

Application No. A. 08-05-_____
Exhibit No: _____
Witness: Lawless, Gregg E.

**PREPARED DIRECT TESTIMONY OF GREGG E. LAWLESS ON BEHALF OF
SAN DIEGO GAS & ELECTRIC COMPANY'S LOW-INCOME ENERGY
EFFICIENCY PROGRAM PLANS AND BUDGETS FOR PROGRAM YEARS
2009-2011**

Before the Public Utilities Commission
Of the State of California

May 15, 2008

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1 **I. OVERVIEW**

2 The purpose of my testimony is to present San Diego Gas & Electric Company’s
3 (“SDG&E”) Low Income Energy Efficiency (“LIEE”) program plans and budgets for program
4 years (“PY”) 2009-2011. I also present proposed modifications to SDG&E’s current program
5 design to demonstrate how SDG&E’s program proposals: 1) support the Commission’s LIEE
6 programmatic initiative; 2) achieve long term and enduring energy savings; 3) leverage resources
7 with other entities; 4) integrate and coordinate with other programs; and, 5) improve program
8 cost effectiveness.

9 SDG&E’s proposed PY 2009-2011 LIEE program supports a key policy objective of
10 making LIEE a reliable energy resource by developing a customized approach to achieve
11 sustainable energy savings, focusing primarily on those customers/homes who are the highest
12 energy consumers, without excluding those potentially eligible customers who have lower
13 energy consumption. SDG&E fully expects that willing customers in all usage levels will be
14 participating at all times.

15 The proposed PY 2009-2011 LIEE budget amounts, projected energy savings,
16 greenhouse gas reductions, and vehicle reduction are shown in Table 1 below.

17 Table 1 – SDG&E Proposed LIEE Program Budget and Energy Savings*

Proposed PY2009-11			
Budget	2,009	2,010	2,011
Projected Total Budget**	\$21,000,000	\$21,000,000	\$20,250,000
Energy Savings			
Projected kWh	8,887,914	8,887,914	8,575,260
Projected Therms	478,745	478,745	452,749
Projected kW	2,010	2,010	1,965
Projected C02 Reduction (Tons)	7,661	7,661	7,365
Projected Vehicle Reduction	1,548	1,548	1,489

18
19 *Achieved energy savings will contribute to the energy savings goals adopted in D.04-09-060.

20 ** Projected total budget includes the proposed PY 2009-2011 measurement and evaluation budget. See direct
21 testimony of Witness McKinley, regarding the itemization of the proposed studies.

22 This testimony specifically recommends that the Commission grant SDG&E:

- 23 • Approval of its PY 2009, PY 2010, and PY 2011 LIEE program plans, measures,
24 and budgets;
- 25 • Approval to continue its existing LIEE program into 2009, using PY 2009 funds,
26 should the Commission be delayed in issuing a decision in this proceeding before

1 year-end 2008, and count program achievements towards PY 2009
2 accomplishments;

- 3 • Authorization of SDG&E’s request to carry forward or carry back funding into
4 PY 2009, 2010, or 2011 during the three-year funding cycle; and,
- 5 • Authorization to shift funds among program categories in PY 2009, 2010, and
6 2011.

7 **II. BACKGROUND**

8 Historically, the LIEE program has been primarily designed to meet the Commission’s
9 equity objectives of assisting customers who are highly unlikely or unable to participate in other
10 residential programs.¹ Over time, however, the focus of the LIEE program has evolved to
11 achieve increasingly greater energy savings, as demonstrated by the Commission’s Rapid
12 Deployment and Winter Initiative decisions, (“D.”) 01-05-033 and 05-10-044, respectively. In
13 these decisions, the Commission expanded the available LIEE program measures, streamlined
14 the enrollment process, and increased income eligibility guidelines. Many of these policies and
15 objectives continue to influence the design of the LIEE program, and provide customers with
16 opportunities to reduce energy consumption and reduce energy bills. The funding for SDG&E’s
17 LIEE program is recovered from ratepayers through the Public Purpose Program (“PPP”)
18 surcharge, as established for SDG&E.

19 SDG&E’s PY 2009-2011 proposal moves towards a customized approach which places a
20 greater emphasis on providing measures that save energy, reduces customer energy bills, and
21 furthers the Commission’s objective to treat the LIEE program as a reliable energy resource,
22 while taking into consideration low income customers’ quality of life.² This proposal is designed
23 to achieve the Commission’s programmatic initiative to provide 25% of all eligible and willing
24 customers the opportunity to participate in the LIEE program.

25 SDG&E recognizes that some parties may not support the Commission’s new direction
26 and may prefer the continuation of the current program design that provides all measures,
27 regardless of the amount of the energy savings produced by the measures installed. However, if
28 the Commission’s objectives are to be met and sustainable energy savings are to be achieved,
29 emphasis must be placed on those measures that produce *real* savings. A lower energy bill

¹ D. 94-10-059, at p.119.

² Energy efficiency is the first order loading in the State’s Energy Action Plan.

1 provides tangible benefits to low-income customers. The bill reduction goal is aligned with the
2 resource goal, in that both depend on energy savings as the primary program achievement.

3 **III. PROGRAM GOALS**

4 **A. Proposed Program Achieves One Fourth of the Commission-Adopted** 5 **Programmatic Initiative**

6 In D. 07-12-051, the Commission directed the utilities to file applications for PY 2009-
7 2011 LIEE and CARE budget authority and program modification authorization. The utilities
8 were also instructed to design their PY 2009-2011 LIEE programs to achieve approximately 25%
9 of the programmatic initiative adopted in D.07-12-051. A critical first step to meeting the
10 programmatic initiative is the establishment of the estimated total number of customers to be
11 served during the PY 2009-2011 timeframe. The methodology used by SDG&E to develop the
12 estimated total number of customers is described in Attachment A-11 to this testimony. Based
13 on this methodology, the estimated number of customers SDG&E plans to serve is 60,000 low
14 income households during PY 2009-2011.³

15 **B. Program Meets Policy Objectives**

16 SDG&E's proposed LIEE program was primarily designed with a focus on the
17 achievement of energy savings and the reduction of low-income customers' bills. SDG&E's
18 audit-based, customized approach to identify and serve customers is designed to obtain
19 maximum savings that will both be a resource to the State of California and will provide
20 customers direct benefits. The new elements of customer education and customer rewards will
21 ensure that savings can be sustained into the future. SDG&E also suggests proposals to integrate
22 the LIEE program with SDG&E's general energy efficiency programs and other utilities'
23 programs, as well as coordinate with other entities. It also supports the California Energy
24 Efficiency Strategic Plan ("CEESP"), as discussed in Witness Hobbs' direct testimony.

25 **C. Goals by Segments**

26 Over the years, SDG&E has expended significant resources and time to understand its
27 customer base, including the low-income segment. SDG&E proposes to further refine such
28 efforts through the inclusion of customer energy usage, family lifestyle, and demographic
29 characteristics for the purposes of designing and implementing an optimal program and

³ Although the actual number of customers calculated under the proposed methodology is 50,711, SDG&E established a goal to serve more customers, i.e., 60,000 customers, during 2009-2011 because SDG&E's anticipates that it will become increasingly more difficult to meet the programmatic initiative in the later years.

1 employing various outreach and marketing techniques to successfully reach its low-income
2 customer population.

3 To achieve maximum energy savings, the objective of the proposed LIEE program is to
4 focus on highest energy users, without excluding those eligible customers who have lower
5 energy consumption. SDG&E's PY 2009-2011 goal is to serve 60,000 households. In Section
6 V.B.1, I describe how the aggregate number of households to be served is segmented, based on
7 energy consumption, into the following categories: high users, medium users and low users.⁴
8 The expected number of households within each segment to be reached is: 20,000 high users,
9 21,000 medium users and 19,000 low users (these numbers include those customers whose
10 natural gas usage will be evaluated on their consumption relative to baseline). Marketing and
11 outreach efforts specifically designed and directed to these segments will be employed.
12 SDG&E's budget to meet its program participation goal is approximately \$62 million. See
13 Section VI for discussion on the proposed three-year LIEE program budget for which SDG&E
14 seeks Commission approval.

15 **D. Program Meets Savings Goal**

16 SDG&E's proposed LIEE program is aimed at achieving long term and enduring energy
17 savings serving as a resource to the State of California as well as providing increased bill savings
18 to SDG&E's low income customers. The measured and achievable energy savings resulting
19 from this new approach will contribute to the annual and cumulative energy savings goals
20 adopted by the Commission in D.04-09-060.⁵ See Table 1.

21 **IV. COST EFFECTIVENESS & ENERGY SAVINGS**

22 A primary goal for SDG&E is to improve the cost effectiveness of its LIEE program in PY
23 2009-2011. In its attempt to do this, SDG&E evaluated those measures that it determined could
24 maximize customer energy savings, as well as address health and safety issues. The customized
25 mix of measures that SDG&E is proposing provides the customer with a more comfortable
26 environment by continuing to provide treatment of major building envelope repairs thereby
27 reducing the amount of air leakage in or out of the home. Additionally, SDG&E proposes
28 additional measures to address safety concerns, such as a furnace clean and tune, which ensures a

⁴ While specific populations are not identified for goals, SDG&E expects to reach all low-income customer segments within the identified energy usage categories described in Section V.B.1.

⁵ D. 04-09-060 states that, "savings achieved from energy efficiency measures installed under the IOUs LIEE program should be counted toward today's adopted savings goals."

1 properly operating furnace, and a standing pilot light retrofit which replaces pilot lights that burn
2 constantly in central forced air furnaces.

3 *See* direct testimony of Witness McKinley for the cost effectiveness and energy savings
4 methodology used in calculating the benefits for SDG&E’s PY 2009-2011 LIEE program.

5 **V. PROGRAM DESIGN**

6 **A. Section Overview**

7 SDG&E proposes a new LIEE program that moves away from a “one-size-fits-all”
8 approach to an audit-based, customized approach, addressing the unique needs of individual
9 customers and targeting the best ways for them to save energy. This new approach supports the
10 Commission’s objective of providing energy resources for California through the LIEE
11 programs, while providing optimal benefits to low-income customers through reduced energy
12 usage and costs. This new approach also takes into account the health and safety needs of low-
13 income customers. Additionally, SDG&E’s proposal maximizes the use of program funds to
14 reach the greatest number of eligible customers by redirecting program funds that in the past had
15 been used to install measures that produced limited energy savings and/or limited the frequency
16 of the installation of measures. Recognizing the importance of balancing the needs of low-
17 income customers and impacts on customer rates, SDG&E realizes that it is critical to ensure that
18 funds are efficiently utilized to support program goals and maximize benefits.

19 In order to achieve energy savings and reach potential program participants, SDG&E’s
20 proposed audit-based, customized approach will help minimize lost opportunities through: 1)
21 aggressive marketing efforts, 2) increased collection of data that will help facilitate needed
22 modifications to program design elements, 3) providing the appropriate mix of program
23 measures based on energy consumption patterns of the customer, and 4) monitoring changes in
24 household consumption.

25 Later in this section, I describe how SDG&E’s proposal maximizes savings by
26 integrating with energy efficiency programs and other programs and entities.

27 **B. Program Delivery**

28 SDG&E’s proposed LIEE program is comprised of the following six elements: 1)
29 enrollment; 2) customized energy audit; 3) customized energy education; 4) installation of
30 measures; 5) inspections; and 6) customer rewards.

31 //

1 The following describes, in detail, the six program elements.

2 1. Enrollment

3 SDG&E proposes to maintain its current form of streamlined enrollment options, as
4 adopted by the Commission, which include: targeted self certification,⁶ categorical eligibility⁷
5 and eligibility verified through CARE's post enrollment verification process.⁸ These options
6 simplify the enrollment process for customers and the outreach specialists who enroll customers.
7 Customers will also continue to be able to enroll by providing proof of income documentation.

8 2. Customized LIEE Energy Audit

9 The current LIEE program includes an in-home energy assessment, which is a basic
10 audit, that identifies "all feasible measures"⁹ to be installed, and delivers a standard energy
11 education package, designed to highlight and discuss energy saving practices.

12 SDG&E's proposed program design provides a customized and detailed energy audit, and
13 creates a personalized energy-use profile for each customer. This customized audit will better
14 align the assessment process with the goal of achieving energy savings, reduced greenhouse
15 gases, and lower bills.

16 SDG&E intends to utilize existing company resources, specifically the Home Energy
17 Comparison Tool ("HECT"), as a platform for the customized audit. The HECT tool compares a
18 customer's usage to that of neighbors with homes of similar size, construction, and occupancy.
19 SDG&E anticipates enhancing the HECT tool to include customer usage patterns, appliance
20 information, and other pertinent household information that will help identify the highest savings
21 opportunities. Following the audit, the auditor will thoroughly discuss with the customer their
22 individual results, identifying the recommended LIEE measures that will best meet the needs of
23 the customer and yield the greatest potential energy savings. As part of the results package
24 provided to the customer, SDG&E plans to include a graphic comparison of the customer's
25 household consumption with like homes in the neighborhood, a visual depiction of the
26 customer's position relative to customers consuming less or more energy. This allows customers

⁶ See D.06-08-025, which authorized SDG&E and SoCalGas to the utilize census tract data to identify specific areas of its service territory likely to contain high concentrations of low-income customers, and to permit customers in those areas to enroll in the LIEE program with a simple process to certify income level at p. 3.

⁷ See D.06-12-038, which defines the method under which customers can qualify for CARE or LIEE based on their participation in identified state and federally-funded means tested programs all in an effort to keep qualified customers enrolled in the program at p. 25.

⁸ See Assigned Commissioner's Ruling, dated March 29, 2006 in R.04-01-006.

⁹ "All feasible measures" has been defined as being all measures that can be installed in conformance with the Statewide LIEE Installation Standards adopted by the Commission in an Assigned Commissioner's Ruling dated March 29, 2006 in R. 04-01-006.

1 to gauge their energy consumption in comparison with their neighbors and encourages a shift
2 towards more energy efficient behavior. A disaggregated breakdown of customer's household
3 consumption by end-use, e.g. refrigeration, lighting, air-conditioning, etc, also helps customers
4 understand where they have the greatest opportunities to achieve energy savings.

5 3. Customized Energy Education

6 SDG&E is proposing to implement a new and innovative approach to customer energy
7 education. This new educational approach differs from SDG&E's current process because it is
8 more personalized to the needs and characteristics of the customer and is aimed at engaging the
9 customer's participation and commitment to becoming energy smart by using energy wisely.
10 The success of the energy education program will largely depend on customers understanding
11 and appreciating the importance of energy savings, developing skilled program personnel to
12 promote and encourage changes in customer behavior, and providing performance feedback to
13 customers. Based on the results of the customized audit previously discussed, energy education
14 tailored to the individual customer will consist of the following:

- 15 • Measures to be installed and associated energy savings;
- 16 • Customer-generated goals related to energy use;
- 17 • Potential benefits to the customer and the environment and economy;
- 18 • Usage of smart meter feedback information;
- 19 • Potential improvements to health, comfort, safety, and quality of life; and
- 20 • Comparison of energy usage patterns of households with similar
21 characteristics.

22 4. Installation of Measures

23 Measures recommended in the audit will be installed by licensed community-based
24 organizations ("CBOs") and contractors participating in the LIEE program. These entities and
25 individuals will be responsible for contacting the customer to schedule installations and complete
26 the services according to program procedures and requirements. SDG&E will perform a post-
27 installation inspection on a sampling of homes.

28 5. Inspections

29 D.06-12-038, as modified by D.07-06-044, requires SDG&E to competitively bid its
30 LIEE program. SDG&E is in the process of developing its request for proposals ("RFP") and
31 anticipates releasing the RFP by mid-2008. D.00-07-020 concluded that if a utility utilizes a

1 prime contractor as an administrator of the LIEE program, inspections can be performed by
2 utility personnel. If the utility performs the administrative functions, inspections are to be
3 conducted by a third party. SDG&E's current LIEE program utilizes a prime contractor.
4 However, SDG&E envisions that the future LIEE program will not have a prime contractor, and
5 SDG&E will contract directly with numerous contractors and CBOs for the enrollment of
6 customers and the installation of program measures and services.

7 Currently, SDG&E has a trained staff of in-house experts who provide inspection
8 services for the LIEE and general energy efficiency programs. To make certain that no conflict
9 of interest exists between program management and inspections staff, the inspection function is
10 organizationally separate from SDG&E's LIEE program management. Using one staff for both
11 programs results in more efficient use of time and resources, and produces cost savings for the
12 utility. Inspections performed by in-house personnel also allows SDG&E to closely monitor the
13 quality of work being performed in the program. Ultimately, SDG&E is responsible for the
14 success of the LIEE program, and therefore has a vested interest in ensuring that work performed
15 by its contractors is of the highest quality. For these reasons, SDG&E plans to continue its in-
16 house program inspections.

17 6. Customer Rewards

18 SDG&E proposes a new LIEE program element to reinforce energy education, achieve
19 long-term behavioral changes, and create sustained energy savings. This element is designed to
20 reward customers who are able to consistently maintain a reduction in their overall energy
21 consumption. Additionally, it may potentially mitigate the rebound effect, whereby customers
22 use more energy because they have more discretionary dollars, as a result of reduced energy
23 bills.

24 The customer rewards component of SDG&E's LIEE program is simple and easy to
25 understand. The following describes the methodology that will be used to determine the target
26 percentage reduction and the levels of potential rewards for both natural gas and electric energy
27 savings. The customized energy audit will analyze customer natural gas and electric energy
28 usage for the previous 12 months to establish a base level of energy consumption. A monthly
29 projection of reduced energy savings will be calculated based on the energy audit's
30 recommended measures to be installed. From this calculation, a percentage reduction over the
31 12-month average consumption will be determined and will form the basis for the reward

1 categories for which the customer qualifies. If, for a consecutive six month period after the last
 2 LIEE measure is installed, customers achieve and maintain the projected energy savings, they
 3 will be eligible to receive a customer reward.¹⁰ And, if they continue to maintain the energy
 4 savings, they will be eligible for a second reward at the end of 12 months after the date of the last
 5 measure installation. To encourage maximum energy savings, two levels of incentive rewards
 6 will be available for both electric and natural gas savings achieved. The Platinum Level
 7 Incentive Reward of \$30.00 for electric and \$7.50 for natural gas will be awarded to customers
 8 who reduce their energy consumption by 20% or more. Customers who reduce their energy
 9 consumption by 10% to 19% will receive the Gold Level Incentive Reward of \$20.00 for electric
 10 and \$5.00 for natural gas. Customers may potentially receive up to four rewards in one year
 11 during the first year of program participation.¹¹

12 Below, in Table 2 is an example of how the reward will be calculated:

13 Table 2 Reward Examples

12 month historical average energy consumption		200 kWh/Therms
Projected energy savings from installed measures		40 kWh/Therms
<u>Platinum Reward Category - 20% Savings</u>		
Electric		\$30.00
Natural Gas		\$7.50
<u>Gold Reward Category - 15% to 19% Savings</u>		
Electric		\$20.00
Natural Gas		\$5.00
Potential Reward Combinations*		
Electric	Natural Gas	
Platinum	Platinum	\$37.50
Platinum	Gold	\$35.00
Gold	Platinum	\$27.50
Gold	Gold	\$25.00
Annual Maximum Rewards Potential*		
Electric	Natural Gas	
Platinum	Platinum	\$75.00
Platinum	Gold	\$70.00
Gold	Platinum	\$55.00
Gold	Gold	\$50.00
* The reward examples contained in this table are based on reductions in natural gas and electric consumption that meet the proposed reward criteria		

14 ¹⁰ SDG&E has not yet determined the form of the customer reward.

¹¹ A customer could receive a reward based on reducing their natural gas *or* electric consumption or natural gas *and* electric consumption.

1 **1. Program Delivery by Density/Segments**

2 • **Identification of Potentially Eligible Customers**

3 Building on the success of the targeted self certification approach, SDG&E will identify
4 those neighborhoods that have a high density of customers who have a high likelihood of
5 meeting the LIEE program’s eligibility guidelines. At the same time SDG&E will also identify
6 those customers within these neighborhoods who are participating in the CARE program but
7 have not yet participated in LIEE.¹² Utilizing these two approaches, SDG&E will generate a
8 segment of its customer base to contact regarding participation in the LIEE program.

9 • **Identification of Areas of High Usage**

10 To further refine the customer segmentation, SDG&E will group the identified,
11 potentially eligible customers into tiers based on their household energy usage¹³—high, medium,
12 and low. These levels represent the actual electric and natural gas consumption tiers under
13 which the customers are billed. *See* Table 3 below. In order to achieve maximum energy
14 savings as soon as possible, SDG&E proposes to prioritize the usage levels of customers. For
15 example, SDG&E will aggressively market to customers identified as High and Medium users,
16 as SDG&E anticipates that this group has the greatest potential for energy savings and customer
17 benefits. Following the High and Medium users, Low users will be contacted, but less
18 frequently. Although some customers will be contacted less frequently, no customer will be
19 excluded from participation in the program at any time as a result of this approach. It is fully
20 expected that willing customers in all usage levels will participate in the program at all times.

¹² These customers exhibit the highest probability of meeting the LIEE program’s eligibility criteria, given the fact that the two programs have the same income guidelines.

¹³ Because SDG&E is a dual fuel utility, high consumers of electric and above baseline natural gas consumers will be more aggressively marketed to regarding participation in the program.

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Table – 3
Composition of Tiers

	Users	Consumption
Electric		
	High	Usage > 200% of Baseline
	Medium	Usage > 100% , < 201% of Baseline
	Low	Usage < 101% of Baseline
Natural Gas		
	High	Above baseline
	Low	Usage at or below baseline

SDG&E plans to develop multiple marketing materials aimed at reaching customers based on various socioeconomic characteristics, such as income, age, owner/renter, language, etc, in order to target the marketing efforts. For example, in focus groups, SDG&E found that renters do not consider their rental unit as “home,” but rather it is simply the place they live. For this reason, when marketing to renters, SDG&E could refer to the rental unit as a “residence.”

Reaching out to customers in this fashion will enable SDG&E to customize its marketing efforts to reach all eligible and willing customers, while better meeting customer needs, providing maximum benefits to customers, allowing SDG&E to reach those customers who have been the “hardest-to-reach” in the past, and improving customer participation. This method will also help SDG&E achieve the Commission-adopted programmatic initiative goal.

2. Increased Coordination Between Utilities

In order to provide customers with the opportunity to take advantage of the LIEE programs in the joint service territories of SDG&E and SoCalGas, where SDG&E provides electric service and SoCalGas provides natural gas service, a joint enrollment process is being developed to ensure that customers receive all recommended program measures. This process will maximize customer benefits, while simplifying the enrollment process and reducing customer inconvenience. Implementing a joint utility enrollment process will simplify the enrollment process and provide cost savings (e.g., duplicative costs, outreach, time, assessment, enrollment, and inspection) for both utilities. Similarly, this approach will also reduce any

1 inconveniences that may be experienced by the customer, e.g. multiple in-home assessments and
2 program enrollment.

3 SDG&E also will work with SoCalGas to develop co-branded direct mailers and other
4 marketing collateral. This will increase customers' awareness about the LIEE program and will
5 also ensure that customers who reside in overlapping service territories are fully aware of all
6 LIEE program services and benefits.

7 **3. LIEE Installation Standards and Policy & Procedures Manuals¹⁴**

8 In 1999, the Commission directed the large IOUs to work jointly with the Energy
9 Division staff and the Division of Ratepayer Advocates—referred to as the Standardization
10 Team—to move towards uniform, statewide program designs and implementation of LIEE
11 measures to: 1) ensure that all low income customers served by the utilities under the
12 jurisdiction of the Commission are offered a consistent set of measures and services, 2) ensure
13 that the provision of the measures and services were done in a non-discriminatory manner, and 3)
14 ensure that contractors providing service under the LIEE program work under consistent rules
15 and expectation. Over the course of several years, the utilities continued to work together to
16 create and update Statewide policies and procedures and installation standards which were
17 submitted to the Commission for review and approval.¹⁵ On May 2, 2005, the Standardization
18 Team filed and served, at the Commission's direction,¹⁶ its *Report on the Assessment of*
19 *Proposed New Program Year 2006 Low Income Energy Efficiency Program Measures*.
20 Subsequently, the Standardization Team filed two additional reports which 1) proposed revisions
21 to the Manuals related to the refinement of the existing standards policies, procedures, and
22 standards, the introduction of new policies and standards associated with addition measures for
23 inclusion in the 2006 program, and modifications to accommodate changes in California's Title

¹⁴ The LIEE Installation Standards and Policy & Procedures Manuals ("Manuals") consist of: the 2006 Low Income Energy Efficiency Program Statewide Policy & Procedures Manual ("P&P") and LIEE Installation Standards Manual (formerly the Weatherization Installation Standards Manual).

¹⁵ See D. 00-09-036, D. 01-03-028, D. 01-12-020, D.03-11-020, and D. 05-04-052. The manuals were adopted by the Commission in an Assigned Commissioner's Ruling, dated March 29, 2006.

¹⁶ In D. 03-11-020, the Commission concluded that new measures would be considered for the 2006 LIEE program. In a ruling issued on October 1, 2004, then-assigned Commissioner Wood directed the team to develop and submit a Phase 5 work plan, project schedule and budget which was submitted by the standardization team in October 2004. In a ruling dated October 22, 2004, Commissioner Wood adopted the Phase 5 work plan and directed the Standardization Team to institute a process for considering new energy efficiency measures for inclusion in the 2006 LIEE program.

1 24 building standards;¹⁷ and, 2) to request additional funding to address the evaluation of
2 additional measures suggested by the LIOB and interested parties for the LIEE program.

3 However, in D. 05-12-026, the Commission suspended the Standardization Team’s
4 activities, and directed it not to undertake any new activities unless and until authorized to do
5 so.¹⁸ Subsequently, the Commission, in D. 06-12-038, recognized the need for an ongoing
6 process for making modifications to the Manuals and directed the utilities to sponsor quarterly
7 public meetings, during which proposed updates and revisions could be presented and
8 deliberated. The Commission also determined that “[p]rocesses for modifying programs will not
9 change: where utilities will have the discretion to make changes without Commission
10 authority...”¹⁹ Utilities were also directed to work with the Energy Division staff before making
11 any changes for which a controversy may exist by affected communities, or individuals other
12 than LIEE contractors.²⁰

13 The Manuals are essential to the LIEE programs because they articulate the program
14 measure standards that are used to train, inform, and evaluate LIEE contractors. Because the
15 utilities’ PY 2009-2011 LIEE plans and budgets will propose new program measures and
16 policies, several changes must be made to the Manuals. Changes to the Manuals will be made to
17 develop policy installation criteria for new program measures and make updates to the Manuals
18 based on recent Commission decisions. For these reasons, SDG&E proposes to work with the
19 other large IOUs and other interested parties to address program issues and update the Manuals
20 on a statewide level. The IOUs will then present the Manuals publicly and address any public
21 comments before applying them to their respective LIEE programs.

22 **C. Portfolio Composition**

23 The current LIEE program provides installation of all feasible measures, whether or not a
24 measure provides any substantive savings or is needed by the customer. SDG&E’s new LIEE
25 program will offer three mixes of measures, depending on the customer’s usage category (High,
26 Medium, and Low) and the customer’s audit profile. Each measure mix will include measures
27 identified as having the highest energy savings and benefits for each customer. SDG&E will

¹⁷ In D. 05-12-026, the Commission sought additional input from the LIOB on the Standardization Team’s recommendations and also delegated authority to the Assigned Commissioner to approve or disapprove any reports currently pending or otherwise pending during the 2006 – 2007 funding cycle. The Standardization Team’s recommendations regarding the standards related to new measures and Title 24 compliance were approved by the Commission in D. 05-12-026.

¹⁸ Ordering Paragraph (“OP”) 8.

¹⁹ D. 06-12-038, at p. 22.

²⁰ D. 06-12-038, at OP 9.

offer a customized mix of measures to customers, which will result in long term energy savings, lower customer bills, reduced program costs, and improved quality of life. The mix of measures can be modified to meet unique customer needs where necessary.

SDG&E’s proposed portfolio of measures includes a combination of measures, both old and new, that have a benefit cost ratio of less than one. However, SDG&E has included them in this portfolio because these measures still provide energy savings to the customer. As such, they directly address the Commission’s objectives to provide participant bill savings, improve quality of life and in combination with SDG&E’s proposed plan for PY 2009-2011, and improve the benefit to cost ratio. SDG&E selected its new measures by examining what measures might best complement the current list of program measures, provide increased energy savings to customers, improve quality of life, and increase the net benefits to SDG&E’s LIEE program.

The mix of measures for each usage level is detailed in the following two tables:

Table – 7

ELECTRIC MEASURE MIX		
HIGH	MEDIUM	LOW
Air Conditioner Replacement	Air Conditioner Replacement	Air Conditioner Replacement
Air Conditioner Tune-up	Air Conditioner Tune-up	Air Conditioner Tune-up
Compact Fluorescent Lights	Compact Fluorescent Lights	Compact Fluorescent Lights
Evaporative Cooler	Evaporative Cooler	Evaporative Cooler
HE Clothes Washer	HE Clothes Washer	HE Clothes Washer
Interior Hardwired Lighting	Interior Hardwired Lighting	Interior Hardwired Lighting
LED Night Light	LED Night Light	LED Night Light
Microwave	Microwave	Microwave
Porch Light	Porch Light	Porch Light
Refrigerator Replacement	Refrigerator Replacement	Refrigerator Replacement
Torchiere Lamp	Torchiere Lamp	Torchiere Lamp

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Table – 8

NATURAL GAS MEASURE MIX	
AT OR BELOW BASELINE	ABOVE BASELINE
Ceiling Insulation	Caulking
Faucet Aerator	Ceiling Insulation
Furnace Clean & Tune	Duct Testing & Sealing
Furnace Filter	Evaporative Cooler Cover
Furnace Repair/Replacement	Faucet Aerator
High Efficiency Clothes Washer	Furnace Clean & Tune/Filter
Low Flow Showerhead	Furnace Filter
Minor Home Repair*	Furnace Repair/Replacement**
Shower Start	High Efficiency Clothes Washer
Standing Pilot Change Out***	Low Flow Showerhead
Water Heater Blanket	Minor Home Repair
Water Heater Pipe Wrap	Shower Start
Water Heater Replacement (Tank & Tankless)	Standing Pilot Change Out***
Caulking	Water Heater Replacement (Tank/Tankless)
Duct Testing/Sealing	Water Heater Blanket
Evaporative Cooler Cover	Water Heater Pipe Wrap
Weather-stripping	Weather-Stripping
Notes: * Minor home repairs are limited to “repairs required to mitigate catastrophic envelope leaks” as defined in Table 6-2 of the P&P Manual. ** Only available for owner-occupied units *** Only available for operational furnaces Measures shown in gray shading are not available for this customer segment.	

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Of the measures listed in the above tables, the following are new measures that SDG&E proposes to add to its 2009-2011 LIEE program:

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- High-Efficiency Clothes Washer** – SDG&E and the Metropolitan Water District (“MWD”) are in talks to develop a partnership to leverage available program funds for the direct installation of high-efficiency clothes washers. MWD proposes to contribute \$110 towards the purchase cost of each high efficiency clothes washer that SDG&E’s LIEE program installs. The balance of the purchase cost will be borne by the program. To ensure this proposed measure achieves maximum benefits for LIEE program energy savings, water reduction and customer bill savings high efficiency clothes washers will only be made available to large households consisting of four or more household members, and when the clothes washer *and* clothes dryer in the household are operational. As the Commission acknowledged in D.07-12-050, “to use less water means using less energy.”

1 High efficiency clothes washers heat less water and extract more water from the
2 clothes than traditional clothes washers. With the extraction of more water from the
3 clothes, the required drying time is reduced, which also results in increased energy
4 savings. The annual energy savings is expected to be approximately 37 therms and
5 49 kWh for natural gas dryers, and 27 therms and 303 kWh if the dryer is electric,
6 and water savings of 10,000 gallons.

- 7 • **Forced Air Unit Furnace Standing Pilot Light Retrofit** - Natural gas forced air
8 unit (“FAU”) furnaces manufactured prior to January 1, 1992²¹ may have a standing
9 pilot light that remains on 24 hours a day, seven days a week. Some customers may
10 choose to keep their standing pilot light on all year, while some may choose to turn it
11 off during the non-heating season. Significant savings can be achieved by retrofitting
12 a standing pilot light with an electronic ignition module which will eliminate the
13 natural gas used to keep the pilot light constantly burning. Additionally, by removing
14 the standing pilot light, any safety risks associated with this constantly burning flame
15 are eliminated. The estimated energy savings for this measure is 44 therms per year.

- 16 • **Microwave** - SDG&E is proposing to provide LIEE customers with countertop
17 microwaves because microwaves reduce cooking time and energy usage, compared to
18 conventional cooking methods. For example, in an all electric home, the range top
19 and oven are two of the largest energy consumers on a per hour basis. A microwave
20 will save the customer time and energy. The estimated energy savings for this
21 measure is 98 kWh per year.

- 22 • **Shower Start** – Due to the way in which homes are plumbed, many customers turn
23 on their shower and perform other tasks, while waiting for the water to reach the
24 desired temperature. This practice results in a waste of both energy and water. The
25 Shower Start allows customers to start the flow of hot water, and when the water
26 reaches a certain temperature reduces the flow of water to a trickle. When customers
27 enter the shower, they release the valve, and adjust the water temperature. This

²¹ The 1992 CEC Appliance Efficiency Regulations addressed the sale of fan-type central furnaces with standing pilots and states that fan type central furnaces manufactured before January 1, 1992 (for non-mobile home) shall not be sold or offered for sale if they are equipped with constant burning pilots.

1 measure will save customers both energy and water. The estimated energy savings
2 for this measure averages approximately 13.6 therms when water is heated with
3 natural gas and 399 kWh when the water heater is electric and 2,500 gallons of water
4 per year per home.

- 5 • **Light Emitting Diode (“LED”) Night Lights** – LED technology has been used in
6 the commercial sector for many years. LED night lights with photo sensor are
7 excellent applications for most households. When these lights are properly placed in
8 the home, they provide enough light to eliminate the need to turn on overhead lights
9 in various rooms. They can light a stairway at night, provide enough light in a kitchen
10 to get a drink of water, and provide a nightlight for a child’s room. The cost to
11 operate LED nightlights is pennies per year. The estimated energy savings for this
12 measure is 10 kWh per year.

- 13 • **Furnace Clean and Tune** – The temperate climate of SDG&E’s service territory
14 contributes to relatively low customer heating bills. Because heating systems in
15 SDG&E’s service territory are not used often, many customers neglect to service their
16 heating systems, as frequently as needed. A well-tuned and cleaned furnace will
17 operate more efficiently and minimize the risk of any safety or health dangers due to
18 incomplete combustion. For safety and operational efficiency, it is important that
19 heating systems are inspected and maintained by qualified personnel. For these
20 reasons, SDG&E proposes to add this new measure. .

- 21 • **Second Refrigerators** – On December 12, 2007, SDG&E filed Advice Letter 1951-E
22 seeking permission to expand the existing refrigerator component of the LIEE
23 program as a pilot to include the replacement of a secondary refrigerator. SDG&E’s
24 request was approved, effective January 11, 2008. Because of the dynamics of the
25 low income household, i.e., family size, food budget, etc., SDG&E believes this is a
26 valuable measure because many eligible LIEE households do not relinquish their
27 secondary refrigerator even though they are not energy efficient. Replacement of an
28 inefficient secondary refrigerator can help to further reduce energy consumption and
29 energy bills.

1 SDG&E proposes to make second refrigerators a standard offering of the LIEE program
2 with the same installation criteria as applied to primary refrigerators.²²

3 SDG&E's customized energy audit will ensure that homes receive the correct and
4 appropriate mix of measures to make the home as energy efficient as practical, given the age and
5 type of the building, and the customer's energy consumption patterns. Therefore, SDG&E
6 proposes to eliminate the three-measure minimum currently required for participation in the
7 LIEE program, which will enable SDG&E to serve more customers.

8 **1. Assembly Bill ("AB") 1109**

9 AB 1109²³ was signed by the Governor on October 12, 2007. The bill requires that
10 general purpose lights meet specific standards for hazardous materials (particularly mercury) and
11 that the California Integrate Waste Management Board consider methods for the safe disposal of
12 general purpose lights. Additionally, the bill requires that the California Energy Commission
13 ("CEC") adopt regulations (in combination with other programs and activities affecting lighting
14 use) that will reduce the average indoor residential lighting consumption by 50% and average
15 indoor commercial and outdoor lighting levels by 25% relative to 2007 levels.

16 The federal standards²⁴ may lead to the replacement of standard incandescent 100-watt
17 light bulbs on January 1, 2012, 75-watt light bulbs on January 1, 2013, and 40-watt and 60 watt
18 light bulbs on January 1, 2014 with more efficient lighting sources. However, since
19 incandescent lights will be available through 2011, AB 1109 will not adversely affect SDG&E's
20 2009-2011 LIEE program. As such, it is premature at this time to try and develop a strategy to
21 inform and educate customers regarding proposed changes.

22 **2. 10-Year Rule**

23 In order to provide services to the widest range of low-income households possible, the
24 current P&P Manual, adopted by the Commission in an ACR on March 29, 2006, generally
25 restricts the utilities from returning to the homes of customers that have previously been treated
26 under the LIEE Program during the past ten years. D.07-12-051 directs the utilities to
27 "[e]liminate or modify the ten year 'go back'" rule to permit installations of new measures and
28 technologies in all households while avoiding duplicative installations". The utilities have agreed

²² The refrigerators have to be manufactured before 1993, be a minimum size of 10 cubic feet, be of equal size, and the refrigerator must fit in the available space. See 2006 LIEE Program Statewide Policies and Procedure Manual, at Section 7.3.19.

²³ AB 1109 - The California Lighting Efficiency and Toxics Reduction Act, Chapter 534. Approved by Governor Schwarzenegger on October 12, 2007. Filed with the Secretary of State October 12, 2007.

²⁴ Federal Energy Independence and Security Act of 2007 ("EISA 2007").

1 upon the following modifications/exceptions to be added to "Section 2.8 Previous Participation"
2 of the LIEE P&P Manual:

3 *New cost effective measures or technologies that were not previously available in the*
4 *LIEE program at the time the utility treated a home shall be made available for those*
5 *qualifying customers. In the event a key program eligibility requirement now makes a*
6 *customer eligible for measures previously not offered at the time the utility treated the*
7 *home, the utility shall make available those cost effective measures for qualified*
8 *customers.*

9
10 This modification gives the utilities full flexibility to return to homes that have been
11 treated in the past and to provide the customers with cost effective measures that were either not
12 available at the time the home was treated, or were not offered due to a condition that has now
13 changed.

14 **D. Marketing, Education and Outreach (“ME&O”)**

15 SDG&E’s current LIEE program is marketed in a variety of ways, utilizing a portfolio of
16 marketing approaches that have been developed based on experience and effectiveness. SDG&E
17 has found that the best way to reach potential LIEE-eligible customers is through a focused
18 approach, utilizing methods expected to encourage customers to respond positively, with
19 materials that address customer’s unique needs. Current successful outreach methods will be
20 continued and expanded to ensure that all customers are aware of the LIEE program and
21 provided the opportunity to participate. The following describes proposed ME&O activities for
22 PY 2009-2011:

- 23 1. Targeted Direct Mail – This method has been successful in reaching low-income
24 customers with a high potential for eligibility and will be used in conjunction with the
25 energy consumption segmentation strategies.
- 26 2. Cross-Promotion – The LIEE program is promoted along with CARE and other
27 SDG&E assistance programs, such as Medical Baseline and the Family Electric Rate
28 Assistance program (“FERA”).²⁵ SDG&E also provides customers enrolled in other
29 assistance programs with information on LIEE.
- 30 3. Telemarketing – SDG&E has been successful in using telemarketing services to
31 contact potentially eligible customers and encouraging them to enroll in the LIEE

²⁵ The Medical Baseline program provides customers with doctor verified medical conditions requiring heat, air conditioning or life-support equipment additional energy at the lowest (or baseline) rate. The FERA program offers rate assistance to families of three or more and with total household income between 200% and 250% of the Federal Poverty Guidelines.

1 program. During PY 2009-2011, this approach will be expanded through calls to
2 customers using automated outbound dialing.

- 3 4. Email Blasts – Email blasts are emails that are sent to mass distribution lists. As
4 more low-income customers utilize email, and SDG&E receives their email
5 addresses, this method will be expanded as it has been effective at a very low cost.
- 6 5. Canvassing – SDG&E intends to continue the use of door-to-door canvassing
7 campaigns to enroll potential LIEE customers through face-to-face contact. When
8 customers are not available, promotional program materials will be left.
- 9 6. Advertising – SDG&E will consider expanding its use of print and radio promotions,
10 focusing on in-language media for various customer segments.
- 11 7. Community Events – SDG&E will continue to participate in community events where
12 there is the potential to reach eligible low-income customers. Many of these events
13 are coordinated with local agencies and/or governments.
- 14 8. Coordination with Local Agencies – SDG&E works with a variety of local agencies
15 that serve low-income customers to ensure that the agencies are familiar with the
16 LIEE program and other assistance programs and to encourage them to enroll their
17 clients into the LIEE program. Presentations and program materials are provided to
18 the agencies, with ongoing SDG&E follow-up and contact with the agencies. 211
19 San Diego²⁶ provides LIEE program information to callers and provides referrals to
20 SDG&E regarding customers who are interested in participating in the program.
21 SDG&E plans to continue this coordination effort in PY 2009-2011.
- 22 9. SDG&E Customer Contact – SDG&E’s customer service representatives and other
23 customer contact personnel inform customers about SDG&E’s assistance programs,
24 including LIEE. Information on these programs is also included on SDG&E’s
25 website. SDG&E will continue to utilize this resource in PY 2009-2011.
- 26 10. Brochures – SDG&E has several program informational materials that are distributed
27 through the various outreach methods. Brochures are provided in multiple languages,
28 including English, Spanish, and Vietnamese (online only).

²⁶ 211 San Diego is a human service referral program that provides a free, 24-hour referral service for information on community, health, and disaster services.

1 SDG&E will continue to evaluate outreach and marketing efforts to determine the best
2 ways to overcome barriers to customer participation in LIEE and other assistance programs. For
3 example, SDG&E plans to evaluate additional activities with faith-based organizations, increased
4 leveraging with energy efficiency communications, potential opportunities with water agencies,
5 and additional opportunities for use of the internet. SDG&E has recently implemented a process
6 to capture information on the reasons why customers choose not to participate in the LIEE
7 program, which will provide insight into ways to overcome the reasons customers may choose
8 not to participate in the program.

9 **1. Single-Statewide Marketing Campaign**

10 The Commission in D.07-10-032 directed that the Strategic Plan “provide details about
11 how education, marketing and outreach activities will be used to promote energy efficiency
12 programs in an integrated and coordinated fashion, as set forth herein.” The decision required
13 the assigned ALJ, in consultation with the Assigned Commissioner, to schedule workshops to
14 consider the development of a common branding strategy for California low income energy
15 efficiency products and services.

16 The Commission expanded on this direction in D.07-12-051 for the LIEE program, and
17 directed the utilities to develop a tagline that can be used with the program names currently used
18 by the utilities. The tagline was discussed and suggestions were offered at two LIEE Strategic
19 Planning Workshops held January 8, 2008, and April 3, 2008. However, no consensus was
20 reached on a tagline for the program.

21 Despite this lack of a consensus, and in an effort to maximize the exposure that the LIEE
22 program would receive through an integrated statewide marketing campaign for demand-side
23 programs, SDG&E prefers to develop a new, statewide program name in lieu of a tagline that
24 would replace the names currently used by each of the IOUs for their respective LIEE programs.
25 A consistent and recognizable name used throughout the State will also help customers to re-
26 enroll in the program if they move to another utility’s service territory. Even so, SDG&E is
27 willing to coordinate with the other IOUs to develop a statewide program name, tagline, or
28 program description.

29 SDG&E proposes that the new program name will be used in all customer
30 communications, including advertising, collateral, and website. The name will help reach low-
31 income customers with interest in lowering energy bills and increasing home comfort. In

1 addition, the utilities will develop a program name with consideration on how it translates in
2 other languages.

3 The utilities are considering contracting with an advertising agency to test concepts in the
4 respective utility service areas, using focus groups, mall intercepts, and online communications.
5 The utilities expect to present a recommended program name, tagline, or program description to
6 the Commission by July 2008. Implementation of the new statewide program name will
7 facilitate the integration and visibility of the LIEE program into the statewide marketing
8 campaign that is under development, pursuant to D.07-10-032.

9 **2. ME&O by Population/Segments**

10 SDG&E will continue to target its marketing and outreach strategies to customer
11 segments, taking into account their level of energy usage and certain characteristics as described
12 in SDG&E's segmentation strategies. To encourage greater program awareness and
13 participation, it is important that ME&O efforts address the specific needs of customer groups.
14 For example, program materials are provided in several languages, for customers whose primary
15 language is not English.

16 SDG&E's coordination of LIEE program promotion with its Medical Baseline program
17 involves coordination with agencies that serve persons with disabilities. In this way, the special
18 needs of these customers can be addressed. Program materials will continue to be made
19 available in large print for those visually-impaired customers. SDG&E's work with agencies
20 that serve senior customers also is helpful in this area, since there is often overlap between senior
21 customers and those with disabilities.

22 SDG&E will expand its categorical eligibility process to include Section 8 and public
23 housing, so that all willing customers in these programs can be automatically qualified for LIEE
24 services. Qualifications for these two types of programs are based on program policies set by the
25 U.S. Department of Housing and Urban Development ("HUD"). Income qualifications are set
26 by HUD and are mostly based on 30% and 50% of the Area Median Income and are updated
27 each fiscal year. Within SDG&E's service territory, 30% and 50% of Area Median falls within
28 the CARE and LIEE guidelines.

29 A large segment of SDG&E's LIEE customers are renters, and SDG&E has found that its
30 outreach methods have successfully reached them. On May 10, 2007, the Commission convened
31 a workshop to address the issue of renter access to the LIEE program. SDG&E reported at that

1 workshop that 28% of those households treated between 2004 and 2006 were owner occupied,
2 while 72% were occupied by renters. SDG&E expects this ratio to continue through PY 2009-
3 2011. Additionally, in Finding of Fact 23 of D. 07-12-051, the Commission found that
4 “[s]tatewide, renters appear to be receiving more than a proportional share of LIEE programs.
5 Customers with the greatest need are more likely to be renters than homeowners.” For these
6 reasons, SDG&E does not believe that more efforts are needed to increase its marketing efforts
7 specifically to renters.

8 **3. Workforce Education and Training (“WE&T”)**

9 SDG&E currently utilizes two approaches to training those working in SDG&E’s LIEE
10 program. The first approach utilizes the training personnel at SoCalGas to assist in the training
11 of outreach personnel employed directly by SDG&E. The second approach requires SDG&E’s
12 prime contractor—Richard Heath and Associates—to train its employees in all aspects of the
13 LIEE program, as well as to ensure that personnel of its sub-contractors are properly trained on
14 the program’s policies and procedures, proper installation of LIEE measures and how to
15 determine the feasibility of measures, and customer contact skills. One of the areas of particular
16 interest discussed in various venues has been the desire to build and expand on the current
17 workforce that is drawn from the low income communities. Many of the LIEE contractors and
18 subcontractors already hire their crews from the low income community. For example, CBOs
19 hire from the training programs they currently administer through their agencies. Additionally,
20 there have been LIEE program participants who have become employed by LIEE contractors.

21 During PY 2009-2011, SDG&E will continue to encourage contractors and CBOs to hire
22 and train from the local low income communities. To expand its WE&T efforts, SDG&E will
23 explore the feasibility of coordinating with other existing job training programs for minority and
24 disadvantaged groups, such as the Employment Development Department (“EDD”). The EDD
25 focuses on the needs of low-income and displaced workers in general, and also provides grants to
26 governmental units, nonprofits and private companies that engage in job training.

27 EDD’s “One-Stop Career Centers” provide employment, education, and training services,
28 and identifies job ready workers with the right skills. There are 13 “One-Stop Career Centers”
29 located San Diego County, which are open to all members of the community, including persons
30 with disabilities and persons with limited English speaking ability. In addition to the One-Stop
31 Career Centers, SDG&E plans to initiate discussions with the California Employment Training

1 Panel, which provides funding to California businesses to support customized worker training,
2 and assess the potential for collaboration.

3 SDG&E will also monitor pending legislative proposals that offer opportunities for
4 increased LIEE-related job training.

5 **E. Integration with Energy Efficiency**

6 Because it is important for LIEE customers to be aware of all energy savings
7 opportunities, SDG&E will look for opportunities to integrate its LIEE program with its general
8 energy efficiency programs. For example, LIEE plans to coordinate with other energy efficiency
9 programs, such as Lighting Turn-in Events, where customers will be provided the opportunity to
10 enroll in LIEE and other assistance programs. Information and communications for LIEE and
11 energy efficiency will be integrated to provide consistent and complete information. LIEE
12 education will include information on other related programs that provide energy savings
13 opportunities, and general energy efficiency program materials will include, where appropriate,
14 information on LIEE services and eligibility requirements. SDG&E's goal is to ensure that
15 customers are aware of the portfolio of energy savings programs and services that are available
16 to them and the benefits that can be achieved from program participation, i.e., energy savings,
17 greenhouse gas reduction and other benefits.

18 **F. Leverage Available Resources**

19 **1. Coordination with other utility LIEE programs.**

20 SDG&E will coordinate its LIEE program with SoCalGas' LIEE program in Southern
21 Orange County, where the utilities share customers. In Section B.2, I discuss SDG&E's and
22 SoCalGas' planned co-branding activities to increase customer awareness of the LIEE programs
23 and services available.

24 SDG&E plans to expand its internal leveraging efforts, to better align the LIEE program
25 with other Company-wide efforts to help reinforce messages, increase awareness, and reduce
26 costs. The LIEE program will be coordinated with general energy efficiency programs and other
27 utility efforts, including field operations (gas servicemen and collectors), Smart Metering,
28 CARE, and other assistance programs. For example, SDG&E's field operations personnel will
29 refer a potentially eligible customer to LIEE program staff or will inform LIEE program staff of
30 a potentially eligible customer. SDG&E will also coordinate promotional efforts for Smart
31 Metering in conjunction with the LIEE in-home display ("IHD") pilot proposed for 2010 (this

1 pilot is described later in this testimony), and demand response programs, through the proposed
2 programmable communicating thermostats (“PCT”) pilot that is discussed later herein. As
3 discussed in Section D of this testimony, SDG&E will continue to leverage all areas where
4 feasible in the promotion of CARE and LIEE and in identifying eligible customers for
5 enrollment in both programs.²⁷

6 **2. Coordination with other programs and entities**

7 SDG&E plans to increase leveraging opportunities to reduce cost, increase awareness and
8 program participation through coordination and collaboration with other agencies, CBOs, and
9 businesses:

- 10 • **LIHEAP** - There are several potential opportunities for SDG&E to work with local
11 LIHEAP agencies for better coordination with the LIEE program, which include:
 - 12 ○ Implement a structured referral system to allow for flexibility between program
13 participation where customers can be referred to the other party should a service or
14 measure not be provided in one program.
 - 15 ○ Track customer referrals in the program database and measures installed by LIEE or
16 LIHEAP.
 - 17 ○ Provide LIHEAP contractors serving the San Diego area access to SDG&E’s LIEE
18 database to enable them to pre-screen their clients to see if they have received LIEE
19 services from SDG&E along with a list of the measures installed.

20 The large IOUs and DCSD have initiated discussions on how they and their respective
21 contractors can work together to maximize the leveraging opportunities between the two
22 programs.

- 23 • **Cities and local communities** - SDG&E plans ongoing coordination with local agencies,
24 city governments and businesses to promote and deliver the LIEE program. Such
25 coordination will include working with city and county officials, agencies, and local
26 businesses to provide program information and collateral for distribution.²⁸ Several
27 events will be conducted with city officials to promote the LIEE and other programs.
28 Media involvement in these events will assist in their promotion as well as help provide
29 program information through LIEE customer interviews.

²⁷ Other programs may include Medical Baseline, FERA, and Neighbor-to-Neighbor.

²⁸ Examples of entities for this effort include the City of Escondido, City of San Marcos, City of Chula Vista, South Bay Community Services, Junior Achievement, and Cox Communications.

- SDG&E will continue to partner with the City of Chula Vista, City National City, City of San Marcos, and the San Ysidro community to reach the many families who are eligible for LIEE services, but for some reason have not participated in the program. SDG&E will organize a training session for the managers of the community programs and provide collaterals to distribute to families. This strategy will allow the LIEE program to reach potentially eligible customers who have not participated in the program. SDG&E will also partner with the local agencies to contact property owners to identify properties where potential LIEE customers reside.
- **Water agencies** - SDG&E plans to work with local water authorities to promote and leverage energy efficiency and water conservation efforts through a referral system between the water and energy programs.
- **CBOs**- SDG&E plans to expand its efforts to work with various CBOs to broaden LIEE participation and involve the CBOs in the LIEE referral process.
- **Schools** - SDG&E and San Diego Unified School District (“SDUSD”) are evaluating a number of creative ways to deliver information on the LIEE and other assistance programs into the hands of parents. SDUSD serves a very large number of the neighborhoods SDG&E seeks to reach for enrollment in the LIEE program. There are many schools that qualify for Title 1²⁹ meal assistance for their students, and these students’ families will likely also qualify for the LIEE program. For example, SDG&E and SDUSD plan to utilize principals to champion the program to the faculty and staff, by including information in monthly letters that are sent to all parents. Another example will be to develop a fundraising project for older students who, as part of their community service goal, would work with SDG&E to distribute information about LIEE in their community.
- **211 San Diego** - SDG&E will continue to coordinate its leveraging efforts with 211 San Diego, by providing 211 with the information needed to promote the LIEE program to all clients calling 211 for assistance.

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²⁹ A program designed to improve academic achievement for the disadvantaged. See 20 U.S.C. 6301 (1965).

1 **3. Coordination with California Solar Initiative (“CSI”) – Low Income Program**

2 SDG&E plans to work with the single-family and multi-family program administrators to
3 coordinate efforts between the CSI and LIEE programs to ensure that homes receiving CSI
4 program measures have received appropriate LIEE measures.

5 D. 07-11-045 requires that LIEE program measures be installed before the installation of
6 solar photovoltaic systems, in order to achieve maximum load reduction. The recently issued
7 Commission RFP for the administrator of the single-family program directs the administrator to
8 1) collaborate with the LIEE and CARE program administrators on delivery strategy, and 2)
9 work with PG&E, SCE, and SDG&E to direct incentive payments to eligible recipients.

10 Recently, the Commission issued for review and comment the Energy Division’s Staff
11 proposal addressing the low income multi-family component of the CSI program.³⁰ Energy
12 Division Staff proposes the establishment of energy efficiency requirements which must be met
13 before CSI program participants are eligible to receive incentives. SDG&E supports the
14 requirement to install energy efficient measures prior to receipt of solar incentives to maximize
15 potential energy savings and load reduction.³¹

16 **G. Pilots**

17 SDG&E proposes to implement two pilots in PY 2009-2011.³²

18 **1. IHD Pilot**

19 SDG&E proposes to offer an IHD pilot, as part of the energy education process to help
20 customers know their actual energy usage.³³ The IHD digitally displays the amount of energy
21 consumed and the amount of the energy bill in real time. Customers will be educated on how to
22 read the IHD and use it as a tool to monitor their energy consumption. In addition, a tariff, Peak
23 Time Rebate (“PTR”)³⁴, will be available for customers to use in conjunction with the IHD
24 technology to further enable customers to see the financial impact of conservation and load
25 shifting, potentially partner with the utility to manage peak usage and control energy costs.

26 The proposed IHD pilot will help SDG&E determine the effectiveness of providing
27 feedback to residential customers in impacting energy usage. The IHDs will also help SDG&E

³⁰ Administrative Law Judge’s Ruling Noticing Workshop and Requesting Comment on Staff Proposal for Solar Incentives for Multi-Family Low Income Housing, dated February 29, 2008.

³¹ See also SDG&E’s Reply Comments in R. 08-03-008, dated April 4, 2008.

³² Program Implementation Plans describe the pilots programs in greater detail. See Attachment A-10.1 and A-10.2

³³ Currently available IHD devices provide information on both the kilowatt hours being consumed and the corresponding energy costs, based on the customer’s rate.

³⁴ PTR was approved in SDG&E’s GRC Phase II proceeding

1 evaluate whether the ability to see the cost of operating a particular electrical device in real time
2 will motivate customers to take measures to reduce their energy use. The IHDs will also allow
3 SDG&E to determine if, with this tool, customers will shift their usage to times when costs are
4 lower. Such a change in customer behavior could add load shifting benefits to the programs in
5 which IHDs are used. The IHD pilot is planned to launch in PY 2010, to align with the
6 deployment of SDG&E's Smart Meter efforts.

7 **2. PCT Pilot**

8 SDG&E proposes to offer a PCT pilot. PCTs are thermostats that can receive price or
9 electric system reliability signals, and can be programmed by a customer to automatically reduce
10 energy consumption through thermostat set-point adjustments. PCTs are interoperable and have
11 expansion ports that will allow SDG&E and other service providers to add communication
12 modules and establish links to other ZigBee®³⁵-enabled energy devices.

13 SDG&E proposes a PCT pilot for 250 low-income customers in PY 2011. With the
14 deployment of Smart Meters, the PCT technology may exist to implement a pilot program in
15 certain climate zones of SDG&E's service territory, as the Smart Meters will be designed to
16 communicate with the PCT and other Zigbee-enabled appliances. Air conditioning load will be
17 the driving force for the pilot, but as home automation and ZigBee-enabled appliances begin to
18 become more commercially available, there will likely be greater opportunities to work with
19 income-qualified customers to introduce this technology into their homes.³⁶

20 **H. Measurement and Evaluation ("M&E") Studies**

21 M&E studies are designed to collect information and data on programs to allow the
22 utilities to assess past program achievements and inform current and future program designs. To
23 obtain useful information and data, the large IOUs have worked together to identify proposed
24 studies to be conducted in PY 2009-2011. SDG&E's proposed 2009-2011 M&E budget is
25 approximately \$0.239 million. Witness McKinley's direct testimony provides specific details
26 regarding the proposed M&E studies.

27 //

28 //

³⁵ Zigbee is a communication protocol that is currently being adopted by the utility and appliance industries, which allows Zigbee-enabled appliances to communicate with the Smart Meter.

³⁶ If the PCT technology is not commercially available during PY 2009-2011, then SDG&E will utilize the funds proposed for this pilot to provide more LIEE program measures and services.

1 **VI. BUDGET**

2 **A. Budget Discussion**

3 As mentioned earlier in Section V of this testimony, SDG&E's proposed PY 2009-2011
4 LIEE plan is a customized approach designed to better serve LIEE program customers, realize
5 enduring and sustaining energy savings, and achieve the Commission's programmatic initiative.
6 The proposed budgets, on an annual basis, are \$21 million for PY 2009, \$21 million for PY
7 2010, and \$20.25 million for PY 2011. As compared to the authorized 2008 funding level of
8 \$13.3 million, the proposed budgets represent an increase in excess of 50% annually.
9 Attachment A-1 disaggregates the proposed budgets by major expense categories.

10 **B. Tracking Program Costs**

11 SDG&E proposes to track program costs consistent with the program budget categories
12 defined in Attachment A-1 to this testimony. The program budget categories are used for
13 monthly and annual LIEE reporting and were recently approved by the Commission in a
14 November 2007 letter from the Energy Division Director to the utilities. SDG&E proposes to
15 maintain monthly and annual reporting according to the approved LIEE reporting categories in
16 2009, 2010, and 2011. SDG&E believes this will permit comparable cost/benefit analysis of
17 each program element across the utilities.

18 **C. Budget Flexibility**

19 Fund shifting flexibility between program categories and program years is critical to the
20 achievement and success of the programmatic initiative and necessary to avoid disruption of
21 program services, and provide a seamless and transparent program to customers. As such,
22 SDG&E requests authorization: 1) to carry forward or carry back funding into 2009, 2010, or
23 2011 during the three-year funding cycle, and 2) authority to shift funds among program
24 categories in 2009, 2010, and 2011.

25 Prior to 2007, the Commission allowed the utilities full flexibility to shift funds among
26 program categories as needed to achieve program objectives. However, in D.06-12-038, the
27 Commission restricted movement of funds among measurement and evaluation, general
28 administration, and the regulatory compliance categories. In this Application, SDG&E has
29 proposed a new audit-based, customized program design, new measures, innovative pilot
30 programs, modification to program policies, enhanced outreach, energy education design,
31 coordination with other programs and entities, and new initiatives such as the WE&T, all to meet

1 the Commission's programmatic initiative. Therefore, SDG&E requests that the fund shifting
2 restrictions adopted for PY 2007 – 2008 be removed to allow SDG&E more flexibility to make
3 program adjustments and modifications expeditiously and eliminate potential delays.

4 If the Commission should be delayed in issuing a decision on SDG&E's 2009-2011 low
5 income programs budget application, SDG&E requests interim authorization from the
6 Commission to continue LIEE activities into 2009 using 2009 program funds. Accomplishments
7 achieved during this interim period will be counted toward 2009 program results.

8 **VII. REVENUE REQUIREMENTS AND RATE IMPACTS**

9 Discussion of SDG&E's revenue requirements and rate impacts are contained in Witness
10 Hobbs' direct testimony and the Application prepared in support of SDG&E's PY 2009-2011
11 program plans and budgets request.

12 **VIII. COMPETITIVE BID**

13 In D.06-12-038, the Commission directed SDG&E to conduct a competitive solicitation
14 for a third-party administrator, i.e. prime contractor, for its PY 2008 LIEE program. In
15 accordance with this directive, on May 30, 2007, SDG&E submitted its plan for conducting a
16 competitive bid process to the Commission's Energy Division. Subsequently, SDG&E and
17 PG&E jointly filed a Petition to Modify D.06-12-038, requesting authorization to defer for one
18 year the competitive bid process ordered in D.06-12-038. In D.07-06-004, the Commission
19 granted the request and directed SDG&E to obtain written approval from the Director of the
20 Energy Division, or a designee, prior to issuing the RFP and prior to signing contract(s). On
21 March 21, 2008, SDG&E submitted a RFP Plan to Energy Division for which the utility is
22 awaiting feedback.

23 Since the issuance of D.06-12-038 and D.07-06-004, the Commission has issued an
24 additional decision which impacts LIEE programs—D.07-12-051. D.07-12-051 established the
25 statewide programmatic initiative and expanded the CEESP to include a LIEE component.

26 SDG&E is preparing the RFP for release in mid-2008. To the extent that the
27 Commission makes significant changes in the program design proposed by SDG&E in its
28 application, the current RFP could be nullified. SDG&E would then need to revise and re-issue
29 its RFP, which would delay implementation of SDG&E's LIEE program well into 2009.

1 SDG&E recommends and prefers that the Commission delay the RFP and authorize
2 SDG&E to release its RFP 3 months after the Commission has rendered a final decision on the
3 utilities PY 2009-2011 LIEE program plans and budgets. This delay is warranted because:

- 4 ■ SDGE is currently required to bid a program that has yet to be defined or approved by the
5 Commission;
- 6 ■ Contractors will incur significant costs to prepare their bids, which may need to be
7 reworked to be consistent with the Commission's approved program for SDG&E,
8 resulting in additional and unnecessary costs borne by the contractors;
- 9 ■ Depending on the extent of the changes required by the final Commission decision, the
10 entire RFP may need to be revised and re-issued, resulting in additional and unnecessary
11 costs borne by the program and delays in implementing the program; and,
- 12 ■ If no decision is rendered by October 2008, there may be insufficient time to make
13 program modifications and renegotiate contract terms that are consistent with the
14 Commission approved program design.

15 In addition, D. 07-06-004 granted SDG&E's request to defer for one year its LIEE
16 competitive bid process into 2008, and ordered SDG&E not to renew its contract with RHA past
17 December 31, 2008. If the final decision regarding this Application significantly alters the
18 program design, SDG&E will not have sufficient time to obtain a new contractor, which will
19 result in further program delays. With the uncertainty surrounding the timing of the issuance of
20 a final decision, and the fact that SDG&E will not have a program contractor after December 31,
21 2008, SDG&E could be forced to shut down its LIEE program and cease delivery of program
22 services. For the aforementioned reasons, SDG&E requests that the Commission delay the
23 issuance of the RFP, and authorize SDG&E to continue its contract with RHA for up to 12
24 months after the final decision.³⁷

25 **IX. CONCLUSION**

26 SDG&E requests that the Commission authorize the program plans and budgets proposed
27 in this application for SDG&E's LIEE program for PY 2009, 2010, and 2011.

28 This concludes my prepared direct testimony.

29

³⁷ Concurrent with the filing of the Application, SDG&E will file a Petition for Modification of D.07-06-004, seeking Commission authority to delay the RFP and extend RHA's contract 12 months after the final decision.

1 **STATEMENT OF QUALIFICATIONS**

2 **GREGG E. LAWLESS**

3 My name is Gregg E. Lawless. My business address is 8335 Century Park Court, San
4 Diego, CA. 92123. I am employed at SDG&E as a Customer Assistance Manager.

5 I joined SDG&E in 1977 and have held management positions in accounting, customer
6 service, energy conservation, marketing, and purchasing. My work experience has included the
7 development, implementation of residential and commercial demand-side management
8 programs; account executive responsible for marketing demand side management programs to
9 governmental entities; supervision of customer contact personnel in SDG&E's customer contact
10 center. From November 1996 through March 2002, I was employed by the non-regulated
11 subsidiaries of Sempra Energy where I held various positions responsible for marketing business
12 solutions to governmental agencies; negotiating and managing customer contracts, and
13 management of regional sales activity.

14 I assumed my current position managing the Direct Assistance Program in April 2003.
15 My principal responsibilities include the oversight of the Direct Assistance Programs for San
16 Diego Gas & Electric Company and Southern California Gas Company. I have provided written
17 testimony before the Commission in A.04-07-011 and A.04-07-010 in the PY 2005 Low-income
18 Assistance proceeding for SDG&E and SoCalGas, respectively. Additionally, I have provided
19 written testimony in A.05-06-013 and A.05-06-012 in the PY 2006/07 Low-Income Assistance
20 proceeding for SDG&E and SoCalGas, respectively. I am also Chair of the Statewide Low
21 Income Energy Efficiency Project Standardization Team.

22 I hold a Bachelors Degree in Accounting from San Diego State University.