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May 1, 2006

VIA OVERNIGHT DELIVERY

Mr. Sean Gallagher
Director - Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102-3298

Re: Southern California Edison Company's (U 338-E) Annual Progress
Report for the California Alternate Rates for Energy (CARE)
Program for the Period January – December 2005

Dear Mr. Gallagher:

Southern California Edison Company (SCE) hereby submits its Annual Progress Report for the California Alternate Rates for Energy (CARE) Program for the period January through December 2005.

If you have any questions regarding this Report, please contact SCE's Low-Income Programs Manager, Jack Parkhill at (626) 302-8040.

Very truly yours,

Stacie Schaffer

cc: Terri J. Tannehill, CPUC
Sarita Sarvate, CPUC
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**SOUTHERN CALIFORNIA EDISON COMPANY'S (U-338 E)
ANNUAL PROGRESS REPORT FOR THE CALIFORNIA ALTERNATE RATES
FOR ENERGY PROGRAM FOR THE PERIOD JANUARY - DECEMBER 2005**

May 1, 2006

**SOUTHERN CALIFORNIA EDISON COMPANY'S ANNUAL
PROGRESS REPORT FOR CALIFORNIA ALTERNATE RATES
FOR ENERGY
RESIDENTIAL AND EXPANDED PROGRAMS**

January 1, 2005 through December 31, 2005

CARE RESIDENTIAL PROGRAM

This section covers individual and sub-metered participants (tenants of qualifying master-meter customers).

I. Participant Information

A. Provide the total number of residential CARE customers, including sub-metered tenants, by month, by energy source, for the reporting period.

ANS. See Table 1.

TABLE 1		
Residential CARE Program Customers by Month¹ (electric usage)		
2005	CARE Customers	Percentage Change
January	978,553	0.4%
February	971,299	-0.7%
March	957,277	-1.4%
April	959,787	0.3%
May	960,331	0.1%
June	959,195	-0.1%
July	966,567	0.8%
August	951,947	-1.5%
September	949,772	-0.2%
October	952,284	0.3%
November	965,211	1.4%
December	972,488	0.8%

Notes:

1. Total individually-metered and sub metered.

1. Explain any monthly variance of 5% or more in the number of participants.

ANS. No monthly variance exceeded 1.5%.

B. Describe the methodology, sources of data, and key computations used to estimate the utility's CARE penetration rates by energy source.

ANS. SCE used the joint energy utility methodology adopted by the Commission in D.01-03-028 for developing quarterly penetration estimates for March, June, September, and December 2005. Current-year (2005) vendor data was used to provide household size and income information. This methodology estimates a demographic eligibility rate by county for customers, based on an income limitation of 175% of the federal poverty guideline. For December, an income limitation of 200% of the federal poverty guideline was used to reflect the revised income guidelines in D.05-10-044. The demographic eligibility rate is applied to (multiplied by) the total number of technically eligible customers (those having an eligible meter or sub-meter) to determine the total number of eligible households. The total number of participating households is divided by the number of eligible households to estimate the CARE penetration rate. The penetration rates for March, June, September, and December are reported in Table 2 below.

1. Describe how the estimates of current demographic CARE-eligibility rates, by energy source for the pre-June 1st and post-June 1st periods, were derived.

ANS. The joint energy utility methodology, as described in the response to Question I.B. above was used throughout 2005.

2. Describe how the estimates of current CARE-eligible meters were derived. Explain how total residential meters were adjusted to reflect CARE-eligible meters (including sub-metered tenants) and CARE-ineligible meters (i.e., master meters that are not sub-metered or other residential meter configurations that do not provide residential service.)

ANS. See SCE's response above to Question I.B., discussing the methodology used to estimate CARE penetration rates. Based on this methodology, households that meet CARE eligibility requirements and that have an individual meter or sub-meter are included in the estimated total of CARE-eligible households. In this case, households and meters have the same meaning. No

adjustment to total residential meters was made, as only residential customers on CARE-eligible rates are counted.

3. Discuss how the estimates of current CARE-eligible households were developed.

ANS. See SCE’s response above to Question I.B., discussing the methodology used to estimate CARE penetration rates. Based on this methodology, households that meet CARE eligibility requirements and that have an individual meter or sub-meter are included in the estimated total of CARE-eligible households.

4. Describe how current CARE customers were counted.

ANS. Individually metered or sub-metered residential customers who are on the CARE rate are counted as CARE participating households.

5. Discuss how the elements above were used to derive the utility’s CARE participation rates by energy source.

ANS. CARE-participating residential households were divided by the estimated number of CARE-eligible households to calculate a penetration rate.

C. Provide the total number of CARE residential customers, CARE-eligible households, and CARE penetration rates, by energy source, by quarter.

ANS. See Table 2.

TABLE 2			
CARE Residential Penetration Rate			
Households (electric usage)			
2005 Quarter Ending	CARE Residential Households	CARE-Eligible Households	CARE Household Penetration Rate
March 31	957,277	1,137,644	84%
June 30	959,195	1,143,649	84%
September 31	949,772	1,153,603	82%
December 31	972,488	1,329,472	73%

D. Provide the estimates of current demographic CARE-eligibility rates by energy source at year-end.

ANS. SCE estimates that approximately 32% of SCE's 4,187,274 residential customers, or 1,329,472 customers, were eligible for the CARE discount rate as of December 31, 2005.

E. Provide the estimates of current CARE-eligible sub-metered tenants of master-metered customers by energy source at year-end.

ANS. SCE estimates that 39,055 sub-metered tenants were eligible for CARE at year-end 2005.

F. Provide the current CARE sub-metered tenant counts by energy source at year-end.

ANS. As of December 31, 2005, there were 17,209 sub-metered tenants participating in CARE.

G. Provide the current CARE sub-metered penetration rates by energy source at year-end.

ANS. As of December 31, 2005, 44% of the estimated CARE-eligible sub-metered tenants were participating in CARE.

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

ANS. Anecdotal information from customers indicates there may be reluctance on the part of some mobile home park owners and/or managers to administer CARE. SCE contacted mobile home owners and managers to confirm that the addresses are correct to which materials for the annual reapplication of tenants are mailed. These materials contain information on the obligations California law places on master-metered customers with respect to offering rate options and billing as though SCE did this directly with their sub-metered tenants.

SCE also encounters problems administering CARE for master-metered customers with sub-metered tenants when more than one master-meter serves an apartment complex or mobile home park. The sub-metered tenant must be placed on the correct master-meter for SCE to apply the CARE discount correctly and enable landlords to pass the discount on to the correct sub-metered tenant. If SCE is provided incorrect information

on the sub-metered tenant application, placing the sub-metered tenant on CARE is delayed until the correct master-meter is determined.

II. Usage and Bill Information

A. Provide a comparison of CARE and non-CARE residential usage by tier (Baseline and Non-Baseline), excluding usage of residential master-meter customers, by energy source.

ANS. See Table 3.

TABLE 3			
Average Monthly Gas / Electric Usage Residential Non-CARE vs. CARE Customers¹			
Customer²	Gas Therms Tier 1*	Gas Therms Tier 2**	Total
Non-CARE	104	11	115
CARE	17	3	20
Customer	Electric KWh Tier 1	Electric KWh Tier 2	Total
Non-CARE	336	268	604
CARE	303	162	466

Notes:

1. Excludes master-meter usage for both non-CARE and CARE customers.
 2. SCE provides gas service only to customers on Santa Catalina Island.
- * Baseline
 ** Non-Baseline

B. Provide a comparison of the average monthly bill for CARE and non-CARE residential customers, excluding bills of master-meter residential customers, by energy source.

ANS. See Table 4.

TABLE 4		
Average Monthly Gas / Electric Bill Residential Non-CARE vs. CARE Customers ¹ (Dollars per Customer)		
Customer	Gas ³	Electric
Non-CARE	\$40.15	\$82.93
CARE ²	\$35.21	\$42.95

Notes:

1. Excludes master-meter usage for both non-CARE and CARE customers.
2. After CARE discount.
3. SCE provides gas service only to customers on Santa Catalina Island.

III. Program Costs

A. Discount Cost

- 1. State the average monthly CARE discount received, in dollars per CARE customer, by energy source.**

ANS. The average discount per CARE customer was \$15.13 per month.

- 2. State the annual subsidy (discount) for all CARE customers by energy source.**

ANS. The annual subsidy (discount) for all CARE Residential Program customers was \$173,260,802.06.

B. Administrative Cost

1. Show the CARE Residential Program’s administrative cost by category.

ANS. See Table 5A. Total Program Costs for the Residential Program are 99.5% of total costs as 0.5% of the total costs have been allocated to the Expansion Program. Subsidies and Benefits are actual costs.

Table 5A	
CARE Residential Program Administrative Costs by Category and Surcharge	
Category	Cost
Outreach	\$2,942,607
Processing, Certification, and Verification	\$636,059
Billing System /Programming	\$360,996
Pilots – 2005 Cool Centers	\$19,265
Measurement & Evaluation	\$104,710
Regulatory Compliance	\$46,024
General Administration	\$382,035
LIOB Funding	\$0
CPUC Energy Division Staff Funding	\$102,268
TOTAL PROGRAM COSTS¹	\$4,593,965
Subsidies and Benefits	\$173,260,802
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	\$177,854,768

Notes:

1. Total does not include indirect costs consisting of employee pensions and benefits equal to \$315,168, which are not part of SCE’s CARE administrative budget.

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

ANS. See table below.

Category	Description
Outreach	Includes: Bill inserts, advertising, applications (printing and mailing), posters, brochures, flyers, postage, sub-meter, non-profit, and agricultural housing outreach, information technology (technical support and software licensing), staff labor, out-bound dialing, 800#, outreach pilot, and Capitation Fee Project.
Processing, Certification, and Verification	Includes: Staff labor, information technology (technical support and software licensing), application processing, training, programming labor, and sub-meter certification.
Billing System /Programming	Includes: Manual rebilling and programming and billing labor.
Pilots	Includes: 2005 Cool Centers
Measurement & Evaluation	Includes: Needs assessment study and customer satisfaction survey.
Regulatory Compliance	Includes: Applications, advice filings, comments and reply comments, hearings, reports and studies, working group meetings, public input meetings, and tariff revisions.
General Administration	Includes: Office supplies, market research, program management labor (including pensions and benefits), and information technology (technical support and software licensing).
LIOB Funding	Includes: Low Income Oversight Board (LIOB) reimbursed expenditures.
CPUC Energy Division Staff Funding	Includes: CPUC Energy Division Staff expenditures.
Subsidies and Benefits	Includes: Rate discounts.

C. Provide the year-end December 31 balance for the CARE balancing account.

ANS. In D.02-09-021, the Commission required SCE to establish the CARE balancing account (CBA), effective January 1, 2002. The balance in the CBA as of December 31, 2005 was \$12.4 million.

D. Describe which cost categories are recorded to the CARE balancing account and which are included in base rates.

ANS. SCE does not recover CARE-related costs in base rates. In D.97-08-056, the Commission allocated SCE's administration costs associated with the CARE Program to SCE's Public Purpose Programs rate component. D.02-09-021 required SCE to establish a CARE balancing account to record the following on a monthly basis: (1) CBA-related revenue, (2) the difference between CARE discounts provided to CARE-eligible customers and CARE surcharges billed to non-CARE customers, (3) the difference between the authorized CARE administration amounts and actual incurred CARE administration expenses, (4) costs associated with the CARE automatic enrollment program, and (5) costs associated with the Energy Division's audit of the CBA.

E. Provide a table showing, by customer class, the CARE surcharge paid, the average bill paid, the percentage of CARE surcharge paid relative to the average bill, the total CARE surcharge collected, and the percentage of total CARE revenues paid.

ANS. See Table 6.

TABLE 6					
CARE Surcharge and Revenue Collected by Customer Class					
Customer Class	Average Monthly CARE Surcharge	Average Monthly Bill	CARE Surcharge as Percent of Bill	Total Annual CARE Surcharge Revenue Collected ²	Percentage of Total Annual CARE Surcharge Revenue Collected ²
Residential	\$3,731,707	\$310,349,015	1.2%	\$44,780,485	29.5%
Commercial	\$6,273,532	\$375,817,458	1.7%	\$75,282,383	49.6%
Industrial	\$1,586,841	\$72,224,736	2.2%	\$19,042,092	12.5%
Agricultural	\$170,886	\$9,707,742	1.8%	\$2,050,626	1.4%
Public Authority	\$877,972	\$47,061,703	1.9%	\$10,535,667	6.9%
Railroads	\$10,017	\$628,080	1.6%	\$120,198	0.1%
Interdepartment ¹	\$501	\$76,341	0.7%	\$6,014	0.0%
Totals	\$12,651,455	\$815,865,075	1.6%	\$151,817,465	100.0%

Notes:

1. SCE operations.
2. Revenue billed.

IV. Outreach

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

ANS. SCE's goal is to enroll as many eligible customers who are willing to participate on CARE. CARE enrollment went from 974,205 on December 31, 2004, to 972,488 on December 31, 2005 which represents a net loss of 1,717.

The following provides an overview of SCE's outreach initiatives.

- SCE's Consumer Affairs organization administers the Energy Assistance Fund (EAF) which provided utility-payment assistance to customers with paying winter energy bills. Applicants not currently enrolled on the CARE rate are enrolled when they receive EAF

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assistance. Additionally, Consumer Affairs works with community-based organizations and service providers to elderly, medically fragile, and low-income customers to advise them of the CARE program.

- SCE's CARE Capitation Fee Project, established under SBX1 5 Rapid Deployment, continued using outside organizations to assist customers in completing a CARE application. 1,766 customers were enrolled through this effort and SCE paid out \$20,889 in incentives to a total of 50 participating organizations.
- Contractors who perform Energy Management Assistance (EMA) assessment services assist customers in completing an application that includes enrollment in CARE. 131 customers were enrolled through this effort.
- SCE's Credit and Collections organization referred customers with a "senior" or "disabled" profile to our Consumer Affairs organization prior to disconnection for nonpayment. As a part of this follow-up, Consumer Affairs provides these customers information on enrolling in CARE as part of a plan to reduce electric bills.
- SCE's Public Affairs worked extensively with community based organizations, city councils and staff, chambers of commerce, small businesses, senior centers, and legislative offices. Public Affairs effectively promoted the CARE Capitation Fee Project to organizations through community group presentations. Public Affairs also successfully organized exhibit booths at numerous gatherings (e.g., shows, festivals, etc.) and mobilized volunteers, including bilingual-speaking volunteers, for ethnic-specific (hard-to-reach communities) activities.
- SCE's Equal Opportunity/Supplier Diversity department promoted CARE to faith-based and non-profit organizations and got these entities to participate in enrollment events.
- Customers were made aware of the CARE program when calling in to SCE's phone centers.
- Customers are able to obtain CARE information and download a CARE application they can mail in from SCE's website www.sce.com.

- SCE provides all Authorized Payment Agents with information about CARE including a toll-free 800 number that customers can call with CARE-related questions or for enrollment information.
- Quarterly bill messages informed customers about the availability of CARE.
- In June, two months prior to its high demand season, SCE conducted its annual solicitation for CARE participation by mailing a CARE application to all non-CARE residential customers with their electric bills.
- SCE's success in enrolling its customers on CARE continues to be greatly enhanced by the efforts of employee affinity group volunteers who specifically support community events and promote CARE.
- SCE conducted marketing to increase awareness and enrollment of the CARE program as described below:

Marketing

Ethnic outreach for the CARE Program generated newspaper readership, television viewership, and a radio listening audience of more than 5 million people. A media release developed by SCE entitled "SCE Calls on Remaining Eligible Low-Income Customers to Enroll in Program Offering Discount Electricity Rates" resulted in 44 media placements reaching African American, Chinese, Filipino, Korean, Middle Eastern, Vietnamese, and Hispanic communities. Coverage to SCE-territory communities included the Eastern (Riverside County), Metro (Los Angeles County), Southern (Orange County) and Northern (Oxnard) regions. The release, which was written in English, Chinese, Korean, Vietnamese and Spanish, included statistics for eligible customers, conveying that there were many customers who had not taken advantage of the CARE Program.

Ethnic media outlets are continually interested in providing information to their culturally-aware audiences that raise awareness on programs that save customers money. Not surprisingly, programs such as CARE garnered much media attention because it provides a tangible benefit to their audiences.

Currently SCE provides the CARE enrollment application in Spanish, Chinese, Vietnamese, Korean and Cambodian languages. Additionally, to encourage recertification and continued receipt of the discounted rate, efforts are continually made to provide recertification notices and other communications to these customers in the same language in which their applications were completed.

Print

Hispanic Community

Information about the CARE Program was conveyed in La Opinión newspaper, the number-one Hispanic newspaper in Los Angeles, with a circulation of 150,000 and also placed on their Web site www.laopinion.com.

African-American Community

Seven community newspapers including Black Voice News, Long Beach Times, LA Watts Times, and the Inland Valley News provided the African-American community with information about the CARE Program, reaching an estimated readership of more than 155,000.

TV

Hispanic Community

Television stations KUNA-TV and KVER-TV in Riverside County included the media release on both their 6:00 p.m. and 11:00 p.m. newscasts on September 14 and September 20, reaching audiences of up to 200,000.

African-American Communities

Cable television station airing “The Wright Place” in the Eastern region covered the media release, conveying the information about SCE’s CARE Program to more than 130,000 of their viewers.

Asian-American (Vietnamese, Chinese, Filipino, and Korean) and Middle Eastern Communities

Readers of such publications as Viet Bao Daily, International Daily News, Chinese Daily News, Korea Times, and Pilipino Enquirer, as well as Al Enteshar Al Arabi, were provided information about the CARE Program, reaching an estimated circulation of 235,000 readers.

Radio

Hispanic Community

SCE's CARE Program was included in programming on radio stations KWIZ, KUNA, KLOB, KMQA and KLJR in September.

African American Market

Radio station KTYM's radio show "On the Positive Side" included information about the CARE Program in August and September.

Asian

Chinese radio stations KKLA, KAZN, EDI Radio, and KMRB, as well as Vietnamese stations Radio Bolsa, Saigon Radio Hai Ngoai, and VNCR, with a combined listening audience of 1.3 million people, broadcast information about SCE's CARE Program in August and September.

Direct Mail

General Market

In 2005, SCE's goal was to develop an outreach campaign that would take advantage of a variety of channels using a coordinated mix of communications vehicles that would deliver the most effective and efficient outreach across our culturally diverse service territory. These efforts, described in greater detail below, included: targeted bilingual direct mail efforts in March and November, bilingual CARE applications included in SCE's New Residential Customer Welcome Kit, a door hanger program, a shared mailer program, a new recertification program, and inclusion of bilingual CARE applications.

March 2005 brought the first direct solicitation to enroll new CARE customers. Approximately 440,000 bilingual (English and Spanish) direct mail pieces to targeted customers were sent, with 18,641 applications returned – a strong 4.24% response rate. More than 15,000 new customers (83% conversion rate) were enrolled in the CARE Program.

A similar acquisition mailing was sent at the end of 2005. In November, approximately 700,000 bilingual letters and accompanying applications were sent.

CARE applications are also distributed to new or transferring SCE customers through the Residential Welcome Kit. In 2005, 13,256 new customers were enrolled in the CARE Program.

In addition to the annual solicitation CARE application bill insert that is included through the June billing cycles, outreach efforts continued through efforts such as

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the “door hanger.” This printed collateral included information about the CARE Program as well as a custom-made pocket that held a CARE enrollment application. CARE information was left at the front doors of 500,000 geo-targeted customer locations. The “shared-mailer” effort is a zip-code targeted mailer that includes money-saving coupons from a variety of companies, organizations, and restaurants. In July, 1.25 million CARE inserts were included into the ValPak shared mailer in continuing efforts to raise awareness and outreach for prospective CARE customers. Through these three efforts, over 27,000 customers have been enrolled in the CARE Program.

In December, as part of the customer communications for the Winter Initiative, SCE’s primary focus was the development of the Winter Savings Kit. This bilingual (English/Spanish) direct mail packet included a personalized letter that provided information about ways that SCE can help lower their energy bills, and a comprehensive brochure describing each of the programs, Energy Management Assistance, CARE/FERA, LPP, EAF, and medical baseline, with a direct phone number for customers to call for more information. These kits were mailed to approximately 1.7 million residential customers, including all CARE/FERA customers, with a household income of \$50,000 or less. Customers not enrolled on either CARE, or the Family Electric Rate Assistance (FERA) Program, received an application to enroll on CARE in their Winter Savings Kit. With the increase in the income guidelines for CARE, additional customers would qualify for CARE, including FERA customers who would now meet the CARE guidelines and be able to receive a greater bill discount.

In December, all residential customers received the bilingual (English/Spanish) Winter Savings Bill Insert through their December billing cycle. The bill insert provided information on energy savings solutions included in the Winter Savings Kit brochure. The new CARE income guidelines and TTY phone number were included on this insert.

SCE’s recertification efforts in 2005 included (1) mailing recertification letters and pre-filled applications to customers one month prior to their two-year CARE anniversary date and (2) mailing letters and applications to customers who fell off the CARE rate in 2005 due to failure to respond to previous recertification communications;

B. Discuss each of the following:

1. Most effective outreach method, including a discussion of how success is measured.

ANS. Using the percentage of approved applications by volume from various outreach methods, SCE considers two outreach methods to be very effective: Call Center requests for applications and direct mail, which includes the annual solicitation as well as targeted mailings based on demographics and under-penetrated geographic areas. Although some of the data exchanges produce higher percentages of approved applications, the volumes are small in comparison, and, therefore, are not considered most effective. Results are shown in the following table:

Comparison of Enrollment Percent between SCE and Third Parties			
Enrollment Activity	Received¹	Approved	Percent
SCE			
PG&E Data Exchange	584	507	87%
DCSD Automatic Enrollment ²	1,576	1,284	81%
SWG Data Exchange	501	404	81%
SCE Call Center Requests	129,085	101,707	79%
SCE Direct Mail	130,778	93,573	72%
Special Projects	6,507	3,623	56%
SoCalGas Data Exchange	84,906	29,321	35%
Other	116,426	34,364	30%
Events	232	36	16%
Third Parties			
Capitation Fee Project	3,216	1,766	55%
EMA Contractors	509	131	26%

Notes:

1. For PG&E, SWG, and DCSD "Received" counts are those records that were active customer account matches with SCE's database after "scrubbing" all records received for non-matches, closed accounts, ineligible rates, and existing accounts on CARE.

For SoCalGas, "Received" count are those records that were active customer account matches with SCE's database after "scrubbing" all records received for non-matches, closed accounts, and ineligible rates. However, existing accounts on CARE are included in the "Received" count because these accounts are automatically recertified in the data exchange.

2. Figures include 486 accounts received in 2004 but actually enrolled when the "opt-out" period ended in 2005.

2. How CARE customer data and other relevant program information is shared by the utility with other utilities sharing its service territory.

ANS. SCE continued collaborating with Southern California Gas Company and Southwest Gas Company (SWG) to electronically share CARE participant data in order to assist customers in enrolling in each utility's program. In 2005, 29,321 and 404 customers were added to SCE's CARE rate through the SoCalGas and Southwest Gas exchanges, respectively. In June, SCE began to electronically share CARE participant data with PG&E, and enrolled 507 customers in SCE's CARE Program. These figures include enrollments that result from mailing a cover letter and CARE application to those SCE customers that could not be exactly matched from the other utilities' electronic files.

In 2005, SCE continued to electronically share CARE participant data with State Department of Community Services and Development (DCSD) to enroll DCSD LIHEAP clients who were not already in SCE's CARE program. 486 customers that were on a file received in late 2004 were enrolled in 2005. An additional 798 customers on a file received in 2005 were enrolled, for a total of 1,284 enrolled in CARE in 2005 through this effort.

3. How CARE customer data and other relevant program information is shared within the utility, for example, between its LIEE and other appropriate low-income programs.

ANS. Contractors who perform LIEE (for SCE, this is known as EMA) assessment services assist customers in completing an application that includes enrollment in CARE. SCE enrolled 131 customers through this effort. In October, 2,118 qualifying CARE customers who received LIEE services were automatically enrolled on CARE.

4. Attach a copy of the utility's agreement with CSD. Describe the process for cross-referral of low-income customers between the utility and CSD. Describe how the utility's CARE customer discount information is provided to CSD for inclusion in its federal funds leveraging application.

ANS. A copy of SCE's ongoing agreement with CSD was filed in 2001 with SCE's 2000 CARE Annual Report. SCE includes the following language on its individually-metered customer CARE application for cross-referral of low-income customers to CSD:

“Other Programs and Services You May Qualify For: LIHEAP (Low Income Home Energy Assistance Program) provides bill payment assistance, emergency bill assistance, and weatherization services. Call the Department of Community Services and Development at 1-800-433-4327 for more information. For other Edison assistance programs, call 1-800-736-4777.”

SCE’s agreement with CSD provides that, upon request by CSD, SCE will provide CSD with (1) the total number of households receiving CARE and Energy Assistance Fund (EAF) assistance and (2) the total dollar amount of CARE and EAF assistance received by all participating households from October of the previous year through September of the current year. This information is to be provided to CSD for inclusion in its federal funds leveraging application.

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

ANS. Although no formal study has been conducted by SCE to identify barriers to participation, it is believed, through anecdotal information and experience, that some barriers to participation do exist. These include lack of knowledge about the availability of CARE, language and cultural barriers, geographical barriers to reach potentially-eligible customers, and a certain segment of the eligible population that does not wish to participate.

As described in this report, SCE uses a multifaceted outreach approach to reaching its potentially CARE-eligible customers and believes it continues to make progress in overcoming barriers to enrollment. As described elsewhere in this report, CARE marketing and correspondence has been designed to reach increasing numbers of ethnic populations and under-penetrated geographic areas. And process improvements, such as the use of telephonic contacts to make it easier to enroll and recertify work toward eliminating barriers.

It is expected that there will be a better understanding of the reasons some individuals are not willing to participate in CARE when the results of the statewide low-income needs assessment, conducted by the CPUC, are released to the public.

C. Discuss any recommendations to improve cost-effectiveness, processing of applications, or program delivery. Discuss methods investigated or implemented by the utility or third parties under contract to the utility to

improve outreach and enrollment services to non-participating households in the prior year. Provide cost-effectiveness assessments, if available.

ANS. SCE implemented the following improvements in 2005:

- SCE shares data with SoCalGas, SWG and DCSD. In 2005, SCE expanded its efforts to increase program enrollment by sharing data with PG&E which included (1) the placing of shared customers on CARE, (2) the mailing of an enrollment confirmation letter, and (3) the mailing of a letter and application to SCE customers that could not be exactly matched.
- SCE enhanced its data sharing process with SWG by upgrading the method of file transmission to a secured file transfer protocol (FTP). This process ensures the security of the data being exchanged. The project also included automating the pick-up of sent files and drop-off of received files and providing email confirmations when these events occur.
- SCE enhanced its Source Code tracking system for incoming applications by adding 50 new source codes. This expands SCE's capability to track the sources of applications.
- Spanish communications for the main CARE recertification and verification letters were implemented in February. The ability to track other non-English speaking populations, such as Chinese, Vietnamese, Korean and Cambodian was also part of the system enhancement. The same letters will be offered in the Asian languages in 2006.
- Improvements were made to refine the matching methodology for automatic data exchanges made with SoCalGas, SWG, and PG&E. This effort increased the high level match rate and, therefore, allowed more qualified customers to be automatically enrolled on CARE.
- As part of the Winter Initiative, SCE initiated a telephone operator-assisted enrollment and recertification process. A number of customers submitted signed new CARE applications or recertification applications with missing income and/or number in household information. These customers are contacted by a SCE representative via telephone, and are given the option of providing the missing information to the SCE representative over the phone in order to complete the application process. In 2005, information was successfully collected for 846 enrollments or recertifications.

- Also as part of the Winter Initiative, SCE implemented a process by which a customer can call into a Voice Response Unit (VRU) in order to respond to recertification request for CARE, instead of having to complete and mail to SCE a recertification application.
- SCE researched the technical and operational barriers to personalizing the outgoing recertification forms with each CARE customer's name, service address and service account number, along with a bar-code encoding the service account and a transaction code. Previous targeted outreach efforts have shown that personalization increases response rate. Bar-coding would be used to increase operational efficiencies and reduce errors due to manual data-entry. Promising research results prompted initiation of a feasibility study.

V. Processing CARE Applications

A. Processing Self-Certification and Self-Recertification Applications (individual and sub-metered customers)

1. Provide the total number of third-party CARE applications received, approved, denied, pending/never completed, or duplicates in the reporting period)

ANS. See Table 7 for the results of the CARE Capitation Fee Project. Entities participating in this Project are not listed if they submitted no applications in 2005.

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CARE Capitation Fee Project					
Entity	CARE Applications Submitted				
	Received¹	Approved	Denied	Pending/Never Completed²	Duplicates
A&PI OLDER ADULTS TASK FORCE	1	1	0	0	0
ACCESS CALIFORNIA SERVICES	10	2	0	0	8
ALPHA ENTERPRISE	3	0	3	0	0
ALTAMED HEALTH SVCS CORP	5	0	1	0	4
APAC SERVICE CENTER	547	366	19	0	162
ASIAN AMERICAN RESOURCE CTR	3	1	1	0	1
ASIAN PAC. HLTH CARE VENTURE	13	1	2	0	10
ATLANTIC COMM ECON DEV CORP	96	25	3	0	68
BALDWIN PARK CHAMBER COMM	2	1	0	0	1
BOYS&GIRLS CLUB OF SAN GAB	1	1	0	0	0
CAP OF SAN BERNARDINO CTY	860	528	69	0	263
CATHEDRAL CITY SENIOR CENTER	2	1	0	0	1
CATHOLIC CHARITIES OF LA INC	22	8	0	0	14
CATHOLIC CHARITIES OF OC	9	1	1	0	7
CATHOLIC CHARITIES-SB/RIVERSIDE	16	8	0	0	8
CENTRO C.H.A., INC.	1	0	0	0	1
COMM ACTION PARTNERSHIP OC	335	226	16	0	93
COMM ASSIST MORENO VLY	1	1	0	0	0
COMMISSION ON HUMAN CONCERN	21	10	4	0	7
COMMUNITY PANTRY	36	13	2	0	21
COVE COMM SENIOR ASSOC	11	3	0	0	8
CRISIS MINISTRY CHURCH OF VLY	23	17	1	0	5
FAME ASSISTANCE CORPORATION	17	6	2	0	9
FAMILIES FORWARD	11	1	1	0	9
GUAM COMMUNICATIONS NTWK	5	3	1	0	1
HELP OF OJAI, INC.	6	3	1	0	2
HOUSING WITH HEART INC	18	11	0	0	7
HUMAN SERVICES ASSOCIATION	1	0	0	0	1
KNIGHTS OF COLUMBUS - 12834	276	96	13	0	167
LOS SERRANOS ELEM PTA	2	1	1	0	0
LOVELAND CHURCH JUBILEE PTY	2	1	1	0	0
MEALS ON WHEELS WEST	13	0	0	0	13
MEXICAN AMERICAN OPP	2	0	0	0	2
MOORPARK SENIOR CITIZENS INC	2	1	0	0	1
MTN. COMMUNITIES HLTHY START	1	0	0	0	1
NEW HOPE VILLAGE, INC	5	5	0	0	0
OC COMMUNITY DEVELOP CNCL	36	15	6	0	15

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CARE Capitation Fee Project					
Entity	CARE Applications Submitted				
	Received¹	Approved	Denied	Pending/Never Completed²	Duplicates
OCCC, INC.	43	31	2	0	10
ORNGE CO CONGREGATION ORG	2	1	0	0	1
PACIFIC ASIAN CONSORTIUM EMPL	3	2	0	0	1
PEOPLE FOR PEOPLE	8	2	0	0	6
PROTEUS, INC.	430	239	36	0	155
REACH OUT 29	15	4	4	0	7
RIVERSIDE DEPT COMM ACTION	33	11	4	0	18
ROP VIRTUAL ENTER CLASS	9	3	1	0	5
RSVP OF SOUTH BAY	5	1	0	0	4
SANTA CLARITA VLY COMM AGING	1	0	0	0	1
SGUSD/SAN GAB FAMILY CTR	5	3	0	0	2
SOMEBODY CARES SOUTHLAND	2	0	0	0	2
ST FRANCIS MEDICAL CTR HLTH	32	15	1	0	16
ST JOSEPH CHURCH	22	10	1	0	11
ST MARY'S CHURCH	12	3	2	0	7
ST PIUS V CHURCH	4	1	1	0	2
ST POLYCORP FAM SUPPORT CTR	10	4	1	0	5
THAI HEALTH & INFO SVCS	2	1	0	0	1
THE GREEN TEAM	7	0	0	0	7
TODEC LEGAL CENTER, INC.	2	1	1	0	0
UNITED CAMBODIAN COMM INC	2	0	0	0	2
VENTURA CITY HOUSING AUTH	4	1	0	0	3
VETERANS IN COMMUNITY SVC	131	70	11	0	50
VICTOR VLY COMM DNTL SVC PRG	5	2	1	0	2
VIETNAMESE COMMUNITY OF OC	4	0	1	0	3
WAKE UP INCORPORATED	1	0	0	0	1
WALKING SHIELD AM INDIAN SOC	1	0	0	0	1
WEST ANGELES COMM DEV CORP	6	4	1	0	1
Total	3,216	1,766	216	0	1,234
Percentage	100%	54.9%	6.7%	0.0%	38.4%

Notes:

1. Percentage calculation based on the total number of applications received.
2. Enrollment applications are not placed in a pending/never completed status.

B. Provide the number of utility CARE self-certification and self-recertification applications provided, received, approved, denied, pending/never completed, or duplicates for the reporting period.

ANS. See Table 8.

TABLE 8						
CARE Self-Certification and Self-Recertification Applications¹						
	Provided	Received	Approved	Denied³	Pending/Never Completed⁴	Duplicates
Self Certification²	4,383,545	474,320	266,716	94,165	Note ⁴	113,439
Recertification	525,852	369,503	362,386	7,117	Note ⁴	0
Total	4,909,397	843,823	629,102	101,282	Note ⁴	113,439
Percentage	Note ⁵	100%	75%	12%	Note ⁴	13%

Notes:

1. Includes sub-metered customers.
2. "Provided" includes number of applications SCE provided for all direct mailing campaigns, customer calls made to the call center, and other outreach methods. Because there are other means by which customers obtain applications which are not counted, this number is only an approximation.
3. Includes only customers who no longer qualified for the program. Table 9 includes both those dropped due to ineligibility and nonresponse.
4. Applications are not placed in a pending/never completed status.
5. Percentage calculations are based on the total number of applications received.

3. Provide a table showing the number of customers removed from CARE by month due to the recertification process.

ANS. See Table 9.

TABLE 9			
Residential CARE Program Customers¹ Removed by Month through Recertification and Post-Enrollment Verification			
2005	Recertification	Post-Enrollment Verification	Total
January	18,166	529	18,695
February	16,023	407	16,430
March	22,607	464	23,071
April	22,929	464	23,393
May	10,734	1,231	11,965
June	6,246	473	6,719
July	5,886	430	6,316
August	27,193	505	27,698
September	17,191	54	17,245
October	10,251	28	10,279
November	658	28	686
December	186	0	186
Total	158,070	4,613	162,683

Notes:

1 Total individually-metered and sub-metered.

4. Describe the utility’s process for recertifying sub-metered tenants of master-meter customers.

ANS. Annually, SCE mails a package of sub-metered tenant CARE applications to master-meter customers to distribute to their sub-metered tenants to recertify (reapply) for CARE. The master-metered customer is responsible for providing account and master-meter information to permit sub-metered tenants to complete the CARE application to mail to SCE.

B. Processing Random Post-Enrollment Verification Applications

1. Provide the total number of applications mailed, received, approved, denied, pending/never completed, or duplicates, for the reporting period.

ANS. See Table 10.

TABLE 10						
CARE Random Post-Enrollment Verification Applications						
	Mailed	Received	Approved	Denied ²	Pending/Never Completed ³	Duplicates
Total¹	12,244	3,627	3,214	4,613	3,666	Not Available
Percentage⁴	100%	30%	26%	38%	30%	Not Available

Notes:

1. Sum of “Received,” “Approved”, “Denied”, and “Pending/Never Completed” is greater than total “Mailed” due to verification requests initiated in 2004 which were received and processed in 2005.
2. “Denied” includes customers who no longer qualified for the program and those who were dropped due to nonresponse.
3. Large number of “Pending” due to suspension of customers being dropped due to nonresponse during the portion of the Winter Initiative period from 11/1/05 through 12/31/05.
4. Percentage calculation based on verifications mailed (requested).

2. Provide a table showing the number of customers removed from CARE by month due to the verification process.

ANS. See Table 9 in V.A.3. above.

C. Describe any contracts the utility has with third parties to conduct certification, recertification and/or verification on the utility’s behalf. Describe how these third-party efforts compare to the utility’s efforts in comparable customer segments, such as hard-to-reach or under-served. Include comparisons of effectiveness and cost-effectiveness of comparable customer segments, if available.

ANS. SCE has agreements under the CARE Capitation Fee Project (Project) to conduct certification of new applicants for CARE. SCE did not have any contracts with third parties to conduct recertification and/or verification on its behalf.

The Project was authorized by the CPUC in Decision 01-05-033, dated May 7, 2001. Its purpose is to take advantage of the opportunity to enroll eligible customers in CARE while they are receiving other services from entities that assist low-income clients. This project is centered on providing outreach and enrollment services, not recertification or verification services.

Under the Project, SCE pays a capitation fee to entities for each new customer they help to enroll in SCE’s CARE program. The capitation fee

is designed to reimburse entities for the incremental amount associated with assisting customers in completing an SCE CARE application, generally while the customer is receiving other low-income services and/or information from that entity.

In 2005, 50 organizations submitted applications to SCE that were approved, the results of which are presented in Table 7.

Comparison of Efforts, Cost, and Effectiveness between Utility and Third Parties

SCE’s outreach methods are described in V.A. above, and all are considered effective in their own way because each uniquely reaches SCE’s customers and results in enrollments in CARE. Third-party outreach and enrollments for SCE occur primarily through organizations participating in the Capitation Fee Project and Energy Management Assistance (EMA) contractors. The Project was intended to provide valuable outreach services for the CARE program by assisting clients in filling out CARE applications as an adjunct to the organization’s other daily activities. Contractors who perform EMA assessment services assist customers in completing an application that includes enrollment in CARE.

SCE can make a comparison of outreach cost per enrollment. The following table shows that SCE’s enrollment cost is about 12% of that for the Capitation Fee Project.

Comparison of Cost per Enrollment between SCE and Third Parties			
	Enrolled	Outreach Cost	Cost per Enrollment
SCE	261,757	\$958,638	\$3.66
Capitation Fee Project ¹	1,766	\$53,587	\$30.34

Notes:

1. Includes all costs including capitation fees.
2. Does not include enrollments from EMA contractors as they do not have an unbundled fee for a CARE enrollment.
3. Total “Enrolled” is 263,523 representing customer service accounts enrolled. Total “Approved” applications in Table 8 is 266,716. The difference of 3,193 is that customer service account counts are adjusted for multiple enrollments in the same month and application counts are not adjusted for multiple enrollments in the same month.

In addition, SCE can make a comparison to effectiveness. See the table “Comparison of Enrollment Percent between SCE and Third Parties” in answer to Question IV.B.1 on Page 17. The table shows that SCE enrollment activities generally yield higher volumes of enrollment and higher approval rates than those of Third Parties

VI. Program Management

A. Discuss issues and/or events that significantly affected program management in the reporting period and how these were addressed.

ANS.

- SCE provides electric, gas, and water services to customers on Santa Catalina Island. In 2005, a CARE rate was established for gas customers. A communications plan was implemented. Customers already on electric-CARE were sent a letter informing them that they would be placed on gas-CARE automatically. Electric customers with gas service not on CARE were sent a letter informing them about CARE and provided an application to enroll for both electric and gas simultaneously. Gas-only customers were sent a letter and an application to enroll for gas-CARE.
- In Decision 05-10-044, dated October 27, 2005, the CPUC formalized input taken from utilities and interested parties to address the impact of anticipated increases in natural gas prices on the low-income population and the means to assist these customers during the winter period between November 1, 2005 and April 30, 2006. This effort was identified as the “Winter Initiative”. SCE implemented several processes to assist its customers during the this period. The CARE processes developed were (1) allowing customers to recertify their CARE eligibility by calling in to a Voice Response Unit (VRU); (2) allowing customers submitting signed, but incomplete (missing information) applications to provide the needed information to compete them over the phone; and, (3) suspending removal from CARE due to failure to respond to a recertification and/or verification request. In addition, Decision 05-10-044 increased the CARE income guidelines from 175% to 200% of Federal Poverty Guidelines on November 1, 2005, increasing the pool of customers eligible to enroll on CARE requiring the updating and reprinting of CARE applications.
- In addition, Decision 05-10-044, increased the CARE upper limit of the income guidelines from 175% to 200% of Federal Poverty

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Guidelines on November 1, 2005, increasing the pool of customers eligible to enroll on CARE. Although this does not significantly affect program management, it did result in an increase in the number of CARE-eligible customers from 1,153,603 to 1,329,472, a total of 175,869 or 15 percent. This also resulted in a decrease in SCE's CARE penetration rate from 82% to 73%.

CARE EXPANSION PROGRAM

This section covers the non-profit homeless shelters and group living facilities, migrant and farm worker housing centers, qualified privately-owned employee housing, and qualified non-profit housing for agricultural employees.

I. Participant Information

A. Provide the total number of residential and/or commercial facilities by month, by energy source for the reporting period.

ANS. See Table 11.

TABLE 11			
CARE Expansion Program Participating Facilities by Month			
2005	CARE Residential Facilities	CARE Commercial Facilities	Total
January	319	158	477
February	315	144	459
March	330	153	483
April	329	155	484
May	326	157	483
June	330	156	486
July	332	161	493
August	297	149	446
September	321	156	477
October	331	163	494
November	331	163	494
December	331	163	494

B. State the total number of residents (excluding caregivers) for residential facilities, and for commercial facilities, by energy source, at year-end.

ANS. The total number of residents (excluding caregivers) at the end of 2005 was:

Residential: 12,142
 Commercial: 10,430

II. Usage Information

A. Provide the average monthly usage by energy source per residential facility and per commercial facility.

ANS. See Table 12.

TABLE 12		
CARE Expansion Program Average Monthly Gas / Electric Usage¹		
Customer	Gas Therms	Electric KWh
Residential Facilities	Not applicable.	954
Commercial Facilities	Not applicable.	10,153

Notes:

1. Excludes master meter usage.

III. Program Costs

A. Administrative Cost

1. Show the CARE Expansion Program’s administrative cost by category. See Table 5B, Standardized CARE Administrative Cost Reporting Categories.

ANS. Costs for the Expansion Program are not tracked separately from total CARE administrative costs but are allocated as 0.5 percent of the total costs for the CARE Program. Subsidies and benefits are actual, not allocated, costs.

Table 5B	
CARE Expansion Program	
Administrative Costs by Category and Surcharge	
Category	Cost
Outreach	\$14,787
Processing, Certification, and Verification	\$3,196
Billing System /Programming	\$1,814
Pilots – 2005 Cool Center	\$97
Measurement & Evaluation	\$526
Regulatory Compliance	\$231
General Administration	\$1,920
LIOB Funding	\$0
CPUC Energy Division Staff Funding	\$514
TOTAL PROGRAM COSTS	\$23,085
Subsidies and Benefits	\$597,611
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	\$620,696

B. Discount Information

1. State the average annual CARE discount received per residential facility by energy source.

ANS. \$582.86 (electric usage)

2. State the average annual CARE discount received per commercial facility by energy source.

ANS. \$2,610.66 (electric usage)

IV. Outreach

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

ANS. Potentially-eligible customers may become aware of the CARE Expansion Program through SCE's phone centers. SCE also conducts consumer outreach public awareness initiatives which include presentations to community groups and contacts with community agencies through which customers may become aware of the Program. Organizations participating in the CARE Capitation Fee Project may assist a customer who is eligible to complete a CARE application for the Expansion Program.

On January 1, 2005 Assembly Bill (AB) 868 became effective, making the following two categories of migrant farm worker housing categorically-eligible for CARE:

1. A migrant farm worker housing center operated pursuant to Section 50710.1 of the California Health and Safety Code
2. A non-profit migrant farm worker housing center with an IRS 501(c)(3) classification

On June 10, 2005, SCE filed Advice 1896-E with the Commission titled "Establishment of Application for California Alternate Rates for Energy Program for Migrant Farm Worker Housing Centers, Form 14-771". This Advice Letter is still pending approval.

In June, SCE, working with a list from the State Department of Housing and Community Development (DHCD), conducted a solicitation by letter to approximately 160 employee housing facilities. SCE also used a list of migrant housing centers under the jurisdiction of the State Office of Migrant Services that had only one facility in SCE's service territory but was not in operation.

Only two applications received back from the DHCD list mailing were potential candidates for enrollment on CARE. However, these customers have not been enrolled due to the pending status of Advice Letter 1896-E.

B. Discuss each of the following:

1. Most effective outreach method, including a discussion of how success is measured.

ANS. Customers who would qualify under the Expansion Program, primarily group living facilities, which can be residential or commercial customers, cannot be identified using SCE's customer database to enable SCE to selectively contact them. SCE's most effective outreach method to domestic customers is direct mailing based on demographic data. This would probably be the best method for the Expansion Program if potentially-eligible customers could be identified. Domestic customers receive information throughout the year about CARE. Therefore, if a group living facility is on a domestic rate, they would at least receive information and could inquire to enroll. If a customer operating a group living facility is a corporation, the rate would typically be commercial. To most effectively reach commercial customers, SCE would probably use a bill message or a bill insert to provide information about CARE. This was not done in 2005 but will be tested in 2006.

2. How the CARE facility data and relevant program information is shared by the utility with other utilities sharing its service territory.

ANS. SCE collaborates with SoCalGas, SWG, and PG&E to share electronically CARE participant data to enroll qualified customers in each utility's program. These exchanges have only matched individually-metered customers. In 2006, SCE is planning a data exchange for group living facilities that are participating in CARE.

3. Barriers to participation encountered in the prior year and steps taken to mitigate these, if feasible, or not, if infeasible.

ANS. See SCE's response to Question IV.B.1 discussing outreach activities.

C. Discuss any recommendations to improve the cost-effectiveness, processing of applications, or program delivery. Discuss methods investigated or implemented by the utility or third parties on the utility's behalf to improve outreach and enrollment services to non-participating facilities in the prior year. Provide cost-effectiveness assessments, if available.

ANS. See SCE's response to Question IV.B.1 discussing outreach activities.

V. Processing CARE Applications

A. Processing Self-Certification and Self-Recertification Applications

- 1. Provide the total number of third-party CARE Expansion program applications received, approved, denied, pending/never completed, or duplicates.**

ANS. See Table 13.

- 2. Provide the total number of utility CARE Expansion program applications received, approved, denied, pending/never completed, or duplicates for the reporting period.**

ANS. See Table 13.

TABLE 13					
CARE Expansion Program CARE Capitation Fee Project, Other Outreach, and Utility CARE Applications					
Entity	Received	Approved	Denied	Pending/Never Completed	Duplicates
CARE Capitation Fee Project	0	0	0	0	0
Other Outreach	0	0	0	0	0
Utility	1,066	538	299	0	105
Total	1,066	538	299	0	105
Percentage	Note 1	57.1%	31.7%	0.0%	11.2%

Notes:

1. Percentage calculation based on the total of “Approved”, “Denied”, and “Duplicates” of 942 because the Received count includes applications that were returned to customers to complete and which were subsequently received again and processed.

B. Describe any contracts the utility has with third parties to conduct certification, recertification and/or verification on the utility’s behalf. Describe how these third-party efforts compare to the utility’s efforts in comparable customer segments such as hard-to-reach or under-served. Include comparisons of effectiveness and cost-effectiveness of comparable customer segments, if available.

ANS. SCE did not specifically contract with third parties to outreach and enroll (certify), recertify, or verify eligibility of customers participating in the CARE Expansion Program, although Capitation Fee Project contractors

may assist a customer who is eligible in completing a CARE application for the Expansion Program.

VI. Program Management

A. Discuss issues and/or events that significantly affected program management in the reporting period, and how these were addressed.

ANS. There were no issues or events that significantly affected program management. As discussed in IV.B.1 above, SCE would like to have an effective means to selectively outreach to potential Expansion Program customers. It appears that a non-selective, mass notification is the most practical way to outreach and this is planned for 2006.