

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

Order Instituting Rulemaking Regarding Policies,  
Procedures and Rules for the Low Income Energy  
Efficiency Programs of California's Energy  
Utilities.

Rulemaking 07-01-042  
(January 25, 2007)

**INITIAL COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY IN RESPONSE  
TO ORDER INSTITUTING RULEMAKING REGARDING POLICIES, PROCEDURES  
AND RULES FOR THE LOW INCOME ENERGY EFFICIENCY PROGRAMS OF  
CALIFORNIA'S ENERGY UTILITIES**

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Dated: February 26, 2007

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**I. INTRODUCTION**

Pacific Gas and Electric Company commends the California Public Utilities Commission (Commission) for recognizing the importance of the State's Low Income Energy Efficiency (LIEE) Programs and commencing the current Rulemaking to comprehensively address the direction and priorities of the California Investor Owned Utilities' (IOU) future low income programs. In accordance with the schedule set forth in *Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the Low Income Energy Efficiency Programs of California's Energy Utilities' (Rulemaking)* and the February 9, 2007 electronic communication of Administrative Law Judge Malcolm, Pacific Gas and Electric Company ("PG&E") hereby submits Initial Comments on issues identified in the Order Instituting Rulemaking. Consistent with direction from ALJ Malcolm, PG&E's Initial Comments provide recommendations on the prioritization of issues and the procedural structure of the Commission's inquiry in this Rulemaking.

**II. DISCUSSION**

**A. PG&E Believes That the Commission's First Priority in this Rulemaking Should be to Consider and Define the Objectives of the California IOU's Low Income Energy Efficiency Programs**

PG&E recommends that the Commission first address what program objectives and priorities the LIEE programs should work to achieve because the specific prioritization of issues

should be informed by the overarching policy objectives. As noted in the Rulemaking, a determination must be made about the direction of LIEE programs in the future. Many laudable goals could potentially be achieved through the LIEE programs, e.g. customer safety and comfort; bill reduction, LIEE as a resource, or cost-effective programs. PG&E recommends that in this Rulemaking, The Commission examine the range of possibilities and make choices about how to develop future LIEE programs that will best serve California ratepayers.

PG&E believes that a discussion of program objectives and priorities will encompass many of the broad issues raised in this Rulemaking such as goals-based budgeting and integration of the LIEE and Energy Efficiency Programs. Goals-based budgeting is an integral part of any discussion of program objectives and priorities. In order to set LIEE goals, interested parties need a common understanding of the policy objectives underlying future LIEE programs. Specifically, an immediate priority should be to define what the purpose of low income programs is, who should be served by the programs, and how best to serve them. KEMA's recently-issued *Draft Report on Phase 2 Low Income Needs Assessment* provides a good start for this discussion and identifies key issues such as energy burden; income level; renters versus homeowners; measures; energy savings; and comfort, health and safety. Each of these key issues will be impacted by the Commission's articulation of a clear set of LIEE program objectives.

**B. After the Low Income Energy Efficiency Program Objectives Have Been Decided Issues of Program Design Should Be Prioritized and Addressed**

PG&E's believes that the issues of program access for renters and gas furnace repair and installation are important program design issues that should be given high priority so that related LIEE program changes can be decided and implemented by 2008. These issues are consistently raised at Low Income Oversight Board (LIOB) meetings and other public meetings. Given the

level of interest surrounding these program issues, PG&E believes that they should be included as part of the first group of program design issues addressed in this Rulemaking.

PG&E believes LIEE services and measures should be made available to all income-eligible customers, including both homeowners and renters. Currently the majority of measures offered within LIEE programs are available to both homeowners and renters. However, a limited subset of measures are not available to renters including central air conditioners, furnaces, and water heaters. PG&E believes it is time to review these renter restrictions and determine whether there is a reasonable basis to continue to distinguish between measures available to homeowners versus renters.

PG&E believes that the gas furnace and Natural Gas Appliance Test (NGAT) issues should be addressed in Commission-facilitated workshops as soon as possible. Gas furnace issues have been discussed for several years. It would be valuable to hear all the various positions and collect available data to help inform a position on how gas furnaces will fit into future LIEE programs.

PG&E also believes that the program design discussion should include review of how water conservation efforts should be incorporated into the LIEE programs. The LIOB has recently added a water utilities board member and held a public workshop to present and discuss water conservation options. Also, PG&E and the other IOUs recently filed applications proposing water embedded energy pilot programs that each include a low income component. PG&E will continue to address and promote water conservation and increased energy savings. This Rulemaking should include discussions about how to best coordinate future water-embedded energy programs between the LIEE and Energy Efficiency proceedings.

**C. PG&E Recommends that Issues of Program Management and Administration, and Evaluation, Measurement and Verification Be Addressed After Specific Program Design Issues are Resolved**

Once program design issues are resolved, PG&E recommends the formation of a work group to address evaluation, measurement and verification of LIEE programs. This work group

should include Energy Division, Division of Ratepayer Advocates (DRA), utility staff and other interested stakeholders. The work group should review the Energy Efficiency EM&V Protocols as a starting point for its inquiry and hold public workshops on the issue. PG&E also believes that the Commission should look at issues of future LIEE program management and administration after the program design issues have been decided and are poised for implementation. PG&E welcomes the opportunity to explore program management and administration improvements with interested parties including the Energy Division, DRA, LIOB, Community-Based Organizations, and contractors. PG&E believes that these issues are best addressed in public workshops.

**D. The Commission Should Provide Guidance on Coordination of LIEE Issues that Cross-Over into Other Commission Proceedings**

Numerous issues presented in this Rulemaking require some level of coordination with other ongoing Commission proceedings. The Commission should provide guidance on the most efficient procedural method for resolving cross-over issues such as the low income component of the California Solar Initiative (CSI) being addressed in the Distributed Generation (DG) proceeding. As part of the CSI proceeding, the California Energy Commission, California Public Utilities Commission, IOUs and other interested parties are currently developing low income proposals. Public workshops will be held later this year to discuss low income proposals and coordination. PG&E looks forward to participating in these discussions and helping to facilitate coordination between the Low Income and DG proceedings. Likewise, PG&E also looks forward to coordination of LIEE and Energy Efficiency as this Rulemaking progresses and opportunities to maximize energy savings as well as low income services are explored. Specifically, PG&E looks forward to the coordination of water conservation and water embedded energy programs.

**E. PG&E Is in Compliance With Assembly Bill 2104 Requiring California Alternate Rates for Energy (CARE) Program Access for Sub-Tenants of Master-Metered Customers**

PG&E fully supported Assembly Bill 2104 and PG&E already ensures that sub-metered tenants are able to directly enroll in its CARE program as required by AB 2104. AB 2104 requires the Commission to improve the CARE application process for tenants of mobile home parks who receive electric or gas service from a master-meter customer through a sub-metered system. Specifically, the Bill requires a process by which the electric or gas Utility can directly accept CARE applications from sub-metered tenants and directly notify and provide renewal applications to tenants that are existing CARE customers. As required by AB 2104, PG&E currently accepts CARE applications directly from sub-metered tenants and directly notifies and provides them with renewal applications. PG&E provides the master-metered customer with a list of tenants who are approved to receive CARE discounts. Further, PG&E has recently enhanced this list to include those tenants added or deleted from CARE since the previous billing cycle.

**F. PG&E Recommends that the Commission Rely Primarily on Public Workshops and Written Pleadings to Resolve the Issues Presented in This Rulemaking**

PG&E believes that the many issues raised in this Rulemaking are most efficiently addressed in Commission-facilitated workshops and also in written pleadings. PG&E believes that a workshop forum is particularly conducive to identifying and discussing program design issues and facilitating compromise among the numerous stakeholders. Public workshops would also permit all interested persons to participate in the development of future LIEE programs. Written pleadings should be used for information that needs to be included as part of the evidentiary record. At this time, PG&E does not anticipate that hearings will be required in this proceeding. If there are significant factual issues in dispute as this Rulemaking proceeds, the Commission can decide to hold limited evidentiary hearings on the specific factual issues.

### III. CONCLUSION

PG&E appreciates the opportunity to provide these Initial Comments and looks forward to working together with the Commission and all interested parties to develop future LIEE Programs that best serve the needs of its customers and California ratepayers.

Respectfully Submitted,

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By: \_\_\_\_\_ /s/  
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Dated: February 26, 2007

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 February 2007, I served a true copy of:

**INITIAL COMMENTS OF PACIFIC GAS AND ELECTRIC COMPANY IN RESPONSE  
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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 R.07-01-042 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 R.07-01-042 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 January 2007 at San Francisco, California.

\_\_\_\_\_  
/s/  
PATRICIA A. KOKASON