STATE OF CALIFORNIA

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

Edmund G. Brown Jr., Governor

May 18, 2018

Advice Letter 5256 & 5256-A

Mr. Ronald van der Leeden
Director of Regulatory Affairs
Southern California Gas Company
555 West Fifth Street
Los Angeles, CA 90013-1011

Subject: Disposition partially approving Southern California Gas Company's Low Income Energy Savings Assistance Program Clear Plan and Budget, pursuant to Resolution G-3532

Dear Mr. Leeden:

Summary

The Energy Division has determined that Southern California Gas (SoCalGas) Company's Advice Letter (AL) 5256 and Supplemental AL 5256-A is in compliance with Resolution G-3532, and is effective today. Energy Division has modified the budget requested as further discussed below.

No parties filed protests. Based on Energy Division's review, we approve SoCalGas AL 5256 and 5256-A with the below modifications.

Background

On November 18, 2014, SoCalGas filed Application (A.) 14-11-011 for the 2015-2017 California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Programs. On November 21, 2016, the Commission issued D.16-11-022 approving the Applications. The Decision required SoCalGas to file a conforming Advice Letter to adapt its proposed program activities and budgets to the Decision requirements, and provide clear and descriptive plans for how its programs would be executed. The advice letter was a vehicle for SoCalGas to propose new budgets, if needed, using unspent funds from prior program years[1] for initiatives directed in the Decision. Pursuant to D.16-11-022, SoCalGas filed its CARE/ESA Program conforming AL 5111-A on April 4, 2017. Energy Division (ED) staff requested additional information after their initial review, and SoCalGas filed its supplemental conforming AL 5111-B addressing questions raised by ED staff.

[1] At the time the D.16-11-022 was issued, the Utilities were carrying a total balance of approximately $400 million in unspent funds accumulated from 2009-2016. Due to the unprecedented amount in unspent funds balances accumulating with the Utilities, the Decision authorized new ESA program measures and directives to be paid for with unspent funds. SoCalGas was required to file in their conforming advice letters plans and budgets for the expenditure of unspent funds for each effort or new measure directed.

On December 14, 2017, the Commission issued Resolution G-3532 authorizing additional funding for SoCalGas' ESA program. And though the Resolution did not change SoCalGas' proposed household treatment goals, it did reallocate the breakdown of those households between first time treatments and retreatments in order to ensure that SoCalGas would meet its 2020[2] goal. Therefore, the Resolution ordered SoCalGas to file another Tier 2 Advice Letter setting forth a clear plan and supplemental budget proposal within 60 days to use any remaining unspent funds, if necessary, to treat the remaining untreated population and propose new retreatment estimates as warranted.[3]

On February 12, 2018, SoCalGas filed AL 5256 pursuant to Ordering Paragraph (OP) 8 of Resolution G-3532, which directed SoCalGas to file a Tier 2 AL setting forth a clear plan and supplemental budget proposal, if necessary, to treat the remaining untreated low income population by 2020 and propose new treatment estimates as warranted. On March 14, 2018 SoCalGas filed AL 5256-A to replace AL 5256 in its entirety to correct minor addition errors to the budget and treatment goals. The total budget request remained unchanged.

In the AL, SoCalGas is requesting an additional $193,078,924 for program years 2018-2020, with approximately $153M coming from 2012-2016 unspent funds, and $40M carried over from 2017 unspent funds. These are funds that have already been approved for these years' ESA program activities but remain unspent. SoCalGas is also requesting authority to exceed the 25% annual carry-forward cap and to carry forward all 2017 unspent funds within this program cycle.

The $193,078,924 is proposed for the following activities:

- $180M to treat an additional 153,449 households (with 78% being first time enrollments, and 22% retreatments);
- $6.9M for program operating adjustments (for IT enhancements and contractor fee incentives to drive increased first-time enrollments);
- $3.8M to introduce smart thermostats; and
- $2M for incremental marketing and outreach efforts (to develop and implement a systematic process to reach out, individually, to every remaining eligible, untreated customer between now and the end of 2020).

Protests

No protests were received.

[2] Public Utilities Code Section 382(e) states: "The commission shall, by not later than December 31, 2020, ensure that all eligible low-income electricity and gas customers are given the opportunity to participate in low-income energy efficiency programs, including customers occupying apartments or similar multiunit residential structures."

[3] SoCalGas Resolution G-3532, OP 8, p. 29

Disposition

The Energy Division approves AL 5256-A, with the following modifications.

Requested Total Incremental Funding				
	2018	2019	2020	TOTAL
Additional Treated Units	$55,994,026	$60,014,847	$64,300,010	$180,308,883
Program Adjustments	$2,222,851	$2,309,476	$2,400,433	$6,932,760
Smart Thermostats	$399,609	$1,677,388	$1,760,284	$3,837,281
Marketing & Outreach	$750,000	$750,000	$500,000	$2,000,000
Total Incremental Funding	$59,366,486	$64,751,711	$68,960,727	$193,078,924

Approved Total Incremental Funding				
	2018	2019	2020	TOTAL
Additional Treated Units	$48,184,083	$47,435,008	$46,493,859	$142,112,950
Program Adjustments	$2,222,851	$2,309,476	$2,400,433	$6,932,760
Smart Thermostats	$500,000	$500,000	$0	$1,000,000
Marketing & Outreach	$750,000	$750,000	$500,000	$2,000,000
Total Incremental Funding	$51,656,934	$50,994,484	$49,394,292	$152,045,710

Revised Budget for Additional Treated Units:

The budget for the "Additional Treated Units" has been reduced from $180,308,883 to $142,112,950. This new budget was derived based on the following:

- SoCalGas' request of $180,308,883 to fund measures to treat additional units would bring the average energy efficiency measures budget to $1200 per household.
- SoCalGas spent approximately $772 on energy efficiency measures installed per household treated in 2017. This average combines both first time enrollments and retreatments.
- Resolution G-3532 approved an average energy efficiency measures budget of $1,175 per household for program year 2020 with the expectation that a majority of the households treated would be first time treatments.
- SoCalGas' revised household treatment goals for program years 2018-2020 include 517,562 households, with 78% being first time treatments, and 22% retreatments.
- The revised budget approves a $1,175 energy efficiency measures budget per household for the first time enrollments (based on Resolution G-3532's approved 2020 energy efficiency measures budget) and a $772 budget per household for retreatments (based on 2017's actual energy efficiency measures expenditure). This totals an additional $142,112,950 needed to treat the newly proposed goals. Since the 2017 average includes both first time treatments and retreatments, and we expect that investments in retreated households would generally be lower than a first time treatment, Energy Division finds this budget to be sufficient.

Also, since we have increased SoCalGas' household treatment goals, the program savings goals have also been adjusted accordingly, (as the previous savings targets were based on the previous household treatment goals).

NEW ESA Savings Goal				
	2018		2019-2020	
Utility	Annual Utility Portfolio-Wide Electric Savings Target (GWh)	Annual Utility Portfolio-Wide Natural Gas Savings Target (MM Therms)	Annual Utility Portfolio-Wide Electric Savings Target (GWh)	Annual Utility Portfolio-Wide Natural Gas Savings Target (MM Therms)
Goal Per Resolution G-3532	-	4.6		4.83
New Goal		6.54		6.87

Revised Budget for Smart Thermostats:

The Smart Thermostats pilot budget has been reduced from $3,837,281 to $1,000,000. Rather than providing this measure to all first time households as proposed by SoCalGas, we will authorize SoCalGas to move forward with piloting this measure consistent with what has been authorized for the three electric utilities in D.16-11-022, and subsequently D.17-12-009[4]. SoCalGas shall focus this pilot on high energy usage or high energy burden CARE households. Within 30 days of this letter, SoCalGas shall submit a Tier 1 Advice letter detailing out the pilot's implementation and evaluation plan with a 2 year budget of $1M. SoCalGas shall also refer to the three electric utilities' Programmable Communicating Thermostat ALs[5] as well as the ED's dispositions of those ALs as guidance.

Total Approved Budget:

Lastly, with a total budget approval of an additional $152,045,710, the clear plan can be implemented with the remaining 2012-2016 unspent funds without having to utilize 2017 unspent funds. Any remaining unspent funds not authorized in this disposition or approved subsequently, shall be used to offset the program collections that would otherwise have been required.

SoCalGas' Approved ESA Program Budgets				
	2018	2019	2020	2018-2020
Approved ESA Program Budget Per Resolution G-3532	$147,148,654	$156,588,878	$166,951,014	$470,688,546
Additional Funding Approved Per Non-Standard Disposition of AL 5256	$51,656,934	$50,994,484	$49,394,292	$152,045,710
Total ESA Budget Approved	$198,805,588	$207,583,362	$216,345,306	$622,734,256

[4] On December 14, 2017, the Commission issued D.17-12-009 to replace D.16-11-022 in its entirety. SoCalGas shall refer to Attachment 1, Appendix A of D.17-12-009 and set their pilot plan within those parameters.

[5] PG&E AL 5242-E, SCE AL 3753-E, and SDG&E AL 3197 E/2655-G.

Energy Division expects that with the approval of the Clear Plan and associated incremental budget, SoCalGas will meet their 2020 goals.

Sincerely,

(for)

Edward Randolph
Director, Energy Division
California Public Utilities Commission

cc: Ray Ortiz, Southern California Gas Company
Alison LaBonte, Energy Division
Syreeta Gibbs, Energy Division

PUBLIC UTILITIES COMMISSION
505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

May 9, 2018

Advice Letter 5278-G

Ronald van der Leeden
Director, Regulatory Affairs
Southern California Gas
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

SUBJECT: Schedule No. G-CPS March 2018 Cash-Out Rates.

Dear Mr. van der Leeden:

Advice Letter 5278-G is effective as of April 4, 2018.

Sincerely,

Edward Randolph

Edward Randolph
Director, Energy Division

Ronald van der Leeden
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.2009
Fax: 213.244.4957
RvanderLeeden@semprautilities.com

March 14, 2018

Advice No. 5256-A
(U 904 G)

Public Utilities Commission of the State of California

Subject: Supplement - Low Income ESA Program Clear Plan Pursuant to Resolution G-3532

Southern California Gas Company (SoCalGas) hereby requests California Public Utilities Commission (Commission) approval of the Energy Savings Assistance (ESA) Clear Plan as directed in Resolution (Res.) G-3532.

Purpose:

This submittal complies with Ordering Paragraph (OP) 8 of Res. G-3532 directing SoCalGas to submit a Tier 2 Advice Letter setting forth a clear plan and supplemental budget proposal within 60 days to use remaining unspent funds, if necessary, to treat the remaining untreated population and propose new retreatment estimates as warranted.

SoCalGas accordingly provides this ESA Program Clear Plan (Clear Plan), which lays out program energy savings goals and budgets per the directives in Decision (D.) 17-12-009 including program costs for approved measures, penetration goals, marketing and outreach, and other related factors.

As part of this proposal, SoCalGas herein requests, in compliance with D.17-12-009, OP 135, authority to exceed the 25% annual carry-forward cap and to carry forward all 2017 unspent funds within this program cycle.

This supplemental Advice Letter replaces in its entirety Advice No. 5256, Low Income ESA Program Clear Plan Pursuant to Res. G-3532. This summplental submittal corrects a minor addition error in the annual budget request, and associated household treatment estimates. The total budget request is unchanged.

Background:

On November 18, 2014, SoCalGas filed Application (A.) 14-11-011 (herein referred to as A.14-11-007 et. al.) for the 2015-2017 California Alternate Rates for Energy (CARE) and ESA Program cycle. On November 21, 2016, the Commission issued D.16-11-022 approving the 2015-2017 CARE and ESA Program Applications of the Investor-Owned Utilities (IOUs).[1]

Pursuant to D.16-11-022, SoCalGas submitted its CARE/ESA Program conforming AL 5111-A on April 4, 2017. Energy Division (ED) staff requested additional information[2] after their initial review, and SoCalGas submitted its supplemental conforming AL 5111-B addressing questions raised by ED staff.

On December 14, 2017, the Commission issued Res. G-3532 approving SoCalGas' conforming Advice Letter submittals. This Resolution ordered SoCalGas "to file a Tier 2 Advice Letter setting forth a clear plan and supplemental budget proposal within 60 days to use remaining unspent funds, if necessary, to treat the remaining untreated population and propose new retreatment estimates as warranted."[3]

On February 12, 2018, in compliance with OP 8 of Res. G-3532, SoCalGas submitted AL 5256. SoCalGas recognized incorrect values were referenced in the Advice Letter and tables. At the direction of Energy Division, SoCalGas submits AL 5252-A, which replaces AL 5256 in its entirety, with revised values.

Discussion

Res. G-3532 requires that SoCalGas set forth in this Advice Letter a "clear plan" to "treat the remaining untreated population." The willing members of the "remaining untreated population" numbered 442,184 as of the end of 2016, as calculated in AL 5111-B and adopted in Res. G-3532. This calculation was based on the existing Commission-adopted methodology and parameters, including the Commission's determination in D.16-11-022 that 60% of eligible customers not yet treated by SoCalGas or the Low-Income Home Energy Assistance Program (LIHEAP) as of the end of 2015, were willing to participate. Pending finalization of its 2017 Low Income Programs annual report, SoCalGas estimates that, based on these calculations, it has treated for the first time approximately 40,000 households in 2017, meaning that roughly 402,000 customers remain to be treated in 2018-2020.

As referenced in Res. G-3532, the requirement that the remaining untreated population be treated by no later than 2020 is a result of Public Utilities Code Section 382(e), which includes:

---

[1] The IOUs consist of SoCalGas, San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), and Pacific Gas & Electric Company (PG&E).
[2] Letter from the Commission's Energy Division dated June 1, 2017.
[3] SoCalGas Res. G-3532, OP 8, p. 29.

> The commission shall, by not later than December 31, 2020, ensure that all eligible low-income electricity and gas customers are given the opportunity to participate in low-income energy efficiency programs, including customers occupying apartments or similar multiunit residential structures.

In prior program cycles, the Commission's approach to achieving this 2020 goal has been to estimate the total number of eligible households, discount that number to account for the rate of “willingness” (recognizing that not all customers given the opportunity to participate will actually do so), and then set IOU treatment goals (and budgets) to make progress toward the resulting treatments at a linear pace.

In the current cycle, the situation has been made more complex by the introduction of “go-back” units, which have their own resource requirements but are not “remaining untreated” and thus cannot be counted a second time toward the 2020 goal. However, the approach to calculating and reaching the 2020 goal has remained the same as in previous cycles.

With less than three years remaining to reach the goal, and three-quarters of the currently identified goal already treated, SoCalGas believes substantive adjustments are needed. These adjustments are outlined in the Clear Plan below.

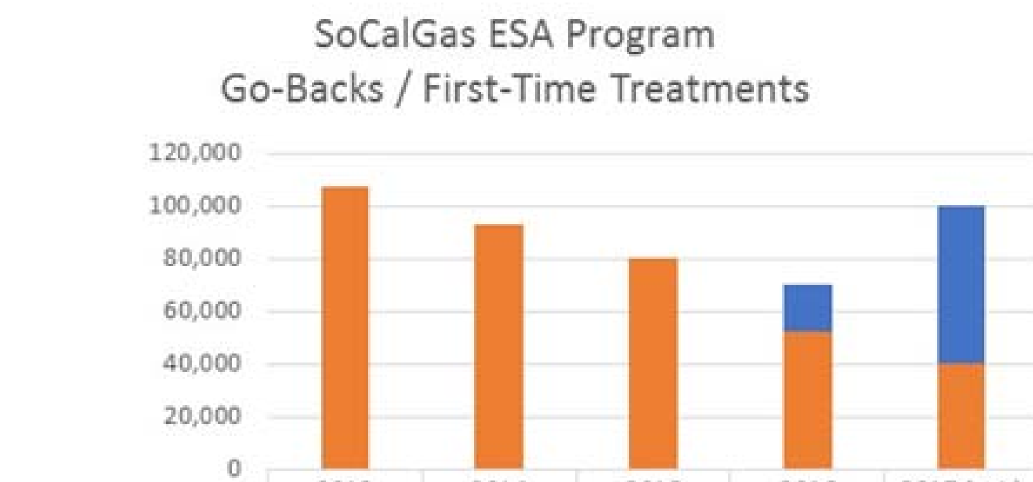
SoCalGas also believes that the approach to meeting the requirement is that “all eligible” customers “are given the opportunity to participate.” Determining when “all eligible” customers have been “given the opportunity” requires the Commission's judgment and interpretation because the adopted number of willing customers is a statistical estimate that is sensitive to several uncertain parameters. The estimate is not highly precise and does not involve identifying the specific homes that are eligible.

An example of the inherent uncertainty in this estimation is the fluid nature of households as they are added to or leave the eligible population at any time due to changes in the income of individuals and population growth. At the assumed rate of population increase, the expectation would be that some 50 eligible homes, most of which are willing to participate in the ESA Program, are added to SoCalGas’ eligible population every day, net of the households that leave the population (perhaps due to changes in income). As SoCalGas attempts to offer the program to each and every member of the eligible population by a certain date while providing ESA Program services to some 200-300 homes per day, identifying and including these new arrivals makes the challenge ever more daunting.

Further, as identified in prior filings and Commission findings, there are various reasons for unwillingness and varying degrees of difficulty in enrolling the willing. As shown by the increasing difficulty of enrolling new, first-time customers that SoCalGas has reported, the point has been reached where incremental enrollments are becoming significantly more difficult to obtain.[4]

Figure 1 below illustrates the increasing challenge of enrolling first-time willing, eligible customers as the remaining number in the service territory declines.

Figure 1



	2013	2014	2015	2016	2017 (est.)
Go-Backs				17,704	60,000
First-time treatments	106,948	92,967	80,316	52,107	40,000

Because contractor resources engaged in enrolling and weatherizing “go-back” units are not available to treat first-time customers, it is possible that first-time treatments in 2016 and 2017 could have been somewhat higher had the “go-back” rule not been initially suspended within the Aliso area and then eliminated altogether in D.16-11-022. However, the downward trend in first-time enrollments seen in Figure 1, which was not impacted by “go-backs” from 2013 through 2015, is primarily a result of the increasing difficulty in locating willing, eligible first-time customers to treat.

In developing the Clear Plan proposed below, SoCalGas relied not only upon its own experience operating and marketing the ESA Program but also the guidance of the Commission, the Commission’s Energy Division, the views of interested parties including those participating in the Multifamily Working Group, and SoCalGas’ enrollment and installation contractors. SoCalGas appreciates the high level of engagement on the part of contractors to find ways to meet the 2020 goal, and their suggestions were incorporated into a significant part of the Clear Plan.

[4] The 2013 Low-Income Needs Assessment (LINA) Study estimated a 52 percent willingness to participate in the ESA Program among non-participants.

SoCalGas' Clear Plan

To give all remaining customers the opportunity to participate, SoCalGas proposes to incorporate all remaining 2012-2016 unspent funds into the current cycle, amounting to $153,078,924 (this figure excludes the $86,474,277 already allocated to the current budget in Res. G-3532), and to carry forward all 2017 unspent funds, estimated to be at least $40 million, in order to implement the following activities:

- Treat 517,563 Customers in 2018-2020

  Treat a total of 517,563 customers over the final three years of the cycle. This consists of 402,184 first-time customers and as many as 115,379 "go-backs." This is an increase of 153,449 homes above the authorized 364,114 total homes treated for the same period in D.16-11-022. This treated unit increase constitutes $144,146,164 of the total proposed budget increase funded from 2012-2016 unspent funds, and additionally will require SoCalGas to carry forward $36,162,719 in 2017 unspent funds, resulting in a total incremental amount of $180,308,883.[5]

- Program Operating Adjustments

  Adjust operating parameters to confirm contractor efforts are geared toward identifying first-time enrollments. These adjustments include needed IT enhancements to provide more effective targeting of contractor activities, and fee adjustments to drive increased first-time enrollments. This incremental measure constitutes $6,932,760 of the total proposed budget increase.

- Smart Thermostats Pilot

  Implement a Pilot to provide smart thermostats to qualifying customers in order to more effectively appeal to first-time customers. This incremental measure constitutes $3,837,281 of the total proposed increase.

- Incremental Marketing and Outreach Efforts

  Develop and implement a systematic process to reach out, individually, to every remaining eligible, untreated customer between now and the end of 2020, a group currently numbering over 800,000 based on Commission-adopted parameters, as part of incremental marketing efforts described below. This effort will verify that every eligible customer has the opportunity to participate in the ESA Program. This incremental effort constitutes $2 million of the total proposed increase.

---

[5] Budget requirements are calculated based on average costs per treated unit for in-home services provided by contractors and supporting nonlabor costs as adopted in Res. G-3532 and totaling $1,150/unit for 2018, $1,174/unit for 2019, and $1,198/unit for 2020 treated units.

By adopting the Clear Plan, SoCalGas believes that every eligible customer will be given the opportunity to participate in the ESA Program by no later than December 31, 2020. If SoCalGas is successful in implementing these provisions, all eligible customers will have had the "opportunity to participate," notwithstanding whether the final total receiving treatment meets or exceeds the estimated number of willing and eligible identified in AL 5111-B.

Budgetary requirements of the proposed activities are summarized in Table 1 below:

Table 1

	2018	**2019**	**2020**	**TOTAL**
Additional Treated Units	$55,994,026	$60,014,847	$64,300,010	$180,308,883
Program Adjustments	$2,222,851	$2,309,476	$2,400,433	$6,932,760
Smart Thermostats	$399,609	$1,677,388	$1,760,284	$3,837,281
Marketing & Outreach	$750,000	$750,000	$500,000	$2,000,000
Total Incremental Funding Requirement	**$59,366,486**	**$64,751,711**	**$68,960,727**	**$193,078,924**
Less carry forward of available funding from 2017 Unspent (estimated)	$13,333,333	$13,333,333	$13,333,334	$40,000,000
Requested budget increase, funded from 2012-2016 unspent	**$46,033,153**	**$51,418,378**	**$55,627,393**	**$153,078,924**
Authorized in G-3532	$147,148,654	$156,588,878	$166,951,013	$470,688,545
New Total Authorized Budget	**$193,181,807**	**$208,007,256**	**$222,578,406**	**$623,767,469**

Table 2 provides a summary of the 2018-2020 budget increase requested by SoCalGas, funded by and allocating all remaining 2012-2016 unspent funds totaling $153,078,924

Table 2

	2018	**2019**	**2020**	**TOTAL**
Appliances	$5,720,926	$6,434,093	$7,024,996	$19,180,016
Enclosure	$10,904,700	$12,264,074	$13,390,398	$36,559,172
Domestic Hot Water	$8,882,350	$9,989,619	$10,907,059	$29,779,028
HVAC	$8,064,803	$9,070,157	$9,903,154	$27,038,114
Maintenance	$668,552	$751,894	$820,947	$2,241,394
Customer Enrollment	$8,180,323	$9,046,487	$9,783,168	$27,009,978
Energy Education	$1,703,738	$1,870,117	$1,994,308	$5,568,163
Energy Efficiency Total	**$44,125,392**	**$49,426,440**	**$53,824,031**	**$147,375,863**
Inspections	$857,762	$941,938	$1,003,361	$2,803,061
Marketing & Outreach	$750,000	$750,000	$500,000	$2,000,000
General Administration	$300,000	$300,000	$300,000	$900,000
TOTAL	**$46,033,153**	**$51,418,378**	**$55,627,392**	**$153,078,924**

Below, each component of the plan is discussed in detail:

Treat 517,563 Customers in 2018-2020

Pending issuance of SoCalGas' 2017 Low Income annual report in May 2018, SoCalGas estimates at least $40 million is unspent in 2017, of which some is proposed to be used for the smart thermostats discussed below. The remaining $36,162,719 is sufficient to treat 30,828 homes. SoCalGas requests, in compliance with OP 134 in D.17-12-009, authority to exceed the 25% carry-forward cap and to carry forward all 2017 unspent funds, as needed, to 2018, 2019, and 2020.

SoCalGas also proposes to allocate $144,146,164 in 2012-2016 unspent funds to further increase the treated goal in 2018-2020. These additional funds are adequate to serve 122,621 treated customers, bringing the total increase to the 2018-2020 treated unit to 153,449.

By increasing treated units, SoCalGas is able to treat all 402,184 remaining first-time customers toward the 2020 goal, while continuing to serve as many as 115,379 "go-backs" during the 2018-2020 period. These adjustments are summarized in Table 3 below:

Table 3

	2018	**2019**	**2020**	**TOTAL**
Total Treated Goal D.16-11-022	115,500	121,275	127,339	**364,114**
Incremental proposed treated units	48,675	51,109	53,665	**153,449**
Total proposed annual treated goal	164,175	172,384	181,003	**517,563**
First-time target	128,190	133,965	140,029	**402,184**
Go-back target	35,985	38,419	40,974	**115,379**
Total proposed annual treated goal	164,175	172,384	181,003	**517,563**

Averaging 38,000 "go-backs" per year over the final three years is a reduction compared with the roughly 60,000 "go-backs" enrolled in 2017. Through program adjustments outlined in this AL, SoCalGas aims not only to preserve the amount of budget necessary to treat as many as 402,184 first-time customers, but also to conserve contractor resources needed to go after first-time customers. Contractor resources including trained outreach personnel, installation crews, and trucks, are limited and can be ramped up only at a gradual rate.

SoCalGas does not expect to reduce "go-backs" below the proposed level. Go-back customers interested in the program must continue to be served, whether they express interest by calling SoCalGas, visiting the web site, are encountered in the process of contractor canvassing efforts, are provided to SoCalGas as leads through coordinated enrollment with SCE or reside within a multifamily building being treated as a whole that includes both first-time and "go-back" tenants.

Program Operating Adjustments

Currently, SoCalGas has the capability to assign specific customer leads to contractors and track enrollments and customer refusals when contractors enter information as required. The system has been geared toward efficient processing of willing customers from lead through payment and not necessarily toward organizing a detailed process of elimination throughout the service territory, which requires emphasizing the tracking of follow-up and final disposition of unwilling customers. As SoCalGas has identified, in prior filings, its process for collecting refusal data has at times left room for improvement.

In addition, as mentioned above, SoCalGas continues to face willingness challenges as a gas-only utility, not only because some customers may find the measures available on the electric side more appealing than gas-saving measures, but also because most customers' gas bills are lower than their electric bills, potentially making them less interested in opportunities to reduce the gas bill.

In order to more effectively operate the program with the purpose of reaching every eligible customer not yet treated, SoCalGas has identified adjustments to program operating procedures and tools integral to the effort of meeting the 2020 goal to address these challenges.

As discussed in SoCalGas' Application[6], SoCalGas has reduced the use of paper in the documentation of its in-home services, and now conducts virtually all enrollments through a mobile platform as of the start of 2018. The platform provides more detailed, accurate, and timely information about enrollment, as well as customer refusals and contact attempts. This information can provide insight valuable to the process of assessing progress and planning the completion of the 2020 goal. Developed in coordination with SCE, the platform also helps to mitigate the duplication of efforts, streamlines the joint enrollment of customers through a single outreacher, and provides leads to and from the partner utility. SoCalGas views this coordination as critical to enrolling customers who might be less interested in enrolling with SoCalGas for the gas-side measures alone (an issue also motivating SoCalGas' development of partnerships with other electric utilities).

SoCalGas will continue to leverage the mobile enrollment capability and to enhance it further, in order to collect more detailed refusal and contact attempt data, and to guide outreacher activity so that unenrolled homes are not missed. Envisioned system enhancements include:

---

[6] A.14-11-011 p. 96.

- Develop the ability to centrally manage customer lists, assign potential customers to contractors, and require contractors to report back on specific customers in the identified set of remaining untreated customers, within geographic groupings. This capability directly supports SoCalGas' proposal to systematically process each member of an identified set of likely eligible customers by the end of 2020.

- Streamline recording of final disposition for all customers contacted, or where contact attempts through various channels were unsuccessful, in a way that is more efficient and easier for outreachers to comply with. This improvement will: 1) support more effective monthly reporting of the number of customers who were given an opportunity to participate but declined or otherwise did not participate, 2) support the systematic process, and 3) will provide information key to planning the ultimate completion of the goal.

- Enable contractors to deliver some measures at the time of enrollment under specific conditions to the extent SoCalGas determines this is necessary and feasible. This adjustment may help to mitigate the lower interest in gas measures among some customers, which may result in SoCalGas' installation crew being unable to schedule a visit after a successful enrollment.

Budget requirements for the IT enhancements described above is estimated at $900,000.

SoCalGas anticipates that in focusing more attention on previously untreated customers and continuing outreach efforts until the customer enrolls or until it becomes clear that the customer is unwilling or not reachable, outreach contractors will need to spend more time that is not currently compensated by enrollment and assessment fees. SoCalGas will provide commensurate compensation to contractors focusing on enrolling first-time customers because of the higher level of difficulty compared with "go-backs." SoCalGas estimates that fee increases needed to compensate contractors for this incremental activity will amount to $6,032,770.

In total, budget requirements associated with the above adjustments to program operating processes are $6,932,760 over the period 2018-2020.

Smart Thermostats Pilot

While the electric utilities are operating under a requirement to pilot use of smart thermostats,[7] this measure also offers a significant energy savings opportunity relative to gas-fired space heating and will increase the program's appeal to first-time customers. As documented in the 2013 LINA study, many of the reasons identified by potential customers for nonparticipation in the ESA Program involve the belief that program offerings are not of value to the customer. As a gas-only utility that cannot provide some of the measures that have higher appeal such as microwave ovens and refrigerators, SoCalGas is particularly affected by this issue. Smart Thermostats, also known as programmable communicating thermostats, offer the potential for an engaging customer

[7] D.17-12-009, OP 147.

experience especially when paired with smartphones while providing savings of up to 11 therms per home.[8]

This Smart Thermostat Pilot will enable SoCalGas to test the uptake of smart thermostats to inform its formal proposal to include the measure in its mid-cycle filing for rollout to its full portfolio. The cost of providing smart thermostats during this pilot in 2018-2020 is $3,837,281.

Incremental Marketing and Outreach Efforts

Incremental to SoCalGas' current marketing and outreach tactics, the Clear Plan to reach all eligible customers by 2020 will utilize newly available customer data. This information is from a leading consumer data company and provides a list of identified SoCalGas households that fall within the program's income eligibility guidelines. There are approximately 800,000 likely eligible households that SoCalGas will geographically target with ESA Program direct marketing and outreach.

SoCalGas' acquired marketing data supports historical eligible customer estimates as identified in prior submittals.

- Conforming AL 5111 indicates that the eligible population as of 2018 is approximately 2.077 million, based on the remaining willing and feasible to participate calculation. SoCalGas has treated approximately 1.176 million unique households through 2017, leaving 901,000 eligible customers, today, that have not received ESA Program services.

- Additionally, 114,000 customer refusals have been reported in 2009-2016. Pending the 2017 Low Income Annual report, the total of customer refusals is approximately 130,000. SoCalGas has further identified that approximately 100,000 of these refusals are current (i.e., the customer who refused is still in the same home and is therefore removed from the target list).

- This leaves a total of 801,000 eligible customers that as of today have not been treated and have not refused the program. This figure corresponds very closely to SoCalGas' review of customer-level marketing data.

- SoCalGas, using household-level marketing data, has identified 800,000 homes that are considered highly likely to be eligible for the program based on estimates of household income and number of members of the home.

- SoCalGas proposes to systematically target each member of the identified set of 800,000. For each home, SoCalGas will contact the customer through multiple channels until an enrollment or refusal is recorded. Successive contacts would be attempted through the following channels:

[8] SCE 17HC054 work paper.

- E-mail
- Phone/AVM
- Printed materials
- In-person visit
- Door hangers

If a customer is deemed unresponsive after multiple attempts, SoCalGas will classify that customer as unwilling to participate in the program. SoCalGas anticipates that population changes over the period 2018-2020 will add as many as 60,000 likely eligible customers, in line with population growth estimates the Commission has adopted for the ESA Program. SoCalGas will periodically review customer-level data to find additional untreated, likely-eligible homes to add to the set of customers for this focused the marketing and outreach effort.

Over the next three years SoCalGas will use data to contact customers with a three-pronged approach: Email, Phone, and Print. All communications will also be coordinated with contractors to allow for in person canvassing. SoCalGas will track all communication attempts to ensure each customer is given multiple opportunities to participate in the program. ESA Program contractors have expressed an interest in receiving customer lists that match their service areas and contract allocations. Therefore, SoCalGas will provide canvassing lists to contractors that coordinate with email, phone, and print touchpoints. Marketing deployments will be based on geographically contiguous areas and contractor's ability to handle the workload.

SoCalGas will continue its traditional marketing and outreach efforts in addition to this enhanced effort focused on the untreated population.

Conclusion

Based on the information provided herein, SoCalGas requests that its revised ESA Program budgets be approved in order to implement the directives in Decision 17-12-009.

Protests

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. At the direction of the Commission's Energy Division, SoCalGas respectively requests that the protest must be made in writing and received by March 19, 2018, which is five days after the date of this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attn: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Ray Ortiz
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-4957
E-mail: ROrtiz@SempraUtilities.com

Effective Date

SoCalGas believes that this submital is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. Therefore, SoCalGas respectfully requests that this Advice Letter become effective for service on April 13, 2018, which is 30 calendar days from the date submitted.

Notice

A copy of this Advice Letter is being sent to SoCalGas' GO 96-B service list and the Commission's service list in A.14-11-011. Address change requests to the GO 96-B service list should be directed by electronic mail to tariffs@socalgas.com or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at Process_Office@cpuc.ca.gov.

Ronald van der Leeden
Director - Regulatory Affairs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY
ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:
☐ ELC ☒ GAS
☐ PLC ☐ HEAT ☐ WATER

Contact Person: Ray B. Ortiz
Phone #: (213) 244-3837
E-mail: ROrtiz@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 5256-A

Subject of AL: Supplement - Low Income ESA Program Clear Plan Pursuant to Resolution G-3532

Keywords (choose from CPUC listing): Energy Efficiency

AL filing type: ☐ Monthly ☐ Quarterly ☐ Annual ☒ One-Time ☐ Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

Resolution G-3532

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL[1]: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? ☐ Yes ☒ No

Tier Designation: ☐ 1 ☒ 2 ☐ 3

Requested effective date: 4/13/18

No. of tariff sheets: 0

Estimated system annual revenue effect: (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed[1]: N/A

Pending advice letters that revise the same tariff sheets: None

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Ave.,
San Francisco, CA 94102
EDTariffUnit@cpuc.ca.gov

Southern California Gas Company
Attention: Ray B. Ortiz
555 West 5th Street, GT14D6
Los Angeles, CA 90013-1011
ROrtiz@semprautilities.com
Tariffs@socalgas.com

[1] Discuss in AL if more space is needed.