

Application No. A.11-05-\_\_\_\_  
Exhibit No: \_\_\_\_\_  
Witness: Meraz, delia

**PREPARED DIRECT TESTIMONY OF DELIA MERAZ  
ON BEHALF OF SOUTHERN CALIFORNIA GAS COMPANY'S  
ENERGY SAVINGS ASSISTANCE PROGRAM PLANS  
AND BUDGETS FOR PROGRAM YEARS 2012, 2013 AND 2014**

Before the Public Utilities Commission  
Of the State of California

May 16, 2011

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1 **I. ENERGY SAVINGS ASSISTANCE PROGRAM PLAN AND BUDGETS**  
2 **APPLICATION FOR PROGRAM YEARS 2012-2014**

3  
4 **A. OVERVIEW**

5 **1. Energy Savings Assistance Program Summary**

6 SoCalGas' proposed program year ("PY") 2012-2014 Energy Savings Assistance  
7 Program<sup>1</sup> is designed to achieve maximum energy savings,<sup>2</sup> serve as a reliable energy resource to  
8 the State of California, reach 329,604 eligible households, reduce low income customers' energy  
9 bills,<sup>3</sup> and help customers avoid service disconnection.<sup>4</sup> SoCalGas' proposed PY2012-2014  
10 Energy Savings Assistance Program elements<sup>5</sup> are specifically designed to reflect the goals of  
11 the CEESP for the program because they facilitate SoCalGas' efforts to:

- 12 1. Develop customer segmentation to improve program delivery, increasing the  
13 opportunities for program participation and energy savings.
- 14 2. Pursue collaboration and leveraging of other programs.
- 15 3. Integrate Energy Savings Assistance Programs with energy efficiency and other  
16 demand-side programs.  
17  
18

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<sup>1</sup> The Energy Savings Assistance Program was formerly known as the Low Income Energy Efficiency or LIEE Program.

<sup>2</sup> The California Long Term Energy Efficiency Strategic Plan ("CEESP") is a blueprint for achieving maximum energy savings in California for 2009 and beyond. Energy Savings Assistance Program efforts are a significant part of the CEESP for California. See Sec. I(B).

<sup>3</sup> To promote the Energy Savings Assistance Program's goals and policies, the California Public Utilities Commission ("Commission") adopted an Energy Savings Assistance Program programmatic initiative ("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 energy efficiency measures in their residences by 2020." D.07-12-051, at p. 25.

<sup>4</sup> As detailed herein, many of the existing and proposed program plans and measures discussed in this Application facilitate SoCalGas' continued efforts to help customers reduce instances of service disconnections. These plans and measures are in addition to the commitments SoCalGas made in the Settlement Agreement between SDG&E, SoCalGas, Disability Rights Advocates, The Division of Ratepayer Advocates, The Greenlining Institute, The National Consumer Law Center, and The Utility Reform Network Resolving Issues in the Residential Disconnection Proceeding in Rulemaking 10-02-005 ("Residential Disconnection Settlement Agreement"), approved on December 16, 2010 in D.10-12-051. See Attachment A-12.

<sup>5</sup> SoCalGas' program elements are: 1) Customer Enrollment; 2) Home Assessment; 3) Energy Education; 4) Installation of Measures; and 5) Inspections.

- 1 4. Develop and integrate Energy Savings Assistance Program workforce training  
2 requirements into the Workforce Education and Training (“WE&T”) strategy  
3 aimed at reaching minority and other disadvantaged communities.  
4
- 5 5. Employ program elements that emphasize long term and enduring energy savings.  
6
- 7 6. Deploy Marketing, Education, and Outreach (“ME&O”) for the Energy Savings  
8 Assistance Program consistent with energy efficiency strategies.<sup>6</sup>  
9

10 SoCalGas proposes initiatives and activities for PY2012-2014 to achieve the  
11 Commission’s key policy objective of making the Energy Savings Assistance Program a  
12 reliable state energy resource. For example, SoCalGas will continue to communicate to  
13 customers the need for energy conservation, improve on service and outreach efforts, and  
14 provide all feasible energy savings measures and services. SoCalGas plans to accomplish the  
15 programmatic initiative of reaching 329,604 eligible households during the 2012-2014 program  
16 cycle, by taking a segmented ME&O approach to reach more customers in targeted areas,  
17 maximizing leveraging and integration opportunities to reach targeted customer populations  
18 (e.g., disabled customers, non-English speaking customers, hard-to-reach customers), enhancing  
19 program outreach, increasing program awareness, and ultimately enrolling more willing and  
20 eligible customers into the program. To help customers decrease their energy bills, SoCalGas  
21 proposes to continue aggressively marketing the program, promoting energy conservation,  
22 outreaching to customers, and serving all eligible low income customers by providing, at no  
23 cost, all feasible Energy Savings Assistance Program measures and services. To help customers  
24 avoid service disconnection, SoCalGas remains committed to educating customers about  
25 responsible energy usage and about how to accurately read their energy bills. In addition, and  
26 consistent with terms of the Residential Disconnection Settlement Agreement, SoCalGas’

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<sup>6</sup> D.08-11-031 and D.09-10-012.

1 disconnection levels remain below the disconnect performance benchmarks of 3.36% for all  
2 residential customers, and 4.32% for California Alternate Rates for Energy (CARE) customers.<sup>7</sup>

## 3 **2. Utility Requests**

### 4 **a. Existing Program Elements And Strategies To Be Continued.**

5 Despite the many challenges faced during the 2009-2011 program cycle (e.g., increase in  
6 enrollment goals, the economic recession, barriers to customer enrollment and assessment and  
7 contractor difficulties), SoCalGas successfully implemented and improved on many of its  
8 existing program elements and strategies. SoCalGas proposes to continue the following program  
9 elements and strategies:

#### 10 Customer Enrollment

11 SoCalGas plans to continue its existing customer enrollment strategies, which are  
12 designed to maximize customer accessibility and participation in the Energy Savings Assistance  
13 Program. Enrollment options adopted by the Commission are: targeted self certification,  
14 categorical eligibility, eligibility verified through CARE's post-enrollment verification ("PEV")  
15 process, and by providing proof of income documentation. These options are important tools for  
16 the investor owned utilities ("IOUs") to simplify the enrollment process and minimize  
17 documentation collection while still verifying program eligibility.

#### 18 Home Assessment

19 SoCalGas understands the importance of the home assessment as the second requirement  
20 of the customer enrollment process. This process supports the Energy Savings Assistance  
21 Program as an energy resource for California while concurrently providing low income

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<sup>7</sup> Pursuant to the Residential Disconnection Settlement Agreement, SoCalGas' disconnection levels must be below these benchmarks for two 12 month periods, ending April 30 and October 31, and must be below 120% of benchmarks for any two consecutive months exceeds these disconnection benchmarks. *See* Attachment A-12, at pp. 5-7 for description of the disconnect performance benchmarks.



1 customers with ways to reduce their bills and improve their quality of life. SoCalGas will  
2 continue to provide in-home energy assessments that identify “all feasible measures” to be  
3 installed in a customer’s home.

4 Energy Education

5 SoCalGas will continue to offer energy education as a means of engaging the customer’s  
6 participation and commitment to energy savings. Energy education informs and teaches low  
7 income customers about the benefits of energy efficiency. Currently, SoCalGas and Southern  
8 California Edison (“SCE”) use a joint energy education guide as a primary tool for joint utility  
9 enrollments and leveraging opportunities. The energy education guide is available in English  
10 and Spanish.

11 Installation of Measures

12 SoCalGas will continue installing all feasible measures through its Contractor Network.  
13 Contractors are responsible for setting appointments with customers to schedule installations,  
14 and completing the services according to the Statewide LIEE Program Policy and Procedures  
15 Manual.

16 Inspections

17 SoCalGas will continue its practice of conducting inspections. SoCalGas considers  
18 inspections an integral part of program compliance and quality assurance. Inspection contractors  
19 are expected to have a highly trained staff of experts to ensure that all Energy Savings Assistance  
20 Program feasible measures were installed properly and that customer satisfaction was achieved.

21 **b. New Program Elements And Strategies To Be Implemented,**  
22 **Including Estimates Of Budgets For The New Approaches.**

23 To increase and improve upon its enrollment efforts, SoCalGas proposes to develop an  
24 Enrollment Kit to assist the Contractor Outreach Specialists demonstrate potential Energy

1 Savings Assistance Program offerings in order to “get in the door.” The kit will have examples  
2 of typical Energy Savings Assistance Program measures. The estimated budget for this new  
3 enrollment strategy is \$10,000 over the 2012-2014 program cycle.

4 SoCalGas will also offer a Customer Reward in the form of a grocery gift card or similar  
5 reward, up to \$50 per enrolled customer, who refer other successfully enrolled customers in the  
6 Energy Savings Assistance Program. SoCalGas has found that such “Word of Mouth”  
7 references have proven as one of the most effective means of promoting Energy Savings  
8 Assistance Program services and gaining entry to a customer’s home. The estimated budget for  
9 this new enrollment strategy is \$2,500,000.

10 SoCalGas plans to encourage its contractors to wear common uniforms, including the  
11 Energy Savings Assistance Program brandname and logo, which will assist customers in easily  
12 identifying Outreach Specialists (or Installation Crews) as representatives of the Energy Savings  
13 Assistance Program. The estimated budget for this new outreach strategy is \$15,000.

14 SoCalGas intends to develop a multimedia energy education tool<sup>8</sup> to streamline the  
15 delivery of energy education during the enrollment process and improve consistency in the  
16 delivery of energy education. This is in addition to continuing to leverage in shared territories  
17 with SDG&E, SCE, and Pacific Gas and Electric Company (“PG&E”), collectively the IOUs.  
18 The multimedia energy education tool will be reviewed with the customer during enrollment and  
19 will be left with the customer for future reference. The tool will cover all required topics for  
20 energy education as described in the Statewide LIEE Program Policy and Procedures Manual.  
21 The proposed energy education presentation will engage the customer and assist in increasing the  
22 customers’ energy saving potential. The estimated budget for this new energy education strategy  
23 is \$65,000.

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<sup>8</sup> SoCalGas is considering multi-languages and alternative formats for this tool.

1 As discussed in Witness Wright's Policy Testimony, SoCalGas proposes to implement a  
2 new initiative for Customer Enrollment that complements the existing Energy Savings  
3 Assistance Program Contractor Network in order to meet the aggressive goals set forth by the  
4 Commission for enrollment of 100% of willing and eligible customers by 2020. SoCalGas will  
5 create Customer Assistance Representative ("CAR") positions in addition to administrative  
6 support for appointment setting, customer contact coordination, and invoice processing. These  
7 positions will perform customer enrollment work for the Energy Savings Assistance Program.

8 SoCalGas will implement this hybrid workforce for the use of company employees and  
9 contractors (community based organizations (CBO) and private) to continue expanding its  
10 grassroots outreach efforts in low income communities. This new customer enrollment strategy  
11 will not increase the proposed Customer Enrollment budget sub-category because it is based on a  
12 cost per enrollment. SoCalGas is proposing to transfer the cost of additional labor overheads  
13 (such as Pension & Benefits, Workmans Comp, and Public Liability & Property Damage) to the  
14 Energy Savings Assistance Program that have previously not been included. The estimated cost  
15 of these additional labor overheads is approximately \$3.1 million.

16 **c. Proposed Pilots and Studies to Be Conducted.**

17 SoCalGas does not propose to conduct any pilots in PY2012-2014. The Joint IOUs propose to  
18 conduct a statewide impact evaluation study during the 2012-2014 program cycle to assess the  
19 cost effectiveness of the program measures. The Joint IOUs also propose to conduct a statewide  
20 energy education assessment study during the 2012-2014 program cycle to assess the delivery of  
21 customer education in the Energy Savings Assistance Program.

22 ///

23 ///

1                                   **d. New Measures to Be Implemented.**

2                   SoCalGas proposes to add one new cost-effective measure to its current list of measures,  
3 the thermostatic shower valve.<sup>9</sup> SDG&E implemented this measure in the 2009-2011 program  
4 cycle as a way to achieve water and energy savings by allowing customers to start the flow of hot  
5 water, and when the water reaches a certain temperature, reduces the flow of water to a trickle.  
6 When customers enter the shower, they release the valve, and adjust the water temperature. The  
7 thermostatic shower valve is proven to be cost-effective in all dwelling types and will result in  
8 energy savings related to water heating.

9                                   **e. Existing Measures to Be Retired.**

10                   SoCalGas proposes to retire the tankless water heater from its list of existing measures  
11 due to the considerable burden this measure places on the customer having to meet pre-  
12 installation and on-going maintenance requirements as discussed in Section F.1.c. SoCalGas  
13 considers the onerous installation and maintenance requirements heavily outweigh the long-term  
14 benefit of this measure for low income customers. In addition, the tankless water heater failed  
15 the cost-effectiveness tests in all dwelling types and climate zones within the SoCalGas service  
16 territory, pursuant to the benefit-cost ratio test approved by the Commission in D.08-11-031.<sup>10</sup>

17                   Consistent with D.08-11-031, SoCalGas must retire duct sealing and testing from its mix  
18 of measures because it failed the cost effectiveness test in all dwelling types and climate zones  
19 within the SoCalGas service territory. SoCalGas notes that the elimination of this measure from  
20 its measure offerings increases the challenge of meeting the three measure minimum as a single  
21 commodity utility.

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<sup>9</sup> As reflected in Attachment A-7.

<sup>10</sup> See D.08-11-031, at pp. 53-54.

1  
2 **f. Total Requested Budget Of The Portfolios For Each Year, And For**  
3 **The Entire Budget Cycle, Including Any Requests To Carryover**  
4 **Funds From Prior Budget Cycles.**

5

	PY 2012	PY 2013	PY 2014	Total Budget Cycle (2012-2014)
<b>Proposed Budget</b>	\$99,909,056	\$82,121,475	\$84,178,885	\$266,209,415

6  
7 SoCalGas' total budget request of \$266.21 million represents an increase of 22.28%  
8 above the PY2009-2011 Energy Savings Assistance Program approved budget of \$204.70  
9 million.<sup>11</sup> Several factors related to program delivery has caused this increased budget. These  
10 factors are discussed in detail in Section J.3. As authorized in D.08-11-031 and modified by  
11 D.10-10-008, SoCalGas plans to carryover PY2011 unspent funds into the 2012-2014 program  
12 cycle.

13 **g. Total Number Of Homes To Be Treated For Each Year, And For The**  
14 **Entire Budget Cycle.**

15 SoCalGas plans to treat 129,106 homes in PY2012, 100,249 homes in PY2013, and  
16 100,249 homes in PY2014 for a total of 329,604 homes. SoCalGas estimates that a total of  
17 28,857 homes will not be treated during the 2009-2011 program cycle, and these homes are  
18 included in the planned treated goal for PY2012.

19 **h. Estimated Energy Savings For Each Year, And For The Entire**  
20 **Budget Cycle Based On Proposed Measures.**

21 SoCalGas' estimated energy savings, greenhouse gas reductions, and vehicle reductions  
22 are shown below for each year and for the lifecycle.  
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<sup>11</sup> See D.08-11-031, at Attachment A.

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**Annual**

	<b>PY 2012</b>	<b>PY 2013</b>	<b>PY 2014</b>
<b>Bill Savings</b>	\$2,968,624	\$2,366,500	\$2,375,736
<b>Projected kWh</b>	n/a	n/a	n/a
<b>Projected Therms</b>	3,032,575	2,417,480	2,426,915
<b>Projected kW</b>	n/a	n/a	n/a
<b>Projected CO2 Reduction (Tons)</b>	17,753	14,152	14,207
<b>Projected Vehicle Reduction</b>	2,934	2,339	2,348

The achieved energy savings will contribute to the energy savings goals adopted in D.04-09-060.

**Lifecycle**

	<b>PY 2012</b>	<b>PY 2013</b>	<b>PY 2014</b>
<b>Bill Savings</b>	\$26,439,280	\$21,167,952	\$21,263,947
<b>Projected kWh</b>	n/a	n/a	n/a
<b>Projected Therms</b>	35,280,508	28,273,016	28,405,106
<b>Projected kW</b>	n/a	n/a	n/a
<b>Projected CO2 Reduction (Tons)</b>	206,532	165,510	166,283
<b>Projected Vehicle Reduction</b>	34,138	27,357	27,485

The achieved energy savings will contribute to the energy savings goals adopted in D.04-09-060.

**i. Exceptions Requested.**

SoCalGas urges the Commission to consider the impacts of the cost-effectiveness results which eliminate traditional and standard offerings from the Energy Saving Assistance Program measure mix. The Commission directed the utilities to use the draft report of the 2009 Impact Evaluation which introduced new savings estimates that are lower than what was previously applied.

SoCalGas proposes that the envelope and air sealing measure be offered as an “add back” measure for all dwelling types and climate zones to improve the customers’ quality of life for health, comfort, and safety reasons.

1 Removing the envelope and air sealing measures will negatively impact SoCalGas' ability  
2 to meet the three measure minimum rule, specifically in multi-family dwellings. Making this  
3 adjustment may increase the customer's well being and, in areas where air quality is poor, the air  
4 quality of the home can be improved. SoCalGas has identified the removal of additional  
5 program measures due to cost-effectiveness test results in Section 3 and also noted program  
6 impacts.

7 Overall, SoCalGas will be challenged in meeting the three measure minimum and  
8 enrolling customers in multi-family dwellings due to the loss of water measures, such as faucet  
9 aerators, and envelope and air sealing measures in some or all climate zones. For these reasons,  
10 SoCalGas asks that its request be approved.

## 11 **B. BACKGROUND**

### 12 **1. Energy Savings Assistance Program Summary**

13 The Energy Savings Assistance Program has offered energy saving and no cost home  
14 improvements to income-qualified customers since the early 1980's. The Energy Savings  
15 Assistance Program is ratepayer funded through the Public Goods Charge and is available to  
16 residential customers living in all housing types (single family, multi-family, and mobile homes),  
17 and is applicable to homeowners and renters. Historically, the Energy Savings Assistance  
18 Program has been primarily designed to meet the Commission's equity objectives of assisting  
19 customers who are highly unlikely or unable to participate in other residential programs.<sup>12</sup> Over  
20 time, however, the focus of the Energy Savings Assistance Program has evolved to include other  
21 goals for the program. For instance, in recognition of the changes in the energy markets and the  
22 environment, as well as the needs of the low income customers and the larger community, the

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<sup>12</sup> D.94-10-059, at p.119.

1 Commission in D.07-12-051 updated its policy objectives for the Energy Savings Assistance  
2 Programs stating:

3 “[T]he key policy objective for the LIEE programs, like that of our non-LIEE  
4 energy efficiency programs, is to provide cost-effective energy savings that serve  
5 as an energy resource and to promote environmental benefits. We retain our  
6 commitment to ensuring the LIEE programs add to the participant’s quality of  
7 life, which implicates, equity, energy affordability, bill savings and safety and  
8 comfort for those customers who participate in LIEE programs.”  
9

10 To achieve these objectives, the Commission adopted a programmatic initiative “to  
11 provide all eligible LIEE customers the opportunity to participate in LIEE programs and to offer  
12 those who wish to participate all cost effective energy efficiency measures in their residences by  
13 2020.” D.07-12-051 articulated the Commission’s key objective to make the Energy Savings  
14 Assistance Program a reliable energy resource for the State of California. In July 2008,  
15 Commission Staff issued the CEESP, which provides program guidance to the utilities. The  
16 CEESP is designed to increase the opportunities for program participation and energy savings;  
17 improve leveraging and integration efforts; improve the Energy Savings Assistance Program  
18 workforce training requirements so as to facilitate participation of minority and other  
19 disadvantaged communities; emphasize long term and enduring energy savings; and organize  
20 program ME&O that is consistent with CEESP strategies.

21 SoCalGas’ Energy Savings Assistance Program strives to help income-qualified  
22 customers reduce their energy consumption and costs, while increasing their comfort, health and  
23 safety. The program utilizes a “whole house” approach to provide no cost home weatherization,  
24 energy efficient appliances and energy education services to income-qualified customers.

25 Program services and measure offerings have also been relatively standardized among the four  
26 investor-owned utilities, in large part due to the Statewide LIEE Program Policy and Procedures  
27 Manual. To assess program effectiveness and efficiencies, the utilities periodically conduct



1 process and impact evaluation studies. To ensure program measures and services remain cost  
2 efficient, the utilities conduct program cost effectiveness tests, which include non-energy  
3 benefits (“NEBs”). .

## 4 **2. Program Eligibility Guidelines**

5 The Energy Savings Assistance Program eligibility guidelines are based on several  
6 factors for participation, which include household income eligibility, the utility fuel provided to  
7 the dwelling, structural feasibility, landlord approval, previous program service provided to the  
8 dwelling, and the need for energy efficient measures offered through the Energy Savings  
9 Assistance Program.

10 For purposes of determining Energy Savings Assistance Program income eligibility based  
11 on total household income,<sup>13</sup> all income is considered, from all household members, including  
12 (but not limited to) wages, salaries, interest, dividends, child support, spousal support, disability  
13 or veterans’ benefits, rental income, social security, pensions, and all social welfare program  
14 benefits before deductions are made. Customers enrolling in the program are required to provide  
15 documentation of income. The total household income must be equal to or less than 200% of the  
16 Federal Poverty Guidelines, with income adjustments for family size, as set forth by the  
17 Commission.<sup>14</sup>

18 Customers may be eligible to participate under categorical eligibility and can be  
19 automatically enrolled in the Energy Savings Assistance Program based on their current  
20 participation in certain local, state, or federal means-tested programs. Customers enrolling in the  
21 Energy Savings Assistance Program through categorical eligibility are required to show

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<sup>13</sup> Energy Savings Assistance Program income guidelines are consistent with the CARE program guidelines adopted by the Commission.

<sup>14</sup> D.05-10-044 (the “Winter Initiative” decision) set the program eligibility limits at 200% of the Federal Poverty Guidelines.

1 documentation to reflect current participation in one of the following categorical programs:  
2 Medi-Cal, Food Stamps, Temporary Assistance to Needy Families (“TANF”), Women and  
3 Infant Children, Low Income Home Energy Assistance Program, Healthy Families Categories A  
4 & B, Supplemental Security Income, Federal Public Housing Assistance/Section 8, National  
5 School Lunch’s Free Lunch Program, Tribal TANF, Bureau of Indian Affairs General  
6 Assistance, and Head Start Income Eligible (Tribal only).<sup>15</sup>

7 Customers may also be eligible to participate in the Energy Savings Assistance Program  
8 through self certification. Self certification is permitted in certain geographic areas where 80%  
9 of the customers are likely to be at or below current Energy Savings Assistance Program/CARE  
10 income guidelines. Customers enrolling in the program through self certification must sign a  
11 “self certification statement” to certify that the household meets the current Energy Savings  
12 Assistance Program/CARE income guidelines as set forth by the Commission.

13 Customers may also be eligible to enroll in the Energy Savings Assistance Program if  
14 they have been income-qualified through the CARE program’s random post-enrollment  
15 verification process. In this case, the utility requests income documentation from the CARE  
16 participant which demonstrates that the customer meets the income guidelines for participation in  
17 the CARE program, and as such, the CARE customer is also income verified and is eligible to  
18 participate in the Energy Savings Assistance Program.

### 19 **3. Eligible Population**

20 SoCalGas estimates that for PY2012-2014 329,604 customers will be eligible to receive  
21 Energy Savings Assistance Program benefits. To derive the estimated eligible population for  
22 PY2012-2014, the utilities relied on the methodology adopted in D.08-11-031 including certain  
23 revisions as described below. In D.08-11-031, the Commission adopted a methodology for the

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<sup>15</sup> In D.06-12-038, the Commission authorized the IOUs to implement categorical eligibility.

1 IOUs to utilize to calculate the estimated number of Energy Savings Assistance Program homes  
2 to be treated in PY2008-2011. The Commission’s adopted methodology is calculated as follows:

- 3 1. Use the estimated number of income eligible households based on the estimates  
4 submitted in the utilities’ annual Estimated Eligibility Updates.
- 5 2. Add a 1% annual growth factor accounting for population growth and economic  
6 conditions.
- 7 3. Deduct the estimated number of households “unwilling to participate” in the  
8 program. The Commission adopted a 5% factor based on the estimate from the  
9 KEMA Needs Assessment Report.
- 10 4. Deduct the number of homes treated by the Energy Savings Assistance Program  
11 between 2002 through year-end of the most current program year completed.
- 12 5. Deduct the projected number of homes treated by the Energy Savings Assistance  
13 Program for the current program year.
- 14 6. Deduct the number of homes treated by the LIHEAP program between 2002  
15 through year-end of the most current year completed. The number of homes  
16 treated for that current year (2008) should be deducted from the next program  
17 cycle because current year data was not finalized at the time the IOUs’  
18 Applications were submitted for approval.
- 19 7. Multiply the result by 25% to determine the estimated number of homes to be  
20 treated in the next program cycle.<sup>16</sup>

#### 21 Revision of the Calculation of Unwilling and Ineligible Customers

22  
23 Although the Commission adopted a 5% customer unwillingness factor in D.08-11-031,  
24 SoCalGas tracked customer receptiveness to the Energy Savings Assistance Program in 2009-  
25 2010 to determine a more precise unwillingness factor for SoCalGas’ specific service area.  
26 Based on the 2009 and 2010 data trends detailed in the table below, SoCalGas projects that 19%  
27 of customers will be unwilling or ineligible (“unwilling”) to participate in the Energy Savings  
28 Assistance Program.

29 SoCalGas’ contractors reported the following reasons why customers were unwilling to  
30 participate in the Energy Savings Assistance Program.

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<sup>16</sup> See D.08-11-031, at pp. 108-114.

1

<b>Unwilling or Ineligible</b>	<b>PY2009</b>	<b>PY2010</b>
Customer Refused <sup>1</sup>	12,182	9,193
Home does not meet minimum measure requirement <sup>2</sup>	2,664	3,291
Customer relocated <sup>2</sup>	1,019	937
Customer exceeds 200% FPL <sup>2</sup>	2,646	3,411
Owner Refused- Renter occupied for single family <sup>2</sup>	3,718	2,096
Customer unable to provide proof of home ownership documentation <sup>2</sup>	1,656	1,586
Customer unable to provide proof of income documentation <sup>2</sup>	640	839
Home weatherized under another program <sup>2</sup>	397	1,236
<b>Total</b>	<b>24,922</b>	<b>22,589</b>
Treated	85,147	121,274
<b>Treated + Unwilling</b>	<b>110,069</b>	<b>143,863</b>
<b>Percentage of Unwilling/Ineligible</b>	<b>23%</b>	<b>16%</b>

2

3 The data collected in PY2009 indicates that 24,922 customers (23%) were unwilling to  
4 participate.<sup>17</sup> In addition, data collected in PY2010 indicated that 22,589 customers (16%) were  
5 unwilling to participate in the program. SoCalGas took the weighted average from the responses  
6 obtained from PY2009 to PY2010 to identify an unwilling population of 19% for PY2012-  
7 2014.<sup>18</sup>

#### 8 Revision to the Calculation of Homes Treated by LIHEAP through 2020

9 To estimate LIHEAP activity through PY2020, the utilities, consistent with D.08-11-031,  
10 analyzed the number of homes treated in PY2002-2007 by LIHEAP,<sup>19</sup> and calculated the average

<sup>17</sup> Primary data collection is conducted by Energy Savings Assistance Program contractors and inputted into the HEAT database.

<sup>18</sup> The variance between the unwilling and ineligible data reported in the PY2009 Annual Report and this current Application is due to the difference in the method the data was extracted from the database. The data used to report the unwilling and ineligible number in the PY2009 Annual Report only included those customers for which a fee was paid. In order to encourage customer data collection and entry, SoCalGas at times provides administrative fees to its contractors.

<sup>19</sup> This method was approved by the Commission in D.08-11-031.

1 annual activity that occurred during 2002 – 2007. This was used to estimate the number of  
 2 homes to be treated for PY2008 and for 2011-2020. The utilities received specific data for  
 3 homes treated by LIHEAP, by county,<sup>20</sup> for 2009-2010.

4 Based on the methodology adopted in D.08-11-031, and adjusted to reflect the two minor  
 5 revisions to the unwillingness and LIHEAP calculations, SoCalGas determined the minimum  
 6 homes that must be treated to meet the programmatic initiative in 2020. The methodology is  
 7 presented in the table below.

8

<b>SoCalGas Homes Treated</b>	<b>Definition</b>	<b>Total</b>
Estimated Eligible (as of 12-30-10)	Estimated eligible is the estimated number of homes (households) eligible for Energy Savings Assistance Program. This number is provided by Athens Research on an annual basis.	2,106,758
Above escalated by 1% to 2020	Per D.08-11-031	2,304,130
Less Unwilling	Unwilling @ 19%	437,785
Less SoCalGas Homes Treated 2002-2010	Actual number of homes treated	548,110
Less SoCalGas Homes Treated 2011	2011 (estimated)	165,000
Less LIHEAP 2002-2007 (D08-11-031)	Actual number of homes treated by LIHEAP	73,780
Less LIHEAP 2008	100% of 2002-2007 LIHEAP average	12,297
Less LIHEAP 2009-2010	LIHEAP 2009-2010 actual	41,954
Less LIHEAP 2011-2020	100% of 2002-2007 LIHEAP average	122,967
Remaining to be Treated		902,238
1/3 of Above Row for 2012-2014 (cycle total)		300,746
Per year		100,249

9

10

<sup>20</sup> Estimates by county were provided for 2009 and 2010 by the California Department of Community Services and Development (“CSD”) on March 15, 2011.

1           **C.     PROGRAM GOALS**

2                   **1.     Strategic Plan Vision**

3                           **a.   By 2020, 100 Percent Of Eligible And Willing Customers Will Have**  
4                           **Received All Cost-Effective Energy Savings Assistance Program**  
5                           **Measures.**

6           SoCalGas’ goals for the PY2012-2014 Energy Savings Assistance Program are aligned  
7 with the vision outlined in the CEESP to treat 100% of all eligible and willing customers by  
8 2020. SoCalGas’ goals for PY2012-2014 are designed to help SoCalGas reach its target of  
9 enrolling 100% of all willing and eligible customers by 2020. To further advance the vision  
10 outlined in the CEESP, SoCalGas proposes to continue the installation of all feasible measures  
11 authorized by the Commission. In addition, SoCalGas proposes to include one new measure, the  
12 thermostatic shower valve. To facilitate and improve program delivery, SoCalGas proposes to  
13 enhance outreach efforts to connect with targeted customers, identify segmented concentrations  
14 of customers, utilize the Whole Neighborhood Approach (“WNA”), and employ in-language  
15 communications when feasible. In addition, SoCalGas will maximize leveraging and integration  
16 opportunities.

17                   **2.     Strategic Plan Goals**

18                           **a.   By 2020, All Eligible Customers Will Be Given The Opportunity To**  
19                           **Participate In The Energy Savings Assistance Program.**

20           SoCalGas plans to achieve the CEESP goal of providing all eligible customers the  
21 opportunity to participate in the Energy Savings Assistance Program by 2020 by increasing its  
22 Marketing, Education, and Outreach. SoCalGas will target outreach efforts based on geography,  
23 demographic description, and social networks.

24           SoCalGas plans to outreach its efforts to potentially eligible customers by employing  
25 existing marketing and outreach tactics such as automated voice messaging (“AVM”)

1 campaigns, targeted direct mail, utility cross-promotion, email campaigns, door-to-door  
2 canvassing, general and ethnic targeted advertising, community events, coordination with local  
3 agencies, leveraging with CBOs, integration with other SoCalGas programs, capitation  
4 contractor leads, customer contact and collateral materials. In addition, any marketing and  
5 outreach tactics that have been shown to be successful in the past will be expanded. To achieve  
6 the CEESP's goals during PY2012-2014, SoCalGas plans to serve 329,604 low income  
7 households.

8 **b. The Energy Savings Assistance Program Will Be An Energy Resource**  
9 **By Delivering Increasingly Cost-Effective And Longer-Term Savings.**

10 SoCalGas' PY2012-2014 proposed Energy Savings Assistance Program will further the  
11 CEESP's goal that the Energy Savings Assistance Program be an energy resource by delivering  
12 increasingly cost-effective and long term savings. SoCalGas plans to achieve this goal by  
13 increasing collaboration and leveraging of other low income programs and services. SoCalGas  
14 will continue to coordinate and communicate between Energy Savings Assistance Program and  
15 the Energy Efficiency programs, to achieve service offerings that are seamless for the customer.  
16 To further support this goal, SoCalGas will provide low-income customers with measures that  
17 result in the most savings in the Energy Savings Assistance Program, and include measures that  
18 may improve the customers' quality of life.

19 **3. Strategic Plan Strategies**

20 **a. Improve Program Delivery.**

21 SoCalGas' PY2012-2014 proposed Energy Savings Assistance Program will further the  
22 CEESP's goal of improving program delivery by using segmentation information to achieve  
23 efficiencies in program delivery and leverage with CBOs as well as other organizations to  
24 increase program efficiency and enrollments. This segmentation approach will improve the

1 efficiency of program delivery by identifying geographic concentrations of potentially eligible  
2 customers to achieve efficiencies in delivery and resource management. SoCalGas also plans to  
3 improve program delivery of the Energy Savings Assistance Program with the following:

- 4 • Continue contractor capacity building and mentoring.
- 5
- 6 • Continue to enhance training materials to increase technical aptitude and address  
7 contractor needs.
- 8
- 9 • Continue to promote WE&T efforts to make Energy Savings Assistance Program  
10 accessible to disadvantaged, minority and low income workers.
- 11
- 12 • Improve energy education components by developing a multimedia tool and  
13 expanding Joint Utility leveraging opportunities.
- 14
- 15 • Apply increased technology opportunities through automation and customer self-  
16 service.
- 17
- 18 • Increase use of tablet personal computers (“PCs”) to support data collection,  
19 reduce customer visits, and minimize hard copy documentation collection.
- 20
- 21 • Incorporate customer enrollment initiative to increase participation of hard to reach  
22 and rural customers.
- 23
- 24 • Continue marketing and outreach refinements.
- 25
- 26 • Increase in-language marketing and outreach efforts.
- 27
- 28 • Seek opportunities to reach specific hard to reach customers, such as customers  
29 with disabilities, limited English proficient (LEP) customers, and customers  
30 located in remote areas.
- 31
- 32 • Work with other utilities, agencies, and CBOs to leverage program delivery  
33 opportunities.
- 34
- 35 • Work internally to maximize company integration opportunities.
- 36

37 **b. Promote The Growth Of A Trained Energy Savings Assistance**  
38 **Program Workforce.**

39 SoCalGas’ Contractor Network plays an integral role in marketing and outreach by  
40 pursuing their own initiatives and instituting strategies that best fit their individual business



1 models. The combination of CBOs and private agencies enhance the ability to create an all-  
2 encompassing program implementation environment and strengthen the probability of customer  
3 interest. SoCalGas made a significant effort during the 2009-2011 program cycle to assist the  
4 Contractor Network with capacity building through increasing backoffice support and technical  
5 expertise in the area of program delivery. This resulted in a rapid increase in contractor  
6 production towards program goals and a modernization of traditional business models.  
7 SoCalGas will continue to use capacity building methods as a long-term continual process of  
8 development that involves all stakeholders.

9         SoCalGas will continue to promote the growth of a trained workforce through its  
10 Contractor Network and their skilled labor force. SoCalGas provides initial training to support  
11 new contractor hires, refresher training to troubleshoot common issues and to provide program  
12 updates, and required Customer Enrollment and Natural Gas Appliance Testing (“NGAT”)  
13 training. SoCalGas’ training not only upholds the importance of utility-specific requirements  
14 and customer contact expectations, but also contributes to the ongoing development of technical  
15 expertise within the Energy Savings Assistance Program.

16         SoCalGas will continue to offer refresher courses to all Outreach Specialists to address  
17 any changes in policies and procedures, new program updates and serve as a general refresher  
18 course for all customer enrollment contractors.

19         SoCalGas will continue providing training to installation and HVAC crews to enhance  
20 their technical aptitude. SoCalGas was successful in implementing a mandatory 5-day NGAT  
21 training for weatherization crews in order to increase their workforce capabilities to complete  
22 NGAT. NGAT training was successful in improving the weatherization crew’s knowledge to  
23 complete the secondary in-home assessment. SoCalGas plans to continue NGAT training and,

1 also, look for new methods to increase installation and HVAC crew understanding of HVAC  
2 systems. This will be done with the intention of increasing the number of FAU standing pilot  
3 light conversion and furnace clean and tune measures completed in order to assist with reaching  
4 the three measure minimum, as well as maximizing the safety and energy savings in a customer's  
5 home.

6 SoCalGas will also continue offering Home Energy Assistance Tracking ("HEAT")  
7 database and general administration training throughout its service territory. This increase in  
8 training to contractor's office staff during the 2009-2011 program years attributed to more  
9 accurate documentation, processed streamlining and a stronger backoffice support for  
10 contractors. SoCalGas emphasis on building a contractor's overall capacity, including the  
11 administrative portion, will continue promoting growth and core skills.

12 SoCalGas also participated with the other IOUs in updating the Statewide Installation  
13 Standards ("IS") Manual and will work to finalize the Manual to include any changes applicable  
14 to the 2012-2014 program cycle. The Joint IOUs hosted a series of public meetings in 2010 and  
15 2011 in order to obtain additional input to the IS Manual from experienced contractors  
16 participating in the Energy Savings Assistance Program throughout the IOUs service territories.  
17 SoCalGas will continue to work closely with the IOUs and contractors in order to integrate  
18 public comment into the final IS Manual

19 SoCalGas also sponsored a Request for Qualifications/Request for Proposals  
20 ("RFQ"/"RFP") to increase program resources to meet PY2009-2011 goals. SoCalGas continues  
21 to seek community partners and special service contractors to gain access to low income  
22 communities and provide technical expertise in delivering Energy Savings Assistance Program  
23 services.

1 In addition, SoCalGas will continue to increase the level of Diverse Business Enterprise  
2 (“DBE”) registration, participation, and reporting through its Contractor Network. In 2010,  
3 SoCalGas initiated a mentorship program for established and qualified businesses seeking  
4 opportunities to provide Energy Savings Assistance Program services in the areas of Customer  
5 Enrollment, Weatherization, HVAC or Inspection. The results of the mentorship program will  
6 be used during the PY2012-2014 program cycle to continue to develop DBE and/or  
7 subcontractor opportunities in the Energy Savings Assistance Program. The purpose of the  
8 mentorship program is two-fold: 1) to provide opportunities for CBOs or small businesses to  
9 participate in the Energy Savings Assistance Program through a partnership with established  
10 contractors and/or 2) to provide a resource to non-DBE Energy Savings Assistance Program  
11 contractors for increasing DBE subcontractor relationships and reporting as required by the  
12 Commission.

13 SoCalGas proposes to continue using existing and new methods that promote the growth  
14 of a trained Energy Savings Assistance Program workforce in order to meet the CEESP goals.

15 **c. Increase Collaboration And Leveraging Of Other Low Income**  
16 **Programs And Services.**

17 SoCalGas will continue to develop partnerships to leverage resources available from  
18 local governments, federal, state, and private project funding sources to provide services to  
19 eligible low income customers. SoCalGas plans to continue building partnerships in order to  
20 more efficiently and effectively meet program goals. SoCalGas will continue to identify and  
21 implement leveraging opportunities where applicable in an effort to benefit its low income  
22 customers.

23 ///

1 SoCalGas will also continue to work to improve data sharing amongst the IOUs and will  
2 continue work on signing more leveraging agreements with water utilities and municipalities in  
3 order to reach more low income households.

4 **d. Coordinate and Communicate Between Energy Savings Assistance**  
5 **Program, Energy Efficiency And Demand-Side Management**  
6 **Programs To Achieve Service Offerings That Are Seamless For The**  
7 **Customer.**

8 SoCalGas will continue to work with its general Energy Efficiency (“EE”) program’s  
9 Mobile Home Program and other third-party EE program contractors to integrate the installation  
10 of measures and services including EE’s expansion to serving multi-family dwellings. These  
11 efforts will help customers receive the most measures between the two programs while  
12 minimizing the likelihood of duplicative efforts between EE and Energy Savings Assistance  
13 Program. And, in order to more efficiently and effectively achieve program goals, SoCalGas  
14 will continue inter-departmental coordination for integration best practices, which will foster a  
15 collaborative learning environment and encourage innovative strategies.

16 **e. Provide Low Income Customers With Measures That Result In The**  
17 **Most Savings In The Energy Savings Assistance Program.**

18 SoCalGas will continue offering all feasible cost-effective energy efficient measures to  
19 customers eligible for the Energy Savings Assistance Program, which should lead to long-term  
20 energy savings. SoCalGas will specifically provide those measures that result in the most  
21 savings, such as the thermostatic shower valve, FAU standing pilot light conversion, and HE  
22 clothes washers. Also, by completing minor home repairs such as water heater and gas appliance  
23 repairs and replacements and building envelope repairs, SoCalGas improves customer comfort,  
24 and energy efficiency, by reducing air infiltration and increasing the customer’s health, comfort  
25 and safety.

1 SoCalGas proposes to continue to provide those measures authorized in D.08-11-031  
2 subject to the measures that pass the benefit cost ratio threshold proposed in this Application and  
3 shown in Attachments A-6 and A-7. SoCalGas also proposes the inclusion of those measures  
4 that are below the benefit cost ratio threshold but should be considered for health, comfort, and  
5 safety reasons.

6 **f. Identify Segmented Concentrations Of Customers To Improve**  
7 **Delivery.**

8 Over the years, SoCalGas has expended significant resources and time to understand its  
9 customer base, including the low income segment. SoCalGas has found that the best way to  
10 reach potentially eligible customers is through a focused approach, utilizing methods expected to  
11 encourage customers to respond positively, with materials that address customer’s unique  
12 circumstances and needs. Current successful outreach methods will be continued and expanded  
13 to ensure that all customers are aware of the Energy Savings Assistance Program and provided  
14 the opportunity to participate.

15 SoCalGas plans to target all eligible Energy Savings Assistance Program customers  
16 which include segmentation by the following customer classifications:

- 17 • Disabled /Medical Baseline
- 18 • Categorical Eligibility (leveraging with agencies that serve customers enrolled in  
19 Food Stamps, Medi-Cal and TANF)
- 20 • Seniors
- 21 • Low Income PRIZM codes and zip-7<sup>21</sup>

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22 <sup>21</sup> Potential Rating Index for Zip Marketers” (“PRIZM”) codes published by Claritas, Inc. PRIZM codes combine demographic and consumer behavior segmentation data to identify, understand, and target PRIZM defines every household in terms of 66 demographically and behaviorally distinct types or “segments” to help the IOUs learn about their customers’ likes, dislikes, lifestyles and purchase behavior. The demographic profile covers the four dimensions of income, age, family size, and urbanization. The consumer behavior profile covers the products they purchase, what they do in their free time, and their media preferences. The PRIZM code is the principal element when determining consumers’ segment code

- Low Income zip codes (by counties and cities)
- Customers on CARE not participating in Energy Savings Assistance Program

Target Markets:

- Seniors
- Customers with disabilities
- African American
- Asian Market
- Hispanic
- Other Ethnic/Non English Speaking or LEP

**D. PROGRAM DELIVERY**

**1. Existing Strategies**

SoCalGas' Energy Savings Assistance program delivery strategies include customer enrollment, home assessment, energy education installation of measures, and inspections. SoCalGas plans to continue using these delivery strategies during the 2012-2014 program cycle as briefly described below.

Customer Enrollment

SoCalGas plans to continue its existing customer enrollment strategies, which are designed to maximize customer accessibility and participation in the Energy Savings Assistance Program. Enrollment options adopted by the Commission are: targeted self certification, categorical eligibility and eligibility verified through CARE's PEV process, and by providing proof of income documentation. These options are important tools for the IOUs to simplify the

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in addition to helping the Energy Savings Assistance Program identify concentrations of highly eligible customers.

1 enrollment process and minimize documentation collection, while still verifying program  
2 eligibility.

### 3 Home Assessment

4 SoCalGas understands the importance of the home assessment as the second requirement  
5 of the customer enrollment process. This process supports the Energy Savings Assistance  
6 Program as an energy resource for California while concurrently providing low income  
7 customers with ways to reduce their bills and improve their quality of life. SoCalGas will  
8 continue to provide in-home energy assessments that identify “all feasible measures” to be  
9 installed in a customer’s home.

### 10 Energy Education

11 SoCalGas will continue to offer energy education as a means of engaging the customer’s  
12 participation and commitment to energy savings. Energy education informs and teaches low  
13 income customers about the benefits of energy efficiency. Currently, SoCalGas and Southern  
14 California Edison (“SCE”) use a joint energy education guide as a primary tool for joint utility  
15 enrollments and leveraging opportunities. The energy education guide is available in English  
16 and Spanish.

### 17 Installation of Measures

18 SoCalGas will continue installing all feasible measures through its contractor network,  
19 which is composed of CBOs and private contractors. Contractors are responsible for setting  
20 appointments with customers to schedule installations, and completing the services according to  
21 the Statewide LIEE Program Policy and Procedures Manual. SoCalGas encourages its contractor  
22 network to provide excellent customer service and to continue minimizing the number of  
23 customer visits.

1           Inspections

2           SoCalGas will continue its practice of conducting inspections. SoCalGas considers  
3 inspections an integral part of program compliance and quality assurance. Inspections are  
4 performed by specific contractors participating in the Energy Savings Assistance Program.  
5 Inspection contractors are expected to have a highly trained staff of experts to ensure that all  
6 Energy Savings Assistance Program feasible measures were installed properly and that customer  
7 satisfaction was achieved.

8                           **a. Marketing, Education and Outreach (“ME&O”)**

9           SoCalGas currently provides marketing, education, and outreach through a strategic and  
10 comprehensive approach which includes identifying eligible customers through segmentation  
11 followed by a series of tactics such as AVM, direct mail, program cross promotion, canvassing,  
12 community outreach, and leveraging. The following describes the current marketing, education,  
13 and outreach tactics that will continue for the PY2012-2014 Energy Savings Assistance Program:

14           **1. Canvassing** – SoCalGas will continue the use of contractors for door-to-door  
15 canvassing campaigns to enroll low income customers through face-to-face contact. When  
16 customers are not available, promotional materials will be left behind inviting customers to  
17 contact SoCalGas to enroll in the program.

18           **2. AVM Campaigns** – SoCalGas launched the first AVM campaign in 2009 and  
19 plans to expand this outreach and enrollment method by working with additional contractors to  
20 connect interested eligible customers directly with the contractors for enrollment into the Energy  
21 Savings Assistance Program. This will inherently save time and allow contractors to speak  
22 directly with customers about the program and schedule in home appointments in a more  
23 efficient manner.



1           **3. Targeted Direct Mail** – This method has been successful in reaching low income  
2 customers and will be used in conjunction with other segmentation strategies to target potentially  
3 eligible customers.

4           **4. Program Cross Promotion** – The Energy Savings Assistance Program is  
5 promoted along with CARE and other SoCalGas assistance programs, such as Medical Baseline.  
6 With the program name branding of “Energy Savings Assistance Program” by the IOUs,  
7 SoCalGas believes uniformity across the utilities will better meet the goal of achieving a  
8 reduction in residential energy usage and greater participation in the no-cost program.

9           **5. Electronic mail (email) Blasts** – Program information is sent via email to  
10 targeted distribution lists. This has been expanded to send out emails to potentially eligible  
11 customers (based on zip code) that have not enrolled in the low income program.<sup>22</sup> As more low  
12 income customers utilize email, and SoCalGas receives these email addresses, this method will  
13 become more effective at a very low cost.

14           SoCalGas has also recently expanded its web based online leads by updating the Energy  
15 Savings Assistance Program online form which includes specific program requirements and  
16 leads customers to answer a series of questions online which directs the customer to send a lead  
17 form only if they meet income program requirements.<sup>23</sup>

18           **6. General and Ethnic Targeted Advertising** – SoCalGas has expanded its print  
19 and radio promotions to focus on in-language media for the Asian and Hispanic customer  
20 segments. Multiple communication channels will be available (radio, TV, bus transit TV, etc.)  
21 Mass media messages will include a specific customer “call to action” that will direct customers  
22 to the Energy Savings Assistance Program eligibility requirements on SoCalGas’ website or toll

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<sup>22</sup> This material is available in English and Spanish.

<sup>23</sup> This form is available in English and Spanish.

1 free telephone number. SoCalGas plans to further expand targeting ethnic media through other  
2 channels such as the use of a customer video that highlights program benefits to customers, such  
3 as comfort and safety, generating awareness and motivating potentially eligible customers to  
4 contact the program.

5 **7. Community Events** – SoCalGas will continue to participate in community events  
6 where there is the potential to reach eligible low income customers. Many of these events are  
7 coordinated with local agencies and/or governments.

8 **8. Coordination with Local Agencies** - SoCalGas works with a variety of local  
9 agencies that serve low income customers to ensure that the agencies are familiar with the  
10 Energy Savings Assistance Program and other assistance programs. SoCalGas has worked with  
11 agencies such as the Department of Public Social Services (“DPSS”) which serves low income  
12 customers in the Los Angeles County. SoCalGas plans to expand this collaboration with the  
13 DPSS by serving SoCalGas consumers and sending out information about the Energy Savings  
14 Assistance Program to customers who are enrolled in Cal Fresh<sup>24</sup>, Medi-Cal, and CalWorks<sup>25</sup>.  
15 SoCalGas in turn will promote DPSS’ programs to low income customers residing in the Los  
16 Angeles County. Collaboration with agencies that serve low income customers has begun to  
17 accelerate as entities become aware of the various benefits available to the customer.

18 **9. Leveraging with CBOs** – SoCalGas continues to contract with CBOs that have  
19 specific community ties and grassroots methods that assist in outreaching to potential low  
20 income customers. SoCalGas also focuses on faith based organizations to establish on-going  
21 relationships that enable SoCalGas to have access to its clergy and congregations to effectively  
22 promote the Energy Savings Assistance Program. In 2010, SoCalGas expanded existing

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<sup>24</sup> Previously known as the National Supplemental Nutrition Assistance Program (“SNAP”).

<sup>25</sup> Previously known as Temporary Assistance to Needy Families (“TANF”).

1 partnerships with the Los Angeles Metropolitan Churches organization, First American  
2 Methodist Episcopal, Faithful Central, Urban Strategies, and Mt. Sinai Baptist Church to  
3 promote the Energy Savings Assistance Program.

4 SoCalGas plans to expand its community outreach in 2012-2014 by leveraging with  
5 entities that serve customers with disabilities;, faith based organizations; and, public assistance  
6 agencies, whose constituents may be eligible for the Energy Savings Assistance Program.

7 Through these efforts, the Energy Savings Assistance Program will expand program awareness  
8 and lead to increased low income customer program participation.

9 **10. Disabilities Outreach** - In an effort to target customers with disabilities, the  
10 Energy Savings Assistance Programs provides written materials available in large-font and  
11 Braille. In addition, SoCalGas developed a video regarding its Customer Assistance programs  
12 and is scheduled to add sign language which will be distributed among deaf and disabled  
13 communities when completed. The video will also be available on SoCalGas' website.

14 SoCalGas leveraged with the Deaf and Disabled Telecommunications Program  
15 ("DDTP")<sup>26</sup> by cross-promoting customer assistance programs including the Energy Savings  
16 Assistance Program in their three Southern California Telephone Access Program ("CTAP")  
17 locations. SoCalGas has also added links about DDTP to its website <http://ddtp.cpuc.ca.gov/>.

18 SoCalGas researched and identified 40 private organizations and CBOs that provide  
19 services to the disabled community within SoCalGas' service territory. SoCalGas is continuing  
20 contact with this focused group to determine which organizations are interested in promoting the  
21 Energy Savings Assistance Program services to customers with disabilities. SoCalGas is  
22 committed to achieving the 15% disability goal set by the Commission through these efforts.

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<sup>26</sup> As directed in Ordering Paragraph 30 of D.08-11-031.

1           **11. Coordination with other SoCalGas' programs** – SoCalGas' coordination of  
2 Energy Savings Assistance Program promotion with its Medical Baseline program involves  
3 coordination with agencies that serve persons with disabilities. In 2010, SoCalGas collaborated  
4 with several agencies that serve customers with disabilities, such as the Braille Institute, Inland-  
5 Empire Disabilities Coalition, in which the Energy Savings Assistance Program and Medical  
6 Baseline were both promoted. SoCalGas also works with agencies that serve senior customers,  
7 which can be beneficial, as there is often significant overlap between seniors and those with  
8 disabilities. SoCalGas plans to continue this coordination effort in PY2012-2014.

9           **12. SoCalGas Customer Contact** – SoCalGas' customer service representatives and  
10 energy field technicians inform customers about SoCalGas' Energy Savings Assistance Program  
11 either by telephone or at the customer's home when it appears that the customer may be eligible  
12 for the program.

13           **13. Capitation Contractor Leads** – The Commission authorized SoCalGas to pay  
14 capitation fees to agencies that refer LEP customers to the Energy Savings Assistance Program  
15 who ultimately are enrolled in the program. LEP targeted outreach will include hearing or visual  
16 impaired, illiterate or limited English proficiency, and elderly customers.<sup>27</sup>

17           **14. Collateral Materials**– SoCalGas plans to provide additional in language  
18 brochures in English, Spanish, Korean, Chinese and Vietnamese for its agencies to promote the  
19 program. Additionally, SoCalGas plans to increase Energy Savings Assistance Program self-  
20 mailers and posters to promote the program in all of its Bill Payment Offices, Authorized  
21 Payment Locations and agencies throughout its service territory.  
22

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<sup>27</sup> The Energy Division approved Advice Letter 4067 on March 3, 2010.

1                                   **b. Workforce Education and Training (WE&T)**

2                   SoCalGas provides training for contractors and their representatives working in the  
3 Energy Savings Assistance Program. SoCalGas provides initial training to support new  
4 contractor hires, refresher training to troubleshoot common issues, and to provide program  
5 updates and required Customer Enrollment and Natural Gas Appliance Testing (“NGAT”)  
6 training. SoCalGas’ training not only upholds the importance of utility-specific requirements  
7 and customer contact expectations, but also contributes to the ongoing development of the  
8 technical expertise within the Energy Savings Assistance Program.

9                   SoCalGas’ customer enrollment, installation and NGAT training ensure that contractor  
10 personnel are properly trained on the statewide program policies and procedures, measure  
11 installation standards, in determining the feasibility of measures, and customer contact skills.

12                  SoCalGas will consider recommendations from the upcoming LIEE Program WE&T  
13 Pilot final report and integrate, where appropriate, content into its training modules. SoCalGas  
14 will continue to participate with the Commission and other IOUs towards the establishment of a  
15 Statewide LIEE WE&T certification.

16                  SoCalGas will also consider recommendations from the California WE&T Needs  
17 Assessment report. SoCalGas will continue its installation, HVAC and NGAT training to  
18 enhance contractor technical skills. Inspection contractors also play an important role in  
19 program quality assurance, specifically with the mandatory requirement to inspect all furnace  
20 replacement and attic insulation installations. An Advice Letter will be filed on June 3, 2011,  
21 describing SoCalGas’ plans for addressing the recommendations contained in the Needs  
22 Assessment.

23                  SoCalGas will continue to partner with Los Angeles Trade Technical College  
24 (“LATTC”) who was the Southern California WE&T Pilot winning bidder and designated as a

1 LIHEAP training center in 2010. SoCalGas looks forward to continue working with LATTC in  
2 meeting the criteria for the Energy Savings Assistance Program WE&T certification. In  
3 addition, SoCalGas will continue discussions with Los Angeles City College (“LACC”) to  
4 formalize an additional workforce partnership program. LATCC was a recipient of the  
5 “Pathways out of Poverty” workforce grant in 2010 developed to prepare students for green jobs  
6 and pre-apprenticeship training. Specifically, SoCalGas will continue to work with selected and  
7 new workforce partners, community organizations, educational institutions and existing CBOs  
8 and contractors to consider applicable recommendations from both the LIEE Program WE&T  
9 Pilot (final report pending) and California Workforce Education and Training Needs Assessment  
10 (final) report.

11 **c. Leverage available resources.**

12 SoCalGas intends to maintain existing and develop new leveraging opportunities with  
13 State agencies, municipal utilities and CBOs. With respect to the California Department of  
14 Community Services & Development, SoCalGas will continue to participate in discussions  
15 related to developing a data sharing framework. SoCalGas was successful in creating a LIHEAP  
16 leveraging model by working closely with select LIHEAP agencies, who also provide Energy  
17 Savings Assistance Program services, and implementing the developed framework. SoCalGas  
18 intends to expand the LIHEAP leveraging model, not only to continue leveraging available  
19 resources, but to also assist SoCalGas in meeting the three measure minimum rule and increasing  
20 customer enrollment.

21 SoCalGas will continue to work with municipal utilities within its service territory to  
22 enroll joint service territory customers, with the goal of installing additional measures offered by  
23 these municipal partners, under the Energy Savings Assistance Program during the same visit.  
24 These efforts will lead to increased energy savings from the installation of measures that would

1 not otherwise be available to Energy Savings Assistance Program customers living in municipal  
2 service territories. SoCalGas' efforts to work with municipal partners will help SoCalGas realize  
3 cost savings because municipal partners often market the program directly to their customers  
4 which would help SoCalGas minimize marketing expenses. In addition, such partnership efforts  
5 will increase enrollments and eliminate the need to create and administer duplicative low-income  
6 measure installation programs.

7 SoCalGas will also continue to work with water districts that serve customers in its  
8 service territory to leverage program funds for the direct installation of HE clothes washers.  
9 These leveraging efforts entail various levels of rebate funding provided to SoCalGas for the  
10 direct installation of HE clothes washers which saves program dollars thereby allowing  
11 SoCalGas to enroll more customers. SoCalGas will continue to explore opportunities to leverage  
12 its resources where applicable, with CBOs and communities receiving federal and state energy  
13 efficiency funds.

14 Specifically, SoCalGas plans to continue discussions with the Los Angeles Department of  
15 Water and Power ("LADWP") discussed further in Section 4d.

16 **d. Integration of the Energy Savings Assistance Program with existing**  
17 **utility energy efficiency infrastructure.**

18 SoCalGas Energy Savings Assistance Program coordinates efforts with the general EE  
19 Residential Programs so that customers will receive the maximum benefits from either program.  
20 Reaching low income customers prior to the receipt of EE installations prevents potential issues  
21 with the three measure minimum rule that is a programmatic component of the Energy Savings  
22 Assistance Program. For example, if a low income customer receives a measure through one of  
23 the EE Residential Programs before the Energy Savings Assistance Program enrollment process  
24 begins, then that customer may not qualify for enrollment into the Energy Savings Assistance

1 Program. Coordinating efforts so that low income customers are served by the Energy Savings  
2 Assistance Program first is essential to providing these customers the opportunity to receive a  
3 comprehensive mix of measures offered in the Energy Savings Assistance Program.

4 The Energy Savings Assistance Program also continues to work diligently with the EE's  
5 Third Party Programs multi-family segment to screen multi-family complexes that house  
6 residents with a high probability of being eligible for the Energy Savings Assistance Program.

7 The multi-family segment of EE's Third Party Programs is a program where contractors directly  
8 install energy and water savings measures into multi-family complexes. This general EE  
9 Program does not target customers by income, therefore, a potential exists for some low income  
10 customers to be treated under this program. Due to the three measure minimum rule standard set  
11 within the Energy Savings Assistance Program, if a low income customer receives these  
12 measures through this direct installation program, then that customer might become ineligible for  
13 the Energy Savings Assistance Program (as the residence may no longer need at least three  
14 Energy Savings Assistance Program measures or meet energy savings requirements).

15 Both programs follow a process where the EE program contractors that serve multi-  
16 family complexes first send the list of targeted complexes to the EE Third Party program  
17 manager for review. Upon receiving the list of targeted sites, the EE program manager shares  
18 the list with the Energy Savings Assistance Program to screen those complexes for residents with  
19 a high probability of being eligible for the Energy Savings Assistance Program. Those multi-  
20 family complexes that are screened and removed from the list of EE targeted sites are then  
21 forwarded to the Energy Savings Assistance Program contractors to contact and initial the  
22 customer enrollment process. This review process was established in order to ensure that all



1 eligible low income customers are given the opportunity to achieve the maximum energy and  
2 cost savings offered by the Energy Savings Assistance Program.

3 Lastly, SoCalGas Energy Savings Assistance Program continues to utilize the EE Mobile  
4 Home Program contractor to outreach and enroll eligible low-income mobile home customers  
5 into the Energy Savings Assistance Program. This integrative effort allows qualifying customers  
6 to enroll into Energy Savings Assistance Program, while mobile home customers that do not  
7 qualify for the Energy Savings Assistance Program receive treatment through the EE Mobile  
8 Home Program.

9 **e. WNA**

10 In D.08-11-031, the Commission described a “Whole Neighborhood Approach” to the  
11 Energy Savings Assistance Program installation, under which the IOUs would install all feasible  
12 measures in the homes of eligible customers on a neighborhood-by-neighborhood basis. The  
13 Commission believed this approach would increase energy savings, reduce overhead and  
14 transportation costs, and encourage leveraging with local entities. The Commission provided  
15 direction to the utilities regarding the following WNA steps in delivering the program:  
16 Neighborhood Identification, Outreach, Enrollment, and Assessment/Energy Audit and Measure  
17 Installation.

18 During the 2009-2011 cycle, all of the IOUs conducted various WNA projects. IOUs  
19 targeted customers by neighborhood, and worked cooperatively with community action agencies,  
20 local governments, housing authorities, neighborhood councils, other utilities and other low  
21 income service providers to enroll customers and provide Energy Savings Assistance Program  
22 services. Specifically during the 2009-2011 program cycle, SoCalGas implemented the WNA by  
23 segmenting data from two primary sources: Athens Research and Claritas PRIZM codes

1 SoCalGas utilized the annual eligibility estimates, developed by Athens Research on  
2 behalf of the IOUs and submitted to the Commission. The Athens Research methodology  
3 considered household size and income at different incremental levels, including 200% of the  
4 Federal Poverty Guidelines, to develop the estimated eligible households in California and  
5 within each IOU's service territory. The data included counts of estimated eligible households  
6 that are individually metered, sub metered, or served through a master meter. The data was also  
7 provided by county, ZIP, and ZIP-7 codes, and by Census block group.

8 In addition, SoCalGas used Claritas' PRIZM codes in its WNA efforts. The data  
9 consisted of demographic clusters that categorize every U.S. household into a segment. Using the  
10 Claritas PRIZM code information, SoCalGas identified multiple segments as low income and  
11 were identified as potential targeted self-certification addresses. PRIZM code information is  
12 available to contractors for use in targeting their outreach efforts.

13 SoCalGas worked with its contractors when an outreach event was developed to canvass  
14 the local neighborhood, when possible, and to be present at the event to educate potential  
15 customers on the Energy Savings Assistance Program. Events are used to raise customer  
16 awareness of the Energy Savings Assistance Program as an integration effort with other  
17 programs (EE, CARE, Medical Baseline, etc.) as well as a leveraged effort with CBOs and other  
18 external organizations.

19 In the PY2012-2014 program cycle, SoCalGas plans to continue utilizing the WNA  
20 approach as one tool among many to enrolling and delivering program services to customers.

#### 21 **f. Customer Service Improvements**

22 SoCalGas has a high standard in delivering customer service offerings through the  
23 Energy Savings Assistance Program. SoCalGas requires new contractor Outreach Specialists  
24 and installation crew members go through initial training which covers company policy and

1 expectations in making customer contact. SoCalGas will continue requiring federal-level  
2 background checks, display of SoCalGas-issued badge and a standard of contractor appearance  
3 when entering a customer's home.

4 SoCalGas will also continue improving overall customer lead management to increase  
5 enrollment success. To improve and facilitate customer enrollment, SoCalGas will provide  
6 tablet PCs to Outreach Specialists in PY2011 which will reduce enrollment time and reduce  
7 paper. SoCalGas will continue implementing tablet PCs in PY2012 – 2014.

#### 8 **g. Other**

9 At this time, SoCalGas does not propose to employ any additional strategies for the 2012-  
10 2014 program cycle. However, SoCalGas will continue to seek new and innovative  
11 opportunities to enhance its program delivery.

## 12 **2. Incorporating Evaluation and Study Results**

13 Four statewide studies were conducted during the 2009 to 2011 program cycle.<sup>28</sup> Each of  
14 these is discussed below.

### 15 ***Process Evaluation Study Results***

16 The prime research contractor for the process evaluation is Research Into Action. Energy  
17 Division staff selected the contractor and managed the study. PG&E holds the contract with the  
18 contractor for the project. The purpose of the study was to evaluate the effectiveness of the  
19 program delivery strategies and provide recommendations for improvement. The scope of work  
20 consisted of telephone surveys of program participants and non participants, telephone  
21 interviews of utility program staff and contractors, focus groups with contractors, and ride-alongs  
22 with contractors.

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<sup>28</sup> Two additional studies were conducted by SCE and/or PG&E.

1           The statewide process evaluation commenced with a kickoff meeting for all interested  
2 parties in August 2010. A draft report was delivered February 25, 2011, and a workshop was  
3 held on March 28th to discuss the results. Key recommendations presented in the report  
4 included increasing efforts to educate customers, finding ways to help customers without heat  
5 and hot water who do not qualify for program intervention, increasing outreach with new cell  
6 phone protocols and customer testimonials, and developing new marketing messages and  
7 contractor training to work with renters and landlords. To the extent possible, SoCalGas is  
8 incorporating relevant preliminary findings into the PY2012 - 2014 Energy Savings Assistance  
9 Program cycle. The study is not yet finalized.

#### 10           ***Impact Evaluation Study Results***

11           The objective of the impact evaluation was to provide electric and gas savings estimates  
12 by measure, utility, household, and climate zone for the 2009 Energy Savings Assistance  
13 Program. The prime research contractor for the 2009 impact evaluation was ECONorthwest.  
14 Energy Division staff selected the contractor and managed the study.

15           The impact evaluation provided energy savings estimates for all measures in the PY2009-  
16 2011 portfolio; however, additional analysis was performed to develop estimates for furnaces  
17 and evaporative coolers. The primary analyses of the data was done via utility billing data.  
18 Additional primary data collection included phone surveys with participants and non  
19 participants, as well as in-home audits and interviews with a smaller sample of participants.  
20 Engineering analyses of some measures were also conducted.

21           The statewide impact evaluation commenced with a kick-off meeting for all interested  
22 parties in September of 2009. A draft report was delivered in March 2011 and a public  
23 workshop was held on March 28, 2011 to discuss the results.

1 The study found that in general the impacts for the 2009 program were lower than the  
2 2005 program (the year the last impact evaluation was conducted) and, in particular, no savings  
3 were found for furnace replacement and repair. Although the study made use of extensive data  
4 collection via phone surveys and on-site audits, the evaluators concluded that the additional data  
5 was not as useful as they had hoped and the primary tool of analysis was still a billing regression  
6 model.

7 The study is not yet finalized. It should be noted that a number of questions were raised  
8 at the workshop and in comments delivered subsequent to the workshop which have not yet been  
9 addressed.

10 ***Household Segmentation Study Results***

11 This Study is not applicable to SoCalGas.

12 ***High Usage Needs Assessment Study Results***

13 This Study is not applicable to SoCalGas.

14 ***Refrigerator Degradation Study Results***

15 This Study is not applicable to SoCalGas.

16 ***NEBs Study Results***

17 The purpose of the NEBs study was to research the available literature on non-energy  
18 benefits and provide a recommended methodology for updating the current non-energy benefit  
19 values used for testing the cost-effectiveness of the Energy Savings Assistance Program. The  
20 work scope consisted of an extensive literature review and synopsis of relevant ranges of values  
21 used in other programs. The prime research contractor for the NEB evaluation was Skumatz  
22 Economic Research Associates. A statewide advisory group selected the contractor and SDG&E  
23 managed the study and held the contract with the contractor for the project.

1           The statewide study commenced with a kickoff meeting for all interested parties in  
2 August 2009. A final report was delivered and vetted in a public workshop on May 25, 2010.  
3 The results of the study showed that the current NEB values used by the utilities for the most part  
4 fall within the range of values reported from other programs. There were a few exceptions  
5 where the values currently used by the California utilities were under or over the reported range.  
6 Initially, a phase two study had been planned to develop any recommendations from this study;  
7 however, it was decided by the statewide advisory group that the results of this “phase one”  
8 study showed that values were for the most part consistent with other programs, and minor  
9 updates could be done by the IOUs with data on hand.

### 10                   **3.       Incorporating Experiences from 2009-2011 Implementation**

11           SoCalGas has determined that one of the primary obstacles in meeting program goals is  
12 overcoming the unwillingness of eligible customers to participate in the Energy Savings  
13 Assistance Program. As participation goals increase and saturation increases simultaneously, the  
14 available population of eligible and willing participants continues to decrease. SoCalGas has  
15 faced a variety of enrollment barriers related to: the transiency of SoCalGas’ renter customer  
16 segment, gaining the trust of potential Energy Savings Assistance Program customers  
17 particularly if the customers have immigration status concerns, overcoming the unwillingness of  
18 eligible customers to participate in the program due to any low income stigmas they may  
19 associate to the Energy Savings Assistance Program language barriers, and varying customer  
20 schedules, also impaired SoCalGas’ efforts.

21           Additionally, SoCalGas has found that it is difficult to meet full income documentation  
22 requirements for historically low income, extremely impoverished or equally marginalized  
23 neighborhoods and/or communities. Receiving owner approval to perform work on rental

1 dwellings creates an additional challenge for SoCalGas contractors to service multi-family  
2 dwellings.

3 As more stringent lending requirements ensue, Energy Savings Assistance Program  
4 contractors have faced challenges in maximizing productivity due to limited credit lines.  
5 Contractors have encountered difficulties in increasing operating capital and expanding current  
6 operations which hinders their ability to meet Energy Savings Assistance Program annual  
7 production goals. The introduction and expansion of competing low income and general EE  
8 programs such as American Recovery and Reinvestment Act (“ARRA”), LIHEAP and  
9 Community Development Block Grants (“CDBG”) contributed to a resource drain. For  
10 example, competing programs and contractors who received ARRA funding in SoCalGas’  
11 service territory concentrated first on fulfilling their ARRA and/or LIHEAP commitments.

12 → Standardized expectations across utilities are sometimes difficult to implement  
13 particularly since the utilities differ in markets, customer base, operations, geography and  
14 size. For example, as a single commodity utility, it is often times a challenge to meet  
15 technical (NGAT and combustion and ventilation air) assessment requirements as well as  
16 meeting the three measure minimum rule. Another challenge SoCalGas has experienced  
17 is mid-cycle regulatory and/or state building code changes. For example, the new  
18 standards for Title 24 created additional challenges for contractors by requiring them to  
19 expend additional resources to mitigate the financial and operational impacts through its  
20 implementation and enforcement by municipalities.

21 → SoCalGas expects the contractors to experience additional challenges and obstacles in  
22 meeting 2012-2014 program goals due to the measures that have failed cost-effective  
23 tests in some or all dwelling types and climate zones. Specifically, the following may

1 have an affect on program delivery with the potential to negatively impact customer  
2 enrollments:

- 3 • Envelope and Air Sealing (MF – CZ All)
- 4 • Faucet Aerator (MF – CZ All)
- 5 • Attic Insulation (SF – CZ 4, 6, 7, 8, 9, 10, 15 and 16)
- 6 • Duct Sealing and Testing (SF, MF, MH – CZ All)
- 7 • Attic Insulation (MF – CZ All)
- 8 • Water Heater Blanket (MF – CZ All)
- 9 • Water Heater Pipe Insulation (MF – CZ All)

10 In general, the most significant impact of the cost-effectiveness test results are the  
11 reduction of measure offering in multi-family units. SoCalGas proposes the Commission  
12 consider a review of the eliminated measures due to cost-effectiveness test results and its impact  
13 on SoCalGas’ ability to appropriately service multi-family units. The elimination of the listed  
14 measures available to some or all dwellings types in specific climate zones would further  
15 challenge SoCalGas’ success in meeting the strategic planning goals.

#### 16 **4. New and Proposed Strategies**

##### 17 **a. New ME&O Efforts To Be Employed, Including The Integration Of** 18 **The New Low Income Brand As Well As The New EE Brand.**

19 To more uniformly and effectively inform customers about the Energy Savings  
20 Assistance Program, SoCalGas uses the new brand name Energy Savings Assistance Program  
21 and logo. Since the Energy Savings Assistance Program name and logo were finalized in late  
22 2010, SoCalGas began to change out all marketing collaterals and brochures to the Energy  
23 Savings Assistance Program from SoCalGas' "Direct Assistance Program" beginning January 1,  
24 2011. The new Energy Savings Assistance Program name and logo will be promoted as the



1 brand for the low-income energy efficiency program and will be used whenever and wherever it  
2 makes sense to help increase awareness and trust in Energy Savings Assistance Program.  
3 SoCalGas believes that this “single recognizable and trustworthy brand for the low income  
4 energy efficiency program will aid in heightened visibility of and elevated awareness by  
5 potentially eligible customers.”<sup>29</sup>

6 **b. Description of how Engage 360 and the Energy Savings Assistance**  
7 **Program will be used in Energy Savings Assistance Program**  
8 **marketing.**  
9

10 SoCalGas is implementing the Commission’s directive to utilize the Statewide program  
11 name and logo through an integrated communications platform designed to educate the Energy  
12 Savings Assistance Program customer segment to the combined benefits of energy efficiency and  
13 support of green solutions. The process will incorporate the following elements.

14 Integrate communications plans with all EE offerings applicable to the Energy Savings  
15 Assistance Program segment. This will be a joint effort aligning the marketing plans of Energy  
16 Savings Assistance Program and the general EE programs through SoCalGas’ communications  
17 department. This will provide opportunities to reach those more challenging diverse segments.  
18 Customers will better understand that these are programs that provide energy and cost savings,  
19 resulting in a true benefit for all customers who may not have access or knowledge of other  
20 efficiency programs.

21 Align overall SoCalGas messaging to incorporate the integration of the Engage 360  
22 messaging concept. Engage 360 represents a community-based effort to provide Californians  
23 with clear and relevant options for smart energy solutions. Engage 360 takes an umbrella  
24 perspective to knowledge, engagement and action on the part of consumers across all aspects of  
25 their daily lives -- to choosing what makes sense to them and making a commitment to action.

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<sup>29</sup> ACR, at p. 5.

1 Through focus groups, online panels, customer advisory panels or research, SoCalGas  
2 will engage customers in a discussion surrounding the integration of the message points  
3 particular to Energy Savings Assistance Program and the general EE programs. This will  
4 provide a customer perspective that can help formulate customer focused outreach and  
5 messaging that will reach customers with a simple, clear and concise message.

6 In addition, SoCalGas will include the Energy Savings Assistance Program name and  
7 logo, fashioned from the Engage 360 brand, on all program material. Program material includes  
8 all current collateral and any collateral developed in the future, such as program interest forms,  
9 program door hangers, program flyers, program education booklets, program posters, and all  
10 other program marketing collateral developed in the future.

11 SoCalGas will attempt to adhere to the messaging framework developed by Interbrand<sup>30</sup>  
12 as part of the Engage 360 brand. All messaging used to promote the program will include the  
13 same hierarchy of information used to promote Engage 360. The information will include a  
14 primary message, secondary message, and proof points. The primary message and focus will be  
15 on saving money and energy. To put forth effective public relations and marketing tactics,  
16 SoCalGas will convey messaging through tactics that create synergy that accomplishes program  
17 enrollment objectives. The company will support objectives through diverse messaging tactics.  
18 The tactics will provide relevant program information while promoting program brand equity  
19 and growth.

20 Communication tactics may include program facts, statistics, case studies, examples and  
21 other information that supports program features, benefits and services. For example, qualifying  
22 renters and homeowners may receive no-cost, energy-saving appliances and household

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<sup>30</sup> Interbrand is the consulting firm hired by the Commission to develop the statewide branding platforms for the general EE and Energy Savings Assistance Programs.

1 improvements. Overall, messaging will promote: 1) program benefits, 2) no-cost element,  
2 3) customers only need to invest a minimum amount of time to participate; 4) fully licensed  
3 contractors will perform the work; and, 5) help customers better manage their energy use. Proof  
4 points will consist of customer testimonials, before and after photos of customer's homes, and  
5 before and after comparisons of customer bills in order to demonstrate that the program is indeed  
6 successful. The Energy Savings Assistance Program communication tactics shall foster positive  
7 brand equity by utilizing unique strategies to communicate effectively with the target audience.  
8 Strategies may include providing factual program information for high involvement targets. Or  
9 the strategies may rely on simple affective and cognitive cues to limit attention on non-product  
10 services and features to persuade low involvement targets to change beliefs, attitudes or  
11 behavior.

12 The program will adopt the brand personality of Engage 360 and use the trio of  
13 personality traits – savvy, optimistic, and imaginative –in all program messaging.

- 14 • **Savvy** – the Energy Savings Assistance Program will convey the insights and  
15 information to the customer through all marketing efforts.
- 16
- 17 • **Optimistic** – the Energy Savings Assistance Program will convey the idea that  
18 every action that reduces energy consumption, no matter how big or small is a  
19 step in the right direction.
- 20
- 21 • **Imaginative** – the Energy Savings Assistance Program will be passionate about  
22 energy conservation and will bring fresh and inspiring ideas.
- 23

24 The Energy Savings Assistance Program will also use the following positioning  
25 statement when developing messaging and keeping in line with ideas of Engage 360:

26 *For income qualified homeowners and renters throughout*  
27 *California who want to minimize their energy bills and improve*  
28 *their homes, the Energy Savings Assistance Program provides*  
29 *reliable, quality, free equipment, in addition to energy education*  
30 *and safety services. The program helps these lower-income*  
31 *customers take more control of their energy use and join in the*

1 *movement toward smart energy living, because smart energy living*  
2 *enhances everyone's quality of life.*  
3

4 While it is unlikely that Engage 360 materials will specifically promote the Energy Savings  
5 Assistance Program, SoCalGas' Energy Savings Assistance Program materials will always  
6 contain reference to Engage 360.

7 **c. Description of New WE&T Strategies for 2012-2014.**

8 SoCalGas will continue to promote programs to prepare future green workforce and to  
9 recruit and train residents of disadvantaged, low income communities to install energy efficiency  
10 measures. SoCalGas' Contractor Network recruits the majority of its labor resources from the  
11 local areas it services, including the low income communities within the SoCalGas service  
12 territory. SoCalGas will continue to encourage contractors to recruit from low income areas and  
13 seek employees from the displaced workforce population. In order to ensure that minority, low  
14 income and disadvantaged communities fully participate in workforce training and education  
15 programs.

16 SoCalGas seeks to foster partnerships that would assist former military personnel seeking  
17 employment. SoCalGas looks to expanding existing relationships with the Veterans and Military  
18 Business Owners Association ("VAMBOA") and the Association for Service Disabled Vets  
19 ("ASDV") during PY2012-2014 to consider WE&T opportunities for veterans.

20 SoCalGas conducted a Summer Green Workforce Partnership in 2009 with LATTC as a  
21 precursor to their participation in the LIEE Program WE&T Pilot. SoCalGas plans to broaden  
22 the WE&T structure developed through LATTC and its two participating industry partners to its  
23 Contractor Network.  
24

1 SoCalGas will consider recommendations when the LIEE Program WE&T Pilot final  
2 report is published and continue to support the establishment of a Statewide LIEE WE&T  
3 certification.

4 The Statewide WE&T Needs Assessment Report recommends improving WE&T  
5 planning and coordination through continued partnerships. SoCalGas will place emphasis on  
6 sector strategies built on partnerships between business, labor, and other training and educational  
7 institutions. For example, it will leverage the strength of community colleges providing career  
8 pathways for individuals from disadvantaged communities. SoCalGas has already been  
9 successful in increasing the technical expertise of its installation crews through its NGAT  
10 training. SoCalGas will continue to support career paths and career ladders from basic skill level  
11 jobs such as weatherization installation to advance skills level jobs such as HVAC technician,  
12 HERS Rater and/or Energy Inspector through its Contractor Network. SoCalGas will also  
13 continue partnering with the Commission and other IOUs in reviewing policy goals that support  
14 the Statewide WE&T Needs Assessment recommendations.

15 **d. Description of New Leveraging Opportunities, Strategies And**  
16 **Relationships For 2012-2014.**

17 SoCalGas intends to formalize a leveraging agreement with LADWP to provide electric  
18 measures, or at the minimum, conduct a data exchange to target Energy Savings Assistance  
19 Program services to LADWP low-income customers who are already enrolled in their Low  
20 Income Discount Program (“LIDP”), similar to SoCalGas’ CARE program. SoCalGas provided  
21 resources and guidance to LADWP in order to assist the municipality in creating their ARRA-  
22 funded weatherization program. SoCalGas looks forward to expanding this partnership to  
23 providing joint energy efficiency services to eligible low income customers within the joint

1 service territories. SoCalGas will also continue to seek additional leveraging partnerships with  
2 other municipal utilities within its service territory.

3 SoCalGas also intends to expand its current leveraging efforts with the other IOUs within  
4 the shared territories. Specifically, SoCalGas plans to work closely with Southern California  
5 Edison in order to increase dual enrollment through its mutual contractors. SoCalGas will target  
6 providing Energy Savings Assistance Program services to customers already enrolled in the  
7 SCE's program (but not in SoCalGas).

8 SoCalGas will expand leveraging opportunities with PG&E and SDG&E through  
9 leveraging and data sharing agreements. SoCalGas will continue to leverage the Energy Savings  
10 Assistance Program with SDG&E in their shared territory in Orange County by cross promoting  
11 the program. Just as with SCE, the IOUs can review common material such as the Energy  
12 Education guide and Property Owner Waiver for mutual program delivery and documentation  
13 acceptance. This will minimize document collection and encourage a standardized delivery of  
14 Energy Savings Assistance Program material and services, where feasible. SoCalGas will  
15 leverage the Engage 360 messaging into all Energy Savings Assistance Program  
16 communications with appropriate customers.

17 SoCalGas will continue its commitment to General Order 156 ("GO 156") which outlines  
18 program guidelines to promote utility recruitment and use of Women and Minority-Owned  
19 Business Enterprises or DBEs. SoCalGas will continue the mentorship program, initiated in  
20 PY2011, to cultivate partnerships between existing contractors and qualified DBE contractors.  
21 In addition, the Commission on May 5, 2011, issued D.11-05-020 related to sharing CARE  
22 customer information with water utilities. Any matches resulting from the data exchange may

1 generate additional leads for the Energy Savings Assistance Program through the data sharing  
2 efforts with the CARE program.

3 **e. Description of New Integration Opportunities And Strategies For**  
4 **2012-2014.**

5 In order to more efficiently and effectively achieve program goals, SoCalGas will  
6 improve inter-departmental integration efforts, which will foster a collaborative learning  
7 environment and encourage innovative strategies. Various examples of integration efforts are  
8 provided below:

9 Residential New Construction Integration/California Advanced Homes Program

10 As part of integration efforts with Energy Efficiency programs, SoCalGas proposes to  
11 work with Residential New Construction's California Advanced Homes Program ("CAHP") to  
12 promote the Energy Savings Assistance Program.

13 SoCalGas will provide CAHP participants with collateral material to raise awareness in  
14 the real estate development and property management arena, in addition to increasing awareness  
15 to customers.

16 Energy Upgrade California

17 Energy Upgrade California ("EUC") is a number of programs offered by the IOUs that  
18 enables residential customers, property owners and contractors to conduct comprehensive home  
19 energy retrofits to increase energy efficiency for residential customers.

20 SoCalGas' Energy Savings Assistance Program is currently working with Energy  
21 Efficiency EUC Middle Income Direct Install ("MIDI") program to collaboratively promote both  
22 programs to customers. SoCalGas' Energy Savings Assistance Program, MIDI, and EUC staff  
23 will work to develop a referral system to help serve those customers who do not meet the income  
24 guidelines of Energy Savings Assistance Program.

1 For multi-family dwellings, where applicable, the Energy Savings Assistance Program  
2 will coordinate efforts with core EE programs, namely SoCalGas' EUC Multi-family segment, to  
3 treat multi-family properties in accordance with Energy Savings Assistance Program and EUC  
4 programmatic initiatives. In doing so, Energy Savings Assistance Program will continue to treat  
5 low-income multi-family households in line with the Commission directive that all eligible and  
6 willing households are provided direct installation of all feasible program measures.  
7 Furthermore, where multi-family properties are found to be in overlapping IOU shared  
8 territories, the IOUs serving these properties will coordinate best efforts to install both gas and  
9 electric measures.

10 Following delivery of Energy Savings Assistance Program offerings, the remainder of the  
11 work will be referred to EUC. The work that is completed by the EUC program would include  
12 additional measure installations in units and areas not authorized to be treated under the Energy  
13 Savings Assistance Program, and the work will be coordinated and completed with the property  
14 manager. This coordinated approach will remove some of the accessibility barriers limiting  
15 multi-family building owner participation and provide building owners a simplified approach to  
16 accessing and making use of the various utility energy efficiency programs and the multiple  
17 funding sources available to them. Coordinating efforts amongst the utility programs in this  
18 manner will help these multi-family buildings realize the long-term energy savings derived from  
19 both the Energy Savings Assistance Program and EUC program offerings.

20 In addition to the coordinated efforts described above, the Energy Savings Assistance  
21 Program will provide EUC contractors with program information to distribute to potential  
22 Energy Savings Assistance Program eligible customers. This effort will help educate EUC  
23 contractor personnel so that they are informed about the Energy Savings Assistance Program



1 while simultaneously providing another avenue to information regarding the program. SoCalGas  
2 will also work with EUC to include Energy Savings Assistance Program information on its  
3 collateral where feasible.

4 SoCalGas considers the current programmatic framework of the Energy Savings  
5 Assistance Program more than sufficient in being able to provide meaningful long-term energy  
6 savings to customers in multi-family buildings by coordinating with various stakeholders the  
7 delivery and installation of energy efficiency measures as described above. In addition, the  
8 Energy Savings Assistance Program Contractor Network has shown successful methods in  
9 increasing its outreach and delivery of Energy Savings Assistance Program services to benefit  
10 low income customers residing in multi-family units.

11 The Energy Savings Assistance Program Contractor Network is fully capable of  
12 continuing their customer enrollment and measure installation activity in the multi-family sector  
13 throughout the SoCalGas service territory. Furthermore, any monies diverted away from the  
14 Energy Savings Assistance Program and toward non-programmatic efforts ultimately reduces the  
15 total number of low income households participating in the program.

16 **f. Description of Other New Strategies Identified Through Past**  
17 **Evaluations, Studies, Focus Groups, Etc.**

18 .SoCalGas will consider the recommendations of the Process Evaluation when the final  
19 results are published. SoCalGas will participate in the IOU-sponsored energy education study  
20 proposed for PY2012-2014 to standardize and improve energy education delivery. SoCalGas is  
21 considering a multimedia format to delivery energy education to customers during enrollment.

22 Specifically, SoCalGas will work with its contractors to increase enrollment in multi-  
23 family units by considering options for a Joint IOU POA, or accepting other IOU POAs. The full

1 implementation of tablet PCs will also alleviate some barriers to obtaining property owner  
2 permissions in multi-family units and other dwelling types.

3           SoCalGas may consider developing a pre-screening script for both the SoCalGas Energy  
4 Savings Assistance Program Customer Service Center and participating contractors. The pre-  
5 screening script may pre-qualify customers prior to scheduling an appointment which will reduce  
6 the number of times contractors visit a home and, also, in maximizing customer lead to  
7 enrollment success. SoCalGas will also continue to improve the assessment process to document  
8 special circumstances or potential problems in a home. This would better prepare installation  
9 contractors for their initial visit and reduce the chance for a second visit. SoCalGas will  
10 incorporate examples of commonly encountered assessment issues into its training sessions and  
11 provide its Outreach Specialists with more detailed guidance on how to address them.

12                           **g. New Customer Service Improvements.**

13           During PY2012-2014, SoCalGas plans to increase the use of its Interactive Voice  
14 Recognition (“IVR”) system in order to improve customer service. The IVR system will  
15 interface with the HEAT database to improve the quality of the leads that are generated.  
16 SoCalGas will continue to make its web page user friendly and program information accessible.  
17 Like the IVR system, the web page improvements will enhance the web based form to interface  
18 with the HEAT database system and improve the quality of the leads.

19           SoCalGas proposes to implement a Customer Reward program to increase customers’  
20 willingness to participate. SoCalGas contractors can capitalize on the proven success of “Word  
21 of Mouth” referrals in order to increase customer enrollment, as well as ease the burden of  
22 scheduling problems for the installation of measures. The Customer Reward program can also  
23 reduce the number of non-enrolled leads and the numbers of incomplete enrollments where  
24 customers for some reason or another decide they no longer want to continue in the program.

1 To improve and facilitate customer enrollment, SoCalGas proposes to continue to  
2 increase automation of customer data by increasing the use of tablet PCs by the contractor's  
3 Outreach Specialists. Automation will reduce paper and increase the availability of near real  
4 time customer information (such as PRIZM codes and past participation data) during  
5 appointment setting and canvassing activities. The use of tablet PCs will also enable quick in-  
6 home data entry, electronic signatures, and scanning or uploading of required customer  
7 documents to the online HEAT database. Use of the tablet PC will increase the productivity of  
8 the Contractor's Outreach Specialist, by increasing efficiencies and reducing enrollment time.

9 SoCalGas will continue improving customer data collection through its contractors in  
10 order to complete program analysis and provide the Commission requested information. Data  
11 collection may also enable the IOUs to further assess low-income customer behaviors to  
12 overcome enrollment obstacles and increase the accessibility of program offerings. SoCalGas  
13 will utilize the enhanced data collection achieved during the 2009-2011 program cycle in order  
14 to outreach to customers who were non-responsive, could not coordinate scheduling, or were  
15 otherwise unavailable during attempts to complete enrollment, assessment and/or installation of  
16 measures.

17 SoCalGas proposes to utilize Customer Assistance Representatives ("CARs") employed  
18 by the utility in order to overcome customer trust issues, formalize lead management to increase  
19 enrollments and improve overall customer service. CARs will be utilized to enhance the  
20 Contractor Network and will initially focus on hard-to-reach customers and/or rural territories.  
21 Overall, the supplement of utility representatives to its customer enrollment services will  
22 significantly increase the likelihood of meeting the goal of enrolling 100% eligible and willing  
23 customers by 2020.

1           Lastly, SoCalGas looks forward to promoting the Statewide Branding through its  
2 Contractor Network and believes this consistent message will assist in raising the awareness of  
3 program offerings as well as reduce customer trust issues.

4           **E.       COST EFFECTIVENESS & ENERGY SAVINGS**

5               **1.       Energy Savings**

6           For the 2012-2014 program cycle, the Commission instructed the utilities to use the  
7 energy savings estimates from the draft report of the 2009 LIEE Impact Evaluation (2009 draft  
8 impact report)<sup>31</sup> for all existing measures and to use DEER values for all new measures.<sup>32</sup> Note  
9 that, for a few measures, the PY2009 Impact Evaluation results and/or the DEER database did  
10 not provide the needed values. In particular, the savings estimates for HE clothes washers were  
11 developed from engineering analyses done by the utility.

12           The savings estimates will not change over the program cycle. The savings estimates  
13 support the Energy Efficiency savings goal by providing a means by which the impact of the  
14 energy saving interventions offered by the program can be measured and reported.

15 ///

16 ///

17 ///

18 ///

19

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<sup>31</sup> ECONorthwest, Impact Evaluation of the 2009 California Low Income Energy Efficiency Program Draft Report, March 11, 2011.

<sup>32</sup> Correspondence from Energy Division staff, Megha Lakhchaura, dated 4-12-2011.

1 Table 1 below presents the energy savings estimates by measure. Table 1 also provides  
 2 the source for the energy savings estimates.

3 **Table 1: Energy Savings Estimates (per household)**

Measure	Housing Type	Savings Estimate (therms)	Source of Savings Estimate
Envelope and Air Sealing	MF	0.3 to 0.5	2009 Draft Impact Report
Envelope and Air Sealing	MH	4.2 to 8.7	2009 Draft Impact Report
Envelope and Air Sealing	SF	3.7 to 7.7	2009 Draft Impact Report
Attic Insulation	SF	6.8 to 13.7	2009 Draft Impact Report
Furnace Clean & Tune	MF	3.7	2009 Draft Impact Report
Furnace Clean & Tune	MH	3.7 to 5.3	2009 Draft Impact Report
Furnace Clean & Tune	SF	1.4 to 3.7	2009 Draft Impact Report
Furnace Repair/Replacement	All	0.0	2009 Draft Impact Report
FAU Pilot Light Conversion	All	42.44	2009 Draft Impact Report
Faucet Aerator	MH	2.0	2009 Draft Impact Report
Faucet Aerator	SF	2.1	2009 Draft Impact Report
HE Clothes Washer	All	37.0	Engineering analysis
Low-flow Showerhead	MF	0.85	2009 Draft Impact Report
Low-flow Showerhead	MH	7.26	2009 Draft Impact Report
Low-flow Showerhead	SF	7.29	2009 Draft Impact Report
Thermostatic Shower Valve	All	19.5	2009 Draft Impact Report
Water Heater Blanket	MH	6.16	2009 Draft Impact Report
Water Heater Blanket	SF	6.06	2009 Draft Impact Report
Water Heater Pipe Insulation	MH	1.04	2009 Draft Impact Report
Water Heater Pipe Insulation	SF	2.64	2009 Draft Impact Report
Water Heater Repair / Replace	All	0.0	2009 Draft Impact Report

1  
2                   **2.       Cost Effectiveness of Overall Energy Savings Assistance Program**

3                   **a.   Energy Savings Assistance Program Cost Effectiveness Tests:**  
4                   **Background and Methodology.**

5                   In 2001, the Commission ordered the utilities to develop a cost benefit test that included  
6 NEBs such as comfort, health and safety, as well as direct energy related benefits to assess  
7 Energy Savings Assistance Program cost-effectiveness, both for the overall program and for the  
8 individual low income program measures.

9                   The cost-effectiveness approach adopted by the Commission in D.02-08-034 directed the  
10 application of two tests: the Modified Participant Cost (“MPT”) Test, which assesses costs and  
11 benefits from the perspective of Energy Savings Assistance Program participants; and the Utility  
12 Cost Test (“UCT”), which assesses costs and benefits from the point of view of the utility. Both  
13 tests incorporate a set of NEBs as well as direct energy-related benefits. The NEBs capture a  
14 variety of effects such as changes in comfort and reduction in hardship, which are not captured  
15 by the energy savings estimates derived from load impact billing evaluations and are ignored in  
16 more traditional cost-effectiveness approaches like the Total Resource Cost (“TRC”) Test. The  
17 comprehensive set of NEBs developed for these modified tests were initially designed for use at  
18 the program level and were allocated to individual measures according to their energy savings.

19                   **b.   2003 Cost Effectiveness Study.**

20                   In 2003, the LIEE Standardization Project Team modified the Low Income Public  
21 Purpose Test (“LIPPT”) model to produce program level and measure level results for the MPT  
22 and UCT. The modified model (called the “NEBs model”) was used to test the cost-  
23 effectiveness of individual measures planned for the 2003 program year. Originally, the specific  
24 costs included in the MPT and UCT depended upon the application of the test results. In  
25 assessing overall program cost-effectiveness, both direct measure costs and a variety of indirect

1 costs (administration costs, outreach and training, regulatory reporting costs, etc.) were  
2 considered. In evaluating the cost-effectiveness of individual measures, however, only installed  
3 measure costs were included in the benefit cost ratio. These installation costs are sometimes  
4 referred to as incremental or marginal costs. There was much discussion on this particular issue  
5 when the tests were initially developed (for example, whether to include opportunity costs, or  
6 whether to include both direct and indirect costs). In the end, the Standardization Team decided  
7 that, from an economic perspective, the cost-effectiveness analysis should consider only those  
8 costs that were truly affected by the immediate decision at hand and be based on costs that are  
9 known or could be reasonably estimated. In applying the cost-effectiveness framework to  
10 individual measures, then, the decision at hand was whether or not a specific measure should be  
11 retained or dropped from the program. Insofar as retaining or dropping a specific measure would  
12 have a relatively minor impact on indirect costs, these indirect costs were ignored in the  
13 application of the measure level cost-effectiveness tests.

14 The UCT used avoided costs to value energy savings, while the MPT used retail rates  
15 adjusted for low income customers to value energy savings. To determine Energy Savings  
16 Assistance Program cost-effectiveness, the measure-specific benefit-cost ratio was compared to  
17 the overall program benefit-cost ratio. For a measure to “pass” and be considered cost-effective,  
18 its measure-specific benefit-cost ratio must have been at least as high as the overall program ratio  
19 for either the UCT or the MPT.

20 The analysis of measure cost-effectiveness was conducted at a fairly disaggregated level.  
21 For all measures, cost-effectiveness ratios were developed by residence type and (where  
22 applicable) fuel type. For measures with weather-sensitive effects, the analysis was also  
23 conducted by climate zone. This disaggregated approach was designed to recognize the variation

1 in benefits and costs across specific applications of the measures in question. However, it also  
2 yielded situations in which measures were cost-effective in some applications (for some utilities,  
3 residence types, some climate zones, or one fuel) but not others. In these cases, the  
4 Standardization Team developed a set of consistent rules to determine whether or not a measure  
5 should be included in the Energy Savings Assistance Program.

6 In June 2003, the Standardization Team filed a report describing the analysis and results  
7 of the measure cost-effectiveness assessment for the 2003 Energy Savings Assistance Program.  
8 This report included recommendations for keeping or dropping measures in the Energy Savings  
9 Assistance Program based on their cost-effectiveness results. Subsequently, the utilities have  
10 used the NEBs model with adjustments to the portfolio mix, program budgets, energy rates, and  
11 other basic assumptions for the MPT and UCT.

### 12 c. Cost-Effectiveness Analysis for 2009 – 2011.

13 For the 2009-2011 program cycle application, the cost-effectiveness analysis again used  
14 the NEBs model for the MPT analysis. For the UCT, however, it was decided that the avoided  
15 costs originally populated in the NEBs model (from the Commission’s Energy Efficiency Policy  
16 Manual dated October 2001) were outdated. Therefore, the utilities decided to use the more  
17 updated hourly avoided cost values provided in the Energy Efficiency Cost-Effectiveness  
18 Calculator created by Energy Environmental Economics (“the E3 Calculator”). A workaround  
19 was designed such that the utility NEBs taken from the NEBs model were incorporated with the  
20 avoided cost benefits produced by the E3 calculator to produce the UCT result. The E3  
21 Calculator was also used to provide a TRC result which, although not used to determine cost-  
22 effectiveness for the low income program, was provided for comparison.

23 The utilities were instructed to include administrative costs in the measure-level cost  
24 effectiveness tests. Previously, the administrative costs had been included only in the program-



1 level tests, and only the incremental or measure installation cost had been used in the program-  
2 level analysis. The full program costs, including all administrative costs, were allocated across  
3 the proposed measures using a ratio of the measure's expected energy savings over the total  
4 portfolio energy savings.

5 D.08-11-031 established a new methodology for determining whether specific measures  
6 in the low income program are cost-effective. Specifically, the Decision instructed that new  
7 measures considered for inclusion in the program required both an MPT and UCT result greater  
8 than or equal to 0.25, while existing measures required at least one of the MPT or UCT results to  
9 be greater than or equal to 0.25 to remain in the program. The exceptions to these criteria  
10 included the following:

- 11 • Furnace repair or replacement and water heater repair and replacement may be included  
12 in all climate zones regardless of the test results, but not in landlord-owned property.
- 13
- 14 • Air conditioning and evaporative cooling measures may be included in hot climates and  
15 are subject to additional reporting requirements.
- 16

17 Based on this, the PY2009-2011 program portfolio included those measures that passed  
18 the new criteria and an additional set of "add back" measures that failed the cost-effectiveness  
19 tests but were added back to the portfolio based on the exceptions.

20 **d. Cost Effectiveness Testing for the PY2012-2014 Energy Savings**  
21 **Assistance Program.**

22 As required by the Guidance Document issued March 30, 2011, the results of three tests  
23 or benefit-cost ratios are presented with this application: the MPT, the UCT and the TRC. The  
24 results are presented both for the program overall and for the individual measures. The MPT and  
25 the UCT include NEBs as estimated by the NEBs model described above; the TRC does not  
26 include NEBs. The steps involved in conducting the cost-effectiveness tests for the PY2012 -  
27 2014 program are summarized as follows.

1           The MPT was conducted using the NEBs model described above. The model was  
2 populated with the expected measure installation quantities, the proposed budget, and the energy  
3 savings estimates. The benefit cost ratio for the MPT consists of the Net Present Value (“NPV”)  
4 of energy savings and NEBs for the participant in the numerator, and the cost of the program  
5 (both measure installation and administrative costs) in the denominator. For measure level  
6 benefit cost ratios, the administration costs were allocated across measures based on the energy  
7 savings of the measure.

8           The UCT was conducted in two stages. First, the NEBs model was used to calculate  
9 program level NEBs, similar to the analysis for the MPT but with utility-specific NEBs specified  
10 rather than participant-specific NEBs. Second, the E3 calculator was used to derive the avoided  
11 cost benefits. The version of the E3 calculator used for this analysis was the latest version  
12 available on the E3 website at the time of the analysis. The calculator version is 4g2 and is the  
13 version used by the utilities for their PY2010 - 2012 Energy Efficiency filing. The calculator  
14 was populated with the proposed measure installation quantities, proposed budget, and the  
15 energy savings estimates. The benefit/cost ratio for the UCT test consists of the NPV of avoided  
16 cost savings for the utility plus the utility NEBs in the numerator, and the cost of the program  
17 (both measure installation and administrative costs) in the denominator. For measure level  
18 benefit/cost ratios, the administration costs were allocated across measures based on the energy  
19 savings of the measure.

20           The TRC test was conducted using the E3 calculator. The calculator provides program  
21 level results and measure-specific results with administration costs allocated based on the energy  
22 savings of the measure. The TRC test does not include NEBs, so in this respect it is not  
23 comparable to the results of the MPT Test and the UCT.

1 **e. Assumed Values and Variables and Other Model Components.**

2 The energy savings estimates used in the cost-effectiveness testing are presented above in  
3 Table 1. For PY2012-2014, the Commission instructed the utilities to provide program level and  
4 measure level benefit cost ratios using the UCT, the MPT, and the TRC tests and to provide  
5 evidence that each proposed measure for the portfolio passes the criteria established in D.08-11-  
6 031. In addition, the utilities were instructed to use the values from the 2009 draft impact report  
7 for all existing measures and to use DEER values for all new measures. Note that, for a few  
8 measures, the PY2009 Impact Evaluation results and/or the DEER database did not provide the  
9 needed values. In particular, savings estimates for clothes washers were developed from  
10 engineering analyses done by the utility.

11 The cost-effectiveness analysis was performed using the data identified below for  
12 PY2012. As the assumptions used were the same for each program year, the results for PY2012  
13 are representative of the entire program cycle. The values and assumptions used in the analysis  
14 include the following:

- 15 • Program budget (presented in Table A-1),
- 16 • Individual installation measure quantities and costs,
- 17 • Effective useful measure lives, and
- 18 • Assumptions used for NEBs.

19 As a result of the NEB study conducted in 2010, it was found that the values currently  
20 used by the NEB model mostly fall within a range of values reported by other studies and  
21 programs. For two of the utility NEBs (reduced arrearages and reduced utility calls), it was  
22 possible to update some of the values used to calculate the NEBs. These values were updated  
23 with new values received from the utility credit and collections department and from the  
24 customer call center.

1  
2 Other assumptions changed in the NEB model include the following:

- 3 • The number of participants expected in 2012
- 4 • The retail gas rate for 2012. This was derived from an average residential rate received  
5 from the rate department, which was then adjusted to include CARE participants and then  
6 escalated to 2012.
- 7 • The discount rate used was 8.15%.

8 **f. Overall Program Results.**

9 The program level results of the cost-effectiveness tests are presented in Attachment A-5  
10 and reproduced here in Table 2:

11  
12

**Table 2: Program Level Cost-Effectiveness Ratios**

UCT	MPT	TRC
0.33	0.73	0.23

13

14 As shown, the MPT result is 0.73 and the UCT result is 0.33. The measure level results  
15 of the cost effectiveness tests are provided in Attachment A-6 and Attachment A-7. These  
16 results are presented by housing type and climate zone where applicable. The TRC result, while  
17 not used as a criterion for cost-effectiveness, is provided for comparison.

18 **g. Recommended Adoption Criteria.**

19 SoCalGas does not recommend any change in the adoption criteria.

20 **h. Recommendation for NEBs Calculation.**

21 SoCalGas recommends that Energy Division host a workshop to discuss an alternate  
22 method for estimating the NEBs for the MPT and UCT. The recent NEB Study showed that no  
23 precise methods are being used to estimate NEBs for low-income energy assistance programs in  
24 other states. Extensive and costly customer surveys and analysis would need to be done to

1 develop that data, and the results would inevitably change as the housing stock, economy and  
2 even customer preferences change over time. The Study further reported as part of a review of  
3 other programs and studies, that NEBs from other programs are often estimated as a percentage  
4 of energy savings. The use of such a percentage factor would likely need to differ for electric  
5 and gas measures, as gas measures typically provide extensive health and comfort benefits (e.g.  
6 space heating and hot water) while at the same providing low energy savings. SoCalGas is  
7 interested in exploring this issue further and would support additional discussion with Energy  
8 Division and the other IOUs to develop an estimation factor for use in future cost effectiveness  
9 testing.

## 10 **F. MEASURE PORTFOLIO COMPOSITION-**

### 11 **1. Overall Portfolio Composition**

12 SoCalGas proposes to offer the mix of measures for its PY2012-2014 portfolio reflected  
13 in Attachment A-2.

#### 14 **a. Cost Effectiveness and Other Criteria for Program Measures.**

15 SoCalGas' program portfolio is designed to adhere to the Commission adopted key  
16 objective to make the Energy Savings Assistance Program a reliable energy resource for the  
17 State of California. In doing so, SoCalGas' portfolio consist of those energy efficient measures  
18 that pass the benefit cost ratio threshold of 0.25. In addition, SoCalGas' portfolio comprise of  
19 those measures that improve the customer's quality of life for health, comfort, and safety  
20 reasons.

21 The PY2012-2014 portfolio composition results in a decreased level of cost-effectiveness  
22 as provided by the PY2009-2011 portfolio. Specifically, the MPT has decreased from 0.92 to  
23 0.73, the UCT decreased from 0.45 to 0.33, and the TRC has decreased from 0.35 to 0.23. The

1 reason for these changes is predominantly the lower energy savings estimates provided in the  
2 2009 draft impact report.

Cycle	UCT	MPT	TRC
PY2009 - 2011	0.45	0.92	0.35
PY2012 - 2014	0.33	0.73	0.23

3  
4 The measure-level results of the cost-effectiveness analysis are provided in Attachments  
5 A-6 and A-7. As shown in those attachments, most measures pass the cost-effectiveness criteria  
6 established by D.08-11-031 with the following exceptions: air sealing measures for multi-family  
7 homes, furnace repair and replacement and water heaters. Furnace Repair and Replacement and  
8 water heaters were designated as “add back” measures in the 2009-2011 program cycle. These  
9 measures provide significant health, comfort and safety benefits beyond just energy savings and  
10 therefore should be kept in the portfolio. SoCalGas believes that air sealing measures also  
11 provide health, comfort and/or safety benefits and therefore should be maintained in the  
12 program.

13 As stated above, the benefit cost ratio for the MPT consists of the NPV of energy savings  
14 and NEBs for the participant in the numerator, and the cost of the program (both measure  
15 installation and administrative costs) in the denominator. For measure level benefit cost ratios,  
16 the administration costs were allocated across measures based on the energy savings of the  
17 measure.

18 The benefit-cost ratio for the UCT test consists of the NPV of avoided cost savings for  
19 the utility plus the utility NEBs in the numerator, and the cost of the program (both measure  
20 installation and administrative costs) in the denominator. For measure level benefit/cost ratios,  
21 the administration costs were allocated across measures based on the energy savings of the  
22 measure.

1 The assumed values used in the analysis include the quantities and installation costs for  
2 the measures, the effective useful lives (“EULs”), the budgeted administrative costs for the  
3 program, and the assumptions used in the NEB calculations. The estimation of energy benefits  
4 uses an assumed energy rate of \$0.99 per therm. In addition, the assumptions built into the E3  
5 Calculator are used in the analysis. Documentation for these assumptions and variables can be  
6 found on E3’s website: [http://www.ethree.com/public\\_projects/cpuc4.html](http://www.ethree.com/public_projects/cpuc4.html).

7 The original NEB assumptions were documented when the model was created<sup>33</sup> and  
8 modifications made for the 2003 analysis were documented in the Itron report cited earlier.<sup>34</sup>  
9 Additional NEB assumptions included in the analysis for the 2012 to 2014 application include  
10 the following:

- 11 • Number of participants per year.
- 12 • Percentage of participants on CARE.
- 13 • Average cost of home repairs.
- 14 • Number of faucet aerators and low-flow showerheads installed per home
- 15 • Percentage of participants that receive a weatherization measure.
- 16 • Percentage of participants that receive a weatherization and/or HVAC measure.
- 17 • Discount rate for utility benefits: 8.15%
- 18 • Discount rate for participant benefits: 18%
- 19 • Escalation rate: 3%

20 The TRC test was performed using the E3 Calculator. All assumptions and variables built  
21 into that model are documented on the E3 website

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<sup>33</sup> See TecMarket Works, The Low-Income Public Purpose Test (“LIPPT”) Updated for Version 2.0, May 25<sup>th</sup> 2001.

<sup>34</sup> LIEE Measure Cost Effectiveness Final Report, submitted to the Commission by the Energy Savings Assistance Program Standardization Project Team, June 2, 2003.

1 ([http://www.ethree.com/public\\_projects/cpuc4.html](http://www.ethree.com/public_projects/cpuc4.html)). The inputs entered into the model include  
2 the installation costs and quantities, the budgeted administration costs for the program, the  
3 effective useful lives of the measures, and the estimated energy savings estimates.

4 As set forth in D.08-11-031, the Commission made provisions for certain measures to be  
5 included in the program as an “add back” measure if the measure failed to meet the cost  
6 effectiveness threshold of 0.25 adopted by the Commission. The add back measures were  
7 authorized in the program to improve the customers’ quality of life for health, comfort, and  
8 safety reasons. For the 2012-2014 program cycle, SoCalGas is requesting the same  
9 consideration afforded in D.08-11-031 specifically to improve the customers’ quality of life by  
10 offering gas furnace repair and replacement, and water heater replacement.

11 SoCalGas is also requesting approval of envelope and air sealing measures as “add back”  
12 measures to improve the customers’ quality of life for health, comfort, and safety reasons. The  
13 results from cost-effectiveness tests based on the savings in the Impact Evaluation draft report  
14 removes traditional offerings from measure mix in some of all dwelling types and climate zones.  
15 The envelope and air sealing measure grouping includes measures related to reducing  
16 infiltration, such as caulking, weatherstripping, utility gaskets and minor home repairs.  
17 Removing envelope and air sealing measures will negatively impact SoCaGas’ ability to meet  
18 the three measure minimum rule, specifically in multi-family dwellings. Making these  
19 adjustments will increase the customer’s benefits and, in areas where air quality is poor, the  
20 customer will also benefit from receiving envelope and air sealing measures because the air  
21 quality of the home can be improved.

22 ///

23 ///



1                                   **b. New Measures.**

2                                   Thermostatic Shower Valve Measure

3                                   SoCalGas proposes the inclusion of the thermostatic shower valve measure into the mix  
4 of measures currently authorized by the Commission for the Energy Savings Assistance  
5 Program. The thermostatic shower valve reduces hot water flow to a trickle when the water  
6 temperature reaches a specific temperature. The user is then able to control both the water flow  
7 and temperature instead of waiting for hot water while water is running. This results in both  
8 energy savings and decreased water usage. The relevant cost-effectiveness of the measure is  
9 shown in Attachment A-7.

10                                   **c. Retired Measures.**

11                                   SoCalGas proposes to retire the tankless water heater from its measure offerings because  
12 it did not meet cost-effectiveness test. While tankless water heaters are efficient, the cost-  
13 effectiveness is calculated based on the purchase and installation costs on a home that meets  
14 ideal conditions (e.g. the home does not require extensive upgrades to accommodate the tankless  
15 water heater). Depending on the condition of the home, installation costs can be significant. For  
16 example, an electrical outlet, gas piping, water piping, and a new ventilation system are required  
17 before installing a tankless water heater. In addition, in order to ensure proper operation of the  
18 unit and to ensure that the warranty is not voided, the manufacturer recommends yearly  
19 maintenance of the system which includes flushing out the system and the use of a water softener  
20 (in hard water areas) to avoid a decrease in efficiency and damage to the unit. The additional  
21 costs to the customer to maintain the system per manufacturer recommendations can prove to be  
22 burdensome for low-income customers.

23                                   Consistent with D.08-11-031, SoCalGas must retire duct sealing and testing from its mix  
24 of measures mix because it failed the cost effectiveness test failed in all climate zones and by

1 dwelling type within the SoCalGas service territory. SoCalGas notes that the elimination of this  
2 measure from its measure offerings increases the challenge of meeting the three measure  
3 minimum rule as a single commodity utility.

4 **G. OTHER PROGRAM ELEMENTS AND POLICIES**

5 **1. Cost Effectiveness Threshold**

6 SoCalGas has structured its PY2012-2014 budget application to continue use of the cost  
7 effectiveness threshold at 0.25 as directed in D.08-11-031. However, SoCalGas is proposing to  
8 add back the envelope and air sealing measures for all climate zones for the multi-family  
9 dwelling type, which failed the cost-effectiveness test, to improve the customers' quality of life  
10 for health, comfort, and safety reasons.

11 **2. Utility Gas/Electric Budget Split**

12 SoCalGas is a single fuel utility and therefore an allocation split is not applicable.

13 **3. Joint Utility Funding Split for Joint Projects**

14 SoCalGas supports the long-established formula outlined in Resolution E-3585, which  
15 results in the equitable sharing of costs among the four IOUs for joint statewide projects. The  
16 cost sharing formula is 30% (PG&E), 30% (SCE), 25% (SoCalGas) and 15% (SDG&E).

17 **4. Three Measure Minimum Rule**

18 SoCalGas is not proposing any revisions to the three-measure minimum rule adopted in  
19 D.08-11-031 and as modified by D.09-06-026. SoCalGas has included Attachment A-11  
20 (referred to as Revised Attachment G in D.09-06-026) to propose the measures that can be  
21 installed in the Energy Savings Assistance Program based on meeting the energy savings  
22 threshold of 25 therms for one measure installation as adopted in D.09-06-026.

1                                   **5.       Definition of Treated Household**

2                   In D.02-12-019, the Commission adopted the definition of a “treated” home. A “treated”  
3 home was defined as an income-qualified home that has received any measure or service under  
4 the Energy Savings Assistance Program, including energy education, CFLs, weatherization and  
5 appliances. Under the Energy Savings Assistance Program, a treated home must receive all  
6 feasible measures for which it qualifies. “Weatherized” homes are a subset of treated homes, and  
7 are defined as income-qualified homes that have received any weatherization measure (e.g.,  
8 weather-stripping and caulking) under the Energy Savings Assistance Program. D.01-12-021  
9 defined weatherization measures to include attic insulation, caulking, weather-stripping, low  
10 flow showerheads, water heater blankets and door and building envelope repairs which reduce  
11 infiltration.

12                   SoCalGas provides services under the Energy Savings Assistance Program consistent  
13 with the Commission’s definition of a “treated” home and at this time SoCalGas is not  
14 requesting a change.

15                                   **6.       Other**

16                                   Program Cycle Changes

17                   SoCalGas seeks the flexibility to propose changes in its Energy Savings Assistance  
18 Program during the 2012-2014 program cycle. This proposal is being made because during the  
19 course of the cycle there may be new measures that SoCalGas would like to offer to customers to  
20 reduce their energy bill or to improve the customers’ quality of life. For example, there may be a  
21 measure that would provide energy benefits to the customer, but at this time, the measure and  
22 installation costs are too expensive and therefore not cost-effective. However in a subsequent  
23 year the measure may become cost-effective because the measure or installation costs have been

1 reduced. SoCalGas may also want to propose changes such as retiring measures, proposing a  
2 pilot, or implementing new outreach methods.

3 For new measures, cost-effectiveness test will be conducted on the applicable measures  
4 in accordance with the approach adopted by the Commission in D.02-08-034. Those measures  
5 meeting the adopted cost-effectiveness threshold would be proposed for inclusion in the Energy  
6 Savings Assistance Program measure offerings. For those measures that do not meet the cost-  
7 effectiveness threshold but may improve the customers' quality of life, the measure would be  
8 proposed for inclusion in the program for purposes of customer health, comfort, and safety  
9 consistent with the cost-effectiveness provisions set forth in D.08-11-031.

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

#### 12 Minor Changes to Statewide Policy and Procedures Manual

13 SoCalGas also proposes that the Joint Utilities are able to make minor changes to the  
14 Statewide LIEE Program Policy and Procedures Manual or similar changes related to updated  
15 and/or new code requirements, such as Title 24. The Joint Utilities would present the change at  
16 the Joint IOU meeting or host a public meeting, similar to those conducted for the Statewide IS  
17 Manual updates, to gather public input and provide the recommendations to the Commission for  
18 approval. These minor changes or similar updates would be made to the Statewide LIEE  
19 Program Policy and Procedures Manual outside the current requirement for a decision and allow  
20 the flexibility of making minor mid-cycle changes that would not alter Commission directed  
21 Energy Savings Assistance Program policies.

#### 22 **H. PILOTS**

23 SoCalGas does not plan to pursue any pilots during its 2012-2014 program cycle.  
24

1           **I.       STUDIES**

2           The IOUs are requesting authorization to conduct two Measurement & Evaluation  
3 (“M&E”) studies to help inform current program and future program design and implementation  
4 using information from past program assessments. These studies will be performed jointly  
5 among SCE, PG&E, SDG&E, and SoCalGas. Detailed descriptions of each study are provided  
6 in Attachment A-10.a and b.

7           The Energy Savings Assistance Program is guided by complementary objectives that  
8 center on providing our low income population with a resource that assists customers in lowering  
9 energy costs, reducing the financial burden of energy bills, and improving quality of life in terms  
10 of issues related to physical comfort and safety. Since energy savings is a key objective of the  
11 program an accurate determination of estimated savings for “measure groups” and specific  
12 installed measures is critical for guiding decisions related to measure installation program  
13 delivery and determining cost-effectiveness.

14                   **1.       Impact Evaluation Study**

15           An impact evaluation is proposed for the 2012-2014 program cycle. The impact  
16 evaluation will consist of a billing analysis, similar to that performed for the 2009 and 2005  
17 program years. The impact evaluation will provide energy and demand savings estimates which  
18 will then be used for future Energy Savings Assistance Program reporting and analysis.

19           Further details are outlined in Attachment A-10.a.

20                   **2.       Energy Education and Assessment Study**

21           The Joint Utilities also propose systematic examination of the Energy Education  
22 component of the Energy Savings Assistance Program. Research findings from the 2009-2011

1 program cycle<sup>35</sup> suggest that further exploration may be needed to maximize the benefits of  
 2 customer education in the Energy Savings Assistance Program. Moreover, the educational  
 3 component of the Energy Savings Assistance Program has the capability to take on a more  
 4 significant role within the program, due to the introduction of and potential of the Smart Meter  
 5 technology, as well as National and Statewide strategic initiatives increasingly directed towards  
 6 encouraging sustained behavior and attitude changes in customers to reach long-term greenhouse  
 7 gas goals. This combination of factors suggests the need for a more focused evaluation effort on  
 8 the education component of the Energy Savings Assistance Program. Further details are outlined  
 9 in Attachment A-10.b.

10 SoCalGas requests three-year total funding for the above studies related to the 2012-2014  
 11 Energy Savings Assistance Program.  
 12

**Table-3**  
**Measurement & Evaluation of Energy Savings Assistance Program – SoCalGas**

Statewide Studies	Total Cost	SoCalGas Allocation Share	SoCalGas Cost
Impact Evaluation of the 2012-2014 Program cycle	\$600,000	25%	\$150,000
Energy Education and Assessment Study	\$300,000	25%	\$75,000
<b>Total</b>	<b>\$900,000</b>		<b>\$225,000</b>

<sup>35</sup> “Impact Evaluation of the 2009 California Low Income Energy Efficiency Program” conducted by EcoNorthwest for the CPUC (Draft Final Report issued March, 2011); “California Low Income Energy Efficiency Program 2009-2010 Process Evaluation” conducted by Research Into Action for the CPUC (Draft Final Report issued March,2011), “Low Income Energy Efficiency Program Segmentation Study” conducted by Hiner and Partners for SCE & PG&E (Preliminary Draft Report available March 2011) “High Usage Needs Assessment ” conducted by Hiner and Partners for SCE (Preliminary Draft Report available March 2011).

**J. BUDGET**

SoCalGas’ proposed budgets, on an annual basis, are \$99.909 million for PY2012, \$82.121 million for PY2013, and \$84.179 million for PY2014. A total of 28,857 carryover units from the 2009-2011 program cycle are included for PY2012, if 165,000 units is achieved in 2011.

SoCalGas proposes to continue its existing program elements of: 1) Customer Enrollment; 2) Home Assessment; 3) Energy Education; 4) Installation of Measures; and 5) Inspections.

**Program Category Costs and Specific Components**

	2012	2013	2014	Cycle Total
<b>Energy Savings Assistance Program</b>				
Energy Efficiency				
<i>Appliances</i>	\$4,273,045	\$4,725,254	\$5,069,638	\$14,067,937
<i>Domestic Hot Water</i>	\$14,053,437	\$11,084,205	\$11,260,521	\$36,398,164
<i>Enclosure</i>	\$29,982,892	\$23,940,183	\$24,599,087	\$78,522,163
<i>HVAC</i>	\$16,053,624	\$12,780,810	\$13,073,791	\$41,908,225
<i>Maintenance</i>	\$2,303,685	\$1,828,838	\$1,868,898	\$6,001,421
<i>Lighting</i>	\$0	\$0	\$0	\$0
<i>Miscellaneous</i>	\$0	\$0	\$0	\$0
<i>Customer Enrollment</i>	\$20,368,129	\$16,032,969	\$16,235,643	\$52,636,741
In Home Education	\$2,427,634	\$1,844,475	\$1,854,400	\$6,126,510
Pilot	\$0	\$0	\$0	\$0
<b>Energy Efficiency Total</b>	<b>\$89,462,446</b>	<b>\$72,236,735</b>	<b>\$73,961,979</b>	<b>\$235,661,160</b>
Training Center	\$505,117	\$486,403	\$498,992	\$1,490,512
Inspections	\$2,618,378	\$2,093,899	\$2,156,375	\$6,868,652
Marketing and Outreach	\$1,013,000	\$931,900	\$878,000	\$2,822,900
Statewide Marketing Education and Outreach	\$100,000	\$100,000	\$100,000	\$300,000
Measurement and Evaluation Studies	\$225,000	\$0	\$0	\$225,000
Regulatory Compliance	\$295,333	\$295,333	\$295,333	\$886,000
General Administration	\$5,603,781	\$5,891,204	\$6,202,206	\$17,697,191
CPUC Energy Division	\$86,000	\$86,000	\$86,000	\$258,000
<b>TOTAL PROGRAM COSTS</b>	<b>\$99,909,056</b>	<b>\$82,121,475</b>	<b>\$84,178,885</b>	<b>\$266,209,415</b>

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### 1. Tracking Program Costs.

	Authorized Budget PY2009-2011	Proposed Budget PY2012-2014	Change	Key Drivers
<b>Energy Efficiency</b>				
Appliances	\$10,876,965	\$14,067,937	29.34%	The PY2009-2011 budget for HE Clothes Washers included estimated rebates from municipalities, but is not included in the PY2012-2014 budget.
Domestic Hot Water	\$11,701,409	\$36,398,164	211.06%	2009-2010 actual installations were greater than previously forecasted for PY2009-2011. Additionally, there is one new measure (the thermostatic shower valve).
Enclosure	\$50,979,043	\$78,522,163	54.03%	Weatherstripping and outlet gaskets were not included in the budget proposed by SoCalGas for PY2009-2011; however, D.08-11-031 directed the IOUs to install all feasible measures and therefore SoCalGas adhered to the Commission directive.
HVAC	\$47,311,756	\$41,908,225	-11.42%	The projected installations are lower for PY2012-2014 than previously forecasted for PY2009-2011.
Maintenance	\$15,916,831	\$6,001,421	-62.30%	The projected installations are lower for PY2012-2014 than what was projected for PY2009-2011.
Lighting	\$0	\$0	N/A	
Miscellaneous	\$0	\$0	N/A	
Customer Enrollment	\$47,580,909	\$52,636,741	10.63%	SoCalGas proposes to increase customer enrollment fees for PY2012-2014 to pay more competitive prices due to competition from other programs and to overcome barriers to enrollments. Also, new elements were added to the category based on the PY2012-2014 guidance document.
In Home Energy Education	\$6,004,170	\$6,126,510	2.04%	New elements were added to the category based on the PY2012-2014 guidance document.
Pilots	\$924,203	\$0	N/A	
<b>Energy Efficiency TOTAL</b>	<b>\$191,295,287</b>	<b>\$235,661,160</b>	<b>23.19%</b>	
Training Center	\$942,386	\$1,490,512	58.16%	There is an increase in contractor training needs, specifically Customer Enrollment and NGAT.
Inspections	\$4,786,908	\$6,868,652	43.49%	Quality assurance needs continue to increase as program delivery expands including mandatory inspected measures such as attic insulation and furnace repair and replacements.
Marketing and Outreach	\$2,700,677	\$2,822,900	4.53%	As SoCalGas continues to enroll eligible and willing customers, more costly marketing tactics are required to reach potentially eligible customers.
Statewide Marketing and Education Outreach	\$333,500	\$300,000	N/A	The budget is SoCalGas' share of the proposed total statewide budget for ME&O efforts.
Measurement and Evaluation Studies	\$160,461	\$225,000	40.22%	The budget is SoCalGas' share of the proposed total statewide budget for M&E studies.
Regulatory Compliance	\$882,880	\$886,000	0.35%	
General Administration	\$16,341,573	\$17,697,191	8.30%	Program delivery improvements such as automation, IVR, tablet PCs and IT support are attributed to the increase.
CPUC Energy Division	\$257,322	\$258,000	0.26%	
<b>Total Energy Savings Assistance Program Costs</b>	<b>\$217,700,994</b>	<b>\$266,209,415</b>	<b>22.28%</b>	



1 SoCalGas proposes to track program costs consistent with the program budget categories  
2 reflected in Attachment A-1b to this testimony. The program budget categories will be used for  
3 monthly and annual Energy Savings Assistance Program reporting and were issued in the  
4 Assigned Commissioner Ruling on March 30, 2011.

5 **2. Discussion On Required Budget Flexibility And Potential Fund**  
6 **Shifting**

7 Fund shifting flexibility between program categories and program years is critical to  
8 SoCalGas' ability to achieve the programmatic initiative and necessary to avoid disruption of  
9 program services, and provide a seamless and transparent program to customers. As such,  
10 SoCalGas requests authorization to continue the fund shifting flexibility adopted in D.08-11-031  
11 and as modified by D.10-10-008.

12 **K. REVENUE REQUIREMENTS AND RATE IMPACTS**

13 SoCalGas is not proposing any changes to the revenue allocation or rate design for the  
14 Energy Savings Assistance Program. SoCalGas' Energy Savings Assistance Program costs are  
15 currently recovered from the residential customer class. The Energy Savings Assistance  
16 Program rates are calculated by multiplying the program cost by the allocation factor and  
17 dividing by the applicable billing determinants<sup>36</sup> minus any exempt throughput.

18 SoCalGas recovers its Energy Savings Assistance Program costs through the Public  
19 Purpose Programs ("PPP") surcharge. The Energy Savings Assistance Program cost is  
20 calculated from the revenue requirement which is based on the total Energy Savings Assistance  
21 Program costs, including the administrative costs. SoCalGas used the Energy Savings

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<sup>36</sup> In D.04-08-010, the Commission established the methodology for developing the billing determinants for calculating the PPP surcharge. The billing determinants reflect the average of the actual throughput over 3-years, if the most recent cost allocation proceeding is more than 3-years old. However, since the most recent cost allocation proceeding was implemented on February 1, 2010 which is less than the 3-year threshold the billing determinants used for this proceeding are from D.09-11-006.

1 Assistance Program costs provided in SoCalGas Table A-1b, PY 2012-2014 Energy Savings  
 2 Assistance Program Proposed Gas Budget.

3 SoCalGas requests that the Commission authorize recovery of the program plans and  
 4 budgets proposed in this Application by means of the proposed Energy Savings Assistance  
 5 Program cost for PY2012, PY2013, and PY2014.

<b>Revenue Requirements and PPS Rates - ESAP</b>				
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>SCG</b>				
<b>Increase (Decrease) in PPS Revenue Requirement \$ Millions:</b>				
ESAP	\$0	\$21.7	(\$17.8)	\$2.1
<b>Total PPS Revenue</b>	<b>\$288</b>	<b>\$309</b>	<b>\$291</b>	<b>\$293</b>
<b>Change/year \$millions</b>		<b>\$21.7</b>	<b>(\$17.8)</b>	<b>\$2.1</b>
<b>Increase (Decrease) in PPS Rate \$/th:</b>				
Residential		\$0.00873	(\$0.00717)	\$0.00083
Core C&I		\$0.00000	\$0.00000	\$0.00000
NonCore C&I		\$0.00000	\$0.00000	\$0.00000

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 8 SoCalGas projects 2011 unspent program funds totaling approximately \$9.0 million will  
 9 be carried forward to program year 2012 and used to provide more program services to eligible  
 10 customers. SoCalGas is not proposing to use 2011 unspent funds to reduce the revenue  
 11 requirement during PY2012-2014.

12 **L. CONCLUSION**

13 SoCalGas respectfully requests the Commission to approve the Energy Savings  
 14 Assistance Program plans and budgets for PY2012, PY2013, and PY2014 as described in this  
 15 testimony and authorize the following:

- 16 • Approval of its PY2012, PY2013, and PY2014 Energy Savings Assistance Program plans  
 17 and budgets herein;
- 18 • Approval to continue its existing Energy Savings Assistance Program into PY2012, using  
 19 PY2012 program funds, should the Commission be delayed in issuing a decision in this  
 20 proceeding before year-end 2011, and count program achievements towards PY2012  
 21 accomplishments.  
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- Approval to shift funds in the Energy Savings Assistance Program consistent with the fund shifting authority in D.08-11-031 and as modified by D.10-10-008.
- Approval of the mix of measures reflected in Attachments A-6 and A-7 for the Energy Savings Assistance Program.
- Approval of the outreach and marketing elements requested herein.
- Approval to continue the integration and leveraging efforts.
- Approval to include one new measure to the Energy Savings Assistance Program mix of measures to be offer to eligible customers: the thermostatic shower valve to reduce the customers’ energy consumption.
- Approval to continue using the methodology adopted for the eligible population as revised herein.
- Approval of a statewide impact evaluation study for program year 2012.
- Approval of a statewide energy education assessment study for the 2012 program year.
- Approval of the Energy Savings Assistance Program budget amounts projected in the 2012-2014 budget cycle.

1 **STATEMENT OF QUALIFICATIONS**

2  
3 **DELIA MERAZ**

4  
5 My name is delia Meraz. My business address is 555 W. Fifth Street, Los Angeles,  
6 California, 90013. I am employed at Southern California Gas Company (“SoCalGas”) as the  
7 Energy Savings Assistance Program Manager.

8 I joined SoCalGas in 2000 and have held management positions in environmental  
9 services, storage, transmission and distribution operational management, pipeline integrity and  
10 low-income energy efficiency. My work experience has included: providing environmental  
11 consulting and training for permitting and facility maintenance; engineering expertise for various  
12 phases of gas operations, including existing and new pipeline project design; and pipeline  
13 integrity implementation for cathodic protection, welding repairs, and smart pig inspections; and  
14 managing and directing the day-to-day activities for the Energy Savings Assistance Program.

15 I assumed my current position managing the Energy Savings Assistance Program in  
16 December 2008. My principal responsibilities include the day-to-day oversight of the Energy  
17 Savings Assistance Program for the Southern California Gas Company.

18 I hold a Bachelors Degree in Civil Engineering from California Polytechnic State  
19 University, Pomona, a Master of Science in Civil Engineering from California State University,  
20 Long Beach, a Master of Business Administration from the University of Southern California  
21 and an Engineer-in-Training designation in the State of California.

22 I have not previously testified before the Commission.  
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