



Pacific Gas and

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April 18, 2005

BY HAND DELIVERY

Docket Clerk
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Re: Order Instituting Rulemaking on the Commission's Proposed Policies and Programs
Governing Post-2003 Low-Income Assistance Programs - R. 04-01-006, et al.

Dear Clerk:

Enclosed for filing are the original and five (5) copies of **“REPLY OF PACIFIC GAS AND ELECTRIC COMPANY TO COMMENTS ON ALJ THOMAS’ DRAFT INTERIM OPINION APPROVING 2005 LOW INCOME ENERGY EFFICIENCY (LIEE) AND CALIFORNIA ALTERNATIVE RATES FOR ENERGY (CARE) PROGRAMS FOR PACIFIC GAS AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, SOUTHERN CALIFORNIA GAS COMPANY, AND SAN DIEGO GAS & ELECTRIC COMPANY”** in the above-captioned matter.

Please file the original document, date-stamp one copy, and return it in the enclosed self-addressed stamped envelope.

Very truly yours,

_____/s/
Chonda J. Nwamu

CJN/mbs

Enclosures

cc: All Parties on Official Service List for:
R. 04-01-006; A. 04-06-038; A. 04-07-002; A. 04-07-010; A. 04-07-011; A. 04-07-012; A. 04-07-013; A. 04-07-014; A. 04-07-015; A. 04-07-027 and A. 04-07-050

Assigned Commissioner Dian Grueneich
ALJ Sarah R. Thomas
ALJ Steven A. Weissman

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission's Proposed Policies and Programs Governing post-2003 Low-Income Assistance Programs.	Rulemaking 04-01-006 (Filed January 8, 2004)
In the Matter of the Application of PACIFICORP for Approval of 2005 Low-Income Assistance Program Budgets.	Application 04-06-038 (File June 30, 2004)
In the Matter of the Application of Southwest Gas Corporation (U 905 G) for Approval of Program Year 2005 Low-Income Assistance Program Budgets.	Application 04-07-002 (Filed June 30, 2004)
Application of Southern California Gas Company (U 904 G) for Approval of Program Year 2005 Low-Income Assistance Programs and Funding.	Application 04-07-010 (Filed July 1, 2004)
Application of San Diego Gas & Electric Company (U 902 M) for Approval of Program Year 2005 Low-Income Assistance Programs and Funding.	Application 04-07-011 (Filed July 1, 2004)
Southern California Edison Company's (U 338-E) Application Regarding Low-Income Assistance Programs for Program Year 2005.	Application 04-07-012 (Filed July 1, 2004)
Application of Pacific Gas and Electric Company (U 39 M) for Approval Of The 2005 California Alternate Rates for Energy and Low Income Energy Efficiency Programs and Budget.	Application 04-07-013 (Filed July 1, 2004)
IN THE MATTER of the Application SIERRA PACIFIC POWER COMPANY (U 903), for an Order Approving its 2005 California Alternate Rates for Energy (CARE) and Low Income Efficiency (LIEE) Plans and Budgets.	Application 04-07-014 (Filed July 1, 2004)
In the Matter of the Application of Avista Corporation for Approval of Program Year 2005 Low-Income Assistance Program Budgets.	Application 04-07-015 (Filed July 1, 2004)
In the Matter of the Application of the SOUTHERN CALIFORNIA WATER COMPANY (U 133 W) Regarding Low Income Assistance Programs for its Bear Valley Electric Service Customers for Program Year 2005.	Application 04-07-020 (Filed July 8, 2004)

Application of Alpine Natural Gas Operating Company No. 1 LLC in Compliance with Decision 03-12-016 (PY 2004 Low Income Energy Efficiency (“LIEE”) and California Alternate Rates For Energy (“CARE”) program Plans).

Application 04-07-027
(Filed July 2, 2004)

In the Matter of the Application of West Coast Gas Company (U-910-G) For Approval of Program Year 2005 Low-Income Assistance Program Budgets.

Application 04-07-050
(Filed July 29, 2004)

**REPLY OF PACIFIC GAS AND ELECTRIC COMPANY TO COMMENTS ON
ALJ THOMAS’ DRAFT INTERIM OPINION APPROVING 2005 LOW INCOME ENERGY
EFFICIENCY (LIEE) AND CALIFORNIA ALTERNATIVE RATES FOR ENERGY (CARE)
PROGRAMS FOR PACIFIC GAS AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA
EDISON COMPANY, SOUTHERN CALIFORNIA GAS COMPANY, AND SAN DIEGO GAS &
ELECTRIC COMPANY**

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Attorneys for:
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Dated: April 18, 2005

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I. INTRODUCTION

In accordance with Rule 77 *et seq.* of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”), Pacific Gas and Electric Company (“PG&E”) hereby submits this Reply to the Comments filed by The East Los Angeles Community Union and The Maravilla Foundation (“TELACU/ Maravilla”), The Bay Area Poverty Resource Council and the Association of California Community and Energy Services (“BAPRC/ ACCESS”), Southern California Edison Company (“SCE”), San Diego Gas and Electric and Southern California Gas Company (“Sempra”) and the Office of Ratepayer Advocates (“ORA”) on the Draft Decision (“DD”) of Administrative Law Judge Thomas authorizing the investor owned utilities’ (“IOU’s”) CARE and LIEE programs for 2006 -2008.

II. DISCUSSION

A. The Development of a More Efficient Policy on “Go Backs” As Proposed by PG&E Is Not Tantamount to Abandonment of the Rapid Deployment Policy

By proposing a time limit on a customer’s ability to re-enter the LIEE program after a house has been treated, PG&E seeks to maximize the number of homes treated under the LIEE program as well as improve the overall efficiency of the LIEE program. Contrary to the assertions set forth in the Joint Comments of TELACU/ Maravilla and BAPRC/ ACCESS, a time limit on go backs will neither eradicate the rapid deployment strategy implemented by the Commission, nor prevent homes from being retreated if they require an emergency measure. A time limit on “go backs” will result in increased penetration of homes eligible for LIEE measures because PG&E personnel will not be making numerous repeat visits to customers who have recently received LIEE measures. Establishing a time limit on “go backs” is fair to

all customers eligible for LIEE measures because it allows customers to receive all feasible measures at the time of treatment yet it prevents customers from being treated numerous times to the detriment of eligible customers who have not yet been treated.

The Comments of TELACU/ Maravilla and BAPRC/ ACCESS fail to recognize that even if the Commission agrees to prohibit program re-entry for receipt of additional measures that customers were not eligible for at the time of initial treatment, PG&E program managers will continue to “go back” to treat homes under certain circumstances. PG&E typically allows customer re-entry into the program within the same year of the original application and this practice will continue. In addition, the establishment of a time limit on “go backs” will not prevent previously treated homes from receiving emergency measures. The Joint Comments of BAPRC/ ACCESS incorrectly argue that low income households will be “penalized if they require an emergency measure after their home has been ‘treated.’” (*See Joint Comments of BAPRC and ACCES on the Draft Decision of ALJ Thomas, at p2*). This argument is misguided because the LIEE program allows program managers to make exceptions to address customer emergencies such that customers will not be precluded from receiving emergency measures due to a time limit on “go backs.”

PG&E believes that the current 10 year waiting period for program re-entry after a home has been treated is reasonable and should be maintained. The Comments of both BAPRC/ACCESS and TELACU/ MARAVILLA request that the Commission reduce the ten year re-entry restriction to four years. One consequence of reducing the waiting period for program re-entry will be to delay the treatment of homes that are eligible for LIEE services but have never been treated. Ratepayer money will be more equitably spent if the LIEE services are provided to a larger population of eligible customers rather than going back to recently treated homes. Moreover, many of the measures installed under the LIEE program have a lifespan beyond four years thereby negating a need to reduce the ten year LIEE program re-entry waiting period.

BAPRC incorrectly defines treated and weatherized homes. These terms were appropriately defined several years ago, in D.02-12-019.¹ BAPRC writes that “Treated homes normally do not make great changes in the energy efficiency, comfort or health benefits of the low-income household.” (*See Joint*

¹ A “treated” home is an income-qualified home that has received any measure or service under the LIEE program, including energy education, compact fluorescent lamps (CFLs), weatherization and appliances. Under the LIEE program, a treated home must receive all feasible measures for which it qualifies. “Weatherized” homes are a subset of treated homes, and are defined as income-qualified homes that have received any weatherization measure (e.g., weatherstripping and caulking) under the LIEE program.

Comments of BAPRC and ACCES on the Draft Decision of ALJ Thomas, at p2). In fact, this is not a correct statement, as weatherization measures do not include any of the high energy savings measures, such as refrigerators or electrical appliances. Weatherized homes are a subset of treated homes, but *all homes receive all feasible measures*. A treated home, which may have received weatherization measures in addition to energy efficient appliances through the LIEE program, often has higher energy savings on average than a home that has only received weatherization measures.

B. Energy Education Is a Useful Outreach Tool To Educate Customers on Energy Efficiency

The Commission should not rely solely on one “information-delivery” method to provide energy efficiency education to customers. PG&E agrees with TELACU that the in-home energy education that is provided to LIEE participants is *not* a sales point for the LIEE program or its measures because all participants automatically receive all feasible measures for which they are qualified. The individualized in-home energy education is provided to all customers as part of the program to educate each customer on ways to save energy in their own home. The in-home energy education also teaches customers how to use the energy calculator so they can later use it to determine energy costs and/or savings of new measures.

Beyond in-home energy education provided to LIEE and CARE program participants, PG&E believes energy education workshops are also a useful outreach tool to promote energy efficient practices. PG&E’s LIEE contractors use many different strategies to enroll customers in the low income programs. In addition, PG&E employees actively promote the low income programs along with energy awareness at many different venues, including informal meetings with seniors, fairs, and local media presentations. Given the value in both in-home education as well as workshops, PG&E does not believe it is necessary for the Commission to mandate one particular outreach method over another.

C. PG&E Agrees That Detailed Measure Cost Data From Third Party Contractors Should Not Be Required

PG&E supports the position of TELACU and BAPRC that third party contractor data for low income program contractors should not be required as set forth in the DD. PG&E also agrees with SCE’s statements regarding the inadequacy of ex-post allocation of contractor costs. Accordingly, PG&E agrees with SCE that if the Commission decides to require this information, the template should be developed with “the input and concurrence of the contractors who must provide and report the data, so that the information gathered is readily available and consistent.” (*See Comments of SCE, at p7*)

D. PG&E Agrees That It Is Appropriate For Funding For CO Testing To Come Out of LIEE Program Budgets

PG&E agrees with the Sempra utilities that since the adopted NGAT procedures apply solely to the LIEE program, it is logical for CO testing for LIEE NGAT to come out of LIEE program funds. Originally, CO testing was an incremental expense of the LIEE program, and was a service that could be provided to all customers. However, the current adopted NGAT procedure is specific only to the LIEE program, and will not be provided to PG&E's other customers that are being tested for CO. For this reason, PG&E believes that it would now be more appropriate for the NGAT funding to come out of the LIEE program budget.

E. PG&E Agrees That a Three-year Program Cycle For LIEE/ CARE Programs Consistent With The Energy Efficiency Program Cycle Is Appropriate

SCE asked the Commission to consider adopting a three-year planning cycle consistent with the recently adopted cycle for Energy Efficiency programs. (*See SCE Comments, at p 12*) PG&E agrees that a three-year planning cycle consistent with the Energy Efficiency program cycle would make administrative sense.

Respectfully submitted,

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/s/
By: CHONDA J. NWAMU

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Dated: April 18, 2005

CERTIFICATE OF SERVICE BY ELECTRONIC OR FIRST CLASS MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Law Department B30A, 77 Beale Street, San Francisco, California 94105. I am readily familiar with the business practice of Pacific Gas and Electric Company for collection and processing of correspondence for mailing with the United States Postal Service. In the ordinary course of business, correspondence is deposited with the United States Postal Service the same day it is submitted for mailing.

On the 18th day of April 2005, I served a true copy of:

REPLY OF PACIFIC GAS AND ELECTRIC COMPANY TO COMMENTS ON ALJ THOMAS' DRAFT INTERIM OPINION APPROVING 2005 LOW INCOME ENERGY EFFICIENCY (LIEE) AND CALIFORNIA ALTERNATIVE RATES FOR ENERGY (CARE) PROGRAMS FOR PACIFIC GAS AND ELECTRIC COMPANY, SOUTHERN CALIFORNIA EDISON COMPANY, SOUTHERN CALIFORNIA GAS COMPANY, AND SAN DIEGO GAS & ELECTRIC COMPANY

[XX] By U.S. Mail – by placing it for collection and mailing, in the course of ordinary business practice, with other correspondence of Pacific Gas and Electric Company, enclosed in a sealed envelope, with postage fully prepaid, addressed to:

All parties on the official service list for R. 04-01-006; A. 04-06-038; A. 04-07-002; A. 04-07-010; A. 04-07-011; A. 04-07-012; A. 04-07-013; A. 04-07-014; A. 04-07-015; A. 04-07-027 and A. 04-07-050 without an e-mail address

[XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for All parties on the official service list for R. 04-01-006; A. 04-06-038; A. 04-07-002; A. 04-07-010; A. 04-07-011; A. 04-07-012; A. 04-07-013; A. 04-07-014; A. 04-07-015; A. 04-07-027 and A. 04-07-050 providing an e-mail address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed in San Francisco, California on the 18th day of April, 2005.

/s/

MARY B. SPEARMAN