



**FAMILY ELECTRIC RATE
ASSISTANCE (FERA)
PROGRAM ANNUAL REPORT**

2007 Results

May 1, 2008

INTRODUCTION:

The purpose of this annual report is to provide information on San Diego Gas & Electric Company's (SDG&E) Family Electric Rate Assistance (FERA) program¹ and to report on the administration and subsidy costs incurred by the program in its fourth year of operation. The California Public Utilities Commission (Commission or CPUC) in Decision (D.) 04-02-057, dated February 26, 2004, adopted the FERA program, whereby, qualifying lower-middle income large household participants are charged Tier 2 (101% - 130% of baseline) electric rates for their Tier 3 (131% - 200% of baseline) usage. The FERA program is available to households of three or more persons with annual gross income levels which have been provided by the Commission and are based on 200% plus \$1 and 250% of the Federal Poverty Guidelines (FPG) in accordance with D.05-10-044.² These income levels are subject to revision pursuant to the Commission's communication of new levels which shall occur no later than May 1 of each year.

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

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

² See D.05-10-044, Ordering Paragraph 3.

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

January 1, 2007 through December 31, 2007

I. Participant Information

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

See Table 1.

Table 1		
2007	FERA Enrolled ¹	FERA Receiving Tier 3 Benefit
January	4,192	1,954
February	4,108	1,788
March	4,081	1,514
April	4,020	1,325
May	4,028	1,445
June	4,015	1,584
July	3,997	1,791
August	3,849	1,987
September	3,688	2,117
October	3,706	1,630
November	3,743	1,490
December	3,977	1,643

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

See Table 2.

Table 2			
FERA Penetration Rate			
2006 Quarter Ending	(Estimated) FERA-Eligible Households ¹	FERA-Participating Households ¹	FERA Household Penetration Rate ²
March 31	49,205	4,081	8.3%
June 30	49,328	4,015	8.1%
September 30	49,433	3,688	7.5%
December 31	49,482	3,977	8%

Notes:

¹This category does not include sub-metered tenants.

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

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

SDG&E used a customer information system count of residential customers within its territory as the basis for estimating FERA eligible customers

Residential Customers
Per Quarter 2007

March: 1,204,402
June: 1,207,419
September: 1,209,984
December: 1,211,193

The estimate of FERA-eligible households was developed as follows: Multiply the residential customers by the factor in the Annual Eligibility Update for CARE/FERA³, which is .040854 for program year (PY) 2007. See Table 2 above for results.

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

Year-end sub-metered activity totaled 55 tenants.

³ This report was provided by SDG&E consultant John Petersen of Athens Research.

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

SDG&E did not experience any difficulty administering the FERA program for sub-metered tenants or master-metered customers.

II. Program Costs

A. Discount Cost

1. State the average monthly FERA discount received, in dollars per FERA customer.

In 2007, the average monthly FERA discount was \$11.45 per customer.*

* Notes: This discount amount does not include sub-metered tenants; however, it does include all enrolled customers who have received a discount in any month.

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

During 2007, the cumulative annual discount for all FERA customers was \$257,290.*

* Notes: This discount amount does not include sub-metered tenants; however, it does include all enrolled customers who have received a discount in any month.

B. Administrative Cost

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

See Table 4.

Table 4	
FERA Program Administrative Costs by Category and Benefits	
Category	Cost
Outreach	\$60
Processing, Certification, and Verification	\$11,091
General Administration	\$14,196
TOTAL PROGRAM COSTS	\$25,348
CUSTOMER BENEFITS	\$257,290
TOTAL PROGRAM COSTS & CUSTOMER BENEFITS	\$282,638

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

See table below.

Category	Description
Outreach	Includes: Capitation Fee Project
Processing, Certification, and Verification	Includes: Processing staff labor
General Administration	Includes: General program management
Benefits	Includes: Rate discounts.

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

The costs of distinct CARE and FERA activities are charged separately to each program. To the extent possible, the costs of joint CARE/FERA activities are allocated in proportion to the work that should be attributable separately to CARE and FERA.

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

As of December 31, 2007, the balance recorded in SDG&E's FERA Baseline Balancing Account (BBA) year-to-date totaled \$297,674, which includes all costs associated with the program from inception in 2004. In the prior year, as of December 31, 2006, the balance recorded in the BBA year-to-date totaled \$272,326, which did not include \$257,290 in customer benefits.

III. Outreach

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

Annual Notification – SDG&E's annual notification took place during mid-July to mid-August. The notification is in English and Spanish and is sent to more than one million customers.

Customer Contact Employees – SDG&E offers the FERA program through the customer call center, bill payment offices and field services activities. Customer Service Representatives (CSRs) advise customers of the program, during service-related telephone calls, e.g., initiating service, credit and collection calls. Approximately 15,000 customers submitted applications after speaking to a CSR.

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

Direct Mail – SDG&E leveraged direct mail efforts for CARE with the FERA program. A joint CARE/FERA direct mail piece was mailed to over 250,000 SDG&E customers utilizing census data information for potentially eligible customers in low-income areas.

Collection Call – SDG&E provides an additional outbound telephone call with a follow-up letter to low-income customers faced with collection activity on their account. Information about the availability of payment arrangements and customer assistance programs is given, and the customer is urged to call SDG&E for more information.

Website – SDG&E's website provides information and applications for the FERA program. The CARE/FERA application may be downloaded from SDG&E's website or submitted electronically.

Capitation Contractors – In PY 2007, 47 agencies at 91 different site locations provided outreach and enrollment services for both CARE and FERA programs. Community based organizations (CBO) that are contracted to offer CARE through the fee per application or Capitation Program with SDG&E also offer FERA using the dual CARE/FERA applications. The terms and conditions of the contracts are the same with contractors receiving compensation from \$5.00 to \$15.00 for each eligible applications received.

Community Outreach Events – Throughout PY 2007, SDG&E participated in over 58 local community outreach events throughout San Diego County to provide information on FERA and other assistance programs. Types of events included presentations to community groups, health and safety fairs, community resource fairs, along with several FERA enrollment days at faith based organizations. Many of the events were leveraged with the Lighting Turn In program targeted to seniors and other hard-to-reach residential customers.

Sub-metered Apartments and Mobile Home Parks – FERA program informational packets were mailed to all managers/owners of sub-metered facilities during the CARE/FERA annual recertification in September 2007. Packets included bulletin board posters and FERA/CARE applications for tenants.

B. Discuss each of the following:

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

CARE – SDG&E uses a joint CARE/FERA application and no longer tracks FERA program enrollments from the CARE program due to a customer exceeding CARE income limits.

LIEE – SDG&E's LIEE program provides recipients of weatherization measures with in-home energy education, including FERA/CARE information and an opportunity to enroll in FERA/CARE programs.

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

Reaching FERA customers specifically has proven to be a challenge to SDG&E. While SDG&E targets low income areas in an effort to enroll both CARE and FERA customers, customers who would qualify for FERA often do not apply because they see themselves as not needing low-income assistance. Also, the annual increase of the income guidelines for both

programs has a tendency to increase CARE enrollments with customers who were qualified for the FERA program resulting in a drop in FERA participation.

IV. Processing FERA Applications

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

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

See Table 5.

Table 5						
FERA Self-Certification and Self-Recertification Applications *						
	Provided	Received	Approved**	Denied	Pending/Never Completed	Duplicates
Utility	1,555	1368	1189	14	126	39
Capitation	N/A	11	11	0	0	0
Other Third-Party	N/A	0	0	0	0	0
Total	1,555	1379	1200	14	126	39

* Notes: This includes sub-metered tenants. Self-Certification applications are distributed/mailed through a wide variety of fulfillment and outreach methods, such that it is not possible to determine an actual count. Recertification applications are tracked.

**Approved includes CARE ineligible applications that are eligible for FERA.

B. Processing Random Post-Enrollment Verification Requests

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

TABLE 6						
FERA Random Post-Enrollment Verification Requests						
	Requested	Received	Approved*	Denied **	Pending/Never Completed	Duplicates
Total	76	37	37	0	39	0

*Notes: Approved includes CARE ineligible Post Enrollment Verification Requests that are eligible for FERA.

** Denied includes customers who were dropped due to non-response.

V. Program Management

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

There were no issues or events that significantly affected FERA program management in PY2007.