

June 1, 2006

VIA FEDERAL EXPRESS

Docket Office
PUBLIC UTILITIES COMMISSION
State of California
505 Van Ness Avenue, Room 2001
San Francisco, CA 94102

Re: APPLICATION OF ALPINE NATURAL GAS COMPANY
OPERATINGCOMPANY NO. 1, LLC. (PY 2007-2008 LOW INCOME ENERGY
EFFICEINCY PLAN AND CALIFORNIA ALTERNATIVE RATES FOR
ENERGY PROGRAM BUDGETS)

Dear Docket Clerk:

Enclosed for filing with the Commission in the above-referenced proceeding are
the original and seven (7) copies of:

APPLICATION OF ALPINE NATURAL GAS COMPANY OPERATING COMPANY
NO. 1 LLC
IN COMPLIANCE WITH D 05-07-014
PY 2007-2008 LOW INCOME ASSISTANCE PROGRAM BUDGETS FOR LOW
INCOME ENERGY EFFICEINCY (LIEE) AND CALIFORNIA ALTERNATIVE
RATES FOR ENERGY (CARE) PROGRAMS

**Please file-stamp the extra copy and return it to us in the self-addressed
stamped envelope provided. If you have any questions, please call.**

Thank you for your assistance.

Very truly yours,

/s/

Michael Lamond

Attachments

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

In the Matter of the Application of Alpine
Natural Gas Operating Company No. 1 LLC
(U909C) for Approval of Program Years 2007-
2008 Low Income Assistance Program Budgets

Application 06-06-_____

**APPLICATION OF ALPINE NATURAL GAS COMPANY OPERATING
COMPANY NO. 1 LLC (U909-C)
FOR APPROVAL OF PROGRAM YEARS 2007-2008
LOW INCOME ASSISTANCE PROGRAM BUDGETS**

Michael Lamond, CFO/Administrator
Alpine Natural Gas Operating Comp. No.1 LLC
P.O. Box 550
Valley Springs, California 95252
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Dated: June 1, 2006

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

Application of Alpine Natural Gas Operating
Company No. 1 LLC in Compliance with
Decision 05-07-014 (PY 2007-2008 Low Income
Assistance Program Plans)

Application 06-06-____

**APPLICATION OF ALPINE NATURAL GAS COMPANY OPERATING
COMPANY NO. 1 LLC (U909-C)
FOR APPROVAL OF PROGRAM YEARS 2007-2008
LOW INCOME ASSISTANCE PROGRAM BUDGETS**

Alpine Natural Gas Operating Company No.1, LLC (Alpine) respectfully applies for approval of its recommended Program Years (PY) 2007-2008 Low Income Assistance Program Budgets for its Low Income Energy Efficiency and California Alternative Rates for Energy (CARE) Programs. This application is made in accordance with California Public Utilities Commission’s Decision (D) 05-07-014.

I. BACKGROUND

On January 13, 2005, Alpine filed Application 04-01-006 Amendment No. 2 seeking approval of its 2005-2006 CARE and LIEE Plans and Budgets. Pursuant to D. 04-08-010 Alpine filed Advice Letter #14 on November 7, 2005 which increased the the Public Purpose Program surcharge rates for Alpine’s customers effective January 1, 2006. D. 05-07-014 also ordered Alpine to submit its 2007 and 2008 LIEE AND CARE plans and budgets by June 1, 2006.

II. APPLICATION SUMMARY

Alpine requests approval of Low Income Assistance Budgets for Program Year (PY) 2007 and 2008 of \$33,000 and \$36,225, respectively. Alpine is not requesting a change in customer rates as a result of this application. Alpine proposes that any rate change in the Public Purpose Surcharge continues to be handled through the LIEE and CARE balancing account mechanism via Advice Letter filing on October 31 of each PY.

2007-2008 Low Income Assistance Program Plans

Alpine as of December 31, 2005 had 1004 customers and 35 were receiving CARE discounts and or LIEE program benefits. Alpine's 2007-2008 plan will continue to provide energy –efficiency assistance and discounted rates to qualified low income residential customers. The activities for each program are described below. The budgets are provided in the Tables I and Table VI of Appendix 1. Table II provides a summary of both CARE and LIEE including the number of customers served for each PY.

CARE

Alpine's California Alternative Rates for Energy (CARE) program provides to Income qualified customers a 20% discount on their monthly gas utility bill. Qualified CARE customers are those whose household income does not exceed 175% of the Federal Poverty Income (PVI) level. Customers are provided, monthly, information regarding the CARE discount program. Alpine anticipates continued incremental growth of the eligible number of CARE participants that total less than 4 (four) percent of the

total number of customers.

Alpine's 2005 approved CARE budget was \$5,640. The Program Administrative costs were \$1,350. Total CARE Budgeted customer discounts was \$4,290 TABLE VI shows the CARE budget increases for PY 2007 and 2008 that is consistent with an incremental increase in CARE program costs and discounts. Alpine proposes a PY 2008 CARE budget of \$9,925.

LIEE

The Low Income Energy Efficiency (LIEE) program provides long-term energy savings. The CARE and LIEE income guidelines are the same, 175% FPI. Alpine will continue to contract with Richard Heath and Associates to provide weatherization, NGAT testing, appliance repair and or replacement, post installation inspections, education and final reporting services for Alpine's LIEE program.

Alpine had an approved LIEE budget of \$ 26,890 in 2005. Actual LIEE expenses were \$17,391. 2006 LIEE Budget of \$23,572 represents a net decrease of 13% as compared to 2005 Budget. Going forward PY 2007 and 2008 LIEE Budgets will continue to be less than PY 2005 by 14% and 2%, respectively .

Alpine's LIEE Budget decrease is a result of the current growth of Alpine's customer population is with new homes as opposed when the utility first started its customers were in existing older homes that converted from propane usage.

Customer Outreach

Outreach activities for CARE and LIEE programs include targeted mailings, Billing statement inserts, program introduction to each new customer and information to all customers regarding the program each year. Annual CARE outreach budget is \$200.00. Table II also shows CARE enrollment penetration rates above 90%.

Reporting Requirements

Pursuant to the June 24, 2004, Scoping Memo of Assigned Commissioner Carl W. Wood and Administrative Law Judge Sarah R. Thomas, Alpine conforms to the accounting and reporting requirements set forth in the Second Energy Division Workshop on the Review of the Accounting and Reporting Requirements for the California Alternative Rates for Energy (CARE) and Low Income Energy Efficiency (LIEE) Programs of the Small and Multi Jurisdictional Utilities. Alpine's CARE and LIEE Program costs are tracked through its two way and one way balancing accounts, respectively.

STATUTORY AND REGULATORY REQUIREMENTS

- A. This application is made pursuant to Sections 451,454,491,701,728 and 729 of the Public Utilities Code of the State of California, the Commission's Rules of Practice and Procedure and prior decisions, orders, and resolutions of the Commission.
- B. Proposed Categorization, Need For Hearings, Issues to be Considered, Proposed Schedule – Rule 6
Alpine proposes that this application be designated as a “rate

setting” proceeding. Alpine does not believe that an evidentiary hearing is necessary and therefore, no proposed schedule is included in this application.

- C. Legal Name – Rule 15 (a). Alpine is a public utility organized and existing under the laws of the State of California. The location of Alpine’s principal place of business is 15 St. Andrews Dr. Suite 7 Valley Springs CA 95252.

- D. Balance Sheet and Income Statement- Rule 23 (b) and (c). Attached Hereto and designated Exhibit A and Exhibit B are a copy of un-audited Balance Sheet and Profit and Loss Statement as of December 31, 2005.

Respectfully submitted, this 6th day of June 1, 2006 at Valley Springs, California.

/s/ Michael Lamond
Michael Lamond, CFO/Administrator
ALPINE NATURAL GAS OPERATING
COMPANY No. 1 LLC

VERIFICATION

STATE OF CALIFORNIA)

) ss.

COUNTY OF CALAVERAS)

MICHAEL LAMOND, being first duly sworn, deposes and says:

That he is the Chief Financial Officer of Alpine Natural Gas Operating Company No. 1, LLC; that he has read the foregoing Application and knows and understands the contents thereof; that the same is true of his own knowledge, except as to those matters therein stated upon information and belief, and as to those matters he believes them to be true.

/s/Michael Lamond

Subscribed and sworn to before me
5th Day of June 2006

NOTARY PUBLIC

CERTIFICATE OF SERVICE

I certify that I have served a true copy of the foregoing

**APPLICATION OF ALPINE NATURAL GAS COMPANY OPERATING
COMPANY NO. 1 LLC (U909-C)
FOR APPROVAL OF PROGRAM YEARS 2007-2008
LOW INCOME ASSISTANCE PROGRAM BUDGETS**

via electronic mail on all parties of record to R. 04-01-006.

Dated June 5, 2006, 2005, at Valley Springs, California.

/s/ _____
Michael Lamond

APPENDEIX 1
List of Tables

Table I
LIEE Estimated Annual Budget for Program Year 2007 and 2008

Table **VI**
CARE Estimated Annual Budget for Program Year 2007 and 2008

Table II
Proposed Public Purpose Program Budgets PY 2007 & 2008

**Table I - PY 2007-2008 LIEE Program Expense Budget
ALPINE NATURAL GAS, LLC OPERATING COMPANY NO. 1**

PY 2007-2008 BUDGET

Table I

LIEE Program:	2005 BUDGET LIEE EXPENSES	ACTUAL 2005 LIEE EXPENSES	2006 BUDGET	2007 BUDGET	2008 BUDGET
Energy Efficiency					
- Assessments of Homes (Max. 24 Units)	\$500	\$375	\$500	\$500	\$600
- Installation of Weatherization Measures	\$5,000	\$2,246	\$4,000	\$4,500	\$5,000
- Appliance Replacement	\$5,000	\$0	\$3,000	\$4,000	\$5,000
- NGAT Testing		\$300	\$0	\$300	\$450
- Post-Inspection of Weatherized Units	\$2,500	\$2,550	\$2,500	\$2,750	\$3,000
- Project Management and Final Report	\$3,000	\$1,000	\$2,500	\$2,000	\$2,500
Energy Efficiency TOTAL	\$16,000	\$6,471	\$12,500	\$14,050	\$16,550
BOE Administrative Costs		\$20	\$16	\$25	\$50
R & D Expenses	\$390	\$400	\$557	\$575	\$700
Mass Media/Advertising					
M&E Studies					
Regulatory Compliance (See Other Administration)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Outside Services Admin	\$9,000	\$9,000	\$9,000	\$7,500	\$7,500
- CPUC Energy Division					
Total Oversight Costs					
Total Oversight Costs					
TOTAL COSTS	\$26,890	\$17,391	\$23,572	\$23,650	\$26,300

Table I

PY 2007-2008

PROPOSED 2007-2008 PUBLIC PURPOSE PROGRAM BUDGET

	2004	2005	2005	2006	2007	%	2008	%
	ACTUAL	BUDGET	ACTUAL	BUDGET	BUDGET	CHN	BUDGET	CHN
AVG. NON-CARE CUSTOMERS PER MONTH	795	875	907	1,025	1,150		1,325	
AVG. CARE CUSTOMERS PER MONTH	26	29	31	38	41		53	
PROJECTED CARE ENROLLMENT	31	34	35	40	45		54	
<u>THERM CONSUMPTION PER CUSTOMER</u>								
NON-CARE GAS VOLUME, IN THERMS	360,250	405,000	398,000	475,000	550,000		635,000	
AVG THRM PER NON-CARE CUSTOMER	38	42	38	43	41		41	
CARE GAS VOLUMES, IN THERMS	9,418	15,000	12,225	16,000	19,000		21,000	
AVG THRM PER CARE CUSTOMER	31	42	33	36	38		38	
<u>PUBLIC PURPOSE SURCHARGE</u>								
NON-CARE : PPP SURCHARGE COLLECTED PER THERM	0.0805	0.0750	0.0750	0.0600	0.0475		0.0425	
SURCHARGE COLLECTED FROM CARE CUSTOMERS	29,000	30,375	30,637	28,500	26,125		26,988	
CARE : PPP SURCHARGE COLLECTED PER THERM	0.0675	0.0650	0.0650	0.0500	0.0475		0.0425	
SURCHARGE COLLECTED FROM CARE CUSTOMERS	<u>628</u>	<u>975</u>	<u>795</u>	<u>800</u>	<u>903</u>		<u>893</u>	
PPP \$ AMOUNT COLLECTED	\$29,628	\$32,768	\$31,432	\$29,300	\$27,028		27,880	
<u>CARE DISCOUNT PROVIDED</u>								
TOTAL CARE DISCOUNT PROVIDED	\$3,442	\$4,290	\$4,595	\$7,025	\$7,950		\$8,525	
<u>CARE PROGRAM COSTS</u>								
OUTREACH	50	100	100	100	200		200	
PROCESSING	50	50	50	100	200		200	
PROGRAMMING	0	100	100	100	100		100	
MEASUREMENT & EVALUATION	0	300	300	300	300		300	
REGULATORY COMPLIANCE	0	300	300	300	300		300	
OTHER ADMINISTRATION	0	100	100	200	200		200	
INDIRECT COSTS	<u>0</u>	<u>400</u>	<u>400</u>	<u>400</u>	<u>100</u>		<u>100</u>	
TOTAL CARE PROGRAM COSTS	100	1,350	1,350	1,500	1,400		1,400	
TOTAL CARE BUDGET	\$3,542	\$5,640	\$5,945	\$8,525	\$9,350	66%	\$9,925	76%
LIEE PROGRAM EXPENSES								
ENERGY EFFICIENCY TOTALS-WEATHERIZATION	12,000	16,000	6,471	12,500	14,050		16,550	
BOE ADMINISTRATIVE COSTS		0	20	16	25		50	
R&D EXPENSES	0	390	400	557	575		700	
OUTSIDE SERVICES ADMINISTRATION	1,000	9,000	9,000	9,000	7,500		7,500	
OTHER ADMINISTRATION INCLUDING PROGRAM DEVEL.	<u>12,000</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>		<u>1,500</u>	
TOTAL LIEE BUDGET	\$25,000	\$26,890	\$17,391	\$23,572	\$23,650	14%	\$26,300	2%
TOTAL PUBLIC PURPOSE PROGRAM COSTS	\$28,542	\$32,530	\$23,336	\$32,097	\$33,000	1%	\$36,225	10%

Table VI - PY 2007-2008 CARE Program Expense Budget

ALPINE NATURAL GAS

JUNE 1, 2006 APPLICATION FOR PY 2007-2008 CARE BUDGET

CARE Program:	2005 ACTUAL GAS		2006 BUDGET		2007 BUDGET		2008 BUDGET	
	Base Program	Total	Gas Base Program	Total	Gas Base Program	Total	Gas Base Program	Total
Outreach	\$100	\$50	\$100	\$50	\$100	\$100	\$200	\$200
- Capitation Fees								
- Other Outreach								
Total Outreach	\$100	\$100	\$100	\$100	\$100	\$100	\$200	\$200
Processing/ Certification/Verification	\$50	\$50	\$50	\$50	\$100	\$100	\$200	\$200
Billing System /Programming	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
Pilots								
- Pilot (A)								
- Pilot (B)								
- Pilot (C)								
Total Pilots								
Measurement & Evaluation	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Regulatory Compliance	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Other Administration	\$100	\$100	\$100	\$100	\$200	\$200	\$200	\$200
Indirect Costs*	\$100	\$400	\$100	\$400	\$400	\$400	\$100	\$100
Oversight Costs								
- LIAB Start-up								
- LIAB PY Past Year**								
- LIAB PY Present Year**								
- CPUC Energy Division								
Total Oversight Costs								
TOTAL PROGRAM COSTS	\$1,050	\$1,350	\$1,050	\$1,350	\$1,500	\$1,500	\$1,400	\$1,400
CARE Rate Discount	\$4,595	\$4,595	\$4,595	\$4,595	\$7,025	\$7,025	\$7,950	\$8,525
Service Establishment Charge								
Merger Credit Refund Adjustment ¹								
TOTAL PROGRAM COSTS & CUSTOMER DISCOUNTS	\$5,645	\$5,945	\$5,645	\$5,945	\$8,525	\$8,525	\$9,350	\$9,925

Table VI

PY 2007-2008

Alpine Natural Gas Operating Company No. 1, LLC
Balance Sheet
As of December 31, 2005

ASSETS	
Total Current Assets	127,060.21
Fixed Assets	
Total CONSTRUCTION IN PROGRESS	3,238,814.47
DEPRECIATION ALLOWANCE	-842,515.06
Total Fixed Assets	<u>2,448,990.56</u>
Total Other Assets	<u>59,512.43</u>
TOTAL ASSETS	<u><u>2,635,563.20</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Total Current Liabilities	426,784.56
Long Term Liabilities	
Total Long Term Liabilities	<u>10,492.88</u>
Total Liabilities	437,277.44
Equity	
Total Equity	<u>2,198,285.76</u>
TOTAL LIABILITIES & EQUITY	<u><u>2,635,563.20</u></u>

ANG Profit Loss
January through December 2005

Alpine Natural Gas Operating Company No. 1, LLC
Profit & Loss

	<u>Jan - Dec 2005</u>
Ordinary Income/Expense	
Income	
NATURAL GAS SALES	818,125.00
Total Income	818,125.00
Cost of Goods Sold	
Cost of Goods Sold	
GAS TRANSPORTATION	18,198.68
NATURAL GAS	264,717.17
Total Cost of Goods Sold	<u>282,915.85</u>
Total COGS	<u>282,915.85</u>
Gross Profit	535,209.15
Total Gas Utility Expense	<u>581,474.45</u>
Net Ordinary Income	-46,265.30