Application No: A.14-11-
Exhibit No:
Witness: Daniel J. Rendler

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

PREPARED DIRECT TESTIMONY OF

DANIEL J. RENDLER

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

November 18, 2014

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PREPARED DIRECT TESTIMONY OF

DANIEL J. RENDLER

I. INTRODUCTION

The purpose of my testimony is to present policy support and recommendations for Southern California Gas Company's ("SoCalGas") Low-Income Program Application and Budgets for program years ("PY") 2015-2017. The SoCalGas Low-Income Programs consist of: a) the Energy Savings Assistance ("ESA") Program, which performs no-cost home improvements to provide energy efficiency benefits and address the health, safety and comfort of qualified households; and b) the California Alternate Rates for Energy ("CARE") Program, which provides gas bill discounts to qualified households. To qualify for the programs, a customer must meet the Commission's income eligibility requirements, which is based on income at or below 200 percent of the Federal Poverty Guidelines ("FPL"). The ESA Program, generally, also requires an assessment of the customer dwelling to ensure feasibility and meeting certain minimum requirements for performing the home improvements,[1] individually referred to as "measures." Other terms of enrollment for the ESA Program are outlined in the California Statewide ESA Program Policy and Procedures ("P&P") Manual.[2]

SoCalGas places emphasis on serving the low-income community, and in particular customers who may need bill assistance, and customers located in underserved or hard-to-reach communities. The benefits to the community are meaningful and measurable, with the SoCalGas

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[1] The ESA Program requires installation of a minimum of 3 measures and the provision of energy education. In certain instances, the program allows for the installation of 1 or 2 measures if they yield energy savings of 25 therms annually.
[2] See Commission Decision ("D.") 14-08-030, Appendix R for the currently authorized version which is dated July 15, 2013.

ESA Program saving an estimated 6.3 million therms for PY2012-September 2014,[3] resulting in lower customer bills and contributing toward meeting the California Public Utility Commission's ("CPUC's" or "Commission's") energy efficiency goals outlined in the California Energy Efficiency Strategic Plan ("CEESP").[4] The SoCalGas CARE Program has saved customers approximately $303.4 million for PY2012-September 2014,[5] consisting of bill discounts on Service Establishment Charges, and gas commodity and transportation charges to their dwellings. SoCalGas' focus is on being an effective and prudent administrator of these programs, to be offered within the Commission's rules and guidelines, and to meet the Commission's program goals.

While SoCalGas is proud of the noted achievements, enrolling and servicing customers through the programs at the Commission's goals level presented challenges over the course of the program cycle.

For the ESA Program, the Low Income Needs Assessment ("LINA") Study indicated a much higher level of "unwilling" customers compared to the current level used to develop the utilities' annual homes treated goal.[6] In the Prepared Direct Testimony of SoCalGas ESA Program witness Mark Aguirre, the company proposes adjustment of the program goal to better reflect the number of homes that are eligible and willing to participate. SoCalGas also proposes,

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[3] ESA Program therms saved were approximately 1 million for 2012, 3.1 million for 2013, and 2.2 million for January – September 2014, as reported in the annual and most recent monthly reports. The number of therms vary each year depending on the measures installed at each treated dwelling. ESA installs all feasible measures as determined by the in-home assessment.

[4] The California Long Term Energy Efficiency Strategic Plan, dated September 2008. Also see California Energy Efficiency Strategic Plan – January 2011 Update. The Low Income Residential Segment is discussed at Section 2.2.

[5] The CARE "subsidy" expenses for 2012 was $105.9 million, for 2013 was $118.6 million and for January – September of 2014 was $82.5 million, as reported in the annual and most recent monthly reports. The subsidy varies with rates, including gas commodity costs which are revised each month.

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

as discussed in this testimony and in further detail in the testimony of Mr. Aguirre, to begin a gradual transition into the next iteration of the program as it will begin to near meeting the mandate to serve all willing and eligible homes by PY2020.

The CARE Program eligibility guidelines were modified in January 2014. The change, made pursuant to California Assembly Bill ("AB") 327 which revised Section 739.1(a) of the Public Utilities Code, required that the income-eligibility guideline level for one-person households be based on the two-person household level.[7] The reported eligible population for SoCalGas increased by approximately 100,000 customers from December 2013 to January 2014, and although total enrollment increased between those months, the participation rate declined from 89.2 percent down to 84.8 percent.[8] SoCalGas continues to focus on strategies to raise its penetration rate back to the Commission's 90 percent goal during PY2014. As discussed in the Prepared Direct Testimony of SoCalGas CARE Program witnesses Carmen Rudshagen and Hugh Yao, SoCalGas presents program approaches and marketing and outreach activities to be pursued in PY2015 to reach the higher eligible population.

SoCalGas presents visions of the CARE and ESA Programs that, if approved as proposed, will allow for the continued service to low-income customers as well as improvements in key areas of focus. For the ESA Program, the introduction of new measures will save a greater level of energy and result in increased cost-effectiveness relative to recent years. This is predicated on the inclusion of the Tub Spout water measure, which SoCalGas would like to request approval for through Advice Letter in order to provide customers the measure in 2015 to begin to realize natural gas and water savings at the earliest opportunity. For CARE, the

[7] See SoCalGas Advice Letter ("AL") 4572, dated November 27, 2013, for an explanation of the changes to the eligibility guidelines. The AL was approved by the Commission on January 2, 2014.
[8] See SoCalGas Low Income Program Monthly Reports for December 2013 and January 2014, Section 2.1.2.

implementation of enrollment and outreach strategies are designed to raise participation toward the 90 percent level experienced through 2012 and the larger part of 2013.

SoCalGas has actively solicited input and seeks support from program stakeholders on strategies proposed in this Application to meet existing, and anticipated new challenges for the 2015 – 2017 period. In the process of preparing this Application, SoCalGas held a public meeting to receive input and guidance from interested parties on May 6, 2014.[9] SoCalGas also conducted public meetings regarding its PY2012 and 2013 annual reports, on June 7, 2013 and June 3, 2014, respectively, which provided further opportunity for programmatic input. Additionally, SoCalGas has met with various parties in advance of this Application to better understand program challenges and gaps.[10] This input is very much appreciated and has informed the proposals, which if found reasonable should be authorized by this Commission.

The Commission, pursuant to Attachment Q of its Phase II Decision ("D.") 14-08-030, provided utilities with a Guidance Document (i.e., template) to follow in preparing testimony for this Application.[11] SoCalGas has followed the template by addressing Sections I (Summary and Overview of the ESA and CARE Programs and Budgets Application for the PY2015-2017) and IV (Conclusion) in this testimony. The Prepared Direct Testimony of witnesses Mark Aguirre and Hugh Yao address Section II of the Guidance Document. Witness Aguirre sponsors the ESA Program operations elements of the testimony, while witness Yao sponsors elements associated

[9] This public meeting was jointly-held with Southern California Edison Company as a convenience to customers who are served by both utilities.

[10] SoCalGas has discussed matters relating to this Application at various junctures with parties including (but not limited to) the Natural Resources Defense Council, the Center for Accessible Technology, Office of Ratepayer Advocates, Irvine Ranch Water District, Eastern Municipal Water District, Fontana Water Company, Metropolitan Water District, and members of the SoCalGas ESA Program contractor network.

[11] The Commission modified the Guidance Document in the "Proposed Decision Adopting Corrected Attachment Q to Decision 14-08-030," issued on October 21, 2014. SoCalGas has employed the currently approved original version of Attachment Q for this Application.

with ESA Program marketing and outreach. The Prepared Direct Testimony of witnesses Carmen Rudshagen and Hugh Yao cover Section III of the Guidance Document. Witness Rudshagen sponsors the CARE Program operations elements of the testimony, while witness Yao sponsors elements associated with CARE marketing and outreach. SoCalGas addresses, in its testimonies, the recommendations from various studies and working group reports that were conducted pursuant to Commission D.12-08-044 which approved Low-Income Programs and budgets for the 2012 – 2014 program cycle.[12]

The conclusion to this testimony contains an itemized list of the approvals requested for SoCalGas' CARE and ESA Programs.

II. SUMMARY OF SOCALGAS' PY2015-2017 APPLICATION REQUESTS

Procedural Background Associated With Proposed Budget Requests

In D.14-08-030, Conclusion of Law ("COL") 56 and OP 2(b), the Commission authorized bridge funding to continue the existing ESA and CARE Programs during PY2015. This was granted largely to allow utilities adequate time to prepare their PY2015-2017 Applications based on D.14-08-030, and to allow the Commission the necessary time to meaningfully review, deliberate and render its decision. D.14-08-030 also states that the next budget cycle applications should cover the utility's proposed budgets and programs, including any proposed changes, for the 2015-2017 program cycle. In response to an Office of Ratepayer

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[12] See D.14-08-030, generally, Ordering Paragraphs ("OP") 35 – 41. These studies include the Energy Education Study, Low Income Needs Assessment Study, Multifamily Segment Study, and Load Impact Study. These reports are available at the Commission's website at http://www.cpuc.ca.gov/PUC/energy/Low+Income/. Reports were issued by the Cost-Effectiveness Working Group, Mid-Cycle Working Group, and Workforce Education and Training Working Group. The final Working Group Reports are available through Administrative Law Judge Rulings dated August 1, 2014 admitting the reports and recommendations. These Rulings are available through the Commission's website under the docket A.11-05-017 *et. al.*, or the Low Income Oversight Board site http://liob.org/resultsqv.cfm?doctypes=9.

Advocates ("ORA") request for clarification regarding whether to include 2015 in the instant Application, Administrative Law Judge ("ALJ") Kimberly Kim indicated,

> Depending on what and when the Commission authorizes for 2015 in its 2015-2017 program cycle decision, the Commission may prospectively direct the IOUs to make program changes to begin in 2015 (but after that decision issues) and also authorize any attendant budget augmentations for 2015 program year, if needed beyond the currently authorized 2015 bridge funding. Note also, depending on when the Commission's 2015-2017 program cycle decision is issued, its timing (if it is very late in the 2015 program year) may make it infeasible to authorize and direct any changes to affect 2015 program year. Under that latter scenario, there is high likelihood that the Commission may not authorize and direct any changes to affect 2015 program year.[13]

Consistent with the direction provided by ALJ Kim, SoCalGas presents programmatic proposals, participation goals, and budgets for the entire 2015 – 2017 program cycle for consideration and review. However, SoCalGas emphasizes that although PY2015 is included with PY2016 and PY2017 in this Application, pursuant to OP 3 of D.14-08-030, it is treated as the fourth program year and continuation of the 2012 – 2014 program cycle. The 2015 bridge year established the same programmatic goals as PY2014 for both the ESA and CARE Program, and the same annual budget,[14] and authorized SoCalGas to use unspent funds from PY 2012-2014 to allow administrative flexibility to meet unforeseen needs during the 2015 bridge year subject to fund shifting rules.

SoCalGas does not present program proposals or budgets related to the Statewide Marketing, Education and Outreach ("ME&O") program for the ESA Program. For PY2012-2014, SoCalGas addressed funding for Statewide ME&O for the ESA Program in its Low

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[13] E-mail Response from Kimberly Kim titled "ALJ Kim's Response to ORA's Request for Ruling-Guidance on D.14-08-030," dated August 28, 2014. This e-mail was issued in response to e-mail from Noel Obiora titled "ORA's Request for Ruling-Guidance on D.14-08-030," dated August 22, 2014.
[14] SoCalGas notes an exception in D.14-08-030 at p. 81, which authorizes a 2 percent increase to the Community Help and Awareness of Natural Gas and Electricity Services ("CHANGES") pilot program for 2015.

Income Programs Application ("A.")11-05-018. The Commission authorized Statewide ME&O budgets through D.12-08-044, noting migration of that program into a unified approach to be addressed through its own separate proceeding.[15] SoCalGas was a respondent in that separate proceeding under A.12-08-010, and aggregated the entirety of the contemplated Statewide ME&O funds for consideration, including those designated for the ESA Program.[16] In December 2013, the Commission identified the Center for Sustainable Energy ("CSE") as the program administrator for Statewide ME&O in D.13-12-038.[17] The Commission directed CSE to augment its marketing budget with the ESA Program authorized funds of $1,150,000 to be used for statewide marketing activities for low income consumers.[18] Given the movement of Statewide ME&O to a separate docket where it is consolidated with other activities of that program under a different administrator, SoCalGas does not address that program in its Application.

Proposed 2015 – 2017 Budget Requests

SoCalGas requests that the Commission approve, as expeditiously as possible, its proposed participation goals and budgets for the CARE and ESA Programs for PY2015-2017, and allow those values to supersede the bridge year levels put in place at the beginning of the year. The proposed ESA Program homes treated goal is materially different than the bridge year amount, and if found reasonable should be adopted for the 2015 program year. Although the Commission-adopted bridge year budgets are higher than SoCalGas' forecasted needs for 2015, and thus sufficient in total, the 2015 budgets prepared by the witnesses represent the needs for

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[15] See D.12-08-044, Section 3.4.
[16] See A.12-08-010, Prepared Direct Testimony of Andrew Steinberg dated August 3, 2013, Section E and Table 6.3.
[17] D. 13-12-038, Decision on Phase 2 [EE] Issues: Statewide Marketing, Education, and Outreach Plans for 2014. and 2015.
[18] D.13-12-038, at p. 79.

that year to carry out the programmatic initiatives and support the estimated subscription. The proposed 2015 budgets reflect the forecasted cost by category, whether it be energy efficiency measures or administrative activities for the ESA Program, or the bill discount or administrative activities for the CARE Program. Each of the programs have rules relating to fund shifting, and the ability to move funds between years and the categories based on need. It is preferable for the Commission to set a reasonable level for each category so that issues do not arise with respect to fund shifting. Tables containing the proposed cost by individual category are provided in the testimonies of Mark Aguirre for the ESA Program and Carmen Rudshagen for the CARE Program. Tables 1 and 2 below summarize SoCalGas' PY2015-2017 budget requests for the ESA and CARE Programs.[19]

Table 1 – PY2015-2017 ESA Budgets

ESA Program * ($ Millions)	2014 (Authorized)	2015 (Proposed)	2016 (Proposed)	2017 (Proposed)
Energy Efficiency Costs	$121.3	$107.6	$114.9	$117.5
Other Program Costs	$11.1	$11.8	$11.9	$11.8
Total	$132.4	$119.3	$126.8	$129.3
Percent Change to PY 2014		-9.9%	- 4.3%	- 2.4%

[19] For detailed tables containing cost by category in the format requested by the Commission, see Attachments, Table A-1 ESAP Budget, and Table B-1 CARE Budget.

Table 2 – PY2015-2017 CARE Budgets

CARE Program * ($ Millions)	2014 (Authorized)	2015 (Proposed)	2016 (Proposed)	2017 (Proposed)
Administrative Costs	$16.4	$8.5	$9.8	$9.6
Subsidies and Benefits	$131.1	$130.5	$131.3	$132.4
Total	$147.5	$139.0	$141.2	$142.0
Percent Change to PY 2014		-5.8%	- 4.3%	- 3.8%

* Values may not sum to totals due to rounding.

Although SoCalGas proposes budgets for both the CARE and ESA Programs below the current authorized levels, the amounts represent increases compared to the recent actual expenses. SoCalGas remains committed to serving the low-income constituency of its customer base, and to identifying ways to more effectively serve this community and address their needs. SoCalGas believes, in totality, that its proposal will translate to the provision of a higher level of service to its low-income customers (e.g., more ESA Program measures and features, enhancements to CARE processing), in addition to reflecting operational efficiencies to diminish the rate impact to customers that support, but are not eligible for these programs.

Lastly, since PY2012-2015 are a discrete "program cycle," SoCalGas requests that the Commission make PY2016-2017 the first two years for determining the next cycle accomplishments and for fund shifting activity. Given the brevity of a two year period, SoCalGas proposes the Commission allow the utilities to review the program data and propose whether the PY2016-2017 should stand alone as a two-year cycle or be combined with years 2018 – 2020 as a five-year cycle in the next Application.[20]

[20] SoCalGas describes its proposals regarding ratemaking treatment, and the disposition of over / under collections in regulatory accounts relating to PY2012 – 2015 for CARE in Section K of the prepared

A. ESA Program Summary and Requests

The proposed SoCalGas ESA Program Application requests for PY2015-2017 are sponsored in the direct written testimony of witnesses Aguirre and Yao, as noted above. Fundamentally, the proposed ESA Program is designed to meet the Commission's key policy objective, to be a reliable energy resource. Since 2002, the program has treated 973,841 homes (through September 2014). In that period, the benefit associated with this work has accumulated, with estimated first-year reduction of natural gas usage of approximately 20.4 million therms.

There are six years remaining in the programmatic initiative's goal to provide all willing and eligible customers the opportunity to participate in the ESA Program by 2020, and offer those who wish to participate, all cost-effective energy efficiency measures.[21] SoCalGas proposes to treat dwellings for more than half of the remaining customers during the 2015 – 2017 period due to the anticipated difficulty identifying and serving this portion of the constituency by 2020. SoCalGas also proposes, due to proximity to the 2020 programmatic initiative terminus, that the Commission authorize utilities to begin deployment of an additional undertaking for the ESA Program as described below.

In the past, and with certain exceptions, the Commission has limited customers from participating in the ESA Program more than once in a 10-year period.[22] This rule, called the "10-year Go-Back Rule" was designed "to promote equity (*e.g.*, continuing expansion of dwellings previously not provided LIEE measures), considering the utilities' constrained

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direct testimony of witnesses Carmen Rudshagen and Hugh Yao, and for the ESA Program in Section L of the prepared direct testimony of witnesses Mark Aguirre and Hugh Yao.

[21] See D.07-12-051, at p. 28.

[22] Pursuant to the P&P Manual, certain restrictions apply to homes that have been previously treated under the ESA Program. Under Section 2.8 of the Manual, homes that have participated in the ESA Program within the last 10 years are generally not eligible for services. *See also* D.01-03-028, OP 1 and Attachment 3, and D.01-12-020, at OP 5.

budgets."[23] In D.08-11-031, the Commission revised the 10-Year Go-Back Rule to require the utilities to provide ESA measures to customers not treated since 2002, when many new measures were added to the ESA Program. The revised rule is simply known as the "Go-Back Rule".

In preparation for a post-2020 ESA Program, SoCalGas proposes to return to the Commission's 10-Year Go-Back Rule,[24] so as to treat homes if the residence has not received measures within the previous ten years (but were treated in or after 2002). For example, currently a home not previously treated under the ESA Program is eligible (if qualified) as a new dwelling associated with meeting the 2020 goal. If instead that dwelling was treated in 2003 (more than 10 years ago), that home could be eligible to be treated and separately counted under the proposed 10-Year Go-Back Rule.

With respect to the 10-Year Go-Back Rule, SoCalGas proposes to provide energy education to income-eligible customers, and perform in-home assessments that may lead to the provision of new measures not available at the time of initial participation and/or replacement of old measures that are no longer operable or that have exceeded their useful life. As is the current practice, SoCalGas will also continue to perform assessments related to the previously installed measures and may perform reinstallation or repair activities. This programmatic vision will make efficient use of the expertise of resources involved in the implementation of the ESA Program, and allow for a steady transition toward a post-2020 ESA Program by minimizing potential disruption of program contractors and administrators.

Consistent with requirements of the current Go-Back Rule, SoCalGas will first seek out new households that have not yet been treated. SoCalGas proposes to treat an increasing number

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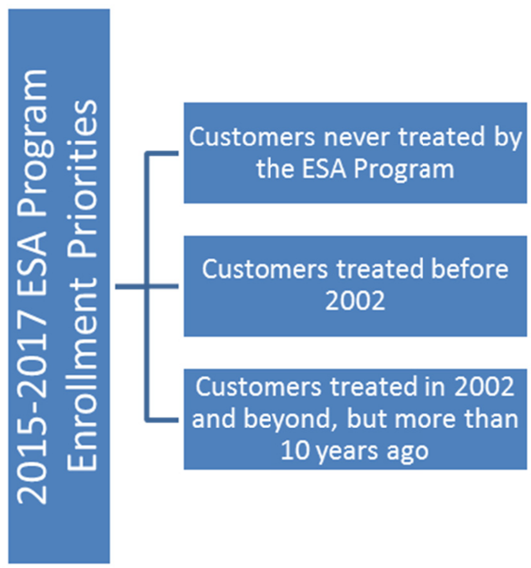
[23] D.07-12-051, at p. 53.

[24] This proposal requires modification of the current go-back provision outlined in Section 2.7 of the P&P Manual, which allows program administrators to return to dwellings treated prior to 2002 with the condition they first seek to serve dwellings that have not yet been treated. See D.08-11-031, at pp. 91-95.

of dwellings associated with the 10-Year Go-Back Rule per year, more specifically: up to 5,000 dwellings in 2015; up to 10,000 dwellings in 2016; and up to 20,000 dwellings in 2017. These levels are proposed to be "up to" amounts; the actual number treated will diminish to the extent that dwellings that have not yet received ESA Program services are identified and willing to participate. Figure 1 below illustrates the proposed enrollment hierarchy for PY2015-2017. Units treated under the 10-Year Go-Back Rule will be tracked and reported separately from units toward the 2020 goal.[25]

Figure 1: SoCalGas' Proposed 2015-2017 Enrollment Prioritization Plan



SoCalGas proposes treating a combination of dwellings under the current ESA Program and pursuant to the 10-Year Go-Back Rule that will equal approximately 110,000 homes per year. As discussed in the Prepared Direct Testimony of SoCalGas ESA Program witnesses Aguirre and Yao, treating a levelized and sustainable number of homes is important because it allows contractors to streamline operations, provides a consistent target for local marketing and

[25] SoCalGas will not count customers treated from 2002 and beyond towards the 2020 programmatic initiative, because these customers have already been counted towards that goal when previously treated.

outreach activities, and facilitates management of the budget.[26] For PY2015-2017, SoCalGas requests an average annual budget of $125.1 million per year to treat the proposed number of homes, a $7.3 million average annual decrease (or 5.5 percent) compared to 2014 (and 2015 bridge year funding) levels. The proposed decrease is primarily associated with the proposed reduction of the homes treated goal. Offsetting the decrease are proposed increases associated with the introduction of new measures, greater deployment of certain existing measures and energy education, and administrative cost categories largely due to proposed efforts to reach targeted customers including the multifamily segment. Overall, the estimated cost-effectiveness of the proposed program is estimated to be higher than the most recently completed two program years with the ESA Cost-Effectiveness Test ("ESACET") result slightly above 1.0 for 2016 and 2017. These are described in Section II.K. of the Prepared Direct Testimony of witnesses Aguirre and Yao.

SoCalGas also proposes enhancements to the ESA Program, including new activities associated with furnaces. For example, SoCalGas in conjunction with Southern California Edison ("SCE") will offer early replacement[27] of High Efficiency ("HE") Furnaces for single family dwelling owners for energy efficiency purposes and also independently, as well as for renters meeting certain conditions. In addition, SoCalGas is proposing to perform minor furnace repairs for single family and multifamily dwelling renters.

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[26] See Prepared Direct Testimony of Mark Aguirre and Hugh Yao, at p. 26.
[27] Per the California Evaluation Framework report, Prepared by TecMarket Works for the California Public Utilities Commission and the Project Advisory Group, dated June 2004, Appendix C, this refers to early replacement of existing inefficient equipment with efficient equipment. The Report can be accessed at the CPUC website: http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/EM+and+V/.

Earlier this year, California Governor Brown proclaimed a State of Emergency calling for state officials to take all necessary action to address the State's water needs.[28] In response to the water drought, SoCalGas proposes to add measures and continue focus on existing measures that directly address the water-energy nexus. SoCalGas proposes to continue to provide Faucet Aerators, Low Flow Showerheads, and Thermostatic Shower Valves, among other measures in the Domestic Hot Water category, and will seek to add the Thermostatic Tub Spout measure in 2015.[29] The Thermostatic Tub Spout is similar to the Thermostatic Shower Valve in that it reduces hot water flow from a tub spout to a trickle when the water reaches a specific temperature. The measure also has an anti-leak tub spout diverter that eliminates leaks while the user is showering. Energy savings from installation of these measures is projected to be in excess of 80 percent of the portfolio total.

In order to reach the customers remaining to be treated by the ESA Program by 2020, SoCalGas explains its existing and new outreach strategies that will be employed during the 2015 – 2017 years, including focus on the veterans and senior low-income communities.[30] Lastly, SoCalGas will continue to deploy and refine its approach for the eight multifamily segment strategies, and continue to prioritize program infiltration in multifamily dwellings given the challenges of that segment.[31] In the course of offering the ESA Program, SoCalGas leverages with a multitude of partners, including its own CARE Program, other energy utilities, water utilities, state agencies, and community-based organizations, among others. SoCalGas again proposes to partner with the California Department of Community Services &

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[28] A Proclamation of State Emergency, Drought State of Emergency, dated January 17, 2014. See http://gov.ca.gov/news.php?id=18379.

[29] See Prepared Direct Testimony of SoCalGas witnesses Mark Aguirre and Hugh Yao, at Section E.1.b. (New Measures) for information regarding the Thermostatic Tub Spout.

[30] See Prepared Direct Testimony of Mark Aguirre and Hugh Yao, at pp. 10-14.

[31] The multifamily segment strategies are discussed in D.12-08-044, at pp. 157 – 163.

Development ("CSD") to further the programmatic goals of both organizations' low-income programs. During PY2012 – 2014 a number of pilots were conducted between the large California energy Investor-Owned Utilities ("IOUs") and CSD, with SoCalGas primarily participating in the Solar Water Heater pilot. The status of these pilots is addressed in the Prepared Direct Testimony of witnesses Aguirre and Yao, Section 3.l. Although SoCalGas has not identified new pilots at the time of this filing, it plans to undertake new pilots in the event that promising opportunities are identified.

B. CARE Program Summary and Requests

The proposed SoCalGas CARE Program for 2015 – 2017 is sponsored in the direct written testimony of witnesses Rudshagen and Yao, as noted above. As of September 2014, SoCalGas serves its customers through approximately 5.8 million active residential meters.[32] Approximately 1.9 million meters, or 35 percent of that population, are connected to households estimated to be eligible for the CARE Program. That population has risen from the estimated 1.8 million at the beginning of the cycle, or by roughly 4 percent.[33] As of September 2014, approximately 1.6 million of the 1.9 million eligible customers are enrolled in the CARE Program, which represents a penetration rate of 82.5 percent. SoCalGas' goal for PY2015-2017 is to enroll a total of 148,261 new customers into the CARE program, while maintaining its existing customer base, in an effort to work back toward the Commission's goal to enroll a total of 90 percent of all qualified customers who wish to participate in the program.

SoCalGas requests a total administrative budget of $28.0 million for PY2015-2017, or approximately $9.3 million per year, to achieve its enrollment goals and to provide consistent

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[32] See prepared direct testimony of witnesses Rudshagen and Yao, Executive Summary section.
[33] The estimated eligible population as reported in January 2012 was 1,826,972, while the estimated eligible population as reported in September 2014 was 1,896,764, an increase of 3.8 percent.

and reliable program services. Activities include conducting outreach, supporting customer contact and engagement, Information Technology ("IT") needs, verifying and certifying enrollment legitimacy, and to perform regulatory compliance activities as required. SoCalGas also requests an average of approximately $131.4 million per year for CARE subsidy costs, to cover discounts applied to customer bills. CARE costs are two-way balanced, meaning that SoCalGas is permitted to recover amounts above authorized levels, or credit ratepayers the difference of amounts below that level, subject to the Commission's reasonableness review of expenses. SoCalGas proposes to continue the use of two-way balancing.

During the 2015 – 2017 program cycle, SoCalGas' CARE Program proposes to undertake a series of initiatives to facilitate enrollment and enhance operations. SoCalGas proposes to create additional enrollment channels by using call center Customer Service Representatives, and directly through the MyAccount feature on the SoCalGas website. The CARE Program will also evaluate modifications to the SoCalGas mobile device application ("app"), and proposes enhancements to the Post Enrollment Verification process in efforts to minimize non-responsiveness of customers who can validate qualification under the program's eligibility guidelines. In order to reach CARE-eligible customers, SoCalGas witness Hugh Yao explains SoCalGas' outreach strategies that will be employed during the 2015 – 2017 years, including focus on the veterans and senior low-income communities, among others. SoCalGas also leverages with a multitude of partners, including its own ESA Program, other energy utilities, state agencies, and community-based organizations.

III. ESA PROGRAM COST-EFFECTIVENESS THRESHOLD

In D.14-08-030, the Commission adopted four recommendations of the Cost-Effectiveness Working Group ("CEWG") that performed activities associated with the ESA

Program pursuant to D.12-08-044 during the 2010 – 2012 program cycle.[34] These include 1) basing program approval on cost-effectiveness results at the program level; 2) categorizing measures as "resource" and "non-resource" based on the measure's ability to provide savings; 3) application of the Energy Savings Assistance Cost-Effectiveness Test ("ESACET") and the Total Resource Cost ("TRC") test replacing the existing tests; and 4) ordering a preliminary, qualitative Equity Evaluation during PYs 2015 – 2017. SoCalGas supported these CEWG recommendations, and notes that this Application is consistent with requirements 1 – 3 noted above.

The Commission declined to adopt a cost-effectiveness threshold for program approval in D.14-08-030, but ordered that the CEWG reconvene to develop such a program-level threshold as expeditiously as possible. SoCalGas staff participates in the CEWG, and notes its appreciation to the Commission for its understanding regarding the complexity of such an objective. As noted above, for this Application, the proposed ESA Program measures and budget have been evaluated through the ESACET and TRC tests. Presumably, the cost-effectiveness test results would be evaluated against the established threshold, with the outcome factored into disposition toward program approvals.

At the time of preparing this filing, the CEWG has not yet been reconvened to discuss establishing a cost-effectiveness threshold. The Commission prudently instructed SoCalGas not to delay its Application in the event of this circumstance, but to achieve a high cost-effectiveness for PY2015-2017. In the course of preparing this testimony, the SoCalGas staff involved in preparing the ESA Program proposed measures and budgets and performing the cost-effectiveness tests have reviewed this information and confirmed their efforts in formulating a

[34] See D.14-08-030, at pp. 59 – 60.

program offering, balanced against other ESA Program requirements, to amplify ESACET and TRC test results. This is described further in Section D.1. of the Prepared Direct Testimony of witnesses Mark Aguirre and Hugh Yao. SoCalGas notes that the ESA Program is required to install all feasible measures at qualified dwellings, which is a program consideration associated with estimated cost-effectiveness.

As directed by the Commission, the CEWG as reconvened by the Energy Division staff is to make efforts to develop a consensus-based recommendation and submit a progress report by March 1, 2015.

IV. ESA PROGRAM WILLINGNESS TO PARTICIPATE AND HOMES TREATED GOALS

<u>ESA Program Willingness</u>

As discussed in the Prepared Direct Testimony of witnesses Aguirre and Yao, SoCalGas proposes to modify the unwillingness factor based on the recommendations of the LINA Study. The unwillingness factor is the estimated number of eligible ESA Program customers who are unwilling or unable to enroll in the ESA Program.[35] SoCalGas proposes to modify the estimated unwillingness to 24 percent to more accurately represent the percentage of customers that are not willing to participate in the program.

At this advanced stage of the program, it is of particular importance to properly reflect the population to serve by 2020. As the number of remaining customers shrinks, it becomes increasingly difficult to identify and treat these customers. SoCalGas believes it is not the most efficient use of ratepayer funds to attempt to engage customers that are unwilling to participate in the program. Greater effort would be made at greater expense to serve customers that ultimately

[35] See D.08-11-031, at pp. 98-112.

may not accept program benefits, resulting in inefficient use of ratepayer funds that can be preserved or otherwise deployed to meet ESA Program objectives.

In D.12-08-044, the Commission deferred adjusting the 5 percent unwillingness factor pending additional information and evidence to determine whether the proposed increase was reasonable.[36] Information regarding non-participation has been tracked and reported by SoCalGas,[37] and the LINA Study provides further information to document the reasons why customers are unwilling or unable to participate in the program. The Prepared Direct Testimony of witnesses Aguirre and Yao explains the LINA Study findings and the company-tracked and reported information.

SoCalGas recommends that the Commission accept the recommended unwillingness level in the LINA Study. As described below, SoCalGas proposes a homes treated goal that is higher than the number needed on an annual average basis to meet the 2020 goal using the 24 percent unwillingness factor. Therefore, SoCalGas will be able to accommodate a greater number of ESA customers if a lower unwillingness is actually experienced during PY2015-2017.

<u>ESA Program Proposed Homes Treated Goal</u>

SoCalGas witnesses Aguirre and Yao present SoCalGas' proposal for the number of annual treated homes of 110,000 per year, which takes into account the estimated number of customers that are willing to participate. The number of annual treated homes was developed using the LINA Study finding that 52 percent of current non-participants were willing to participate (meaning 48 percent of customers were unwilling).[38] Applying the 48 percent of unwilling customers from the <u>total population to the remaining ESA Program population</u> of

[36] See D.12-08-044, at pp. 264 – 265.
[37] See SoCalGas monthly reports, ESA Table 4B, and the prepared direct testimony of witnesses Aguirre and Yao, at pp. 17-20.
[38] LINA Study, Volume 2: Detailed Results, Section 5.4.4.1.

customers to serve results in an estimate of 24 percent of the eligible population is unwilling to participate in the ESA Program.[39]

SoCalGas estimates an eligible willing population of approximately 480,000 customers to be treated between 2015 – 2020, which results in an annual figure of 80,000 dwellings per year.[40] As described above, SoCalGas proposes treating a levelized number of homes to support program operational consistency, at a somewhat higher rate of 110,000 dwellings per year. This higher number is proposed to maintain program momentum, as it will become more difficult to reach remaining customers as the 2020 deadline approaches.[41] If lesser goals and budget levels are approved, too much work may remain during the final years. It is more prudent for SoCalGas, by the end of PY2015-2017, to target a diminished number to treat per year to allow for a greater focus of its resources to reach that remaining segment.

If the Commission does not support these recommendations regarding setting of the unwillingness factor and program goals, and the Commission establishes a higher homes treated goal than proposed by SoCalGas, additional funds must be provided to treat such homes than requested in this Application. The testimony of witnesses Aguirre and Yao in Section K set forth the cost per dwelling that would need to be added to the SoCalGas budget for each additional unit in each program year.

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[39] 1.1 million remaining non-participants as of 2013 x 48 percent = approximately 520,000 unwilling customers, or 24 percent of the eligible population.

[40] Reflecting an assumption regarding homes that will be treated by CSD through its Low Income Home Energy Assistance Program ("LIHEAP").

[41] The Commission has stated: "It seems reasonable to proactively anticipate that as we near the 2020 date, the final remaining homes to be treated will be increasingly tougher to identify, target and perhaps even more costly to treat." See D.12-08-044, at p. 32.

V. PREPARATION FOR A POST-2020 ESA PROGRAM

In preparation of a post-2020 ESA Program, SoCalGas proposes to return to the former Commission-adopted "10-Year Go-Back Rule", so as to provide services to dwellings that were previously treated toward the 2020 goal, but who have not been treated during the past 10 years. A return to the 10-Year Go-Back Rule and the return to dwellings for service updates can be done concurrently with treating new ESA Program dwellings.to most effectively deploy resources and begin serving that income-eligible population. This is the appropriate time for the Commission to lay out an initial vision for the ESA Program post-2020 that can be further developed over PY2015 – 2017. Doing so at this point through broadening of an existing Rule allows a prudent amount of time for program administrators to not only identify necessary activities to serve the remaining ESA Program population, but also determine approaches for meeting the core ESA Program objectives in future years. An extended transition and implementation period to serve dwellings treated since 2002 will allow utilities to contract with contractors, develop standard practices and procedures, perform contractor and outreach staff training, and for the modification of business practices by all stakeholders in a manner that can best support a sustainable and successful program post-2020. An initial and familiar step, such as modification to a 10-Year Go-Back Rule, will allow an opportunity to arrange for necessary administrative support functions, including the transmission and reporting of data, the identification and establishment of leveraging opportunities, handling of customer inquiries and/or service complaints, and other functions as required.

SoCalGas believes the foundational ESA Program objectives provide a basis of support for authorizing use of ratepayer funds for customer engagement through a 10-Year Go-Back Rule. The program contemplates returning to customer homes under a 10-Year Go-Back Rule requirement, meaning that homes treated under the current ESA Program will be eligible to receive energy education and an in-home assessment for measures if they have not been treated within the past ten years. SoCalGas believes it will be beneficial to re-educate customers after a 10-year window to become informed about new measures and aware of activities that may diminish energy efficiency, to be reminded of actions that can lead to reduced energy use and bills, and to reflect the current emphasis (such as water conservation) and conditions of the dwelling (which may contain different features than the prior treatment). Customers who did not reside at the dwelling when treated in the prior instance, or new household members, may receive energy education for the first time.

After the in-home assessment is conducted, the assessor will determine if the customer is qualified to receive in-home education and measures under the following conditions:

- If a new measure is available in the ESA Program that was not present in the program at the time of initial treatment;
- If an existing measure installed through the initial ESA Program has reached the end of its useful life;
- If an existing measure installed through the initial ESA Program is no longer operable, it may be eligible for repair or replacement;
- If a measure was previously deemed not feasible, but is now deemed feasible during the in-home assessment;
- If an existing measure installed through the initial ESA Program is no longer installed, it will be re-installed or if not located, replaced.

Each of these conditions is consistent with the complementary objectives of the ESA Program as outlined in the CLTEESP of achieving energy savings while reducing low-income customer bills.[42] Installing replacement measures, repairing measures, or re-installation can allow for equipment to continue to be operated at a particular efficiency level. Providing such a program will also allow for the continued pursuit of Goal 2 of the CLTEESP (to be an energy resource delivering increasingly cost-effective and long-term savings) as the IOUs near completion of Goal 1 (to give all eligible customers the opportunity to participate in the program).[43] Reinstitution of a 10-Year Go-Back Rule as proposed will also allow for the continued delivery of benefits to low-income customers that pertain to their household health, comfort and safety. SoCalGas also proposes, in the early stages of implementing the Rule, to target customers considered high energy users, based on energy burden, and based on health, comfort and safety criteria. The program intent is to return in the early stages to customers who can most benefit from updating measures to maximize the energy savings over a longer period of time from that segment.

All other ESA Program eligibility requirements and rules would apply. SoCalGas would separately begin tracking the number of homes treated under the 10-Year Go-Back Rule. A customer would also be eligible to receive energy education alone if their dwelling does not qualify for the installation of measures, and in such instances would be counted as treated under the 10-Year Go-Back Rule, consistent with the similar SoCalGas proposal for the ESA Program (see Section VIII, below). Providing energy education to the dwelling residents is prudent, separately as a function of the 10-Year Go-Back Rule, as re-educating a customer (or in some instances, initially educating a customer[44]) will result in the performance of activities consistent with energy savings objectives on an already-treated home.

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[42] See California Energy Efficiency Strategic Plan – January 2011 Update, Section 2.2.2.
[43] California Energy Efficiency Strategic Plan – January 2011 Update, at Section 2.2.5.
[44] This example contemplates a customer moving into a dwelling that has been treated at least 10-years prior, but themselves have not resided in a household receiving the ESA Program services.

The IOUs have previously requested similar opportunities to serve customers that have been approved by the Commission. In the past, as noted in D.08-11-031 regarding PY2009-2011, with certain exceptions the Commission has limited customers from participating in the LIEE program more than once in a 10-year period.[45] This was deemed prudent for equity, and in consideration of authorizing reasonable budgets. The Commission requested the IOUs to examine the Go-Back Rule for the 2009 – 2011 program cycle in a manner to promote the installation of new measures and technologies in all households while avoiding duplication. The IOUs proposed to retain the Go-Back Rule with modifications allowing the return to previously treated homes to install new cost effective measures or if a key eligibility requirement makes a customer eligible for measures not offered when the dwelling was originally treated. Other elements of the proposal are summarized in D.08-11-031.

The Commission generally agreed with the IOU proposals and permitted treatment under the Go-Back Rule for customers who have not received measures since 2002, when the measure mix was deemed more robust. This approval was conditional on prioritizing customers that have not yet received treatment, and for targeting customers in greatest need of energy savings. SoCalGas believes in the 5-plus years since the decision on the Go Back Rule was rendered, that measures offered by the ESA Program have changed, either new or improved, and there is a value in being able to offer energy education and measures that emphasize actions that aid with the draught. For example, High Efficiency Clothes Washers, Thermostatic Shower Valves, and the new Tub Spout measures have all been added to the program since 2002 and result in both natural gas and water savings. Other water measures that have been with the program, Low Flow Showerheads and Faucet Aerators, has an effective useful life of 10 years so would be

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[45] See D.08-11-031, Section 10, which also references D.01-03-028, OP 1 and Attachment 3, and D.01-12-020, OP 5.

eligible for replacement. High Efficiency Furnaces, if added to the ESA Program pursuant to this Application, were also not available.[46] Lastly, customers who did not receive attic installation during the initial treatment but are now deemed eligible through the assessment could receive attic insulation at a higher efficiency rating than available at earlier junctures. These considerations render it beneficial and prudent to return to homes on a 10-year rolling basis, rather than fixed to the 2002 program year, and can be an initial basis for treating customers in a post-2020 programmatic initiative to ensure that low-income customers have efficient and operational equipment that are used with discretion as discussed in energy education.

As discussed in the Prepared Direct Testimony of witnesses Aguirre and Yao, Section K, the portion of the budget related to the maximum units for the 10-Year Go-Back Rule in 2015 associated with energy education and measures is an estimated $5.0 million (not including an allocation of administrative or other costs). This equates to 4.5 percent of the proposed 2015 budget for energy education, measures and inspections. As the proposed maximum number of 10-Year Go Back units increase from 5,000 in 2015 to 10,000 in 2016 and 20,000 in 2017, the budget related to the Rule would increase, accordingly. For 2016, the budget associated with energy education and measures is an estimated $10.7 million, and for 2017 an estimated $21.8 million.

As SoCalGas will be focusing on serving in excess of 80,000 homes per year during 2015 – 2017 under the current program, it is anticipated homes served under the 10-Year Go-Back Rule will be limited during 2015 and gradually increase according to available budget and as targeted opportunities arise. As noted above, should SoCalGas encounter more willing customers than estimated through the LINA Study, customers eligible under the 10-Year Go-

[46] A limited pilot offering High Efficiency Forced-Air Unit Furnaces was offered during the PY2009–2011 cycle. The pilot was originally designed to target approximately 250 low-income homes.

Back Rule will be subordinate to treating customers under the current program. In the event the Commission does not approve SoCalGas to engage customers through a 10-Year Go-Back Rule, SoCalGas strongly urges that the annual goal and associated budget for PY2015–2017 be set at the 110,000 level to ensure the identification, engagement, and servicing of all eligible and willing ESA Program customers by 2020.

VI. CONSIDERATIONS ASSOCIATED WITH INFORMATION PROVIDED IF A WAGE-FLOOR OR PREVAILING WAGE IS RECOMMENDED BY THE WE&T CONSULTANT

The Commission in its Guidance Document has indicated that a Workforce, Education & Training ("WE&T") consultant may recommend instituting a wage floor or prevailing wage for contractors participating in the ESA Program. The utilities were ordered in this Application to provide an estimated budget with cost-effectiveness implications, and address other considerations, including the timing when such an initiative could be implemented. As discussed in the Prepared Direct Testimony of witnesses Aguirre and Yao, Section II.F.7.c., SoCalGas has conferred with its network of contractors regarding these questions.

The Don Vial Center, who conducted the Workforce Issues and Energy Efficiency Programs report dated May 2014 ("Workforce, Education & Training report," or "WE&T report"), believes an inclusion program should be created to broaden opportunities for workers from disadvantaged communities to enter rewarding careers related to energy efficiency.[47] Establishing hiring goals and prevailing wages for the benefit of workers of companies with direct relationships with IOUs is listed as one of the recommendations for the inclusion program.[48] The WE&T report explains limitations that do not allow consideration of the impact of workforce standards on cost-effectiveness or for predicting the impact before field

[47] WE&T Report, at p. 3.
[48] WE&T Report, at p. 12.

implementation for the energy efficiency sector. As a result, the report relies on research on public works construction across a wide range of project types.[49]

As discussed in the Prepared Direct Testimony of witnesses Aguirre and Yao, SoCalGas informally gathered its own information from members of its contractor network to be responsive to the Commission's interest in this topic. The information from SoCalGas contractors rendered an estimated $80 million in increased costs associated with a prevailing wage initiative over PY2015 – 2017. Given the magnitude appears to be higher than the information presented in the WE&T report using information from public works, SoCalGas does not believe action should be taken at this time with respect to this consideration absent additional research and evaluation that could warrant establishment of prevailing wage conditions. As a program administrator, SoCalGas acts as a financial manager of the ESA Program budget and seeks to provide the program at a high cost-effectiveness. SoCalGas believes that this proposal contains both budgetary and administrative implications, as implementing, tracking and anticipated reporting requirements are likely material. In addition, SoCalGas notes that low-income customers are not exempt from contributing to the ESA Program; substantial cost increases will translate to higher rates for ESA Program customers. Increases should be limited to circumstances where they are necessary and prudent.

Given that the prevailing wage assessment is provided for informational purposes only at this time, and is not part of the instant SoCalGas request, it should be clarified that use of a prevailing wage <u>is not</u> included in the proposed ESA Program budgets. In the event the Commission takes action on the prevailing wage issue that impacts the proposed budget for PY2015–2017, the Commission <u>must</u> augment the SoCalGas budget to reflect any incremental

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[49] WE&T Report, at p. 44.

costs. In addition, should the Commission require the establishment of a prevailing wage, SoCalGas strongly urges that program administrators be granted the opportunity to update budget estimates through implementation filings, after additional clarity can be provided and more information obtained from contractors regarding expected costs. This is necessary because investigation of this information was performed within a limited time.

VII. CARE ENROLLMENTS THROUGH UTILITY CALL CENTERS

As described in the Prepared Direct Testimony of SoCalGas witness Rudshagen, SoCalGas proposes to implement a process to enroll customers into CARE through its Customer Contact Center. This testimony provides the policy background and support regarding the proposal.

As part of the Residential Disconnection Settlement Agreement ("Settlement Agreement"), SoCalGas agreed to seek funding through the low income proceeding to provide live CARE enrollment by telephone.[50] Consistent with the Settlement Agreement, SoCalGas requests the Commission authorize incremental costs to fund this activity in the budget for the CARE Program, rather than to base rates.[51]

SCE has reported significant increases in its CARE penetration rate since it began enrolling customers in its CARE Program through its Customer Contact Center in January 2010. For PY2010-2013, SCE reported that its Customer Contact Center enrolled an average of

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[50] See Attachment A of D.14-06-036, Settlement Agreement Among The Office of Ratepayer Advocates, The Utility Reform Network, The Greenlining Institute, The Center for Accessible Technology, Pacific Gas and Electric Company, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company, Article 4.3.

[51] In D.05-04-052, the Commission determined that costs for call centers to inform customers about the CARE program should be charged to base rates, and not the CARE Program.

approximately 128,500 customers in the CARE program per year, which represented the following percentage of all CARE enrollments:[52]

- 2010 = Call Center enrollment efforts generated 30% of all enrollments;
- 2011 = Call Center enrollment efforts generated 45% of all enrollments;
- 2012 = Call Center enrollment efforts generated 48% of all enrollments; and
- 2013 = Call Center enrollment efforts generated 42% of all enrollments.

As sponsored by witness Rudshagen, SoCalGas is requesting $2.6 million for the 3 years in CARE administrative costs, including costs for 15 Full Time Equivalent ("FTE") staff to support CARE program enrollment through its Customer Contact Centers. The addition of this function to the Customer Call Centers is a key strategy for SoCalGas to continue to comply with the D.12-08-044 directive of aggressive strategies to meet program participation goals.[53] In addition, live CARE enrollment will result in efficiencies that result in offsetting administrative costs that are reflected in the proposed 3-year cost noted above. These cost estimates only represent the incremental costs for providing information and enrolling customers into the CARE program, and activities currently performed by CSRs and recovered in base rates.

VIII. OTHER ESA AND CARE PROGRAM ELEMENTS AND POLICIES

In Section II.F.1. of the Guidance Document, the Commission asks administrators to discuss existing ESA Program policies that should be reiterated and continued, existing policies that are being proposed to be retired, and existing policies proposed to be expanded or modified in the next cycle.

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[52] See SCE's Annual Report for Low Income Programs for 2010 – 2013, Sections 2.4.1. and 2.4.2. The reported number of enrollments through the call center was 119,340 in 2010, 136,448 in 2011, 144,447 in 2012, and 113,361 in 2013.

[53] In D.14-06-036, at p. 23, the Commission directs the utilities "to update their activities to focusing and improving their strategies to aggressive y implement their outreach efforts to maintain and increase the current penetration rates, wherever feasible."

ESA Program

a. ESA Program policies that should be reiterated and continued:

SoCalGas recommends reiteration and continuation of the core ESA Program policies, which are reflected in the CLTEESP. This includes, but is not limited to, the vision that by 2020 that 100 percent of eligible and willing customers will have received all cost-effective Low Income Energy Efficiency measures. SoCalGas suggests the Commission emphasize that the ESA Program is intended to be an energy resource by providing energy savings, while reducing customer bills. The program should also continue to provide services that further the health, safety and comfort of the low-income customer segment. The Commission should reiterate its program eligibility requirements, and other elements of the P&P Manual that are not addressed in the requested changes below. Program administrators should also continue to perform fund shifting activities.

The following include a list of ESA Program policies proposed by SoCalGas to be expanded or modified through approval by the Commission for PY 2015:

b. ESA Program 3 Measure Minimum rule:

In D.01-03-028, the Commission established in addition to income eligibility, that IOUs treat homes with a minimum number of measures to maintain reasonable programmatic cost-effectiveness. This condition of participation in the ESA Program is known as the "3 Measure Minimum Rule" (or "3MM") and is described in the P&P Manual, Section 2.8. In D.08-11-031 and as clarified further in D.09-06-026, the Commission modified the 3MM which allows the installation of one or two measures in a dwelling as long as the energy savings by either measure or combined yields energy savings of at least 25 therms annually (or 125 kWh for electric utilities). SoCalGas proposes modest but beneficial modifications to the 3MM, as described below.

As described in the Prepared Direct Testimony of SoCalGas witnesses Aguirre and Yao, SoCalGas is coordinating with SCE to ensure customers of both utilities receive ESA Program services to provide comprehensive treatment. As indicated in the P&P, in an area served by multiple utilities the minimum number of measures will be defined as if the home were served by a combined gas and electric utility, and the utilities will use a referral system to ensure the installation of all feasible measures. To facilitate this coordination, SoCalGas proposes that the 3MM be further modified to allow the installation of 1 or 2 measures by a single fuel utility following determination at the in-home assessment that 3 measures in total can be installed in combination with another ESA Program provider.

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

SoCalGas requests the following definition be established for the 3MM rule, with the additional modification that is underlined:

> A dwelling must require a minimum of 3 measures to receive services from the ESA Program. A dwelling is also eligible to receive services if it requires 1 or 2 measures that individually or in combination yield energy savings of 25 therms or 125 kWh annually. <u>For dwellings that are served by multiple utilities with customers eligible for ESA Program services, in order to coordinate the provision of comprehensive services, a dwelling may receive 1 or 2 measures from one</u>

<u>provider if it is determined at the time of enrollment to require a total of 3 measures or meet the 25 therm / 125 kWh energy saving threshold. The service providers will make reasonable efforts to return to the dwelling to install the remaining measures to meet this requirement.</u>

c. ESA Program Energy Education:

As described in Section 4.4 of the P&P Manual, SoCalGas provides in-home energy education to income-eligible applicants whose dwellings meet the modified 3MM requirements. Topics covered include ways of decreasing energy usage, levels of energy usage associated with specific end uses and appliances, impacts of usage on individual measures, practices that diminish savings engendered by the measures, information on other available low-income programs, and information on appliance safety, reading energy bills, water conservation, CFL disposal and recycling, greenhouse gas emissions, and procedures to conduct natural gas appliance testing.

In 1990, California Senate Bill ("SB") 845[54] modified the ESA Program to allow the IOUs to provide energy education programs that meet the program's objectives of being cost effective and of reducing hardship.[55] Details regarding SoCalGas' proposed enhancements to energy education are described in the Prepared Direct Testimony of witnesses Aguirre and Yao. In addition, according to Ordering Paragraph 22 of D.14-08-030, the Commission has directed that Phase 2 of the Energy Education study to be conducted during 2015 – 2017 shall include a field study component to help assess the benefits of the current energy education offerings, including measurement of any actual energy and bill savings.

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

[55] See D.00-07-020, at pp. 9 – 10 for a discussion regarding the establishment of the Low Income Energy Efficiency program, now referred to as the ESA Program.

SoCalGas requests that the Commission allow the utilities to provide energy education to all income-qualified customers, rather than limit the service to customers who meet the 3MM requirement. SoCalGas also proposes to count customers who receive energy education under this condition be classified as a treated home. SoCalGas' request is consistent with D.02-12-019, which defines a "treated" home as an income-qualified home that has received any measure or service under the ESA Program, including energy education, compact fluorescent lamps, weatherization and appliances.[56]

The Energy Education Study that was performed pursuant to D.12-08-044 (the "Phase 1 study") found that energy education assists participants with information that could help them save money on energy bills and address barriers to reducing energy consumption. A majority of the participants in the study interviews also agreed that it affected their behavior regarding energy use, and most said it raised awareness of things they can do and prompted them to change their behaviors.[57] Provision of energy education is consistent with the CLTEESP in promoting energy reducing behavior and facilitation of other energy efficient and conservation activities.[58] SoCalGas believes the value of providing energy education at the time of enrollment regardless of 3MM qualification is prudent, and will allow for these benefits to be received by a larger number of low-income customers.

Interested parties most recently requested the ability to offer energy education to customers in this manner in the last proceeding (A.11-05-018, *et. al*.), in connection with

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[56] See D.02-12-019, at pp. 7 – 8.
[57] ESA Energy Education Research 2013, Final Report of Hiner & Partners and DNV KEMA, dated October 2013, Summary Findings and Conclusions, at p. 8.
[58] See California Energy Efficiency Strategic Plan – January 2011 Update, Goal 1, Strategy 1.1, Mid-Term 2012 – 2015 which states "Implement energy education designed to help customers understand and change behaviors in ways that support LIEE savings."

proposals made at that time to revise the 3MM Rule.[59] The Commission did not enact the various proposed changes to the 3MM Rule as proposed by the parties, but specifically with respect to energy education stated the following:

> …without better understanding how to deliver an effective energy education to this population through the energy education study ordered in this decision, inter alia, as well as ascertaining quantifiable and associated energy savings figures, it is premature to consider energy education as a standalone measure applicable towards the modified 3MM Rule, at the present time, as it is being proposed here."[60]

The question of how to deliver energy education has now been researched more fully through the Energy Education Study and made available to program administrators for their understanding. SoCalGas has reviewed the Energy Education Phase 1 Study recommendations and discusses enhancements in the testimony of witnesses Aguirre and Yao at Section C.1. Providing energy education to income-qualified customers also makes sense from a business perspective if it is provided at the time of enrollment, since it will not require or result in cost associated with an additional visit. In past instances when proposals to change the 3MM have been denied, the Commission has emphasized that 3MM is a provision to ensure overall programmatic cost-effectiveness in treating homes.[61] Because SoCalGas is not proposing to count energy education as a measure to be applied toward meeting the 3MM Rule at this time, it does not anticipate a material impact on cost-effectiveness given that installations of a minimum of three measures must still occur (or meet the savings thresholds for fewer measures). Additional support for providing energy education is that the Phase 1 study found that information is being provided that affected behavior to diminish energy use.

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[59] This included the Energy Efficiency Council, The East Los Angeles Community Union, Association of California Community and Energy Services, and Maravilla Foundation, and SCE.
[60] D.12-08-044, at p. 133.
[61] E.g., see D.12-08-044, at p. 131.

As noted above, another study regarding energy education will be conducted during PY2015-2017 to identify associated energy savings. Provision of energy education in the manner suggested by SoCalGas is consistent with the objective of the ESA Program as a resource program, presumably with energy savings to be quantified and considered in program cost effectiveness.

d. ESA Program 10-Year Go-Back Rule:

As described in Section V, above, SoCalGas proposes to return to the 10-Year Go-Back Rule, whereby homes treated under the current ESA Program, but have not been treated in the past 10 years, will be eligible to receive energy education and an in-home assessment for measures.

e. Use Of Authorized Discount Rate in Cost-Effectiveness Calculations:

In Phase I of Order Instituting Rulemaking ("R.") 13-11-005, Concerning Energy Efficiency Portfolios, Policies, Programs, Evaluation and Related Issues, SoCalGas submitted for approval continuation of its Energy Efficiency portfolio for PY 2015.[62] SoCalGas presented the projected cost-effectiveness of its proposed portfolio as part of its showing, and consistent with D.12-05-015, used its authorized after-tax weighted average cost of capital ("WACC") for the applicable discount rate in the calculation.[63] SoCalGas noted in its filing that the E3 Calculators available for the cost-effectiveness calculations contained an outdated version of the after-tax WACC of 7.38 percent, which understated results. As a result, SoCalGas requested the Commission authorize use of the currently authorized WACC of 8.02 percent (which was

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[62] See Request for Funding of Energy Efficiency Programs and Budgets for 2015 in R.13-11-005, dated March 26, 2014, Section V.
[63] See D.12-05-015, at OP 2.

approved per D.12-12-034), resulting in an after-tax WACC of 6.95 percent (after adjustments for federal and state tax rates).

In D.14-10-046, the "Decision Establishing Energy Efficiency Savings Goals and Approving 2015 Energy Efficiency Programs and Budgets," the Commission did not specifically address the SoCalGas proposal, but approved use of the current WACC in association with SDG&E's proposal for calculating cost-effectiveness for Locational Targeted projects. More specifically the decision stated:

> The discount rate we use is the WACC - the minimum return that the utility must earn on its existing asset base to satisfy its creditors, owners, and other providers of capital…As already discussed, a change to the avoided costs embedded in the cost-effectiveness calculators is, we think, the best way to value pilot locational programs. Bringing the WACC current for locational projects as part of that exercise makes sense.[64]

SoCalGas has employed the cost-effectiveness calculators provided by the Commission for this instant filing, and again notes that the outdated WACC is contained in the "E3 calculator" used to perform the estimations. SoCalGas asks for the Commission to update its cost-effectiveness calculators used in this proceeding to the currently authorized WACC value to be consistent across Commission proceedings. As noted above, doing so is consistent with the logic found in D.14-10-046. SoCalGas also presents the cost-effectiveness of its proposed ESA Program portfolio the current WACC to allow for a more consistent representation of its proposal. This information can be found in the testimony of witnesses Aguirre and Yao, Section D.1.

f. ESA Program Targeted Self-Certification for multifamily dwellings:

SoCalGas proposes a modification of the Targeted Self-Certification rule as applied to multifamily dwellings to allow owners of complexes to sign an affidavit that would qualify each

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[64] See D.14-10-046, at p. 88.

of the dwellings for ESA Program treatment. For support relating to the operational provisions of this proposal, please see the testimony of witnesses Aguirre and Yao, Section II.C.3.j.(7).

The Commission in D.01-03-028 first authorized IOUs to qualify all units in multifamily complexes through the Targeted Self-Certification rule. This provision allows an ESA Program provider to qualify an entire complex/park if at least 80 percent of all the individual dwelling units meet the program's eligibility requirements. The Commission itself expressed "the purpose of adopting a fractional qualification requirement approach is to provide treatment for all units in a complex or mobile home park when it becomes obvious that the building caters overwhelmingly to low-income families."[65]

SoCalGas proposes to work with other IOUs to develop a standard affidavit form, and then would accept such affidavit signed by the owner or authorized representative certifying that at least 80 percent of the dwelling residents meet the ESA Program qualification requirements.[66] By certifying this eligibility, SoCalGas would then serve all units in the multifamily complex with the ESA Program.

In D.12-08-044, the Commission identified eight multifamily sector strategies for IOUs to implement during PY2012-2014 to enhance penetration of that customer segment.[67] This proposal supports Strategy 7 – Streamline Practices and Service Delivery, as this approach will allow for efficiencies in service delivery without a lengthy program redesign. Subsequently D.14-08-030, at OP 40, instructs the IOUs to implement six key recommendations of the

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[65] D.01-03-028, Interim Opinion: Low-Income Energy Efficiency Standardization Project (Phase 2) and Reporting Requirements Manual, dated March 15, 2001, at Section III.D.

[66] As described in the current P&P Manual, Section 2.2.6, multifamily complexes are defined as those with 5 or more dwelling units.

[67] See D.12-08-044, at Section 3.10.6.3.

Multifamily Segment Study. This recommendation directly addresses recommendation 1 to work directly with property owners to reduce barriers to participation.

g. Updates to P&P Manual for ESA Program changes associated with this Application:

SoCalGas asks the Commission to establish a mid-cycle working group, consistent with the approach conducted after the issuance of the PY 2012 – 2014 decision, to work collaboratively to update the P&P manual for changes authorized by the Commission for PYs 2015 – 2017.

CARE Program

In Section II.G. of the Guidance Document, the Commission asks CARE Program administrators to discuss existing CARE Program policies that should be reiterated and continued, existing policies that are being proposed to be retired, and existing policies proposed to be expanded or modified in the next cycle.

a. CARE Program policies that should be reiterated and continued:

SoCalGas recommends reiteration and continuation of the core CARE Program policies, including but not limited to program eligibility, discount level, two-way balancing treatment of the CARE subsidy cost, and for program administrators to continue to perform fund shifting activities.

b. Assembly Bill 2218 Relating to Food Banks

California Assembly Bill 2218 ("AB 2218"), regarding rate assistance to food banks, was approved by the Governor on September 26, 2014 and augments the California Public Utilities Code. This bill is enacted according to the direction and supervision of the Commission.[68]

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[68] See AB 2218, Ch. 581, Section 793.a.

SoCalGas reserves the opportunity to submit update testimony, if deemed necessary, in the event Commission provides guidance regarding this recent legislation.

IX. OPPORTUNITY FOR ESA PROGRAM LIMITED MID-CYCLE ADJUSTMENT

The introduction of new measures for the ESA Program represents an opportunity to provide additional benefits to customers, increase resource savings and cost effectiveness, and open opportunities for leveraging activities. As described in the Prepared Direct Testimony of witnesses Aguirre and Yao, SoCalGas proposes to introduce new energy efficiency measures. Based on lessons learned from PY2012-2014, SoCalGas requests authorization to allow ESA Program administrators to report, through an Advice Letter process, if new measures, which IOUs may have limited or no field experience with, qualify for installation at a higher rate than forecasted, resulting in a significant budgetary impact. The Advice Letter would allow the IOUs to rebalance their ESA Program energy efficiency measure portfolios, restate the number of homes that can be treated given the budget impact, and to adjust the authorized budget between cost categories consistent with the fund shift rules. If the Advice Letter is approved by the Commission, the program administrator would operate from that point forward with the new program goal to meet within the existing total budget.

To support this request, SoCalGas points to its experience from recent program years. In D.12-08-044, the Commission authorized for PY2012 – 2014 an annual average $6.0 million for the ESA Program Appliances cost category for SoCalGas.[69] High Efficiency Clothes Washers ("HE Washers") are the sole measure in the category. In October of 2012, pursuant to direction from D.12-08-044, SoCalGas filed a Petition for Modification ("PFM") of the decision requesting, among other adjustments, a substantial increase to the Appliances budget, based on a

[69] See D.12-08-044, at Appendix E.

much higher than expected rate of feasibility for this newer and more costly measure (in comparison to other measures).[70] After filing the PFM, SoCalGas continued to gain experience in this area, and based on the most recent data, this Application projects an even higher rate of washer installation per unit than submitted on earlier occasions. The Commission granted the budget augmentation of the PFM in August 2014 through D.14-08-030.

In the meantime, SoCalGas performed fund shifts to have sufficient budget to provide HE Washers to eligible customers. The fund shifts were performed using prior year unspent funds – largely a result of the ESA program delivering fewer units than authorized. SoCalGas also could have shifted funds from other underspent categories within the same program year, but was reluctant to take this step, anticipating that as program volume increased, the funds might be needed to perform the full range of weatherization services on a greater number of units. Although program volume in 2013 and 2014 did not recover as SoCalGas had hoped, the lesson was that delivering all feasible measures to every home may result in insufficient budget to treat the authorized number of units. The Commission's fund shifting rules are generally in place to address such circumstances, and SoCalGas leveraged them as needed to continue offering all feasible measures, but for the upcoming PYs this problem will be of particular concern with respect to costly measures, especially those for which SoCalGas has relatively little experience from which to forecast feasibility rates.

As described in the Prepared Direct Testimony of witnesses Aguirre and Yao, Section E.1.b., SoCalGas is proposing to introduce High Efficiency Forced Air Unit furnaces ("HEFAU") according to conditions aimed to deliver the greatest energy savings. This would be

[70] See Petition of Southern California Gas Company for Modification of Decision 12-08-044, dated October 29, 2012. Also see Supplement to Petition of Southern California Gas Company for Modification of Decision 12-08-044, dated July 18, 2013.

the most expensive measure in SoCalGas' portfolio, meaning that if the mix of units treated by SoCalGas in PY2015-2017 has much higher feasibility for the measure than forecast, the measure could significantly exceed its budget forecast.

SoCalGas believes providing an opportunity to restate the homes treated goal, rebalance the energy efficiency portfolio, and perform associated fund shifts can mitigate this concern. The value proposition of the proposal is to allow for the contemplated updates to occur in a comprehensive manner, for review by program stakeholders, and allow for approval of the restated homes treated goal by the Commission. In the event the unit goal is diminished for homes not yet treated for PY2015-2017, the difference would need to be treated during PY2018–2020. To the extent that program administrators have specific unit allocations to their implementing contractors, those may require adjustment, pursuant to terms and conditions of their contracts.

X. AREAS OF STUDY FOR THE NEXT LOW INCOME NEEDS ASSESSMENT STUDY

Section II.J.2. of the Guidance Document notes that pursuant to AB 327, utilities must propose specific study areas or subjects for further study in the next LINA study. The following topics were directed to be included at a minimum:

a. Estimates of remaining energy savings potential

SoCalGas agrees this is a subject that warrants attention in the next LINA. The study should identify areas of Residential sector potential that may inform low-income program focus and/or enhancements. This will facilitate the ESA Program objective of achieving savings by performing energy efficiency.

b. Updated assessment of energy insecurity and energy burden

SoCalGas believes it is worthwhile to understand the incidence and concentration of customers that may be most in need of ESA Program services. It is also beneficial to understand effectiveness of methods for reaching customers of different needs and conditions, for example, those with the highest energy burden or who have disabilities or have limited English proficiency. SoCalGas proposes that the evaluation of this topic be further vetted during the Request For Proposals ("RFP") stage of the next LINA Study.

c. Level of burden in providing income documentation for CARE Program participation

This subject should be addressed in the next LINA Study. During the RFP stage, SoCalGas recommends the IOUs consider methods of evaluating this issue.

d. Most beneficial program measures

This subject should be addressed in the next LINA Study. However, LINA Studies were completed in 2007 and 2013, and provide information on this topic. During the next LINA Study RFP process, SoCalGas recommends focusing on possible gaps of information on this subject matter that would benefit the ESA Program.

XI. REQUEST TO CHANGE THE ANNUAL ELIGIBILITY FILING DATE

SoCalGas, concurrently with SDG&E, SCE, and PG&E (collectively, the "Joint Utilities"), requests an extension of the deadline to submit the annual estimate of customers eligible for the CARE program. SoCalGas proposes to extend the deadline from December 31 to February 12 of each year. The extension will enable the consultant retained by the Joint Utilities to perform this work to incorporate current year United States Department of Health and Human Services ("HHS") poverty guidelines in the estimates. The extension will also allow the consultant to collect current United States Census Bureau ("USCB") products and other key data series, which are generally available by late December of each year.

The Joint Utilities requested an adjustment to the deadline for submitting the annual eligibility estimates from October 15 to December 31 of each year in their Compliance Filing Regarding the Annual Estimates of CARE Eligible Customers in February 2012. The Commission approved the request and adjusted the annual deadline to December 31 in D.12-08-044.[71] Subsequent to that Decision, the Commission determined that CARE eligibility should adhere to the federal poverty guidelines in compliance with Public Utilities Code 739.1(b)(1), which states that CARE shall serve households with incomes that are no greater than 200 percent of the federal poverty guideline levels.[72] HHS typically updates these guidelines near the end of January each year. The requested extension is necessary to allow the Joint Utilities to incorporate these revised guidelines into the annual estimates each year.

USCB products that are key sources for the estimates include the American Community Survey one year Public Use Microdata Sample and the American Community Survey five-year summary file. These and other products generally have release dates in the last three months of each year, with November and December releases or re-releases common when there are issues encountered by the Census Bureau.

Monthly data sources included as part of the CARE eligibility analysis include California Employment Development Department county, Metropolitan Statistical Area Labor Market Information Division labor force and employment data, and the USCB of Labor Statistics Current Population Survey which serves as a source for modeling the effects of labor market transitions experienced by individuals. The Joint Utilities' annual CARE eligibility estimates will be more accurate if the monthly data for December is incorporated into the analysis.

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[71] D.12-08-044, at OP 130.
[72] April 1, 2013, Notice from Ed Randolph to update 2013-2014 income limits for CARE, FERA, and ESA programs.

As in past years, extending this deadline will have no adverse impact on the low income programs. The Joint Utilities first would utilize the new CARE estimates for reporting penetration rates in February monthly reports detailing January program activity each year.

XII. CONCLUSION

SoCalGas respectfully requests that the Commission approve its proposed PY2015–2017 CARE and ESA Programs for the reasons set forth above, and for the reasons explained in the testimonies of my counterpart SoCalGas witnesses submitted in support of this filing. SoCalGas specifically requests that the Commission:

(1) Approve the proposed budget for the ESA Program of $119,310,646 for PY2015, $126,782,639 for PY2016, and $129,251,729 for PY2017 according to the costs presented by category in the Prepared Direct Testimony of witnesses Aguirre and Yao;

(2) Approve the proposed budget for the CARE Program of $138,977,024 for PY2015, $141,184,556 for PY2016, and $141,952,814 for PY2017 according to the costs presented by category in the Prepared Direct Testimony of witnesses Rudshagen and Yao;

(3) Designate PY2016-2017 as the first two years for determining the next cycle accomplishments and for fund shifting activity, and receive proposals whether those PY should stand alone as a two-year cycle or be combined with years 2018-2020 as a five-year cycle in the next Application;

(4) Approve an ESA Program unwillingness factor of 24 percent for SoCalGas based on the LINA study for establishing the number of homes to be served by 2020, and a homes treated goal of 110,000 for each PY for 2015 – 2017;

(4a) In the event the Commission establishes a higher ESA Program homes treated goal than proposed by SoCalGas in this Application, approve additional funds per dwelling as discussed in the Prepared Direct Testimony of witnesses Aguirre and Yao to treat such homes;

(5) Approve modifications of the “Go-Back Rule” that will allow SoCalGas to return to homes that have not received measures within the previous ten years (but were treated in or after 2002) to begin phasing in the next iteration of the ESA Program. The Commission should re-establish the 10-Year Go-Back Rule with programmatic features as described herein, and with goals not to exceed 5,000 units in PY2015, 10,000 units in PY2016, and 20,000 units in PY 2017 for SoCalGas;

(6) SoCalGas does not believe action should be taken at this time with respect to establishing a prevailing wage for ESA Program labor absent additional research and evaluation that could warrant establishment of prevailing wage conditions;

(7) Authorize net incremental funding of $2.6 million over 3 years for implementing a process to enroll customers into CARE through its Customer Contact Center;

(8) Unless otherwise requested, to continue the policies and rules for the CARE and ESA Programs;

(9) Approve further modification of the 3MM rule to allow the installation of 1 or 2 measures by a single fuel utility following determination at the in-home assessment that 3 measures in total can be installed in combination with another ESA Program provider;

(10) Allow the provision of energy education to all income-qualified customers and count education alone as a treated home, given the question of how to deliver energy education has been researched more fully and made available to program administrators for their understanding;

(11) Authorize for ESA Program cost-effectiveness calculations use of the currently authorized SoCalGas WACC of 8.02 percent (which was approved per D.12-12-034), resulting

in an after-tax WACC of 6.95 percent (after adjustments for federal and state tax rates) to be consistent across Commission proceedings;

(12) Approve modification of the Targeted Self-Certification rule as applied to multifamily dwellings to allow owners of complexes to sign an affidavit that would qualify each of the dwellings for ESA Program treatment if the owners certify that 80 percent of the units are eligible for the ESA Program;

(13) Establish a mid-cycle working group, consistent with the approach conducted after the issuance of the PY2012–2014 decision, to work collaboratively to update the P&P Manual for changes authorized by the Commission for PY2015–2017;

(14) Provide the opportunity for ESA Program providers, mid-cycle, to file an Advice Letter in circumstances where the delivery of all feasible measures requires restatement of the homes treated goal, rebalancing of the energy efficiency portfolio, and performance of associated fund shifts;

(15) Extend the deadline for IOUs to submit the annual estimate of customers eligible for the CARE program from December 31 to February 12 of each year to accommodate the inclusion of meaningful information.

This concludes my Prepared Direct Testimony.

STATEMENT OF QUALIFICATIONS

My name is Daniel J. Rendler. My business address is 555 West Fifth Street, Los Angeles, California, 90013. I am employed by Southern California Gas Company ("SoCalGas") as Director, Customer Programs & Assistance. I have 30 years of experience in the utility industry, and have been employed at SoCalGas since 1984. While at SoCalGas I have held various staff and line positions of increasing responsibility in the functional areas of Marketing, Customer Contact and Services, Environmental, Safety, Emergency Services, Technology & New Product Development and Gas Field and Technical Operations. My present responsibilities include directing the development and implementation of energy efficiency and low-income assistance policy and programs for SoCalGas' diverse customer base including, commercial and industrial businesses and the residences of over 21 million people in southern California. I earned a Bachelor of Science Degree in Mechanical Engineering from California State University, Northridge and an MBA from the University of Redlands with honors.

I have previously testified before the California Public Utilities Commission.