



FAMILY ELECTRIC RATE ASSISTANCE PROGRAM ANNUAL REPORT

2004 Results

May 2, 2005

INTRODUCTION:

The purpose of this annual report is to provide information on San Diego Gas & Electric Company's (SDG&E) Family Electric Rate Assistance (FERA) program¹ and . to report on the administration and subsidy costs incurred by the program in its first year of operation in accordance with California Public Utilities Commission (Commission) Decision (D.) 04-02-057.² On February 26, 2004, the California Public Utilities Commission (Commission or CPUC) issued D. 04-02-057 which adopted the FERA program whereby qualifying lower-middle income large household participants are to be charged Tier 2 (101% - 130% of baseline) electricity rates for their Tier 3 (131% - 200% of baseline) usage in order to make it easier for residential customers to afford basic energy needs. The FERA Program, is available to households of three or more persons with total incomes between 175% and 250% of the federal poverty guidelines.

SDG&E's FERA program implementation plan utilizes the existing protocols and procedures already developed and adopted by the Commission for the California Alternate Rates for Energy (CARE) Program. These existing protocols and procedures relate to outreach practices, enrollment, verification, and recertification activities. SDG&E uses one dual application for both the CARE and FERA program.

In Advice Letter 1586-E, dated April 26, 2004, SDG&E submitted revised electric tariffs to the CPUC, i.e., Tariff Schedule FERA which sets forth the income eligibility requirements for the program which were effective as of June 1, 2004, and revised Schedule EECC (Electric Energy Commodity Cost) to reflect that customers on the FERA tariff would be charged Tier 2 commodity rates for their Tier 3 usage.

¹ Originally referred to in D. 04-02-057 as the Middle Income Large Household Program.

² Ordering Paragraph 4 of D.04-02-057 directed the utilities to fully implement the program 20 weeks from the date of the Decision. Program implementation commenced on July 15, 2004.

**SAN DIEGO GAS & ELECTRIC COMPANY'S REPORT FOR THE
FAMILY ELECTRIC RATE ASSISTANCE (FERA) PROGRAM**

January 1, 2004 through December 31, 2004

I. Participant Information

A. Provide the total number of FERA customers by month, for the reporting period.

See Table 1.

Table 1		
2004	FERA Enrolled ¹	FERA Receiving Tier 3 Benefit ¹
January	N/A	N/A
February	N/A	N/A
March	N/A	N/A
April	N/A	N/A
May	N/A	N/A
June	N/A	N/A
July	1064	197
August	1534	502
September	2114	735
October	2376	817
November	2651	761
December	2894	975

Notes:

¹Does not include sub-metered tenants.

B. Provide the total number of FERA-eligible households, FERA-participating households, and FERA household penetration rates by quarter.

See Table 2.

Table 2			
FERA Penetration Rate			
2004 Quarter Ending	FERA-Eligible Households¹	FERA-Participating Households¹	FERA Household Penetration Rate²
March 31	Not applicable.	Not applicable.	Not applicable.
June 30	127,000	0	0%
September 30	127,000	2,114	1.7%
December 31	127,000	2,894	2.3%

Notes:

¹Does not include sub-metered tenants.

²FERA Household Penetration Rate is calculated by dividing FERA Participating Households by FERA-Eligible Households.

C. Discuss how the estimates of current FERA-eligible households were developed.

The methodology used to estimate the number of FERA-eligible SDG&E customers used information from the California Energy Commission (CEC) prepared 2003 Residential Appliance Saturation Study (RASS), CPUC-adopted FERA income guidelines, and SDG&E's customer information database. The development of the estimate of FERA-eligible households was developed as follows: Step One - income data was gathered from RASS respondents through the RASS data collection process. Because this information was most likely based on 2003 income, the dollar amounts were escalated up to 2004 values by applying the same escalation rate the CPUC used to update the CPUC-FERA tables, 1.9%. Step Two - a determination was made as to the percentage of RASS respondents that would be eligible to participate in the FERA program based on FERA criteria of individuals having income between 175% and 250% of federal poverty guidelines and a family size of three or more. Finally, the percentage derived from Step 2 described above was applied to the actual population of SDG&E residential customers as of May 2004. The resulting estimate was that 127,000 customers would be eligible to participate in the FERA program.

D. Provide the current FERA sub-metered tenant counts at year-end.

Year-end submetered participation totaled 40 tenants.

E. Discuss any problems encountered during the reporting period administering the FERA program for sub-metered tenants and/or master-meter customers.

SDG&E did not experience any difficulty administering the FERA program for submetered tenants. Facilities were notified in advanced of the availability of FERA program, eligibility requirements and how to calculate the discount for the tenants. SDG&E also provided facilities with bulletin board flyers and applications to notice tenants of the about new program.

II. Program Costs

A. Discount Cost

State the average monthly FERA discount received, in dollars per FERA customer^{1,2}

In 2004, the average monthly discount for a FERA customer receiving the benefit was \$4.13 per customer.

Notes:

¹Does not include sub-metered tenants.

²Does include all enrolled customers who have received a discount in any month.

2. State the cumulative annual discount for all FERA customers¹.

In 2004, the cumulative annual discount for all FERA customers was \$16,503.

Notes:

¹Does not include sub-metered tenants.

B. Administrative Cost

1. Show the FERA Program's administrative cost by category.

See Table 4

Table 4	
FERA Program Administrative Costs by Category and Benefits	
Category	Cost
Outreach	\$ 10,463
Processing, Certification, and Verification	\$ 9,562
General Administration	\$ 13,672
Startup	\$ 118,349
TOTAL PROGRAM COSTS	\$ 152,046
CUSTOMER BENEFITS	\$ 16,503
TOTAL PROGRAM COSTS & CUSTOMER BENEFITS	\$ 168,549

2. Explain what is included in each administrative cost category.

See table below

Category	Description
Outreach	Includes costs associated with: Bill inserts, advertising, applications (development, printing and mailing), posters, brochures, flyers, postage, and other outreach,, staff labor, outreach pilots, and Capitation Contracts.
Processing, Certification, and Verification	Includes costs associated with: Staff labor application processing, training, programming labor, and sub-meter certification.
General Administration	Includes costs associated with: Billing System /Programming Manual rebilling and programming and billing labor Regulatory Compliance Preparation of advice letter filings, tariff revisions, reports/studies, workshop attendance, meeting other regulatory requirements Other Office supplies, market research, program management labor (including pensions and benefits), and information technology (technical support and software licensing).
Startup	Includes costs associated with: Labor and system programming to implement the program
Benefits	Includes costs associated with: Rate discounts.

3. Explain how costs of joint CARE/FERA activities are charged to each program.

As directed by the Commission, the FERA program was implemented using "...existing protocols and procedures already developed and found reasonable for CARE or other programs, to the extent feasible³." In order to leverage the programs, SDG&E coordinated program management and processing functions within the CARE group and developed a joint CARE/FERA application.

Although the programs were coordinated within the same group, every effort was made to ensure that FERA costs were charged and tracked separately from the CARE program. An internal order (IO) was established specifically for FERA in order to charge all start-up cost and ongoing cost associated with maintaining the program. Only incremental costs that would not have been incurred by the CARE program were charged to the FERA program.

For example, the design cost associated with changing the CARE applications to include FERA was charged to the FERA program. However, because SDG&E did not increase the number of CARE/FERA application printed for FERA outreach efforts, the cost of printing remained with the CARE program. Allocations for program management and processing time were determined and charged to the FERA program. These allocations are reviewed on an ongoing basis to ensure the programs are charged appropriately.

C. Provide the year-end December 31 balances for the FERA balancing account for both the current and prior reporting periods.

For 2004, the current and first reporting period, there was \$168,549 in FERA costs applicable to the FERA subaccount in the Baseline Balancing Account (BBA). These costs include \$16,503 for the customer benefits (rate discounts) given to customers from July through December 2004.

III. Outreach

³ Decision 04-02-057

A. Discuss utility outreach activities and those undertaken by third parties on the utility's behalf.

Annual Bill Insert – SDG&E's annual bill insert notification for FERA occurred in mid-June through mid-July. The joint CARE/FERA application was used in order to leverage the programs and reduce cost to FERA. A total of 649 applications were received from this effort.

Customer Contact Employees – SDG&E offers FERA through the customer call center, bill payment offices and field services activities. Customer Service Representatives (CSRs) advise customers of the program whenever service is initiated, at customer request, and whenever customer contact is related to affordability, this includes credit and collection calls. Over 700 customers submitted applications through call center request.

Interactive Voice Response (IVR) Information on Hold – The message to customers waiting for help on telephone inquiries provides prompts and scripts about the FERA and CARE programs in both English and Spanish. Customers are able to request applications through the IVR process.

Collection Call – SDG&E provides an additional outbound telephone call with a follow-up letter to low-income customers faced with collection activity on their account. Information about the availability of payment arrangements and customer assistance programs is given, and the customer is urged to call SDG&E for more information. The call is directed to both FERA and CARE customers and customers identified as having a high probability of being low-income customers who are not on FERA or CARE either program.

Website – SDG&E's website provides information and applications for the FERA program. The downloadable application is a dual CARE/FERA application.

Capitation Contractors – Community based organizations (CBO's) that were contracted to offer CARE through the fee per applications or Capitation Program with SDG&E are now also offering FERA and using the dual CARE/FERA applications. The terms and condition of the contracts are the same with contractors receiving compensation of up to \$12.00 for each eligible applications received.

Community Events – SDG&E participated in 100 local community events starting in July 2004, throughout San Diego County to provide information on FERA and other assistance programs. Types of events included presentations to community groups, health and safety fairs, and community resource fairs, along with several events geared toward active duty military customers. Many of the

events were leveraged with the Lighting Turn In Program targeted to seniors and other hard to reach residential customers.

Submetered Apartments and Mobile Home Parks –A packet introducing the FERA program was mailed to all managers/owners of submetered facilities. Packets included bulletin board posters and information on how to order additional FERA/CARE applications for their tenants. Additionally, the Senate Bill 920 mailing required for the CARE program was updated to include information regarding FERA.

B. Discuss each of the following:

- 1. How FERA customer data and other relevant program information is shared within the utility, for example, between its LIEE and other appropriate low-income programs.**

Energy Education for Low Income Program (EELI) –This program, implemented by SDG&E as part of SDG&E's low income energy efficiency programs, educates low-income customers about energy conservation and other utility programs and services, including FERA and CARE. Classroom education is provided through a network of local CBOs. FERA/CARE applications are made available at all classes.

Direct Assistance Program (DAP) – SDG&E's low-income weatherization program provides recipients of weatherization measures with in-home energy education, including FERA/CARE information and an opportunity to enroll in FERA/CARE.

- 2. Discuss barriers to participation encountered during the reporting period and steps taken to mitigate them.**

SDG&E did not encounter any barriers to participation during the reporting period.

IV. Processing FERA Applications

A. Processing Self-Certification and Self-Recertification Applications (individual and sub-metered customers)

- 1. Provide the number of utility and third-party FERA self-certification and self-recertification applications provided, received, approved, denied, pending/never completed, or duplicates for the reporting period.**

See Table 5.

TABLE 5						
FERA Self-Certification and Self-Recertification Applications ¹						
	Provided	Received	Approved	Denied	Pending/Never Completed	Duplicates
Utility	N/A	3183	3055	51	0	77
Capitation	N/A	9	8	1	0	0
Other Third-Party	N/A	62	61	1	0	0
Total	N/A	3245	3124	53	0	77

¹Includes sub-metered tenants.

B. Processing Random Post-Enrollment Verification Requests

1. Provide the total number of verifications requested, received, approved, denied, pending/never completed, or duplicates, for the reporting period.

Due to the high cost of programming a random verification model for FERA and low program participation, SDG&E did not implement random verifications in 2004. SDG&E will be reevaluating the implementation date in early 2005.

TABLE 6						
FERA Random Post-Enrollment Verification Requests ¹						
	Requested	Received	Approved	Denied	Pending/Never Completed	Duplicates
Total						

Notes:

¹Verification process for FERA is the same as CARE.

V. Program Management

- A. Discuss issues and/or events that significantly affected program management in the reporting period and how these were addressed.

SDG&E's FERA Annual Report
January 1, 2004– December 31, 2004

There were no issues or events that significantly impacted the FERA program in 2004.