

October 17, 2005

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

Dear Docket Clerk:

Enclosed for filing in the above-captioned matter are an original and (5) copies of **“Reply Of Pacific Gas And Electric Company To Comments Of Proposals Submitted For Winter 2005-2006 Low-Income Program Changes And Response To The Office Of Ratepayer Advocates Protest Of Advice Letters 2664-G/2720-E, 2664-G-A/2720-E-A Supplement, And 2666-G/2721-E.”**

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 J. Nwamu

CJN/pak

cc: Steven A. Weissman, Administrative Law Judge
Dian Grueneich, Commissioner
Susan E. Brown, LIF
Mariana C. Campbell, ORA
Karen A. Degannes, ED
Hazlyn Fortune, ORA
Donna L. Wagoner, ED
Josie Webb, ED
All Parties on Office Service List for 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

**REPLY OF PACIFIC GAS AND ELECTRIC COMPANY
TO COMMENTS OF PROPOSALS SUBMITTED FOR
WINTER 2005-2006 LOW-INCOME PROGRAM
CHANGES AND RESPONSE TO THE OFFICE OF
RATEPAYER ADVOCATES PROTEST OF ADVICE
LETTERS 2664-G/2720-E, 2664-G-A/2720-E-A
SUPPLEMENT, AND 2666-G/2721-E**

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Dated: October 19, 2005

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I. INTRODUCTION

Pacific Gas and Electric Company ("PG&E") commends the California Public Utilities Commission ("Commission") for expeditiously soliciting and reviewing proposals for winter 2005-2006 utility program changes that could reduce the impact of rising natural gas prices on low and fixed-income customers. PG&E has reviewed and carefully considered the low income proposals submitted to the Commission and provides this Reply to Comments on the proposals submitted for winter 2005-2006 low-income program changes. In addition, by this filing PG&E responds to the Office of Ratepayer Advocates' Protest of PG&E's 2005-2006 Winter Customer Care and Relief Program Advice Letters – AL 2664-G/2720-E, AL 2664-G-A/2720-E-A Supplement, and AL 2666-G/2721-E.

II. BACKGROUND

On October 6, 2005, the Commission held a full panel hearing on the impact that rising gas costs will have on customers and requested that utilities specifically address the potential impact on low and fixed income customers. During the full panel hearing, the Commission reiterated its commitment to respond quickly to utility proposals aimed at reducing the impact of rising natural gas costs on customers this winter, especially low and fixed income customers. Subsequently to the full panel hearing, on October 7, 2005, ALJ Weissman issued an electronic communication to all parties in low-income proceeding R.04-0-006 establishing an expedited schedule for proposed winter 2005-2006 program changes. Accordingly, in compliance with ALJ Weissman's expedited schedule, PG&E hereby submits its Reply to Comments on the winter 2005-2006 program change proposals submitted by other interested parties in this proceeding.

III. DISCUSSION

1. PG&E is not Opposed to Requiring Self-Certification as Part of Its Proposed Winter Census Block LIEE Qualification Pilot Program.

PG&E concurs with ORA, LIF and DRA's recommendation that residents in a selected low income census block should be required to self-certify eligibility before receiving LIEE services. ORA supports PG&E's proposal to select specific low income census blocks and qualify the residents of such blocks for LIEE services. However, ORA's Comments state that PG&E should require self certification as part of its census block LIEE qualification pilot program to prevent residents who are clearly not income eligible from being treated. (See ORA Comments p.4). PG&E shares ORA's concern that automatic census block qualification may result in some non-eligible residents receiving LIEE services. Accordingly, PG&E does not oppose ORA's proposal to require self-certification before a resident within a selected low-income census block is eligible to receive LIEE services.

2. PG&E Has Proposed a Number of Tools to Assist Low Income Customers with Bill Payments and Service Interruption Costs This Winter, Including Suspension of Reconnection Deposits, and ORA's Proposal to Waive Reconnection Fees and Returned Check Fees Should Not Be Adopted.

PG&E supports efforts to assist its low income customers in managing increased energy bills this winter. To this end, PG&E has accommodated winter season changes to various business guidelines, in part, to provide a means to avoid service interruption due to nonpayment and relief from what may be additional financial burdens to customers who do experience service interruption as a result of nonpayment. Specifically, customers can now enroll in PG&E's free Balanced Payment Plan (BPP) and include their arrears balance in the BPP calculation. In addition, PG&E will waive credit reestablishment deposits during the winter months of November 2005 through April 2006 for all residential customers (average deposit of \$250) and small commercial customers (average deposit of \$1,000). For customers who do experience service interruption, under PG&E's newly created "Winter Customer Care and Relief Program" they will have the option to pay 50% of their outstanding balance with enrollment into BPP in order to restore their service. These and other changes will provide real and substantial relief for PG&E customers and will help customers avoid returned checks and service interruption. Returned checks and service shut-offs create costs, and the fees charged for them provide both disincentives to and partial cost recovery from the customers that caused these costs. In light of the options available to help customers avoid bill payment problems and the financial assistance PG&E is already offering to customers who experience them, PG&E does not believe it would be appropriate to additionally implement a policy of waiving returned check and field reconnection fees, \$8 and \$20 respectively.

3. PG&E Already Coordinates Energy Bill Payments with LIHEAP and REACH as Proposed by Bay Area Poverty Resource Council.

Consistent with the Comments of BAPRC, PG&E coordinates energy bill payments with LIHEAP and REACH. Specifically, energy bill payments pledged by LIHEAP and REACH on behalf of PG&E customers are recorded into PG&E's database. Once PG&E receives the pledge

from LIHEAP and REACH, it creates a pay plan notating the dollar amount being pledged and a date for which receipt of the payment is anticipated. This coordination of efforts allows customers to rely on the LIHEAP or REACH commitment, and ensures that the customer's bill does not go into collections for any amount at or below the pledged amount.

4. PG&E Supports the Proposals to “Hold Harmless” Customer Who Inadvertently Receive Either LIEE Services or the CARE Discount Through a Winter 2005-2006 Pilot Program.

PG&E agrees with TURN, DRA, LIF and other parties that support a “hold harmless” policy for customers who inadvertently receive the CARE discount or LIEE services during the winter period. PG&E acknowledges that the implementation of census block LIEE qualification and the winter moratorium on removing customers from CARE may result in non-eligible customers receiving LIEE services or the CARE discount. PG&E has already decided to “hold harmless” and not seek reimbursement from such ineligible customers who participate in good faith in LIEE and CARE and who inadvertently receive LIEE or CARE benefits during the 2005-2006 winter season.

5. PG&E Proposes to Suspend Removal of CARE Customers for CARE Enrollment for Failure to Recertify This Winter.

PG&E proposes to continue CARE recertification during the winter but to declare a moratorium on dropping CARE enrollees who fail to recertify during the winter. SCE's Comments incorrectly attribute total suspension of CARE recertification as a PG&E winter proposal. (SCE Comments, p.2). In fact, PG&E's proposal is consistent with SCE and ORA's recommendation to maintain the CARE recertification process but temporarily suspend dropping customers from the CARE program for failure to recertify. Specifically, PG&E proposes to allow CARE customers who fail to recertify during the winter to remain in the CARE program for an additional six months. At the expiration of the 6 month extension, customers will again be given the opportunity to recertify for CARE.

6. The Furnace Cost Estimate Asserted by PG&E Includes The Estimated Unit Cost of the Furnace And Additional Costs Associated With Furnace Replacement.

ORA notes that LIEE central forced air furnace unit cost replacement estimates are different between PG&E and Sempra. PG&E's single estimated \$3,500 average furnace cost includes other associated costs, such as duct testing and sealing and the rental of installation equipment such as cranes required to replace roof units as well as state mandated inspections to meet Title 24 standards. PG&E's average cost also factors in estimates for different unit costs for both 78% and 92% efficiency units (92% units are not commonly available for mobile homes), as well as higher costs for some package units that will be replaced. PG&E would be happy to work with Sempra and other parties to derive more refined estimates as more of the parameters around implementation of this pilot become known. At this time, PG&E is not requesting additional LIEE funding to cover the cost associated with this pilot. PG&E proposes to pay for the furnace replacement pilot using its carryover funding and any unspent budget allocated to the furnace replacement pilot will be used in PG&E's standard LIEE program in 2006.

7. PG&E is Committed to Ensuring that Disabled Persons Have Access to Its Low Income and Medical Baseline Allowances Programs.

PG&E agrees with Disability Rights Advocates' ("DRA") assertion that utility low income assistance programs should be accessible to customers with disabilities and PG&E includes disabled persons in its outreach efforts. PG&E is committed to providing low income assistance information to all eligible customers including customers with disabilities.

Specifically, the following is a list of some of PG&E's outreach efforts:

- Presentations on financial assistance information (including medical baseline, CARE, Energy Partners, REACH etc), conservation, and energy management programs to organizations serving seniors and disabled persons such as Self Help for the Elderly, Hong Fook Senior Center, and San Mateo Senior Center.
- A recently completed direct mailing to customers, including medical baseline customers, promoting the CARE program.

- Presentations to Sacramento Municipal Utility District (SMUD) and other community coalitions.
- Radio interview spots in Spanish regarding low income assistance programs and services.
- Participation in community events and fairs (e.g. Santa Rosa Senior Celebration Fair).

In addition, PG&E effectively utilizes traditional outreach methods such as including information about the Medical Baseline Allowance program in “Welcome Letters” (mailed to approximately 100,000 customers each year that call to start service); providing information to customers that call our Call Centers about financial assistance, payment arrangements, and high bills (as evidenced by mailing 50,000-100,000 of medical baseline application forms and program information sheets each year by our Literature Fulfillment Center), and providing applications and information on our website. As a result of PG&E’s outreach efforts, PG&E currently has approximately 72,000 customers participating in the Medical Baseline Allowance program which is a significant increase from the approximately 48,000 customers participating in the program in 2000.

PG&E is committed to ensuring that all eligible customers have access to its Medical Baseline Allowance program. PG&E is in compliance with D.02-04-26 concerning the Medical Baseline Allowance program. PG&E has its medical baseline forms and information available in Spanish and Chinese. In addition, PG&E has its medical baseline forms in large print available upon request. The PG&E website provides information about the availability of large print forms. Moreover, consistent with DRA’s recommendation, PG&E’s standard medical baseline allowance application allows customers to seek an increase in the medical baseline quantity.

IV. CONCLUSION

PG&E appreciates the opportunity to collaborate with the Commission, other California energy utilities and interested parties to implement low income program initiatives that will reduce the impact of high natural gas prices this winter. PG&E looks forward to the upcoming Workshop to address the 2005-2006 winter proposals, and to Commission adoption of low-income program changes that will help mitigate the increased energy costs that customers will face this winter.

Respectfully Submitted,

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By: _____ /s/
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Dated: October 19, 2005

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 19th day of October 2005, I served a true copy of:

**REPLY OF PACIFIC GAS AND ELECTRIC COMPANY TO COMMENTS OF
PROPOSALS SUBMITTED FOR WINTER 2005-2006 LOW-INCOME PROGRAM
CHANGES AND RESPONSE TO THE OFFICE OF RATEPAYER ADVOCATES
PROTEST OF ADVICE LETTERS 2664-G/2720-E, 2664-G-A/2720-E-A
SUPPLEMENT, AND 2666-G/2721-E**

By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for R.01-08-028 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 R.01-08-028 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 19th day of October 2005 at San Francisco, California.

/s/
PATRICIA A. KOKASON