PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Agenda ID #23987

ENERGY DIVISION **RESOLUTION E-5448**
February 26, 2026

R E S O L U T I O N

Resolution E-5448. San Diego Gas & Electric Company Additional Administrative Budget for Family Electric Rate Assistance Program

PROPOSED OUTCOME:

- Approves with modifications San Diego Gas & Electric Company's (SDG&E) request for an increase in its Family Electric Rate Assistance (FERA) program administrative budget to implement new Senate Bill 1130 eligibility requirements, from the currently authorized amount of $640,368 in 2026 to $1,045,868 in Program Year 2026.
- Denies the request of SDG&E for additional FERA administrative budget in Program Year 2025.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- Authorizes $405,500 in Program Year 2026 for SDG&E in ratepayer costs for implementation of SB 1130.

By Advice Letter 4646-E, filed on April 25, 2025.

SUMMARY

This Resolution approves with modifications San Diego Gas & Electric Company (SGD&E) Advice Letter (AL) 4646-E, which requests an increase in SGD&E's Family Electric Rate Assistance (FERA) program administrative budget in 2025 and 2026 to implement new FERA program eligibility requirements in compliance with Senate Bill (SB) 1130 (Bradford, 2024). This AL was filed in response to a letter from Energy

Division on March 26, 2025 which directed SDG&E to submit a Tier 3 AL requesting additional FERA administrative funding to implement SB 1130, if needed.[1]

On April 25, 2025, SDG&E filed Tier 3 AL 4646-E requesting approval for an increase in its FERA administrative budget of $463,215 in 2025 and $381,059 in 2026 within the cost categories of Information Technology (IT), Marketing, Education and Outreach (ME&O), Processing & Recertification, and Post Enrollment Verification (PEV). SDG&E is requesting incremental budget to implement SB 1130, which expands program eligibility for the FERA program, authorizes the Investor-Owned Utilities (IOUs) to create a standalone FERA application form, and authorizes the IOUs to market FERA enrollment separately from the California Alternate Rates for Energy (CARE) program.

This resolution approves with modification AL 4646-E, approving additional FERA administrative budget only for program activities that support compliance with mandatory requirements of SB 1130. This resolution denies SDG&E's requested budget to create a standalone FERA application form, which is allowed by SB 1130 but not required.

SDG&E has demonstrated that the request for additional budget for program activities that are statutorily required is reasonable and justified due to the projected increase in IT, ME&O, Processing & Recertification, and PEV costs that scale with the increased size of the eligible and enrolled population. As such, SDG&E's budget request is approved with modifications resulting in a budget increase of $405,500 in Program Year 2026. A total of $219,675 to create a standalone FERA application, budgeted across 2025 and 2026, is denied because it is not required by SB 1130, it is costly, and there is a lack of evidence that it will increase enrollment.

No additional budget is authorized in Program Year 2025.

BACKGROUND

On September 29, 2024, SB 1130 (2024) was chaptered by the Secretary of State, which amended Section 739.12 of the Public Utilities (Pub. Util.) Code related to the FERA program to:

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[1] Letter from Leuwam Tesfai, Director of Energy Division, "2025-2026 Annual Income Limits for the California Alternative Rates for Energy (CARE), Family Electric Rate Assistance (FERA), and Energy Savings Assistance (ESA) Programs and the Implementation of Assembly Bill (AB) 2672 and Senate Bill (SB) 1130", March 26, 2025.

- Expand FERA program eligibility by eliminating the requirement that a household consist of three or more persons;
- Authorize the IOUs to market enrollment for the FERA program separately from the CARE program and provide a separate FERA program-only application form;
- Require the large electric IOUs to report on their efforts to enroll customers in the FERA program on March 1, 2025, and each year thereafter;
- Require the Commission to review each IOU's report to ensure it has made reasonable efforts to enroll eligible households in the FERA program by June 1, 2025, and each year thereafter, and if an IOU has not made reasonable effort, require the IOU to develop a strategy and plan to sufficiently enroll eligible households within three years.

On March 26, 2025, a letter from Energy Division directed the electric IOUs to use existing authorized FERA administrative budgets for 2025 and 2026 to implement SB 1130 by June 1, 2025. Since SDG&E had previously indicated to Energy Division that it would require additional funding for IT development and testing due to the changes in the FERA income limits and the optional development of a separate FERA application, the letter directed SDG&E to submit a Tier 3 advice letter requesting additional FERA administrative funding for Program Year 2025 to implement SB 1130, if needed, within 30 days of the issuance of the letter.[2]

On April 25, 2025, SDG&E filed Tier 3 AL 4646-E requesting approval for an increase in its FERA administrative budget of $463,215 in 2025 and $381,059 in 2026 within the cost categories of IT, ME&O, Processing & Recertification, and PEV.

IOUs began accepting FERA applications from newly eligible one- and two-person households as of June 1, 2025.

NOTICE

Notice of AL 4646-E was made by publication in the Commission's Daily Calendar. SDG&E states that a copy of the Advice Letter was mailed and distributed in accordance with General Order 96-B.

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[2] Ibid.

PROTESTS

Advice Letter 4646-E was not protested.

DISCUSSION

The Commission has reviewed the Advice Letter and finds that a portion of SDG&E's requested budget is just and reasonable within the FERA administrative budget cost categories of IT, ME&O, Processing & Recertification, and PEV. SDG&E is requesting approval for incremental budget to the authorized FERA Administrative Budget for 2025 and 2026[3] to implement SB 1130, including billing system enhancements, updates to the interactive voice recognition (IVR) system, development of a new standalone FERA application, remediation of the existing CARE and FERA application, and increased ME&O, Processing & Recertification, and PEV costs associated with a larger FERA-eligible population. The Commission finds that all costs are just and reasonable in Program Year 2026, except for costs related to creation of a standalone FERA application as further described below. Additional budget is denied for 2025. See Table 1 below for a summary of the budget requested by SDG&E in the AL and budget approved in this resolution by year and cost category.

We find SDG&E's explanation of costs related to ME&O, Processing & Recertification, and PEV is reasonable for costs and activities that scale with the increased size of the eligible and enrolled population. SDG&E explained in the AL that the increase in the eligible FERA population (which doubled in size)[4] necessitates additional ME&O costs for ramping up targeted outbound calling, direct mail, statement inserts to increase program enrollment, and Community Based Organization capitation fees; additional Processing & Recertification costs with an increase in FERA applications and additional personnel training and updates to processes; and additional PEV costs due to increased program enrollment. SDG&E has been utilizing most of its authorized FERA administrative budget over the last three years, spending 85% of its total administrative budget in 2023, 106% in 2024, and 85% as of October 2025, while total enrolled households has increased from 12,768 in December 2024 to 17,995 in October 2025.[5]

[3] Decision (D.) 21-06-015 authorized the FERA Program Budgets for Program Year 2021 to Program Year 2026. See Table 1 in this resolution for previously authorized budgets for 2025 and 2026 and SDG&E's requested incremental budget in the AL.
[4] The eligible FERA population was 41,374 in 2024, and 81,019 in 2025 with the addition of 1-2 person households, as reported in the Annual CARE and FERA Eligibility Report.
[5] SDG&E Annual and Monthly FERA Program Reports.

We note that SDG&E has not achieved its FERA enrollment goals during the 2021–2026 program cycle, concluding 2024 with an enrolled rate of 31% as compared to its program goal of 60%. While we would have expected SDG&E to be utilizing a smaller portion of its total administrative budget given that its enrollment rate is well below the enrollment goal, we note that SDG&E has been fund-shifting between administrative cost categories each program year to cover larger than forecasted administrative costs for ME&O, Processing & Recertification, and PEV. Since Program Year 2023, SDG&E has been spending more than 100% of its authorized budgets in each of these three administrative cost categories; in Program Year 2024, SDG&E spent 126% of its ME&O budget, 176% of its Processing & Recertification budget, and 1,528% of its PEV budget.[6] If SDG&E continues to increase FERA enrollment, it is reasonable to forecast that ME&O, Processing & Recertification, and PEV costs will continue to increase.

SDG&E explained in a response to a data request from Energy Division that it is requesting incremental budget for ME&O to support an increased FERA-eligible population and additional marketing costs for targeted outbound calling, noting that the contractor for the outbound calling campaign has been successful in enrolling 2,000 FERA enrollments in Q4 2024 and over 4,000 new enrollments in 2025 as of July 2025.[7] The Commission appreciates SDG&E's efforts to ramp up FERA enrollment, especially as the number of eligible households roughly doubled in size with SB 1130, but more information and transparency is warranted regarding the outbound calling campaign's performance in enrolling eligible households and overall cost-effectiveness. We expect that SDG&E will work with Energy Division to update its FERA Annual Report template to include information on performance and cost-effectiveness of the outbound call campaign contract in its annual FERA Program Report, beginning with the 2025 Annual Report, including but not limited to the following metrics:

- Number of households contacted by the contractor;
- Number of households enrolled in FERA with support from the contractor, and of those households, how many were previously enrolled in FERA or CARE;
- Success rate (Number of households enrolled in FERA with support from the contractor / Number of households contacted by the contractor) by month;
- Number of FERA households enrolled with support from the contractor that were later de-enrolled during recertification or PEV.

We deny SDG&E's request for funding to create a new FERA application form, totaling $219,675 within the cost categories of IT and ME&O. due to concerns about effectiveness

[6] Fund shifting rules established in D.21-06-015 allow for IOUs to fund shift within its FERA administrative budget between budget categories within the program year.
[7] Response to data request from CPUC Energy Division to SDG&E, sent July 29, 2025.

in increasing enrollment, high projected costs, and low cost-effectiveness. Because SB 1130 does not require IOUs to create a standalone form, approval of this funding is not mandatory for implementation of SB 1130.[8]

Energy Division sent a data request to SDG&E on the total cost to create a standalone form and for additional information on its strategy to increase FERA enrollment with a standalone application. SDG&E explained that there is customer confusion between the CARE and FERA programs, and that offering a standalone FERA application and marketing can encourage more accurate self-selection by applicants and alleviate customer confusion by helping customers distinguish between the programs, have consistent messaging regarding FERA eligibility requirements and benefits, and streamline the identification and enrollment of eligible households.[9] SDG&E also provided the total cost of creating a standalone FERA application, totaling $219,675 within the IT and ME&O cost categories in 2025 and 2026. While a standalone FERA application and marketing may help reduce confusion for some FERA-eligible customers, this change may also create customer confusion, such as for CARE-eligible customers that receive a FERA application form and circulating to customers both a combined CARE and FERA application and a standalone FERA application. Without sufficient evidence that the standalone application will yield measurable success in new enrollments, the high cost to create a new application form is not reasonable.

We also note that while SB 1130 allows the option to create a standalone FERA application form, IOUs are not required to do so by statute. Although SB 1130 allows the IOUs to create a separate FERA application form, statute still requires the IOUs to provide a combined application form for both the CARE and FERA programs.[10] In alignment with statute, SDG&E may utilize its existing FERA budget to create a standalone application. Should SDG&E decide to move forward with creating a standalone FERA application, we expect that SDG&E will work with Energy Division before implementation to share more information about how the standalone application will be implemented, how it will continue to have strong coordination with the CARE program, how success of this new effort will be tracked, and how the program is managing the customer experience concerns noted above.

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[8] P.U. Code Section 739.12(d)(1)(4): "An electrical corporation may market enrollment for the FERA program separately from the CARE program and provide a separate FERA program-only application form."

[9] SDG&E response to Energy Division Staff data request submitted on June 19, 2025, Question 3.

[10] Public Utilities (P.U.) Section 739.1(f)(2) mandates that the IOUs provide a single application form for both the CARE and FERA programs. P.U. Code Section 739.12(d)(1)(4) allows the large electric IOUs to offer a separate FERA application form.

We find SDG&E's explanation of costs related to IT is reasonable, minus costs related to a standalone FERA application as noted above. SDG&E explained in the AL that there is IT work related to billing system enhancements and remediation of the combined CARE and FERA application needed to implement SB 1130 and the change in eligibility requirements. Work includes development, testing, and implementation of billing system enhancements required across multiple system components and roughly 20 forms, as well as updating the Contact Center IVR call flow messaging and programming logic to align with new household eligibility requirements in compliance with SB 1130.[11] SDG&E requested incremental IT budget for both 2025 and 2026, and requested that the IT budget be allowed to fund-shift between program years not to exceed the total requested incremental budget to allow for flexibility in development. Additional administrative budget is only authorized for 2026, however, since the IT projects proposed in the AL span across the two years, beginning in 2025 and ending in 2026, we are authorizing the total incremental budget requested in both 2025 and 2026 as additional authorized IT budget for Program Year 2026.

It is reasonable to authorize administrative budget to the FERA program, incremental to the budget authorized in Decision (D.) 21-06-015 for Program Cycle 2021–2026, in the cost categories of ME&O, Processing & Recertification, PEV, and IT at the following levels (Table 1). A total incremental budget of $405,500 is authorized during 2026 for the FERA Administrative budget in cost categories noted in Table 1. Incremental budget requested for 2025 is denied.

Table 1: FERA Authorized, Requested, and Approved Budgets for 2025 and 2026

	2025			2026		
	Previously Authorized Budget	**Requested Incremental Budget**	**Approved Incremental Budget**	**Previously Authorized Budget**	**Requested Incremental Budget**	**Approved Incremental Budget**
ME&O	$372,021	$250,000	$0	$375,741	$250,000	$246,000
Processing & Recertification	$14,482	$50,000	$0	$15,061	$50,000	$50,000
PEV	$1,069	$19,442	$0	$1,122	$19,442	$19,442
Information Technology	$56,275	$143,773	$0	$57,963	$61,617	$90,058*
Total	**$443,847**	**$463,215**	**$0**	**$449,887**	**$381,059**	**$405,500**

[11] SDG&E response to Energy Division Staff data request submitted on June 19 and July 29, 2025.

*Approved incremental IT budget in 2026 is larger than requested because it is the sum of the requested 2025 and 2026 IT budgets minus the requested budget to create a standalone FERA application.

SDG&E's request to fund-shift between 2025 and 2026 within the IT budget is moot since there are no additional IT costs being authorized for 2025. We reaffirm that fund-shifting rules for the 2021–2026 program cycle established in D.21-06-015 allow for fund-shifting between budget categories only within the program year in the FERA administrative budget.[12]

COMMENTS

Public Utilities Code section 311(g)(1) provides that this Resolution must be served on all parties and subject to at least 30 days public review. Any comments are due within 20 days of the date of its mailing and publication on the Commission's website and in accordance with any instructions accompanying the notice. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

FINDINGS AND CONCLUSIONS

1. A letter from Energy Division on March 26, 2025 directed San Diego Gas & Electric (SDG&E) to submit a Tier 3 Advice Letter (AL) requesting additional Family Electric Rate Assistance (FERA) Program administrative funding to implement Senate Bill (SB) 1130, if needed, within 30 days of the issuance of the letter.

1. SDG&E filed Tier 3 AL 4646-E on April 25, 2025 requesting an increase in funding to its FERA administrative budget for 2025 and 2026 for cost categories IT, ME&O, Processing & Recertification, and PEV.

2. SB 1130 allows the electric IOUs the option to create a standalone FERA application form, but statute does not require them to create a separate application form.

[12] D.21-06-015, Ordering Paragraph 181

3. Additional reporting on the FERA outbound call campaign in SDG&E's FERA Annual Report is reasonable for transparency of performance and cost-effectiveness of SGD&E's contract.

THEREFORE IT IS ORDERED THAT:

1. The request of San Diego Gas & Electric (SDG&E) to increase its incremental funding in the Family Electric Rate Assistance (FERA) program administrative budget, as requested in Advice Letter 4646-E, is denied in Program Year 2025 and modified to $405,500 in Program Year 2026.

2. SDG&E must include additional information about the performance and cost-effectiveness of the outbound call campaign contract in its FERA Annual Report, beginning for 2025, per the reporting template to be developed and issued by Energy Division staff.

This Resolution is effective today.

The foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on February 26, 2026; the following Commissioners voting favorably thereon:

Commissioner Signature blocks to be added upon adoption of the resolution

Dated ______________________________, at <Voting meeting location>, California
(EDTU will fill-out the date and location)