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Witnesses:	J. McMillan J. Nham E. Salazar



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Testimony Supporting Southern California Edison Company's California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) Programs and Budgets for Program Years 2028-2033

Before the
Public Utilities Commission of the State of California

Rosemead, California
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Southern California Edison's Testimony in Support of Energy Savings Assistance (ESA) Program and Budget for Program Years 2028-2033 – SCE-03

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I.

EXECUTIVE SUMMARY

Southern California Edison (SCE) submits this testimony in support of its application to continue and enhance its California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs for the 2028–2033 program cycle. These programs provide critical bill discounts to low- and moderate-income customers, supporting energy affordability across SCE's service territory. CARE offers a 32.5 percent discount to qualifying low-income households, while FERA provides an 18 percent discount to moderate-income households.

Recent legislative changes have expanded program eligibility and introduced structural reforms. Assembly Bill (AB) 2672 extends CARE eligibility to residents of Project Homekey (Homekey) funded housing.[1] Senate Bill (SB) 1130 removes the minimum household size requirement for FERA, allowing one- and two-person households to qualify.[2] AB 205 introduces the income-graduated Base Services Charge (BSC), effective November 2025, aligning fixed charges with verified income levels.[3] These changes are expected to increase program visibility and participation, particularly among newly eligible populations.

To address persistent enrollment challenges, high subscription rates in CARE and low subscription rates in FERA, SCE proposes transitioning to upfront eligibility for all new and re-enrolling participants. This replaces the current self-attestation model and aligns CARE and FERA with best practices in public benefit programs. Upfront eligibility will strengthen program integrity by only directing benefits to eligible households and minimizing the potential risk of ineligible customers participating through self-certification. It will improve administrative efficiency through standardized processes, automation, and digital tools. It will support affordability by reducing subsidies to ineligible

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1 AB 2672 amends PUC Section 739.1(i), *available at* https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC&sectionNum=739.1.

2 *See,* SB 1130, *available at* https://legiscan.com/CA/text/SB1130/id/3022224.

3 AB 205 *available at* https://legiscan.com/CA/text/AB205/id/2600089.

CARE and FERA customers by up to an estimated $647 million over the cycle and lowering the overall rate impact for non-participating customers.

The transition to upfront eligibility is scheduled to begin in 2028, with full implementation starting in 2029. One year is a reasonable time-period to deliver a comprehensive rollout strategy, including multilingual education campaigns, community engagement, and system upgrades. SCE is planning for AI-powered virtual assistants and enhanced digital platforms to guide customers through the verification process, while in-person and phone-based support will remain available for those who prefer them. SCE also proposes that capitation agencies[4,5] receive increased compensation to reflect the added work required under the new upfront eligibility model.

To support increasing FERA participation, SCE will launch a standalone FERA application form to simplify enrollment and establish a formal agreement with a third-party agency to conduct targeted canvassing, complementing existing capitation agency services and expanding outreach in underserved communities. SCE also proposes a standardized three-year re-enrollment cycle to replace the current staggered timelines. This change will simplify the customer experience, reduce missed deadlines, and minimize unnecessary de-enrollments.

A multi-channel Marketing, Education, and Outreach (ME&O) strategy will sustain participation and support the transition. This strategy will include customer segmentation and journey mapping, digital and grassroots outreach, geo-targeted campaigns, and experiential marketing. These efforts will be data-driven and tailored to hard-to-reach communities, supporting equitable access, and minimizing enrollment barriers.

SCE's proposed enrollment goals include maintaining a 92 percent participation rate among eligible CARE customers and gradually increasing the FERA participation target from 20 percent in 2028 to 30 percent by 2033, reflecting realistic participation levels based on historical trends

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4 Capitation agencies are local or community-based organizations that partner with utilities to assist eligible households with CARE and FERA applications. Section III.A.2.f SCE-03 outlines the critical function of capitation agencies in outreach and enrollment support for vulnerable communities.

5 SCE (n.d.). CARE & FERA Capitation Fee Program, *available at* https://www.sce.com/save-money/income-qualified-programs/care-fera/capitation-fee-program.

and structural program limitations. To achieve these goals, SCE requests an administrative budget of $86.6 million for CARE and $20.7 million for FERA cumulatively over the 2028-2033 program cycle. The funding will support SCE's outreach, eligibility verification systems, capitation agency support, IT enhancements, and AI-powered tools.

SCE will continue coordinating CARE and FERA with other income-qualified programs, such as Energy Savings Assistance (ESA), Arrearage Management Plan (AMP), Medical Baseline (MBL) and Low Income Home Energy Assistance Program (LIHEAP), and the Concurrent Application System (CAS) will streamline enrollment across multiple programs.

SCE's proposals, as described in this testimony, reflect a customer-centric approach to improving program integrity, administrative efficiency, and affordability. By aligning CARE and FERA with best practices in public benefit administration, SCE aims to support benefits reaching households that are eligible, while maintaining public trust and regulatory compliance.

II.

INTRODUCTION

In this exhibit, SCE summarizes its proposed CARE program for the program cycle 2028-2033. This includes program goals, modifications to design and delivery, ME&O, and budget necessary to maintain the California Public Utilities Commission's (Commission or CPUC) 92 percent CARE enrollment goal, as well as the funding needed to support the Community Help and Awareness of Natural Gas and Electric Services (CHANGES) program. SCE also summarizes its proposed FERA program including modifications to design and delivery, ME&O, and budget needed to meet its proposed 30 percent goal by 2033.

A. CARE Program Background

The CARE program was established under California Public Utilities Code § 739.1, which directed California Investor-Owned Utilities (IOUs) to provide discounted electric bill assistance to qualifying low-income customers. In 1989, Decisions (D.) 89-07-062 and D.89-09-044 adopted these bill discounts under the name Low-Income Rate Assistance program. CARE has kept essentially the same structure since then, with incremental improvements made over the years. The CARE program offers bill discounts to low-income households in SCE's service area, based on income up to 200 percent of the Federal Poverty Guidelines (FPG)[6] or if the customer is enrolled in a qualifying categorical (Public Assistance) program as described in further detail in Section III.B of this Exhibit SCE-03. It assists with single-family homes, multifamily homes, sub-metered facilities, nonprofit group homes, transitional housing, agricultural employee housing, and migrant farm worker housing. Participants can save 32.5 percent[7] on their monthly electricity bills. The CARE program is funded by

[6] Cal. Pub. Util. Code § 739.1(a).

[7] Effective 01/01/2025; adjustments as a result of recalculations as mandated by AB 205.

non-participating ratepayers as part of a statutory public purpose program surcharge included in monthly utility bills.[8]

On June 3, 2021, among other key directives, D.21-06-015 approved SCE's CARE program structure and funding for the 2021-2026 program cycle (current cycle), authorizing a cumulative $54.8 million administrative budget.[9] SCE's cumulative forecasted CARE subsidy amount for 2021-2026 was approximately $2.477 billion.[10][11] The Commission set an average CARE enrollment goal of 90 percent eligible population for SCE over the 2021-2026 program cycle.[12] Throughout the 2021-2026 program cycle, SCE consistently exceeded its Commission approved CARE enrollment goal.[13] This achievement was, in part, due to a combination of SCE's targeted outreach, simplified enrollment processes, and partnerships with community-based organizations (CBOs). In the current program cycle, SCE also implemented several enhancements to improve customer experience. These improvements included upgrading the online enrollment platform and Interactive Voice Response (IVR) system to produce a more user-friendly experience and enhancing application forms to be scannable, which helps streamline document review and processing. In recent years, SCE's CARE participation rates have continually been surpassing 100 percent of the eligible population, indicating that there may be customers receiving CARE benefits that are not income-qualified to receive them. In 2024, CARE customers received an average monthly bill discount of $53 for electricity usage. [14] From 2021 through August 2025,

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8 Cal. Pub. Util. Code § 382.

9 AL 4536-E approved SCE's revised CARE Budget to $54.8 million.

10 D.21-06-015, Table 6, p. 87, which reflects SCE's forecasted CARE subsidy.

11 The CARE subsidies are statutorily defined and are reviewed annually through SCE's Energy Resource Recovery Account (ERRA) proceeding.

12 D.21-06-015, Ordering Paragraph (OP) 4, p. 472.

13 For Program Year (PY) 2024, CARE penetration rate was 104%, *SCE's Annual ESA, CARE, and FERA Report for 2024*, p. 86; For PY 2023, CARE penetration rate was 98%, *SCE's Annual ESA, CARE, and FERA Report for 2023*, p. 1; For PY 2022, CARE penetration rate was 91%, *SCE's Annual ESA, CARE, and FERA Report for 2022*, p 60.

14 SCE's Annual ESA, CARE, and FERA Report for 2024, p. 86, *available at* https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M565/K498/565498561.PDF.

approximately $3.423 billion in subsidies have been provided to SCE's CARE customers, significantly higher than the originally forecasted $2.477 billion due to higher participation and rate changes.

On September 27, 2024, Governor Newsom signed AB 2672 expanding eligibility for the CARE program by including residents of units funded through the Homekey program, which is California's initiative to provide interim and permanent supportive housing for individuals experiencing homelessness or at risk for homelessness.[15] In June 2025, SCE implemented AB 2672 and operationalized the necessary changes to support enrollment of newly eligible CARE customers through its CARE Expansion Program.[16] SCE's CARE Expansion Program offers a monthly discount on energy bills for qualifying non-profit group living facilities, including those furthering efforts to provide stable housing solutions and support to vulnerable populations.[17]

As of August 2025, 1,335,829 customers were enrolled in SCE's CARE program, exceeding the estimated eligible population of 1,284,448 and representing 104 percent of the estimated eligible population.[18] In addition, CARE rate subsidies are projected to be approximately $1.035 billion in 2025, and are expected to reach approximately $1.119 billion in 2028, which supports an estimated enrollment population of 1,358,224. To address the CARE program's trend of CARE enrollment rate exceeding the estimated population, SCE proposes a shift in program delivery to require upfront eligibility, while retaining categorical eligibility pathways as described in further detail in Section III.

B. FERA Program Background

The FERA program was established under California Public Utilities Code § 739.12, which authorizes a bill reduction for households with incomes slightly above the CARE income eligibility. On February 26, 2004, the Commission issued D.04-02-057 adopting the FERA program under the name

[15] AB 2672 amends PUC Section 739.1(i), *available at* https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC&sectionNum=739.1.

[16] *SCE's CARE Homekey Group Living Facility Application (App 14-781 PHK, Rev 06/2025) available at* https://www.sce.com/sites/default/files/custom-files/PDF_Files/14-781_PHK_REV_062025.pdf.

[17] SCE's Annual ESA, CARE, and FERA Report for 2024, p. 117.

[18] SCE's Monthly ESA, CARE, and FERA Report for August 2025, p. 41, available at https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M581/K273/581273295.PDF.

Lower-Middle Income Large Household program. It was originally designed to provide energy rate relief to moderate-income households who do not qualify for CARE but still face affordability challenges with larger households of three or more persons.[19] Starting in 2019, FERA offered an 18 percent monthly discount on electric bills to households with incomes between 200 percent and 250 percent of FPG[20] and has been limited to households with three or more individuals.

D.21-06-015 authorized separate FERA program goals and budgets, authorizing a cumulative $8.609 million[21] administrative budget, and set enrollment targets that aimed to reach 70 percent of eligible households by 2026.[22] SCE's cumulative forecasted FERA subsidy amount for 2021-2026 was $242 million.[23,24] Throughout the 2021–2026 program cycle, SCE implemented a variety of targeted strategies to boost enrollment in the FERA program, leveraging diverse outreach channels tailored specifically to FERA-eligible customers. In 2024, SCE achieved a 15 percent penetration rate, with 32,493 households participating in the program. The 2024 program year enrollment total represents an overall increase of approximately 8 percent or 2,396 FERA customers over 2023 enrollment total of 30,397 customers.[25] Despite this growth and increased focus on FERA participation, SCE's FERA program enrollment levels remain substantially below the Commission targets established in D.21-06-015. However, on June 3, 2025, the Commission's Energy Division staff issued an informal notice pursuant to Cal. Pub. Util. Code § 739.12, determining that SCE made reasonable efforts to enroll

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19 D.04-02-057, pp. 2, 35.

20 SB 1135 Amended Pub. Util. Code § 739.12 to increase the FERA discount to 18 percent.

21 AL-4536 E approved SCE's revised FERA Budget to $8.609 million.

22 D.21-06-015 OP 24, p. 476.

23 *Id*., Table 9, p. 112, which reflects SCE's forecasted FERA subsidy

24 Similar to the CARE subsidies, the FERA subsidies are statutorily defined and are also reviewed annually through SCE's Energy Resource Recovery Account (ERRA) proceeding.

25 SCE 2024 FERA Annual Report, p. 27.

eligible households in the FERA program in 2025.[26, 27] On average, in 2024, FERA customers received a monthly bill discount of $33 for electricity usage.[28] From 2021 through August 2025, approximately $60.4 million in subsidies have been provided to SCE's FERA customers.

On September 22, 2024, Senate Bill (SB) 1130 expanded eligibility for the FERA program by removing the minimum household size requirement of three or more people.[29] This change allows one- and two-person households to qualify for the program if their income falls within the FERA eligibility range, significantly increasing the amount of eligible customers in SCE's service area.[30] In April 2025, SCE updated its FERA estimates to reflect the expanded eligible population of one- to two-person households, which substantially increased the FERA eligible population from 211,756 to 357,233 customers.[31] In June 2025, SCE implemented SB 1130 and operationalized the necessary changes to support enrollment of newly eligible FERA customers.[32]

As of August 2025, 35,304 customers were enrolled in SCE's FERA program, representing 10 percent of the estimated eligible population.[33] As described in further detail in Section IV.C of this Exhibit SCE-03, SCE is proposing FERA enrollment goals for the 2028-2033 program cycle that are more closely aligned with achievable participation levels. Like CARE, SCE is proposing a shift in

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26 CPUC ED Staff Informal Notice re: Commission Staff Assessment of Electrical Corporations' Reasonable Efforts to Enroll FERA-eligible Customers, served to A.19-11-003 (June 3, 2025).

27 SB 1130 requires IOUs, including SCE, to report on their efforts to enroll customers in the FERA program by March 1, 2025, and each year after and for the Commission, by June 1, 2025, and each year thereafter, shall review each electrical corporation's report to enroll eligible households in the FERA program pursuant to Pub. Util. Code § 739.12(d)(1)-(2). SCE submitted its 2024 FERA Annual Report in February 2025, which is *available at* https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M557/K609/557609008.PDF.

28 SCE 2024 FERA Annual Report, p. 27.

29 *See,* SB 1130, *available at* https://legiscan.com/CA/text/SB1130/id/3022224.

30 In April 2025, Estimated Eligible Households for FERA increased from 211,756 to 357,233 --- this increase effectively changes the denominator on which the FERA Penetration Rate is calculated lowering SCE penetration rate from 15% down to 9%.

31 On April 15, 2025, PG&E on behalf of the IOUs, filed the Annual Estimates of CARE and FERA Eligible Customers and Related Information. This number reflects estimates of SCE's FERA Eligible Participants for 2025 including newly eligible one- and two- person households.

32 SCE June 2025 Monthly Report, pp. 53-54.

33 SCE September 2025 Monthly Report, p. 56.

program delivery to upfront eligibility verification in 2028-2033 as described in further detail in Section IV.A of this Exhibit SCE-03.

C. Other Legislative Updates

AB 205[34] directed the CPUC to implement an income-graduated fixed charge for electric rates. In May 2024, D.24-05-028 introduced a new Base Services Charge (BSC) for residential customers. Subsequently, Commission Resolution E-5356, approved SCE's implementation of the BSC,[35] which applied to SCE residential customer bills starting in November 2025. This charge is designed to cover grid maintenance costs and aims to make electricity bills more equitable and affordable, particularly for lower-income households. The BSC is applied based on income tiers. The Tier 1 (up to 200 percent federal poverty level or CARE eligible) charge is $6 per month, the Tier 2 (200-250 percent of federal poverty level or FERA eligible) charge is $12 per month, and the charge for all other residential customers is $24 per month.[36] The impact of the new BSC on CARE and FERA enrollments remains uncertain; however, SCE anticipates that customers will be interested in being placed on the lowest possible tier due to its financial benefits. The added visibility of BSC may increase overall awareness and interest in the CARE and FERA programs, as these programs are a gateway to receiving a lower bill. This is further described in Sections III.A and IV.A, respectively, of this Exhibit SCE-03.

D. 2028-2033 CARE and FERA Programs Proposal Summary

This section summarizes proposals for the CARE and FERA programs in the 2028-2033 cycle. The summary describes program activities that SCE proposes to continue from the current cycle and new activities, including the transition to upfront eligibility and re-enrollment. The summary includes proposals that form the key basis of SCE's 2028-2033 CARE and FERA program administration budget request.

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[34] AB 205 *available at* https://legiscan.com/CA/text/AB205/id/2600089.

[35] Resolution E-5356, Implementation of SCE's Income-Graduated Fixed Charges Pursuant to Ordering Paragraph 3(c) of Decision 24-05-028 was adopted on December 19, 2024.

[36] Resolution E-5356, p. 5.

1. CARE and FERA Activities That Will Continue Through 2033

- Maintain Current Cycle Program Eligibility Guidelines and Annual Eligibility Estimate: For the 2028–2033 program cycle, SCE proposes to maintain the current eligibility requirements for both CARE and FERA programs as mandated by statute and described in CARE Section III.B.2 and FERA IV.B.2, respectively, of this Exhibit SCE-03. In addition, SCE proposes to continue utilizing its Eligibility Study through 2033 to support accurate, data-driven enrollment in CARE and FERA programs. To support this effort, SCE requests an annual budget of $56,250 as its cost share, representing 50 percent of the co-funding allocation, with the remaining half funded through ESA. This allocation will enable SCE to maintain the study as outlined in Section III.B.2 of this Exhibit SCE-03.
- Continue to Target Hard to Reach Customers: SCE is committed to equitable access to the CARE and FERA program by focusing on hard-to-reach customers who are eligible but not enrolled due to barriers such as geographic isolation, limited digital access, language differences, or lack of awareness. SCE plans to expand its network of trusted CBOs, thereby increasing capitation support and enhancing multilingual outreach. Targeted strategies will also support sub-metered tenants, including collaboration with property owners and alignment with programs like the ESA Multifamily Program, Comprehensive Manufactured Home Program, and Mobile Home Park Utility Conversion Program. A comprehensive strategy to support hard-to-reach populations is described in Section V.A.5 of this Exhibit SCE-03, as part of the CARE/FERA transition plan to upfront eligibility verification.
- Partnership and Leveraging with Other Assistance Programs: SCE plans to enhance CARE and FERA outreach by partnering with safety-net programs, CBOs, schools, tribal governments, and clean energy initiatives. By aligning efforts with programs like Low-Income Home Energy Assistance Program, (LIHEAP), Arrearage

Management Program AMP, residential programs like Home Energy Reports (HER), and Electric Vehicle incentives, SCE aims for underserved customers to receive timely, multilingual support and bundled benefits. Details of this proposal are provided in Section V.B.1.f of this Exhibit SCE-03 and Exhibit SCE-04.

2. New CARE and FERA Activities for the 2028 – 2033 program cycle

- Transition to Upfront Eligibility: SCE is proposing a redesign that replaces self-attestation with a required submission of documentation to determine upfront eligibility for all new CARE and FERA applicants. For those CARE customers applying through an approved categorical eligibility pathway, proof of participation in qualifying public assistance programs will be required. SCE's CARE and FERA delivery proposals aligned with this proposed transition are described further in Section V.A of this Exhibit SCE-03.
- Standardized Three-Year Re-enrollment: To align with the implementation of upfront eligibility, SCE proposes to replace the existing self-attestation-based recertification processes for the CARE and FERA programs. New CARE and FERA applicants will be provided a standardized three-year re-enrollment cycle, requiring re-verification of eligibility every three years to maintain ongoing program participation. All existing CARE and FERA participants will be required to re-enroll and verify eligibility at their next scheduled recertification, and subsequently every three years thereafter. Eligible customers will remain on CARE, while those unable to meet CARE eligibility, but still fall into FERA eligibility will be automatically enrolled. Ineligible customers will be returned to the standard rate. Details of SCE's proposed CARE and FERA re-enrollment processes are provided in Section III.A.2 and IV.A.2, respectively, of this Exhibit SCE-03.
- Increased Compensation for Capitation Agencies: SCE proposes increasing support and reimbursement rates for Capitation Agencies to better assist customers with

CARE and FERA enrollment, especially those facing barriers such as limited digital access, language challenges, or challenges submitting eligibility requirements. To reflect the added effort needed to find and enroll FERA customers due to narrower eligibility criteria and lower public awareness, SCE proposes raising the enrollment fee from $30 (for CARE and FERA) to $40 for CARE and $60 for FERA. The CARE capitation fee proposal is described further in Section III.A.2 of this Exhibit SCE-03, and the FERA capitation fee proposal is described further in Section IV.A.2 of this Exhibit SCE-03.

- Separate FERA Application and Expanded Outreach: SCE proposes creating a dedicated FERA application form, separate from CARE, to reduce confusion and enable clearer, targeted outreach. This separation aims to improve enrollment accuracy through targeted outreach for FERA-eligible households and streamline the customer experience. As part of this effort, SCE also intends to solicit third-party agencies to canvass and engage FERA-eligible customers, complementing the work of existing capitation agencies. These initiatives aim to improve program participation and are further described in Section IV.A.2.a of this Exhibit SCE-03.
- Enhanced Data Sharing: SCE proposes to enhance data-sharing partnerships with agencies to streamline income verification for program enrollment. This includes sharing indicators of prior verification, categorical eligibility, and ideally, stated income to improve accuracy and reduce administrative burden. SCE also requests continued and increased Commission support in advocating for formal data-sharing agreements with other California agencies administering categorical eligibility programs under CARE. These efforts are aimed at improving customer experience and are further described in Section III.B.2 of this Exhibit SCE-03.

E. 2028-2033 Summary of CARE and FERA Goals and Budgets Summary

This section provides a summary of SCE's proposed goals and budget for CARE and FERA program administration for the 2028-2033 funding cycle.

1. Proposed CARE Goals and Budget

SCE proposes an annual enrollment goal of 92 percent of eligible customers for the upcoming program cycle. To support this goal, SCE requests cost recovery of approximately $86.6 million (Table II-1) in CARE program expenses, which represents an increase of approximately $31 million compared to the total authorized CARE budget for years 2021 to 2026. This increase is primarily driven by two factors: the implementation of the new upfront eligibility process, which is central to SCE's affordability strategy, and the cumulative impact of inflation on program administration and outreach costs. Upfront eligibility is expected to improve program integrity and deliver approximately $686 million in CARE rate subsidy savings over the cycle. A summary of the CARE budget is provided in Table II-1 below, with detailed budget categories available in Section III.G of this Exhibit SCE-03.

Table II-1
Proposed CARE Budget, 2028-2033
($s in Thousands)

Description	2028	2029	2030	2031	2032	2033	Total
CARE Administrative Budget	$14,792	$18,688	$12,442	$12,744	$13,163	$14,766	$86,595
CARE Subsidy Budget	$1,119,133	$1,097,306	$1,085,247	$1,081,523	$1,084,952	$1,141,313	$6,609,473
CARE Administrative + Subsidy Budget	$1,133,925	$1,115,994	$1,097,689	$1,094,266	$1,098,115	$1,156,079	$6,696,068

Note: Totals may not sum due to rounding.

The projected *CARE Subsidy Budget* in Table II-1 represents the statutory discount of 32.5 percent that eligible customers receive on their energy bills. The effective CARE discount, as realized by customers, reflects the total bill relief experienced by CARE participants, including exemptions from certain charges and adjustments. Key drivers of the difference

between statutory and effective discount include exemptions from certain charges, such as the Wildfire Fund Charge, Fixed Recovery Charge, and a reduced Base Services Charge (BSC).[37]

2. Proposed FERA Goals and Budget

For the 2028–2033 program cycle, SCE proposes an increase in the FERA participation goal from 20 percent in 2028 to 30 percent by 2033 and is seeking to recover approximately $20.7 million in program-related expenses. This represents an increase of approximately $12 million compared to the 2021–2026 budget. The FERA budget increase is driven by expanded ME&O activities that support the larger eligible population under SB 1130 and anticipated growth in FERA enrollment. Additional contributing factors include inflationary impacts and the implementation of a new upfront eligibility process. A summary of the FERA budget is provided in the Table II-2 below, with detailed budget categories available in Section IV.F of this Exhibit SCE-03.

Table II-2
Proposed FERA Budget, 2028-2033
($s in Thousands)

Description	2028	2029	2030	2031	2032	2033	Total
FERA Administrative Budget	$3,397	$3,785	$3,146	$3,261	$3,429	$3,686	$20,704
FERA Rate Subsidy Budget	$35,741	$41,372	$46,824	$52,156	$57,421	$65,140	$298,655
FERA Administrative + Subsidy Budget	$39,138	$45,157	$49,970	$55,417	$60,850	$68,827	$319,359

Note: Totals may not sum due to rounding.

[37] The effective CARE discount as of this filing reflects a 40 percent bill reduction for participating customers.

III.

CARE PROGRAM

A. CARE Program Delivery

This section sets forth an overview of the 2021-2026 CARE Program Delivery that is consistent with requirements in D.21-06-015. It also outlines SCE's proposals to transition from self-attestation, where most applicants certify income without documentation, to a process that will require upfront eligibility verification at both enrollment and re-enrollment. In addition, SCE proposes a tiered capitation structure for the 2028–2033 program cycle, offering $40 per CARE enrollment.

1. Overview of 2021-2026 CARE Program Delivery

As approved in D.21-06-015, SCE is currently implementing the CARE program through three primary operational functions: enrollment, recertification, and verification. These workstreams are designed to deliver program benefits efficiently, equitably, and in compliance with CPUC directives.

a) SCE's CARE Enrollment Process

Customers may enroll in CARE through multiple channels, including online applications, mailed paper forms, telephone via Interactive Voice Response (IVR), or automatic enrollment through inter-utility data sharing and participation in qualifying programs such as LIHEAP or ESA. Eligibility is determined either through income qualification, based on Federal Poverty Guidelines, or categorical eligibility via participation in approved public assistance programs. During the current enrollment process, customers are not required to submit documentation verifying their income. Instead, they self-certify that their household income meets eligibility criteria for the CARE program. SCE verifies completeness and eligibility before enrollment is finalized in the system. Sub-metered tenants and group living facilities follow specialized

enrollment procedures, with landlords or property owners required to pass through the discount to eligible tenants.

b) SCE's CARE Recertification Process

Individuals enrolled in CARE must recertify their eligibility to maintain program benefits, typically every two years. However, several exceptions apply based on customer type and CPUC guidance. Customers identified as having a high probability of CARE eligibility, defined as those with at least an 80 percent likelihood according to each IOU's probability model, are placed on a four-year recertification cycle.[38] Participants in the CARE Expansion Program also follow a four-year recertification period, an increase from the previous two-year cycle.[39] Fixed-income CARE customers may be exempt from future recertification and verification requests after their income has been verified using approved documentation; this exemption remains valid until the account is closed, the customer-of-record name changes, or six years have passed since the last verification.[40] Additionally, group living facilities and agricultural housing customers are subject to a four-year recertification cycle.

Recertification uses a self-attestation process, meaning customers confirm their income eligibility without submitting supporting documentation unless specifically requested by SCE. To facilitate timely recertification, notices are sent 90, 60, and 30 days prior to the deadline. Customers may complete the process via mail, phone, or online.

Failure to recertify by the deadline results in automatic de-enrollment from the CARE program, and the customer is transitioned to their Otherwise Applicable Tariff.

SCE has experienced a significant decline in the number of CARE recertification notifications issued in recent years. In 2018, prior to the COVID-19 pandemic, SCE sent

[38] D.21-06-015, OP 27, pp. 94, 476.

[39] *Id.,* OP 6 p. 33.

[40] *Id.* p. 34.

out approximately 178,883 recertification letters to customers enrolled in these income-qualified programs.[41] However, by 2024, that number had dropped sharply to 51,861.[42] This reduction is largely attributed to Emergency Protection Orders issued by the Governor,[43] which temporarily exempts CARE customers from standard recertification requirements for at least one year from the effective date. While these orders were intended to provide relief to vulnerable households during a time of economic uncertainty, they have unintentionally hampered the traditional PEV process used to confirm accurate eligibility

c) SCE's CARE Post-Enrollment Verification (PEV)

SCE performs post-enrollment income verification (PEV) so that participants in its low-income assistance programs continue to meet eligibility criteria. This process is implemented through two primary methods: traditional verification and high usage verification. Traditional verification entails the random selection of up to 7 percent of CARE program participants each year, as specified in SCE's income-qualified program reporting. High usage verification applies to households that exceed 400 percent of their baseline energy usage on three separate occasions within a 12-month period. This requirement is established under California Public Utilities Code Section 739.1(i)(1) and by D.21-06-015, which directs utilities to confirm ongoing eligibility for high-usage CARE customers.

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41 SCE 2018, CARE/FERA Annual Report CARE Table 2.

42 SCE 2024, CARE/FERA Annual Report CARE Table 2.

43 On July 19, 2019, the Commission issued D.19-07-015, the Decision Adopting an Emergency Disaster Relief Program for Electric, Natural Gas, Water, and Sewer Utility Customers, establishing emergency disaster relief protections to be put in place for consumers whenever the Governor's Office or the President of the United States declares a state of emergency. Among other things, the protections include a requirement that to support low-income customers in disaster impacted zip codes by freezing all standard and high-usage reviews for CARE eligibility. *See* D. 19-07-015, Conclusion of Law (COL 14, p. 58).

To enhance the effectiveness of the traditional verification process, SCE uses a Disproportionate Stratified Random Sampling (DSRS) approach for both CARE/FERA programs.[44] This method targets customers based on two key characteristics: income level and program tenure. For income level, SCE uses eligibility estimates to assess the proportion of households within a ZIP code that falls below 200 percent of the Federal Poverty Level (FPL). Customers living in ZIP codes with a lower-than-median proportion of such households are categorized as "high income," as these areas are more likely to contain households that may not meet low-income eligibility criteria.

For program tenure, SCE considers customers with two years or less in the program as having "short tenure." Research suggests that long-term participants are more likely to remain eligible due to sustained economic hardship, whereas short-term participants may be experiencing temporary financial setbacks.[45] Customers identified as either "high income" or "short tenure" are oversampled at a rate 1.5 times higher than those in the reference categories, increasing the likelihood of identifying ineligible participants while maintaining fairness and statistical rigor.

The DSRS method is grounded in sampling theory, which shows that stratified sampling, especially when disproportionate allocation is used, can improve the precision of estimates by ensuring that subgroups with higher variability are adequately represented.[46] This approach is particularly effective when targeting economically diverse populations, as it allows for tailored sampling that accounts for both income and tenure-related heterogeneity.[47]

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[44] SCE September 2021, CARE/FERA & ESA Monthly Report p.17.

[45] Edwards, A. (2015). Crisis, chronic, and churning: An analysis of varying poverty experiences (SEHSD Working Paper No. 2015-06, p. 2). U.S. Census Bureau, *available at* https://www.census.gov/content/dam/Census/library/working-papers/2015/demo/SEHSD-WP2015-06.pdf.

[46] Cochran, W.G. (1977). Sampling Techniques (3rd ed.). Wiley. Chapter 5 p. 92.

[47] Lohr, S.L. (2010). Sampling: Design and Analysis (2nd ed.). Brooks/Cole. p.108.

In addition to traditional verification, SCE also conducts high usage verification for CARE customers whose energy consumption significantly exceeds program thresholds. Customers are flagged for this verification if they exceed 400 percent of baseline usage on three separate occasions within a 12-month period or exceed 600 percent of baseline usage at any time.[48] Once flagged, customers are required to participate in the ESA program. Customers who exceed 600 percent of baseline must demonstrate reduced consumption within three billing cycles. Failure to comply may result in removal from the CARE program. Verification in this context requires submission of income documentation, such as tax returns, pay stubs, or benefit award letters. Customers who do not pass verification may be de-enrolled from the program and, in cases of confirmed fraud, may be subject to back-billing for improperly received discounts.

Like recertification, SCE's traditional verification efforts have been significantly impacted in recent years as well. In 2018, the utility conducted traditional income verification sampling for 64,557 customers.[49] By 2024, that figure had fallen to 12,562, which represents less than one percent of SCE's PEV threshold and underscores a substantial gap from the seven percent target.[50]The same Emergency Protection Orders that suspended recertification requirements also disrupted verification protocols, further limiting SCE's ability to confirm ongoing income eligibility for program participants. While these temporary measures provided critical economic relief, they have resulted in reduced visibility into customer eligibility and may pose challenges for maintaining long-term program integrity.

[48] D.21-06-015, OP 10 p. 473; Cal. Pub. Util. Code § 739.1.

[49] SCE 2018CARE/FERA & ESA Annual Report CARE Table 3.

[50] SCE 2024 CARE/FERA & ESA Annual Report CARE Table 3.

2. SCE's 2028-2033 Proposed CARE Delivery

a) Upfront Eligibility Overview

The CARE program has seen unprecedented enrollment growth in recent years, with participation rates in some areas surpassing 100 percent. This surge has coincided with rising energy costs, driving CARE subsidy levels to record highs and intensifying affordability concerns for all customers. In 2024 alone, SCE provided approximately $855 million in CARE subsidies,[51] an amount entirely funded by non-participating ratepayers through increased electricity rates, despite these customers receiving no direct bill relief themselves.

A key factor behind elevated CARE enrollment is the use of categorical eligibility pathways, which allow applicants to self-certify by checking boxes indicating participation in other public assistance programs. While these pathways have improved access for vulnerable populations, they have also introduced inconsistencies in income thresholds across programs. For example, Medi-Cal has income limits that exceed CARE's statutory threshold of 200 percent of the Federal Poverty Level (FPL), resulting in the enrollment of households that may not meet CARE's income criteria.

This issue was highlighted in the Evergreen Economics report presented to the Low Income Oversight Board (LIOB) in June 2023. The report explicitly recommended discontinuing the use of Medi-Cal and CHIP as categorical eligibility programs for CARE and the Energy Savings Assistance (ESA) program, stating:

> We do not recommend Medi-Cal or CHIP for categorical eligibility. Although some participants are likely to qualify for CARE and ESA on an income basis, households would be challenging to include as categorical enrollees and maintain confidence in alignment and eligibility.[52]

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[51] *Id*., Table 1.

[52] Evergreen Economics. Categorical Eligibility Report – Final (2023). *available at* https://www.calmac.org/publications/Categorical_Eligibility_Report_-_Final.pdf, p. 53.

The CPUC further addressed this issue in its response to the Joint IOU Advice Letter proposing an updated program list for categorical eligibility under ESA, CARE, and FERA programs. While the Commission acknowledged that categorical enrollment enhances administrative efficiency and outreach, it also noted that this approach increases subsidy costs and places upward pressure on customer rates.[53] Despite these concerns, the CPUC opted to maintain the existing categorical eligibility pathways, emphasizing their importance in reaching underserved communities and minimizing enrollment barriers.[54] However, this policy decision has led to unintended consequences such as escalating program costs borne by non-participating customers through rate surcharges.

To better understand the extent of high subscription rates, SCE conducted a detailed analysis using U.S. Census data and the Athens Data Eligibility Study. The analysis identified 190 zip codes with significant CARE enrollments, encompassing approximately 157,000 customers enrolled beyond modeled eligibility estimates. These zip codes include areas where median household income exceed 250 percent of FPL, a level that typically disqualifies households from CARE eligibility. For example, subsidy impacts of $636 per customer annually translates to $100 million[55] in subsidies for just one year, attributed to potentially excess enrollment. This pattern suggests that a substantial number of customers may be receiving benefits for which they are not income-qualified, raising serious concerns about program integrity and long-term sustainability.

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[53] CPUC, Energy Division Disposition on Joint Tier 2 Advice Letter Pursuant to Decision 21-06-015 Proposing an Updated Program List for Categorical Eligibility for Enrollment in the ESA, CARE and FERA Programs, issued September 6, 2024, p. 8.

[54] CPUC, Energy Division Disposition on Joint Tier 2 Advice Letter Pursuant to Decision 21-06-015 Proposing an Updated Program List for Categorical Eligibility for Enrollment in the ESA, CARE and FERA Programs, issued September 6, 2024, p. 6.

[55] As provided previously in this testimony, the average monthly discount is $57/month. $57/month * 12 months = $636. $636*157,000 = $99.8 million.

A particularly illustrative example is zip code 92880 in Corona, Riverside County, where the median income exceeds three times the CARE eligibility threshold. According to Athens Data, only 1,798 customers, or approximately 11 percent of the population, are expected to qualify for CARE. However, current active enrollments total 4,036, representing a 224 percent over estimated eligible population. This trend is consistent across the other 189 zip codes identified, where enrollment figures routinely exceed modeled eligibility estimates.

Despite CARE subsidies nearing $1 billion annually, there are currently no safeguards in place to cap subsidy levels or mitigate the resulting cost shifts to non-participating customers. A decade ago, such levels were unimaginable. Today, many middle-income ratepayers who themselves face affordability challenges are subsidizing benefits for others, some of whom may not be income-qualified.

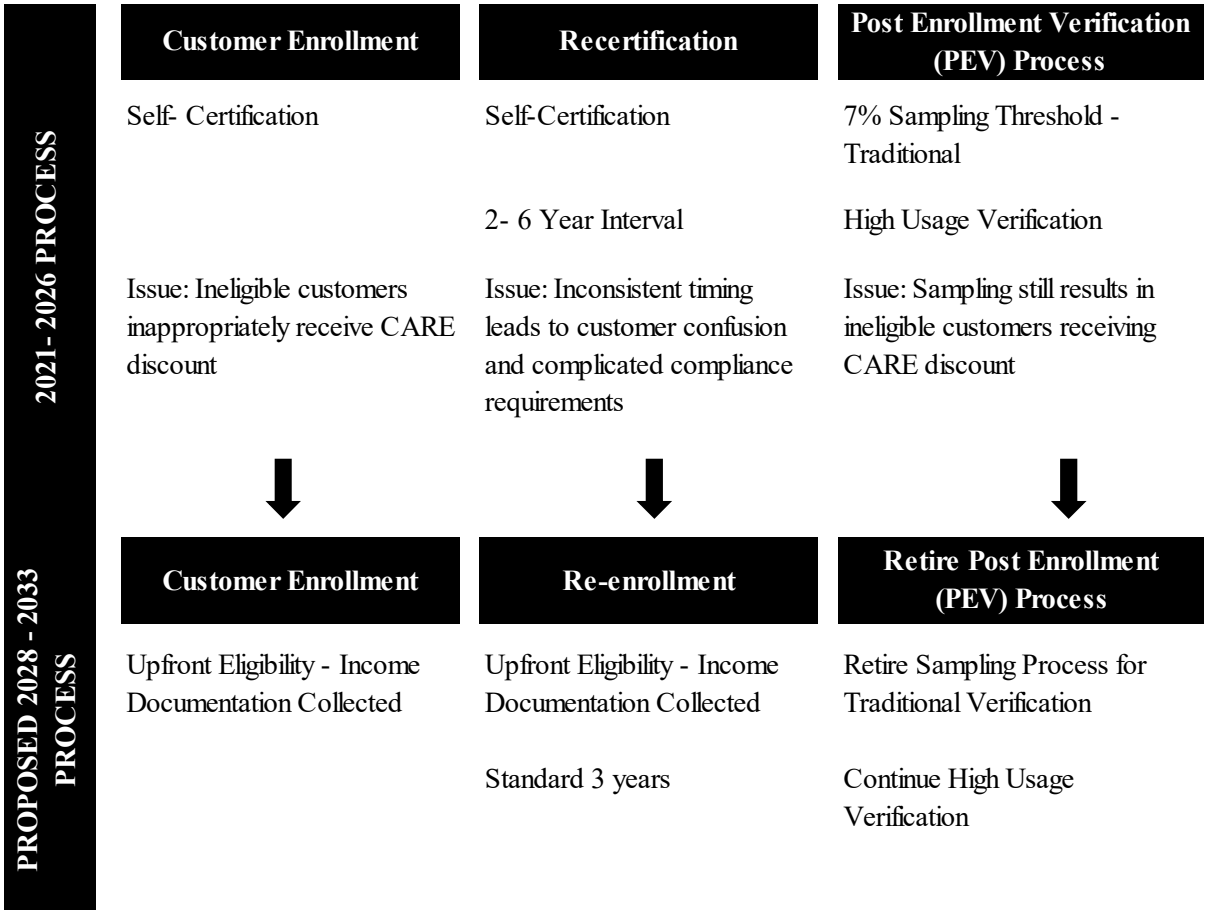
In light of the concern that a potentially significant number of CARE customers may be receiving substantial benefits but are not necessarily eligible, it is reasonable to place upfront protections for nonparticipating customers that may be exposed to financial harm. Therefore, SCE is proposing a transition to upfront eligibility, which would require applicants to confirm income qualifications or public assistance program participations prior to receiving CARE benefits. This approach is discussed in detail in the following sections.

b) Upfront Eligibility Proposal

In response to current challenges, SCE is proposing a redesign of the CARE program aimed at enhancing program integrity and operational efficiency so that benefits are delivered to eligible households. Central to this effort is a shift from self-attestation where most applicants certify income without documentation to upfront eligibility at enrollment and at re-enrollment.

Under the new upfront eligibility processes, all applicants must provide verification such as proof of public assistance or income documents before receiving benefits. This approach replaces periodic re-certifications with full re-enrollment every three years. Figure III-1 outlines the transition from current CARE processes to the proposed upfront eligibility framework.

Figure III-1
Comparison of Current (2021-2026) and Proposed Cycle (2028-2033) CARE Enrollment, Recertification, and Post-Enrollment Verification Processes



Numerous utilities outside of California require verification of enrollment in a public assistance program or proof of income prior to enrollment in an income qualified

program.[56] This adopted practice by many utilities outside of the state is reasonable for SCE to implement given the size of the discount provided to CARE customers, which is estimated to be $1,908 per customer over the three year re-enrollment cycle, an amount that presents a significant financial burden on non-CARE customers.[57] Moreover, upfront eligibility aligns with the processes used in other low-income support programs, such as the ESA program and public assistance benefit programs like Medi-Cal and CalFresh, which already require applicants to verify eligibility at the time of enrollment. Nearly all third-party programs use stricter and more rigorous validation processes to enroll than CARE's current self-certification approach. In fact, 15 out of 17 programs[58] verify eligibility at the time of enrollment, with some requiring in-person interviews;[59] however, SCE does not plan to require interviews to determine eligibility. On the other hand, by aligning CARE with established upfront eligibility practices, SCE aims to improve coordination between programs, reduce administrative complexity, and minimize confusion for customers who often apply for multiple forms of assistance. This consistency also enhances customer experience and reinforces integrity of the programs.

Historically, many FERA-eligible customers have enrolled in the CARE program when self-certifying their eligibility, largely due to CARE's more generous discount. This behavioral trend has led to disproportionate CARE enrollment, even among households whose incomes fall within the FERA eligibility band (200–250 percent of the

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[56] The following is a non-exhaustive list of utilities with income qualified programs that require verification of income or participation on a public assistance program: Arizona Public Service, Exelon – Pepco DC, National Grid, Eversource, Seattle City Lights, and United Illuminating. An example of requirements is *available at* https://www.uinet.com/documents/1678076/77607951/FINAL+UPPC006+UI+Low+Income+Discount+Rate+LIDR+Fact+Sheet+Design+09.16.24.pdf/fd9f3819-25e7-5d8a-bc5a-b7a920f437d2?t=1726487888392.

[57] As provided previously in this testimony, the average monthly discount is $57/month. $57/month * 12 months = $636. $636 * 3 years = $1,908.

[58] Evergreen Economics. (2023). Categorical Eligibility Report – Final. California Public Utilities Commission, *available at* https://www.calmac.org/publications/Categorical_Eligibility_Report_-_Final.pdf, pp. 29, 31.

[59] *Id,* p. 32.

federal poverty level).[60] In the absence of upfront eligibility, distinguishing between truly eligible CARE and FERA participants has proven difficult, likely resulting in misallocated benefits and skewed program data.

This concern is reinforced by findings presented to the LIOB by Evergreen Economics. The presentation emphasized that reliance on self-certification has contributed to persistent misclassification between CARE and FERA enrollees. As noted, "current categorical programs qualify all FERA-eligible households into CARE. CARE is better for eligible customers."[61] This indicates that many FERA-eligible households opt into CARE, likely due to its higher discount and the lack of verification protocols. The report further highlighted that, without verification, customers may unintentionally, or perhaps strategically, report income levels that qualify them for CARE, increasing the risk of misclassification.

The implementation of upfront eligibility also aligns with Governor Gavin Newsom's July 2025 Executive Order, which calls on state agencies and IOUs to improve operational efficiency across public programs. By requiring income documentation at the time of enrollment or re-enrollment, SCE is streamlining program administration, reducing reliance on post-enrollment verification, and minimizing the risk of ineligible participation. This shift simplifies eligibility processing and supports accurate targeting program benefits to qualifying households.

SCE's proposal to implement upfront eligibility for the CARE program represents a forward-looking strategy to safeguard the integrity of public assistance offerings and supports equitable distribution of benefits. CARE has evolved from a standalone bill

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60 Evergreen Economics. (2025). FERA Enrollment Barriers Study (Draft Report). Commissioned by Pacific Gas and Electric Company as part of A.19-11-003, *available at* https://pda.energydataweb.com/api/downloads/4156/2025-06-06%20-%20FERA%20Study%20Draft%20Report.pdf, pp. 8-9, 15.

61 Evergreen Economics. Categorical Eligibility Presentation to the Low Income Oversight Board. June 15, 2023, *available at* https://liob.cpuc.ca.gov/wp-content/uploads/sites/14/2023/06/Categorical-Eligibility-Presentation-to-LIOB-Evergreen-Econ-2023-06-15.pdf. p.29.

discount into a foundational gateway for a wide array of energy-related and public benefit programs including the Self-Generation Incentive Program (SGIP), the Energy Savings Assistance (ESA) Program, and other demand-side management (DSM) and energy efficiency initiatives.

Beyond DSM and efficiency offerings, CARE enrollment also facilitates access to critical bill assistance programs such as the Arrearage Management Program (AMP), which provides structured debt forgiveness for eligible low-income customers with past-due balances, and the Percentage of Income Payment Plan (PIPP) Pilot, which aligns monthly energy bills with a fixed percentage of household income to improve affordability and reduce disconnection risk. Additionally, CARE status can also serve as a qualifying criterion for electric vehicle (EV) incentives, including rebates for charging infrastructure and reduced rates for EV charging under time-of-use plans. These offerings are part of California's broader strategy to promote clean transportation while ensuring equitable access to clean technologies.

The integration of CARE into broader DSM offerings is being further institutionalized through the development of the Concurrent Application System (CAS), a statewide platform that will allow customers to apply for multiple income-qualified programs, including CARE/FERA and ESA and other energy and non-energy programs, through a single portal.[62] This investment reflects a growing recognition of CARE as a central eligibility mechanism across California's energy assistance landscape.

The need for upfront eligibility is also highlighted by SCE's tiered BSC recently launched in November 2025.[63] This income-based fixed charge structure depends on accurate income verification at CARE enrollment or re-enrollment for customers to be placed in the correct tier. Without robust verification, ineligible customers may access

[62] D.23-05-006, OP 1, p.31 and p.13.

[63] D.24-05-028.

both CARE discounts and lower fixed charges, compromising program integrity and equitable cost distribution.

By adopting upfront eligibility, SCE can improve fairness, regulatory compliance, and transparency in its rate design. Most importantly, it safeguards CARE's role as a trusted gateway to public assistance, ensuring benefits reach those who truly need them and maintaining public confidence in the system.

SCE recognizes that implementing upfront eligibility, while important for maintaining program integrity and affordability, can increase customer time in finding and submitting documentation to prove eligibility. This may be particularly true for individuals with limited digital literacy, language access, or access to technology. Research consistently demonstrates that procedural complexity and administrative burden can significantly reduce participation in public benefit programs. For instance, individuals with limited English proficiency and low digital literacy face significant barriers to accessing online enrollment processes, which contributes to lower uptake of programs among eligible households.[64] Similarly, the UCLA Luskin Center for Innovation identified that low-income households in California's San Joaquin Valley were discouraged from participating in energy programs due to complex verification requirements and limited access to digital tools.[65]

To appropriately balance program integrity with ease of access, SCE is deploying a customer-focused strategy that emphasizes accessibility, clarity, and trust. This approach proactively reduces procedural complexity and helps prevent the exclusion of eligible households due to administrative barriers. Recognizing potential equity concerns,

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[64] Benton Institute for Broadband & Society. (2023). Language barriers and digital equity. Benton Institute for Broadband & Society, pp 19-20, *available at* https://www.benton.org/sites/default/files/VisionsDigitalEquity.pdf.

[65] Pierce, G., Connolly, R., & Trumbull, K. (2022). Supporting household access to complex low-income energy assistance programs: Adapting outreach and enrollment strategies in the San Joaquin Valley. UCLA Luskin Center for Innovation. pp. 10–17.

SCE's comprehensive transition plan includes multilingual customer education, staff and partner training, digital portal upgrades, and community engagement to minimize barriers for vulnerable populations. Outreach will target underserved groups such as multifamily tenants, mobile home residents, and digitally isolated customers through partnerships with trusted local organizations and culturally responsive tactics. Enhanced tools like AI-powered virtual assistants, mobile-friendly platforms, and real-time application guidance will streamline enrollment and improve user experience.

Details of SCE's transition plan for implementing upfront eligibility is discussed in Section V of this Exhibit SCE-03. SCE has carefully planned this transition to minimize customer disruption and to tailor to the diverse needs of its customer base.

The transition to upfront eligibility is projected to reduce program subsidies by approximately $686 million between 2028 and 2033, primarily by decreasing ineligible participation and enhancing operational efficiency. This redesign will improve program accuracy, build public trust, and support compliance with CPUC guidelines and the Governor's Executive Order on program efficiency.[66]

c) CARE Enrollment Process

Building on the comprehensive introduction of the proposed upfront eligibility program design changes, SCE is preparing to transition away from the current self-attestation-based CARE enrollment method. With the implementation of upfront eligibility, customers will no longer simply declare their income during enrollment; instead, they will be required to submit supporting documentation such as pay stubs, tax returns, or proof of participation in qualifying public assistance programs when applying for the CARE rate discount. If the CPUC approves SCE's new program design, all CARE enrollment channels, whether online, by phone, on paper, or through community partners,

[66] Office of Governor Gavin Newsom. Executive Order on Government Efficiency and Innovation, July 15, 2025.

will be updated to reflect these new requirements and maintain consistency in the application process.

To formalize these changes, SCE will submit an Advice Letter (AL) alongside the annual adjustment of income limitations for the CARE program, including revised tariff sheets.[67] This approach provides transparency and supports a uniform standard for program administration. While the shift to upfront eligibility may initially raise concerns that documentation requirements could discourage participation, particularly among low-income customers, the process of proving income or categorical eligibility is a common practice for most other public service programs. It is a necessary step to avail substantial bill savings to program participants.

SCE's 2024 CARE Annual Report highlights that, although approximately 104,000 customers out of 306,000 new enrollments did not respond to verification or recertification requests, this drop-off does not reflect permanent disengagement. In fact,14 percent of those de-enrolled for non-response re-enrolled within 12 months,[68] demonstrating a continued willingness to participate once obstacles are addressed. Moreover, the 2019 Low-Income Needs Assessment (LINA) found that post-enrollment verification processes not only remove ineligible participants but also retained eligible ones. Notably, 54 percent of de-enrolled customers were still eligible for CARE and many returned to the program within a year. However, while off CARE, these households experienced significantly higher rates of arrearages and disconnections, which illustrates the importance of continuous and accurate enrollment to protect vulnerable customers from financial instability.[69] By moving verification to the beginning of the process, SCE aims to minimize disruptions and maintain consistent support for those in need.

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[67] D.12-08-044, OP. 119.

[68] SCE 2024CARE/FERA Annual Report. California Public Utilities Commission, CARE Table 3.

[69] Opinion Dynamics, LINA Final Report: Volume 1 of 3: Summary of Key Findings, December 13, 2019, p. 24-28, *available at* https://www.calmac.org/publications/2019_LINA_-_Final_Report_-_Vol_1_Summary_of_Key_Findings__-_12132019.pdf.

To mitigate potential enrollment drop-offs resulting from upfront eligibility requirements and re-enrollment, SCE plans to implement a comprehensive transition plan that includes targeted outreach, re-engagement activities, enhanced technical tools, and strong customer support. This plan is designed to streamline enrollment, reduce customer burden, and maintain program participation. Additionally, SCE will examine best practices from utilities outside California to adopt proven strategies that minimize attrition.

SCE expects that implementing upfront eligibility that is combined with these measures will create a more efficient and customer-friendly process. Similar programs outside California demonstrate how these strategies can succeed in practice and overcome challenges. For example, a Texas municipality collaborated with Solix Inc. to implement automated income verification for an energy subsidy program serving 45,000 residents. The introduction of streamlined verification tools and robust customer support led to full participant qualification, greater transparency, and reduced administrative burden within nine months.[70]

Similarly, the Utility Connect pilot by Dollar Energy Fund and Community Connect Labs demonstrated how technology and customer education can transform low-income program processes. By enabling customers to submit income documentation via SMS photo uploads, the pilot reduced friction and improved accessibility. While initial deployment faced challenges, such as overwhelming submission volumes and staff resistance, they were resolved through dedicated internal champions, culturally tailored

[70] Solix Inc. (n.d.). Delivering Income Verification & Eligibility Processing for Energy Assistance Programs *available at* https://www.solixinc.com/wp-content/uploads/2024/11/Delivering-Income-Verification-Eligibility-Processing-for-Energy-Assistance-Programs.pdf (p. 1).

messaging, and proactive customer support. The result was faster recertification, lower per-client costs, and improved trust among participants.[71]

As SCE launches the new CARE enrollment process, outreach to hard-to-reach customers, including underserved communities and sub-metered tenants, will remain a priority. These groups, identified by the CPUC as facing barriers like indirect billing, limited internet access, and language differences, will be supported through targeted strategies such as partnerships with property owners and leveraging programs like the ESA Multifamily Program, Comprehensive Manufactured Home Program, and Mobile Home Park Utility Conversion Program. A comprehensive strategy for these populations is outlined in Section V of this Exhibit SCE-03, as part of SCE's CARE/FERA transition plan to upfront eligibility.

In addition to these programmatic updates, SCE is preparing to assist customers affected by emergencies, in accordance with D.19-07-015. When a state of emergency is declared by the Governor's Office or the President, SCE will proactively identify and enroll eligible customers in impacted areas, exempting them from upfront eligibility requirements. These customers will receive a grace period of up to one year or until the Emergency Protection Order is lifted, after which they will be asked to submit the required documentation. SCE will also encourage affected customers to seek support from capitation agencies in their area as needed. This approach underscores SCE's commitment to equitable access and community resilience, ensuring that assistance remains available to those most vulnerable during climate-driven emergencies.

Following the CPUC's decision on the 2028–2033 application, SCE will develop a detailed transition plan during 2028. As outlined in Section V of this Exhibit SCE-03, this plan will guide the introduction of upfront eligibility. Implementation will begin in

[71] Case Study, Community Connect Labs. (2019). Increasing recertification rates with text messaging to deliver utilities benefits: Utility Connect pilot [Case study]. CommunityConnect Labs, *available at* https://communityconnectlabs.com/utility-connect-pilot/.

2029, with a focus on ensuring a seamless customer experience and addressing the diverse needs of the communities that SCE serves.

d) Proposed Revision to CARE Re-enrollment Process and Benefits

SCE proposes replacing re-enrollment self-attestations with full upfront eligibility verification, aligning the process with initial enrollment requirements. To reflect this change, SCE is also proposing to update the terminology from "recertification" to "re-enrollment."

All existing CARE participants will be required to re-enroll and provide documentation verifying income or categorical eligibility at their next scheduled re-enrollment date. This change eliminates the current self-attestation method and supports the eligibility of participants through verified documentation.

As discussed in Section III.A.2.c (CARE enrollment process) of this Exhibit SCE-03, SCE will apply the same simplified process to customers impacted by Emergency Protection Orders. These individuals will be proactively enrolled and temporarily exempt from upfront eligibility, with support available through capitation agencies as needed.

To streamline operations and reduce confusion, SCE will also align all CARE participants to a standardized three-year re-enrollment cycle, replacing the current staggered timelines. This change will improve administrative efficiency and provide customers with clearer expectations.

Similar to existing processes, customers will be notified when their re-enrollment timeline is due and will receive ongoing reminders for up to 90 days. If a customer fails to re-enroll within this period, they will be removed from the CARE rate and returned to the Otherwise Applicable Tariff. A detailed discussion of the upfront income verification Transition Plan is described in Section V of this Exhibit SCE-03.

e) Proposed Phase-out of Current CARE Ongoing Verification Strategies

As outlined in the preceding section, SCE's current Post-Enrollment Verification (PEV) process involves both random sampling and targeted reviews of customers with high energy usage, requiring income documentation to confirm continued eligibility. With the planned implementation of upfront eligibility for all CARE and FERA applicants, SCE will phase out this traditional PEV process. Under the new approach, all first-time applicants and re-enrolling customers would be required to verify income or categorical eligibility at the time of application, which streamlines enrollment and reduces administrative burden and associated costs of post-enrollment checks.

Although the traditional PEV process will be discontinued, SCE will continue to monitor customers with exceptionally high energy usage to maintain program integrity. In accordance with D.21-06-015, customers whose usage exceeds 400 percent of their baseline allowance three times within a 12-month period will be flagged for review[72] and referred to the Energy Savings Assistance (ESA) Program, which offers no-cost energy-efficient upgrades such as LED lighting, smart thermostats, and appliance replacements.

Customers exceeding 600 percent of their baseline allowance will be subject to ongoing monitoring. If usage remains above 400 percent after a three-billing cycle review, they may be de-enrolled from CARE or FERA. In cases of confirmed ineligibility, customers may be back-billed for improperly received discounts.

Importantly, SCE will continue to refer high-usage customers to a comprehensive suite of assistance programs aimed at improving energy efficiency and affordability. These programs include ESA, DAC-SASH (free solar installations and job training), AMP (arrearage forgiveness up to $8,000), the Energy Assistance Fund (up to $200 annually), and the Medical Baseline Program (additional energy at the lowest rate for qualifying medical needs). These referrals help customers manage energy use, improve

[72] D.21-06-015, OP 10, p. 473.

bill affordability, and reduce the risk of service disconnection, while supporting continued eligibility for CARE, FERA, and other support programs.

SCE remains committed to maintaining the integrity of its income-qualified programs while supporting customers through targeted assistance, education, and a thoughtful transition to the new verification process.

(1) CARE Probability Models

SCE currently utilizes a probability-based model to support its Post Enrollment Verification (PEV) process for the CARE program. This model, known as the Disproportionate Stratified Random Sampling (DSRS) approach,[73] identifies customers who are statistically less likely to meet CARE eligibility requirements based on factors such as ZIP code-level income estimates and program tenure. Customers flagged by the model are subject to income verification and must submit documentation to confirm continued eligibility.

If the Commission approves the proposed redesign of the CARE program, specifically the transition to upfront eligibility, SCE will discontinue the probability model. Under the new design, all new and re-enrolling CARE applicants will be required to verify income at the time of application, eliminating the need for post-enrollment sampling and targeted verification. This shift renders the probability model unnecessary, as eligibility will be confirmed before enrollment rather than inferred and checked.

Retiring the probability model marks a significant evolution in how SCE manages program integrity. By verifying eligibility upfront, SCE can check that participants meet eligibility requirements from the outset, reducing administrative complexity and costs while improving the accuracy of enrollment. This approach

[73] SCE, September 2021, CARE/FERA & ESA Monthly Report p.17.

aligns with findings from HUD's analysis, which estimated that eliminating income-reporting errors through upfront verification could free $480 million to $1.720 billion annually, enabling service to an additional 92,000–337,000 households. These results underscore the value of upfront verification in improving accuracy and optimizing resources for greater program reach.[74]

Moreover, standardized upfront eligibility may improve customer experience by removing the uncertainty of being randomly selected for verification after enrollment. All applicants will follow a consistent process, supported by enhanced digital tools, multilingual resources, and assistance from capitation agencies and community-based organizations.

This transition reflects SCE's commitment to modernizing its low-income assistance programs and delivering benefits in a transparent, efficient, and customer-focused manner.

f) Proposed CBO Support Enhancements and Increased Capitation Fees

SCE is proposing an enhanced support model for the Capitation Agency Program that aims to improve equity and effectiveness in customer outreach.[75] SCE recognizes that transitioning to upfront eligibility will be more effective if paired with enhanced customer support that proactively addresses the unique challenges faced by vulnerable customers. These challenges may include limited digital access, language barriers, or unfamiliarity with verification processes. To meet these needs, SCE will continue to incorporate support from its capitation agencies in the 2028–2033 cycle. These agencies will provide personalized, hands-on assistance both in-person and remotely to help

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[74] Djoko, Y. S. (2009). The impact of the final rule on income and rent determination requirements in public and assisted housing. Cityscape: A Journal of Policy Development and Research, 11(3), 315–332, *available at* https://www.huduser.gov/portal/periodicals/cityscpe/vol11num3/ch15.pdf, pp. 5-6.

[75] SCE (n.d.). CARE & FERA Capitation Fee Program, *available at* https://www.sce.com/save-money/income-qualified-programs/care-fera/capitation-fee-program.

customers understand eligibility requirements, gather necessary documentation, and successfully complete the enrollment process.

Central to the enhanced support is a transition from the current flat capitation fee to a tiered reimbursement structure that better reflects the varying levels of effort required to enroll customers in low-income assistance programs. Currently, capitation agencies receive a flat $30 per enrollment, as authorized in D.21-06-015.[76] This decision recognized the critical role these agencies play in expanding access to programs like the CARE and the FERA program and increased the capitation fee to support their outreach efforts.

However, the flat fee model does not account for the greater complexity and effort involved in enrolling customers in FERA compared to CARE. To address this challenge, SCE proposes a tiered capitation structure for the 2028–2033 program cycle, offering $40 per CARE enrollment and $60 per FERA enrollment. This approach is designed to better align financial incentives with outreach challenges, encouraging agencies to engage more deeply with harder-to-reach populations. By differentiating reimbursement rates, the model supports more equitable program delivery and enhances cost-effectiveness.

This adjustment is grounded in a cost-based analysis and informed by stakeholder feedback. The proposed CARE fee reflects estimated labor and outreach costs calculated at 15 minutes each for education, document review, and application input at a $30/hour labor rate plus $10 in outreach expenses that total $40. For FERA, the same labor inputs apply, but outreach expenses are significantly higher at $30 per enrollment due to the program's narrower eligibility criteria and lower public awareness, resulting in a total cost of $60. The rationale and details behind the larger FERA capitation fees are further explained in Section IV.A.2.d of this Exhibit SCE-03.

[76] D.21-06-015, OP 32 and pp. 3 & 104.

These proposed changes represent a comprehensive strategy to improve access, equity, and efficiency in the CARE and FERA programs. By integrating personalized support from capitation agencies and aligning incentives with the realities of outreach and enrollment, SCE seeks to strengthen its partnerships with CBOs so that that all eligible customers, especially those most vulnerable, can benefit from essential energy affordability programs.

B. CARE Program Eligibility Guidelines

This section sets forth an overview of the 2021-2026 CARE Program Eligibility Guidelines as required in Pub. Util. Code § 739.1 and includes SCE's proposal to maintain these program eligibility guidelines in the 2028-2033 program cycle. In addition, SCE also proposes to retain the current cycle CARE estimation methodology for the 2028–2033 program cycle.

1. Overview of 2021-2026 CARE Program Eligibility Guidelines

Eligibility for CARE is determined based on household size and total gross annual income. For the 2025–2026 period, CARE income eligibility ranges from $42,300 for a household of one to two people to $108,300 for a household of eight. For each additional household member beyond eight, the limit increases by $11,000 for each additional person.[77] Alternatively, households may qualify if at least one member is enrolled in an eligible public assistance (categorical) program such as Medi-Cal/Medicaid, CalFresh (SNAP), CalWORKs (TANF), WIC, LIHEAP, or Supplemental Security Income (SSI). Qualified CARE participants receive a discount of 32.5 percent on their electric bills.[78]

Applicants must reside in a residential dwelling served by SCE, and all sources of gross income before taxes and deductions must be included in the eligibility determination.

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[77] SCE CARE & FERA discounted rates *available at* https://www.sce.com/save-money/income-qualified-programs/care-fera.

[78] *Ibid.* SCE CARE & FERA discounted rates, *available at* https://www.sce.com/save-money/income-qualified-programs/care-fera.

Applications may be submitted online, by phone, or by mail. Documentation is not required at the time of application, but the applicant can be selected for post-enrollment verification. Section III. C.1 of this Exhibit SCE-03, Overview of 2021–2026 CARE Program Delivery, provides a detailed summary of the current cycle workflows: enrollment, recertification and post-enrollment verification.

In addition to these efforts, SCE currently collaborates with other utilities and public agencies to facilitate auto-enrollment of eligible customers into the CARE program. Through secure consent-based data-sharing agreements, SCE works with various water agencies, Southern California Gas (SoCalGas), Southwest Gas, and Pacific Gas and Electric (PG&E) in overlapping service territories to identify and enroll customers who qualify for low-income assistance. This inter-agency coordination streamlines enrollment for customers already participating in programs such as LIHEAP and Energy Savings Assistance (ESA) so that these customers receive CARE benefits without needing to reapply.

To expand access to the CARE program for vulnerable populations, SCE has implemented important regulatory and operational enhancements, beginning with the integration of Homekey facilities into its low-income assistance framework. Homekey, now operating under the expanded Homekey initiative, was formally authorized through AB 2672,[79] part of a bipartisan housing package signed by Governor Gavin Newsom in September 2024 to convert hotels, motels, and other buildings into permanent supportive housing for individuals experiencing or at risk of homelessness.[80]

Effective June 1, 2025, SCE formally recognized Homekey facilities as eligible for CARE benefits, provided that these facilities meet program income requirements. To implement this directive, SCE adopted the enrollment process used for its Non-Profit Group Living

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[79] AB 2672 amends Cal. Pub. Util. § 739.1(i), *available at*https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=PUC&sectionNum=739.1.

[80] Office of Governor Gavin Newsom. (2024, September 19). Governor Newsom signs bipartisan housing package and launches Prop 1 Homekey+ initiative, *available at*https://www.gov.ca.gov/2024/09/19/governor-newsom-signs-bipartisan-housing-package-and-launches-prop-1-homekey-initiative/.

facilities, providing a consistent and efficient approach tailored to the operational realities of Homekey properties. Throughout the remainder of the current 2021–2026 program cycle, SCE will continue to enhance implementation by coordinating with housing authorities, property managers, and nonprofit service providers to facilitate enrollment at the point of move-in.

To further support integration, SCE is developing flexible documentation pathways for facilities that may lack traditional income records and has assigned a dedicated support team to oversee Homekey-related enrollments. Recognizing the challenges posed by transitional housing environments, such as shared utility accounts and nonstandard documentation, SCE is proactively addressing these issues to reduce barriers to participation.

These partnerships are designed to reduce administrative burden and improve program reach. SCE continues to explore additional data-sharing opportunities and system integrations to expand auto-enrollment capabilities and enhance customer experience.

2. SCE's 2028-2033 CARE Eligibility Proposals

CARE eligibility is established in statute, and SCE will continue to utilize the historical enrollment estimation methodology approved by the Commission. SCE has consistently demonstrated success in enrolling income-qualified customers into the CARE program by applying the eligibility requirements and estimation methodology currently in place. These requirements, in Public Utilities Code Section 739.1, define eligibility as households with annual incomes at or below 200 percent of the Federal Poverty Guidelines (FPG).[81]

SCE's enrollment strategy is consistent with the Public Utilities Code and is supported by the joint utility methodology adopted in D.01-03-028,[82] which provides a rigorous, data-driven framework for estimating the number of eligible customers for CARE and FERA. Commonly referred to as the Eligibility Study, this methodology uses a combination of federal, state, and

[81] Pub. Util. Code § 739.1(a).

[82] Athens Research performs the analysis using the joint utility methodology to provide the estimates for the California IOUs.

utility-specific data sources to generate small-area estimates of income-qualified households. They include the latest U.S. Department of Health and Human Services (HHS) poverty guidelines, American Community Survey (ACS) block group data, Public Use Microdata Samples (PUMS) and utility metering data. By applying county-level eligibility fractions to technical housing unit counts, SCE derives accurate estimates of CARE-eligible households across its service territory.[83]

Over the years, SCE has applied this methodology to develop monthly enrollment estimates to support outreach efforts that are aligned with demographic and geographic indicators of need. Results affirm that SCE is effectively reaching the intended population of low-income households that meet statutory criteria.

Given its demonstrated success, SCE proposes maintaining the current eligibility requirements and estimation methodology for the 2028–2033 program cycle, as both are appropriate and necessary. The existing framework has proven its ability to accurately identify and serve low-income customers, while supporting consistent year-over-year analysis and regulatory compliance. This framework also allows for annual updates using most recent data, which is responsive to economic and demographic changes.

To support continuation of the annual Eligibility Study, SCE requests an annual budget of $56,250 funded through CARE (escalated annually at 2%), representing half of SCE's total $112,500 co-funding allocation, with the remaining half funded through ESA. This allocation will enable SCE to maintain the study as outlined in Section III.A.2 of this Exhibit SCE-03. The $112,500 reflects SCE's 30 percent allocation of the $375,000 total estimated study cost. While PG&E previously managed the study contract, the IOUs now propose rotating this responsibility to promote both shared accountability and more equitable distribution of costs. This collaborative model distributes responsibilities in a way that no single utility bears the full financial or administrative burden. SCE seeks approval for its portion of the funding to sustain

[83] SCE, 2024 Annual Report on Energy Savings Assistance, CARE, and FERA Programs, p.88.

this joint effort, which remains critical for accurately estimating income-qualified households and guiding targeted outreach for both CARE and FERA programs.

Additionally, SCE proposes to expand existing data sharing agreements with IOUs and partner agencies to include additional data fields that improve transparency and streamline qualification for income-qualified programs. Specifically, SCE recommends that shared data include indicators confirming whether a customer has already been income verified or qualified through a categorical eligibility program. Ideally, this data would also capture stated and verified income from the original application along with the verification date, which would significantly enhance accuracy and efficiency in eligibility assessments.

Access to these expanded data fields is critical because inter-utility CARE enrollments that are not income verified create a potential loophole that could undermine the integrity of upfront eligibility requirements. Since SCE's proposed program design requires either income documentation or proof of categorical participation, having this information through data-sharing partnerships will reduce administrative burden, improve customer experience, and support timely enrollment. Under this approach, SCE will auto-enroll customers who have completed income verification with another IOU. For those who have not been income verified, SCE will request Commission approval to require upfront eligibility prior to enrollment in SCE's CARE program. This strategy allows for consistency with statewide objectives, closes potential loopholes, and maintains fairness across all IOU territories while leveraging data-sharing partnerships to deliver a more efficient and customer-friendly process.

SCE will also explore opportunities to apply auto-enrollment approaches in cases where program eligibility requirements closely align with CARE, such as with the Disadvantaged Communities – Single-family Solar Homes (DAC-SASH) program. By identifying programs that share similar income thresholds or categorical eligibility criteria, SCE aims to reduce enrollment barriers and proactively enroll qualified customers.

Moreover, while the Commission does not have jurisdiction over other state agencies, SCE respectfully requests that the Commission advocate for the establishment of data sharing

agreements with agencies, consistent with applicable laws, rules, and decisions that administer categorical eligibility programs under the CARE initiative. SCE also seeks Commission assistance to engage with agency leadership to support and advance the development of these agreements.

In parallel, SCE plans to actively collaborate with partner agencies including CalFresh, Medi-Cal, WIC, and SSI, along with other relevant stakeholders, to identify pathways for implementing a secure, consent-based data sharing process. This coordinated effort aims to streamline CARE enrollment and enhance access for income-qualified customers.

As described above, SCE respectfully requests that the CPUC approve continued funding for the annual Eligibility Study, along with its existing eligibility framework and estimation methodology, as well as its expanded data sharing requirements. Preserving and enhancing this proven approach will support continuity, equity, and operational efficiency throughout the 2028–2033 program cycle.

C. CARE Goals

This section sets forth the 2021-2026 CARE Program goals as approved in D.21-06-015 and includes SCE's proposal to maintain a 92 percent enrollment goal for the 2028-2033 program cycle.

1. Overview of 2021-2026 CARE Goals

In D.08-11-031, the Commission established a 90 percent enrollment target for the CARE program across all IOUs.[84] This benchmark was originally informed by the findings of the initial LINA completed in 2007, which estimated that approximately 90 percent of eligible customers were willing or likely to participate in CARE if they were aware of the program.[85] Since then, the Commission has consistently reaffirmed this goal as a key performance metric for IOUs, recognizing its role in promoting equitable access to energy affordability programs.

[84] D.08-11-031, OP 89.

[85] Low-Income Needs Assessment Study (2007), Final Report, Prepared by KEMA Inc., , p.7-20.

Despite consistently high enrollment rates across IOUs, a more recent LINA study (2019) continues to highlight a persistent barrier to full participation: lack of program awareness. According to the study, 62 percent of non-participating but eligible customers remain unaware of the CARE program.[86] This observation underscores the critical need for ongoing outreach and education efforts, particularly among hard-to-reach and underserved communities.

Furthermore, while the percentage of eligible customers who are aware of CARE and willing to enroll has declined slightly from 90 percent in 2005 to 83 percent in the 2019 LINA data, the overall willingness to participate remains strong.[87] This continued interest reinforces the Commission's directive for IOUs to maintain the 90 percent enrollment goal in previous cycles.

SCE has consistently demonstrated strong performance in achieving high CARE enrollment rates, with penetration levels ranging from 98 to 104 percent between 2021 and 2024. In 2024, SCE reported a penetration rate of 104 percent.[88] See Table III-3 below.

[86] Opinion Dynamics, LINA Final Report: Volume 1 of 3: Summary of Key Findings, December 13, 2019, p. 34, *available at* https://www.calmac.org/publications/2019_LINA_-_Final_Report_-_Vol_1_Summary_of_Key_Findings__-_12132019.pdf.

[87] *Id.*

[88] SCE 2024 Annual Report on Energy Savings Assistance, CARE, and FERA Programs, p. 86.

Table III-3
CARE Authorized vs. Actual Percent Enrollment

Year	CARE Goals Approved (D.21-06-015)	CARE Enrollment Actuals
2021	90%	104%
2022	91%	91%
2023	91%	98%
2024	91%	104%
2025[(a)]	91%	104%
2026	92%	N/A

(a) 2025 Enrollment Actuals represents YTD August 2025 per August 2025 CARE Annual Report, p. 41.

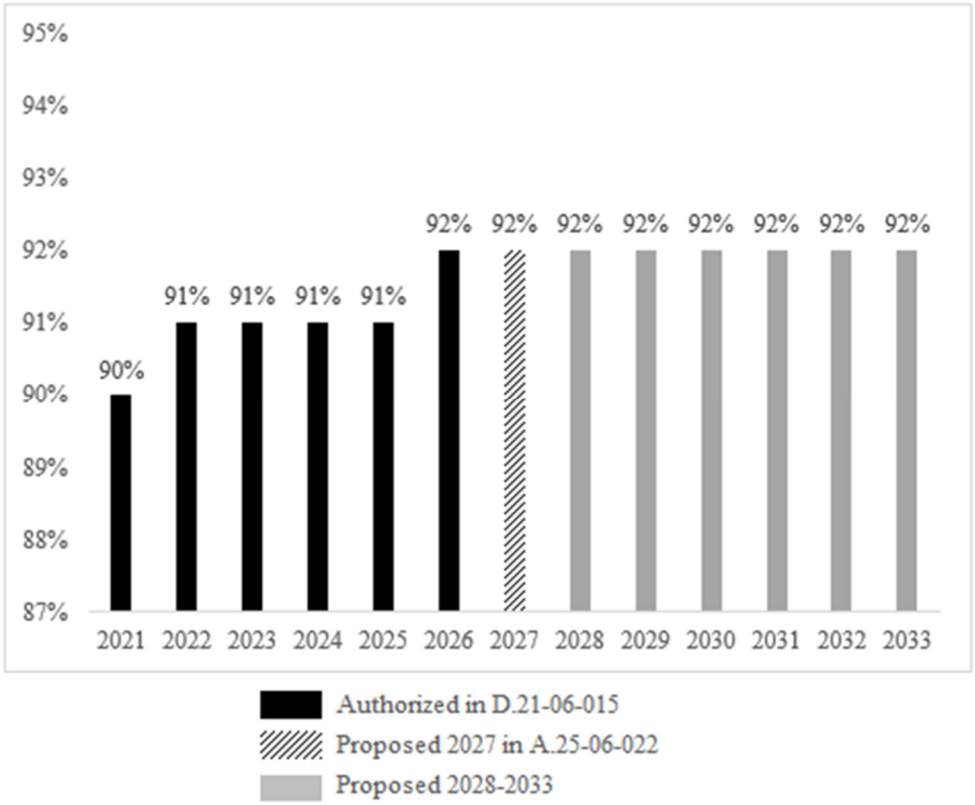
This performance underscores SCE's commitment to maximizing program participation among eligible customers, as illustrated in Figure III-2. However, SCE acknowledges that proposed changes to the CARE program design, specifically the implementation of upfront eligibility for all new and re-enrolling participants, may introduce new challenges to sustaining high enrollment levels for eligible customers in the upcoming program cycle and requests the Commission remain flexible if enrollment numbers change requiring a revisit of the CARE penetration goals in the future.

2. 2028-2033 Proposed CARE Goals

For the 2028–2033 program cycle, SCE is proposing a significant policy shift: implementing upfront eligibility verification for all new and existing CARE customers. This change is intended to strengthen program integrity and confirm that ratepayer subsidies are directed to customers who meet income eligibility criteria. SCE recognizes that this transition may result in some attrition, as customers who are unable or unwilling to complete the verification process may exit the program. Additionally, enrollment levels may decline as

participants who do not meet the income eligibility requirements are removed during the verification process. To account for this churn, SCE has adjusted its enrollment projections to reflect an expected reduction in participation, based on historical trends, which show that verification requirements typically lead to measurable declines in enrollment. At the same time, the forecast also incorporates anticipated increases in enrollment driven by ongoing outreach efforts and recent policy changes expected to trigger new applications. These proactive measures aim to expand program awareness and accessibility, helping offset attrition and supporting overall participation growth. By capturing both expected reductions and anticipated increases, SCE forecasts a balanced and realistic projection of enrollment under evolving program requirements.

Figure III-2
Authorized and Proposed Goals for CARE Enrollment



As outlined in Figure III-2, SCE proposes a 92 percent enrollment goal for the CARE program for the 2028–2033 cycle. This goal serves as both a performance benchmark and a strategic objective, guiding SCE's transition to an upfront eligibility model while focusing on continued access for eligible customers. To mitigate potential declines among eligible customers, SCE will strengthen data-sharing efforts with partner agencies, maintain a strong focus on outreach to hard-to-reach populations, and expand partnerships with state and federal assistance programs. These strategies are designed to preserve high enrollment levels and maintain program accessibility throughout the transition.

a) Enhanced Data Sharing

SCE's efforts will include enhanced data-sharing initiatives, auto-enrollment opportunities, co-enrollment strategies, and targeted marketing campaigns designed to raise awareness and streamline the enrollment process. SCE will continue to adopt industry best practices, including strategies like categorical eligibility where enrollment in one public assistance program automatically or more easily qualifies a household for another, to reduce administrative burdens and improve access for low-income customers.[89] According to the U.S. Government Accountability Office (GAO), the use of electronic data verification and cross-program linkages has been shown to enhance program integrity, reduce improper payments, and accelerate benefit delivery.[90] Furthermore, efforts to streamline eligibility rules across federal low-income programs, such as aligning income definitions and leveraging shared data systems, can help reduce confusion for applicants and improve administrative efficiency.[91]

b) Commitment to Underserved Communities

SCE remains committed to serving underserved communities, particularly hard-to-reach populations. These customers often qualify for CARE or FERA but have not enrolled, typically due to barriers such as geographic isolation, limited internet access, language differences, or lack of awareness about available programs. Based on historical data, SCE has identified rural communities, such as those in Inyo, Mono and Kern

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89 Aussenberg, R. A., & Falk, G. (2019). The Supplemental Nutrition Assistance Program (SNAP): Categorical eligibility (CRS Report No. R42054, pp. 1–21). Congressional Research Service, *available at* https://www.congress.gov/crs_external_products/R/PDF/R42054/R42054.56.pdf.

90 U.S. Government Accountability Office. (2021). Federal low-income programs: Use of data to verify eligibility varies among selected programs and opportunities exist to promote additional use (GAO-21-183). *available at*, https://www.gao.gov/products/gao-21-183. p. 11.

91 U.S. Government Accountability Office. (2017). Federal low-income programs: Eligibility and benefits differ for selected programs due to complex and varied rules (GAO-17-558). Comparison of eligibility criteria and benefits of federal low-income programs, *available at* https://www.gao.gov/assets/gao-17-558.pdf pp. 31-37.

counties, and high-poverty ZIP codes as key areas of focus.[92] These communities often overlap with Disadvantaged Communities (DACs) and require tailored outreach approaches. To reach these populations, SCE will expand its network of trusted CBOs, increase capitation support, and continue participating in community events across hard-to-reach areas. These efforts will be supported by targeted marketing campaigns and multilingual outreach. As new upfront eligibility requirements are introduced, SCE will closely monitor CARE penetration rates at the ZIP code level and adjust outreach strategies as needed to address enrollment declines. Re-engagement efforts will also be developed for customers who drop off due to verification issues. A more detailed description of these strategies is provided in Section V of this Exhibit SCE-03.

c) Base Services Charge Impacts

Another important development impacting bill assistance programs is the implementation of the BSC, which introduces a fixed monthly charge for all residential customers to help cover essential service costs. Under the new structure, CARE customers are classified under Tier 1 and will pay a lower BSC (currently set at $6 per month) compared to non-CARE customers at $24 per month. While the BSC itself is not discounted, the Tier 1 classification provides CARE customers with double benefits: access to lower fixed charges and continued discounts on energy usage. This added value may encourage more eligible customers to enroll in CARE, especially those who previously did not see enough financial incentive to participate.[93] SCE anticipates that the Tier 1 BSC structure could help increase CARE enrollments to offset enrollment drop-offs expected from the new upfront eligibility proposed program change. As a result, while an adjustment has been made to account for potential attrition, the increased customer benefit of CARE under the new rate design may help sustain or even boost

[92] SCE2024, Annual Report on Energy Savings Assistance, CARE, and FERA Programs Table 5.

[93] D. 24-05-028, pp. 30, 21, 46.

participation among eligible households. In addition, Senate Bill (SB) 1130 introduced changes to FERA eligibility criteria,[94] which expanded the pool of FERA eligible customers. SCE's updated targets for the 2028–2033 cycle reflect a reasonable balance between maintaining ambitious enrollment goals and realistically accounting for the impacts of these programmatic and policy changes.

SCE's proposed goals for the 2028–2033 CARE program cycle will remain consistent with those established during the 2021–2026 cycle, with a continued focus on maximizing enrollment among eligible customers, maintaining high penetration rates, and actively promoting equitable access to energy affordability programs. While the core objectives remain unchanged, adjustments to enrollment goals and implementation strategies have been made to reflect key changes in program design and external policy developments.

D. CARE Program Administration

This section explains how upfront eligibility and re-enrollment advance CARE program efficiency. It also outlines recent updates to program processes and controls.

1. SCE's Operational Reforms Enhance CARE Program Delivery

As previously discussed, SCE's proposal for upfront eligibility verification is designed to strengthen program integrity, enhance administrative efficiency, and support that CARE benefits are directed to eligible income-qualified households. Under this proposal, all CARE customers, whether qualifying through categorical eligibility or income verification, will be required to re-enroll every three years and submit documentation to confirm continued eligibility.

A key benefit of this standardized re-enrollment cycle is improved billing accuracy. When customer eligibility is verified upfront and maintained through a predictable schedule, billing systems can apply CARE discounts more consistently. This improvement reduces the

[94] *See,* SB 1130, *available at* https://legiscan.com/CA/text/SB1130/id/3022224. p. 29.

frequency of billing errors and minimizes the need for adjustments, which in turn enhances the reliability of the billing process. Importantly, it also eliminates the need for costly retroactive corrections that occur when customers are removed from the program due to missed verification, only to be re-enrolled and credited later. These corrections are labor-intensive, often require manual intervention, and can lead to customer confusion and dissatisfaction that further increase support costs.

While the standardized cycle simplifies timelines, it is expected to increase processing costs due to the additional documentation reviews required. To mitigate these impacts and improve the customer experience, SCE is proposing targeted IT system enhancements, including updates to support new documentation fields, and will explore the use of artificial intelligence to automate eligibility checks and assist customers. Integration with the Concurrent Application System (CAS) is expected to streamline data collection and verification as well.

A key component of this effort is the integration of new documentation fields to enable more robust data-sharing with Investor-Owned Utilities (IOUs), Small Multi-Jurisdictional Utilities (SMJUs), and other public programs requiring income verification. This expanded interoperability is expected to reduce duplicative efforts and improve the customer experience across platforms.

SCE is also exploring AI-driven automation for reviewing documentation submitted via paper, phone, and online channels. This capability is expected to accelerate processing times and improve accuracy.

To better support customers referred through CAS, SCE plans to enhance IT systems to enable data-matching with third-party sources or develop a simplified income data collection process. AI will also be used to develop customer-focused training materials that provide clear guidance on documentation requirements and submission processes.

Incomplete or incorrect applications present a significant challenge to program administration. Each submission that lacks required documentation or contains errors must be manually reviewed, often resulting in follow-up communications with customers to resolve

issues. This inefficiency not only delays enrollment and increases processing time but also diverts staff resources from other critical tasks. By reducing the volume of incomplete applications through clearer guidance and automated checks, SCE expects to ease administrative burden and improve overall program efficiency.

Over time, as technology becomes more integrated into these processes, processing costs may decline. The integration of AI and IT enhancements will improve data-sharing, streamline enrollment, and accelerate verification, ultimately supporting a more efficient and reliable CARE program.

E. CHANGES

This section sets forth the 2021-2026 CHANGES program, consistent with D.21-06-015, and includes SCE's proposal to maintain an average annual funding level of approximately $574,000 for the 2028-2033 program cycle.

1. Overview of 2021-2026 CHANGES

The CHANGES program, administered by the CPUC, is designed to support consumers who face language, disability, or age-related barriers in accessing and managing their energy services. Funded under the CARE program, CHANGES was initially launched as a pilot and later extended through D.21-06-015, which authorized continued funding through 2026.[95] The program targets Limited English Proficient (LEP) populations, recognizing the overlap between these communities and those eligible for CARE assistance.

CHANGES provides three core services: outreach, consumer education, and individual case assistance. Outreach efforts include traditional media campaigns and community events, which have evolved to include digital and social media platforms, especially in response to the COVID-19 pandemic. Consumer education is delivered through hundreds of digital presentations in multiple languages, covering topics such as billing, energy conservation, and customer rights.

[95] D.21-06-015 OP 21, 22, pp. 475-476.

Individual case assistance ranges from helping consumers enroll in programs such as HEAP and LIHEAP to resolving disputes related to billing and service disconnections. Notably, CHANGES Community-Based Organizations (CBOs) have helped enroll hundreds of consumers in Arrearage Management Plans (AMP), collectively addressing nearly $1 million in utility debt.[96]

The program is managed by the CPUC's Consumer Affairs Branch within the News and Outreach Office, with lead contractors such as the International Institute of Los Angeles overseeing a network of 27 CBOs across California. CHANGES has proven effective in reaching underserved populations and resolving complex utility issues, and its impact is continually assessed through independent evaluations to support ongoing improvement and accountability.

2. 2028-2033 CHANGES updates

SCE is proposing minor updates to the CHANGES program to support its transition to upfront eligibility. As part of this transition, SCE is seeking support from the CHANGES program to strengthen outreach and education efforts so that customers, particularly those in vulnerable and underserved communities, are well-informed and adequately prepared for the change.

To facilitate a smooth and equitable transition, SCE emphasizes the importance of deeper collaboration and engagement with the CPUC in administration of CHANGES. Enhanced coordination between SCE and the CPUC would allow for more targeted guidance, timely feedback, and shared insights that help tailor the program to meet evolving needs of SCE's diverse customer base.

While SCE remains a supporter of the CHANGES program and its mission to assist limited English proficient customers, it is important to recognize that the program is administered directly by the CPUC. As such, SCE's role in shaping the program's design and

[96] CPUC. CHANGES Program Update Presentation to the Low-Income Oversight Board. December 2021, *available at* https://liob.cpuc.ca.gov/wp-content/uploads/sites/14/2021/12/Item-08c-CPUC-CHANGES-Update.pdf. p.6.

implementation is inherently limited. Given this structure, SCE believes that its accountability for the program's overall performance and outcomes should be appropriately aligned with its level of involvement.

SCE looks forward to continued partnership with the CPUC and other stakeholders so that CHANGES continues to serve customers effectively, especially during this period of transition to upfront eligibility.

3. Proposed CHANGES Funding

In D.21-06-015, the Commission directed the IOUs to continue funding the CHANGES program under the CARE balancing account. This decision acknowledged the program's critical role in supporting LEP, disabled, and senior customers in navigating their energy services. The CHANGES program was authorized to receive funding through the CARE program, with a requirement for ongoing independent evaluations to provide information on its effectiveness and accountability.[97]

SCE supports the continued funding of the CHANGES program for the upcoming 2028–2033 program cycle and proposes maintaining its funding allocation at 31 percent, consistent with previous cycles. The proposed annual CHANGES budget has been modestly increased to approximately $546,000, reflecting a two percent annual escalation from the 2026 budget. This amount will continue to be escalated annually by two percent throughout the 2028–2033 cycle to account for inflation. SCE recognizes the value CHANGES provides to vulnerable customers within its service territory and believes the program remains a vital resource for addressing language and access barriers.

Additionally, SCE plans to revise the presentation of the CHANGES budget in its forthcoming filings. Specifically, the CHANGES line item will be moved under a new "CPUC" category in the budget tables, which will also include Energy Division labor costs. This

[97] D.21-06-015, OP 22, p 476.

adjustment is intended to improve transparency and better reflect the administrative structure of the program.

The most recent evaluation of CHANGES highlighted the program's success in delivering multilingual outreach, education, and case assistance. CBOs enrolled hundreds of customers in Arrearage Management Plans (AMP), helping to resolve nearly $1 million in utility debt. The evaluation also concluded that funding the CHANGES program through the CARE budget is appropriate, given the alignment between the services provided and the customer segments served: namely the low-income and LEP populations. An independent evaluation is currently underway to assess the program's continued effectiveness and identify opportunities for improvement. The results of this evaluation will inform future program design and should help keep CHANGES responsive to the evolving needs of California's most vulnerable utility customers.[98]

F. Pilots and Studies

For the 2028-2033 program cycle, SCE is not proposing new pilots under the CARE program. The upcoming cycle will focus on implementing the upfront eligibility and re-enrollment process, which is intended to support accurate eligibility determinations while still minimizing administrative burden for SCE's CARE eligible customers, consistent with the proposed process described in Section III.C.2 of this Exhibit SCE-03.

Additionally, SCE-04 Section VIII.B outlines studies conducted during 2021-2026 and explains how findings from those studies informed the 2028-2033 program proposals, and describes the studies proposed for the upcoming cycle.

[98] Opinion Dynamics, CHANGES Evaluation Report: Community Help and Awareness with Natural Gas and Electricity Services (CHANGES) Program Process Evaluation Study (2019–2021), *available at* https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/reports/cab/changes/changes-evaluation-report-2023.pdf p.6.

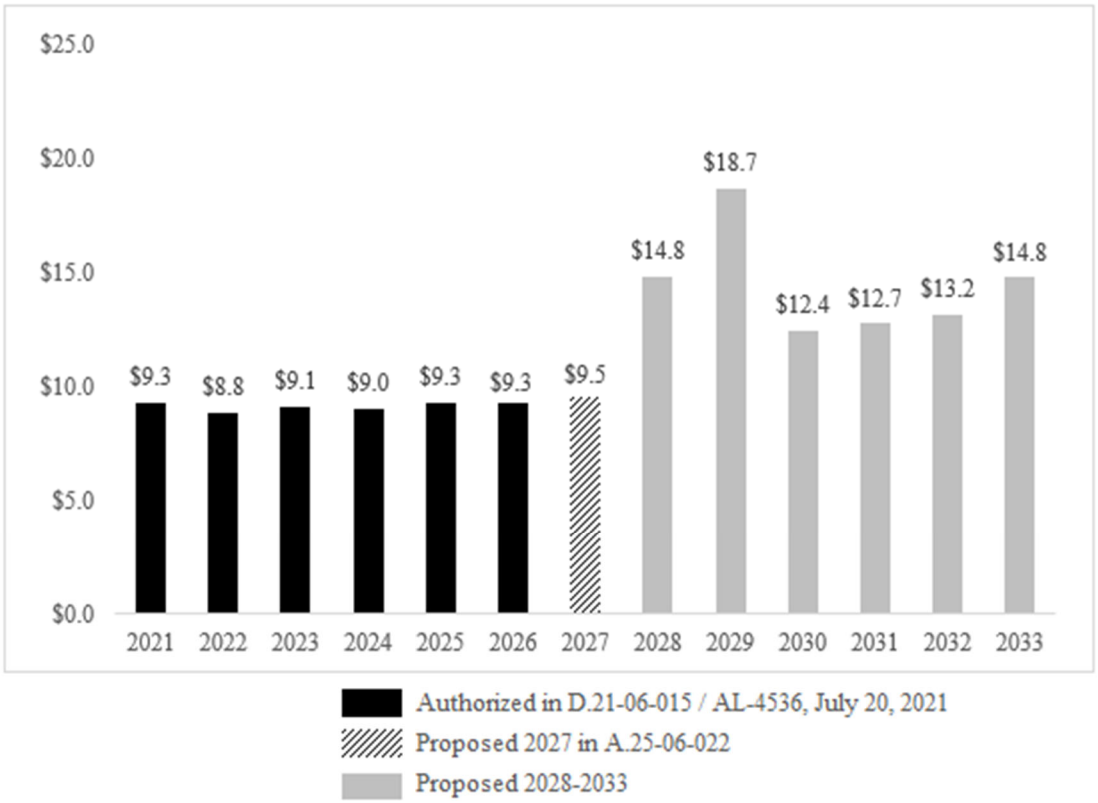
G. 2028-2033 Proposed CARE Budget

This section provides an explanation of SCE's proposed CARE administration budget for 2028-2033, including how it compares to the 2021-2026 authorized budgets from D.21-06-015. See Figure III-3 below. The Commission authorized $54.7 million in cumulative CARE program administration costs for 2021-2026.[99],[100]

[99] D.21-06-015, Table 6, p. 87.

[100] AL 4536-E, July 20 2021, Table 1, p.2.

Figure III-3
Comparison of Authorized and Proposed Budgets
($s in Millions)



SCE proposes a total CARE administrative budget of $86.6 million for the 2028–2033 program cycle, reflecting an annual average of $14.4 million, which is an increase of $5.3 million compared to the $9.1 million annual average from the 2021–2026 cycle. This increase is primarily driven by inflationary pressures and the planned implementation of a new upfront eligibility process. SCE's upfront eligibility proposal is designed to enhance program integrity, streamline operations, and promote long-term affordability for all ratepayers.

To support the transition to upfront eligibility, SCE requests $23.0 million over six years for Outreach. These efforts will reduce customer burden and sustain engagement through digital and traditional channels, with a focus on multilingual education, culturally responsive outreach, and partnerships to improve awareness and access to CARE benefits.

Beginning in 2029, SCE proposes to allocate $24.0 million for new Upfront Eligibility and Re-enrollment processing activities, which will replace existing recertification and post-enrollment verification processes within the upfront eligibility framework.

Additionally, $8.3 million is designated for Information Technology (IT) programming to support necessary system upgrades and automation aligned with the redesigned program structure. General Administration and Regulatory Compliance costs are projected to increase incrementally over the cycle, with a three percent annual escalation rate applied across labor categories, and a two percent annual escalation rate applied across non-labor categories (except for Outreach, which is escalated at five percent per year given historically higher observed and expected cost inflation).

See Table III-4 below for a summary of these costs.

While the proposed administrative budget reflects increased costs, the transition to upfront eligibility is expected to yield significant subsidy cost reduction. Specifically, SCE estimates a reduction in CARE subsidy expenditures of approximately $686 million over the 2028–2033 cycle when compared to a "status quo" scenario without the proposed upfront eligibility measures. These savings will contribute to maintaining program affordability and sustainability, while continuing to provide critical support to income-qualified customers.

Table III-4
2028-2033 Proposed CARE Budget
($s in Thousands)

CARE Budget Categories	2028	2029	2030	2031	2032	2033	Total
Outreach	$3,635	$3,605	$3,692	$3,792	$4,031	$4,231	$22,988
Processing, Certification, Recertification	$2,382	$0	$0	$0	$0	$0	$2,382
Post Enrollment Verification	$752	$0	$0	$0	$0	$0	$752
Upfront Eligiblity and Re-Enrollment (New Category)	$0	$6,908	$3,879	$3,952	$4,040	$5,225	$24,004
IT Programming	$3,626	$3,699	$235	$240	$245	$250	$8,294
Regulatory Compliance	$817	$835	$854	$873	$892	$912	$5,184
General Administration	$2,958	$3,045	$3,135	$3,227	$3,323	$3,421	$19,109
Measurement & Evaluation	$38	$0	$39	$40	$0	$83	$199
Pilots and Studies	$0	$0	$0	$0	$0	$0	$0
CPUC							$0
Energy Division Staff	$38	$38	$39	$40	$41	$41	$237
CHANGES	$546	$557	$568	$580	$591	$603	$3,446
SUBTOTAL ADMINISTRATIVE COSTS	**$14,792**	**$18,688**	**$12,442**	**$12,744**	**$13,163**	**$14,766**	**$86,595**
CARE Subsidies	$1,119,133	$1,097,306	$1,085,247	$1,081,523	$1,084,952	$1,141,313	$6,609,473
TOTAL PROGRAM COSTS & CUSTOMER SUBSIDIES	**$1,133,925**	**$1,115,994**	**$1,097,689**	**$1,094,266**	**$1,098,115**	**$1,156,079**	**$6,696,068**

Note: Totals may not sum due to rounding.

- Outreach: SCE proposes an Outreach budget of $23.0 million for Program Years 2028–2033, representing a modest increase of just $200,000 over the authorized 2021–2026 budget. This minimal adjustment highlights SCE's commitment to fiscal responsibility and efficient resource use. While new transitional activities such as the rollout of an upfront eligibility process are planned, they did not significantly affect the overall Outreach budget. SCE conducted a comprehensive review of current program needs and historical spending, noting that prior Outreach budgets were not fully utilized. Accordingly, the proposed budget has been right-sized to align with actual requirements, avoiding unnecessary expansion. Averaging $3.8 million annually, the proposed funding

is designed to enhance Outreach efforts and support the transition to the new upfront eligibility process. The forecast draws on historical expenditures for similar outreach strategies and incorporates anticipated costs to effectively promote updated program elements. These include evolving outreach needs, increased customer engagement, and integration of new eligibility procedures that can be achieved without a substantial budget increase. The outreach budget covers essential operational expenses such as labor, printing, postage, advertising, and outreach materials. It supports both ongoing marketing efforts and general outreach activities aligned with the upfront eligibility marketing plan. These initiatives aim to boost customer awareness, engagement, and participation in the CARE program. A detailed overview of these activities is provided in Section V of this Exhibit SCE-03.

- Processing, Certification, and Recertification: SCE proposes a budget of $2.4 million for Processing, Certification, and Recertification activities in Program Year 2028. These activities include intake, eligibility review, and recertification processes. The associated costs cover staff labor, training, quality assurance and programming support. The proposed budget is based on a detailed itemized forecast of resources and corresponding costs required to maintain efficient and accurate processing of new enrollments and recertifications, adjusted for forecasted processing volume and for cost escalation. If the Commission approves the proposed transition to upfront eligibility and post-2028 re-enrollment, this cost category will be sunset, and associated expenses will shift to the new "Upfront Eligibility and Re-Enrollment" category, as outlined in Section III.A.2 of this Exhibit SCE-03. However, if the Commission opts to maintain the current approach, SCE will revise its budget accordingly.

- Post-Enrollment Verification (PEV): SCE proposes a budget for the PEV category to cover costs associated with randomized income verification conducted after customers enroll in the CARE program. These costs include staff labor, verification processing,

training, and programming support. The 2028 budget forecast is based on a detailed itemized forecast of resources and corresponding costs required to maintain efficient and accurate PEV for both traditional and high usage verification, adjusted for a significant increase in processing volume, and for cost escalation. In fact, actual expenditures from 2024 and 2025 are not used as a reference due to a notable decline in verification volume during those years, primarily resulting from exemptions granted under Emergency Protections.[101] For 2028, SCE proposes approximately $752,000 to support an expanded sample size for post-enrollment verification, forecasted to reach seven percent of SCE's PEV threshold. Should the Commission approve the implementation of Upfront Eligibility and Re-Enrollment beginning post-2028, this budget category would sunset, as post-enrollment verification would no longer be required, thereby reducing SCE's overall funding and cost-recovery proposal. Additional details on this proposal are provided in Section III.A.2 of this Exhibit SCE-03. If the Commission's directive maintains the current verification approach, SCE will revise its budget accordingly to align with Commission directives.

- Upfront Eligibility and Re-Enrollment (New Category): SCE is introducing a new budget category for Upfront Eligibility and Re-Enrollment as part of the 2028–2033 program cycle. This proposed category is intended to capture costs associated with verifying income and categorical eligibility prior to enrollment in the CARE program, as well as costs related to the re-enrollment of eligible customers. The proposed budget includes expenditures for labor, verification processing, training, quality assurance and programming support necessary to operationalize the new upfront verification framework. The forecasted costs are based on a bottoms-up resource and cost model that utilizes current processing costs that are applied to the anticipated number of customers

[101] D.19-07-015, Decision Adopting an Emergency Disaster Relief Program for Electric, Natural Gas, Water, and Sewer Utility Customers, COL 14 and OP 1.

required to submit income documentation under the revised enrollment and three-year re-enrollment cadence. It also includes a relatively small number of continued high usage verifications, reaching a total proposed budget of $24 million. Of that amount, $6.9 million is budgeted for the 2029 launch of the upfront eligibility process, when verification volumes are expected to be nearly 11 times higher than 2028 estimates. Costs should then drop to approximately $4.0 million from 2030 to 2032 as process improvement initiatives become fully implemented, then rise to $5.2 million in 2033, as by then, almost all customers will be on the three-year re-enrollment cycle. Additional details regarding SCE's Upfront Eligibility & Re-Enrollment proposal are provided in Section III.A.2 of this Exhibit SCE-03. If the Commission does not approve this proposal, SCE will continue to utilize the existing budget categories: Processing, Certification and Recertification, and Post-Enrollment Verification.

- IT Programming: SCE is proposing an IT Programming budget of $8.3 million for Program Years 2028–2033 to support implementation of new upfront eligibility infrastructure for CARE enrollment and achievement of aforementioned upfront verification process improvement cost savings. This budget category includes costs associated with system programming, labor for system enhancements, compliance updates, and ongoing process maintenance. This funding covers full system setup, including design and development of new verification workflows, updates to CARE enrollment modules, IVA (Intelligent Virtual Agent) system maintenance costs, and integration with SCE's billing system to support seamless data exchange and operational alignment. The development phase also includes testing, deployment, and staff training to support system readiness and compliance. From 2030 to 2033, SCE has budgeted an average of $242,000 annually to maintain system performance, implement minor enhancements, and support ongoing compliance.

- Regulatory Compliance: SCE proposes a Regulatory Compliance budget of $5.2 million for the 2028–2033 program cycle, which includes both labor and non-labor costs necessary to fulfill mandated obligations under CPUC directives. This budget supports a range of compliance activities, including preparation of regulatory filings, participation in proceedings and stakeholder forums, and implementation of tariff revisions. Of this total, $3.6 million is allocated to Load Disaggregation, as outlined in Exhibit SCE-04 Section IX.C.2, in compliance with D. 17-12-009, which requires utilities to provide disaggregation reports to CARE customers. The Regulatory Compliance budget reflects a $2.0 million increase over the prior cycle, mostly due to a shift in cost responsibility from the ESA Program to CARE, transitioning from a shared-cost arrangement. SCE proposes eliminating the requirement for ESA contractors to distribute these IQP Load Disaggregation reports, as they are now accessible through the My Account platform, thereby streamlining operations and reducing duplicative efforts while maintaining customer access. The proposed budget is based on a detailed itemized forecast of labor and non-labor costs required to maintain compliance activities throughout the 2028–2033 cycle.
- General Administration: SCE is proposing a General Administration budget of $19.1 million for the 2028–2033 program cycle. This budget category encompasses both labor and non-labor costs that are essential to supporting core program operations, including administrative oversight, internal coordination, and day-to-day management activities necessary to support effective program delivery. These costs include program management labor, technical support, and office supplies. The 2028–2033 budget forecast is derived from a detailed itemized forecast of labor and non-labor administration costs. This funding supports continued availability of administrative resources necessary to operate the CARE program, including support for its transition to an upfront eligibility process.

- Measurement and Evaluation: SCE proposes a total allocation of $200,000 to the Measurement and Evaluation (M&E) budget category for Program Years 2028–2033. This budget category includes costs associated with SCE's co-funded share of the Low Income Needs Assessment Studies, for which SCE typically contributes approximately 30 percent of the total project cost as part of joint IOU efforts. The 2028–2033 budget forecast is based on historical study costs and the pre-established IOU allocation methodology. During this cycle, these efforts will continue to provide valuable insights into the effectiveness of program activities, helping to inform and guide future program design. Additional details on SCE's Measurement and Evaluation proposals are provided in Exhibit SCE-04 Section VIII.
- Pilots and Studies: The Pilots and Studies budget category is intended to support initiatives that explore alternative program designs or assess feasibility of innovative concepts outside of standard implementation frameworks. These initiatives are typically accompanied by evaluation components to determine whether outcomes support broader deployment. For this cycle, SCE intends to focus its efforts on implementation and refinement of new upfront eligibility and re-enrollment processes and, therefore, will not recommend any funding for pilot activities for exploratory assessment or validation.
- CPUC: The CPUC category includes regulatory fees and administrative costs allocated by the Commission including the budget for the CHANGES program and evaluations as described below.
    - Energy Division Staff: The Energy Division budget category reflects an allocation of $237,000, representing estimated costs associated with CPUC Energy Division staff labor. SCE's 2028–2033 budget forecast is based on estimates provided by Energy Division staff. The proposed budget is materially lower than the authorized level for the 2021–2026 cycle, which may be attributable to historical underspending and a subsequent adjustment to better align with actual expenditures. This budget continues

to support cost recovery for activities necessary to facilitate the Commission's oversight of the CARE program.

- CHANGES: The CHANGES budget category reflects costs associated with the CHANGES program, which is administered and implemented by CPUC Energy Division staff. This includes program implementation expenses paid to a third-party that engages directly with customers to support the program's objectives. SCE's 2028–2033 budget forecast is based on historically authorized funding levels and is aligned with pre-established IOU cost-sharing percentages. The total proposed budget for this period is $3.4 million. Further details on SCE's CHANGES proposals are provided in Section III.E of this Exhibit SCE-03.

- Escalation: Escalation refers to the annual adjustments applied to budget categories to account for inflation and anticipated cost increases over the 2028–2033 program cycle. For most categories, SCE applied an escalation factor of 3 percent for labor and 2 percent for non-labor costs, based on historical trends and standard forecasting practices. However, SCE escalated the Outreach budget at a higher rate of 5 percent annually. This elevated rate reflects the unique cost pressures associated with marketing, education and outreach ("ME&O") activities, including rising media and advertising expenses, increased demand for multilingual and culturally targeted outreach, and the need to keep pace with evolving digital engagement platforms and technologies.

- CARE subsidy forecast: SCE's CARE subsidy forecast for the 2028–2033 program cycle is $6.609 billion, supporting a target enrollment penetration rate of 92 percent. The CARE subsidy is reviewed annually through SCE's Energy Resource Recovery Account (ERRA) proceeding.[102] With implementation of Upfront Eligibility and Re-Enrollment processes and based on expected enrollment trends, SCE anticipates a reduction of

[102] Per SCE Preliminary Statement AA - California Alternate Rates for Energy (CARE) Balancing Account, Sheet 5, "Pursuant to D.04-01-048 and D.04-03-023, the recorded operation of the CBA for the Record Period (or previous calendar year 12-month period) shall be reviewed by the Commission in SCE's annual April ERRA application to ensure that the entries made in the CBA are stated."

approximately $686 million in CARE program subsidies over the six-year period. This projected reduction reflects a targeted approach to delivering benefits to verified eligible customer populations, while continuing to minimize barriers for those customers through a simplified enrollment and re-enrollment process.

IV.

FERA PROGRAM

A. FERA Program Delivery

This section sets forth an overview of SCE's proposed FERA program delivery that is consistent with requirements in D.21-06-015. This testimony outlines SCE's proposals to transition from self-attestation, where most applicants certify income without documentation, to a process that will require upfront eligibility verification at both enrollment and re-enrollment. SCE also proposes to develop a dedicated FERA application form and a tiered capitation structure for the 2028–2033 program cycle, which includes offering $60 per FERA enrollment.

1. Overview of 2021-2026 Cycle FERA Program Delivery

SCE operates the FERA program through three core functions: enrollment, recertification, and verification. These same functions are mirrored in the CARE program, with processes adapted to reflect FERA's distinct income eligibility criteria.

FERA customers may enroll or recertify through multiple channels, including online applications, mailed paper applications, and telephone via Interactive Voice Response (IVR). FERA does not allow categorical enrollment based on participation in other public assistance programs. Instead, all applicants must qualify based on income, specifically falling between 200 percent and 250 percent of the Federal Poverty Level (FPL).[103] SCE reviews paper applications to verify completeness and income eligibility before enrollment or recertification are finalized in SCE's enrollment system.

Additionally, sub-metered tenants and group living facilities follow specialized enrollment procedures, and like other FERA enrollments, each enrollment is reviewed by SCE to verify completeness and eligibility before enrollment or recertification is completed.

[103] Cal. Pub. Util. Code § 739.12.

FERA participants are required to periodically recertify their eligibility to continue receiving program benefits. The recertification process follows standard intervals of every two years and extended intervals between four to six years for certain customer types, such as fixed-income households or those who are automatically recertified. FERA recertification is comparable to the CARE enrollment process that involves self-attestation. Customers are notified 90, 60, and 30 days before the recertification deadline, both in writing and through an automated telephone reminder, and may complete the process by mail, phone, or online. Failure to complete the recertification process leads to automatic de-enrollment and placement to the Otherwise Applicable Tariff.

SCE also conducts post-enrollment income verification (PEV) for FERA participants to determine their continued compliance with program eligibility requirements. This includes both traditional verification and high usage verification, using the same Disproportionate Stratified Random Sampling (DSRS) methodology as used in the CARE verification processes.[104] Under the DSRS methodology, customers are randomly selected based on income level and program tenure, with those in higher-income ZIP codes or with shorter program tenure oversampled to improve detection of ineligible participants. Verification requires submission of income documentation such as pay stubs, tax returns, or benefit award letters. Customers who fail to complete the verification process may be de-enrolled and, in cases of confirmed ineligibility, may be subject to back-billing.

These operational functions are supported by the same infrastructure as CARE, consisting of automated notifications, data systems, and outreach coordinated by Capitation Agencies and other CBOs. This alignment enables consistent operations, efficiency, and access for low-income discounted rate assistance programs.

[104] SCE, September 2021, CARE/FERA & ESA Monthly Report p.17.

2. SCE's 2028-2033 Proposed FERA Program Delivery

SCE proposes transitioning to an upfront eligibility process for its FERA program, consistent with the rationale outlined in Section III.A.2 of this Exhibit SCE-03 in its CARE testimony. This change is designed to strengthen program integrity and improve operational efficiency, helping deliver benefits to households that meet income qualifications.

Currently, most FERA applicants self-attest to their income without submitting documentation, which introduces a significant risk of misclassification and improper benefit allocation.[105] To address this, SCE is proposing a program design change that affects both CARE and FERA. While CARE allows categorical enrollment based on participation in other public assistance programs, FERA relies solely on income self-attestation. The proposed change would require documentation at the time of enrollment or re-enrollment for both programs, replacing periodic re-certifications with a standardized three-year re-enrollment cycle. This approach would align FERA's processes with those of CARE.

Under the new design, FERA participants would follow the same administrative procedures as CARE participants, including support from capitation agencies, access to enhanced digital tools for documentation submission, and multilingual outreach efforts. These enhancements aim to streamline operations and to make sure that benefits are accurately targeted to income-qualified households.

Requiring applicants to submit documentation such as proof of public assistance or income statements prior to receiving benefits offers several key advantages. It improves the accuracy of eligibility determinations and reduces the likelihood of incorrect program enrollment. For example, some FERA-eligible customers may currently enroll in CARE due to its higher discount rate, particularly under self-certification protocols. This misalignment distorts

[105] Evergreen Economics. (2025). FERA Enrollment Barriers Study (Draft Report). Commissioned by Pacific Gas and Electric Company as part of A.19-11-003, *available at* https://pda.energydataweb.com/api/downloads/4156/2025-06-06%20-%20FERA%20Study%20Draft%20Report.pdf, p. 8-9, 15.

participation data and results in misallocated resources. Findings presented to the Low-Income Oversight Board (LIOB) by Evergreen Economics support this concern, noting that self-certification has historically contributed to misclassification between CARE and FERA enrollees.[106] Upfront eligibility enables more accurate identification of FERA-eligible households and helps correct enrollment imbalances.

Many low-income programs across California and the nation already require income documentation before benefits are issued.[107] Adopting this standard for FERA will help safeguard program resources, support equitable distribution, support compliance with regulatory requirements, and reinforce credibility of SCE's income-qualified offerings. FERA is increasingly serving as a gateway to other programs, such as the ESA program, making accurate eligibility data essential not only for FERA itself but also for checking on appropriate access to downstream benefits. Upfront eligibility strengthens cross-program coordination, streamlines enrollment, and reduces administrative burden.

This redesign is especially urgent given the upcoming implementation of SCE's BSC, scheduled for rollout in November 2025. Under the BSC structure, CARE participants will be placed in Tier 1 with a $6 monthly charge, while FERA participants will be placed in Tier 2 with a $12 monthly charge.[108] Without upfront eligibility verification, there is a significant risk that FERA-eligible customers may be misclassified into the CARE program, leading to inaccurate tier assignments and misapplication of subsidies. These errors compromise the integrity of the tiered rate structure and can trigger cascading impacts across related programs and regulatory compliance efforts. As the BSC structure takes effect, failure to correctly verify FERA

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[106] Evergreen Economics. (2023) Categorical Eligibility Presentation to the Low Income Oversight Board., available at https://liob.cpuc.ca.gov/wp-content/uploads/sites/14/2023/06/Categorical-Eligibility-Presentation-to-LIOB-Evergreen-Econ-2023-06-15.pdf.

[107] The following is a non-exhaustive list of utilities with income qualified programs that require verification of income or participation on a public assistance program: Arizona Public Service, Exelon – Pepco DC, National Grid, Ameren, United Illuminating, and Eversource. An example of requirements is *available at* https://www.uinet.com/documents/1678076/77607951/FINAL+UPPC006+UI+Low+Income+Discount+Rate+LIDR+Fact+Sheet+Design+09.16.24.pdf/fd9f3819-25e7-5d8a-bc5a-b7a920f437d2?t=1726487888392.

[108] *See,* D.24-05-028: Implementation of income-graduated fixed charges for residential customers.

participants could result in widespread misallocation of benefits, distorted program data, and erosion of public trust. Immediate implementation of upfront eligibility verification is critical to maintain program integrity and support the success of the BSC framework.

Transitioning FERA to upfront eligibility also supports regulatory compliance and promotes fairness, transparency, and fiscal stewardship—consistent with the Governor's July 2025 Executive Order on public program efficiency.[109] By implementing upfront eligibility, SCE aims to improve fairness, strengthen program integrity, and align with broader regulatory and policy objectives. This approach allows for subsidies to be provided to those who qualify, which should increase public trust.

a) FERA Enrollment Process Updates

Similar to the CARE program, SCE is preparing to transition away from the current self-attestation-based enrollment method for FERA. With the implementation of upfront eligibility, customers will no longer simply attest to their income during enrollment. Instead, they will be required to submit supporting documentation, such as pay stubs or tax returns, when applying for the FERA rate discount.

If the CPUC approves SCE's new program design, all enrollment channels, including online, phone, paper applications, and community partner-assisted enrollments, will be updated to reflect these new requirements. They are the same channels currently used for CARE enrollment, offering a streamlined and familiar experience for customers.

While CARE has experienced very high subscription rates, FERA has historically faced challenges in increasing participation. The passage of SB 1130 presents a significant opportunity to expand FERA's reach by removing the cap on the number of household members,[110] thereby broadening eligibility and paving the way to ramp up

[109] Office of Governor Gavin Newsom. Executive Order on Government Efficiency and Innovation, July 15, 2025.

[110] *See,* SB 1130, *available at* https://legiscan.com/CA/text/SB1130/id/3022224.

enrollment levels. SCE intends to seize this opportunity by developing initiatives to enhance program delivery. As a first step, SCE will identify customers who were previously denied FERA enrollment due to household size limits and will enroll them accordingly if they continue to meet eligibility requirements.

Another key initiative under evaluation is targeting Tier 2 BSC customers for possible enrollment into FERA. This effort would primarily benefit residents of deed-restricted affordable housing, who are assigned to Tier 2 rates by default.[111] By leveraging existing customer data, SCE can identify households that may qualify for FERA and conduct outreach to encourage enrollment. This approach supports compliance with CPUC directives to improve program targeting and reduce complexity for income-qualified customers. If successful, this initiative may help improve FERA enrollment levels.

In addition to expanding eligibility, SB 1130 directs utilities to strengthen their enrollment strategies for FERA. It encourages utilities to implement FERA-specific marketing, outreach, and enrollment approaches that are distinct from those used for the CARE program. These efforts include creating separate application forms, utilizing demographic and geographic data for targeted outreach, and tailoring messaging to reach moderate-income households, particularly those who narrowly exceed CARE income limits but still face affordability challenges.[112] The bill reflects a broader legislative intent to support moderate-income customers who often fall just above the CARE income threshold.

(1) Dedicated FERA Application Form

To support the SB 1130 directive and to advance FERA enrollment in 2028 to 2033, SCE proposes to develop a dedicated application form for FERA,

[111] *See,* D.24-05-028, Addressing AB 205 Requirements.

[112] *See,* SB 1130, *available at* https://legiscan.com/CA/text/SB1130/id/3022224.

separate from the existing CARE program form. This separation is designed to reduce customer confusion stemming from overlapping eligibility criteria and similar branding between the two programs. Historically, the bundling of CARE and FERA under shared outreach and enrollment channels has potentially led to misclassification and under-enrollment in FERA, despite its potential to serve a significant portion of the population.[113] By creating a standalone FERA application, SCE aims to streamline the enrollment experience and help customers clearly understand which program they qualify for. Furthermore, this separation will enable independent marketing and outreach efforts tailored specifically to the FERA customer segment, which includes households with incomes between 200 percent and 250 percent of the federal poverty level. These customers often face financial hardships but may not qualify for deeper discounts under CARE. SCE's approach aligns with these regulatory recommendations and reflects a commitment to equity, accessibility, and continuous improvement in customer engagement.

(2) FERA-specific Outreach

As an additional initiative to support SB 1130 that is distinct from CARE marketing tactics, SCE plans to engage third-party agencies with specialized expertise in canvassing and community outreach. These partnerships will enable more targeted and effective engagement with moderate-income households by leveraging the agencies' local knowledge and experience. The goal is to increase awareness of the FERA program, improve enrollment outcomes, and tailor outreach efforts to communities that have historically been underserved.

[113] Evergreen Economics. (2025). FERA Enrollment Barriers Study (Draft Report). Commissioned by Pacific Gas and Electric Company as part of A.19-11-003, *available at* https://pda.energydataweb.com/api/downloads/4156/2025-06-06%20-%20FERA%20Study%20Draft%20Report.pdf, pp. 8-9, 15.

SCE plans to solicit agencies based on their demonstrated ability to conduct data-informed outreach in diverse communities, particularly those with high concentrations of potentially eligible households. This initiative complements the existing support provided by capitation agencies under the CARE and FERA programs, which receive reimbursement for assisting income-qualified customers with enrollment.[114]

By integrating these specialized third-party partners, SCE aims to strengthen its outreach infrastructure, enhance customer engagement, and boost program participation. Agencies will be expected to provide detailed reporting on outreach activities, customer interactions, and enrollment outcomes, allowing SCE to refine its strategies and support its regulatory compliance. This approach aligns with industry best practices and regulatory guidance encouraging innovative, community-based outreach models to better serve income-qualified customers.[115]

SCE will tailor outreach to help customers understand the new process and feel supported throughout the transition. A comprehensive description of the upfront eligibility transition plan is provided in Section V of this Exhibit SCE-03.

b) FERA Re-enrollment Process Modifications

The FERA program will align with CARE by adopting the same process for implementing upfront eligibility. This is proposed to replace the current self-attestation-based recertification process. Existing FERA participants will be required to re-enroll and verify their eligibility at their next scheduled recertification date using documentation

[114] SCE. (n.d.). CARE & FERA Capitation Fee Program*, available at* https://www.sce.com/save-money/income-qualified-programs/care-fera/capitation-fee-program.

[115] E Source. (2023, March 13). Strategies for income-qualified program enrollment and customer eligibility, *available at* https://www.esource.com/system/files/esource_equity_program_enrollment.pdf. p. 23.

such as pay stubs, tax returns, or other qualifying materials. Customers who continue to meet FERA eligibility requirements will remain enrolled.

SCE proposes a standardized three-year re-enrollment cycle for all customer segments in FERA. This process is intended to promote consistency with CARE and decrease administrative complexity. During re-enrollment, if a FERA participant's income documentation confirms they qualify for CARE, SCE will enroll them in CARE instead of FERA so that they receive the higher discount. Their BSC tier will also be updated to Tier 1, consistent with BSC program guidelines. Customers who are no longer eligible for either program will be returned to the Otherwise Applicable Tariff and migrated to the standard Tier 3 for BSC.

SCE will implement the FERA transition in parallel with CARE. The details of the transition plan are outlined in Section V in the Marketing and Outreach section of this Exhibit SCE-03.

c) Replacement of FERA Ongoing Verifications

As outlined in the earlier CARE section, SCE is proposing a transition from its current PEV process to a full upfront eligibility process for all new and re-enrolling participants. This same approach will be adopted for the FERA program. Once implemented, the traditional PEV process, including random sampling and targeted income checks, would be discontinued for FERA, and eligibility documentation would be required at the time of initial enrollment or re-enrollment.

FERA will mirror relevant operational changes implemented in CARE, as described in the Transition Plan found in the Marketing and Outreach section (Section V of this Exhibit SCE-03). Additionally, high usage monitoring protocols will continue to apply to FERA participants, consistent with CPUC requirements. This unified approach supports consistency across income-qualified programs and SCE's broader goals of program integrity, administrative efficiency, and equitable access.

(1) FERA Probability Models

FERA currently uses the same probability-based model as CARE to support its PEV process. This model identifies participants who are statistically less likely to meet income eligibility requirements and subjects them to targeted income verification.

However, once the proposed program redesign is implemented, the probability model will no longer be necessary. Like CARE, FERA will verify eligibility at the time of application, eliminating the need for post-enrollment sampling. As a result, the probability model will be discontinued as part of this transition.

d) CBOs and Updated Capitation Fees

SCE proposes modifications to its Capitation Agency program[116] for the 2028–2033 program cycle to address persistent challenges in enrolling customers in the FERA program. Despite ongoing outreach efforts, FERA participation remains disproportionately low compared to the CARE program.

As detailed in Section III.A.2.f of this Exhibit SCE-03, the current flat fee reimbursement model does not adequately reflect the increased complexity and resource intensity required to enroll FERA-eligible customers. Unlike CARE, FERA requires more targeted outreach and sustained engagement. The FERA Barriers Study conducted by Evergreen Economics, found that marketing expenditures per dollar provided were 31 times higher for FERA than for CARE,[117] illustrating the disproportionate cost and effort

[116] SCE (n.d.). CARE & FERA Capitation Fee Program, *available at* https://www.sce.com/save-money/income-qualified-programs/care-fera/capitation-fee-program.

[117] Evergreen Economics. (2025). FERA Enrollment Barriers Study (Draft Report). Commissioned by Pacific Gas and Electric Company as part of A.19-11-003, *available at* https://pda.energydataweb.com/api/downloads/4156/2025-06-06%20-%20FERA%20Study%20Draft%20Report.pdf, p. 1.

needed to reach and enroll FERA-eligible households. Additionally, the study revealed that only 57 percent of eligible households perceived themselves as likely to qualify for FERA,[118] largely due to the program's narrow income band and dual-threshold eligibility criteria, which further complicate outreach and enrollment efforts.

To better align financial incentives with these operational realities, SCE proposes a tiered capitation structure that differentiates reimbursement rates based on program enrollment type: $40 per CARE enrollment and $60 per FERA enrollment. This proposed adjustment for FERA is designed to accurately compensate agencies for the higher level of engagement required and to incentivize a greater focus on this underserved segment. By increasing the reimbursement rate for FERA, SCE aims to empower capitation agencies to allocate additional resources toward outreach, education, and enrollment activities specifically tailored to FERA-eligible populations.

A comprehensive description of the Capitation Agency Program, including the rationale for the proposed tiered fee structure, is provided in Section III.A.2.f of this Exhibit SCE-03.

B. FERA Program Eligibility Guidelines

This section sets forth an overview of the 2021-2026 FERA Program Eligibility Guidelines as required in Pub. Util. Code § 739.12 and includes SCE's proposal to maintain these program eligibility guidelines in the 2028-2033 program cycle. In addition, SCE also proposes to retain the current cycle FERA estimation methodology for the 2028–2033 program cycle.

[118] Evergreen Economics. (2025). FERA Enrollment Barriers Study (Draft Report). Commissioned by Pacific Gas and Electric Company as part of A.19-11-003, *available at* https://pda.energydataweb.com/api/downloads/4156/2025-06-06%20-%20FERA%20Study%20Draft%20Report.pdf, p. 32.

1. Overview of 2021-2026 FERA Program Eligibility Guidelines

The FERA program is designed to help moderate-income households manage their electricity costs through a monthly bill discount. Prior to the implementation of SB 1130, eligibility for FERA was limited to households consisting of three or more individuals with a total gross annual income between 200 percent and 250 percent of the federal poverty level.[119] Qualified customers received an 18 percent discount on their electricity bills, offering meaningful relief to families who meet the qualifying income thresholds required for the FERA program. However, the household size requirement excluded smaller households, such as one to two-person homes, that often face similar financial pressures but were ineligible under the program's original criteria.

In contrast to CARE, which allows categorical enrollment based on participation in other public assistance programs (such as Medi-Cal or CalFresh (SNAP)), FERA requires income self-attestation and does not permit categorical eligibility. In cases where a customer in the FERA income band also qualify for CARE under categorical enrollment, it would be logical for the customer to enroll in CARE to receive the higher bill discount. This policy is another factor that contributes to CARE's high subscription rates and FERA's low subscription rates.

On June 1, 2025, SCE implemented SB 1130 requirements in conjunction with the Annual Income Guidelines update. SB 1130 significantly expanded access to the FERA program by removing the minimum household size requirement, thereby allowing households of any size to qualify for the same 18 percent discount, provided their income falls within the 200 percent to 250 percent federal poverty level range.[120] SCE updated its eligibility systems, application and marketing materials to reflect the revised criteria. Capitation agencies and customer service representatives received updated training to support newly eligible customers, and a targeted

[119] Cal. Pub. Util. Code § 739.12.

[120] *See*, SB 1130, *available at* https://legiscan.com/CA/text/SB1130/id/3022224.

outreach campaign was launched to raise awareness among smaller households that had previously been excluded from the program.

2. SCE's 2028-2033 FERA Eligibility Proposals

FERA eligibility is determined based on household size and total gross annual income. FERA serves households with incomes between 200 percent and 250 percent of the Federal Poverty Guidelines.[121] While FERA has faced challenges in meeting enrollment targets, the existing framework remains appropriate. SCE uses the Eligibility Study, adopted in D.01-03-028 to estimate eligible households using federal, state, and utility data. This includes ACS block group data, PUMS, poverty guidelines, metering data, and GIS inputs.[122] Despite lower participation, the methodology supports targeted outreach and accurate eligibility estimates. SCE continues to refine its approach to reach underserved communities and improve program performance.

Based on its experience and outcomes, SCE proposes that maintaining the current FERA eligibility criteria and estimation methodology for the 2028–2033 cycle is both justified and essential.[123] The existing approach reliably identifies and supports moderate-income households and enables consistent tracking over time. Its flexibility to incorporate updated data each year also allows SCE to adapt to evolving economic and demographic conditions.

C. FERA Goals

This section sets forth the 2021-2026 FERA Program goals as approved in D.21-06-015 and SCE's proposal to target enrolling 20 percent of the eligible population by 2028, gradually increasing to a target of 30 percent by 2033, as shown in Table IV-5.

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[121] Cal. Pub. Util. Code § 739.12.

[122] D.01-03-028. OP 14.

[123] SCE's proposed cost share for continuing the CARE/FERA Eligibility Study is detailed in Section III.B of this Exhibit SCE-03.

1. Overview of 2021-2026 FERA Goals

Between 2021 and 2026, the CPUC established aggressive goals to significantly expand the reach of the FERA program. To improve access and participation, the CPUC set ambitious enrollment targets, directing utilities to enroll 50 percent of eligible households by 2023 and 70 percent by 2026.[124] Utilities were also tasked with implementing targeted outreach strategies that emphasized procedural equity and community engagement. SCE's actual enrollment during this period has remained low compared to D.21-06-015 authorized targets, as shown in Table IV-6 below, underscoring the need for more effective and scalable solutions.

2. 2028-2033 FERA Goals

SCE proposes a phased, data-driven approach to increasing enrollment in its FERA program, beginning with a target of enrolling 20 percent of the eligible population by 2028 and gradually increasing to 30 percent by 2033. These targets were established following a comprehensive analysis of year-to-date enrollment activity and other influencing factors.

With the launch of Senate Bill (SB) 1130 in June 2025, which expanded eligibility for the Family Electric Rate Assistance (FERA) program, SCE closely monitored enrollment activity to assess the impact of the new legislation. The data collected during this period served as a critical input for forecasting future enrollment potential. This analysis incorporated historical enrollment trends, anticipated attrition rates, and additional considerations such as the implementation of BSC. Based on these insights, SCE concluded that a 20 percent enrollment goal by 2028 is both ambitious and achievable, with incremental growth expected annually, ultimately reaching a 30 percent enrollment goal by 2033.

This trajectory is further supported by the FERA Barriers Study commissioned by PG&E, which serves as a secondary data source validating SCE's projection. The study identified 30 percent enrollment as a realistic upper bound under current program parameters, citing persistent

[124] D.21-06-015. Attachment 1 Table 3 FERA Participation and Enrollment Percentage Goals.

barriers such as limited customer awareness, narrow eligibility criteria, and administrative complexities.[125] These findings reinforce the feasibility of SCE's proposed goals, particularly in light of similar challenges observed across California's investor-owned utilities.

Although the study was conducted within PG&E's service territory, its relevance to SCE is grounded in shared characteristics of California's IOUs, which include similar program structures, regulatory mandates, and demographic profiles. The Categorical Eligibility Report submitted to the CPUC confirms that systemic enrollment barriers such as language access, documentation requirements, and outreach limitations are consistently observed across PG&E, SCE, SDG&E, and SoCalGas.[126] Furthermore, the Joint IOUs Program Highlights presented to the Low Income Oversight Board in 2025 show that despite expanded eligibility under SB 1130, FERA enrollment rates remain low across utilities, with PG&E's rate dropping to 13 percent and SCE's hovering around similar levels.[127] These consistent patterns suggest that the barriers identified in PG&E's study are not utility-specific but rather systemic, making the study a credible benchmark for SCE. The shared regulatory framework under CPUC Decision 21-06-015 further supports the generalizability of findings across IOUs.

As illustrated in Table IV-5, SCE's enrollment goals reflect a phased approach which support continuous improvement while acknowledging the structural limitations of the FERA program. Despite extensive outreach efforts that include multilingual campaigns, digital advertising, direct mail, community engagement, outbound calling, and targeted messaging, FERA enrollment has historically lagged CPUC-established targets, as shown in Table IV-6.

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[125] Evergreen Economics. (2025). FERA Enrollment Barriers Study (Draft Report). Commissioned by Pacific Gas and Electric Company as part of A.19-11-003*, available at* https://www.calmac.org/publications/Categorical_Eligibility_Report_-_Final.pdf, p. 36.

[126] Evergreen Economics. (2023, June 26). Categorical Eligibility Report – Final. pp. 18–21, *available at* https://www.calmac.org/publications/Categorical_Eligibility_Report_-_Final.pdf.

[127] CPUC. (2025, Sept 11). Joint IOUs Program Highlights – Low Income Oversight Board Meeting. p. 1, *available at* https://liob.cpuc.ca.gov/wp-content/uploads/sites/14/2025/09/Item-4-Joint-IOU-Presentation-1.pdf.

Table IV-5
FERA Proposed Goals

FERA	2028	2029	2030	2031	2032	2033
Participation / Enrollment Goal	20%	22%	24%	26%	28%	30%

Table IV-6
FERA Authorized vs. Actual Percent Enrollment

Year	FERA Goals Approved (D.21-06-015)	FERA Enrollment Actuals
2021	30%	14%
2022	40%	12%
2023	50%	14%
2024	60%	15%
2025[(a),(b)]	65%	10%
2026	70%	N/A

(a) 2025 Enrollment Actuals represents YTD August 2025 per August 2025 FERA Annual Report, p. 56.

(b) Decline in 2025 penetration reflects SB 1130-driven growth in FERA eligible households.

SCE has also executed various marketing strategies, including message framing, segmentation, and incentive-based outreach. However, these efforts yielded only modest gains,[128] consistent with the PG&E study's findings that highlighted key enrollment barriers such as limited public awareness of the FERA program, challenges in self-assessing eligibility due to the narrow income band (200–250 percent of the federal poverty level), income volatility that

[128] SCE. Annual Reports on CARE and FERA Program Performance. Various years, *available at* https://liob.cpuc.ca.gov.

causes households to move in and out of eligibility, and misreporting or confusion between FERA and CARE eligibility pathways.[129]

In 2024, SCE's eligibility study estimated 211,736 customers as FERA-eligible, with a 15 percent penetration rate.[130] Following SB 1130's eligibility expansion, the eligible population increased to 357,233 customers in 2025, resulting in a reduced penetration rate of 9 percent.[131] This shift underscores the challenge of maintaining high enrollment rates amid evolving program criteria.

SCE's efforts have been specifically recognized by the CPUC. In its June 3, 2025 assessment letter, Commission staff stated:

> Commission staff has determined that the state's three largest electrical corporations, Pacific Gas & Electric Company (PG&E), San Diego Gas & Electric (SDG&E) and Southern California Edison (SCE) (collectively, the Investor-Owned Utilities, or IOUs) made reasonable efforts to enroll eligible households in the FERA program in 2024.[132]

SCE's initiatives included sending one million emails to customers regarding the CARE and FERA programs in 2024, resulting in a 10 percent increase in customer engagement on SCE's website. SCE also developed a new propensity model to identify high-potential audiences for FERA, leveraging existing customer data platforms and fine-tuning with FERA-specific zip codes. These efforts demonstrate SCE's commitment to leveraging technology and data analytics to improve program targeting and outreach, even as enrollment rates remain challenged by structural barriers.[133]

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[129] Evergreen Economics. (2025). FERA Enrollment Barriers Study (Draft Report). Commissioned by Pacific Gas and Electric Company as part of A.19-11-003, *available at* https://pda.energydataweb.com/api/downloads/4156/2025-06-06%20-%20FERA%20Study%20Draft%20Report.pdf, p. 36.

[130] SCE, 2024 CARE/FERA & ESA Annual Report FERA Table 2.

[131] SCE, June 2025 CARE/FERA & ESA Monthly Report FERA, Table 2.

[132] On June 3, 2025, ED Staff served the Commission Staff Assessment of Electrical Corporations' Reasonable Efforts to Enroll FERA-eligible Customers on service list A.19-11-003 et al.

[133] *Ibid*.

To support accountability and adaptability, SCE will conduct a mid-cycle review during the 2028–2033 program period. This review will assess the impact of external factors, including the income-graduated Base Services Charge (BSC) and SB 1130 eligibility changes. Should enrollment trends deviate from projections, SCE will adjust its targets to remain aligned with empirical evidence and program realities.

By anchoring its strategy in data and adopting a phased approach, SCE aims to drive measurable progress in FERA enrollment while maintaining realistic expectations. The 20 percent to 30 percent enrollment trajectory reflects historical trends across utilities and positions the program for sustainable success.

D. FERA Program Administration

As outlined in Section III.D.1 of this Exhibit SCE-03, SCE is proposing a transition to upfront eligibility and a standardized three-year re-enrollment cycle for the CARE and FERA programs to improve program integrity, streamline administrative processes, and enhance billing accuracy.

FERA customers will follow the same verification and re-enrollment protocols as CARE participants, including the submission of eligibility documentation at initial enrollment and every three years thereafter. This alignment will eliminate post-enrollment verification and recertification for FERA, reducing manual processing and minimizing the risk of billing errors due to delayed or incomplete eligibility confirmation.

FERA will also benefit from the same IT and AI enhancements described for CARE, such as automated income documentation review, improved data-sharing with other utilities and public programs, and customer-facing tools that guide applicants through the verification process. These improvements are expected to reduce incomplete applications, accelerate processing times, and improve the overall customer experience.

Importantly, aligning FERA with CARE's upfront eligibility processes will also enhance billing efficiency. When eligibility is confirmed prior to enrollment and maintained through a predictable cycle, billing systems can apply the FERA discount more accurately and consistently. This reduces the need

for retroactive adjustments and minimizes customer confusion, contributing to a more stable and cost-effective operational environment.

A comprehensive discussion of the CARE and FERA Transition Plan to upfront income verification is provided in Section V of this Exhibit SCE-03.

E. Pilots

For the 2028-2033 program cycle, SCE is not proposing any new pilots under the FERA program.

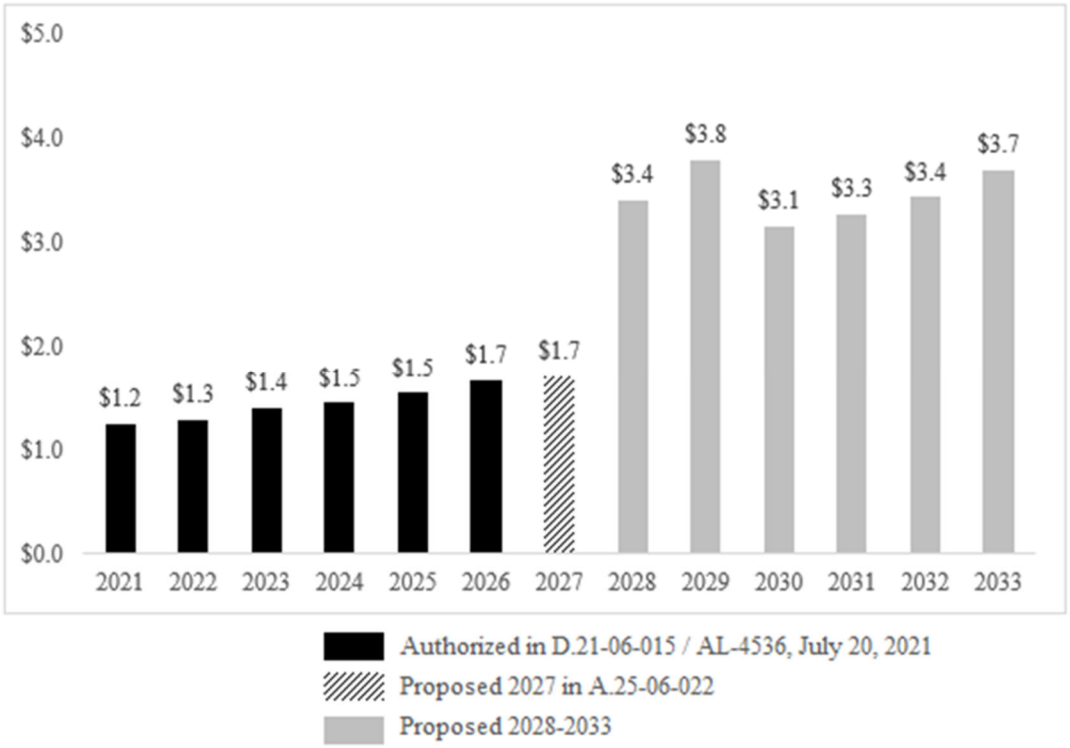
F. 2028-2033 Proposed FERA Budget

This section presents SCE's proposed FERA program administration budget for the 2028–2033 cycle as it compares to the authorized budget for the 2021–2026 cycle. Pursuant to D.21-06-015 and through the CARE/FERA Advice Letter submission, the Commission authorized a cumulative total of $8.6 million in FERA administrative costs for the 2021–2026 period.[134],[135] See Figure IV-4 below.

[134] D.21-06-015, Table 9, p. 112.

[135] AL 4536-E, July 20 2021. Family Electric Rate Assistance Program Management Cost Budget Tables.

Figure IV-4
Comparison of Authorized and Proposed Budgets
($s in Millions)



As illustrated in Table IV-7Figure IV-4, for the 2028–2033 cycle, SCE proposes a total administration budget of $20.7 million, corresponding to an average annual budget of $3.5 million. This represents a $2.1 million annual increase over the prior cycle's average of $1.4 million. The proposed increase is primarily driven by significantly expanded ME&O efforts to support the expanded eligible population resulting from SB 1130 and increased FERA enrollment. Inflationary pressures, and the planned implementation of a new upfront eligibility process also contribute to the increase.

Of the total proposed budget, SCE plans to allocate $15.3 million to Outreach activities. This funding will support FERA-specific transition efforts aimed at reducing customer burden associated with the implementation of upfront eligibility, as described in Section IV of this Exhibit SCE-03. General marketing and outreach efforts are discussed in Section V of this Exhibit SCE-03.

SCE also proposes $2.9 million for Upfront Eligibility and Re-Enrollment processing activities beginning in 2029, following the 2028 transition year. To support IT system development and implementation of new tools and workflows required for the upfront eligibility model, SCE allocates $1.2 million for the 2028–2029 period. The remaining IT budget from 2030 through 2033 is dedicated to ongoing system maintenance and incremental enhancements. General Administration and Regulatory Compliance costs are expected to increase incrementally over the cycle, with a three to five percent annual escalation rate applied across all cost categories.

Unlike CARE, the transition to upfront eligibility is projected to increase program subsidies by approximately $39 million over the 2028–2033 cycle. This increase is driven by anticipated enrollment growth as well as stricter enrollment requirements that may shift some customers from CARE to FERA. As verification becomes more rigorous, customers who no longer qualify for CARE may still meet FERA's income criteria, resulting in a redistribution of participants and higher overall subsidy costs under the new framework.

Table IV-7
2028-2033 Proposed FERA Budget
($s in Thousands)

FERA Budget Categories	2028	2029	2030	2031	2032	2033	Total
Outreach	$2,381	$2,377	$2,469	$2,548	$2,681	$2,808	$15,263
Processing, Certification, Recertification	$252	$0	$0	$0	$0	$0	$252
Post Enrollment Verification	$80	$0	$0	$0	$0	$0	$80
Enrollment and Reenrollment Verification (SCE Only)	$0	$710	$485	$515	$545	$670	$2,924
IT Programming	$575	$587	$78	$80	$81	$83	$1,485
Measurement & Evaluation	$0	$0	$0	$0	$0	$0	$0
Regulatory Compliance	$0	$0	$0	$0	$0	$0	$0
General Administration	$108	$111	$115	$118	$122	$125	$700
CPUC Energy Division Staff	$0	$0	$0	$0	$0	$0	$0
SUBTOTAL ADMINISTRATIVE COSTS	**$3,397**	**$3,785**	**$3,146**	**$3,261**	**$3,429**	**$3,686**	**$20,704**
FERA Subsidies	$35,741	$41,372	$46,824	$52,156	$57,421	$65,140	$298,655
TOTAL PROGRAM COSTS & CUSTOMER	**$39,138**	**$45,157**	**$49,970**	**$55,417**	**$60,850**	**$68,827**	**$319,359**

Note: Totals may not sum due to rounding.

- Outreach: SCE proposes a total budget of $15.3 million for FERA program outreach activities during the 2028–2033 program cycle, which represents an increase of $10.7 million compared to the previous 2021-2026 cycle. This increase reflects a strategic shift toward more robust, targeted outreach efforts designed to significantly improve program enrollment and engagement among eligible customers. Pursuant to Decision 21-06-015, SCE was directed to reallocate a portion of the CARE outreach budget to FERA and establish a separate balancing account for FERA-related expenditures.[136] While this directive created a framework for independent funding, FERA outreach in the prior cycle continued to rely heavily on CARE resources due to shared materials and joint marketing efforts. For the

[136] AL 4536-E, July 20 2021. Family Electric Rate Assistance Program Management Cost Budget Tables.

upcoming cycle, SCE intends to fully operationalize the separation by implementing dedicated outreach strategies and developing exclusive collateral materials for FERA. This transition justifies the increased budget, as it enables the program to stand on its own and better serve its unique customer base. The proposed budget supports a comprehensive set of outreach activities, including core operational costs such as labor, printing, postage, advertising, and outreach materials. It also includes funding for general outreach and ongoing marketing activities, as well as dedicated allocation for FERA-specific efforts outlined in Section V of this Exhibit SCE-03. The budget is informed by historical spending and adjusted to reflect the costs of a more proactive program design, supporting FERA's enrollment goals while ensuring cost-effectiveness and accountability.

- Processing, Certification, and Recertification: SCE proposes a total budget of $252,000 for the FERA Processing, Certification, and Recertification category for the first year of the 2028–2033 program cycle. Consistent with the CARE program, SCE's FERA processing, certification, and recertification activities encompass intake, eligibility review, and enrollment maintenance. For reference, CARE-related budget details are provided in Section III.G of this Exhibit SCE-03. SCE proposes to sunset this budget category after 2028, as key functions are expected to transition to the consolidated "Upfront Eligibility and Re-Enrollment" category, described in Section III.A.2 of this Exhibit SCE-03. Should the Commission elect to retain the current enrollment and recertification framework, SCE will revise its budget accordingly to reflect the final determination for the 2028–2033 program cycle.
- Post-Enrollment Verification (PEV): SCE proposes a total budget of $80,000 for the FERA Post Enrollment Verification (PEV) category for the first year of the 2028–2033 program cycle. SCE's FERA PEV cost category mirrors the CARE process and utilizes the same forecasting methodology outlined in Section III.G of this Exhibit SCE-03. While the cost components are similar, they are specific to FERA PEV. In alignment with CARE, this budget category is expected to sunset, as verifications will be conducted prior to enrollment.

Additional details on SCE's Upfront Eligibility and Re-Enrollment proposal are provided in Section III.A of this Exhibit SCE-03. However, if the Commission's directive upholds the current verification approach, SCE will retain this budget category and revise its budgets for the 2028–2033 Program Cycle to reflect Commission directives.

- Upfront Eligibility and Re-Enrollment (New Category): Beginning in 2029 through 2033, SCE proposes a $2.9 million allocation for a new budget category, Upfront Eligibility and Re-Enrollment, to support FERA eligibility verification prior to enrollment. This includes income verification and re-enrollment activities. As 2028 is a transition year, existing budget categories will remain in place to support current recertification and verification processes. The proposed category mirrors the structure used for CARE and is detailed in Section III.G of this Exhibit SCE-03, which outlines the forecasting methodology and cost components. Additional details on the proposal are provided in Section II.D of this Exhibit SCE-03. If the proposal is not approved, SCE will continue using the existing budget categories: Processing, Certification, Recertification, and Post-Enrollment Verification categories as described in above bullets.
- IT Programming: SCE's IT Programming budget category reflects costs consistent with those outlined in CARE Section III.G of this Exhibit SCE-03. A total of $1.2 million is allocated for IT programming activities during the 2028–2029 period.
- Measurement and Evaluation: SCE's Measurement and Evaluation costs are incorporated within the CARE budget category.
- Regulatory Compliance: SCE's regulatory compliance budget costs are included in the CARE budget.
- General Administration: SCE is proposing a General Administration budget of $700,000 for the 2028–2033 program cycle. As in the CARE Program, this budget category encompasses both labor and non-labor costs essential to supporting core program operations. The 2028–2033 budget forecast is derived from a detailed itemized forecast of labor and non-labor administration costs. This funding supports the continued availability of administrative

resources necessary to operate the FERA program, including support for its transition to an upfront eligibility process.

- CPUC Energy Division Staff: Energy Division staff costs are included in the CARE budget.
- Escalation: Escalation is calculated the same as CARE and covers adjustments applied to budget categories to account for inflationary impacts and cost growth over the 2028-2033 program cycle. SCE applied an annual escalation factor of three percent for labor, two percent for non-labor, and five percent for Outreach for each year of the 2028-2033 cycle.

- FERA subsidy forecast: SCE forecasts a total FERA subsidy of $299 million for the 2028–2033 program cycle, based on an estimated enrollment penetration rate of 30 percent. This subsidy is subject to review through SCE's annual ERRA proceeding.[137]

[137] FERA subsidy amount reviewed by the Commission as part of SCE's annual ERRA proceeding.

V.

MARKETING, EDUCATION AND OUTREACH

A. SCE's Upfront Eligibility Proposal: Advancing Equity and Stakeholder Engagement

As described previously, SCE is proposing to launch a fundamental shift in its approach to the CARE and FERA program enrollment processes. SCE's proposal will require upfront eligibility for all applicants, both new and renewing, replacing the current process of self-attestation, post-enrollment verification and recertification. This adjustment is intended to reinforce the integrity, transparency, and sustainability of these programs, directing support to households that meet income criteria and comply with state regulations.

SCE recognizes that this transition raises substantial questions from stakeholders regarding how this may influence equitable access and increase customer burden. Stakeholders' concerns center on the risk that additional documentation requirements could disenfranchise eligible applicants or exacerbate existing inequities in program participation. Research indicates that burdensome income documentation requirements often create barriers for low-income households, who may struggle to provide formal proof of income due to irregular employment or lack of access to records, ultimately reducing participation in assistance programs.[138]

To proactively address these concerns and support a successful transition, SCE is preparing to deploy a comprehensive suite of tactics. If the CPUC approves the upfront eligibility proposal, then SCE will immediately initiate customer outreach and education efforts focused on the new upfront eligibility process. SCE intends to use the transition year, the first year following the Commission's decision, to provide customers with essential information, train support entities, and upgrade internal systems. These efforts aim to provide a smooth, equitable, and well-supported implementation.

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[138] Office of Evaluation Sciences. (2023). Use of proxies for eligibility verification: Evidence brief. U.S. General Services Administration, *available at* https://oes.gsa.gov/assets/files/use-of-proxies-for-eligibility-verification.pdf. p. 1

1. Robust Customer Education

A robust customer education strategy is central to SCE's initiative, empowering households to navigate the new upfront eligibility requirements with confidence. SCE's approach centers on creating clear, multilingual materials that break down the eligibility process, with step-by-step instructions tailored to different customer profiles such as gig workers, individuals with cash-based or irregular income, new families, job seekers, and those facing financial hardship. These resources will be distributed and promoted using a multi-channel strategy including digital platforms, social media, website updates, and printed communications, channels designed to maximize reach and engagement across varied communities.

The multi-channel and multilingual approach is supported by evidence that well-structured educational initiatives help reduce confusion and enrollment barriers for diverse populations. For example, research shows that a well-structured education initiative can drive a 38.3 percent increase in product adoption and a 26.2 percent improvement in customer satisfaction.[139] UNESCO has further affirmed that multilingual education increases retention, participation, and comprehension, particularly when information is delivered in a language familiar to the learner.[140]

SCE's segmentation strategy is also shaped by the findings of the 2025 LINA study, which highlighted that household size, especially families with children, was a significant driver of energy usage and program participation.[141] Informed by this insight, SCE is committed to targeted, family-centered outreach as part of its educational campaign.

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[139] Forrester Consulting. (2024). Drive Business Success Through Customer Education (p. 14) [PDF]. *available at* https://thoughtleadership.forrester.com/go/intellum/customer_education_ebook/14/. p. 14.

[140] UNESCO. (2025). New UNESCO report calls for multilingual education to unlock learning and inclusion. UNESCO, *available at* https://www.unesco.org/en/articles/new-unesco-report-calls-multilingual-education-unlock-learning-and-inclusion.

[141] Evergreen Economics. (,2025). Low Income Needs Assessment: Final Report, October 30, 2025, pp. 31-34, available at https://pda.energydataweb.com/api/view/4241/2025%20LINA%20Final%20Report_103025.pdf.

For instance, digital tools (i.e., ParentSquare),[142] which connect directly with families through school districts, have demonstrated strong engagement and effectiveness in promoting awareness of energy assistance programs. The LINA study underscores that leveraging such platforms for targeted messaging can help reach high-usage households and promote broader participation in CARE and FERA programs.[143]

By combining segmentation, multilingual resources, and multi-channel outreach, SCE aims to provide that all eligible applicants are educated and prepared to participate in the CARE/FERA programs with clarity and confidence.

2. Empowering Staff and Partners to Enhance Customer Support

SCE plans to invest in comprehensive training programs for both internal staff and external partners. Training is planned to encompass cultural competency, language accessibility, and strategies for working with applicants who have limited access to documentation or stable housing. Staff will be equipped with troubleshooting guides, escalation protocols, and best practices for supporting applicants facing unique barriers. Community partners will benefit from ongoing workshops and resource sharing, enabling them to play a central role in outreach efforts. Moreover, research highlights that culturally responsive training that is grounded in ongoing self-reflection, organizational accountability, and respect for diverse backgrounds improves provider–client relationships, increases follow-up rates, and helps close service gaps among underrepresented groups.[144] These initiatives are designed to foster empathy and efficiency, helping applicants overcome procedural hurdles and access the support they need.

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[142] *See*, Parent Square *available at* https://www.parentsquare.com.

[143] Evergreen Economics, 2025 Low Income Needs Assessment: Final Report, October 30, 2025, p. 31-34, *available at* https://pda.energydataweb.com/api/view/4241/2025%20LINA%20Final%20Report_103025.pdf.

[144] Giordano, S., & Edwards, J. (2023). Enhancing cultural responsiveness in social service agencies (OPRE Report No. 2023-338). Office of Planning, Research and Evaluation, Administration for Children and Families, *available at* https://acf.gov/system/files/documents/opre/OPRE-enhancing-cultural-responsiv-april2024.pdf p. 7-10.

To equip customers and program partners to navigate the new process, SCE plans to offer comprehensive training and support. Planned resources include step-by-step instructional videos, multilingual AI-powered virtual assistants, and updated FAQs to assist with online applications and improve the overall experience. SCE aims to provide staff enhanced training modules to better support customer interactions, while capitation agencies and CBOs will be equipped with updated tools and resources. These agencies will also receive increased compensation to reflect the added effort required under the newly proposed model. Partnerships will be expanded to include faith-based organizations, Indigenous-serving nonprofits, and multilingual outreach teams to provide broad and equitable access.

3. Digital Portal Upgrades and User Experience Improvements

SCE is committed to modernizing its application systems to streamline the process and alleviate burdens on applicants. Planned enhancements will upgrade online platforms to enable easy upload of various documentation formats, including mobile photos, scans, and PDFs. The systems are being planned to integrate real-time prompts to guide users through required steps and flag incomplete submissions, while live chat support and personalized digital assistance will be available for troubleshooting. Literature shows that these technological upgrades, paired with responsive support, can dramatically increase completion rates and reduce administrative errors, especially among vulnerable populations with limited access to digital devices or internet connectivity.[145]

SCE plans to further enhance its digital platforms to deliver a streamlined, intuitive experience for customers who prefer self-service options. The customer portal is expected to feature mobile-friendly interfaces, real-time application tracking, and secure document upload capabilities. SCE is also planning AI-powered virtual assistants that will be available 24/7 to

[145] Djatmiko, G. H., Sinaga, O., & Pawirosumarto, S. (2025). Digital transformation and social inclusion in public services: A qualitative analysis of e-government adoption for marginalized communities. Sustainability, 17(7), Article 2908, *available at* https://doi.org/10.3390/su17072908 pp. 10-11.

guide users through verification, answer questions, and offer personalized support in multiple languages. These tools are designed to empower customers to manage their enrollment independently, reducing wait times and improving overall satisfaction. According to a 2025 ZipDo Education report on AI in the utility sector, AI-enabled customer-service chatbots have increased customer satisfaction scores by approximately 20 percent, while AI-powered virtual assistants have cut call center volumes by about 25 percent.[146]

4. Community Engagement

Effective outreach to vulnerable populations depends on strong collaborative relationships with trusted local organizations. SCE plans to strengthen partnerships with a diverse range of community-based entities, including food banks, housing services, and advocacy groups for immigrants and seniors. These partners will act as information hubs, assisting applicants in obtaining and submitting necessary documents, facilitating workshops and providing one-on-one assistance for complex cases, and offering feedback to SCE regarding persistent barriers and emerging needs. Evidence shows that community organizations possess a unique ability to build trust, translate information, and deliver hands-on support to hard-to-reach groups, thereby helping to address risks tied to documentation-heavy enrollment procedures.[147]

SCE will utilize paid media, search engine marketing, social media, and experiential tactics such as geo-fencing at community events to further its outreach efforts. Culturally responsive outreach methods have proven successful in increasing participation and reducing disparities among historically underserved populations. “Community-based organizations, leveraging their deep-rooted community trust and flexible outreach strategies, have effectively

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[146] ZipDo Education. (2025). AI in the utility industry statistics (2025 ZipDo Education report), *available at* https://zipdo.co/ai-in-the-utility-industry-statistics/.

[147] Okamoto, D., Feldman, V., & Gast, M. J. (2013). Immigrant mothers, community organizations and poverty (Policy Brief). Center for Poverty & Inequality Research, University of California, Davis. https://poverty.ucdavis.edu/policy-brief/immigrant-mothers-community-organizations-and-poverty.

reached hard-to-engage populations through in-language messaging, door-to-door canvassing, and direct service delivery."[148]

5. Targeted Outreach

a) Reaching Underserved Communities

SCE's strategy prioritizes engagement with populations who face compounded barriers: limited digital literacy, unstable housing, language differences, and geographic isolation. Local trusted CBO partners will engage directly at shelters, community centers, and in rural neighborhoods with historically low program uptake. Materials and assistance will be available in multiple languages, and alternative pathways will be offered for those unable to provide standard documentation, such as sworn statements or agency referrals. Feedback loops, including surveys and ongoing dialogue with community partners, will support continuous adaptation to evolving challenges.

To highlight SCE's focus on hard-to-reach customers, SCE proposes to implement a targeted approach to support tenants in multifamily housing and mobile home parks, groups identified by the CPUC as "hard-to-reach" due to barriers such as indirect billing, language access, and limited program awareness.[149] To ease the transition to upfront eligibility for CARE and FERA programs, SCE will collaborate with multifamily and mobile home park property owners and managers to facilitate outreach, enrollment, and verification. SCE will also build on the multifamily infrastructure of its ESA Program, which uses owner certifications and site-based services to reach income-qualified households. CARE/FERA outreach will be aligned with and supported by partnerships with programs such as the Comprehensive Manufactured Home Program

[148] Aghasi, C. (2025). Strengthening Partnerships: The Role of Community-Based Organizations in Public Benefits Outreach and Emergency Response (Master's thesis, California State University, Sacramento), *available at* https://www.csus.edu/college/social-sciences-interdisciplinary-studies/public-policy-administration/_internal/_documents/thesis-bank/aghasi-cynella-s25-thesis-paper.pdf p.1.

[149] D. 23-06-055, COL 33, p. 116.

and the Mobile Home Park Utility Conversion Program, helping to streamline engagement and expand access for underserved customers. For sub-metered tenants, SCE will conduct targeted outreach through property managers to help eligible customers receive full CARE or FERA discounts via landlord billing. Ongoing support will be provided for enrollment renewals to maintain access.

b) Driving FERA Enrollment with Enhanced Outreach Initiatives

Improving FERA participation is a top priority for SCE and is integral to the upfront income verification transition plan. As discussed in Section IV.C.2 of this Exhibit SCE-03, SCE proposes to introduce a standalone FERA application to reduce confusion with CARE and enhance enrollment accuracy. In addition to the outreach strategies and tactics described previously, SCE is seeking to engage third-party agencies with expertise in canvassing and community outreach to specifically identify and enroll FERA-eligible households, focusing on underserved and hard-to-reach communities. These targeted, data-driven efforts, along with enhanced reporting, will help overcome enrollment barriers and align with CPUC guidance to further distinguish CARE and FERA outreach.

c) Assistance for Digitally and Linguistically Isolated Customers

Recognizing that not all customers are comfortable with digital platforms, SCE proposes to expand in-person and phone-based assistance to better support those who prefer guided help. Trained customer service representatives will offer step-by-step support, while CBOs and capitation agencies will provide walk-in assistance at community centers, libraries, and faith-based institutions. Printed materials with clear visuals and simplified instructions will be distributed to help customers understand the process without relying on technology. These efforts help customers regardless of digital literacy and facilitate access to the support they need to enroll or re-enroll in CARE and FERA programs.

Recognizing that some customers may not complete applications or re-enrollment due to confusion, time constraints, or documentation challenges, SCE proposes targeted re-engagement strategies. These include deploying staff and designated resources to provide personalized follow-up communications, issuing reminders through customers' preferred channels, and coordinating outreach in partnership with CBOs and capitation agencies. Research indicates that re-engagement emails achieve an average open rate of 12 percent and can recover between 5 percent and 15 percent of inactive customers.[150] Additionally, acquiring a new customer can cost five to seven times more than retaining an existing one,[151] making re-engagement a cost-effective strategy for maintaining program participation.

6. Transition Plan Timing

SCE remains deeply committed to ensuring that the transition to upfront eligibility is as seamless and supportive as possible for all customers. By prioritizing multilingual education, culturally responsive outreach, and strategic partnerships with community-based organizations, SCE aims to minimize confusion and administrative burden while enhancing access to critical affordability programs. Through targeted re-engagement, streamlined systems, and AI-powered tools, SCE is not only improving the integrity of program enrollment but also safeguarding customer affordability. This thoughtful, customer-centric approach reflects SCE's dedication to equity, transparency, and continuous improvement in its service delivery.

Following the Commission's decision on SCE's 2028–2033 program application, SCE will initiate the transition plan rollout (2028). SCE plans to implement the upfront eligibility process after completing the first year of transition activities and will maintain flexibility to

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[150] Dimond, C. (2024). Email marketing benchmarks: Win-back and re-engagement campaigns performance, *available at* https://www.chasedimond.com/re-engagement-email-examples-20-win-back-campaigns-that-revive-inactive-subscribers-and-lapsed-customers.

[151] Kiniulis, M. (2025). 11 customer acquisition vs retention statistics. MARKINBLOG, *available at* https://www.markinblog.com/customer-loyalty-retention-statistics/.

adjust the timeline as needed for successful deployment. Before implementation, which is currently anticipated in the year following the initial transition (2029), SCE will confirm that all required system enhancements are fully operational and that customers are prepared for the change. SCE has allocated approximately $1 million as a dedicated transition budget within the CARE and FERA General Outreach category for the 2028–2033 program cycle to support activities essential for this transition. Further details regarding the transition budget can be found in Section V.B of this Exhibit SCE-03.

B. Ongoing Marketing, Education and Outreach

In addition to the ME&O needed to specifically support SCE's upfront eligibility proposal, SCE will continue to support its income-qualified customers through ongoing ME&O. The purpose of the ongoing ME&O efforts is to create awareness, build trust, enroll eligible customers into SCE's CARE and FERA programs, and support long-term customer retention. Also, as described in this section, to address the shortfall in meeting enrollment goals for FERA, SCE proposes additional FERA-specific strategies and tactics to overcome historically low acquisition rates and high attrition rates. Key CARE and FERA ME&O elements include the following:

- Targeted outreach to high-need segments, including hard to reach and disadvantaged communities
- Use data analytics to tailor outreach based on customer stage (awareness, interest, action)[152]
- Use of trusted messengers and community-based organizations (CBOs) to increase reach and credibility
- Data-driven targeting and tracking of enrollment efforts
- Continuous improvement through feedback and analytics

[152] Awareness: The customer learns that ESA offers free energy-saving upgrades to help reduce utility bills.
Interest: The customer explores ESA benefits, eligibility requirements, and how the program can improve home comfort.
Action: The customer applies for ESA by taking action and applying online, calls phone center etc.

1. CARE and FERA ME&O

As described further below, SCE proposes enhancements to its ME&O approach and tactics in terms of its data-driven framework, customer segmentation and targeting, customer experience, portfolio-level planning and cross-promotion, and multi-channel outreach tactics.

a) Data-Driven Framework

Adopting a data-driven framework is crucial for optimizing ME&O efforts. Implementing a comprehensive framework will enable personalized communications, optimize campaign performance, and ultimately drive higher engagement and enrollments in the program more efficiently. These components include streamlined data collection, enhanced targeting and automated propensity modeling, and automated personalized communications.

SCE plans to streamline data gathering from various sources (internal and external) and enhance the utilization of marketing technologies to improve targeting, outreach efforts, and reporting to optimize campaigns. In addition, by using enhanced data analytics, machine learning, and propensity modeling, SCE plans to enhance and scale targeting efforts to identify and reach customers who are most likely to enroll in the CARE and FERA programs based on shared data characteristics. SCE expects to continue to enhance and improve its propensity model by continuing to streamline data, modify the model based on changing program requirements, and analyze customer data to identify areas to improve engagement.

In addition, SCE plans to use customer data captured throughout their lifecycle, starting as a new customer and using data analytics and marketing automation technologies to develop personalized, sequential messaging that will help guide customers. As customers take action and enroll in various programs to develop customer profile segments, SCE will activate targeted lead nurturing campaigns that 1) identify other available IQP and beneficial programs, 2) provide relevant information (e.g.

enrollment information, FAQs, resources), and 3) encourage customers to move to the next phase of their IQP journey through to enrollment to maximize their savings. Furthermore, SCE plans to utilize customer data to recommend the most relevant programs or services to customers based on their journey and previous interactions, leveraging data insights, propensity modeling, and user engagement.

b) Customer Segmentation and Targeting

To effectively reach and engage with customers, SCE will evolve current segmentation approaches to include other approaches such as developing customer segments based on various life stages and circumstances that may influence the need for affordable energy options (e.g., new families, college students, job seekers) that may have customers seeking or in need of affordable options. For these customer segments, SCE plans to develop communication strategies that are relevant and resonate with the specific needs and circumstances of each segment. This will involve tactics such as personalized messaging and segment-specific channel and outreach planning.

c) Customer Experience

To enhance customer experience, SCE plans to create detailed customer journey maps for each segment. These maps will outline key touchpoints and interactions that customers have with the program from initial awareness to enrollment to ongoing engagement. By understanding the customer journey and identifying key phases within the journey (e.g. awareness, consideration, decision, action, retention), SCE can identify opportunities to streamline processes, reduce barriers, and provide a supportive experience for all customers. To support continuous journey progression, SCE plans to implement an engagement-to-enrollment customer funnel (e.g. awareness, consideration, decision, action, retention) to help customers receive the right information and support at each stage, making it easier for them to progress through the journey. As customers

progress through each stage of the customer journey, efforts will be made to shorten the time it takes customers to move to the next phase for a quicker and more efficient enrollment process (e.g. engage with customers who are not progressing or who have dropped out of the journey).

To effectively guide customers through their journey, SCE plans to implement targeted campaigns tailored to different phases of the customer journey. These campaigns for both CARE and FERA are necessary to maintain program enrollments, especially with program changes like upfront eligibility processes and the implementation of BSC. Campaigns may include those focused on acquisition, lead-nurturing, retention, and re-engagement.

d) Portfolio Level Planning and Cross Promotion

SCE plans to take a holistic approach to portfolio-level planning by integrating CARE, FERA, ESA, and other programs, aligning efforts so they are coordinated and mutually reinforcing. By leveraging synergies between these programs, SCE can maximize the impact of its initiatives and provide a seamless experience for customers. SCE plans to reach a broader audience through bundled messaging and cross-promotion. Bundled messaging will include information for CARE, FERA, and ESA programs and will leverage integrated communication journeys, and contain dedicated messaging that automatically trigger communications based on customer behavior, program engagement history, and customer insights. Cross promotion helps to encourage enrollment and drive CARE/FERA enrollments through ESA if a customer stalls within the CARE/FERA communications journey.

e) Multi-Channel Outreach Tactics

To effectively reach and engage customers, SCE plans to utilize a variety of channels for outreach, such as email, direct mail, paid media, paid search, website, social

media, on-bill messaging and other relevant channels. In addition, SCE plans to explore and integrate additional channels such as SMS, app push notifications and others based on specific segments (e.g. job boards for customers experiencing job loss). Finally, SCE plans to continue to provide ME&O support at community events and workshops, provide co-branded materials with local partners, and coordinate appropriately with other SCE and statewide campaigns to avoid overlap and maximize impact.

f) Partnerships

SCE employs a comprehensive partnership strategy that emphasizes collaboration with public agencies, community-based organizations, and other utilities to deliver equitable, efficient, and impactful services through its Income-Qualified Programs (IQPs), including CARE, FERA, and ESA. By aligning program eligibility, leveraging shared data systems, and coordinating outreach and enrollment efforts, SCE provides low-income customers with access to a full spectrum of bill assistance, energy efficiency, and clean energy services. SCE's approach also includes strategic partnerships with state and federal agencies, tribal governments, and nonprofit organizations to address funding gaps, enhance program delivery, and reach underserved populations. These partnerships are central to SCE's cross-cutting strategy, enabling SCE to maximize resources, reduce administrative barriers, and foster inclusive participation in California's clean energy transition. Further details on SCE's partnership strategy and its integration across programs are discussed in Exhibit SCE-04, Cross-Cutting Issues.

g) Measurement and Optimization

To support the effectiveness of ME&O efforts, SCE plans to implement a measurement and optimization strategy that involves the continuous evolution of tactics that use data-driven insights to optimize campaigns and improve overall performance. Metrics may include:

- Email Performance: Open, Click-Through Rates
- Direct Mail: Response rates and QR code scans
- Website Performance: Site Visits and Page Views
- Media: Impressions, CTR, views, View-through rate
- A/B testing of messaging, creative, and channels

Measurement will evolve from static campaign performance to identify key metrics and KPIs for each stage of the customer journey and, where possible, include these metrics in real-time performance dashboards

2. FERA-Focused ME&O

To address the shortfall in meeting enrollment goals for FERA, in addition to the strategies listed above with holistic portfolio planning and personalized automated journeys, SCE recognizes the need to establish additional strategies to overcome the historically low acquisition rates and high attrition rates in the FERA program specifically. Even though recent program eligibility requirements[153] have increased the size of the addressable market, it is still relatively small compared to the broader customer base, making it difficult to identify the right audience to target. Because of this challenge, SCE plans to adopt additional strategies and tactics below to provide for increased acquisition and retention in the program.

a) Expand/Leverage Other Data Sources with Goals to Identify Potential FERA Customers

SCE plans to leverage other data sources (e.g. third-party) to identify customers who may need assistance (e.g. new families, new homeowners). Third-party data sources can be used to improve targeting as this approach expands the reach beyond traditional internal datasets and can help refine targeting efforts.

[153] *See*, SB 1130, *available at* https://legiscan.com/CA/text/SB1130/id/3022224.

b) FERA-Specific Targeted Micro Campaigns

SCE plans to develop Targeted Micro-Campaigns (e.g. re-engage with previous FERA customers who did not re-enroll or moved). The intent of these Micro-Campaigns is to re-engage former FERA participants who did not re-enroll or recently moved. These campaigns will use personalized messaging and be strategically planned to increase retention and reduce churn.

c) FERA-Focused Geo-Fencing

SCE plans to prime the market with targeted messaging before events and reinforce them after events with geo-fencing through media efforts. Geo-Fencing campaigns aid in targeting specific customers in priority markets and help drive localized engagement in hyper local areas.

d) FERA Cross-Promotion

Further details on SCE's partnership strategy and its integration across programs are discussed in Exhibit SCE-04, Cross-Cutting Issues.

e) FERA Stand-Alone Application and Third-Party Canvassing

Further details on these topics are discussed in Section IV.C.2 of this Exhibit SCE-03.

f) CARE and FERA ME&O Budget

SCE requests Commission approval of a $23.0 million Outreach budget for the CARE program and $15.3 million for the FERA program for Program Years 2028–2033. From these program-specific budgets, a combined $17.3 million is allocated to General Program Outreach to support core enrollment and compliance activities, including annual solicitations, application redesign, capitation agency fees, tribal and community outreach,

and regulatory communications. This funding also supports the transition to an upfront eligibility framework for both programs, requiring investment in multilingual education materials, staff and partner training, and enhancements to digital platforms that improve access and streamline the enrollment process. For FERA, additional targeted efforts include a standalone application, re-engagement campaigns, localized outreach, and data-driven strategies to address persistent participation challenges.

A total of $21.0 million is allocated to Ongoing Marketing Activities for CARE and FERA. These funds will maintain program visibility and engagement through data-driven outreach, multi-channel acquisition tactics, strategic partnerships, and continuous performance tracking. These efforts will allow SCE to refine messaging, optimize outreach delivery, and respond to evolving customer needs, supporting sustained participation and retention.

This funding is essential to implement the proposed activities, advance the eligibility transition, and promote equitable access to CARE and FERA benefits throughout the 2028–2033 cycle. Table V-8 presents the CARE and FERA Outreach budgets, detailing allocations for General Program Outreach and Ongoing Marketing Activities.

Table V-8
SCE's proposed CARE and FERA ME&O budget for 2028-2033
($s in Thousands)

Description	2028	2029	2030	2031	2032	2033	Total
CARE Marketing	$1,367	$1,436	$1,508	$1,583	$1,662	$1,745	$9,301
FERA Marketing	$1,717	$1,803	$1,893	$1,988	$2,087	$2,192	$11,681
General Outreach	$2,932	$2,743	$2,760	$2,769	$2,962	$3,101	$17,268
Total	**$6,017**	**$5,982**	**$6,161**	**$6,340**	**$6,712**	**$7,038**	**$38,251**

Note: Totals may not sum due to rounding.

VI.

REVENUE REQUIREMENT AND COST RECOVERY PROPOSAL

A. Overview 2028-2033 Revenue and Cost Recovery

SCE requests Commission approval for a total revenue requirement of $107.299 million,[154] to fund the 2028-2033 CARE and FERA programs. This amount covers $86.595 million for CARE and $20.704 million for FERA. SCE will continue to use the existing ratemaking treatment to recover its CARE and FERA Program revenue requirements. Furthermore, SCE requests that the 2028 revenue requirement adopted in this proceeding become effective on January 1, 2028.

B. Proposed CARE and FERA Programs Annual Revenue Requirement

Starting in 2028, SCE's proposed total CARE and FERA program revenue requirement to be recovered in rates is $107.299 million over the 2028-2033 program cycle. SCE intends to incorporate the proposed CARE and FERA program revenue requirements within its Public Purpose Programs revenue requirement and the associated Public Purpose Programs Charge (PPPC) rate levels.[155]. The 2028-2033 CARE and FERA proposed revenue requirements are shown in Table VI-9 below.

[154] A gross-up for Franchise Fees & Uncollectibles (FF&U) will be added to the revenue requirements when put into customer rate levels.

[155] The CARE program revenue requirement is applicable to all non-CARE customers excluding streetlights while the FERA program revenue requirement is applicable to customers.

Table VI-9
Proposed CARE and FERA 2028-2033 Revenue Requirement
($ in Thousands)

Description	2028	2029	2030	2031	2032	2033	Total	2028-2033 Annualized Revenue Requirement
CARE Program Funding	$14,792	$18,688	$12,442	$12,744	$13,163	$14,766	$86,595	$14,432
FERA Program Funding	$3,397	$3,785	$3,146	$3,261	$3,429	$3,686	$20,704	$3,451
Total Revenue Requirement	$18,189	$22,473	$15,588	$16,005	$16,592	$18,453	$107,299	$17,883

Table VI-10 below compares SCE's current bundled average rates (i.e., rate in effect as of October 1, 2025) by customer group to proposed bundled average rates if SCE's CARE annualized revenue requirement of $14.432 million, without FF&U, is approved. This represents a revenue requirement increase of $5.027 million relative to the $9.405 million currently in rates. This will result in a system average rate (SAR) increase of approximately 0.02 percent for bundled service customers relative to current rates.

Table VI-10
CARE Revenue Requirement Rate and Bill Impacts

Bundled Average Rates (¢/kWh)				
Customer Group	**Current Rates**	**Proposed Increase**	**Proposed Rates**	**Increase %**
Residential	35.26	0.01	35.27	0.02%
Lighting - Small and Medium Power	32.18	0.01	32.19	0.02%
Large Power	21.27	0.00	21.28	0.02%
Agricultural and Pumping	25.38	0.01	25.39	0.02%
Street and Area Lighting	36.07	0.01	36.08	0.02%
Standby	17.99	0.00	18.00	0.02%
Total	**30.16¢**	**0.01¢**	**30.17¢**	**0.02%**

Residential Typical Bill Impact ($/Month)					
Description	**Average Usage**	**Current Bill**	**Proposed Increase**	**Proposed Bill**	**Increase %**
Residential | Non-CARE	500 kWh	$193.23	$0.04	$193.27	0.02%
Residential | FERA	500 kWh	$158.43	$0.03	$158.47	0.02%
Residential | CARE	500 kWh	$122.31	$0.03	$122.33	0.02%

Based on an estimated average annual revenue requirement increase of $5.027 million; assumes average usage of 500 kWh per month in baseline region 9 and excludes climate dividend (i.e., GHG credits).Current rate based on October 1, 2025 effective rates and January 1, 2025 sales forecast, and excludes BSC.

A typical CARE residential customer using 500 kWh per month could see a monthly bill increase of $0.03, (an increase of approximately 0.02 percent). Similarly, a typical non-CARE residential customer using 500 kWh per month could see a monthly bill increase of $0.04, (an increase of approximately 0.02 percent).

Table VI-11 below compares SCE's current bundled average rates (i.e., rate in effect as of October 1, 2025) by customer group to proposed bundled average rates if SCE's FERA annualized revenue requirement of $3.451 million, without FF&U, is approved. This represents a revenue requirement increase of $1.885 million relative to the $1.566 million currently in rates. This will result in a system average rate (SAR) increase of approximately 0.01 percent for bundled service customers relative to current rates.

Table VI-11
FERA Revenue Requirement Rate and Bill Impacts

Bundled Average Rates (¢/kWh)				
Customer Group	**Current Rates**	**Proposed Increase**	**Proposed Rates**	**Increase %**
Residential	35.26	0.00	35.26	0.01%
Lighting - Small and Medium Power	32.18	0.00	32.19	0.01%
Large Power	21.27	0.00	21.27	0.01%
Agricultural and Pumping	25.38	0.00	25.38	0.01%
Street and Area Lighting	36.07	0.00	36.07	0.01%
Standby	17.99	0.00	17.99	0.01%
Total	**30.16¢**	**0.00¢**	**30.17¢**	**0.01%**

Residential Typical Bill Impact ($/Month)					
Description	**Average Usage**	**Current Bill**	**Proposed Increase**	**Proposed Bill**	**Increase %**
Residential | Non-CARE	500 kWh	$193.23	$0.02	$193.24	0.01%
Residential | FERA	500 kWh	$158.43	$0.01	$158.44	0.01%
Residential | CARE	500 kWh	$122.31	$0.01	$122.32	0.01%

Based on an estimated average annual revenue requirement increase of $1.885 million; assumes average usage of 500 kWh per month in baseline region 9 and excludes climate dividend (i.e., GHG credits).Current rate based on October 1, 2025 effective rates and January 1, 2025 sales forecast, and excludes BSC.

A typical CARE residential customer using 500 kWh per month could see a monthly bill increase of $0.01, (an increase of approximately 0.01 percent). Similarly, a typical non-CARE residential customer using 500 kWh per month could see a monthly bill increase of $0.02, (an increase of approximately 0.01 percent).

C. CARE and FERA Administration Ratemaking Treatment

SCE proposes to continue to recover its CARE and FERA program revenue requirements in accordance with their respective balancing accounts as described below.

a) California Alternative Rate For Energy Balancing Account

SCE will continue to recover its CARE program revenue requirements through the operation of the PPPAM. SCE's operation of the CARE Balancing Account (CBA)[156] currently accounts for: 1) the recovery of the Commission-authorized CARE revenue requirement through the operation of the PPPAM; 2) the difference between CARE

[156] Preliminary Statement Part AA.

discounts provided to CARE-eligible customers and CARE surcharges billed to non-CARE customers; 3) the difference between the authorized CARE administrative costs and actual incurred CARE administrative expenses and; 4) recorded costs associated with the CARE automatic enrollment program; and 5) costs associated with the Energy Division's audit of the CBA. Consistent with D.06-12-038 and pursuant to Preliminary Statement Part AA, SCE is authorized to transfer the December 31st balance recorded in the CBA to the PPPAM to either return or recover (over/under-collected) the CBA balance to/from customers through the operation of the PPPAM. The year-end PPPAM and CBA balances are presently consolidated within SCE's PPPC revenue requirement and reflected in customer rates as part of the January 1 consolidated revenue requirement adjustment.

b) Family Electric Rate Assistance Balancing Account

SCE will continue to recover its FERA Program revenue requirements through the operation of the Base Revenue Requirement Balancing Account (BRBBA) and PPPAM. SCE's operation of the FERA Balancing Account (FERABA)[157] currently accounts for: 1) the FERA discounts to FERA eligible customers recorded in the FERA Discount Sub-Account and 2) the difference between recovery of the Commission-authorized FERA administrative program funding recorded in the PPPAM and actual incurred FERA administrative expenses recorded in the FERA Administration Costs Sub-Account. In accordance with Preliminary Statement YYY, SCE transfers the December 31st balances recorded in the FERABA based on the following: 1) the balance recorded in the FERA Discount Sub-Account is transferred to the BRBBA to be recovered from Non-CARE residential customers through distribution rates and 2) the balance recorded

[157] Pursuant to D. 21-06-015 OP 36 and Advice 4638-E, SCE re-established the FERABA, Preliminary Statement YYY, and includes two sub-accounts: FERA Discount Sub-Account and FERA Administration Costs Sub-Account.

in the FERA Administration Costs Sub-Account is transferred to the PPPAM to either return or recover (over/under-collected) the balances to/from customers. The year-end balances for BRRBA and PPPAM are incorporated into SCE's distribution and PPPC revenue requirements, respectively, and are reflected in customer rates as part of the January 1 consolidated revenue requirement adjustment.

D. Revenue Requirement and Cost Recovery Conclusion

SCE respectfully requests that the Commission approve its proposed $107.299 million revenue requirement to fund the 2028-2033 CARE and FERA programs. Once this application is approved, SCE will file an advice letter to implement the authorized program-specific revenue requirements for the CARE and FERA programs.