

Application No: A.19-11-  
Exhibit No: \_\_\_\_\_  
Witness: Rendler, Daniel J.

Application of Southern California Gas  
Company (U904G) for Approval of Low-  
Income Assistance Programs and Budgets  
for Program Years 2021-2026

Application 19-11-\_\_\_\_\_  
(Filed November 4, 2019)

**PREPARED DIRECT TESTIMONY OF DANIEL J. RENDLER ON BEHALF OF  
SOUTHERN CALIFORNIA GAS COMPANY'S  
LOW-INCOME ASSISTANCE PROGRAMS AND BUDGETS  
FOR PROGRAM YEARS 2021-2026**

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

November 4, 2019

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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”) 2021-2026. 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 for qualified households; and b) the California Alternate Rates for Energy (“CARE”) Program, which provides a gas bill discount to qualified households. Details regarding the programmatic proposals for the ESA and CARE programs are sponsored within the testimonies of Mark Aguirre and Erin Brooks, and Octavio Verduzco, respectively.<sup>1</sup>

Serving low-income customers is of significant importance to SoCalGas, as over 30% of SoCalGas’ residential customers are eligible for the ESA and CARE programs, representing more than 2 million households in the service territory.<sup>2</sup> The percent of income these low-income families spend on energy can be as much as twice that of higher-income families, and this higher energy burden can force them to choose between energy and necessities, like food or medicine.<sup>3</sup> Low-income customers are also three times as likely to have their service disconnected for inability to pay.<sup>4</sup> Finally, the majority of low-income households are renters,

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<sup>1</sup> SoCalGas describes its proposals for 2021-2026 programs years for the ESA Program in section 1.A.4 and in the executive summary of the prepared direct testimony of witness Mr. Aguirre, and for CARE in section B.1 of the prepared direct testimony of witness Mr. Verduzco.

<sup>2</sup> SoCalGas’ Low-Income Monthly Report filed September 23, 2019.

<sup>3</sup> SB 350 low income barriers study, at 13.

<sup>4</sup> *Ibid.*

1 with 47% living in multifamily housing, most of which are priced at market rates.<sup>5</sup> Affordability  
2 is a major issue for millions of families in Southern California, and SoCalGas is committed to  
3 providing these customers affordable and efficient natural gas, to help improve their health,  
4 comfort, and safety. In this Application, SoCalGas places emphasis on serving low-income  
5 communities, and in particular customers located in underserved or hard-to-reach areas.

6 The benefits of energy efficiency (“EE”) are profound, and acknowledged by the State  
7 prioritizing energy efficiency through adoption of Senate Bill (“SB”) 350, requiring a doubling  
8 of cost-effective and feasible EE by 2030.<sup>6</sup> EE continues to be first in the loading order for  
9 preferred resources in California.<sup>7</sup> Additionally, the State has aggressive climate policies,  
10 including reducing greenhouse gas emissions 40% below 1990 levels by 2030,<sup>8</sup> achieving  
11 statewide carbon neutrality by 2045,<sup>9</sup> and reducing greenhouse gas (“GHG”) emissions from  
12 buildings.<sup>10</sup> SoCalGas fully supports the implementation of EE programs to meet the State’s climate  
13 goals as EE is the most cost-effective pathway to reduce GHG emissions and keep energy affordable  
14 for low-income customers.

15 SoCalGas’ low-income energy efficiency programs have saved over 18 million therms  
16 from 2010-2018.<sup>11</sup> While SoCalGas is proud of this achievement, this Application proposes  
17 several innovative opportunities for the ESA and CARE programs to be refreshed and  
18 reimaged. As noted by the Guidance Decision, the Commission “[does] not presume the ESA

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<sup>5</sup> SB 350 low-income barriers study, at 12. “20 percent of multifamily units are rent-assisted, while the rest operate at market rates.”

<sup>6</sup> See Clean Energy and Pollution Reduction Act of 2015, California Senate Bill 350. (2015).

<sup>7</sup> See 2003 CEC Energy Action Plan and the policy is codified at Cal. Pub. Util. Code § 454.5(b)(9)(C)

<sup>8</sup> See The California Global Warming Solutions Act of 2006, California Senate Bill 32. (2016).

<sup>9</sup> See California Renewables Portfolio Standard Program: Greenhouse Gases, California Senate Bill 100. (2016-2017).

<sup>10</sup> See Low Emissions Buildings and Sources of Heat Energy, Senate Bill 1477. (2017-2018).

<sup>11</sup> SoCalGas Annual Reports filed May 1 of each year.

1 Program will look the same beyond 2020.”<sup>12</sup> SoCalGas presents visions of the CARE and ESA  
2 programs that, if approved as proposed, will modernize the offerings and delivery models to  
3 meet the needs of today’s customer. For the ESA Program, SoCalGas is proposing to redesign  
4 the program from the ground up. This includes an optimized mix of new and continuing  
5 measures and services, putting more control in the hands of the customer to schedule their  
6 services, and allowing enrollment and energy education to be delivered online. For CARE,  
7 SoCalGas proposes to continue current program elements, service deliveries, and strategies that  
8 have proven to be successful in prior years. In addition, SoCalGas plans to introduce new  
9 strategies for marketing and outreach, processing changes to better serve, enroll and retain  
10 customers, as well as enhancements to the program in response to a challenging socioeconomic  
11 landscape.

12 SoCalGas has actively solicited input and seeks support from program stakeholders on  
13 strategies proposed in this Application to address participation barriers for the 2021 – 2026  
14 period. In the process of preparing this Application, SoCalGas held a public meeting to receive  
15 input and guidance from interested parties on August 27, 2019. SoCalGas also presented to the  
16 Low-Income Oversight Board (“LIOB”) and Low-Income Energy Assistance Programs  
17 (“LIEAP”) Subcommittee which provided further opportunities for programmatic input.<sup>13</sup>  
18 Additionally, SoCalGas met with various other parties in advance of this Application to seek  
19 input and better understand existing program challenges and gaps. This input is very much  
20 appreciated and has informed SoCalGas’ proposals, which if found reasonable, should be  
21 authorized by this Commission.

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<sup>12</sup> Decision (“D”).19-06-022, Attachment A, at 2.

<sup>13</sup> The LIOB presentation was September 16, 2019, and LIHEAP subcommittees were held on August 7, 2019 and October 8, 2019

1 The Commission, pursuant to Attachment A of its Decision (“D.”) 19-06-022, provided  
2 investor owned utilities (“IOUs”) with a Guidance Document (i.e., template) to follow in  
3 preparing testimony for this Application. The Prepared Direct Testimony of witnesses Mark  
4 Aguirre and Erin Brooks addresses Section I of the Guidance Document, sponsoring the ESA  
5 Program Plan and Budget. The Prepared Direct Testimony of witness Octavio Verduzco covers  
6 Section II of the Guidance Document, sponsoring the CARE Program Plan and Budget. This  
7 testimony addresses Section III (Conclusion) summarizing the ESA and CARE policy requests  
8 for which SoCalGas is seeking Commission approval. SoCalGas addresses in its testimonies, the  
9 recommendations from various studies and program models that are relevant to the programs  
10 proposed herein, including the findings from the 2016 Low-Income Needs Assessment (“LINA”)  
11 study,<sup>14</sup> the California Energy Commission’s SB 350 Low-Income Barriers Study,<sup>15</sup> and the  
12 2019 Potential and Goals Study.<sup>16</sup>

13 The conclusion to this testimony contains an itemized list of policy approvals requested  
14 for SoCalGas’ ESA and CARE programs.

## 15 **II. SUMMARY OF SOCALGAS’ PY 2021-2026 APPLICATION REQUESTS**

### 16 **A. ESA Program Summary and Requests**

#### 17 **1. The Current ESA Program Will Conclude at the End of 2020, and a** 18 **New ESA Program Design Will Commence in 2021**

19 For the past 12 years, the ESA Program has been working toward achieving the goal set  
20 in Public Utilities Code Section 382(e), to “ensure that all eligible low-income electricity and gas

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<sup>14</sup> Evergreen Economics, *Needs Assessment for the Energy Savings Assistance and the California Alternate Rates for Energy Programs*. Volume 1 of 2. CALMAC ID: SCE0396.01 (2016).

<sup>15</sup> California Energy Commission, *Sb 350 Low-Income Barriers Study*, Part A – Commission Final Report, (2016).

<sup>16</sup> Navigant, *2019 Energy Efficiency Potential and Goals Study*, (2019).

1 customers are given the opportunity to participate in low-income energy efficiency programs” by  
2 the end of 2020.<sup>17</sup> In D.07-12-051 the Commission adopted a programmatic goal, which over  
3 time resulted in a set number of willing and eligible households to be treated.<sup>18</sup> This goal was  
4 refined in D.16-11-022, which established total household treatment goals for the IOUs for PYs  
5 2017 through 2020. D.16-11-022 eliminated the “Go-Back” rule, which then allowed IOUs to  
6 re-treat homes that had previously been served by the ESA Program since 2002. In this decision,  
7 the Commission explicitly evaluated the “Go-back Rule, prohibiting the counting of retreatment  
8 of households that received eligible measures since 2002 towards the 2020 goal”<sup>19</sup> and ultimately  
9 eliminated that rule, finding that “previous decisions to interpret the 2020 goal to preclude  
10 retreatment of households that received ESA since 2002 is neither required by the statute  
11 directing the Commission to create opportunities for low-income households to participate in  
12 energy efficiency programs by 2020, nor is it consistent with other statutory directives and  
13 Commission policy to reduce energy hardships, considering cost-effectiveness.”<sup>20</sup>

14 The decision did not quantify a target for first-touch vs. retreatments, however in the  
15 Conforming Advice Letter (“AL”) 5111-B,<sup>21</sup> the Commission’s Energy Division (“ED”)  
16 requested that SoCalGas and the other investor owned utilities (“IOUs”) provide a breakdown of  
17 prioritization of first-touch vs. retreatments for their overall household treatment goals. When  
18 SoCalGas provided the prioritization of first-touch vs. retreatments, through Resolution (“Res.”)  
19 G-3532, the Commission determined that retreatments are ineligible to be counted towards the  
20 2020 goal.<sup>22</sup> Res. G-3532 then directed SoCalGas to file a Clear Plan to treat the remaining first-

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<sup>17</sup> Public Utilities Code Section 382(e).

<sup>18</sup> D.07-12-051 Conclusion of Law (“COL”) 3.

<sup>19</sup> D.16-11-022 at 18.

<sup>20</sup> D.16-11-022, at 276-277.

<sup>21</sup> Filed June 20, 2017.

<sup>22</sup> Resolution G-3522, at 19.

1 touch households and propose new retreatment estimates as warranted, to demonstrate that  
2 SoCalGas would achieve its 2020 treatment goal through serving first-touch households only.

3 While Res. G-3532 reinforces prioritization requirements, it explicitly required SoCalGas  
4 to achieve the 2020 goal through treating first-time households only and to serve go-backs as  
5 lower priority. The Commission reiterated that though a first-touch goal is established, utilities  
6 are directed to treat all eligible households, and must base program eligibility on statutory  
7 criteria, not prioritization models, and participants will either be in the first time or retreatment  
8 categories and will be eligible for service in either case.<sup>23</sup> Following the Commission's  
9 direction, SoCalGas does not restrict retreatment households from participating in the program if  
10 they are eligible.

11 SoCalGas' ESA Program was modified several times following the Commission's policy  
12 changes in 2016 and 2017. When the Go-Back Rule was suspended in March 2016,<sup>24</sup> and  
13 ultimately eliminated at the end of the year, SoCalGas' contractors began to retreat households at  
14 a rapid pace. When the Commission determined at the end of 2017 that only first-touch  
15 households counted towards the 2020 goal, but that all households are still eligible for service,  
16 SoCalGas had to modify its program design so that its contractors would prioritize first-touch  
17 households. This change in program momentum had an impact on both first-touch and go-back  
18 program participation. This also meant limiting mass-marketing of the ESA Program and  
19 moving to a targeted approach, to maximize first-touch participation.

20 SoCalGas put forth its Clear Plan to achieve the 2020 goal, which outlined program  
21 changes and outreach strategies to increase first-time treatments. Through implementation of the  
22 Clear Plan, by the end of 2020, SoCalGas will have completed the systematic outreach to

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<sup>23</sup> Resolution G-3532, at 20.

<sup>24</sup> D.16-11-022 OP 9.



1 approximately 800,000 customers who were identified as untreated, and potentially willing and  
2 eligible customers.<sup>25</sup> At the conclusion of this effort, and through approval of this Application,  
3 SoCalGas requests the Commission find that SoCalGas has met its statutory obligation, as  
4 interpreted in D.16-11-022, to ensure that all eligible low-income customers are given the  
5 opportunity to participate in low-income EE programs by the end of 2020.

6 In this Application, SoCalGas presents an entirely new ESA Program design for  
7 Commission approval. If authorized, the ESA Program of PY 2021-2026 will look significantly  
8 different than the current ESA Program in place through the end of 2020. Due to these changes,  
9 and the fact that SoCalGas has met the statutory obligation to provide the opportunity to  
10 participate to all eligible customers, SoCalGas requests that with approval of this Application,  
11 the Commission allows SoCalGas to set new treatment goals under the new program design.  
12 With a wholly different program offered beginning in 2021, all customers would be first-time  
13 participants in post-2020 ESA; there would be no differentiation between customers served by  
14 the “old” ESA Program, and those served by the newly designed ESA Program. SoCalGas  
15 requests the Commission adopt new treatment goals as presented in this Application for the  
16 redesigned ESA Program, to replace all prior treatment goals for the past ESA Program.

17 **2. The Commission Should Modify ESA Program Rules for the 2021-**  
18 **2026 Cycle**

19 To support SoCalGas’ ESA Program proposal for PY 2021-2026, the Commission should  
20 modify current ESA Program rules so that the newly designed ESA Program can be nimble and  
21 responsive to customer needs, encourage greater program participation, and enable increased  
22 energy savings. To this end, SoCalGas requests changes in the following areas:

- 23
  - Allow for annual updates to the Policy and Procedures (“P&P”) and Installation

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<sup>25</sup> SoCalGas AL 5256-A, at 5.

1 Standards (“IS”) Manuals;

- 2 • Approve an informal process to add or drop measures from the ESA Program;
- 3 • Align ESA Program fund shifting rules with EE fund shifting rules; and
- 4 • Define cost categories in the ESA program to align with those used in EE

5 **a. P&P and IS Manual Updates**

6 SoCalGas requests that the Commission increase the frequency by which IOUs are able  
7 to update the ESA Program P&P and IS Manuals. SoCalGas proposes that the IOUs work with  
8 the Commission’s ED and ESA Program contractors to update these manuals and memorialize  
9 them via a Tier 1 AL process on an annual basis throughout the program cycle. As needed  
10 annually, the IOUs, ED, and contractors will convene a working group to propose and review  
11 changes to the P&P and IS Manuals. In this Application, SoCalGas is proposing significant  
12 modifications to the ESA Program and these changes will require flexibility in updating or  
13 modifying the P&P and IS Manuals. The testimony of witness Mr. Aguirre will describe initial  
14 changes proposed through this Application,<sup>26</sup> but an annual update process will allow for further  
15 program responsiveness during the 2021-2026 cycle, and ultimately increase homes treated and  
16 energy savings.

17 **b. Add or Remove Measures Through the Monthly Report**

18 SoCalGas requests the Commission allow the IOUs to add or remove measures from the  
19 current measure mix outside of the current mid-cycle update process adopted in D.16-11-022.<sup>27</sup>  
20 Since the next program cycle, as proposed, will be a 6-year program cycle, SoCalGas requests  
21 the flexibility to make program changes whenever needed and notifying the ED and stakeholders

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<sup>26</sup> SoCalGas describes its proposals for significant changes to its ESA Program for 2021-2026 program years in section B.1 ESA Program Proposal of witness Mr. Aguirre.

<sup>27</sup> D.16-11-022 OP 58.

1 through the monthly report. SoCalGas proposes to work with the ED to review the proposed  
2 program changes. SoCalGas requests authorization of this informal process to allow new  
3 measures into the program that could benefit the customer in a timely manner. SoCalGas also  
4 proposes this method to remove ineffective measures that no longer meet program goals adopted  
5 by the Commission. This is analogous to the program update process adopted for the EE  
6 portfolios, where IOUs can change the implementation plans as needed without further review.<sup>28</sup>  
7 Rather than confine a measure add/drop process to a single mid-cycle update, an informal  
8 process as needed will allow for the program to be responsive to customer needs and encourage  
9 the greatest energy savings to be achieved.

10 **c. Align ESA Program Fund Shifting Rules with Energy**  
11 **Efficiency Fund Shifting Rules**

12 In D.08-11-031, the Commission issued the guidance for the current ESA Program fund  
13 shifting process.<sup>29</sup> Those rules were reaffirmed in D.10-10-008 and D12-08-044.<sup>30</sup> In D.17-12-  
14 009, the Commission directed that there needed to be updates to the current fund shifting rules to  
15 better align with the directives in the EE programs in R.13-11-005.<sup>31</sup> D.17-12-009 also directed  
16 that, for carry forward and fund shifting not included in the budget applications, an AL would be  
17 required for amounts greater than 25% of the ESA budget or for shifting funds into different  
18 program categories. SoCalGas requests that the current ESA Program fund shifting rules not be  
19 carried forward into the 2021-2026 cycle, but rather replaced with the fund shifting process as  
20 implemented in the EE proceeding, by eliminating the AL requirements for fund shifting.<sup>32</sup>

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<sup>28</sup> D.15-10-028, at 63.

<sup>29</sup> D.08-11-031 OP 85.

<sup>30</sup> D.10-10-008 OP 4 and D.12-08-044 OP 135.

<sup>31</sup> D.17-12-009, FOF 78, at 417.

<sup>32</sup> D.15-10-028, at 88.

1 D.15-10-028 eliminated AL requirements for authorization for fund shifting for the EE  
2 portfolios, finding “fund shift ALs received minimal review, had no significant impact on the  
3 portfolios, and contribute to regulatory churn.”<sup>33</sup> Following the process in place in the EE  
4 proceeding, SoCalGas proposes to track and report its ESA Program fund shifting activities via  
5 the monthly and annual budgetary reports.

6 **d. Define ESA Program Cost Categories**

7 In D.19-06-022, the Commission required the IOUs to set aside 10% of ESA Program  
8 bridge funding for administrative costs.<sup>34</sup> However, this 10% administrative program cost  
9 threshold was introduced for the first time through this decision, and the Commission did not  
10 clearly define what should be included or excluded from administrative program costs. On  
11 October 7, 2019, the IOUs received an update to Attachment B of D.19-06-022 from ED, which  
12 added additional columns to Table B-2, separating rate impacts from administrative program  
13 costs, which again have not been consistently defined. For the purposes of this Application,  
14 SoCalGas has assumed that administrative program costs for the ESA Program include general  
15 program administration and regulatory compliance. However, it would be beneficial for all the  
16 IOUs if the Commission sets an administrative cost cap, to establish common definitions for cost  
17 categories in the ESA Program, similar to what was established for the EE portfolios. Appendix  
18 F of the Energy Efficiency Policy Manual provides adopted Commission policy for EE cost  
19 categories, caps, and targets.<sup>35</sup> The Energy Efficiency Policy Manual defines administrative  
20 costs as including, but not limited to, overhead, labor, human resource support and development,  
21 travel and conference fees, reporting, supply management functions, and contract

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<sup>33</sup> D.15-10-028, at 91.

<sup>34</sup> D.19-06-022, at 12.

<sup>35</sup> EE Policy Manual, version 5, July 2013, at 87.

1 administration.<sup>36</sup> SoCalGas requests that the Commission develop similar guidance to align with  
2 the EE cost categories. This can be achieved through a stakeholder working group with ED, the  
3 IOUs, and other interested parties, and then put forth as a Motion for the Commission to adopt.  
4 Ensuring alignment on cost categories, caps, and targets would allow for an apples-to-apples  
5 comparison of program performance across IOUs and better budget reporting visibility.

6 **3. A Low-Income Procurement Review Group Should be Considered for**  
7 **the Multi-Family Whole Building Program Third-Party Solicitation**

8 As part of its solicitation approach for the multi-family whole building (“MFWB”)  
9 program, SoCalGas proposes the Commission consider authorizing the formation of a Low-  
10 Income Procurement Review Group (“LI PRG”) made up of non-financially interested parties,  
11 including representative(s) of the Commission’s ED. Shortly after the issuance of the  
12 Commission Decision approving SoCalGas’s Low-Income Programs Application, SoCalGas  
13 would issue a notice to the service list informing all interested qualified consumer  
14 representatives and non-market participants who do not have a financial interest in the outcome  
15 of the MFWB solicitation, of the opportunity to serve on SoCalGas’ LI PRG.

16 SoCalGas’ proposal seeks to serve as a two-way educational and transparent process;  
17 equally balancing the oversight and transparency that the Commission has expressed desire for in  
18 D.18-01-004,<sup>37</sup> which the Commission requested the IOUs reference in this Application.<sup>38</sup>  
19 Utilizing non-financially interested stakeholders with low-income experience, the LI PRG will  
20 advise and provide feedback to SoCalGas in connection with the solicitation of a third-party  
21 MFWB program. This approach will ensure that the MFWB program solicitation undergoes a  
22 fair and transparent bidding process, and enables effective and meaningful oversight to review

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<sup>36</sup> EE Policy Manual, version 5, July 2013, at pp. 87-89.

<sup>37</sup> D.18-01-004, at 35-36.

<sup>38</sup> D.19-06-022, at 18.

1 RFPs, third-party program proposals, and draft contracts to ensure they are in line with  
2 Commission direction and, ultimately, SoCalGas' approved ESA Program for PY 2021-2026.

3 *SoCalGas' Solicitation Approach will not include an independent evaluator*

4           Should the Commission authorize the use of a LI PRG, SoCalGas proposes that use of an  
5 independent evaluator ("IE") or a pool of IEs is unnecessary. Given SoCalGas' proposal is to  
6 launch a one-time solicitation for the procurement of third-parties to propose, design, and  
7 implement the MFWB, SoCalGas believes that utilizing the LI PRG would be sufficient to  
8 ensure meaningful input into the solicitation process, and review of third-party proposals.

9 Unlike numerous EE third-party solicitations which are being issued at the same time by all four  
10 IOUs over the course of three years and therefore require an arms-length evaluation of the  
11 solicitation process to support the EE PRG, SoCalGas' MFWB program solicitation will take  
12 place once at the beginning of the 2021-2026 program cycle. SoCalGas believes that this  
13 solicitation process does not necessitate the utilization of IEs. Furthermore, SoCalGas' proposed  
14 solicitation approach, as discussed in the testimony of Mr. Aguirre, and provided as Attachment  
15 A to this Application, has been structured to ensure the Commission's desire for transparency  
16 and oversight into the solicitation process is achieved.

17 *The EE PRG and IE Process is still in its infancy*

18           In developing its solicitation approach for the MFWB program, SoCalGas did consider  
19 utilizing its current EE third-party solicitation process adopted in D.18-01-004. While aspects of  
20 that process have been proposed here, SoCalGas does not believe that wholesale adoption of the  
21 current EE third-party solicitation process is advisable at this time for the MFWB program, or  
22 ESA Program solicitations overall. The EE third-party solicitation process is still new and is  
23 being tested with the first round of third-party solicitations, which is expected to result in new

1 programs in mid - to late 2020. SoCalGas recommends that before fully incorporating this  
2 solicitation process into low-income solicitations overall, the use of the PRG should be tested  
3 with the MFWB solicitation. After that process concludes and is evaluated, the Commission can  
4 leverage evaluations of the MFWB solicitation process, as well as evaluation of the EE  
5 solicitation process, to inform whether a broader implementation of the solicitation process  
6 should be utilized within the ESA Program.

7 **4. IOUs Should Maintain Local Administration of the Multi-Family**  
8 **Whole Building Program**

9 In D.19-06-022, the Commission recommended that the IOUs propose a statewide  
10 administered program with a single implementer for the MFWB program.<sup>39</sup> The Commission  
11 also indicated that it seems important for a single implementer to serve SoCalGas and Southern  
12 California Edison (“SCE”) joint MFWB customers.<sup>40</sup> However, SoCalGas’ proposal maintains  
13 local administration of the MFWB program with the opportunity for multiple third-party  
14 implementers, to ensure fair and equitable attention is applied to the program, the contractors and  
15 low-income customers. SoCalGas has spent years developing trusted relationships with its  
16 contractor networks, many of which specialize in underrepresented and hard-to-reach segments.  
17 Moving to statewide administration may not only undermine these existing relationships, but  
18 would require considerable time for the administrator to establish new working relationships  
19 with these contractors and Community Based Organizations (“CBOs”).

20 Local administration of SoCalGas’ MFWB program is necessary given the uniqueness of  
21 SoCalGas’ service territory, the lasting and on-going relationships with contractors, CBOs, and  
22 electric and water utilities, and the on-going concerns of the low-income community in

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<sup>39</sup> d.19-06-022, at 20.

<sup>40</sup> *Ibid.*

1 participating in government-run programs. For example, SoCalGas has a nationally-recognized  
2 partnership with the Los Angeles Department of Water and Power (“LADWP”) to deliver  
3 comprehensive electricity, natural gas, and water efficiency programs.<sup>41</sup> This partnership, which  
4 took nearly 2 years to put in place, has matured with increased EE and ESA Program service  
5 offerings and is not easily replicable. The testimony of witness Mr. Aguirre provides additional  
6 details on the unique needs of SoCalGas’ customers and service territory.<sup>42</sup>

7 From an initial surface level review, having statewide administration of the ESA Program  
8 may seem logical for improving consistency and streamlining processes and oversight; however,  
9 a one-size-fits-all program approach does not work for California’s multi-family sector.  
10 SoCalGas serves a wide variety of customers in its service territory. Of SoCalGas’ estimated  
11 two million low-income customers, almost one-third is comprised of low-income multi-family  
12 households.<sup>43</sup> Lastly, SoCalGas’ service territory includes the largest population of multi-family  
13 dwellings of the four IOUs, totaling over 50,000 customers.<sup>44</sup> The SB 350 Low-Income Barriers  
14 Study identified the difficulty in developing standardized efficiency programs for multifamily  
15 buildings, noting that “a one-size-fits-all model cannot be applied to the multifamily housing  
16 sector.”<sup>45</sup> The U.S. Census Bureau shows that Los Angeles County, which covers a large portion  
17 of SoCalGas’ service territory, is vastly diverse in territory and amongst its residents.<sup>46</sup>

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<sup>41</sup> ACEEE, *The New Leaders of the Pack: ACEEE’s Fourth National Review of Exemplary Energy Efficiency Programs*, January 2019, Report U1901, p. 112, available at

<https://aceee.org/sites/default/files/publications/researchreports/u1901.pdf>

<sup>42</sup> SoCalGas describes the unique needs of its customers and service territory for the ESA Program in section D.4 Participation Barriers of the prepared direct testimony of witness Mr. Aguirre.

<sup>43</sup> The Cadmus Group, Inc., *ESA Program Multifamily Segment Study Volume 1: Report*, December 4, 2013 at 29.

<sup>44</sup> *Id.* at 15.

<sup>45</sup> SB 350 Low-Income Barriers Study at 38.

<sup>46</sup> <https://www.census.gov/quickfacts/fact/table/losangelescountycalifornia/PST045218>



1 SoCalGas’ territory is not homogenous in ethnicity or culture. English is not the dominant  
2 language for almost half of the residents in the region and the poverty rate is greater in Los  
3 Angeles County than for all counties in California.<sup>47</sup> This calls for the need to tailor programs to  
4 meet the needs of customers within each service territory, rather than offer a single program  
5 model across the state.

6 Further, SoCalGas’ service territory is shared with multiple investor-owned and publicly-  
7 owned utilities. SoCalGas leverages its unique relationships with these electric and water  
8 utilities, both Commission-regulated and publicly-owned, to develop strategic partnerships to  
9 benefit broad customer groups. These partnerships allow for a greater scope and scale of low-  
10 income programs, to the benefit of all customers. Examples of this include the collaborative  
11 relationships that SoCalGas has entered into with key publicly-owned utilities (“POUs”) include  
12 LADWP (the largest POU in the country), Anaheim Public Utilities, Pasadena Water and Power,  
13 Riverside Public Utilities, and Burbank Water and Power. In addition, SoCalGas has recently  
14 developed programmatic relationships with the Metropolitan Water District and the South Coast  
15 Air Quality Management District (“SCAQMD”) tailored to meet the needs of low-income  
16 customers in SoCalGas’ service territory. These strategic partnerships may not be feasible for  
17 the MFWB program through statewide administration. While there is nothing prohibiting these  
18 POU’s or SCAQMD from partnering with a statewide administrator, these entities are not  
19 required to do so and have historically partnered with regional utilities to offer combined  
20 programs. As such, there is no guarantee that these partnerships would continue for a statewide  
21 MFWB program.

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<sup>47</sup> 44% speak another language other than English. <https://www.census.gov/quickfacts/CA>. Los Angeles County poverty rate at 23% was the highest amongst all California counties in 2017. <https://www.ppic.org/publication/poverty-in-california/>

1           Lastly, SoCalGas’ focus groups and studies from other IOUs have found that many low-  
2 income customers are fearful of participating in the ESA Program because they are required to  
3 provide eligibility documentation.<sup>48</sup> Statewide administration for the ESA Program, with generic  
4 language and broad approaches may further impede low-income customers from participating in  
5 the program. With increased fear from big government, locally administered ESA Programs  
6 working intimately with CBOs is the key to helping low-income customers become educated and  
7 informed about EE and the ESA Program. SoCalGas’ current grassroots efforts focus on tapping  
8 into these areas to address customer needs and provide tailored program offerings. As discussed  
9 in the testimony of witness Mr. Verduzco, SoCalGas actively partners with English and in-  
10 language CBOs to ensure that grassroots efforts are on-going to serve the immigrant population,  
11 hard-to-reach customers, and disadvantaged communities.

12           **B.       CARE Program Summary and Requests**

13           **1.       Request to change the annual eligibility filing date**

14           In D.12-08-044, the Commission granted the IOUs’ request to file the annual estimates of  
15 customers eligible for the CARE Program on December 31 of each year. On December 11,  
16 2018, the IOUs filed a motion (“Joint Motion”) requesting an extension to February 12, 2019, to  
17 enable the IOUs’ consultant, Athens Research, to incorporate the 2019 United States Department  
18 of Health and Human Services (“HHS”) poverty guidelines in the estimates.<sup>49</sup> Administrative

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<sup>48</sup> SoCalGas Focus Group, ESA Program Marketing Campaign Research (June 2019) and Joint Utility Presentation at LIOB Meeting, September 16, 2019. Pacific Gas & Electric (“PG&E”) presentation slide 2.

<sup>49</sup> Motion by Pacific Gas and Electric Company on Behalf of Itself, Southern California Edison Company, Southern California Gas Company and San Diego Gas and Electric Company for an Extension of Time to file Annual Estimates of California Alternate Rates for Energy (“CARE”) Eligible Customers and Related Information, filed December 11, 2018.

1 Law Judge MacDonald granted the Joint Motion by email Ruling on January 30, 2019.<sup>50</sup>

2 SoCalGas requests a permanent extension of the deadline to submit the annual CARE  
3 program estimates. SoCalGas proposes to extend the deadline from December 31 to February 12  
4 of each year. The extension will enable Athens Research not only to incorporate current year  
5 HHS poverty guidelines in the estimates, but also collect current U.S. Census reports and other  
6 key data inputs, which are generally available by late December of each year.<sup>51</sup> Additionally, the  
7 IOU's annual CARE eligibility estimates will be more accurate if the monthly data for December  
8 is incorporated into the analysis.

9 The IOUs would utilize the new CARE estimates for reporting penetration rates in the  
10 January monthly report filed on February 21 of each year.

11 **2. Request to Establish a Memorandum Account and Move the**  
12 **CHANGES Program Funding from the CARE Program Budget to the**  
13 **Commission's Reimbursable Budget or General Rate Case**

14 SoCalGas requests to transition funding and reporting of the Community Help and  
15 Awareness of Natural Gas and Electric Services ("CHANGES") program from the CARE  
16 Program to the Commission's reimbursable budget or SoCalGas' next General Rate Case  
17 ("GRC"). To facilitate this, SoCalGas proposes to modify its Preliminary Statement, Part VI.,  
18 Description and Listing of Regulatory Memorandum Accounts, to establish a CHANGES  
19 memorandum account ("CHANGESMA") to record costs associated with CHANGES for  
20 reimbursement by the Commission, or from SoCalGas' next GRC. Funding the CHANGES

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<sup>50</sup> Ruled January 30, 2019 by ALJ MacDonald

<sup>51</sup> U.S. Census reports 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 reports generally have release dates in the last three months of each year. Monthly data sources included as part of the CARE eligibility analysis include California Employment Development Department county data, Metropolitan Statistical Area Labor Market Information Division labor force and employment data, and the U.S. Census and Bureau of Labor Statistics Current Population Survey, which serves as a source for modeling the effects of labor market transitions experienced by individuals.

1 program from CARE budgets is not appropriate, as the scope of CHANGES is broader than only  
2 serving low-income customers.

3 D.15-12-047 states that a long-term funding source for CHANGES should be identified  
4 and authorizes funding from CARE for the 2015-2017 funding cycle. D.15-12-047 also  
5 recommends that “the preferred long-term funding source should be through the Commission’s  
6 budget,” which is SoCalGas’ request in this Application<sup>52</sup>. If the Commission does not approve,  
7 SoCalGas requests that the CHANGESMA record costs for PY 2021, and be recovered in its  
8 next GRC.<sup>53</sup> If the Commission chooses to direct funding of the CHANGES program in  
9 SoCalGas’ GRC, SoCalGas will include future CHANGES program funding in its next GRC  
10 application.

11 SoCalGas believes this proposal is appropriate because historically the CHANGES  
12 program has provided services for customers beyond those who are eligible for the CARE  
13 Program. The CHANGES program, via the Commission’s selected contractor, provides services  
14 to all Limited English Proficient (“LEP”) utility customers, regardless of income. Further, the  
15 CHANGES program provides services to LEP customers to establish or renegotiate payment  
16 arrangements, avoid disconnection, and/or arrange reconnection of their service.<sup>54</sup> These  
17 services are not part of the CARE Program, and thus should be funded separately.

18 In addition to the recommended funding source change, SoCalGas proposes to transition  
19 the CHANGES monthly, annual, and LIOB reporting to the Commission-selected contractor.

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<sup>52</sup> D.15-12-047, at 31.

<sup>53</sup> Adoption of a four-year General Rate Case cycle is currently being considered in Rulemaking 13-11-006. Pending that outcome and in accordance with D.19-09-051, Ordering Paragraph 33, if a 3rd post-test year (2022) is adopted in SoCalGas’ Test Year 2019 GRC (A.17-10-008), SoCalGas requests that the CHANGESMA also record program costs from the additional post-test years adopted, such as 2022, for recovery in its next GRC.

<sup>54</sup> CHANGES Annual Report May 1, 2017 – April 30, 2018, at 3.

1 This approach is consistent with D.15-12-047 which states, “Once an ongoing funding source out  
2 of the Commission’s reimbursable budget is authorized, the IOUs’ role will change. They will  
3 no longer be required to include CHANGES activities in their CARE monthly reports when the  
4 funding no longer comes from the CARE program.”<sup>55</sup>

### 5 **III. CONCLUSION**

6 SoCalGas respectfully requests that the Commission approve its proposed PY 2021–2026  
7 ESA and CARE programs for the reasons set forth above, and for the reasons explained in the  
8 testimonies of my counterpart SoCalGas witnesses submitted in support of this filing. SoCalGas  
9 specifically requests that the Commission:

- 10 (1) Approve the proposed budget for the ESA Program of \$131,525,600 for PY 2021,  
11 \$136,493,798 for PY 2022, \$136,514,861 for PY 2023, \$136,519,523 for PY  
12 2024, \$136,549,364 for PY2025, and \$136,214,997 for PY 2026 according to the  
13 costs presented by category in the Prepared Direct Testimony of witnesses  
14 Aguirre and Brooks;
- 15 (2) Approve the proposed budget for the CARE Program of \$149,249,646 for PY  
16 2021, \$150,669,161 for PY 2022, \$151,983,280 for PY 2023, \$153,497,417 for  
17 PY 2024, \$155,039,114 for PY 2025, and \$156,411,268 for PY 2026 according to  
18 the costs presented by category in the Prepared Direct Testimony of witness  
19 Verduzco;
- 20 (3) Adopt new treatment goals as presented in this Application for the redesigned  
21 ESA Program, to replace all prior treatment goals for the past ESA Program;
- 22 (4) Modify ESA Program Rules for the 2021-2026 Cycle, including an Advice Letter  
23 process for updating the P&P and IS Manuals, allowing adding or removing  
24 measures through the monthly report, aligning ESA Program fund shifting rules  
25 with EE fund shifting rules, and defining ESA Program cost categories;
- 26 (5) Approve local administration of the MFWB program;
- 27 (6) Consider a Low-Income Procurement Review Group for MFWB Third-Party  
28 Solicitations;

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<sup>55</sup> *Id.*, at 28.

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- (7) 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.
- (8) Establish a memorandum account and move the CHANGES program funding from the CARE Program budget to the Commission’s reimbursable budget or General Rate Case.

This concludes my Prepared Direct Testimony.

