

**SOUTHERN CALIFORNIA GAS COMPANY'S**

**13<sup>TH</sup> ANNUAL REPORT**

**FOR THE CALIFORNIA ALTERNATE**

**RATES FOR ENERGY PROGRAM**

**COVERING THE PERIOD**

**JANUARY 1, 2001 THROUGH DECEMBER 31, 2001**

**SUBMITTED MAY 1, 2002**

# 13<sup>TH</sup> ANNUAL REPORT SOUTHERN CALIFORNIA GAS COMPANY

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SOUTHERN CALIFORNIA GAS COMPANY**

**CALIFORNIA ALTERNATE RATES FOR ENERGY  
RESIDENTIAL AND EXPANDED PROGRAMS IN 2001**

**CARE Residential Program<sup>1,2</sup>**

**I. Participant Information**

- A. Provide the total number of residential CARE customers, including submetered tenants, by month and energy source, for the reporting period.**

The data for Southern California Gas Company (SoCalGas) are shown in Table 1 below

Table 1		
CARE Residential Program		
Customers by Month		
Month/Year	Customers	% Change
Jan-01	550,626	0.38%
Feb-01	560,741	1.84%
Mar-01	578,465	3.16%
Apr-01	594,522	2.78%
May-01	614,244	3.32%
Jun-01	625,588	1.85%
Jul-01	626,506	0.15%
Aug-01	633,077	1.05%
Sep-01	640,255	1.13%
Oct-01	642,210	0.31%
Nov-01	649,496	1.13%
Dec-01	655,446	0.92%

<sup>1</sup> The CARE Residential Program, which includes qualified individual customers and qualified tenants of fully submetered master-metered customers, is covered in this section of the report. The CARE Expansion Program, which includes qualified non-profit homeless shelters and group living facilities, qualified migrant and farm worker housing centers, qualified privately-owned employee housing, and qualified non-profit housing for agricultural employees, is covered later in this report, beginning at page 28.

<sup>2</sup> Throughout this report, the terms participant, customer, and household are used in lieu of the term income-qualified account. There may be one or more families, unrelated individuals, and/or households associated with each such income-qualified account.

As SoCalGas is a single-commodity utility, the figures shown in Table 1 are the total number of natural gas customers enrolled in SoCalGas' Residential CARE Program at month end for each month in 2001.<sup>3</sup>

As of December 31, 2001, SoCalGas had 655,446 customers enrolled in its Residential CARE Program. This represents an increase of 19.4% (106,288 customers) over its December 31, 2000 enrollment of 549,158 customers.

These CARE customer figures are the result of three outreach and enrollment processes undertaken in 2001: (1) traditional utility outreach and enrollment; (2) Pilot Program outreach and enrollment using new and innovative methods (begun in June 2000 and ending in May 2001); and, (3) Rapid Deployment outreach and enrollment (begun in August 2001 and continuing to the present). These are discussed further below in the report.

All CARE participation figures shown in Table 1 are net figures.<sup>4</sup>

**1. Explain any monthly variance of 5% or more in the number of CARE participants.**

SoCalGas did not experience any month-to-month variations in CARE customer participation of more than five percent in 2001.

**B. Describe the methodology, sources of data, and key computations used to estimate the utility's CARE penetration rates by energy source.**

- 1. Describe how the estimates of current demographic CARE-eligibility rates, by energy source for the pre-June 1<sup>st</sup> and post-June 1<sup>st</sup> periods, were derived.**
- 2. Describe how the estimates of current CARE-eligible meters were derived. Explain how total residential meters were adjusted to reflect CARE-eligible meters (including submetered tenants) and CARE-ineligible meters (i.e., master meters that are not submetered or other residential meter configurations that do not provide residential service.)**
- 3. Discuss how the estimates of current CARE-eligible households were developed.**

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<sup>3</sup> The Commission has established eligibility requirements for the CARE Program. Among these, an applicant must have a CARE-eligible energy account, submit a completed, signed utility application form self-certifying eligibility for the CARE program, and be found by the utility to be qualified for the CARE Program.

<sup>4</sup> That is, the remainder of customers newly qualified for the CARE rate, customers disqualified from the CARE rate, customers that moved and did not reapply for the CARE rate, and customers that asked to be removed from the CARE rate.

**4. Describe how current CARE customers were counted.**

**5. Discuss how the elements above were used to derive the utility's CARE participation rates by energy source.**

As directed by the Commission, the energy utilities submitted a proposal for a consistent interim methodology for estimating CARE penetration rates on October 2, 2000.<sup>5</sup> The Commission approved this approach in Decision No. (D.) 01-03-028.<sup>6</sup> As a result, two different methods were used to estimate CARE-eligible customers in 2001.

For the first seven months of 2001 (January through July), SoCalGas estimated CARE-eligible customers based on counts of the number of households that met the June 1, 1998, household-income eligibility guidelines for CARE by various household-size categories as contained in Claritas market research data for 1998 by counties served by SoCalGas. First, SoCalGas estimated the number of CARE-eligible households by county. This figure was then divided by CARE-eligible meters by county, thereby resulting in the percentage of total CARE-eligible households by county.<sup>7</sup> These county-specific eligibility percentages could then be applied to monthly counts of active residential meters eligible for CARE. Summing the county-level data yielded total CARE-eligible customers. This will be referred to as the SoCalGas Method.

The energy utilities (including SoCalGas) jointly contracted with Athens Research in early 2001 to estimate the proportion of CARE-eligible utility-served households. This work was completed July 25, 2001. As a result, for the first time the energy utilities had consistently derived CARE penetration rates that were tailored to utility service areas by commodity within counties.<sup>8</sup>

Briefly, the consultant's methodology combined (through an iterative process) Applied Geographic System's (AGS') demographic estimates of household size distribution and household income distribution (i.e., separate distributions) with 1990 Public Use Microdata Sample (PUMS) data on the joint distribution of household size and household income, to estimate the demographic CARE-eligibility rate (the fraction of households eligible for CARE based on household size and income) in 2001. The 1990 PUMS data came from the sample household long form of the Census (5% sample of the U.S. population), and had been updated to reflect both inflation in California and to correspond to the 2001 income data available from AGS. The counts of technically eligible meters (i.e., individual residential meters and residential submeters) by utility, by

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<sup>5</sup> See the Reporting Requirements Manual Working Group Report for Low Income Assistance Programs.

<sup>6</sup> Ordering Paragraphs 10 through 14.

<sup>7</sup> These adjustments are needed to account for CARE-ineligible meters (for example, residential master meters), households not served by SoCalGas, households, not receiving natural gas service, etc.

<sup>8</sup> The energy utilities do not provide natural gas and/or electric service to all residents of California. Municipal utilities (e.g., LADWP, SMUD) also provide electricity or natural gas services. The estimation technique required adjustment to county geographies to reflect these situations.

county, and by commodity, were used to tailor eligibility to reflect the geographic areas actually served by the energy utilities. Then, total CARE eligibility was calculated by applying the demographic eligibility rate to quarterly counts of individual residential meters and residential submeters. Finally, the total number of CARE participants was divided by total CARE eligibility to calculate the CARE penetration rate. This will be referred to as the Joint Utilities Method.

Pursuant to an Assigned Commissioner's Ruling issued by Commissioner Wood on January 14, 2002, a public workshop was held on February 6, 2002. A detailed presentation on the Joint Utilities Method was made by the energy utilities; the handouts are included in Attachment A.

**C. Provide the total number of CARE residential customers, CARE-eligible households, and CARE participation rates, by energy source, by quarter.**

The data for Southern California Gas Company (SoCalGas) are shown in Table 2 below.

<b>Table 2</b>			
<b>CARE Residential Program</b>			
<b>Quarterly CARE Penetration Estimates</b>			
<b>Quarter</b>	<b>Residential</b>	<b>CARE-Eligible</b>	<b>Penetration</b>
<b>Ending</b>	<b>CARE Customers</b>	<b>Customers</b>	<b>Rate</b>
<b>March 31, 2001</b>	567,403	835,160	67.9%
<b>June 30, 2001</b>	618,292	1,100,332	56.2%
<b>September 31, 2001</b>	630,648	1,107,768	56.9%
<b>December 31, 2001</b>	655,445	1,090,361	60.1%

The figures show quarterly CARE penetration estimates at quarter-end for each quarter in 2001.<sup>9,10</sup>

Even though CARE customers increased in 2001, CARE penetration rates declined by seven percent over 2001. This occurred because the Commission revised the CARE income-eligibility guidelines (qualifying household income levels) from 150% to 175% of the federal poverty level, causing CARE penetration levels to fall. This substantially increased CARE-eligible customers. The Commission's annual adjustment to the

<sup>9</sup> CARE-eligible customers were estimated using the SoCalGas Method for the first two quarters in 2001, and using the Joint Utility Method for the last two quarters in 2001, as discussed in Section B. above.

<sup>10</sup> In June 2001, D.01-06-010, Ordering Paragraphs 1 and 2 increased the CARE Program's income-eligibility guidelines from 150% of the federal poverty level to 175% of the federal poverty level, and established new income guidelines effective June 2001. This increased the number of CARE-eligible customers by more than 18%.

CARE income-eligibility guidelines, historically made in June to reflect inflation, marginally increased CARE-eligible customers.

As reported in its 12<sup>th</sup> Annual CARE Report, at year-end 2000, SoCalGas' CARE participation rate of 67%, and as of March 31, 2001, has reached almost 69%. At year-end 2001, SoCalGas' CARE participation rate had fallen to 61%, even though it had increased enrolled over 106,000 customers additional customers in its CARE Programs in 2001.<sup>11</sup>

**D. Provide the estimates of current demographic CARE-eligibility rates by energy source at year-end.**

SoCalGas is a single energy source utility. Therefore, the question is not applicable.

**E. Provide the estimates of current CARE-eligible submetered tenants of master-meter customers by energy source at year-end.**

SoCalGas had 1,863 master-metered customers that were fully submetered as of year-end 2001. The tenants of these customers are eligible for the CARE Residential Program.<sup>12</sup>

At year-end, there were roughly 139,781 submetered units associated with these master meters. SoCalGas estimates that almost 30,752 of these submetered units were CARE-eligible.<sup>13</sup>

**F. Provide the current CARE submetered tenant counts by energy source at year-end.**

As of December 31, 2001, SoCalGas had 18,829 natural gas customers on its CARE submetered rates.

**G. Provide the current CARE submetered penetration rates by energy source at year-end.**

SoCalGas estimates that 61% of its submetered CARE-eligible natural gas customers are enrolled in the CARE Residential Program.

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<sup>11</sup> SoCalGas had 646 commercial customers enrolled in the CARE Expansion Program as of December 31, 2001, for a total of 656,092 total CARE customers as of December 31, 2001. The total CARE penetration rate would have increased slightly, to 60.6%.

<sup>12</sup> Pursuant to D.89-07-062, Finding of Fact 9, as modified by D.89-09-044, Ordering Paragraph 4, and SoCalGas tariffs, the CARE Residential Program is available only to the tenants of master-metered customers that are 100% submetered.

<sup>13</sup> For simplicity sake, SoCalGas derived this by applying the residential CARE eligibility factor derived for the SoCalGas system using the Joint Utility Method for December 31, 2001.



**H. Discuss any problems encountered during the reporting period administering the CARE program for submetered tenants and/or master-meter customers.**

Since the inception of the CARE Program in late 1989, there have been challenges related to this relatively small component of the CARE Residential Program. (In 2001, 2.3% of actual CARE residential customers were submetered, and 3.3% of CARE-eligible customers were submetered,)

From the outset of the investigation into baseline reform (I.88-07-009), from which the CARE Program emanated, interested parties, including consumer groups such as Toward Utility Rate Normalization (TURN)<sup>14</sup> and the Western Mobile Home Park Association (WMA), have been concerned about the operation, application, fairness, and equity of the CARE Program vis-à-vis landlords<sup>15</sup> and tenants.

The challenges, while certainly manageable and managed, are inherent given: (1) there is no direct "three-party" relationship between the utility, landlord, and tenant, and (2) the high turnover (move) rates of parties. Instead of a three-party relationship there are two "two-party" relationships (between utility-landlord, and between landlord-tenant). From the utility's perspective, the turnover issue (though certainly not universal) applies equally to landlords and their agents as well as tenants.

Thus this small component of the CARE Residential Program has extremely high transaction costs. These are due to actual customer moves, training/retraining of new landlord/agent personnel, and annual recertification.<sup>16</sup>

While SoCalGas does field (and work to resolve) tenant issues, its most frequently heard lament is from owners/managers regarding the "hassle" of administering the CARE Residential Program for submetered tenants. Thus SoCalGas has over the years focused its efforts on reducing (where cost effective) the real or perceived burdens of the owners/landlords because it believes this will ultimately benefit the low-income tenants most.

Often, the landlord (or the facility manager or billing agent) facilitates communications between SoCalGas and the tenant.<sup>17</sup> However, sometimes SoCalGas does not obtain this support.<sup>18</sup>

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<sup>14</sup> Now known as The Utility Reform Network.

<sup>15</sup> While the term landlord is used here, the party could actually refer to another party or individual, such as mobile home park, facility operator, property owner/manager, billing agent, etc. Further, these parties may change from time to time.

<sup>16</sup> As required by the Commission.

<sup>17</sup> This is required pursuant to Commission directives.

<sup>18</sup> This can be for a variety of reasons. For instance, property is sold, owners change managers, billing agents hire new personnel – allowances for these situations must be made. Other situations are more troubling and less easy to resolve given the "gray" legal nature of the relationships.

To provide it with more flexibility in communicating with submetered tenants, SoCalGas recently implemented enhancements to its Customer Information System. As before, SoCalGas will continue to work with landlords, mobile home parks, and property owners/managers, to provide them with CARE applications at the locations needed for distribution to tenants.

However, the new enhancements now permit SoCalGas to communicate directly with tenants who do not wish communicate with us through their landlords. Now, tenants can directly request a CARE application form from SoCalGas by calling the free 1-800 customer service. SoCalGas will then mail a pre-printed submetered CARE application form directly to the tenant. This will allow us to more quickly get a tenant approved for the CARE rate.

(These enhancements will also be used to automate and streamline the submetered recertification process, which SoCalGas conducts annually in June.)

SoCalGas will be able to use the system enhancements to generate a monthly statement for each master-meter customer to assist in the proper billing of their tenants. These statements will show which tenants were added to CARE and which removed from CARE that month. This will also help resolve another common submetered complaint, incorrect and/or untimely billing.

These enhancements will also facilitate communications between SoCalGas, the owners/managers, and submetered CARE tenants. It should result in quicker resolution of conflicts and issues regarding the submetered component CARE Residential Program. As tenant qualification will rely less on the goodwill of the owners/managers, SoCalGas hopes more tenants are able to become qualified for the CARE Residential Program.

## **II. Usage and Bill Information**

### **A. Provide a comparison of CARE and non-CARE residential usage (baseline, non-baseline, and total, by energy source.<sup>19,20</sup>**

The data for SoCalGas are shown in Table 3. Data are shown only for natural gas.

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<sup>19</sup> As directed by the Commission, these figures exclude master meter residential usage.

<sup>20</sup> The rates charged for baseline energy are less than for non-baseline energy. Baseline allowances SoCalGas vary by season, and for most SoCalGas customers were 50 therms per month in the winter season (November to April) and 15 therms per month in the summer season (May to October).

Table 3			
Comparison of Average Monthly Gas/Electric Usage of Residential Non-CARE and CARE Customers			
Residential Type	Gas Usage (Therms)		
	Baseline	Non-Baseline	Total
Non-CARE	29.5	18.0	47.4
CARE	21.0	8.7	29.7
Residential Type	Electric Usage (KWh)		
	Baseline	Non-Baseline	Total
Non-CARE	not applicable	not applicable	not applicable
CARE	not applicable	not applicable	not applicable

The data indicate, as one would expect, that CARE customers use less natural gas than non-CARE residential customers.

- B. Provide a comparison of the average monthly bill for CARE and non-CARE residential customers, by energy source. See Table 4.**

Table 4		
Average Monthly Gas/Electric Bill of Residential Non-CARE and CARE Customers		
Customer	Gas	Electric
Non-CARE	\$43.82	not applicable
CARE	\$23.21	not applicable

### III. Program Costs

#### A. Discount Costs

- 1. State the average monthly CARE discounts received, in dollars per CARE customer, by energy source.**

The average monthly CARE rate discount received per participating CARE customer in 2001 was \$4.45 per month, while the annual CARE rate subsidy was \$53.38 per customer.<sup>21,22,23</sup>

<sup>21</sup> For SoCalGas, the term "rate discount" refers to the discounts on the cost of natural gas, transmission of natural gas, and customer charge.

<sup>22</sup> Effective June 2001, the Commission increased the rate discounts from 15% to 20%.

The figures above exclude the Service Establishment Charge (initial connection charge) discounts provided to qualifying residential customers.<sup>24</sup> Customers may qualify for one or more SEC discounts annually, as long as they meet the eligibility requirements established by the Commission. In 2001, customers qualified for 153,588 CARE SEC discounts.

The figures above also exclude the one-time ABX1 3 credit, which some CARE customers received in 2001.

**2. State the annual subsidy (CARE discounts received) for all CARE customers, by energy source.**

As of December 31, 2001, SoCalGas CARE customers received \$35 million in natural gas rate discounts for all of 2001. An additional, \$2.3 million in SEC (initial connection charge) discounts were provided to SoCalGas' CARE customers during 2001. An additional \$2.5 million in one-time ABX1 3 CARE credits were provided to CARE customers of record between May 22, 2001 and September 30, 2001, inclusive.<sup>25</sup> Thus total CARE benefits received by SoCalGas CARE customers in 2001 equaled \$39.8 million.<sup>26</sup>

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<sup>23</sup> The average monthly rate discount was computed by dividing the total annual CARE rate discount recorded to the CARE balancing account in 2001 by total residential CARE customers on December 31, 2001. The annual monthly rate discount was computed by dividing the total annual CARE rate discount recorded to the CARE balancing account in 2001 by 12.

<sup>24</sup> SoCalGas is the only energy utility to offer a discounted initial connection charge to its CARE customers.

<sup>25</sup> ABX1 3 required a one-time bill credit be issued to CARE customers based on the amount of each gas corporation's CARE customer discounts applied for each month in October 2000 to March 2001 inclusive.

<sup>26</sup> This figure excludes \$400,000 in merger credits received by also received by SoCalGas CARE customers during 2001.

## B. Administrative Costs

### 1. State the CARE Residential Program's administrative cost by category.<sup>27</sup>

<b>Table 5.1</b>	
<b>Cost of the CARE Program in 2001, by Administrative Cost and Program Subsidy Categories</b>	
<b>Category/Elements in Category</b>	<b>Cost</b>
<b>I. OUTREACH</b>	<b>\$807,845</b>
<b>II. PILOTS</b>	<b>\$135,248</b>
<b>III. PROCESSING APPLICATIONS</b>	<b>\$750,091</b>
<b>IV. BILLING SYSTEM AND PROGRAMMING</b>	<b>\$181,444</b>
<b>V. MEASUREMENT AND EVALUATION</b>	<b>\$0</b>
<b>VI. REGULATORY COMPLIANCE</b>	<b>\$72,776</b>
<b>VII. GENERAL ADMINISTRATION</b>	<b>\$24,794</b>
<b>VIII. LIAB FUNDING</b>	<b>\$0</b>
<b>IX. CPUC ENERGY DIVISION FUNDING</b>	<b>\$68,929</b>
<b>SUBTOTAL PROGRAM COSTS</b>	<b>\$2,041,126</b>
<b>X. CARE SUBSIDIES AND BENEFITS</b>	<b>\$40,182,791</b>
Rate Discounts	\$34,955,256
Service Establishment Charge Discounts	\$2,303,370
One-Time AB3X Credits	\$2,524,165
Merger Savings	\$400,000
<b>SUBTOTAL PROGRAM BENEFITS</b>	<b>\$40,182,791</b>
<b>TOTAL CARE COSTS IN 2001</b>	<b>\$42,223,917</b>

<sup>27</sup> Most costs are recorded for both the CARE Residential and CARE Expanded Programs. Thus the figures shown in Table 5 are total CARE program costs, not just costs for the CARE Residential Program.

Table 5.2	
Cost of the CARE SBX1 5 in 2001, by Administrative Cost	
Category/Elements in Category	Cost
CAPITATION OUTREACH	\$302,520
OUTREACH	\$151,166
PROCESSING APPLICATIONS	\$94,092
BILLING SYSTEM AND PROGRAMMING	\$0
MASS MEDIA	\$512,402
REGUALTORY COMPLIANCE	\$33,974
GENERAL ADMINISTRATION	\$0
LIAB FUNDING	\$0
CPUC ENERGY DIVISION FUNDING	\$0
<b>TOTAL CARE SBX1 5 COSTS IN 2001</b>	<b>\$1,094,153</b>

**2. Explain what is included in each major administrative cost subcategory.**

**I. OUTREACH:**

These activities do the following: (1) inform non-participating customers about the CARE program and its requirements, (2) enroll non-participating customers who participate in other income-qualified programs, and (3) comply with other stated goals and Commission requirements. These activities are verbal and written; prepared in five languages (English, Spanish, Chinese, Korean, and Vietnamese) supported by SoCalGas; done at low or no cost to the applicant (relying on 800 #s, customized computer-generated direct-mailed CARE application forms and instructions or and self-mailer, postage-paid CARE application forms and instructions or Web-based CARE application form and instructions); leverage the bill through use of bill inserts, and messages; use passive systems (outbound dialing and on-hold messages); and rely on printed materials (brochures) and media campaigns (print and radio/TV).

**A. CALL CENTER:**

Customer Service Representatives (CSRs) are the primary multi-lingual link between the customer and the utility. CSRs can discuss any of the CARE Programs (Residential or Expanded), and advise customers of the specific requirements of each of the CARE Programs. CSRs can also advise customers about any of the three associated processes: certification, recertification and verification. CSRs also discuss the reduced service establishment charge (initial connection charge) with all customers that call to

establish service, move, change the name on the account, or have any contact with a CSR regarding payment arrangements.<sup>28</sup>

The Call Center's cost is the total incremental "talk time" that CSRs devote to discussing the CARE program with customers, as well as associated telecommunications costs. It also includes the equipment costs for outbound dialing, on-hold messaging systems, and 800 telephone numbers.

### **B. MEDIA CAMPAIGN:**

Various activities undertaken pursuant to Legislative and Commission directives begun in 2001; SoCalGas began this activity in until late July 2001, and this work continues to the present. Attachment B summarizes the many different kinds of approaches pursued, large and small, in English, Spanish, Chinese, Korean, and Vietnamese.<sup>29</sup>

### **C. DATA SHARING/CUSTOMER REFERRALS:**

Throughout 2001, SoCalGas continued its efforts to reduce barriers to participation by sharing customer data and/or referring customers to other utilities/programs. The purpose of these efforts is to locate and enroll customers that have been income-qualified by another utility/program that are not participating in SoCalGas CARE Program. These activities are discussed further below in the report.

## **II. OUTREACH AND ENROLLMENT PROGRAMS:**

During 2001, SoCalGas had two programs operational, though not simultaneously. Their goals were different too. Each is discussed below.

### **A. PILOT PROGRAM – NEW AND INNOVATIVE OUTREACH AND ENROLLMENT:**

The Pilot Program was a one-year study that ran from June 1, 2000 through May 31, 2001.<sup>30</sup> Its primary objective was to study new and innovative approaches to identifying and enrolling hard-to-reach and/or under served low-income customers.<sup>31</sup> SoCalGas entered into contracts with six agencies. The major results are summarized below.<sup>32</sup>

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<sup>28</sup> Pursuant to D.93-12-043, Ordering Paragraph 7.

<sup>29</sup> These activities have been previously reported to the Commission in the monthly Rapid Deployment Activity Reports.

<sup>30</sup> Pursuant to Resolution E-3601, Ordering Paragraph 5, the four major energy utilities were directed to jointly issue a Request for Proposals for this study.

<sup>31</sup> Eligible proposals could be submitted by private for-profit entities, non-profit agencies, community-based organizations, or government agencies. The utility, its subsidiaries and affiliates could not participate in the study.

<sup>32</sup> The Joint Utilities submitted a Final Report on the results of Pilot Program A in September 2001.

Over the course of the Pilot Program operation (which extended between two CARE annual reporting periods), 150,000 customers received outreach services (three times the goal); the two smallest agencies accounted for two-thirds of this. Most CARE outreach was done via traditional media, followed by various one-on-one methods. The Pilot Program agencies enrolled customers in non-English languages that SoCalGas cannot cost-effectively support in its Call Center (American Sign Language, Spanish Sign Language, Hmong, Lau, Mien, Russian, Ukrainian).

The Pilot Program agencies successfully enrolled about 4,857 customers in the CARE Residential Program, substantially less than their proposed goals. About 10,000 customers the agencies attempted to enroll were already on the CARE Program, and another 10,000 were ineligible for various reasons.<sup>33</sup> The two largest agencies accounted for more than half (55%) of enrollment, and more than half of the enrollment (55%) took place in the last four months of the Pilot.<sup>34</sup> The average cost to enroll a non-participating customer into the CARE Program was \$48.38, 15 times more than it cost SoCalGas. Most applications submitted were approved, but many were submitted late and some were never completed.<sup>35</sup>

#### **B. RAPID DEPLOYMENT PROGRAM:**

The Rapid Deployment Program is the Commission's response to SBX1 5 and ABX1 29, legislation approved by the Legislature and Governor in April 2001. The Commission directed SoCalGas to contract with community-based organizations (CBOs) and/or other types of service providers for a fee of up to \$12 per eligible CARE enrollee.<sup>36</sup> (The Rapid Deployment Program remains in effect, and the 2002 Rapid Deployment Program activity will be included in the 14<sup>th</sup> Annual Report on the CARE Residential and Expanded Programs to be submitted to the Commission on May 1, 2003.)

As of December 31, 2001, 43 agencies were participating in the Rapid Deployment Program. These agencies had enrolled 22,760 customers in the CARE Residential Program.

Clearly the Rapid Deployment Program has been more successful than the Pilot Program in enrolling customers into the CARE Residential Program, even though the latter program has been operational only since August 2001 and the former program was operational for a year. It is possible that even though the energy crisis was a

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<sup>33</sup> Reasons for non-enrollment were provided for only 14% of customers receiving outreach services.

<sup>34</sup> The figures are for the period May 1, 2001, through June 30, 2001.

<sup>35</sup> Some applications submitted by the agencies were incomplete. In those cases, SoCalGas sent follow-up correspondence to the customers to facilitate completion of the applications.

<sup>36</sup> D.01-05-033, Ordering Paragraph 6, and page 7.



factor for both programs, that more recent events (September 11<sup>th</sup> and downturn in economic activity) affected consumers more negatively.

### **III. PROCESSING APPLICATIONS:**

The functions of the centralized, dedicated CARE Administrative Group, as follows: (1) processing all CARE applications (certification, recertification, and verification), (2) initiating and responding to telephone inquiries from CARE customers and applicants, (3) handling all CARE-related correspondence, (4) tracking customer data as required by the Commission, (5) investigating customer complaints (from CARE customers and other customers about the CARE Programs), (6) initiating corrected billings, and, (7) explaining the CARE program's eligibility requirements.<sup>37</sup> From time to time, the CARE Administrative Group also oversees special Pilot Programs (as discussed above) and does Commission-directed work related to other customer assistance programs.

#### **A. RESIDENTIAL PROGRAM (EXCLUDING SUBMETERED):**

CARE Program Clerks (CPCs) are the primary link between the CARE applicant and the CARE Program. CPCs (some of whom are multi-lingual) can discuss the status of a specific applicant's application if an inquiry is made. The CPC can, verbally or in writing, help a customer complete a CARE application or explain why a CARE application was denied. The CPC can also refer a customer to other assistance programs.<sup>38</sup>

From time to time, CPCs also attend community events (during or after regular business hours) to provide one-on-one outreach and enrollment of customers into the CARE Program. During 2001, CPCs attended community events offering outreach and enrollment services in English and Spanish.

### **IV BILLING SYSTEM AND PROGRAMMING:**

The activities required to do the following: (1) modify customer records to reflect changes in CARE-eligibility requirements, (2) make billing adjustments to CARE

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<sup>37</sup> This includes, but is not limited to, time frames established by the Commission for customer to qualify for discounted service establishment charge (initial connection charge) (pursuant to D.93-12-043, Ordering Paragraph 7), customer's ability to self-certify/self-recertify their eligibility by signing a declaration statement (pursuant to Res. E-3586, Ordering Paragraph 1.i) and D.99-07-016, Ordering Paragraphs 5 and 6), requirement that the utility randomly verify CARE customers eligibility for the program and may rebill for ineligible discounts (pursuant to Res. E-3586, Ordering Paragraph 1.i) and D.99-07-016, Ordering Paragraphs 5 and 6).

<sup>38</sup> For example, the Direct Assistance Program, Gas Assistance Fund, Low Income Home Energy Assistance Program, etc. The CPC can usually directly connect the customer to another program 800#, as well as provide 800#s for several programs for which the customer may qualify. The CPC strives to assist the customer to the maximum extent feasible, given the information provided.

customer records, (3) maintain CARE and non-CARE customer information to meet Commission-mandated reporting requirements.

#### **A. MANUAL REBILLING:**

Labor costs associated with manual recalculation of customer bills, either to reflect removal from the CARE rate (e.g., due to verification) or placement on the CARE rate.

#### **B. INFORMATION TECHNOLOGY:**

Labor cost to maintain and enhance the Customer Information System, which includes the automated CARE processes for certification, recertification, and verification, and CARE customer records and billing system.

Major system enhancements made in 2001 was the data sharing with So. Cal. Edison. The project scope addressed the business requirements for the automatic enrollment on the CARE program or the generation of CARE applications from information received from So. Cal. Edison.

The scope of this project included receiving a weekly file from So. Cal. Edison, matching it to CIS tables, enrollment on the CARE program or generation of CARE applications based on matching criteria. The project also includes generation of statistical reports and letters.

#### **V. REGULATORY COMPLIANCE:**

These activities encompass the following: (1) applications and advice letter filings required by the Commission purposes of establishing revenue requirements, cost allocation, make tariff revisions, and/or establish rates and filing and service of such pleadings; (2) preparation of responses (such as comments, reply comments, reports, and other submittals) required by the Commission pursuant to decisions, resolutions, assigned commissioner's ruling's and/or administrative law judge's ruling's and filing and service of such responses; and, (3) attendance at meetings (such as hearings, conferences, meetings, technical committees, working groups, etc.) in furtherance of CARE activities including travel and related expenses.

#### **A. COMPLIANCE FILINGS:**

Labor costs to prepare, file and serve advice letter for the CARE Program, and applications limited to portions covering the CARE Program. For 2001, these include Advice Letter Nos. 3003-A, 3013, 3023, 3024, 3030, 3037, and 3096 (related to CARE and/or Public Purpose Programs surcharge), and Application No. (A.) 00-11-011 (Application for Authority to Continue the Low Income Assistance Programs and

Funding through 2001) and A.01-09-024 (Application for Authority to Revise Rates Effective January 1, 2003 in the Biennial Cost Allocation Proceeding).

**B. MANDATED RESPONSES:**

Labor costs to prepare, file and serve responses. For 2001, these include submittal of: (1) the Pilot Program Final Report, (2) comments on proposed decisions (final decisions: D.01-03-025, D.01-05-033, D.01-06-010), (3) comments and reply comments on two assigned commissioner's rulings and three administrative law judge's, etc.

**C. MEETING ATTENDANCE:**

Labor, and travel and, from time to time, overnight lodging costs prehearing conferences, workshops, and rapid deployment conferences.

**VI. GENERAL ADMINISTRATION:**

These cost included the following: office supplies and Information Technology technical support.

**VII. MEASUREMENT & EVALUATION**

Cost for measurement and evaluation include expenses for the Needs Assessment Study and customer satisfaction survey.

**VIII. LOW INCOME ADVISORY BOARD FUNDING:**

Funding of the CARE-related activities of the Low Income Advisory Board.

**IX. COMMISSION'S ENERGY DIVISION FUNDING:**

Funding of CARE-activities the Commission's Energy Division.<sup>39</sup>

**X. CARE SUBSIDIES AND BENEFITS:**

The subsidies and benefits include: (1) CARE rate benefits, (2) SEC discounts, (3) one-time AB3X credits, and (4) merger credits.

**A. RATE DISCOUNTS:**

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<sup>39</sup> Pursuant to Resolution E-3601, Ordering Paragraphs 1 and 2, SoCalGas pays of portion of the Commission's Energy Division funding, which is further allocated between the CARE and Direct Assistance Programs.

In 2001, the total CARE rate discounts (cost of gas, transmission, and customer charge) totaled \$35 million. From January through May, the rate discount was 15%; thereafter it increased to 20%.<sup>40</sup>

**B. SERVICE ESTABLISHMENT CHARGE DISCOUNTS:**

For 2001, the CARE SEC (initial connection charge) discounts totaled \$2.3 million. The CARE SEC charge remained at \$10, a \$15 discount off the \$25 regular SEC charge.

**C. ONE-TIME ABX1 3 CREDITS:**

In 2001, a \$2.5 million one-credit was given to CARE customers of record between May 22, 2001 and September 30, 1002, inclusive.

**D. MERGER SAVINGS:**

In 2001, savings attributable to the merger of Pacific Enterprises and Enova Corporation were \$400,000.

**C. Provide the year-end balance in the CARE balancing account.**

As of December 31, 2001, CARE balancing account was under-collected by \$39,502,137. This large under-collection is attributable to two factors: one, the increase in CARE customers, and two, the lack of CARE surcharge reimbursement of by the Board of Equalizations.

**D. Describe which cost categories are recorded to the CARE balancing account and which are included in base rates.**

All rate discount, SEC discount, surcharge revenues, interest and amortization, and merger credits are recorded to the CARE balancing account. Most administrative costs are recorded to the CARE balancing account.<sup>41</sup>

**E. Provide by customer class, the CARE surcharge paid, the average bill paid, the percentage of CARE surcharge paid relative to the average bill, the total CARE surcharge collected, and the percentage of total CARE revenues paid. See Table 6 on the following page.**

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<sup>40</sup> Pursuant to D.00-06-010, Ordering Paragraph 2.

<sup>41</sup> All of the SBX1 5 (Rapid Deployment) costs are NOT recorded to the CARE balancing account, but recorded to a separate account – a Miscellaneous Work Order (MWO).

Table 6					
CARE Surcharge Revenues Collected by Customer Class					
Customer Class	Avg Monthly CARE Surcharge	Avg Monthly Bill	CARE Surcharge (as % of Bill)	Total CARE Surcharge Revenues Collected	% of CARE Surcharge Revenues Collected
Residential	\$0.056	\$43.82	0.13%	\$2,835,409	52.03%
Core C & I	\$0.434	\$276.55	0.16%	\$1,090,642	20.01%
Non-Core C & I	\$138.601	\$5,867.96	2.36%	\$1,523,503	27.96%
Agricultural	not applicable	not applicable	not applicable	not applicable	not applicable
Public Authority	not applicable	not applicable	not applicable	not applicable	not applicable
Railroads	not applicable	not applicable	not applicable	not applicable	not applicable
Interdepartment	not applicable	not applicable	not applicable	not applicable	not applicable

Data are shown for only three customer classes: residential, core commercial and industrial, and non-core commercial and industrial. SoCalGas does not have four of the customer classes shown in the table: Agricultural, Public Authority, Railroads or Interdepartmental, so no data are shown for them.

The CARE surcharge is set at an equal-cents-per-therm rate. The CARE surcharge collected varies because the amount of gas used varies by customers of different classes.

#### IV. Outreach

##### A. Discuss the utility outreach activities and third-party outreach activities undertaken on the utility's behalf.

##### 1. Utility Outreach

SoCalGas uses a variety of methods to inform potentially eligible, non-participating customers about the CARE Residential Program. Most have been discussed above. Those not previously covered include:

Multi-lingual Branch Offices: provide customers that same outreach services as the Call Center (e.g., providing CARE Program information, customized CARE applications, etc.)

Simplifying the CARE application form and instructions, particularly for Asian language customers (Chinese, Korean and Vietnamese).

Printing mandated bill messages in English and Spanish about the availability off the CARE Program.

Enrolling customers into the CARE Program at community events (on-site enrollment). Attended more community events, had multi-lingual CARE staff present, some events conducted during non-business hours, and held at non-traditional venues (malls, union hall meetings, hotels, etc.).

## **2. Third-Party Outreach**

The most notable outreach activity not discussed in depth is the Gas Assistance Fund (GAF).<sup>42</sup> SoCalGas solicits customer contributions for GAF (annually in November), and its Sempra Energy shareholders match those contributions, generally on a dollar for dollar basis, up to \$250,000.

However, given the energy crisis, Sempra Energy shareholders generously doubled their contributions to GAF, to \$500,000. In addition, SoCalGas made two customer solicitations, instead of its usual single solicitation.<sup>43</sup> As a result, customer contributions for 2001 totaled \$459,603. Total GAF contributions were \$959,603 (compared to a total of \$550,785), 74% higher in 2001 than 2000.

SoCalGas does not administer the GAF Program. United Way administers it on behalf of SoCalGas. United Way collects the contributions and disburses the funds through its network of more than 130 community agencies. SoCalGas' support includes mailing GAF solicitation envelopes with its customer bills.

GAF provides an income-qualified customer with a one-time bill credit on a winter bill.<sup>44</sup> The eligibility guidelines for GAF are the same as for the CARE Program.

In 2001, SoCalGas was able to assist 8,582 households, almost three percent more than in 2000. The average assistance per customer in 2001 was \$107.69, 65% higher than in 2000.

Also, CARE Residential customers approved for GAF within the past year are not sent recertification or post-enrollment verification to CARE Residential customers that have been approved for GAF within the past year SoCalGas. SoCalGas does not send renewal applications to CARE Residential customers that have been approved for GAF within the past year.<sup>45</sup>

Outreach via the Pilot Program and Rapid Deployment Program has already been discussed above.

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<sup>42</sup> GAF is a shareholder-customer funded program that provides bill payment assistance (grants) to income-qualified customers.

<sup>43</sup> In November 2000 and January 2001.

<sup>44</sup> The bill payment assistance is \$100, but for 2001, the it was increased, one a one-time basis, to \$150.

<sup>45</sup> Their status in the Customer Information System is shown as verified approved.

Finally, SoCalGas and the California Department of Community Services and Development (CSD) have a Letter of Agreement in place whereby they cross-refer customers to one another's programs. This activity is discussed further below.

## **B. Other Outreach Activities**

### **1. The most effective outreach method, including a discussion of how success is measured.**

SoCalGas believes the most effective, efficient means of CARE outreach is offering the CARE program to all residential customers when they call to: (1) establish service, (2) moves, (3) change the name on the account, or (4) has any contact with a service representative regarding payment arrangements. This approach affords direct contact with the customer and offers an opportunity for the company to solicit participation in the CARE Program.

SoCalGas also offers a variant of this method, which offers the CARE Program via a recorded message on the on-hold (interactive voice response) messaging system and outbound dialing messages.

SoCalGas has not methods in place to measure the success of either of these measures. However, customers continue to request large numbers of CARE applications on a monthly basis. Most of these are requested as a result of calls to the Call Center.

### **2. How CARE customer data and other relevant program information are shared by between utilities with overlapping service territories.**

SoCalGas continued to share new CARE customer enrollment data with PG&E, SDG&E, and SCE in 2001. This database sharing benefits the customer because they are being added to the CARE rate, and they do not have to complete an additional CARE application.

### **3. How CARE customer data and other relevant program information are shared within the utility, for example, between LIEE and/or other customer assistance programs.**

SoCalGas provided CARE applications to low-income customers as part of the Direct Assistance Program (DAP)<sup>46</sup>. DAP outreach workers canvass limited-income areas to find qualifying customers for participation DAP.

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<sup>46</sup> DAP provides no-cost weatherization services to income-qualified customers in qualifying dwelling units.

During 2001, DAP outreach workers provided customers with energy education materials, including the CARE application, and explained the CARE Program's eligibility requirements. Over 20,000 Energy Education packets were distributed to customers participating in DAP.

CARE applications were also distributed at Energy Education workshops supported by DAP. Customers attending the workshops were encouraged to complete and forward the CARE applications to SoCalGas.

Also in 2001, the DAP application was revised, so that effective in 2002, a customer wishing to enroll in CARE can now complete the CARE declaration statement. The customer will no longer need to complete a separate CARE application form and submit it to SoCalGas.

- 4. Describe the process for cross-referral of low-income customers between the utility and CSD. Describe how the utility's CARE customer discount information is provided to CSD for inclusion in its federal funds leveraging application. (Note: These agreements are limited to sharing 1-800 phone numbers with customers and providing CARE benefit information for the federal fiscal year, October 1 of the current year through September 30 of the subsequent year. There are no tracking mechanisms in place to determine how many customers contact the other programs or actually become enrolled in other program(s) as a result of these agreements.) See Attachment C.**

In May 2000, the State of California Department of Community Services and Development (CSD) and SoCalGas entered into a Letter Agreement, shown as Attachment C. This agreement solidified the coordination of resources and program benefits between CSD's Low-Income Home Energy Assistance Program (LIHEAP) and SoCalGas' CARE and GAF programs. In June 2000, SoCalGas added the toll-free telephone numbers for the LIHEAP and DAP programs on the CARE applications. At the same time, SoCalGas began providing CSD's toll free number to customers calling SoCalGas to request information on low-income assistance programs. In October 2000, SoCalGas provided CSD with documentation to support an additional \$24 million for leveraged funding and the data necessary to complete the State's Annual Leveraging Application.

In 2001, SoCalGas cross-referenced information on customers receiving LIHEAP grants during 2001 with its CARE database. This eliminated the need for these LIHEAP customers to complete and submit CARE post-enrollment verification applications and allowed for automatic update of their accounts. As the income guidelines for CARE programs are less than, SoCalGas did not send renewal applications to CARE customers that had been approved for LIHEAP in 2001. SoCalGas also cross-referenced customers receiving LIHEAP services, but not enrolled



in the CARE Program, and sent those customers identified as not participating in CARE customized CARE applications with their name, account number, and address.

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

One barrier to participation is ensuring a timely response from customers, that is, returning a completed application. The typical time between receiving a completed, qualifying application and placing a customer on the CARE rate is 5 to 10 business days. However, the time it takes a customer to complete an application once it has been mailed varies considerably, anywhere from five to 55 days or longer. When the information received is incomplete, it extends the time it takes to enroll a customer on the program.

SoCalGas is considering ways to remind customers to return their paperwork and ensure it is submitted timely and correctly. Ideas such as special notices and outbound dialing are being considered for implementation.

**C. Discuss any recommendations to improve cost-effectiveness, processing of applications, or program delivery. Discuss methods investigated or implemented by the utility or third parties under contract to the utility to improve outreach and enrollment services to non-participating households in the prior year. Provide cost-effectiveness assessments, if available.**

Based on the data available on the two Outreach and Enrollment Programs, SoCalGas believes that the Rapid Deployment Program is the more cost effective and successful of the two. The information contained in the Final Report on the Pilot Program and in this 13<sup>th</sup> Annual Report should provide a basis for such a cost-effectiveness assessment of the two programs.

As the Rapid Deployment Program is continuing in 2002, SoCalGas will continue to seek out additional agencies to participate as contractors. In particular, SoCalGas would be pleased to add some Native American communities as contractors.

SoCalGas own outreach and enrollment activities continue to be successful, too. Factoring out those customers added by the Pilot Program and Rapid Deployment agencies, SoCalGas still added more than 90,000 customers to the CARE Program in 2001.

In 2002, SoCalGas plans to focus on further (1) automation and standardization of its CARE processes, (2) simplification of its forms and instructions, and (3) integration of GAF/LIHEAP/DAP/CARE processes and/or systems, where feasible.

## V. Processing CARE Applications

### A. Processing certification and recertification applications.

1. Provide the total number of third-party CARE applications received, approved, denied, pending/never completed, or duplicates in the reporting period.<sup>47,48</sup>

Table 7					
CARE Residential Program					
Pilot Program and Rapid Deployment					
Pilot	Self-Certification CARE Applications				
	Received	Approved	Denied	Pending/Never Completed	Duplicate
Pilot Program	3,824	2,946	47	107	329
Rapid Deployment Program	32,174	22,760	181	340	2,803
Total	35,998	25,706	228	447	3,132
Percentage	not applicable	71.4%	0.6%	1.2%	8.7%

Table 7 above shows the disposition of applications submitted by the Pilot Program and Rapid Deployment agencies in 2001. The agencies submitted nearly 36,000 applications, 71% of which were approved, less than one percent of which were denied, about one percent of which were never completed, and nine percent were duplicates.

<sup>47</sup> Given that two third-party CARE enrollment programs were in effect in 2001, the total figures for each program are shown separately. Under the Pilot Program, six agencies were under contract to conduct new and innovative outreach and enrollment of customers. The Pilot Program was in effect from June 1, 2000 through May 31, 2001, and its five-month 2001 activity is reported in the upper half of the Table 7. Effective August 2001, SoCalGas contracted as part of the Rapid Deployment Program with agencies to enroll customers into the CARE program. As of year-end, 43 agencies were under contract to SoCalGas. Total Rapid Deployment Program activity in 2001 is reported in the lower half of Table 7.

<sup>48</sup> As reports have been filed with the Commission on both the Pilot Programs that provide detailed information on an agency-by-agency basis of activity, this level of detail was been omitted in the interest of brevity.

2. Provide the number of utility CARE self-certification and self-rectification applications provided, received, approved, denied, pending/never completed, or duplicates for the reporting period.<sup>49</sup>

Table 8					
CARE Residential Program					
Self-Certification and Self-Recertification Applications					
Utility	Received	Approved	Denied	Pending/Never Completed	Duplicate
<b>Total</b>	541,132	439,142	30,038	35,365	13,131
<b>Percentage</b>	not applicable	81.2%	5.6%	6.5%	2.4%

Table 8 above shows the dispositions of certification and recertification applications issued by the utility in 2001. SoCalGas mailed 880,000 new CARE applications in 2001, and 61% of these were returned. Of these, 81% of which were approved, 5.6% of which were denied, 6.5% were never completed, and 2.4% were duplicates.

3. Provide the number of customers removed from CARE by month due to the recertification process.<sup>50</sup>

Table 9 on the following page shows the number of residential customers removed by month as a result of the recertification and post-enrollment verification in 2001.

<sup>49</sup> These data includes submetered customers.

<sup>50</sup> Customers may be removed from the CARE rate for a variety of reasons, including non-response to a request to recertify, failure to complete the recertification process, request from the customer to be removed from the rate, or determining that the customer is ineligible.

<b>Table 9</b>			
<b>CARE Residential Program</b>			
<b>Number of Customers Removed by Month Due To Recertification and Post-Enrollment Verification</b>			
<b>2001</b>	<b>Removed Ineligible<sup>1</sup></b>	<b>Removed Non- Response</b>	<b>Total</b>
<b>January</b>	339	2,372	2,711
<b>February</b>	345	2,379	2,724
<b>March</b>	511	1,835	2,346
<b>April</b>	337	1,710	2,047
<b>May</b>	354	2,415	2,769
<b>June</b>	365	2,563	2,928
<b>July</b>	738	2,464	3,202
<b>August</b>	561	2,371	2,932
<b>September</b>	431	9,358	9,789
<b>October</b>	588	5,088	5,676
<b>November</b>	676	4,223	4,899
<b>December</b>	363	5,934	6,297
<b>Total</b>	5,608	42,712	48,320

<sup>1</sup> Number includes customers removed by customer termination.

**4. Describe the utility's process for recertifying submetered tenants of master-meter customers.**

As SoCalGas has automated its CARE Submetered Program, it can mail customized recertification application forms and instructions directly to submetered tenants.<sup>51</sup> It does this annually in June.

SoCalGas does this to help reduce the administrative burden on owners/managers. Tenants are then able to directly correspond and respond to SoCalGas.

As a courtesy, SoCalGas sends the owners/managers a sample self-recertification application form and instructions, in both English and Spanish, and provides an 800 number for the owners/managers to call for assistance or information. In addition, SoCalGas provides the owners/managers with extra recertification application forms and instructions, and a list of tenants that received the renewal applications.

<sup>51</sup> That is, the applications contain the name of the facility and the master meter account number on the application form and instructions, as well as the service address.

## B. Processing Random Post-Enrollment Verification Applications

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

Table 10					
CARE Residential Program					
Random Post-Enrollment Verification Applications					
Utility	Received	Approved	Denied	Pending/Never Completed	Duplicate
Total	106,348	74,135	2,295	29,918	not applicable
Percentage	not applicable	69.7%	2.2%	28.1%	not applicable

Table 10 shows the disposition of the random post-enrollment verification applications issued by the utility in 2001. SoCalGas sent 62,000 verification requests to new applicants and 56,000 verification requests to recertifying customers. Nearly 90% of the applications were returned. Of these, 70% of which were approved, 28% were never completed, and two percent were denied.

2. Provide a table showing the number of customers removed from CARE by month due to the verification process.<sup>52</sup>

See Table 9 on page 25.

- C. Describe any contracts the utility has with third parties to conduct certification, recertification and/or verification on the utility's behalf. Describe how these third-party efforts compare to the utility's efforts in comparable customer segments, such as hard-to-reach or under-served. Include comparisons of effectiveness and cost-effectiveness of comparable customer segments, if available.

During 2001, SoCalGas had contracts as part of two programs with agencies (Pilot Program and Rapid Deployment) to undertake enrollment (certification) of non-participating customers into the CARE Program. These efforts have been discussed extensively above. The Pilot Program costs were much higher per enrolled customer than SoCalGas', but then the customers enrolled were quite different than the customers SoCalGas enrolls (as discussed above). The Rapid Deployment Program costs are capped by Commission directive.

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<sup>52</sup> Customers may be removed from the CARE rate for a variety of reasons, including non-response to a request to verify, failure to complete the verification process, request from the customer to be removed from the rate, or determining that the customer is ineligible.

During 2001, SoCalGas had no outreach agency contracts to undertake recertification or verification of its CARE customers.

## **VI. Program Management**

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

SoCalGas continues to find customer confusion related to the definition of "income" and "households" as they relate to program eligibility. Given the diversity and fluidity in household types, multiple person households composed of unrelated individuals, unrelated and related individuals, multiple generations of a family, extended families, there continue to be confusion about who's income is and is not counted. This may cause confusion and may result in some customers being overqualified for participation and/or not completing and returning the paperwork to enroll in the program.

During 2001, SoCalGas received 27 Commission comments, 9 executive office comments, and 42 customer comments about the CARE Program.

Commission comments from telephone referrals were 18 and 9 were informal contacts that required written responses.

Of the 9 executive office referrals, two did not qualify for the CARE Program, two were mailed a CARE application, and five were processed to the customers' satisfaction.

Of the 42 customer comments tracked by the Call Center, a few customers complained that the income guidelines were too low, several customers complained about the post-enrollment verification and rebilling process and at the requirements for qualifying for the discounted SEC. Seven customers calls dealt with landlord/owner requests for applications and tenant add/delete statements.

## CARE Expansion Program<sup>53</sup>

### I. Participant Information

#### A. Provide the total number of residential and/or commercial facilities, by month and energy source, for the reporting period.

The data for SoCalGas are shown in Table 11 below. SoCalGas CARE Expansion Program is available only to commercial natural gas customers. As of December 31, 2001, SoCalGas had 646 customers enrolled in the CARE Expansion Program. The data for month end for each month in 2001 are shown in Table 11.

<b>Table 11</b>			
<b>CARE Expansion Program</b>			
<b>Participating Facilities by Month</b>			
<b>Month/Year</b>	<b>Residential</b>	<b>Commercial</b>	<b>Total</b>
<b>Jan-01</b>	not applicable	617	617
<b>Feb-01</b>	not applicable	620	620
<b>Mar-01</b>	not applicable	629	629
<b>Apr-01</b>	not applicable	636	636
<b>May-01</b>	not applicable	634	634
<b>Jun-01</b>	not applicable	637	637
<b>Jul-01</b>	not applicable	636	636
<b>Aug-01</b>	not applicable	636	636
<b>Sep-01</b>	not applicable	640	640
<b>Oct-01</b>	not applicable	640	640
<b>Nov-01</b>	not applicable	641	641
<b>Dec-01</b>	not applicable	646	646

As of December 31, 2001, SoCalGas had increased its CARE Expansion Program customers by 29, and increase of 4.7% over its December 31, 2000 enrollment of 617 customers.

All CARE participation figures shown in Table 11 are net figures.<sup>54</sup>

<sup>53</sup> The CARE Expansion Program, which includes qualified non-profit homeless shelters and group living facilities, qualified migrant and farm worker housing centers, qualified privately-owned employee housing, and qualified non-profit housing for agricultural employees, is covered in this section of the report.

<sup>54</sup> That is, the remainder of customers newly qualified for the CARE rate, customers disqualified from the CARE rate, customers that moved and did not reapply for the CARE rate, and customers that asked to be removed from the CARE rate.

**B. State the total number of residents (excluding caregivers) for residential facilities, and for commercial facilities, by energy source, at year-end.**

As of December 31, 2001, there were almost 3,903 residents in the non-residential CARE Expansion Program facilities. There were 646 primary facilities with 137 associated satellites.

**II. Usage Information**

**A. Provide the average monthly usage by energy source per residential facility and per commercial facility.**

Table 12		
CARE Expansion Program		
Avg Monthly Gas/Electric Usage		
Customer	Gas (therms)	Electricity (kWh)
Residential Facility	not applicable	not applicable
Commercial Facility	270.4	not applicable

In 2001, the average monthly usage at each facility was 270 therms.

**III. Program Costs**

**A. Administrative Costs**

**1. Show the CARE Expansion Program's administrative cost by category.**

In 2001, the CARE Expansion Program costs were \$35,000. These were discussed above.

**B. Discount Information**

**1. State the average annual CARE discount received per residential facility by energy source.**

SoCalGas does not have residential accounts on the CARE Expansion Program.

**2. State the average annual CARE discount received per commercial facility by energy source.**

The average monthly discount received per participating CARE Expansion Program facility in 2001 was about \$30.14 per month, for an average annual subsidy of \$361.70 per facility.



#### **IV. Outreach**

##### **A. Discuss the utility outreach activities and third-party outreach activities undertaken on the utility's behalf.**

###### **1. Utility Outreach**

As is done with the CARE Residential Program, SoCalGas' non-residential customers are notified of the CARE Expansion Program at the time the facility's application for gas service is taken at the Call Center. These facilities are eligible for the reduced SEC, and informed about the requirements for the CARE Expansion Program and the reduced SEC.

###### **2. Third-Party Outreach**

Non-profit group living facilities are often affiliated with social service networks that provide opportunities to share information about programs similar to CARE. These network have been effective in communicating the availability of CARE and other customer assistance programs. In fact, SoCalGas may work with some of these agencies as part of their GAF activities.

SoCalGas will make direct mailings to group living facilities. SoCalGas finds that if these facilities are identified by agencies such as the County Departments of Social Services, the SoCalGas District or Regional Affairs Managers, or United Way agencies, this is the most cost effective means of outreach for the CARE Expansion Program.

##### **B. Other Outreach Activities**

###### **1. The most effective outreach method, including a discussion of how success is measured.**

SoCalGas believes the most effective outreach methods for the CARE Expansion Program's non-residential facilities is the current notification at the time of service establishment in conjunction with the networks as mentioned above. SoCalGas currently has no formal mechanism in place to measure the success of specific outreach methods.

###### **2. How the CARE facility data and relevant program information is shared by the utility with other utilities sharing its service territory.**

SoCalGas provides SCE with information on non-residential facilities that are participating in the CARE Expansion Program.

**ATTACHMENT A**

**JOINT UTILITIES METHOD  
FOR ESTIMATING CARE PENETRATION**

**AS PRESENTED AT THE  
FEBRUARY 6, 2002 PUBLIC WORKSHOP**

- (1) SLIDE PRESENTATION ON METHODOLOGY**
- (2) TECHNICAL DOCUMENTATION OF METHODOLOGY**

**Joint-Utility Presentation on the  
Current Methodology Used to  
Calculate CARE Penetration Rates**

Workshop on Penetration Rates for CARE  
and ULTS Programs

February 6, 2002

## Presentation Overview

- Definition of CARE Penetration
- High-Level Overview of Current Utility Method
- A Standardized Methodology for Estimating CARE Penetration
- Technical Documentation

2

## CARE Penetration Defined

$$\text{Utility CARE Penetration Rate} = \frac{\text{Total Number of CARE Participants}}{\text{Total Number of Program Eligible Households}}$$

3

### NOTES: SLIDE 3

- The total number of CARE participants is obtained from utility records.
- Program eligible households are those who are both “technically eligible” and “demographically eligible”.
- Technically eligible means a household has an individual residential meter or eligible sub-meter.
- “Demographically eligible” means that the household meets CARE eligibility rules based on household size and income.
- Basically, we estimate total program eligible households by combining demographic eligibility and technical eligibility.
- More specifically, the total number of Program Eligible Households is calculated by multiplying the Demographic Eligibility Rate by the count of Technically Eligible meters and sub-meters.

## Overview of Current Utility Method

- CARE Eligibility Rules: What is the basis for the method?
- The Nature of the Problem: What Information is needed?
- Estimating CARE Penetration: What is Involved?

4

### NOTES: SLIDE 4

- CARE Eligibility Guidelines specify that a qualifying household must satisfy the following:

<u>Household Size</u>	<u>Annual Income No More Than...</u>
1-2	\$22,000
3	\$25,900
4	\$31,100
5	\$36,300
each additional person, add	\$5,200

Therefore all program eligible households must satisfy two criteria: one for household income and one for household size. (There are other eligibility criteria that must be satisfied, too. For example, an individual cannot be claimed on another person's income tax return.)

- Because there is no direct source that provides information on the proportion of demographically eligible and technically eligible households, the current utility methodology makes use of different data sources to develop these estimates. These include:
  - PUMS Census Sample of Households – primary source of data on income by household size
  - Current-Year Vendor data – Applied Geographic System's Data.
  - Utility data on technical eligibility – counts of individual meters and eligible sub-meters by fuel type at the county/zip level.
  - Other auxiliary information.
- These data sources served several purposes.
  - The PUMS data satisfies our need for the joint distribution of household size and by household income.

- Current-year vendor data is needed to “correct” the PUMS-based information to account for changes in both household size and income – these are all separate distributions NOT joint.
- Utility counts of individual meter and eligible sub-meter data are needed at the county/zip code level in order to “tailor” estimates to utility served geographic areas.
- Auxiliary information includes data such as historical CPI information for California and geographical correspondence tables from the Missouri Census Data Center (MABLE Tables).
- The initial objective was to estimate, annually, the proportion of technically eligible utility-served households that are eligible for CARE:
  - By utility served counties
  - By county (general), utility, fuel type.
- This is accomplished by estimating, annually, for each county/utility/fuel type, the demographic eligibility rate (i.e., the fraction of served, technically eligible households that are eligible according to the CARE household size and income guidelines).

## Key Features of the Methodology

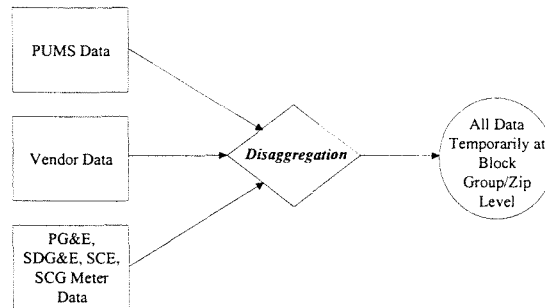
- Is consistent, statewide for each of the utilities.
- Uses the latest information on the joint distribution of household size and income.
- Is easily adaptable to include new sources of information on household size and income, e.g., PUMS 2000.

5



## Mapping the Methodology

### Data Preparation



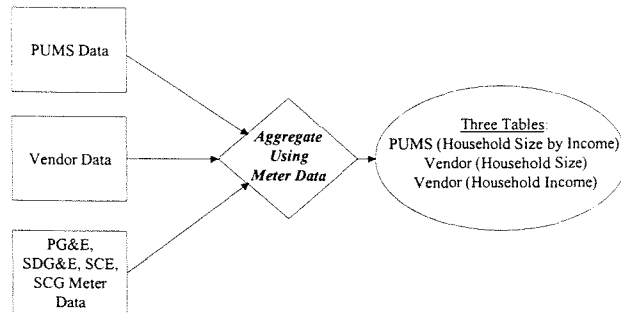
6

### NOTES: SLIDE 6 – Data Preparation

- PUMS data are adjusted to current-year dollars, and converted to current year income ranges used by the vendor.
- All data are disaggregated to the county/block group/zip code level.

## Mapping the Methodology

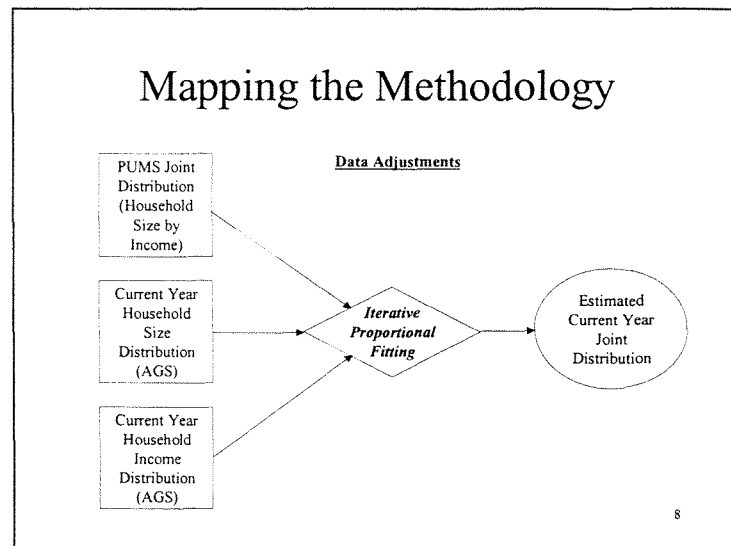
### Data Aggregation



### NOTES: SLIDE 7 – Data Aggregation

- We use the utility meter data to tailor the aggregated data to county, utility, and by fuel type. The meter data aids in selecting and weighting block group/zip level records to reflect utility geographies.
- The result is a PUMS-based joint distribution and current-year separate distributions on household size and household income.

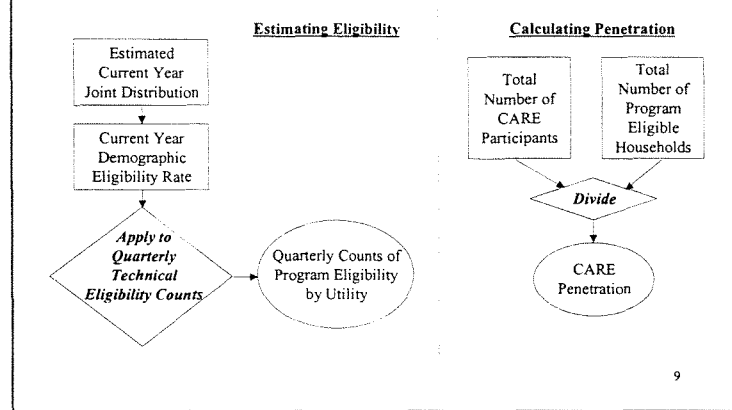
## Mapping the Methodology



### NOTES: SLIDE 8 – Data Adjustments

- The data are adjusted per county, utility, and by fuel type.
- The adjustments are done using “iterative proportional fitting”(IPF). This is a standard technique used in demography, regional science, economics, etc.
- Note: IPF modifies or “fits” the original PUMS-based matrix in several passes, changing the matrix just enough to accomplish a match on both (separate) current year distributions.
- In particular, this aspect of the methodology uses IPF to modify the PUMS-based matrix or table to match the current-year distributions, resulting in the estimated current-year joint distribution.

## Mapping the Methodology



### NOTES: SLIDE 9 – Estimating Eligibility and Penetration

- This aspect of the methodology uses the current estimate of the joint distribution of household size and income to extract the current demographic eligibility rate by utility, county, and by fuel type. These estimates are applied to quarterly counts of technical eligibility to determine those households who are program eligible, i.e., those who satisfy both technical (residential meters and eligible sub-meters) and demographic (income and household size) eligibility requirements.
- As shown at the beginning of the presentation, CARE penetration is then calculated by dividing the total number of CARE participants (using utility program information) by the total number of program eligible households; again, by utility, county, and fuel type.

## Technical Documentation

- Information Contained in the Technical Addendum:
  - Technical Description of the Methodology
  - Example Tables:
    - Joint Household Size and Income Table (PUMS)
    - Current-Year Household Size Distribution
    - Current-Year Household Income Distribution
  - Technical Definitions
  - Data Sources

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**TECHNICAL ADDENDUM: JOINT-UTILITY METHODOLOGY  
FOR CALCULATING CARE PENETRATION**

**Workshop on Penetration Rates for  
CARE and ULTS Programs**

**February 6, 2002**

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## Joint-Utility Methodology for Calculating CARE Penetration: Technical Description

### INTRODUCTION

This document discusses existing methods used by the joint energy utilities and raises methodological issues regarding estimating CARE eligibility and penetration. This serves as a technical supplement to the joint utilities' presentation on their methodology for calculating CARE penetration rates as given at the Workshop on Penetration Rates for CARE and ULTS Programs on February 6, 2002. The remaining sections of this document contain: an example table showing the joint distribution of household size and income from PUMS; example tables showing the separate current-year distributions for household size and household income from the commercial data vendor; detailed information on iterative proportional fitting; a list of data used in the estimation work; and, definitions of technical terminology.

### Objective of the Method

The initial objective presented to the consultant, Athens Research, was to estimate annually, for each unique county/utility/ commodity (fuel type), the proportion of technically eligible utility-served households (i.e., the fraction of individual residential meters and qualified sub-meters that are eligible for CARE based on household size and household income). The CARE demographic eligibility rate (i.e., ratio or proportion) was to be estimated annually, and utilities were to apply that ratio to their quarterly counts on individual residential meters and qualified sub-meters (i.e., technical eligibility) to obtain updated CARE eligibility counts. The second objective was to streamline and document the estimation programs, and to complete sensitivity tests and validation exercises begun during the estimation period. This second objective is only now being undertaken, a delay due in small part to additional ad hoc exercises that were added by the Commission, including estimating LIEE demographic eligibility, and estimating the rural and non-rural shares of each unique county/utility/commodity's (CUC's) total eligibility.

### Major Features of the Method

The method combines current-year estimates of household size distributions and household income (separate distributions) with Census year estimates of the joint distribution of household size and household income, to estimate current-year demographic eligibility. Census year income data from PUMS (sample household long form Census data) is transformed to account for CPI changes in California, and to conform to categories of income available in current-year vendor data. Meter/sub-meter information from each utility is used to tailor demographic eligibility to specific CUC's.

Specifically, the *joint* distribution of household size and income available from PUMS is modified using *iterative proportional fitting*<sup>1</sup> to match current-year distributions on household size and income, providing a new estimate of the joint distribution. From the new joint distribution, current-year demographic eligibility per CUC is estimated; this is applied to quarterly counts of technical eligibility by utility staff, to obtain quarterly program eligibility count estimates. Finally, the total number of CARE participants (taken from utility program records) is divided by the total counts of program eligibility to calculate the CARE eligibility rate for a specific CUC.

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<sup>1</sup> See the subsequent section on iterative proportional fitting for a detailed technical explanation of this method.



## Description of THE METHOD

Experience has shown that the method is somewhat better understood if the core process is described first, followed by a description of the preceding steps that are completed prior to carrying out the core process. Having this in mind, we begin with an overview of the core process.

### Core Process

For each and every unique county/utility/commodity (fuel type), we have several key matrices or tables, defined by the household size categories that are available in current-year vendor data and the household income categories (ranges) that are used in current-year vendor data.<sup>2</sup> The first matrix or table, Table 1, has 14 rows and 6 columns (14 x 6) and contains the *joint income by household size* distribution observed in the most recent PUMS data set (PUMS 1990 in our case). Incomes are given in current-year dollars (CPI adjusted), and as previously indicated, the income categories match those used in the vendor data. Each cell of this table contains the number of households for a particular income category and household size. For example, cell XYZ shows the number of households in income range \$20,000 – \$24,999 and household size 3. Note this table is arbitrarily normalized so that the sum of all the cells in the table totals 1,000,000 and could be normalized to any number as long as the relationship between household income and size remains the same.

The second table, Table 2, is also 14 x 6, and its cells show, for every corresponding cell in Table 1, the proportion of households that would have been program eligible based on current-year dollars. In all but six or seven cells, the proportion of eligible households equals either 1 (i.e., all households are eligible) or 0 (i.e., no households are eligible). For one cell in each household size group 1-5, and for one or two cells in the household size group 6+, some households will be above and some below the size/income threshold for CARE, so that the proportion in the cell equals a value between 0 and 1.<sup>3</sup> Note that Table 2 can be constructed to reflect CARE, LIEE, or any other program eligibility standard. For example, with respect to the LIEE program, we have constructed an alternative, which gives the proportion of households that are eligible at either the 175% eligibility level or the 200% eligibility level applicable where the head is age 60 or work-prevented.

Next, to represent the current-year income distribution, we construct from vendor data, a set of current-year household income marginals (i.e., the number of households in each of the fourteen current-year household income ranges). For example, in Table 3 below, cell ABC shows the number of households in the income range, \$15,000 - \$19,999. As in the case for Table 1, the total of all the cells in this 14 x 1 table is normalized to a total of 1,000,000 for convenience.

To represent the current-year household size distribution, we construct from vendor data, a set of current-year household size marginals (i.e., the number of households in each of the six current-year household size categories). For example, in Table 4 below, cell DEF shows the number of households with a household size equal to 5. Notice that these two separate distributions (e.g.,

<sup>2</sup> For the purposes of this project, Applied Geographic Systems is the commercial data vendor who provided the current-year income and household size distribution data. There were six categories for household size (1, 2, 3, 4, 5, 6+) and 14 categories (ranges) of income (\$0-\$40,000 by intervals of \$5,000, followed by somewhat larger intervals at higher income levels).

<sup>3</sup> The proportions in the first column of Table 2 are given only for example and should not be viewed as actual values.

the current-year household income distribution and the current-year household size distribution are “pieces” of a joint distribution of household income and size.

Table 1		Joint Distribution of Household Income and Size (1990)					
		Household Size Categories					
Household Income	Income Ranges	1	2	3	4	5	6+
	0-4,999			...			
	5,000-9,999			...			
	10,000-14,999			...			
	15,000-19,999			...			
	20,000-24,999	...	...	XYZ	...	...	...
	25,000-29,999			...			
	30,000-34,999			...			
	35,000-39,999			...			
	40,000-49,999			...			
	50,000-59,999			...			
	60,000-74,999			...			
	75,000-99,999			...			
	100,000-124,999			...			
	125,000+			...			

Table 2		Proportions of Eligible Households by Income/Size (\$2001)					
		Household Size Categories					
Household Income	Income Ranges	1	2	3	4	5	6+
	0-4,999	1					
	5,000-9,999	1					
	10,000-14,999	...					
	15,000-19,999	...					
	20,000-24,999	e.g., 0.47					
	25,000-29,999	0					
	30,000-34,999	0					
	35,000-39,999	0					
	40,000-49,999	...					
	50,000-59,999	...					
	60,000-74,999	...					
	75,000-99,999	...					
	100,000-124,999	...					
	125,000+	...					

Table 3	Current-Year Distribution of Household Income	
Household Income	Income Ranges	Number of Households
	0-4,999	...
	5,000-9,999	...
	10,000-14,999	...
	15,000-19,999	ABC
	20,000-24,999	...
	25,000-29,999	...
	30,000-34,999	...
	35,000-39,999	...
	40,000-49,999	...
	50,000-59,999	...
	60,000-74,999	...
	75,000-99,999	...
	100,000-124,999	...
	125,000+	...

Table 4	Current-Year Distribution of Household Size					
	Household Size Categories					
	1	2	3	4	5	6+
Number of Households	...	...	...	...	DEF	...

With these matrices in hand, we use *iterative proportional fitting* to modify the distribution in Table 1 to match the current-year household income and size distributions in Tables 3 and 4, respectively. This means alternately normalizing rows of Table 1 to match Table 3, and columns of Table 1 to match Table 4, repeating the process until the normalizations stop changing the interior cells of (modified) Table 1. The resultant modified table (not explicitly shown here) is the estimated current-year joint distribution of household income and size. Note that this table is adjusted for the change between 1990 and the current year, with respect to household size and household income, while preserving the joint relationship between size and income.

Finally, to achieve the estimated proportion of CARE eligible households, we first multiply each cell of the table containing the estimated current-year joint distribution of household income and size by Table 2 (the table showing the proportions of eligible households for each income/size group). Then, we sum all of the cells to obtain the number of eligible households per million, which can be converted to the demographic eligibility rate for a particular county/utility/commodity (fuel type) or CUC.

### **How the Matrices Used in the Core Process are Produced**

PUMS household records are processed to reflect current-year income (CPI-adjusted), the income categories that are used in the current-year vendor data, and to match the level of household size detail in the vendor data. In the processing of PUMS household income data, we create alternatives with respect to smoothing the reported values. Briefly, we may leave the income data at its reported value and correct it via CPI, or we may address the large number of responses that are given at popular rounded values, using a variety of possible smoothing algorithms. The algorithm chosen for use here lead to more stable results than leaving the data in raw form, and was not significantly different from more extreme smoothing techniques.

PUMS household records are identified at the PUMA level (a geographic level of aggregation equivalent to 100,000 in population). Vendor data is available at the block group level. We use MABLE tables (tables of Census data developed by the Missouri Census Data Center, nationwide), to allocate the data in these files to the block group/zip code level, using standard correspondence table techniques. This places the data in a geographic “least common denominator” that can be flexibly added up to reflect specific geographies pertaining to counties and utilities. Utility records on meter/sub-meter presence were obtained for late spring 2001. These were also disaggregated to the block group/zip code level.

With these disaggregations/allocation completed, we were in a position to aggregate the data to reflect county/block group/zip code combinations in which the utility is present. Various definitions of “presence” are possible in this context. For example, records can be weighted to: 1) reflect the utility meter/sub-meter count in each county/block group/zip code; 2) reflect the simple presence/absence of the utility in the small geography; or, 3) be limited to cases where at least 100 utility meters/sub-meters are found in the relevant zip code. In all cases, it appears that the method is robust under variations on the weighting scheme; we chose to use the utility count as a weight in producing county/utility/commodity-specific tables for Tables 1-4, respectively.

In all, we produce a total of more than 200 unique aggregations of county/utility/commodity (fuel type) for input into the “core process” described above, for both CARE (and LIEE) eligibility, under various eligibility scenarios.

## USING THE ESTIMATES

### **Calculating Eligible Utility-Served Households Per CUC**

On a quarterly basis, utilities identify and count technically eligible meters and sub-meters for specific commodities (fuel types) within each of the counties in their territory. The demographic eligibility rates for CARE (and LIEE), produced by the consultant, are multiplied by the quarterly technical eligibility counts to calculate the number of CARE-eligible households (and the slightly larger number of LIEE-eligible households).

### **Deriving Urban/Rural Shares of CUC Eligibility**

For each county/utility/commodity (fuel type), the consultant was asked to provide an estimate of the proportion of eligible households in rural and non-rural locations. Using the technical eligibility data that was provided by the utilities for late spring 2001 and vendor data on the distribution of household size and household income in each California zip code, we disaggregate the total eligibility per CUC to specific CUC/zip code combinations in the utility territory. For each CUC/zip code, the share of CUC eligibility is calculated. Using the Rural Health Council (RHC)/Zipinfo categorization of zip codes, the shares of rural and non-rural zip codes within each CUC are summed to provide a rural/non rural split per CUC. This "split" is also used to allocate eligibility totals per CUC.

### **Utility or Study-Specific Uses**

SDG&E have used the CARE (and LIEE) disaggregations to the zip code level in internal studies of its programs. Also, block group disaggregations of eligibility will be used by the Phase II contractor for the Low Income Residential Needs Assessment Study, as a means of identifying high and low concentrations of program eligibility for onsite sampling purposes.

## DOCUMENTATION/STREAMLINING/SENSITIVITY TESTING/VALIDATION

The second phase of the CARE eligibility estimation project will:

1. Complete the documentation for the project.
2. Streamline programs that include investigative portions no longer needed, and make portions of the programming job stream more general.
3. Complete sensitivity tests that were set up during the estimation phase, involving income smoothing alternatives, three different methods of weighting block group/zip records to match CUC's, and an analysis of whether differences between program and Census definitions of household incomes influence eligibility estimates significantly.
4. Extend the validation efforts that were begun in July/August 2002.

# Joint-Utility Methodology for Calculating CARE Penetration: Example Distributions

The following tables are examples of the following distributions: a) the joint distribution of household income and size (PUMS); b) the current-year distribution of household income (vendor data); and c) the current-year distribution of household size (vendor data). The PUMS data is for a specific PUMA with income given in current-year (2001) dollars, and the vendor data is for a specific block group. These are the initial tables used prior to beginning the core process.

Table A		Joint Distribution of Household Income and Size (PUMS)					
		Household Size Categories					
Household Income	Income Ranges	1	2	3	4	5	6+
	0-4,999	146	138	78	16	40	18
	5,000-9,999	337	27	0	0	26	0
	10,000-14,999	201	315	49	29	0	53
	15,000-19,999	328	189	102	18	16	0
	20,000-24,999	526	424	82	152	16	34
	25,000-29,999	593	168	88	90	130	0
	30,000-34,999	422	383	135	87	32	99
	35,000-39,999	475	555	159	172	31	26
	40,000-49,999	940	1094	407	442	143	196
	50,000-59,999	913	1215	667	469	73	150
	60,000-74,999	785	2131	823	902	401	204
	75,000-99,999	476	2640	1934	1598	624	255
	100,000-124,999	183	1969	1480	1647	403	319
	125,000+	258	2645	2217	2287	985	522

<b>Table B</b>	<b>Current-Year Distribution of Household Income (Vendor Data)</b>	
<b>Household Income</b>	<b>Income Ranges</b>	<b>Number of Households</b>
	0-4,999	3
	5,000-9,999	9
	10,000-14,999	4
	15,000-19,999	38
	20,000-24,999	19
	25,000-29,999	18
	30,000-34,999	29
	35,000-39,999	29
	40,000-49,999	54
	50,000-59,999	69
	60,000-74,999	87
	75,000-99,999	154
	100,000-124,999	65
	125,000+	28

<b>Table C</b>	<b>Current-Year Distribution of Household Size (Vendor Data)</b>					
	<b>Household Size Categories</b>					
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6+</b>
<b>Number of Households</b>	129	156	110	113	48	50



## Joint-Utility Methodology for Calculating CARE Penetration: Iterative Proportional Fitting

The following excerpt was taken from, The Methods and Materials of Demography condensed version, by Henry S. Shryock and Jacob S. Siegel (Academic Press, 1978). This supplement is intended to provide detailed technical information on iterative proportional fitting. Numbered pages 544-547 of this document demonstrate cases where adjustments of distributions to marginals are required (similar to that described in the 'Core Method' section above); and, numbered pages 547-549 deal, specifically, with iterative proportional fitting as a method for carrying out this adjustment.

## Technical Definitions

**Technical Eligibility:** Indicates that a household has an individual residential meter or qualified sub-meter.

**Demographic Eligibility:** Indicates that a household satisfies CARE eligibility rules based on household size and income.

**Block Group:** A subdivision of a census tract (or, in 1990, a block numbering area) that is the smallest geographic unit for which the Census Bureau tabulates 100-percent data. Many blocks correspond to individual city blocks bounded by streets, but blocks – especially in rural areas – may include many square miles and may have some boundaries that are not streets. The Census Bureau established blocks covering the entire nation for the first time in 1990. Previous censuses back to 1940 had blocks established only for part of the nation.

**Iterative Proportional Fitting:** A standard method used in demography and other sciences when adjustments of distributions to marginals are required.

## Data Sources

### Key sources

The following identifies primary data sources and provides brief summaries of roles these data played in the analysis/estimation work.

### **PUMS1990: Source of Cross-Tabulation of Income by Household Size.**

The Public Use Microdata Samples are based on long form Census responses by a sample of 5% of Census households. Household income and household size are available in this data set. The PUMAs (geographical areas for PUMS) must be disaggregated to match up with other data sets.

### **AGS2000, 2001, and 2005 (Vendor Data)**

Applied Geographic System's demographic estimates for 2000 and 2005 are available via Tetrad, Inc., which supplies the estimates as part of a geographic information system product. We obtained statewide California data from the "Core Demographic Data" product, purchasing both county/block group level data and zip code level data. AGS is a respected firm sharing the demographic data niche with Claritas, Experian, Acxiom, and other suppliers. AGS data were purchased for Athens Research use, essentially to meet the need originally met by Claritas, which was not purchased by Edison during the recent energy and financial crisis. For most of our work, we used county/block group data from AGS. However, in disaggregating estimates to the zip code level to develop rural/urban splits, zip code data from AGS was applied as well.

### **Utility Data on Technical Eligibility**

From each of the four utilities, we obtained county/zip/commodity (fuel type) level counts of individual residential meters and qualified sub-meters. These data were used, primarily, in conforming AGS data and PUMS data to the utility territory and, secondarily, in providing working estimates of total eligibility once demographic eligibility rates had been estimated. The data were obtained in June and July of 2001 from each of the IOU's.

### **MABLE Tables**

During the 1990's, the Missouri Census Data Center took on the task of creating massive correspondence tables linking various Census and non-Census geographies. From the MABLE tables, we produced tables based on population distribution, household distribution, and acreage for use in linking PUMS data (PUMA level), AGS data (block group or zip level), and utility data (county/zip level) at a "lowest common denominator" county/block group/zip code geography. This linkage allowed re-aggregation of the data for various estimation purposes.

### **California CPI Data**

State DOF data on historical CPI levels was critical to translating 1990 PUMS data into current-year dollars for eligibility estimation purposes.

### **The Rural Health Council (RHC)/Zipinfo Tables**

To identify California zip codes that are rural, we were provided a table developed by the Rural Health Council (RHC), and also obtained a table (from Zipinfo) that implements the “Goldsmith” method of categorizing zip codes. The RHC method required by the CPUC took precedence in the classification, but zip codes not explicitly classified by the RHC are classified using the Goldsmith categorization.

### **Secondary sources**

The following identifies secondary data sources and provides brief summaries of roles these data played in the analysis/estimation work.

### **Claritas**

During the latter 1990’s, Southern California Edison’s method of estimating eligibility involved using changes in the percentage of households that are low income to adjust initial eligibility estimates based on PUMS 1990 data. We have used some recent Claritas data to compare and validate estimates based on the statewide procedure, which for the moment uses Applied Geographic Systems’ current-year estimates.

### **SCAG**

Informal and preliminary validation of estimates, and the AGS data underlying the estimates included SCAG estimates for year 2000 on median household incomes at the county level.

### **CENSUS Interim Models**

Similarly, we have compared county-level estimates to household income estimates produced by the Census for the year 1997, based on modeling work done by Census staff.

### **HUD Data**

We have informally and preliminarily compared our results and the underlying AGS data to HUD county level data on household and family incomes.

## ATTACHMENT B

### MEDIA CAMPAIGN

MEDIA ACTIVITY	DESCRIPTION	DATES
<b>Spanish-Language Newspaper Campaign</b>	Articles on CARE Program appeared in 31 Spanish-language newspaper.	Dec 1 - 31, 2001
<b>Newspaper Article on Mayor Hahn's Press Conference</b>	Article on Mayor Hahn's press conference ran in the <i>Orange County Register</i> .	Dec 11, 2001
<b>Radio Interview on Mayor Hahn's Press Conference</b>	Interview on Mayor Hahn's press conference aired on KPCC/National Public Radio/89.3 FM.	Dec 10, 2001
<b>Newspaper Article on Mayor Hahn's Press Conference</b>	Article on Mayor Hahn's press conference ran in the <i>Goleta Valley Voice</i> and Palm Spring's <i>High Desert Star</i> .	Dec 10, 2001
<b>Radio Interview on Mayor Hahn's Press Conference</b>	Interview on Mayor Hahn's press conference aired on KABC.	Dec 8, 2001
<b>Radio Interview on Mayor Hahn's Press Conference</b>	Interviews on Mayor Hahn's press conference aired on KNX/Radio 1070 AM and KPCC/National Public Radio/89.3 FM.	Dec 7, 2001
<b>Press Conference Sponsored by the City of Los Angeles (Mayor Hahn) and SoCalGas</b>	Joint Los Angeles-SoCalGas press conference announcing joint utility bill relief programs to aid workers displaced following the September 11 <sup>th</sup> tragedy. SoCalGas announced increase in shareholder contributions to GAF by \$100,000 (to \$350,000). GAF, CARE, and DAP discussed.	Dec 7, 2001
<b>Spanish-Language Television Interview</b>	Interview on CARE Program aired on nationally televised <i>Dispierta America</i> (Spanish-language version of <i>Good Morning America</i> ) and KWHY/Telemundo Channel 22.	Dec 3, 2001
<b>Spanish-Language Television Interview</b>	Interview discussing cold-weather conservation tips and CARE and DAP programs aired at 11:00 P.M. on KMEX/Channel 34.	Nov 29, 2001
<b>Radio Interview</b>	Interview on cold-weather conservation tips and CARE/DAP. Aired on Radio Korea/1230 AM. Gave Korean-language 800#.	Nov 29, 2001
<b>News Release: Cold-Weather Conservation and CARE/DAP</b>	Issued news release on cold-weather conservation tips and CARE/DAP Programs.	Nov 29, 2001
<b>Spanish-Language Television Interview</b>	Interview discussing the CARE program aired at 4:00 P.M. on KWHY/Telemundo Channel 22.	Nov 28, 2001
<b>News Release: GAF Campaign</b>	Issued news release on Gas Assistance Fund. States that annual campaign will commence to request voluntary customer contribution shareholder donations – used to funded bill payment assistance program. Says GAF eligibility is same as for CARE. Contribution envelopes sent in November gas bills.	Nov 15, 2001
<b>Spanish-Language Television Interview</b>	Report on KVEA television (Spanish-language station). Covered information in press release.	Oct 30, 2001
<b>Major Network Affiliate Television Interview</b>	Report on KNBC television. Interviewed Company spokesperson. Covered information in press release. For more information referred to SoCalGas.com, NBC4.TV and toll free number.	Oct 29, 2001
<b>Radio Interview</b>	Interview on KCSN radio. Covered information in press release.	Oct 26, 2001
<b>Newspaper Article</b>	Article appeared in <i>Los Angeles Daily News</i> as a result of the press release.	Oct 25, 2001

<b>News Release: "No Cost" Furnace Repair/Replacement</b>	Included description of CARE program with 800# English-language version sent on PR Newswire and Spanish-language version sent to Latino media.	Oct 23, 2001
<b>Semi-Annual CARE Bill Insert</b>	4.5 million inserts sent to non-participating residential customers in their bills in English and Spanish with 800# for Chinese, Korean and Vietnamese.	Sep 01, 2001
<b>Customer Assistance Programs Brochure</b>	Brochure updated to be user-friendly and in English, Spanish, Chinese, Korean, Vietnamese. Information on CARE, DAP, and utility assistance programs. Provides consumer advice/tips.	Aug 17, 2001
<b>La Opinion Campaign</b>	CARE postage-paid self-mailer applications included as insert in <i>La Opinion</i> newspaper on major circulation (148,000).	Aug 6, 2001
<b>Vietnamese Radio Campaign</b>	105 Vietnamese-language radio advertisements on the CARE Program aired on two radio stations based in Los Angeles and Orange Counties with spillover coverage in Riverside and San Bernardino Counties.	Aug 6 – 20, 2001
<b>Korean-Language Radio Campaign and News Release</b>	75 Korean-language radio advertisements on the CARE Program aired on two radio stations based in Los Angeles and Orange County with spillover coverage in Riverside and San Bernardino Counties. Provided Korean-language press release on CARE Program.	Aug 3 – 20, 2001
<b>Chinese/Cantonese-Language Radio Campaign and Interviews</b>	168 Chinese/Cantonese-language radio advertisements aired on four Chinese-language radio stations based in Los Angeles, Orange, Riverside and San Bernardino Counties. Provided in-person interviews to stations.	Aug 1 – 20, 2001
<b>Spanish-Language Newspaper Campaign</b>	Three CARE Program inserts included in 13 Spanish-language newspapers.	Jul 30 - Aug 19, 2001
<b>Vietnamese-Language Newspaper Campaign</b>	Four CARE Program inserts included in three Vietnamese-language newspapers.	Jul 30 – Aug 19, 2001
<b>Korean-Language Newspaper Campaign</b>	Four CARE Program inserts included in four Korean-language newspapers.	Jul 30 – Aug 19, 2001
<b>Chinese-language Newspaper Campaign</b>	Four CARE Program inserts included in five Chinese-language newspapers.	Jul 30 – Aug 19, 2001
<b>Senior Magazine Campaign</b>	Print advertisements ran in <i>Senior Life</i> magazine in Los Angeles, San Fernando, Ventura, South Bay, San Gabriel, Orange County and Inland Empire.	August 2001
<b>Spanish-Language Radio Campaign</b>	357 Spanish-language radio advertisements on CARE Program aired on 19 radio stations in 12-county service area.	Jul 30 – Aug 19, 2001
<b>Radio Campaign</b>	75 radio advertisements on CARE Program aired on seven radio stations in 12-county service area. Two ads targeted mature customers and one referenced print advertisement in <i>Senior Life</i> .	Jul 30 – Aug 19, 2001
<b>Radio Campaign</b>	357 radio advertisements on CARE Program aired on 19 radio stations in 12-county service area.	Jul 30 – Aug 19, 2001

## **ATTACHMENT C**

May 10, 2000

Mr. Timothy Dayonot  
Director  
State of California  
Department of Community Services  
and Development  
700 North 10<sup>th</sup> Street, Room 258  
Sacramento, California 95814-0338

**RE: Letter Agreement Between the State of California Department of  
Community Services and Development and Southern California Gas  
Company for Leveraging and Reporting the California Alternate Rates  
for Energy Program Discounts and the State of California Low-Income  
Home Energy Assistance Program**

This Letter of Agreement is entered into by the State of California Department of Community Services and Development (CSD) and Southern California Gas Company (SoCalGas) for the purpose of ensuring integration and coordination of resources and benefits between CSD's Low-Income Home Energy Assistance Program (LIHEAP), and SoCalGas' California Alternate Rates for Energy (CARE) and Gas Assistance Fund (GAF) Programs. The existence of this Agreement places CSD within compliance of the Department of Health and Human Services' LIHEAP Leveraging Incentive Program requirements and enables California to claim the GAF payment/CARE discount (s) as leveraged resources. These programs all provide a form of energy assistance to low-income customers. It is mutually agreed that both parties will assist in the referral of their customers to the other energy assistance program through written and/or verbal referrals of the program. SoCalGas will include the toll-free telephone numbers for the LIHEAP and SoCalGas' Direct Assistance Program (DAP) on SoCalGas' CARE applications starting June 1, 2000 and on all GAF materials starting January 1, 2001.

The eligibility criteria and income guidelines are specific to each program. LIHEAP income guidelines are set at 60% of the State Median Income; GAF/CARE income guidelines are 150% of the Federal Income Poverty Guidelines.

The levels of assistance for each program vary according to the respective program. The amount of Federal funding; the number of persons in the household; the applicant's geographical location; and the household's income determine LIHEAP assistance levels. The GAF program offers one payment of an applicant's gas bill up to a maximum of \$100.00 per calendar year. The CARE program offers a 15% reduction off the applicant's monthly gas bill and a 60% discount on the Service Establishment Charge, if qualified for CARE within 90 days of starting new gas service.

The LIHEAP program is operated year round and provides one-time assistance, per household, per program year (January through December). Applicants must re-apply annually. The GAF program provides one-time assistance, per household, per 8-week period (February through March), per calendar year.

Applicants must re-apply annually. CARE provides a continuous 15% rate reduction throughout the year with the applicant re-certifying biennially.

These programs are integrated/coordinated through the written/verbal referral of applicants/customers to the opposite program. Program applications will have the name and toll free telephone numbers of the other programs printed on the applications.

A report on the number of households assisted and the total amount of assistance will be provided to the LIHEAP Program annually starting October 1, 2000.

SoCalGas shall make available to the CSD or its representative all appropriate documents, papers and records pertinent to the referral process and leveraged amounts for examination, copied or mechanical reproduction for a period of three years from the date the information is submitted to CSD. Specifically, SoCalGas will provide CSD with data necessary for completion of California's annual Leveraging Application. The data will be requested each October and will cover the preceding October through September timeframe. The information requested includes: 1) the total number of households currently receiving the reduced rate/energy payment; and 2) the total discount/payment received by all participating households.

AGREED TO:

\_\_\_\_\_  
Tim Dayonot, Director  
State of California  
Department of Community Services  
and Development

\_\_\_\_\_  
Donna Jones-Moore  
Manager, Mass Markets  
Southern California Gas Company

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_



**3. Barriers to participation encountered in the prior year and steps taken to mitigate these, if feasible, or not, if infeasible.**

Some of the barriers to program participation are difficulties in targeting outreach to eligible non-participating facilities, and lack of consistency and commitment from staff at facilities to follow through in a timely, sufficient manner. The eligible facilities are not always familiar with the program, and often the application process is confusing to the facilities' staff. In addition, SoCalGas' customer information system contains limited information on potentially eligible facilities.

There are also additional administrative costs – tracking these facilities requires supplementary manual processing. For example, there is no automated process that makes it easy to follow-up on incomplete applications or to conduct recertification.

**C. Discuss any recommendations to improve the cost-effectiveness, processing of applications, or program delivery. Discuss methods investigated or implemented by the utility or third parties on the utility's behalf to improve outreach and enrollment services to non-participating facilities in the prior year. Provide cost-effectiveness assessments, if available.**

SoCalGas recommends that the Low-Income Needs Assessment include non-profit living group facilities as an element of the assessment process. The results would provide SoCalGas with additional information about this element of the customer population. This information could then be utilized to develop and implement a more structured outreach and enrollment plan for non-profit group facilities.

**V. Processing CARE Applications**

**A. Processing Certification and Recertification Applications**

**1. Provide the total number of third-party CARE Expansion program applications received, approved, denied, pending/never completed, or duplicates.**

The pilot program focus is on residential customer enrollment rather than group facility enrollment.

**2. Provide the total number of utility CARE Expansion program applications received, approved, denied, pending/never completed, or duplicates for the reporting period. See Table 13 on following page.**

Table 13					
CARE Expansion Program					
Self-Certification and Self-Recertification Applications					
CARE Applications					
Utility	Received	Approved	Denied	Pending/Never Completed	Duplicate
Total	39	38	1	0	0
Percentage	not applicable	97.4%	2.6%	0.0%	0.0%

Table 13 contains the data showing the disposition of the CARE Expansion Program applications. SoCalGas received 39 applications CARE Expansion Program applications in 2001. Of these, 97% were approved and 3% were denied.

- B. Describe any contracts the utility has with third parties to conduct certification, recertification and/or verification on the utility's behalf. Describe how these third-party efforts compare to the utility's efforts in comparable customer segments such as hard-to-reach or under-served. Include comparisons of effectiveness and cost-effectiveness of comparable customer segments, if available.**

While the Pilot Program agencies did receive training on the CARE Expansion Program, the primary focus of that work was on enrollment in the CARE Residential Program. During 2001, SoCalGas did not have any other contracts outreach agencies to conduct certification, recertification, or verification on the utility's behalf.

## **VI. Program Management**

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

The CARE Expansion Program faces some challenges that the CARE Residential Program does not.

The outreach associated with this element of the program is more difficult because the SoCalGas customer information database was not designed to identify potentially eligible facilities and contains limited information that can be utilized to target outreach.

For example, during the reporting period, a data request was received from Commissioner Wood requesting an assessment of the eligibility of certain HUD facilities. SoCalGas realized that if an exhaustive search of its Customer Information

System was attempted, in order to thoroughly respond to the data request, it would seriously hamper day-to-day processing of CARE applications. As a result, several alternative approaches were proposed, of which one was agreed to by the Commission.

Further, SoCalGas finds that tracking and processing of applications for the CARE Expansion Program is labor-intensive and often requires more staff interaction and clarification of issues than for residential customers. This is true both for SoCalGas' staff as well as the qualifying facilities'.

Also, the eligible population (facilities) is much less familiar with eligibility requirements of the CARE Expansion Program than the CARE Residential Program. This makes the application process more confusing to the facilities/applicants. The difficulty comes in trying to apply the enabling legislation, ensure fairness and equity for all ratepayers, and factor all of this on top of the utilities' existing customer classes/tariffs.

As mentioned previously, SoCalGas recommends that the Low-Income Needs Assessment include non-profit living group facilities as an element of the assessment process to provide additional information about this element of the customer population.