



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

2006 Results

**May 1, 2007**

**SDG&E's FERA Report**  
**January 1, 2006– December 31, 2006**

**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) program<sup>1</sup> and to report on the administration and subsidy costs incurred by the program in its third 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 was 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.<sup>2</sup> 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.

---

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

<sup>2</sup> See D.05-10-044, Ordering Paragraph 3.

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

**January 1, 2006 through December 31, 2006**

**I. Participant Information**

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

See Table 1.

**Table 1**

<b>2006</b>	<b>FERA Enrolled<sup>1</sup></b>	<b>FERA Receiving Tier 3 Benefit</b>
January	4,560	1,781
February	4,404	1,620
March	4,409	1,585
April	4,315	1,482
May	4,296	1,511
June	4,231	1,715
July	4,263	2,213
August	4,265	2,317
September	4,383	2,206
October	4,353	1,913
November	4,225	1,546
December	4,249	1,761

**SDG&E's FERA Report**  
**January 1, 2006– December 31, 2006**

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

See Table 2.

<b>Table 2</b>			
<b>FERA Penetration Rate</b>			
<b>2006 Quarter Ending</b>	<b>(Estimated) FERA-Eligible Households<sup>1</sup></b>	<b>FERA-Participating Households<sup>1</sup></b>	<b>FERA Household Penetration Rate<sup>2</sup></b>
March 31	46,660	4,409	9.5%
June 30	46,777	4,231	9.1%
September 30	46,904	4,383	9.3%
December 31	47,028	4,249	9%

Notes:

<sup>1</sup>This category does not include sub-metered tenants.

<sup>2</sup>FERA 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 2006**

March:	1,192,896
June:	1,195,904
September:	1,199,118
December:	1,202,295

The estimate of FERA-eligible households was developed as follows: Multiply the residential customers by the factor in the Annual Eligibility Update for CARE/FERA<sup>3</sup>, which is .039115 for program year (PY) 2006. See Table 2 above for results.

---

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

**SDG&E's FERA Report**  
**January 1, 2006– December 31, 2006**

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

Year-end sub-metered activity totaled 76 tenants.

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

SDG&E did not experience any difficulty administering the FERA program for 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 2006, the average monthly FERA discount was \$12.80 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 2006, the cumulative annual discount for all FERA customers was \$273,180.\*

\* 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**

<b>FERA Program Administrative Costs by Category and Benefits</b>	
<b>Category</b>	<b>Cost</b>
<b>Outreach</b>	\$956
<b>Processing, Certification, and Verification</b>	\$12,364
<b>General Administration</b>	\$12,674
<b>TOTAL PROGRAM COSTS</b>	<b>\$25,995</b>
<b>CUSTOMER BENEFITS</b>	<b>\$273,180</b>
<b>TOTAL PROGRAM COSTS &amp; CUSTOMER BENEFITS</b>	<b>\$299,188</b>

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

See table below.

<b>Category</b>	<b>Description</b>
<b>Outreach</b>	Includes: Bill inserts, advertising, applications (printing and mailing), posters, brochures, flyers, postage, and other outreach, information technology (technical support and software licensing), and Capitation Fee Project.
<b>Processing, Certification, and Verification</b>	Includes: Staff labor, information technology (technical support and software licensing), application processing, and sub-meter certification.
<b>General Administration</b>	Includes: <b>Billing System /Programming</b> Manual rebilling and programming and billing labor.  <b>Regulatory Compliance</b> Applications, advice filings, comments and reply comments, hearings, reports and studies, working group meetings, public input meetings, and tariff revisions.  <b>Other</b>

**SDG&E's FERA Report**  
**January 1, 2006– December 31, 2006**

	Office supplies, market research, program management labor (including pensions and benefits), and information technology (technical support and software licensing).
<b>Benefits</b>	Includes: Rate discounts.

**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, 2006, the balance recorded in SDG&E's FERA Baseline Balancing Account (BBA) year-to-date totaled \$272,326, which includes all costs associated with the program from inception in 2004. In the prior year, as of December 31, 2005, the balance recorded in the BBA year-to-date totaled \$240,918, which did not include \$43,775 in customer benefits.

**III. Outreach**

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

- **Annual Bill Insert** – SDG&E's annual bill insert notification for the FERA program occurred in mid-July through mid-August 2006. The joint CARE/FERA application was used in order to leverage the programs and reduce costs to FERA. A total of 27 FERA applications were received from this effort.
- **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 121 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 able to request applications through the IVR process.
- **Direct Mail** – SDG&E leveraged targeted direct mail efforts for CARE with the FERA program. A joint CARE/FERA direct mail piece was mailed to 400,000 SDG&E customers utilizing census data information targeting potentially eligible customers in low-income areas. Over 400 applications were received for the FERA program through direct mail efforts.
- **Collection Call** – SDG&E provides an additional outbound telephone call with a follow-up letter to low-income customers faced with collection activity on their account. Information about the availability of payment arrangements and customer assistance programs is given, and the customer is urged to call SDG&E for more information. The call is directed to both FERA and CARE customers, and customers identified as having a high probability of being low-income customers who are not in the FERA or CARE programs.
- **Website** – SDG&E's website provides information and applications for the FERA program. The downloadable application is a dual CARE/FERA application. In 2006, 38 customers submitted applications downloaded from the SDG&E website.
- **Capitation Contractors** – Community based organizations (CBO) that are contracted to offer CARE through the fee per applications 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 of up to \$12.00 for each eligible applications received. There were 25 FERA enrollments from capitation agencies in 2006.
- **Community Events** – In 2006, SDG&E participated in over 200 local community 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. Any significant enrollments from this?
- **Summer Initiative** – SDG&E launched a summer communications plan that alerted customers to the possibility of increased energy bills due to the extreme heat wave of 2006. FERA customers were part of a direct mail initiative that advised customers on ways to reduce their energy costs as well as information on Cool Zone locations and community resources available to 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 August 2006. Packets included bulletin board posters and FERA/CARE applications for tenants. Additionally, the Senate Bill 920 mailing required for the CARE program, and completed in November of 2006, included FERA program information.

**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** – In addition to utilizing a joint CARE/FERA application, SDG&E uses CARE recertification and income verification documents to enroll customers in the FERA program who do not qualify for the CARE program because they exceed the CARE income limits. SDG&E enrolled 497 customers in the FERA program that were not eligible for CARE.

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

**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.**

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

**SDG&E's FERA Report**  
**January 1, 2006– December 31, 2006**

**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.

<b>Table 5</b>						
<b>FERA Self-Certification and Self-Recertification Applications*</b>						
	<b>Provided</b>	<b>Received</b>	<b>Approved**</b>	<b>Denied</b>	<b>Pending/Never Completed</b>	<b>Duplicates</b>
<b>Utility</b>	<b>1,876</b>	<b>610</b>	<b>976</b>	<b>16</b>	<b>5</b>	<b>62</b>
<b>Capitation</b>	<b>N/A</b>	<b>27</b>	<b>26</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Other Third-Party</b>	<b>N/A</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>1,876</b>	<b>637</b>	<b>1,002</b>	<b>16</b>	<b>5</b>	<b>63</b>

\* 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.

**SDG&E's FERA Report**  
**January 1, 2006– December 31, 2006**

**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.**

<b>TABLE 6</b>						
<b>FERA Random Post-Enrollment Verification Requests</b>						
	<b>Requested</b>	<b>Received</b>	<b>Approved*</b>	<b>Denied**</b>	<b>Pending/Never Completed</b>	<b>Duplicates</b>
<b>Total</b>	<b>35</b>	<b>7</b>	<b>32</b>	<b>24</b>	<b>14</b>	<b>0</b>

\*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.**

In February of 2006, SDG&E implemented a new rate structure which positively impacted the discount received by FERA customers. Previously, the FERA discount was calculated based on the difference in the electric commodity cost between Tier 2 and Tier 3 usage. The new electric rate structure calculates the discount on the Total Utility Distribution Components (UDC) portion of the customer bills. The impact of this change increased the average discount from \$2.53 in 2005 to \$12.80 in 2006.

In 2006, the California Legislature released AB 2576. The bill requires that all gas and electric corporations with Commission-approved customer programs utilize a single application for CARE and FERA programs. SDG&E has used a joint CARE/FERA application since the FERA's inception in 2004; therefore, no program changes were needed.