

September 30, 2005

HAND DELIVERY

Docket Clerk
Docket Office
Public Utilities Commission
of the State of California
505 Van Ness Avenue, Room 2001
San Francisco, CA 94102

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

Dear Docket Clerk:

Enclosed for filing in the above-captioned matter are an original and (5) copies of:

**COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY SUBMITTING
PROPOSALS FOR REDUCING BILL IMPACTS FOR LOW INCOME CUSTOMERS
DURING THE 2005/2006 WINTER SEASON**

Please file the original document, date-stamp a copy, and return the endorsed copy in the stamped, self-addressed envelope provided for this purpose.

Very truly yours,

//s//

CHONDA JORDAN NWAMU

CJN/pak

cc: Steven A. Weissman, Administrative Law Judge
Dian Grueneich, Commissioner
Susan E. Brown, LIF
Jessica T. Hecht, ORA
George S. Tagnipes, ED
Donna L. Wagoner, ED
All Parties on Official Service List for A.05-06-005 and R.04-01-006

**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.

R.04-01-006

And Related Matters:

A.05-06-005
A.05-06-009
A.05-06-012
A.05-06-013

**COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY
SUBMITTING PROPOSALS FOR REDUCING BILL
IMPACTS FOR LOW INCOME CUSTOMERS DURING THE
2005/2006 WINTER SEASON**

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Dated: September 30, 2005

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IMPACTS FOR LOW INCOME CUSTOMERS DURING THE
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I. INTRODUCTION

PG&E commends the Commission's leadership in drawing public attention to the significantly higher natural gas bills customer face this coming winter as a result of steadily increasing gas costs in recent months, and in ensuring that the energy utilities, working in tandem with the Commission and community leaders, will have effective plans in place to help their customers cope with those bills.¹ While PG&E is concerned about the effects of high energy costs on all its customers this winter, it endorses the Commission's special focus on the problems residential customers with low or fixed incomes and small businesses may face this winter. A policy choice for the Commission could be to insulate low-income gas customers completely from the effects of the pending gas rate increases. However, doing so would only place much heavier burdens on other customers, who will also struggle this winter. The

¹ The *Notice of October 6, 2005 Full Panel Hearing in Los Angeles* ("En Banc Notice"), issued by the California Public Utilities Commission ("Commission") on September 13, 2005, directed the energy utilities to prepare a presentation for the Commission's full panel hearing on October 6, 2005 to hear proposals for reducing bill impacts for low income customers during the coming months. The *En Banc Notice* directed that the energy utilities file their respective proposals, in advance of the full panel hearing, by September 28, 2005. Pursuant to PG&E's telephonic request, Administrative Law Judge Steve Weissman granted PG&E a two-day extension of time until 2:00 p.m. on September 30, 2005 within which to file its proposals.

challenge in the coming months is to find the fair and proper balance in determining which customers should bear the brunt of higher energy costs.

PG&E's overall approach is guided by the following three principles:

- Tell customers what's happening, so they understand and can prepare for record high prices.
- Protect customers as much as possible from record high price spikes.
- Offer as many tools as possible so our customers can best manage their usage and their bills this winter.

In anticipation of the challenges these costs will present to all our customers, and particularly to residential and small commercial customers, PG&E has developed a number of measures to assist our customers in managing their winter bills. Together, we are calling these measures the "*2005-2006 Winter Care and Relief Program*." We modeled it after similar successful programs conducted in the past, but have added new and expanded features to meet this winter's particularly difficult challenges. Some features are designed to help all customers, including those with low or fixed incomes, while other features are targeted specifically to low income or special needs customers or to small businesses. The key features of the 2005-2006 Winter Care and Relief Program include:

- **Customer Communications and Outreach.** PG&E has launched a heightened education and outreach effort to inform our customers about the high energy costs they should expect this winter, the special programs available to help them, the existing programs they may be eligible for, and measures they can take to conserve energy comfortably. Our stepped-up communications include television, newspaper and radio ads, including ads in ethnic and minority community media outlets, direct mail to residential customers, an informative bill insert during the month of November, a message printed on all customers' bills in October, proactive phone calls to residential customers mobilization of employees to make face-to-face customer contacts, plus extra measures to reach minority and special-needs customers.
- **Expanded Payment Options.** PG&E is promoting its already-existing Balanced Payment Plan (BPP) and making it available to more customers to help them flatten out their annual bills. PG&E will ask the Commission to expand BPP eligibility to multi-family residential and small commercial customers. In addition, PG&E will offer special "winter stretch" payment arrangements to all residential and small commercial customers requesting to defer portions of their bills to months when they can better afford to pay, and extend special accommodations to those whose bill payments fall into arrears.

- **Financial Assistance Programs.** PG&E has a number financial assistance programs available for qualifying customers, such as CARE (California Alternate Rate for Energy), FERA (Family Electric Rate Assistance) and REACH (Relief for Energy Assistance Through Community Help Programs). PG&E is stepping up both general and targeted awareness campaigns and is partnering with public agencies and community organizations to sign-up customers in difficult to reach communities. PG&E will increase company contributions to the REACH program, and is undertaking an effort to increase employee and customer contributions to the REACH program, up from the existing level of \$1.5 million to \$3 million this winter.
- **Conservation and Energy Efficiency.** PG&E offers a number of programs and services at no extra cost to help customers reduce electric and gas usage and manage their bills. Our award-winning Energy Partners Program offers free home weatherization and help in switching to more efficient appliances to customers who meet income guidelines. In addition, as a result of the Commission's recent energy efficiency Decision 05-09-043, we will be increasing funding to many of PG&E's existing 2005 energy efficiency programs including gas rebates. Helping our customers reduce their electric and gas usage now will lessen the challenge in finding ways to cover the costs of their usage later this winter.

II. BACKGROUND

High natural gas prices are set by the national market, driven by tight supplies and growing demand around the country. The damage from Hurricanes Katrina and Rita has driven natural gas prices even higher. PG&E, of course, does not set natural gas prices nor does it mark up its wholesale costs. While PG&E cannot control the market price of gas, PG&E has an excellent track record as a buyer of natural gas for its customers. PG&E has some of the lowest gas rates among the country's major utilities. PG&E continually looks for smart buys, has hedged in part against extreme price volatility, uses its extensive pipeline and storage infrastructure to lower commodity purchase costs, and has recently redesigned its natural gas rates to moderate the cost of the natural gas supplies we buy for our customers.

PG&E has already taken steps to protect its customers' from volatile and high gas prices. PG&E buys gas during the summer months, when prices are lower, and stores it for use in the winter, when prices are much higher. This allows PG&E to store about 20% of its core customers' total winter demand, and reduces exposure to the volatile spot market, while providing flexible supply to meet peak demands in winter. PG&E has designed and

implemented a purchasing strategy that will protect an additional 40% of its customers' winter usage against the prospect of runaway gas prices. PG&E also has pending before the Commission an Emergency Petition to enhance its ability to hedge its natural gas purchases on behalf of core gas customers, which if approved will allow PG&E to protect an additional 40% of customer demand from severe price increases this winter and subsequent winters. Finally, much of the winter portfolio will be supplied with multi-month contracts, limiting PG&E's exposure to daily spot market prices.

While the immediate focus is on this coming winter, high natural gas prices may continue. To address that possibility, PG&E is working with the Commission and interested stakeholders on a number of fronts. We have sought Commission authority to expand the amount of storage capacity held by our Core Procurement Department, and we are continuing to pursue a long-term hedging program for future years, which we will propose to the Commission in an application to be filed in the near future. We also continue to monitor new supply opportunities, especially liquefied natural gas (LNG) receiving terminals that may be built along the West Coast in the years to come, and we stand ready to expand PG&E's gas system, as needed, to accommodate these new supplies.

PG&E is also mindful of all the steps the Commission and its staff have taken to date, in an effort to help mitigate the impact of high electric and gas costs. These include the Commission's recent decisions to accelerate PG&E's energy efficiency program spending, and to authorize PG&E to hedge its purchases of natural gas supplies that are used for electric power generation. PG&E worked with the Commission over the past year to redesign gas rates to help reduce or at least moderate winter gas bills. In Decision No. 05-06-029, the Commission approved a plan that will decrease the rate customers pay for gas used above their baseline

allowance. This results in lower winter bills when gas use is at its highest. PG&E very much appreciates the efforts the Commission has been taking to help get these gas prices under control.

III. DISCUSSION

PG&E's 2005-2006 Winter Care and Relief Program takes an active approach to mitigating the impact of anticipated higher energy bills this winter, particularly for low income and special needs customers. These initiatives consist of intensified customer communications to make customers aware of the likelihood of higher energy bills and their opportunities to manage those bills; expanding the payment options available to customers; making PG&E's existing financial assistance programs available to even more customers; and helping customers reduce their energy use, as through broadening PG&E's low income energy partners program, which provides weatherization services and energy efficient appliances to low income households. PG&E welcomes this opportunity to discuss its plan and to collaborate on ways to optimize customer relief.

1. Communications to Customers

PG&E is intensifying communications to its customers about the high energy costs they should expect this winter, the special programs available to help them, the existing programs they may be eligible for, and measures they can take to conserve energy comfortably. Our stepped-up communications include newspaper and radio ads, direct mail to residential customers, pro-active outreach through the news media, an informative bill insert during the month of November, a message printed on all customers' bills in October, and outbound recorded messages. PG&E plans to make a special communication outreach effort through outbound calls to customers whose payment histories indicate they may face particular challenges in paying high winter bills. We are taking extra measures such as direct mailing and participation in community events to reach minority and special-needs customers and alert them to programs for which they may be eligible. These targeted measures are described in more

detail below.

PG&E's communication outreach also plans to take advantage of the daily personal interactions employees have with our customers. During the pilot re-light season, which runs from October through December, PG&E's Gas Service Representatives will have approximately 175,000 face-to-face customer contacts each month. PG&E plans to use these opportunities to reach out to our customers and hand-deliver approximately 525,000 gas tip fact sheets providing information on conservation, low cost home improvements and investments for energy savings, and other ways to help them manage their winter bills. All of PG&E's 20,000 employees will be asked to help educate our customers and help them prepare for this winter's high prices. We will give our employees information and tools they need – through written materials, briefings, handouts, and Web-based information – to help our customers.

PG&E will also hold five regional community briefings with local elected officials and community leaders, providing them with extensive information about the winter gas price issues, and the many programs and services available to help their constituents manager their bills and usage this winter. In addition, during the week of October 3, PG&E is holding a briefing with all of the LiHEAP providers in its service area, providing them with information about higher gas prices, and giving them information about the programs and services available to customers this winter. This briefing will be the first in a series of on-going communications with community based organizations and low income service providers.

PG&E also plans to communicate the gas price issue to all Demand Side Management trade allies and use their help in educating customers, use the local government partnerships to inform customers and offer programs, coordinate PG&E's messages with the Flex Your Power organization.

2. Expanded Payment Options

PG&E is offering a variety of expanded payment options to its customers. PG&E's existing Balanced Payment Plan (BPP) provides a convenient way for single family residential

customers to “stretch” out their bills over a period of 12 months. The BPP program began helping customers manage their seasonal energy bills in 1982. There are currently 250,000 PG&E customers enjoying the benefits of the BPP program. While the BPP does not reduce energy bills, it does help to eliminate big swings in customer payments by averaging energy costs over the year. With the BPP, there is a much smaller variance in a customer’s bill through the cold winter season, summer heat and the mild weather of spring and fall. It allows the higher winter gas bills to be averaged over a longer period of months helping to reduce the impact of seasonal bills. Customers are able to include all outstanding balances in calculating the BPP amount. In addition, no interest or late fees are added.

For this winter, PG&E is expanding its efforts to heighten customer awareness of the BPP program and to make it available to more customers to help them flatten out their annual bills. Enrollment is available on a 24 hours a day, 7 days a week basis through our call centers at 1-800-743-5000 or through PGE.com. PG&E will be providing special recognition to the employees and employee groups that are most successful in signing up non-participating customers for this program. PG&E will also be making charitable donations to Food Banks as an additional encouragement to customers to enroll in BPP. PG&E is also expanding BPP’s availability to customers who have had trouble paying their bills in the past or who run into problems this winter.

PG&E’s tariff currently restricts BPP eligibility to single family residential customers. PG&E plans shortly to seek the Commission’s approval to expand BPP eligibility to include multiple family residential and small commercial customers – those on A1, A6 and GNR1 rate schedules.

For customers who do not wish or who are not eligible to enroll in BPP, PG&E has developed flexible payment arrangement alternatives. These alternatives, which PG&E is calling its “Winter Stretch Pay Plan,” provide customers with a way to even out their energy payments and to amortize any past due balances over a period of 12 months, depending upon the individual customer’s circumstances. Under this plan, PG&E will offer special payment

arrangements to all residential and small commercial customers requesting to defer portions of their bill to months when they can afford to pay it. PG&E will also evaluate suspension of re-establishment deposits for residential and small commercial customers struggling with exceptionally high bills.

For some time, PG&E has given customers the opportunity to identify a third party to be notified in the event the customer experiences bill payment problems. With both parties' consent, PG&E will notify the designated third party whenever a late notice is sent to the customer of record to alert the third party that the bill needs to be paid. The designated person is not responsible for paying the bill, but has an opportunity to contact PG&E to help resolve the delinquent bill problem and avoid any service disruptions. This service is available to all residential customers without charge. PG&E notifies customers of the availability of this program through bill inserts, call center communication with customers, PGE.com and a variety of other promotion materials disseminated to the public throughout the year.

3. Bill Payment Financial Assistance Programs

PG&E is urging all eligible customers to take advantage of PG&E's financial assistance programs. PG&E is stepping up both general and targeted awareness campaigns and is partnering with community organizations to sign-up customers in difficult to reach communities. Also, PG&E is undertaking an effort to increase contributions to the REACH program that assists customers who have fallen behind in paying their bills.

CARE: PG&E's California Alternate Rate for Energy (CARE) Program offers what is generally stated as a 20% discount on both the gas and electric portions of bills issued to qualifying lower-income customers.² The CARE program is an existing energy cost safety net

² The electric bill CARE discounts are already significantly larger than 20%, as a result of decisions made during the 2000-2001 energy crisis to hold CARE rates exempt from the electric surcharge rates adopted in D. 01-01-018 and D. 01-05-064. This means that the currently effective electric CARE discounts are approximately 27% for usage at levels up to and including 130% of baseline quantities. At 200% of baseline, the effective discount increases to approximately 34%. The relatively smaller number of CARE customers with usage at 300% or more of baseline will realize effective discounts of over 40%.

for lower-income families without equal in other states. CARE was created from Senate Bill 987 and originally named the Low Income Rate Assistance (LIRA) Program. The CPUC authorized the program on November 1, 1989, at a 15% discount level and with eligibility established at 150% of federal poverty guidelines. In order to minimize the impact of the 2000-2001 energy crisis on California's vulnerable low income population, the Commission made numerous changes in the CARE program. They included an increase in CARE eligibility to 175% of the federal poverty guidelines, an increase in the CARE discount, and significant funding for CARE outreach.

To help the CARE Program reach its ultimate goal of a 100% penetration rate, PG&E developed new outreach tools and initiatives. Among those initiatives was the rollout of the multi-lingual toll-free line, the development of the Community Outreach Contractor (COC) Program and the partnership with external agencies. In addition, grassroots media was introduced to the campaign, multi-lingual educational materials were developed, community enrollment events were hosted, and partnerships were created with community leaders to serve as advocates for the CARE Program.

The CARE program has worked hard to reach out to eligible CARE customers and to overcome language and cultural barriers in the dissemination of CARE information. These efforts have earned the program a number of awards throughout the years. PG&E's CARE Team plans to continue its aggressive outreach efforts and be a channel for delivering this winter's natural gas saving messages. The CARE Program prints all applications, customer correspondence and collateral materials in the four languages spoken by 97% of our CARE-eligible customers: English, Spanish, Chinese and Vietnamese. Additionally, the CARE Program supports, maintains, and promotes our CARE toll-free phone line in five languages: English, Spanish, Cantonese, Mandarin and Vietnamese. It is accessible 24-hours a day from anywhere in PG&E's territory.

As a result of all these initiatives, PG&E's CARE team has enrolled 583,978 new customers in the program since 2001. Over 934,000 low income households or approximately 3

million individuals, currently participate in the program – this represents more people than the combined populations of San Francisco and San Mateo counties. The program has reduced energy costs for low income families by over \$1.4 billion since 1989. The CARE program is affording customers approximately \$300 million in annual bill savings, and the forecasted natural gas cost reduction alone will be over \$60 million in 2005.

Details regarding the outreach efforts that PG&E has already undertaken, as well as efforts PG&E will implement in 2006 to achieve sign-up of eligible customers appear in Appendix A. These include a variety of direct mail, external partnerships and community events. For example, American Business Maintenance, Able Janitorial Service, and the California National Guard have already agreed to insert CARE mini applications into the qualifying employees' paychecks. PG&E is also distributing a CARE application and a descriptive letter to the 688,000 PG&E customers who participate in the Medical Baseline or Life Support programs, have received a 48-hour notice in the past, or have been asked for a deposit by PG&E.

Automatic enrollment is a particularly effective tool that PG&E is using to “automatically” sign-up eligible customers for PG&E’s CARE program if such customers are already participating in a separate program under eligibility requirements that would simultaneously satisfy CARE’s eligibility requirements. Automatic enrollment onto CARE was introduced in May 2004 when PG&E began receiving a quarterly listing of CSD LIHEAP information from the CPUC. This listing was used to match CSD customers with their PG&E accounts. A letter was mailed to the identified customers giving them 30 days to opt out of the CARE program. After the 30-day opt-out period, the customers were then automatically enrolled in the CARE Program.

In D.05-04-052, the Commission ordered the utilities to create a new application for migrant farm worker housing centers (MFHCs), and to use their best efforts to begin to enroll all residents of these California Office of Migrant Services (OMS) and other non-profit managed migrant centers into the CARE program, in compliance with Assembly Bill 868. PG&E has

worked with the other utilities to consistently revise its agricultural housing CARE applications and has filed its new MFHC and revised agricultural housing applications by advice letter filing with the Commission. PG&E has already automatically enrolled the 22 OMS in its service area with the new MFHC application. Additionally, PG&E is working in the community to seek and enroll any other qualifying non-profit-run MFHCs. PG&E is also conducting a review of existing program requirements to identify areas where legislative changes might expand the availability of the program to additional low income families.

PG&E wholeheartedly supported SB 580, which was introduced by Senator Escutia in 2005, and is pleased the Legislature has enacted it. This bill allows automatic enrollment onto CARE of PG&E customers receiving assistance from state public assistance programs such as MediCal and the Healthy Families program.

PG&E understands that low-income customers will likely be the customer group most impacted by the rising energy costs this winter. It is evaluating initiatives to increase CARE enrollment and to ensure that current CARE customers are not removed from the CARE discount program during this critical time. Some of these may require Commission approval. One suggestion is to expand CARE eligibility to elderly or handicapped customers with household income levels at 200% of federal poverty guidelines – up from the currently applicable 175% level. The expanded CARE eligibility might add up to 115,000 new households to PG&E's CARE-eligible population, and would potentially add up to \$40 million in additional annual bill savings under the CARE program. In evaluating this and other options, however, PG&E is mindful that other customers fund the CARE program through the public purpose program surcharges that form part of their monthly bills. Each additional dollar CARE customers must be matched by another dollar to be paid by PG&E's non-CARE customers. Under current eligibility rules and rate levels, CARE program costs can add 2% or more to the total gas and electric bill for many of PG&E's non-CARE customers. Even without expanded edibility, these costs will increase significantly in 2005 as a consequence of projected increased gas costs and electric rate changes.

PG&E looks forward to hearing the perspectives of the Commission and other stakeholders on this and similar initiatives.

PG&E is also evaluating a winter moratorium on removing from the CARE program customers who fail to recertify their continuing eligibility. Recertification failure can result in the inadvertent removal of eligible customers who simply do not understand the recertification request, but it also helps to assure that only eligible customers participate.

PG&E plans to conduct a pilot program involving outbound calls to customers who fail to respond to post verification requests. The CARE processing team will perform post verification call backs to the 25% of no-response customers before removing them from the CARE Program.

PG&E is compiling a report listing PG&E customers who called to request a CARE application but have not yet enrolled in the program. PG&E is proposing to call these customers and assist in enrolling them by phone.

FERA: In addition to the proposed CARE initiatives, PG&E is continuing to promote the Family Electric Rate Assistance or FERA program, which offers households of three or more persons with income between 175% and 250% of the federal poverty level electric savings by charging Tier 2 rates for Tier 3 usage.

REACH: PG&E is also planning to significantly expand its Relief for Energy Assistance Through Community Help Programs or REACH program to assist low income customers. The REACH program, administered by the Salvation Army, is an annual energy assistance program offering one-time cash grants of up to \$200 to qualifying low-income customers who experience an unplanned or uncontrollable change in their ability to sustain their energy service. This grant is available to any customer whose income is not more than 175% of Federal poverty guidelines, and is administered at over 150 Salvation Army offices throughout our service territory. The REACH program is largely funded through charitable contributions provided by PG&E's customers and employees, which currently total nearly \$1.5 million each year. The company donates an additional \$340,000 to cover the Salvation Army's full cost of administering the program.

PG&E has set a goal of doubling the annual funds available to support customers in need through the REACH program, to at least \$3 million per year, through a combination of increased contributions from the company, customers, and employees. As part of this effort, PG&E will match all new contributions made by our customers, this winter, whether as add-ons to their bills or one-time contributions. PG&E will shortly announce our campaign to encourage current donors to increase their contributions, and to sign up new donors. An insert in customers' December bills will ask customers to consider donating \$1 to \$10 per month to the REACH program as an add-on to their PG&E bill. Approximately 35,000 customers are already donors.

In anticipation of increased donations, PG&E is negotiating with the Salvation Army to change the way the program is administered. These efforts include additional outreach to customers whose first language is other than English, targeting funds for seniors and others on fixed incomes, and a potential temporary relaxation of the eligibility criteria.

4. Conservation and Energy Efficiency, Including the Low Income Energy Partners Program

PG&E is expanding the availability and funding for conservation and energy efficiency programs and services it offers at no extra cost, to help customers reduce usage and manage their bills. PG&E also plans to increase its energy efficiency efforts by increasing funding for 2005 gas rebate programs. This increased funding is possible in light of the Commission's recent energy efficiency decision (D.05-09-043), authorizing the use of 2006 funds to continue or reopen successful 2005 programs. For 2006, the decision provides \$36 million to assist customers in reducing their natural gas consumption. The increased funding will allow additional customers to purchase efficient gas products and reduce their energy bills this winter.

Along with the continuation and reopening of 2005 gas energy efficiency rebate programs, PG&E plans to:

- Revise the very successful energy crisis customer fact sheets and Web site information - "Saving Energy is as easy as 1-2-3." The special gas saving edition provides 1 (no cost) 2 (low cost) and 3 (investment cost, with applicable rebates) energy saving recommendations to customers.

- Distribute 1-2-3 energy savings tips through employees.
- Communicate the gas price issue to all Demand Side Management trade allies and use their help in educating customers.
- Use the Local Government Partnerships to inform customers and offer programs.
- Coordinate PG&E's message with Flex Your Power.
- Coordinating with Staples Marketing to run Spanish language winter energy savings tips on Univision television station.

PG&E has a long-standing commitment to help its low-income customers control their energy bills. PG&E's Low Income Energy Efficiency (LIEE) program, which is known as the "Energy Partners Program" offers free home weatherization to customers who meet certain income guidelines. By teaming up with approved contractors, the Energy Partners program has installed measures such as weather-stripping, attic insulation, caulking, showerheads, minor home repair and compact fluorescent lamps to hundreds of thousands of qualified customers. It also has supplied new refrigerators and air conditioners, repaired furnaces and provided energy efficiency information so that low-income customers may reduce their energy bills while improving the comfort level of their homes. PG&E has made special efforts to reach non-English speaking customers. PG&E applications and program materials for the LIEE program are available in seven languages: English, Spanish, Chinese, Vietnamese, Korean, Hmong and Russian.

Since 1983, PG&E has treated nearly 900,000 low-income homes, with a savings of over \$355 million on customer energy bills and total impacts of over 265,000 MWh and 35 million therms.

For 2005, the Energy Partners program's goals were to treat 55,000 low income family homes and install 20,000 refrigerators, spending more than \$60 million. To date, PG&E has spent \$34,934,472, treated 42,873 homes, and installed 14,058 refrigerators. PG&E expects to meet or exceed its goals.

PG&E has partnered with Low Income Home Energy Assistance or LIHEAP providers to offer ENERGY STAR® refrigerators to their clients. Energy Partners and LIHEAP agents will serve as additional channels to provide low income customers with the services focused on

reducing the impact of this winter's natural gas costs. Energy Partners staff will help organize and conduct education meetings for Energy Partners contractors and LIHEAP providers on the winter gas campaign and how customers can participate to reduce their gas usage.

For 2006, PG&E proposes to treat at least 55,000 homes and spend \$62 to \$65 million on improving the comfort, safety and efficiency of low income homes. Two new measures will be reintroduced into the program – duct testing and sealing, and central air conditioner tune up (pilot). The utilities are proposing to repair or replace non-working furnaces in homes previously weatherized and deemed safe, and revisit homes where the furnace was repaired under the program and has failed a second time.

PG&E, and the other energy utilities submitted applications for the 2006/2007 CARE and LIEE programs on June 1, 2005 in R. 04-01-006. These applications are currently pending before the Commission. PG&E requested annual authorized budgets of \$56.530 million for LIEE and \$7.457 million for CARE administration. PG&E believes that these amounts will be sufficient to fund its CARE and LIEE 2005 Winter Customer Care and Relief Initiative. However, should the Winter Programs have a great impact on the 2006 program, PG&E may ask the Commission for a one-time budget augmentation. Prompt Commission action on PG&E's application would assist in the expeditious development and roll-out of the 2006/2007 programs, which could assist this winter as well as next winter's efforts to help low income customers manage their bills.

Appendix A CARE Outreach

PG&E clearly defined its CARE-eligible households so that it could develop a targeted outreach and education plan in 2001. PG&E learned that CARE-eligible customers fall into the following demographic groups:

1. Ninety-seven percent of all eligible customers speak one of five languages at home: English, Spanish, Cantonese, Mandarin or Vietnamese. Forty-three percent are Spanish speakers;
2. CARE-eligible households are predominantly ethnic minorities. These include a mix of seniors, rural residents, agricultural farm workers and residents of sub-metered tenant facilities; and
3. While the male head of household is often the customer of record, the female head of household usually makes energy and spending decisions and takes action on important issues.

PG&E's CARE outreach campaign consists of an intense multitude of activities. The CARE Team partners, recruits and contracts with a diverse group of community-based organizations already recognized and trusted by their constituents. More than 50 organizations representing a wide array of communities (Native American, seniors, disabled, Hispanic, and Hmong, to name a few) promote the CARE Program as part of their regular outreach activities. These COCs undergo a training course and are provided with collateral items -- such as T-shirts identifying them as CARE COCs -- and bilingual CARE posters and brochures to display in their organizations. The CARE program also supports the COCs through a variety of other channels including a monthly newsletter, an e-mail address, quarterly regional meetings, site visits and training sessions. Due to the success of the COC Program, PG&E is currently expanding the number of COCs from 50 to 100.

Community Outreach Events are one of the most effective ways for the CARE program to break down barriers, engage community leaders and build trust in communities. The CARE Team participated in 52 multicultural events so far this year, bringing a face and personality from the program to the communities. The team aims to have completed 80 events by the end of 2005. The events are often supported with targeted grass roots media and PG&E's Public Affairs department.

A mini CARE application used as a bill insert has been an effective way to reach our customers. It is cost effective, and presents CARE information in a concise way, allowing the customer to fill out a simplified version of the application. The bill insert was included in the March, June and October PG&E billing cycles. Both March and October's bill inserts were in English and Spanish while the June bill insert featured the Chinese and English mini-application.

The Hispanic community represents the largest CARE-eligible segment of PG&E's customer base. The CARE outreach campaign has a developed and targeted program to meet the unique needs of this community. Media relations are a key program element. CARE is being supported and mentioned by Hispanic television and radio stations. Community outreach is integral to increased enrollment, and a large number of outreach events target the Hispanic community.

According to PG&E's research, African American customers are more likely to be reached through media, restaurants, stores, recreational centers and places of worship that specifically serve them than through more traditional outreach methods. The CARE program's outreach campaigns attempt to accommodate the African American community by adhering to these methods.

The Asian American community is extremely diverse in itself, with many distinct groups. Therefore, primary and secondary target markets have been identified based on population size, income levels and in-language preference. The Chinese and Vietnamese communities are the primary target markets; the Korean, Cambodian, Laotian, Hmong, Mien and Filipino communities are secondary target markets. Outreach initiatives to reach these markets include ethnic community organization partnerships and in-language direct mail campaigns.

As PG&E's CARE outreach campaign matures and continues to successfully enroll eligible customers, the challenge of reaching and enrolling those remaining customers becomes even more evident. For this reason, PG&E's CARE team has employed a number of direct mail campaigns throughout 2005. These campaigns reach eligible customers in their homes thereby reducing barriers of accessibility to enrollment information.

In 2005, the CARE Team implemented a variety of outreach initiatives to approach its ultimate goal of enrolling 100% of its eligible customers on the program.

- Pennysaver - A CARE application and information were printed in Pennysaver which is a booklet listing a variety of savings distributed to specific areas determined on the basis of income. 10,367,000 copies of the Pennysaver were distributed.
- Housing and Urban Development - PG&E's CARE Team partners with multiple Public Housing Authorities. A CARE application and a descriptive letter from the housing authority are distributed to the tenants in Section 8 and public housing programs throughout the PG&E service area.
- El Observador - A CARE application and information were printed in El Observador which is the largest Hispanic newspaper in the Greater Bay Area. 82,000 copies of El Observador were distributed weekly for 8 weeks.
- Direct Mail - A CARE application and a descriptive letter are being distributed to 688,000 PG&E customers who have been on the Medical Baseline or Life Support programs, have received a 48-hour notice in the past, or have been asked for a deposit by PG&E.
- Recertification Direct Mail - This direct mail piece targets customers who have not recertified for the CARE Program in the last two years (approximately 86,000) and provides them an opportunity to re-enroll in CARE.
- Admail West Direct Mail - CARE information and an application was distributed to low-income customers identified by a purchased database. 200,000 applications were disseminated throughout the PG&E service area.
- Workforce Initiative - ABM and Army National Guard agreed to insert CARE mini applications into the qualifying employees' paychecks.
- Non-Profit Direct Mail - A direct mail piece is being distributed to targeted low-income facilities provided by a purchased database. This direct mail piece includes a descriptive letter inviting the organizations to enroll in CARE and an application.
- Welfare Direct Mail Initiative - Mini CARE applications and brochures were sent to welfare recipients in welfare agency mailings throughout the PG&E service area. Brochures are also being distributed through Veterans Administration, Social Security, Medicare/Medicaid and other agencies.
- Senior Outreach - CARE brochures and "large print" applications were distributed at senior events and the Public Authority of Shasta County, the agency that oversees in-home care gives to the elderly.
- Day Care Initiative - Brochures are being distributed to low-income families through child care centers in rural counties.

- Rural Direct Mail Initiative - Brochures and postcards are being distributed to customers in low income neighborhoods along specific postal carrier routes in rural counties.
- Fast Food Initiative - Brochures are being distributed in McDonalds and Burger King takeout bags and tray liners in rural counties.
- Pay Day Loans Initiative - Brochures are being distributed through cash advance stores throughout the PG&E service area.
- Business Partners – A strategic list of businesses and organizations in the CARE outreach campaign’s top ten targeted counties was created. Brochures were mailed to these businesses in order to reach the customers both at the “mainstream” and grassroots levels.
- COC Expansion – Due to the success of the COC effort, the CARE Team is expanding its number of COCs from 50 to 100 in the last part of 2005.
- “Piggybank” Direct Mail – CARE sent out a direct mail piece featuring a CARE application and an attractive graphic of a piggy bank to customers in targeted zip codes.
- POS Box Initiative – The Point of Service (POS) box is a miniature version of the kiosk featuring a CARE application holder and a slot where the customer can deposit completed applications. The POS boxes are being displayed by Community Outreach Contractors, HUD, public assistance organizations and PG&E pay stations.
- Sub-metered Mass Mailing – The CARE Team executed a mass mailing to a database of sub-metered customers.
- Salvation Army Umbrella – The CARE Team worked with Salvation Army State Headquarters to conduct grassroots CARE outreach in multiple counties throughout the PG&E service area.
- CBS/UPN Commercial - Three sets of 30-second CARE commercials aired on CBS and UPN television. The commercials consisted of CARE information, invitations to CARE events and the recruitment of additional COCs.
- Web site Review – Because the PG&E Web site is one of the most effective means for CARE to reach out to its customers, the Web site has been enhanced.
- AB – 868 Enrollment – The AB-868 decision automatically enrolled on the CARE Program 22 migrant farm worker housing centers.
- Toll-free Line – The information toll-free line for customers, 1-866-PGE-CARE, has generated 525,722 calls since its inception in 2001. The line provides in-depth information about CARE to callers in five languages (Cantonese, English, Mandarin, Spanish and Vietnamese).
- Pay station Initiative – CARE Point of Service (POS) boxes and brochure holders were placed by COCs in pay stations throughout the PG&E service territory.
- Employee Involvement Month – The CARE Team asked PG&E employees to pass on a CARE application to a friend or family member who may be eligible for CARE. CARE applications were inserted into PG&E paychecks and CARE representatives distributed applications at a CARE booth in the 77 Beale lobby.
- Automatic Enrollment – Qualifying PG&E customers who also receive energy from SCG, SCE, TID, MID and SVP were automatically enrolled in the CARE Program.
- Admail Door Hanger Direct Mail – An informative letter and a door hanger application was distributed to targeted low-income customers provided by a purchased database. 25,000 applications were disseminated throughout the PG&E service area.
- RAF Direct Mail – A Refer-a-Friend (RAF) direct mail piece including an application was mailed to all CARE customers asking them to give the application to a friend or family member who may qualify for the program.
- Attrition 6 month CARE transfer – Previous CARE customers who have recently relocated can be re-enrolled in the program.
- CME and AME initiative - In order to reach deeper into the African American community, the CARE Team is participating in the Christian Methodist Episcopal (CME) and the African

Methodist Episcopal (AME) Community Partnership Program. This program includes presentations to CME and AME parishioners, endorsements by ministers, CARE application distribution and media support.

- Empty Nest Direct Mail – In order to combat high attrition rates, the CARE Team plans to send a direct mail piece to new PG&E customers residing in addresses of CARE customers who have moved.
- Pharmacy Initiative - PG&E is partnering with pharmacies in low-income areas to distribute pharmacy bags with a CARE application attached.
- Vietnamese Direct Mail – A direct mail piece in Vietnamese is being mailed to a database of Vietnamese customers in order to reduce the language barriers.
- Hispanic Television / Radio Airings – Spanish-language commercial will air on Hispanic television and radio in order to support the October bill insert and to encourage customers to look in their PG&E bills.
- Door Hanger Rollout – 200,000 door hanger applications are being disseminated throughout predominantly Hispanic zip codes in order to reach CARE-eligible Hispanic customers.
- Hispanic Direct Mail – A direct mail piece in Spanish will be distributed to Hispanic PG&E customers.
- African American Radio Airings - A radio commercial will air on Gospel radio in order to inform the African American community about the CARE Program.

All successful 2005 initiatives will be repeated in 2006. These initiatives will be revised and enhanced in order to make them even more effective. In addition, new initiatives have been developed and are ready for implementation in 2006. Those initiatives are listed below:

- African American grassroots organization partnerships – The CARE Team plans to partner with 31 stores in Central and Northern California in order to disseminate CARE information to their customers.
- Chinese Direct Mail, Phase 2 - A Chinese language direct mail piece will be mailed to a database of Chinese customers in order to reduce the language barriers of accessibility to CARE enrollment information.
- Asian community-based organization partnerships – CARE information sessions will be held at a number of Chinese, Vietnamese, Hmong, Laotian and Cambodian community-based organizations. These sessions will provide the CARE Team with an opportunity to connect with community members and to explain the application process in their primary language. Enrollment drives will also be held in order to enroll qualifying members of the organizations on the CARE program.
- Ethnic collateral development - Fun, practical give aways with in-language CARE information in various languages will be introduced, including such objects as chopsticks, refrigerator magnets, squeeze lights, magnet clips, and pill boxes with in-language information.

CERTIFICATE OF SERVICE BY ELECTRONIC MAIL OR U.S. 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, CA 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 30th day of September 2005, I served a true copy of:

**COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY SUBMITTING
PROPOSALS FOR REDUCING BILL IMPACTS FOR LOW INCOME CUSTOMERS
DURING THE 2005/2006 WINTER SEASON**

By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for A.05-06-005 and R.04-01-006 with an e-mail address.

By U.S. Mail – by placing the enclosed 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 A.05-06-005 and R.04-01-006 without 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 on this 30th day of September 2005 at San Francisco, California.

//s//
PATRICIA A. KOKASON