



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

Program Year 2012 Results

May 1, 2013

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 administrative and subsidy costs incurred by the program in its sixth year of operation. The California Public Utilities Commission (Commission or CPUC) in 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 total household annual gross income levels between 200% and 250% of the Federal Poverty Guidelines (FPG)² in accordance with D.05-10-044.³ These income levels are subject to revision pursuant to the Commission's communication of its updated annual income guidelines, which are issued no later than May 1 of each year and effective June 1st of each year.

SDG&E's FERA program implementation plan utilizes the existing 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 a dual application form for the CARE and FERA program.

The following summarizes SDG&E's FERA program activities for 2012.

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

² FPG Link: <http://aspe.hhs.gov/poverty/11poverty.shtml>

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

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

January 1, 2012 through December 31, 2012

I. Participant Information

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

See Table 1.

TABLE 1		
2012	FERA Enrolled	FERA Receiving Tier 3 Benefit¹
January	4,367	3,137
February	5,023	2,820
March	5,041	2,702
April	4,922	2,471
May	4,900	2,448
June	4,864	2,571
July	4,763	2,701
August	4,743	3,119
September	4,720	3,374
October	4,401	3,197
November	4,502	2,446
December	4,498	2,441

¹This category does not include sub-metered tenants.

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

TABLE 2			
FERA Penetration Rate			
2012 Quarter Ending	(Estimated) FERA Eligible Households	FERA Participating Households	FERA Household Penetration Rate¹
March 31	43,837	5,041	11.5%
June 30	43,939	4,864	11.1%
September 30	44,044	4,720	10.7%
December 31	44,192	4,498	10.2%

¹ The FERA Household Penetration Rate is calculated by dividing FERA Participating Households by FERA-Eligible Households. Estimated number of FERA-eligible customers is 3.97% of SDG&E's residential electric customers.

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 the number of FERA-eligible households.

The estimate of FERA-eligible households was developed by multiplying the number of residential customers, by the factor in the Annual Eligibility Update for CARE/FERA⁴, which is 3.49% for program year 2012.

Total Residential Customers/Estimated Eligible = FERA Eligible Households.

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

⁴ Compliance Filing of Southern California Edison Company (U 338-E) on Behalf of Itself, Southern California Gas Company (U 904-G), San Diego Gas & Electric Company (U 902 M) and Pacific Gas and Electric Company (U 39-M) Regarding the Annual Estimates of CARE Eligible Customers and Related Information, filed February 16, 2012.

At year-end 2012, the number of sub-metered tenants participating in FERA totaled 135. Outreach and enrollment efforts for sub-metered facilities are leveraged with CARE outreach. Enrollments, however, continued to be heavily skewed to CARE in these facilities.

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 encounter any problems administering the sub-metered FERA program during 2012.

II. Program Costs

A. Discount Cost

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

2012 Average Monthly Discount Per Customer = \$16.70

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

2012 Cumulative Annual Discount = \$ 513,285

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	\$3,207
Processing, Certification, and Verification	\$14,841
General Administration	\$19,123
TOTAL PROGRAM COSTS	\$37,171
CUSTOMER BENEFITS	\$513,285
TOTAL PROGRAM COSTS & CUSTOMER BENEFITS	\$550,456

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

Outreach

The cost of outreach includes capitation fee payments and the cost of direct mail. Capitation fees are fees paid to partner agencies that generate enrollments for the program by cross-selling FERA with their other assistance programs.

Processing, Certification, and Verification

The cost of processing, certification and verification consists of the labor costs to process, certify and verify FERA applications.

General Administration

General administration costs include the costs associated with managing and reporting on the program.

Customer Benefits

Customer benefits costs include the cost of the FERA rate discounts provided to customers.

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 by using separate source codes for each program. To the extent possible, the costs of CARE/FERA activities are allocated in proportion to the work that was attributable to either CARE or FERA. Because most CARE and FERA program activities are integrated, most costs are shared between the programs.

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, 2012, there was \$470,597 in the balance recorded in the FERA sub-account of SDG&E's Baseline Balancing Account (BBA). The FERA sub-account records all costs associated with the FERA program from its inception in 2004. The balance recorded in the FERA sub-account as of December 31, 2011 totaled \$433,991.

In mid-April, SDG&E discovered an accounting error in the FERA sub-account amount and is in the process of identifying the cause of the error and its effective date. SDG&E expects to make a correction to the balancing account by the end of May and will submit amendments to any affected Annual Reports as soon as possible.

III. Outreach

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

Direct Marketing

This category tracks the various channels of communication directly targeting customers. In 2012 SDG&E used the following direct marketing tactics; email campaigns, automated voice messaging campaigns (AVM), bill inserts, direct mail, and door to door campaigns.

Email campaigns

SDG&E conducted monthly email campaigns, targeting customers with different campaigns which contained dynamic content, creative, and subject lines. Using click rate metrics, subject lines and content could be augmented with the goal of obtaining higher click rates. Email campaigns were designed to mirror congruent print campaigns in order to resonant familiarity with customers. SDG&E was not able to track enrollments in the FERA program through the use of email campaigns.

Automated Voice Messaging (AVM) Campaigns

Ten AVM campaigns took place in 2012. SDG&E administered the calls through an outbound dialing system, provided by a third party. The system allowed SDG&E to contact thousands of customers during time frames SDG&E designated. The campaigns utilized a script that was developed by SDG&E to capture customer information including household size, household income and enrollment in any public assistance programs. In 2012, 351 customers chose to enroll in the FERA program using the AVM dialer.

Bill inserts

SDG&E's annual notification to all non-CARE/non-FERA customers took place in July. All customers not already enrolled in the CARE or FERA program, received a bilingual program application inside their SDG&E bills. In addition to July's insert, SDG&E bills contained an English only CARE/FERA application during the months of April and October. In 2012, all bill inserts contributed approximately 67 FERA enrollments for the program.

Direct mail

In the past, SDG&E used targeted direct mailings to generate a call to action from customers. Typical mailings included a letter detailing the program benefits and qualifications, a program application, and a paid business reply envelope. In seeking lower cost solutions that would also alleviate application processing time, SDG&E began using email campaigns with more frequency, as well as sending lower cost postcard type mailings that encouraged customers to apply online or call. Calculating returns on these types of mailings wasn't possible due to the fact that customers were not required to send something back to SDG&E. In 2012, SDG&E sent a postcard notification to customers encouraging them to apply online or call the program to enroll, as well as a direct mail package containing a letter and application. Before the year concluded, there were no new enrollments obtained as a result, and responses continued to be tracked in 2013.

Door-to-Door

Targeting hard to reach neighborhoods, SDG&E worked with a third party to train, collaborate, and strategize a door-to-door campaign. The door-to-door contractors interacted with customers face to face and were able to further explain the program qualifications and benefits, and enroll customers on the spot. In 2012, over 124 customers were enrolled in the FERA program through door-to-door efforts.

Internal Leveraging

Utilizing resources within SDG&E, opportunities for mentioning program information alongside other initiatives included; interactive voice response (IVR), customer contact employees, field collectors & collection calls, and branch offices.

SDG&E Call Center IVR

When calling the SDG&E Call Center, customers are provided with a menu of options to select from while waiting for assistance from an Energy Service (ES) Specialist. These options can be heard in English and Spanish. In 2012, the CARE/FERA program option was selected to request an application resulting in 4,331 English and 742 Spanish applications requested through the SDG&E IVR.

CARE/FERA IVR

The program operates its own IVR service that allows customers to interact with the automated prompts and enroll in the program over the phone. In 2012, 189 customers enrolled in FERA using the IVR.

SDG&E personnel

The FERA program is promoted by ES Specialists in SDG&E's call center. In addition, bill payment offices and field service employees promote the program as part of their specific interaction with customers. SDG&E employees direct the customer to the on-line application or mail an application per the customer's request.

Branch offices

SDG&E outreach staff visit branch offices on a recurring basis, interacting with customers paying their SDG&E bill. Staff advise customers of the program, how to qualify, and enroll customers during the interaction. In 2012, 30 FERA enrollments came from interactions at branch offices.

Field collectors

SDG&E field collectors deliver in person notifications to customers facing disconnection services. During the process, collectors inform customers of their options, including bill assistance programs.

Collection call

SDG&E provides an additional outbound telephone call with a follow-up letter to customers with collection activity on their account. Information about the

availability of payment arrangements and customer assistance programs are provided, and customers are urged to call SDG&E for more information.

In-language resources

SDG&E's customer contact center and most company business offices are staffed with bilingual (English/Spanish) employees to assist customers in accessing information about the utility's services. The program processing group staffs bilingual representatives and staggers the Spanish speakers early morning and later in the day in order to maintain coverage for any potential Spanish speaking telephone calls. Additionally, SDG&E contracts with LanguageLine Services®⁵ to provide in-language support to customers whose language is not spoken by SDG&E employees. The service offers translations for different languages and dialects including but not limited to: French, German, Italian, Japanese, Russian and Tagalog. SDG&E representatives remain on the telephone line with customers and connect them with the interpreter for translation. SDG&E also operates a TTY/TDD service, available 24 hours a day, seven days a week. The CARE/FERA application is available on the company website in 13 languages. The languages include: English, Spanish, Arabic, Armenian, Chinese, Farsi, Hmong, Khmer, Korean, Russian, Tagalog, Thai and Vietnamese.

Sub-metered Apartments and Mobile Home Parks

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 Energy Savings Assistance Program and other appropriate low-income programs.**

FERA information is distributed in conjunction with the CARE program.

Both FERA and CARE are promoted through a joint application form. All outreach efforts for FERA are combined with the CARE program outreach.

⁵ LanguageLine® provides over-the-phone translation services in over 170 different languages.

For example, all targeted direct mail and telephone campaigns promote the FERA program through the joint application. Customers entering income that exceeds the CARE guidelines but are within the FERA guidelines are appropriately enrolled in FERA. Additionally, customer data received from the Energy Savings Assistance Program regarding potentially eligible customers is shared with the FERA program.

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

FERA program marketing efforts are leveraged with CARE efforts in order to minimize the cost to the program. While this is effective in keeping costs low, it is not effective in increasing program enrollment. CARE marketing is highly targeted to lower income areas and this marketing is not effectively reaching a significant number of FERA eligible customers. Last year, SDG&E received over 130,000 CARE/FERA applications, of which approximately 2,600 were FERA related and 1,723 program enrollments were achieved. In an attempt to mitigate this barrier, SDG&E reached out to all non-CARE customers through the annual bill insert, email, and AVM campaigns. FERA enrollment results remained low regardless of these efforts.

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 below.

Table 5						
FERA Self-Certification and Self-Recertification Applications¹						
Utility Capitation Other Third- Party	Provided²	Received	Approved³	Denied	Pending/Never Completed	Duplicate s
	580,708	2,573	2,472	34	10	57
	N/A	247	233	8	1	5
	N/A	2	2	0	0	0
Total	580,708	2,822	2,707	42	11	62

¹ 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.

² The FERA and CARE applications are joint applications. This number represents an estimate of all applications provided.

³ 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	Received¹	Approved¹	Denied²	Pending/Never Completed	Duplicates
Total	2	72	70	2	N/A	N/A

¹ Received and Approved includes CARE ineligible Post Enrollment Verification Requests that are eligible for FERA.

² 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 2012.