractor network in pursuing the Commission's 2020 goal. CARs are able to address customer trust issues through the identification of a SoCalGas employee. Furthermore, SoCalGas can direct CARs to focus on hard-to-reach customers, including territories that are rural and/or underserved, and to deal with unique situations when necessary.

As discussed above, fewer than 500,000 customers in SoCalGas' service territory remain eligible and willing to be treated by SoCalGas as part of the Commission's 2020 goal. Not all of these customers can be effectively reached through the same processes used to enroll the first one million. SoCalGas has identified a number of strategies including those drawn from the Study recommendations as well as efforts to coordinate more effectively with SCE, that can improve program performance in this phase of its evolution. These include:

- Multifamily strategy, described at section II.3.C.j. below, aimed at reducing barriers to enrollment of this specific segment identified in the Low Income Needs Assessment and Multifamily studies;
- Deployment of CARs targeting hard-to-reach customers, described at section II.C.1.d. below, which may alleviate trust issues that the LINA Study has found are a barrier for some customers, as well as providing an additional channel for

SoCalGas to target hard to reach customers and to gain a deeper understanding of customer issues;

- Emphasis on coordination with other IOUs including the process improvement effort with Southern California Edison described in detail at section II.C.3.c. below, in response to findings of Energy Education and Multifamily studies;
- Improved systems to streamline the identification and effective treatment of customers already visited by another utility or agency, including the data sharing tool effort with SCE described at section II.C.iii.c., below, in response to the challenges faced by overlapping utilities in identifying customers and deploying resources accordingly.

Complaint History

Describe your utility's history of any customer complaints or concerns.

SoCalGas notes customer complaints in its Home Energy Assistance Tracking ("HEAT") database[49] but does not formally maintain statistics on the number and types of complaints. In addition, SoCalGas conducts a quarterly customer satisfaction survey where respondents are asked to provide feedback – both positive and negative. The types of complaints SoCalGas receives generally fall into the following categories:

- Customer is requesting a service or measure that falls outside of the scope of the ESA Program or is not in accordance with Program policies and procedures.
- Customer did not receive all of the services they were promised or they felt they were entitled to.
- An installed measure is broken or not working properly
- Customer is requesting an electric measure, such as a refrigerator, that is only offered by an electric IOU.

In all instances, SoCalGas Program personnel will personally work with the customer to resolve their complaint to the extent possible within Program policies and procedures.

SoCalGas strives to provide the highest level of customer service in delivering its ESA Program services. In the event of a customer complaint, SoCalGas requires its contractors to

[49] The Home Energy Assessment Tracking ("HEAT") application is the primary system used to manage, process and track key aspects of SCG ESA Program operations from customer lead generation to contractor payment and is the central repository of customer information and Program activity.

contact the customer within 24 hours of notification of a complaint and to resolve the complaint within 10 days. SoCalGas ESA Program Staff manages the process and works with contractors to resolve customer complaints.

Program Delivery

Describe your utility's use of CBOs, private contractors, third parties, etc.;

SoCalGas utilizes CBOs and private contractors to provide program services, including enrollment and assessment, HVAC, weatherization, and inspection services, among others. SoCalGas will continue to promote the growth of a trained workforce through its Contractor Network. SoCalGas provides an array of training including initial enrollment and assessment, NGAT, various refresher training, and HEAT database training all designed to provide thorough and technical training to its ESA Program workforce. While all training courses relay the importance of the utility-specific requirements and expectations for customer interactions to participants, each course supports the development of expert ESA Program knowledge at all levels and stages, from front line to back office, and from newly hired to tenured personnel. During PYs 2012-2014, SoCalGas sponsored "Best Practices for Back Office Administrative Support" to assist contractors in addressing administrative challenges in meeting program requirements.

SoCalGas will continue to offer refresher trainings to Outreach Specialists throughout its Contractor Network to address changes in policies and procedures and program updates, while enhancing their energy education and program knowledge to better serve and enroll customers into the ESA Program. SoCalGas will also use the results of its Outreach Specialist Focus Group, discussed further at section II.C.3 below, to understand the barriers related to enrolling customers into the program and enhance training to address the barriers and increase customer enrollments in the ESA Program.

SoCalGas will continue to provide training to installation and HVAC crews to advance their technical aptitude, while NGAT trainings offer installation crews opportunities to diversify their skills in basic HVAC practices.

SoCalGas will continue to offer HEAT database and general administration training to its Contractor Network dispersed throughout its service territory. During PYs 2012-2014, this training provided contractor office staff with the skills to improve the quality of the required

documentation submitted. SoCalGas will continue to emphasize its support for all contractor personnel, including office staff, contributing to contractor growth and skill building by offering additional trainings designed to build new skills.

In addition, SoCalGas plans to continue to employ a combination of CBOs and private contractors to deliver Program services. This strategy provides the greatest opportunity to effectively address the diverse customer base in SoCalGas' expansive service territory. In 2013, SoCalGas utilized 43 contractors to provide program services of which 18 were CBOs, 26 were registered as WMDBVE agencies and 10 were local service providers for CSD offering LIHEAP services.

In addition to CBOs and private contractors, in 2014 SoCalGas hired its intial group of CARs positions and support staff that will be enrolling customers for the ESA Program. As SoCalGas employees, CARs are able to address the hard to reach population and overcome trust issues. They are an added resource for the Program in creating additional opportunities for SoCalGas' contractors to provide measures to qualified customers.

SoCalGas continues to have a strong commitment to Women, Minority and Service-Disabled Veteran Business Enterprises ("WMDVBE") participation and reporting through its Contractor Network. In 2013, SoCalGas' ESA Program achieved a 59% spend with WBDVBE's. SoCalGas will continue to work with its Contractor Network to ensure continued commitment to WMDVBE spend by establishing formal goals in its ESA Program service agreements.

Portfolio composition

Describe your utility's mix of measures and proposed new measures. Include potential alternatives to mitigate challenges faced by single fuel utilities, such as customer reliance on natural gas or propane or similar barriers to ESA Program participation; and

Please refer to Section E.1, Overall Portfolio Composition, for a description of SoCalGas mix of measurers and proposed new measures.

Leveraging

Describe your utility's coordination activities with other utility programs and other entities to increase efficiency and ensure eligible homes are afforded an opportunity to participate in the ESA Program.

D.08-11-031 defined program leveraging as "an IOU's effort to coordinate its LIEE (Low Income Energy Assistance) programs with programs outside the IOU that serve low income customers, including programs offered by the public, private, non-profit or for-profit, local, state, and federal government sectors that result in energy efficiency measure installations in low income households."[50] Below is description of current and anticipated leveraging partnerships. SoCalGas recognizes the benefits and efficiencies that are gained through program leveraging, and in the upcoming program years will work to maintain existing partnerships and seek new collaborative opportunities with outside organizations. In PYs 2012 - 2014, SoCalGas participated in a leveraging pilot with CSD. In particular, SoCalGas supported marketing to ESA Program customers eligible for a no-cost solar water heater through CSD's low-income program. Solar water heaters were, and may continue to be an area for leveraging offerings to low-income ESA Program customers. This pilot is also discussed in Section 3..l.1, below.

SoCalGas has partnerships to leverage the installation and co-fund the cost of water measures with these water parties: Eastern Municipal Water District, Park Water Company, Fontana Water Company, San Gabriel Valley Water Company, and Irvine Ranch Water District. SoCalGas works will continue to seek additional partnerships with water organizations.

In PY2013, SoCalGas implemented an agreement with Riverside Public Utilities ("RPU") that allowed customers residing in the two utilities' overlapping service territories to benefit from both the SoCalGas and RPU low income program offerings during the same visit. SoCalGas partners with RPU to install a comprehensive mix of measures offered in the ESA Program and to deliver additional RPU electric measures to eligible customers. SoCalGas is also celebrating a two year partnership with LADWP with leveraging EE programs. SoCalGas is in the early stages of an agreement to leverage LADWP support of multifamily energy efficiency measures through the ESA Program. In PYs 2015-2017, SoCalGas looks to carry-out joint multifamily offerings through the ESA Program to shared LADWP customers.

2. Marketing, Education and Outreach

SoCalGas will continue using bill inserts, direct mail and self-mailer lead forms, automated voice messaging ("AVM"), email campaigns, participating in community events, the whole neighborhood approach ("WNA"), mass media, and web campaigns to extend awareness

[50] D.08-11-031, at p.130.

and participation in the low-income programs. SoCalGas marketing and outreach also uses ethnic owned media to reach local communities, and to communicate in language with customers. In 2015-2017 ESA Program outreach will continue to condust outreach to customers with disabilities by working with CBOs and attending special events. SoCalGas promotes the ESA Program's energy savings opportunities, and the health comfort and safety benefits of the program.[51]

As recommended by the LINA Study, the ESA program will continue a multiple touchpoint approach to impress upon customers the value of participation in the program. SoCalGas may use a combination of campaigns, for example deploying AVMs, direct mails, with door-to-door canvassing resulting from customer leads. According to the LINA Study, the low income programs should continue past successful approaches that have led to higher penetration rates among many hard-to-reach segments. Indeed, SoCalGas will also build upon tactics for "hard-to-reach" customers, who are typically more difficult to reach due to physical disabilities, visual or hearing impairments, or with Limited English Proficiency ("LEP"). To meet these objectives, SoCalGas will continue to leverage relationships with organizations that serve the disabled community and work directly with grassroots organizations. SoCalGas believes employment of past successful strategies, and expanding new community partnerships will support low-income customer enrollment inthe ESA Program (as well as the CARE Program). Specific customer groups, including renters, Veterans, undocumented residents, and native tribes are discussed in more detail below.

Renters

Discuss program marketing and outreach improvements that will assist with easier enrollment for renters, particularly thoseliving in Single Family homes that have identified barriers with enrollment such as landlord approvals and completed Property Owner Waivers.

A key challenge with enrolling renters in the ESA Program is gaining property owner waivers. Renters may not feel comfortable asking property owners for permission to receive energy saving upgrades. Also, some property owners or authorized representatives are difficult for contractors to locate. To address this hurdle and increase renter participation, including single family renters, SoCalGas is proposes to leave behind pre-paid postcards from SoCalGas

[51] LINA 12, Volume I:Exec Summary, at Section 3

about the property improvement benefits of the ESA Program, which renters can address and forward to the property owners or authorized representatives. This would allow customers who are unsure that their landlord will allow them to participate to easily send information to property owners and let the them decide if they are interested in the program. The postcard will provide educational information to the property owners about the benefits of the ESA Program, including opportunities to save money and energy for both the tenants and the property owners. If property owners are interested, they would directly reach the contractor with contact information stamped on the card. The ESA Program marketing and outreach budget is discussed in Section K of this testimony.

Rural Population

> *Identify specific underserved rural areas (by ZIP code or county, tribal area, or other appropriate area considering climate and population) in your utility's service area. Discuss what new strategies your utility will employ to better target and enroll those households in the ESA Program. Also, identify the strategies to be carried out in each county, zip code, tribal area, or identified area, if they vary. Consider coordination with California and Federal LifeLine providers offering service in those areas, tribal Governments, local governments, CBOs, and others when developing your marketing and outreach strategies.*

The ESA Program will target marketing to multifamily buildings by using Rural Development Multifamily Rental lists published by the United States Department of Agriculture. Other multifamily property databases are discussed in the multifamily section of this testimony. The rural development multifamily lists include a number of moderate income properties that exceed ESA Program income limits. However, there may be customers that meet low-income program income eligibility guidelines, and SoCalGas believes that these dwellings are opportunities to raise awareness of the ESA Program.

The rural areas of Imperial, Kern, Kings, Riverside, San Luis Obispo, and Tulare counties show low ESA Program penetration rates combined with eligible local populations over 10,000. These could otherwise be described as low penetration and high opportunity areas.

In PY2012–2014, SoCalGas conducted marketing and outreach campaigns in rural areas to gain ESA Program participation. For example, through the Kern Energy Watch and Valley Innovative Energy Watch Partnerships in the Central Valley, SoCalGas' partnership groups are

engaging ESA Program contractors to support rural areas with program interest sign-up events. In 2014, joint SoCalGas' and PG&E's ESA Program contractors participated in events where they work directly with customers. These events bring enrollment contractors and customers together in rural areas, such as Kettle City, Kern County, Alpaugh, Tulare, and Kern County's Derby Acres.

Rural areas are hard to reach due to lower densities and greater distances between homes. Imperial County is of particular importance because it is nearly 100% rural, and is also under-penetrated in ESA Program enrollment (in addition to CARE). In addition, Imperial County has a high LEP population (21.5% of households do not have a member over the age of 14 who speak English "very well").[52] In the section directly following, Section 2c, it is also noted that Imperial County has relatively high poverty. In PY2015-2017, ESA Program marketing and outreach will continue to target CARE customers that are not enrolled in the ESA Program, and leverage CARE's grassroots marketing campaigns. Furthermore, the ESA Program will continue to work with enrollment and assessment contractors at events, so that they may generate and respond to leads more promptly.

The ESA Program will take advantage of CARE success rates in rural areas for Riverside, Tulare, Kings, and Kern counties. Rural areas of Tulare, Kings, and Kern counties have CARE penetration rates of over 95%. Again, SoCalGas targets its CARE customers that are not yet enrolled in the ESA Program for enrollment. Marketing and Outreach methods utilize multiple touch points of email, AVM, direct mail, and local events. SoCalGas will continue these methods to reach customers, and plans to build on existing and gain new partnerships with Veterans organizations, Tribal TANF administrators, and Volunteer Income Tax Assitance ("VITA") programs to reach more customers. Furthermore, SoCalGas looks forward to collaborative efforts with other IOUs to identify rural outreach leveraging opportunities.

[52] U.S. Census Bureau; American Community Survey 1-Year Estimates, Table S1602 Limited English Speaking Households; using American FactFinder; <http://factfinder2.census.gov; (13 October 2014).

Table 10: ESA Program Rural Populations[53]

County	Eligible	Treated	Pentration	Remaining Eligible
Fresno	15	147	>100%	<0
Imperial	19,914	242	1%	19,672
Kern	28,660	2,235	8%	26,425
Kings	14,497	1,254	9%	13,243
Los Angeles	2,986	264	9%	2,722
Orange	10	0	0%	10
Riverside	143,956	985	1%	142,971
San Bernardino	986	121	12%	865
San Luis Obispo	15,296	589	4%	14,707
Santa Barbara	1,460	440	30%	1,020
Tulare	49,776	2,729	5%	47,047
Ventura	2,568	264	10%	2,304
Total	280,126	9,270	3%	270,856

Above, SoCalGas outlines strategies to reach rural customers and increase ESA Program participation in these areas. However, it is anticipated that alternate fuel sources in rural areas will continue to be a barrier to participation. This is because in rural areas customers may not be connected to natural gas service. As noted by the US Department of Energy, in a description of heating sources in California Homes, "… many rural homes do not have natural gas pipelines nearby, so they heat with other sources such as electricity, propane, heating oil, and increasingly, solar energy."[54] Notwithstanding, SoCalGas is committed to increasing its ESA Program penetration in rural areas among its willing and eligible customers.

High Poverty Areas

Identify the very high poverty areas within your service territory that have low rates of participation in the ESA Program (by ZIP code or county, tribal area, or other identified area), and discuss what new strategies your utility will employ to increase ESA Program participation. Consider coordination with California and Federal LifeLine providers offering service in those areas, with CBOs, consultation with tribal

[53] This table is derived from SoCalGas' Low Income August 2014 Monthly Report, ESA Table 4a.
[54] US Department of Energy, "California Residential Energy Consumption", http://apps1.eere.energy.gov/states/residential.cfm/state=CA, retrieved on October 27, 2014.

Governments, and with local government agencies in those areas, when developing your marketing and outreach strategies.

Five of the twelve counties SoCalGas serves have poverty rates over 20%.[55] These counties are Tulare, Imperial, Fresno, Kern, and Kings.

Table 11 below is a ranking of poverty rates in the 12 counties SoCalGas serves.

Table 11: Persons Below Poverty Level in SoCalGas Counties

County	Persons Below Poverty Level (2008-2012)
Tulare	24.80%
Fresno	24.80%
Imperial	23.00%
Kern	22.50%
Kings	20.70%
San Bernardino	17.60%
Los Angeles	17.10%
Riverside	15.60%
Santa Barbara	15.30%
SLO	13.70%
Orange	11.70%
Ventura	10.30%

As noted in the rural population discussion above, marketing and outreach to the rural areas of Tulare, Kings and Kern counties will leverage higher CARE penetration rates, and target customers that have not yet enrolled in the ESA Program. In the central valley (Fresno, Kings, Tulare, Kern counties), SoCalGas will grow on-going Spanish-language radio ads, on-air interviews, presence at events, and lunchtime events during farmworker lunch breaks to maintain awareness and credibility within the community. Rural Imperial County has both low ESA Program and CARE penetration rates. SoCalGas will make outreach to Imperial County a priority, and employ multiple media campaigns, coordinated with CARE marketing, to reinforce enrollment messaging to eligible customers. Fresno's eligible rural customers are are at an over 100% ESA Program penetration rate[56]. However in urban areas of Fresno where there are over 10,000 estimated eligible ESA Program customers, SoCalGas plans to leverage CARE's high

[55] QuickFacts from the US Census Bureau on Fresno, Imperial, Kern, Kings, Los Angeles, Orange, Riverside, San Berardino, San Luis Obispo, Santa Barbara, Tulare, and Ventura County, retrieved on November 3, 2014 from http://quickfacts.census.gov/qfd/index.html.
[56] SoCalGas Low Income Program August 2014 Monthly Report ESA Table 4a.

penetration rate of urban and rural customers in Fresno (over 100%) and conduct ESA Program outreach to Fresno's CARE customers.

Transiency in the Low -Income Population

As outlined in the Multifamily Segment Study and echoed in other studies, a large component of California's low-income population is transient, particularly those low-income Californians residing in multifamily housing. Discuss what systems your utility can use to flag and follow past ESA Program participants as they relocate, if they remain income eligible.

When a SoCalGas CARE customer stops service at one address and starts service at a new address, the CARE discount is automatically transferred to the new address. SoCalGas performs outreach to these customers to enroll them into the ESA Program. This is consistent with the LINA Study recommendation to target households that re-enroll in CARE,[57] SoCalGas will promote the ESA Program to recently moved CARE customers. This may increase participation numbers among highly transient populations (such as renters).

In 2015-2017, SoCalGas will work to outreach directly to new low-to-moderate income homeowners through home buying programs that work to increase home ownership opportunities. SoCalGas will use organizations in local communities to build trust, and allow income qualified new homeowners to receive energy efficient measure with no capital investment.

Non-Transient CARE Population and ESA Program Participation

While a high transiency rate is observed for part of the low-income population, Commission staff has analyzed CARE program data that indicates that a large proportion of enrolled CARE customers have lived at their current address (and same energy meter/account) for over four years and have never participated in the ESA Program. What is your utility's plan to ensure that this specific CARE customer segment participates in the ESA Program to both reduce their energy burden, energy consumption, and their subsequent CARE subsidy impact?

SoCalGas targets ESA Program marketing and outreach to CARE customers who have not participated in the ESA Program. For customers who have been on the CARE rate for over 4 years and have not participated in the ESA Program, SoCalGas believes these customers would have already been marketed to through the existing targeted outreach noted above.

[57] LINA Study, Volume I, at p. viii.

Brand Identity

The 2013 Low Income Needs Assessment study reported that few customers knew of the ESA Program by its name or acronym, whereas there is much more widespread awareness of the CARE Program. This lack of ESA Program name recognition was true even of those customers who had participated previously or had recently had contact with the program. The study makes the recommendations to link ESA marketing consistently with existing outreach efforts for CARE whenever that is not already done and establish a clearer identity and brand for the ESA Program. Describe your utility's response to these two recommendations and propose how these two recommendations could best be implemented amongst the four IOUs, at a minimum employing the examples provided in the study.

The IOUs and the Commission have already expended significant resources in developing the existing Energy Savings Assistance Program brand. SoCalGas does not recommend spending incremental marketing and outreach funds to address the recommendation from the 2013 Low Income Needs Assessment that the program should consider establishing a clearer identity and brand for the ESA Program, as it would not be a prudent use of ratepayer funds to expend additional resources for this effort. Rather, the Statewide ME&O administrator, the Center for Sustainable Energy, should devote its budget to activities that may further familiarity, awareness, and action to contact IOUs and participate in the programs.

With respect to its local marketing and outreach, SoCalGas plans to expand ESA Program awareness in the following ways.

- CARE and ESA Program co-marketing: SoCalGas already integrates marketing and outreach between the CARE and ESA Programs. For example, events are typically co-sponsored, and there are joint collateral pieces for both programs (e.g. service order brochures, certain bill inserts, and customer assistance program brochures). To further leverage the CARE brand, in PYs 2015 – 2017, SoCalGas plans to use CARE recognition to hook customers in hearing about the ESA Program in AVM campaigns
- Branded Materials: In addition to other branded materials, SoCalGas plans to increase ESA Program brand recognition by branding the new shower timer provided during the energy education portion of the enrollment process. Branded materials stay with customers, and will remind them of the program and its

conservation benefits.

- Decal Stickers: Lastly, SoCalGas plans to create conversation around the program by leaving ESA Program decals with participants. These leave behind program participation stickers are for customers to display on their windows, or younger household members may place them on notebooks, or others may display them on an appliance. Stickers can also be used for outreach events at schools, where SoCalGas can raise awareness and interest in the brand, while simultaneously connecting to the audience by highlighting school colors in the logos background[58].
- SoCalGas conducts annual mass media campaigns for the ESA Program. In PYs 2012 – 2014, SoCalGas' local campaigns focused on building customer trust of program contractors, with the theme "your own team of contractors." In 2015-2017, SoCalGas plans to extend local mass media campaigns to Asian language speaking demographics, such as Chinese, Korean, Vietnamese. This in-language effort is aimed to increase program and brand awareness to Asian language speakers.

Additional Items

a. Plans for Improving Enrollment

Describe all current and suggested Marketing, Education and Outreach methods, including all efforts to coordinate with California and federal LifeLine providers in the utility's service territory and any water utilities and water districts in the utility's service territory, CBO, tribal Government, and local government and business partnerships to improve ESA enrollment, and include the estimated costs.

SoCalGas will continue to employ marketing and outreach plans for its ESA Program that have proven to work over past program cycles including: targeted direct mail, AVM campaigns, door-to-door canvassing, WNA, email campaigns, mobile and social media ads, out-of-home messaging, integration with other SoCalGas programs, leveraging with CBOs, and promoting programs at community events. In addition to retaining successful marketing and outreach tactics, SoCalGas plans to implement new program elements and strategies. Overall,

[58] Branding will follow the Energy Savings Assistance Program brand standards.

SoCalGas has developed marketing and outreach plans to meet proposed ESA Program annual goals of 110,000 units. For ESA Program marketing and outreach budget detail, see Section K "ESA Program Budgets".

Several new initiatives are described as ways to encourage participation and allow for greater customer enrollment opportunities.

- Customer Trust:

Customer trust can be an obstacle for both the ESA and CARE Programs. As recommended in the LINA Study, SoCalGas' ESA Program will continue coordinating with community organizations and contracting with them to conduct outreach to overcome barriers related to lack of trust in contractors.[59]

Furthermore, SoCalGas would like to enhance partnerships with advocacy organizations that serve undocumented residents, and to increase trust in the community. SoCalGas believes that some customers may be concerned about their citizenship status, and that participation in the ESA or CARE Program could make them vulnerable to immigration policing. For instance, an article in the Los Angeles Daily Times on CalFresh, a categorical program, quotes CalFresh Chief of Operations stating "Many families continue to fear that they will lose their immigration status or have to repay the benefits, or be subject to deportation or ineligibility for U.S. citizenship…This is simply not true."[60] However, SoCalGas does not take part in matters relating to immigration.

In a February 2013 Fact Sheet, the Public Policy Institute of California ("PPIC") reported that "Los Angeles County has the highest number of undocumented residents (nearly 900,000) of any area in the state, followed by Orange County (nearly 300,000)."[61] It was also reported that, just within two of the twelve counties that SoCalGas serves, there are over 1.2 million undocumented residents, in total the estimated population for all twelve counties is 1.78 million.[62] Furthermore, in a report by the Center for Study of Immigrant Integration, there is a profile of Californians showing that undocumented full time workers have median incomes of

[59] LINA Study, Volume 1, at Section 3-20.
[60] Villacorte, C. (2013, June 15). Nearly half of those eligible for food stamps refuse benefits. Los Angeles Daily News. Retrieved from http://www.dailynews.com/general-news/20130616/nearly-half-of-those-eligible-for-food-stamps-refuse-benefits.
[61] Hayes, J., & Hill, L. (2013). Undocumented Immigrants. Just the Facts. Retrieved from http://www.ppic.org/content/pubs/jtf/JTF_UndocumentedImmigrantsJTF.pdf.
[62] Hayes, J., & Hill, L. (2013). Undocumented Immigrants. Just the Facts. Retrieved from http://www.ppic.org/content/pubs/jtf/JTF_UndocumentedImmigrantsJTF.pdf.

$20,760, where US Born full time workers make $56,736.[63] SoCalGas seeks to improve communications and outreach clarifying that Low-Income Programs are available to all customers. Given that undocumented immigrants could be difficult to identify directly, SoCalGas is planning to conduct in depth interviews with advocacy organizations to solicit feedback on ways to increase enrollment participation among eligible customers within this community. The cost to conduct in-depth interviews (up to 24 interviews with immigration advocates) and initial testing of communication meesages will be approximately $20,000.[64] By conducting in-depth interviews with immigration advocates, SoCalGas will survey low-income program participation barriers and recommendations to to improve communication and gain trust of eligible low-income customers who may otherwise not apply due to their immigration status. Early testing and implementation of communication recommendations will include a series of direct mail and/or emails that track the success of unique messages that address undocumented customer enrollment barriers.

This plan to work with advocacy groups who support undocumented residents in 2015-2017 builds on existing outreach that SoCalGas conducts. For example, SoCalGas currently conducts ongoing Spanish-language radio ads, on-air interviews, and holds lunchtime events for farmworker lunch breaks that are broadcasted on Spanish-language radio to maintain awareness and credibility with the community. Spanish language and Asian language communications and outreach is an important part of reaching undocumented residents given our customers' various countries of origin and language preferences. In addition to in-language marketing materials, SoCalGas currently works with a non-profit organization to educate limited literacy LEP customers about low-income programs.

- Increase Collaboration and Leveraging with Veterans Service Providers:

SoCalGas plans to increase efforts to develop opportunities to work with Veterans service providers. In 2012-2014, SoCalGas started to make inroads by making presentations to local Veteran support groups to raise awareness on the company's customer assistance programs.

[63] Marcelli E., & Pastor, M. (2013). What's at stake for the state: Undocumented Californians, immigration reform, and our future together. Retrieved from http://dornsife.usc.edu/assets/sites/731/docs/whats_at_stake_for_the_state.pdf.
[64] $20,000 is for CARE costs, total $40,00 cost will be shared between the CARE and ESA Program.

Given the many local organizations serving this population,[65] SoCalGas' low-income programs have a great opportunity to grow relationships with Federal, State, and/or County Veterans Affairs Offices and to leverage Veterans benefits counselors.

Also, SoCalGas is exploring working with Veterans Affairs Supportive Housing ("VASH") programs to raise customer awareness of the CARE and ESA Programs. According to the US Department of Housing and Urban Development ("HUD"), "the HUD-Veterans Affairs Supportive Housing ("HUD-VASH") program combines Housing Choice Voucher ("HCV") rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs ("VA"). VA provides these services for participating Veterans at VA medical centers ("VAMCs") and community-based outreach clinics."[66] Furthermore, the VA awards Supportive Services for Veteran Families ("SSVF") funding to private non-profit organizations and consumer cooperatives who can provide supportive services to very low-income Veteran families living in or transitioning to permanent housing.[67] There are an estimated 1,700,000 Veterans living in the twelve counties that SoCalGas serves,[68] an estimated 4,585 Veterans and families to be served through local SSVF programs, and approximately 5,575 VASH vouchers[69] in and around the SoCalGas service territory.

Engagement with Veteran Administration centers will support the Commission directive to increase outreach and enrollment to customers with disabilities, as many Veterans acquire health related disabilities. According to VA statistics, approximately 43% of total VA enrollees

[65] Local Veterans Administrations (West Los Angeles, Loma Linda, Long Beach), County Departments of Military and Veteran Affairs, University of Southern California's LA Veterans Collaborative, City of Los Angeles 10,000 Strong, local Goodwill Veteran Services, and more.
[66] US Department of Housing and Urban Development, *Overview*, retreived from http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/vash.
[67] US Department of Veteran Affairs, *Supportive Services for Veteran Families Program* retrieved from http://www.va.gov/homeless/ssvf.asp.
[68] National Center for Veterans Analysis and Statistics. (2011). Table 9L: VetPop2011 County-Level Veteran Population by State, 2010-2040. Retrieved from http://www.va.gov/vetdata/Veteran_Population.asp.
[69] US Department of Housing and Urban Development. HUD VASH sites 2008 – 2014 [Excel document]. Retreived from http://portal.hud.gov/hudportal/HUD?src=/program_offices/public_indian_housing/programs/hcv/vash.

receive disability compensation.[70] In 2013, out of SoCalGas' ESA Program's participants, 14% were identified as having a disability or being a vulnerable customer. SoCalGas seeks to meet the 15% goal to serve eligible customers with disabilities through the ESA Program.

- Expand CBO Partnerships:

SoCalGas aims to raise awareness of opportunities to collaborate among The Internal Revenue Services' ("IRS") VITA[71] program. The VITA program offers free tax preparation services to those who qualify, and SoCalGas' Low-Income Programs hope to use local CBOs providing VITA as a way to identify income qualified customers, as they prepare their tax returns with income documentation in hand. SoCalGas plans to work with nine VITA Programs in Los Angeles, Orange, and Imperial Counties where there is estimated to be over 1.3 million eligible ESA Program customers[72].

This marketing and outreach proposal is in line with expanded grassroots efforts to raise low-income program awareness in local communities. The cornerstones of the ESA and CARE Programs are income qualification, and SoCalGas wants to ensure that income eligible customers are strategically targeted. Given the income guidelines for the VITA program, as the Middle Income Direct Install ("MIDI") Program[73] grows, SoCalGas may integrate MIDI in the proposed utilization of VITA providers for community based outreach services. SoCalGas already partners with outside organizations serving low-income customers to reach potential ESA Program and CARE Customers, and VITA is a vehicle to increase 2015-2017 qualified enrollments. SoCalGas will continue to engage CBOs to build trust with customers in the community. SoCalGas will phase in the use of VITA organizations, starting with VITA organizations in our hard to reach, underpenetrated, or highly eligible counties.

Table 12 below contains new community-based marketing strategies to target undocumented, veterans, and tax-assisted clients in the SoCalGas service territory.

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[70] National Center for Veterans Analysis and Statistics. (2014). Department of Veterans Affairs Statistics at a Glance [PDF document]. Retrieved from http://www.va.gov/vetdata/docs/Quickfacts/Homepage_slideshow_06_30_14.pdf.

[71] VITA program offers free tax help to people who generally make $52,000 or less, persons with disabilities, and the elderly and limited English speaking taxpayers who need assistance in preparing their own tax returns. IRS-certified volunteers provide free basic income tax return preparation with electronic filing to qualified individuals.

[72] See SoCalGas' August 2014 Low Income Program monthly report, ESA Program Table 4a.

[73] SoCalGas' Energy Efficiency administers the Middle Income Direct Install Program, which utilizes ESA Program infrastructures to increase integration between programs.

Table 12 Summary of New Community Based Marketing Strategies

Targeted Community	Estimated Population	Strategy to Increase Enrollments
Undocumented Residents	1,780,000 total population[74]	SoCalGas plans to work with local immigration advocacy organizations to develop tailored messaging to this community to reassure that SoCalGas and the CARE program do not get involved in immigration issues.
Veterans	5,575 VASH vouchers within and around SoCalGas' Service Territory. Estimated 4,585 Veteran Famiiles to be served through SSVF.	SoCalGas will deliver CARE and ESA Program information to the Veteran Community, leveraging Federal, state, local agencies and community based organizations.
Tax Assistance Clients in Imperial, Los Angeles, and Orange Counties.	1.3 million ESA Program eligible and unenrolled in the 3 counties.[75]	There VITA organizations in and around 3 of the 7 CARE underpenetrated counties discussed in Section 3 of this testimony. One of the counties, Imperial County, is almost 100% rural. SoCalGas will leverage the CBO network in Los Angeles, Orange, and Imperial counties to gain customer referrals to CARE. SoCalGas will offer self-mailer CARE applications and training to staff.

- Tribal Targeted Outreach: SoCalGas will continue to grow outreach to Native Tribes, and to communicate residential energy efficiency opportunities with the ESA Program. Currently, SoCalGas counts Tribal TANF as a categorical program for income eligibility. In 2014, SoCalGas attended a statewide Tribal TANF Administrators meeting to review the CARE and ESA Program with attendees. In the future, SoCalGas will continue to review program information with Tribal TANF staff.

[74] This number may not perfectly reflect the eligible population, as program eligible population is based on households that may have multiple members.
[75] This number was calculated from SoCalGas' August 2014 monthly report ESA Program Table 4a (eligible and enrolled customer information for Los Angeles, Orange, and Imperial Counties).

- Whole Neighbohood Approach:

  SoCalGas plans to retain the use of WNA targeted outreach for customer enrollments. Over the years, SoCalGas has been using Zip-7 codes (the five-digit postal zip code plus the first two digits of the four-digit zip code extension) to target enrollment in neighborhoods with a likelihood of high concentrations of eligible customers. This methodology provides a greater level of detail on a neighborhood than traditional five-digit zip codes. SoCalGas uses 200% of the federal poverty level ("FPL") as a factor to calculate the "estimated eligible" population in each Zip-7 area. SoCalGas extracts Zip-7 codes to identify smaller areas to target, and then uses this data to create refined canvass lists for contractors.[76] Zip-7 codes also represent the highest level of detail included in the demographic information provided to SoCalGas by Athens Research.[77] WNA canvassing lists also utilize PRIZM codes, a data source that allows contractors to better determine the likelihood of a particular household's potential eligibility for participation in the ESA Program based on market characteristics. Certain PRIZM codes allow contractors to enroll customers through income self certification.

In addition to continuing WNA outreach and the use of self certification PRIZM codes, SoCalGas plans to augment WNA methodology to include targeting through census data. D. 08-11-031 allows the ESA Program to offer targeted self certification in areas where 80% of the customers are at or below 200% of the federal poverty line.[78] SoCalGas plans to use census data to target geographic areas[79] where customers can enroll in the ESA Program through self-certification. D.12-08-044 restated the continuation of self certification in these areas.[80] SoCalGas plans to identify these areas based on census data and develop WNA canvassing lists

[76] PRIZM codes are a set of area-based customer segmentation data widely used for marketing purposes in the United States. The data consists of demographic clusters that categorize every U.S. household into a segment. These segments were developed in part from the analysis of U.S. census data, and categorize U.S. consumers into 14 distinct groups and 66 segments. The segments help marketers tailor content to consumers' needs and consider a variety of factors, including income, preferences, lifestyles and purchasing behaviors.

[77] Athens Research is a contractor that develops large and small area estimates of demographic eligibility on behalf of all the IOUs.

[78] D.08-11-031, at OP 6.

[79] Geographic areas where 80% of the customers are at or below 200% of the federal poverty line.

[80] D.12-08-044, Section 8.8, at p. 309.

based on contiguous areas with concentrated self certification customers.

Coordination Between the ESA and Lifeline Programs

D.14-01-036 allows low-income customers to receive subsidized wireless service through the California Lifeline Program. In what ways can this new opportunity be leveraged to market the ESA Program, improve outreach to enroll eligible households, and enhance existing PEV and re-certification processes during the upcoming 2015-2017 program cycle and beyond? Be specific in your response to the above and include opportunities for data sharing to support inter-program coordination. In particular, address how smart phones can be used to facilitate customer education/outreach, and income verification.

The California Lifeline Program makes phone service more accessible to low income customers. Currently Lifeline offers discounted landline and cellural phone services to income qualified customers. When low-income customers are connected to traditional phone service, it is easier for SoCalGas to reach them and share information about energy utility programs and services through automated voice messaging campaigns. For example, in PY2012–2014, SoCalGas used automated voice messaging campaigns to reach low-income customers and shared information about both CARE and the ESA Program.

As low-income customers become increasingly connected via cell phones, with the opportunity to have mobile web access, SoCalGas has better opportunities to communicate with CARE and ESA Program eligible customers. For example, in 2013[81], SoCalGas launched a mobile communications campaign in English and Spanish to promote and enroll customers in the ESA Program. SoCalGas employed an ethnic-owned media company to deploy the campaign to the Hispanic customer segment. The PY2013 mobile campaign ran for eight weeks between September 30th through November 25th, and allowed customers the ability to express interest in the ESA Program online through their mobile phones and receive follow-up information.

SoCalGas plans to work with California Lifeline providers to identify ways to share information about CARE and the ESA Program. For example, SoCalGas has recently begun and will continue to expand conducting joint-outreach events with Lifeline service providers. Furthermore, SoCalGas will also explore ways to leave materials at physical store locations. Additionally, SoCalGas plans to make the online CARE application mobile friendly, and to include access to CARE information through the SoCalGas mobile "app." SoCalGas anticipates

[81] SoCalGas 2013 Low Income Program Annual Report, at p. 19.

a growing population of low-income cell phone customers with mobile web access. Therefore in 2015-2017 SoCalGas plans to continue to utilize mobile campaigns to promote CARE and the ESA Program.

Plans for Meeting Participation Goals

Discuss how Marketing, Education and Outreach efforts will result in meeting program participation goals including any specific population sectors or segments.

In 2013, SoCalGas enrolled 106,948 ESA Program customers. To reach the proposed goal of 110,000 treated homes per year, SoCalGas must serve an additional 3,052 customers. As PY2020 approaches, it is becoming more difficult for SoCalGas to find eligible and willing customers to participate in the ESA Program. To meet the proposed 110,000 treated homes per year target, SoCalGas plans to:

- Expand its outreach to target Veterans, undocumented residents, and believes that through these efforts it will see additional enrollments. Veterans organizations, through the VASH program, will help the CARE and ESA Program reach formerly homeless Veterans. Furthermore, SoCalGas hopes to work with agencies that use housing and benefits caseworkers to gain additional low-income program referrals. Lastly, through work with an expanded network of Veterans organizations, SoCalGas plans to reach Veterans with disabilities.
- Improve communication to undocumented residents in California. This effort will also expand on LEP communications, as the highest population of undocumented residents are from Spanish and Asian language speaking countries. SoCalGas currently works with a local non-profit to teach limited literacy LEP customers about its low-income Programs. SoCalGas' plan to do research on communication barriers to gain customer trust among undocumented resident.
- Work with VITA organizations in targeted underenrolled counties. Given that when low-income customers receive tax assistance they will have copies of their income documentation, SoCalGas believes this would be a good opportunity to let customers know that they may qualify for the CARE and ESA Program.
- Grow partnerships with Tribal TANF administraters to increase enrollements. There were six Tribal TANF categorical program enrollments in the ESA

Program, and SoCalGas believes that there are opportunities to increase these categorical enrollments.

- Expand the multifamily program and use of the Single Point of Contact method and multifamily tailored messaging to appeal to property owers and managers participation in the ESA Program, and other EE programs. This is expanded on in subsequent sections of testimony.
- Develop tools for renters to conveniently share information about the program to their landlords, or property managers. Specifically, SoCalGas plans to leave customers with a postcard program referral to property owners.
- Increase awareness of the ESA Program through program branding initiatives, so that it is easy for people to recognize the program, and potentially increase word of mouth referals to the program. In 2013, marketing and outreach including program referrals from neighbors, friends and relatives, accounted for over 4,000 enrollments.
- Use the whole neighborhood approach to target ESA Program self-certification eligible geographic areas. The whole neighborhood approach currently leverages eligibility factors and PRIZM codes to segment enrollment area targets. SoCalGas plans to introduce census data to this enrollment approach to streamline enrollments through geographic contiguity.
- SoCalGas plans to continue marketing and outreach efforts to promote ESA Program to identified eligible customers through past and existing marketing tactics including; direct mailers, automated voice messaging, email blast to new CARE enrollments and door to door canvassing through contractors and community based organizations. Although these marketing and outreach methods have been proven to work over the past program years, going forward SoCalGas plans to implement tailored messaging and to test tactics to increase participant response rates. For example, SoCalGas recently reworded the direct mailer letter controlling the customers "call to action" directing only to contact listed ESA Program contractor, information to visit website was removed. The particular campaign had a success rate of 22% with customer contacting the contractor whereas previous direct mailer campaigns were below 10% return rate. Another

area of focus to increase participation is segmentation on the hard to reach described as rural, senior, and limited English proficiency customers, customers with disability and low penetration areas. For example, ESA Program quarterly study indicates only 5% of participants in the ESA Program are of Asian descent while Asian makes up 11% of SoCalGas Territory Market. To increase participants in the Asian community SoCalGas plans to coordinate directly with Asian organizations, for example Thai Community Development Center whom oversees buildings that provide housing for seniors in the Thai community.

2012-2014 Actual Expenditures and Per Household Cost

For each of the program years from 2012 to 2014, provide a comparison of the budgeted, recorded or estimated average Marketing, Education and Outreach cost per household treated.

Table 13 below shows treated units and marketing and outreach cost per treated unit 2012-2014 and project cost for 2015-2017. These projected costs for 2015-2017 do not include labor costs as requested under this budget category within the budget Section K of this testimony.

Table 13: ME&O Costs (2012-2017)

Year	Goal	Treated	Mkt & Outreach spent	Avg outreach cost/treated
2012	136,836	96,893	$652,999	$6.74
2013	136,836	106,948	$1,307,143	$12.22
2014	136,836	57,485*	$760,918*	$12.58
2015	110,000	N/A	$1,393,480.91	$12.67
2016	110,000	N/A	$1,444,333.00	$13.13
2017	110,000	N/A	$1,456,013.59	$13.24

* YTD 8/30/14

Effectiveness

Discuss the effectiveness of your utility's local Marketing, Education and Outreach methods within your service territory and what has been your past experience regarding the success of these methods.

SoCalGas plans to implement more tailored outreach to segmented customers. WNA direct mailers targeting enrollments in neighborhoods with a likelihood of high concentration of eligible customers using Zip-7 codes resulted in higher enrollments versus mass direct mailers. Therefore SoCalGas plans to increase tailored and targeted outreach.

ESA Program contractors who conduct door to door canvassing continue to be a key component of SoCalGas' marketing strategy. SoCalGas coordinated an ESA Program Customer Satisfaction Survey in 2014. Results from the survey indicated appropriately 37% of participants first heard about the ESA Program through a home visit, followed by 21% of particicant hear about the program fron friends/relatives/neighbors.

Partnerships and collaboration with community-based and faith-based organizations are crucial parts of marketing initiatives, and increase program awareness in local communities. Through outreach to these organizations, ESA Program builds trust among customers, especially the hard-to-reach customers. In PY 2015-2017, SoCalGas plans to coordinate directly with Asian organizations, such as the Thai Community Development Center,[82] to increase participation and program awareness in the Asian community.

Statewide Marketing Education and Outreach

Discuss alternatives to minimize redundancy and better leverage local and statewide Marketing, Education and Outreach efforts including approved initiatives and/or funding in the general energy efficiency docket, Rulemaking (R.)09-11-014.

SoCalGas does not propose any ME&O alternatives at this time. SoCalGas currently uses the statewide ESA Program logo on all program marketing materials. Furthermore, SoCalGas will use planned mass media marketing to reinforce state messaging on the ESA Program with unique creative messaging built around our local community. Tailored specific messaging to unique local customer requirements will avoid redundancy of efforts. SoCalGas will continue to monitor statewide marketing calendars, and provide feedback for coordination between statewide and local campaigns. SoCalGas' requested budget in Section K of this testimony is for local ESA Program marketing and outreach only, and no funds have been set aside for statewide marketing and outreach.

[82] This organization oversees buildings that provide housing for seniors and low income housing in the Thai community.

3. ESA Program Implementation

Reduce the number of visits to a home for measure implementation

One of the barriers identified by the 2013 Low Income Needs Assessment (LINA) study was that the number of visits to a home deterred households from enrolling. Discuss how your utility will continue to refine its implementation strategies to reduce the number of visits so that households that refuse to enroll due to difficulties being home for subsequent visits may participate in greater numbers.

SoCalGas understands the importance of minimizing the number of home visits, as stated in the LINA Study.[83] SoCalGas will continue to make strides to streamline the installation process by encouraging more contractors to enroll and install on the same day, where possible, through coordination and or/training of installation technicians on the enrollment process. In addition, SoCalGas will look for opportunities to schedule weatherization and HVAC inspections on the same day.

SoCalGas understands that as a single fuel utility, offering only a portion of potential ESA Program measures that dual fuel utilities and utilities can offer, it can make strides to offer the full spectrum of the ESA Program measures by partnering with other electric IOU and utility counterparts. In areas of joint territory, SoCalGas is aligning with SCE to reduce, not only the number of visits to a home and impact on our customer's schedules, but align eligibility requirements too. By creating joint utility forms, outreach calendars/schedules, and aligning portions of the enrollment process including assessments, eligibility, and energy education presentations, SoCalGas will continue to contribute to streamlining the ESA Program participation process for it joint territory customers.

SoCalGas will continue to encourage its Contractor Network to minimize visits to a customer's home and enable them to offer the full spectrum of ESA Program measures. This can be acacomplished by completing installations at the same time and/or coordinate scheduling of multiple crews for installation of measures and repairs or replacement of appliances during the same visit.

Priorities for treatment

One of the recommendations provided by the 2013 LINA study was to explore the tradeoffs associated with screening customers based on energy usage, energy burden, and health, comfort and safety

[83] LINA Study, Volume I, at Section 3-24.

criteria to determine priorities for treatment and/or tailor ESA Program services to the home. Based on the demographics and characteristics of those customers exhibiting the highest energy burden and insecurity, discuss how your utility will prioritize this segment of the low-income population to ensure that they are targeted and enrolled into the program, and how their homes will be treated, if differently from other low-income homes. In light of the drought emergency declared in 2014 and uncertainties about future water supplies in California, and in light of the energy intense nature of certain water supplies (e.g. desalination which may be used in some areas if other supplies are not available in sufficient quantities), discuss how your utility will prioritize delivery of the ESA measures to save water or enable water savings.

SoCalGas is proposing to prioritize program delivery to customers exhibiting high energy burden and insecurity, by introducing new measures into the program. With the new measures proposed in this application (e.g., HE FAU furnace early replacement measures) SoCalGas addresses the LINA Study recommendations by targeting customers using high energy burden and health, comfort and safety criteria. SoCalGas HE FAU Furnace early replacement measures address only those customers with high usage and the most inefficient furnaces to maximize energy savings and reduce energy burden. In addition, SoCalGas is providing its proposed HE FAU Furnace measure to renters that are enrolled in SoCalGas' medical baseline program in an effort to address customers with health issues.

In addition to offering new measures to only those customers that would be screened for the most inefficient FAU furnaces, SoCalGas will also outreach to customer with higher than normal gas usage in areas with high concentrations of low income customers, e.g., customers in self certification PRIZM codes and in self certification census tracts . By prioritizing these customers for treatment, SoCalGas will address the needs of its high energy burden customers.

SoCalGas is committed to addressing drought concerns through its ESA Program. As mentioned elsewhere in this testimony, in addition to existing water measures in its ESA Program, SoCalGas is introducing the thermostatic tub spout as a new measure in its ESA Program to reduce water consumption. In addition, SoCalGas has enhanced the energy education that it delivers to customers by including water saving tips and providing customers with an ESA Program branded shower timer and a Toilet Tank Efficiency Kit to further encourage water savings.

Overlapping Service territories

Discuss how your utility will ensure that in the IOUs' overlapping service areas (especially SCE and SoCalGas), customers are screened for both IOUs' measures efficiently to increase the number of customers that pass the Modified 3MM rule and to provide comprehensive treatment.

SoCalGas and SCE have taken significant steps to more effectively coordinate their ESA Programs, with the ultimate goal of providing customers with the most seamless possible experience similar to what could be provided by a combined utility.

SoCalGas and SCE have jointly developed a Data Sharing Tool designed to facilitate coordination of customer enrollment and installation activity across the utilities. The Data Sharing Tool was first deployed in October, 2014. The purpose of the tool is to provide each utility with timely information about what units have been treated by the other, and what services they have received, including the number of measures, to facilitate observance of the 3MM. The tool is designed to save costs by preventing duplicate provision of energy education. The tool also allows the second-arriving utility to rely on the first utility's income eligibility verification, improving convenience for the customer while reducing overall costs.

More broadly, SoCalGas and SCE embarked on a process improvement initiative in 2014. The two utilities openly collaborated to map out their existing processes in the areas of customer outreach and enrollment, in order to identify opportunities to more effectively coordinate. This initiative will continue in 2015-2017. In the meantime, areas identified for joint improvement and coordination include:

- <u>Integrated Customer Outreach</u>

  SoCalGas and SCE have identified integrated customer outreach as a crucial area for collaboration. The effort will focus on identifying customers that have been treated by neither utility, one or the other, or both, and also on identifying geographic areas with concentrations of customers served by one, the other, or neither utility. Since the two utilities share many joint-utility contractors, but each also employ non-joint contractors, this kind of analysis can improve the ability of the two utilities to deploy their contractor networks most efficiently. By working together, the two utilities can also develop joint strategies for approaching customer outreach. SoCalGas expects coordinated outreach strategies to begin impacting results by the end of 2015.

- Joint Contractors – Effective use of joint contractors will facilitate streamlined delivery of the program in the overlapping territory. Joint contractors are positioned to assess for both gas and electric measures at the same time, which is often the only feasible way to ensure compliance with the 3MM. Joint contractors also offer the possibility of greatly reducing service visits, for the enrollment and assessment process as well as installation of measures.
- Streamlined Enrollment – SoCalGas and SCE are in the process of developing a new joint enrollment application form to simplify the enrollment process for both customers and contractors. This form is designed to streamline paperwork, reducing the enrollment process time and improving the customer's experience. The form is expected to be put into service in 2015.
- Standardized Customer Energy Education and Contracting Training – The two utilities will continue their collaborative efforts to standardize their energy education offerings. Since the goal is to eliminate duplication of energy education, it makes sense to ensure that both gas and electricity saving concepts be delivered at the time of energy education, as well as a unified message relative to water conservation. The two utilities have already put in place some elements of standardization and will continue to evaluate further need for standardization throughout the 2015-2017 period.
- Joint Training -- SoCalGas and SCE continue to develop joint training of contractors. By providing the opportunity for contractors to understand not only the common requirements of the ESA Program, but also the details of both gas and electric measures as part of one training, the two utilities hope to enhance contractors' ability to present a unified ESA Program to the customer. As discussed at section II.C.1.a., SoCalGas will also consider seeking a joint training facility, or shared use of both utilities' facilities, starting in 2015.
- Joint HVAC Measure – beyond the outreach and enrollment process, SoCalGas and SCE have identified an opportunity to save cost by integrating measure installation. As described in section II.E.1.b, SoCalGas will install some of its proposed HE FAU Furnace measures in concert with SCE in cases where a customer qualifies for both AC replacement from SCE as well as HE FAU Furnace replacement from SoCalGas. When an AC and furnace share a duct system (in some cases known as a split system)

there can be cost savings associated with replacing both appliances at the same time, rather than at separate times. Customers also benefit through the reduction of installation visits.

In Home Energy Education

Phase 1 Report of the Energy Education Study revealed opportunities for standardization and improvement to the existing ESA Program energy education materials. What specific enhancements and improvements are planned to encourage customer behavior changes toward gaining greater energy efficiency and conservation in low-income households and to improve their awareness of energy efficiency and conservation practices?

SoCalGas used the customized education recommendations from the Energy Education Phase 1 study in which to base its enhancements. The recommendations encourage customer energy behavior changes by engaging the entire household, customizing the energy education presentation, and providing monetary impact through the use of the Energy Education Wheel.[84]

SoCalGas plans to implement a customizable script, highlighting 'top conservation tips' in its guide, the Energy Education Wheel, ESA Program branded shower timer, Toilet Tank Efficiency Kit, and a conservation coloring book as methods to enhance its in-home energy education presentation geared to the entire household. A script provides a level of standardization for the presentation of energy education Outreach Specialists give customers, but the Outreach Specialist also will have the flexibility to create a dialogue that will give customers a personalized experience. Highlighting the tips most relevant to a specific household encourages commitment and eases future reference for the customer. Outreach Specialists will also be instructed help customers identify and list 1 – 3 impactful "action items" in the Notes section of the Customer Energy Education and Resource Guide, which the customer can immediately implement in the home. Involving the customer in the development of their own energy education rather than just presenting the information will ingrain the information at a deeper level making it more likely to be put into practice once the customer has been served. The Energy Education Wheel will give customers potential monetary impacts conservation

[84] The Energy Education Wheel is an interactive educational tool that will be part of the Energy Education materials that are left behind with income qualified customers. The wheel will help SCG provide income qualified customers with energy education and conservation practices to help make their home energy efficient.

measures and energy usage practices may have on their bills further encouraging adoption into their household's daily energy usage.

The shower timer branded with the ESA Program logo will be a daily reminder to conserve water by taking shorter showers and the band name on the timer will continue to promote the program as well as serve as a reminder of the energy education received. A Toilet Tank Efficiency Kit will extend the water conservation practices using tools that will save water every time a toilet is flushed. The kit includes a master fill cycle diverter that works by diverting some of the water that would normally flow down the toilet's overflow tube back into the toilet tank during the toilet's filing cycle. This simple tool maximizes the toilet's efficiency by preventing excess water from needlessly flowing down the drain. A conservation coloring book will engage children during the Energy Education presentation to further imbed conservation practices to all household members regardless of age. These five enhancements will be completed in conjunction with SCE and used in addition to SoCalGas' successful practices of conducting In Home Energy Education throughout the enrollment and installation visits and using SoCalGas and SCE's modified joint Customer Energy Education and Resource Guide. The material will be provided to customers in ESA Program branded reusable totes to further instill the need for customers to adopt conservation practices as a way of life.

SoCalGas currently maintains the practice of instructing its Outreach Specialist to incorporate the delivery of In Home Energy Education through the entire process of enrollment and assessment. Once a customer's income eligibility has been verified, energy saving tips and conservation practices are provided to a customer as the home walk through is initiated to assess for program measures. Although the Customer Energy Education and Resource Guide is not left behind with a customer who does not meet the 3 MM Rule requirement, SoCalGas recognizes the value of providing energy education and conservation practices to low income customers who may not otherwise receive this valuable information. For this reason, and as discussed in Section C. Program Delivery, SoCalGas is proposing that Energy Education be provided to all income eligible customers who do not have any feasible program measures to install. The enhanced energy education materials and water saving giveaways will support energy savings initiatives at a state and local level. SoCalGas believes that providing simple but valuable giveaways during In Home Energy Education will be increase a customer's incentive for

participating in the ESA Program thereby reducing the number of homes that are left untreated when a contractor is unable to schedule an appointment for installation services.

Modified Materials

Describe all modified materials to improve customer engagement, recollection and subsequent use (e.g., guidebooks, energy wheel, calendars, website or internet-based materials, phone apps, etc.), including materials that are customized with applicable and tailored content to certain household demographics including households with multiple members, small children, teenagers, seniors, persons with disabilities, non- English dominant speakers, etc.

SoCalGas used the material modification recommendations from the Energy Education Study to modify its In Home Energy Education materials to include a guidebook available in English and Spanish languages, a customized presentation, and household member specific leave behinds.

SoCalGas plans to implement its updated joint Customer Energy Education and Resource Guide with SCE. The Guidebook was redesigned to more effectively provide information through easy to read language, cover educational elements detailed in the ESA Program Policy and Procedures Manual, and was revised with current information regarding potential energy savings on installed measures. In addition, the Guidebook will be made available online to provide limited vision customers access to the information presented during the in home energy education portion of the enrollment. Customers with limited vision will have the ability to enlarge the text presented via an online color contrast document designed to appeal to all customers who access the information but with a focus on the visually impaired low-income customers. SoCalGas will continue to work on providing the information in the Customer Energy Education and Resource Guide to a larger target audience by translating the information into common languages spoken throughout its service territory and making the information easily accessible on its website.

SoCalGas understands that customers prefer a customized Energy Education presentation, so SoCalGas will create a script that covers all required topics, but asks questions about each applicant's specific household energy usage to highlight personalized action items and conservation tips to encourage customers to subsequently review the highlighted areas. The Outreach Specialists will be instructed to use the Notes section of the Customer Energy

Education and Resource Guide to list action items such as “lower my water heater temperature to 120 degrees” or “wash only full loads or cold water loads in the evening”or “challenge my family to 5 minute showers using the shower timer.” By identifying simple action items the customer can immediately start putting into practice will personalize the education as well as involve the customer making it more likely they retain and share the information within the household.

SoCalGas will distribute a coloring book to appeal to children and create awareness of conservation habits applicable to children. In addition, the guidebook also includes pictures of three children to aid with educating a younger generation of gas users. SoCalGas is also exploring using bookmarks or magnets containing conservation tips as another leave behind to provide an additional an additional opportunity to refresh conservation practices for adoption in the home. Lastly, SoCalGas will adopt the study’s recommendation to use the energy wheel and will incorporate this user friendly tool to educate customers about the potential monetary impact conservation practices may have on their bills. For example, one smart tip that will be provides is: Showering accounts for over 35% of water heating costs. By lowering the temperature on your water heater you can save up to 15% on your gas bill. Another season tip will state: Health permitting, you could save up to 30% on heating costs by lowering the furnace thermostat by 3 to 5 degrees SoCalGas will also continue to search for opportunities to continually enhance and engage customers to include conservation habits as more than a change but a way of life.

In response to drought concerns, SoCalGas proposes to introduce a Toilet Tank Efficiency Kit as part of the materials delivered by Outreach Specialists. This proposal is contingent on the determination of energy savings benefits associated with cold water savings in the ongoing Water-Energy Nexus OIR. The kit will include a Toilet Tummy, a widely recognized water savings product that is effective, low cost, maintenance free and user friendly. The kit will also include a master fill cycle diverter and leak detection tablets along with instructions and an insert with water saving tips. The leak detection tablets will help customers identify leaks in their toilets and other fixtures and the insert will help to educate customers and inform them of activities to support the drought effort.

SoCalGas’ proposed Energy Education budget includes $811,854, $829,958, and $848,549 in 2015-2017 respectively for the kit, amounting to approximately $7.23 per treated

customer. In total, the modified materials included in SoCalGas' proposed budget add $5.8 million over three years or $16.62 per customer.

Post ESA-treatment Follow-up

Describe all modified materials to improve customer engagement, recollection and subsequent use (e.g., guidebooks, energy wheel, calendars, website or internet-based materials, phone apps, etc.), including materials that are customized with applicable and tailored content to certain household demographics including households with multiple members, small children, teenagers, seniors, persons with disabilities, non- English dominant speakers, etc.

The follow-up Energy Education study recommendations were used as the foundation for SoCalGas' plans to enhance its phone survey practices and research additional methods to follow up with its past ESA Program participants.

SoCalGas will continue its phone surveys that address the effectiveness of the Energy Education provided. SoCalGas plans to look into adding new questions regarding the tips the customer adopted, their success or failure, and financial impacts seen, if any. SoCalGas plans to obtain customer email addresses during the enrollment process and pilot an email reminder process to provide ESA Program participants with a connection to the Program. SoCalGas also plans to conduct further research into new post participation follow-up methods, such as post participation mailers, newsletters and emails, and implement a productive and cost effective strategy to keep in touch with its past participants and continue to reinforce energy conservation practices by refreshing energy education usage changes.

Training and Materials

Describe plans for standardization of training and materials across all four of the IOUs' service areas.

Standardized IOU energy education curriculum, best practices and refreshers were recommended in the Energy Education Study. SoCalGas plans continue its standardization efforts with SCE and translate these efforts as a foundation for its efforts to standardize with the remaining IOUs.

SoCalGas plans to continue its standardization efforts with SCE by further aligning the Energy Education curriculum for in-class and web-based trainings, using a shared energy education script, offering traditional and webinar classes or refreshers, creating a joint energy

education training facility to establish a foundation for standardization best practices that will aid in its efforts with the remaining IOUs.

SoCalGas and SCE have started the standardization process by developing new presentations for their In-Home Energy Education curriculum covering all Commission mandated topics such as gas appliance safety, earthquake safety and proper CFL disposal amongst other newly added topics which are designed to present an organized energy education presentation by the assessor. SoCalGas plans to include roleplaying in its curriculum delivery to give assessors practice customizing their presentation to the household, and it reinforces SoCalGas' plan to supplement its roleplaying with the creation of a customizable energy education script that will incorporates its guidebook and leave behinds. SoCalGas plans to include webinar or web-based trainings into its training and refresher offerings to aid in providing trainings in a method that addresses different learning styles while providing trainings at a convenient time for assessors. SoCalGas and SCE plan to continue standardization through the use of a joint training facility to include hands on training while further supporting consistency in conservation knowledge for ESA Program assessors.

SoCalGas will continue to develop the core elements of In-Home Energy Education as well as the delivery methods to ensure ESA Program participants are provided with both useful, relevant information and energy saving tips they can incorporate into their daily routines. This supports SoCalGas' goal of ensuring the information is easy to understand for the service providers delivering the In-Home Energy Education and at the same time providing consistency and making them knowledgeable "green" instructors of energy education.

SoCalGas understands the importance of standardization for the ESA Program throughout the state not only in energy education, but in delivering ESA Program services; therefore, SoCalGas intends to develop a training video to help Outreach Specialists visualize what a home Assessment looks like. The video will focus on assessing program measures and educating the customer on ways to reduce home energy use through the delivery of In Home Energy Education. SoCalGas plans on incorporating both gas and electric measures to support Outreach Specialist who enroll customers in the joint IOUs service territory. SoCalGas will continue its alignment efforts with SCE and the other IOUs to standardize their Energy Education trainings, acceptable eligibility documentation, enrollment forms and measure assessment criteria.

Compliance Surveys

Describe plans for augmentation of your utility's existing compliance surveys and In-Home Inspections to ascertain the quality of the Energy Education information provided.

The compliance Energy Education Study recommendation was used as the basis for SoCalGas' proposal to enhance its phone survey practices and provide contractors with follow up.

SoCalGas will continue its phone surveys that validate assessors provided energy education to the applicant and verify contractors are in compliance with ESA Program policies. However, SoCalGas plans to look into adding new questions regarding the tips the customer adopted, their success or failure, and financial impacts seen, if any. SoCalGas will continue the practice of providing phone survey results to its contractors. These additional compliance questions can help assess the impacts of the newly adopted and implemented energy education leave behinds on participants. This will enable to SoCalGas maintains its high customer service standards, reassess the design of its leave behinds, and the impact of energy education on the household and, in turn, the gas bill.

Comparative Home Energy Usage Reports/Residential Behavior-Based Energy Efficiency for Low -Income Customers

Home Energy Usage Reports provide customers with a comparison of their energy usage to that of their neighbors in similar-sized households. Customers who use more than their neighbors receive reports that reveal their relative higher usage patterns for the month and recommendations to lower their energy usage. Customers who use less energy than their neighbors receive reports that include positive messages to encourage continued "good behavior." The 2013 Evaluation of Pacific Gas and Electric Company's Home Energy Report Initiative for the 2010–2012 Program verified energy savings claims from PG&E's piloting of Comparative Usage Reports. Describe plans, if any, for implementing either the same or similar Residential Behavior-Based Energy Efficiency efforts to ESA Program eligible customers, separately or as part of the subsequent phase of the Energy Education Study (Phase 2).

The SoCalGas Advanced Meter ("AM") deployment includes a multi-year conservation outreach campaign with the objective of utilizing AM-enabled information feedback coupled with "behavior change" program approaches to attain AM conservation energy-savings goals.

The first AM conservation "Test and Learn" campaign, which primarily included Opower Home Energy Reports and SoCalGas-developed weekly "Bill Tracker Alerts," concluded in March 2014.[85] Three more program cycles of these conservation campaigns will be facilitated by the AM project through 2017, with the next cycle initiating in November 2014. The AM conservation campaigns include all customer segments, including ESA Program-eligible customers.

SoCalGas will continue to include ESA Program-eligible customers within its AM conservation activities. Conservation outreach efforts supporting behavioral-based energy savings reductions will proceed alongside with advanced meter deployment efforts through the project's completion in 2017. Based on the results and outcomes of each successive AM conservation "Test and Learn" campaign, future campaign treatments will be further targeted and refined to increase effectiveness. One potential refinement may be to pilot a treatment approach that specifically targets the ESA Program-eligible customers with tailored program approaches and messaging.

Multifamily Sector

Describe all updated program designs and marketing approaches for Multifamily Households, including an extended discussion of (1) how your utility proposes to implement the recommendations of Multifamily Segment Study adopted in the Phase II decision in this proceeding and (20 how your utility proposes to coordinate or integrate with non-low-income energy efficiency programs. Indicate how these updated design(s) and marketing approaches address the ESA program goals and strategies. Indicate how these updated design(s) and marketing approaches for Multifamily Households address the dual objectives of serving all ESA Program eligible and willing households and delivering energy efficiency measures cost- effectively. Address all of the topics listed below:

(1) D.12-08-044 directed the IOUs to implement Multifamily Segment Strategy 3 - an updated marketing approach to treating this sector. Discuss how your utility implemented this strategy in the last program cycle.

[85] The details and outcomes of these conservation programs can be found in the "Southern California Gas Company Advanced Meter Semi-Annual Report, August 29, 2014." (http://www.socalgas.com/regulatory/A0809023.shtml).

In D. 12-08-044, SoCalGas was directed to implement eight multifamily strategies. Below is a description of SoCalGas' activities under each adopted strategy.

1. Whole Neighborhood Approach:
   - The WNA was adopted in D.08-11-031. Specifically, the decision said "IOUs Shall Adopt a "Whole Neighborhood Approach" to Marketing and Installation of LIEE Measures. IOUs shall minimize costs and greenhouse gas emissions in delivering LIEE measures to low income households. By focusing efforts on whole "neighborhoods" – a term we define expansively – they will be able to treat more households." Utilizing the Multifamily building as a defined "neighborhood", SoCalGas conducted an outreach event supported onsite property management to serve more households under one WNA project. SoCalGas also engaged Southern California Edison (SCE), and Irvine Ranch Water District to serve the same multifamily neighborhood under the same project. This was a very successful learning experience.
2. Updated Marketing Approach to Multifamily Homes:
   - In program years 2012-2014, SoCalGas developed ESA Program multifamily collateral for renters and building owners and managers, which include frequently asked questions and what to expect out of program participation. The marketing materials have been translated into the following languages: Chinese, Korean, Tagalog, Vietnamese, and Spanish.
   - Additionally in 2012-2014, SoCalGas began promoting the ESA Program at Multifamily events. For example, the ESA Program exhibited at the 2013 Southern California Association of Non Profit Housing ("SCANPH") annual conference and included information on Multifamily Energy Efficiency Rebates (MFEER). SoCalGas will also exhibit at the 2014 conference.

3. Single Point of Contact:
    - In 2012-2014, SoCalGas implemented a Single Point of Contact through the Integrated Demand Side Management ("IDSM") channel. The Single Point of Contact currently represents the Multifamily EUC and MFEER programs, while simultaneously driving ESA Program enrollments through referrals of low-income multifamily properties.
4. EUC/MIDI/MFEER Coordination
    - In 2013, SoCalGas supported EE's roll-out of the MIDI pilot. The MIDI program uses ESA Program infrastructure including certain ESA Program contractors to enroll middle income customers between 201-300% of the FPL Additionally, MIDI uses ESA Program forms which increase integration opportunities between the programs. Generally, a dual ESA Program/MIDI contractor may enroll customers in either program depending on income eligibility and the feasibility of energy efficiency measure installations.
5. Same Day Enrollment, Assessment, and Installation
    - Currently, a limited number of SoCalGas contractors deliver same day enrollment, assessment, and installation. These contractors are seeing the benefits and SoCalGas will continue to encourage more contractors to enroll and install on the same day where possible.
6. Streamline Practice and Service Delivery
    - Under the noted Multifamily WNA strategy (multifamily strategy 1), SoCalGas offered group (or whole neighborhood) energy education to customers living in identical units, and with the same age demographic. Energy Education is typically individualized and energy saving tips are tailored to the unique characteristics of homes and households. However, multifamily senior facilities typically have duplicate unit layouts and similar resident age demographics.

7. Property Owner Waiver Update

- Uniform ESA Program property owner authorization forms were developed to reduce the amount of paperwork property owners need to sign, and to allow multiple utilities to serve the same customer under one agreement. The joint IOU Property Owner Authorization was implemented in August of 2014 and so far has proven to be a successful method for obtaining owner authorization between shared and non-shared ESA Program contractors.

8. Providing Feasible Measures for Multifamily Segment

- In PY 2012-2014, SoCalGas installed all feasible measures adopted through D. 12-08-044 .

(2) A primary finding of the Multifamily Segment Study suggests that the ESA Program employ a marketing strategy component that targets the owners and operators of multifamily properties with low-income residents and to align this new messaging to communicate the benefits of building upgrades from an investment perspective. Discuss what specific changes your utility will be making to the ESA Program's existing marketing and outreach efforts in light of these recommendations.

SoCalGas developed an integrated multifamily marketing piece to present all SoCalGas multifamily energy programs and services including the ESA Program. The brochure will provide information to encourage multifamily property owners and managers to participate in one or more Programs. This will expand marketing coordination between Energy Upgrade California® Multifamily, Middle Income Direct Install ("MIDI"), Multifamily Energy Efficiency Rebates ("MFEER") and SoCalGas' third party multifamily programs. This marketing piece will provide property owners with a one-stop location to identify the program(s) that may best suit their property or project and optimize the benefits derived from participation in multiple programs.

SoCalGas would like to expand marketing, event participation, and membership in multifamily associations, including Southern California Association of Non Profit Housing, Apartment Association Greater Los Angeles, and the Apartment Owners Association. The multifamily study recommended to "consider researching building recapitalization cycles to

inform marketing strategies that target building owners."[86] By being a member of multifamily professional groups, SoCalGas will be able to send representatives to monthly meetings where key issues like recapitalization plans are discussed. See more information on targeted multifamily outreach in the response below.

> *(3) The Multifamily Segment Study recommends that the IOUs develop a system to receive notices about low-income multifamily buildings planning a recapitalization event through the Low Income Housing Tax Credit (LIHTC) administered by the State Treasurer's office and conduct targeted, in-person to these identified properties and owners. Discuss how your utility plans to target low-income multifamily properties and their owners with outreach and marketing at identified "trigger-points" (i.e. scheduled or ongoing building recapitalization, renovation, or refinancing events) and what this targeted outreach will entail.*

SoCalGas will utilize the State Treasurer's office electronic notification system to learn about upcoming LIHTC application workshops and application review periods. Applications are posted online, and willinclude project details, for example partnerships. The State Treasurer's website also identifies all projects in the state receiving the LIHTC, including where the status or stage of the projects.

SoCalGas plans to attend workshops, as noticed through the State Treasurer's CTCAC notification system. These workshops will allow SoCalGas to learn in-person about the LIHTC process alongside potential project applicants, including multifamily building developers and building owners. The ESA Program may conduct follow-up outreach based on project application submissions, eventually made public on the State Treasurer's website.[87] In particular, the ESA Program will focus outreach to projects that are rehabilitation or acquisition and rehabilitation projects. Applications posted on the State Treasurer's website include contact information that SoCalGas can use outreach to project teams, which may include building owners, partners, energy consultants, and architects.

Depending on the contact information provided in LIHTC applications, SoCalGas will us electronic, phone, direct mail and in-person communications to target project partnerships and promote the ESA Program and share additional energy efficiency ("EE") opportunities.

[86] Multifamily Study, at Executive Summary p. ix; and pp. 205-206.
[87] For example, in 2014, there were two rounds of LIHTC application reviews. In the second round, over 90 applications were submitted to the CTCAC for review.

SoCalGas will share information on all available and applicable low-income and EE programs to projects planning to utilize the LIHTC.

(4) Discuss how your utility plans to leverage relationships with lenders and other banking institutions, Local, state, and federal government institutions, tribes, non-profits and others including trade associations to identify, and target outreach to market-rate low-income multifamily property owners initiating or undergoing a recapitalization, renovation, or refinancing event, and whose buildings may house low-income households.

Finance and Lender Leveraging for Targeted Outreach

SoCalGas will work through our existing government partnerships and other programs (core, third-party, customer assistance) to coordinate outreach efforts to property owners of affordable housing multifamily properties. To maximize the value of our relationships with government agencies, nonprofits, and industry trade associations, the MF SPOC will be a part of communications with all partners to ensure outreach cohesiveness. Furthermore, the MF SPOC will be integral in promoting finance offerings to help address the first cost.

In September 2013, D.13-09-044 authorized the IOUs to implement energy efficiency financing pilots to stimulate deeper energy efficiency investment through leveraged financing products. In particular, the IOUs will establish a Master-Metered Multifamily On-bill Repayment Pilot ("MFOBR") which focuses on the affordable housing sector where the property owner collects utility charges through the tenant's rent. As part of the Financing Decision, California Alternative Energy & Advanced Transportation Financing Authority ("CAEATFA") will take on the role of the California Hub for Energy Efficiency Financing to help increase the flow of private capital to EE projects. The California Hub for Energy Efficiency Financing ("CHEEF") will be a mechanism used to facilitate coordination between MFOBR lenders (e.g., community development financial institutions) and the IOUs.

SoCalGas is underway with the "pre-development" phase of MFOBR and is working with the California Housing Partnership Corporation ("CHPC"), the pilot implementer. CHPC, a nonprofit organization, leveraged their relationship in the multifamily segment to help identify five properties to participate in the MFOBR. With support from EE Financing, ESA Program, and EUC groups, SoCalGas' SPOC is providing comprehensive support from the utility while promoting relevant multifamily program offerings. This effort in the affordable housing segment will help to inform the regular track MFOBR program and future program activities .

(5) *Discuss all new approaches your utility plans to utilize to improve the quality of data collected (i.e., building vintage data via county assessor and recorder information, historical/future permitting data via county building inspection data, US Department of Agricultural Rural Development housing data, tribal or Bureau of Indian Affairs Data, local, state, and federal, and CBO data, etc.). Discuss how your utility plans to utilize these data to target potential ESA Program eligible multifamily properties and their owners. Discuss how your utility plans to leverage existing relationships and data sharing agreements with mainstream energy efficiency funded, local government partnerships to acquire the data and insight to help target low-income multifamily properties and residents for ESA Program participation. Indicate what third party data are available, and how your utility will use these data to augment your current customer database(s) to help identify low-income multifamily properties and residents eligible for ESA Program participation SoCalGas has investigated various sources of affordable multifamily properties within its territory. For example, SoCalGas' Single Point of Contact maintains a list of multifamily properties provided by multifamily owners and management companies such as the Housing Authority of the County of Los Angeles and the city of Los Angeles' Housing Authority. In addition to these local entities, a number of non-profit building managers have shared their property locations and expressed interest in working with SoCalGas. Property information is gathered and maintained to prioritize our multifamily customers' participation in energy efficiency and low income energy efficiency programs. SoCalGas consults with large multifamily portfolio owners to jointly prioritize participating based on various combination of elements such as building size, building age, and past energy upgrades.*

The State of California Housing and Community Development Department provides a rental housing directory on its website which is organized by county. SoCalGas has a record of the affordable rental housing available in the twelve counties it serves from the records provided by California Housing and Community Development Department. The US Department of Agriculture similarly maintains a list of rural development housing rentals by county which SoCalGas plans to utilize.

As described in the paragraphs above SoCalGas has proactively identified information and partnerships to engage the multifamily sector in energy efficiency and ESA Program participation. For marketing and outreach purposes, SoCalGas can use building contact information to inform additional multifamily managers and building owners about the ESA Program. Notably, some buildings may not qualify due to income guidelines based on median area incomes, however, these buildings can be referred to other EE programs including MIDI.

In 2014, Southern California Gas Company met with the City of Los Angeles to preliminarily discuss their newly implemented multifamily building survey program, which is

known as “Gateway to Green”. Gateway to Green (“G2G”) takes advantage of the work currently performed by the City of Los Angeles through the Systematic Code Enforcement Program (SCEP), which inspects all multi-family rental properties in the City on a 4-year cycle. Gateway to Green leverages SCEP by allowing existing housing inspectors to perform energy efficiency and water conservation surveys for multifamily buildings. Housing inspectors have been trained on green energy standards to conduct the “green” surveys. The G2G program was recently rolled-out this year, and SoCalGas plans to follow up to see how multifamily survey results and data can be accessed and or leveraged in 2015 and beyond.

(6) Discuss how your utility’s ESA Program multifamily offerings will utilize benchmarking for marketing, education, outreach and other program delivery efforts. Discuss whether EPA’s Portfolio Manager benchmarking tool could fulfil the benchmarking needs for the ESA Program’s participating multifamily properties. Provide an analysis of the costs and benefits of requiring mandatory whole-building benchmarking for multifamily property participation in the ESA Program.

SoCalGas is very interested in helping its customers achieve and maintain energy savings. The Energy Savings Assistance Program provides energy savings through energy education, initial in unit assessments of feasible measures, and installation of all feasible measures. To complement ESA Program therm savings, SoCalGas offers an online energy saving audit tool for multifamily properties. This tool was designed to assist property owners and managers in developing energy saving strategies for their multifamily dwellings. This tool is known as “Ways To Save” and can help customers:

- Create profiles of multiple properties and equipment
- Get an energy use comparison against similar properties in their area
- Create a savings goal and an energy action plan
- Receive recommendations on how to reach savings goals and financial goals
- Identify areas where energy efficient improvements make the most sense

When a multifamily property has an Advanced Meter installed by SoCalGas, the Ways To Save tool will access actual usage data so customers can save even more. The Ways To Save tool can be accessed at socalgas.com through “My Account”.

SoCalGas plans to encourage multifamily ESA Program customers to use the existing tool described above. In consideration of the EPA Portfolio Manager, SoCalGas believes that the tool has not been on the market long enough to evaluate its performance. EPA Portfolio

manager was only recently introduced to the multifamily sector on September 16, 2014. At this point, the ESA Program is not a whole building program and therefore whole building benchmarking should not be mandatory as it relates to program participation. SoCalGas offers a whole building program known as Multifamily Energy Upgrade California and the ESA Program is integrated with this program as an in-unit low income resident program. Please see response in Strategy # 10.

*(*7) *The Multifamily Segment Study recommends revisiting ESA Program policy on expanding the variances under which a low-income building qualifies for relaxed income verification requirements for the program. The study also provides a method by which to determine the viability and potential costs and benefits of implementing this recommendation. Indicate which, if any, ESA Program policy and procedure changes your utility requests in regards to allowing documentation that certifies a building for identified income-based subsidy programs (e.g., Section 8, deed-restricted, HUD, TCAC, HCD or USDA) and serve as qualification to enroll tenants in the ESA Program. Using the study consultant's outlined methods, discuss the viability and potential costs and benefits of implementing this recommendation.*

To improve customer experience, SoCaCalGas has identified an approach to streamline the ESA Program enrollment process for certain multifamily properties that serve low-income customers. Specifically, the policy proposal applies to multifamily master meter buildings that meet one of the three criteria:

- Are in self certification PRIZM Codes,
- Are in self certification census tracts
- Are registered low-income affordable housing, with ESA Program qualified income documents <12 months old on file

For multifamily properties with the above characteristics, SoCalGas proposes to accept an affidavit (signed by an owner or authorized representative) certifying that at least 80% of on-site residents meet ESA Program income qualification requirements, based on the program's existing definition of income and categorical programs. By certifying 80% of tenants are eligible for the ESA Program, SoCalGas would be able to serve 100% of units under the 80-20 multifamily rule. Ordering paragraph 40 of D. 14-08-030 states that IOUs shall propose expedited multifamily enrollments for United States Department of Housing and Urban Development ("HUD") wherein at least 80% of the tenants have incomes at or below 200% of federal poverty level. Although this proposal is not exclusive to HUD Multifamily properties, SoCalGas believes that by allowing income certification at the building level for certain master

meter multifamily buildings, rather than requiring each individual unit to qualify, SoCalGas will be able to offer expedited enrollment process for qualifying multifamily housing including HUD housing.

This proposed policy update will enhance ESA Program participation by simplifying the typical multiple unit income verification process by bringing it under a singular owner representative . Outside of the ESA Program and the MIDI Program, building owners and managers can enroll in EE programs without individual tenant enrollments. When coordinating EE programs (such as EUC and MFEER) with income based energy efficiency programs, the ESA Program and MIDI Programs currently require that each individual tenant is income verified either through full income document reviews, proof of categorical program participation, or through self-certification. This process can be cumbersome for building owners and tenants, and to address this hurdle for EE integration SoCalGas proposes building income eligibility verification by signed affidavit.

(8)80:20 Rule: Discuss how your utility proposes to implement a change to the ESA Program policy and procedures that would lower the level of verification from 80% of a multifamily building's tenants being income qualified to treat unoccupied units and the building shell and other energy systems, to some lower level of verification. Based on historical participant data and measure installation costs, describe what your utility projects as the resulting impact(s) of instituting this rule change in your utility's service territory.

The 80/20 rule was extablished in D.01-03-028-. It is also codified in the ESA Program Policy and Procedures Manual in section 2.2.6. SoCalGas does not intend to change the policy by lowering the income verification threshold below 80%.

(9) *Single Point of Contact: D.12-08-044 directed the IOUs to implement a single point of contact to coordinate the varying IOUs' programs for the multifamily segment. For program year 2013, discuss what level of ESA Program funding, staff time, or other resources supported IOUs' compliance with this directive. Discuss your utility's lessons learned from implementing a single point of contact and how they are reflected or otherwise incorporated in any updated program delivery design.*

SoCalGas implemented a SPOC for multifamily building owners entering utility energy efficiency programs through the Multifamily Energy Upgrade California – Home Upgrade Program ("MF EUC-HUP") Program. The SPOC currently represents MF EUC-HUP, MFEER, and ESA Programs. The SPOCwill make referrals to ESA Program contractors when customers

are interested in the program and their tenants are eligible for services. SoCalGas proposes to expand the Single Point of Contact program delivery method, by adding 2 incremental staff to act as additional Single Point of Contact(s).

Lessons learned from SPOC implementation are that building owners may not always want to participate in all programs. It is necessary to tailor offerings to meet the customers' needs. And therefore within the Multifamily sector, it may be useful to have sub-sector SPOC s. For example, larger complexes with more common area space may have different energy efficiency goals compared to smaller building owners. Given these nuances, additional Single Points of Contact staff may become experts of different multifamily housing subsectors.

(10) *For the 2015-2017 cycle, specify the level of funding, staff time, or other resources the ESA Program will dedicate to continuing the single point of contact effort.*

Below Table 14 summarizes incremental staffing requirements to implement SoCalGas' multifamily proposals.

Table 14: Staffing Needs to Support Multifamily Proposals

Area of Responsibility	Description	FTE
EE / ESA Program Implementation / Program Management	Analytical and data support, tracking, reporting and system enhancements	1
Single Point of Contact (SPOC) / Account Management	Customer Engagement, EE and Low Income program enrollment and coordination with contractors, municipalities and third party stakeholders	2
Support / Benchmarking	Support MF property owners with system inputs and uploads, data, tracking, analysis and reporting	1
Total		4

See section K for details on the ESA Program budget, including the detailed incremental labor costs shown above. These costs are are captured under marketing and outreach.

(11) *The Multifamily Segment Study findings indicate that for low-income multifamily properties, there is less opportunity for owners to increase rents to cover the costs of energy efficient upgrades, making energy efficient retrofits more costly and less likely. Describe how your utility plans to coordinate the ESA Program funding with the Energy Upgrade California Multifamily (EUC-MF) or Multi-Family Energy Efficiency Rebate (MFEER) programs for low-income buildings or with energy efficiency upgrades associated with other utility energy efficiency, energy procurement or demand response strategies. Discuss all funding options your utility is considering (including coordinated funding and no funding) or whether your utility is considering leveraging other program funding or private funding, energy procurement or demand response strategies, or carbon compliance offset/credit strategies. An example may be, but is not limited to, a per-unit adder, based on the number of verified low-income tenant units, from the ESA Program, to the EUC-MF or MFEER programs.*

SoCalGas' ESA Program will integrate with EUC-HUP, MFEER, and third party programs that address common areas at multifamily dwellings to help building owners and managers to identify EE funding resources. Implementation of the SPOC concept will be the driving force behind well-managed coordination of funding sources for energy efficiency upgrades in tenant units and in common areas, specifically, central space and water heating systems. SoCalGas ESA Program contractors currently assess for the feasibility of measures in tenant units only. The SPOCwill take a broader whole building perspective to assist building owners in identifying funding sources to supplement ESA Program in-unit upgrades. They will have expertise in bringing in the applicable funding sources and help guide them through the participation process. Ulitimately, building owners will be able to avail themselves of funding resources necessary to cover the costs of energy efficiency upgrades.

(12) *Multifamily Measure Offerings: Discuss if your utility will be proposing to offer common area lighting measures and/or other "new" measures to eligible and willing multifamily properties via the ESA Program? If so, discuss whether there is precedent or justification for a mechanism to pool or comingle ESA Program funds with MFEER and/or EUC-MF offerings or other energy efficiency, energy procurement or demand response programs to provide increased incentives for those programs for eligible low-income properties?*

SoCalGas is not proposing ESA Program co-funding of common area measures, because there are other energy efficiency programs that address common areas for example MFEER and MF EUC. SoCalGas is proposing to coordinate with EE programs and external programs

through the single SPOC to educate property owners on common area improvement incentives. SoCalGas plans to work with LADWP to have them offer SoCalGas customers common area measures, including lighting in multifamily buildings. Additionally, SoCalGas plans to continue to offer common area measures through its EE programs, and maintain the ESA Program as an in-unit low income program.

Energy Upgrade California Multifamily Program (EUC- MF)/Middle Income Direct Install Program (MIDI)/Multi-Family Energy Efficiency Rebate (MFEER) Coordination for Multifamily Sector

SoCalGas plans to continue to implement D.12-08-044 multifamily strategies, certain recommendations from the multifamily study, and newly proposed initiatives to increase ESA Program penetration in the multifamily segment. In 2013, SoCalGas supported EE's roll-out of the MIDI pilot. The MIDI program uses ESA Program infrastructure including certain ESA Program contractors to enroll middle income customers between 201-300% of the FPL. Additionally, MIDI uses ESA Program forms which increase integration opportunities between the programs. Generally, a dual ESA Program/MIDI contractor may enroll customers in either program depending on income eligibility and the feasibility of energy efficiency measure installations.

In addition to the integrated design of the MIDI Program, SoCalGas plans to expand coordination between EUC/MIDI/MFEER through coordinated marketing and outreach, and funding a position to support multifamily customer service and navigation from ESA Program participation to other EE programs. These plans are outlined under the bullets "Updated Marketing Approach to Multifamily Homes" and "Single Point of Contact".

Additionally, to improve customer experience integrated program participation, SoCaCalGas has identified an approach to streamline the ESA Program enrollment process for certain multifamily properties that serve low-income customers. Specifically for multifamily master meter buildings that meet one of the three criteria:

- Are in self certification PRIZM Codes,
- Are in self certification census tracts
- Are registered low-income affordable housing, with income documents including categorical program participation <12 months old on file

SoCalGas proposes to accept an affidavit (signed by an owner or authorized representative) certifying that at least 80% of on-site residents meet ESA Program income

qualification requirements, based on the program's existing definition of income and categorical programs. By certifying the eligibility of 80% of tenants, SoCalGas ESA Program would be able to serve 100% of units under the 80-20 multifamily rule. With approval of this proposal, SoCalGas would work with other IOUs to develop uniform language standards for the affidavit form. Furthermore, for SoCalGas would plan to update its database to track this type of affidavit income certification. This new process will not require income documentation from the tenants to streamline the multifamily enrollment process.

This proposed policy update will enhance ESA Program participation including integrated program participation by simplifying the enrollment process. Otherwise, for programs outside of the ESA Program and the MIDI Program, building owners and managers can enroll in EE programs without individual tenant enrollments. When coordinating EE programs (such as EUC and MFEER) with income based energy efficiency programs, the ESA and MIDI Programs currently require that each individual tenant is income verified either through full income document reviews, proof of categorical program participation, or through self-certification. This process can be cumbersome for building owners and tenants, and to address this hurdle for integration SoCalGas proposes building income eligibility verification by signed affidavit. By enhancing customers' experiences with the ESA Program, SoCalGas aims to improve marketing and outreach through word-of mouth marketing between happy customers and their contacts.

Leveraging and Coordination

*(*1*)* Department of Community Services Development: *Discuss the existing leveraging efforts with this agency for the pilots listed below and any other similar efforts and how lessons learned from those efforts will be applied in 2015-2017:*

(i) Data Sharing Pilot Results

The data sharing pilot, conducted in SCE's service territory, was developed to collaborate on feasibility and opportunities for common program data sharing to maximize cost effectiveness and reduce duplication of services. Due to recent CPUC decision-making around customer confidentiality, the pilot stakeholders now have better clarity around how to treat customer data. CSD has consolidated its' program data that also supports the data sharing process. SCE will work with CSD to provide common program data fields such as address, measures installed, and installation date, when required for CSD statutory obligations. Consistent with program cost-

causation principles, SCE is focused on areas where enhanced cooperation can support the objectives of both the IOU administered ESA program and CSD's WAP, LIHEAP, and LIWP programs.

(ii) Geographic Coordination Pilot Results

In 2013-2014, a pilot study was conducted to develop and test improved coordination strategies between the ESA Program and LIHEAP. Both of these programs offer residential energy efficiency measures and health and safety repairs to qualifying customers' homes. With few exceptions, these programs are run independently from one another. The purpose of this pilot was to explore opportunities to coordinate delivery of these two programs. The Geographic Coordination Pilot leveraged the two program models to expand capacity to serve more customers with a more efficient suite of energy efficiency measures. This leveraging pilot focused on high energy users and single utility fuel customers, two customer segments that the ESA Program has identified as harder to serve, and demonstrated the value that a leveraged program can bring to these customers.

Historically, coordination of the ratepayer-funded ESA Program and the federally-funded, state-run LIHEAP and WAP has not progressed due to differences in program design and implementation, and inflexibility of regulatory requirements. In order to overcome these barriers, pilot study stakeholders utilized a phased approach. The first phase, "Pilot Planning and Development" focused on aligning program policies and standards to allow successful leveraging within the framework of each program. During this phase, program stakeholders worked together to develop a streamlined, coordinated approach designed to achieve the desired results.

Upon completion of the development phase, LIHEAP and ESA Program staff were trained on the updated processes and tools, and set out to weatherize a total of 100 leveraged homes. During this phase, data was collected and evaluated, and unforeseen challenges were addressed as needed. Upon completion of the 100th home, all data was collected and analyzed to determine whether the three pilot goals (saving dollars, savings energy and/or increasing non-energy benefits, increasing enrollments) were achieved.

The Geographic Coordination Pilot was completed and evaluated in 2014.[88] The Geographic Coordination Pilot demonstrated that by leveraging LIHEAP and the ESA Program, 1) more low-income customers can qualify for the ESA Program, 2) they can receive more types of measures and 3) receive increased number of measures in their homes. However, this Pilot did not demonstrate that these benefits can be realized while simultaneously reducing overall program administrative and diagnostic costs.

PG&E is proposing a second phase pilot with CSD in this Application. This second pilot will address pilot evaluation recommendations, including clearly defining sustainable leveraging opportunities; defining data sharing process to facilitate leveraging; and developing leveraging protocols for areas where the ESA Program and LIHEAP are delivered by different entities.

SoCalGas is awaiting the results of PG&E's second phase before deciding whether to pursue the pilot.

(iii) Solar Water Heater Pilot Results

CSD began a CSI low-income thermal program in 2012. Though the CSI low-income thermal program began offering rebates in March, 2012, CSD noted the difficulty in enrolling single-family applicants for the program. After one year, there were no single family participants in the program. This lack of participation may indicate two key issues with the program: 1) low-income families are unable or unwilling to pay the difference between the average cost of the Solar Water Heater ("SWH") (about $9,000) and the CSI thermal rebate (the highest rebate is currently $3,750), leaving a $5,000 - $6,000 funding gap; and 2) the design of the Commission decision makes it difficult to identify qualifying customers because, in part, it requires ESA Program participation data from the IOUs that triggers customer consent issues. To help CSD alleviate difficulties with identifying qualifying ESA Program participants, the IOUs began a concerted effort to notify and inform recent and current ESA Program participants in qualifying areas about the program.

- Decrease gas costs for low-income customers
- Reduce the installed cost of SWH in California
- Leverage CSD's LIHEAP funds with IOU rebate dollars

[88] CSD/PG&E Weatherization Programs Geographic Coordination Pilot Final Report. October 1, 2014. Prepared by: RHA, Inc. Prepared for: State of California Department of Community Services and Development and Pacific Gas and Electric Company.

- Help the IOUs and the Commission achieve their goals of reducing market barriers to SWH adoption, such as high permitting costs, lack of trained installers, lack of consumer knowledge and confidence in SWH technology
- Significantly increase the size of the SWH market in California

SoCalGas is working closely with the CSD on the deployment of leveraging pilots. SoCalGas attends monthly coordination meetings with CSD and other IOUs. In these collaborative meetings, SoCalGas learned that there have been over 100 completed Solar Water Heater installs through the CSD pilot. SoCalGas received 20 single family low income applications with the following numbers:

- Average paid incentive of $2,592
- Average installed cost of $4,401
- Average expected annual therms saved per system of 120 therms

(iv) Bulk Purchasing Pilot Results

A feasibility analysis was conducted in SCE's service area to understand the potential for CSD Local Service Providers (LSPs) to obtain the same pricing and appliance options available to the IOUs through existing purchase orders. The feasibility analysis determined that insufficient cost savings were identified to warrant a full-scale pilot launch.

(2) CBOs*: Discuss how you will coordinate differently in this next cycle with CBOs to conduct outreach to overcome potential ESA Program customers' lack of trust in contractors, a significant barrier identified in the LINA study.*

As recommended by the Low Income Needs Assessment, SoCalGas will continue to promote the CARE program (and ESA Program) through outside organizations that also connect to low-income customers in their community to offer assistance. SoCalGas plans to explore new ways to reach customers through agencies that interact with individuals who are going through life changes that might be associated with reductions in household income. Specifically identified later in this testimony as 2015-2017 CBO outreach opportunities are raising low-income program awareness and collaboration with VITA and TCE community service providers, and Veterans housing organizations.

(3) Other utilities: *Discuss coordination plans with other water, telephone, energy utilities, or water districts to increase and improve outreach to the CARE and ESA population and improve program delivery.*

As described below, SoCalGas has made great strides in expanding opportunities with other utiliies to increase and improve outreach to the ESA Program population. We will continue these efforts in the next program years. Over PY 2012 –PY 2014, SoCalGas has expanded its coordination with outside utilities and water districts. SoCalGas will continue ongoing relationships with five water utilities and water districts to leverage funding for the ESA Program. In addition, the CARE program conducts data sharing with water utilities bill discount program to support customers' receipt of program benefits. These water parties are: Irvine Ranch Water District, Eastern Municipal Water District, Park Water Company, Fontana Water Company, and San Gabriel Valley Water Company. In 2015 -2017 SoCalGas will look for opportunities to coordinate with additional water utilities and districts with overlapping service territory.

Additionally, in 2014, through a multifamily ESA Program project, SoCalGas was able to introduce Irvine Ranch Water District to the property owner and management company. As result of this introduction, Irvine Ranch Water District was able to facilitate a water audit of the three building site. When feasible, SoCalGas will continue to coordinate with outside organizations to increase service to our customers.

In PY2013, SoCalGas implemented an agreement with Riverside Public Utilities ("RPU") that allowed customers residing in the two utilities' overlapping service territories to benefit from both the SoCalGas and RPU low income program offerings during the same visit. SoCalGas partners with RPU to install a comprehensive mix of measures offered in the ESA Program and to deliver additional RPU electric measures to eligible customers. SoCalGas is also celebrating a two year partnership with LADWP with leveraging EE programs. SoCalGas is in the early stages of an agreement to leverage LADWP support of multifamily energy efficiency measures through the ESA Program. In PY2015-2017, SoCalGas looks to carry-out joint multifamily offerings through the ESA Program to shared LADWP customers.

During 2014, SoCalGas and SCE, worked collaboratively on a process improvement initiative. The collaborative effort was established to continuously improve the ESA Program offering for both gas and electric customers in our joint service areas. This initiative and

SoCalGas' planned continuation of work with SCE is described in more detail under Section II.C.3.c

SoCalGas plans to identify Lifeline provider stores to to disseminate CARE and ESA Program information to their customers. This will supplement existing joint outreach with a California Lifeline provider. Additionally, SoCalGas plans to make the online CARE application mobile friendly, and to include access to CARE information through the SoCalGas mobile application, which is explained in more detail in the Prepared Direct Testimony of Ms. Carmen Rudshagen and Mr. Hugh Yao in CARE Section 4.d.

(4) Other coordination: *Discuss coordination between ESA and other energy efficiency, energy procurement, or demand response programs and coordination between ESA and local, state, federal, and regional government entities, and California Tribes including associations and service providers for tribes.*

SoCalGas coordinates through Integrated Demand Side Management ("IDSM") through its Energy Efficiency portfolio, including MFEER, MF EUC-HUP, and third party programs, as discussed below. SoCalGas coordinates its internal energy efficiency programs through IDSM. The single point of contact (SPOC) also provides coordination of energy efficiency programs for multifamily projects to offer a portfolio of EE services to multifamily building owners and managers. There is more detail on multifamily coordination of ESA Program and EE programs in the Multifamily Section of this testimony.

As noted above, SoCalGas is also coordinating with SCE to serve to joint ESA Program customers. Additionally, SoCalGas will continue its leveraging agreements with LADWP and RPU to allow for coordination of energy efficiency service to joint customers.

In PY2012-2014, SoCalGas participated in leveraging partnerships with CSD and the state's LIHEAP program. In particular, SoCalGas supported marketing to ESA Program customers eligible for a no-cost solar water heater through CSD's low-income program. Solar water heaters were, and may continue to be an area for leveraging offerings to low-income ESA Program customers. This pilot is also discussed in Section 3..l.1, below.

SoCalGas will continue to grow outreach to Native Tribes, and to communicate residential energy efficiency opportunities with the ESA Program. Currently, SoCalGas counts Tribal TANF as a categorical program for income eligibility. In 2014, SoCalGas attended a statewide Tribal TANF Administrators meeting to review the CARE and ESA Program with attendees. Furthermore, SoCalGas shared enrollment materials with Tribal TANF administrators

serving SoCalGas customers. In the future, SoCalGas will continue to review low income program information with Tribal TANF staff and encourage enrollment of qualified categorically income eligible customers.

Program Rule(s) Modification(s)

Describe all updated plans and proposals, if any, for modifications to the existing program rules and attendant justifications, including but not limited to:

(1) Income self-certification (CARE and ESA)
(2) Modified 3MM Rule
(3) 10 Year go back rule
(4) Second Refrigerator replacements & Proposed incentives (per LINA recommendation)
(5) High Efficiency Furnaces (95 AFUE) (Model & Efficiency levels)
(6) Exceptions specific to Multifamily
(7) Exceptions specific to those with high energy burden, energy insecurity, or medical issues
(8) Others

(1) Income self-certification (CARE and ESA)

As described in Section II.C.3.j.(7) in this testimony, SoCalGas is proposing to modify its existing income self-certification requirement in multifamily master-meter buildings that meet at least one of the following three criteria:

- Are in self certification PRIZM Codes, or
- Are in self certification census tracts, or
- Are registered low-income affordable housing, with ESA Program qualified income documents <12 months old on file.

In order to be able to serve 100% of units under the 80-20 multifamily rule, SoCalGas proposes to accept an affidavit (signed by an owner or authorized representative) certifying that at least 80% of on-site residents meet ESA Program income qualification requirements, based on the program's existing definition of income and categorical programs.

(2) Modified 3MM Rule

As described in the testimony of Mr. Rendler, in an effort to facilitate the comprehensive treatment of homes that are served by two IOU's, SoCalGas proposes that the 3MM be modified to allow for the installation of 1 or 2 measures by a single fuel utility following determination at

the in-home assessment that 3 measures in total can be installed in combination with another ESA Program provider.

Currently, in instances where an enrollment by an electric or gas utility determines that less than 3 measures are feasible individually and do not meet the necessary energy savings threshold for installing 1 or 2 measures, it is possible that no measures will be installed. By providing this clarification that installation of measures may occur at the time of assessment when it is determined that a home requires at least 3 measures from multiple providers, it will allow utilities to coordinate more effectively to ensure customers are served comprehensively.

(3) 10-Year Go-Back Rule

As described in greater detail in the testimony of Mr. Rendler, SoCalGas proposes to return to the 10-Year Go-Back Rule. Customers would be eligible for Program services in the 10^{th} year after their home was originally treated. These homes would be tracked separately from homes that are treated as part of the 2020 programmatic initiative.

(4) Second Refrigerator Replacement & Proposed Incentives

As a gas-only utility, SoCalGas does not propose a refrigerator measure.

(5) HE Furnaces (95 AFUE) (Model & Efficiency Levels)

As described in Section II.E.1.b in this testimony, SoCalGas is proposing to include HE FAU Furnaces as a measure in its ESA Program, Specifically, SoCalGas will be installing HE FAU Furnaces instead of a standard efficiency furnace as part of its current furnace repair/replacement process. SoCalGas will also introduce early replacement of an FAU furnace if it meets specific efficiency criteria for high energy users.

(6) Exceptions specific to multifamily

As described above in this section, SoCalGas is proposing to modify its existing self-certification requirements for master-metered multifamily properties.

(7) Exceptions specific to those with high energy burden, energy insecurity, or medical issues.

As described in Section II.E.1.b in this testimony, SoCalGas is proposing to include a new measure that addresses renters with high energy burden and assist Medical Baseline

customers. Specifically, SoCalGas is proposing to replace an operational FAU furnace with an HE FAU furnace for renters that meet all of the following criteria:

- < or = 65 Annual Fuel Utilization Efficiency ("AFUE")
- usage at or above 400 therms in the winter season (November-March)
- must qualify for and receive infiltration reduction measures under the ESA Program and the furnace must pass NGAT
- enrolled in SoCalGas' Medical Baseline program

Workforce Education and Training (<u>WE&T</u>)

Describe the current status of WE&T data collection and your utility's plan to complete the collection of ESA Program workforce data that is necessary for meaningful analysis and addresses concerns of uniformity, consistency, accuracy, and granularity by filling any current data gap. Describe your utility's proposed plan, schedule and budget to develop and implement your WE&T plan.

Other than the initial data collection as part of the The Energy Savings Assistance Program Workforce, Education and Training Working Group (WE&T Working Group), SoCalGas has not intiated any additional data collection efforts pending development of the WE&T consultant recommendations. The WE&T Working Groupwas one of three working groups ordered in D.12-08-044. In addition, D.12-08-044 also ordered the four IOUs to collect and report contractor data in seven WE&T areas. Per Ordering Paragraph #9, the IOUs collaborated to develop a reporting template for their contractors, filed their WE&T reports with the contractor reported data, and reviewed the preliminary demographic data reported. In an effort to distill the data, the WE&T Working Group refined the reporting template and created a list of researchable questions. The IOUs filed their WE&T Working Group's final report on July 15, 2013, with a set of recommendations for further consideration in future proceedings. The recommendation addressed the refined reporting template, researchable questions, and the applicability of its efforts to the Mainstream Energy Efficiency Portfolio, including the hiring of an expert WE&T consultant to help design a comprehensive approach to the WE&T issues in the energy efficiency portfolios. In D.12-11-015 the Commission directed the IOUs to hire an expert consultant to assist them in developing a comprehensive plan to address workforce issues in the IOUs mainstream Energy Efficiency portfolio and address the data collection efforts by the IOUs pursuant to D.12-08-044. The hired consultant The University of California, Berkeley Donald Vial Center on Employment in the Green Economy produced the Workforce Issues and Energy Efficiency Programs Guidance Plan in May of 2014. The guidance plan provides

recommendations addressing both data collection and reporting workforce requirements. These considerations are discussed greater detail in Subsection F.7.a and F.7.b below.

Best Practices

> *Incorporating Best Practices and Lessons Learned from 2012-2014 Implementation: Discuss the challenges and obstacles your utility experienced in meeting the 2012-2014 budget cycle goals. Include any changes your utility would propose in the program delivery cycle to further your success in meeting the strategic planning goals. Consider opportunities for partnerships and coordination such as coordination with other energy, water or telephone utilities, local, state, federal, regional, and tribal governments, CBOs, non-profits or trade associations to meet strategic planning goals. Consider use of technologies such as apps, text, internet services, calls, instant messages, community, tribal, and CBO-based outreach, media including non-English language media and social media, and other methods and avenues to achieve program goals.*

SoCalGas has had difficulty in meeting its unit goal since 2012. As described in Section 2.B.5, various factors contributed to the slowdown in contractor activity since SoCalGas' historic production high in 2011. SoCalGas has adjusted its ESA Program practices to address a sustainable and levelized number of homes that would allow contractors to streamline operations, provide a consistent target for local marketing and outreach activities, and facilitate management of the budget, among other benefits. Nevertheless, SoCalGas has found that it has become more difficult to obtain ESA Program enrollments during the current program cycle. Based on review of the studies from the last program cycle, SoCalGas was pleased to see that a number of recommendations stated that SoCalGas should continue past successful approaches to serving its low-income customers. SoCalGas plans to maintain its operational and marketing practices that have led to successful enrollments in the ESA Program, and improved customer service. However, there are a number of study recommendations and influences from changes in the contemporary landscape that have shaped SoCalGas' 2015-2017 ESA Program plans.

Per the LINA Study recommendation of addressing barriers for customer participation, including giving special attention to renters and rural customers, SoCalGas plans to leave renters with information with pre-paid postage they can pass to their landlords on behalf of SoCalGas' ESA Program. This testimony also describes how SoCalGas will increase rural customer enrollments under the section "Targeting the Rural Population". Furthermore, SoCalGas plans to target customers with automatic rate transfers when they move and market the ESA Program as a

way to address customer transiency. This is in response to the recommendations that the ESA Program could try to target households that re-enroll in CARE after moving.

SoCalGas will expand grassroots efforts and targeted outreach in rural and high poverty areas for both the CARE and ESA Program. This is described in the sections "Outreach to Rural Areas" and "Outreach to High Poverty Areas". High poverty counties identified are Tulare, Imperial, Fresno, Kern, and Kings. As described earlier with respect to targeting these customers, SoCalGas ESA Program will leverage CARE's successes where CARE penetration rates are higher than ESA Program enrollment rates. Furthermore in rural areas, SoCalGas will use the US Department of Agriculture's rural development housing lists to identify potential multifamily enrollment opportunities. SoCalGas has experienced relatively low ESA Program participation in Imperial County, and plans to give special attention to this high poverty, mostly rural area, with very high limited English proficiency rates.

Furthermore, as noted in the LINA Study, SoCalGas will expand its relationships with community organizations that provide one-on-one counseling or casework with customers to help them identify resources they qualify for, including the CARE and ESA Programs. This expansion includes Veterans and VITA organizations, and supplements current work with several CBOs that already work one-on-one with customers to discuss their economic and social situations, which may include life-changing events. This is described in more detail under the Marketing and Outreach section of this testimony. SoCalGas plans to take advantage of customer recognition of CARE, to pique interest in the ESA Program through AVM campaigns that reference the customers enrollment in CARE and the potential opportunity to enroll in the ESA Program.

Per the Multifamily Study SoCalGas plans to streamline multifamily enrollments via a proposed policy update to allow whole building income certification through a signed affidavit stating that at least 80% of tenants meet SoCalGas' ESA Program income requirements. This proposal is more nuanced, and details of the proposals can be reviewed in Multifamily Section of the this testimony, specifically section II.C.3.j.7. Other additional new proposals to address the Multifamily segment are also described in Section II.C.3.j. However, another highlight includes the use of published records of designated affordable housing to target marketing and outreach likely interested building owners and managers. This is to supplement SoCalGas' existing property lists and outreach managed through the SPOC.

Customer Service Strategies

Describe all new and proposed Customer Service Improvements and Strategies.

SoCalGas implemented several strategies during the 2012-2014 program cycle and to more effectively deliver Program services to its low income population and is proposing new strategies to continue to streamline processe and leverage new technologies.

oCalGas proposes to implement a paperless enrollment option to facilitate the enrollment process, minimize documentation, and automate data entry. Paperless enrollments would be created in a mobile application that could be accessed from web enabled devices to directly data enter customer information, upload eligibility and home ownership documentation, and obtain electronic signatures. This initiative would aid in the SoCalGas and SCE alignment to help contractors enroll customers, reduce the enrollment process, and decrease program service delivery times.

SoCalGas is continually evaluating its program administration methods and seeks process improvement initiatives to enhance program delivery. SoCalGas intends to develop online (webinar) trainings of its program policies and procedures, enrollment and assessment refreshers, and back office training curriculums. This initiative will provide the SoCalGas contractor network the flexibility of taking the training at their convenience while ensuring that all contractor personnel is fully versed and has a clear understanding of the most current program policies. This initiative will also support SoCalGas' green initiative to reduce paper waste by having to print hard copy curriculums that may become outdated when a new program policy is implemented.

SoCalGas created a book that encompasses the implementation guidelines for its Contractor Network to work effectively in the ESA Program. The book is a start to finish look at the ESA Program that addresses common questions, misunderstandings and provides clarification of policies and procedures through job aids, sample forms, and sample eligibility documents. It is designed to help contractors tenured and new employees understand the expectations and requirements of working in the ESA Program. SoCalGas will continue work with its Contractor Network to supply additional support to effectively work in the ESA Program.

SoCalGas has high standards for the delivery of its customer service offerings through the Energy Savings Assistance Program. Therefore, all new contractor employees must attend

initial trainings that outline company policies and expectations for customer interactions. This establishes SoCalGas' standards are upheld throughout its Contractor Network. SoCalGas will continue to require federal level background checks, display of SoCalGas created badge, and standards for contractor appearance including the use of the ESA Program polo shirt and Outreach Specialist Enrollment Tool Kit.

SoCalGas improved its Energy Savings Assistance Program webpage to implement an automated web based interest form that interfaces with the HEAT database system to create web generated leads. This process enables customers to express interest in the program and receive real time information about their potential eligibility for program services. The system assigns potentially eligible customers to a contractor, notify customers of ineligibility, or create a follow up list for the ESA Program Call Center improving the quality of web generated leads. SoCalGas will continue to strive for excellence in its accessibility to its online customers by ensuring its webpage is user friendly and accurate.

Additionally, SoCalGas is proposing IT enhancements, so that the HEAT database can send records of ESA Program customers who are identified as having a disability to SoCalGas' main customer database ("CIS") that also tracks special handle customers. Customers currently tracked in CIS as special handling include: Seniors (aged 62 and older), customers with disabilities, and other special needs customers. Including ESA Program disability records in CIS, will make it possible to offer ESA Program customers the communication and notification benefits associated with the special handle designation. Special handle customers receive in-person delivery of 48-hour turn-off notices.

SoCalGas conducted an Outreach Specialist Focus Group in October of 2014 with the purpose of collecting information about enrolling customers in the ESA Program. The focus group addressed topics such as best practices, contractor marketing collateral, enrollment tools, and obstacles and deterrents. SoCalGas will use the results of the focus group to enhance its initial and refresher Outreach Specialist trainings to better equip the participants with addressing barriers related to enrolling customers into the program. This supports SoCalGas' goal of enrolling every willing and eligible customer into the ESA Program by the year 2020.

SoCalGas created ESA Program polo shirts and Outreach Specialist Enrollment Tool Kits that help to establish the brand and legitimacy of the program. The Outreach Specialist Enrollment Tool Kit contains items needed to enroll customers such as a calculator and tape

measure; however, it also contains sample measures to strike interest with prospective applicants. The shirt paired with the Outreach Specialist Enrollment Tool Kit and program badge establishes trust and program legitimacy with customers to increase enrollment success. SoCalGas understands that effective branding validates the program to customers. As such, SoCalGas will continue to make the ESA Program items available to its Contractor Network and will continue to work with its Contractor Network to find new opportunities for growth in its enrollment practices to ensure enrollment success.

SoCalGas and SCE will continue with its alignment process to act like a single point of service for customers in its shared territories to enable leveraging of measures and mirror each other's internal policies and trainings. SoCalGas worked with SCE to create a Data Sharing Toolto help SoCalGas and SCE address homes serviced by only one utility in a shared service territory, ease in jointly meeting the 3 measure minimum , and aid in leveraging untreated homes. SoCalGas and SCE also made strides in aligning all aspects of its processes by aligning fees, acceptable eligibility documentation, and energy education to streamline the enrollment process and decrease duplicate documentation. SoCalGas and SCE have established a baseline and sharing process for the aptitude testing of new Outreach Specialists planning to attend training. SoCalGas and SCE's training personnel have found opportunities to update their respective curriculums to address a joint utility energy education. SoCalGas will continue with its alignment initiative with SCE to provide joint customers with a whole home approach to program delivery by continuing to use its Data Sharing Tool with SCE and aligning other aspects of it program to better serve customers.

SoCalGas redesigned all of its forms to match the data entry process into the HEAT database system. This update streamlined its enrollment forms by combining its Customer Agreement and Household Income Worksheet to reduce the number of customer signatures and reduce enrollment time. With all forms matching the data entry process, contractor office personnel have improved data collection by accurately inputting information from customer interactions and documentation.

SoCalGas also took the lead in working with all IOUs to create a Joint IOU Property Owner Waiver ("POW") that would be accepted across the IOUs to prove owner authorization for ESA Program services. The Joint IOU POW combined elements of each utilities' required fields and legalese into one comprehensive form. The form and legalese have been approved

across the IOUs, and an implementation plan, universal training, and sharing process were developed. With this Joint IOU POW, contractors providing services to more than one IOU can obtain one signature from the property owner eliminating excess documentation and minimizing enrollment time. SoCalGas will seek to develop a sharing process between non joint contractors to fully leverage the Joint POW by its Contractor Network and continue to look into other opportunities to collaborate with other IOUs and streamline processes and paperwork.

Legislative Changes

Describe your utility's plan and proposals to comply with legislative changes including but not limited to AB 327 and related budget impact projections.

AB327:

AB327 will not have an impact to the ESA Program budget, because SDG&E would continue to promote the program to potential eligible customers.

AB 270

Describe your utility's plan and projected costs of complying with the data publication requirements of PU Code 589 as legislated by AB 270.

SoCalGas is to develop a process to submit annual and quarterly reports and send data to Energy Division to upload in EESTATS website. The report to include the following:

(1) The types of energy efficiency measures installed.

(2) The ZIP Code location of each customer receiving ratepayer-funded energy efficiency assistance.

(3) The amount of funds expended at each ZIP Code location.

(4) The expected annual energy savings and reduced energy usage expected in kilowatthours or therms.

Single Family Affordable Homes (SASH) Solar Program and Multifamily Affordable Solar Housing (MASH) Program (This is a solar rebate program thus mostly applicable to electric utilities.)

This is not applicable to SoCalGas.

D. Cost Effectiveness And Energy Savings

1. Summary and Overview:

Provide a summary and overview of the ESA Program cost effectiveness and energy savings. Include a discussion of plans to prioritize cost-effective measures that also save water and contribute to alleviating the drought emergency. Analysis may also include consideration of all climate-zone specific cost-effective measures that save energy and water and consideration of water saving education to raise awareness of the water energy nexus issues. Include a discussion and analysis with supporting data, if any, of whether any passive efforts such as water education, passive cooling through climate appropriate trees, drought tolerant landscape education or replacement incentives could be considered cost-effective measures in the ESA Program.

D.14-08-030 adopted the recommendations of the cost effectiveness working group to replace prior cost-effectiveness metrics with two metrics. In previous low-income applications IOUs submitted three cost-effectiveness tests: Modified Participant Test ("MPT"), TRC and the Utility Cost Test ("UCT"). The Cost-Effectiveness Working Group recommended to retire the MPT and UCT and instead use a modified TRC and new test, the Energy Savings Assistance Cost Effectiveness Test. This recommendation was made on the basis that the new tests more accurately measure the energy savings and non-energy benefits against program costs. The Energy Savings Assistance Program Cost-Effectiveness White Paper and White Paper Addendum describe in detail the reasons for retirement of the MPT and UCT and recommendation of the modified TRC and ESACET.[89] This Application will present the two new tests adopted by D.14-08-030, a modified Resource Measure TRC and ESACET. The Resource Measure TRC includes only resource measures and omits information from non-resource measures. The "Addendum to ESAP Cost-Effectiveness Working Group White Paper" provides recommendations on the classification of resource, non-resource and uncertain measures. The paper states:

- Resource measures are those that are intended to provide energy savings and bill savings to participants.
- Non-resource measures are those that provide little to no energy savings, but significant non-energy benefits.

[89] Energy Savings Assistance (ESA) Program Cost-Effectiveness Working Group, "Energy Savings Assistance Program Cost-Effectiveness White Paper," and "Addendum to ESAP Cost-Effectiveness Working Group White Paper," February 15, 2013.

- Uncertain resource measures are those that may provide energy savings in some climate zones and /or utility service territories, but not all.

Table 15 below shows the measures SoCalGas is proposing in this application for classification as resource or non-resource, in comparison to the workpaper's suggested classification.

Table 15: SoCalGas Proposed Resource/Non-Resource Classification

SCG Proposed Measures	SCG Proposed Classification	Workpaper Classification
Air Sealing	Resource	Uncertain
Attic Insulation	Resource	Uncertain
Duct Testing & Sealing	Non-Resource	Uncertain
FAU standing pilot light conversion	Resource	Resource
Furnace clean & tune	Resource	Uncertain
HE clothes washer	Resource	Resource
Furnace, repair & replace (non FAU)	Non-Resource	Non-Resource
Low Flow Showerhead	Resource	Resource
TSV	Resource	Resource
Water heater blanket	Resource	Resource
Water heater pipe insulation	Resource	Resource
Water heater, repair & replace	Non-Resource	Non-Resource
Faucet aerator	Resource	Resource
Thermostatic Tub Spout (new measure)	Resource	N/A
HE FAU furnace (new measure)	Resource	N/A

SoCalGas is proposing to classify all measures as resource except non-FAU furnace repair and replace, water heater repair and replace and Duct Testing & Sealing. These measures are the only measures in SoCalGas' portfolio that currently claim zero savings for one or more climate zones and/or housing types.

The Resource TRC includes measure costs to the utility and the benefit of avoiding costs of supplying gas. Administrative costs are not included in this test. These costs were included in the previous TRC. The ESACET is a completely new test that includes both administrative and measure costs to the utility and three types of benefits: avoided costs of supplying gas, participant non-energy benefits and utility non-energy benefits. Fundamentally, cost effectiveness is to be evaluated on a program-wide basis, as opposed to a measure basis.

Based on the forecast energy savings, SoCalGas' portfolio scores on the two adopted cost effectiveness tests for 2015-2017 are as presented in Table 16:

Table 16: SoCalGas Portfolio Test Cost-Effectiveness for 2015-2017

	Ratio of Program Benefits over Program Costs	
	Energy Savings Assistance Program Cost Effectiveness Test (ESACET)	**Resource Measures Only Total Resource Cost Test (Resource TRC)**
PY 2012	0.68	0.24
PY 2013	0.72	0.43
PY 2014		
PY 2015	0.86	0.52
PY 2016-2017	1.08	0.67

Table 16 above shows the forecasted ESACET and Resource TRC for years 2015 and 2016-2017. These tests were also calculated for 2012 and 2013, since these are the two most recent years that have complete data available. These years are included to provide a comparison. The Resource TRC almost doubled from 2012 to 2013 and the forecasts show an increasing trend from 2013 to2016-2017. The ESACET shows an increasing trend through to program years2016-2017. Years 2016 and 2017 have identical measure installation forecasts and only differ by costs due to inflation.

SoCalGas believes these are acceptable cost-effectiveness test results, since it is demonstated that the program portfolio is increasingly becoming more and more cost-effective. Also, the current modeling underestimates some non-energy benefits for various reasons. Non-energy benefits are only attributed to measures that also have therm savings. For example, non-FAU furnaces that are repaired/replaced receive zero therm savings and therefore zero non-energy benefits. However, repairing or replacing a non-workable furnace is providing a customer with better health, safety and comfort. Another example is that water saving measures are underestimated due to incomplete water measure information in the model. SoCalGas, along with the other IOUs, have proposed to conduct an EM&V study on updating the non-energy benefits modeling. SoCalGas is confident that once that model is updated, the cost-effectiveness test results will be higher.

The cost-effectiveness test results in Table 13 were calculated using the latest E3 Calculator. SoCalGas notes that the E3 Calculator available for purposes of this filing contain

an outdated version of the after-tax Weighted Average Cost of Capital ("WACC") of 7.38% as the discount rate, which understates the results. The currently authorized WACC for SoCalGas is 8.02% per D.12-12-034, resulting in an after-tax WACC of 6.95% (after adjustments for federal and state tax rates). If SoCalGas were to substitute the current and lower after-tax WACC, the proposed portfolio would reflect a higher cost-effectiveness. The test results using 6.95% as the discount rate in the E3 Calculator are provided below in Table 17. Both the ESACET and Resource TRC test results for program years 2015 and 2016-2017 are slightly higher when using the current discount rate of 6.95%. Please see the testimony of Mr. Rendler for further discussion requesting the Commission update the cost-effectiveness models with this more current information and for consistency.

Table 17: Portfolio Test Cost Effectiveness for 2015-2017
(Using Authorized 6.95% Discount Rate)

	Ratio of Program Benefits over Program Costs	
	Energy Savings Assistance Program Cost Effectiveness Test (ESACET)	**Resource Measures Only Total Resource Cost Test (Resource TRC)**
PY 2012	0.68	0.24
PY 2013	0.72	0.43
PY 2014		
PY 2015	0.87	0.53
PY 2016-2017	1.10	0.69

Note: 2012 and 2013 numbers do not change from Table 13 because the tests were not re-run for thsese years as they are final.

2. 2012-2014

Specifically discuss the results of the ESA Program efforts, cost effectiveness and energy savings, accomplished during the 2012-2014 program cycle.

Table 18 below presents SoCalGas' homes treated and therms saved from program cycle 2012-2014.

Table 18: 2012-2014 Homes Treated & Therms Saved

Year	**Homes Treated**	First Year Therms Saved	Lifecycle Therms Saved
2012	96,893	999,408	15,403,825
2013	106,948	3,096,500	34,129,187
2014	106,948*	2,426,915**	26,749,115***
2012 –2013 Total	203,841	4,095,908	49,533,012

*Estimate.
** Value shown represents the estimated energy savings for Program Year 2014 associated with the requested funding in Application (A.) 11-05-018. Funding was increased pursuant to D.11-08-044, which did not contain an associated upward energy savings estimate.
***Value shown is an estimate based on ratio of 2013 and 2014 therm savings.

Table 18 shows that in 2012-2013 there was close to 204,000 homes treated by the ESA Program, with almost 50,000,000 lifecycle therm savings. It is estimated that 2014 will add an additional 106,948 treated homes and almost 27,000,000 lifecycle therm savings. Table 13 shows the Resource TRC and ESACET for 2012 and 2013. Data for 2014 is not yet complete and therefore tests were not run for that year. The ESACET for 2012 and 2013 is 0.68 and 0.72, respectively. Measures that were particularly cost-effective in therm savings were faucet aerators, thermostatic shower valves and FAU standing pilot light conversions. When including therm savings as well as non-energy benefits, air sealing and the cleaning and tuning of furnaces were cost-effective.

3. Plans and Proposals

Explain how your utility plans to incorporate the results and recommendations into the 2015-2017 program cycle while incorporating the Cost Effectiveness Working Group Final Recommendations we adopt in the Phase II decision in this proceeding and coordinating with the directions in the Commission's Rulemaking proceeding, R.09-11-014. Discuss your utility's plans to address the water-energy nexus.

The Cost Effectiveness Working Group provided seven recommendations. SoCalGas will comply with all recommendations in this application or during the next program cycle, as stated in the Energy Savings Assistance Program Cost-Effectiveness White Paper Addendum[90]. In this application, SoCalGas discusses the classification of measures as resource versus non-resource, presents the new cost-effectiveness tests, the Resource TRC and ESACET and provides

[90] ESA Program Cost-Effectiveness Working Group, "Energy Savings Assistance Program Cost-Effectiveness White Paper," and "Addendum to ESA Program Cost-Effectiveness Working Group White Paper," February 15, 2013.

cost-effectiveness results by measure, climate zone and housing type in the appendices. SoCalGas, along with the other IOUs, proposes to conduct an Equity Criteria and Non-Energy Benefits Evaluation EM&V study. This study will perform an equity evaluation and revise the non-energy benefits calculations used in the cost-effectiveness analysis.

Table 15 above presents cost effectiveness of SoCalGas' proposed portfolio for 2015-2017. These scores reflect the following proposals for SoCalGas' portfolio:

SoCalGas recommends retiring Duct Testing and Sealing as a program measure from the portfolio, and has only included Title 24[91] Duct Testing and Sealing in the proposed budget or energy savings figures. Including Duct Testing and Sealing as a program measure for all previously authorized climate zones and housing types would have increased SoCalGas' proposed budget under the HVAC subcategory by $2,389,143, $2,442,420, and $2,497,131 in 2015, 2016, and 2017 respectively. The Duct Testing and Sealing measure requires each duct system to be tested and, if leakage exceeds the allowable threshold, sealing of the duct system is required. In 2013 the Duct Testing and Sealing measure consumed 90% of all costs associated with Duct Testing and Sealing, but represented only 67% of all actual duct seal activity – in other words, these units disproportionately resulted in testing only without sealing. Energy saving estimates from the Impact Evaluation Study for the Duct Testing and Sealing measure do not differentiate between Duct Testing "only" and those instances where duct sealing is required. However it is clear that it is the act of sealing, and not the testing on its own, that actually generates savings. For this reason, SoCalGas proposes to retire Duct Testing and Sealing as a program measure, but will continue to provide it as a means of Title 24 compliance. . In doing so, the total budget for Duct Testing and Sealing can be reduced by 90%, while only reducing actual seals by 67%, likely resulting in significant cost effectiveness improvement.

As mentioned elsewhere in this testimony, SoCalGas' will continue to include measures in its ESA Program that provide water savings. SoCalGas will continue to include HE clothes washers, TSVs, faucet aerators and shower heads in its measure mix. In addition, SoCalGas proposes to begin installing thermostatic tub spouts, as a new proposed measure. Thermostatic tub spouts are an innovative new product with the potential to offer cost effective water savings very similar in function to the TSV.

[91] Title 24 requires duct testing and sealing under certain circumstances including installation of new FAU furnaces. SoCalGas proposes to discontinue all duct testing and sealing not required by Title 24.

Additionally, SoCalGas has incorporated water saving into its currently pending enhancements to energy education practices and materials, as follows:

- Shower timers will encourage shorter showers, as well as general drought awareness as a giveaway item.
- SoCalGas' new Energy Education Wheel, will include water conservation content.
- Water saving ideas are being incorporated into the energy education messaging SoCalGas' Outreach Specialists are trained to deliver.
- SoCalGas also proposes to provide income eligible customers with a Toilet Tank Efficiency Kit.

E. Measure Portfolio Composition

1. Overall Portfolio Composition

Cost Effectiveness and Other Criteria for Program Measures

In recommending a mix of measures for 2015-2017, SoCalGas has attempted to put forth the portfolio that best responds to the Commission's objectiveness of program-wide cost effectiveness, preference for measures that save water as well as gas, and the role of each measure as providing for the health, comfort, and safety of SoCalGas' low-income customers. The proposed portfolio balances these elements, improving cost effectiveness as described above by dropping Duct Testing and Sealing when not otherwise required by Title 24 while adding the thermostatic tub spout and HE FAU furnace measures.

Table 19 below summarizes the first year energy savings, EULs and whether the measure provides water savings, in evaluating all proposed measures, as well as those not included in SoCalGas' portfolio.

Table 19: 2016-17 Measure Highlights

Measure	2016 First Year Therms Saved*	EUL	Provides Water Savings
Thermostatic Tub Spout	2,135,197	10	X
Thermostatic Shower Valve	1,592,914	10	X
Faucet Aerator	749,572	10	X
HE Clothes Washer	655,428	11	X
Air Sealing	370,664	11	
Low-Flow Showerhead	234,250	10	X
Furance Clean & Tune	213,084	5	
Attic Insulation	178,758	20	
HE FAU Furnace	100,724	20	
Duct Seal & Testing	14,579	18	
Water Heater Blanket	11,284	7	X
Water Heater Pipe Insulation	7,526	11	X
Water Heater Repair & Replace	6,516	11	X
FAU Standing Pilot Light Conversion	2,310	13.3	
Non-FAU Furnace Repair & Replace	0	20	

*Note tht 2016 and 2017 have the same number of measure installations and therefore have the same forecasted first year therms saved.

Table 19 above shows that the majority of measures either prove to provide significant therm savings, significant non-energy benefits and/or save water. The only measure that does not show any of these benefits in Table 15 is replacing non-workable furnaces with non HE FAU furnaces. This will only be done when installing an HE FAU furnace is not an option. This measure does provide health, safety and comfort benefits to the customer by permitting them to be able to use heat when needed. These non-energy benefits are not calculated in the current model because this measure claims zero therm savings. This measure also has the benefit of a long EUL of 20 years.

New Measures

- *Identify new measures that are being proposed for the 2015-2017 program cycle, with the relevant cost effectiveness ratios or justification for deviations as described above.*

- *Provide justification for why such measures should be included in your ESA program portfolio.*

SoCalGas proposes the following new measures that meet the Commission's criteria:

Thermostatic Tub Spout

The thermostatic tub spout is expected to launch mid-year 2015. The technology is similar to the thermostatic shower valve measure that was introduced into SoCalGas' measure mix in the 2012-2014 Programs cycle. The thermostatic tub spout is like the thermostatic shower valve in that it reduces hot water flow from a tub spout to a trickle when the water reaches a specific temperature. The thermostatic tub spout will fill a needed gap for users that run water through the tub spout for shower warm ups. In addition, there is an added benefit in that it has an anti-leak tub spout diverter that eliminates leaks while the user is showering.
Although the thermostatic tub spout is not yet commercially available, SoCalGas felt it was important to include it in its measure mix due it its water saving benefits. As shown in Table 16 above, this measure has a high ESACAT of 1.94 and a first year energy savings of 532,894 therms. Since it is expected to be launched in 2015, SoCalGas did not want to lose an opportunity to include this water saving measure for its 2015-2017 program years with the renewed focus on water conservation due to the statewide drought.

SoCalGas recognizes the potentially significant energy and water savings from the thermostatic tub spout and its importance in addressing the drought. It also believes that the realization of benefits from this measure should not be delayed. Therefore, to the extent the thermostatic tub spout technology becomes commercially available prior to the Commission issuing a decision on SoCalGas' 2015-2017 application, SoCalGas would like to request adding this measure to its current program cycle measure mix through an Advice Letter.

HE FAU Furnace Measure

SoCalGas is proposing to include HE FAU Furnaces as a measure for certain end-use applications[92]. SoCalGas believes that HE FAU Furnaces as a technology has matured sufficiently since the HE FAU Furnace pilot it conducted in the 2009-2011 program cycle to

[92] SoCalGas is also proposing that HE Furnaces not be subject to the cap on home repairs in Table 6-1 of the P&P Manual since the established limit for Central Furnaces would preclude installation of the HE Furnace measure due to its higher cost.

warrant inclusion in the Program as a resource measure. Although the ESACET for this measure is 0.26, the benefits of this measure are understated since cost effectiveness is determined based on savings above code (>80 AFUE) and SoCalGas will be targeting replacement in instances where the exiting FAU furnace is at or below 65 AFUE (as outlined below), therefore extracting additional energy savings. For example, the calculated first year energy savings associated with replacing a 65 AFUE furnace with a 95 AFUE HE furnace is 198,293 therms which is almost double the amount of what is used to determine measure cost effectiveness. By limiting the measure to only the most inefficient applications, SoCalGas is aiming to be responsive to the needs of high energy burden customers, including renters, and to maximize energy savings. SoCalGas will install HE FAU furnaces in the following targeted segments:

<u>HE FAU Furnace Early Replacement (resource)</u>

For owner-occupied dwellings, replacement of an existing operational FAU furnace that meets all of the following criteria:

- < or = 65 AFUE
- usage at or above 400 therms in the winter season (November-March)
- must qualify for and receive infiltration reduction measures under the ESA Program and the furnace must pass NGAT.

For renters, replacement of an existing operational FAU furnace that meets all of the following criteria:

- < or = 65 AFUE
- usage at or above 400 therms in the winter season (November-March)
- must qualify for and receive infiltration reduction measures under the ESA Program and the furnace must pass NGAT
- is enrolled in SoCalGas' Medical Baseline program

<u>HE FAU Furnace Replacement for an FAU furnace combined with a separate central air conditioners (split systems) (with SCE) (resource)</u>

In a central air conditioner system that is combined with a separate FAU furnace, SoCalGas will replace an existing FAU with an HE FAU in applications where SCE will be replacing the air conditioner and has determined that the FAU meets the following criteria:

- < or = 65 AFUE

To take further advantage of the energy savings associated with HE FAU Furnaces, SoCalGas is proposing to install HE FAU furnaces as part of its current furnace repair/replacement process. Currently, SoCalGas installs a standard efficiency (80 AFUE) furnace. With the installation of an HE FAU Furnace, SoCalGas will be able to deliver additional energy savings.

- Modification of SoCalGas' current Furnace Repair/Replacement measure (resource) - In instances where it has been determined that it is necessary to replace a furnace through SoCalGas' current repair/replacement measure, SoCalGas will replace the existing FAU furnace with an HE FAU Furnace.
- Modification of SoCalGas' current Furnace Repair/Replacement measure – kind-for-kind (non-resource) - In instances where it has been determined that it is necessary to replace a furnace through SoCalGas' current repair/replacement measure and the existing furnace is an HE FAU Furnace, SoCalGas will replace it with an HE FAU Furnace
- Minor Furnace Repair for Renters (non-resource) - In an effort to address the needs of renters, SoCalGas is proposing to offer minor furnace repair not to exceed a cost of $300. This will ensure that a furnace is operating properly and efficiently and provides for the health, comfort and safety of the customer.

Retired Measures

- *Identify measures from the 2012-2014 portfolio that are being retired or proposed to be retired from the*

2015-2017 program cycle.

The LINA Study supports the continual search for effective new measures, and particularly at Chapter 3, p.46-47, suggests consideration of solar water heating. However, SoCalGas is not proposing to include Solar Water Heaters as a ESA Program measure because there are alternate funding sources available for the installation of solar water heaters. The CSI – Thermal program offers funding for residential solar water heating incentives. According to the "Cap-and-Trade Auction Proceeds Interim Guidance to Agencies Administering Greenhouse Gas Reduction Fund Monies", CSD has been awarded cap-and-trade proceeds that may include funding for solar water heaters. In 2015-2017, SoCalGas' ESA Program will look for opportunities to leverage solar water heaters offered through other energy

resource programs. For example, in PY 2012-2014, SoCalGas directed previously treated ESA Program customers to CSD to determine if they were eligible for no-cost solar water heaters (this leveraging pilot with CSD is planned to end in 2014).

SoCalGas is proposing to retire the duct test and seal measure when not otherwise required by Title 24 compliance. This measure's ESACET is 0.34. SoCalGas' experience demonstrates that a large part of this measure's cost is associated with duct testing that does not result in sealing and therefore, does not produce therm savings. In its application for the 2012-2014 Program Cycle, SoCalGas requested that this measure be retired since it failed the cost-effectiveness test for all climate zones and all dwelling types based on the cost effectiveness criteria in effect at the time. Therefore, to bolster the cost effectiveness of its portfolio, SoCalGas proposes that its Duct Testing and Sealing measure be limited to instances associated with Title 24 compliance.

F. Other ESA Program Elements And Policies:

1. Existing Policies:

The Prepared Direct Testimony of Mr. Dan Rendler sponsors the policy support and recomendations for SoCalGas ESA Program for 2015 - 2017.

2. Southern California Edison (SCE) and Audit Findings:

SCE must provide as a separate attachment to its 2015-2017 budget application filing, its utility's response to the Utility Audit Finance and Compliance Branch (UAFCB's) 2009-2010 Audit Report along with a summary of all corrective measures that were implemented to ensure compliance. SCE must specify where each corrective measure is also properly reflected and/or documented (e.g., monthly and/or annual reports, formal filings, etc.).

This is not applicable to SoCalGas.

3. ESA Program Report Posting to the California Energy Efficiency Statistics (EEStats) Site:

What coordination and planning have we completed to prepare to submit to EEStats starting January 2015?

In addition to sending the monthly and annual ESA Program compliance reports to the service lists, the IOUs should begin planning to post ESA Program Monthly and Annual Reports to the California Energy Efficiency Statistics (EEStats) Site. EEStats is an easy to navigate public website that among other functions, acts as a repository for the IOUs' Energy Efficiency reports. The IOUs should begin planning and coordinating with Energy Division to integrate ESA Program data, starting in the 2015-2017 program cycle, into EEStats' EE Data Portal functionality. The EE Data Portal is the

official public reporting site for California energy efficiency program tracking data. This site presents standardized quarterly program tracking data submitted by the state's IOUs.
The IOUs, in their respective applications, should describe what coordination and planning have been completed to ensure that they are ready to submit the monthly and annual ESA Program compliance reports to the service lists, as well as posting ESA Program Monthly and Annual Reports to the California Energy Efficiency Statistics (EEStats) Sites, starting January 2015.

Consistent with California AB 270, SoCalGas coordinates with the Commission regarding the posting of its Energy Efficiency reports on the California Energy Efficiency Statistics ("EEStats") website. SoCalGas already posts its Energy Efficiency portfolio reports and other administrative information (e.g., Program Implementation Plans) to the EEStats website. With respect to Low Income Program reports, SoCalGas coordinated with Commission Energy Division staff in July 2014 regarding the functionality and process to post Low Income reports to EEStats. SoCalGas posted its June 2014 monthly report to EEStats and informed the Commission staff upon completion of that effort. SoCalGas plans to continue to post its reports to the EEStats website and work with the Commission and other IOUs to ensure availability in a timely and consistent manner.

4. San Onofre Nuclear Generating Station (SONGS)

SDG&E and SCE must describe how your utilities are utilizing the ESA Program to reduce load and energy usage in transmission constrained areas resulting from the decommissioning of the SONGS. Describe efforts to coordinate your ESA program efforts with other energy efficiency, energy procurement, or demand response efforts, and D.14-03-044 which authorized procurement for SCE and SDG&E to meet local capacity needs stemming from the retired SONGS.

SDG&E, SCE and PG&E must describe how residents in other transmission constrained areas in their respective service territories are being prioritized for participation in the ESA Program.

This is not applicable to SoCalGas.

5. Advanced Metering Initiative

With over $5 Billion dollars in ratepayer funds expended on the Advanced Metering Initiative, describe how the smart meter data, including Green Button Data, or Smart Meter functionality, are being utilized by the ESA Program in planning, implementation, and program design. Third party data analytics may be available

to do remote, appliance level load disaggregation for potential ESA Program participants. Describe how this data interpretation, or similar analytics, is being planned for use in outreach, assessment, or educating potential ESA Program participants. Describe how Smart Meter functionality including local area networks (LANS) is being used to implement ESA Program. Describe how Smart Meter LANS and other resources could be used to coordinate with water utilities to promote water consumption awareness and leak detection to address the water-energy nexus.

SoCalGas' Advanced Meter Initiative ("AMI") project (referenced above as Advanced Meter), approved in April 2010 by the Commission in D.10-04-027, is currently in the first half of its overall meter module deployment. The meter deployment is on schedule to be complete as planned by the end of 2017.

As such, SoCalGas is in the initial stages with respect to developing potential program planning and support analytics capabilities and systems, including leveraging AMI hourly and daily gas usage data in support of appliance level load disaggregation and enhanced segmentation approaches for the ESA Program, Energy Efficiency, and other SoCalGas customer programs and services. This capability is being further developed as the deployment and build-out of SoCalGas' AMI systems continues, and it is anticipated to be a capability available to enhance SCG program planning, implementation and marketing efforts in future program implementation cycles.

Through SoCalGas' AMI deployment, the company has also deployed a suite of online "Ways to Save" tools within its SoCalGas.com, My Account-based customer portal and its SoCalGas [SmartPhone] Mobile App that are available to all residential customers, including ESA Program-eligible customers. These online tools provide customers with activated AMI meters the ability to view and analyze their daily and hourly gas usage and costs online, and provide other extensive energy and bill analysis capabilities to customers.

Additionally, the SoCalGas AMI deployment includes a multi-year conservation outreach campaign with the objective of utilizing AMI-enabled information feedback coupled with "behavior change" program approaches to attain AMI conservation energy-savings goals. The AMI project completed its first conservation "Test and Learn" campaign which primarily included Opower Home Energy Reports and SoCalGas-developed weekly "Bill Tracker Alerts"

in March 2014. The details and outcomes of these conservation programs can be found in the "Southern California Gas Company Advanced Meter Semi-Annual Report, August 29, 2014."(http://www.socalgas.com/regulatory/A0809023.shtml) Three more cycles of these conservation campaigns will be facilitated by the AMI project through 2017, with the next cycle initiating in November 2014. The AMI conservation campaigns include all customer segments, including ESA Program-eligible customers.

6. Section intentionally left blank.

7 . Workforce Education and Training

a) Describe how and when your utility would be able to implement the plan to collect this ESA Program workforce data to ensure that the data is useful for analysis and addresses concerns of uniformity, consistency, accuracy, and granularity?

In D.12-08-044 the Commission established the WE&T Working Group and ordered the four IOUs to collect and report contractor data in seven WE&T areas for program year 2012. The IOUs collaborated to develop a reporting template for their contractors to self-report. Although the reporting and collection process was manually time consuming, and administratively burdensome, the IOUs successfully filed their reports in a timely manner. The WE&T Working Group reviewed the preliminary IOU WE&T Demographic Data filings and in an effort to distill the data, refined the reporting template and created a list of researchable questions. The questions centered around the fact that the initial data collected was not granular enough to provide definitive workforce demographics since it was not collected by individual work position. In addition, in order to facilitate analysis of the data, the WE&T Working Group recommended standardizing the collection templates as well as storing the data in a database that would allow advanced analysis and comparison across all four IOUs. In its final report the WE&T Working Group listed a series of recommendations that included a proposal that the WE&T expert consultant selected in the mainstream energy efficiency proceeding address the ESA Program workforce data collection needs and research questions. This expert consultant, The University of California, Berkley Donald Vial Center for Employment in the Green Economy (UCB-DVC), issued a Guidance Plan in May 2014 which included a recommended framework for the collection of workforce data. This framework includes requiring the IOUs to collectively develop

standard language in the contracts to instruct contractor and subcontractors on how to report jobs and workforce data according to standard requirements across all IOUs.

SoCalGas generally feels that prior to the implementation of any plan to collect workforce data, the objective and scope of the data collection effort would need to be better-defined. Additionally, coordination in the development of an implementation plan among IOUs is critical to ensure the data collected uniform, consistent, accurate and granular to facilitate advanced analysis and comparison across the IOUs ESA Programs. SoCalGas proposes that the WE&T Working Group be reformed to specifically address the recommendations of the DVC Guidance Plan on data collection from ESA Program contractors to develop a unified statewide action plan and implementation timeline for the IOUs in the ESA 2015-2017 Program Cycle.

b) How your utility would implement such tools to develop and report on the workforce data

The Workforce Issues and Energy Efficiency Programs: A Guidance Plan for California's Utilities ("Guidance Plan") was published in May 2014 by the IOUs hired expert consultant The University of California, Berkeley Donald Vial Center on Employment in the Green Economy ("UCB-DVC"). The Guidance plan includes recommendations for data collection for Energy Efficiency programs, including the ESA Program, in which contractors have a direct contracting relationship with an IOU. The recommendation suggests the IOUs issue a joint Request for Proposal ("RFP") to procure a third-party program for the purpose of reporting specified jobs and workforce data.

In an effort to proactively address this recommendation, the IOUs conducted a joint webinar with its contractor network where an off-the-shelf reporting software was presented as an example of a data collection tool currently available to report employee payroll data. After viewing the presentation of the tool via the joint IOU webinar, and garnering contractor feedback, SoCalGas believes there is no current off-the-shelf software that can be purchased without requiring detailed customization to address the data collection requirements and ensure uniformity, consistency, accuracy and granularity. Off-the-shelf software that compiles data from certified payroll data, for example, would need to be customized to address needs specific to the WE&T effort. A contractor's certified payroll data would not likely contain all of the data that would be requested. An additional factor that needs to be considered is the different job titles that may exist within the IOUs ESA Program's contractor staff. For example one contractor may

have a job title of Office Supervisor and another Office Manager, however their responsibilities may be the same for both. The IOUs will need to work jointly to create standardized reportable categories and/or job titles to facilitate ease of data collection and interpretation.

SoCalGas supports a standard electronic data collection and reporting system across all four IOUs. In selecting a software application, adequate consideration should be given to automation to minimize the administrative burden to contractors and IOUs. SoCalGas recommends the IOUs work together to issue a joint IOU RFP in 2015 with an implementation goal of adding the reporting requirement to the ESA Program contracts in 2016 and 2017. SoCalGas proposes that the WE&T Working Group be reformed to specifically address the recommendations of the UCB-DVC Guidance Plan related to data collection, facilitate the RFP and develop the implementation plan and timeline.

c) Budget to facilitate a prevailing wage

The DVC Guidance Plan recommended that the ESA Program establish a prevailing wage for all contractors that have a direct contracting replationship for IOU programs including the ESA Program. The Guidance Plan acknowledged that the California Department of Industrial Relations would need to make wage determinations by county for the work that ESA Program contractor personnel perform for the Program prior to implementing a prevailing wage plan.

SoCalGas currently has 43 contractors providing services for its ESA Program. The reimbursement rates that SoCalGas pays its contractors is inclusive of all costs associated with providing these services including labor. Therefore, in the normal course of business, SoCalGas would not have information regarding contractor labor rates to assess the impact of a prevailing wage on its Program budget. In an effort to be responsive to the Guidance Document directive to provide a budget to facilitate a prevailing wage in its ESA Program, SoCalGas conducted a voluntary survey of its largest contractors in the hopes of gaining additional information that can be used to assess the impact to the Program. The survey asked contractors to provide input on various items including the proportion of revenue that is related to wages, a breakdown of labor costs by various fucntions (field, administrative, warehouse, etc.), minimum and maximum hourly wages paid, what do they consider the prevailing wage for the work done in the Program and an estimate of savings from implementing a prevailing wage due to factors indetified in the DVC Gudiance Plan.

Although some of the results were inconsistent, SoCalGas was able to draw some conclusions based on the input received to assess the impact to its ESA Program budget. Survey results demonstrate that there is the belief that there are no offsetting cost savings associated with implementing a prevailing wage and that, in addition to paying higher wages, there is an increase in administrative burden in tracking, managing and reporting prevailing wage information. Contractors also stated that these additional costs could not be asorbed and that the increase would need to be included in the reimbursement rates SoCalGas pays its contractors. Based on the input it received from contractors in its survey, SoCalGas estimates that the additional budget required to facilitate a prevailing wage is $79 million for program years 2015-2017. The resultant impact to SoCalGas' program cost-effectiveness is a decrease in the Cycle 2016-2017 ESACET test from 1.05 to 0.89. If SoCalGas were directed to facilitate a prevailing wage, it would need six months to implement which would include determining new reimbursement rates and adjusting its service agreements with contractors.

As stated in the Testimony of SoCalGas witness Mr. Rendler, SoCalGas does not believe action should be taken at this time with respect to this consideration absent additional research and evaluation that could warrant establishment of prevailing wage conditions.

d) C areer pipeline

SoCalGas supports the development of career pathways for workers currently employed by ESA Program contractors. SoCalGas' contractor network recruits the majority of its labor resources from the local areas it services, including the low income communities within its service territory. SoCalGas proposes to continue to encourage contractors to recruit from low income areas and seek employees from the displaced workforce population. It will also continue to promote programs to prepare the ESA Program workforce and to recruit and train residents of disadvantaged, low income communities to install energy efficiency measures. SoCalGas has already been successful increasing the technical expertise of its installation crews through its NGAT training. SoCalGas will continue to support career paths and career ladders from basic skill level jobs such as weatherization installation to advance skill level jobs such as HVAC technician, Home Energy Rating System ("HERS") Rater and/or Energy Inspector through its Contractor Network.

In support of the UCB-DVC recommendation issued in the Guidance Plan in May 2014 to develop a career pipeline for workers currently employed in the ESA Program, SoCalGas

proposes to facilitate educational opportunities through convenient and easily accessible forums that support providing ESA Program workers with the training and skills needed for career advancement. For example, SoCalGas intends to expand its current training offerings to its contractor network with online soft skills training. The training will be made available to all contractor personnel including the 500 plus Outreach Specialists hired from low income communities to enroll customers into the ESA Program. SoCalGas will also continue to leverage and develop workforce education and training opportunities with the ESA Program contractors and community organizations through the back office training it offers to its ESA Program Contractor Network. The back office training is designed to provide contractors best practices surrounding topics such as communications skills, time performance, process mapping and productivity.

SoCalGas will place emphasis on partnerships between business, labor and other training and educational institutions. For example, SoCalGas proposes to leverage the strength of community organizations providing career pathway training for individuals from disadvantaged communities and support employee recruitment into its contractor network. SoCalGas seeks to foster partnerships that would assist former military and disabled military personnel seeking employment. SoCalGas looks to developing relationships with the Wounded Warriors and the Show Your Stripes organizations during PY2015-2017 to consider WE&T opportunities for veterans.

SoCalGas also intends to present training offerings, in cooperation with the SoCalGas' energy efficiency programs, appropriate for workers participating in the ESA Program who are also seeking advanced skills development. The SoCalGas ESA Program will work cooperatively with the WE&T program to develop an implementation plan designed to provide education and exposure to IOU energy efficiency programs and third-party implementers, necessary worker skills and certification requirements, as well as training that avails participants with certified curriculum, competencies and qualifications in preparation for other types of energy efficiency work. Any process will require leveraging other regional resources to enable convenient access to classroom and on-line learning venues; ensure pre-requisite preparation for mastering more advanced technical content; and to present practical career pathway options.

SoCalGas recognizes that ESA Program contractors may already have some kind of career support system inherent in their business practices and will seek to identify these through

working group discussions with the purpose of developing a best practices implementation plan that articulates and supports a career pipeline for current ESA Program workers.

Throughout the 2015 -2017 ESA Program cycle SoCalGas proposes to leverage internal and contractor resources as much as possible in the development of career pipeline strategies and a training ladders plan. The SoCalGas WE&T program currently has partnerships with qualified workforce development entities and intends to leverage their experience in identifying skills and trainings ESA Programs workers need for career advancement opportunities in the energy efficiency sector.

e) "First Source" Hiring Requirements

In the currently ongoing EE proceeding R.13-11-005, the Commission directed the IOUs to hire an expert consultant to assist in the development of a plan to address workforce issues. This expert consultant, The University of California, Berkley Donald Vial Center for Employment in the Green Economy (UCB-DVC), issued a Guidance Plan in May 2014 which included a general recommendation of creating a workforce inclusion program to broaden access career pathways in Energy Efficiency for workers from disadvantaged communities. A specific recommendation addressing inclusion in the Energy Efficiency portfolios requires the IOUs to adopt "first source" language in all EE contracts to create a formal link between training for disadvantaged workers and job opportunities throughout the EE programs including the ESA Program. One of the foundational activities identified in support of implementing the workforce inclusion program is the need for the IOUs to adopt a definition of "disadvantaged worker" based on meeting a specific set of identified criteria. As stated above in subsection F.7.c., SoCalGas' ESA Program contractor network recruits the majority of its labor resources from the local areas it services, including the low income communities within its service territory. Based on this knowledge SoCalGas supports the UCB-DVC recommendation to adopt "first source" language and proposes to develop and implement similar "first source" language that is currently being used in the contracts of some of SoCalGas' energy efficiency programs.

In addition to developing language to add to the 2016 and 2017 ESA Program contracts, SoCalGas intends to work with and leverage the efforts of the IOUs WE&T Working group in the Energy Efficiency program operations department to develop an implementation plan that will be designed to minimize the contractor administrative process of reporting job openings.

Developing a process that is not administratively burdensome will ensure contractors will be able to meet this requirement with minimal impact to their day to day operations.

In addition, SoCalGas will explore using existing organizations and web sites for the purpose of posting job openings of both ESA Program and Energy Efficiency contractors. The postings will be limited to experienced workforce training providers and organizations in the low-income communities to facilitate a job pipeline to disadvantaged workers. By leveraging resources and exploring the use of existing job posting processes, some of which may already be used by the ESA Program Contractor Network, SoCalGas hopes to mitigate the incremental costs of developing and implementing the "first source" recommendation in the UCB-DVC Guidance Plan.

8. Database for Energy Efficient Resources ("DEER")

How will your utility's ESA Program support (via allocated employee resources, etc.) the planned updates to the DEER database to include ESA Program specific measures, as well as low-income usage profiles for current measure entries? What is your utility's plan to augment or bolster these ongoing DEER updates and will these updates be incorporated into ESA Program planning? If so, how will this incorporation occur?

DEER is under the purview of the Energy Division and all updates are set out by code changes, Rulings, or Commission Decisions. Therefore, it is important that both IOU and Commission Staff engage with the DEER team on possible inclusion of ESA Program measures. The ESA Program savings are currently based on low-income impact evaluations and should continue in this manner. The low-income population has different energy usage patterns than the general population due to their income restrictions. On the other hand, DEER measures are developed through simulation modeling and not necessarily based purely on evaluation results. ESA Program measures should continue to rely on impact evaluations and those results should be included in the DEER database. DEER also serves as the public facing document of approved energy savings values and inclusion of ESA Program measures would allow the public access to low income energy savings data. When a new ESA measure has no savings information from low-income impact evaluations, work papers and DEER savings estimates will be used until an impact evaluation analyzes the savings of this measure.

9. Evaluation, Measurement & Valuation

The 2012-2014 budget cycle saw several corresponding ESA and CARE Program studies that, in conjunction with other planned mainstream energy efficiency EM&V efforts, inundated IOUs' EM&V staff and systems with high volume, complex, data demands. As a result, there were delays in processing consultant data requests and transmitting data to study consultants. What is your utility's plan to support these internal EM&V departments, staff and systems to prevent future resource constraints and data delays?

At the most basic level, it takes time for research consultants to understand the relevant complexities involved in delivering a program such as the ESA Program. This understanding is both critical, and an inherent part of obtaining data required to meet the objectives of the study. When requests for data are unclear or not informed by such things as: (a) knowledge of the programs (b) the existence of the data (c) the quality or completeness of the data and/or (d) the form that data may exist in, it becomes difficult for the utilities to respond to the requests for data. Consultants do not have, and cannot be expected to have, detailed knowledge of how the program operates, with numerous possible workflow statuses and results that are designed to ensure efficient and comprehensive delivery of services while complying with specific regulatory directives. Setting deadlines for studies that account for complex research objectives and the time required to assist consultants in obtaining the required data to meet those objectives is essential. Imprecise requests for data lead to misunderstandings and often require multiple attempts to ensure the contractor understands the program operation and has a valid premise behind a specific request. In some cases it can lead to the delivery of incorrect or inconsistent data which ultimately nullifies the value of the research. The iterative (and sometimes time and resource intensive) process of determining what data are needed, what exists, where it exists and what can fulfill the study objectives is a logistical necessity of executing the research.

10. AB 327

In light of potential future rate design changes directed under AB 327 and under consideration in R.12-06-013, how will your electric utility address affordability issues through ESA? Discuss whether your utility would be seeking to roll out technological solutions, new outreach plans or partnerships, or other initiatives under ESA to address AB 327, and if so, explain how your utility plans to implement the solution, in detail.

As a gas-only IOU, this is not applicable to SoCalGas.

G. ESA PROGRAM PILOTS

SoCalGas is not proposing any pilots for PY2015-2017.

H. Studies And Evalutations

SoCalGas, in conjunction with SCE, PG&E, SDG&E are proposing four specific studies in the upcoming program cycle. These include: an Impact Evaluation, Energy Education (Phase 2) and the Needs Assessment as requested per the guidance document as well as the Cost Effectiveness study identified and recommended as per the cost effectiveness working group. In addition, SoCalGas is requesting additional EM&V funds that will enable small-scale, rapid feedback research projects or data analyses to assist in answering particular questions not included in specific studies but that may arise during the course of running the low income programs. SoCalGas is also continuing to leverage findings and data from studies conducted during prior program cycles to inform this application and ongoing program improvements to assist in meeting the longer term programmatic initiatives set forth by the Commission. A summary of each of the proposed studies are described below. Additional details regarding the study description, rationale, budget, and timing for each of the evaluations described in the Study Implementation plans provided in Exhibit 1.

Table 20: Budget for Studies and Evaluations

Studies & Evaluations - Overview Budget	**IOU Lead**	**Total Cost**	**SCG Cost**[93]
Impact Evaluation of the Energy Savings Assistance Program	SCG	$550,000	$137,500
Low Income Needs Assessment	SCE	$500,000	$125,000
Energy Education (Phase 2)	PG&E	$350,000	$87,500
Cost Effectiveness/NEBs	SDG&E	$150,000	$37,500
Rapid Feedback Research	SCG	$200,000	$200,000
TOTAL		**$1,750,000**	**$587,500**

I. Impact Evaluation Study

1. 2012-2014 Impact Evaluation

Discuss the results of the 2012-2014 Impact Evaluation carried out during the 2012-2014 program cycle. Explain how those results and recommendations will be incorporated into the 2015-2017 program cycle.

SoCalGas is using the results of the 2012-14 Impact Evaluation in calculations and planning for the 2015-2017 program cycle. The study recommendations were largely aimed at

[93] All statewide studies assume the following cost allocations as per prior program cycles: SCE=30%; PG&E =30%; SCG=25%; SDG&E=15%.

future study design, methodology, timing and potential alternatives for savings estimates. In conjunction with the other IOUs, SoCalGas will consider these recommendations when writing the scope of work, selecting the contractor, and finalizing the research plan with the winning contractor for the 2016-17 Impact Evaluation.

SoCalGas supports many of the latest impact evaluation recommendations, such as: the continuance of using billing regression to estimate program impacts; conducting a more rigorous analysis of participation patterns across evaluation years; and continuing the current evaluation cycle timing. SoCalGas supports other recommendations with caveats. SoCalGas supports the use of hourly temperature data as long as the data is available and not cost prohibitive. SoCalGas is willing to consider the use of multiple model specifications for flexibility and will discuss the appropriateness of multiple model specifications with the other IOUs and ED staff when developing the next impact evaluation research plan. SoCalGas supports the notion of remembering lessons learned from previous evaluations; however, when conducting future studies SoCalGas will not completely dismiss previous types of analysis. Programs change over time and methods may be used in a different way or tweaked in a way that allows them to be effective. SoCalGas supports the allowance of more time for an impact evaluation; however, the timing is not completely controlled by SoCalGas. The timeline is dependent on many items, including: approval of this application, the due date of the next application, coordination with other IOUs and ED in drafting a research plan, going through the RFP and data request process, etc.

SoCalGas continues to support the use of billing analysis over DEER in estimating savings for ESA Program measures. Billing analysis has the empirical data advantage of use of actual measured outcome, such as the usage data for the participating population. Moreover, DEER is an ex ante database which relies on ex post evaluated results and not used as an approach for ex post evaluation in other EE programs. DEER can however be used as priors or ex ante values as a basis for a secondary model that disaggregates measure group effects to measure level from the ex post billing regression model.

<u>Impact Evaluation Recommendations (Corinne Sierzant)</u>

2. 2015-2017 Impact Evaluation

In addition to other elements that may be added, the 2015-2017 Impact Evaluation will estimate first-year gas and electric energy savings and coincident peak demand reduction

attributable to the ESA Program energy savings impact estimates, in aggregate, by IOU service territory, by average participant, by household, by measure and/or measure group, and, where possible and appropriate, by climate zone and housing type.

- SoCalGas and the other Utilities propose to conduct an impact evaluation of the 2015 Energy Savings Assistance Program during the 2016-17 program cycle. The evaluation will provide savings estimates for a particular year and program implementation, as well as inform future program planning. The 2015 Impact Evaluation will provide program savings at a needed disaggregation level for the purposes of projecting within meaningful categories of population, such as climate zones, dwelling types, dwelling age, etc. Such a level of estimation is important for guiding current and future program delivery as well as determining program cost-effectiveness. A more detailed RFP will outline more concrete details on expectations for proponent bidders. Exhibit 1.

J. Low Income Needs Assessment

1. 2012-2014 Low Income Needs Assessment Study:

Discuss the results of the recently completed Low Income Needs Assessment Study that was carried out during the 2012-2014 program cycle. Explain how those results and recommendations will be incorporated into the 2015-2017 program cycle.

The LINA Study included many objectives aimed at better understanding the needs of the utilities' income qualified customers. Among other things, the study examined eligibility, penetration, needs, burden, and barriers to participation in the CARE and ESA Programs. Some of the results (e.g., barriers, burden, etc.) were consistent with the prior 2007 Needs Assessment[94] which surveyed customers in 2003.

Overall the 2013 the LINA Study found that roughly 32% of California IOU households eligible for the CARE and ESA Program. While the penetration has dropped in the past year for CARE since increased verification has been employed, the study found that 95% of eligible IOU households were enrolled in CARE as of the end of 2012,[95] 59% of eligible households have

[94] Prepared for the Commission by KEMA, Inc. "Final Report on Phase 2 Low Income Needs Assessment," September 7, 2007.

[95] Note that as the IOUs increase post-enrollment verification, the penetration rate is going down as more households are removed from the program.

been treated by the ESA Program. The results also revealed that both CARE and ESA Programs have been effectively reaching households in areas with higher rates of key eligible (sub) markets in greatest need (e.g., elderly, disabled, African American, etc). The ESA Program has been less successful reaching areas with more renters, extreme poverty and higher energy usage. Consistent with the prior 2007 Needs Assessment the study found key barriers to ESA Program participation include trusting a contractor; getting the landlord's approval; Being home for appointments; and needing something the program offers. Likewise, consistent with the prior Needs Assessment, the study found that the energy burden of low income customers is roughly 8%. Single Family renters are a market that was determined to have more burden, potential need, and generally has lower participation rates for the ESA Program.

The study also reexamined the "unwillingness factor". Based on multiple methods and a more detailed approach to the topic, the research found that roughly 52% of the non-participants are willing to participate in the ESA Program which is significantly fewer than was assessed in the prior Needs Assessment. Other key findings included the average bills savings that CARE customers receive, and the fact that most (81%) of the ESA Program participants recognize actual bill savings after having participated in the program and over half (44-64%) discuss benefits related to health, comfort and safety. In addition, the study found that HVAC is the most desired measure currently offered followed by the refrigerator. Additional and more details on the study results can be found in the full report available on CALMAC.org.

SoCalGas is incorporating many of the specific recommendations in the LINA Study strategies and enhancements to program operations and delivery discussed throughout this application. For example, the results on unwillingness are discussed in greater detail in Section II.B.Goals.3, recommendations regarding addressing identified program barriers to participation are describe in Section II.B.Goals.4 and efforts to target key sub-populations such as single family renters are discussed in Section II.C.2.

2. AB 327:

Pursuant to the AB 327 requirement for a triennial needs assessment study, the IOUs must propose specific study areas or subjects for further study in the next LINA. Present a specific areas or subjects and detailed discussion of why these areas warrant further study and how the additional information works towards accomplishing the ESA Program's programmatic initiatives. At minimum, include the following topics:

a) Estimates of Remaining Energy Savings Potential.

b) Updated Assessment of Energy Insecurity and Energy Burden.
c) Most beneficial program measures.

Pursuant to the AB 327 requirement for a triennial needs assessment study, a Low Income Needs Assessment Study will be conducted during for PY2015-17. The overall purpose of the Needs Assessment study is to learn more about the nature and needs of California's low income customers in service of identifying ways to better serve them and potentially improve the CARE and ESA Programs. While a more detailed RFP will specify detailed expectations and objectives of the study for proponent bidders, SoCalGas provides initial thoughts in the Prepared Direct Testimony of Mr. Dan Rendler on whether the study should address (a) Estimates of Remaining Energy Savings Potential; (b) energy insecurity and energy burden; (c) the level of burden in providing income documentation for CARE Program participation; and (d) the most beneficial program measures. SoCalGas witness Rendler also provides perspectives on additional topics that may warrant inclusion in the next LINA Study.

3. Energy Education Study - Phase 2 Report:
On November 1, 2013, a joint petition to modify D.12-08-044 (Joint Petition) was filed by the IOUs seeking modification of that decision that would authorize an extension of time for the IOUs to complete the Energy Education Study ordered in that decision, including completing the field study requirements in assessing the benefits of the current energy education offerings until the ESA and CARE 2015-2017 program cycle. Provide a joint proposal for the subsequent phase of the Energy Education Study (Phase 2) for the 2015-2017 program cycle pursuant to the requested and granted modifications to D.12-08-044.

The IOUs completed an Energy Education Study (ordered in D.12-08-044) for PYs 2012-2014. The study sought to understand and identify ways to optimize the educational component of the program. In particular, it examined and provided information on ways to improve (a) the way in which the education is delivered as well as, (b) the educational materials and content provided to customers as part of the ESA Program.

D.12-08-044 also requested the study include a component that ascertained actual savings benefits resulting from the energy education provided to customers. For a variety of reasons, the study was unable to assess the actual bill and energy savings benefits of the current energy education offerings as outlined in the guidance document for the prior program cycle. As such, the IOUs requested that the Commission modify D.12-08-044 to allow them to satisfy this

requirement with a subsequent (Phase 2) proposal as part of the 2015-2017 ESA Program and CARE funding applications. The petition acknowledged the Commission's desire for including a field study component and measuring actual savings of the current energy education. It further recognized that the IOUs agreed to explore and address various methodological considerations as part of the proposal presented in the upcoming applications.

In response, the IOU's are proposing a Phase 2 Energy Education Study that will examine potential savings impacts of the ESA Program's current energy education on participating customers to determine if reliable and valid savings estimates are attributable to the educational component of the ESA Program. Additional details of the proposed plan are described in the Study Implementation Plan included as Exhibit 1.

In this application, SoCalGas is proposing that all income eligible customers be given energy education, including customers that do not receive the minimum number of ESA Program measures. This study may also provide results and additional savings-based data (relative to what was provided in Phase 1) regarding the value of ESA Program's energy education for customersGiven the Commissions increasing emphasis on behavioral programs in general, the IOUs are increasing efforts in this area including additional attention paid to their in-home Energy Education components for PYs 2015-2017 based on the Phase 1 recommendations. The results of this study may offer additional insight on the benefits of energy education and whether this service would be of value regardless as to whether low income customers qualify for specific measures offered by the ESA Program.

Equity Criteria Non-Energy Benefits Evaluation:

This study is designed to address recommendations listed in the Addendum to the Working Group Cost-Effectiveness White Paper that was submitted in 2013 and referenced in D.14-08-030.[96] In particular, this study will provide information for the recommended Equity Evaluation and NEBs study that were recommended in the White Paper Addendum.

The Study will perform an equity evaluation of all program measures offered in the 2015 to 2017 cycle. The objective of the Equity Evaluation is to qualitatively assess the level of health, comfort and safety attributes resulting from each of the ESA Program measures. The

[96] Addendum to ESA Cost Effectiveness Working Group White Paper, Working Group Final Recommendations. Submitted by PG&E on behalf of the Cost Effectiveness Working Group to ALJ Kimberly Kim on July 15, 2013 in compliance with D.12-08-044, OP.13.

qualitative equity evaluation will provide information on how ESA Program measures contribute to the quality of life of participants particularly for measures that may not yield significant energy savings. The Strategic Plan recognizes complementary goals of ESA, "…to provide an energy resource for California and to produce energy savings", and recognizes that the program "…may also include measures that improve customers' quality of life"[97]. Thus, this effort is an important activity resulting in information to understand and justify the use of funds to support offering certain measures (i.e., equity measures) that contribute significantly to health, comfort and safety but may not otherwise be cost effective or justified on the basis of generating meaningful energy savings (i.e., resource measures).

Secondly, this Study will revise the approach for estimating NEBs. The objective of this part of the study is to revise the NEBs calculations used in the cost-effectiveness analysis. The Working Group recommended that, beginning with the 2015 to 2017 program cycle, the NEBs estimation be revised to include the direct calculation of three specific NEBs (water savings, reduced arrearages and reduced customer calls), and the estimation of remaining NEBs via an "adder" or factor that could be multiplied by an appropriate base. Development of the adder was particularly problematic for the Working Group as neither an appropriate base, nor a rationale for a particular percentage, were identified. In addition to updated calculations, the Study will provide a new spreadsheet tool and a summary of recent research in the literature to support the revised calculations. The current tool was created in 2001 and has only been minimally revised and updated since that date. Furthermore, the study will provide a summary of NEBs based on recent literature.

Ad Hoc EM&V Projects

SCG requests additional EM&V funds to conduct smaller scale research projects and data analyses that may arise over the course of the program cycle. This research will allow SCG to address program specific needs as they arise in a relevant and potentially expedient and cost-effective way. SCG anticipates these research projects will include small-scale efforts for which data collection and/or analysis might assist with on program issues not addressed via the statewide evaluation studies outlined above and/or existing utility resources. These projects may obtain or analyze data to support questions regarding on-going program quality monitoring,

[97] The California Long Term Energy Efficiency Strategic Plan, dated September 2008. See Section 2.2.5, Implementation Plan, at p. 28.

answering a particular question that arises during the course of running the program, or building off existing or ongoing research by activities such as conducting new analyses of existing data. Examples of such efforts may include: Collect/Analyze data to support need to improve/enhance program delivery for customers in the SCG/SCE overlap territory (e.g., contractor delivery/marketing/data collection & sharing practices/ etc), Analysis of other (non-low income) data sources; e.g., RASS, the 2010 MEO awareness, attitudes and knowledge customer data etc. – specifically to address needs/understanding of our low income customers. These funds may also be useful to enable to the low income programs to add sample or additional objectives to relevant studies designed to support other programs and topics. For example, as appropriate, some of these funds may be used to leverage and integrate with other relevant EM&V projects (e.g., EE Multifamily evaluations, etc.)

It is anticipated that the overall implementation will be similar to that employed with other studies in so far as a clear scope of work, with identified objectives, anticipated costs and outcomes will be outlined prior to initiating the work. These projects are expected to cost between $3,000 for a small scale analyses to $50,000 for a more involved directed process-related study that may involve additional data collection. To expedite the process it may also be appropriate for these types of studies to be executed via a directed Purchase Order or CWA rather than a competitive bid process. SCG contends the funds allocated for such needs will offer an efficient and prudent opportunity to ascertain relevant data in a more expedient and cost-effective way.

K. ESA Program Budget

Each cost category and subcategory of the proposed budget is presented below with a table showing the authorized levels from the 2012-2014 program year as well as actual expenditures in 2012-2014, compared with the proposed budget for 2015-2017. 2012 actual expenditures, originally presented in SoCalGas' 2012 annual report based on the prior categorization, have been restated here under the current categorization. 2014 "actual" expenditures include forecast expenditures for October through December, 2014. All Energy Efficiency categories, including customer enrollment and energy education, as well as certain activities shown "below the line" particularly for the Inspections category, incorporate an estimate of the number of units SoCalGas will treat and weatherize in 2015-2017. In all cases

we have assumed SoCalGas will treat and weatherize 110,000 units each year 2015-2017, for a total of 330,000 units for the cycle.

If the Commission adopts a different goal for SoCalGas' number of treated units per year, the impact on SoCalGas' proposed budget is $998 per treated unit in 2015, $1,065 per treated unit in 2016, and $1,089 per treated unit in 2017. SoCalGas does not expect a significantly different cost per treated unit whether the Commission approves, denies or alters SoCalGas' proposal to include 10-year go-back units already treated since 2002, discussed above at [section II.B.Budgets.1. As proposed, the Energy Efficiency and Inspection categories include $5.0 million to treat 5,000 such units 2015, $10.7 million to include 10,000 such units 2016, and $21.8 million to treat 20,000 such units 2017. Removing the 10-year go-back proposal altogether would not impact SoCalGas' proposed budget, as long as total treated units are maintained at 110,000 per year.

Energy Efficiency

The costs of continuing energy efficiency measures are developed based on the assumption that feasibility for measures will be similar to that experienced in the most recent full recorded program year (2013, or the "base year"). Per-measure costs for continuing measures are also developed from the base year, with adjustments for inflation as described above. In cases where 2014 or 2015 costs can be estimated based on known or planned rate changes for particular measures, those adjustments are used in place of inflation increases for those years.

Forecasting provisions for new or modified program activity are described in applicable subcategory sections.

Table 21 - Appliances

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized [1]	$ 17,456,943	$ 17,785,150	$ 17,785,150	$ 53,027,243	$ 16,376,778	$ 16,741,980	$ 17,117,000	$ 50,235,758
Actual [2]	$ 3,811,556	$ 13,740,908	$ 20,938,575	$ 38,491,039				

[1] 2012-2014 Authorized amounts include $1,046,575 approved as carryback funding line item - Phase II D-14-08-030.

[2] Year 2014 represents forecasted estimate.

The Appliances subcategory forecast includes all measure installation costs and fees related to delivery of HE Washers. SoCalGas assumed installed units in 2015-2017 will be equal to the number of treated homes, times the rate at which treated homes have qualified for washers

in 2013, with an adjustment for the rate of unsuccessful delivery attempts. Unit costs were assumed to be equal to the rate experienced in full year 2013, adjusted for inflation. Because contracted rates for washers remained unchanged in 2014, SoCalGas assumed an inflation adjustment from the 2014 per-unit cost level, which was similar to the 2013 level.

The forecast rate of washer feasibility for 2015-2017 is higher than the rate forecast in SoCalGas' prior budget request. Thus, on an average expenditures per treated unit basis, adjusted for inflation, appliance are higher in 2015-2017 than the level authorized in the prior period.

Table 22 - Domestic Hot Water

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 15,889,976	$ 16,366,675	$ 16,843,374	$ 49,100,025	$ 14,528,361	$ 19,793,179	$ 20,236,546	$ 54,558,087
Actual [1]	$ 6,641,748	$ 12,033,576	$ 13,292,282	$ 31,967,607				

[1] Year 2014 represents forecasted estimate.

The Domestic Hot Water subcategory forecast includes all measure installation costs and fees related to the following measures:

- Faucet Aerators
- Low-Flow Shower Heads
- Thermostatic Shower Valves
- Water Heater Repair
- Water Heater Replacement
- Thermostatic Tub Spouts (new measure)

For each of the measures above that were part of the 2013 portfolio, SoCalGas assumed installed units in 2015-2017 will be equal to the number of treated homes, times the average expenditure per treated unit for the measure experienced in 2013. Costs per unit increased from the 2013 level by 6.2% for water heater repair and replacement based on a rate increase planned for 2015, and by 4.1% for other continuing measures, based on rate adjustments made in 2014.

In forecasting costs for Thermostatic Tub Spouts, SoCalGas assumed units will be installed at a rate 80% of that experienced for Thermostatic Shower Valves in 2013, excluding mobile homes, based on SoCalGas' estimate of the rate of tub-shower combination units serviced, and that this rate of installation will begin in November, 2015 based on SoCalGas' best estimate of

the availability of the equipment. Unit costs are estimated at $72.15 per unit (2014 dollars), based on manufacturer's estimated unit price for materials, and SoCalGas estimates for installation costs.

Table 23 - Enclosure

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 39,607,317	$ 40,795,537	$ 41,983,756	$ 122,386,610	$ 30,974,228	$ 31,664,954	$ 32,374,249	$ 95,013,431
Actual [1]	$ 31,737,370	$ 28,578,903	$ 29,878,854	$ 90,195,127				

[1] Year 2014 represents forecasted estimate.

The Enclosure subcategory forecast includes all measures and fees related to the following measures:

- Air Sealing and Envelope measures including:
  - A/C Vent Cover
  - Caulking
  - Evaporative Cooler Vent Cover
  - Minor Home Repair
  - Switch Outlet Gaskets and Cover
  - Weatherstripping
- Attic Insulation

For each of the measures above that were part of the 2013 portfolio, SoCalGas assumed installed units in 2015-2017 will be equal to the number of treated homes, times the average expenditure per treated unit for the measure experienced in 2013.

For Air Sealing and Envelope measures, SoCalGas assumed 2015 unit costs would increase by 4.1 above 2013 levels based on rate adjustments made in 2014.

2015 Forecast Attic Insulation unit costs incorporate a 9.4% increase above 2013 levels, based on 2014 rate adjustments.

Table 24 - HVAC

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 18,123,476	$ 18,667,180	$ 19,210,885	$ 56,001,541	$ 22,472,621	$ 22,973,761	$ 23,488,373	$ 68,934,754
Actual [1]	$ 15,339,360	$ 14,934,840	$ 13,114,074	$ 43,388,273				

[1] Year 2014 represents forecasted estimate.

HVAC

The HVAC subcategory forecast includes all measure and fees related to the following existing measures:

- FAU Standing Pilot Light Conversion
- Furnace Repair/Replacement
- Duct Testing and Sealing

In addition, SoCalGas proposes in this application the following incremental measure costs:

- Minor Furnace Repair – Renter
- HE Forced Air Unit (FAU) Furnace Early ReplacementHE FAU Furnace Replacement for Split System (SCE coordinated measure)
- HE FAU Furnace Replacement On Burnout

The FAU Standing Pilot Light Conversion, Furnace Repair/Replacement, and Duct Testing & Sealing incorporate a 6.2% increase above 2013 levels based on planned contract rate adjustments.

Installation rates per treated unit for FAU Standing Pilot Light Conversion are assumed to be equal to the rate experienced in 2013. For Furnace Repair/Replacement, the 2013 installation rates are also used with adjustments based on avoided units described in the HE FAU Furnace discussion below and reflected in that part of the calculation. Duct Testing & Sealing, which SoCalGas has proposed to limit to homes where that process is required for Title 24 compliance, is based on the units performed in 2013 meeting that criterion.

Minor Furnace Repair for Renters, HE FAU Furnace Replacementon Burnout, and HE FAU Early Replacement are new proposed measures for 2015.

For Minor Furnace Repair for Renters, SCG based its estimate on the number of furnaces SoCalGas encountered in renter-occupied homes in 2013 that required repair, and estimated that as many as half of these units could be safely made operational with a minor repair, defined as

repairs under $300. A common repair meeting this definition would be replacement of the thermocouple at less than $100. SoCalGas esimates the average cost for minor furnace repairs at $200 per home.

HE FAU Furnace Early Replacement entails the replacement of FAUs that are functioning, *or* would have been repaired to a functioning state under 2012-2014 SoCalGas practices. To qualify for this measure, the unit must meet criteria discussed at section II.E.1.b. above. SoCalGas' estimates for installed units are based on the fraction of all FAUs encountered by SoCalGas crews in 2013 that would be likely to qualify. Budgeted unit costs are based on a 2013 cost estimate commissioned by SoCalGas and PG&E[98]. When providing an HE FAU to a customer, who would have otherwise qualified for a FAU repair, costs are calculated based on the incremental difference between the cost of an HE FAU and the cost to repair existing FAUs.

As described at section II.E.1.b above, SoCalGas will also coordinate with SCE to deliver HE FAU Furnace Early Replacement for homes where SCE is simultaneously providing an Air Conditioner replacement that is part of a split system. The cost of these units is somewhat lower than that assumed for the HE FAU Furnace replacement only due to costs avoided when installing both units at the same time.

HE FAU Furnace Replacement on Burnout entails the substitution of HE FAUs in cases where SoCalGas, in the 2012-2014 version of the program, would have replaced an existing unit with a new 80 AFUE FAU. In budgeting, these units costs are based on the same cost estimate as for the Early Replacement measure discussed above; however, because these measures are installed in lieu of replacement with conventional efficiency FAUs already budgeted in the Furnace Repair/Replace section above, the budgetary requirements are calculated in terms of their incremental contribution, net of the avoided 80 AFUE unit installation.

Table 25 - Maintenance

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 2,008,345	$ 2,068,596	$ 2,128,846	$ 6,205,787	$ 1,853,937	$ 1,895,280	$ 1,937,734	$ 5,686,950
Actual [1]	$ 1,351,495	$ 1,697,268	$ 1,604,251	$ 4,653,014				

[1] Year 2014 represents forecasted estimate.

[98] Richard Heath and Associates, Inc., "High Efficiency Furnace Installation Cost" prepared for Pacific Gas and Electric Company and Southern California Gas Company, January 14, 2013.

Furnace Clean and Tune is the sole measure in the Maintenance budget subcategory. Forecast unit costs incorporate a 6.2% increase above 2013 levels, based on planned price rate adjustments, and the number of units per treated home is based on the rate experienced in base year 2013.

Table 26 - Customer Enrollment

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 20,775,400	$ 20,825,610	$ 20,834,354	$ 62,435,364	$ 17,715,201	$ 18,110,250	$ 18,515,920	$ 54,341,371
Actual [1]	$ 14,812,405	$ 15,800,281	$ 16,201,864	$ 46,814,550				

[1] Year 2014 represents forecasted estimate.

The Customer Enrollment subcategory includes all fees related to Outreach & Assessment activities including income qualification, enrollment of customers, and the cost of enrollment forms. This includes activities performed by SoCalGas' contractor network, as well as those performed by SoCalGas employees under the CARs organization, and includes recovery of up to $2.9 million per year for Pension and Benefits, Worker's Compensation and Personal Liability and Property Damage insurance loaders, as allowed under D.12-08-044[99] as well as Payroll Tax and Vacation and Sick loader costs.

The forecast cost per treated unit for enrollment and assessment activities is based on the cost per unit experienced in 2013, adjusted for expected inflation after 2014. Because the cost of this activity, performed both by contractors and by CARs employees, is based on a cost per unit, expected CARs costs do not result in an incremental budget request. The forecast number of units incorporates an additional 5% above the assumed unit goal for a total of 115,500 units, to account for SoCalGas' proposal that income-qualified homes not meeting the three measure minimum be enrolled and energy educated.

[99] D.12-08-044 Ordering Paragraph 127 "Southern California Gas Company's request for authority to recover $3.1 million in overhead costs associated with proposed Customer Assistance Representative positions to be created using meter readers displaced by the installation of advanced meters is approved."

Table 27 - In Home Education

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 2,569,098	$ 2,517,646	$ 2,531,192	$ 7,617,936	$ 3,633,788	$ 3,714,821	$ 3,798,033	$ 11,146,642
Actual [1]	$ 1,375,948	$ 1,586,948	$ 1,464,159	$ 4,427,055				

[1] Year 2014 represents forecasted estimate.

The In-Home Education budget category includes the cost of fees paid to contractors for education activities as well as the cost of energy education related materials. In addition to the ongoing printing costs for the energy education guide, the 2015-2017 proposed budget includes costs for new materials discussed above at sections II.C.1.a, II.C.3.d, and II.C.3.e including coloring books, bookmarks, shower timers, Toilet Tank Efficiency Kits, and green totes.

Table 28 - Training Center

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 535,360	$ 663,921	$ 681,105	$ 1,880,386	$ 986,832	$ 885,711	$ 908,314	$ 2,780,857
Actual [1]	$ 280,456	$ 292,165	$ 291,117	$ 863,737				

[1] Year 2014 represents forecasted estimate.

The Training Center budget category includes labor and nonlabor costs related to training and auditing of contractor activities. Continuing activities were estimated based on the five-year 2009-2014 average expenditures, adjusted for inflation. In addition, the budget includes provision for the following new activities:

1. Training facility $184,050 over the period 2015-2017
2. Assessment training video development $110,000
3. Computer based training tool $30,675
4. One additional staff member to augment SoCalGas' contractor training and auditing capacity.

Table 29 - Inspections

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 3,168,321	$ 3,263,371	$ 3,361,051	$ 9,792,743	$ 2,256,181	$ 2,306,256	$ 2,357,651	$ 6,920,088
Actual [1]	$ 1,702,444	$ 1,909,890	$ 2,107,486	$ 5,719,820				

[1] Year 2014 represents forecasted estimate.

The Inspections budget category records costs paid to contractors for inspection of installed measures.

Per treated unit costs for this budget category are based on the experience in 2013, adjusted for inflation, with an additional provision to augment activity in order to better comply with the recommendations of P&P Manual

Table 30 - Marketing & Outreach

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 1,073,652	$ 1,272,007	$ 1,198,436	$ 3,544,095	$ 2,480,291	$ 2,558,973	$ 2,600,256	$ 7,639,520
Actual [1]	$ 617,336	$ 1,310,142	$ 1,141,377	$ 3,068,854				

[1] Year 2014 represents forecasted estimate.

SoCalGas' marketing and outreach budgets shown above for years 2015, 2016, and 2017 include labor and non-labor costs. SoCalGas used 2013 expenditures as a base year, and the upcoming program marketing and outreach budget accounts for activities including but not limited to continuation of: direct mail, email, and AVM campaigns, whole neighborhood approach, mass media marketing, ethnic owned media marketing, and print publication, distribution of ESA Program collateral and event sponsorship outreach. In addition, the proposed budgets include funding for new marketing and outreach initiatives, including but not limited to: multifamily outreach, expansion of mass media to include Asian languages, and a one time in depth interview survey of undocumented residents' barriers to program participation.

Overall, SoCalGas' ESA Program marketing and outreach budget shows an increase of approximately 9% over the 2013 expenditures, which includes inflation, incremental labor and non-labor costs. As described in the Multifamily section of this testimony, SoCalGas is proposing four (4) incremental FTEs that will support multifamily sector proposals, and are funded at approximately $328,000. In addition to the incremental labor costs, current marketing and outreach staff labor costs were transferred from general administration to marketing and outreach, which accounts for approximately $699,000. Labor costs for 2015 include inflation, salaries, and vacation and sick leave.

The total non-labor incremental cost is approximately $143,000[100], from the base year to 2015, includes multifamily outreach, and expansion of mass media to Asian language speaking customers. This total incremental non-labor cost was derived using historic costs for marketing and outreach campaigns and applying them to expanded efforts in the noted multifamily and Asian speaking markets.

[100] Includes inflation.

In 2016, SoCalGas plans to conduct a onetime survey of undocumented residents and this customer segment's program participation barriers, which will cost approximately $20,000[101]. This cost was arrived at through cost estimates, identifying the approximate cost for an in depth interview as $20per minute. SoCalGas is reserving funding to conduct approximately 24 in depth interviews that would each last 60 minutes.

Table 31- M&E Studies

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 316,667	$ 91,667	$ 91,667	$ 500,001	$ 195,833	$ 195,833	$ 195,833	$ 587,500
Actual [1]	$ 36,988	$ 459,866	$ -	$ 496,854				

[1] Year 2014 represents forecasted estimate.

M&E studies category posted a slight increase from the total cost $500,000 for 2012-2014 program cycle to the proposed total cost of $587,000 for 2015-2017 program cycle. The increase is attributed to the Low Income studies (Needs Assessment Study, Cost Effecitiveness, Impact Evaluation, Energy Education Phase II) and a small incremental amount to address potential adhoc studies.

Table 32 - Regulatory Compliance

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 295,333	$ 295,333	$ 295,333	$ 885,999	$ 327,469	$ 335,621	$ 344,307	$ 1,007,397
Actual [1]	$ 290,071	$ 290,849	$ 245,414	$ 826,334				

[1] Year 2014 represents forecasted estimate.

SoCalGas proposes expenditures of $1,007,397 for the PY2015-2017 program years, which is based on the 2014 forecast (year to date expenditures plus projection to year end) plus incremental labor needs and the standard inflation increase. The activities for this cost category include facilitating SoCalGas' compliance with Commission program rules and reporting requirements, the development of ESA Program regulatory filings, monitoring and evaluation of financials in compliance with established budgets, and responding to data requests from the Commission and other outside agencies and organizations, among other duties.

[101] This is the ESA Program contribution to the survey, CARE Program has reserved another $20,000 under marketing and outreach to contribute to the survey or set of in depth interviews.

This increase compared to the previous program years is to reflect the reorganization that was performed in PY2012. The reorganization was previously described to the Commission in connection with the 2012 GRC and was performed to enable SoCalGas management to focus on the specific challenges facing our business. As a result, a dedicated regulatory compliance team was established to support SoCalGas low-income programs. This is reflected in the difference between authorized historical expenses shown above. SoCalGas proposes to add the incremental labor of approximately $130,000 in 2015 dollars (allocated between the ESA and CARE Programs) reflecting the filling of positions associated with performing this function.

Table 33 - General Administration

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 5,193,381	$ 5,547,442	$ 5,286,041	$ 16,026,864	$ 5,423,125	$ 5,520,021	$ 5,291,513	$ 16,234,658
Actual [1]	$ 4,243,337	$ 4,911,594	$ 4,257,588	$ 13,412,519				

[1] Year 2014 represents forecasted estimate.

The General Administration budget category records labor and nonlabor costs associated with the general management and administration of the program including operation of the ESA Program call center, invoice processing, management of contractor field activities and installation standards, project management and analysis of the CARs organization, information systems maintenance and development, contract administration and program data analysis.

Continuing activities were estimated based on the five-year 2009-2014 average expenditures, adjusted for inflation. The 2015-2017 General Administration budget reflects removal of labor costs associated with 6.72 full time equivalent ("FTE") staff members reclassified under the Marketing and Outreach category which more appropriately reflects the activities of those staff members.

Compared with 2013 actual labor costs, an additional 4.53 FTE are included to account for the backfill of 2013 vacancies; in addition, new forecast labor costs for 3.25 FTEs are included to support SoCalGas' emphasis on multifamily strategy described elsewhere in this testimony including at section II.C.3.j and other initiatives.

Nonlabor costs include $2.2 million over 2015-2017 for information systems maintenance and enhancements. Among the planned enhancements are further development of the tools that will allow SoCalGas to coordinate more closely with Southern California Edison, enhanced reporting capability to enable SoCalGas management to more effectively monitor

contractor activity and identify spending trends, and enhanced linkages between the ESA Program database and SoCalGas' main customer database to facilitate customer targeting and improved customer service.

Other significant nonlabor costs included among General Administration nonlabor costs are telecommunications costs, printing costs for forms, and costs paid to temporary employment agencies to provide added processing capacity during busy periods.

Table 34 - Commission's Energy Division

	2012-2014 Historical				2015 - 2017 Proposed			
	2012	2013	2014	Total	2015	2016	2017	Total
Authorized	$ 86,000	$ 86,000	$ 86,000	$ 258,000	$ 86,000	$ 86,000	$ 86,000	$ 258,000
Actual [1]	$ 11,623	$ 7,384	$ 7,194	$ 26,202				

[1] Year 2014 represents forecasted estimate.

At the time of submitting this testimony, SoCalGas has not received guidance from Commission staff regarding the necessary funding for the Commission's Energy Division costs. SoCalGas has thus included $86,000 per year for PYs 2015 – 2017, a funding level consistent with the annual amounts originally authorized in D.12-08-044 and re-confirmed for PYs 2012 – 2014 in D.14-08-030.

Comparison vs Prior Cycle

As shown in the table above, the 2015-2017 proposed budget is similar to actual expenditures in 2012-2014, and somewhat lower than the 2012-2014 authorized budget, driven by the following factors:

- SoCalGas is proposing an annual treated goal of 110,000 per year in 2015-2017, compared with its authorized goal of 136,836 in 2012-2014 and actual treated units 96,893 in 2012 and 106,948 in 2013.
- HE Washer units are expected to increase on a per treated unit basis
- Introduction of HE FAU Furnace measure is expected to add $22.9 million to the HVAC subcategory over the period 2015-2017.

Tracking Of Program Costs *- Propose methods for reporting costs and demonstrate consistency across the utilities.*

SoCalGas regularly reports on its measure installation activity and expenditures relative to budget in the form of required monthly and annual reports. Monthly reports are

filed with the Commission by the 21st day of each month, and provide details in the form of a standard narrative and 6 required tables. Annual reports are filed by May 1st each year for the prior calendar year and are similar in nature, with an expanded set of required tables and lengthier discussion. The format of the reports were reviewed and modified as necessary in a consistent manner in a collaborative effort including the Commission's Energy Division staff and representatives from each of the IOUs. SoCalGas believes this was an efficient process and recommends that a similar opportunity to revise reporting templates in a consistent manner take place for reports beginning PY 2016. SoCalGas believes the existing reports have been effective in documenting SoCalGas' budget and installation activity, and no changes are recommended at this time.

In addition, as described in Section F.3, SoCalGas posts its ESA Program activity included in its reports on the EEStats website. SoCalGas will continue uploading its ESA Program reportsthrough the EEStats website.

Budget Flexibility

SoCalGas finds the existing fund shifting rules adequate.

L. Revenue Requirement and Impacts

In the ESA Program Revenue Requirement and Impact section of the application, the IOUs must:

> *1. Discuss the revenue requirements necessary to achieve the program plans and objectives proposed for the three year application period as well as the projected rate impacts that would arise due to the increased revenue requirements.*

SoCalGas is not proposing any changes to the revenue allocation or rate design for the Energy Savings Assistance Program. SoCalGas' ESA Program costs are currently recovered from the residential customer class. The ESA Program rates are calculated by multiplying the program cost by the allocation factor and dividing by the applicable billing determinants minus any exempt throughput.

SoCalGas recovers its ESA Program costs through the PPP surcharge. The ESA Program cost is calculated from the revenue requirement which is based on the combination of both the Energy Efficiency category costs as well as the administrative and other cost categories. SoCalGas used the ESA Program costs provided in SoCalGas Attachment Table A-1b, PY 2015-2017 Energy Savings Assistance Program Proposed Gas Budget.

SoCalGas requests that the Commission authorize recovery of the program plans and budgets proposed in this Application by means of the proposed ESA Program cost for PY2015, PY2016, and PY2017.

Table 35: Revenue Requirements and Rate Impacts

Revenue Requirements and PPPS Rates - ESAP				
	2014	**2015**	**2016**	**2017**
SCG				
Increase (Decrease) in PPPS Revenue Requirement $ Millions:				
ESAP	$0	($1.2)	$7.5	$2.5
Total PPPS Revenue	**$288**	**$287**	**$294**	**$297**
Change/year $millions		**($1.2)**	**$7.5**	**$2.5**
Increase (Decrease) in PPPS Rate $/th:				
Residential		($0.00048)	$0.00301	$0.00100
Core C&I		$0.00000	$0.00000	$0.00000
NonCore C&I		$0.00000	$0.00000	$0.00000

2. Include a detailed accounting of funds unused from prior budget cycles and how these funds will reduce the revenue requirement.

As of September 30, 2014, the California Alternate Rates for Energy Account ("CAREA") is $34.6 million overcollected and the Direct Assistance Program Balancing Account ("DAPBA") is $41.2 million overcollected. In connection with SoCalGas' annual PPP surcharge rate update filing,[102] the projected CAREA overcollection at the end of 2014 to be included in 2015 PPP surcharge rates is approximately $27.1 million; no balance for the DAPBA was included in 2015 PPP surcharge rates as the program cycle was extended for an additional year through 2015.

3. Include a brief discussion of the costs and the benefits of these programs and how they impact the rates and the general well-being of ratepayers of your service area and priorities such as energy reliability, safety, and the water- energy nexus.

ESA Program costs recovered through the PPP surcharge are recovered from all SoCalGas residential customers, including CARE customers. All direct costs of customer outreach, assessment, energy education, measure installation, inspection, and program administration are recovered through the PPP Surcharge. Costs of NGAT, a required safety check any time a home

[102] SoCalGas filed Advice Letter 4707 on October 31, 2014, to update the SoCalGas PPP surcharge rates to be effective January 1, 2015.

receives air infiltration measures, are not recovered through the PPP surcharge, nor are they requested in this filing, but rather through SoCalGas' GRC proceeding. Certain indirect costs associated with SoCalGas' G&A activities supporting ESA Program are also recovered through the GRC and are not addressed herein.

4. Include a brief description of the balancing accounts for the ESA Program and CARE Programs. Explain any changes to the balancing accounts.

The CAREA and DAPBA are interest-bearing balancing accounts. The purpose of the CAREA is to record the difference between actual program costs and the CARE-related gas surcharge revenues billed to customers, net of bad debt, which are remitted to/reimbursed from the State Board of Equalization ("BOE") pursuant to AB 1002. Program costs include actual administrative program expenses, CARE program discounts billed, and revenue shortfalls associated with discounted service establishment charges for CARE customers. The purpose of the DAPBA is to record the difference between actual ESA Program expenses and ESA Program-related gas surcharge revenues billed to customers, net of bad debt, which are remitted to/reimbursed from the State BOE. Any over/undercollected balances in the CAREA are refunded to/collected from ratepayers in connection with the annual PPP surcharge rate update advice letter filling. In addition, since DAPBA is a "one-way" balancing account, any overcollected balances in the DAPBA at the end of the program cycle will be refunded to ratepayers in connection with the PPP surcharge rate update advice letter filing while any overspending above authorized levels (i.e., an undercollected balance) at the end of the program cycle are not recoverable from ratepayers.

M. Program Funding And Fund Shifting Requests

In the ESA Program Funding and Fund Shifting Requests section of the application, the IOUs must request Commission authorization to continue funding for the 2015-2017 program cycle and for any flexibility in managing the funds each program year if the Commission decision is delayed.

SoCalGas requests that the Commission authorize recovery in rates of proposed program funding for PY2015-2017, including any necessary adjustments based on any difference between bridge funding already granted by the Commission, and the eventual adopted budget.

SoCalGas' has not experienced issues during PY2012-2014 associated with fund shifting. SoCalGas requests the continuation of fund shifting during PY2015-2017.

III. CONCLUSION

SoCalGas respectfully requests the Commission to approve its ESA Program proposal for PYs 2015-2017 as described in this testimony and to authorize as follows:

- Approval of its 2015 – 2017 ESA Program plans and budgets herein.
- Approval to continue its existing ESA Program into PY 2015, using PY 2015 program funds, should the Commission be delayed in issuing a decision in this proceeding before year-end 2014, and count program achievements toward PY 2015 accomplishments.
- Approval to shift funds in the ESA Program consistent with fund shifting authority in D.08-11-031 and as modified by D.10-10-008.
- Approval of the mix of measures reflected in Attachment A-5 for the ESA Program.
- Approval to add new measures as proposed in Section II.E.1.b.
- Approval to retire the duct testing and sealing measure when not otherwise required by Title 24 compliance.
- Approval of the marketing and outreach elements requested herein.
- Approval to use the methodology adopted for the eligible population as revised herein.
- Approval to reinstate the 10-year go back rule to provide for a sustainable ESA Program.
- Approval to modify the 3MM Rule.
- Approval to offer Energy Education to income qualified customers that do not meet the 3MM Rule.
- Approval to continue integration and leveraging efforts.
- Approval of statewide impact evaluation, low income needs assessment, energy education (Phase 2) and cost-effectiveness studies for the 2015-2017 program cycle.

IV. EXCEL ATTACHMENTS

The IOUs must use the attached excel templates to be filed with their 2015-2017 application and testimony.

A. ESA Program

1. ESA Program BUDGET PROPOSAL TEMPLATE
2. ESA Program BUDGET PROPOSAL TEMPLATE- ELECTRIC
3. ESA Program BUDGET PROPOSAL TEMPLATE- GAS
4. ESA Program PLANNING
5. ESA Program COMPREHENSIVE MEASURES LIST
6. ESA Program PENETRATION
7. ESA Program -- DETAIL BY HOUSING TYPE
8. ESA Program -- COST EFFECTIVENESS
9. ESA Program -- COST EFFECTIVENESS- WEATHER SENSITIVE
10. ESA Program -- COST EFFECTIVENESS- NON WEATHER SENSITIVE
11. ESA Program STUDIES AND PILOTS PROPOSAL
12. SUMMARY: ALL Proposed Changes to ESA Program

B. Studies And Pilots Proposal Template

C. Utility Testimony

STATEMENT OF QUALIFICATIONS
MARK AGUIRRE

My name is Mark Aguirre. My business address is 555 W. Fifth Street, Los Angeles, California, 90013. I am employed at Southern California Gas Company ("SoCalGas") as the Customer Programs Manager for the Energy Savings Assistance Program.

I joined SoCalGas in 1984 and have held management positions in marketing, sales, gas supply, regulatory affairs and low-income energy efficiency. My work experience has included: managing marketing and sales for SoCalGas' largest commercial and industrial customers including energy efficiency program implementation; administering SoCalGas' mid and long term supply agreements; providing policy and regulatory support for SoCalGas' energy efficiency programs; and managing and directing the day-to-day activities of the Energy Savings Assistance Program.

I assumed my current position managing the Energy Savings Assistance Program in July 2011. My principal responsibilities include the day-to-day oversight of the Energy Savings Assistance Program for the Southern California Gas Company.

I hold a Bachelors Degree in Chemical Engineering from the University of California, Los Angeles and a Master of Business Administration in Marketing/Finance from the University of Southern California.

I have not previously testified before the Commission.

STATEMENT OF QUALIFICATIONS
HUGH YAO

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

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

I have not previously testified before the Commission.

EXHIBIT 1

Impact Evaluation of the Energy Savings Assistance Program
Joint Utility Study (SoCal Gas, PG&E, SCE, SDG&E)

The utilities propose conducting an Impact Evaluation of the Energy Savings Assistance Program for program year 2015. The primary objective of the study will be to estimate the first year electric and gas savings for the program in aggregate and by various strata including, but not limited to, utility area, housing type and climate zone (for weather sensitive measures). The study will also provide estimates of demand savings and consumption patterns.

1. **Overview of Budget**

The proposed budget for the study is $550,000. SoCal Gas's portion is $137,500.

Study	Total Cost	SoCal Gas Cost
Impact Evaluation of the Energy Savings Assistance Program	$550,000	$137,500

2. **Brief Study Description**

The study approach will include a billing analysis for customers who received measures from the ESA program during 2015. The analysis typically includes a fixed effects regression model and comparison of results with previous years' studies. In addition, an engineering analysis may be done for any measures which cannot be estimated with the regression models. The deliverable for the study will be a written report describing the analysis and results.

3. **Study Rationale and Expected Outcome**

An impact evaluation of the ESA Program is periodically done to provide savings estimates that are used in cost effectiveness analyses and for program reporting. The savings estimates resulting from this study will be used in the 2018 to 2020 program cycle.

4. **Study Implementation**

The study will be competitively bid and awarded to an independent consulting firm. The utilities will work with the consulting firm to provide the necessary data and allow for stakeholder review and input during the course of the study. Public workshops or webinars are planned to allow stakeholders and interested parties to comment on the process. The first workshop or webinar will introduce the consulting firm and present and discuss the research plan, and a subsequent one will discuss the draft results of the study. In addition, stakeholders and interested parties will be allowed to post comments on the CPUC's dataweb site.

The primary tasks to be completed during the study include the following:

- Development of a detailed research plan
- Data cleaning and verification
- Development of regression models
- Analysis and discussion of regression results
- Workshops or webinars for interested parties

- Final documentation and report

5. **Study Budget & Timing Table**

The study is expected to commence during the last quarter of 2016 and be completed in 2017. The following table provides estimates of time and cost based on initial planning assumptions. These may change once proposals are solicited.

Activity	Estimated Cost	Approximate Timing
Pre-study planning and contracting		4 months
Early project initiation	$55,000	2 months
Data collection and analysis	$275,000	6 months
Reporting and deliverables	$165,000	2 months
Ongoing project management	$55,000	ongoing
Total	$550,000	14 months

Note that if timing permits and it proves to be a viable approach, the Energy Education Phase II study may overlap with applicable tasks of the Impact Assessment Study.

Low Income Needs Assessment Study
Joint Utility Study (SoCal Gas, PG&E, SCE, SDG&E)

Pursuant to Ordering Paragraph 56 in D. 14-08-030, the utilities propose conducting a Low-Income Needs Assessment Study for program year 2015. The primary objectives of the study as defined in D.14-08-030 are 1) produce estimates of remaining energy potential, 2) provide updated assessments of energy insecurity and energy burden, 3) assess the level of burden in providing income documentation for CARE, and 4) identify the most beneficial program measures.

1. **Overview of Budget**

The proposed budget for the study is $500,000. SoCal Gas's portion is $125,000.

Study	Total Cost	SoCal Gas Cost
Low Income Needs Assessment	$500,000	$125,000

2. **Brief Study Description**

A Low Income Needs Assessment study was completed in 2007 and again in 2013. These efforts gathered data from customers during 2003 and 2013 respectively. Both of these efforts included a broad and fairly extensive scope of work with many research objectives. Given extensive knowledge gathered from these and numerous other studies over the past decade, some of which is repetitive and consistent, at this time it is not necessary to replicate the copious efforts reported in the 2007 and 2013 reports.

It is expected that the results from a new needs assessment study will complement what has been learned via prior studies while also addressing some research related gaps that have been identified over the course of executing these studies. By limiting the research objectives and targeting specific topics and/or markets, the anticipated outcomes may include data on areas that have not been well understood or well researched, as well as more comprehensive data on some topics that may have been addressed in a more cursory way in prior needs assessment studies. The study may, for example, consider an examination of the needs, and extent to which the needs are being met, of some sub-markets that previous evaluations offered little data on (e.g., non-English/Non Spanish speaking low income customers).

The study will likely include primary data collection with customers on relevant topics. This may be obtained via internet or phone surveys, in home interviews, focus groups, or other methods to be determined during the solicitation and proposal review process. In addition, other secondary data will be used which may include public data sources such as RASS and CLASS.

3. **Study Rationale and Expected Outcome**

The overall purpose of the Needs Assessment study is to learn more about the nature and needs of California's low income customers in service of identifying ways to better serve them and potentially

improve the CARE and ESA Programs. This study meets the AB 327 requirement for a triennial needs assessment study.

4. **Study Implementation**

The study will be competitively bid and awarded to an independent consulting firm. The utilities will work with Energy Division and the consulting firm to provide the necessary data and allow for stakeholder review and input during the course of the study. Public workshops or webinars are planned to allow stakeholders and interested parties to comment on the process. The first workshop or webinar will introduce the consulting firm and present and discuss the research plan, and a subsequent one will discuss the draft results of the study. In addition, stakeholders and interested parties will be allowed to post comments on the CPUC's dataweb site.

The primary tasks to be completed during the study include the following:

- Development of a detailed research plan
- Data collection
- Analysis and development of recommendations
- Workshops or webinars for interested parties
- Final documentation and report

5. **Study Budget & Timing Table**

The study is expected to commence in 2015 and be completed by the end of 2016. The following table provides estimates of time and cost based on initial planning assumptions. These may change once proposals are solicited.

Activity	Estimated Cost	Approximate Timing
Pre-study planning and contracting		6 months
Early project initiation	$50,000	2 months
Data collection and analysis	$250,000	9 months
Reporting and deliverables	$150,000	4 months
Ongoing project management	$50,000	Ongoing
Total	$500,000	21 months

Energy Education Study Phase 2
Joint Utility Study (SoCal Gas, PG&E, SCE, SDG&E)

As directed in D.14-08-030, the utilities will conduct an Energy Education Phase 2 Study. This study will assess the savings potential of the energy education component of the ESA program. The Study will conduct an analysis to determine if any measureable savings can be identified and attributed to the current education offered.

1. Study Budget Table

The proposed budget for the study is $350,000. SoCal Gas's portion is $87,500.

Statewide Study	Total Cost	SoCal Gas Cost
Energy Education Study Phase 2	$350,000	$87,500

2. Brief Study Description & Background

The Energy Education Phase 2 Study will assess potential savings associated with the education component of the ESA Program. Because all customers who receive any measures receive education, it has not been possible to disaggregate savings of this component via billing analyses used in the impact evaluations. In addition, because the information/education is provided as part of the contractors' overall process of providing measures to customers, any potential savings related to education are not easily disentangled from the overall savings customers receive via participation in the program. The Energy Education Phase 1 Study reported that contractors often customize their educational approach and discussion with customers according to the particular household needs and the unique issues of that home (e.g., demographic characteristics such as number of occupants in home, presence of children, if elderly are in the home, if customer has a crying baby there at the time of an assessment). Thus, identifying any common savings attributable to this effort is a difficult task.

The household energy savings resulting from marketing and educational programs can be challenging to detect and measure relative to widget based installation programs. The more holistic and integrated approach to providing education/information that the ESA Program uses which includes site-specific in person information offered and both the assessment and installation visits, makes the measurement of savings even more challenging for this type of educational effort. Despite increasing interest and research in the measurement of educational and behavioral programs and some evidence of persistence of savings, studies continue to recognize the limitations of the results and need for additional research and analyses to confirm the degree and proportion customers continue to practice "measurable" and long term energy saving behaviors once the program ends (and these can be attributed to learned behaviors that are not new equipment purchases).[1]

[1] See for example: (1) "Drivers and persistence of behavior-driven energy efficiency programs: Are they still there?" DNV GL October 2013**; (2) "**SDG&E Home Energy Reports Program Savings Results". KEMA, Inc.; August 23, 2013; (3) Impact & Persistence Evaluation Report. Sacramento Municipal Utility District Home Energy Report Program. Integral Analytics November 2012 (4) "Home Energy Report Program. 2013 Impact Evaluation. Puget Sound Energy". DNV GL. April 2014;

(*Continued*)

Although it is expected that other possible approaches may be researched and considered in response to the RFP for this study, one possible approach may compare the energy savings of customers who receive the current educational component through the ESA Program during 2016 with a group of past program participants. This approach is based on several key assumptions, including (1) the IOUs have begun to integrate recommendations and best practices from phase 1 into the current educational offerings that will be assessed (2) that the persistence of savings resulting from an initial educational treatment conducted more than a year ago will be limited, thus allowing past program participants to serve as a reasonable nonparticipant control group. While the average household savings for the two groups would then be compared and any differences assessed. A potential limitation with this approach is that differences between the two groups may be underreported if the past participants adopted sustained behavioral changes as a result of the information they received from the program.

3. Study Rationale and Expected Outcome

The Study will conduct an analysis to determine if any measureable savings can be identified and attributed to the education component, and then report the difference in average household savings relative to a previous year's cohort. Savings attributed to energy education and behavior programs in the industry have typically been low and difficult to measure without very large samples. It would be cost prohibitive to conduct an experimental design for this Study given the way in which the education is delivered and the requirements for large samples for treatment and control groups. Furthermore, since all program participants receive the educational component, there is no variation within the sample of participants to allow for an estimation of savings related to education in the impact study billing analysis.

4. Study Implementation

The study will be competitively bid and awarded to an independent consulting firm. The utilities will work with the consulting firm to provide the necessary data and allow for stakeholder review and input during the course of the study. Public workshops or webinars are planned to allow stakeholders and interested parties to comment on the process. The first workshop or webinar will introduce the consulting firm and present and discuss the research plan, and a subsequent one will discuss the draft results of the study. In addition, stakeholders and interested parties will be allowed to post comments on the CPUC's dataweb site.

The primary tasks to be completed during the study include the following:

- Development of a detailed research plan
- Data cleaning and verification
- Development of regression models
- Analysis and discussion of results
- Workshops or webinars for interested parties
- Final documentation and report

(5)"Impact & Persistence Evaluation Report Sacramento Municipal Utility District Home Energy Report Program. IntegralAnalytics November 2012; (5) The PG&E *OPower* ACEEE Presentation. August 2014.

5. **Study Budget & Timing Table**

The study is expected to commence during the last quarter of 2016 and be completed in 2017. The following table provides estimates of time and cost based on initial planning assumptions. These may change once proposals are solicited.

Activity	Estimated Cost	Approximate Timing
Pre-study planning and contracting		4 months
Early project initiation	$35,000	2 months
Data collection and analysis	$175,000	6 months
Reporting and deliverables	$105,000	2 months
Ongoing project management	$35,000	ongoing
Total	$350,000	14 months

Equity Criteria and Non-Energy Benefits Evaluation
Joint Utility Study (SoCal Gas, PG&E, SCE, SDG&E)

This study is designed to address certain recommendations listed in the Addendum to the Working Group Cost-Effectiveness White Paper that was submitted in 2013 and referenced in D.14-08-030. In particular, this study will provide information for the recommended Equity Evaluation and Non-Energy Benefits (NEBs) study that were recommended in the White Paper Addendum.

1. **Study Budget Table**

The proposed budget for the study is $150,000. SoCal Gas's portion is $37,500.

Statewide Study	Total Cost	SoCal Gas Cost
Non-Energy Benefits and Equity Criteria Evaluation	$150,000	$37,500

2. **Brief Study Description**.

This study will address certain recommendations in the Cost-Effectiveness White Paper Addendum. First, an equity evaluation will be done of all program measures offered in the 2015 to 2017 cycle. Secondly, the approach for estimating NEBs will be revised. Each of these is described in more detail below.

Equity Evaluation:
The objective of the Equity Evaluation is to qualitatively assess the level of health, comfort and safety attributes resulting from each of the ESA measures. As stated in the paper, "The Equity Evaluation results are…intended to provide additional information about ESA program measures which, in conjunction with other data, could be used to better understand program impacts, make a determination about measure inclusion in the ESA program, and/or improve measure or program design."

The Cost-Effectiveness White Paper Addendum listed four criteria by which each measure or measure group should be assessed:

- Elimination of a combustion-related safety threat;
- Elimination of a fire safety threat or improvement of home security (crime prevention) and building integrity;
- Reduction or elimination of extreme temperatures and temperature variations inside the home or improvement of customer ability to manage in-home temperatures; and
- Improvement of air quality, ventilation and/or air flow (e.g. reduction of drafts and leakage).

The White Paper's recommendation was to rate each program measure or measure group on a scale of one to five according to the extent the measure achieves each of the four criteria. The paper further described how the ratings would be assigned. For example, a rating of "5" would indicate that the measure almost always results in that particular improvement.

Non-Energy Benefits:
The objective of this part of the study is to revise the NEBs calculations used in the cost-effectiveness analysis. The Working Group recommended that, beginning with the 2015 to 2017 program cycle, the NEBs estimation be revised to include the direct calculation of three specific NEBs (water savings, reduced arrearages and reduced customer calls), and the estimation of remaining NEBs via an "adder" or factor that could be multiplied by an appropriate base. Development of the adder was particularly problematic for the Working Group as neither an appropriate base, nor a rationale for a particular percentage, were identified. In addition to updated calculations, the study will provide a new spreadsheet tool and a summary of recent research in the literature to support the revised calculations.

3. Pilot or Study Rationale and Expected Outcome

The qualitative equity evaluation will provide information on how ESA measures contribute to the quality of life of its participants. Furthermore, the resulting information will support the offering of certain measures that contribute significantly to health, comfort and safety but may not provide enough energy savings to be considered resource measures.

The NEBs evaluation will provide an updated spreadsheet for estimating the NEBs and bill savings utilized in the cost-effectiveness analysis for the ESA program. The current spreadsheet was created in 2001 and has only been minimally revised and updated since that date. Furthermore, the study will provide a summary of NEBs based on recent literature.

4. Study Implementation

The equity criteria assessment will involve the following tasks:

- Review the evaluation criteria and improve and/or expand as needed.
- Develop a questionnaire that will collect the needed information to assess each measure.
- Collect the appropriate assessment information from each IOU.
- Analyze data and rate measures.
- Provide a summary of ratings and a written qualitative description of each measure or measure group.

The NEBs portion of the study will include the following tasks:

- Research and summarize the research and findings related to estimating (specific) NEBs in the recent literature and additional analyses as appropriate
- Research and develop a set of adders to estimate values for NEBs based on the measures and services provided via the ESA program;
- Provide updated inputs and calculations for three specific NEBs: water savings, reduced arrearages, and reduced customer calls; and
- Create a spreadsheet that the IOUs can use going forward to estimate NEBs and bill savings.

5. Study Budget & Timing Table

The study is expected to commence in Q4 of 2015 and be completed in 2016. The following table provides estimates of time and cost based on initial planning assumptions. These may change once proposals are solicited.

Activity	Estimated Cost	Approximate Timing
Pre-study planning and contracting		3 months
Early project initiation	$15,000	2 months
Data collection and analysis	$75,000	3 months
Reporting and deliverables	$45,000	3 months
Ongoing project management	$15,000	ongoing
Total	$150,000	11 months

EXHIBIT 2

Exhibit 2: ESA Program Measures & Associated First Year Therm Savings

Energy Efficient Measure	**First Year Therm Savings**
Air sealing, MF, 4	10.14
Air sealing, MF, 5	10.56
Air sealing, MF, 6	0.27
Air sealing, MF, 8	0.70
Air sealing, MF, 9	0.76
Air sealing, MF, 10	6.26
Air sealing, MF, 13	12.46
Air sealing, MF, 14	15.63
Air sealing, MF, 15	0.30
Air sealing, MF, 16	5.00
Air sealing, MH, 4	10.51
Air sealing, MH, 5	9.93
Air sealing, MH, 6	11.90
Air sealing, MH, 8	0.64
Air sealing, MH, 9	1.87
Air sealing, MH, 10	12.32
Air sealing, MH, 13	11.10
Air sealing, MH, 14	13.98
Air sealing, MH, 15	0.00
Air sealing, MH, 16	13.93
Air sealing, SF, 4	10.40
Air sealing, SF, 5	10.25
Air sealing, SF, 6	0.55
Air sealing, SF, 8	0.68
Air sealing, SF, 9	0.96
Air sealing, SF, 10	5.27
Air sealing, SF, 13	11.36
Air sealing, SF, 14	14.40
Air sealing, SF, 15	0.00
Air sealing, SF, 16	5.34
Attic insulation, MF, 4	2.58
Attic insulation, MF, 5	2.58
Attic insulation, MF, 6	27.91
Attic insulation, MF, 8	27.92
Attic insulation, MF, 9	28.05
Attic insulation, MF, 10	24.08
Attic insulation, MF, 13	22.04
Attic insulation, MF, 14	4.37

Attic insulation, MF, 15	4.37
Attic insulation, MF, 16	4.37
Attic insulation, SF, 4	10.52
Attic insulation, SF, 5	23.30
Attic insulation, SF, 6	28.28
Attic insulation, SF, 8	28.01
Attic insulation, SF, 9	27.70
Attic insulation, SF, 10	25.99
Attic insulation, SF, 13	22.74
Attic insulation, SF, 14	21.79
Attic insulation, SF, 15	32.93
Attic insulation, SF, 16	25.83
Duct sealing and testing, MF, All	0.00
Duct sealing and testing, MH, All	5.47
Duct sealing and testing, SF, All	15.42
FAU standing pilot light conversion, MF	42.00
FAU standing pilot light conversion, MH	42.00
FAU standing pilot light conversion, SF	42.00
Furnace clean and tune, MF, 4	2.10
Furnace clean and tune, MF, 5	2.10
Furnace clean and tune, MF, 6	2.10
Furnace clean and tune, MF, 8	2.10
Furnace clean and tune, MF, 9	2.10
Furnace clean and tune, MF, 10	3.00
Furnace clean and tune, MF, 13	3.00
Furnace clean and tune, MF, 14	3.00
Furnace clean and tune, MF, 15	1.40
Furnace clean and tune, MF, 16	1.40
Furnace clean and tune, MH, 4	3.70
Furnace clean and tune, MH, 5	1.91
Furnace clean and tune, MH, 6	0.00
Furnace clean and tune, MH, 8	12.54
Furnace clean and tune, MH, 9	11.42
Furnace clean and tune, MH, 10	0.00
Furnace clean and tune, MH, 13	0.00
Furnace clean and tune, MH, 14	0.00
Furnace clean and tune, MH, 15	25.48
Furnace clean and tune, MH, 16	0.20
Furnace clean and tune, SF, 4	2.10
Furnace clean and tune, SF, 5	0.00
Furnace clean and tune, SF, 6	12.89

Furnace clean and tune, SF, 8	11.68
Furnace clean and tune, SF, 9	11.34
Furnace clean and tune, SF, 10	5.47
Furnace clean and tune, SF, 13	0.00
Furnace clean and tune, SF, 14	0.00
Furnace clean and tune, SF, 15	24.35
Furnace clean and tune, SF, 16	9.06
HE Clothes washer, MF	30.88
HE Clothes washer, MH	30.88
HE Clothes washer, SF	30.88
Heating system, MF, All	0.00
Heating system, MH, All	0.00
Heating system, SF, All	0.00
Low Flow Shower Head, MF, 0	0.93
Low Flow Shower Head, MH, 0	1.18
Low Flow Shower Head, SF, 0	1.70
Thermostatic Shower Valve, all, 0	13.60
Water Heater Blanket, MF, 0	1.20
Water Heater Blanket, MH, 0	1.78
Water Heater Blanket, SF, 0	2.62
Water Heater Pipe Insulation, MF, 0	0.95
Water Heater Pipe Insulation, MH, 0	1.41
Water Heater Pipe Insulation, SF, 0	2.08
Water heater repair and replace, MF, 0	0.00
Water heater repair and replace, MH, 0	3.52
Water heater repair and replace, SF, 0	3.52
Faucet Aerator, MF, 0	2.00
Faucet Aerator, MH, 0	2.83
Faucet Aerator, SF, 0	3.97
Thermostatic Tub Spout, MF	35.00
Thermostatic Tub Spout, SF	22.00
Thermostatic Tub Spout, MH *	n/a
HE FAU Furnace, MF, 8	7.97
HE FAU Furnace, MF, 9	13.50
HE FAU Furnace, MF, 10	14.20
HE FAU Furnace, MF, 14	22.70
HE FAU Furnace, MH, 4	41.00
HE FAU Furnace, MH, 5	44.70
HE FAU Furnace, MH, 6	23.20
HE FAU Furnace, MH, 8	23.90
HE FAU Furnace, MH, 9	27.90

HE FAU Furnace, MH, 10	33.40
HE FAU Furnace, MH, 13	37.20
HE FAU Furnace, MH, 14	47.80
HE FAU Furnace, MH, 15	21.10
HE FAU Furnace, MH, 16	39.50
HE FAU Furnace, SF, 4	35.70
HE FAU Furnace t, SF, 5	52.90
HE FAU Furnace, SF, 6	28.70
HE FAU Furnace, SF, 8	24.60
HE FAU Furnace, SF, 9	30.40
HE FAU Furnace, SF, 10	34.10
HE FAU Furnace, SF, 13	40.00
HE FAU Furnace, SF, 14	39.80
HE FAU Furnace, SF, 15	17.90
HE FAU Furnace, SF, 16	64.90
Minor Furnace Repair, Renter, All	0.00

* Thermostatic Tub Spout for mobilehomes (MH) first-year therm savings not available (n/a) at time of Application.