

Application No. A. 08-05-____
Exhibit No: _____
Witness: Hobbs, Richard D.

**TESTIMONY OF RICHARD D. HOBBS
ADDRESSING POLICY ISSUES RELATED TO SAN DIEGO GAS & ELECTRIC'S
LOW INCOME ENERGY EFFICIENCY AND CALIFORNIA ALTERNATE RATES
FOR ENERGY PROGRAMS 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 policy support for San Diego Gas & Electric
3 Company's ("SDG&E") Low Income Assistance Program Applications ("Applications") for
4 program years ("PY") 2009-2011. Specifically, I address how SDG&E's Low Income Energy
5 Efficiency ("LIEE") program plans, measures, and budget support the California Public Utility
6 Commission's ("Commission" or "CPUC") programmatic LIEE initiative ("programmatic
7 initiative")¹ to enroll all willing and eligible customers into the program, and the California
8 Energy Efficiency Strategic Plan ("Strategic Plan") to make energy efficiency an energy
9 resource.² In support of the PY 2009-2011 California Alternate Rates for Energy ("CARE")
10 request, I offer testimony that demonstrates how SDG&E's PY 2009-2011 CARE program plans
11 and budgets support the Commission's goal to "to reach 100% of the low-income customers who
12 are eligible for and desire to participate in, the CARE program."³

13 **II. LIEE Policy Framework**

14 In D.07-12-051, the Commission articulated a shift in the focus of large investor-owned
15 utilities' ("IOUs")⁴ LIEE programs, stating "the complementary objectives of LIEE programs are
16 to provide an energy resource for California, consistent with our 'loading order' that establishes
17 energy efficiency as our first priority, while reducing low-income customers' bills and improving
18 their quality of life."⁵ The Commission's interest in updating LIEE policy objectives and
19 program goals arose in part because of the lessons learned from the state's energy crisis and the
20 state's need for adequate and reliable energy resources.⁶ While changing the LIEE program
21 objectives to focus more on energy savings, the Commission underscored its commitment to
22 ensuring that the LIEE programs add to the participant's quality of life, which implicates equity,
23 energy affordability, bill savings and safety and comfort for those customers who participate in

¹ The programmatic initiative is "to provide all eligible LIEE customers the opportunity to participate in LIEE programs and to offer those who wish to participate all cost-effective energy efficiency measures in their residences by 2020." D.07-12.051, at p. 25.

² The Strategic Plan was developed by the IOUs in accordance with D. D.07-10-032, and defines innovative new paths to aggressively deliver energy efficiency to the state, and significantly contribute to the state's goal of having a reasonably priced, stable, reliable and clean portfolio of energy resources.

³ D. 02-07-033, at p. 4.

⁴ IOUs consist of SDG&E, Southern California Gas Company ("SoCalGas"), Pacific Gas & Electric Company ("PG&E"), and Southern California Edison Company ("SCE").

⁵ D.07-12-051, at p. 2.

⁶ D.07-12-051, at p. 15.

1 LIEE programs.⁷ In furtherance of its commitment to change the approach of the LIEE programs,
2 the Commission adopted the following policies and program guidelines:

- 3 • LIEE programs should emphasize opportunities to save energy;
- 4 • LIEE programs should be designed to take advantage of all cost-effective energy
5 efficiency opportunities;
- 6 • LIEE programs should include measures that may not be cost effective but that may
7 promote the quality of life of participating customers;
- 8 • LIEE programs should emphasize effective ways to inform customers of the benefits
9 to themselves and their communities of conservation and energy efficiency
10 measures, as well as the way energy efficiency promotes environmental values and
11 reduces greenhouse gases;
- 12 • LIEE programs should be integrated with other energy efficiency programs to allow
13 the utilities and customers to take advantage of the resources and experience of
14 energy efficiency programs, promote economies of scale and scope, and improve
15 program effectiveness; and
- 16 • LIEE programs should take advantage of other resources, such as federally funded
17 programs, local efforts, the work of businesses and publicly-owned utilities.
- 18 • To achieve these objectives, D.07-12-051 directed the IOUs to propose programs and
19 budgets in their PY 2009-2011 applications that will help them move toward the
20 programmatic initiative and the Strategic Plan.

21 SDG&E’s redesigned LIEE program, which reflects the Strategic Plan and supports the
22 programmatic initiative, promotes the program as a reliable energy resource, makes the program
23 available to more customers, offers more cost-efficient program measures, increases leveraging
24 opportunities, and improves the cost-effectiveness of the program.

25 **A. SDG&E Strategy Concerning LIEE Program Design**

26 SDG&E supports the Commission’s new LIEE policy objectives—to emphasize
27 participating customer benefits and produce energy savings—and has attempted to harmonize
28 these policy objectives into a comprehensive LIEE program that addresses the needs of the LIEE
29 program participants, as well as the needs of the environment and larger community. When
30 developing its LIEE program design, SDG&E was mindful of the Commission’s and parties’

⁷ *Id.* at p. 25.

1 concerns that the interests of low income customers not be compromised in pursuit of the
2 broader energy savings policy objectives.

3 **B. SDG&E’s Proposed LIEE Program Design**

4 For the abovementioned reasons, SDG&E proposes a LIEE program design that moves
5 away from a “one-size-fits-all” approach to a more comprehensive approach that addresses the
6 unique needs of individual customers and targets the best ways for them to save energy.

7 SDG&E’s proposed LIEE program is comprised of the following six elements: 1) enrollment; 2)
8 comprehensive energy audit; 3) customized energy education; 4) installation of measures; 5)
9 inspections; and 6) customer rewards. The following briefly describes the six program elements.

10 1. Enrollment

11 SDG&E proposes to maintain its current form of streamlined enrollment options, as
12 adopted by the Commission, which include: targeted self certification,⁸ categorical eligibility⁹
13 and eligibility verified through CARE’s post enrollment verification process.¹⁰ These options
14 simplify the enrollment process for customers and the outreach specialists who enroll customers.
15 Customers will also continue to be able to enroll by providing proof of income documentation.

16 2. Comprehensive LIEE Energy Audit

17 SDG&E’s proposed program design provides a customized and detailed energy audit, and
18 creates a personalized energy-use profile for each customer. This comprehensive audit will
19 better align the assessment process with the goal of achieving energy savings, reduced
20 greenhouse gases, and lower bills.

21 3. Customized Energy Education

22 SDG&E is proposing to implement a new and innovative approach to customer energy
23 education. This new educational approach personalizes the needs and characteristics of the
24 customer and is aimed at engaging the customer’s participation and commitment to becoming
25 energy smart by using energy wisely. The success of the energy education program will largely
26 depend on customers understanding and appreciating the importance of energy savings,

⁸ See D.06-08-025, which authorized SDG&E and SoCalGas to 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.

⁹ 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.

¹⁰ See Assigned Commissioner’s Ruling, dated March 29, 2006 in R.04-01-006.

1 developing skilled program personnel to promote and encourage changes in customer behavior,
2 and providing performance feedback to customers.

3 4. Installation of Measures

4 Measures recommended in the audit will be installed by licensed community-based
5 organizations (“CBOs”) and contractors participating in the LIEE program. These entities and
6 individuals will be responsible for contacting the customer to schedule installations and complete
7 the services according to program procedures and requirements. SDG&E will perform a post-
8 installation inspection on a sampling of homes.

9 Some parties erroneously believe that the LIEE programs must offer “all feasible
10 measures” to program participants; however, the provision of “all feasible measures” does not
11 mean that every LIEE participant must receive every measure offered under the program.¹¹
12 Rather, historically “all feasible measures” has been interpreted to mean measures that can be
13 installed in accordance with the Commission-adopted 2006 LIEE Program Statewide Policies
14 and Procedures Manual (“P&P Manual”). As such, and consistent with D.07-12-051, SDG&E
15 proposes to offer measures that provide and maximize long term, enduring energy savings.

16 5. Inspections

17 D.06-12-038, as modified by D.07-06-044, requires SDG&E to competitively bid its
18 LIEE program. SDG&E is in the process of developing its request for proposals (“RFP”) and
19 anticipates releasing the RFP by mid-2008. D.00-07-020 concluded that if a utility utilizes a
20 prime contractor as an administrator of the LIEE program, inspections can be performed by
21 utility personnel. If the utility performs the administrative functions, inspections are to be
22 conducted by a third party. SDG&E’s current LIEE program utilizes a prime contractor.
23 However, SDG&E envisions that the future LIEE program will not have a prime contractor, and
24 SDG&E will contract directly with numerous contractors and CBOs for the enrollment of
25 customers and the installation of program measures and services.

26 6. Customer Rewards

27 SDG&E proposes a new LIEE program element to reinforce energy education, achieve
28 long-term behavioral changes, and create sustained energy savings. This element is designed to
29 reward customers who are able to consistently maintain a reduction in their overall energy
30 consumption. Additionally, it may potentially mitigate the rebound effect, whereby customers

¹¹ See Public Utilities (“PU”) Code Sections 327, 381.5, and 2790.

1 use more energy because they have more discretionary dollars, as a result of reduced energy
2 bills.

3 In order to ensure that the Commission's objectives are to be met and sustainable energy
4 savings are achieved, SDG&E placed emphasis on those measures that produce real savings and
5 bill reductions. This bill reduction goal is aligned with the resource goal, in that both depend on
6 energy savings as the primary program achievement. Additionally, SDG&E's proposal
7 maximizes the use of program funds to reach the greatest number of eligible customers by
8 redirecting program funds that in the past had been used to install measures that produced limited
9 energy savings and/or limited the frequency of the installation of measures. *See* direct testimony
10 of SDG&E Witness Lawless for more specific details of SDG&E's LIEE PY 2009-2011
11 program plans, measures, and budgets.

12 **C. Integration and Coordination with other SDG&E Programs and Between**
13 **SDG&E and SoCalGas**

14 One of the key policy initiatives that SDG&E is pursuing is the integration of energy
15 efficiency, demand response, and renewable technologies with the LIEE program. SDG&E
16 believes that an integrated approach is an effective means to pursue long term strategies.
17 SDG&E's planned integration and coordination efforts help to further this strategy by presenting
18 customers with an array of available programs to respond to their energy needs. By utilizing the
19 synergies between these options, customers will be encouraged to take advantage of all
20 opportunities to reduce their energy consumption.

21 SDG&E and SoCalGas provide electric and natural gas service respectively to customers
22 in Southern Orange County. In this overlapping service territory, SDG&E and SoCalGas will
23 implement a joint enrollment process which will simplify the process and produce cost savings
24 for both customers and the utilities. Similarly, the utilities will work together to develop co-
25 branded direct mailers and other marketing collateral. See the direct testimony of Witness
26 Lawless for further details on SDG&E's planned integration and coordination between SDG&E
27 and SoCalGas' programs in their overlapping service territories and with other utility programs
28 for 2009-2011.

29 **D. Integration and Coordination with Other Non-Utility Entities**

30 SDG&E recognizes the value of partnering or collaborating with various entities such as:

- 31
- Cities and local communities;

- 1 • Low Income Home Energy Assistance Program (“LIHEAP”)¹² agencies;
- 2 • Water agencies;
- 3 • CBOs;
- 4 • Schools; and,
- 5 • Other entities such as the 211 San Diego, a human service referral program.

6 For PY 2009-2011, SDG&E intends to pursue a number of opportunities that are
7 designed to maximize the leveraging potential between the LIEE program and other services that
8 assist low income customers. These leveraging opportunities have the potential to reduce costs,
9 and increase awareness and program participation. For example, SDG&E has initiated
10 discussions with the California Department of Community Services and Development (“DCSD”)
11 on ways to enhance leveraging between LIEE and LIHEAP’s weatherization program. Also
12 through its energy efficiency local government partnerships (“LGPs”), SDG&E plans to
13 coordinate with local agencies, city governments, businesses, CBOs and other agencies to
14 increase customer energy efficiency awareness, and to leverage promotion and delivery of the
15 LIEE program. This coordination may also include investigating opportunities that may exist or
16 arise as part of SDG&E’s other general energy efficiency programs. SDG&E is also considering
17 other avenues in which to coordinate and leverage program opportunities with entities such as
18 water agencies and schools.

19 **E. Cost Effectiveness**

20 D.07-12-051 instructed that the IOUs’ proposed PY 2009-2011 LIEE program plans take
21 advantage of all cost-effective energy efficiency opportunities. In designing its PY 2009-2011
22 LIEE program proposal, SDG&E sought to identify a mix of measures that would best
23 complement the current list of program measures, yield maximum energy savings, help improve
24 the benefit cost ratio, and provide other benefits to customers. Although SDG&E includes
25 measures, both new and old, that have a benefit cost ratio of less than one, these measures still
26 provide energy savings to the customer. As such, they directly address the Commission’s
27 objectives to provide participant bill savings, improve quality of life and improve the benefit cost
28 ratio. *See* SDG&E Witness McKinley direct testimony which addresses LIEE program cost-
29 effectiveness and planned measurement and evaluation studies.

30 //

¹² LIHEAP is a federally-funded program administered by the California Department of Community Services and Development.

1 **F. Strategic Plan**

2 D.07-10-032 directs the IOUs to prepare a Strategic Plan for the period PY 2009–2020.

3 The Strategic Plan sets the stage for the next generation of energy efficiency in California. D.07-
4 12-051 directs IOUs to propose program and budgets for 2009-2011 that move toward the
5 programmatic initiative and the Strategic Plan. SDG&E’s LIEE proposal supports the Strategic
6 Plan in the following ways:

- 7 • Strategy 1: Develop customer segmentation to improve program delivery, increasing
8 the opportunities for program participation and energy savings.

9 SDG&E segmented its customer population based on geographic locations to identify
10 where there are higher concentrations of potentially eligible, non-participating LIEE customers;
11 energy usage; and socioeconomic factors such as age, location, income, etc. Such segmentation
12 and further refinements, will enable SDG&E to tailor its outreach and marketing efforts toward
13 specific customer segments (such as seniors potentially living on fixed income) to generate a
14 higher response, and ultimately increase program participation.

- 15 • Strategy 2: Pursue collaboration and leveraging of other programs

16 SDG&E will pursue additional opportunities to collaborate with utilities and local
17 agencies that provide services to low-income customers. All opportunities available to low-
18 income customers will be presented and evaluated at the same time, to determine which
19 programs and services will provide the optimal benefits to the customers. SDG&E’s audit-
20 based, customized approach will ensure each customer receives services that benefit them most.

- 21 • Strategy 3: Integrate LIEE programs with energy efficiency and other demand-side
22 programs.

23 The LIEE program will be integrated with other energy efficiency and low-income
24 programs, offering a comprehensive approach to assist low-income customers. LIEE education
25 will include information on other related programs that provide energy savings opportunities,
26 and energy efficiency program materials will include, where appropriate, information on LIEE
27 services and eligibility requirements. SDG&E’s goal is to ensure that customers are aware of the
28 portfolio of energy savings programs and services that are available to them and the benefits that
29 can be achieved from program participation.

30 //

- Strategy 4: Develop and integrate LIEE workforce training requirements into the Workforce Education & Training (“WE&T”) strategy aimed at reaching minority and other disadvantaged communities.

LIEE installation training will be directed to a wider network of providers that are more easily accessible to minority, low-income and economically disadvantaged communities.

SDG&E’s LIEE proposal will incorporate various providers into the program for the different program elements as needed. For example, SDG&E will explore the feasibility of coordinating with the local Employment Development Department (“EDD”), which focuses on the needs of low-income and displaced workers in general.

- Strategy 5: Specify and employ program elements that emphasize long-term and enduring energy savings.

SDG&E’s LIEE proposal focuses on energy efficiency opportunities and savings results for low-income customers by offering and installing those program measures that provide the best energy savings for customers. The program’s education element provides a customized information package for each customer. A new program element will provide rewards to customers who are consistently able to reduce overall consumption. This new approach will reinforce energy education and encourage enduring energy savings.

- Strategy 6: Specify and deploy Marketing Education & Outreach for LIEE program consistent with energy efficiency strategies.

Targeted outreach and marketing strategies will be implemented to increase awareness and participation in energy efficiency programs available to low income customers. Using the results of the customer segmentation will allow SDG&E to design and deploy outreach and marketing strategies to effectively reach potential LIEE customers. SDG&E will be actively involved in statewide marketing, education, and outreach task force(s) and other similar activities to ensure that the specific communication needs of its low-income customers are addressed through statewide efforts.

G. Innovative Pilot Programs for PY 2009-2011

SDG&E is committed to providing assistance to low income customers and identifying new and innovative ways to help them understand how their behavior can impact their energy usage and utility bill. SDG&E’s objective is to provide measures that will be easy for low income customers to understand and execute, as well as provide measures that will result in energy savings.

1 SDG&E proposes two pilot programs as part of its LIEE program portfolio. SDG&E
2 proposes to offer an in-home display (“IHD”) pilot, as part of the energy education process to
3 help customers know their actual energy usage.¹³ The IHD digitally displays the amount of
4 energy consumed and the amount of the energy bill in real time. Customers will be educated on
5 how to read the IHD and use it as a tool to monitor their energy consumption. The proposed In-
6 Home Display pilot will help SDG&E determine the effectiveness of providing real time
7 feedback (i.e., energy consumption and bill impacts) to residential customers and whether or not
8 the immediate feedback will motivate them to take actions to reduce their energy usage and/or to
9 shift load to other time periods.

10 SDG&E also proposes to deploy the Programmable Controllable Thermostat (“PCT”)
11 pilot with the rollout of Smart Meters. The PCTs will be capable of receiving price or system
12 reliability signals and will provide customers, who are interested in participating, an opportunity
13 to reduce consumption through thermostat set-point adjustments. Both of these pilot programs
14 are further elaborated in the Direct Testimony of SDG&E Witness Lawless.

15 **III. PY 2009-2011 CARE PROGRAM PROPOSALS**

16 **A. SDG&E Approach to CARE Program Design**

17 As of March 2008, 226,593 customers were enrolled in SDG&E’s CARE program.
18 SDG&E projects that participation will continue to increase to 238,659 customers by year-end
19 2008, which will bring its CARE penetration rate to 72%. Consistent with the Commission’s
20 goal to enroll all eligible and willing customers into the CARE program, SDG&E proposes
21 several initiatives in PY 2009-2011 to not only encourage CARE enrollment, but also retain
22 eligible customers in the program. SDG&E proposes a number of innovative outreach,
23 marketing, and enrollment approaches designed to further simplify the CARE enrollment process
24 and increase the number of customers participating in the program. Several of SDG&E’s
25 proposals for PY 2009-2011 are designed to mitigate the number of eligible customers who are
26 dropped from CARE because they do not respond to mailed requests for recertification or post
27 enrollment verification.

28 //

29 //

¹³ Currently available IHD devices provide information on both the kilowatt hours being consumed and the corresponding energy costs, based on the customer’s rate.

1 **B. Program Modifications to Increase Program Participation**

2 In order to further the Commission’s gal to enroll all willing and eligible CARE
3 customers, SDG&E is proposing modifications to its Processing/Certification/Verification
4 procedures to further encourage customer enrollment and retention. Specifically, SDG&E plans
5 to reduce the recertification period for sub metered customers and customers living in non-profit
6 group living facilities, agricultural housing, and non-profit migrant farm worker housing.
7 SDG&E also plans to allow customers to complete incomplete applications over the telephone.
8 In addition, SDG&E proposes to automatically qualify all Section 8 and Public housing
9 participants for participation in the CARE program, and allow them to categorically enroll.

10 SDG&E’s outreach plan for PY 2009-2011 builds on the success of current effective
11 approaches in order to increase program participation in areas of low penetration, and to enhance
12 strategies to reach the hard-to-reach, special needs, CARE-eligible customers. SDG&E will also
13 investigate more convenient methods to help these customers apply for the CARE program.
14 SDG&E’s proposed outreach plan is based on the cost effective use of multiple communication
15 media, designed to effectively segment SDG&E’s low-income customers and communicate the
16 program to those identified as most likely to be eligible.

17 Based on SDG&E’s experience in administering the CARE program, the enrollment of
18 CARE customers alone will not be sufficient to reach enrollment goals, and retaining current
19 customers in the program will continue to be challenging. During PY 2009-2011, SDG&E will
20 continue to employ existing enrollment strategies (e.g., use of H&R Block, internet, and new
21 capitation contractors), explore the reasons for attrition, and devise new approaches for enrolling
22 and retaining eligible customers. SDG&E also proposes to work with the Energy Division, the
23 Telecommunications Division, telephone carriers, and interested parties to evaluate the potential
24 of establishing either a data sharing process or to categorically enroll participants in the
25 California Lifeline program into the CARE program.¹⁴

26 SDG&E’s proposed modifications to the CARE program are designed to: 1) offer
27 customers a simple and convenient enrollment process, in order to promote increased program
28 enrollment; 2) facilitate a smooth and seamless recertification process, in order to encourage
29 program retention 3) improve outreach activities, in order to communicate the benefits of the

¹⁴ Currently eligibility requirements for CARE and the California Lifeline program differ in terms of income guidelines, the definition of a residence, and the list of programs by which customers can categorically enroll in the programs. These issues will need to be resolved before an automatic enrollment or categorical enrollment process would be possible.

1 CARE program to a broader array of potential CARE customers; 4) continue and expand
2 coordination efforts with CBOs, local governments, school districts, and other organizations, in
3 order to reach the hardest-to-reach customers and further build community awareness about the
4 CARE program. The direct testimony of Witness Lawless discusses the specific details of
5 SDG&E's PY 2009-2011 CARE program plans and budgets.

6 **IV. RATE AND BILL IMPACTS RESULTING FROM THE INCREASED 2009-2011**
7 **LIEE AND CARE PROGRAM BUDGETS**

8 In order to achieve the Commission's aggressive LIEE Programmatic Initiative and
9 CARE penetration goals, SDG&E requests approval of increased budgets beyond the current PY
10 2007-2008 program funding levels. The request for approval of the increased budgets will result
11 in rate and bill impacts for SDG&E's customers. SDG&E has attempted to design the PY 2009-
12 2011 LIEE and CARE programs to meet Commission goals, while balancing the impacts on
13 ratepayers. SDG&E's proposed PY 2009-2011 LIEE budget is \$62.3 million. SDG&E's
14 proposed CARE administrative budget for PY 2009-2011 is \$8.8 million.

15 Witness Lawless' direct testimony discusses the LIEE and CARE program budget details.
16 The details of the rate and bill impacts are described in the Application.

17 **V. OUTSTANDING LIEE AND CARE ISSUES**

18 There are a number of outstanding issues that parties have brought before the
19 Commission, relating to the cost effectiveness of the LIEE program and the use of the September
20 7, 2007 Phase II Needs Assessment Report ("Report") prepared for the Commission by KEMA,
21 Inc. Because these issues could potentially impact SDG&E's proposed low income assistance
22 program designs for PY 2009-2011, these issues require Commission attention and resolution:

23 Cost-effectiveness Issues for LIEE Program

- 24 • On February 22, 2008, SDG&E and SoCalGas, along with the other large IOUs
25 submitted joint pre-workshop comments recommending that 1) the cost-effectiveness
26 model be updated to use the current avoided costs and environmental adders approved
27 in D. 05-04-024 and D. 06-06-063, 2) the calculation of non-energy benefits
28 ("NEBs") used in the LIEE cost effectiveness model should be based on values that
29 are updated; and, 3) additional research be conducted to determine the
30 appropriateness and scale of the NEBs.

- Currently, in the Energy Efficiency programs, an overall program portfolio must meet a Total Resource Cost (“TRC”) threshold of 1.0. SDG&E recommends that the Commission make a determination as to the appropriate cost-effectiveness threshold to use in evaluating the LIEE programs or whether or not the thresholds adopted in D. 02-08-034 should continue. Historically, the LIEE programs have not been required to meet the minimum threshold of 1.0 due to the Commission’s equity objectives for the LIEE program.¹⁵

KEMA Needs Assessment for LIEE and CARE

- On September 27, 2007, Administrative Law Judge Kim Malcolm issued a Ruling seeking comments on the Report prepared for the Commission by KEMA, Inc. SoCalGas and SDG&E jointly filed comments which discussed concerns regarding the Sampling and Survey Implementation, Analysis and Ultimate Use of Survey Data, and a Determination of a Target for enrollment in the CARE program or participation in LIEE. Several other parties commented on the Report data and pointed out discrepancies in the Report regarding 1) inaccurate tables and factual errors; 2) lack of analysis and analysis data in the Report; 3) unsubstantiated conclusions; 4) unclear recommendations on the CARE population targets; 5) insufficient sampling data for the small and multi-jurisdictional utilities; conflicting recommendations; and, 6) departure from the principal objectives of the Report.
- To date, the Commission has not addressed parties’ concerns with the Report, nor has the Commission indicated how the Report is to be used. As such, SDG&E only used limited data from the Report in developing its program plans and budgets for PY 2009-2011. Rather, SDG&E utilized independent analysis which utilized demographic and census data to establish its goals and program plans.
- Accordingly, SDG&E recommends that the Commission seriously consider parties’ concerns. These concerns should be addressed before directing changes in the proposed LIEE and CARE program design for PY 2009-2011, if the changes are to be based on the Report’s recommendations.

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¹⁵ See D. 94-10-059 at 119.

1 **VI. CONCLUSION**

2 Accordingly, this testimony recommends that the Commission: 1) approve SDG&E's
3 proposed PY 2009-2011 LIEE and CARE plans and budgets, 2) find that the programs comply
4 with the Commission's stated objectives for the LIEE and CARE programs, and 3) address the
5 LIEE and CARE program policy issues discussed herein.

6 This concludes my prepared written testimony.

1 **STATEMENT OF QUALIFICATIONS**

2 **RICHARD D. HOBBS**

3
4 My name is Richard D. Hobbs. My business address is 555 West Fifth Street, Los
5 Angeles, California 90013. I am employed at SDG&E and SoCalGas as Director of Customer
6 Assistance.

7 I joined SoCalGas in 1983 and have held management positions of increasing
8 responsibility in marketing, customer service, distribution operations, residential and commercial
9 customer segment management, public affairs, strategic planning, and SDG&E and SoCalGas
10 energy efficiency portfolio management. My work experience has included the development and
11 implementation of residential, commercial, and industrial demand-side management programs;
12 implementation of programs to manage and measure customer satisfaction with utility services;
13 representation of the utility on the board of directors of several community based organizations
14 and business organizations; development of long range utility strategic plans, and development
15 of utility-wide capital and operational budgets.

16 I assumed my current position in January 2008. My principal responsibilities include
17 directing all activities involved with the CARE, LIEE and other special needs programs. I am
18 also currently serving as the utility representative on the Low Income Oversight Board.

19 I have not provided testimony before this Commission in the past. I hold a Bachelors
20 Degree in Management from the University of Redlands.