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May 1, 2007

VIA HAND DELIVERY

Administrative Law Judge Kim Malcolm
California Public Utilities Commission
505 Van Ness Avenue, Room 5005
San Francisco, CA 94102-3214

Re: Low Income Energy Efficiency Program Annual Report For
2006 January 1, 2006 - December 31, 2006 Reporting Period

Dear Judge Malcolm:

Pacific Gas and Electric Company hereby encloses its Low Income Energy Efficiency Program Annual Report For 2006. The report is submitted to the Commission in compliance with the reporting requirements set forth in Decision 05-10-041. That decision settled all outstanding issues concerning shareholder incentives earned by PG&E for the demand-side management (DSM), energy efficiency, and low income energy efficiency (LIEE) programs for program years 1994 through 2001 as well as all future earnings which could be claimed for various past and future program years related to Annual Earnings Assessment Proceedings. Decision 05-10-041, Ordering Paragraph 2, approved PG&E's April 4, 2005 settlement agreement, which requires PG&E to continue "to provide annual reports on the previous year's energy efficiency and LIEE programs, and the annual report and testimony currently required to be provided on PG&E interruptible load programs." (Settlement Agreement at page 9) The LIEE Annual Report had been included as prepared testimony with PG&E's annual AEAP applications.

Should you have any questions concerning this report, please contact me at (415) 973-6650.

Sincerely yours,

/s/

Chonda J. Nwamu

CJN:pak
Enclosure

cc: ALJ Meg Gottstein
ALJ Maryam Ebke
All Parties of Record in R.07-01-042

**LOW INCOME ENERGY EFFICIENCY PROGRAM
ANNUAL REPORT
FOR 2006**

May 2007



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SECTION 1 EXECUTIVE SUMMARY

Low Income Energy Efficiency (LIEE)

PG&E has offered energy efficiency programs to qualified low income customers in its 48 counties since 1983. The Low Income Energy Efficiency (LIEE) program objective is to help low income customers increase their comfort while reducing their energy consumption, costs, and hardship. The LIEE program provides free home weatherization, energy-efficient appliances and energy education services to qualified, low income PG&E customers throughout the Company's service area.

The 2006 LIEE program was very similar to the 2005 LIEE program and was authorized on December 15, 2005 by Decision (D.) 05-12-026. PG&E's authorized annual LIEE program budget for 2006 remained at \$56.53 million (plus any remaining unspent carryover) per D. 05-12-026, Ordering Paragraph 2. D.06-08-025, Ordering Paragraph 4, as corrected by D.06-09-026, increased PG&E's 2006 LIEE budget by \$33.3 million dollars on August 24, 2006.

The 2006 LIEE program continued to require installation of all feasible measures offered under the program for which the customer qualified. The 2006 program treated 66,043 homes, 48,183 of which were weatherized.

PG&E did not achieve its Minimum Performance Standard (MPS) during 2006 and thus requests no shareholder incentives for 2006 LIEE activities.

SECTION 2

LOW INCOME ENERGY EFFICIENCY

Overview

PG&E has offered energy efficiency programs to qualified low income customers in its 48 counties since 1983. The LIEE program objective is to help low income customers increase their comfort while reducing their energy consumption, costs, and hardship. The LIEE program provides free home weatherization, energy-efficient appliances and energy education services to qualified, low income PG&E customers throughout the Company's service area. The 2006 program was authorized on December 15, 2005 in D.05-12-026. Ordering Paragraph 2 continued PG&E's authorized annual LIEE program budget at \$56.53 million for the 2006 program and included authorization to spend all unspent carryover funding. D.05-12-026 directed the utilities to manage their budgets to accelerate participation in the 2005-2006 Winter Initiative (mandated in D.05-10-044) and to increase the number of LIEE homes treated by at least 5-10 percent over the target anticipated in the utilities' 2006 Low Income Program Applications.

On October 27, 2005, D.05-10-044 established the Winter Initiative to help low income customers ameliorate the impacts of anticipated high natural gas costs during the winter of 2005-2006. Winter Initiatives adopted during the winter period from November 2005 through April 2006 for the LIEE program included increased eligibility for gas central forced air furnace replacement, increased eligibility for broken or leaky gas water heater replacement, removed the restrictions on going back to previously treated homes to replace newly eligible refrigerators, and removed the per home cap on the number of CFLs installed in a home under the LIEE program. Whereas many of the Winter Initiatives were temporary measures adopted specifically to help low income customers during the winter heating season, D.05-10-044 also expanded income eligibility for both LIEE and California Alternate Rates for Energy (CARE) to 200 percent of the Federal Poverty Level for all customers on an ongoing basis.

Due to PG&E's compliance with the provisions of the Winter Initiative, including increasing the number of furnaces installed under the Winter Initiative's expanded replacement criteria and increasing the number of LIEE homes treated by an additional 5 to 10 percent, PG&E's LIEE program costs soared. The utility requested a budget augmentation on April 14, 2006 in compliance with D.05-12-026, Ordering Paragraphs 3 and 12. D.06-08-025, issued on August 24, 2006, authorized an additional \$33.3 million (including \$12 million of unspent carryover) for PG&E's LIEE program to be spent on installation of LIEE measures. D.06-08-025 allowed PG&E to spend up to \$7.921 million on administration and regulatory compliance costs in 2006.

The 2006 program continued the 2004-2005 programs with the addition of several new measures. During 2005, the Standardization Team solicited new measures to assess for possible inclusion in the 2006 LIEE program. Four measures were submitted and three

of these were assessed for cost-effectiveness.¹ Two measures, energy efficient central air conditioners in climate zones 14 and 15 and duct testing and sealing for specified housing types and climate zones, were adopted into the 2006 program by D.05-12-026. Central air conditioner maintenance and tune-ups were withdrawn by the Standardization Team pending additional study.

The authorized 2006 LIEE program measures and installation criteria are listed in Figure 1 below.

¹ The fourth measure, a compact fluorescent master purchase plan was not considered by the Standardization Team since it was recommending a specific brand of a measure already offered under the program. Additionally, the Standardization Team did not feel that the solicitation process was the appropriate venue for considering a specific purchase plan or brand and that the vendor was already able to promote its product to the program administrators.

Figure 1: 2006 LIEE Measures

2006 LIEE Measure	Eligibility Criteria
Ceiling Insulation	All Climate Zones and Residence Types
Low Flow Showerheads	All Climate Zones and Residence Types
Water Heater Insulation	All Climate Zones and Residence Types
Weather-Stripping Doors	All Climate Zones and Residence Types
Caulking	All Climate Zones and Residence Types
Outlet Cover Plate Gaskets	All Climate Zones and Residence Types
Faucet Aerators	All Climate Zones and Residence Types
Water Heater Pipe Insulation	All Climate Zones and Residence Types
Evaporative Coolers	Climate zones 10-16 only; single family and mobile homes only
Refrigerator Replacements	All Climate Zones and Residence Types
Evaporative Cooler and Air Conditioner Vent Covers	All Climate Zones and Residence Types
Hard-Wired Compact Fluorescent Lamp Porch Light Fixtures	All climate Zones, but single family homes only
Thread-Based Compact Fluorescent Lamps	All climate Zones and Residence Types
High Efficiency Room (Window/Wall) Air Conditioners	Climate Zones 10-15 only
High Efficiency Central Air Conditioners ¹	Climate Zones 14 and 15 only
Duct Testing and Sealing ¹	All Climate Zones for single family and mobile homes with gas space heating; only Climate Zones 10-16 for homes with electric space heating
Minor Home Repairs ²	All Climate Zones and Residence Types

1 High efficiency central air conditioners and duct testing and sealing are new measures for 2006, adopted in D.05-12-026, Ordering Paragraphs 15 and 18.

2 Multiple sub-measures are included under minor home repairs: Services that reduce infiltration (e.g., window repairs), mitigate a hazardous condition, or accommodate the installation of program measures (e.g., attic venting). Furnace repairs and replacements fall under the category of minor home repairs and are provided only when necessary to mitigate Natural Gas Appliance Test (NGAT) failures and pursuant to the installation of infiltration-reduction measures. Water heater repairs and replacements are also considered minor home repairs and are provided only to mitigate NGAT failures or to replace leaky water heaters. For the purposes of qualifying a home for the program, all minor home repairs (combined) count as a single measure.

Individualized, in-home energy education was provided to all participating customers to help them understand how they used energy and what specific strategies they could employ to reduce their home energy costs.

The 2006 LIEE program continued to require that customers receive all of the program measures that were feasible to install in their homes. PG&E continued to work with the other investor-owned utilities, the Energy Division and the Division of Ratepayer Advocates (DRA) to standardize LIEE program implementation and reporting statewide.

In previous phases, the Joint Utility LIEE Standardization Project Team created the standardized Weatherization Installation Standards (WIS) Manual and the Policy and Procedures (P&P) Manual for the Statewide LIEE program and implemented studies of Natural Gas Appliance Safety Testing (NGAT) and of program and measure cost-effectiveness. Most recently, the Standardization Team updated the WIS and P&P Manuals to include 2004 and 2005 program changes and California installation code revisions. These were filed on November 2, 2005. D.05-12-026, Ordering Paragraph 8, required that the Standardization Team not undertake any new activities unless directed by the Assigned Commissioner.

PG&E continued its program administrator contract with Richard Heath and Associates (RHA) for the 2006 LIEE program. At the end of 2004, PG&E competitively re-bid the program administrator contract for the 2005-2007 LIEE programs. RHA was the successful bidder. In 2006, RHA contracted out LIEE program implementation work to 17 weatherization contractors and three appliance contractors. Additionally, the LIEE contract administrator was responsible for bidding out further work by county/project areas as needed. PG&E also administered contracts directly with 18 contractors who provided furnaces, evaporative coolers and central air conditioners. PG&E had additional LIEE contracts with eight Low Income Home Energy Assistance Program (LIHEAP) providers under which PG&E's LIEE program pays for refrigerators to LIHEAP program participants who are also qualified PG&E LIEE customers.

Low Income Energy Efficiency (LIEE) Program

2006 PROGRAM ELEMENTS

The LIEE program was implemented by a combination of community-based organizations and private contractors who were assigned specific geographic work areas within PG&E's service area. LIEE contractors had specific participation goals defined by the estimated number of LIEE-qualified customers living in their assigned geographic areas and by customer home types (i.e., single family, multifamily or mobile home). Each LIEE contractor was also tasked to treat a specific number of existing CARE customers based on how many CARE customers lived in their areas.

Energy education and compact fluorescent lamp (CFL) installations were performed during the initial home assessment visit. PG&E's installation contractors installed all feasible LIEE program measures for which a home qualified *except* refrigerators and furnaces. The refrigerators were delivered by appliance contractors after all feasible measures were installed. All furnace work was done by HVAC contractors after the installation contractors' work was completed.

Energy Education

In 2006, PG&E continued to offer energy education during the first home visit.

The initial home visit by an energy education specialist assisted the customer with a CARE application. The energy education specialist also ensured that low income customers were aware of other low income programs available to help them manage their

energy bills. They also informed customers about other utility energy efficiency programs available to PG&E's residential customers.

Additionally, customers received an energy cost calculator (or energy wheel). The energy cost calculator is an easy-to-understand visual tool that helps customers see how much energy the appliances in their homes use so that they can reduce their overall energy use. The energy education specialist showed customers how to determine their current energy expenditures by measure or type of appliance using this calculator.

During the energy education, customers were asked to adopt at least three energy saving practices which would result in overall reduced energy usage and increased comfort.

Appliance Replacement

Refrigerator replacement was restricted to customers whose refrigerators were manufactured before 1993. Several refrigerator sizes were provided ranging from 12 cubic feet to 23 cubic feet and were offered to customers based on existing refrigerator size and the number of refrigerators/freezers removed. Additionally, in the event that a disabled customer needed a specific style of refrigerator, PG&E made special provisions for those requests. The refrigerator replacement service included delivery, installation, removal and environmentally safe recycling of the replaced inefficient units. Refrigerators were available to both homeowners and renters.

Evaporative coolers were provided to customer dwellings where the home had existing air conditioning and the addition of an evaporative cooler could lower the customer's consumption of energy. Evaporative coolers were available to both homeowners and renters.

Room air conditioners were provided to customer dwellings in climate zones 10-15 where the home had existing air conditioning that was over ten years old and met egress requirements. Room air conditioning was available to both homeowners and renters.

Furnace repairs and replacement was provided to customer-owned homes that failed the natural gas appliance test. Furnace repairs and replacement were available only to homeowners, since providing functional heating is a legal responsibility of the landlord.

Natural Gas Appliance Safety Testing (NGAT)

NGAT was performed on all homes that received infiltration measures and/or furnace repair or replacement.

Providing Infiltration Measures to Homes with Non-Utility Fueled Combustion Appliances

PG&E's NGAT procedures, prior to the Standardization Team's proposed NGAT Protocols, included tests of non-utility combustion fuel appliances (such as propane water heaters) to ascertain the safety and feasibility of installing infiltration measures in LIEE participant homes. The NGAT protocol adopted in D.03-11-020 did not allow testing of non-utility fueled combustion appliances although it did authorize PG&E to continue its previous practices in PG&E-space heated homes and homes that also have non-PG&E supplied combustion appliances until the Commission rules on the Standardization Team's recommendations.

D.03-11-020 required the Standardization Team to investigate providing infiltration-reduction measures and combustion appliance testing in homes that use a utility fuel for space heating and a non-utility combustion fuel for one or more other end uses. Homes that receive utility space heating are eligible for infiltration measures under the LIEE program. The Standardization Team's report was filed on March 12, 2004.²

The Commission directed PG&E to stop providing combustion appliance testing on non-utility combustion fueled appliances.

Targeted Market and/or End-Uses

Low income customers who met CARE income guidelines of 200 percent of the Federal Poverty Guidelines, with income adjustments for family size, were targeted for this program. D.05-10-044 changed the income criteria for both LIEE and CARE. The new income criteria for both programs were raised to 200 percent of the Federal Poverty Guidelines for all households. PG&E began using these new income criteria as of November 1, 2005.

Implementation Strategy

In 2006, low income customers who experienced problems paying their PG&E bills or requested energy efficiency assistance were referred to PG&E's Smarter Energy Line (SEL) for pre-qualification and inclusion in the LIEE program. To increase CARE participation and make customers aware of the services provided by PG&E to low income customers, PG&E required contractors to market the LIEE program to existing CARE customers and customers requesting weatherization services. PG&E provided implementation contractors a database of all PG&E residential customers in their assigned areas. The database specified existing CARE customers as well as customers that previously participated in the LIEE program.³ PG&E made customers aware of and, upon request, assisted in filling out a CARE program application.

Additionally, PG&E signed capitation outreach contracts with over 71 service providers to enroll qualified customers in the CARE program. In addition to signing up new CARE customers, capitation outreach contractors told CARE customers about the LIEE program services available at no cost to them and gave them literature about the LIEE program including phone numbers to call to participate.

² *Joint Utility Low Income Energy Efficiency Program Statewide Standardization Project Team Supplemental Report Submitted in Compliance with Ordering Paragraph 12 of Decision 03-11-020, March 12, 2004.*

³ Under LIEE standardization rules, homes that were treated under the LIEE program within the past 10 years were generally not eligible for participation in the current program or five years for master-metered residences per D.01-03-028.

Energy Partners Online (EPO)

PG&E's real time Internet application, EPO, launched May 2003. Energy Partner's lead contractor, RHA, 20 sub-contractors and PG&E staff used the EPO to record daily operational and invoicing activities. The application provided information for monthly, quarterly, and annual reporting to the Commission as well as routine operational reports to monitor program performance. The application currently maintains 219,554 customer enrollments and 99,255 customer referrals. EPO additionally contains information on 9,819,247 customers and has provided invoices totaling \$193,397,275.

LIEE Outreach

PG&E program staff made hundreds of presentations to community groups and local ethnic media throughout PG&E's service area in 2006. PG&E CARE and LIEE program staff also participated in several ongoing county or area-wide low income agency working groups to share information on PG&E programs with community service providers.

Low Income Winter Initiative

On October 27, 2005, D.05-10-044 approved various emergency program changes in light of anticipated high natural gas prices in the winter of 2005-2006. For the low income programs, these winter initiatives:

1. Revised LIEE and CARE income eligibility criteria to 200 percent of Federal Poverty Guidelines for all customers.
2. Held harmless from repayment any customer receiving LIEE or CARE program benefits even if customer is later found to not qualify based on income.
3. Replaced central gas forced air furnaces to renters and home-owners as part of a whole-house effort where existing furnace has an AFUE of 65 or lower.
4. Performed necessary duct work when installing a new furnace.
5. Replaced leaky water heaters.
6. Increased new refrigerator replacements through go-backs and other initiatives.
7. Implemented telephone enrollment for CARE.
8. Suspended dropping CARE customers for recertification or post-enrollment verification failures.

PG&E immediately increased the level of activity for the LIEE measures over the winter months. For example:

- PG&E treated 30,737 customer homes during the Winter Initiative (between November 1, 2005 and April 30, 2006) compared to 21,486 customer homes treated during the same period during the previous winter.
- 1,074 inefficient furnaces were replaced during the Winter Initiative (between November 1, 2005 and April 30, 2006) and another 732 were identified for

replacement; 135 leaky water heaters were replaced since November 1 and another 103 were identified for replacement; and 17,177 refrigerators were replaced since November 1 with 9,022 more identified for replacement.

LIEE Program Budget Augmentation

Due to PG&E's compliance with the provisions of the Winter Initiative, including increasing the number of furnaces installed under the Winter Initiative's expanded replacement criteria and increasing the number of LIEE homes treated by an additional 5 to 10 percent, PG&E's LIEE program costs soared. Anticipating the potential effect of the Winter Initiative on program budgets, and in order to forestall any sudden drop in program activity following the completion of the Winter Initiative, the Commission directed the utilities to submit budget augmentation requests for the 2006 LIEE programs to address 2006 LIEE program expenses that were not contemplated in the utilities' original 2006 LIEE budget applications.

Specifically, D.05-12-026 provided that:

[t]he utilities could not have anticipated the changes adopted in D.05-10-044 when they filed the applications underlying this decision. However, the utilities have asked the Commission to approve the proposed 2006-2007 funding levels set forth in their applications with the understanding that they may have to seek funding augmentations if program activity continues to accelerate. (D.05-12-026 at p. 4)

And:

[I]n order to avoid a sudden drop in program activity after the winter, we direct the utilities to file augmented 2006 budget applications no later than April 14, 2005, to enable the utilities to treat at least 5-10 percent more homes than they projected in the current applications [A.05-06-005]. (D.05-12-026 at p. 5)

Accordingly, as ordered in D.05-12-026, PG&E submitted a budget augmentation request on April 14, 2006, seeking additional funds to cover the costs of the new components of the 2006 LIEE program that were ordered by the Commission subsequent to PG&E's original 2006 LIEE budget proposal.

D.06-08-025, issued on August 24, 2006, authorized an additional \$33.3 million (including \$12 million of unspent carryover) for PG&E's LIEE program to be spent on installation of LIEE measures. D.06-08-025 allowed PG&E to spend up to \$7.921 million on administration and regulatory compliance costs in 2006.

Major Accomplishments

LIEE program results for 2006 are shown in detail in Technical Appendix Tables TA-1, TA-2 and TA-3. Highlights of the completed⁴ accomplishments are as follows:

- Treated⁵ 66,043 homes;

⁴ Installations and services are not counted as completed until they have been expensed, per agreement at 11/6/02 and 11/13/02 Reporting Requirements Manual Rapid Deployment Monthly Reporting Compliance meetings.

⁵ A treated home is an income-qualified home that has received any measure or service under the LIEE program, including energy education, CFLs, weatherization, and appliances (D.02-12-019). Under the LIEE program, a

- Weatherized⁶ 48,183 homes;
- Provided energy education in 66,043 homes;
- Replaced primary refrigerators in 23,541 homes;
- Provided evaporative coolers in 1,565 homes;
- Installed compact fluorescent lamps in 58,407 homes; and
- Repaired or replaced furnaces in 2,887 homes.

2007 PROGRAM ELEMENTS

PG&E filed its PY 2007-2008 LIEE Program Application on June 30, 2006. The Commission issued a final decision on this application (D.06-12-038) on December 14, 2006.

PG&E re-bid its program administration contract in 2004 for the 2005-2007 LIEE programs. Following the competitive bidding process, Richard Heath and Associates, the program administrator for the 2002-2004 programs, was awarded the contract. In 2006, RHA continued to contract out LIEE program implementation work with 17 weatherization contractors and three appliance contractors and may bid out further work by county/project areas as needed. PG&E also continued to administer contracts directly with 18 contractors who provided furnaces and, in certain instances, water heaters and central air conditioners. PG&E has additional LIEE leveraging contracts with eight Low Income Home Energy Assistance Program (LIHEAP) providers under which PG&E's LIEE program pays for refrigerators to LIHEAP program participants who are also qualified PG&E LIEE customers.

Previously, the Joint Utility LIEE Standardization Project Team created the standardized Weatherization Installation Standards Manual (WIS) and the Policy and Procedures (P&P) Manual for the Statewide LIEE program and implemented studies of Natural Gas Appliance Safety Testing (NGAT). In 2004-2005, the Standardization Team implemented studies of program and measure cost-effectiveness and conducted a public measure solicitation and assessment process to determine which measures would be recommended for inclusion in the PY 2006 LIEE program. Most recently, the Standardization Team updated the WIS and P&P Manuals to include 2004 and 2005 program changes and California installation code revisions. The Team's recommended updates were filed on November 2, 2005.

D.05-12-026, Ordering Paragraph 8 required that the Standardization Team not undertake any new activities unless directed by the Assigned Commissioner. In 2007, PG&E, Southern California Edison Company (SCE), San Diego Gas and Electric Company (SDG&E), and Southern California Gas Company (SoCalGas) submitted revised

treated home must receive all feasible measures for which it qualifies.

⁶ Weatherized homes are a subset of treated homes and are defined as income-qualified homes that have received any weatherization measures under the LIEE program (D.02-12-019). Weatherization measures include attic insulation, caulking, weather-stripping, low flow showerheads, water heater blankets and door and building envelope repairs that reduce infiltration (D.01-12-020).

Installation Standards and Policy and Procedures Manuals based on program revisions that have occurred since the last revisions in 2005.

New Rulemaking Opened to Explore Options to Refine the Policies, Rules, and Programs for LIEE

On January 25, 2007, the Commission opened a new Rulemaking (R.) 07-01-042 to refine the policies, rules and programs for the utility LIEE programs. The Commission conducted a public workshop on March 23, 2007 to discuss how to articulate broad objectives and goals and it intends to issue a decision informing the discussion and resolution of issues influencing the structure of utility program for 2009 and beyond. PG&E will be an active party in this rulemaking and will continue to work with the Commission, Energy Division, DRA, the Low Income Oversight Board (LIOB), SCE, SDG&E, SoCalGas and other interested parties to create the most effective low income energy efficiency programs in the United States.

Bidding the 2008 LIEE Program

D.06-12-038 required PG&E and SDG&E to competitively bid 2008 LIEE program contracts in 2007. Due to the opening of R.07-01-042 to explore the LIEE program goals, objectives, methodologies and strategies, on April 10, 2007, PG&E and SDG&E filed a petition to modify to delay bidding on the LIEE program for one year, until 2008.

Measurement and Evaluation (M&E) and Regulatory Oversight for Low Income Activities

PG&E conducted studies as directed by the Commission to report the results of LIEE program activities. PG&E also participated on several statewide LIEE teams with the purpose of standardizing LIEE programs and utility reporting to the Commission.

Measurement and Evaluation

PG&E is participating with the Energy Division, DRA and SCE, SDG&E, and SoCalGas and the evaluation consulting team that performed the 2002 statewide LIEE impact evaluation filed in December 2004, to complete a Statewide First Year Load Impact Study of the 2005 LIEE programs to be completed and filed during 2007.

Following completion of the 2002 LIEE impact evaluation, LIEE program evaluations were to return to a biannual schedule, as affirmed in D.02-12-019. Thus, the next LIEE program load impact evaluation would normally have occurred in 2006 for the 2004 program. The Evaluation Team felt that they could obtain a better evaluation by working with utility program implementation staff up-front to standardize data collection rather than working solely with the 2004 data that had been collected. SCE filed a letter on February 7, 2005 with the Commission's Executive Director on behalf of the Evaluation Team asking to evaluate the 2005 program year rather than the required 2004 program year. The Commission approved the Evaluation Team's request in its March 17, 2005 letter. On March 13-14, 2006, the Evaluation Team held public workshops in San Francisco and San Diego to invite public discussion of the proposed work plan.

The Team began working with program implementers and utility database staff in December 2004 to specify standardized data collection fields for 2005 and continued to

monitor data collection activities throughout 2005 prior to beginning the evaluation in 2006. Data assessment was underway throughout 2006. Billing analysis began in 2007. The evaluation will be completed in 2007.

PG&E also completed and filed 12 Rapid Deployment Monthly Reports detailing LIEE Rapid Deployment program activities, impacts and expenditures through December 31, 2006, as directed in D.01-05-033.

PG&E will use the results of these studies and reports as appropriate to augment and refine future programs.

Statewide LIEE Policy and Procedures Manual and Installation Standards Manuals

D.06-12-038, Ordering Paragraph 7, required the utilities to sponsor quarterly public meetings at which parties may share ideas and information that would influence improvements to program elements, processes and practices and facilitate program improvements. On February 22, 2007, PG&E, SCE, SDG&E and SoCalGas held the first public meeting to solicit public opinion on the Statewide LIEE Policy and Procedures Manual and Installation Standards Manual⁷ updates recommended to bring the 2007 manuals in compliance with D.06-12-038 program revisions and state codes.

Reporting Requirements Manual

PG&E filed 12 monthly reports detailing its 2006 LIEE Rapid Deployment activities.

In December 2002, PG&E, SDG&E, SCE, SoCalGas, the Energy Division, and DRA determined that the measure expense date would be the basis for reporting LIEE program activities and expenditures.

PG&E participated in the Energy Division workshop on low income reporting held on February 21, 2007 and uses the annual reporting tables discussed and agreed to at that meeting in this annual report. PG&E continues to work with the other utilities, Energy Division and DRA to refine LIEE program reporting requirements.

Cost-Effectiveness Tests

PG&E included results of the Total Resource Cost (TRC) Test, the Utility Cost (UC) Test and the modified Participant Cost (PC_m) Test for 2006 LIEE programs in Table 3. The three low income cost-effectiveness tests incorporated non-energy benefits (NEBs) including comfort, health and safety into the cost-effectiveness testing methodology that were developed in 2001 and adopted in D.01-12-020.⁸

D.03-11-020 required the Standardization Team to conduct a measure cost-effectiveness evaluation in 2005 to develop recommendations for the 2006 LIEE program. The decision determined that the 2006 program planning cycle would be the forum for considering the cost-effectiveness of new and existing LIEE measures, as well as proposed changes to the LIEE measures offered under the program.

The October 22, 2004 ACR required the Standardization Team to conduct a new measure solicitation and assessment process for the PY 2006 LIEE program. On December 17,

⁷ Formerly the Statewide Weatherization Installation Standards Manual, the Installation Standards Manual includes installation standards for all services and measures provided under the LIEE program.

⁸ D.01-12-020 Attachment 4 describes the specific NEBs applied to each cost-effectiveness test.

2004, the Standardization Team distributed a request for the interested public to propose new measures for the 2006 program by January 31, 2005. Four proposals were submitted: high efficiency central air conditioners; central air conditioner and heat pump maintenance; duct testing and sealing; and a master purchase plan for a brand of compact fluorescent lamps. The CFL purchase plan was excluded from analysis

The Team conducted assessments comparing the cost-effectiveness of the proposed new measures with the cost-effectiveness of current program measures and held public workshops in both Northern and Southern California. A final report documenting the results and presenting the Team's recommendations regarding new measure inclusion for the 2006 LIEE program was filed on May 2, 2005. The Team recommended:

- Offering high efficiency central air conditioners in climate zones 14 and 15;
- Offering duct testing and sealing for single family homes and mobile homes with gas space heating in all climate zones and with electric heating in climate zones 10-16. The measure was not cost-effective for multifamily homes and thus not recommended for them.
- Offering central air conditioning diagnostics (tune-ups) in all climate zones except 1, 2, 3, and 4.

In a September 7, 2005 amendment to its report, the Team revised its recommendation regarding central air conditioning diagnostics or tune-ups. Because air conditioner maintenance can only be offered when outside temperatures are at a certain threshold, the measure is not available year-round. This would require program staff to either only offer the measure seasonally, or to schedule return visits, thus changing the cost-effectiveness assumptions. Following public input and discussion, the Team recommended studying the matter further by implementing a pilot.

D.05-12-026 adopted the recommended duct testing and sealing and high efficiency central air conditioning measures for the 2006 program.

PG&E will continue to work with the Energy Division, DRA, the LIOB and other interested parties to assess measure cost-effectiveness in order to recommend what measures to retain for future LIEE programs. PG&E is aware that research on non-energy benefits (NEBs) has continued elsewhere in the United States and recommends that the Commission ask the utilities to perform a study to update the NEBs.

Access to Programs Provided by Community-Based Providers

An informal system is in place to identify the needs of LIEE program participants and direct them to community-based organizations CBOs and other low income community agencies that can address their needs. The CBOs participating in the LIEE program as contractors or subcontractors are reported in Table 5.

During 2006, PG&E actively pursued leveraging and outreach opportunities with other State and local agencies offering low income services including the California Department of Community Services and Development (CSD) which provides LIHEAP services in California. PG&E has eight LIEE contracts with LIHEAP providers under which PG&E's LIEE program pays for refrigerators to LIHEAP program participants

who are also qualified PG&E LIEE customers. This allows LIHEAP providers to stretch their state and federal funds further to offer low income program assistance to more low income customers.

In addition, PG&E continued to increase outreach within the company by coordinating activities and advertising with other PG&E energy efficiency and rate programs likely to reach low income customers and service providers. PG&E's LIEE contractors were required to inform customers about other programs (such as CARE) that they may be eligible for and report these activities monthly. LIEE contractors were required to help qualified customers not on the CARE rate to fill out applications.

PG&E employees regularly make presentations about the Company's low income programs to the media and at community events throughout PG&E's service area. These presentations are used to educate customers about energy efficiency and inform them about assistance programs and opportunities available to them through PG&E. PG&E employees made presentations and media initiatives in 2006 about LIEE and CARE in English, Spanish, Cantonese, Mandarin, Vietnamese, Korean, Tagalog, Russian, Hmong and Japanese.

Shareholder Performance Incentives for Low Income Activities

Utilities are eligible for shareholder incentives based on the criteria described below. PG&E is not eligible for shareholder incentives for 2006 low income activities and makes no claim for 2006 earnings.

Shareholder Incentives for 2006 Low Income Activities

The 2006 LIEE program provided shareholder incentives based on the 2001 LIEE shareholder incentive mechanism adopted in D.01-06-082.

The shareholder incentive provided a flat 2 percent management fee on actual LIEE program expenditures, not including shareholder earnings, provided that the minimum performance standard (MPS) was achieved during calendar year 2001. The MPS was equal to 100 percent of the first-year savings goals for Big Six measures. For purposes of this incentive mechanism, the Big Six measures consisted of attic insulation, caulking, weather stripping, low flow showerheads, water heater blankets, and door and building envelope repairs that reduce infiltration.

2007 Low Income Energy Efficiency Annual Report
Table 1
PROGRAM EXPENSES
PACIFIC GAS AND ELECTRIC COMPANY

LIEE Program:	Authorized Budget			Annual Expenses ⁽¹⁾			% of Budget Spent		
	Electric	Gas	Elec & Gas	Electric	Gas	Elec & Gas	Electric	Gas	Elec & Gas
Energy Efficiency									
- Gas Appliances	-	10,530,883	10,530,883	-	11,396,640	11,396,640	0.0%	108.2%	108.2%
- Electric Appliances	34,512,577	-	34,512,577	32,874,695	-	32,874,695	95.3%	0.0%	95.3%
- Weatherization	5,129,602	15,388,807	20,518,409	5,193,762	15,881,111	21,074,873	101.3%	103.2%	102.7%
- Outreach and Assessment	4,056,521	1,738,509	5,795,030	3,456,948	1,481,549	4,938,497	85.2%	85.2%	85.2%
- In Home Energy Education	4,043,934	1,733,115	5,777,049	4,501,742	1,929,318	6,431,060	111.3%	111.3%	111.3%
- Education Workshops	-	-	-	-	-	-	0.0%	0.0%	0.0%
- Pilot- Tankless Water Heater	-	62,000	62,000	-	20,684	20,684	0.0%	33.4%	33.4%
Energy Efficiency TOTAL	47,742,634	29,453,314	77,195,948	46,027,147	30,709,302	76,736,449	96.4%	104.3%	99.4%
Training Center	253,105	108,474	361,579	219,881	94,235	314,116	86.9%	86.9%	86.9%
Inspections	2,935,100	1,257,900	4,193,000	2,439,303	1,045,416	3,484,719	83.1%	83.1%	83.1%
Marketing	-	-	-	-	-	-	0.0%	0.0%	0.0%
M&E Studies	262,500	112,500	375,000	109,063	46,741	155,804	41.5%	41.5%	41.5%
Regulatory Compliance	227,500	97,500	325,000	96,440	41,332	137,772	42.4%	42.4%	42.4%
General Administration	5,317,200	2,278,800	7,596,000	5,026,553	2,154,237	7,180,790	94.5%	94.5%	94.5%
CPUC Energy Division	33,578	14,391	47,969	25,180	10,791	35,971	75.0%	75.0%	75.0%
TOTAL PROGRAM COSTS	56,771,617	33,322,879	90,094,496	53,943,567	34,102,054	88,045,621	95.0%	102.3%	97.7%
Funded Outside LIEE Program Budget									
Indirect Costs				525,670	225,426	751,096			
NGAT Costs	-	2,210,000	2,210,000	-	2,178,272	2,178,272	0.0%	98.6%	98.6%

Notes:

⁽¹⁾ PY2006 expenses are not final as of this report date.

2007 Low Income Energy Efficiency Annual Report
Table 2
INSTALLATIONS & SAVINGS
PACIFIC GAS AND ELECTRIC COMPANY

Measures	Units	Completed & Expensed Installations				
		Quantity Installed	kWh (Annual) ^[1]	kW (Annual) ^[2]	Therms (Annual)	Expenses ^[3]
Furnaces						
- Repair - Gas	Each	866	-	-	34,693	528,990
- Replacement - Gas ^[4]	Each	2,231	-	-	145,866	6,656,303
- Repair - Electric	Each					
- Replacement - Electric	Each					
Infiltration & Space Conditioning.						
- Gaskets for Cover Plates	Home	42,827	39,558	7	11,421	1,508,270
- Duct Sealing	Home	567	4,007	-	4,787	333,448
- Evaporative Coolers	Each	1,603	633,422	982	-	1,137,649
- Evaporative Cooler/Air Cond. Covers	Each	3,586	2,621	1	8,339	211,031
- A/C Replacement - Room	Each	943	226,456	351	-	786,034
- A/C Replacement - Room (landlord)	Each	1	170	0	-	803
- A/C Replacement - Central	Each	481	146,982	228	-	1,046,806
- A/C Replacement - Central (landlord)	Each					
Weatherization ^[5]						
- Attic Insulation	Home	4,106	163,245	30	167,275	3,834,700
- Attic Access Weatherization	Home	15,431	7,161	1	12,673	283,332
- Weatherstripping - Door	Home	41,641	104,978	19	90,214	5,455,394
- Caulking	Home	43,379	113,299	21	110,412	2,582,885
- Minor Home Repairs	Home	45,582	327,791	59	268,254	6,865,813
Water Heater Savings						
- Water Heater Blanket	Home	9,504	56,873	9	99,568	413,909
- Low Flow Showerhead	Home	45,446	265,337	40	330,180	1,935,540
- Water Heater Replacement-Gas ^[6]	Each	488	-	-	10,494	1,332,113
- Water Heater Replacement - Electric	Each	1	193	0	-	-
- Water Heater Pipe Wrap	Home	1,052	44,402	7	573	16,799
- Faucet Aerators	Home	51,991	130,522	20	155,499	709,191
Lighting Measures						
- Compact Fluorescents	Each	285,371	4,904,634	608	-	4,345,010
- Porchlights fixture replacement	Each	23,435	481,959	-	-	1,818,646
- Refrigerators ^[7]	Each	26,820	20,152,219	3,607	-	23,452,555
- Refrigerators (landlord) ^[8]	Each	164	109,984	20	-	90,987
Pilots						
- Tankless Water heater						20684
Energy Education						
- Outreach & Assessment	Home	66,043				4,938,497
- In-Home Education	Home	66,043				6,431,060
- Education Workshops	Participants	-				-
Total Savings			27,915,812	6,009	1,450,250	76,736,449
Homes Weatherized ^[5]	Home	48,183				
Homes Treated						
- Single Family Homes Treated ^[9]	Home	38,963				
- Multi-family Homes Treated ^[9]	Home	17,334				
- Mobile Homes Treated ^[9]	Home	3,370				
- Total Number of Homes Treated ^[9]		66,043				
- Master-Metered Homes Treated ^[10]	Home	6,376				

^[1] Energy savings based on the "Impact Evaluation of the 2001 Statewide Low Income Energy Efficiency (LIEE) Program" completed by KEMA-Xenergy on April 8, 2003, and the "Low Income Energy Efficiency Program Measure Cost Effectiveness Study Final Report" prepared by Itron, Inc and filed with the Commission on June 2, 2003 on behalf of the Low Income Standardization Team. Measures not covered in preceding use DEER values.

^[2] kW based on PG&E historic load shapes.

^[3] PY2006 expenses are not final as of this report date.

^[4] Includes Winter Initiatives Furnace costs.

^[5] Weatherization consists of measures in rows 21-25.

^[6] Includes Water Heater Repair costs and Winter Initiatives Water Heater costs.

^[7] Includes Winter Initiatives Refrigerators costs and LIHEAP Leveraging costs.

^[8] Includes Winter Initiatives Refrigerators Landlord Co-payment costs.

^[9] Includes master-metered homes.

^[10] These homes are included in the total number of homes treated.

2007 Low Income Energy Efficiency Annual Report

Table 3

SUMMARY OF COST-EFFECTIVENESS
PACIFIC GAS AND ELECTRIC COMPANY

2006 - Recorded Ratio of Benefits Over Costs			2006 - Recorded Net Benefits; \$ Millions		
Utility Cost Test	Total Resource Cost Test	Modified Participant Test	Utility Cost Test	Total Resource Cost Test	Modified Participant Test
0.48	0.48	0.68	\$ (45.47)	\$ (45.47)	\$ (27.92)

2007 Low Income Energy Efficiency Annual Report
 Table 4
 PENETRATION
 PACIFIC GAS AND ELECTRIC COMPANY

Year ^[1]	Homes Treated	Estimated Eligible in Current Year	Current Year Penetration Rate for Homes Treated
1997	45,033		
1998	31,744		
1999	40,624		
2000	42,038		
2001	51,080		
2002	70,683		
2003	44,886		
2004	47,702		
2005	56,388		
2006	66,043		
Total Homes Treated in 10 Years	496,221	1,800,424	27.56%

^[1] 10 Years of activity are reported.

2007 Low Income Energy Efficiency Annual Report
Table 5
DIRECT PURCHASES AND INSTALLATION CONTRACTORS
PACIFIC GAS AND ELECTRIC COMPANY

Contractors	Counties	Contractor Type				Annual Expenditures
		Private	CBO	WMDVBE	LIHEAP	
Weatherization and Appliance						
Atlas Systems Inc.	Humboldt - Marin - Mendocino - Napa - Plumas - Sierra - Sonoma	X				\$2,752,581.73
Bo Enterprises	Alameda - Nevada - Santa Clara - Yuba	X				\$6,575,034.94
CAA Butte	Butte		X		X	\$1,276,471.32
CWES, Inc.	Fresno - Sacramento	X		X		\$1,288,870.02
El Concilio of San Mateo County	San Mateo		X			\$883,034.08
Fresno County EOC	Fresno		X		X	\$1,592,723.62
Glenn Co. Human Res.	Colusa - Glenn - Trinity		X		X	\$274,911.19
La Cooperativa	Contra Costa - Fresno - Kern - Lake - Mendocino - Merced - San Joaquin - Santa Clara - Solano - Tulare		X	X		\$8,025.00
Proteus	Kings - Tulare		X			\$640,053.81
Quality Conservation Services	Contra Costa - San Francisco	X				\$4,458,035.95
Renaissance	Fresno - Mariposa - San Joaquin	X				\$3,234,826.94
Residential Wall Insulation	Lake - Placer - Sutter	X				\$1,534,259.96
San Luis Obispo EOC	Monterey - San Benito - San Luis Obispo - Santa Barbara - Santa Cruz		X		X	\$1,109,072.19
Self Help Home Improvement	Shasta - Tehama		X			\$644,494.30
Standards of Excellence	Amador - Butte - Calaveras - Colusa - Contra Costa - Glenn - Humboldt - Lassen - Plumas - Sacramento - San Francisco - San Joaquin - San Mateo - Santa Clara - Shasta - Solano - Stanislaus - Tehama - Trinity - Tuolumne - Yolo	X				\$10,258,189.00
Sundowner Insulation	Amador - Calaveras - El Dorado - Monterey - San Joaquin - Tuolumne	X				\$1,418,486.00
Synergy Companies	Alameda - San Francisco	X				\$7,119,072.59
Ventura TV and Video Appliance Center, Inc.	Fresno - Kern - Kings - Madera - Mariposa - Merced - Monterey - San Benito - San Luis Obispo - Santa Barbara - Santa Cruz - Tulare	X				\$5,811,530.00
Western Appliance TV and Stereo	Alameda - El Dorado - Lake - Marin - Mendocino - Napa - Nevada - Placer - Sierra - Sonoma - Sutter - Yuba	X				\$4,269,963.00
Western Insulation LP	Merced - Sacramento - San Joaquin - Solano - Stanislaus - Yolo	X				\$3,468,891.23
Winegard Energy	Kern - Madera - Sacramento	X		X		\$4,668,505.53
Repair and Replace						
AAA Air Conditioning	Alameda - Contra Costa - Fresno - Madera - Merced - Monterey - Placer - Sacramento - San Joaquin - Santa Clara - Stanislaus - Yolo	X				\$663,429.91
Air Tech & Air Conditioning	Placer - Sacramento - San Joaquin - Stanislaus - Yolo	X				\$480,306.99

2007 Low Income Energy Efficiency Annual Report
Table 5
DIRECT PURCHASES AND INSTALLATION CONTRACTORS
PACIFIC GAS AND ELECTRIC COMPANY

Contractors	Counties	Contractor Type				Annual
AirTec Service	Monterey - San Benito - Santa Cruz	X				\$470,351.49
All Bay HVAC	Alameda - Contra Costa - Marin - Mendocino - Napa - Solano - Sonoma	X				\$995,997.85
Allied Aire	Santa Clara	X				\$754,366.66
Barker Mechanical Services	Alameda - Contra Costa - Placer - San Joaquin	X				\$1,270,997.94
Bickley's	Glenn - Humboldt - Shasta - Tehama	X				\$170,743.61
Innovative Mechanical	San Francisco - San Mateo	X				\$881,923.83
John Brown Heating and Air	Butte - Colusa - Glenn - Nevada - Placer - Sacramento - Sutter - Tehama - Yolo - Yuba	X				\$453,781.62
Lovotti Air	Placer - Sacramento - San Joaquin - Stanislaus - Yolo - Yuba	X				\$387,946.29
Quality Air Control	Alameda - Contra Costa - Mendocino - Napa - San Francisco - Solano - Sonoma	X				\$106,080.87
Quality Conservation Services	San Francisco - San Mateo	X				\$92,844.85
Renaissance	Fresno - Kings - Tulare	X				\$537,772.93
Winegard	Kern	X		X		\$184,050.21
Reliable Energy Management, Inc.	Kern - Merced - Monterey - Sacramento - San Benito - San Joaquin - Santa Clara - Santa Cruz - Solano - Yolo	X		X		\$1,146,768.25
Richard Heath & Associates (Chico)	Butte - Colusa - Glenn - Nevada - Placer - Sacramento - Sutter - Yolo - Yuba	X		X		\$130,957.98
Santa Cruz Mechanical	Monterey - Santa Clara - Santa Cruz	X				\$88,831.38
Thomas Frank Heating & Air	Fresno - Kings - Madera	X				\$705,840.56
Leveraging						
Amador Tuolumne CAA	Amador - Calaveras - Tuolumne		X		X	\$47,472.00
CAA of San Mateo County, Inc.	San Mateo		X		X	\$77,400.00
Central Coast Energy Services	Monterey - San Benito - Santa Cruz		X		X	\$615,072.00
Central Valley Opportunity Center	Madera - Mariposa - Merced - Stanislaus		X		X	\$192,984.00
Community Resource Project	Sutter - Yuba		X		X	\$63,984.00
Project GO	Placer		X		X	\$43,344.00
Redwood Community Action Agency	Humboldt		X		X	\$258,000.00
San Joaquin HRA	San Joaquin		X		X	\$131,064.00
Total Contractor Expenditures ^[1,2]						\$74,239,345.62

[1] Excludes costs of \$1.4 million for electrical outlet grounding during refrigerator installations.

[2] Contract costs differ slightly (0.07%) from Table TA1 due to timing and reporting criteria.

LOW INCOME ENERGY EFFICIENCY PROGRAM
ANNUAL REPORT
FOR YEAR 2006
TECHNICAL APPENDIX

May 2007



***Pacific Gas and
Electric Company®***

TECHNICAL APPENDIX LOW INCOME ENERGY EFFICIENCY

Low Income Energy Efficiency (LIEE)

Reporting Requirements Manual (RRM)

The Assigned Commissioner Ruling dated April 28, 2000 directed the RRM Working Group to file a report to revise the Reporting Requirements Manual (RRM) low income sections to standardize reporting requirements and administrative costs. The RRM Working Group includes PG&E, SDG&E, SCE, SoCalGas, the Energy Division, the Office of Ratepayer Advocates (now the Division of Ratepayer Advocates), and other interested parties. The RRM Working Group filed the Phase 1 RRM Report on October 2, 2000. The RRM Working Group has filed two revisions since filing the first report: the Phase 2 RRM Report on April 9, 2001 incorporated definitions from the Bill Savings Report filed March 15, 2001 and the January 10, 2002 RRM Report revised RRM sections in compliance with the Commission's directives in D.01-12-020, Ordering Paragraph 11. Further revisions to the technical appendix tables were discussed and agreed to at an Energy Division workshop on reporting held on February 21, 2007.

The RRM technical appendix tables are included in this section and describe LIEE program cost estimates used for cost-effectiveness, LIEE cost elements, program detail by housing type and heating source, and program detail by measure.

PY 2006 LIEE Program Achievements

The energy savings for the 2006 LIEE program are based on the results and subsequent analysis of the "Impact Evaluation of the 2001 Statewide Low Income Energy Efficiency (LIEE) Program" completed by KEMA-Xenergy on April 8, 2003, and the "Low Income Energy Efficiency Program Measure Cost Effectiveness Study Final Report" prepared by Itron, Inc., and filed with the Commission on June 2, 2003 on behalf of the Low Income Standardization Team. Additional results come from the Statewide Database for Energy Efficiency Resources (DEER) values. Measure lives come predominantly from the "Energy Efficiency Policy Manual," Version 2, prepared by the Energy Division, August 2003.

The avoided costs were determined using the Commission-approved E3 PG&E Calculator 3c3.

2007 Low Income Energy Efficiency Annual Report
 Table TA1
 INSTALLATION COSTS OF PROGRAM INSTALLATION CONTRACTORS
 PACIFIC GAS AND ELECTRIC COMPANY

	Unit of Measure	CBO/WMDVBE						Non-CBO/WMDVBE						Total				
		Installations		Dwellings [1]		Costs [2]		Installations		Dwellings [1]		Costs [2]		Units Installed	Dwellings [1]	Costs [2]	Cost/ Unit	Cost/ Dwelling
		Units	%	Units	%	\$	%	Units	%	Units	%	\$	%					
Furnaces																		
- Repair - Gas	Each	74	8.55	69	8.28	48,568	10.21	792	91.45	764	91.72	426,984	89.79	866	833	475,553	549.14	570.89
- Replacement - Gas	Each	299	13.40	298	13.55	822,194	12.28	1,932	86.6	1,902	86.45	5,874,469	87.72	2,231	2,200	6,696,663	3,001.64	3,043.94
- Repair - Electric	Each																	
- Replacement - Electric	Each																	
Infiltration & Space Conditioning																		
- Gaskets for Cover Plates	Home	289,854	33.47	13,808	32.24	484,481	32.59	576,031	66.53	29,019	67.76	1,001,948	67.41	865,885	42,827	1,486,429	1.72	34.71
- Duct Sealing	Home	188	33.16	188	33.16	119,000	36.26	379	66.84	379	66.84	209,200	63.74	567	567	328,200	578.84	578.84
- Evaporative Coolers	Each	1,027	64.07	1,027	64.07	718,900	64.07	576	35.93	576	35.93	403,200	35.93	1,603	1,603	1,122,100	700.00	700.00
- Evaporative Cooler/Air Cond. Covers	Each	2,365	65.95	1,427	62.81	135,866	65.39	1,221	34.05	845	37.19	71,921	34.61	3,586	2,272	207,788	57.94	91.46
- A/C Replacement - Room	Each	505	53.55	488	54.71	405,268	52.31	438	46.45	404	45.29	369,448	47.69	943	892	774,716	821.54	868.52
- A/C Replacement - Room (landlord)	Each	-	-	-	-	-	0.00	1	100	1	100	792	100.00	1	1	792	792.00	792.00
- A/C Replacement - Central	Each	133	27.65	133	27.65	282,080	27.27	348	72.35	348	72.35	752,224	72.73	481	481	1,034,304	2,150.32	2,150.32
- A/C Replacement - Central (landlord)	Each																	
Weatherization																		
- Attic Insulation	Home	998,410	21.97	1,021	24.87	833,950	22.06	3,546,720	78.03	3,085	75.13	2,946,839	77.94	4,545,130	4,106	3,780,788	0.83	920.80
- Attic Access Weatherization	Home	6,290	39.12	6,070	39.34	122,625	38.48	9,788	60.88	9,361	60.66	196,076	61.52	16,078	15,431	318,701	19.82	20.65
- Weatherstripping - Door	Home	25,730	31.05	13,306	31.95	1,549,822	28.83	57,132	68.95	28,335	68.05	3,825,330	71.17	82,862	41,641	5,375,152	64.87	129.08
- Caulking	Home	14,592	32.81	13,811	31.84	773,859	30.41	29,885	67.19	29,568	68.16	1,771,164	69.59	44,477	43,379	2,545,024	57.22	58.67
- Minor Home Repairs	Home	15,149	33.23	15,149	33.23	2,276,765	33.88	30,433	66.77	30,433	66.77	4,442,919	66.12	45,582	45,582	6,719,685	147.42	147.42
Water Heater Savings																		
- Water Heater Blanket	Home	2,511	26.26	2,494	26.24	104,665	25.65	7,051	73.74	7,010	73.76	303,356	74.35	9,562	9,504	408,021	42.67	42.93
- Low Flow Showerhead	Home	16,860	28.42	13,376	29.43	497,067	26.06	42,473	71.58	32,070	70.57	1,410,391	73.94	59,333	45,446	1,907,458	32.15	41.97
- Water Heater Replacement - Gas ^[3]	Each	110	22.54	110	22.73	303,601	23.23	378	77.46	374	77.27	1,003,424	76.77	488	484	1,307,025	2,678.33	2,700.46
- Water Heater Replacement - Electric ^[4]	Each	-	0.00	-	0.00	5,333	56.45	1	100	1	100	4,115	43.55	1	1	9,448	9,447.53	9,447.53
- Water Heater Pipe Wrap	Home	1,123	26.57	290	27.57	3,516	22.74	3,104	73.43	762	72.43	11,945	77.26	4,227	1,052	15,461	3.66	14.70
- Faucet Aerators	Home	34,334	29.98	15,819	30.43	205,780	29.45	80,204	70.02	36,172	69.57	493,048	70.55	114,538	51,991	698,828	6.10	13.44
Lighting Measures																		
- Compact Fluorescents	Each	83,728	29.34	17,247	29.52	1,257,221	29.35	201,643	70.66	41,173	70.48	3,025,785	70.65	285,371	58,420	4,283,006	15.01	73.31
- Porchlights fixture replacement	Each	8,619	36.78	4,709	34.78	659,868	36.81	14,816	63.22	8,829	65.22	1,132,637	63.19	23,435	13,538	1,792,505	76.49	132.41
Refrigerators (incls. Home Grounding Amount)	Each	1,385	5.16	1,385	5.16	1,429,320	6.19	25,435	94.84	25,434	94.83	21,662,935	93.81	26,820	26,820	23,092,255	861.01	861.01
Refrigerators (landlord)	Each	-	-	-	-	-	0.00	164	100	164	100	86,423	100.00	164	164	86,423	526.97	526.97
Pilots																		
- Pilot																		
Energy Education																		
- Outreach & Assessment	Home			22,039	33.37	1,665,700.00				44,004	66.63	3,177,175.00			66,043	4,842,875.00		
- In-Home Education	Home			22,039	33.37	2,189,643.00				44,004	66.63	4,150,179.00			66,043	6,339,822.00		
- Education Workshops	Participants			-	-					-	-				-			

^[1] Dwellings are interpreted as FINs (Field Identification Numbers)

^[2] Contract costs differ slightly (0.07%) from Table 5 due to timing and reporting criteria.

^[3] Includes Water Heater Repair costs and Winter Initiatives Water Heater costs.

^[4] Costs include water heater repairs.

2007 Low Income Energy Efficiency Annual Report				
Table TA 2a				
COST ELEMENTS				
PACIFIC GAS AND ELECTRIC COMPANY				
Electric				
	Expenditures Recorded by Cost Element			
LIEE Program:	Labor ^[1]	Non-Labor	Contract ^[2]	Total ^[3]
Energy Efficiency				
- Gas Appliances	-	-	-	-
- Electric Appliances	34	488,455	32,386,206	32,874,695
- Weatherization	-	76,178	5,117,583	5,193,761
- Outreach and Assessment	(15)	49,146	3,407,817	3,456,948
- In Home Energy Education	-	64,114	4,437,628	4,501,742
- Education Workshops	-	-	-	-
- Pilot-Tankless Water Heater	-	-	-	-
Energy Efficiency TOTAL	19	677,893	45,349,234	46,027,146
Training Center	57,598	56,619	105,664	219,881
Inspections	1,655,449	702,720	81,134	2,439,303
Marketing	-	-	-	-
M&E Studies	3	(13,964)	123,024	109,063
Regulatory Compliance	70,701	22,628	3,111	96,440
General Administration	595,901	658,000	3,772,652	5,026,553
CPUC Energy Division	-	25,180	-	25,180
TOTAL PROGRAM COSTS	2,379,671	2,129,076	49,434,819	53,943,566

Notes:

^[1] Costs inadvertently booked as Labor but should have been Non-labor.

^[2] Represents all costs (exclusive of the Pilot Tankless Water Heater) booked in the Contracts cost element.

^[3] PY2006 expenses are not final as of this report date.

2007 Low Income Energy Efficiency Annual Report				
Table TA 2b				
COST ELEMENTS				
PACIFIC GAS AND ELECTRIC COMPANY				
Gas				
	Expenditures Recorded by Cost Element			
LIEE Program:	Labor ^[1]	Non-Labor	Contract ^[2]	Total ^[3]
Energy Efficiency				
- Gas Appliances	644	162,255	11,233,741	11,396,640
- Electric Appliances	-	-	-	-
- Weatherization	-	232,862	15,648,249	15,881,111
- Outreach and Assessment	(6)	21,063	1,460,493	1,481,550
- In Home Energy Education	-	27,477	1,901,841	1,929,318
- Education Workshops	-	-	-	-
- Pilot -Tankless Water Heater ^[4]	-	20,684	-	20,684
Energy Efficiency TOTAL	638	464,341	30,244,324	30,709,303
Training Center	24,685	24,265	45,285	94,235
Inspections	709,478	301,166	34,772	1,045,416
Marketing	-	-	-	-
M&E Studies	1	(5,985)	52,725	46,741
Regulatory Compliance	30,301	9,697	1,334	41,332
General Administration	255,386	282,000	1,616,851	2,154,237
CPUC Energy Division	-	10,791	-	10,791
TOTAL PROGRAM COSTS	1,020,489	1,086,275	31,995,291	34,102,055

Notes:

^[1] Costs inadvertently booked as Labor but should have been Non-labor.

^[2] Represents all costs (exclusive of the Pilot Tankless Water Heater) booked in the Contracts cost element.

^[3] PY2006 expenses are not final as of this report date.

^[4] Costs were inadvertently booked as Non-Labor instead of Contracts. PG&E will reclassify these costs in 2007 to Contracts.

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 Table TA 2c
 COST ELEMENTS
 PACIFIC GAS AND ELECTRIC COMPANY
 Electric and Gas

LIEE Program:	Expenditures Recorded by Cost Element			
	Labor ^[1]	Non-Labor	Contract ^[2]	Total ^[3]
Energy Efficiency				
- Gas Appliances	644	162,255	11,233,741	11,396,640
- Electric Appliances	34	488,455	32,386,206	32,874,695
- Weatherization	-	309,040	20,765,832	21,074,872
- Outreach and Assessment	(21)	70,209	4,868,310	4,938,498
- In Home Energy Education	-	91,591	6,339,469	6,431,060
- Education Workshops	-	-	-	-
- Pilot-Tankless Water Heater ^[4]	-	20,684	-	20,684
Energy Efficiency TOTAL ^[3]	657	1,142,234	75,593,558	76,736,449
Training Center	82,283	80,884	150,949	314,116
Inspections	2,364,927	1,003,886	115,906	3,484,719
Marketing	-	-	-	-
M&E Studies	4	(19,949)	175,749	155,804
Regulatory Compliance	101,002	32,325	4,445	137,772
General Administration	851,287	940,000	5,389,503	7,180,790
CPUC Energy Division	-	35,971	-	35,971
TOTAL PROGRAM COSTS	3,400,160	3,215,351	81,430,110	88,045,621

Notes:

^[1] Costs inadvertently booked as Labor but should have been Non-labor.

^[2] Represents all costs (exclusive of the Pilot Tankless Water Heater) booked in the Contracts cost element.

^[3] PY2006 expenses are not final as of this report date.

^[4] Costs were inadvertently booked as Non-Labor instead of Contracts. PG&E will reclassify these costs in 2007 to Contracts.

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 Table TA3
 DETAIL BY HOUSING TYPE AND HEATING SOURCE
 PACIFIC GAS AND ELECTRIC COMPANY

	Energy Savings [1] [2]		Expenses [3]	Dwellings Treated
	(GWH)	(Million Therm)		
Gas Heat – Own				
Single Family	9.75	0.80	\$ 30,894,557	23,174
Multi Family	0.17	0.01	\$ 855,886	642
Mobile Homes	1.22	0.06	\$ 5,037,996	3,779
Sub Total Dwellings Served	11.15	0.87	\$ 36,788,440	27,595
Gas Heat – Rent				
Single Family	6.77	0.37	\$ 19,462,744	14,599
Multi Family	3.63	0.20	\$ 18,473,543	13,857
Mobile Homes	0.16	0.00	\$ 529,263	397
Sub Total Dwellings Served	10.56	0.58	\$ 38,465,550	28,853
Electric Heat – Own				
Single Family	1.13	-	\$ 2,014,399	1,511
Multi Family	0.12	-	\$ 293,294	220
Mobile Homes	0.27	-	\$ 614,585	461
Sub Total Dwellings Served	1.52	-	\$ 2,922,278	2,192
Electric Heat – Rent				
Single Family	1.11	-	\$ 2,153,047	1,615
Multi Family	1.61	-	\$ 5,841,890	4,382
Mobile Homes	0.09	-	\$ 209,305	157
Sub Total Dwellings Served	2.82	-	\$ 8,204,242	6,154
TOTAL DWELLINGS SERVED	26.05	1.45	\$ 86,380,509	64,794

[1] - Dwellings with no heating source identified have not been included in this table which amounts to: \$ 1,665,112

[2] - Undefined are assumed owner occupied.

[3] - Excluding NGAT costs.

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 Table TA4
 LIFE CYCLE BILL SAVINGS
 PACIFIC GAS AND ELECTRIC COMPANY

Measure Description	Number Installed	Per Measure Electric Impact (kWh)	Per Measure Gas Impact (Therms)	Effective Useful Life (EUL)	Total Measure Life Cycle Bill Savings
Energy Efficiency Measures					
Furnaces - Repair - Gas	866	-	40.06	10	\$ 298,621
Furnaces - Replacement - Gas	2,231	-	65.38	18	\$ 1,937,821
Gaskets for Cover Plates	42,827	0.92	0.27	15	\$ 177,773
Duct Sealing	567	7.07	8.44	18	\$ 68,651
Evaporative Coolers	1,603	395.15	-	15	\$ 704,102
Evaporative Cooler/Air Cond. Covers	3,586	0.73	2.33	3	\$ 25,570
A/C Replacement - Room	943	240.14	-	15	\$ 251,725
A/C Replacement - Room (landlord)	1	169.75	-	15	\$ 189
A/C Replacement - Central	481	305.58	-	18	\$ 185,279
Attic Insulation	4,106	39.76	40.74	25	\$ 2,970,568
Attic Access Weatherization	15,431	0.46	0.82	5	\$ 63,572
Weatherstripping - Door	41,641	2.52	2.17	5	\$ 476,946
Caulking	43,379	2.61	2.55	5	\$ 576,869
Minor Home Repairs	45,582	7.19	5.89	10	\$ 2,576,724
Water Heater Blanket	9,504	5.98	10.48	5	\$ 499,749
Low Flow Showerhead	45,446	5.84	7.27	10	\$ 3,058,747
Water Heater Replacement - Gas	488	-	21.50	13	\$ 110,722
Water Heater Replacement - Electric	1	192.90	-	13	\$ 193
Water Heater Pipe Wrap	1,052	42.21	0.55	15	\$ 56,074
Faucet Aerators	51,991	2.51	2.99	5	\$ 799,314
Compact Fluorescents	285,371	17.19	-	16	\$ 5,705,926
Porchlights fixture replacement	23,435	20.57	-	8	\$ 327,739
Refrigerators (incls. Home Grounding Amount)	26,820	751.39	-	18	\$ 25,402,993
Refrigerators (landlord)	164	670.64	-	18	\$ 138,641
Total Number of Homes Servied By the Program	66,043				
Life Cycle Bill Savings Per Home	\$ 702.79				

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Table TA5
ENERGY RATES USED FOR BILL SAVINGS CALCULATIONS
PACIFIC GAS AND ELECTRIC COMPANY

Year	\$/kWh	\$/Therm
2006	0.0982	1.0352
2007	0.1012	1.0662
2008	0.1042	1.0982
2009	0.1073	1.1312
2010	0.1106	1.1651
2011	0.1139	1.2000
2012	0.1173	1.2360
2013	0.1208	1.2731
2014	0.1244	1.3113
2015	0.1282	1.3507
2016	0.1320	1.3912
2017	0.1360	1.4329
2018	0.1400	1.4759
2019	0.1442	1.5202
2020	0.1486	1.5658
2021	0.1530	1.6128
2022	0.1576	1.6611
2023	0.1623	1.7110
2024	0.1672	1.7623
2025	0.1722	1.8152
2026	0.1774	1.8696
2027	0.1827	1.9257
2028	0.1882	1.9835
2029	0.1939	2.0430
2030	0.1997	2.1043

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Table TA 6

BILL SAVINGS

PACIFIC GAS AND ELECTRIC COMPANY

Program Year	Program Costs	Program Lifecycle Bill Savings	Program Bill Savings/ Cost Ratio	Per Home Average Lifecycle Bill Savings
2004	\$ 52,423,455	\$ 25,023,983	0.48	\$ 516
2005	\$ 63,148,667	\$ 35,481,982	0.56	\$ 615
2006	\$ 88,045,621	\$ 46,414,508	0.53	\$ 703