



*Pacific Gas and  
Electric Company™*

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May 26, 2006

HAND DELIVERED

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

Re: A.06-04-014 – Application of Pacific Gas and Electric Company (U 39 M)  
Seeking Approval of Augmentation to its Authorized 2006 Low Income  
Energy Efficiency Program Budget

Dear Docket Clerk:

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

**REPLY OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)  
TO THE DIVISION OF RATEPAYER ADVOCATES' RESPONSE TO  
PACIFIC GAS AND ELECTRIC COMPANY'S 2006 LOW INCOME ENERGY  
EFFICIENCY BUDGET AUGMENTATION APPLICATION**

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/sl

cc: Kim Malcolm, ALJ  
Steven A. Weissman, ALJ  
Dian M. Grueneich, Commissioner  
Susan E. Brown, LIF  
Mariana C. Campbell, DRA  
Hazlyn Fortune, ED  
Sarita Sarvate, ED  
All Parties on Official Service List for A.06-04-014 and R.04-01-006

Enclosures

BEFORE THE  
PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric  
Company (U 39 M) Seeking Approval of  
Augmentation to its Authorized 2006 Low  
Income Energy Efficiency Program Budget

Application 06-04-014  
(Filed April 14, 2005)

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EFFICIENCY BUDGET AUGMENTATION APPLICATION**

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Attorneys for  
PACIFIC GAS AND ELECTRIC COMPANY

May 26, 2006

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**I. INTRODUCTION**

In accordance with Rule 77.2 *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" or "the Company") hereby submits these Reply Comments to the Division of Ratepayer Advocates' ("DRA") Response to PG&E's Application to augment its 2006 LIEE budget.

PG&E is pleased that DRA does not oppose PG&E's request to augment its 2006 LIEE budget. PG&E is also pleased that DRA explicitly stated that its "response should not delay timely approval of [PG&E's] augmentation requests as hearings will not be necessary to address and resolve DRA's concerns." (See DRA Response at p. 1.) By this Reply, PG&E addresses DRA's requests for additional information to support PG&E's request for a \$21 million augmentation to its 2006 LIEE budget.

**II. PG&E'S BUDGET AUGMENTATION REQUEST IS SUPPORTED BY THE  
UNDERLYING DATA ACCOMPANYING ITS APPLICATION A.06-04-014 AND,  
IN ADDITION, PG&E PROVIDES FURTHER DATA BELOW AS REQUESTED  
BY DRA**

PG&E submitted, as Attachment 1 to its Application, a Table showing the Program Year (PY) 2006 authorized budget; the estimated total PY 2006 expenditures including winter

initiative components, new measures and increased targets; and the resulting PY 2006 budget shortfall. DRA requests that PG&E provide specific data on the actual costs PG&E has incurred related to the increased level of activity and new measures, as well as data on how such actual costs are factored into PG&E's 2006 budget forecast. Responses to DRA's requests are provided below:

**A. PG&E projects that the new AFUE criteria will result in an increase from 330 furnace replacements in 2005 to 1800 in 2006.**

Response: The greatly increased number of furnace replacements in 2006 was due to the Winter Initiative Program. Under the Winter Initiative, inefficient furnaces were replaced with new energy efficient furnaces. The Winter Initiative ended April 30, however, PG&E is continuing to replace all furnaces that were identified and committed prior to that date. Most of the 1800 furnace replacements identified in the budget augmentation measure table for 2006 were Winter Initiative furnace replacements that were already completed or in the pipeline for replacement when PG&E filed the April 14 budget augmentation request. Now that the Winter Initiative has been completed, PG&E will return to the previous LIEE program criteria of repairing or replacing only those furnaces that fail the NGAT test.

**B. There is no clear correlation made between the number of units in Attachment 2 of the Application and the cost amounts in the charts in Attachment 1. Please provide this information.**

Response: PG&E will provide a response by June 2.

**C. PG&E provided figures projecting an increase for the cost of all gas appliances from \$4M to \$9.7M in 2006 but did not delineate the units and costs associated with each measure or policy goal. It is unclear how much of the increase is due to the Winter Initiative and how much is a function of the new measures and increased targets ordered by D.05-12-026.**

Response: Approximately \$6,397,875 of the gas appliance increase is due to the Winter Initiative. The remainder is a function of the new measures and increased targets.

**D. In attachment 1, PG&E provided a YTD of \$5.4M for additional electric appliances. What is the breakdown of this figure in regards to the Winter Initiative and the requirements of D.05-12-026?**

Response: Approximately \$2,400,000 of the electric appliance increase is due to the Winter Initiative. The remainder is a function of the new requirements.

**E. For both C. and D., PG&E must provide data showing what energy savings are associated with these projections.**

Response: PG&E will provide a response by June 2.

**F. In regards to replacing leaking water heaters, Attachment 1 of the Application shows only total costs and cost projections associated with these measures. The actual costs incurred during this past winter are unclear.**

Response: The actual costs associated with replacing leaking water heaters are \$105,888.44. To date, the committed plus actual costs are \$352,613.44.

**G. Explain why PG&E has used automatic enrollment based on census data and pays its contractors only for valid LIEE applications and does not associate enrollment with any cost savings.**

Response: PG&E does no automatic enrollment under LIEE and did none under the Winter Initiative project. PG&E *targeted* several census areas under the Winter Initiative project where census data indicated large proportions of qualifying low income customers. However, PG&E verified income data from all customers and only accepted income-qualified customers as participants in the LIEE program.

**H. DRA is curious as to why we included the tankless water heater pilot project? DRA does not consider it part of the Winter Initiative Program.**

Response: DRA is correct. The tankless water heater pilot was not part of the Winter Initiative project. However, the Commission requested that all additions in the 2006 budget augmentation request be included. The tankless water heater pilot was not included in our 2006 Application and was therefore an addition.

### **III. CONCLUSION**

PG&E is pleased that DRA does not oppose PG&E's request for a \$21 million augmentation to its 2006 LIEE budget. By this Reply, PG&E provides additional data in support

of its budget augmentation request to ensure that DRA and others understand the basis for the necessary budget augmentation. As highlighted in PG&E's Application, A.05-06-014, PG&E respectfully requests timely approval of its budget augmentation request to ensure that PG&E will have sufficient funding to maintain its current LIEE program through the end of 2006 and treat the targeted approximately 62,500 homes. Accordingly, PG&E respectfully requests approval of its Application to augment its 2006 LIEE budget.

Respectfully submitted,

Christopher J. Warner  
Andrew L. Niven  
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By: \_\_\_\_\_ /s/  
CHONDA J. NWAMU

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Attorneys for  
PACIFIC GAS AND ELECTRIC COMPANY

May 26, 2006

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 26<sup>th</sup> day of May 2006, I served a true copy of:

**REPLY OF PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)  
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[ X ] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for A.06-04-014 and R.04-01-006 with an e-mail address.

[ X ] 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.06-04-014 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 26<sup>th</sup> day of May 2006 at San Francisco, California.

/s/

\_\_\_\_\_  
STEPHANIE LOUIE