

Application No. A.11-05-____
Exhibit No: _____
Witness: Williams, Sandra

**PREPARED DIRECT TESTIMONY OF SANDRA WILLIAMS
ON BEHALF OF SAN DIEGO GAS & ELECTRIC COMPANY'S
ENERGY SAVINGS ASSISTANCE PROGRAM PLANS AND
BUDGETS FOR PROGRAM YEARS 2012, 2013 AND 2014**

Before the Public Utilities Commission
Of the State of California

May 16, 2011

TABLE OF CONTENTS

	<u>Page</u>
I. ENERGY SAVINGS ASSISTANCE PROGRAM PLAN AND BUDGETS APPLICATION FOR PY 2012-2014.....	1
A. Overview.....	1
1. Energy Savings Assistance Program Summary	1
2. Utility Requests	3
a. Existing Program Elements And Strategies To Be Continued.....	3
b. New program elements and strategies to be implemented, including estimates of budgets for the new approaches.....	5
c. Proposed Pilots and Studies to be conducted.....	5
d. New Measures to be implemented.....	5
e. Existing Measures to be retired.....	6
f. Total requested budget of the portfolios for each year, and for the entire budget cycle, including any requests to carryover funds from prior budget cycles.....	6
g. Total number of homes to be treated for each year, and for the entire budget cycle, (including the homes projected for but not reached in 2009-11 PY).....	6
h. Estimated energy savings for each year, and for the entire budget cycle (based on proposed measures)	7
i. Exceptions requested.....	7
B. Background	7
1. Energy Savings Assistance Program Summary	7
2. Program Eligibility Guidelines	9
3. Eligible Population.....	11
C. Program Goals	15
1. Strategic Plan Vision.....	15
a. By 2020, 100 Percent Of Eligible And Willing SDG&E Customers Will Have Received All Cost-Effective Energy Savings Assistance Program Measures	15
2. Strategic Plan Goals.....	15
a. By 2020, all eligible customers will be given the opportunity to participate in the Energy Savings Assistance Program.....	15

b.	The Energy Savings Assistance Programs Will Be An Energy Resource By Delivering Increasingly Cost-Effective And Longer-Term Savings.....	16
3.	Strategic Plan Strategies.....	17
a.	Improve Program Delivery.....	17
b.	Promote the Growth Of A Trained Energy Savings Assistance Program Workforce	18
c.	Increase Collaboration And Leveraging Of Other Low Income Programs And Services.	19
d.	Coordinate and Communicate Between The Energy Savings Assistance Program, Energy Efficiency And Demand-Side Management Programs To Achieve Service Offerings That Are Seamless For The Customer.....	19
e.	Provide Low Income Customers With Measures That Result In The Most Savings In the Energy Savings Assistance Program.....	20
f.	Identify Segmented Concentrations Of Customers To Improve Delivery	21
D.	Program Delivery.....	22
1.	Existing Strategies.....	22
a.	WE&T	29
b.	Leverage of Available Resources	31
c.	Integration of the Energy Savings Assistance Program with existing utility energy efficiency infrastructure.....	33
d.	WNA	33
e.	Customer Service Improvements.....	35
f.	Other	35
2.	Incorporating Evaluation and Study Results	35
a.	Process Evaluation Study Results	36
b.	Impact Evaluation Study Results.....	36
c.	Household Segmentation Study Results	37
d.	High Usage Needs Assessment Study Results (SCE).....	37
e.	Refrigerator Degradation Study Results.....	37
f.	NEBs Study Results	38
3.	Incorporating Experiences from 2009-2011 Implementation.....	39
4.	New and Proposed Strategies.....	40

a.	New ME&O Efforts To Be Employed, Including The Integration Of The New Low Income Brand As Well As The New EE Brand	40
b.	Description of How Engage 360 and the Energy Savings Assistance Program Will Be Used In Program Marketing. Give a Detailed Strategy.	43
c.	Description of New WE&T Strategies for 2012-2014	45
d.	Description of New Leveraging Opportunities, Strategies And Relationships For 2012-2014	45
e.	Description of New Integration Opportunities And Strategies For 2012-2014.....	46
f.	Description of Other New Strategies Identified Through Past Evaluations, Studies, Focus Groups, Etc.....	46
g.	New Customer Service Improvements	47
E.	Cost Effectiveness and Energy Savings	47
1.	Energy Savings	47
2.	Cost Effectiveness of Overall Energy Savings Assistance Program.....	50
a.	Energy Savings Assistance Program Cost Effectiveness Tests: Background and Methodology	50
b.	2003 Cost Effectiveness Study	51
c.	Cost-Effectiveness Analysis for PY2009-2011.....	53
d.	Cost Effectiveness Testing for the PY2012-2014 Energy Savings Assistance Program	54
e.	Assumed Values and Variables and Other Model Components.....	55
f.	Overall Program Results	56
g.	Recommended Adoption Criteria	57
h.	Recommendation for NEBs Calculation	57
F.	Measure Portfolio Composition.....	57
1.	Overall Portfolio Composition	57
a.	Cost-Effectiveness and Other Criteria for Program Measures	58
b.	New Measures	61
c.	Retired Measures.....	61
G.	Other ESAP Program Elements And Policies.....	61
1.	Cost-Effectiveness Threshold.....	61
2.	Utility Gas/Electric Budget Split	61
3.	Joint Utility Funding Split for Joint Projects.....	62
4.	3 Measure Minimum.....	62

5.	Definition of Treated Household	62
6.	Refrigerator Replacement Age	63
7.	Cooling Center Budgets.....	63
8.	Other	63
H.	Pilots.....	64
I.	Studies.....	64
J.	Budget	66
1.	Tracking Program Costs	71
2.	Discussion on required Budget Flexibility and potential Fund Shifting	71
K.	Revenue Requirements And Rate Impacts.....	71
L.	Conclusion	73

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

3 **A. Overview**

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

5 SDG&E's proposed program year ("PY") 2012-2014 Energy Savings Assistance
6 Program¹ is designed to achieve maximum energy savings,² serve as a reliable energy resource to
7 the State of California, reach 60,000 eligible households,³ reduce low income customers' energy
8 bills, and help customers avoid service disconnection.⁴

9 SDG&E's proposed PY2012-2014 Energy Savings Assistance Program elements⁵ are
10 specifically designed to reflect the goals of the CEESP for the program because they facilitate
11 SDG&E's efforts to:

- 12 1. Develop customer segmentation to improve program delivery, increasing the
13 opportunities for program participation and energy savings.
- 14 2. Pursue collaboration and leveraging of other programs.
- 15 3. Integrate Energy Savings Assistance Programs with energy efficiency and other
16 demand-side programs.
17
18
19

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

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

³ To promote the Energy Savings Assistance Program's goals and policies, the California Public Utilities Commission ("Commission") adopted an Energy Savings Assistance Program programmatic initiative ("programmatic initiative") "to provide all eligible LIEE customers the opportunity to participate in LIEE programs and to offer those who wish to participate all cost-effective energy efficiency measures in their residences by 2020." D.07-12-051, at p. 25.

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

⁵ SDG&E's program elements are: 1) Outreach; 2) Enrollment; 3) Measure Installation; and 4) Inspections.

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

10 SDG&E proposes initiatives and activities for PY2012-2014 to achieve the

11 Commission’s key policy objective of making the Energy Savings Assistance Program a
12 reliable state energy resource. For example, SDG&E will continue to communicate to
13 customers the need for energy conservation, improve on service and outreach efforts, and utilize
14 the “whole house” approach to provide home weatherization, energy efficient appliances and
15 energy education services to income-qualified customers. SDG&E plans to accomplish the
16 programmatic initiative of reaching 60,000 eligible households during the 2012-2014 program
17 cycle, by: 1) taking a segmented ME&O approach to reach more customers in targeted areas; 2)
18 maximizing leveraging and integration opportunities to reach targeted customer populations
19 (e.g., customers with disabilities, non-English speaking customers, customers with limited
20 English proficiency, hard-to-reach customers); 3) enhancing program outreach, increasing
21 program awareness, and 4) ultimately enrolling more customers into the program. To help
22 customers decrease their energy bills, SDG&E proposes to continue to aggressively market the
23 program, promote energy conservation, outreach to customers, and serve all eligible low income
24 customers by providing, at no cost, all feasible Energy Savings Assistance Program measures
25 and services. To help customers avoid service disconnection, SDG&E remains committed to
26 educating customers about responsible energy usage and about how to accurately read their
27 energy bills. In addition, and consistent with terms of the Residential Disconnection Settlement

⁶ D.08-11-031 and D.09-10-012.

1 Agreement, SDG&E's disconnection levels remain below the disconnect performance
2 benchmarks of 2.08% for all residential customers, and 3.44% for CARE-only customers.⁷

3 **2. Utility Requests**

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

5 Despite the many challenges faced during the 2009-2011 program cycle (e.g., increase in
6 enrollment goals, the economic recession, high unemployment, and contractor difficulties),
7 SDG&E continued to implement and improve on many of its existing program elements and
8 strategies. SDG&E proposes to continue the following program elements and strategies:

9 Customer Enrollment

10 SDG&E plans to continue its existing customer enrollment process, which includes
11 customer income eligibility, in-home assessment (including structural feasibility), and energy
12 education.

13 In-Home Assessment

14 SDG&E will continue its existing in-home assessment process of determining the homes'
15 needs before rendering program services and measures.

16 Installation of Measures

17 SDG&E will continue to ensure that all feasible measure installations are performed by
18 licensed contractors who participate in the program. SDG&E proposes to continue to install all
19 feasible measures, which include: heating and cooling measures, envelope and air sealing
20 measures, attic insulation, water heating measures, lighting measures, refrigerator replacement,
21 microwave ovens, and minor home repairs.

⁷ Pursuant to the Residential Disconnection Settlement Agreement, SDG&E's disconnection levels must remain below these benchmarks for two 12 month periods, ending April 30 and October 31, and must be below 120% of benchmarks for any two consecutive months exceeds these disconnection benchmarks. *See* Appendix A, at pp. 5-7 for description of the disconnect performance benchmarks.

1 To produce the most benefit and value based on energy consumption and customer
2 behavior, SDG&E proposes to continue to provide energy education on heating and cooling
3 usage, water heating usage, electric and gas appliance usage, benefits of the Energy Savings
4 Assistance Program in reducing greenhouse emissions, water conservation, lighting usage, and
5 ways that the customer can reduce usage through behavior changes. The energy efficiency
6 education, which occurs close in time to the installation of measures, informs and teaches low-
7 income customers about the benefits of energy efficiency. In addition, to address customer
8 confusion, customers are educated on how to read a utility bill and provided information on the
9 California Alternate Rates for Energy (“CARE”) and Medical Baseline programs, and other
10 available assistance programs.

11 WE&T

12 Because customer safety is of utmost concern to SDG&E, SDG&E endeavors to promote
13 and develop education training to increase the technical expertise of its Energy Savings
14 Assistance Program Contractor Network. SDG&E will continue to support efforts in achieving
15 standardized WE&T related to energy efficiency that can be used to supplement the utility-
16 specific training currently offered by the program.

17 Inspections

18 SDG&E will continue to utilize in-house inspection personnel to perform all program
19 inspections. SDG&E’s utilization of its inspection personnel has worked effectively and
20 efficiently to provide quality assurance of the work performed. Use of the inspection personnel
21 also ensures a high level of customer service.

22 ///

23 ///

1 **b. New program elements and strategies to be implemented, including**
2 **estimates of budgets for the new approaches**

3 SDG&E proposes to implement customer incentives and installation contractor
4 incentives. SDG&E will offer customers incentives, in the form of a \$50 grocery store gift
5 card, to motivate customers to keep their scheduled appointments. SDG&E will offer its
6 contractor a \$15 referral fee to encourage increased customer enrollments. The estimated
7 budget for these incentives during the 2012-2014 program cycle is \$2,250,000 for the customer
8 incentives, and \$130,275 for the contractor incentives, for a total of \$2,380,275.

9 **c. Proposed Pilots and Studies to be conducted**

10 SDG&E does not propose to conduct any pilots in PY2012-2014. The Joint IOUs
11 propose to conduct a statewide impact evaluation study during the 2012-2014 program cycle to
12 assess the cost effectiveness of the program measures. The Joint IOUs also propose to conduct a
13 statewide energy education assessment study during the 2012-2014 program cycle to assess the
14 delivery of customer education in the Energy Savings Assistance Program.

15 **d. New Measures to be implemented**

16 SDG&E proposes to introduce the Smart Strip into the Energy Savings Assistance
17 Program mix of measures. The Smart Strip is a device that will help customers reduce their
18 energy consumption, as it monitors power consumption and can sense the difference between
19 when computers and other devices are on or off. Then, it shuts off the power, eliminating the
20 idle current drawn from them.

21 Although not a new measure, SDG&E proposes to modify the existing refrigerator
22 measure, to include energy efficient refrigerators that are manufactured prior to 1999.

23 ///

24 ///

1 **e. Existing Measures to be retired**

2 SDG&E proposes to retire three measures from the mix of measures offered to customers
3 for PY2012-2014: Central Air Conditioners, Duct Testing and Sealing, and Evaporative Cooler
4 Covers. These measures are being retired because they did not pass D.08-11-031's benefit-cost
5 ratio threshold of 0.25 in any climate zone, or by any dwelling type within SDG&E's service
6 territory.⁸

7 **f. Total requested budget of the portfolios for each year, and for the**
8 **entire budget cycle, including any requests to carryover funds from**
9 **prior budget cycles**

10

	PY 2012	PY 2013	PY 2014
Proposed Budget	\$22,044,929	\$22,462,163	\$22,832,030

11
12 SDG&E's total budget request of \$67.34 million represents an increase of 7% above the
13 PY2009-2011 Energy Savings Assistance Program approved budget of \$62.70 million⁹ due to
14 the weatherization measures proposed for installation and the new initiatives proposed during the
15 2012-2014 program cycle.

16 **g. Total number of homes to be treated for each year, and for the entire**
17 **budget cycle, (including the homes projected for but not reached in**
18 **2009-11 PY)**

19
20 SDG&E proposes to treat 20,000 homes in PY2012, 20,000 homes in PY2013, and
21 20,000 homes in PY2014. During PY2009-2010, SDG&E met its goal of treating 20,927 and
22 21,593 households, respectively. For PY2011, SDG&E is on target to meet its goal of treating
23 20,384 eligible households.

⁸ See D.08-11-031, at pp. 53-54.

⁹ See D.08-11-031, at Attachment A.

1 **h. Estimated energy savings for each year, and for the entire budget**
 2 **cycle (based on proposed measures)**

3
 4 SDG&E's estimated energy savings, greenhouse gas reductions, and vehicle reductions
 5 are shown below for each year and for the lifecycle.

6 **Annual**

	PY 2012	PY 2013	PY 2014
Bill Savings	\$1,562,840	\$1,597,375	\$1,539,668
Projected kWh	8,198,650	8,416,623	8,052,399
Projected Therms	283,727	283,727	283,727
Projected kW	1,991	2,017	1,955
Projected CO2 Reduction (Tons)	6,170	6,290	6,090
Projected Vehicle Reduction	1,020	1,040	1,007

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

8
 9 **Lifecycle**

	PY 2012	PY 2013	PY 2014
Bill Savings	\$14,495,539	\$14,871,927	\$14,242,997
Projected kWh	104,069,328	107,338,913	101,875,553
Projected Therms	2,985,488	2,985,488	2,985,488
Projected kW	15,783	21,472	20,542
Projected CO2 Reduction (Tons)	74,715	76,513	73,509
Projected Vehicle Reduction	12,350	12,647	12,150

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

11 **i. Exceptions requested**

12 SDG&E does not request any exceptions in PY2012-2014.

13 **B. Background**

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

15 The Energy Savings Assistance Program has offered energy saving and no cost home
 16 improvements to income-qualified customers since the early 1980's. The Energy Savings
 17

1 Assistance Program is ratepayer funded through the Public Goods Charge and is available to
2 residential customers living in all housing types (single family, multi-family, and mobile homes),
3 and is applicable to homeowners or renters. Historically, the Energy Savings Assistance
4 Program has been primarily designed to meet the Commission’s equity objectives of assisting
5 customers who are highly unlikely or unable to participate in other residential programs.¹⁰ Over
6 time, however, the focus of the Energy Savings Assistance Program has evolved to include other
7 goals for the program. For instance, in recognition of the changes in the energy markets and the
8 environment, as well as the needs of the low income customers and the larger community, the
9 Commission in D.07-12-051 updated its policy objectives for the Energy Savings Assistance
10 Programs stating:

11
12 “[T]he key policy objective for the LIEE programs, like that of our
13 non-LIEE energy efficiency programs, is to provide cost-effective
14 energy savings that serve as an energy resource and to promote
15 environmental benefits. We retain our commitment to ensuring the
16 LIEE programs add to the participant’s quality of life, which
17 implicates, equity, energy affordability, bill savings and safety and
18 comfort for those customers who participate in LIEE programs.”
19

20 To achieve these objectives, the Commission adopted an Energy Savings Assistance
21 Program programmatic initiative “to provide all eligible LIEE customers the opportunity to
22 participate in LIEE programs and to offer those who wish to participate all cost effective energy
23 efficiency measures in their residences by 2020.” D.07-12-051 articulated the Commission’s
24 key objective to make the Energy Savings Assistance Program a reliable energy resource for the
25 State of California. In July 2008, Commission Staff issued the CEESP, which provides program
26 guidance to the utilities. The CEESP is designed to increase the opportunities for program
27 participation and energy savings; improve leveraging and integration efforts; improve the Energy

¹⁰ D.94-10-059, at p.119.

1 Savings Assistance Program workforce training requirements so as to facilitate participation of
2 minority and other disadvantaged communities; emphasize long term and enduring energy
3 savings; and organize program ME&O that is consistent with CEESP strategies.¹¹

4 SDG&E's Energy Savings Assistance Program strives to help income-qualified
5 customers reduce their energy consumption and costs, while increasing their comfort, health and
6 safety. The program utilizes a "whole house" approach to provide free home weatherization,
7 energy efficient appliances and energy education services to income-qualified customers.

8 Program services and measure offerings have also been relatively standardized among the four
9 investor-owned utilities ("IOUs")¹², in large part due to the Statewide LIEE Program Policy and
10 Procedures Manual. To assess program effectiveness and efficiencies, the utilities periodically
11 conduct process and impact evaluation studies. To ensure program measures and services
12 remain cost efficient, the utilities conduct program cost effectiveness tests, which include non-
13 energy benefits ("NEBs").

14 **2. Program Eligibility Guidelines**

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

¹¹ In January 2011, the CEESP was updated to include an energy efficient lighting chapter because lighting comprises approximately one-fourth of the electricity use in California. The CEESP established lighting goals that are applicable to three market sectors: residential, nonresidential, and exterior lighting. California Assembly Bill 1109 will phase out traditional, low efficiency incandescent lamps by 2018.

¹² The IOUs consist of SDG&E, Pacific Gas and Electric Company ("PG&E"), Southern California Edison Company ("SCE"), and Southern California Gas Company ("SoCalGas").

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

9 Customers may be eligible to participate under categorical eligibility and can be
10 automatically enrolled in the Energy Savings Assistance Program based on their current
11 participation in certain local, state, or federal means-tested programs. Customers enrolling in the
12 Energy Savings Assistance Program through categorical eligibility are required to show
13 documentation to reflect current participation in one of the following categorical programs:
14 Medi-Cal, Food Stamps, Temporary Assistance to Needy Families ("TANF"), Women and
15 Infant Children, Low Income Home Energy Assistance Program, Healthy Families Categories A
16 & B, Supplemental Security Income, Federal Public Housing Assistance/Section 8, National
17 School Lunch's Free Lunch Program, Tribal TANF, Bureau of Indian Affairs General
18 Assistance, and Head Start Income Eligible (Tribal only).¹⁵

19 Customers may also be eligible to participate in the Energy Savings Assistance Program
20 through self certification. Self certification is permitted in certain geographic areas where 80%
21 of the customers are likely to be at or below current Energy Savings Assistance Program/CARE

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

¹⁴ D.05-10-044 (the "Winter Initiative" decision) set the program eligibility limits at 200% of the Federal Poverty Guidelines.

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

1 income guidelines. Customers enrolling in the program through self certification must sign a
2 “self certification statement” to certify that the household meets the current Energy Savings
3 Assistance Program/CARE income guidelines as set forth by the Commission.

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

10 **3. Eligible Population**

11 SDG&E estimates that for PY2012-2014¹⁶ 48,081 customers will be eligible to receive
12 Energy Savings Assistance Program benefits. To derive the estimated eligible population for
13 PY2012-2014, the utilities relied on the methodology adopted in D.08-11-031 including certain
14 revisions as described below. In D.08-11-031, the Commission adopted a methodology for the
15 IOUs to utilize to calculate the estimated number of Energy Savings Assistance Program homes
16 to be treated in PY2008-2011. The Commission’s adopted methodology is calculated as follows:

- 17 1. Use the estimated number of income eligible households based on the estimates
18 submitted in the utilities’ annual Estimated Eligibility Updates.
- 19 2. Add a 1% annual growth factor accounting for population growth and economic
20 conditions.
- 21 3. Deduct the estimated number of households “unwilling to participate” in the
22 program. The Commission adopted a 5% factor based on the estimate from the
23 KEMA Needs Assessment Report.
24
25
26

¹⁶ The 2009-2020 programmatic initiative consists of four three-year program cycles. The goal in PY2009-2011 was to treat ¼ of the homes remaining to be treated. The 2012-2014 cycle consists of three years of the remaining nine years to achieve the programmatic initiative.

- 1 4. Deduct the number of homes treated by the Energy Savings Assistance Program
2 between 2002 through year-end of the most current program year completed.
3
- 4 5. Deduct the projected number of homes treated by the Energy Savings Assistance
5 Program for the current program year.
6
- 7 6. Deduct the number of homes treated by the LIHEAP program between 2002
8 through year-end of the most current year completed. The number of homes
9 treated for that current year (2008) should be deducted from the next program
10 cycle because current year data was not finalized at the time the IOUs'
11 Applications are submitted for approval.
12
- 13 7. Multiply the result by 25% to determine the estimated number of homes to be
14 treated in the next program cycle.¹⁷
15

16 Revision of the Calculation of Unwilling and Ineligible Customers

17 Although the Commission adopted a 5% customer unwillingness factor in D.08-11-031,
18 SDG&E tracked customer receptiveness to the Energy Savings Assistance Program in 2009 and
19 2010. SDG&E compiled specific criteria to determine customer's willingness to participate in
20 the program as shown in Table 1 below. The data was obtained through various outreach efforts
21 that generated over 38,000 leads from customers. There were a variety of reasons why
22 customers were unwilling or unable to participate in the program such as customer unwillingness
23 to provide income documents, customer inability to show proof of homeownership, customer
24 request to be contacted at a later date, customer disinterest, customer exceeding income level,
25 customer relocation, etc. However, SDG&E narrowed these findings to those customers which
26 specifically affirmatively stated they were not interested, customers unwilling to provide income
27 documents, customers unable to provide proof of income, and other reasons as presented below
28 in the Table 1. Based on the 2009-2010 data trends detailed below in Table 1, SDG&E projects

¹⁷ See D.08-11-031, at pp. 108-114.

1 that 20% of customers will be unwilling or unable to participate in the Energy Savings
2 Assistance Program.¹⁸

3 **Table 1**

Reason Not Enrolled	2009	2010
Customer unwilling to provide income documents.	18	35
Customer unable to provide proof of income.	771	1,021
Customer unable to provide proof of home ownership.	35	90
Customer not interested in program.	3,811	4,592
Customer over 200% FPL.	2,013	1,868
Customer moving.	208	170
Total	6,856	7,776
% of Total Leads Generated	19%	20%

4
5 Even so, to account for the likelihood that the statewide branding and additional
6 marketing efforts may help to reduce SDG&E's unwilling customer estimate, the likelihood that
7 the economy and unemployment rate will improve, SDG&E does not propose to use the 20%
8 estimate of unwilling customers. Instead, SDG&E reasonably projects that 15% of customers
9 will be unwilling or unable to participate in the program during PY2012 – 2020.

10 Revision to the Calculation of Homes Treated by LIHEAP through 2020

11 To estimate LIHEAP activity through PY2020, the utilities, consistent with D.08-11-031,
12 analyzed the number of homes treated in PY2002-2007 by LIHEAP,¹⁹ and calculated the average
13 annual activity that occurred during 2002 – 2007. This was used to estimate the number of

¹⁸ SDG&E continues to outreach to these customers unless the customer specifically requests to no longer be contacted. Nevertheless, the customer is welcome to apply for the Energy Savings Assistance Program anytime in the future.

¹⁹ This method was approved by the Commission in D.08-11-031.

1 homes to be treated for PY2008 and for 2011-2020. The utilities received specific data for
 2 homes treated by LIHEAP, by county,²⁰ for 2009-2010.

3 Based on the methodology adopted in D.08-11-031, and adjusted to reflect the two minor
 4 revisions to the unwillingness and LIHEAP calculations, SDG&E determined the minimum
 5 homes that must be treated to meet the programmatic initiative in 2020. Table 2 presents the
 6 methodology calculation below.

7
 8 **Table 2**
 9

SDG&E Homes Treated	Definition	
Estimated Eligible (as of 12-30-10)	Estimated eligible is the estimated number of homes (households) eligible for Energy Savings Assistance Program. This number is provided by Athens Research on an annual basis.	352,952
Above escalated by 1% to 2020	Per D.08-11-031	386,018
Less Unwilling and ineligible	Unwilling and ineligible @ 15%	328,115
Less SDG&E Homes Treated 2002-2010	Actual number of homes treated	138,398
Less SDG&E Homes Treated 2011 (estimate)	2011 goal	20,384
Less LIHEAP 2002-2007 (D.08-11-031)	Actual number of homes treated by LIHEAP	7,700
Less LIHEAP 2008	100% of 2002-2007 LIHEAP average	1,283
Less LIHEAP 2009-2010	LIHEAP 2009-2010 actual	3,277
Less LIHEAP 2011-2020	100% of 2002-2007 LIHEAP average	12,830
Remaining to be Treated		144,243
1/3 of Above Row for 2012-2014 (cycle total)		48,081
Per year		16,027

10
 11 ///

12 ///

13
 20 Estimates by county were provided for 2009 and 2010 by the California Department of Community Services and Development (“CSD”) on March 15, 2011.

1 **C. Program Goals**

2 **1. Strategic Plan Vision**

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

6 SDG&E’s goals for its PY2012-2014 Energy Savings Assistance Program are aligned
7 with the vision outlined in the CEESP to treat 100% of all eligible and willing customers by
8 2020. SDG&E’s goals for PY2012-2014 are designed to help SDG&E reach its target of
9 enrolling 100% of all willing and eligible customers by 2020. To further advance the vision
10 outlined in the CEESP, SDG&E proposes to continue the installation of all feasible measures
11 authorized by the Commission. In addition, SDG&E proposes new and improved measures,
12 such as including the Smart Strip and altering of the refrigerator measure to include refrigerators
13 that are manufactured prior to 1999. To facilitate and improve program delivery, SDG&E
14 proposes to enhance outreach efforts to connect with targeted customers, identify segmented
15 concentrations of customers, utilize the Whole Neighborhood Approach (“WNA”), and employ
16 in-language communications when feasible. In addition, SDG&E will maximize leveraging and
17 integration opportunities.

18 **2. Strategic Plan Goals**

19 **a. By 2020, all eligible customers will be given the opportunity to**
20 **participate in the Energy Savings Assistance Program**

21 SDG&E plans to achieve the Strategic Plan goal of providing all eligible customers the
22 opportunity to participate in the Energy Savings Assistance Program by 2020 by increasing its
23 ME&O. SDG&E will target outreach efforts based on geography, demographic description, and
24 social networks.

1 SDG&E will outreach its efforts to potential eligible customers by employing existing
2 marketing and outreach tactics such as targeted direct mail, automated voice messaging
3 campaigns, door-to-door canvassing, email campaigns, integration with other SDG&E programs,
4 leveraging with Community Based Organizations (“CBOs”), and community events. In addition,
5 the marketing and outreach tactics that have been shown to be successful in the past will be
6 expanded. Several initiatives are also proposed to encourage participation and allow for more
7 opportunities for customers to enroll. These initiatives include marketing campaigns that offer
8 an incentive to customers and contractors to help boost enrollments. SDG&E also proposes to
9 develop an internal outreach and assessment team to supplement current contractors’ outreach
10 efforts. To achieve the CEESP’s goals during PY2012-2014, SDG&E plans to serve 60,000 low
11 income households.

12
13 **Households to Be Served in PY2012-2014**
14

Program Year	Units	Budget
2012	20,000	\$ 22,044,929
2013	20,000	\$ 22,462,163
2014	20,000	\$ 22,832,030

15
16 **b. The Energy Savings Assistance Programs Will Be An Energy**
17 **Resource By Delivering Increasingly Cost-Effective And Longer-**
18 **Term Savings**

19 SDG&E’s PY2012-2014 proposals will further the Commission’s policy objective that
20 the Energy Savings Assistance Program will be an energy resource by delivering increasingly
21 cost effective and longer term savings to customers. SDG&E plans to achieve this goal through
22 increased collaboration and leveraging of other low income programs and services. SDG&E will
23 also coordinate and communicate between Energy Savings Assistance Program, Energy

1 Efficiency, and Demand Side Management programs, including the California Solar Initiative to
2 achieve service offerings that are seamless for the customer. To further support this goal,
3 SDG&E will provide low-income customers with measures that result in the most savings in the
4 Energy Savings Assistance Program, including measures that may improve the customers'
5 quality of life.

6 SDG&E plans to deliver increasingly cost-effective and longer-term savings by
7 continuing to provide energy education that is more meaningful to the customer and addresses
8 the customer's specific needs and circumstances. For example, energy education is provided in
9 English, Spanish, Vietnamese and other languages. This tailored energy education will
10 encourage better conservation practices, as customers will be better able to relate to specific
11 actions pointed out during the energy education time spent with the Energy Specialists.
12 Installing all feasible cost-effective program measures in addition to identifying and evaluating
13 new technologies and measures for program inclusion are all part of this effort. Leveraging and
14 integrating, where streamlining can be achieved is also part of SDG&E's plan to deliver more
15 cost-effective and longer term savings to customers during PY2012-2014.

16 **3. Strategic Plan Strategies**

17 **a. Improve Program Delivery**

18 SDG&E's PY2012-2014 proposed Energy Savings Assistance Program will further the
19 CEESP's goal of improving program deliver, by using segmentation information to achieve
20 efficiencies in program delivery and leverage with community based organizations as well as
21 other organizations. The segmentation approach will improve the efficiency of program delivery
22 by identifying geographic and concentrations of potentially eligible customers to achieve
23 economies in delivery and resources. SDG&E also plans to improve program delivery of the
24 Energy Savings Assistance Program with the following:

- 1 • Refine and adjust the service areas allocated to contractors.
- 2 • Improve energy education components (including the production of the
- 3 energy education booklets, available in English and Spanish and other
- 4 formats such as large font, Braille, American Sign Language videos, and
- 5 audio tapes for the visually impaired.
- 6
- 7 • Continue marketing and outreach refinements.
- 8 • Increase in-language marketing and outreach efforts, and marketing and
- 9 outreach efforts to customers with limited English proficiency.
- 10
- 11 • Continue program satisfaction surveys for feedback on program
- 12 improvements.
- 13
- 14 • Seek opportunities to add additional contractors to reach specific hard to
- 15 reach customers located in remote areas.
- 16
- 17 • Continue contractor training and communications.
- 18 • Identify areas where improvements can be made to streamline the
- 19 processes.
- 20
- 21 • Work with other utilities, agencies, and CBOs to leverage program
- 22 delivery opportunities.
- 23
- 24 • Work internally to maximize company integration opportunities.
- 25 • Conduct studies to assess program efficiencies and cost effectiveness.
- 26

27 **b. Promote the Growth Of A Trained Energy Savings Assistance**
28 **Program Workforce**

29 Consistent with the CEESP strategy to promote the growth of a trained program
30 workforce, SDG&E proposes to continue to support community-based agencies, community
31 colleges, partnership programs, labor unions and other company wide efforts to promote growth
32 and training in the Energy Savings Assistance Program workforce. These efforts include the
33 support of company-wide initiatives to identify programs that could potentially help prepare
34 future workforce (in particular diverse workers), increase awareness and promote utility
35 industries opportunities, and develop and deliver training for minorities in the community. In

1 addition, SDG&E plans to continue its collaborative efforts with community-based agencies,
2 community colleges, workforce partnership programs, and labor unions in support of the low
3 income segments.

4 **c. Increase Collaboration And Leveraging Of Other Low Income**
5 **Programs And Services.**

6 SDG&E will continue to develop partnerships to leverage resources available from local
7 governments, federal, state, and private project funding sources to provide services to eligible
8 low income customers. SDG&E plans to work closely with local LIHEAP agencies,
9 Campesinos Unidos, Inc (“CUI”)²¹ and the Metropolitan Area Advisory Committee (“MAAC”)
10 to leverage measures and services provided to eligible customers. With the use of leveraging
11 agreements²² and collaborative efforts with LIHEAP agencies, SDG&E customers will have the
12 benefit of the measures being offered by both programs at no cost to the customer. In addition
13 and in an effort to benefit its customers, SDG&E will continue to identify and implement
14 leveraging opportunities, where applicable and available.

15 **d. Coordinate and Communicate Between The Energy Savings**
16 **Assistance Program, Energy Efficiency And Demand-Side**
17 **Management Programs To Achieve Service Offerings That Are**
18 **Seamless For The Customer**

19 SDG&E will work with general Energy Efficiency and Demand Side Management
20 programs, including the California Solar Initiatives program, to achieve service offerings that are
21 seamless for customers. SDG&E’s Energy Savings Assistance Program will work with
22 SDG&E’s general Energy Efficiency programs to coordinate integration efforts with Energy
23 Upgrade California (“EUC”). EUC has several programs under its umbrella that enable

²¹ CUI is a 50(1)(c)(3) private non-profit corporation. CUI promotes greater social, economic, educational, and employment training opportunities for farm workers and other economically disadvantaged residents of the Imperial, Riverside and San Diego counties.

²² These agreements include appropriate customer confidentiality provisions to protect and safeguard sensitive customer information.

1 residential customers, multi-family customers, and contractors to conduct comprehensive home
2 energy retrofits to increase energy efficiency for residential customers. Under EUC, the Energy
3 Savings Assistance program will collaborate with the general Energy Efficiency programs to
4 specifically integrate efforts with the Middle Income Direct Install (“MIDI”)²³ component.
5 These efforts will include cross promoting programs to increase awareness, sharing program
6 information, and implementing a referral system, whereby customers who do not meet the
7 Energy Savings Assistance Program income requirements will be referred to the MIDI program
8 for potential eligibility.

9 **e. Provide Low Income Customers With Measures That Result In The**
10 **Most Savings In the Energy Savings Assistance Program**

11 A primary goal for SDG&E is to improve the cost effectiveness of the Energy Savings
12 Assistance Program in PY2012-2014. In an attempt to do so, SDG&E evaluated those measures
13 that it determined could maximize customer energy savings, as well as address customer health,
14 comfort and safety. SDG&E believes that the education component of the Energy Savings
15 Assistance Program increases customer knowledge on both conservation techniques and safe
16 operating procedures of certain appliances. With this new understanding, customers are aware of
17 how to properly maintain their appliances which will extend the life of their appliances, while
18 also keeping them operationally safe.

19 SDG&E proposes to continue to provide those measures authorized in D.08-11-031 that
20 pass the benefit-cost ratio threshold established in D.08-11-031 and shown in Attachments A-6
21 and A-7. Consistent with D.08-11-031, SDG&E also proposes to include those measures that

²³ SDG&E’s Middle Income Direct Install is applicable to residential customers with household income between 200-400% of the Federal Poverty Level and program measures are installed at not cost to those qualifying customers.

1 fall below the benefit-cost ratio threshold but should be considered for health, comfort, and
2 safety reasons.

3 **f. Identify Segmented Concentrations Of Customers To Improve**
4 **Delivery**

5 To improve delivery of the program for the 2012-2014 program cycle, SDG&E will
6 utilize customer segmentation profiles and data. Segmentation allows SDG&E to target
7 messages, products and services to customers most likely interested in them. In 2007, SDG&E
8 developed six residential customer segment profiles to better target and serve its customers. The
9 names of these segments are: Successfuls, Comfortables, Professionals, Young Mobiles,
10 Established, and Challenged. They were created from the 66 “Potential Rating Index for Zip
11 Marketers” (“PRIZM”) codes published by Claritas, Inc., and certain SDG&E customer data,
12 such as total annual gas/electric bills.

13 PRIZM codes combine demographic and consumer behavior segmentation data to
14 identify, understand, and target customers and prospective customers. PRIZM defines every
15 household in terms of 66 demographically and behaviorally distinct types or “segments” to help
16 the IOUs learn about their customers’ likes, dislikes, lifestyles and purchase behavior. The
17 demographic profile covers the four dimensions of income, age, family size, and urbanization.
18 The consumer behavior profile covers the products they purchase, what they do in their free
19 time, and their media preferences. The PRIZM code is the principal element when determining
20 consumers’ segment code in addition to helping the Energy Savings Assistance Program identify
21 concentrations of highly eligible customers.

22 This data helps SDG&E determine who is likely to qualify for the program. It also
23 provides information regarding behavior, interactions and preferred method of communication.

1 The program will continue to use both mass media and direct marketing to increase
2 awareness and participation in the program. Mass media, such as print, online, radio and
3 television advertising, help generate awareness about the program and increase the likelihood of
4 a customer responding to direct marketing. Direct marketing tactics, such as email, direct mail,
5 and outbound calling campaigns, directly solicit enrollments from customers who, hopefully,
6 have already heard about the program through advertising.

7 In addition, the program will continue to collaborate with the CARE program and “My
8 Account,” the SDG&E-sponsored on-line bill management program, when possible and will
9 continue to work with community organizations and local governments in order to build
10 relationships and leverage existing services.

11 **D. Program Delivery**

12 **1. Existing Strategies**

13 SDG&E’s Energy Savings Assistance program delivery strategies include outreach and
14 assessment, enrollment, energy education, measure installation, and inspections of installations
15 and services performed during 2009-2011. SDG&E plans to continue using these delivery
16 strategies during the 2012-2014 program cycle as briefly described below.

17 **Outreach**

18 During PY2009-2011, outreach and assessment was provided by several contractors.
19 These outreach and assessment contractors are key to SDG&E’s success in enrolling qualified
20 customers into the Energy Savings Assistance program by conducting door to door canvassing in
21 conjunction with marketing efforts provided by SDG&E. In addition, SDG&E utilized the
22 WNA, which minimizes drive time, reduces greenhouse gas emissions, and increases efficiencies
23 in the installation and delivery of services to customers.

1 **Enrollment**

2 SDG&E’s enrollment process includes determining customer income eligibility,
3 performing an in-home assessment (including structural feasibility), and delivering energy
4 education. Customers can qualify for the program through targeted self certification, categorical
5 eligibility, CARE post enrollment verification, or by providing full income documentation.
6 Once customers are determined to be income eligible, the outreach contractor provides an in-
7 home assessment to determine all feasible measures for installations. In addition, customers are
8 provided energy education that is customized to produce the most benefit and value based on
9 energy consumption and customer behavior.

10 **Measure Installation**

11 All feasible measure installations are performed by licensed contractors participating in
12 the Energy Savings Assistance program. The installation contractors are responsible for
13 contacting and scheduling appointments with qualified customers to install measures in
14 accordance with the statewide program policy and procedures, installation standards, and
15 government requirements. In addition, SDG&E will continue to monitor the supply of compact
16 fluorescent lamps (“CFLs”) in the marketplace to address potential issues in procuring bulbs. At
17 this time, SDG&E does not anticipate a shortage in supply that would affect installations in the
18 PY2012-PY2014 cycle.

19 **Inspections**

20 SDG&E has in house inspection personnel who perform all program inspections for the
21 Energy Savings Assistance program and energy efficiency programs. SDG&E’s ability to utilize
22 its inspection personnel has worked effectively and efficiently in providing quality assurance of

1 work performed by installation contractors and it produces cost savings between programs and
2 provides a higher level of customer service.

3 **ME&O**

4 SDG&E currently provides ME&O through a strategic and comprehensive approach,
5 which includes identifying eligible customers through segmentation followed by a series of
6 tactics such as direct mail, outbound calling, canvassing, emailing, and community outreach.

7 SDG&E uses PRIZM codes, customer research and census track data to market to
8 potentially eligible low income customers in targeted zip codes and/or segments. In addition,
9 SDG&E analyzes customer CARE data for opportunities to target those who are enrolled in the
10 CARE program and are not enrolled in the Energy Savings Assistance Program.

11 SDG&E is also working with its marketing and outreach partners to improve existing
12 marketing outreach and assess new marketing tactics. In addition, other opportunities to
13 improve marketing will include the evaluation of customer preferences and communications via
14 email or texting.

15 The following describes the current ME&O tactics that will be continued in the PY2012-
16 2014 Energy Savings Assistance Program:

17 **Direct Mail**

18 Direct mail letters that include a toll free number and website information are sent to
19 customers. Customers who call the toll free number are connected to a live representative during
20 business hours.²⁴ Customers are able to speak with a program representative²⁵ and, if found
21 eligible during initial prescreening, an appointment is scheduled with the customer at the same

²⁴ Hearing impaired customers may access this information using SDG&E's TTY/TDD services.

²⁵ The call center is able to accommodate customers whose first language is not English or customers with limited English proficiency.

1 time. Customers who visit the website are given the opportunity to complete an on-line interest
2 form which is sent to the Energy Savings Assistance Program staff for review and follow up.²⁶

3 **Outbound Automated Calling**

4 The second marketing tactic used to supplement direct mail efforts is outbound
5 automated calling. SDG&E utilizes a third party vendor to call customers throughout the week
6 as another option. This tactic allows customers to directly connect with a live program
7 representative instead of a recorded message, which will help increase response rates,
8 convenience and improve service for interested customers.

9 **Door-to-Door Canvassing**

10 Following the first two tactics above, SDG&E's outreach contractor follows up by
11 conducting door-to-door canvassing in the same neighborhoods where customers have received
12 both a direct mail letter and an outbound call. SDG&E believes door-to-door canvassing
13 response rates are highly correlated to the increase in awareness resulting from the direct mail
14 pieces and outbound calling campaigns performed prior to canvassing being performed by the
15 outreach contractor.

16 **Email Campaigns**

17 SDG&E continues to pursue more cost-effective ways to reach customers by conducting
18 targeted marketing through email communications. Email campaigns are inexpensive, can be
19 integrated with other messages, like the My Account system that enables on-line bill payments.
20 This approach appears to be an effective marketing tactic for those customers who may have
21 access to the internet and prefer this type of communication over traditional methods.
22

²⁶ To accommodate visually impaired customers, SDG&E's website allows customers to enlarge the website's font. This interest form is available in English and Spanish.

1 **Disabilities Outreach**

2 In an effort to target customers with disabilities, the Energy Savings Assistance Program
3 provides written materials available in large-font, Braille and in audio format on cassette and
4 CD. Customers with hearing impairments have videos available to them ASL on the Deaf
5 Community Services website and in DVD format which is available through many community
6 based organizations. SDG&E also links its programs and services with the Deaf and Disabled
7 Telecommunication Program (DDTP) through a link to the DDTP web site.

8 In addition, SDG&E works with over 20 local organizations serving special needs
9 customers to provide program information and to ascertain the unique needs of customers with
10 disabilities. In addition, all program materials offer TDD/TTY as a method of contact for both
11 inbound and outbound calls. TDD/TTY communications is available 24 hours a day, 7 days a
12 week.

13 In PY2012-PY2014, SDG&E will include elements specifically for the hearing impaired
14 and visually impaired customers into program marketing campaigns. For the visually impaired,
15 SDG&E’s written materials for the Energy Savings Assistance Program will be available in
16 large-font, Braille and in audio format on cassette and CD. SDG&E customers with hearing
17 impairments will continue to have videos, with closed captions or transcript, available to them in
18 ASL on the Deaf Community Services website and in DVD format which is available through
19 many community based organizations. Programs and services will continue to be marketed in
20 partnership with the Deaf and Disabled Telecommunication Program (DDTP) through a link on
21 the DDTP web site. For “live” events, such as community outreach and education and Energy
22 Savings Assistance Program installations, SDG&E has the ability to provide ASL interpreters on

1 site, if needed. SDG&E is committed to achieving the 15% disability goal set by the
2 Commission through these efforts.

3 **CBO Outreach**

4 SDG&E works with many CBOs to expand outreach to customers and cross-promote the
5 customer assistance programs. SDG&E targets CBOs with a diverse array of clientele including
6 those with limited English proficiency, hearing or visual disabilities, and the elderly. The
7 Energy Savings Assistance Program plans to expand on this effort and proposes to pay CBOs a
8 fee for all new enrollments to the program.²⁷ This fee is designed to motivate CBOs to spend
9 more of their time with each client, educating them on the benefits of the Energy Savings
10 Assistance Program, assist them in completing the interest form, and setting their expectations
11 for program participation.

12 **In-language Outreach**

13 SDG&E plans to continue using a multi-lingual multi-cultural marketing and outreach
14 effort that includes contracting with a third-party to provide services and collateral that is
15 culturally sensitive and language appropriate. This effort, targets immigrants recently settled in
16 SDG&E's service area, customers with limited English proficiency, and African immigrants. It
17 focuses on offering information, education, awareness and enrollment opportunities regarding
18 the Energy Savings Assistance Program and coordinating with the CARE and Medical Baseline
19 programs so that these customers are given every opportunity to be informed and enrolled in as
20 many programs for which they qualify.

21 **Other Outreach**

22 2-1-1 San Diego is a community disaster, health and human services center and resource
23 providing information and referrals to households that need assistance. Through a service

²⁷ Specifically, SDG&E proposes to pay CBOs \$10 per household enrolled in the program.

1 agreement, SDG&E compensates 2-1-1 San Diego for screening their clients for SDG&E
2 customer assistance programs eligibility and assist the customer with enrollment.

3 SDG&E also leverages the resources of bill payment locations to generate potential leads
4 for the Energy Savings Assistance Program. Customer service representatives explain program
5 benefits to customers as they come in to pay their bills. Five offices are located in various
6 communities throughout the service area.

7 **Community Events**

8 SDG&E will continue to participate in community events to promote and increase
9 program awareness. Most events will be integrated with other programs such as CARE, Medical
10 Baseline, and general Energy Efficiency Programs. In addition community events will be
11 leveraged with CBOs and community businesses that serve customers within SDG&E's service
12 territory.

13 **Internal Employees**

14 Internal presentations will be given to various departments throughout the company in an
15 effort to provide employees with the necessary information and tools to be active participants in
16 promoting the program. Groups to be targeted for presentations include field employees,
17 Customer Call Center, payment offices and other program representatives such as energy
18 efficiency. These employees often are in contact with customers on a daily basis and the
19 opportunity to gain awareness for the program is extremely valuable.

20 **Energy Savings Assistance Program and Engage 360**

21 In support of Engage 360, SDG&E will operate the Energy Savings Assistance Program
22 as a sub-branded program of Engage 360. While Engage 360 will be promoted statewide,
23 SDG&E will individually market the Energy Savings Assistance Program and logo to its own

1 unique territory and customer base. However, a statewide Energy Savings Assistance Program
2 campaign may be launched to supplement individual utility marketing and outreach efforts.

3 Currently all program materials and communications are being updated to reflect the new
4 statewide program name and logo. This includes communications, such as advertising,
5 marketing materials, direct mail and email, and collateral such as contractor shirts and badges. .

6 **a. WE&T**

7 Through a partnership with The Workforce Partnership and San Diego Urban Corp, at-
8 risk youth were trained to provide door-to-door canvassing in targeted neighborhoods promoting
9 the Energy Savings Assistance Program and CARE program to potentially eligible customers.
10 Even though this was likely a useful experience for the participating youth, the enrollment effort
11 proved ineffective, as only 81 customers were enrolled in the CARE program and there were no
12 Energy Savings Assistance Program enrollments. SDG&E continues to look for opportunities
13 within the low income communities to develop opportunities for training and employment as an
14 extension of the Energy Savings Assistance Program. Part of the challenge is the fact that
15 SDG&E's existing contractor network has more capacity than demand with their current
16 workforce. Consequently, opportunities within the Energy Savings Assistance Program
17 contractor network for direct install types of jobs are limited. Therefore, it seems more feasible
18 to integrate, when possible, and to support other company wide efforts such as the Workforce
19 Readiness Initiative.²⁸ The Energy Savings Assistance Program staff will identify required
20 training needs and work internally with other areas to support other on-going efforts to minimize
21 cost for the program while meeting the utility's current workforce education and training
22 strategy.

²⁸ The Workforce Readiness Initiative is an SDG&E initiative conducted by its Human Resource (HR) Department focusing on identifying programs that will support the goal of preparing a future workforce.

1 For example, the Energy Savings Assistance Program is working in conjunction with the
2 SDG&E Workforce Readiness Initiative to focus on working to identify programs that will
3 support the goal of preparing a future workforce while also addressing issues such as the
4 growing gap in education proficiency primarily in our disadvantaged communities. Another goal
5 is to increase the awareness and promote utility industry career opportunities. A final goal of the
6 Workforce Readiness Initiative is to design and deliver training to minority and female
7 candidates in the community to assist them in becoming more marketable for entry level and
8 trade positions. This approach, coordinated through the Human Resources Department²⁹ and
9 managed by the Workforce Readiness, is designed to make a more sustainable impact on the low
10 income community. Therefore during the 2012-2014 program cycle, SDG&E will continue to
11 coordinate with the Workforce Initiative where a comprehensive effort on work force readiness
12 is best directed and managed company wide.

13 In addition, SDG&E collaborates with community-based agencies, community colleges,
14 workforce partnership programs, and labor unions low income segments. SDG&E will continue
15 to work with the local Workforce Investment Board and the four community college partners that
16 developed the San Diego Green Building Program. This program provides at no-cost, pre
17 apprenticeship education and hands on training in the fields of green construction and clean
18 energy technology. Upon completion students are prepared for entry level work in the field or to
19 enroll in further training in these areas:

- 20 • Heating, Ventilation and Air Conditioning (“HVAC”) mechanics, technicians
21 or installers

²⁹ SDG&E’s Human Resource’s (“HR”) Department will take the lead on any workforce programs linked to the communities served by SDG&E. The HR Department will work with the Energy Savings Assistance Program operations personnel to coordinate efforts that are directly linked to weatherization programs training and job placement.

- 1 • Building performance or retrofitting specialists
- 2 • Building controls systems technicians
- 3 • Energy auditors or home energy raters
- 4 • Solar photovoltaic installers

5 The program runs through December 2012 and during that period the goal is to train more than
6 300 participants.

7 SDG&E believes that its efforts to work with these groups will provide training for low
8 income workers; however, there is a concern that jobs in these fields will remain scarce.

9 SDG&E's Energy Savings Assistance Program currently provides approximately 200 jobs
10 through SDG&E's contractor network and currently there is more capacity than demand for
11 these skill sets in the SDG&E service territory. Even so, SDG&E will continue to evaluate
12 recommendations identified in the 2010 Workforce Education and Training Statewide Needs
13 Assessment for inclusion in the Energy Savings Assistance Program. An Advice Letter will be
14 filed on June 3, 2011, describing SDG&E's plans for addressing the recommendations contained
15 in the Needs Assessment. .

16 **b. Leverage of Available Resources**

17 SDG&E works closely with its CBOs to increase awareness of the Energy Savings
18 Assistance Program. Two of SDG&E's contractors, CUI and MAAC received federal energy
19 efficiency funds and have been able to expand their outreach efforts through the CSD programs.
20 This has allowed additional leveraging across the Energy Savings Assistance Program and CSD
21 programs as these agencies have funding available to provide more measures and services to
22 customers. SDG&E's collaboration with CUI and MAAC has allowed for more customers to

1 receive as many measures as possible between the programs, while increasing transparency and
2 reducing the number of customer home visits.

3 SDG&E is also working with the community based organization Rebuilding Together
4 San Diego (“RTSD”)³⁰ to leverage the non-profit agency’s home renovation efforts with Energy
5 Savings Assistance Program energy-efficient upgrades for qualified homeowners. In addition,
6 SDG&E is working with RTSD to facilitate the installation of energy-saving measures for
7 homeowners who will receive comprehensive home renovations under the RTSD program. All
8 applicants for grants under RTSD’s home renovation program will become leads for possible
9 participation in the Energy Savings Assistance Program.

10 As part of the Green Partners initiative, in conjunction with the installation of new
11 “Smart Meters,” SDG&E is working with local community groups such as the City Heights
12 Development Corporation and the Environmental Health Coalition to educate customers about
13 energy conservation and install energy-saving measures. As a result of this initiative, Green
14 Partners has promoted the Energy Savings Assistance Program by displaying program
15 information at all of their locations and distributing program information and educating the
16 public at various events.

17 SDG&E plans to continue its implementation of the above-mentioned leveraging efforts
18 in addition to seeking new opportunities to increase program awareness and provide customers
19 with a more comprehensive service offering.

20

³⁰ RTSD is a 501(c)3 organization formerly known as Christmas in April. Rebuilding Together San Diego renovates and preserves affordable housing for low-income homeowners, and sustains neighborhoods throughout the San Diego community in its revitalization efforts.

1 **c. Integration of the Energy Savings Assistance Program with existing**
2 **utility energy efficiency infrastructure.**

3 In PY2012-2014, SDG&E plans to continue the integration of the Energy Savings
4 Assistance Program with SDG&E’s general energy efficiency programs. This will require the
5 two program areas to coordinate and collaborate on their marketing and outreach efforts, as well
6 as coordinating installation of measures and services, where possible. Direct mail letters will be
7 sent to potential Energy Savings Assistance Program customers and contain contact information
8 on energy efficiency and demand response programs. Outreach events are often jointly
9 promoted and served by employees from energy efficiency, demand response and the Energy
10 Savings Assistance Program. Employees from all programs attend to provide information,
11 generating leads for all programs involved. Energy efficiency CFL lighting exchange events
12 conducted throughout the year also include Energy Savings Assistance Program information and
13 promotion.

14 SDG&E will continue to work with Energy Efficiency’s Mobile Home program and
15 those contractors performing services for energy efficiency and Energy Savings Assistance
16 Program to coordinate the installation of measures and services. This integration effort offers
17 qualified customers to receive all measures and services at no cost under both programs while
18 also minimizing the likelihood of duplicative efforts and cost between energy efficiency and
19 Energy Savings Assistance Program.

20 **d. WNA**

21 In D.08-11-031, the Commission described a “Whole Neighborhood Approach” to the
22 Energy Savings Assistance Program installation, under which the IOUs would install all feasible
23 measures in the homes of eligible customers on a neighborhood-by-neighborhood basis. The
24 Commission intended that this approach would increase energy savings, reduce overhead and

1 transportation costs, and encourage leveraging with local entities. The Commission provided
2 direction to the utilities regarding the following WNA steps in delivering the program:
3 Neighborhood Identification, Outreach, Enrollment, and Assessment/Energy Audit and Measure
4 Installation.

5 During PY2009-2011 all of the IOUs conducted various WNA projects. IOUs targeted
6 customers by neighborhood, and worked cooperatively with community action agencies, local
7 governments, housing authorities, neighborhood councils, other utilities and other low income
8 service providers to enroll customers and provide Energy Savings Assistance Program services.

9 Specifically during the 2009-2011 program cycle, SDG&E created zones within
10 community boundaries to try and limit the travel time and carbon footprint of contractors in
11 SDG&E's service territory. To minimize drive time and increase installation efficiencies,
12 additional contractors were added to cover specific territories where they are closer in proximity
13 to the customers they would serve. This practice helped reduce contractor drive time and helped
14 the contractors to better understand the communities and customers they serve.

15 Within certain rural areas of its service territory, SDG&E leveraged its relationship with
16 targeted CBOs to gain access to hard-to-reach customers. SDG&E worked with local agencies
17 to reach potential customers where access to these customers has been challenging. Customers
18 visiting these agencies are screened by the agency and if they appear to meet eligibility criteria, a
19 referral is submitted to SDG&E for further review and appointment scheduling.

20 In PY2012-2014 Energy Savings Assistance Program, SDG&E plans to continue
21 utilizing WNA as one tool among many to enrolling and delivering program services to
22 customers.

1 and evaporative coolers. The primary analyses of the data were done via utility billing data.
2 Additional primary data collection included phone surveys with participants and non
3 participants, as well as in-home audits and interviews with a smaller sample of participants.
4 Engineering analyses of some measures were also conducted.

5 The statewide impact evaluation commenced with a kickoff meeting for all interested
6 parties in September of 2009. A draft report was delivered in March 2011 and a public
7 workshop was held on March 28, 2011 to discuss the results.

8 The study found that in general the impacts for the 2009 program were lower than the
9 2005 program (the year the last impact evaluation was conducted) and, in particular, no savings
10 were found for furnace replacement and repair. Although the study made use of extensive data
11 collection via phone surveys and on-site audits, the evaluators concluded that the additional data
12 was not as useful as they had hoped and the primary tool of analysis was still a billing regression
13 model.

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

17 **c. Household Segmentation Study Results**

18 This Study is not applicable to SDG&E.

19 **d. High Usage Needs Assessment Study Results (SCE)**

20 This Study is not applicable to SDG&E.

21 **e. Refrigerator Degradation Study Results**

22 SDG&E has been replacing refrigerators in the Energy Savings Assistance Program since
23 program year 2001. The current program policy adopted by the Commission for refrigerator
24 replacement specifies that refrigerators, manufactured prior to 1993 are eligible for replacement

1 with new energy efficient refrigerators in the Energy Savings Assistance Program. Program data
2 suggests that the pre-1993 refrigerator replacement market is close to being saturated; however,
3 the utilities believe energy efficient refrigerators are still one of the most cost-effective, energy-
4 saving measures in the Energy Savings Assistance Program. This study was planned to update
5 refrigerator replacement criteria to garner new, significant and cost-effective energy savings for
6 the Energy Savings Assistance Program.

7 The central goal of the refrigerator degradation study was to determine which, if any,
8 alternate refrigerator replacement criteria lead to maximum, cost-effective energy and demand
9 savings for the Energy Savings Assistance Program. Specifically, the utilities are looking for a
10 criterion for refrigerator replacement in the form of either a date at which manufacturer and
11 technological changes in efficiency occurred or a determined age of refrigerators to be replaced.

12 KEMA is conducting the research under contract to PG&E, and PG&E will manage the
13 study. The study is expected to be completed in 2011.

14 **f. NEBs Study Results**

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

22 The statewide study commenced with a kickoff meeting for all interested parties in
23 August 2009. A final report was delivered and vetted in a public workshop on May 25, 2010.
24 The results of the study showed that the current NEB values used by the utilities for the most part

1 fall within the range of values reported from other programs. There were a few exceptions
2 where the values currently used by the California utilities were under or over the reported range.
3 Initially, a phase two study had been planned to develop any recommendations from this study;
4 however, it was decided by the statewide advisory group that the results of this “phase one”
5 study showed that values were for the most part consistent with other programs, and minor
6 updates could be done by the IOUs with data on hand.

7 **3. Incorporating Experiences from 2009-2011 Implementation**

8 SDG&E has determined that one of the primary obstacles in meeting program goals is the
9 lack of customer response to marketing and outreach efforts. This issue spans across all program
10 marketing tactics employed. SDG&E uses a variety of direct marketing methods to contact
11 customers and gain participation in the program. Different customers prefer different means of
12 communication and often require multiple contacts before expressing interest in the program.
13 Therefore, SDG&E attempts to directly contact customers multiple times through multiple
14 marketing vehicles, such as: a personal visit to their home, direct mail, email or automated voice
15 messaging (AVM). If customers have been contacted through each of these methods, and have
16 either not responded to the offer or have rejected the offer, SDG&E will remove them from the
17 pool of customers deemed “potentially eligible”. This will help avoid the unnecessary cost of
18 marketing to customers who simply do not wish to participate in the program.

19 Marketing and outreach is critical in reaching program goals. SDG&E has employed
20 several measures to outreach to the hard to reach customers. The available population of eligible
21 and willing participants continues to shrink as customers are served, have expressed no interest
22 in participating in the program, or simply do not respond to the marketing efforts employed.
23 During 2010, almost 600,000 contact attempts were made to approximately 350,000 eligible
24 customer accounts, using different types of marketing channels. And for various reasons, those

1 customers elected not to participate in the Energy Savings Assistance Program or respond.
2 Reasons for such customer unwillingness to participate may include customers losing interest in
3 the program, customers relocating, customers not wanting to provide income documentation, or
4 customers not showing up for their appointments. There are a significantly larger number of
5 customers who do not respond to SDG&E's marketing outreach and unfortunately do not
6 provide any insights as to why they choose to not respond or participate in the program.

7 **4. New and Proposed Strategies**

8 **a. New ME&O Efforts To Be Employed, Including The Integration Of** 9 **The New Low Income Brand As Well As The New EE Brand**

10 Integration of new low income brand and new EE brand

11 SDG&E is in the process of updating all program collateral, online information, direct
12 mail, email, AVM messaging, and training to support both the Energy Savings Assistance
13 Program with logo and Engage 360 statewide initiatives. SDG&E will continue to use direct
14 mail, outbound calling, email blasts and additional targeted mailings to reach more of the hard to
15 reach rural customers. Rural marketing efforts may also include localized print media,
16 billboards, radio spots and CBOs as a means to reach these customers.

17 Additional Outbound Calling

18 SDG&E plans to reduce the number of direct mail campaigns, as it moves towards
19 utilizing more cost effective marketing technologies. SDG&E will be increasing the level of
20 outbound calls to customer's local area network lines in addition to assessing the Utility's ability
21 to call mobile phone lines. The plan includes approximately 2,000 calls per month through this
22 effort.

23 ///

24 ///

1 These calls can be made through automated dialing capability and when connected,
2 immediately transferred to a live agent. This will help SDG&E improve its customer response
3 rate to outbound calls.

4 Additional Efforts in Rural Areas

5 As opportunities are being examined to increase customer participation in the rural hard
6 to reach areas, SDG&E plans to expand its marketing campaigns and add a new outreach and
7 assessment contractor to support the “back country”, rural areas. SDG&E’s back country
8 encompasses rural communities east of Fallbrook proceeding south to Ramona and east of
9 Ramona to Campo and to the Mexican border. These rural areas include the mountain and desert
10 communities. In total, there are 21 separate communities with more than 58,000 active
11 residential accounts. The estimated not yet served Energy Savings Assistance Program eligible
12 population in the rural areas is more than 8,000 accounts.

13 Marketing efforts may include more targeted direct mail campaigns, email blasts and
14 when feasible outreach at targeted community events. To address the challenges of reaching
15 customers who are geographically spread out, SDG&E plans to work with contractors who reside
16 in the targeted rural communities. This approach should help find those hard-to-reach pockets of
17 customers, using the contractors’ familiarity, experience and understanding of customers’ needs
18 in the community, while also helping to support any new marketing tailored for this area to be
19 more effective.

20 Customer Incentives

21 Due to increasing challenges in meeting program goals each year, SDG&E is exploring
22 ways to reduce the number of non-enrolled leads and the number of incomplete enrollments—
23 where customers decide not to move forward with services once enrolled. SDG&E suspects the

1 reason for the non-converted leads and incomplete enrollments may be due to customers'
2 inability to meet the time commitment needed to complete the work. .Therefore, customers are
3 either declining service, missing their scheduled installation appointments or not responding to
4 scheduling attempts.

5 For these reasons, SDG&E is requesting authority to implement several planned customer
6 incentive campaigns throughout the next cycle to help retain customers who initially sign up for
7 the program and encourage them to complete all scheduled appointments. Customers will be
8 offered an incentive of \$50 per household if they are willing to keep and commit to their
9 scheduled appointments. The commitment will be made with the Energy Specialist at the time of
10 the assessment. Customers will have the ability to reschedule appointments but they must do so
11 with at least 24 hours notice, otherwise the customer will forfeit the incentive. The incentive will
12 be in the form of gift cards for local grocery stores. If successful, SDG&E should see an
13 increase in leads converted to enrollment, in addition to an increase in completed installations
14 and energy savings.

15 Installation Contractor Referral Fee

16 SDG&E is requesting authority to implement a referral system that pays installation
17 contractors a fee for providing enrolled leads to the program. This proposal is part of SDG&E's
18 effort to help facilitate additional leads into the program. Neighbors, friends, or family members
19 of Energy Savings Assistance Program participants may be more willing to participate once they
20 have the opportunity to see first hand what they are eligible to receive. The fee offered to
21 installation contractors will serve as motivation for them to take the time to promote the
22 program. Installation contractors will be given a fee of \$15 for each enrollment provided to the
23 program.

1 **b. Description of How Engage 360 and the Energy Savings Assistance**
2 **Program Will Be Used In Program Marketing. Give a Detailed**
3 **Strategy.**

4 Both the Engage 360 and Energy Savings Assistance Program taglines and logos will be
5 marketed using an integrated communications platform designed to educate the Energy Savings
6 Assistance Program customer segment about the combined benefits of energy efficiency and
7 demand response. The marketing collateral will include, for example, applications, enrollment
8 materials, advertisements, etc. The process will incorporate the following elements:

- 9 • **Include all applicable EE and DR offerings in Energy Savings Assistance**
10 **Program communications plans.** This will be a joint effort aligning the
11 marketing plans of Energy Savings Assistance Program, EE and DR through
12 SDG&E’s Customer Communications department. This integration will enable
13 customers to more clearly understand all of the options available to them.
14
- 15 • **Integrate Engage 360 messaging into SDG&E messaging.** Engage 360
16 represents a community-based effort to provide Californians with clear and
17 relevant options for smart energy solutions. Engage 360 takes an umbrella
18 perspective to knowledge, engagement and action on the part of consumers across
19 all aspects of their daily lives -- to choosing what makes sense to them and
20 making a commitment to action.
21
- 22 • **Utilize customer feedback in communications.** Through focus groups, online
23 panels, customer advisory panels or other research methods, SDG&E will engage
24 customers in a discussion surrounding the integration of Energy Savings
25 Assistance Program, EE and DR messaging. This input will allow SDG&E to
26 develop messages that are relevant, clear and engaging.
27

28 SDG&E will use the Energy Savings Assistance Program name and logo on all program
29 materials and will adhere to the messaging framework developed by Interbrand as part of the
30 Engage 360 brand. All messaging used to promote the program will include the same hierarchy
31 of information used to promote Engage 360. The information will include a primary message,
32 secondary message, and proof points. The primary message and focus will be on saving money.
33 This message will always be included in the title, headline, or sub-headline of a communication.

1 The secondary message will focus on program benefits and offerings, such as lower heating and
2 cooling costs that result from weatherization services and a safer home as a result of gas
3 appliance inspections.

4 Proof points will consist of customer testimonials, before and after photos of customer's
5 homes, and before and after comparisons of customer bills. The Energy Savings Assistance
6 Program will also provide examples of appliances or services offered and time investments for
7 each step of the delivery/installation process.

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

- 10 • **Savvy** – the Energy Savings Assistance Program will convey insights and
11 information to the customer through all marketing efforts.
- 12
- 13 • **Optimistic** – the Energy Savings Assistance Program will convey the idea that
14 every action that reduces energy consumption, no matter how big or small, is a
15 step in the right direction.
- 16
- 17 • **Imaginative** – the Energy Savings Assistance Program will be passionate about
18 energy conservation and will bring fresh and inspiring ideas.
- 19

20 In support of Engage 360, the Energy Savings Assistance Program will also use the
21 following positioning statement when developing materials:

22 *For income-qualified renters and homeowners throughout California*
23 *who want to minimize their energy bills and improve their homes, the*
24 *Energy Savings Assistance program provides reliable, quality, free*
25 *equipment, in addition to energy education and safety services. The*
26 *program helps lower-income customers take more control of their*
27 *energy use and join in the movement toward smart energy living,*
28 *because smart energy living enhances everyone's quality of life.*
29

30 While Engage 360 communications will not likely promote the Energy Savings
31 Assistance Program, SDG&E's Energy Savings Assistance Program materials will always
32 contain references to Engage 360.

1 In addition, SDG&E will continue its Statewide ME&O efforts jointly with the IOUs
2 during the 2012-2014 program cycle. To help customers become smarter energy users and move
3 them through the continuous engagement cycle, the utilities plan to implement the Statewide
4 ME&O strategies and efforts as reflected in Attachment A-9 which fully describes the marketing
5 plan.

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

7 WE&T Strategies for PY2012-2014 will include continual development of the SDG&E
8 Workforce Readiness Initiative which will entail identifying and promoting programs that
9 support the goal to prepare a future workforce and programs that address issues related to the
10 growing gap in education proficiency primarily in our disadvantaged communities. Other
11 WE&T strategies include increasing the awareness and promote the utility industry career
12 opportunities and designing and delivering training to minority and female candidates in the
13 community to help them become more marketable for entry level and trade positions. In
14 addition, SDG&E proposes to support local community colleges, community based
15 organizations, workforce partnership programs and organized labor with letters of support for
16 their grant proposals.

17 SDG&E's Energy Savings Assistance Program will work internally with the Workforce
18 Readiness Manager in Human Resources to assist with technical support on any initiatives
19 focused on the trade skills associated with weatherization programs.

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

22 SDG&E will leverage the Engage 360 and Demand Response messaging into all Energy
23 Savings Assistance Program communications with appropriate customers. SDG&E will also
24 leverage its Energy Savings Assistance Program with SoCalGas in their shared service territory

1 in Orange County by cross promoting the program. In addition, the Commission on May 5,
2 2011, issued D.11-05-020 related to sharing CARE customer information with water utilities.
3 Any matches resulting from the data exchange may generate additional leads for the Energy
4 Savings Assistance Program through the data sharing efforts with the CARE program.

5 **e. Description of New Integration Opportunities And Strategies For**
6 **2012-2014.**

7 As part of its integration efforts with the general energy efficiency programs, SDG&E
8 proposes to work with Residential New Construction's California Advanced Homes Program
9 ("CAHP") to promote the Energy Savings Assistance Program. SDG&E is considering
10 providing CAHP with program information and/or collateral to educate potentially eligible
11 customers or tenants with whom CAHP interacts. This approach will help increase awareness in
12 the real estate development and property management arena, in addition to increasing awareness
13 of customers.

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

16 In 2008, SDG&E implemented an internal team of outreach coordinators to supplement
17 existing outreach and assessment efforts provided by Richard Heath and Associates ("RHA").
18 The program was successful and increased enrollments by approximately 3,000 customers. Due
19 to budget limitations, SDG&E was unable to retain these individuals and since then has relied on
20 SDG&E's outreach and assessment contractors, RHA, Synergy and Reliable Energy to provide
21 these services in their designated areas. To help meet program goals in the 2012-2014 program
22 cycle, SDG&E plans to hire internal outreach coordinators to supplement the outreach and
23 assessment efforts provided by its outreach contractors in an effort to increase program
24 enrollment.

1 **g. New Customer Service Improvements**

2 SDG&E will continue to look for ways to serve customers with the highest levels of
3 service. This may include more in-language available collateral, additional coaching on ethnic
4 and cultural sensitivity and possibly a dedicated phone number for new enrollments if feasible.
5 SDG&E will also continue to work closely with its research consultant that provides monthly
6 surveys related to customer satisfaction to develop tracking metrics on how each contractor
7 performs and is rated by SDG&E customers. Based on feedback provided by customer surveys,
8 SDG&E will continue to review the customer feedback and will implement changes for
9 improvements where feasible.

10 SDG&E will develop a comprehensive educational booklet to provide customers with
11 information about their energy usage and suggestions on ways to reduce their energy
12 consumption. This new booklet will replace the assortment of fact sheets which are currently
13 utilized for the educational component of the program and will result in paper reduction as well
14 as being a consolidated leave behind for handy future reference by the customer. The education
15 booklet will continue to be refined as needed to better serve as a guide for energy efficiency tips
16 and future reference. This booklet will be available in English and Spanish and other formats
17 such as large font, Braille, American Sign Language videos, and audio tapes for the visually
18 impaired.

19 **E. Cost Effectiveness and Energy Savings**

20 **1. Energy Savings**

21 For the 2012-2014 program cycle, the Commission instructed the utilities to use the
22 energy savings estimates from the draft report of the 2009 LIEE Impact Evaluation (“2009 draft

1 impact report”)³² for all existing measures and to use DEER values for all new measures.³³ Note
2 that, for a few measures, the PY2009 Impact Evaluation results and/or the DEER database did
3 not provide the needed values. In particular, the savings estimates for clothes washers and Smart
4 Strip were developed from engineering analyses done by the utility.

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

8 Table 3 below presents the energy savings estimates by measure. Table 3 also provides
9 the source for the energy savings estimates.

10 ///
11 ///
12 ///
13 ///
14 ///
15 ///
16 ///
17 ///
18 ///
19 ///
20 ///
21 ///
22

³² ECONorthwest, Impact Evaluation of the 2009 California Low Income Energy Efficiency Program Draft Report, March 11, 2011.

³³ Correspondence from Energy Division staff, Megha Lakhchaura, dated 4-12-2011.

Table 3: Energy Savings Estimates

Measure	Fuel	Housing Type	kwh	kW	therms	Unit	Source
AC Tuneup	elec	MF	88 to 215			household	2009 Impact Eval
AC Tuneup	elec	MH	88 to 215			household	2009 Impact Eval
AC Tuneup	elec	SF	82 to 256			household	2009 Impact Eval
Air sealing	elec	MF	32 to 63	0.0		household	2009 Impact Eval
Air sealing	elec	MH	32 to 55	0.0		household	2009 Impact Eval
Air sealing	elec	SF	43 to 55	0.0		household	2009 Impact Eval
Air sealing	gas	MF			0.4	household	2009 Impact Eval
Air sealing	gas	MH			4 to 7	household	2009 Impact Eval
Air sealing	gas	SF			4 to 8	household	2009 Impact Eval
Attic insulation	elec	MF	92 to 96	0.07 to 0.09		household	2009 Impact Eval
Attic insulation	elec	SF	91 to 106	0.06 to 0.07		household	2009 Impact Eval
Attic insulation	gas	MF			3 to 4	household	2009 Impact Eval
Attic insulation	gas	SF			7 to 9	household	2009 Impact Eval
Furnace Clean and Tune	gas	MF			4.0	household	2009 Impact Eval
Furnace Clean and Tune	gas	MH			4 to 5	household	2009 Impact Eval
Furnace Clean and Tune	gas	SF			1 to 4	household	2009 Impact Eval
Furnace Repair & Replacement	gas	MF			0.0	household	2009 Impact Eval
Room AC	elec	MF	0.0	0.0		household	2009 Impact Eval
Room AC	elec	MH	0.0	0.0		household	2009 Impact Eval
Room AC	elec	SF	39.8	0.1		household	2009 Impact Eval
HE Clothes Washers	elec	all	550.0			household	Engineering analysis
HE Clothes Washers	gas	all			37.0	household	Engineering analysis
CFL Lighting	elec	all	93.2	0.0		household	2009 Impact Eval
Faucet Aerators	elec	MF	0.0	0.0		household	2009 Impact Eval
Faucet Aerators	elec	MH	34.1	0.0		household	2009 Impact Eval
Faucet Aerators	elec	SF	36.3	0.0		household	2009 Impact Eval
Faucet Aerators	gas	MH			3.3	household	2009 Impact Eval
Faucet Aerators	gas	SF			3.5	household	2009 Impact Eval
Interior Hardwire CFL Fixtures	elec	MF	53.7	0.0		each	2009 Impact Eval
Interior Hardwire CFL Fixtures	elec	MH	39.3	0.0		each	2009 Impact Eval
Interior Hardwire CFL Fixtures	elec	SF	47.2	0.0		each	2009 Impact Eval
LED Night Light	elec	all	10.2	0.0		each	2009 Impact Eval
Low Flow Showerhead	elec	MH	56.0	0.0		household	2009 Impact Eval
Low Flow Showerhead	elec	SF	58.8	0.0		household	2009 Impact Eval
Low Flow Showerhead	gas	MF			0.7	household	2009 Impact Eval
Low Flow Showerhead	gas	MH			5.4	household	2009 Impact Eval
Low Flow Showerhead	gas	SF			5.7	household	2009 Impact Eval
Microwave	elec	all	698.4	0.0		household	2009 Impact Eval
Exterior Hardwire CFL Fixtures	elec	SF	47.2	0.0		each	2009 Impact Eval
Refrigerator	elec	MF	579.6	0.1		household	2009 Impact Eval
Refrigerator	elec	MH	734.6	0.1		household	2009 Impact Eval
Refrigerator	elec	SF	739.8	0.1		household	2009 Impact Eval
Smart Strip	elec	all	75.0			each	Engineering analysis
FAU Standing Pilot Conversion	gas	all			42.4	household	2009 Impact Eval

1

Table 3 Continued: Energy Savings Estimates

Measure	Fuel	Housing Type	kwh	kW	therms	Unit	Source
Thermostatic Shower Valve	elec	All	399.0	0.0		each	2009 Impact Eval
Thermostatic Shower Valve	gas	All			13.6	each	2009 Impact Eval
Torchiere Lamp	elec	All	191.0	0.2		each	2009 Impact Eval
Water Heater – Gas	gas	All			0.0	household	2009 Impact Eval
Water Heater Blanket	elec	MF	0.0	0.0		each	2009 Impact Eval
Water Heater Blanket	elec	MH	53.9	0.0		each	2009 Impact Eval
Water Heater Blanket	elec	SF	32.3	0.0		each	2009 Impact Eval
Water Heater Blanket	gas	MH			5.2	each	2009 Impact Eval
Water Heater Blanket	gas	SF			3.1	each	2009 Impact Eval
Water Heater Pipe Insulation	elec	MH	12.1	0.0		each	2009 Impact Eval
Water Heater Pipe Insulation	elec	SF	22.6	0.0		each	2009 Impact Eval
Water Heater Pipe Insulation	gas	MF			0.4	each	2009 Impact Eval
Water Heater Pipe Insulation	gas	MH			1.0	each	2009 Impact Eval
Water Heater Pipe Insulation	gas	SF			2.6	each	2009 Impact Eval

2

2. Cost Effectiveness of Overall Energy Savings Assistance Program

3

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

4

5

6

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

7

8

9

10

The cost-effectiveness approach adopted by the Commission in D.02-08-034 directed the application of two tests: the Modified Participant Cost (“MPT”) Test, which assesses costs and benefits from the perspective of Energy Savings Assistance Program participants; and the Utility Cost Test (“UCT”), which assesses costs and benefits from the point of view of the utility. Both

11

12

13

1 tests incorporate a set of NEBs as well as direct energy-related benefits. The NEBs capture a
2 variety of effects such as changes in comfort and reduction in hardship, which are not captured
3 by the energy savings estimates derived from load impact billing evaluations and are ignored in
4 more traditional cost-effectiveness approaches like the Total Resource Cost (“TRC”) Test. The
5 comprehensive set of NEBs developed for these modified tests were initially designed for use at
6 the program level and were allocated to individual measures according to their energy savings.

7 **b. 2003 Cost Effectiveness Study**

8 In 2003, the LIEE Standardization Project Team modified the Low Income Public
9 Purpose Test (“LIPPT”) model to produce program level and measure level results for the MPT
10 and UCT. The modified model (called the “NEBs model”) was used to test the cost-
11 effectiveness of individual measures planned for the 2003 program year. Originally, the specific
12 costs included in the MPT and UCT depended upon the application of the test results. In
13 assessing overall program cost-effectiveness, both direct measure costs and a variety of indirect
14 costs (administration costs, outreach and training, regulatory reporting costs, etc.) were
15 considered. In evaluating the cost-effectiveness of individual measures, however, only installed
16 measure costs were included in the benefit cost ratio. These installation costs are sometimes
17 referred to as incremental or marginal costs. There was much discussion on this particular issue
18 when the tests were initially developed (for example, whether to include opportunity costs, or
19 whether to include both direct and indirect costs). In the end, the Standardization Team decided
20 that, from an economic perspective, the cost-effectiveness analysis should consider only those
21 costs that were truly affected by the immediate decision at hand and be based on costs that are
22 known or could be reasonably estimated. In applying the cost-effectiveness framework to
23 individual measures, then, the decision at hand was whether or not a specific measure should be
24 retained or dropped from the program. Insofar as retaining or dropping a specific measure would

1 have a relatively minor impact on indirect costs, these indirect costs were ignored in the
2 application of the measure level cost-effectiveness tests.

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

9 The analysis of measure cost-effectiveness was conducted at a fairly disaggregated level.
10 For all measures, cost-effectiveness ratios were developed by residence type and (where
11 applicable) fuel type. For measures with weather-sensitive effects, the analysis was also
12 conducted by climate zone. This disaggregated approach was designed to recognize the variation
13 in benefits and costs across specific applications of the measures in question. However, it also
14 yielded situations in which measures were cost effective in some applications (for some utilities,
15 residence types, some climate zones, or one fuel) but not others. In these cases, the
16 Standardization Team developed a set of consistent rules to determine whether or not a measure
17 should be included in the Energy Savings Assistance Program.

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

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

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

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

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

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

The UCT was conducted in two stages. First, the NEBs model was used to calculate program level NEBs, similar to the analysis for the MPT but with utility-specific NEBs specified rather than participant-specific NEBs. Second, the E3 calculator was used to derive the avoided

1 cost benefits. The version of the E3 calculator used for this analysis was the latest version
2 available on the E3 website at the time of the analysis. The calculator version is 4g2 and is the
3 version used by the utilities for their PY2010 -2012 Energy Efficiency filing. The calculator was
4 populated with the proposed measure installation quantities, proposed budget, and the energy
5 savings estimates. The benefit/cost ratio for the UCT test consists of the NPV of avoided cost
6 savings for the utility plus the utility NEBs in the numerator, and the cost of the program (both
7 measure installation and administrative costs) in the denominator. For measure level benefit/cost
8 ratios, the administration costs were allocated across measures based on the energy savings of
9 the measure.

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

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

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

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

- 5 • Program budget (presented in Attachment A-1),
- 6 • Individual installation measure quantities and costs,
- 7 • Effective useful measure lives, and
- 8 • Assumptions used for NEBs.

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

15 Other assumptions changed in the NEB model include the following:

- 16 • The number of participants expected in 2012
- 17 • The retail energy rates for 2012. These were derived from average residential rates
18 received from the rate department, which were then adjusted to include CARE
19 participants and then escalated to 2012.
- 20 • The discount rate used was 8.15%.

22 **f. Overall Program Results**

23 The program level results of the cost-effectiveness tests are presented in Attachment A-5
24 and reproduced here in Table 4:

Table 4: Program Level Cost-Effectiveness Ratios

UCT	MPT	TRC
0.55	0.99	0.46

As shown, the MPT result is 0.99 and the UCT result is 0.55. The measure level results of the cost-effectiveness tests are provided in Attachments A-6 and A-7. These results are presented by housing type, fuel type, and climate zone where applicable. The TRC result, while not used as a criterion for cost-effectiveness, is provided for comparison.

g. Recommended Adoption Criteria

SDG&E does not recommend any change in the adoption criteria.

h. Recommendation for NEBs Calculation

SDG&E recommends that Energy Division host a workshop to discuss an alternate method for estimating the NEBs for the MPT and UCT. The recent NEB Study showed that no precise methods are being used to estimate NEBs for low income energy assistance programs in other states. Extensive and costly customer surveys and analysis would need to be done to develop that data, and the results would inevitably change as the housing stock, economy and even customer preferences change over time. The Study further reported as part of a review of other programs and studies, that NEBs from other programs are often estimated as a percentage of energy savings. SDG&E is interested in exploring this issue further and would support additional discussion with Energy Division and the other IOUs to develop an estimation factor for use in future cost-effectiveness testing.

F. Measure Portfolio Composition

1. Overall Portfolio Composition

SDG&E proposes to offer the mix of measures for its 2012-2014 portfolio reflected in Attachment A-2.

1 **a. Cost-Effectiveness and Other Criteria for Program Measures**

2 SDG&E’s program portfolio is designed to adhere to the Commission adopted key
3 objective to make the Energy Savings Assistance Program a reliable energy resource for the
4 State of California. In doing so, SDG&E’s portfolio consist of those energy efficient measures
5 that pass the benefit cost ratio threshold of 0.25. In addition, SDG&E’s portfolio comprise of
6 those measures that improve the customer’s quality of life for health, comfort, and safety
7 reasons.

8 The PY2012 -2014 portfolio composition results in a similar level of cost effectiveness as
9 provided by the PY2009 -2011 portfolio. Specifically, the MPT is slightly higher (0.99 versus
10 0.86), the UCT is slightly lower (0.55 versus 0.61) and the TRC is also slightly lower (0.46
11 versus 0.51).

12

Cycle	UCT	MPT	TRC
PY2009 to 2011	0.61	0.86	0.51
PY2012 to 2014	0.55	0.99	0.46

13
14 The measure-level results of the cost-effectiveness analysis are provided in Attachments
15 A-6 and A-7. As shown in these attachments, all measures pass the cost-effectiveness criteria
16 established by D.08-11-031 with these exceptions: room air conditioning, furnace repair or
17 replacement, and water heater repair or replacement. These measures were designated as “add-
18 back” measures in the PY2009-2011 program cycle. These measures provide significant health,
19 comfort and safety benefits beyond just energy savings and therefore should be kept in the
20 portfolio.

21 As stated above, the benefit cost ratio for the MPT consists of the NPV of energy savings
22 and NEBs for the participant in the numerator, and the cost of the program (both measure

1 installation and administrative costs) in the denominator. For measure level benefit cost ratios,
2 the administration costs were allocated across measures based on the energy savings of the
3 measure.

4 The benefit/cost ratio for the UCT test consists of the NPV of avoided cost savings for
5 the utility plus the utility NEBs in the numerator, and the cost of the program (both measure
6 installation and administrative costs) in the denominator. For measure level benefit/cost ratios,
7 the administration costs were allocated across measures based on the energy savings of the
8 measure.

9 The assumed values used in the analysis include the quantities and installation costs for
10 the measures, the effective useful lives (“EULs”), the budgeted administrative costs for the
11 program, and the assumptions used in the NEB calculations. The estimation of energy benefits
12 uses the following assumptions:

- 13 • Air conditioning saturation rate
- 14 • Average kWh rate adjusted for CARE
- 15 • Average therm rate adjusted for CARE

16 In addition, the assumptions built into the E3 Calculator are used in the analysis. Documentation
17 for these assumptions and variables can be found on E3’s website:

18 http://www.ethree.com/public_projects/cpuc4.html.

19 The original NEB assumptions were documented when the model was created³⁴ and
20 modifications made for the 2003 analysis were documented in the Itron report cited earlier.³⁵

³⁴ See TecMarket Works, The Low-Income Public Purpose Test (“LIPPT”) Updated for Version 2.0, May 25, 2001.

³⁵ LIEE Measure Cost Effectiveness Final Report, submitted to the Commission by the Energy Savings Assistance Program Standardization Project Team, June 2, 2003.

1 Additional NEB assumptions included in the analysis for the PY2012-2014 application include
2 the following:

- 3 • Number of participants per year
- 4 • Percentage of participants on CARE
- 5 • Average cost of home repairs
- 6 • Number of CFLs installed per home
- 7 • Number of faucet aerators and low-flow showerheads installed per home
- 8
- 9 • Percentage of participants that receive a weatherization measure
- 10 • Percentage of participants that receive a weatherization and/or HVAC measure
- 11
- 12 • Discount rate for utility benefits: 8.15%
- 13 • Discount rate for participant benefits: 18%
- 14 • Escalation rate: 3%

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

17 (http://www.ethree.com/public_projects/cpuc4.html). The inputs entered into the model include
18 the installation costs and quantities, the budgeted administration costs for the program, the
19 effective useful lives of the measures, and the estimated energy and demand savings estimates.

20 As set forth in D.08-11-031, the Commission made provisions for certain measures to be
21 included in the program as an “add-back” measure if the measure failed to meet the cost-
22 effectiveness threshold of 0.25 adopted by the Commission. The add-back measures were
23 authorized in the program to improve the customers’ quality of life for health, comfort, and
24 safety reasons. For the PY2012-2014 program cycle, SDG&E is requesting the same
25 consideration afforded in D.08-11-031 specifically to improve the customers’ quality of life by

1 offering gas furnace repair or replacement, water heater repair or replacement, and room air
2 conditioner (in climate zone 10) measures.

3 **b. New Measures**

4 Smart Strip Measure

5 SDG&E proposes the inclusion of the smart strip measure into the mix of measures
6 currently authorized by the Commission for the Energy Savings Assistance Program. The smart
7 strip will allow customers to shut off vampire loads on electronic devices with one switch. By
8 providing a simple method for eliminating these parasitic loads SDG&E believes customers will
9 begin to recognize how costly these load can become and take an easy step to reduce these
10 electric loads. The relevant cost effectiveness of the measure is shown in Attachment A-7.

11 **c. Retired Measures**

12 SDG&E proposes to retire three measures from the mix of measures offered to customers
13 for the 2012-2014 program cycle: Central Air Conditioner, Duct Testing and Sealing, and
14 Evaporative Cooler Cover. These measures are being retired because they did not pass D.08-11-
15 031's benefit-cost ratio threshold of 0.25 in any climate zone or by dwelling type within
16 SDG&E's service territory and therefore SDG&E is proposing to retire these measures.

17 **G. Other ESAP Program Elements And Policies**

18 **1. Cost-Effectiveness Threshold**

19 SDG&E is not proposing any change to the current cost-effectiveness threshold.

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

21 SDG&E provides both gas and electric services to its Energy Savings Assistance
22 Program participants. The percentage split for the gas and electric Program funding is based on
23 a projected need of the services that may be installed in a customer's home. Because the
24 percentage split is based on a projection, over or under spending of funds may occur during the

1 course of a program year. SDG&E proposes to shift funds to its gas or electric department as
2 previously authorized by the Commission in D.08-11-031 through an Advice Letter with
3 anticipation of a timely response to ensure that all feasible program measures can be made
4 available to eligible program participants.

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

6 SDG&E supports the long-established formula outlined in Resolution E-3585, which
7 establishes equitable funds splitting amongst the four IOUs to share the costs of the joint
8 statewide projects. The cost sharing formula is 30% (PG&E), 30% (SCE), 25% (SoCalGas) and
9 15% (SDG&E).

10 **4. 3 Measure Minimum**

11 SDG&E is not proposing any revisions to the three-measure minimum rule adopted in
12 D.08-11-031 and as modified by D.09-06-026. SDG&E has included Attachment A-11 (referred
13 to as Revised Attachment G in D.09-06-026) to propose the measures that can be installed in the
14 Energy Savings Assistance Program based on meeting the energy savings threshold of 125 kWh
15 or 25 therms for one measure installation as adopted in D.09-06-026.

16 **5. Definition of Treated Household**

17 In D.02-12-019, the Commission adopted the definition of a “treated” home. A “treated”
18 home was defined as an income-qualified home that has received any measure or service under
19 the Energy Savings Assistance Program, including energy education, CFLs, weatherization and
20 appliances.³⁶ Under the Energy Savings Assistance Program, a treated home must receive all
21 feasible measures for which it qualifies. “Weatherized” homes are a subset of treated homes,
22 and are defined as income-qualified homes that have received any weatherization measure (e.g.,

³⁶ D.02-12-019, at p.8.

1 weather-stripping and caulking) under the Energy Savings Assistance Program.³⁷ SDG&E
2 provides services under the Energy Savings Assistance Program consistent with the
3 Commission’s definition of a “treated” home, and at this time SDG&E is not requesting a
4 change.

5 **6. Refrigerator Replacement Age**

6 SDG&E proposes to revise the requirements for refrigerator replacements in customer
7 homes. The current adopted policy is that refrigerators manufactured prior to 1993 are eligible
8 for replacement. However, SDG&E believes this policy should be revised to include
9 refrigerators manufactured prior to 1999. Preliminary analysis prepared for PG&E by KEMA
10 suggests that significant energy savings can be realized with the later-built refrigerators.
11 Expanding the eligibility criteria to include these later-built models would be a cost-effective
12 addition to the program.

13 **7. Cooling Center Budgets**

14 In previous decisions, the Commission has authorized SDG&E’s Cool Zone program
15 plan and budgets as part of CARE outreach.³⁸ In the CARE portion of this Application, SDG&E
16 provides a description of the Cool Zone proposed program plans and budgets for the 2012-2014
17 cycle.

18 **8. Other**

19 Program Cycle Changes

20 SDG&E seeks the flexibility to propose changes in its Energy Savings Assistance
21 Program during PY2012-2014. This proposal is being made because during the course of the
22 cycle there may be new measures that SDG&E would like to offer to customers to reduce their

³⁷ Under PU Code Section 2790, weatherization measures include attic insulation, caulking, weather-stripping, low flow showerheads, water heater blankets and door and building envelope repairs which reduce infiltration.

³⁸ D.05-04-052 Conclusion of Law 7.

1 energy bill or to improve the customers' quality of life. For example, there may be a measure
2 that would provide energy benefits to the customer, but at this time, the measure and installation
3 costs are too expensive and therefore not cost-effective. However in a subsequent year the
4 measure may become cost-effective because the measure or installation costs have been reduced.
5 SDG&E may also want to propose changes such as retiring measures, proposing a pilot, or
6 implementing new outreach methods.

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

14 SDG&E proposes that program cycle changes be done through the Advice Letter process
15 in anticipation of a timely disposition from the Commission.

16 **H. Pilots**

17 At this time, SDG&E does not plan to pursue any pilots during its 2012-2014 cycle.

18 **I. Studies**

19 SDG&E is requesting authorization to conduct two Measurement & Evaluation ("M&E")
20 studies to help inform current program and future program design and implementation using
21 information from past program assessments. These studies will be performed jointly among
22 SCE, PG&E, SDG&E, and SoCalGas. Detailed descriptions of each study are provided in
23 Attachment A-10.a. and b.

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

8 **Impact Evaluation Study**

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

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

14 **Energy Education and Assessment Study**

15 The Joint Utilities also propose systematic examination of the Energy Education
16 component of the Energy Savings Assistance Program. Research findings from the 2009-11
17 program cycle³⁹ suggest that further exploration may be needed to maximize the benefits of
18 customer education in the Energy Savings Assistance Program. Moreover, the educational
19 component of the Energy Savings Assistance Program has the capability to take on a more
20 significant role within the program, due to the introduction of and potential of the Smart Meter

³⁹ “Impact Evaluation of the 2009 California Low Income Energy Efficiency Program” conducted by EcoNorthwest for the CPUC (Draft Final Report issued March, 2011); “California Low Income Energy Efficiency Program 2009-2010 Process Evaluation” conducted by Research Into Action for the CPUC (Draft Final Report issued March,2011), “Low Income Energy Efficiency Program Segmentation Study” conducted by Hiner and Partners for SCE & PG&E (Preliminary Draft Report available March 2011) “High Usage Needs Assessment ” conducted by Hiner and Partners for SCE (Preliminary Draft Report available March 2011).

1 technology, as well as National and Statewide strategic initiatives increasingly directed towards
 2 encouraging sustained behavior and attitude changes in customers to reach long-term greenhouse
 3 gas goals. This combination of factors suggests the need for a more focused evaluation effort on
 4 the education component of the Energy Savings Assistance Program. Further details are outlined
 5 in Attachment A-10.b.

6 SDG&E requests three-year total funding for the above studies related to the 2012-2014
 7 Energy Savings Assistance Program.

Table-5
Measurement & Evaluation of Energy Savings Assistance Program

Statewide Studies	Total Project Cost	SDG&E Allocation Share	SDG&E Cost
Impact Evaluation for the 2012-2014 Program cycle	\$600,000	15%	\$90,000
Energy Education and Assessment Study	\$300,000	15%	\$45,000
Total	\$900,000		\$135,000

8
 9 **J. Budget**

10 To work toward accomplishing the programmatic initiative, SDG&E proposes the
 11 following measures under the Commission adopted categories for the 2012-2014 program cycle.
 12 In addition, SDG&E’s strategy is to provide all feasible measures to all qualified households in
 13 an effort to achieve the Commission adopted goal “to provide all eligible customers LIEE
 14 customers the opportunity to participate in the LIEE programs and to offer those who wish to
 15 participate all cost effective energy efficient measures in their residences by 2020”.

16 **Appliances**

17 SDG&E will install High Efficiency Clothes Washers, Refrigerators, and Microwave
 18 Ovens. Projected budget is \$13,668,709.

1 **Domestic Hot Water**

2 SDG&E will install Water Heater Conservation measures consisting of faucet aerators,
3 low flow showerheads, thermostatic shower valve, water heater repair/replacement, water heater
4 blanket, water heater pipe insulation. Projected budget is \$4,812,000.

5 **Enclosure**

6 SDG&E will install Caulking, Outlet Gaskets, Door Weather-stripping and Minor Home
7 Repair measures. Projected budget is \$9,693,897.

8 **HVAC**

9 SDG&E will provide Furnace Repair or Replacement, FAU Standing Pilot Conversion
10 and Room Air Conditioner Replacement. Projected budget is \$4,554,569.

11 **Maintenance**

12 SDG&E will provide Air Conditioner Tune-up Services and Furnace Clean & Tune.
13 Projected budget is \$1,637,808.

14 **Lighting**

15 SDG&E will provide CFLs, Torchiere lamps, Interior Hard-wired Lighting, Exterior
16 Hard-wired Lighting, and LED Night Lights. Projected budget is \$7,962,082.

17 **Miscellaneous**

18 SDG&E will provide miscellaneous measures, including the installation of the new Smart
19 Strip measure. Projected budget is \$1,390,500.

20 **Customer Enrollment**

21 SDG&E's customer enrollment efforts will include program Outreach, Assessment, and
22 Enrollment efforts. Projected budget is \$11,494,114 which includes Outreach, Assessment,
23 Customer Incentives, and Contractor Incentives.

1 - Outreach and Assessment

2 SDG&E's outreach and assessment efforts will include enrolling customers into the
3 program. Projected budget is \$9,113,839.

4 - Customer Incentives

5 SDG&E is proposing to pay program qualified customers an incentive amount of \$50 in
6 an effort to increase enrollments and measure installations. Projected budget is \$2,250,000.

7 - Installation Contractor Referral Fee

8 SDG&E is proposing to pay a \$15 fee to participating installation contractors for leads
9 resulting in program participation of qualified customers in an effort to increase enrollments and
10 measure installations. Projected budget is \$130,275.

11 **In-Home Education**

12 SDG&E will provide In-Home Energy Education to qualified customers. Projected
13 budget is \$1,234,595.

14 ///

15 ///

16 ///

17 ///

18 ///

19 ///

20 ///

21 ///

22 ///

23 ///

24

Program Category Costs And Specific Components

	PY 2012 Year-End Projected	PY 2013 Year-End Projected	PY 2014 Year- End Projected
Energy Savings Assistance Program			
Energy Efficiency			
Appliances	\$4,701,644	\$4,523,692	\$4,443,374
Domestic Hot Water	\$1,557,722	\$1,603,093	\$1,651,185
Enclosure	\$3,138,071	\$3,229,471	\$3,326,355
HVAC	\$1,474,200	\$1,517,424	\$1,562,945
Maintenance	\$530,185	\$545,627	\$561,996
Lighting	\$2,577,454	\$2,652,526	\$2,732,101
Miscellaneous	\$450,000	\$463,500	\$477,000
Customer Enrollment	\$3,549,357	\$3,929,832	\$4,014,925
In Home Education	\$399,658	\$411,299	\$423,638
Pilot	\$0	\$0	\$0
Energy Efficiency Total	\$18,378,291	\$18,876,463	\$19,193,519
Energy Conservation Program			
Training Center	\$0	\$0	\$0
Inspections	\$54,877	\$56,581	\$58,284
Marketing and Outreach	\$1,173,730	\$1,135,788	\$1,146,595
Statewide Marketing Education and Outreach	\$60,000	\$60,000	\$60,000
Measurement and Evaluation Studies	\$135,000	\$0	\$0
Regulatory Compliance	\$306,554	\$339,384	\$322,214
General Administration	\$1,891,477	\$1,948,947	\$2,006,417
CPUC Energy Division	\$45,000	\$45,000	\$45,000
TOTAL PROGRAM COSTS	\$22,044,929	\$22,462,163	\$22,832,030

2

3 ///

4 ///

5 ///

6 ///

7 ///

8 ///

9

	PY2012-14 Budget	2009-11 Budget	Change	Key Drivers
Energy Efficiency				
Gas Appliances	\$5,191,689	\$6,803,860	24%	Reflects a decrease in the number of gas appliance measures.
Electric Appliances	\$24,159,286	\$23,583,574	2%	Reflects proposed change to refrigerator replacement criteria.
Weatherization	\$14,368,590	\$12,464,533	15%	In 2009-2011 program cycle, weather-stripping, caulking, and outlet gaskets were not included in the budget proposed by SDG&E, however D.08-11-031 directed the IOUs to install all feasible measures and therefore SDG&E adhered to the Commission directive.
Outreach and Assessment	\$11,494,114	\$6,079,528	89%	Reflects 2009-2011 program existing Outreach and Assessment methods as well as new initiatives such as Customer Incentives, Contractor Referral.
In Home Energy Education	\$1,234,595	\$3,793,055	-67%	Reflects the required in-home energy education components of the program for the 2012-2014 program cycle. However in the 2009-2011 cycle it also included the customer rewards dollars for a reduction in energy consumption.
Pilot	\$0	\$404,961	-100%	No pilots planned in 2012-2014 cycle.
Energy Efficiency Total	\$56,448,273	\$53,129,511	6%	
Training Center	\$0	\$0	0%	
Inspections	\$169,743	\$182,464	-7%	Decrease due to less labor projected.
Marketing	\$3,456,113	\$2,191,147	58%	Increase marketing dollars to support new initiatives and increased printing costs and new marketing efforts.
Statewide ME&O	180,000	200,100	-10%	For the 2012-2014 program cycle it reflects the proposed statewide ME&O efforts.
M&E Studies	\$135,000	\$152,024	-13%	The 2009-11 included 4 statewide studies and in 2012-2014 it reflects 2 statewide studies to be conducted.
Regulatory Compliance	\$968,152	\$836,169	16%	For PY2012-2014, it includes Installation Standards for new measures as well as any building standards changes plus an increase in employee labor due to a portion of an FTE.
General Administration	\$5,846,841	\$5,869,368	0%	
Energy Division	\$135,000	\$134,840	0%	
Total program costs	\$67,339,121	\$62,695,623	7%	

1
2 **1. Tracking Program Costs**

3 SDG&E proposes to track program costs consistent with the program budget categories
4 reflected in Attachments A-1a and A-1b. The program budget categories will be used for
5 monthly and annual Energy Savings Assistance Program reporting and were issued as part of the
6 Guidance Document issued on March 30, 2011.

7 **2. Discussion on required Budget Flexibility and potential Fund Shifting**

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

13 **K. Revenue Requirements And Rate Impacts**

14 **SDG&E - Electric**

15 SDG&E is not proposing any changes to the revenue allocation or the rate design for the
16 Energy Savings Assistance Program. Consistent with prior decisions (i.e., D.08-11-031 and
17 D.06-12-038) SDG&E proposes recovery of Energy Savings Assistance Program costs on an
18 equal-cent-per-kWh approach to all non-exempt authorized sales as defined in D.97-08-056.
19 Illustrative impacts to the Energy Savings Assistance Program rate are presented in Table 6. The
20 increase in proposed Energy Savings Assistance Program rates are primarily due to a change in
21 the allocation of Energy Savings Assistance costs as presented in SDG&E Table A-1a, PY 2012-
22 2014 Energy Savings Assistance Program Proposed Electric Budget.

23 SDG&E projects 2011 unspent electric program funds totaling approximately \$2 million
24 will be carried forward to program year 2012 and used to provide more program services to

1 eligible customers. SDG&E is not proposing to use 2011 unspent funds to reduce the electric
 2 revenue requirement during 2012-2014.

3
 4 **Table 6: Present and Proposed Energy Savings Assistance Program Rates (\$/kWh)**

	Current	2012	2013	2014
Energy Savings Assistance Program				
Incremental Funding Request(\$M)		\$ 0.290	\$ 0.065	\$ 0.062
Energy Savings Assistance Program Rate				
Residential	\$0.00052	\$0.00053	\$0.00054	\$0.00054
Small Commercial	\$0.00052	\$0.00053	\$0.00054	\$0.00054
Med. & Large C&I	\$0.00052	\$0.00053	\$0.00054	\$0.00054
Agriculture	\$0.00052	\$0.00053	\$0.00054	\$0.00054
Lighting	\$0.00000	\$0.00000	\$0.00000	\$0.00000
System Total	\$0.00052	\$0.00053	\$0.00054	\$0.00054

5
 6
 7 **SDG&E – Natural Gas**

8 SDG&E is not proposing any changes to the revenue allocation or rate design for the
 9 Energy Savings Assistance Program. SDG&E’s Energy Savings Assistance Program costs are
 10 currently recovered using an Equal Percent of Authorized Margin (“EPAM”) to allocate costs
 11 between the customer classes pursuant to D.09-11-006.⁴⁰ The Energy Savings Assistance
 12 Program rates are calculated by multiplying the program cost by the allocation factor and
 13 dividing by the applicable billing determinants⁴¹ minus any exempt throughput.

⁴⁰ See Ordering Paragraph 1 referencing the settlement agreement section II.B.2.E.

⁴¹ In D.04-08-010, the Commission established the methodology for developing the billing determinants for calculating the PPP surcharge. The billing determinants reflect the average of the actual throughput over 3-years, if the most recent cost allocation proceeding is more than 3-years old. However, since the most recent cost allocation proceeding was implemented on February 1, 2010 which is less than the 3-year threshold the billing determinants used for this proceeding are from D.09-11-006, appendix C.

SDG&E recovers its Energy Savings Assistance Program costs through the PPP surcharge. The Energy Savings Assistance Program cost is calculated from the budget which is based on the combination of both the administration costs and the Energy Savings Assistance Program costs. SDG&E used the Energy Savings Assistance Program costs provided in Table A-1.b, PY 2012-2014 Energy Savings Assistance Program Proposed Natural Gas Budget.

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

Table 7: Present and Proposed Energy Savings Assistance Program Rates (Natural Gas)

Revenue Requirements and PPPS Rates – ESAP				
	2011	2012	2013	2014
SDG&E				
Increase (Decrease) in PPPS Revenue Requirement \$ Millions:				
ESAP	\$0	\$1.4	\$0.4	\$0.3
Total PPPS Revenue	\$45.6	\$47.0	\$47.4	\$47.7
Change/year \$millions		\$1.4	\$0.4	\$0.3
Increase (Decrease) in PPPS Rate \$/th:				
Residential		\$0.00209	\$0.00093	\$0.00081
Core C&I		\$0.00069	\$0.00030	\$0.00026
NonCore C&I		\$0.00034	\$0.00015	\$0.00013

L. Conclusion

SDG&E respectfully requests the Commission to approve the Energy Savings Assistance Program plans and budgets for PY2012, PY2013, and PY2014 as described in this testimony and authorize the following:

- Approval of its PY2012, PY2013, and PY2014 Energy Savings Assistance Program plans and budgets herein.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32

- Approval to continue its existing Energy Savings Assistance Program into 2012, using PY2012 program funds, should the Commission be delayed in issuing a decision in this proceeding before year-end 2011, and count program achievements towards PY 2012 accomplishments.
- Approval to shift funds in the Energy Savings Assistance Program consistent with the fund shifting authority in D.08-11-031 and as modified by D.10-10-008.
- Approval of the mix of measures reflected in Attachments A-6 and A-7 for the Energy Savings Assistance Program.
- Approval of the outreach and marketing elements requested herein.
- Approval to continue the integration and leveraging efforts.
- Approval to include one new measure to the Energy Savings Assistance Program mix of measures to be offered to eligible customers: the Smart Strip to reduce the customers' energy consumption.
- Approval to revise requirements for refrigerator replacements from pre-1993 to pre-1999.
- Approval to continue using the methodology adopted for the eligible population as revised herein.
- Approval of a statewide impact evaluation study for the 2012-2014 program cycle.
- Approval of a statewide energy education assessment study for PY2012-2014.

